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International Development
Committee

**Afghanistan:
Development progress
and prospects after
2014**

Sixth Report of Session 2012–13

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minutes, oral and written evidence*

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The International Development Committee

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The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

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Summary

The future of Afghanistan is uncertain. There will be changes in its leadership, the withdrawal of international forces and a reduction in total overseas aid. It is not known what attitude neighbouring countries, particularly Pakistan, will take. The Taliban is stronger in many parts of Afghanistan than it was when our predecessor Committee visited the country in 2007. Despite these uncertainties we believe the UK should have a major aid budget in the country. We have an obligation to the millions of Afghans who have resisted the Taliban and the British soldiers who have died in the country.

Nevertheless, because of the uncertainties in the country, DFID will need to be flexible. For example, there might come a point at which DFID would need to stop funding the Afghan Government through the ARTF; in which case, it should ensure it has other channels open to it such as NGOs to which funding can then flow to prevent Afghan communities from suddenly being cut off from aid.

The UK Government's overarching strategy for its engagement in Afghanistan has given DFID the lead in creating a viable state. DFID has had some successes, for example in increasing tax revenue, but these gains will be difficult to sustain and further progress will not be made unless the Afghan Government is determined to achieve a similar outcome. We recommend the UK Government reconsider DFID's focus on creating a 'viable state', giving greater emphasis to the provision of services and alleviating poverty.

While the situation for women in Afghanistan improved after the fall of the Taliban, it remains difficult and even appeared to us to have deteriorated in some respects since our last visit. Although DFID and the UK Government have spoken at length about women's rights and women in Afghanistan, we are concerned that this has not been followed by adequate and specific action and funding. We recommend that girls' education be made a greater priority and that DFID fund women's shelters and legal advice for women.

It is estimated that over a third of Afghan children in the south are acutely malnourished and there are about half a million internally displaced people. If transition does not go smoothly the crisis will get worse. We recommend that DFID give a higher priority to its humanitarian work in Afghanistan. In the absence of any donor taking a lead then DFID may have to fulfil this role.

A serious problem for DFID in Afghanistan is the difficulty in monitoring its programme since security conditions prevent DFID staff visiting projects. We appreciate that working in Afghanistan is extremely difficult and commend DFID staff for the job they have done. Nevertheless, we are concerned about the high turnover, resultant loss of capacity and knowledge, weak institutional memory and, at times, a lack of staff with adequate training and skills. We recommend that DFID create a cadre of experts with knowledge of Afghan language and culture, who will work in London and in country; longer tours and routine rotations to Afghanistan would also aid this.

DFID also needs to reconsider how it can support work in insecure areas of the country, developing stronger partnerships with trusted NGOs and other organisations, which can absorb significant funding and work effectively, especially where NGOs have strong links with and support from local communities. It may also be necessary to switch funding to poorer, safer areas such as Bamiyan which have been relatively ignored by donors, who have concentrated their spending in insecure regions where they have had a military presence.

1 Introduction

1. Since the fall of the Taliban in 2001 there have been significant improvements in Afghanistan. 5.8 million children are now going to school compared to just one million under the Taliban, 2.2 million of them girls compared to just 5,000 under the Taliban.¹ Approximately 57% of the population can now access a health facility within one hour's walk compared to just 9% in 2002, and more than one in three pregnant women (36%) receive antenatal care compared to only 16% in 2003.² Over this period Afghanistan has received nearly \$30billion in aid and approximately \$243billion in support to the International Security Assistance Force (ISAF) and the Afghan National Security Forces (ANSF).³

2. Our predecessor Committee visited Afghanistan in 2007 and reported on DFID's progress in 2008.⁴ We decided to inquire into what the developments had been since then. We wanted to see the benefits UK aid spending had brought to Afghanistan as well as how DFID could operate in a potentially changing political and security context so therefore what DFID's policy should be in the future.

3. There have been a number of developments in the international community's and the UK's interaction with Afghanistan since our predecessor Committee reported. It has been agreed that responsibility for security across Afghanistan will gradually transfer from the ISAF to the ANSF. The aim is for this to be completed by the end of 2014. UK and other foreign troops will only be present in Afghanistan after this date as advisers and mentors. The Foreign and Commonwealth Office notes, transition is not just about the transfer of security control:

a resilient ANSF is only part of the solution. Development of a viable Afghan state and a durable political settlement are also vital, and we will continue working with the Afghan Government and our international partners towards this.⁵

4. Two important international conferences have taken place in the last year which have demonstrated to the Afghan people that the international community is committed to support Afghanistan for as long as is necessary. The Chicago Summit in May focused on the future funding of security forces in Afghanistan and the Tokyo Conference in July discussed the future of aid funding to Afghanistan. As the then Secretary of State, Rt Hon Andrew Mitchell MP, told us the outcomes from the conferences can "give confidence to people who are driving progress in Afghanistan that the international community will not desert them when the transition is complete."⁶

1 Ashley Jackson, *High Stakes: Girls' Education in Afghanistan*, Oxfam International, February 2011.

2 Ev 40

3 Lydia Poole, *Afghanistan: Tracking major resource flows 2002-2010*, Global Humanitarian Assistance January 2011, p 2

4 International Development Committee, Fourth Report of Session 2007-08, *Reconstructing Afghanistan*, HC 65-I

5 "Top ten facts about transition", *FCO Website*

6 Q55

5. Following the formation of the Coalition Government in the UK the National Security Council (NSC) was formed to oversee all aspects of Britain's security.⁷ The NSC has approved an overarching strategy for the UK's engagement in Afghanistan. The strategy has three mutually reinforcing pillars covering security, political settlement and creating a viable Afghan state. DFID leads on the 'viable state' pillar, which aims to improve governance and the rule of law, create a stable and growing economy, tackle corruption and increase access to basic services.⁸ DFID's vision is for "a more peaceful, stable, viable and prosperous Afghanistan."⁹ This is unique in DFID's work and a departure from its traditional aim of 'poverty alleviation'. Since 2012 there has been a refocusing of DFID strategy with a stronger commitment to conflict and fragile-affected states accompanied by an increase to 30% the proportion of UK Official Development Assistance (ODA) spent on them.¹⁰ In addition, the UK Government undertook a review of its bilateral programme and as a result has decided to increase aid to Afghanistan. It has announced that DFID's programme in Afghanistan will be £178million per year until 2015.¹¹

6. In January of this year the Prime Minister, the Rt Hon David Cameron MP, signed an 'Enduring Strategic Partnership' with Afghan President Hamid Karzai in which the UK Government confirmed its long term development support to Afghanistan subject to the Government of Afghanistan progressing with key reforms. The Prime Minister made clear that:

After our combat troops have left in 2014, there will be a strong relationship between Britain and Afghanistan; a relationship based on diplomacy, based on trade, based on our continued aid programme to help the Afghans build a stronger country.¹²

7. We were helped on this inquiry by the specialist advice of Ashley Jackson, Research Fellow at the Overseas Development Institute in London who we would like to thank. We would also like to thank all the people and organisations which provided written evidence to the inquiry and the academics, subject specialists and organisations who appeared before us to give oral evidence. In addition we took oral evidence from the previous Secretary of State, Rt Hon Andrew Mitchell MP and had informal meetings with Rory Stewart MP, representatives from the Independent Commission on Aid Impact and Adam Smith International, all of whom we also thank.

8. As part of the inquiry, we were keen to hear from Afghans, about their knowledge and opinions of DFID's work in Afghanistan. Following our call for evidence we did not receive a single submission from an Afghan citizen. We therefore worked with the Parliamentary Outreach Office and Mayvand Faqir, Chair of the Afghan Council, to organise two events for the Afghan diaspora in London to engage with the select committee process. At the events we held discussion groups focusing on: the benefits of DFID's projects in Afghanistan; criticisms of DFID's programme in Afghanistan; and the future of DFID in

7 "Establishment of a National Security Council" *No 10 press release*, Wednesday 12 May 2010

8 Ev 40

9 DFID Afghanistan, *Operational plan 2011-15*, June 2012

10 DFID, FCO, MoD, *Building stability overseas strategy*, March, July 2011

11 DFID Afghanistan, *Operational plan 2011-15*, June 2012

12 "Prime Minister and President Karzai Press Conference", *No 10 Website*

Afghanistan. We would like to thank the Afghan Council and the members of the Afghan diaspora for their participation in the events and the evidence gathering.

9. We visited Afghanistan in June to help us understand what conditions were like on the ground for DFID staff, to hear how DFID projects were working first hand from the Afghan people and to meet senior Afghan Ministers. We visited Kabul before splitting into two groups. One group visited Bamiyan in Bamiyan Province whilst the second group went to Lashkar Gah in Helmand Province. We thank all the civil servants and members of the armed forces who helped to facilitate the visit as well as all the organisations who met us and welcomed us to their facilities and offices.

Box 1

We must note that our ability to get out and see DFID's work in Afghanistan was severely limited due to security reasons. On other overseas visits we have been able to meet the beneficiaries of DFID aid and observe projects to see their effects; in Afghanistan this was not an option. As can be seen from our visit programme annexed to this report, while some of us saw a few DFID-supported institutions, notably the impressive International Red Cross Hospital in Kabul and a school just outside the city, most of our meetings were with Afghan Ministers in their Ministries; NGOs, line ministry staff, civil society groups and a few local Afghans who came to us at the embassy or PRTs as well as DFID staff. The visit to the city of Bamiyan, which is one of the safest locations in Afghanistan, was a particular disappointment. An excellent programme had been devised which involved meeting local farmers and others. The New Zealanders in charge of the PRT were happy to drive us to the locations, but the UK Government refused to permit us to travel with them. This report is accordingly based more on what we have been told and the evidence we have received than what we have seen firsthand.

2 Economic, social, political and security context

10. To understand DFID's work in Afghanistan and its future strategy it is necessary to understand the economic, social, political and security context in which it currently works within country and what could potentially happen in the future.

Economic context

11. Afghanistan is one of the poorest countries in the world. A third of the population lives on less than 60p per day.¹³ Aid has supported much of its economic progress since 2001 and the Afghan Government remains heavily aid dependent. While the withdrawal of international combat forces will have its own economic impact, the World Bank also projects "an expected decline in civilian aid as international attention shifts elsewhere."¹⁴ The average growth rate has been 9% over the past nine years but it is expected to decrease to 5–6% from 2011 to 2018.¹⁵ Given that 70% of the population is under 25 years old and population growth is expected to continue at 2.8% annually, this is likely to mean continued high unemployment among the youth and little progress in reducing poverty.¹⁶

12. The Afghan economy is largely dependent on agriculture and rural trade; around 85 % of the population is entirely reliant on income from agriculture and livestock. This is despite the fact that only 12 % of the country's land is arable and only half of that is currently under cultivation.¹⁷ Agricultural growth over the past decade has been volatile, in part due to Afghanistan's vulnerability to disasters, and improvements remain limited. Agriculture and livestock based livelihoods remain largely dependent upon the success of rain-fed crops and pasture. Afghanistan experienced its eighth drought in eleven years in 2011, devastating rural families and threatening any potential progress in alleviating rural poverty.¹⁸

13. Afghanistan's agricultural economy is under developed. The British and Irish Agencies Afghanistan Group (BAAG) highlighted the lack of market knowledge and modern agricultural and business skills in Afghanistan.¹⁹ We heard while we were in Afghanistan that many agricultural products were sent to Pakistan to be processed or stored and then sold back to Afghanistan at much higher prices.

13 Ev 41

14 World Bank, *Afghanistan in Transition: Looking Beyond 2014*, May 2012, p 5

15 World Bank, *Afghanistan in Transition: Looking Beyond 2014*, May 2012, p1

16 "Western withdrawal need not mean civil war in Afghanistan. But America must talk to the Taliban", *Spectator* 18 August 2012.

17 Bob Rout, *How Water Flows: A Typology of Irrigation Systems in Afghanistan*, Afghanistan Research and Evaluation Unit Issue Paper, 2008.

18 Ev 41

19 Ev w42

14. The illicit economy, particularly around opium, remains significant. The income from opium production in 2011 was estimated to be roughly equivalent to 9% of the GDP.²⁰ Afghanistan is believed to supply roughly 93% of the opium on the world market and 90% of the heroin trafficked into the UK originated in Afghanistan.²¹ While poppy eradication and alternative livelihood programmes have had mixed results, a UN Office on Drugs and Crime report finds a “strong association” between insecurity, lack of agricultural assistance and poppy cultivation.²²

15. The big hope for the future Afghan economy is its potential mineral wealth. Initial estimates from the US Geological Survey have suggested a possible \$3 trillion in mineral assets, based on a partial survey of the country.²³ However, mining profits are not likely to come online for another decade and it is an industry that generally does not result in widespread national employment. It also requires a skilled and mobile workforce and infrastructure to exploit resources that are largely located in remote or mountainous areas of the country—none of which are currently evident in Afghanistan.

Gender and women’s participation in society

16. Women in Afghanistan have made gains since the Taliban-led Government was ousted in 2001. The Constitution grants equal rights to men and women and Afghanistan is a signatory to the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). More girls are in school now than ever before in the country’s history and more than a quarter of Afghanistan’s parliamentarians are female. The legal and policy frameworks protecting and empowering women have been expanded in recent years including the establishment of a National Action Plan for the Women of Afghanistan (NAPWA) in 2007 and the Elimination of Violence Against Women (EVAW) law, which criminalised rape, in 2009.

17. However, such gains are limited, and women and girls in Afghanistan continue to face enormous disadvantages. Afghan women’s status remains amongst the worst in the world according to the UN’s 2011 Gender Inequality Index. NAPWA has not been implemented²⁴ and the EVAW law remains largely unenforced; 87% of women report experiencing at least one form of domestic abuse which Human Rights Watch has specified as: physical, sexual, or psychological domestic violence or forced marriage and women who participate in public life do so at significant risk to their safety.²⁵

18. There are worrying signs that the advancements for women and girls made in the early years after the fall of the Taliban are receding. Human Rights Watch has repeatedly expressed concerns over the Afghan Government’s increasingly conservative stance on the role of women, including President Karzai’s recent public statement in support of the

20 “Afghan drugs: opium price rise 133 %”, *BBC News Online*, 12 January 2012, news.bbc.co.uk

21 Vincent Bove, *The Political Economy of Opium in Afghanistan*, Institute for Democracy and Conflict Resolution Briefing Paper, October 2011.

22 UNODC, *Afghanistan Opium Survey 2012: Opium Risk Assessment for All Regions (Phases 1 and 2)*, April 2012.

23 DFID visit briefing to Committee

24 ACBAR Agency Coordinating Body for Afghan, *Tokyo Briefing Paper: Women’s Rights*, July 2012

25 Ev w30

Ulema Council that instructed women not to travel unchaperoned or mix with men in education or work. There has been a sharp rise in violent attacks on women in Afghanistan over the past year with 17 cases of “honour killings” recorded across the country in March and April compared to 20 cases recorded for all of last year.²⁶

Political context

19. Afghanistan has been plagued by war and instability for more than three decades. For the past ten years, international forces and the Afghan Government have been at war with the Taliban. There has been little progress in negotiating a political settlement to the conflict. The role of the US, and Afghanistan’s neighbouring countries, in establishing political talks and a realistic and successful process of security transition will be critical in averting regional interference and continued or new internal conflict.

20. Despite significant international support and the presence of ISAF, the control of the government is tenuous. Historically, Afghan Government has been highly centralised with significant regional devolution of power in practice. Informal power networks, such as ethnic or tribal structures and former mujahedeen commanders, are as significant, if not more so, in shaping Afghan political, social and economic dynamics. As Mervyn Lee of Mercy Corps told us “Afghanistan as a country has never really respected Kabul. The rest of Afghanistan looks a bit askance at Kabul.”²⁷ Government institutions at the sub-national level remain, weak and disconnected from the central Government.

21. Afghanistan is comprised of numerous ethnic groups, including Pashtuns, Tajiks, Hazaras and Uzbeks. Post-Taliban political affiliation has broadly followed along ethnic, tribal and regional lines as demonstrated by the composition of voting blocks in recent elections. The development of political parties has been slow, with few that can be considered pan-ethnic. There have been very few incidents of ethnic-based violence since the fall of the Taliban, but lack of rule of law (particularly in rural areas) has led to local clashes over land or economic resources between various groups that have contributed to insecurity and provided openings for the insurgency.

22. Afghanistan has historically lacked democratically elected institutions. The Parliament, introduced after the fall of the Taliban, is a bi-cameral structure comprised of the *Meshrano Jirga* (the Upper House) and *Wolesi Jirga* (the Lower House). It has at times taken a hard stand against President Karzai (for example, blocking the confirmation of several of President Karzai’s post-2009 election ministers) and pressed for more accountable governance but has often been slow to pass legislation and enact key reforms.²⁸

23. Civil society has been traditionally weak, but has experienced enormous growth since the fall of the Taliban. Many civil society groups are concerned about the ways in which insecurity, transition and other factors will impact upon them. The Afghanistan Independent Human Rights Commission (to which the UK provides funding) appears to

26 “Woman, children beheaded in Afghan “honour killing”” *Afghanistan’s Independent Human Rights Commission (AIHRC)*, 4 July 2012

27 Q30

28 Freedom House: Afghanistan <http://www.freedomhouse.org/report/freedom-world/2012/afghanistan-0>

be under increasing political pressure, with the recent dismissal of three of its Commissioners by President Karzai. There have been allegations that they were removed due to a still-unreleased report on war crimes that implicated members of the Government, including First Vice President Fahim and Second Vice President Khalili; the Afghan Government denies this.²⁹ Their positions remain vacant with the Commission severely impaired and now functioning with only five of its nine Commissioners (a fourth was killed in 2011 and not replaced). The Commission plays a vital role in monitoring rights abuses and has in the past been a vocal and effective advocate for those whose rights have been violated. The media is also under increasing pressure. Following several high profile imprisonments of journalists and Government investigations of independent media outlets, a draft media law was recently introduced that would significantly expand Government control of media and curtail press freedom.³⁰

24. President Karzai, elected in 2004 and re-elected in 2009, is not eligible for re-election in 2014 due to constitutional term limits. There is currently no clear successor. Some analysts believe that President Karzai will ultimately select a candidate to endorse and attempt to continue to exert his influence through this individual. Others believe that he may attempt to stay on, for example by convening a *loya jirga* to alter the constitution.³¹ President Karzai has denied such speculation and issued a public statement confirming that he would leave office once his term expired.³²

25. The prospect of security transition has exacerbated Afghanistan's already volatile political landscape. Key individuals within the Government are already positioning themselves for the withdrawal of international forces, fuelling uncertainty and unpredictability across Afghanistan's political landscape. On 4 August 2012, the Parliament voted to dismiss both the Minister of Defence, Abdul Rahim Wardak, and the Minister of the Interior, Bismullah Khan Mohameddi. President Karzai has recently identified replacements and has also replaced the head of the National Directorate for Security. While not yet confirmed, these appointments have raised some concerns from human rights activists.³³ There is also uncertainty about the Minister of Finance, Omar Zakhilwal, who is currently under investigation for corruption. Analysts have interpreted these developments, particularly with regard to the Ministries of Defence and Interior, as political manoeuvres orchestrated by President Karzai to strengthen his position among southern Pashtuns.³⁴

29 "Top Afghans tied to 90s carnage, researchers say", *New York Times*, 22 July 2012

30 "Afghanistan: Draft Media Law Threatens Media Freedom", *Human Rights Watch Press Release*, 2 July 2012

31 Kenneth Katzman, *Afghanistan: Post-Taliban Governance, Security and US Policy*, Congressional Research Service 17 August 2012, p33

32 "Karzai says he will not seek third term", *The Telegraph*, 11 August 2012

33 "Afghanistan: Appoint rights-respecting intelligence chief", *Human Rights Watch Press Release*, 31 August 2012

34 "As Afghanistan Turns" *Los Angeles Times*, 16 August 2012

Corruption

26. Fraud and widespread corruption have undermined international confidence in the Afghan Government. The previous Secretary of State, Rt Hon Andrew Mitchell, described corruption as “endemic in Afghanistan.”³⁵ There are indications that the problem is getting worse: Afghanistan ranks 180 out of 183 on Transparency International 2011 Corruption Perception Index, compared to 117 out of the 158 countries ranked in 2005. We heard evidence that corruption is a growing threat not only to the effectiveness of international assistance but also the legitimacy of the state in the eyes of the Afghan people and ultimately the long term viability of the Government. David Loyn, a BBC correspondent, told us:

At the moment, it is effectively a rentier state. There is quite a lot of academic work now about rentier states. They do not succeed; they are mostly in Africa; and they tend to create elites who are funded by corrupt patronage, use patronage and fund corrupt practices. That is exactly what has been happening in Afghanistan.³⁶

27. Since our predecessor Committee’s report, several Government bodies have been created and initiatives have been launched to fight corruption. These include the High Office of Oversight and Anti-Corruption and the Major Crimes Task Force within the Attorney General’s Office. Most recently, on 21 June 2012, President Karzai launched an anti-corruption push in the Afghan Parliament by appealing to donors not to give construction and businesses contracts to Afghan Government officials or their relatives.³⁷ Unfortunately, the effectiveness of these initiatives has been extremely limited, and often obstructed by interference from senior officials. An Asia Foundation study commented that:

Efforts at curbing corruption to date appear too modest, often ill-suited, badly-informed, and narrow-minded. As a result, if there are some anti-corruption successes, they look like islands of integrity.³⁸

Similarly, the recent Independent Commission on Aid Impact (ICAI)’s audit of DFID’s programme in Afghanistan warned:

Anti-corruption measures in Afghanistan are ineffective. There are multiple agencies with ill-defined roles and limited independence. Afghan agencies such as the Ministry of Justice and the police force have a history of reported corruption.³⁹

35 HC Deb, 16 June 2011 [Commons written answer]

36 Q2

37 BBC News Asia, 21 June 2012

38 Yama Torabi, *The Growing Challenge of Corruption in Afghanistan: Reflections on a Survey of the Afghanistan People*, Part 3 of 4, The Asia Foundation, Occasional Paper No. 15, July 2012, p10

39 Independent Commission for Aid Impact, *Programme Controls and Assurance in Afghanistan*, Report 6, March 2012

28. David Loyn argued that the massive influx of international aid in recent years had exacerbated corruption.⁴⁰ The Asia Foundation study commented that:

Oversight mechanisms have been overwhelmed, while insecurity makes it impossible for many donors to go visit the projects that they fund. Some have even institutionalized the absence of oversight. Massive inflows of aid also mean pressure to spend quickly, which has often led to parallel systems lacking in accountability, and non-participatory or discretionary decision-making.⁴¹

While David Loyn thought there would be a significant reduction in corruption when aid decreased,⁴² other witnesses felt that the deeply entrenched patronage networks that drive corruption were unlikely to simply go away. These networks may continue to play a significant political and economic role, and the ways in which they might adapt to the withdrawal of troops and a likely decrease in aid was of concern. Dr Gordon of the LSE commented:

I think the real concern in terms of many of the institutions is the way in which they adapt to the tap being turned off and the way in which they reconnect, or connect more firmly, to the narcotics industry.⁴³

Kabul Bank scandal

29. The Kabul Bank scandal has perhaps been the most visible and damaging case of corruption to date in Afghanistan. Prior to the scandal, Kabul Bank held accounts for several key ministries and paid the salaries for civil servants, teachers, police and other Government employees. It is reported that the bank's management had ties to key powerholders including Vice President Marshall Fahim and the brother of the President, Mahmoud Karzai, who allegedly received a significant loan from the Kabul Bank to buy his share in the bank.⁴⁴ In September 2010, when hundreds of millions of dollars in losses were reported, primarily from shareholder investments in Dubai, there was effectively a run on the bank. Public confidence in the banking system was severely eroded. The International Monetary Fund (IMF) suspended its credit programme to the Afghan Government, requesting an audit of Afghan banks, and several donors (including the UK) suspended, but have since resumed, funding to the Afghanistan Reconstruction Trust Fund (discussed in more detail later in the report).

30. DFID has been working with the Afghan Ministry of Finance to help recover some of the assets. The Minister of Finance, Omar Zakhilwal, assured us when we met him in Kabul that he was taking action not only to recover assets but to bring the perpetrators to justice. While some of the funds have been traced, there has been little concrete action to date to bring those believed to be responsible to justice. David Loyn told us:

40 Q 9

41 Yama Torabi, *The Growing Challenge of Corruption in Afghanistan: Reflections on a Survey of the Afghanistan People*, Part 3 of 4, The Asia Foundation, Occasional Paper No. 15, July 2012

42 Q9

43 Q2

44 "The great Afghan bank heist", *New Yorker*, 14 February 2011

\$120 million of the Kabul Bank money that was stolen has been traced. There is more widespread acceptance that they will not get a huge amount more of it back. There has been a property market collapse in Dubai. No one knows quite how much money there really is. If it had been invested, it would now be \$900million, but the belief is that it is probably around \$500million that they would be looking for.⁴⁵

Since our visit it has been reported that the Finance Minister himself has also come under investigation for separate allegations of corruption.⁴⁶ (see para 25)

31. The Kabul Bank crisis is but one of many examples that illustrate just how significantly corruption threatens to undermine the state. High profile scandals continue to emerge. In June 2012, the EU suspended funding to the Law and Order Trust Fund, which supplies funds for 120,000 Afghan police salaries, due to allegations of corruption.⁴⁷ The fund has received \$2.9billion in aid from multiple nations, including the UK, since 2002.⁴⁸ With less aid money flowing into Afghanistan, donors may gain greater leverage to hold the Afghan Government to account on these issues and impose stronger conditions on funding to the Government. Doing so requires strong coordination, vigilant monitoring and sustained political will within the international community to tackle the problem.

Elections

32. Presidential elections were last held in 2009 and Parliamentary elections in 2010.⁴⁹ Both elections were marred by widespread violence and fraud. The next round of Presidential elections will be held in 2014, prior to the end of security transition, and Parliamentary elections are due to be held in 2015, following the end of the formal security transition process. 2014 will be the first post-Taliban Presidential election in which President Karzai will not stand.

33. It has been reported that urgently needed reforms to the electoral law and structure of the Independent Electoral Commission have been slow moving.⁵⁰ There is also significant concern that it is already too late to correct voter lists in time for the Presidential election, given the challenges of widespread illiteracy, a high proportion of the population without formal identity documents and worsening security problems.⁵¹

34. Witnesses questioned the Afghan Government's capacity—and indeed willingness—to support transparent, inclusive, fair and credible electoral process. David Loyn commented that “There will be, over the next two years—we have already seen it—significant pressure from President Karzai to keep the international community out.”⁵²

45 Q9

46 “Afghan finance minister faces corruption investigation” *Reuters*, 2 August 2012

47 “UN probes suspected fraud at Afghan police fund”, *Agence France Presse*, 18 June 2012

48 “UN fund scrutinised for corruption”, *Wall Street Journal*, 10 May 2012

49 Jon Boone, *Afghanistan election: fraud could delay results for months, observers warn*, 19 September 2010

50 “Why Afghans are pushing for democratic elections soon”, *Christian Science Monitor*, 22 August 2012

51 “Leading Afghans Cast Doubt on Electoral Schedule”, *Guardian*, 3 April 2012

52 Q 6

Security

35. The Committee received a positive briefing from British and ISAF military commanders while in Afghanistan which indicated that they believed security had improved during the past year. Their position was that it was now much safer for Afghans to travel around and there was much more freedom of movement. In addition Dr Gordon of the London School of Economics told us of a recent trip to Helmand:

I went on a patrol with the American military in Sangin, and unlike on earlier trips there was no shooting and no IEDs. We managed to walk through the bazaar for the best part of two hours. You could never have done that 18 months or so before that. There has been a change.⁵³

The United Nations Assistance Mission in Afghanistan (UNAMA) Human Rights Unit also found that violence had dropped slightly in the first six months of 2012. In all, 1,145 civilians were killed and 1,954 wounded in the first half of 2012, down 15% on the same six-month period in 2011.

36. However, UN officials called the reduction a “hollow trend” and warned that civilians were still being killed at “alarmingly high levels”, with four-fifths of deaths attributed to attacks by the Taliban-led insurgency. Nicholas Haysom, the UN's Deputy Special Representative to Afghanistan, said:

The reduction in civilian casualties is welcomed, but these gains are fragile. They do not reflect a move towards a peaceful society. [...] This report does not suggest that Afghans are necessarily safer or better protected in their communities. Nor does it suggest any real or concerted attempt by anti-government elements to minimise civilian casualties.⁵⁴

While the proportion killed by Afghan Government or ISAF forces has dropped to around 10%, a significant reduction from previous years, targeted killings by insurgents of civilians, such as Government employees, tribal elders and contractors, working with the Government or ISAF forces rose by 53%.⁵⁵ Moreover, the UN indicated that violence had increased in July 2012.⁵⁶

37. Regardless of the reduction of violence in the first half of 2012 other organisations argued that the security situation had significantly deteriorated overall since 2006. The International Committee of the Red Cross (ICRC) described the current situation:

Widespread conflict continues to devastate the lives of Afghans in many districts and villages. The threat of civilian casualties, internal displacement, and insufficient access to medical care, are only some of the challenges. All of them occur against a backdrop of a splintering of armed groups, night raids, air strikes, suicide bombing,

53 Q15

54 “Targeted killings in Afghanistan up 53 per cent”, *The Telegraph*, 8 August 2012

55 “Targeted killings in Afghanistan up 53 per cent”, *The Telegraph*, 8 August 2012

56 “Afghanistan civilian deaths fall, says UN”, *Guardian*, 8 August 2012

and the laying of improvised explosive devices. The expansion of the conflict to previously quiet areas has increased people's difficulties and left whole communities trapped between warring parties. The south, east, north, north-west and central regions are the worst affected.⁵⁷

38. Despite the surge in international troops since 2010 and increased civilian and military aid, 2011 was the most violent year since 2001.⁵⁸ The Afghan NGO Safety Office (ANSO) reported that opposition attacks increased to 40 a day in the first six months of the year, up 119% since 2009 and 42 % since 2010. Insurgent attacks reached previously secure areas including Parwan and Bamiyan as the war spread to many new parts of the country. In addition, 2011 saw the highest number of civilian casualties since 2001. UNAMA recorded 3,021 conflict-related civilian deaths in 2001, an 8% increase since 2010.⁵⁹ Some 80% were attributed to anti-government forces, most commonly caused by IEDs.⁶⁰

39. The International Rescue Committee noted that this deterioration was true both for "classic" security related to conflict and violence, but also for personal security. As evidence, they pointed to record low returns of Afghan refugees from other countries, record high numbers of Afghan asylum seekers in other countries, record high internal displacement and increasing migration from rural to urban areas in search of economic opportunities.⁶¹

40. BAAG reported that the deteriorating security situation was threatening the ability of NGOs to operate in many areas of the country, including major cities.⁶² ANSO also reported a 73% increase since 2010 in attacks against aid workers. David Page of Afghanaid said:

We are already experiencing a deterioration of the security conditions in the provinces where we work. One hears that in Helmand things are a great deal better, but in Ghor to the north of Helmand, or even in Badakhshan in the north-east, you have got a great deal more instability as people position themselves for this 2014 deadline.⁶³

The Afghan diaspora in the UK told us that they increasingly feared kidnappings when returning to visit family in Afghanistan and therefore kept a very low profile.⁶⁴ This was echoed by the businessmen we met at the Afghan Chambers of Commerce who spoke of their fear of kidnapping and of violence against themselves and their families.

57 International Committee of the Red Cross, *The ICRC in Afghanistan*, 1 June 2012

58 Ev w40

59 UNAMA Human Rights Unit, *Afghanistan Annual Report: Protection of Civilians in Armed Conflict*, 2011, February 2012

60 Ev w40

61 Ev w46

62 Ev w34

63 Q 44

64 Ev w65

Anti-government groups

41. The Afghan Taliban consists of a complex network of several linked groups. After the Taliban collapsed in 2001, many of its leaders fled to Pakistan and have reorganised under the leadership of the Quetta shura.⁶⁵ In addition, the Haqqani network, Hezb-i-Islami Gulbuddin and several other insurgent groups function throughout the country with different levels of integration, coordination and cooperation with one another. The reliability of estimates of the size of the Taliban's fighting force are questionable, but publicly reported ISAF estimates have remained consistent in recent years at approximately 25,000–35,000 fighters. The leadership of many of these groups, including the Islamic Emirate and Haqqani, are believed to reside in Pakistan and there are strong allegations that they receive support from individuals, including Pakistani intelligence officials, with links to the Pakistan Government.⁶⁶ There is mounting evidence that Pakistan's support may extend further. A leaked 2012 ISAF report asserted that "the Government of Pakistan remains intimately involved with the Taliban" and that "Pakistan remains fundamentally opposed to GIRoA [Government of the Islamic Republic of Afghanistan]."⁶⁷

42. Other criminals and warlords not allied with the Taliban continue to threaten security. Motivations are not ideological but primarily economic, and often linked to the resurgent poppy economy. The UN Office on Drugs and Crime estimates that the Taliban and criminal groups derive \$150million a year from the narcotics trade.⁶⁸

Afghan National Security Forces

43. At the London Conference in 2010 the troop-contributing countries agreed, together with the Afghan Government, that the international forces would gradually transfer responsibility for security across Afghanistan to the Afghan National Security Forces (ANSF). The NATO mission aimed to train a 157,000 strong police force and 195,000 soldiers by the end of 2012 to take over from international forces and this is believed to be on track, with 149,600 police and 194,500 army as of mid-May 2012.

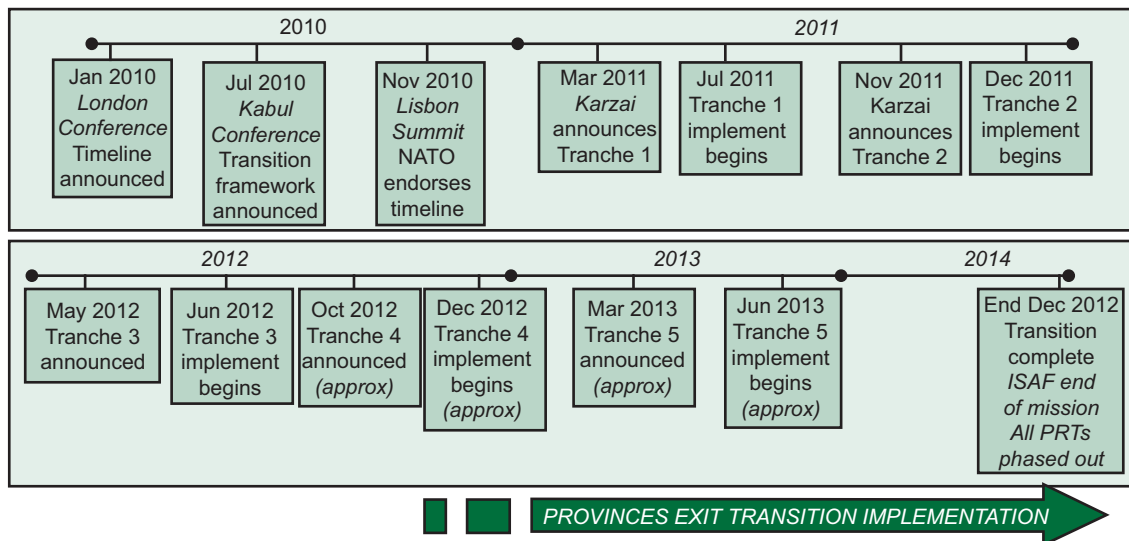
65 Quetta Shura is the name for the Taliban leadership council in exile

66 Matt Waldman, *The Sun in the Sky: The Relationship between Pakistan's ISI and Afghan Insurgents*, LSE Crisis States Research Centre Discussion Paper No. 18, June 2010

67 *The State of the Taliban 2012*, 6 January 2012, TF-3-10 Bagram, Afghanistan, p8 and p9

68 "Counternarcotics: The Afghan drugs trade", FCO website, <http://www.fco.gov.uk/en/global-issues/afghanistan/counter-narcotics/>

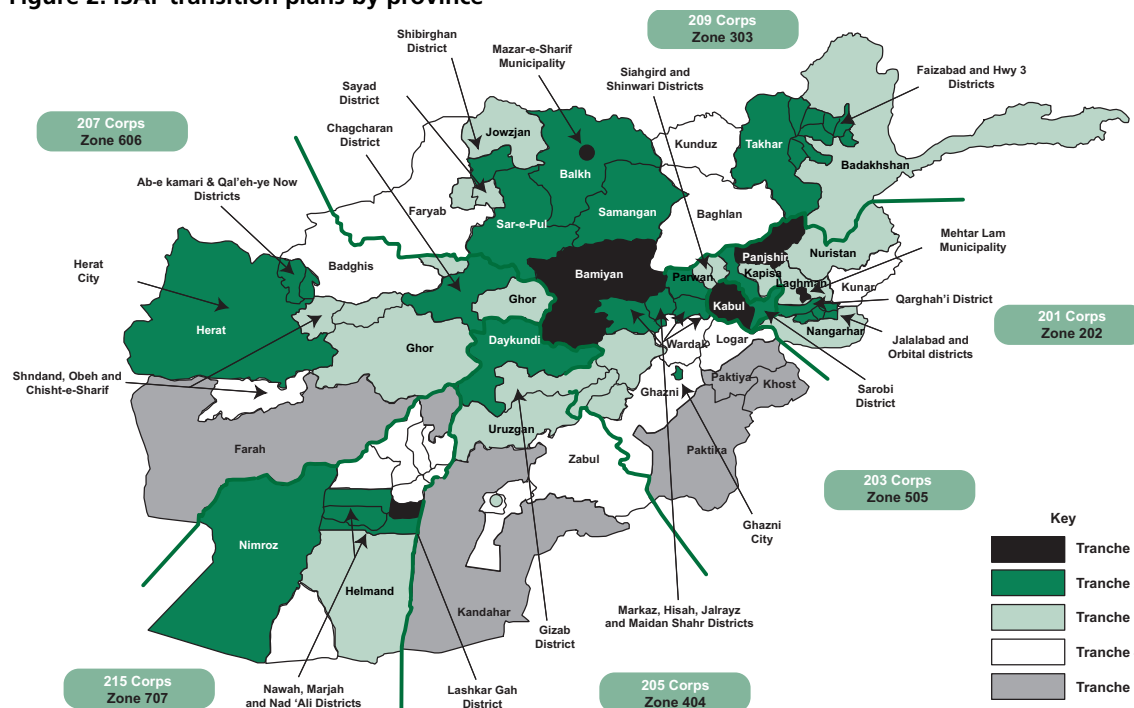
Figure 1: ISAF transition timeline



Source: ISAF

Transition began in July 2011 and is happening in phases with tranches of districts and provinces being handed over to the Afghan forces. Three tranches have already begun the handover process, with two remaining. All tranches will have completed transition by the end of 2014.

Figure 2: ISAF transition plans by province



Source: ISAF

Afghan National Army

44. There was a notable difference in the use of language we heard from the British military on our visit to Afghanistan compared to that of 2007—there was no longer talk of beating the insurgents and winning hearts and minds but instead creating a situation where the Afghan Government and the Afghan National Army (ANA) could control the situation. Brigadier Skeates, deputy commander of Regional Command (Southwest), told us that no one would win militarily and that peace had to come through a political settlement. We were told by Task Force Helmand that there would always be insurgents with over 25,000 over the border in Pakistan—their aim was therefore not to beat them but to tip the balance towards the Afghan Government and ANA so they would be in a better position to maintain security. ISAF is backing away from direct counter insurgency work and instead is training and advising the ANA as well as providing capabilities such as medical support and helicopters. We also heard many references to the work of DFID from the military and its importance in changing livelihoods to provide incentives to discourage people from growing poppies or joining the Taliban. There were also discussions about the slow pace of progress and being realistic about what ‘success’ looked like as opposed to discussions of fast gains.

45. David Loyn believed there had been improvements with the Afghan Army:

They are better than they were. The trainers I talked to say that they are better than they thought they were going to be by now. The mid ranking ANA officers whom I have spoken to are in a completely different league to where they were only four or five years ago. They seem to be an impressive and cohesive national force.⁶⁹

Whether they will be able to guarantee security particularly in the absence of a political settlement to end the conflict remains unclear. David Loyn conceded “They are not anything like as good as the forces that the Russians had put together by the same period; they are nothing like as ruthless. [...] We are leaving Afghanistan in a much less secure state than it was left in 1989.”⁷⁰

Afghan National Police

46. With regard to the Afghan police, our predecessor Committee concluded that “corruption and bribery are rife and this is hampering acceptance of the police as a force for good.”⁷¹ While we recognise that there have been some improvements in training and recruitment, we share the same concerns as our predecessor Committee with regard to the capacity and accountability of the Afghan police. On our visit to Afghanistan, we heard strong fears from Afghans about corruption and the ineffectiveness of the police force. A survey released by the UN earlier in 2012 found that more than half of Afghans see the police as corrupt. While the survey notes that public opinion has slightly improved in

69 Q16

70 Q16

71 International Development Committee, Fourth Report of Session 2007-08, *Reconstructing Afghanistan*, HC 65-I, para 91

recent years, only 20% believe that the police will be able to keep order once international forces leave.⁷²

47. There were also concerns that the Afghan police continue to play a paramilitary role rather than one focused on civilian policing and tackling criminality. Civil society groups believed that the police—particularly those outside of Kabul—were trained on counter insurgency rather than on civilian policing models, focused on protecting civilians and upholding the law. They also suggested that many police were loyal to their local commander rather than to the Government. These local commanders did not have a sense of responsibility to the community but saw their position as the reward of a larger patronage system. They were therefore reluctant to report crimes, as they did not want their area to be seen as dangerous and therefore that they were failing in their role.

48. The Afghan female civil society activists we met in Kabul were very critical of the police attitude towards women. That told us that women did not trust the police as they often shouted insults and were viewed as unaccountable for their actions. This echoes results from a 2011 survey of the views of women in Kabul on the Afghan police, which found that women rarely felt that they could turn to police for help. This survey also found that there was significant resistance to gender or human rights-focused training or policies within the Ministry of Interior and that much of the albeit modest progress in recruiting women police and gender-sensitising policing was a result of consistent international pressure.⁷³

49. Oxfam recommended reforms such as better training and awareness regarding human rights and women's rights, accelerated recruitment of female security personnel, and much greater attention to women's needs such as increased awareness and enforcement of laws addressing violence against women. Our predecessor Committee also recommended that "the recruitment, training and retention of female police officers" should be "given appropriate priority".⁷⁴ In addition Oxfam would like to see established a well-publicised, transparent and independent complaints review mechanisms for the ANP, accessible to both men and women.⁷⁵

Afghan Local Police

50. Human Rights Watch were concerned by the Afghan Government efforts to combat insurgency by arming and providing money, with little oversight, to militias that have been implicated in killings, rape, and forcible collection of illegal taxes.⁷⁶ The Afghan Local Police (ALP), village-based defence forces trained and mentored primarily by US Special Forces but which report to the Ministry of Interior, have been created in parts of the country with limited police and military presence. There are believed to be approximately 13,000 ALP, with 30,000 planned to be recruited and trained by the end of 2014. In its first year ALP units were implicated—with few consequences for perpetrators—in killings,

72 "UN poll: Afghan police still corrupt but improving", *Associated Press*, 31 January 2012

73 Heinrich Boll Stiftung/Samuel Hall Consulting, *Women's perceptions of the Afghan National Police*, February 2012

74 International Development Committee, Fourth Report of Session 2007-08, *Reconstructing Afghanistan*, HC 65-I, para 94

75 Ev w54

76 Ev w30

abductions illegal raids, and beatings, raising serious questions about Government and international efforts to vet and train these forces⁷⁷ There is little to no oversight and accountability and the ANSF in general lacks sufficient, accessible complaints mechanisms. Our predecessor Committee raised concerns about such militias, stating:

We have reservations about the suggestion of arming local communities to defend themselves. While we accept that there are many people who already have weapons, we believe that it is important that donors do not encourage or exacerbate factionalism and tribalism.⁷⁸

Afghan National Security Forces summary

51. While there has been significant progress with the ANSF, the effort faces serious challenges, including attrition, insurgent infiltration, illiteracy and substance abuse among recruits. Incidents in which ANSF have attacked and killed their international mentors known as ‘green on blue’ attacks are of growing concern. There have been 34 such attacks so far this year resulting in the deaths of 45 international troops and accounting for a quarter of UK military deaths to date in 2012.⁷⁹

52. What is increasingly clear is that the current target for the ANSF will be financially unsustainable. As Robert Fox told the Defence Committee recently “nobody believes for a minute that that number could be sustained on the funding that is likely to be available after 2014.”⁸⁰ Prior to the NATO summit in Chicago, a conceptual model for the Afghan security forces after 2014 was endorsed that foresaw a target of 228,500 police and army personnel by the end of 2017—a reduction of 123,500—with an annual estimated budget of \$4.1 billion.⁸¹ This figure is equivalent to a quarter of Afghanistan’s gross domestic product and is two and half times total annual Government revenue.⁸² It is currently unclear how much money goes to the ANSF due to lack of donor coordination and transparency, but retaining the current force size is estimated to cost \$5 billion annually.⁸³ Even if this reduction is gradual, it presents a number of challenges in terms of disarmament, creating viable alternative employment for those dismissed and sustaining international financial support for the annual budget requirements to support the ANSF. As Gerard Russell, an analyst on Afghanistan, highlighted:

Afghan forces will rise to a peak of 350,000 people, but will that be sustainable? [...] Or is this going to end up being a system by which many people are recruited—

77 Ev w30

78 International Development Committee, Fourth Report of Session 2007-08, *Reconstructing Afghanistan*, HC 65-I

79 “Why are we still there? Questions over UK role in Afghanistan as training role is axed after murders”, *Daily Mail*, 3 Sept 2012

80 Defence Committee, *Securing the future of Afghanistan*, HC 413-i, Q8

81 Chicago Summit Declaration on Afghanistan issued by the Heads of State and the Government of Afghanistan and Nations contributing to the NATO-led International Security Assistance Force (ISAF), 21 May 2012

82 William Byrd, *Paying for Afghanistan’s Security Forces during Transition: Issues for Chicago and Beyond*, US Institute for Peace, 24 April 2012

83 William Byrd, *Paying for Afghanistan’s Security Forces during Transition: Issues for Chicago and Beyond*, US Institute for Peace, 24 April 2012

perhaps hastily recruited—and trained in how to use a weapon and then made unemployed?⁸⁴

53. There are also concerns about whether troops will remain loyal to the central Government after 2014, particularly if funding for security forces is reduced. Dr Gordon of the LSE said:

If you remove the funding, what you have got is a well trained militia. There are already signs, in parts of Helmand and elsewhere, in particular, of some of those security forces, particularly the ANA and some of the militia, realigning with some of the local power brokers; the old strongmen. I think it is that fragmentation along tribal and patronage network lines that is the real concern.⁸⁵

54. The ANSF is mostly a defence matter and a subject that the House of Commons Defence Committee is currently inquiring into. However, its success is important to the delivery of development in Afghanistan. In addition, DFID has a role to play in this. DFID funds £7,230,000 on 'Strategic Support' advice to the Ministry of Interior, 2010–14, which aims to support the capability and accountability of the ministry. The Ministry of the Interior is responsible for both the Afghan National Police and the Afghan Local Police. The then Secretary of State also informed us that DFID provides funding to the Afghanistan Independent Human Rights Commission which investigates human rights abuses.⁸⁶ **In its oversight advice role to the Ministry of Interior on accountability, we recommend that DFID insist on the creation of an external oversight body to provide a way to investigate and follow up allegations of violations by not only Afghan Local Police but the whole of the Afghan National Security Force. This body could potentially be managed by the Afghan Independent Human Rights Commission which is also supported by the UK Government. Such a body should be empowered to receive and investigate complaints, make public their findings and make recommendations about how to redress individual complaints.**

Peace and reconciliation

55. Little progress has been made on working towards a political settlement that would end the conflict between the Afghan Government, international forces and the various factions of the insurgency. A High Peace Council was appointed by President Karzai in September 2010 to facilitate peace talks and to lead reconciliation. The Council was initially chaired by former President of Afghanistan, Burhanuddin Rabbani and membership included some former members of the Taliban, former mujahedeen leaders and nine women. Outreach efforts by the High Peace Council have been undermined by ongoing violence in many parts of the country. This culminated in the September 2011 assassination of Rabbani and the subsequent assassination in May 2012 of High Peace Council member Arsala Rahmani effectively halting its work.

84 Q2

85 Q17

86 Q107

56. In January 2012 the Taliban announced it would open an office in Doha, Qatar, which led commentators to believe they were ready to negotiate. But by March 2012 the Taliban said it was suspending negotiations with the USA. It is thought that this was because the Taliban did not accept the presence of the Karzai Government at the talks which it sees as illegitimate, or due to the US failure to agree to a proposed prisoner swap.⁸⁷

57. Another challenge has been the role of regional powers, particularly Pakistan but also Iran and India. The Afghan Government has accused the Pakistan Government of obstructing the peace process in the past and Pakistan continues to deny the existence of high level insurgent leaders in its territory.⁸⁸ However, there have been recent signs of progress. In July 2012, the Afghan Government and Pakistan Government agreed to regular meetings for a bi-lateral Peace Commission. Pakistan has also agreed to help facilitate talks with Taliban leaders and Afghan Government officials recently confirmed a meeting with a member of the Taliban leadership in Pakistan.⁸⁹

58. The Afghan Peace and Reintegration Programme (APRP) was created following the Kabul conference in June 2010 to try to reintegrate mid and low level fighters through financial incentives and training. APRP is supported directly through a trust fund administered by the United Nations Development Programme, which has received donations from 12 nations including the UK. The success of APRP has been limited. We were told by Brigadier Skeates in Helmand that only 62 out of a potential 5,000 insurgents in Helmand had joined the programme. The UN reported that as of May 2012, just 4,641 former insurgents had reintegrated through APRP nationally.⁹⁰ BAAG and Christian Aid expressed concerns about APRP. They cited limited gains in recruiting genuine reintegrees, human rights concerns, failure to provide insurgents with jobs and assistance, little credibility among the Afghan people and documented cases of individuals then returning to the insurgency.⁹¹

Post 2014 scenario

59. The impact of the withdrawal of international troops remains to be seen and the opinions of analysts and other experts vary. Dr Gordon told us the most likely scenario was “somewhere towards status quo and partial meltdown in some areas, but with a central degree of authority and stability”.⁹² The UN has forecasted “a continued escalation of violent conflict fuelled by the departure of foreign security forces in country and subsequent increased humanitarian need, coupled with nominal humanitarian access or assistance.”⁹³ Mercy Corps, an NGO working across Afghanistan and funded by DFID for its work in Helmand, was concerned by the potential spread of insecurity as tranches were

87 “Table Talk- Negotiating with the Taliban”, *Jane’s Intelligence Review*, 16 March 2012; “US sweetens Taliban prisoner proposal in bid to revive peace talks”, *Reuters*, 7 August 2012

88 “Afghanistan, Pakistan to resume talks on Afghan peace”, *Reuters*, 19 July 2012

89 “Meet with key Taliban chief in Pakistan to spur Afghan peace talks”, *Reuters*, 12 August 2012

90 UN Secretary General Report to the Security Council, *The situation in Afghanistan and its implications for internal peace and security*, June 2012, para 5

91 Ev w3

92 Q24

93 UN Consolidated Appeal Afghanistan 2012

handed over to ANSF, and the ISAF presence reduced. It told us that without a relatively secure environment, it was unlikely that economic and development progress would be achieved or maintained and that if fighting and conflict spread at the local level, the economy would almost certainly suffer.⁹⁴

60. Security during and after transition depends on a number of variables, including the capacity of the ANSF in 2014, the support and the role of the ISAF contributing countries and the military advisers that remain on after 2014. Naysan Adlparvar, a researcher on Afghanistan, said peace hinged on:

the amount, continuity and modalities of aid committed to Afghanistan; sources of growth; the emerging investment climate; the outcome and acceptability of the pending presidential elections; the role played by regional powers including Pakistan; and whether a political settlement with the Taliban, and other armed groups, is achieved and accepted by the Afghan people.⁹⁵

61. While much of Afghanistan's future economic stability depends on an improvement, or at minimum a halt, to the continued deterioration, of security, it also depends on continued financial support from the international community. The World Bank expects economic growth to slow up to 2025, and said that "sudden sharp drops in aid can be particularly destabilising by changing perceptions of the Government's strength and encouraging political actors and armed groups to challenge the state's authority."⁹⁶ Afghanistan has one of the highest aid dependencies in the world with 71% of its GDP funded by external assistance. Key donors have made significant, if reduced, pledges to support both the security forces as well as development and humanitarian assistance. As part of the \$4.1billion pledged annually for security forces at the NATO Summit held in Chicago in May 2012, the British Government has pledged to provide £70million (approximately \$110million) annually. The Afghan Government aims to assume responsibility for these costs by 2024. The Tokyo Conference (discussed further in the next chapter) resulted in donors pledging \$16billion in civilian aid to Afghanistan up to 2015—a 35% decrease from current funding levels.

62. There is also a concern that as a result of the withdrawal of international combat forces there will be a reduction in spending by the military which currently bolsters the Afghan economy. There will no longer be the high level of demand for food and provisions from local Afghan businesses which supply the foreign military forces and there will also be the loss of wages for civilian staff, security guards and interpreters who work for ISAF. A dramatic fall in GDP at the point of transition would undermine security, fuel perceptions of the international community turning its back on the country and ultimately threaten stability. ISAF troop-contributing countries (including the UK) should therefore quantify the likely economic impact of military withdrawal and commit to spend part of the peace dividend they gain when they bring troops home on ODA to Afghanistan, particularly in the years immediately following withdrawal.

94 Ev 36

95 Ev w56

96 World Bank, *Afghanistan in Transition: Looking Beyond 2014*, May 2012, p4

63. It is currently unclear where any reduction in aid after 2014 will be focused or how quickly aid will decline. There is a risk of both security and development being underfunded, with a resultant deterioration in public services.⁹⁷ Global Witness projected that “a reduction in foreign development assistance will correlate directly to a reduction in the Government’s ability to provide services, infrastructure projects, Government salaries, and security [...] There is a significant risk to development gains made in the past ten years if the transition is not carefully planned, and alternative and sustainable sources of funding are not secured.”⁹⁸ Dr Gordon said that one of his main concerns was if the amount of international oversight of Kabul’s expenditure was reduced there would be a further reduction of money flowing from Kabul down to the district level. He predicted that if that occurred it would have a dramatic impact on governance arrangements and make it more likely that other patronage systems would become more dominant and the informal sector of governance would end up dominating the formal.⁹⁹ It is not just a potential decrease in aid money and the drawdown of troops that is likely to affect the economy. The World Bank noted:

Recent performance has been on a downward trend [...] transition presents serious threats to growth and economic stability, but these do not directly stem from declining aid itself. Key economic vulnerabilities are risks of drought (which would adversely affect volatile agricultural production) and of falling business confidence as a result of worsening insecurity, corruption, governance and uncertainty over Afghanistan’s political future.¹⁰⁰

64. Impact at the local level is likely to vary, with provinces heavily dependent on aid tied to security objectives and on funding from the PRTs likely to be most severely affected. Mercy Corps highlighted that a large percentage of construction and related industries in Helmand were significantly bolstered by contracts awarded by the PRT. These range from the building of police checkpoints, road repair and school construction to repairs and maintenance of generators and electrical apparatus. It believed that without an international presence providing funding and overseeing these contracts the number and value would sharply decrease. Those which remained were likely to be awarded to a small number of companies, often based outside of Helmand and even Afghanistan, that have political support or links to Government officials. This meant that the construction boom that Helmand had experienced was likely to stall and previously working men of fighting age would be faced with fresh economic challenges.¹⁰¹

97 World Bank, *Afghanistan in Transition: Looking Beyond 2014*, May 2012

98 Ev w16

99 Q3

100 World Bank, *Afghanistan in Transition: Looking Beyond 2014*, May 2012, p6

101 Ev 36

65. A concern we heard whilst in Afghanistan was that the young and educated Afghans were already preparing to leave due to fear of what was going to happen post 2014. Ahmed Rashid believed that the exodus had already started and that this would have a detrimental effect on the civil service in which they were often working as well as the economy as it was losing its skilled labour.¹⁰²

66. As this chapter demonstrates, **the situation in Afghanistan is very complex. There are great uncertainties about the political, security and economic future of Afghanistan, notably: the outcome of the 2014 elections; whether there will be a political settlement; economic growth; and the role of Afghanistan's neighbouring countries. In the light of these uncertainties DFID will need to be able to adapt. DFID will also need to continue to lead donors in pledging and disbursing aid so that there will not be any sudden drops in funding which could exacerbate an extremely fragile situation. Based on the assessment of the likely economic impact of military withdrawal, the UK Government should be prepared to do whatever it can to address this potential shortfall in spending including urging other governments to increase their aid commitments to Afghanistan to fill the economic gap.**

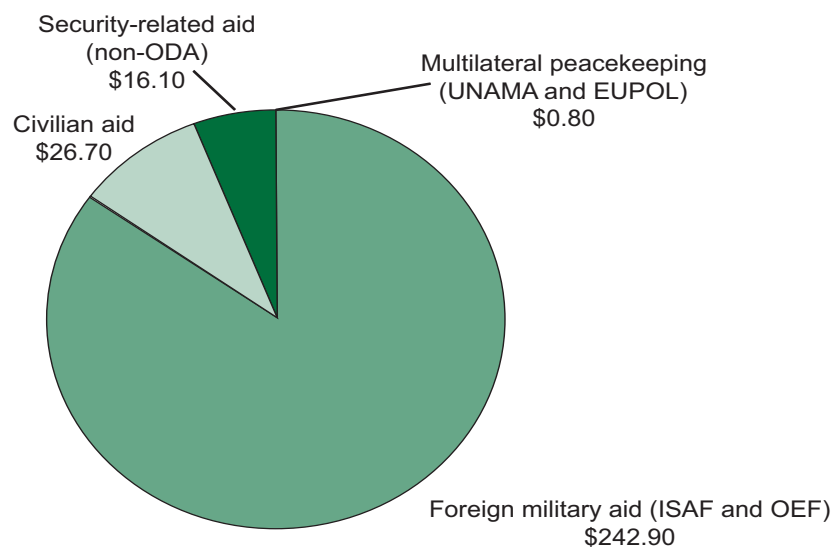
102 Ahmed Rashid lecture to Chatham House, 'Afghanistan, Pakistan and the US withdrawal,' 20 April 2012

3 Aid in Afghanistan

History of aid in Afghanistan

67. Since 2001, donors are estimated to have devoted nearly \$30 billion in development and humanitarian assistance to Afghanistan and the volume of aid has risen each year since 2001.¹⁰³ Afghanistan is now the largest recipient of Official Development Assistance (ODA) in the world. However, aid for humanitarian and development programmes has been dwarfed by the amount spent on security—\$243 billion.¹⁰⁴

Figure 3: International aid expenditure, 2002-2009 by sector



Source: Lydia Poole, *Afghanistan: Tracking major resource flows 2002-2010*, Global Humanitarian Assistance, January 2011

The United States is the largest donor by far, having provided 40.9% of the total aid between 2002 and 2009, followed by EU institutions at 7.8%, the UK at 6.9%, Germany at 4.8% and Canada at 4.4%.¹⁰⁵

68. There have been numerous donor conferences since 2001 and various development plans and agreements. Following the establishment of the interim Afghan Government at the Bonn Conference in 2001, the Tokyo (2002), Berlin (2004), London (2006) and Paris (2008) conferences saw donors pledge tens of billions of dollars in aid for reconstruction as well as the establishment of the Afghanistan Compact and Afghanistan National Development Strategy to guide donor investment in priority areas. More recently, the London (2010), Kabul (2010), Bonn (2011) and Tokyo (2012) conferences focused on examining donor commitments in relation to security transition, placing increasing

¹⁰³ Lydia Poole, *Afghanistan: Tracking major resource flows 2002-2010*, Global Humanitarian Assistance, January 2011

¹⁰⁴ Lydia Poole, *Afghanistan: Tracking major resource flows 2002-2010*, Global Humanitarian Assistance, January 2011

¹⁰⁵ Lydia Poole, *Afghanistan: Tracking major resource flows 2002-2010*, Global Humanitarian Assistance, January 2011

emphasis on capacity building of the Afghan Government and aid effectiveness. This includes the creation of 22 National Priority Programmes (NPPs), formulated by the Afghan Government to focus on key sectors including: peace/reconciliation, good governance, human resource development, infrastructure development, private sector development and agriculture/rural development. Since the Kabul Conference in 2010 only 16 of the 22 programmes have been finalised. We were told by DFID that “the Government of Afghanistan is yet to confirm how many are under implementation, although some NPPs contain existing programmes which have been under implementation for some time (e.g. the National Solidarity Programme).”¹⁰⁶

Achievements

69. International assistance has undoubtedly improved life for Afghans and built the capacity of Afghan institutions. In 2001, under the Taliban, less than one million children attended school. Today, over five million children attend school. The Basic Package of Health Services, a national programme managed by the Ministry of Health and implemented by NGOs, has expanded health coverage significantly.¹⁰⁷ Mortality rates for children under age five have decreased by 40% on 2008 and infant mortality has decreased by 30%.¹⁰⁸ Now more than one in three pregnant women receive antenatal care, compared to just 16% in 2003. Economic growth has been strong, if uneven and largely driven by aid, with significant improvement in Government revenue collection.

Criticisms

70. These gains are limited and fragile. Rory Stewart MP told us that much of the improvements in extending public services were achieved early on and in some areas have since eroded due to insecurity. An estimated 68% of the population have no sustainable access to improved water sources and almost 95% are without access to improved sanitation. Despite the success in expanding healthcare, for example, an estimated 5.4million Afghans lack access to health services, 4.4million of whom are female.¹⁰⁹ An estimated nine million Afghans (nearly a third of the population) live in poverty.¹¹⁰ Child malnutrition is among the highest in the world: more than half of Afghan children (54%) are chronically malnourished (stunted), over a third (34%) are underweight and 72% of children under five suffer from key micronutrient deficiencies. One-third of the Afghan population cannot meet its daily caloric requirements and is considered chronically food insecure.¹¹¹

71. To date, only a minor proportion of aid has gone through the Government. This has limited the Afghan Government’s ability to build public services and strengthen governance systems. It has also meant that due to the lack of donor coordination and

106 Ev 48

107 “Afghanistan Country Overview”, *World Bank website*

108 “Afghanistan Country Overview”, *World Bank website*

109 OCHA

110 “Afghanistan Country Overview”, *World Bank website*

111 World Bank, *Poverty and Food Insecurity in Afghanistan: Analysis Based on the National Risk and Vulnerability Assessment 2007/08*, 2012

transparency the Afghan Government has been unable to track accurately aid expenditure. In addition there has been the problem of the creation of parallel systems and civil services by international donors to distribute their aid budgets. In 2010–11, the World Bank estimated that just 12% of aid was delivered ‘on budget’ and the Afghan Government estimated that 82% of external aid between 2002–10 bypassed the Government.¹¹² Yet even when aid is delivered through the Government, the Afghan Government has a limited absorptive capacity. The Afghan Government is currently able to spend only an estimated 18 to 20% of the aid allocated to it by the US Government.¹¹³ Where the Afghan Government has succeeded in extending infrastructure, strengthening access to markets and improving access to basic services, it is largely reliant on services provided by the UN and NGOs.

72. We were told that where aid had gone through the Afghan Government it was not sufficiently reaching the provinces. BAAG felt that priorities were defined by the central Government, often with no engagement from rural populations about their concerns and needs.¹¹⁴ BAAG saw a further problem stemming from corruption and the lack of technical, financial and project management skills at the local government level which meant that funds coming through the line ministries were directed on ill-informed priorities or to corrupt individual and institutions. This resulted in a failure to deliver good quality services to the needs of local communities.¹¹⁵

73. We heard significant criticisms of the effectiveness and allocation of aid from certain donors, particularly with regard to the increase of aid in recent years. David Loyn described the high volumes as leading to “an aid juggernaut in Afghanistan, which has corrupted the elite of the country, corrupted people in the countryside and made it far harder for any of the effective international actors, such as DFID, to operate well within the country.”¹¹⁶ Ahmed Rashid recently commented that the “enormous sums spent on development” have created “a corrupt, wasteful, inefficient aid-delivery system which only reinforces the Afghan dependency on foreign handouts.”¹¹⁷ It should be noted that these criticisms are not necessarily focused on DFID which is generally seen to be a successful donor by many commentators as discussed in the next chapter.

Donor coordination

74. Coordination among donors, all with differing priorities, has been a significant obstacle as it has led to poorly coordinated or ill-advised aid projects. Implementation of aid projects on the ground have often been fragmented among donors with complex structures. The UK is a member of the Joint Coordination and Monitoring Board (JCMB), which is jointly chaired by the Government of Afghanistan and the UN Assistance Mission to Afghanistan (UNAMA) with the aim of facilitating donor coordination. The JCMB

112 World Bank, *Afghanistan in Transition: Looking Beyond 2014*, May 2012; Government of Afghanistan Ministry of Finance, *Development Cooperation Report*, 2010

113 “Aid Agencies in Afghanistan Fear Reversal after US Exit”, *NY Times*, 5 December 2011.

114 Ev w38

115 Ev w38

116 Q5

117 “Aid will not sustain Afghanistan’s economy”, *Financial Times*, 30 July 2012

meets regularly to monitor the Kabul Process, a plan agreed internationally in July 2010 at the Kabul Conference to support the transition to Afghan leadership and responsibility.

75. While we acknowledge that there have been some improvements in strengthening donor coordination, they have been too little and too late for a reconstruction effort of this scale. CARE, for example, described the JCMB as “toothless and tokenistic”.¹¹⁸ DFID is generally seen as better on donor coordination than others, particularly the US. David Loyn referred to the DFID as “one of the aid darlings over the years,” and said “the World Bank and DFID have worked together in Afghanistan in a very co-ordinated way.”¹¹⁹ CAI warned of the risks of poor coordination and duplication:

Any lack of co-ordination between donors at the programme level increases the risk that unscrupulous beneficiaries or suppliers or managing agents could obtain funds from multiple sources for the same purpose.¹²⁰

76. Part of the problem relates to a fundamental disagreement among some donors on strategy and objectives. Dr Gordon highlighted that:

within the aid community, there has been a renewal of good governance as a valid approach in conflict and post conflict environments. The only problem is, I think, that there are multiple definitions of good governance—of what the institutions, the policy, the strategy should look like.¹²¹

Orzala Ashraf, Civil Society Activist, described how poor donor co-ordination had manifested at the district level, stating that, “every country, every government has their own priorities.”¹²² As an example, she pointed to the creation of three separate programmes, some of which received DFID support—National Solidarity Programme (NSP), Afghan Social Outreach Programme (ASOP) and the District Delivery Programme (DDP)—which in some places were being implemented in the same villages with duplicate objectives. She explained that NSP elected a Community Development Council (CDC) and ASOP appointed an ASOP shura (who unlike CDCs were paid but not elected) both at village level. The DDP created its own ‘shuras’ or councils at district level that were not linked up with either of the other structures. She added:

In some cases these are creating more conflicts and more confusion at a district level. I am not sure about DFID, but I can say that probably the same organisation or the same donor is funding both projects in a larger picture. There is a need to go back to it and avoid duplication of the services provided, or find some more practical means of co-ordination.¹²³

118 Q32

119 Q8

120 Independent Commission for Aid Impact, *Programme Controls and Assurance in Afghanistan*, Report 6, March 2012, p8

121 Q22

122 Q32

123 Q32

77. Transition may provide new opportunities to address the weaknesses in donor coordination. Mervyn Lee of Mercy Corps felt, that with less overall aid money around, there would be a chance “to focus better and get better coordinated delivery of aid where it is needed most.”¹²⁴

Box 2

The National Solidarity Programme

- The National Solidarity Programme (NSP) was created in 2003 by the Ministry of Rural Rehabilitation and Development (MRRD), with assistance from the World Bank,
- The key objective of NSP is to build, strengthen and maintain Community Development Councils(CDCs) as effective institutions for local governance and social-economic development so that Afghan communities can identify, plan, manage and monitor their own development projects.
- NSP consists of four core elements:
 - Establishment of CDCs in a democratic manner;
 - Building the capacities of CDC and community members (both men and women) in a variety of areas, primarily in local-governance and in development.
 - Providing direct block grant transfers to fund approved subprojects identified, prioritized and managed by the communities; and
 - Linking CDCs to Government agencies , NGOs, and donors to improve access to services and resources
- 70% of rural communities have been mobilized, and more than 29,474 have elected local councils to represent them
- grants have supplied more than USD 800 million to community-driven rural reconstruction and development programmes
- grants are calculated at US\$200 per family with an average grant of US\$ 33,500 and maximum of US\$ 60,000 per community
- NSP works with 29 implementing partner organisations, the majority if which are national or international NGOs.

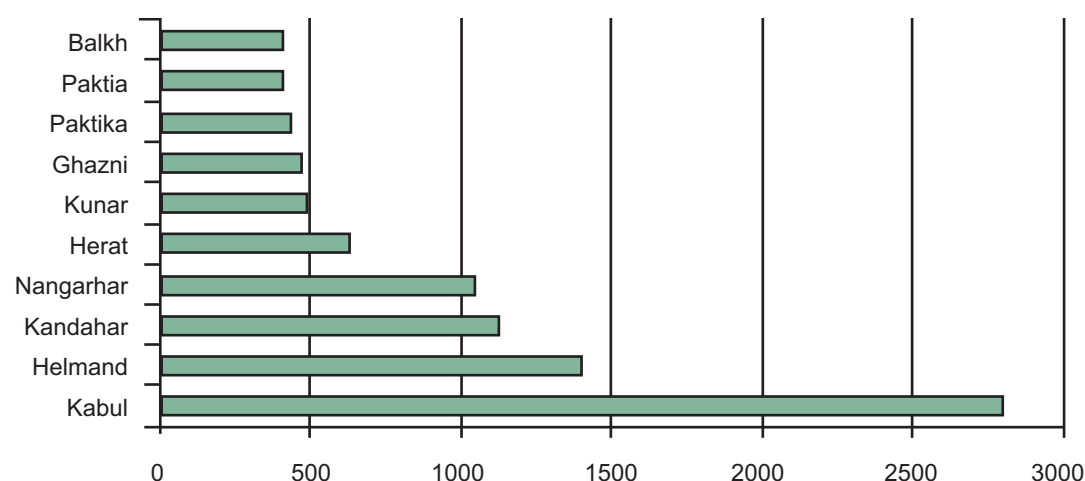
Source: Afghan Government National Solidarity Programme website

The geographical spread of aid and Provisional Reconstruction Teams

78. Where aid has not gone through the Afghan Government, the Afghan Government has faced significant challenges in tracking the geographic distribution of aid, due in large part to lack of information from donors.¹²⁵ The data they have been able to collect highlights the concentration of aid in Kabul as well as highly insecure provinces with a significant international troop presence. The table below, taken from the Afghan Ministry of Finance’s public reporting, shows the disparity of development spending:

124 Q34

125 Government of Afghanistan Ministry of Finance, *Development Cooperation Report, 2010*

Figure 4: Top 10 provinces by aid allocation (in USD millions)

Source: Afghan Ministry of Finance

79. Christian Aid was concerned that donors tended to focus on insecure areas, often where their national military forces were deployed, meaning some provinces received far higher aid levels than others not always on the basis of considerations of most urgent needs.¹²⁶ Recent World Bank analysis showed that most aid since 2001 had been focused on security and governance rather than poverty reduction.¹²⁷ This focus on insecure areas has meant that more peaceful provinces—where long-term gains in sustainable development are more feasible—have been neglected. Orzala Ashraf said that people in areas of relative stability in Afghanistan such as Bamiyan province joked that “Okay, we should also find some suicide bombers so that we get some more funding.”¹²⁸

80. The greater concentration of aid in insecure areas with international troop presence is based on the belief that aid will help facilitate or consolidate gains made by military forces in improving security, but evidence to support this contention is lacking. Governor Mangal highlighted how improved security has facilitated the expansion of infrastructure in Helmand, but it was unclear if these gains would be sustained if security deteriorated.

Helmand Provisional Reconstruction Team and the Conflict Pool

81. The Provincial Reconstruction Teams (PRTs) are a combination of international military and civilian personnel based in provincial areas of Afghanistan. Currently, there are 26 PRTs operating throughout Afghanistan. A lead nation retains responsibility for a PRT but some may also contain military and civilian personnel from other nations. Each PRT has three core tasks: to support the extension of the authority of the Afghan central Government; to support reform of the security sector; and to facilitate development and reconstruction.¹²⁹

126 Ev w2

127 Ev w2

128 Q37

129 “Operations in Afghanistan: Reconstruction” *Ministry of Defence website*
<http://mod.uk/DefenceInternet/FactSheets/OperationsFactsheets/OperationsInAfghanistanReconstruction.htm>

82. The UK leads the PRT in Lashkar Gah, Helmand. As part of the PRT DFID works alongside the Foreign and Commonwealth Office and the Ministry of Defence. Approximately 60% of the UK Government's tri-departmental Conflict Pool programme is focused on Helmand supporting programmes aimed at conflict prevention, stabilisation and peacekeeping. Around 20% of the total Conflict Pool budget is allocated to governance and rule of law activities, including building Afghan capacity to deliver basic policing and justice services and supporting law enforcement programmes tackling high level narcotics and corruption offences. The Conflict Pool has also funded some infrastructure development in Helmand, including roads, power and irrigation repairs, and building provincial capacity to maintain them.¹³⁰ Almost 80% of the UK's Conflict Pool activities in Afghanistan are classed as ODA.¹³¹

83. Allocations to the Conflict Pool have significantly increased in recent years, from an allocation of £4million in 2007–08 the allocation for 2012–13 will remain at the current level of £68.5million. The following tables illustrate planned Conflict Pool spend and distribution by sector:

Table 1: Planned Conflict Pool spend by sector

Sector	FY 11/12 spend (£m)
Urban development	25
Justice	22.8
Non-ODA	7.9
Governance	6.3
Security	3
Culture	1.4
Agriculture	1
ODA unclassified	0.9
Total	68.5

Source: DFID supplementary submission

84. The PRT in Lashkar Gah will be closing in 2014 and DFID will no longer have a permanent representation in Helmand. The Helmand PRT is planning for a “gradual civilian drawdown”¹³²; DFID's expects to revert to nationally managed programmes once the PRT has closed. Helmand will continue to benefit from UK aid through national programmes for example via the ARTF and support to the NPPs.¹³³ Conflict Pool funding to Helmand will gradually decline in line with these plans. The following table shows current and future planned Conflict Pool funding:

Table 2: Current and future planned Conflict Pool funding

FY 11/12	FY 12/13	FY 13/14	FY 14/15
£68.5m	£69.4m	£53.9m	£37.1m

Note: the Afghanistan programme recently returned £8m of its £69.4m allocation for FY 12/13 to the centre

Source: DFID supplementary submission

DFID said it is actively encouraging NGOs and donors, particularly multilateral donors, to increase their work in Helmand in its absence. In parallel the PRT is working with the

130 Ev 43

131 Ev 43

132 Ev 44

133 Ev 44

provincial government to ensure they are able to lead development efforts after 2014 and to be able to draw down resources from the central Government in Kabul. At the meeting with Governor Mangal in Helmand he told us that he would like to have a DFID presence in the province after the PRT closed. DFID staff however informed us that this would not be possible without the security of the PRT military base.

85. While PRTs have been an important interim structure through which security and infrastructure have been provided, we heard criticisms of PRTs. Mervyn Lee of Mercy Corps highlighted that each PRT ran a different national agenda and he hoped that donor co-ordination would improve once they all closed down in 2014.¹³⁴ Orzala Ashraf said that the way in which some PRTs provided services had damaged the work of the NGOs and made it less secure from them to operate. While NGOs had tried to assume a neutral position and not associate with PRTs or other military actors, many had nonetheless been perceived to be aligned with the Government and international forces and threatened and attacked. She felt that even after the withdrawal of international forces, some NGOs might not be able to restore their reputation to work in areas where PRTs had operated and that would create gaps.¹³⁵

86. While we heard positive reports about cross-departmental coordination between DFID, FCO and MoD during our visit, others have offered a different point of view. The 2009 DFID evaluation noted initial problems they attributed to “approaches toward counter-insurgency, stabilisation, counter-narcotics, peace and development were not necessarily mutually reinforcing.”¹³⁶ Past ambassador Sir Sherard Cowper Coles said that DFID had to fight for recognition and to get their policies implemented in country.¹³⁷ Naysan Adlparvar told a similar tale:

Due to the highly political nature of the UK’s engagement in Afghanistan, and the potential implications of the UK’s relationship with the United States of America and NATO, British aid in Afghanistan has become highly politicised. This has resulted in a subordinate position for the developmental role of DFID in Afghanistan compared to the political role of FCO and the military role of the MOD. Increasingly, since British troops arrived in Helmand in 2006, DFID has continually been under pressure to increase total volumes of aid, and to target more aid toward Helmand (now over 31 % of bilateral and Conflict Pool funding). The resulting increase in aid is channelled through both the bilateral programme and Conflict Pool, primarily in a bid to support FCO and MOD-led stabilisation operations in the province.

Such assertions are at least partially supported by DFID’s most recent (2009) Afghanistan Country Programme Evaluation, which stated that “to some extent this [pressure on DFID] constrained the choices available to DFID and undermined the coherence of its overall strategy.” However, the previous Secretary of State, Rt Hon Andrew Mitchell MP disputed this:

134 Q34

135 Q37

136 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009, p. xiii

137 Sherard Cowper-Coles, *Cables From Kabul: The Inside Story of the West's Afghanistan Campaign* 2011 p 112

I can categorically state that DFID is not a “poor relative” in Afghanistan. The UK Government recognises that military means, although essential, are not enough on their own to meet Afghanistan’s many complex challenges. Political progress, alongside governance and development, is also needed to address the underlying causes of the insurgency. But these cannot take place in the absence of security. An integrated approach is required to achieve a common goal; a safe and secure Afghanistan.¹³⁸

The then Secretary of State confirmed that all DFID funding adhered to OECD Development Assistance Committee definitions of non-security aid and the DFID Afghanistan programme prioritised poverty alleviation.¹³⁹ However, DFID has a dual mandate of poverty alleviation as well as providing “support[to] the UK’s National Security Council strategy helping Afghanistan resist extremism and achieve a lasting end to the insurgency.”¹⁴⁰

87. Naysan Adlparvar questioned the effects of the Conflict Pool pointing to research carried out in Helmand, and published in 2011, which found that ‘aid’ used in the form of stabilisation operations “may have as many negative, unintended effects as positive ones and, at the very least, is not a panacea.”¹⁴¹ Dr Gordon agreed:

I think it was Petraeus—I might be wrong—who said, “Where the roads end, the Taliban starts,” but I think the reality is that where the road building starts, the Taliban benefit. The problem with much of the infrastructure work that has gone on through the international community outside of Government processes has been that it has created rent seeking opportunities and it has been a conflict driver as well, with diversion of money to the Taliban and to militia groups and also a real sense, in this sort of zero sum society where there are always winners and losers, that some people have benefited and others have not benefited from road building and all of the major infrastructure projects. That has been a source of conflict as well.¹⁴²

88. While we agree with the then Secretary of State’s assessment that DFID staff should be relocated from Helmand to Kabul following the closure of the Provincial Reconstruction Team (PRT)—due to the lack of a secure base to work from following the departure of the military—the UK should not abandon Helmand. DFID and FCO staff should continue to monitor the situation closely and provide advice and support to the provisional government in Helmand, where it can help. While we support the shift towards a less Helmand-focused portfolio and presence, DFID should ensure this transition is gradual and continue to fund effective programmes to encourage rural development, education and good governance in the province managed by locally-engaged DFID staff. Security gains in Helmand have been achieved at a very high cost in terms of British lives, injured service personnel and support staff as well as military and development spending. The UK must not walk away from the province after 2014.

138 Ev 44

139 Ev 44

140 DFID Afghanistan, *Operational plan 2011-15*, June 2012

141 Ev w56

142 Q8

Tokyo Conference

89. There have been two key moments this year at which the international community and the Government of Afghanistan have firmed up commitments to Afghanistan—the NATO Summit in Chicago on security transition held on 21 May, and the Tokyo Development Conference on civilian aid through transition held on 8 July. A key outcome of the Tokyo Conference was to secure \$16billion in aid pledges up to 2015. It is hoped by DFID that these international commitments will align behind Afghan Government priorities including the 22 National Priority Programmes. Ahead of the Summit the then Secretary of State pledged:

that the UK would maintain its current funding levels of £178 million a year for the next five years and will continue to support Afghanistan through its ‘transformation decade’ to 2025 as long as the Afghan Government continues to deliver crucial reforms and results for its people.¹⁴³

90. Additionally, at the Conference the international community and Afghan Government agreed a Mutual Accountability Framework for Afghanistan’s sustainable economic development for the Transformation Decade (2015-24). The Mutual Accountability Framework sets goals and objectives for a new commitment between the international community and Afghan Government, with indicators to be decided by the JCMB. A follow up conference is scheduled to be held in the UK in 2014. However, it remains unclear how these commitments will be met by both sides, and what—if any consequences—will result from a failure to do so. There have been persistent problems in the past in ensuring that donors have followed through their commitments; the last time the pledges were measured by the Afghan Ministry of Finance in 2008 donors had only dispersed 40% of the pledges they made to date.¹⁴⁴

143 “International community must make long term and specific financial commitments at Tokyo Conference to secure Afghanistan’s future warns UK Development Secretary”, *DFID Press Notice*, 2 July 2012

144 Matt Waldman, *Falling Short: Aid Effectiveness in Afghanistan*, ACBAR, 2008

Table 3: Aid pledged compared to aid disbursed to Afghanistan by international donors

	Total pledged 2002-2013	Total committed 2002-2009	Total disbursed 2002-2009	% of pledges disbursed by end 2009
	US\$bn	US\$bn	US\$bn	US\$bn
United States	38.0	28.4	10.9	28.8%
EU institutions	2.0	2.0	2.1	102.8%
United Kingdom	2.9	1.8	1.8	63.3%
Germany	1.2	1.0	1.3	108.0%
Canada	1.7	1.2	1.2	70.3%
Japan	1.9	1.4	1.0	52.5%
Netherlands	0.8	0.9	0.8	102.4%
Norway	0.9	0.6	0.7	71%
India*	1.2	1.2	0.4	36.1%
Sweden	0.3	0.5	0.4	79.6%

Notes: all disbursements are based on OECD DAC data, excluding India which is based on Afghanistan DAD data

Source: Lydia Poole, Afghanistan: Tracking major resource flows 2002-2010, *Global Humanitarian Assistance*, January 2011

91. We questioned the then Secretary of State on how the Afghan Government would be judged to be abiding by the Mutual Accountability Framework and at what point aid money would be ‘turned off’—for example we asked at what level of corruption DFID would take the decision to suspend funding and whether it was clearly laid out for the Afghan Government. The then Secretary of State informed us that there was no such protocol as he needed to “maintain the flexibility to be accountable to Parliament.”¹⁴⁵

92. **International development funding to the Afghan Government must be carefully monitored and conditions-based.** If the transfer of aid ‘on budget’ increases without sufficient monitoring and quality control corruption could get worse and access to basic services for Afghans could deteriorate. It needs to be made absolutely clear in an agreement between the international community and the Afghan Government at what level of not following through on commitments that aid funds would be reviewed and suspended. The Mutual Accountability Framework does not go far enough in this respect.

4 DFID's programme

93. Since the fall of the Taliban, DFID has contributed to a number of important advances in Afghanistan. It has contributed substantially to the expansion of access to education and helped increase tax collection from 3% to 11% through support to the Afghan Government. In Helmand, the UK has helped construct more than 100km roads, improved access to markets and in the past year has supported Mercy Corps in enabling over 3,500 Afghans to graduate from technical and vocational training programmes.¹⁴⁶ It has supported the UN and Afghan Government to hold elections and provided sustained technical support to ministries in Kabul. DFID's programme in recent years has also focused intensively on private sector and market development, including support to the mining sector and improving the investment climate in Afghanistan.¹⁴⁷

Overall strategy

94. The DFID Afghanistan programme budget is £178 million per year up to 2014–15 having been increased in 2010 by 40%. The programme operates nationwide supporting fifty projects. DFID's 2011–15 Operational Plan for Afghanistan has three interrelated objectives: improving security and political stability; stimulating economic growth and job creation; and helping the Afghan Government deliver basic services. The UK also has a ten year Development Partnership Arrangement with the Government of Afghanistan (signed in 2005) which sets out shared commitments for deliverables around poverty reduction and aid effectiveness. The document is scheduled to be reviewed and updated by the end of 2012.¹⁴⁸

Box 3

DFID goals for Afghanistan 2010-15

By 2015, DFID aims to:

- Create 200,000 new jobs for men and women;
- Provide technical and vocational education and training for 45,000 young people;
- Enable over 200,000 more children to be in school – at least 40 % of them girls;
- Build or upgrade over 47 kilometres of roads in Helmand;
- Encourage at least 4.3 million Afghans (1.7m women) to vote in the 2013 local government and 2014 Presidential elections;
- Help the Afghan Government increase food grain production to six million metric tonnes;
- Help the Afghan Government improve public financial management, address corruption and strengthen delivery of basic services; and
- Reduce the impact of conflict and natural disasters through effective humanitarian aid.

Source: DFID submission Ev 40

¹⁴⁶ Ev 40

¹⁴⁷ Ev 40

¹⁴⁸ DFID Afghanistan, *Operational plan 2011-15*, June 2012

95. Table 4 demonstrates which thematic DFID areas are being focused on in Afghanistan:

Table 4: DFID Afghanistan planned programme spend¹⁴⁹

	2010/11		2011/12		2012/13		2013/14		2014/15	
	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000
Wealth Creation	29,747	21,140	65,165		95,278	25,000	55,522	19,000	61,000	19,000
Climate Change										
Governance and Security	34,168		75,835		17,746		59,778		59,5000	
Education ¹⁵⁰	140		27,000		40,621		34,200		28,500	
Reproductive, Maternal and Newborn Health										
Malaria										
HIV/Aids										
Other Health										
Water and Sanitation										
Poverty, Hunger and Vulnerability										
Humanitarian ¹⁵¹	17,000		10,000		1,350		9,500		10,000	
Other MDGs										
Global Partnerships										
Total	81,055	21,140	178,000	0	155,445	25,000	159,000	19,000	159,000	19,000

Source: DFID Afghanistan Operational Plan 2011-15

96. Dr Gordon of the LSE congratulated DFID for its “balanced portfolio of approaches”¹⁵² although he was concerned how DFID had originally assessed need in Afghanistan and to what extent it had sought to understand how the dynamics of the conflict could affect the prospects of success. Dr Gordon told us that DFID had not conducted a conflict assessment in Afghanistan until early 2008 and that there were questions over how effectively the assessment had been used to inform its programming—particularly as most of the strategies had already been set by then including the Interim Country Programme and the Helmand Roadmap. He said that there was a need to carry out conflict assessments

¹⁴⁹ Figures for 2010/11 to 2014/15 are planned budgets.

¹⁵⁰ DFID Afghanistan support to the education sector is made indirectly through our annual contribution to the ARTF. It is therefore an estimate based on –i) Current levels of support required by the Afghan Government remaining constant – ii) The proportion allocated to each sector by the Government of Afghanistan remaining constant.

¹⁵¹ DFID Afghanistan will adjust its indicative resource allocation for 2012/13 to ensure at least £10m is allocated to the humanitarian pillar. This is in line with DFID Afghanistan’s humanitarian strategy.

¹⁵² Q10

early on and to integrate them into the planning stage. He recommended that DFID “recognise the conflict drivers, rather than simply superimpose template solutions”¹⁵³

97. There is great uncertainty about transition and upcoming elections in Afghanistan. DFID will need to be flexible enough in its work to be able to respond to developments on the ground. We recognise that there is an inherent tension between the pressure on DFID to be seen to be planning for a successful transition and elections—pursuing the line of the UK Government—and being able to plan for the unknown. We recommend that DFID carry out a portfolio review, that examines potential risks and impacts of transition on all of its programme. Such a review should contain actions which DFID and its partners could undertake to mitigate risks as well as contingency plans if transition and the election do not run as smoothly as hoped for. This review should be updated and re-examined on a routine basis as transition continues and we get closer to the elections.

Afghanistan Reconstruction Trust Fund

98. The Afghanistan Reconstruction Trust Fund (ARTF) is the main mechanism through which DFID distributes aid in Afghanistan. ARTF payments made by all donors, up to 2012, total \$6.1 billion. The ARTF is seen as the main way by which donors can meet their Kabul Conference commitments to channel more aid through Afghan Government systems and to fund the National Priority Programmes (NPPs). To safeguard against corruption, the fund is managed by the World Bank, independently monitored and internationally audited.¹⁵⁴ ARTF funds are only transferred to the Afghan Government when it has demonstrated that actual expenditure, conforming to strict eligibility criteria, has been made.

99. DFID said it was on track to channel up to 50% of development assistance through Government systems by July 2012 (as committed to by donors at the 2010 Kabul conference) and to align 80% of its programmes with the NPPs. Both commitments are expected to be met primarily via UK contributions to the ARTF.¹⁵⁵ DFID has supported the ARTF since its inception and until 2010–11, was its largest cumulative donor; ARTF funding comprises more than half of DFID’s total spend in Afghanistan.¹⁵⁶ The total UK contribution to the ARTF is £602.6 million (or US\$1,128.22 million) up to 2012–13, averaging £54.78 million per year since inception. DFID is committed to contributing up to a maximum of £360 million from 2011 until 2014 to the ARTF.

153 Q8

154 Ev 41

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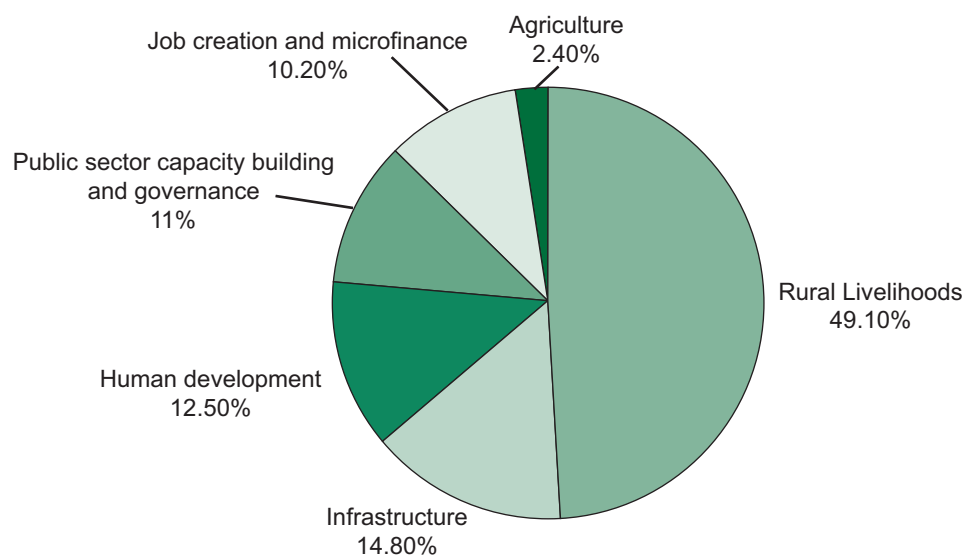
156 DFID, *Business Case Support to the Afghanistan Reconstruction Trust Fund*, 2011–14, v 1.25, 11 November 2011

100. When we inquired about the distribution of DFID's funding across the various programmes and sectors of ARTF, we received the following response from DFID:

It is notionally difficult and misleading to extrapolate sector spending on an annual basis because projects and programmes run in-between financial years. The best way to quantify spending by sector is to do it by cumulative spending and commitments from the inception of the ARTF up to now. As of June 2012, based on the total amount of money spent or committed for ARTF projects, \$2.17 billion USD has gone into the Investment Window, which provides funding for development projects [...]. Applying DFID's approach of keeping ARTF funding unpreferred, the UK spend in the different sectors reflects the proportion of ARTF spend in the various sectors.

Based on that DFID gave the following estimated sectoral breakdown of its funding to the ARTF:

Figure 5: Distribution of DFID spending across ARTF sectors



Note: Human development refers to health, education and vocational training

Source: DFID supplementary submission

In addition to this, DFID explained that:

A further \$2.76 billion has been spent (or committed) through the Recurrent Window which provides funding to help the Afghan Government pay salaries and 'operation & maintenance' costs incurred in providing essential services. The breakdown of such expenditure in sectoral terms follows Afghan Government budget priorities.¹⁵⁷

101. A joint donor review of the ARTF carried out this year foresees that more money is likely to be pooled in the ARTF to help governments meet their commitments to put more money on budget through and following transition. While this review is an important step towards ensuring that the ARTF remains effective and accountable through transition, the review also predicts new risks and greater responsibility emerging with transition.¹⁵⁸ DFID told us that specific recommendations and an action plan will be agreed by the end of 2012 by the ARTF Strategy Group which is comprised of key donors, including the UK and the Government of Afghanistan.¹⁵⁹ The then Secretary of State told us that DFID watches the ARTF 'like a hawk' so we were therefore a little surprised when we questioned him on it that he seemed unaware the review had taken place.¹⁶⁰

158 Afghanistan Reconstruction Trust Fund: Stock-taking and Looking Ahead, *Steering Committee Meeting*, Kabul, 25 June 2012

159 Ev 147

160 Q66

Governance and security

102. In line with the aim of creating a viable state, DFID says it will help the Afghan Government to deliver key functions better and improve how it responds to the demands of citizens, including reducing corruption and providing basic services.¹⁶¹ Between now and 2015 DFID will be working towards the following governance and security results:

Table 5: DFID expected results for governance and security 2011-15

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected results (including year)
Governance and Security Supporting Peace, Security and Political Stability	Percentage of people who perceive their provincial government positively.	78% of people surveyed said their provincial government was doing a good or very good job (2010). ¹⁶²	DFID Afghanistan will contribute to an increase in the number of people who say their provincial government was doing a good or very good job by 2015.
	Number of men and women who vote in elections supported by DFID.	4.3 million voters in 2010 Parliamentary elections (including 1.7m women); 6.8m in 2005 and 8.5m in 2004.	To help halt a worsening trend in voter participation: at least 4.3m voters (including 1.7m women) in 2013 Provincial and 2014 Presidential elections. ¹⁶³
Governance and Security Helping the State to Deliver	In the ten Afghan Government ministries with the biggest budgets in the Afghan financial year 1389 (2010/11) we will measure: • Proportion (percentage) of projected budget actually spent ¹⁶⁴ • Proportion (percentage) of funds made available to the ministries which are actually spent • Absolute spend.	In most recent Afghan financial year, 1388 (2009/10): • 44% of projected budget actually spent. • 85% of funds made available actually spent. • \$849.2m total spend in the ten ministries with the biggest budgets.	DFID Afghanistan will contribute to: • 4 percentage point annual increase in the projected budget actually spent up to 2015. • 1 percentage point annual increase in the funds made available actually spent up to 2015. • 10% annual increase in actual spend to 2015.
ARTF Governance Peace, Security and Political Stability	Number of ministries who have completed pay and grading reform.	8 ministries had completed pay and grading reform in 2011.	DFID will contribute to 13 ministries completing pay and grading reform by 2013.

Source: DFID Operational Plan 2011-15

161 DFID Afghanistan Operational plan 2011-15, June 2012

162 This indicator can be found in the Asia Foundation's Survey of the Afghan People 2010, an opinion poll carried out across Afghanistan. It provides an indication of the impact of Government of Afghanistan and donor efforts on Afghan people by asking for their opinion on the performance of the government. Support for the provincial government relates to security and political stability. The current baseline (78 %) provides an overly positive picture, real support is likely to be less than this as the interviewers were unable to go to some insecure areas and studies have shown that people refrain from criticising government and authority when questioned for opinion polls in Afghanistan. Despite this the survey is a useful indicator of the trend of progress.

163 The number of voters in Afghanistan has declined from 8.5m in 2004 to 6.8m in 2005 and 4.3m in 2010. DFID aims to help reverse this trend by providing support to maintain the current level, which will ensure 1.5 million additional voters take part, who will not vote if the decline continues.

164 The rate at which projected and actual budgets are spent is a good measure of public financial management in a country where government capacity is low. The proportion of projected budget actually spent is technically referred to as the "budget execution rate" and the proportion of funds made available actually spent is referred to as the "allotment execution rate".

National governance

103. The capacity of formal Government structures, most of which did not exist or were only marginally functional under the Taliban, have grown significantly since 2001. Much of this progress, however, remains limited to Kabul, where donors have concentrated the majority of their efforts.

Box 4

Key DFID programmes for national governance

- Afghanistan Reconstruction Trust Fund, 2009-14, £364, 200,000 'on-budget' assistance to the Afghan Government to support the delivery of public service and governance reforms.
- Afghanistan Infrastructure Trust Fund, 2011-15, £35,091,200, which is managed by the Asian Development Bank and also receives funding from the Japanese Government, aims to improve transport networks and access to power and water supplies.
- Tax Administration, 2012-15, £19,000,000, to continue to strengthen Afghanistan's domestic tax revenues.
- Strengthening the National Budget, 2007-12, £17,882,000, focused on enabling the Ministry of Finance to coordinate aid funding and implement Public Financial Management reforms in key line ministries.
- Strategic Support to the Ministry of Interior, 2010-14, £7,230,000, which aims to support the capability and accountability of the ministry.
- Public Administration Reform, 2010-12, £7,040,000, which aims to extend representation and accountability within national and provincial level government.
- Support for Forensic Audits, 2011-13, £7,000,000, to help implement the banking sector strategy so that banking services and customers are less at risk.
- Improved Macroeconomic Governance, 2010-13, £6,000,000, supporting the IMF across multiple countries to improve macroeconomic governance and policy.
- Advisory and Capacity Building Support for the Independent Directorate for Local Governance, 2011-12, £1,048,085, improving the performance of the IDLG in policy development, programme management and transition planning.
- Statistical adviser, 2009-13, £843,324, to support capacity building of Government of Afghanistan in the area of Official Statistics and Results-Based Management.

Source: DFID website, *Afghanistan Projects*

104. The table above shows where the DFID governance funds are spent. The majority of the money in the portfolio goes to the Afghan Reconstruction Trust Fund (ARTF) at £364,150,000 for the period from 2009 to 2014. As described earlier in the report the ARTF is used by the Afghan Government to provide basic services but it is also used explicitly to further governance objectives, such as pay and grading reform, through the public administration reform process and to strengthen Ministry of Finance budgeting and monitoring capacity.¹⁶⁵

105. DFID has supported a number of other capacity building and administrative reform programmes. This includes often seconding expatriate consultants to key ministries in Kabul to provide technical assistance to improve systems and processes. Current programmes include initiatives to further strengthen revenue collection and support to the Independent Directorate of Local Governance. DFID has been criticised for its reliance on such forms of technical assistance, which have sometimes been seen as inappropriate, costly and ineffective.¹⁶⁶ A recent study of Afghan perceptions of UK aid found that “senior

¹⁶⁵ DFID website: Afghanistan Programmes, ARTF Logical Framework

¹⁶⁶ Matt Waldman, *Falling Short: Aid Effectiveness in Afghanistan*, ACBAR, 2008

Afghans within the Government express disillusionment with the ‘support’ they have been provided, claiming instead that they have been ‘substituted’ for a time, until a break comes and a different consultant arrives.”¹⁶⁷

106. Taxation and revenue collection have been a key component of DFID’s governance capacity building efforts at national level. DFID’s operational plan 2011–15 says it will continue to help the Afghan Government raise and manage its own funds, including tax revenue, to help Afghanistan reduce dependence on aid over time.¹⁶⁸ It has funded several past projects, including an approximately £23million programme to strengthen tax administration within the Ministry of Finance, and it is now funding a £19million project to continue to increase domestic tax revenues. Tax revenue was approximately £1.65 billion in 2010–11, up 26% from the previous year.¹⁶⁹

107. DFID’s most recent (2009) Country Programme Evaluation in Afghanistan assessed DFID’s ‘state-building’ portfolio. The evaluation concluded these contributions were overly focused at central levels of the state and delivered only limited improvements in service delivery and the perceived legitimacy of the state at local levels.¹⁷⁰ According to Naysan Adlparvar, “recent discussions with DFID staff members and independent analysts indicate that circumstances have not greatly changed since 2009.”¹⁷¹ Additionally, DFID’s viable state pillar appears to be premised on several assumptions that, at present, have not been borne out, including the establishment of a political settlement. Naysan Adlparvar argued that this approach ignored several important factors:

First, as a stable political settlement has not yet been achieved in Afghanistan, and violence is escalating across the country, the importance of demonstrating developmental results and improving perceptions of the state at local levels is paramount. This is unlikely to be achieved with the UK’s present bilateral aid programme, as DFID’s work is mostly focused at developing the functions of the central institutions of the state in Kabul.¹⁷²

108. While we recognise the importance of building the capacity of central Government, the value for money of the policy-focused approaches that DFID has implemented in recent years is still unclear. Their sustainability is also highly questionable. Through transition, the ability of the Government to perform tasks—such as delivering basic services and maintaining the rule of law—will be critical, especially with reduced international support. We recommend that DFID be prepared, as Afghanistan moves closer to 2014 to be able to shift the focus of its governance programme away from consultants in Kabul towards helping the Afghan Government deliver basic services at a local level.

167 Edwina Thompson, *Losing the Ability to Dream: Afghan Perceptions of UK Aid*, BAAG, p 30

168 DFID Afghanistan, *Operational plan 2011-15*, June 2012

169 Ev 40

170 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009

171 Ev w55

172 Ev w55

109. It may be necessary for the National Security Council (NSC) to redefine DFID Afghanistan's unique priority of "creating a viable state". Although it is preferable to build a better state it is not in the hands of DFID to achieve this when there are so many other factors at play such as the situation in Afghanistan's neighbour Pakistan. This priority set for DFID may become harder, if not impossible, to work towards in the absence of a political settlement and if the security situation deteriorates in Afghanistan. Instead the Government should consider setting DFID the objective of delivering measureable benefits for the people of Afghanistan and of working with partners who can operate under any Afghan Government.

Sub-national governance

110. DFID provides additional support to governance at the sub-national level. It has a particular focus on reforming the sub-national governance legal and policy frameworks and improving local service delivery. It had also committed £23.5 million over five years to the UNDP-implemented Afghanistan Sub-national Governance Programme (ASGP). However, DFID's support to the ASGP was suspended in September 2011 two years prior to the planned end of the project following a poor joint evaluation.

111. While in Afghanistan, we were consistently told of a substantial disconnect between the central Government in Kabul and government structures at the sub-national level. David Page of Afghanaid was concerned that government at local level:

is still not empowered and not well staffed. I think that is a very important area DFID should take an interest in, because we have been dealing with an extremely centralised Government, and people have been talking about the need to improve sub-national governance for a long time, but it actually has not happened.¹⁷³

112. In light of the continuing gap between the centre and sub-national government, we welcome DFID's recent review of its approach to sub-national governance. We were told that some of the headline findings and subsequent discussion had highlighted the need to strengthen the relationship between the centre and the provinces through longer term institution building, reforming the budgeting process and improving the participation and oversight of provincial government structures.¹⁷⁴

113. A concern we heard whilst in Afghanistan was about the appointments made to sub-national government being made from Kabul instead of locally. **There needs to be more middle ranking provincial and local government officials with an understanding and the support of their local communities without the interference of central Government in appointments. There particularly needs to be more women in such positions.**

114. **Strengthening sub-national governance, particularly at the district and village level, and improving funding flows between central Government and the provinces will be essential in the lead up to transition.**

173 Q31

174 DFID visit briefing

Provincial governance

Box 5

Key DFID programmes for provincial governance

- The Governor's Performance Improvement Programme (GPIP), 2009-13, £9,500,000, aims to improve sub-national governance through financial incentives to provincial governors.

Source: DFID supplementary submission Ev 49

115. In each of Afghanistan's 34 provinces, governance structures include Governor's office, Provincial Councils, Provincial Development Committees and Provincial Assemblies. While Provincial Councils are elected, the remainder of these are appointed by the President on the recommendation of the Independent Directorate of Local Governance (IDLG). Additionally, most line ministries responsible for basic services maintain offices in provincial centres.

116. The UK provides support to the Governors of a number of provinces including Helmand through the Governor's Performance Improvement Programme (GPIP) (£9.5 million over three years). The GPIP, which began in 2010, provides a monthly stipend of \$25,000 for Provincial Governors to use for operational activities, contingent upon satisfactory quarterly evaluations of their performance. The second strand of GPIP is the Helmand Transitional Budget Support Fund (HTBSF) which provides \$37,000 on the same performance terms to the Governor of Helmand, taking account of the particular needs of that province.

117. ICAI points out that the Governors' Performance Improvement Programme is unlikely to enjoy continued support from other donors through transition. Several of DFID's core programmes in governance and other sectors rely on the continued support of other donors. It is important for DFID to assess thoroughly which multilateral partnerships remain viable through transition and the long term sustainability of incentive programmes such as the Governor's Performance Improvement Programme. DFID should consider the risks of other donors pulling out of or substantially reducing funding to multi-donor programmes and plan appropriate responses and risk mitigation measures.

District governance

Box 6

Key DFID programmes for district governance

- The District Delivery Programme (DDP), 2011-2014, £18,407,490, which aims to increase state legitimacy at district level through targeted delivery of basic services.

Source: DFID website, Afghanistan Projects

118. District governance remains weak and unclearly defined. Across Afghanistan's 398 districts, there are district governors appointed by the President on the recommendation of IDLG along with a variety of ad hoc bodies, often created through aid programmes.

Planned district council elections have not been held and no date has been set for them. The Government has in principle agreed to a roadmap for the creation of a single district-level body by September 2012. What formal structures do exist at district level are often ill-equipped and lack funds: only slightly more than half of all district governors have any staff or vehicles.¹⁷⁵

119. The main programme of donor support at district level is the District Delivery Programme (DDP), which aims to increase Government legitimacy by improving the Government's capacity to deliver a tailored package of basic services according to local priorities. The UK supports the implementation of DDP in Helmand. To date, seven districts have developed plans following consultations with the local community and procurement has started for over 40 development projects worth £7.4 million. The UK has agreed to provide an additional £20 million to support the further roll out of DDP in Helmand and in up to five other provinces up to 2014.

120. The DDP was set up in response to the need to establish the presence of the state in recently secured districts following military operations, not necessarily as part of an Afghan Government-led governance strategy. As such, we have heard criticisms that donor money going to district level was poorly coordinated and too driven by political and military counterinsurgency objectives.¹⁷⁶ We were told that DDP accompanied—and occasionally risked duplicating—other programmes such as the Afghan Social Outreach Programme, which was initially driven by US Special Forces (see section on donor co-ordination).¹⁷⁷

Village governance

Box 7

Key DFID programmes for village governance

- The National Solidarity Programme (NSP), £31,000,000, which aims to lay the foundation for community level governance through supporting community governance structures and supporting community-managed development and reconstruction projects. Funding was provided 2003-2010 directly, it is now funded by DFID through the ARTF.

Source: DFID website, *Afghanistan Projects and DFID supplementary submission Ev 51*

121. At village and community level, governance structures are largely informal, such as groups of elders or other esteemed community members, and their links to district, provincial and national government structures are often weak. For the purpose of implementing the National Solidarity Programme (NSP), the Ministry of Rural Rehabilitation and Development (MRRD) has formed nearly 30,000 Community Development Councils (CDCs) across 70% of Afghanistan.¹⁷⁸ The CDCs are informally elected by community members. Our predecessor Committee saw the value of the CDCs and recommended that they should be formalised but it is unclear if this will happen. The 2009 evaluation of DFID's programme in Afghanistan urged DFID to prioritise the

¹⁷⁵ Kenneth Katzman, *Afghanistan: Politics, Elections and Government Performance*, Congressional Research Service, 5 June 2012, p39

¹⁷⁶ Q32

¹⁷⁷ Q33

¹⁷⁸ NSP website, <http://www.nspafghanistan.org/>.

development of a “clear strategic view on the role of CDCs in sub-national governance.”¹⁷⁹ DFID informed us that:

Formal discussions on the status of CDCs are on-going, and part of wider discussions on sub-national governance including district representation. The World Bank, in collaboration with the Ministry of Rural Rehabilitation and Development, has commissioned three studies related to the sustainability of CDCs, including a study on how CDCs could be transitioned to village councils. The UK and other donors are working closely with the Afghan Government and the World Bank on this issue.¹⁸⁰

122. The UK supports the NSP through its contributions to the ARTF. CDCs are supported to identify community priorities and given a block grant (on average, approximately \$35,000) to design programmes to address these issues. The Asia Foundation found that local communities had more confidence in the CDCs’ ability to implement effective development projects in comparison with their local government departments, who are subject to budgets and priorities determined at the national level and often fail to effectively implement development projects that respond to community needs.¹⁸¹

123. The future of the NSP, which is now nearly a decade old, and of CDCs (through the transition period) remains unclear. Dr Gordon questioned whether CDCs would be able to survive without donor money.¹⁸²

124. DFID should work with the World Bank, Afghan Government and National Solidarity Programme (NSP) stakeholders to develop a clear view on the future of Community Development Councils in formal governance frameworks. It should also push for greater links between these community-level structures with broader district and provincial government. While NSP has been regarded as a highly successful programme, we urge DFID to work with the World Bank to clarify its objectives, particularly with regard to governance, and improve monitoring of its impact on local governance.

179 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009, p xviii

180 Ev 49

181 Ev w38

182 Q2

Civil society

Box 8

Key DFID programmes for civil society

- Strengthening Civil Society (Tawanmandi), 2011-16, £19,950,000, aims to support civil society through a trust fund that will distribute small grants to Afghan organisations. Hopes to improve the Government's accountability, responsiveness and respect for human rights.
- Civil Society Partnership, 2011-13, £506,268, aims to strengthen civil society ability to influence policy, development and aid effectiveness, together with the British and Irish Agencies in Afghanistan Group (BAAG).

Source: DFID website, *Afghanistan Projects*

125. DFID says it recognises the need for a vibrant and effective civil society to ensure ordinary Afghans, including women and girls, can have a greater say in their lives and hold their government to account. It recently launched a major new Afghan civil society strengthening programme, co-funded with Denmark, Norway and Sweden called Tawanmandi.¹⁸³ Tawanmandi aims to see “a durable political settlement and democratic environment is fostered through more inclusive, issue-based politics and increased public confidence in the state” and “to improve the Government’s accountability, responsiveness and respect for human rights.”¹⁸⁴ It established a foundation that provides grants to civil society in the broad areas of human rights, justice, anti-corruption, peace building and conflict resolution and media.

126. While civil society actors have grown significantly since the fall of the Taliban, ‘civil society’ remains a relatively new concept and is little understood by the wider population. Recent research on civil society actors found that they were still struggling with how to develop effective programmes and “have received little consistent, substantial or helpful international support.”¹⁸⁵ The Afghan Government also appears to have a limited understanding of, or resistance, to their role.¹⁸⁶

127. The 2009 Evaluation found that DFID “has taken policy decisions that have seen the enhancement of some relationships at the expense of others, notably a diminishing link with civil society.”¹⁸⁷ However, this has changed very recently with the advent of the Tawanmandi programme. BAAG commended DFID for being the lead agency and one of the main funders of the Tawanmandi programme. It believed it could be a highly effective tool to improve governance but it would take time and technical support, not just funding, to develop the capacity of civil society organisations, particularly at the district level.¹⁸⁸

183 Ev 41

184 DFID Intervention Summary: Tawanmandi

185 Elizabeth Winter, *Civil society development in Afghanistan*, London School of Economics and Political Science/Centre for Civil Society/ Economic and Social Science Research Council Non-Governmental Action Programme, 2010

186 Ev w37

187 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009, p35

188 Ev w37

128. It is important that civil society is supported not only to oversee the Afghan Government but also to help preserve the freedoms and rights won by Afghans during the past decade. Despite being a fairly new programme, Tawanmandi shows enormous promise as a vehicle to support civil society capacity and partnerships. DFID must closely monitor this programme, seek to learn from any shortcomings and proactively take steps to identify further avenues for support to civil society.

2014 and 2015 elections

Box 9

Key DFID programme for elections

- ELECTII, 2012-13, £12,000,000, to support elections through a UNDP-managed multi-donor pooled fund aiming to strengthen the Independent Electoral Commission.

Source: DFID supplementary submission Ev 49

129. For the 2009 and 2010 elections, DFID provided £7 million to support the Independent Electoral Commission to manage the election process. It recently approved £12 million up to December 2013 for ELECT II, managed by UNDP and seeking to support the Independent Electoral Commission in their conduct of the 2014 and 2015 elections. Key areas of focus include: setting up a new voter registration system; building capacity of electoral officials at central and provincial levels; construction of provincial offices for the Independent Electoral Commission; and early voter outreach, particularly to women and other marginalised groups. DFID has also set aside an additional £3 million, which it will access if required. Underscoring the importance of the upcoming elections, the then Secretary of State commented:

I believe it is essential that the elections in 2014 are seen as freer and fairer than before, at the very least. [...] the emphasis that I got during my visit was that there was more concern about the elections being a driver of greater stability than there was about fear of instability resulting from the drawdown of the troops. This is an extremely important area, where the international community will need to work together in a creative and effective way to help the Afghan authorities deliver elections that are credible and carry both local and international support. This was a point that was touched upon in Tokyo, and we will be working to do just that.¹⁸⁹

130. News reports indicate that preparations for the next round of elections appear to be behind schedule and insufficient to prevent the kind of fraud and contestation seen during the 2009 and 2010 elections. Ahmed Nader Nadery, chairman of the Free and Fair Election foundation, recently commented:

We don't see the movement right now on preparations for the elections. These early stages are critical for ensuring the processes work later on and the Afghan people elect a president that will lead the country through a critical transition.¹⁹⁰

David Loyn told us that voter registration was key, stating that “the elections in these countries are stolen not at the ballot box; they are stolen at the registration points.” He suggested:

Continuing oversight of election monitors and of the registration process, and financing it properly with proper international scrutiny.¹⁹¹

131. Orzala Ashraf testified about the demand for democracy but also the anger and lack of public confidence in elections due to fraud. She recounted what a female member of a Community District Council told her in reference to the national elections: “democracy was good, but the elections ruined it”.¹⁹² Orzala explained that the woman had been involved in the National Solidarity Programme where there had been a relatively safe, clean, accountable and transparent process of elections for a Community Development Council. The problems came with the larger Presidential and Parliamentary elections where corruption and the practice of buying votes became widespread. The woman told her that “This kind of election ruined what we were going through in a very smooth way.” Orzala believed that this demonstrated the need for a long term commitment to building democratic institutions from the bottom to the top, and not just through ad hoc programmes.¹⁹³

132. We welcome DFID's support for elections and we note our witnesses' emphasis on the importance of preparation for elections and in the registration of voters. We recommend that DFID give due emphasis to this. We also recommend that during the elections there is a strong international presence of election monitors alongside continued support for Afghan institutions such as the Independent Electoral Commission to try to mitigate the problems which plagued past Afghan elections.

Justice system

133. DFID supports the Foreign Office's lead on the Rule of Law. In the past, DFID has funded the position of an international Transitional Justice Advisor within the Ministry of Justice and an Aid Effectiveness Coordinator for Rule of Law. Both of these initiatives ended in 2011. DFID also provides support to the Justice Reform Project through the ARTF, which seeks to harmonise reform in the justice sector and aid the Afghan Government to operationalise its justice sector strategy. The project is being implemented by the three UK justice institutions: the Ministry of Justice, the Attorney General's Office and the Supreme Court. Of the project, DFID commented:

190 Kenneth Katzman, *Afghanistan: Politics, Elections and Government Performance*, Congressional Research Service, 5 June 2012

191 Q6

192 Q31

193 Q31

While this has been a broadly positive development, the sector continues to face major challenges and the project has been slow to implement. There are plans for a second phase of the Justice Reform Project, which would extend the scope of the programme to include the informal sector, improving access to justice by ordinary Afghans.¹⁹⁴

134. The 2009 DFID Evaluation found that “significantly greater attention to the justice system is warranted.”¹⁹⁵ However, DFID currently appears to provide relatively little support to the justice sector aside from the ARTF-funded Justice Reform Project. DFID said that this is because the Foreign Office now leads on the justice sector.¹⁹⁶

135. Gerard Russell noted that there has been some progress in expanding the reach of the formal justice system, even though “the number of judges had never been adequate to cope with the cases” and “there is a perception that justice is a very corrupt process” because:

You pay money to the judge if you want the case resolved your way. Many Afghans have told me that they themselves have—for example, in civil disputes over land—paid according to the acreage, essentially, and the judge then will decide in their favour if the other side has not paid more.¹⁹⁷

136. Human Rights Watch said that Afghanistan’s justice system remains weak and compromised, and a large proportion of the population relies instead on traditional justice mechanisms, and sometimes Taliban courts, for dispute resolution. Human rights abuses are endemic within the traditional justice system, with many practices persisting despite being outlawed. For example, the practice of ‘baad’, where a family gives a girl to another family as compensation for a wrong, continues even though it is banned by the 2009 Law on Elimination of Violence against Women.¹⁹⁸ We are therefore concerned by the then Secretary of State’s apparent support for traditional justice shuras in Afghanistan. He told us that when he recently visited the country he was given:

Very encouraging evidence of the fact that shura-based justice had taken root and was re-emerging.¹⁹⁹

On a more positive note the then Secretary of State informed us that there were now more than 400 female defence lawyers in Afghanistan—up from three nine years ago.²⁰⁰ Although this figure pales against the fact that over half of women in Afghan prisons and virtually all teenage girls in juvenile detention facilities are there for ‘moral crimes’ such as ‘running away’ known as ‘zina’ which is nowhere to be found under the Afghan Penal Code and contrary to Afghanistan’s international legal obligations.²⁰¹

194 Ev 49

195 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009, p xviii.

196 Ev 49

197 Q19

198 Ev w31

199 Q99

200 Q54

201 Human Rights Watch, *“I had to run away”: The imprisonment of Women and Girls for “Moral Crimes”*, 2012

Education

Adult education and vocational training

137. Education and skill levels for the adult population have slightly improved, although 81% of adults are illiterate with 93% of women illiterate and a high variance between rural and urban areas. This significantly constrains the adult population's access to information, skills advancement and personal development, and demonstrates the challenge facing Afghanistan in fully engaging its human capital to move the country away from aid dependency. DFID funds the INVEST programme implemented by Mercy Corps in Helmand, which has been highly successful in providing vocational skills.²⁰² Since starting last year, 7,000 people have qualified, including 1,200 women, and 80% of their programme graduates have either started their own businesses or have got jobs.²⁰³ As Mercy Corps pointed out, adult education and training on technical and vocational skills are critical to alleviating Afghanistan's high unemployment and creating sustainable economic growth.

204

Primary and secondary education

138. Twenty-six percent of DFID's annual ARTF contribution of £85 million goes to education. To date, DFID has played a key role in supporting education progress, including by paying the salaries of 160,000 teachers, building national planning systems and reaching communities in insecure regions via NGOs.²⁰⁵ In addition, DFID's financial contribution to the Global Partnership on Education will help support Afghanistan's grant of \$55.7 million to improve access for girls in 40 isolated and impoverished districts, as well as programmes to increase the number of female teachers.

Table 6: DFID expected -results for education 2011-15

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected results (including year)
ARTF Education Getting the State to Deliver	Number of children attending primary school.	3,943,337 children attending primary school in 2009/10 (of which 1,534,725 were girls).	DFID will contribute to 5,422,671 children attending primary school in 2013/14 (of which 2,169,068 are girls).

Source: DFID Operational Plan 2011-15

202 Ev 37

203 Q42

204 Ev 37

205 Ev w10

Box 10

Key DFID education programmes

- Support to the ARTF for education, supporting salaries, training teachers and health workers, providing essential materials, and the repair and construction of schools.
- Technical and Vocational Education Training Programme, 2011-14, £500,000, to support delivery of the Afghan Government's national priority programme on technical vocational education and training.
- INVEST programme through Mercy Corps in Helmand for vocational training.

Source: DFID website, *Afghanistan Projects*

139. There appears to have been fairly steady progress since 2005 in education indicators. Overall primary school enrolment rates have increased from 37% in 2005 to 52% in 2007–2008, with 42% enrolment of girls and 60% for boys. However, the UN still warns of a “silent crisis” for the 48% of children not in school, 60% of which are female. With major efforts focused on boosting enrolment levels, this is now positively reflected in illiteracy rates declining among youth in urban areas. The same, however, is not true in rural contexts, where literacy rates remain low—40% as compared to 70% in urban areas, and the gender gap is significantly wider. There is also some question over the reliability of enrolment figures, as a 2011 Oxfam report uncovered a significant number of “ghost” teachers on the payroll and a large gap between official enrolment and school attendance. Approximately 22% of female students and 11% of male students were classified as temporarily absent, absent for most or all of the year, or permanently absent, which suggests that many may have dropped out.²⁰⁶

140. While enrolment has shown significant progress, there are growing concerns over the quality of education. Orzala Ashraf told us:

Students who graduate the 12th grade are not comparable with 12th grade students from 15 or 20 years ago. They are not, in some cases, even able to write their names when they have graduated after 12 years of education. Why? It is because of the very poor quality of education that we have. Too much focus, over the last 10 years, has been on the infrastructure and enrolment. What we hear all of the time about the very glorious picture of education is that 7 million girls are going to school [...] but nobody talks about how many are dropping out or what they are learning there. Quality of education is another thing that should be one of the priorities in this period.²⁰⁷

Research by Save the Children echoed this; in a sample school only 43% of children in grade 3 could read with comprehension.²⁰⁸ Save the Children recommended enhancing teachers’ literacy instruction skills and enhancing literacy habits at the community level by involving parents in their children’s learning.²⁰⁹

141. In line with donor pledges to channel more aid through the Government, donors have been channelling aid away from NGO-based programmes—the majority of which are

206 Ashley Jackson, *High Stakes: Girls’ Education in Afghanistan*, Oxfam International, February 2011.

207 Q45

208 Ev w12

209 Ev w12

implemented in coordination with or on behalf of the Ministry of Education (MoE)—directly to the MoE. While supporting the aim to put more money on budget, NGOs have cautioned against doing so too quickly. A lack of ministerial infrastructure and/or human resources in many areas (particularly outside of cities and towns), or a lack of community acceptance of Government presence, means that not all classes established by NGOs can or will be continued by the MoE once the transfer of those classes to ministry management is complete, particularly if the transfer process is rushed.²¹⁰ Of the 600 classes that CARE²¹¹ handed over to the MoE, one-third of these classes were discontinued because the MoE was not able to incorporate them into their annual plans and budgets. Students were informed to report to the nearest formal MoE school instead, resulting in a lot of boys and almost all of the girls dropping out. In some cases the MoE replaced teachers with what they considered as more qualified teachers—from outside the community. As a result, many of the girls were withdrawn by their parents who did not know or trust the teacher. Additionally, in conflict areas the Government may not be able effectively to provide education, with Government officials and schools targeted by the insurgency. Mercy Corps pointed out that the reason they were able to facilitate secondary education for women in Helmand is because they were not associated with the Government and had long standing ties to the communities they worked in.²¹²

142. A further concern was the lack of secondary school education in Afghanistan. CARE highlighted that there was a large cohort of children approaching the end of their primary school education, with no options for further education ahead of them. It said that while the initial donor and Government focus on primary school enrolment had yielded significant results, there had been an insufficient focus on the quality and continuity of education at higher levels. There is enormous demand for high quality education: according to the 2011 Oxfam survey, 85% of girls attending school wanted to continue their education yet women comprise just under one-fifth of university students.²¹³ Whilst in Afghanistan we were encouraged to hear that parents were increasingly appreciative and supportive of education for their daughters and were wanting to carry on with their schooling. We also heard concern that the provision and quality of secondary and higher education was insufficient to stimulate jobs and economic growth, and fill the professional sectors with capable, qualified individuals.²¹⁴

143. We welcome DFID's continued funding to the ARTF to support the Afghan Government's efforts to expand and improve education services through support to teacher salaries and other means. However, there is greater scope for DFID to focus more on secondary and adult education, and to improve the quality of education. Important lessons on the added value of NGOs in some circumstances can be learned, particularly with regard to vocational and community-based educational programmes as DFID's support to Mercy Corps programmes in Helmand demonstrates.

210 Ev 38

211 CARE International has been present in Afghanistan since 1961 providing assistance to vulnerable Afghans Ev 37

212 Ev 37

213 Ashley Jackson, *High Stakes: Girls' Education in Afghanistan*, Oxfam International, February 2011.

214 Ev 39

Wealth creation

144. Wealth creation encompasses a wide range of activities, with DFID's operation plan for 2011–15 stating its priority areas as: large-scale infrastructure, agriculture, business development, community infrastructure, and improving the conditions for private investment (including in the key minerals sector) and creating jobs.²¹⁵

Table 7: DFID expected results for wealth creation 2011-15

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected results (including year)
Wealth Creation Promoting Economic Stability, Growth & Jobs	Number of jobs created for Afghan men and women (Full-Time Equivalent jobs).	Zero jobs created for Afghan men and women at March 2011.	20,000 jobs created for Afghan men and women by 2015.
ARTF Wealth Creation Economic Stability, Growth & Jobs	KMs of rural roads rehabilitated.	774 KMs of secondary rural roads and 887 kms of tertiary roads rehabilitated between 2008 and 2011.	DFID will contribute to the rehabilitation of i) 1,100 km secondary rural roads and ii) 1,195 km of tertiary rural roads by 2013.
	Agricultural production under irrigated land.	2.5 tonnes per hectare in 2011.	DFID will contribute to 2.75 tonnes per hectare yield of wheat produced under irrigated land by 2013/14.

Source: DFID Operational Plan 2011-15

Private investment and mining

145. DFID's wealth creation programme has a strong focus on private sector development. It is supporting reforms to regulatory and policy frameworks in leading economic sectors including the extractive industries and agri-business to create an appropriate investment climate. It is also encouraging international private sector investment, including in Afghanistan's mining sector, and access to finance for small and medium sized enterprises.²¹⁶

Box 11

Key DFID wealth creation programmes

- Supporting Employment and Enterprise, 2009-13, £36,000,000, to strengthen the private sector's ability to invest and compete, with a focus on small and medium enterprises.
- Afghanistan Investment Climate Facility, 2008-14, £3,744,703, to improve investment policy and trade regulations.
- Afghanistan Marketplace Expansion, 2008-12, £1,282,796, to increase procurement of local goods by national and international organisations in Helmand.
- Private Sector Development Advisor, 2008-2013, £480,261, to provide technical support on the private sector. (spend £530,964)
- Extractives Sector Support Programme, 2012-15, £300,000 to support and improve the capacity of the Afghan Government to develop Afghanistan's natural resources for the benefit of the Afghan people.

Source: DFID website, Afghanistan Projects

²¹⁵ DFID Afghanistan, *Operational plan 2011-15*, June 2012

²¹⁶ Ev 41

146. Afghanistan's mineral wealth has enormous potential over the long term to support economic growth. The Afghan Government, through the Ministry of Mines, is seeking international partners to exploit Afghanistan's mineral wealth and has signed contracts for several mines with a number of international partners, including Chinese, Indian and US-based companies. When we met with the Minister of Mines in Kabul, he had high expectations of the Afghan mining potential. DFID has been far more cautious in their discussions with us. Mining is expected to contribute an additional 3.5% to economic growth and DFID projects revenue in 2025 to be around \$0.9-1.6 billion, or 2-4% of GDP.²¹⁷ Such profits would require investment of about \$6-10 billion from 2015.

147. DFID also explained that:

Mining and oil/gas revenues are in any context subject to enormous uncertainty because of the volatility of commodity prices. That uncertainty is compounded in Afghanistan by the fact that most of its mineral deposits have neither been explored in detail nor have they been awarded to investors.²¹⁸

In order for Afghanistan to profit from its mineral resources, the processes by which they are exploited must be transparent and carefully managed. The Afghan Government has taken some steps toward good governance of its resources, including candidacy for the Extractives Industry Transparency Initiative (EITI), a Presidential decree requiring all signed contracts to be publically available and the establishment of an International Advisory Council, supported by the ARTF, to oversee the fairness of the allocation of resource rights and contracts.

148. While potential profits from the mining industry are promising, Global Witness expressed concern over the "fast pace" at which the Government was selling off mineral rights and believed "there is a credible threat that the natural resource sector could become a possible source of conflict and instability in Afghanistan if not carefully managed."²¹⁹ It urged DFID to do more to support the Afghan Government in establishing due process and developing good governance in the mining sector. As David Loyn reminded us "the history of countries, particularly in Africa, which already had corrupt systems and had minerals is pretty bad."²²⁰

149. High-level policy engagement and central Government support should be targeted on key issues where DFID has the comparative advantage. **DFID should stay engaged on the development of mining revenues to ensure, with other donors, that a robust regulatory regime is in place to record Government progress towards good governance commitments for the sector. DFID should also support independent oversight by local communities and civil society as well as encourage the reinvestment of mining revenues into related industries and other parts of the economy that will create jobs.**

²¹⁷ DFID visit briefing

²¹⁸ DFID visit briefing

²¹⁹ Ev w17

²²⁰ Q23

Agriculture and rural livelihoods

150. A large portion of DFID's wealth creation work on agriculture and rural livelihoods focuses on supporting the central Government in capacity building and policy development. This includes DFID support for a programme of institutional reform and capacity building in the Ministry of Agriculture, Irrigation and Livestock (MAIL) through Increasing Agricultural Potential in Afghanistan, a £20 million agricultural programme approved in April 2011. Other key programmes are listed in the table below:

Box 12

Key agriculture and rural livelihoods programmes

- Comprehensive Agriculture and Rural Development Facility, 2009-13, £30,000,000, encourages investment in agriculture and seeks to sustain the reductions in poppy cultivation.
- Support to demining, 2008-13, £11,215,981, to return 160.2 million m² of high priority mined land and explosive remnants of war contaminated land to productive use.
- Support to Strategic Planning for Sustainable Livelihoods, 2003-12, £10,153,850, to strengthen Afghan Government institutions focused on agriculture.
- Strengthening the Agriculture Sector, 2012-14, £5,630,000, to increase the value and productivity of agriculture.
- Increasing Agriculture Potential in Afghanistan, 2009-12, £3,784,602, to ensure that the Afghan Government's policies are pro-poor and evidence-based through technical support in ministries and capacity building.

Source: DFID website, *Afghanistan Projects and DFID visit briefing*

151. In addition DFID runs programmes implemented by partners at the community level. Two DFID programmes—the Horticulture & Livestock Programme and the Sustainable Agricultural Livelihoods in Eastern Hazarajat—have helped more than 75,000 rural families to organise themselves in farmer groups, improve livelihoods through the introduction of improved agricultural, horticultural and livestock technologies, and empower women through literacy and skill development training.²²¹ Through the ARTF, DFID supports the Afghanistan Rural Enterprise Development Programme, which has created over 2,300 savings groups of which 54% are female groups, involving over 12,000 women.²²² DFID has also just launched a project in Bamiyan which it hopes will transform the lives of 50,000 farmers. The Bamiyan Agricultural Support Programme works with 40 farmer cooperatives to give members access to modern farming equipment such as tractors, high quality wheat and potato seed, and support for small business development. DFID said the programme would ensure that farmers got greater financial returns from their activities and help reduce poverty in the region.²²³

152. In Helmand the PRT and the Specialist Team of Royal Engineers have been helping to improve Helmand's canal irrigation system and equip farmers with the skills and tools needed for a viable agricultural economy. Helmand's fertile river valley and irrigation network makes it potentially the most agriculturally productive province in Afghanistan.²²⁴

²²¹ DFID visit briefing

²²² Ev 51

²²³ DFID visit briefing

²²⁴ Ev 50

153. Land rights, important to increasing agricultural productivity remain a critical gap. David Loyn believed that this was one of the biggest lost opportunities of the past decade:

Getting land titles right is something that the international community has failed to do over the years. [...] You can imagine the issues that Afghans face, returning to their farm that has been fought over three times; refugees have come and refugees have gone. What you tend to do is to put the powerful land title into the hands of the man with the biggest gun—into the warlords rather than into any institutional structures. That has been a fantastic opportunity for the Taliban, who have succeeded in villages right across Afghanistan in providing what Afghans need, which is resolution with their neighbours.²²⁵

Dr Gordon agreed but told us that land tenure was recognised by DFID as a problem and it had invested in the land registry in Helmand. However there was not enough investment in it and there were significant difficulties due to insecurity in Helmand.²²⁶

Wealth creation summary

154. It has been questioned how well suited DFID's wealth creation priorities and programmes are to the current climate of active conflict in Afghanistan and with the uncertainty of transition ahead. Naysan Adlparvar commented:

Afghanistan has extremely high levels of poverty. [...]The country also suffers from growing humanitarian challenges, including drought in eight of the last eleven years and major displacements due to conflict, drought and flash flooding. DFID's current approach to building the state and economy—which aims to meet the long term needs of the Afghan people—will likely do little to alleviate their more pressing and immediate needs linked to poverty and humanitarian crisis.²²⁷

He felt the best way, in one of the poorest countries in the world, to improve the economic situation was to focus on poverty alleviation and questioned the impact of some of the more Kabul-centric, consultant-focused programmes on wealth creation.

155. Mercy Corps agreed to some extent, and saw the effective route to achieving poverty reduction as diversifying and developing the economy through the provision of skills and increasing the quantity and quality of goods and services. It felt that the establishment of revolving credit funds that could lend money and/or give grants to new businesses could foster economic growth at the local level.²²⁸ BAAG also thought DFID should be placing more of a focus on enabling wealth creation within Afghan households and villages by supporting small business enterprise.²²⁹ DFID told us when asked about its current position on microfinance:

225 Q8

226 Q8

227 Ev w56

228 Ev 37

229 Ev w42

The Microfinance Investment Support Facility for Afghanistan (MISFA) was set up in 2003 as a vehicle for donor funding of microfinance. DFID provided an additional £17 million to MISFA in 2008/09 through the Afghanistan Reconstruction Trust Fund (ARTF), taking its contribution to a total of £40 million. A Project Completion Report (PCR) conducted by DFID staff from outside Afghanistan in February 2010 concluded that MISFA was sufficiently funded for the foreseeable future, and that the organisation should concentrate on consolidation and improvements to its lending portfolio, rather than expanding it.²³⁰

156. DFID appears to have had greatest and most sustainable impact in the past on small-scale rural development projects implemented primarily by NGOs, often working along side or seeking to support Government agencies.²³¹ The 2009 evaluation of DFID programming was critical of DFID not having “fully used the accumulated expertise NGOs have in maximising farm-related income opportunities “ and “employing a country-wide approach to reduce vulnerabilities to poverty.”²³² It also found that “smaller projects performed better than the larger more complex Government-run” programmes.²³³

157. DFID’s wealth creation portfolio has yielded some success, although it may need to be reviewed and consolidated in light of transition. While DFID’s prioritisation of wealth creation and improving Government structures has been important in many respects, few programmes are explicitly focused on poverty reduction, aside from the notable allocation to the ARTF. **In one of the poorest countries in the world with significant humanitarian needs that derive primarily from the lack of development and a weak Government with limited reach outside of Kabul, DFID’s approach to wealth creation seems out of balance with reality. It is overly centralised, with a disproportionate focus on Government ministries and policy in Kabul that is disconnected from the needs of ordinary Afghans. We recommend that DFID give priority to the needs of rural and poor populations, adopting a ‘back-to-basics’ aid approach focused on community-led development and sustainability. This should focus on poverty reduction and access to basic services.**

158. **In terms of DFID’s bilateral support, NGOs, both international and Afghan, will play an increasingly critical role through and after transition. The NGOs that DFID works with have shown significant results in extraordinarily difficult circumstances and a comparative advantage in improving rural livelihoods. Working in insecure areas is generally much easier for NGOs, especially those that have close links and long histories with communities. Such NGOs are perceived as impartial and independent, able to gain security guarantees from communities and thus are likely to have much greater access to remote and insecure areas than other actors after the international forces leave. It is highly unlikely that organisations with armed security or with little or no history in targeted locations will be able to demonstrate similar results, in terms of effectiveness or sustainability.**

230 Ev 49

231 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009, p. 63.

232 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009, p. 63.

233 DFID, *Country Programme Evaluation in Afghanistan*, Evaluation Report EV696, May 2009, p. xiv.

Humanitarian

159. DFID's operational plan 2011–15 states that it aims to “strengthen our humanitarian work to help address the direct impacts of conflict, exclusion and natural disasters on the most vulnerable groups.”²³⁴ While DFID's humanitarian assistance decreased after 2004 as its programme shifted focus toward development, DFID has recently increased humanitarian funding. It has two core humanitarian partners, the International Committee of the Red Cross (ICRC) and the World Food Programme (WFP). DFID supports the ICRC national emergency programme, helping to run seven hospitals and eleven health centres, train and equip staff in nine clinics in conflict-affected areas, and distribute food aid and essential household items to internally displaced people. Whilst in Kabul we visited the ICRC hospital which provides prosthetic limbs to the local Afghan population. One of the things which most impressed us was not only the provision of the prosthetic limbs but also the rehabilitation of the patients. Nearly all of the staff working at the hospital were disabled themselves. In 2011, DFID provided assistance to WFP to purchase nearly 5,000 metric tonnes of high-energy biscuits for distribution to schoolchildren nationwide, helping to improve school attendance and enrolment rates. DFID also currently channels emergency drought support through UNICEF and an NGO consortium.²³⁵

Table 8: DFID expected results for humanitarian programmes 2011-15

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected results (including year)
Humanitarian Reducing impact of conflict and natural disasters on people's lives, well-being and dignity	Number of people assisted by humanitarian agencies (for example through the provision of health services, food and water).	According to assessed need – variable by year.	Target to be determined annually.

Source: DFID Operational Plan 2011-15

Box 13

Key DFID Humanitarian programmes

- ICRC support to people in conflict-affected areas, 2010-13, £10,000,000, Humanitarian Support to conflict-affected civilians and non-combatants in Afghanistan 2011.
- Protection and Prevention Humanitarian Assistance, 2012-13, £10,000,000, to help mitigate the vulnerability of civilian populations affected by the long standing conflict.
- WFP humanitarian food security assistance, 2011-12, £7,020,000, targeting food insecure school-aged children.
- Emergency drought response implemented by an NGO consortium, 2012-13, £6.1 million supporting up to 253,230 Afghans.

Source: DFID website, Afghanistan Projects

160. BAAG emphasised that the humanitarian situation in Afghanistan was increasingly critical and Christian Aid said that the chronic nature of these crises were largely the result of unaddressed development needs, despite the billions in aid that have been invested in Afghanistan since 2001. In mid-2011 United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) estimated that 4.1 million people were food-insecure

234 DFID Afghanistan, *Operational plan 2011-15*, June 2012

235 Ev 42

and a further one million needed emergency agricultural assistance. There have been eight droughts in the past 11 years and natural disasters, such as floods and landslides, are chronic threats. The number of Afghans forced to flee their homes by the conflict and remain internally displaced rose 45% in 2011 and in the first four months of 2012 showed the sharpest increase in internal displacement since 2002.²³⁶ Despite the growing need, the UN recently noted that there had been a “marked reduction in humanitarian assistance in 2012.”²³⁷ The 2012 UN Consolidated Appeal Process (CAP) has received less than a third of requested funds from donors and the Emergency Response Fund, which funds rapid response to crises, has a balance of less than \$200,000 and has received no funding to date this year.²³⁸ A recent UN survey found that a third of children in southern Afghanistan are acutely malnourished with a level of malnutrition ‘similar to famine zones’. However the problems is not necessarily availability of food but poverty.²³⁹ Michael Keating, deputy head of the UN Mission in Afghanistan said of the humanitarian crisis in Afghanistan:

This is the kind of malnutrition you associate with Africa and some of the most deprived parts of the world, not with an area that has received so much international attention and assistance.²⁴⁰

161. Despite increased UK humanitarian funding in recent years, we have received persistent criticism regarding DFID’s lack of humanitarian focus in Afghanistan. CARE remarked that there was in general a “neglect of humanitarian needs in the country because of this political focus on state building and counterinsurgency.”²⁴¹ Amnesty International was concerned that there had been little attempt by international donors to address the scale of the displacement crisis in Afghanistan and urged the UK Government to do more on this issue. Naysan Adlparvar was also critical of DFID’s lack of humanitarian aid and encouraged DFID to channel more aid not only to “humanitarian programming, at sub-national levels across Afghanistan” but also to poverty reduction, to reduce the underlying drivers of crises such as drought and natural disasters.²⁴² Afghanaid said that DFID was well placed to “take a leadership role in the humanitarian coordination structure in Afghanistan.”²⁴³ The then Secretary of State informed us that DFID had recruited two additional specialist humanitarian staff and that he recognised there was a “need to do more”.²⁴⁴

162. We recommend that DFID do much more to meet humanitarian needs and address the underlying causes of the crises such as child malnutrition and levels of internally displaced people. We recommend that more of DFID’s budget should be spent on disaster mitigation in the rural and remote areas that are often most hard hit by natural disasters such as drought and flood. In addition, DFID should play a

236 UNOCHA, *Consolidated Appeals Afghanistan: Mid Year Review*, July 2012, p. 1

237 UNOCHA, *Consolidated Appeals Afghanistan: Mid Year Review*, July 2012, p. 3

238 UNOCHA, *Consolidated Appeals Afghanistan: Mid Year Review*, July 2012, p. 3

239 The Afghanistan Multiple Indicator Cluster Survey (MICS), September 2012

240 “Prevalence of malnutrition in southern Afghanistan ‘shocking’”, *Guardian*, 4 September 2012

241 Q36

242 Ev w57

243 Ev 55

244 Q123

constructive role in leading and encouraging other donors to provide greater attention and resources to Afghanistan's growing humanitarian needs.

Gender

163. The UK Government has said it is committed to protecting and promoting the rights of women and girls in Afghanistan. The then Secretary of State also emphasised this saying "Britain has been a staunch supporter of women's rights".²⁴⁵ DFID said in its 2011–15 Operational Plan²⁴⁶:

Our work will support Afghan Women's empowerment. Our work will help build a peaceful state and society that will tackle poverty and create wealth for both Afghan men and women. Increased political and economic participation of women will improve their lives and help reduce the risk of Afghanistan remaining in conflict. The UK National Action Plan on UN Security Council Resolution 1325—Women, Peace & Security was launched by the Foreign secretary in 2010 and is the guiding strategy for DFID and the UK work on gender.

Box 14

The UK National Action Plan on UNSCR 1325 Women, Peace & Security

DFID works with the Foreign Office and Ministry of Defence and has four objectives:

- PREVENTION: Mainstreaming gender into conflict prevention activities and strategies and strengthening efforts to prevent violence against women
- PARTICIPATION: Promote and support women's participation in peace processes and representation in decision making
- PROTECTION: Strengthening efforts to secure the well-being, economic security and dignity of women and girls
- RELIEF AND RECOVERY: Promoting women's equal access to aid programmes and services

²⁴⁵ Q53

²⁴⁶ DFID Afghanistan, *Operational plan 2011-15*, June 2012

164. Between now and 2015, DFID has pledged to strengthen the gender impact of the ARTF and improve tracking of results for women and girls. It also aims to conduct a gender mapping exercise in 2012 of all DFID work and identify opportunities to do more to promote the rights and opportunities of women and girls. Internally, DFID aims to ensure all UK staff in Afghanistan are aware of the UK's gender commitments and increase the use of gender-disaggregated data across all programmes. However, the only results monitoring it has on gender is:

Table 9: DFID expected results for gender 2011-15

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected results (including year)
Gender	% of sampled women representatives in Community Development Councils (CDCs) that take active part in decision-making related to community development.	To be determined for 2011.	DFID will contribute to 65 % of sampled women representatives in CDCs taking active part in decision-making related to community development in 2013.

Source: DFID Operational Plan 2011-15

165. Despite women's and girl's empowerment and gender equity being a departmental priority for DFID globally, there is concern that this has not translated into women and girls being a strategic priority for DFID in Afghanistan.²⁴⁷ DFID funding for programmes explicitly focused on women and girls has been minimal. It previously provided £463,942 for a women's rights civil society empowerment programme and £300,225 for educational radio programming that included a gender equity theme, but both programmes ended in 2010. Instead, DFID appears to have taken a 'mainstreaming' approach. As ActionAid commented, it is difficult to assess how effectively mainstreaming is being implemented and what change if any it is bringing about in women's lives. It said that only 11 projects (of 92 listed) on the DFID projects database had published documents and out of these, only one contained an explicit commitment to gender or women's issues.²⁴⁸ Women and girls have benefited from investment in the ARTF, which pays teachers' salaries, and from rural development programs as well as Tawanmandi, the general civil society trust fund. However, DFID has done very little explicitly on gender issues nor directed funding clearly towards women and girls programmes as can be seen by the lack of gender specific projects.²⁴⁹

166. Orzala Ashraf warned of the risk of women "dropping off the agenda" as international forces withdraw. She believed that:

Whether the Government or the future Government will be supportive towards women or not is very much a question for the international community, because if the international community supports the kind of Government that does not support or consider the needs of Afghan women, then we will return back to the same situation. But if there is a clear conditionality that the gains and achievements

247 Ev w28

248 Ev w28

249 DFID website: Afghanistan projects and Ev 46

that women have made and the activities that women are doing should not be sacrificed or compromised, the situation will be different.²⁵⁰

167. There is a clear case to be made for DFID building up a more substantive and effective focus on gender in its Afghanistan country strategy, particularly with regard to education and wealth creation. Only 47% of Afghan women are active in the labour market and less than one in ten women are employed outside of the agriculture sector. The need for economic survival has resulted in families being increasingly willing to allow women to work, but women and girls face significant discrimination in terms of lower wages, access to markets and employment due to security and traditional gender roles and overall are more susceptible to poverty. The Afghan Government estimated women's annual per capita income to be \$402, compared to \$1,182 for men and concluded that "women are approximately three times economically worse off than men".²⁵¹ As BAAG highlighted efforts to reduce poverty through creating sustainable jobs must take into account the complexities faced by women.²⁵²

168. DFID recognised that "implementation of legislation promoting and protecting women's rights has been weak."²⁵³ ActionAid recommended that DFID prioritise women's rights, particularly the full implementation the National Action Plan for Women of Afghanistan and the 2009 Elimination of Violence Against Women law. ActionAid would like DFID to make resources available to women's rights organisations to raise awareness of the law, providing complementary services such as shelters and counselling for victims of violence against women, and engaging in advocacy for changes in policy and process to advance women's rights.²⁵⁴ Human Rights Watch advocated the need for legal services for women including on family law issues.²⁵⁵

169. We asked the then Secretary of State about the situation for women in Afghanistan and about the work DFID was doing. He told us that he did not agree that the position of women was getting worse in Afghanistan and that progress was still being made.²⁵⁶ He also did not believe that there would be a return to the treatment of women as it was under the Taliban as through the international development effort there was now an "educated critical mass of women in Afghanistan" who were the "best bulwark against those policies being re-implemented." However, we are also aware that before Taliban rule there was a cohort of women in Afghanistan educated under the Russian system who in the 1970s and 1980s held jobs as scientists, teachers, doctors, and civil servants and had a considerable amount of freedom with significant educational opportunities.²⁵⁷

170. We also asked DFID what progress there had been on recruiting women to the Afghan National Security Forces—following our predecessor Committee's

250 Q48

251 *Development Cooperation Report 2010*, Ministry of Finance, Islamic Republic of Afghanistan

252 Ev w42

253 DFID Afghanistan, *Operational plan 2011-15*, June 2012

254 Ev w29

255 Ev w32

256 Q113

257 Rostami-Povey, Elaheh, *Afghan Women: Identity and Invasion*, Zed Books, (2007)

recommendation that there should be more women in the police and the Department's response that EUPOL had an action plan on gender issues. As of July 2012 there were over 1400 female ANP representing almost 1% of the total force.²⁵⁸ This was up from 180 in 2006 which at the time was less 0.3% of the police force.²⁵⁹ The target is to reach 5000 female ANP members by 2015. DFID admitted that due "to the conservative nature of Afghan society the rate of progress is slow" and that women in the ANP had "ill-defined responsibilities" were given "menial tasks" and had "few dedicated facilities including sanitation, changing rooms and so on."²⁶⁰

171. Human Rights Watch has suggested the need for a multi-donor analysis of gender programmes in Afghanistan with analysis of lessons learned. This should result in the production of a plan for how the international community should support women's rights in Afghanistan 2015–20. Human Rights Watch also recommended that it would require a lead donor, although the goal should be to get as many donors involved as possible, and that DFID should take this position because of its prominence and its commitment to research-based approaches.²⁶¹

172. Afghan women continue to suffer intense discrimination and abuse. While the UK Government says it is committed to protecting and promoting the rights of women and girls in Afghanistan there is little practical evidence of this in either programming or funding. We recommend that DFID seeks to combat violence against women through support for women's shelters and legal services. DFID should also continue to ensure women and girls are a major focus for its education and wealth creation programmes.

173. We recommend the creation of a joint donor-government plan for women and girls during transition, which would encourage donors to commit to specific programmes and objectives based on evidence and consultation. This could help catalyse greater commitment and sustained political will to ensure that women and girls are not forgotten in transition. Such an approach would require a lead donor which DFID could take given its prominence and commitment to research-based approaches. In addition, we recommend that DFID exert pressure on other donors and the Afghan Government to back up their previous commitments to Afghan women.

Oversight of DFID programmes

DFID staffing

174. The DFID office in Afghanistan is its fourth largest in the world, reflecting its status as a priority country for DFID and the UK Government. In the years up to 2014–15, DFID Afghanistan is expected to become its sixth largest country office, behind those in Ethiopia, India, Bangladesh, Nigeria and Pakistan. There are currently 75 staff, including 39 international staff and 36 Afghan staff, working in both the Kabul and Helmand offices. DFID staff work a five day working week in Kabul, and a six day working week in

258 Ev 47

259 International Development Committee, Fourth Report of Session 2007-08, *Reconstructing Afghanistan*, HC 65-I

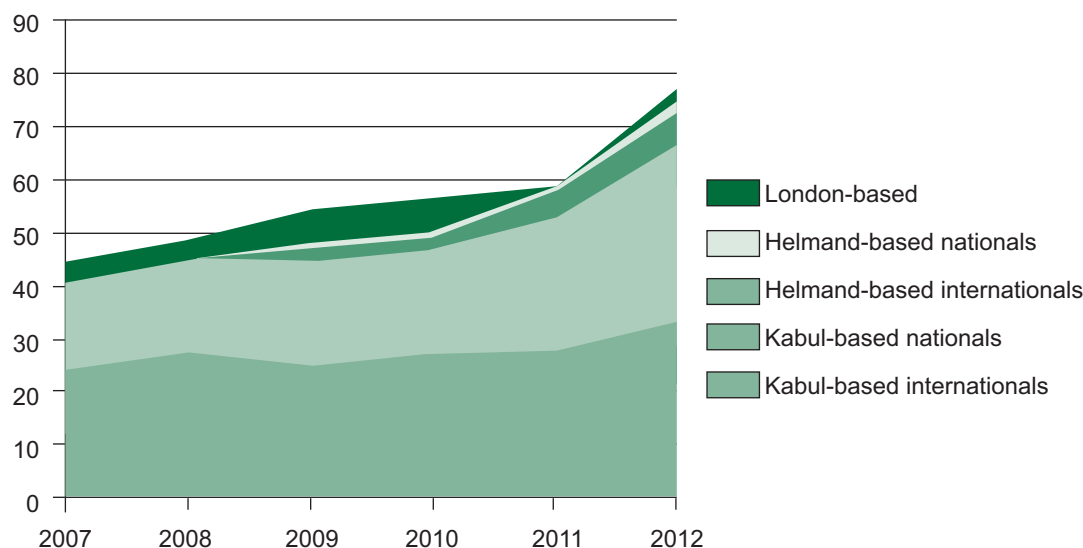
260 Ev 47

261 Ev w62

Helmand, although weekend working is a regular occurrence. Both locations work six weeks in country followed by a two week break (plus 1.5 travel days for Kabul and 3.5 for Helmand). Annual leave accrues while at post and is then taken at the end of the posting as “decompression leave” (usually 2-3 months depending on the length of service). DFID staffing in Afghanistan, both among Afghan nationals and British staff, has increased in recent years. DFID told us:

The longest period a current or past [...]member of staff has worked on the subject of Afghanistan is 5 years and 1 month – 2 periods in Kabul divided by a posting in London. We also have other staff who have been working on Afghanistan issues between two and five years. The new Deputy Head of Office, starting in the autumn, is returning to work on Afghanistan following a number of previous Afghanistan postings between 2005 and 2009.

Figure 6: DFID Afghanistan staffing by location, 2007-12



Source: DFID supplementary submission Ev 45

175. We heard from witnesses that staff turnover and the frequency of breaks has created some difficulty in maintaining institutional memory and continuity. Human Rights Watch told us:

UK embassy and DFID staff in Kabul in general enjoy a reputation for being relatively informed and active, although the strengths of the UK staff are sometimes undermined by the short tours and the fact that such a large proportion of staff are junior and often on their first overseas posting.²⁶²

While recognising the strenuous environment in which DFID staff operate, our predecessor Committee highlighted the detrimental impact of short tours of duty and the six weeks on and then two weeks off schedule. ICAI highlighted how such policies impact programming and oversight:

DFID relationships with partners and managing agents are disrupted: in the long term, by staff being in post for a shorter time than most programmes; and in the short term, by the practice of a two-week break every eight weeks. As a result, DFID staff in Afghanistan have to spend time managing handovers with each other.²⁶³

176. Dr Gordon highlighted that length of tour was not just a problem for DFID but also for the military:

For every DFID person who spends six weeks on, two weeks off, and spends six months to a year there, you have got an army private who spends six months in theatre, for two of which he knows nothing, for two of which he is very competent and for two of which he is looking to go home.²⁶⁴

He believed that: “the UK would never have pursued a policy in Northern Ireland with that degree of personnel churn and I think that has been an enormous restriction on their capacity to make effective change.”²⁶⁵

177. Naysan Adlparvar was critical of the high levels of security enforced by DFID which meant that staff members were potentially unable to visit project sites and resulted in “staff with a limited awareness of Afghan realities, and an inability to monitor project implementation.”²⁶⁶

178. In its recent audit of DFID programming, ICAI concluded that while DFID had made improvement to staffing “it remains exposed to the risk of leakage as a result of insufficient staff with financial skills” and “found significant scope to improve the capacity of financial management support to these staff (few of whom hold a relevant accounting qualification) and to grasp fully each programme’s financial risks and to quantify the leakage in delivery.”²⁶⁷

179. While we appreciate that working in Afghanistan is extremely difficult and commend DFID staff for the job they have done under these circumstances, we are concerned about the short postings, resultant loss of capacity and knowledge and weak institutional memory. We recommend that DFID create a cadre of experts with knowledge of Afghan language and culture, who will work on Afghanistan, in London or in country; this could greatly improve the quality and consistency of DFID’s work. Longer tours and routine rotations to Afghanistan would also aid in this.

263 Independent Commission for Aid Impact, *Programme Controls and Assurance in Afghanistan*, Report 6, March 2012, p11

264 Q8

265 Q8

266 Ev w56

267 Independent Commission for Aid Impact, *Programme Controls and Assurance in Afghanistan*, Report 6, March 2012, p10

180. Whilst in Afghanistan we met locally employed Afghan DFID staff. We were impressed with their commitment to their work for DFID and the huge risks they took working for the UK Government—being unable to tell people other than close family where they worked for fear of violence or kidnap to not only themselves but also their friends and families. **We recommend that HMG does all that it can to protect the Afghan staff working for its embassy both now and particularly if the security situation in Kabul deteriorates.**

Monitoring and evaluation of programmes

181. DFID tracks the effectiveness of its programme in Afghanistan through a range of monitoring and evaluation systems. At National Security Committee (NSC) level Ministers and officials monitor progress against an agreed set of indicators. Regular, Afghanistan specific NSC meetings were recently instituted to provide more time for discussions. DFID's work forms an integral part of the FCO led UK Country Business Plan, which supports the NSC strategy. Within the British Embassy in Kabul, thematic “strands” bring together all HMG programme activity – DFID, Conflict Pool and FCO funds, including in Helmand—and are monitored by the Afghan Delivery Group (ADG), chaired by the Ambassador. The ADG meets every two months and the DFID Head of Office is on the Board.

182. DFID monitors progress with the Operational Plan annually, with a ‘light’ review at the mid-year stage. An Afghanistan Programme Board, chaired by the Head of Office, meets quarterly to review progress across DFID's portfolio to examine financial issues, risk assessment and lesson learning. At the project level, they annually review progress against logical frameworks.

183. As DFID acknowledged, data in Afghanistan is scarce due to decades of conflict and continuing lack of access to certain areas due to insecurity. For example, population estimates are based on a partial census last conducted in 1979. The quality of data is slowly improving, in part due to DFID Afghanistan's support for improving national statistics.²⁶⁸

184. The recent audit conducted by ICAI raised significant concerns about DFID oversight and accountability, particularly with regard to how it operates with partners, and its lack of effective risk management. While it found no evidence of leakage, ICAI found that DFID did not complete a detailed risk assessment of leakage at the programme design stage and it identified several shortcomings in assessing and monitoring risk. ICAI also expressed concern about excessively long delivery chains (in the example of the Helmand Growth Programme, there were at least four layers of subcontracting, each exposing DFID to further waste and impeding the overall programme value for money). Given other shortcomings identified by ICAI in DFID's risk assessment, such long delivery chains are problematic – especially in light of DFID's inability to monitor directly partners operating in insecure environments. The subject of sub-contracting was a matter which was raised with us both by the Chambers of Commerce in Kabul and with members of the Afghan

268 DFID Afghanistan, *Operational plan 2011-15*, June 2012

diaspora who we met in London. The concern was that money was being lost in each level of sub-contracting and that very little of it in the end got to where it was meant to.²⁶⁹

185. With regard to whether sufficient systems were in place, ICAI found that:

DFID in Afghanistan has not yet established systematic, robust and detailed financial management systems to manage risks in the delivery of aid in the Afghan context. Our conclusion is that, while DFID has taken steps in the right direction, it remains exposed to the risk of leakage as a result of insufficient staff with financial skills, the lack of clear and detailed financial reporting and a deficiency in risk management procedures beyond the first managing agent in the delivery chain.²⁷⁰

They also found that DFID lacked a comprehensive approach to counter fraud and corruption in its programmes. Additionally, neither DFID nor its managing agents had conducted a comprehensive assessment of leakage, so ICAI was unable to analyse this. The report found no evidence of leakage but whether this was because there was no leakage or because of the weaknesses of DFID's systems in detecting it, is unclear.

186. DFID has since responded to the audit and continues to work to address ICAI's concerns. A DFID Task Team visited Kabul in April to develop an Action Plan to reduce further the risk of leakage or fraud. A portfolio assessment tool has been developed to assess portfolio risk and will be regularly at the quarterly programme board. For each project, it assesses both fiduciary and delivery risk and assesses this against the performance of the project. DFID has also pledged to develop an anti-corruption strategy by the end of September 2012. A six-month update on progress about the commitments made to ICAI in the DFID management response is due for publication in mid-September.

187. We heard a wide range of views on whether DFID appropriately balanced risk and reward. Gerard Russell agreed that the balance of risk was something that needed further thought, asking:

Have we got the balance of risk right between the risk of money going astray, if there is insufficient supervision by internationals, and the risk that the international presence, being relatively expensive and limiting, holds us back from the effect that we could have if we put more money through Afghans at a local level and took just a slightly higher level of risk?²⁷¹

He also warned:

If you say that avoiding corruption must be the number one rule, you risk choosing projects that are entirely safe but maybe do not deliver as much as slightly riskier projects.²⁷²

269 Ev w65

270 Independent Commission for Aid Impact, *Programme Controls and Assurance in Afghanistan*, Report 6, March 2012, p10

271 Q8

272 Q12

188. ICAI emphasised the importance of considering risks at programme inception, particularly with regard to transition:

It is important to take full account of risks at the design stage, not only because the current political, economic and security situation is unstable but also due to the planned military withdrawal by the end of 2014. [...] DFID's decisions about its post-2014 programmes will have implications for the UK's reputation as a partner in Afghanistan. It will also have implications for the stabilisation of some areas—principally Helmand—and for Afghan organisations' ability to run services and function with integrity.²⁷³

189. Working in insecure environments often entails a higher acceptance of financial and programme risk and a nuanced understanding of how effectively to design and monitor programmes without creating undue burden on DFID staff and its partners. Gerard Russell believed that those “most likely to be sustainable are the projects, I would guess, at a local level, which have community support. In provinces that are relatively insulated from fighting, like Bamiyan”.²⁷⁴ However he argued that high-risk did not necessarily mean they were the wrong ones.²⁷⁵ Nonetheless, capacity to manage risk effectively and invest in high impact programming will likely be impacted by the withdrawal of UK troops, particularly if security further deteriorates.

190. As security restrictions often prevent DFID from directly monitoring projects it often relies on others to report and monitor. We heard that there could be problems with this from people we met at the Afghan Chambers of Commerce, one member told us: “most of the time what implementing partners do is that they misrepresent these reports to show their achievements”. He suggested that “Reporting (facts, data, statistics, quotations from people etc) should be cross checked at field level and by different stake holders other than the ones carrying out the reports to make sure they are accurate.”²⁷⁶ Orzala Ashraf believed that there were more creative ways that DFID could monitor projects. She highlighted that many of the younger generation now used social media and that there was telephone coverage all over Afghanistan. She also believed the media had an important role and said that there had been some good programmes following cases of corruption. Orzala Ashraf argued that post 2014 such mechanisms should be supported and strengthened. She particularly saw the strength in Community Development Committees as a strong force in participatory monitoring and evaluation.²⁷⁷ Naysan Adlparvar agreed saying “where security regulations cannot be amended to improve staff mobility, innovative approaches to remotely monitoring project delivery should be devised and employed.”²⁷⁸ While in Afghanistan we heard about the use of satellites to monitor the building of schools and the

273 Independent Commission for Aid Impact, *Programme Controls and Assurance in Afghanistan*, Report 6, March 2012, p6

274 Q24

275 Q24

276 Ev w51

277 Q41

278 Ev w57

drilling of wells. In DFID's management response to ICAI evaluation, they said they were currently "considering the use of third party verification and continuous audit."²⁷⁹

191. We are pleased to note that in its management response to ICAI's audit, DFID states that it is considering the use of 'third party verification and continuous audit'. We welcome the exploration of third party verification and other forms of new thinking about how DFID can most effectively monitor its programmes. Third party monitoring, especially when involving the local community, has been extremely effective in reducing corruption and enhancing community oversight. It can also contribute to the creation of a more accountable government and a culture of local and national accountability. However even with the introduction of new forms of monitoring, ensuring the previous Secretary of State's desire that every penny of every pound is spent effectively is unlikely to be possible in countries such as Afghanistan.

192. Tight security restrictions that inhibit or prevent travel to project sites by DFID staff is likely to make appropriate levels of monitoring difficult—particularly if security deteriorates through transition. DFID may need to re-evaluate the type of work that it is ultimately able to effectively and accountably support after international troops withdraw. Some sectors or geographic areas may be more difficult to monitor than others. DFID cannot avoid risk altogether, but it must carefully balance the risks it takes with the potential reward. This will require rethinking how DFID can support work in insecure areas of the country, assessing what kinds of programming may be particularly susceptible to fraud or disruption by insurgents and developing stronger partnerships with trusted non-governmental and other organisations that can absorb significant funding and work effectively.

279 DFID, *Management Response to ICAI Recommendations on Programme Controls and Assurance in Afghanistan*, 2012, p1

5 Conclusion

193. The future of Afghanistan is uncertain with changes expected to its leadership, the withdrawal of international forces and a reduction in overseas aid. It is not known what attitude neighbouring countries, particularly Pakistan will take. The Taliban is stronger in many parts of Afghanistan than it was when our predecessor Committee visited the country in 2007, but millions of Afghan are strongly opposed to the Taliban. The UK should have a major aid budget in the country. While we cannot guarantee success, many Afghan people want their country to succeed and we owe it to them and to the many British soldiers who have died there to support them in their fight against oppression.

194. In a changing political, security and economic climate DFID will need to be flexible in its planning and programming. For example, there might come a point at which DFID would need to stop funding the Afghan Government through the ARTF; in which case it should ensure it has other channels open to it such as NGOs to which funding can then flow so that Afghan communities are not suddenly cut off from aid.

195. The UK Government's overarching strategy for its engagement in Afghanistan has given DFID the lead on creating a viable state. DFID has had some successes, for example in increasing tax revenue, but these gains will be difficult to sustain and further progress will not be made unless the Afghan Government is determined to achieve a similar outcome.

196. The UK Government may have to recognise that a viable state may not be achievable in Afghanistan, but that does not mean that DFID cannot deliver development projects to help the Afghan people. DFID's own evaluation in 2009 found that its most successful work was on small-scale rural development projects and not on large scale government projects. We recommend the UK Government reconsider the 'viable state' ambition for DFID in Afghanistan, giving greater emphasis to the provision of services and alleviating poverty.

197. While the situation for women in Afghanistan improved after the fall of the Taliban, it remains difficult and even appeared to us to have deteriorated in some respects since our last visit in 2007. The women we met on our visit including female politicians were nervous about what would happen when international combat troops departed in 2014. We believe that the treatment of women in Afghanistan post-2014 will be the litmus test as to whether the military and development spending over the last ten years has succeeded in improving the lives of ordinary Afghans. Although DFID and the UK Government have spoken at length about women's rights and women in Afghanistan, we are concerned that this has not been followed by adequate and specific action and funding. We support the funding DFID gives to Tawanmandi²⁸⁰ and the AIHRC, but this is not enough. We recommend that DFID give girls' education greater priority and that it provide funding for women's shelters and legal services for women.

280 A fund for civil society in Afghanistan backed by the UK and the Nordics

198. It was estimated that over a third of Afghan children in the south were acutely malnourished and that there was about half a million internally displaced people in February 2012.²⁸¹ If transition does not go smoothly the crisis will get worse. While we recognise that DFID is looking to give a higher priority to its humanitarian work in Afghanistan, there is much more to be done. In the absence of another donor taking a lead, DFID may have to fulfil this role.

199. A serious problem for DFID in Afghanistan is the difficulty in monitoring its programme since security conditions prevent DFID staff getting out and about to visit projects. This does not mean that work in Afghanistan should cease and we acknowledge that DFID is considering new and innovative monitoring methods for its projects. However, it needs to be recognised that the previous Secretary of State's ambition of ensuring that every penny of every pound is spent effectively is almost impossible to achieve in this country.

200. While we appreciate the great difficulty in working in Afghanistan and commend DFID staff for the job they have done in these circumstances, we are concerned about the high turnover, resultant loss of capacity and knowledge, weak institutional memory and, at times, lack of staff with adequate training and skills. We recommend that DFID create a cadre of experts with knowledge of Afghan language and culture, who will work in London or in country; longer tours and routine rotations to Afghanistan would also improve the situation.

201. There will also need to be a reconsideration of how DFID can support work in insecure areas of the country, developing stronger partnerships with trusted NGOs and other organisations which can absorb significant funding and work effectively. This is an especially compelling case where NGOs have strong links with and support from local communities. It may also involve switching funding to poorer, safer areas such as Bamiyan, which have been relatively ignored by donors who have concentrated their spending in insecure regions where they have had a military presence.

281 Amnesty International, *Fleeing war, finding misery*, February 2012

Conclusions and recommendations

ANSF

1. In its oversight advice role to the Ministry of Interior on accountability, we recommend that DFID insist on the creation of an external oversight body to provide a way to investigate and follow up allegations of violations by not only Afghan Local Police but the whole of the Afghan National Security Force. This body could potentially be managed by the Afghan Independent Human Rights Commission which is also supported by the UK Government. Such a body should be empowered to receive and investigate complaints, make public their findings and make recommendations about how to redress individual complaints. (Paragraph 54)

Post 2014 scenario

2. As this chapter demonstrates, the situation in Afghanistan is very complex. There are great uncertainties about the political, security and economic future of Afghanistan, notably: the outcome of the 2014 elections; whether there will be a political settlement; economic growth; and the role of Afghanistan's neighbouring countries. In the light of these uncertainties DFID will need to be able to adapt. DFID will also need to continue to lead donors in pledging and disbursing aid so that there will not be any sudden drops in funding which could exacerbate an extremely fragile situation. Based on the assessment of the likely economic impact of military withdrawal, the UK Government should be prepared to do whatever it can to address this potential shortfall in spending including urging other governments to increase their aid commitments to Afghanistan to fill the economic gap. (Paragraph 66)

Helmand and the PRT

3. While we agree with the then Secretary of State's assessment that DFID staff should be relocated from Helmand to Kabul following the closure of the Provincial Reconstruction Team (PRT)—due to the lack of a secure base to work from following the departure of the military—the UK should not abandon Helmand. DFID and FCO staff should continue to monitor the situation closely and provide advice and support to the provisional government in Helmand, where it can help. While we support the shift towards a less Helmand-focused portfolio and presence, DFID should ensure this transition is gradual and continue to fund effective programmes to encourage rural development, education and good governance in the province managed by locally engaged DFID staff. Security gains in Helmand have been achieved at a very high cost in terms of British lives, injured service personnel and support staff as well as military and development spending. The UK must not walk away from the province after 2014. (Paragraph 88)

Tokyo Conference

4. International development funding to the Afghan Government must be carefully monitored and conditions-based. If the transfer of aid ‘on budget’ increases without sufficient monitoring and quality control corruption could get worse and access to basic services for Afghans could deteriorate. It needs to be made absolutely clear in an agreement between the international community and the Afghan Government at what level of not following through on commitments that aid funds would be reviewed and suspended. The Mutual Accountability Framework does not go far enough in this respect. (Paragraph 92)
5. There is great uncertainty about transition and upcoming elections in Afghanistan. DFID will need to be flexible enough in its work to be able to respond to developments on the ground. We recognise that there is an inherent tension between the pressure on DFID to be seen to be planning for a successful transition and elections—pursuing the line of the UK Government—and being able to plan for the unknown. We recommend that DFID carry out a portfolio review, that examines potential risks and impacts of transition on all of its programme. Such a review should contain actions which DFID and its partners could undertake to mitigate risks as well as contingency plans if transition and the election do not run as smoothly as hoped for. This review should be updated and re-examined on a routine basis as transition continues and we get closer to the elections. (Paragraph 97)

National governance

6. While we recognise the importance of building the capacity of central Government, the value for money of the policy-focused approaches that DFID has implemented in recent years is still unclear. Their sustainability is also highly questionable. Through transition, the ability of the Government to perform tasks—such as delivering basic services and maintaining the rule of law—will be critical, especially with reduced international support. We recommend that DFID be prepared, as Afghanistan moves closer to 2014 to be able to shift the focus of its governance programme away from consultants in Kabul towards helping the Afghan Government deliver basic services at a local level. (Paragraph 108)
7. It may be necessary for the National Security Council (NSC) to redefine DFID Afghanistan’s unique priority of “creating a viable state”. Although it is preferable to build a better state it is not in the hands of DFID to achieve this when there are so many other factors at play such as the situation in Afghanistan’s neighbour Pakistan. This priority set for DFID may become harder, if not impossible, to work towards in the absence of a political settlement and if the security situation deteriorates in Afghanistan. Instead the Government should consider setting DFID the objective of delivering measureable benefits for the people of Afghanistan and of working with partners who can operate under any Afghan Government. (Paragraph 109)

Sub-national governance

8. There needs to be more middle ranking provincial and local government officials with an understanding and the support of their local communities without the interference of central Government in appointments. There particularly needs to be more women in such positions. (Paragraph 113)
9. Strengthening sub-national governance, particularly at the district and village level, and improving funding flows between central Government and the provinces will be essential in the lead up to transition. (Paragraph 114)
10. ICAI points out that the Governors' Performance Improvement Programme is unlikely to enjoy continued support from other donors through transition. Several of DFID's core programmes in governance and other sectors rely on the continued support of other donors. It is important for DFID to assess thoroughly which multilateral partnerships remain viable through transition and the long term sustainability of incentive programmes such as the Governor's Performance Improvement Programme. DFID should consider the risks of other donors pulling out of or substantially reducing funding to multi-donor programmes and plan appropriate responses and risk mitigation measures. (Paragraph 117)
11. DFID should work with the World Bank, Afghan Government and National Solidarity Programme (NSP) stakeholders to develop a clear view on the future of Community Development Councils in formal governance frameworks. It should also push for greater links between these community-level structures with broader district and provincial government. While NSP has been regarded as a highly successful programme, we urge DFID to work with the World Bank to clarify its objectives, particularly with regard to governance, and improve monitoring of its impact on local governance. (Paragraph 124)

Civil society

12. It is important that civil society is supported not only to oversee the Afghan Government but also to help preserve the freedoms and rights won by Afghans during the past decade. Despite being a fairly new programme, Tawanmandi shows enormous promise as a vehicle to support civil society capacity and partnerships. DFID must closely monitor this programme, seek to learn from any shortcomings and proactively take steps to identify further avenues for support to civil society. (Paragraph 128)

Elections

13. We welcome DFID's support for elections and we note our witnesses' emphasis on the importance of preparation for elections and in the registration of voters. We recommend that DFID give due emphasis to this. We also recommend that during the elections there is a strong international presence of election monitors alongside continued support for Afghan institutions such as the Independent Electoral Commission to try to mitigate the problems which plagued past Afghan elections. (Paragraph 132)

Education

14. We welcome DFID's continued funding to the Afghanistan Reconstruction Trust Fund to support the Afghan Government's efforts to expand and improve education services through support to teacher salaries and other means. However, there is greater scope for DFID to focus more on secondary and adult education, and to improve the quality of education. Important lessons on the added value of NGOs in some circumstances can be learned, particularly with regard to vocational and community-based educational programmes as DFID's support to Mercy Corps programmes in Helmand demonstrates. (Paragraph 143)

Mining

15. DFID should stay engaged on the development of mining revenues to ensure, with other donors, that a robust regulatory regime is in place to record Government progress towards good governance commitments for the sector. DFID should also support independent oversight by local communities and civil society as well as encourage the reinvestment of mining revenues into related industries and other parts of the economy that will create jobs. (Paragraph 149)

Wealth creation

16. In one of the poorest countries in the world with significant humanitarian needs that derive primarily from the lack of development and a weak Government with limited reach outside of Kabul, DFID's approach to wealth creation seems out of balance with reality. It is overly centralised, with a disproportionate focus on Government ministries and policy in Kabul that is disconnected from the needs of ordinary Afghans. We recommend that DFID give priority to the needs of rural and poor populations, adopting a 'back-to-basics' aid approach focused on community-led development and sustainability. This should focus on poverty reduction and access to basic services. (Paragraph 157)

Role of NGOs

17. In terms of DFID's bilateral support, NGOs, both international and Afghan, will play an increasingly critical role through and after transition. The NGOs that DFID works with have shown significant results in extraordinarily difficult circumstances and a comparative advantage in improving rural livelihoods. Working in insecure areas is generally much easier for NGOs, especially those that have close links and long histories with communities. Such NGOs are perceived as impartial and independent, able to gain security guarantees from communities and thus are likely to have much greater access to remote and insecure areas than other actors after the international forces leave. It is highly unlikely that organisations with armed security or with little or no history in targeted locations will be able to demonstrate similar results, in terms of effectiveness or sustainability. (Paragraph 158)

Humanitarian

18. We recommend that DFID do much more to meet humanitarian needs and address the underlying causes of the crises such as child malnutrition and levels of internally displaced people. We recommend that more of DFID's budget should be spent on disaster mitigation in the rural and remote areas that are often most hard hit by natural disasters such as drought and flood. In addition, DFID should play a constructive role in leading and encouraging other donors to provide greater attention and resources to Afghanistan's growing humanitarian needs. (Paragraph 162)

Gender

19. Afghan women continue to suffer intense discrimination and abuse. While the UK Government says it is committed to protecting and promoting the rights of women and girls in Afghanistan there is little practical evidence of this in either programming or funding. We recommend that DFID seeks to combat violence against women through support for women's shelters and legal services. DFID should also continue to ensure women and girls are a major focus for its education and wealth creation programmes. (Paragraph 172)
20. We recommend the creation of a joint donor-government plan for women and girls during transition, which would encourage donors to commit to specific programmes and objectives based on evidence and consultation. This could help catalyse greater commitment and sustained political will to ensure that women and girls are not forgotten in transition. Such an approach would require a lead donor which DFID could take given its prominence and commitment to research-based approaches. In addition, we recommend that DFID exert pressure on other donors and the Afghan Government to back up their previous commitments to Afghan women. (Paragraph 173)

DFID staffing

21. While we appreciate that working in Afghanistan is extremely difficult and commend DFID staff for the job they have done under these circumstances, we are concerned about the short postings, resultant loss of capacity and knowledge and weak institutional memory. We recommend that DFID create a cadre of experts with knowledge of Afghan language and culture, who will work on Afghanistan, in London or in country; this could greatly improve the quality and consistency of DFID's work. Longer tours and routine rotations to Afghanistan would also aid in this. (Paragraph 179)
22. We recommend that HMG does all that it can to protect the Afghan staff working for its embassy both now and particularly if the security situation in Kabul deteriorates. (Paragraph 180)

Evaluation and monitoring

23. We are pleased to note that in its management response to ICAI's audit, DFID states that it is considering the use of 'third party verification and continuous audit'. We welcome the exploration of third party verification and other forms of new thinking about how DFID can most effectively monitor its programmes. However even with the introduction of new forms of monitoring, ensuring the previous Secretary of State's desire that every penny of every pound is spent effectively is unlikely to be possible in countries such as Afghanistan. (Paragraph 191)
24. DFID may need to re-evaluate the type of work that it is ultimately able to effectively and accountably support after international troops withdraw. Some sectors or geographic areas may be more difficult to monitor than others. DFID cannot avoid risk altogether, but it must carefully balance the risks it takes with the potential reward. This will require rethinking how DFID can support work in insecure areas of the country, assessing what kinds of programming may be particularly susceptible to fraud or disruption by insurgents and developing stronger partnerships with trusted non-governmental and other organisations that can absorb significant funding and work effectively. (Paragraph 192)

Annex: The Committee's Visit Programme in Afghanistan

The Committee visited Afghanistan from 17 to 21 June 2012.

Members participating: Sir Malcolm Bruce (Chair), Hugh Bayley, Sam Gyimah, Pauline Latham, Jeremy Lefroy, Mr Michael McCann, Chris White

Accompanied by: Dr David Harrison (Clerk); Louise Whitley (Inquiry Manager)

Sunday 17 June

Arrive Kabul

Briefing from HM Ambassador and DFID head of office

Joint working dinner with DFID FCO and MoD

Monday 18 June

Meeting with Afghan Chamber of Commerce

Civil Society Lunch

Meeting with Ministry of Commerce and Industry, Minister Ahady

Meeting with Minister of Mines, Minister Shahrani

Meeting with Senior Minister Arsala

Discussion with DFID staff on ICAI report

Dinner with key international partners

The Committee divided into two groups for visits to Helmand and Bamiyan provinces

Group 1: Helmand

Tuesday 19 June

Briefing from DCOM Brigadier Skeates at Camp Bastion

Briefing from UK PRT Deputy Head of Mission

Briefing on Governance and Development

Dinner with PRT Senior Management Team including representatives from USA, Denmark and Estonia

Wednesday 20 June

Briefing from Task Force Helmand
Briefing from Specialist Team Royal Engineers
Meeting with Afghan beneficiaries: Helmand Arghandab Valley Authority; Ministry of Rural Rehabilitation and Development; DABS (electricity authority) and Ministry of Public Works
Lunch with trainers and trainees from the Afghan Technical Vocational Institute
Visit to Lashkar Gah Police Training Centre
Meeting with Provincial Governor Mangal

Group 2: Bamiyan

Tuesday 19 June

Visit to ICRC Prosthetic hospital in Kabul
Briefing from PRT in Bamiyan
Briefing on agriculture in Bamiyan
Tea with Mayor of Bamiyan
Dinner with NZ PRT Head of Mission

Wednesday 20 June

Visit to a National Solidarity Programme School outside of Kabul
Lunch at Central Statistics Organisation
Visit to Women's garden and micro-finance project in Kabul
Briefing on sub-national governance at the Independent Directorate of Local Government
Meeting with Minister of Finance Omar Zakhilwal
Meeting with female MPs
Meeting with Mercy Corps

Thursday 21 June

Meeting with DFID Afghanistan teams
Working lunch with humanitarian assistance partners
Meeting with locally employed DFID staff
De-brief from DFID group heads
Meeting with DCOM ISAF

Formal Minutes

Wednesday 12 September 2012

Members present:

Sir Malcolm Bruce, in the Chair

Richard Burden
Mr Michael McCann
Pauline Latham

Fiona O'Donnell
Chris White

Draft Report (*Afghanistan: Development progress and prospects after 2014*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 201 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 10 May, 26 June and 3, 10, 16 July and 12 September 2012

[Adjourned till Tuesday 16 October at 9.30 am]

Witnesses

Tuesday 3 July 2012

Page

Professor Stuart Gordon, London School of Economics, **Gerard Russell**, Afghanistan Analyst, and **David Loyn**, BBC Afghanistan and Development Correspondent

Ev 1

Orzala Ashraf, Independent Civil Society Activist, **David Page**, Afghanaid, **Mervyn Lee**, Mercy Corps and **Howard Mollett**, CARE International

Ev 12

Tuesday 10 July 2012

Rt Hon Andrew Mitchell MP, Secretary of State for International Development, Department for International Development

Ev 21

List of printed written evidence

1	David Loyn, BBC Afghanistan and Development Correspondent	Ev 35: Ev 56
2	Mercy Corps	Ev 36
3	David Haines	Ev 36
4	CARE International UK	Ev 37
5	Department for International Development (DFID)	Ev 40: Ev 44: Ev 45
6	David Page, Chair of Trustees, Afghanaid	Ev 55
7	David Loyn, BBC Afghanistan and Development Correspondent	Ev 56

List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/indcom)

1	Christian Aid	Ev w1
2	Amnesty International	Ev w5
3	Save the Children	Ev w8
4	Global Witness	Ev w15
5	Lael A. Mohib	Ev w21
6	ActionAid	Ev w23
7	Human Rights Watch	Ev w29: Ev w62
8	Met Office	Ev w32
9	British & Irish Agencies Afghanistan Group	Ev w34
10	International Rescue Committee	Ev w45
11	Shapur Amini, Afghan Academy International UK	Ev w48
12	Abdul Ehsan Mohmand	Ev w51
13	Oxfam	Ev w52

14	Naysan Adlparvar	Ev w55
15	Adam Smith International	Ev w58
16	Afghan Council UK	Ev w63
17	Parliamentary Outreach	Ev w65

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2012–13

First Report	DFID's contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria	HC 126 (609)
Second Report	Scrutiny of Arms Exports (2012): UK Strategic Export Controls Annual Report 2010, Quarterly Reports for July to December 2010 and January to September 2011, the Government's Review of arms exports to the Middle East and North Africa, and wider arms control issues	HC 419
Third Report	The Development Situation in Malawi	HC 118 (641)
Fourth Report	Tax in Developing Countries: Increasing Resources for Development	HC 130
Fifth Report	DFID's programme in Zambia	HC 119

Oral evidence

Taken before the International Development Select Committee on Tuesday 3 July 2012

Members present:

Sir Malcolm Bruce (Chair)

Hugh Bayley
Richard Burden
Mr Sam Gyimah
Jeremy Lefroy

Mr Michael McCann
Fiona O'Donnell
Chris White

Examination of Witnesses

Witnesses: **Dr Stuart Gordon**, London School of Economics, **Gerard Russell**, Afghanistan Analyst, and **David Loyn**, BBC Afghanistan and Development Correspondent, gave evidence.

Q1 Chair: Good morning, gentlemen. Thank you very much indeed for coming in to give evidence to us, following our visit to Afghanistan the week before last, which was part of our overall inquiry. First of all, I wonder if you could introduce yourselves for the record.

Dr Gordon: Stuart Gordon from the International Development department at the London School of Economics.

Gerard Russell: Gerard Russell, formerly of the Foreign Office and United Nations Assistance Mission in Afghanistan.

David Loyn: I am David Loyn, International Development correspondent from the BBC.

Q2 Chair: Thank you all. David, I seem to remember you gave us a briefing before our Committee's last visit to Afghanistan, which we much appreciated. As we move into the transitional phase and, obviously, the military draw-down takes effect, how well do you think the institutions that have been put in place are able to cope and to operate? What is your judgment of how they might operate as we get into that transition and the active NATO forces leave?

Gerard Russell: I think any institutions, no matter how good they are, would be facing an enormous challenge, given that, to look at the economic consequences of transition, you are going to see potentially a reduction. Former Ambassador Karl Eikenberry said the other day that potentially \$10 billion entering the Afghan economy a year from foreign aid would go down to potentially \$1 billion to \$2 billion. That is an enormous shortfall and that is simply from the point of view of the economic consequences.

Obviously, you have got security challenges. Afghan forces will rise to a peak of 350,000 people, but will that be sustainable in the long term if the US is going to cap its contribution at \$2 billion per year? Or is this going to end up being a system by which many people are recruited—perhaps hastily recruited—and trained in how to use a weapon and then made unemployed? Potentially, there are some quite serious challenges, even if you were not to look at the potential effects of the election in 2014, which could result in a change of leader. Well, it must result in a change of leader. It

could result in serious changes in the Government, at a time when many Afghans are concerned, very worried and divided over the main issues facing their country, such as the prospect of reconciliation with the Taliban.

David Loyn: The biggest problem that Afghanistan faces in terms of its institutions is accountability. Who are these elected politicians accountable to? At the moment, it is effectively a rentier state. There is quite a lot of academic work now about rentier states. They do not succeed; they are mostly in Africa; and they tend to create elites who are funded by corrupt patronage, use patronage and fund corrupt practices. That is exactly what has been happening in Afghanistan, so weaning the elite at the top off of this is going to be quite difficult over the next few years. We have done something rather strange in Afghanistan—it is the opposite of the Jeffersonian principle of no taxation without representation—as we have got MPs and the President who are elected but are not accountable to their own people. We actually have a situation of representation without taxation. There is a very low level of tax-raising from individuals in the country. The relationship that you, as elected politicians in a Western democracy, have does not exist in Afghanistan. Creating it is one of the new challenges of the next few years. Even at the moment, taxation is only 40% of what it needs to be in order to finance the Afghan state; the shortfall, as Gerard was saying, is going to be huge, with aid collapsing over the next few years. Building more accountable institutions and less corrupt institutions—given the extent of the corruption that has been allowed to grow in Afghanistan—is probably the country's biggest post-2014 challenge.

Dr Gordon: I would like to add something to David's point. The international community has inadvertently created the world's greatest rentier state. What we have seen is the formal institutions of the state becoming patronage networks and vehicles for the creation of these networks. Once you start to remove the injection of foreign capital, which we have seen over the last 10 years, those patronage networks will adapt. We have seen even the High Peace Council being used as a means for promoting Karzai's patronage network, creating winners and creating

losers. I think the real concern in terms of many of the institutions is the way in which they adapt to the tap being turned off and the way in which they reconnect, or connect more firmly, to the narcotics industry. That is the great concern.

The question you ask could be seen on a number of different levels. We tend to focus on the national level, obviously: how will the national level institutions—the Afghan national security forces and the political institutions—cope? There the big question is whether there is time to create a more accountable set of institutions with some sort of constitutional change: perhaps creating more accountable governors and a greater role for the legislature in generating legislation and greater accountability. There is also a question with a lot of the community councils that have been created at district level as well. There is a question about whether, with the removal of donor money we are going to see some of those community councils, which I think are the key to linking the districts to the province to the capital, will be able to survive, and whether we will start to see the great strongmen coming back.

Q3 Chair: I have a couple of questions arising from that. You have expressed it, it is the view of the British people and it seems to be the view of the people we met in Afghanistan that in 2014 everything is going to fall off a cliff. The money is going to stop coming from the international community. Yet, Chicago is about to say, “No, that is not going to be the case,” and Tokyo I will come back to later, but it is presumably about something else.

Indeed, the objective from the Kabul Conference was that 50% of the funding in the future should be channelled through the Government; I think you have answered the question as to what you think about that. In Afghanistan, part of the Committee went to Helmand and the other part—of which I am the only one here—went to Bamyán, and it is a completely different story. Indeed, it is a diverse country. Presumably, there are some local institutions that are more focused and accountable than others. It is the central Government who are not.

First of all, is it right to put 50% of the money through the Government? I think you have almost half-answered that question. Secondly, is there more to be done at local level, particularly in those parts of the country where there is more genuine accountability?

David Loyn: Paradoxically, I think it is right to put more than 50% through the central Government, provided you can put it through better-functioning institutions. Not enough work has been done to build functioning parts of the state. It is happening at the moment and taxation is increasing. It was increasing 20% a year until 2011; it is now increasing 40% a year. Adam Smith International’s project, financed by DFID, is to increase tax collection. I have seen people at a Kabul tax office queuing up to register to pay their taxes. When I met businessmen in Helmand last year, this was the first thing they said they wanted to do: when the businessmen registered with the Bost Business Association they said, “You realise you have

to pay your taxes.” They all said, “Of course, that is what we need to do.”

There is a new awareness in Afghanistan that these things have to change, but all of the World Bank indications recently have been that the Government are getting worse, and that the direction of consolidation at the centre is worse. You have seen Bamyán; Herat is the same. Mazar-i-Sharif is a functioning town with very good relations across the border, a railway line, good roads and a new university. Industry is really booming. There are large chunks of the country that are not controlled by the centre; they are controlled by warlords, but seem to be controlled in a functioning way.

Dr Gordon: I am fairly concerned about the dynamics of the transition process. I think there has been a significant set of attempts to try to make sure that the scenario that you have described—a transition simply leading to a mass exodus of foreign forces and a closing of the aid pipeline—does not happen. I think a lot of effort has gone into that, but talking to the aid community and international donors in Kabul and beyond, there really is a sense that aid will drop off; in the Afghan National Security Forces there are already backroom discussions about reductions in size because the current size is unsustainable.

The transition process needs to be much more carefully managed by the international community. This year we are going to see provinces and districts that are more turbulent and volatile being transitioned to Afghan National Security Forces’ control. I think that is the right thing, but it could be bloody and messy at times and it is important because the history of transition in Afghanistan tells us some quite interesting things. When the Soviets left and the Afghans were left behind, the Mujahedeen had their Jalalabad moment, which is where they challenged Kabul and it was only after a significant military defeat that you had a period of stability in the transition, so having that process occurring while the Americans are still there to back up or to provide insurance is an important dynamic.

In terms of what the international community can do, there are two things which concern me. One is that, as transition becomes more likely and the international civilian presence reduces, there is a significant risk that the amount of international oversight of Kabul’s expenditure will reduce, and that will slow up even further the passage of money from Kabul down to district level. If that occurs, it will have a dramatic impact on some of the governance arrangements as well, and make it more likely that other patronage systems will become more dominant and the informal sector of governance will predominate over the formal.

Q4 Mr Gyimah: I wonder if any of you are familiar with this book that is being serialised in *The Sunday Times*, extracts from *Little America: The War Within the War for Afghanistan* that has been written by a gentleman by Rajiv Chandrasekaran.

David Loyn: He wrote *Imperial Life in the Emerald City*, the Baghdad account.

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Q5 Mr Gyimah: The reason why I raise his latest book is that he points to conflict between the US military and British forces, but from my perspective what is important is the conflict between the provincial reconstruction team in Helmand and US military forces. As far as the transition is concerned, what does the international community need to get right within itself to make that effective? If what he is saying is true, it means that we have not got our own policies right, and that makes it very difficult to actually have the right policy for Afghanistan.

Gerard Russell: I think that provides, in a sense, the answer to why 50% of aid funding should go through the Government. The alternative has often been a rather poorly co-ordinated international effort. Unless one body has oversight of all aid then of course it is always going to be somewhat poorly co-ordinated. That is partly because different actors may co-ordinate, but they have different objectives and different priorities. The military, traditionally, has tended to look at the areas where they are most present and the periods when they are most present as being the highest priority, whereas aid agencies tend to take a longer-term vision. That is a slight generalisation, but I think that has often been true.

David Loyn: The two key principles of the Paris Declaration that are relevant for Afghanistan in terms of aid effectiveness are that 50% of aid should go through Government budgets and the other one is about co-ordination. It is about co-ordinating effort. We have seen in Afghanistan that it seems to be in the Government's interest, President Karzai believes, to have aid not very well co-ordinated. We saw four or five years ago the suggestion that what was at the time called a "super gorilla" figure should emerge—Paddy Ashdown's name came into the frame—a big international figure who should co-ordinate aid. President Karzai quashed the idea that some figure could do it much better than it is being done at the moment.

You have seen a fragmentation on the ground and the World Bank, again, has been highly critical of all of the aid that has flown outside of the Government budget. They have described an aid juggernaut in Afghanistan, which has corrupted the elite of the country, corrupted people in the countryside and made it far harder for any of the effective international actors, such as DFID, to operate well within the country. I think what will happen in Helmand in the future, though, if you remove the American troops, who have done so much to stabilise Helmand and to assist governance in the last two or three years, is one of the big unknowns.

Q6 Chris White: Bearing in mind that when the Committee visited DRC a great deal of emphasis was put on the £28 million that DFID was spending on voter registration for elections that were subsequently found to be neither free nor fair, how would you suggest the UK supported legitimate and safe elections in Afghanistan and how would you see that our money was spent effectively?

David Loyn: Do you have a choice of not supporting elections? In a sense, democracy is one of the things

that the international community has held to more than anything else in these post-conflict countries. I remember, during the dispute over the presidential election last time, when there was quite a pressure from the international community that President Karzai should not be re-elected—that was well known; there were diplomats briefing against him. As you will remember, there was a recount. Going to Afghan villages, they said, "Could you just get on with it? We voted. This is your politics and your democracy that has been imposed by the West. It is seen very much as something imposed by the outside, but is hugely popular with individuals. We have all seen the women voting, holding their fingers in the air. It is a very popular thing to do.

Voter registration is key. The elections in these countries are stolen not at the ballot box; they are stolen at the registration points. There will be, over the next two years—we have already seen it—significant pressure from President Karzai to keep the international community out. Continuing oversight of election monitors and of the registration process, and financing it properly with proper international scrutiny seems to me to be something that the international community probably is bound to do. At the same time, it needs to get fair reporting of elections and much better media reforms. The second biggest funder of the media in Afghanistan is Iran. If we pull out from some things in terms of building civil society and in terms of building elections over the next few years, we will not leave Afghanistan with very much.

Gerard Russell: I agree that a proper voter registration system would be an extremely useful tool in combating fraud. Having resisted it in the past, I do not believe the international community is now going to carry it out, particularly because the security conditions and the level of funding are not propitious. In 2010, Democracy International identified several steps that could be taken to improve the quality of future elections, some of which are relevant to the presidential elections. Those include, for example, an independent electoral complaints commission or electoral supervisory commission. A recent draft law has been put forward by the Afghan Independent Electoral Commission, which would make the head of the IEC head of that appeals body—that electoral complaints commission. That is not a particularly satisfactory situation because the IEC chair is himself appointed by the President, even though he did a good job in 2010.

You have a question about how these bodies are created. One of the other suggestions they had, which I think is very useful, is to build up the Afghan's own domestic observation capacity. Can you train Afghan monitors? As David said, can you foster the independence of the media? The timing of the election is going to be important. I actually have a lot of sympathy with President Karzai's proposal that it should be moved forward to 2013. I think a change of President in 2014, at the very time when Afghans are most worried about what the future holds, is going to be radically destabilising, but the question is also who the chosen candidate of the President is going to be, and there is a lot of speculation that a candidate might be put forward who essentially represents the

establishment, which leads us to a re-run of what happened in 2009—you have quite an ethnically fragmented set of candidates; one is taken to represent the Pashtuns; one in essence represents the Tajiks and another represents the Hazaras. That would be a very unfortunate situation, really, for Afghanistan in 2014 or 2013. The political parties need to be worked with: you obviously want to have a competition, but you do not want to have a competition that is on ethnic lines, if you can avoid it.

Q7 Chris White: Bearing in mind what you have said, if some of these things came to pass, what confidence do you have that the elections will be legitimate? Is it totally unreasonable to ask that?

David Loyn: They were not very last time, although the parliamentary elections were better than the presidential elections. As Gerard says, getting voter registration done successfully is really complicated at a time of conflict. Afghanistan is a much more peaceful place now, and it could be done better, but British military lives were lost securing voter registration in Marja and providing peace so that people could vote in Marja, and very few people actually voted because they were too frightened to turn out on the day. These things remain very complicated.

The other issue about media freedom, if I could just come back to that, is getting fair reporting throughout the period between the elections. I know of two candidates who could have been serious presidential candidates, but when they began to put their toe in the water nationally to stand up and say, “Perhaps I could run a campaign,” they were cut off viciously below the knees by personal campaigns run on several television stations owned by people at the centre, some of them close to President Karzai. It is quite hard to see genuine opposition candidates emerging and building any kind of political machine, other than mavericks like Ramazan Bashardost, the anti-corruption candidate, who—from nowhere, remember—came third in the presidential election last time because this anti-corruption mantra is so popular in the villages.

Gerard Russell: I almost feel like suggesting that Afghanistan take a look at what happened in Egypt. I would be very interested to see what lessons there are. It seemed as if people in general, in Egypt, took those elections to be fair. There were specific claims and criticisms, but it would just be interesting to take some lessons from that about how their systems work.

Q8 Hugh Bayley: I can understand entirely the need for a comprehensive approach, but we are the International Development Committee and perhaps I can start by asking you for impressions of our aid programme. There are two points I would like your responses to. First of all, how effective, in terms of outcomes, do you believe the UK aid programme has been over the last 10 years, and what would you see as the key successes and key failures? Where do you think the emphasis should be over the next two years, which have already been described as a very difficult transition process? Perhaps I should say that one of the reasons I ask this question is that I was struck

forcibly, in Afghanistan, by how poor the retained memory is. Because the DFID teams go in and out for a year or two, or two or three years at a time, there was no recollection among the staff in Afghanistan that saffron was a key alternative to poppy, or that mint at another time was a key alternative to poppy. Wheat, of course, has continued as an alternative. I would welcome your view over the longer period of the last 10 years and your suggestions for priorities for the future.

Dr Gordon: I have drawn the short straw on this one. I will start with a negative, being a natural pessimist. I think you are absolutely right: the institutional memory has been a problem, but I think it has been a problem for all three Government Departments engaged in the comprehensive approach.

For every DFID person who spends six weeks on, two weeks off, and spends six months to a year there, you have got an army private who spends six months in theatre, for two of which he knows nothing, for two of which he is very competent and for two of which he is looking to go home. The Foreign Office shares many of the same challenges. I think the UK would never have pursued a policy in Northern Ireland with that degree of personnel churn and I think that has been an enormous restriction on their capacity to make effective change.

As for the things that I think DFID has done particularly well, I think it is worth remembering that Afghanistan has been one of the world’s poorest countries; I think it is the second most corrupt in terms of business skills; there have been 30 years of conflict; and it is a violent place, as well, particularly from 2006 onwards. Therefore, actually operating a development programme at all in those sorts of environments is quite an achievement.

We have been able to function in terms of trying to corral the international community, pursuing an aid-effectiveness agenda, seeking to build the institutions of the Afghan Government and creating a policy environment in which business can take place. I think those have been good. In the early days, though, I think it is fair to say that the national technical-level approaches were problematic and the absence or weakness of area-based approaches was a real challenge. The lessons of Helmand have been that you need a much more judicious balance between district-level delivery and a national-level technical programme about national institutions, both political and economic. I think DFID has slowly evolved towards an approach that has a more effective balance.

The other thing I would say is that the ICAI report on Afghanistan took many DFID staff by surprise. That, to me, suggests that there is perhaps a difference between how ICAI and DFID’s internal auditing mechanisms are working. ICAI perhaps should not have been so much of a surprise. Somewhere along the way either ICAI has got it wrong or DFID’s internal auditing mechanisms have not been sufficiently robust, and, whereas ICAI may have underestimated the difficulties of operating in a conflict environment, DFID’s audit mechanism may have overcompensated for them. That is where I would suggest there is room for improvement.

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David Loyn: There was a big problem at the beginning. It is not just that NGOs have a six-month memory or a one-year memory, but that to all of the internationals who came to Kabul in 2001 it seemed like a prairie, like nothing had ever been there before. They forgot that there had been functioning institutions there within living memory. There were thousands of civil servants who came back to their offices in 2001 expecting to be put to work. We all know the cliché of the individuals who put on a shalwar kameez or grew their beard or wore a suit, depending on whether the communists or the Mujahedeen or the Taliban were in power. I knew some of those individuals; I travelled a lot in Afghanistan in the 1990s and met the same man at the Foreign Ministry who would accredit you, who was wearing different clothing depending on who was in power.

They got their suits out from under the mattress in 2001 and came into work; they were told that they were not needed because there was this sense, particularly from the US, that nothing had ever existed there before. Huge mistakes were made, and an opportunity was lost, right at the beginning, in not going to those institutions, which did not work terribly well in a modern sense but did have civil servants who wanted to operate. Forgetting what had been there before has been a constant problem in Afghanistan in terms of the institutional reforms.

DFID, actually, has been one of the aid darlings over the years. The World Bank and DFID have worked together in Afghanistan in a very co-ordinated way. Britain, as we know, is the largest bilateral donor to the Afghan Government. It is not the biggest donor to the country, but is the largest bilateral donor because of the way the aid goes through the bits that actually work. The Afghan Reconstruction Trust Fund, when it started, was a really problematic creature that did not work very well at all. It had very hard conditions for people to get anything out of it, but it now works extremely well, and the United States is beginning to put things through it. There is also the National Solidarity Programme, which is the other really functioning thing. Of course, funds for that are being cut very rapidly at the moment, but the NSP, again, in the villages, is one of the shining stars that has really worked in Afghanistan, in terms of delivering aid that is effective on the ground. This is, again, principally DFID-financed. In health and in education, much of the really good work that has been done on the ground in terms of financing the things that matter, like teachers' salaries, again has been paid for out of DFID budgets. I think there is much to be proud of along the way from the way in which Britain has put money into the country.

You ask, Hugh, where we have got it wrong. I am someone who talked to Afghans on the ground in 2001 and said, "What do you need?" I get the sense there is a lack of justice structures, the rule of law and land tenure in particular. Getting land titles right is something that the international community has failed to do over the years. The Americans put some money into it then stopped doing it. I was slightly surprised at DFID the other day when I was told there was a pilot programme under way, financed by DIFD, to sort

out land rights. You can imagine the issues that Afghans face, returning to their farm that has been fought over three times; refugees have come and refugees have gone. What you tend to do is to put the powerful land title into the hands of the man with the biggest gun—into the warlords rather than into any institutional structures. That has been a fantastic opportunity for the Taliban, who have succeeded in villages right across Afghanistan in providing what Afghans need, which is resolution with their neighbours.

Any disputes that people have with their neighbours are sorted out by informal courts that tend to be backed and supported by the Taliban. That has been, I think, their major success in the country, particularly since 2004 or 2005, when the moment of opportunity for the Karzai Government went. When you went into Afghan villages then they talked about the Karzai government as if it was in the past. They said, "When Karzai's police were here they were corrupt; we had to pay for justice. Now that the Taliban are back, things are much better. We get the justice that we need in terms of these resolutions with our neighbours."

I think some attempts at justice reform in recent years have been more successful. In Helmand last year I saw a justice shura financed by DFID. Women were talking openly about what they wanted, and they were listened to by lots of Pashtuns in a very conservative place. So things are changing, and justice is finally being properly seen by the international community as something that they should be putting money into, but it is very late in the day. I think, of the mistakes that have been made since 2001, it is the biggest opportunity that has been lost.

Gerard Russell: I agree with a lot of what Stuart and David have said. I think that probably the two things we missed the chance of doing in the early years, when it would have been a lot easier to do, was a proper census and a survey of land and water rights, because those have contributed a lot to local disputes. If you look at, for example, Hazara-Kuchi disputes in Wardak that went on just about every year, as David said, those disputes at a local level—especially, down in Helmand, disputes over water rights—have been consistently exploited by the Taliban. I would say, in my experience of the DFID staff in Afghanistan, they were of a very high quality on the whole. I think that their policies have been very progressive against a backdrop where expectations have to be pegged quite low. I think an increasing awareness of the fact that politics plays a role in projects, and that you cannot separate aid out from politics in Afghanistan, has been important.

I want to comment on two things that I think deserve greater scrutiny or need to be thought about more carefully, perhaps more carefully than I can. First is the balance of risk, because if you have projects at a local level, a lot of people think that these—this microcredit, the National Solidarity Programme—have been pretty good in the effects they have delivered, but they are hard to supervise, and you have, perhaps, a greater risk of money going astray. Have we got the balance of risk right between the risk of money going astray, if there is insufficient supervision by internationals, and the risk that the

international presence, being relatively expensive and limiting, holds us back from the effect that we could have if we put more money through Afghans at a local level and took just a slightly higher level of risk?

Secondly, I think DFID has done some work on metrics; I have here the metrics of expected results for the plan that they have at the present time. Perhaps some more work needs to be done to fix these a little more carefully. For example, DFID “will contribute to an increase in the number of people who say their provincial government was doing a good or very good job by 2015” makes the aid process very much hostage to opinion-polling, whose methodology some people regard as suspect. Is that necessarily the right criterion by which to judge success?

Dr Gordon: I just have a couple of quick responses. First, DFID did recognise land tenure as a problem right from the start, but I think they had significant difficulties in accessing Helmand, particularly in 2006. They did invest in the land registry in Helmand, so that was a recognition of the importance of land and water rights, but they under-invested in their own staff to manage those programmes and to deliver those results, and there was not sufficient financial investment at the start.

That is also related to a serious problem in DFID’s approach to Afghanistan, one which is also true of the other two Government Departments—the understanding of the conflict dynamics and the drivers of conflicts. The first strategic conflict assessment DFID produced was not until early 2008 and then there are question marks over how effectively that was used as a basis for programming, particularly as most of the strategies had already been set by that stage, such as the Interim Country Programme, the Helmand Roadmap. All of the great strategy architecture had been set by that stage. I think for future work for DFID on conflicts, the integration of conflict assessments into early-stage planning and then into programming choices would allow you to recognise the conflict drivers, rather than simply superimpose template solutions from the DRC on to the new crisis that you face. I think there is some important work to be done there, and I think DFID has already started to do some of that work with the new Joint Assessment of Conflict Framework, but I think that needs to be given more visibility across Whitehall. There is a real risk that the Foreign Office and the MoD will have their own procedures for conflict assessment, and that DFID’s much more systematic approach will not necessarily get the profile that it needs.

I think there is another problem as well. DFID has been pressured at times into infrastructure work within Helmand and in Southern Afghanistan. In part, that pressure has come from other members of the international community. The Americans have been very keen on road-building, for example. I think it was Petraeus—I might be wrong—who said, “Where the roads end, the Taliban starts,” but I think the reality is that where the road-building starts, the Taliban benefit. The problem with much of the infrastructure work that has gone on through the international community outside of Government processes has been that it has created rent-seeking opportunities and it has been a conflict driver as well,

with diversion of money to the Taliban and to militia groups and also a real sense, in this sort of zero-sum society where there are always winners and losers, that some people have benefited and others have not benefited from road-building and all of the major infrastructure projects. That has been a source of conflict as well.

Chair: I think we have a few more questions. We want the answers, but as briskly as possible.

Q9 Mr McCann: I have some questions on corruption. I think it is important that the British taxpayer knows that Afghans on the ground despise corruption, and it is rather disturbing that the Taliban are using that as an offer to exploit what is happening at the top of Afghanistan. That brings me to President Karzai who has an ambiguous history in relation to corruption. He made a speech in Parliament last week on corruption. If I could put this question to David first, how realistic is it that anything can be done about corruption in Afghanistan, and how realistic or feasible is it at present, when Karzai is at the helm?

David Loyn: I think there will be a significant reduction in corruption when there is a significant reduction in international aid. Remember, it is one of the big drivers of corruption in the country, not just because there is an awful lot of money around, but because there is a lack of unaccountability in the provinces. I remember last spring talking to a police chief in Maiwand, right at the eastern end of the British sector, bordering with Kandahar. I said to him, “Who are you fighting? Who is your enemy? Who is the biggest threat to security in Maiwand?” I was expecting him to say, “Well, the Taliban.” He said, “Of course the Taliban are here and they are causing us some trouble, but the real trouble is criminal gangs because there is so much unaccountable American money floating around that they all want a slice of it,” which was very much Stuart’s point about local road-building contracts.

The way that the money has flown outside the system has been a corrupting element in itself for one part. The other part of the corrupting element is the salaries that are paid by the international community. If I can quote Astri Suhrke, who wrote this excellent book recently, *When More is Less*, about the problems with the funding that has gone into Afghanistan, she said that the pay differentials between what people were paid in the public sector and what people were paid by external contractors, by international donors outside the state, has created “a perception among the core civil service that it is outclassed and out-paid, and that corruption is, therefore, a valid means of levelling the playing field.” The Government system becomes corrupt because there is an expectation of getting a slice of this money.

As far as President Karzai’s speech is concerned, he has now appointed a tribunal to look into the Kabul Bank; \$120 million of the Kabul Bank money that was stolen has been traced. There is more widespread acceptance that they will not get a huge amount more of it back. There has been a property market collapse in Dubai. No one knows quite how much money there really is. If it had been invested, it would now be \$900 million, but the belief is that it is probably

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around \$500 million that they would be looking for. There is a growing sense from the international community that enough has been done by the Afghan state in terms of putting this tribunal together.

President Karzai is now saying all the right things on corruption, but the other point that he mentioned in that speech was about the central bank governor, Abdul Qadir Fitrat, who had fled to the United States because he felt he was under investigation, having tried to name and nail some of the individuals involved in the Kabul Bank fraud. President Karzai named him and said he wanted him back from the United States to face trial himself, and this seemed to send a lot of the wrong kind of signals, because Abdul Qadir Fitrat, in a BBC interview, named the brother of Field Marshal Mohammed Fahim, one of the most significant men in the country, as potentially implicated in the Kabul Bank fraud. He named the brother of this very senior person and said that he had been continually pressing for a special prosecution but he had not received any information that there was a credible plan to prosecute or investigate those individuals. He said that high political authorities of the country, i.e. President Karzai, were personally responsible for blocking these efforts. That was this central bank governor, who is now in the United States fleeing for his life. President Karzai wants him back, at the same time as saying that he is against corruption. There are political wheels within wheels in this, which in some ways, point in the wrong direction.

Q10 Mr McCann: This ICAI report gives us two extremes: it gives us the Secretary of State's mantra that you want to follow every pound, every 100p, of British taxpayers' money and how it is spent, and then the other side of the coin is that we are working in a war zone. How do you put those two issues together? The question would be: how effective is DFID's work on corruption, given the place where they are asked to carry out their work?

Dr Gordon: It is a difficult one to give a single answer to, but I would say that they are doing a reasonable job. They have a fairly balanced strategy. When you are looking at corruption in that environment, you cannot simply look at a criminal response to it or a politico-criminalised response to it. They have been seeking to create mechanisms for accountability in civil society; they have been trying to strengthen the institutional management of funds; they have been trying to pursue public financial management, good governance and anti-corruption strategies. These represent quite a balanced portfolio of approaches. When you take into account the volatile environment they have been working in, and the idea that you will apply checks and balances that you would apply in the City of London, for example—one would hope that they would be slightly better than those.

Q11 Mr McCann: Taking the 100p argument, how much of every British taxpayer's pound do you think is lost through corruption in Afghanistan?

Dr Gordon: I have no idea. I think it depends on the project; I think it depends on the programme.

Q12 Mr McCann: Give me parameters in which to work. What is the best-case scenario and what is the worst?

Dr Gordon: I do not think you can do that. You would just produce a whole series of generalities. I do not think a single headline figure is a worthwhile benchmark; I am sorry.

Gerard Russell: I have only two things to add. First of all, to focus on losing no money through corruption has its own potential perverse effects. For example, it is very safe for DFID to employ foreign consultants like me. I did this last year, to be completely open about my own connection. For somebody like me to be paid to go out and do a project is very safe, but of course none of that money reaches Afghans. If you say that avoiding corruption must be the number one rule, you risk choosing projects that are entirely safe but maybe do not deliver as much as slightly riskier projects.

However, I suppose that somehow there is a difference between corruption where the money is siphoned off outside Afghanistan by the elites, and corruption where the money goes around the system in Afghanistan. I suppose if I were an Afghan, I might be most concerned to see leaders and people in the political elite appearing to invest their money overseas because that sends a signal that they do not have confidence in Afghanistan's future. I fear that is the worst aspect of the Kabul Bank crisis and others like it: the perception that the elites themselves are not going to be sticking around.

Q13 Mr Gyimah: David, you said that the corruption, to some extent, has been driven by aid and the lack of accountability and that should somehow diminish post-2014. When you have got people who have got used to earning their way—or not earning their way, as it were—through the system, what do they do when the taps are turned off? Presumably they find other ways to get their take.

David Loyn: That is the biggest security risk that Afghanistan faces after 2014, finessing the expectations of people who have grown rich, particularly military contractors. There are dozens of warlords who have got a lot of money from running a lot of security contracts for the international community, which will not exist after 2014.

As someone who has written a book on Afghan history going back over 200 years, the proximate cause of the collapse of the British in the first and second Anglo-Afghan wars was the withdrawal of funds from warlords, in 1841 and in 1880; the third war was slightly different. Remember that the Najibullah Government collapsed in 1992 because Russia turned the taps off. We know the story. The Najibullah Government succeeded rather well after 1989 and, as Stuart said, destroyed the Mujahedeen in Jalalabad, and that gave them a breathing space for the next three years. When Russia cut the funds in 1992, the Mujahedeen came back with all of the banditry and damage that we are still reaping the consequences of in Afghanistan.

It is a huge risk, but the big advantage of it is that you might then create a situation in which the only jobs people can get in Afghanistan—providing you can get

the institutions working, which is the big challenge over the next couple of years—are within the state system or within functioning private industry. That will take away the opportunity for warlords to play the game that they will want to play in order to retain their power.

Q14 Mr Gyimah: That requires a big culture change in the next two years.

David Loyn: Not hugely. There are large pieces of Afghanistan, as I said before, that are working very well, even in Helmand. When I was in Helmand last year, there was one day when I went out, off the programme, with Royal Engineers, who were building a road, and the foreman of their road gang—this was an individual who was not introduced to me by a Government press officer—had, until six months previously, been the local Taliban commander. They did not even know it until I went to interview him. Asked why he was now doing what he was doing, compared to what he was doing before—he was about 30 years old—he said, “Well, a lot of my friends were being killed. It did not look as if there was going to be any future in the war, so I left the Taliban and I got this job and it pays me more money than I got with the Taliban.” He and his men had all left together and were camping in a tent, building a road for ISAF. Reintegration happens. You do not need to give him any sort of false incentive to lay down his weapon if you have got a functioning economy. In places like Helmand you are beginning to see that.

Q15 Mr Gyimah: My next question is on the security situation. One of the questions I am still grappling with—even after having spoken to a number of people there—is what progress has been made in improving security in Afghanistan? It is not very obvious, given that we had to go out in armoured vehicles every time in bullet-proof vests.

Dr Gordon: You did manage to go out, and I think that is part of the key. The level of security that you face is different from that faced by the average Afghan. I was in Helmand earlier this year; I went on a patrol with the American military in Sangin, and unlike on earlier trips there was no shooting and no IEDs. We managed to walk through the bazaar for the best part of two hours. You could never have done that 18 months or so before that. There has been a change. In the central Helmand river valley, as well, the change is really quite significant. That is because, I think, the recipe finally was right. There were sufficient troops—American and British, as well as Afghan—to provide a form of security and there was a governance reform programme. That recipe was quite powerful. Where you have not found that, in the bulk of the rest of Afghanistan, you have less progress, obviously.

Q16 Mr Gyimah: I suppose the key to post-2014 is the Afghan National Security Forces. The question there is how the progress made in improving their capacity can be sustained post-2014.

David Loyn: They are better than they were. The trainers I talked to say that they are better than they thought they were going to be by now. The

mid-ranking ANA officers whom I have spoken to are in a completely different league to where they were only four or five years ago. They seem to be an impressive and cohesive national force. I saw something in Gereshk, in Helmand, last March, which I never thought I would see, which was local Pashtun elders bringing their sons to a recruiting office to join the local police and the ANA. A recruiting office had been set up in the town hall. For Pashtuns in Helmand to be joining the ANA marks a sea change in the political culture of the place.

They are not anything like as good as the forces that the Russians had put together by the same period; they are nothing like as ruthless. They do not have good local militias, as the Russians had. We are leaving Afghanistan in a much less secure state than it was left in 1989, but they are much better and a much more cohesive force than I think anyone had a right to expect two or three years ago.

Q17 Mr Gyimah: We heard from one NGO, when we were in Afghanistan, that there were doubts over whom the Afghan National Security Forces would be loyal to post-2014. How valid is that concern? Is there a danger that the army will fragment and support local warlords?

Dr Gordon: Yes and yes, I think. I agree with David’s assessment of the Afghan forces, but I think there are two problems. One is the difficulty in sustaining the current levels without adequate funding, and that really worries me because we have seen an expansion both in the formal security forces and in the informal security forces. If you remove the funding, what you have got is a well-trained militia. There are already signs, in parts of Helmand and elsewhere, in particular, of some of those security forces, particularly the ANA and some of the militia, realigning with some of the local power brokers; the old strongmen. I think it is that fragmentation along tribal and patronage network lines that is the real concern.

There are two key things here. The first is to make sure that the level of funding for the ANSF generally is maintained as high as possible, and the training is continued so that we leave them in a reasonable state, although there are significant weaknesses. I think I would be slightly more pessimistic over the strength of the Afghan National Army than David. The other thing is that there needs to be a much more coherent plan for dealing with the militia, their incorporation into the ANSF and their demobilisation programmes. I think that is the real weakness.

David Loyn: Can I just add that, given the very sombre news yesterday of three more British deaths, a quarter of the British deaths in Afghanistan this year have been so-called “green-on-blue” attacks, and that is a really hard statistic for individual young men and women going out over the next two years, and a huge threat to morale. On the bigger scale, we saw the response of the French Government when they lost some troops earlier this year. It has had a significant effect for the timetable in terms of the support of nations who so far have been part of the coalition.

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Q18 Mr Gyimah: My final question is on reintegration, and whether you see the Afghan peace and reintegration process as a success. What, if anything, can be done to improve it?

David Loyn: I talked about the individual I met. I think it is about the economy, not about reintegration. I think on the whole reintegration on the ground has been very patchy at best. Individuals in Jalalabad, whom we have interviewed on the BBC, have gone in and out of the army, gone back, got their money, gone back to the Taliban, got their money, and have, on several occasions, as it were, sold and bought Kalashnikovs and still have not got a job. The key is economic support. The bigger question is reconciliation, which you probably will not be addressing in terms of international development. Attempts to talk to the Taliban have been so badly handled by the United States that I think it is not going to happen this side of 2014. All of the kind of work that was done in Northern Ireland, with long-term relationships with MI5, and individuals rather bravely pursuing those relationships during the dark years of the 1970s and 1980s, has not happened in Afghanistan. The links have not been made and there has been a real impatience on the part of American negotiators, which has confused the Taliban high command—their political structure—because they are getting mixed messages from the international community.

Dr Gordon: On the reintegration issue, I do not think Karzai takes it particularly seriously. He sees it as another opportunity for building his insurance policy and patronage networks for once he leaves presidential office. The functioning of the reintegration process has been dreadful, catastrophically dreadful.

Q19 Richard Burden: I suspect that the last point you made, David, about reconciliation, may well be relevant to the inquiry we are doing. Whilst we have not got time today, probably, to go into great detail, any notes you want to send us on that could actually be quite informative.

I was going to ask about the question of the rule of law, particularly in remote and rural areas. If I have understood what you have said correctly, there is often a thirst for that to happen. Often it will manifest itself as a respect for more traditional or informal sorts of systems and can, in some cases, gain the Taliban credibility for cleaning things up locally. Gerard, you said that you thought we had missed a trick a few years ago on things like land rights and water rights. What do you think we could be doing now about that, even if it is a more difficult environment to do in it? Particularly in rural areas, what should we be doing around the rule of law? How do we marry up going with the grain, understanding that traditional systems have got a traction that you cannot ignore, and the equally valid point that if you are a woman that does not really mean very much.

Gerard Russell: First of all, there has been some progress in the provision of access to formal justice systems, even if it remains the case that allegedly 80% of disputes are resolved informally. At least if you are in some areas of Helmand you might now have a

chance of being seen by a judge. Frankly, the number of judges has never been adequate to cope with the cases anyway, and there is a perception that justice is a very corrupt process, and that contributes to the success of the informal systems. It is hard to compare them, because we do not of course know all the details of the informal system and the judgments that it makes, but it is pretty clear that it is not as good a forum for a woman as a formal court would be. None the less, I do think one of the things we probably should consider is how to work with that flawed system and make it slightly better, rather than necessarily putting all our eggs in the basket of the formal system, with all its flaws and the perception—the reality, frankly—that you pay money to the judge if you want the case resolved your way. Many Afghans have told me that they themselves have—for example, in civil disputes over land—paid according to the acreage, essentially, and the judge then will decide in their favour if the other side has not paid more.

David Loyn: There is a danger of being too romantic about the informal system. A lot of really good tribal elders have been targeted and killed by the Taliban since 2005–2006 in Helmand. I asked about an individual I knew very well when I was in Gereshk last year, and he had been targeted and killed as the sort of person who was a useful individual for a functioning system of any kind. There has been a coarsening of the local dialogue. We can be very romantic about tribal elders and informal systems, and sometimes the apparatus is just not there.

Q20 Richard Burden: So what could we do? If we were talking about recognising that it is relevant, improving it a bit, what does that mean in practice?

David Loyn: Provide clean justice from the top, secure the rule of law at the centre, have an elite that is not seen as corrupt within the country, and respect local justice. At the same time, however, Afghanistan is becoming much more traditionally and socially conservative again. There were a few years when the Chief Justice Shinwari, who was backed by the international community, moved towards a far more fundamentalist, Sharia direction. He is now no longer Chief Justice, but is the head of the Ulema and he wants a proto-Taliban style of national law in the country.

You are seeing more fear growing into national public life in Afghanistan as we move towards 2014. There was a new report out by Media Action yesterday suggesting that the media in Afghanistan is self-censoring for fear of the Taliban. So you are already seeing people taking decisions that they believe would put them in a better light were the Taliban or people like them to return to central Government. There is an ActionAid report out today saying that violence against women is increasing. There is a real sense of fear. There was an NGO worker, and the driver, when they got to a checkpoint, was asked by a policeman, “Why are you driving this foreigner around? You should be killing them.” This NGO worker spoke Dari and understood the question. These are just anecdotes, but they are reports of a country that is moving in the direction more of fear

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than of governance and rule of law of the sort that would bring the sort of justice that people in Afghanistan yearn for.

Q21 Chair: On the Tokyo conference this month, as I understand it, Chicago is designed to ensure that there is a commitment to fund the Afghan forces, and Tokyo is designed to ensure there is ongoing commitment to deliver effective, targeted aid, at least to 2017 but actually beyond. What do you think might be achieved at Tokyo? What do you think the outcome is likely to be?

Dr Gordon: It is very difficult to say. I think there will be significant attempts to avoid the sense of a dash to the door. I think a number of NATO partners are already looking at programmes on the softer side—civil society, health, education in particular—recognising that leveraging aid to deliver political aims in Afghanistan will be quite difficult. I think there will be significant commitments from countries to maintain a real semblance that aid is not suddenly dropping off the cliff; that there is a commitment that goes beyond 2014; that this echoes the Strategic Partnership agreement. I shall be particularly interested in how much of this will be focused on governance, on maintaining civil society and maintaining the ability of civil society to hold government to account.

Q22 Chair: The DFID programme operating under the National Security Committee is specifically targeted to building the capacity of the Afghan Government. Is that likely to be a shared objective of the international community? It is slightly different. It is not about reducing poverty; of course, it is about reducing poverty, but normally that would not be the headline. The headline is strictly the capacity of the Afghan Government.

Dr Gordon: I think it is, for two reasons: firstly, it is a wonderful legitimiser for a military withdrawal that will have some very damaging impact on society and stability in Afghanistan, so it is a wonderful way of balancing your own scorecard. Secondly, within the aid community, there has been a renewal of good governance as a valid approach in conflict and post-conflict environments. The only problem is, I think, that there are multiple definitions of good governance—of what the institutions, the policy, the strategy should look like. I think the problem is that we are likely to see a lack of cohesion in governance approaches, with what is likely to be an increase in money.

The critical areas remain balancing the powers of presidential government with the ability of Parliament and civil society to hold it to account. There have been some tremendous improvements in terms of health access; I think 85% of Afghans now have access to healthcare of some description through the basic package of health services. Education opportunities have really been strengthened as well.

Whilst I think we have been quite critical of some of the perverse impacts of development, I think particular types of development have created those perverse impacts—the forms of development that have been militarised, harnessed for short-term

political objectives; that have been outside Government and bypassing Government. Those have tended to be the ones with these perverse consequences, and, as you pointed out, the National Solidarity Programme and some of the NGO work as well has been very effective at delivering NSP objectives. That is the area for strengthening, and the capacity of the Afghan Government to manage the little money that flows through their own structures has to be a really strong focus too.

Q23 Chair: Just a passing comment. We had a briefing from the Ministry of Mines, which through DFID's support has substantially increased its revenue. Off the top of my head I do not know the exact figures, but it has increased from something like from \$7.5 million to \$150 million in two years, with much, much bigger projections in the future. That does give the framework for getting away from lots of what you call corrupting US dollars flying around in the present system, and a rising revenue base that is specifically internal and designed to focus on building services. That is a good way to develop a country, is it not?

David Loyn: Yes, although the history of countries, particularly in Africa, which already had corrupt systems and had minerals is pretty bad. It is the curse of resources. Switzerland does not have any mines, and it seems to be doing quite well. The World Bank, in its most recent report, was very sceptical: mines will bring something into the economy, but agriculture for the moment is going to be the main export industry bringing in foreign money.

As far as the Tokyo conference is concerned, it is an unprecedented challenge. No one has tried to raise this kind of money before. The sorts of money that Afghanistan requires, even over the next two years, beyond transition, are at Gaza-like levels, and there is an intensity of development funding in Afghanistan that is unlike anywhere else in the world, and an expectation of that to continue. DFID has an ambition to have a biennial summit, where it gets a five-year commitment every time, up until 2025. That is certainly what Ashraf Ghani would like to see in terms of securing and locking in the international community. I think there are few European countries, in particular, that would commit the sorts of money that Afghanistan needs for that long.

Q24 Hugh Bayley: I would like to ask two final questions about aid, to do with sustainability. In terms of the things we seek to buy with aid over the next two years, what are the sectors you think will be most sustainable after 2014? Many things could happen after 2014. You certainly could have the majority of the country, I guess, ruled more or less effectively from Kabul, but some areas of the country under different political leadership. How flexible do you think DFID will need to be, given that it is likely to say, "This is one of the poorest countries in the world; we should remain there whatever the governance of the country"? How flexible do you think they need to be, and how do they strengthen their ability to adapt an aid programme involving quite possibly very challenging political conditions?

Gerard Russell: I suppose I would put it in terms of risk. The ones that are most likely to be sustainable are the projects, I would guess, at a local level, which have community support. In provinces that are relatively insulated from fighting, like Bamyan. I am not sure that we do anything in Bamyan, but were we to be doing something there, I would stay there. I suppose the highest risk is where DFID puts a large proportion of its money, which is government and civil society at the national level. And yet, even if it is a high-risk way to use your money, it may be the right one.

I say it is high risk because obviously what may happen is that you have a political change of whatever kind, which could mean that all the people we are working with, the people we are training and so forth, lose their jobs. That has happened in the past and it could happen again, but that does not mean it is not the right approach. In a way, I would defer to David and Stuart, but I feel that flexibility could go the wrong way. In a way, I feel that actually staying the course on certain things might be the right approach to take, even if political pressures may push this way or that. You develop expertise, and even if individual staff move on very fast, you can sometimes have consultants and others who work in a sector, and DFID is one of the agencies that keeps them going in Afghanistan. Some of them have been there for 10 years. That expertise is very, very valuable, and the contacts they have with Afghans are very, very valuable. I am not sure. I see the need for DFID to be flexible over the long term, maybe, but I would not want them to be too flexible.

Dr Gordon: I suppose the answer to that question depends on what you see as the most likely scenario. I know that a number of organisations within and outside Government have worked on a range of scenarios. It is fair to say that they range from, at one level, a sort of status quo reduced, through to a form of meltdown and civil war. The most likely is really somewhere towards status quo and partial meltdown in some areas, but with a central degree of authority and stability. I think it depends very much on that, but also—notwithstanding Gerard's point—bureaucracy finds it very difficult to be nimble. What you may see, as the humanitarian situation worsens, is that different parts of the bureaucracy start to receive more attention. That is the way DFID will respond. There is something to be said for DFID being much more nimble in terms of its conflict assessment. I think its processes for assessing conflict erupt periodically; they do not have this constant impact on shaping and reshaping priorities. In a more conflict-prone environment, where you have far less leverage, you have to look at the nimbleness of your organisation and its procedures. Setting contracts, committing years in advance, multi-year programming, building rigidities that may be problematic for you in the long run, although exactly as Gerard pointed out, maintaining a place at the table, even if you are not contributing to the food in any way, is sometimes quite important. As we go into a period of volatility, just maintaining local contacts will be an important platform, even if it comes alongside corruption and wastage of some of that funding.

Q25 Hugh Bayley: DFID, over the last five years at least, has invested a lot through the PRT in Helmand. How do you think it maintains the benefit of that if it moves staff away? Does it need to move staff away from Helmand?

David Loyn: It is going to move staff away from Helmand.

Q26 Hugh Bayley: It is. Is that the right decision?

David Loyn: As I understand it, there will be no UK staff in the south at all; the whole PRT process collapses.

Q27 Hugh Bayley: Is that the right decision, and how sustainable will the Helmand work be if it is managed from Kabul?

David Loyn: Governor Mangal runs Helmand—DFID does not—and he has been rather impressive in terms of creating local civil servants who drive around in thin-skin vehicles and are getting the job done. The big challenge is whether they are able to do it without large numbers of US Marines up and down the Helmand river valley. We just have to wait and see. The transition has been flagged up. A transition timetable has been, I think, an advantage for places like Helmand. People know it is coming; they are preparing for it. What DFID can do is to continue to finance from the centre and watch and see what happens in Helmand. You cannot then continue to run with the intensity that you have been running programmes on the ground.

Dr Gordon: But I think there is a role for DFID in maintaining or tracking the flow of money from Kabul down to district level. How you do that in the absence of the kind of protection that the Americans provide and the force protection that the PRT has, I do not know. Certainly a lot of the governance advisors in Helmand and Kabul say that the key to maintaining some of the formal governance structures is to maintain what are really quite limited flows of money through those structures. They are enough to grease the wheels and give that sense of responsive, accountable government that links district, provincial and capital authorities. Simply turning the lights off in Helmand and going via Kandahar to Kabul is a mistake, but certainly maintaining a physical presence in Helmand is going to be very, very difficult.

Gerard Russell: There is another risk I would like to highlight. Governor Mangal has always been under political sniper fire from his predecessor and others in Kabul who do not like him. There is the risk that he could be removed, in which case quite a lot of what we have done there could be entirely undone.

Dr Gordon: There is also another, bigger danger. He has been very successful in appointing district governors who have been more technocratic and meritocratic, and less corrupt. People like Sher Mohammed Akhundzada have sought to undermine that at every opportunity and place their strongmen in. I think there is a role for the international community in trying to support Mangal in maintaining good district governors and good district chiefs, and provincial chiefs of police. That is the absolute minimum for maintaining a degree of stability after the US and British military withdrawal.

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Chair: Can I thank all three of you for sharing your experience, knowledge and understanding? I think in a way you confirm that Afghanistan now and in the future is complicated, diverse, confusing and entirely

unpredictable. All kinds of rays of hope and concerns mingle in together, which I guess is just the tapestry that we pick up. Your insight has been really helpful, and we very much appreciate your sharing it with us.

Examination of Witnesses

Witnesses: **Orzala Ashraf**, Independent Civil Society Activist, **David Page**, Afghanaid, **Mervyn Lee**, Mercy Corps, and **Howard Mollett**, CARE International, gave evidence.

Q28 Chair: Good morning. Thank you for coming here to give evidence, and for being patient while the previous session overran, but I hope you agree it was interesting for us to have that input, as indeed it will be to have yours. Again, I wonder for the record if you could introduce yourselves.

David Page: I am David Page. I am the Chair of the Trustees of Afghanaid.

Orzala Ashraf: I am Orzala Ashraf, a PhD candidate and also an independent civil society activist.

Mervyn Lee: I am Mervyn Lee. I am the Executive Director for Mercy Corp Europe.

Howard Mollett: I am Howard Mollett. I work with CARE International. I am a Senior Policy Advisor.

Q29 Chair: I suppose the starting point is whether you think, given that our interest and concern is what the UK Government's aid relationship with Afghanistan is, that DFID's priorities are the right ones or whether they should either prioritise some of them, or indeed refocus them?

Howard Mollett: One of the issues raised in the previous session was governance and corruption, and of course that is a DFID priority. It is evidently a good thing and the right thing, particularly when we look at other donors who have placed less attention on building the capacity of Afghan institutions and so on. However, I would say, particularly now as we near the Tokyo Conference, that the discussion around corruption and governance is very much centred on the Kabul Bank scandal and meeting the IMF benchmarks around asset recovery and prosecutions. That is important, but it is not enough. It is very much at the macro level, and also the Afghan Government's draft paper for Tokyo—the last draft that was shared—set out 15 benchmarks, also very much at the macro level. Talking to our staff and folk who work on the ground, one of the issues is the importance of monitoring and oversight at the subnational level, in rural areas outside the Kabul bubble.

Q30 Chair: Do you mean by that petty corruption?

Howard Mollett: Recommendation 6.9 of the Independent Commission on Aid Impact, which I have committed to memory, talks about reporting responsibilities throughout the delivery chain. Our staff were sharing ideas around the fact that at the moment, donors ask NGOs, "How do you collaborate and build the capacity with the Government, and build the capacity of Government in different sectors like education, for example?" We also have MOUs with the Government on how we will work with them. However, there is no specific requirement for reporting, and sharing that reporting with donors on

issues of Government performance, quality control and effectiveness. Also, at the Kabul level there is, I believe, a monthly meeting at least in the education sector, but at the moment that is not the sort of strategic forum in which issues of governance, corruption, and other quality issues that are specific to education could be worked through. That is the education sector, which CARE is particularly engaged with, but I understand that it applies in other sectors too.

Mervyn Lee: Governance is a very important issue for DFID to be looking at. I would say, in addition to what Howard has said, that Afghanistan as a country has never really respected Kabul. The rest of Afghanistan looks a bit askance at Kabul. There is a slight danger in putting all your efforts into central Government in Kabul, and not recognising the different sectors and the disparagement outside Kabul. Effectively, people are trying to run Helmand on good lines—we heard something about that in the previous session—and I think good efforts are being made there, but they are separate from what might be going on in Kabul.

There has been some effort at improving the capacity of district and regional governments, and perhaps more focus should go on that as we go forward in a balanced way. Whether governance remains one of the prime objectives has to be left open, because it will depend, certainly past 2014, on who else is looking after what, and who is leading in what sectors. We may find there are other gaps, which we identify—or DFID or the Government identify—as equally or more important than governance. For the time being, we would certainly support making governance a prime objective.

Q31 Chair: Your relationship with DFID is that you are almost their only NGO partner in Helmand. That presumably indicates that they take your point that they need to have people on the ground outside Kabul and they are looking to people like you to help them do that.

Mervyn Lee: Yes. There is always a difficulty when you are working in a complex and conflict-related environment like Afghanistan. We work in many other countries with similar situations, and very often the donors cannot get to the field to monitor the programmes and projects and meet the local officials in a way that we can do. That is not a very satisfactory arrangement, so anything that can be done to improve on that is a help. I doubt, once the PRT leaves Helmand, that DFID could have a presence there, but there could be an aspiration at least to have a formal

presence at some time, and certainly to visit when it is appropriate.

David Page: Could I also support what Mervyn was saying? I speak for an agency that works outside Helmand—we are working in Ghor and Samangan and Badakhshan. We are also working on the NSP. That is an aspect of governance that DFID has been involved in through the NSP programme, which has worked very well. At the subnational level, at the provincial level, at the district level, there are still a number of issues that need to be resolved. Government at those levels is still not empowered and not well staffed. I think that is a very important area DFID should take an interest in, because we have been dealing with an extremely centralised Government, and people have been talking about the need to improve subnational governance for a long time, but it actually has not happened. It has not happened sufficiently.

Orzala Ashraf: Just to add a few points on DFID's priorities. I agree with my colleagues' views about the prioritisation of governance, because if we look at state-building and stabilising the country, governance comes as key. Definitely DFID has done some work in this area, partly through programmatic approaches, supporting programmes like NSP, and also at the policy level, but as other colleagues say, there is still a lot to be done. First of all, there are very serious discussions going on, and a decision might have been taken or might be taken soon about clarity when it comes to local governance, particularly at village or community level. What kind of structures are we looking at? By 2013 discussions and reviews should have taken place of the subnational governance policy, and in those reviews there will be a need to look at reforms on local governance.

In a meeting two weeks ago, as part of the national priority programmes, all donors agreed to strengthen local institutions. How then, in terms of legitimacy and constitutional articles, can this be a legitimate form of governance at the local level? This is something that needs to be looked at. Of course there is great room for civil society to take an advocacy role. Besides supporting Government programmes like NSP and so on, I would like to see DFID more involved in supporting the civil society organisations who advocate reforms in local governance or subnational governance matters. There was lots of discussion in the earlier session about the democratisation process, patronage-based systems and so on. What I can tell you practically from the ground is that, without any doubt, democracy takes a long time and we have been rushing everything. I would like to also share with you what I heard from a very ordinary woman living in a village, who managed to get into the local Community Development Council; it is a message that tells us so much and one that I would like to repeat here. I might have mentioned it when we met in Kabul also, in one of the meetings with you.

The woman told me that democracy was good, but the elections ruined it. I remind you that the understanding of democracy for very local people in Afghanistan—those people who, according to many 'experts', are ungovernable and 'very tribal' and very

closed—came from the elections organised by NSP. The NSP or the National Solidarity Programme, which organised a relatively safe, clean, accountable and transparent process of elections for a local council. They explained that there was no money involved and that there was no priority set by some kind of central Government that said, "You must do this and you must bring this kind of person and not that kind of person." People said, "Okay—set of rules—everything we decide." But then, this process managed to bring up a Community Development Council, with the leaders and all the structures there. Only two years after that, the presidential and parliamentary election began, and this is when the corruption of the political processes started to emerge, and the same people started to get into these bigger election processes. By "elections" she actually meant the larger elections, in which a lot of corruption started, involving distribution of money, lunches, clothes distribution, selling votes or buying votes and all these things. She said, "This kind of election ruined what we were going through in a very smooth way." I just wanted to mention this, because I think it is very important to realise, especially as you are a development committee, that what is required for Afghanistan is a long-term commitment to building those democratic institutions from the bottom to the top.

Q32 Chair: Just before you come back in again, we were specifically talking about DFID, but how well does DFID work with the other organisations? How well co-ordinated are the donors? How well do they work with USAID? Or do you feel there are a lot of cross-cutting tensions?

Orzala Ashraf: In terms of co-ordination, I have not directly worked with DFID, except that I am now, since very recently, sitting on the Steering Committee of Tawanmandi, which is a new development programme, I think led by DFID. Aside from that, I did not have a very direct involvement, but my general understanding of co-ordination is that we are still living in a very chaotic situation.

Unfortunately, aside from talks about co-ordination, and apart from complaining about a lack of co-ordination, I have not seen very clear mechanisms of co-ordination that avoid duplication. Again, as we are discussing governance, look at what is going on in all the districts. At the district level, for example, there are five different kinds of institutions: every country, every government has their own priorities—for example, district development assemblies—and then there is ASOP, and in some cases these are creating more conflicts and more confusion at a district level. I am not sure about DFID, but I can say that probably the same organisation or the same donor is funding both projects in a larger picture. There is a need to go back to it and avoid duplication of the services provided, or find some more practical means of co-ordination.

Howard Mollett: Your question about co-ordination also connects to the point I wanted to make, to build on Orzala's remarks on subnational governance reform. One of the main mechanisms for co-ordination, which is in theory supposed to bring civil

society and NGOs alongside government and the donors, is this mechanism called the JCMB—the Joint Co-ordination and Monitoring Board. This was supposed to follow the Afghan Compact that was negotiated, I believe, in 2006, setting out commitments from the Afghan Government and the international community. One of our partners in Afghan civil society used the words “toothless and tokenistic” to me in describing the JCMB process. This links to the point I was making earlier about oversight, monitoring and accountability and the need not just to be within the Kabul bubble but to connect down to meaningful oversight at community and subnational levels. I think DFID, alongside other donors, has very much promoted this idea of a mutual accountability framework—a kind of fresh, new, revised Afghan Compact, or something along these lines, to come out of Tokyo.

I think one question for the Committee and DFID will be, “How will that not repeat the mistakes of the previous process? Will we learn from the weaknesses of the previous process?” One aspect of that is that there must not just be occasional and increasingly infrequent meetings in Kabul, but real, substantive monitoring on the ground.

The other point on subnational governance is that DFID has been talking to other donors about how to bring more money to the provincial and district level, linked to reform of institutions at these levels. In line with what David and Orzala were saying, yes, we recognise that that is important, but there are concerns or question marks over these experiments. To date, they have been very much driven by political and military counterinsurgency objectives, and the shoring up of structures to align with the counterinsurgency agenda. That is quite far from the democratic, participatory and inclusive processes that we have tried to support through the National Solidarity Programme.

Also, yes, reforming governance at the provincial and district level, and yes, bringing some money and decision-making over it to those levels is important. However, in doing that, do not cut off the funding for those programmes on the ground that are actually at the community level. Some people, including some of the lead researchers and policy people who are developing these subnational governance reforms, have said, “Well, it is problematic that there are all these Community Development Councils. We need to end funding to them and switch it to the district and provincial level.” Do not throw out the baby with the bathwater in shifting from the community level. Especially as conflict worsens, which it is doing, acceptance of any assistance at all is negotiated at a very local level, and the structures at higher levels will be all the more impacted by shifting power dynamics and conflicts.

Q33 Chair: Decisions about the role of CDCs in districts are really a matter for the Afghan Government, not really something that donors can impact.

Howard Mollett: Yes, absolutely, but DFID and others have strong views about how these reforms should, and can most effectively, roll out and they have

supported them through support for institutions like the IDLG, the Directorate for Local Government, and have funded programmes. Actually, the US in particular has now funded, through a contractor, the ASOC programme supporting the district committees, and it is very much driven by the US special forces counterinsurgency agenda, and very politicised. How does that then link into any meaningful governance reform that the Afghan Government roll out and that communities can participate in at different levels?

Q34 Sir Malcolm Bruce: Well, we did meet with them.

Mervyn Lee: Howard has clearly outlined how complex and complicated the business of donor co-ordination is. Looking forward, it is an area in which we can perhaps do better, post-Tokyo and beyond transition. Things in some ways will be easier; the PRTs were always a challenge. Each PRT ran to a national agenda and they were all quite different. That was not a great thing. Other national donors have their own agenda, and that will continue. With the counterinsurgency operations coming to an end by 2014, with the PRTs departing, perhaps with less donor money, there may be an opportunity, if we are smart about it, to focus better and get better co-ordinated delivery of aid where it is needed most.

Q35 Jeremy Lefroy: Good morning. Of course, DFID is also working together with the Ministry of Defence and the Foreign and Commonwealth Office through the Conflict Pool. Some 60% of that money is being spent in Helmand on stabilisation, conflict prevention, infrastructure and so on. Could you perhaps comment on how DFID is involved there, and how it works together with the other Departments?

Mervyn Lee: We do not receive any direct Conflict Pool-related money in Helmand. Our experience elsewhere is that money is often very focused on a particular need that has to be agreed by three Departments of State and therefore is probably of some greater perceived importance even than usual. Where we are in receipt of Conflict Pool money elsewhere, it is money that we can put to good use, but I cannot speak for Helmand in that particular respect.

Q36 Jeremy Lefroy: I am not particularly thinking of Helmand—generally.

Mervyn Lee: I think the general remark from Mercy Corps would be that that is money that is always related to areas where obviously conflict is present or has recently been present. That is the environment we find ourselves working in more often than not, and such funding is well used and well directed.

David Page: I think the general point that NGOs have been making over the last few years about, if you like, the security focus of a lot of the work that is taking place in Afghanistan is that aid is not necessarily directed to the needs of the people as a whole. It tends to be focused on those areas that are unstable. Afghanaid is working in some very poor areas; it has been very difficult, actually, to raise funds for those areas, for basic-needs work. Perhaps one hope is that when the PRTs withdraw, we will have a more open playing field as far as this is concerned.

Obviously DFID's view has been that we are working in Helmand because we are in the PRT in Helmand; we are actually contributing to development across the whole country through the National Priority Programmes, but the National Priority Programmes have basically focused on health and education. There has been nothing, and there still is as yet nothing concrete on agriculture. It is in the process of emerging now. There have been a number of areas of work, in agriculture, veterinary work, whatever it is, which the National Priority programmes have not been dealing with. We have had huge areas of unmet need, I think, and that is partly as a result of this military focus.

Howard Mollett: I cannot comment on the specifics of Helmand, but I can comment on the whole-of-Government approach, and particularly now as the Government has been developing frameworks like the "Building Stability Overseas" strategy, where stabilisation and stability goals come very front and centre of aid policy. Also, within Afghanistan and within Helmand, there is a commitment at the policy level to safeguard the funding of political space, if you like, for independent humanitarian assistance that is not connected to either a counterinsurgency stability agenda or a state-building agenda. If we look in Afghanistan now, however, the humanitarian Common Appeals Process—the CAP is—I think, only 21% or 25% funded. As recently as even last year, colleagues working on our humanitarian side described a real lack of political will to recognise the levels of conflict-related population displacement, particularly in the Kabul region, where many of the conflict-displaced end up. That impacts on the levels of assistance and protection that they are provided with. There are concerns about lack of access to ID cards, which impacts on people's ability to access basic services, and there are forced evictions. Now UNHCR, we hear, is developing a proposal for regional return of refugees from neighbouring countries. Of course, that is a long-term interest of countries in the region, but, given the increasing violence and so on, there is real humanitarian concern about the capacity to absorb more returnees in a safe and appropriate manner. Then also, more generally, the neglect of humanitarian needs in the country because of this political focus on state-building and counterinsurgency is a concern.

Q37 Jeremy Lefroy: One thing that I am picking up, but maybe I am wrong to do so, is that there is almost a sense in some places that the way to get money is to cause trouble. Places that do not cause so much trouble will not receive funding, not just from the Conflict Pool but generally. Is that a valid perception, or not?

Orzala Ashraf: I would say it is a valid perception. One example is Bamyan Province, which has very good security. Sometimes people are making a joke, saying, "Okay, we should also find some suicide bombers so that we get some more funding." That definitely is the case for some areas—because they are safe they do not get funding. Too much funding goes to the places that are insecure and sometimes because the funding is going there, the insecurity increases

there, because the insurgents or the anti-Government elements also find out that there is more attention to this specific area. That is why funding creates an increase in insecurity.

On the earlier point about PRTs, I wanted to say that, in my personal opinion, the way in which the PRT provided services in the area of development has somehow damaged the work of the NGOs. The NGOs were going there with a very neutral position, trying to work with people, not associating themselves with Government or international military forces. Now, however, with the transition process and the end of the PRT, the NGOs will not automatically return to the same position as they were in before the PRTs and before the military funding for development, so in some situations we might see more risk for the NGOs in returning to development work.

Mervyn Lee: Can I just put one point on the record, please? Just following what David said about the PRT in Helmand, and DFID funding on agriculture, we are of course receiving funding for agriculture in Helmand from DFID, and have been for some years—substantial funding—and that has included a lot of very sustainable agricultural infrastructure in Helmand, and an agricultural high school that we built there, which is running very successfully with 300 students.

Q38 Jeremy Lefroy: Have you seen results from that in terms of agricultural productivity?

Mervyn Lee: Yes, we have. As you will know, Helmand 30 years ago was a very productive province, and a great exporter of agricultural products. We have been doing a lot of work with the local community there, both to increase agricultural production and to provide access to internal and external markets. For example, last year we sent a container load of pomegranates from there—in fact, from the neighbouring province; it started out in Kandahar—to Amsterdam to prove a route, and we will continue to work on those external markets.

David Page: If I could just come back on that point, obviously a lot of work has been going on in Helmand. I was making the point that in terms of the National Priority Programmes, we waited a long time for a National Priority Programme in agriculture. Given that 75% of the population depends on agriculture for their livelihood, it has been a very long time coming. We welcome very much that it is now arriving, and we hope that DFID will become a funder for that, because it is a very, very important area for the future. DFID has been providing some money recently through the Ministry of Agriculture for agricultural projects, so everything is moving in the right direction, I think. The tendency in the Ministry of Agriculture is to look at production very much, which is to some extent an issue for the small farmer. There are a huge number of issues around how small farmers can be helped. Afghanistan has worked on a community basis, and we note that the Ministry of Agriculture is now becoming much more effective, but on the ground in the districts, they are not really to be seen. We work within a very large district called Lal Wa Sarjangal, in Ghor, which is bordering with Bamyan. I think there is only one Ministry of

Agriculture person there. Extension services are very limited. This is an area where we hope there will be movement, and change and investment in the future.

Q39 Jeremy Lefroy: One of DFID's targets is to see an increase in food grain production to 6 million metric tonnes. Do you think that is a valid priority or target, or is it perhaps distorting because it is concentrating on a specific output rather than the development of the sector as a whole?

David Page: I think I am right in saying that it refers to "irrigated land". One of the issues, if you are working with poor communities in rain-fed areas, is how you can help them. One needs to think about the field strategically, to look at the whole thing and to look at how the small farmer can also be helped. It is obviously important that we increase the productivity of Afghan agriculture, but you need to look at the whole picture and not just, if you like, prioritise what tends to be the richer farmers and commercial agriculture.

Q40 Hugh Bayley: A number of you mentioned ICAI earlier. It did not find examples of leakage of DFID money, but said the system would permit leakage of DFID money. How serious do you think the problem of leakage is? Is ICAI right? What more could be done to ensure that DFID's budget delivers development outcomes and does not leak?

Mervyn Lee: In a country like Afghanistan, it is a challenge to us all to prevent corruption and leakage, and none of us would believe that we can prevent 100% or anything like that. That is certain. It is going to happen. We had an experience last year. It was a personal experience of one of our staff. It was a very substantial amount of money, and he was a long-standing member of staff. There is nothing you can do about that. You cannot report it to the police, because nothing will happen. It becomes very difficult and very complicated. You have to have a series of checks and balances that are as watertight as you can put in, and you have to have accountability and transparency. DFID, I am sure, has all of those things, but with the best will in the world, there will be occasions when things do not happen as seamlessly, and aid or funds are not 100% delivered.

Howard Mollett: I would just add to that, going back to this point about the proposals going towards the Tokyo Conference, which will really set the framework on this. It will be really important that, beyond the macro-level benchmarks that the Government put forward in its draft paper, and beyond resolving overarching issues around the Kabul Bank scandal, there are sector-specific monitoring and oversight mechanisms, and that that is established perhaps NPP by NPP. Those mechanisms should become like benchmarks that then determine further shifts to aid coming on budget through the Government.

There were the Kabul Commitments to bring whatever the percentage was of aid on Government. The Government's paper towards Tokyo calls for 50% of aid to come on budget by the end of 2012. What with the transition deadline towards 2014, there is a political momentum towards bringing aid on budget

that is not in sync with reality or the sort of timelines that will be required to build up capacity at all levels, to administer funding in an effective and accountable fashion, and to establish monitoring mechanisms at the different levels. I think that is really important. The Afghan Government's paper towards Tokyo acknowledges these challenges, to be fair. It says that they will address them in an aid management policy document that will be in the annexe, but it is not there yet. It was not in the annexe of the draft, and it is not clear when that will be provided. It is that level of detail.

Also, the ICAI does talk about those reporting responsibilities throughout the delivery chain, but it is very much focused on a bureaucratic, financial auditing side, and pushes DFID to hire more auditors. Perhaps that is unsurprising because the ICAI is made up of a lot of auditors, amongst people with other areas of expertise. Going back to Orzala's point, the role of civil society and the voice of the intended beneficiary communities in the monitoring process are important, because there are things that numbers do not capture. Numbers can also be massaged or generated in ways that hide things, whereas were the mutual accountability framework or the National Priority Programmes to include clear monitoring and oversight mechanisms and processes, and civil society—

Q41 Hugh Bayley: Can I just add one other point? A businessman we met at the Afghan Chamber of Commerce when we were in Afghanistan a couple of weeks ago has sent us a note since the meeting, and he is really urging us to be cautious about the reports you receive from bodies that are funded and ask for independent checking. He says, for instance, "Reported facts, data, statistics, quotations from people should be cross-checked at field level and by different stakeholders, i.e. not just submitted by those receiving the funding, to make sure that they are accurate." That sounds like a common-sense comment, but we heard in the earlier session that post-2014, there will be no prospect of maintaining a DFID office in Helmand. We know that the ICAI people themselves did not travel outside of Kabul. They were exactly as you described, Howard, looking at the paperwork and thinking how within the office you could strengthen controls. My question is this: how should cross-checking in the field take place, if it is so difficult for British officials to get out, especially into the more challenging parts of Afghanistan?

Orzala Ashraf: First of all, I think it is true that whenever the Government of Afghanistan, especially the President, want to gain a lot of support and praise they start to complain about corruption, so you get confused as to who is responsible for this. My great worry is that, even in Tokyo, if we go back to relying on another anti-corruption commission or anti-corruption oversight body, or some policy papers, we will not get anywhere. The funding or the money will be wasted and we will again be deep in corrupt systems everywhere. What I would like to propose is different mechanisms, because the simple and easy justification, even from our side, working and being

involved in the NGOs, is, “Okay, our monitoring and evaluation mechanisms are designed in such a way that one independent person has to go there directly, to see by his or her own eyes, whether it is happening or not.” The forces of corruption and the forces that promote corruption created some kind of insecurity; that is not necessarily the Taliban. For example, they know a school was built there; they plant a bomb there or pay somebody to plant a bomb there; and that ends the story of monitoring and evaluation.

Now, there can be other creative mechanisms. For example, nowadays electricity is there, mostly. Many provinces are better than Kabul, in terms of electricity. Lots of the young generation are using different social media, networking and the internet. There is telephone coverage all over Afghanistan and there can be different mechanisms. For example, you do not need to be there to monitor something. You get five, 10 or 15 random people’s contact numbers and check through them. The media is another form of monitoring and evaluation. I can say that, despite all of the challenges that we have in terms of media, we are doing very well and there are very strong and good programmes that are following cases of corruption if they are given a chance. It will be very critical, definitely post-2014 when the withdrawal will happen, to support and strengthen these kinds of mechanisms through, for example, different civil society organisations such as media organisations, NGOs, grassroots or the CDCs that we were mentioning before.

I must tell you something. The Community Development Councils are not very visible structures on the ground because there is still confusion about their existence, but if they are given recognition as a grassroots structure that can watch over things without sharing the corrupt funding that comes to them, they can be a stronger force for proper and participatory monitoring and evaluation.

Q42 Chris White: What do you think will be the implications for the Afghan economy when international troops finally leave? That is quite a big question.

Mervyn Lee: I will start, and I am sure colleagues will wish to come in on this. Clearly, there is going to be a big impact because a lot of money has flowed into Afghanistan and a huge amount of infrastructure has been built, with all the jobs that surround that. That is all going to go. That is a negative, if you like. On the positive side, as was mentioned earlier in the previous session, a lot of the money that appears to go into Afghanistan now equally quickly flows out of Afghanistan. All the people who gain are in other countries, either through salaries or contracts or whatever it might be. Then there is the question, of course, that a lot of the people who have been involved in that have built up businesses and a lot of people have built up trades and skills. Again, there is the possibility there of some transferrable skills into Afghanistan post-2014, which could be a good thing. How do we manage that impact collectively? As far as we are concerned, we are trying to build an Afghanistan, in the parts that we are working in, that has a strong and stable economy and where people

have legitimate livelihoods. You may have, for example, heard of our Invest programme in Helmand; Invest is about growing businesses in Helmand. It has had remarkable success. The programme was built by going to the businesses and saying, “What skills do you want?” and then asking them to get involved in the design of the programme, and then asking them to get involved in the instruction on a three-month course. The applications went out for the first course in late last year and 7,000 people applied. The first course took 1,000; they graduated on 19 September last year. I was there, and it was the most uplifting day I have ever had in Afghanistan.

These young men—men in this case, but I will come on to that in a second—between 15 and 30 suddenly had got skills for life. This has got the buy-in of the Governor. It is DFID-funded. Since then, more than 7,000 people have qualified, including 1,200 women in two women’s centres that we opened up. Some 80% of those have either started their own business or got jobs. This is really very successful, and we are rolling it out over other centres in Helmand. DFID intends to roll it out across other provinces of Afghanistan. It is giving people legitimate jobs and legitimate economic futures and skills for life.

If you take where those people have come from in Helmand, we all know what the communities are like that we work with there. If those communities were not supporting this, they would not allow us to open schools for girls and do this training for girls. These 1,200 women are all in employment now. Most of them are at home, but one group, for example, has formed a co-operative of 65, and they have a contract to make and supply bed linen to hospitals and health clinics in Kabul and beyond.

Chris White: The specific point is really when international troops leave, will there be a vacuum? What will replace them? Do you have a view on that?

Q43 Chair: Can we assume that you are all going to stay after that time?

David Page: There will be a vacuum because a lot of the money has been going into contractors and so on. The total economy has been so heavily dependant on external funding, hasn’t it? What one hopes is that in terms of development funding, the donor community is going to be able to commit itself to maintaining some key areas of investment going in to the future. With something like the NSP programme, which is now in 40,000 villages, what one hopes is that the kind of funding that is going to make it possible for that to continue, to develop, to build on that basis, and to provide the funding for continued work in the localities, will be regarded as a priority.

Q44 Chris White: Are you suggesting that the military pound or dollar is replaced by the aid pound or dollar? But what happens if the aid pound or dollar reduces at a similar rate? As Afghanistan is so reliant on the international aid community—I am painting a fairly cataclysmic picture—what has been put in place to manage that transition?

Howard Mollett: Does this not partly also go back to the balance between funding through institutions and structures that were linked to the counterinsurgency

military strategy, which will no longer benefit from military protection, versus support for independent organisations, both international and, more importantly, Afghan civil society and community-based groups, which can work in areas as conflict worsens? Their ability to negotiate that access and acceptance of that role should be recognised and supported.

That where we run into this question mark over the understandable interest from bilateral donors in continuing to support and hold the Government to account, and then the question mark over how much of that will actually reach communities in areas that are increasingly affected by conflict, and how to get funding to organisations that can work in those areas. I forget whether I mentioned that one of the real concerns about the humanitarian side is that many of the co-ordination and funding mechanisms are based in Kabul and the local Afghan organisations that can most effectively work in the conflict areas may not have offices in Kabul. They may have other cultural or language obstacles to accessing that funding and neither OCHA nor the Afghan National Disaster Management Authority, the ANDMA, has capacity across the country. Obviously, that being a government institution, as the Government presence retracts, there will be question marks over its ability to provide assistance in the most violence-affected parts of the country.

There is a particular issue with access for women and girls to assistance. CARE is putting out a paper this week on aid to Afghanistan, and one of the quotes in the paper was from a seasonal migrant worker in Mazar. She said, "My aunt was affected by the recent floods. She lost her house, but because she was a woman, no one came to ask her what her needs were. There were no women in the assessment team to ask her what her needs were so they only asked the men in the village. A strange man cannot ask a woman something in our village. He cannot even see her." In terms of consequences of conflict trajectories within the country and how that impacts on aid, I think support for humanitarian assistance and, within that, for building up the capacity of organisations to address women's needs is particularly important. That needs to involve in situ training for women in those rural areas, and CARE has experience in doing that. Also, within the ANDMA, at the district level many of their offices do not have any female staff, so it is important to have a minimum level of female staffing and to work with Afghan NGOs and INGOs that have capacity and experience within the communities of working with women and involving them, whether it is with assessments or actual aid delivery.

David Page: I think we are already experiencing a deterioration of the security conditions in the provinces where we work. One hears that in Helmand things are a great deal better, but in Ghor to the north of Helmand, or even in Badakhshan in the north-east, you have got a great deal more instability as people position themselves for this 2014 deadline. There is no doubt that we are going to have to deal with conflict situations and it becomes more onerous for everybody in terms of investment in security, having to travel by airplane, having to be more conflict-sensitive. We

obviously want to be more conflict-sensitive now, but much more effort has to be made in dealing with these difficult situations. I think DFID, looking forward, needs to think about how it is going to operate, in what could obviously be a much more insecure environment.

As far as the humanitarian side of things is concerned, I think we would like to compliment DFID because it has now put humanitarian aid much higher up its agenda. It is providing more money for this than it was doing before. We would like to see DFID becoming more of a voice, I think, in arguing for international humanitarian aid for Afghanistan because, as Howard was saying, the funding for that is still very limited.

Q45 Mr Gyimah: How do you think DFID can focus effectively on private sector development and revenue generation? I know you have touched on this, but it would be good to get your answer to the specific question on record.

Mervyn Lee: Thank you for that. We very much see, going forward, that we can only go forward with the type of programme that I have just described and other programmes, to get economic regeneration and livelihoods going, with the co-operation of a) the Government, local and national, and b) the private sector. It has to be a partnership. That is why we involved the private sector in Lashkar Gah so successfully, and that is a model we are going to follow elsewhere in the country. Another very short example would be in Parwan province. We have worked with a UK company, Fullwell Mill, and local farmers and got them fair trade certification for raisins, which you can now buy in the UK. Again, I describe that as a pilot project. We could do much more of that in future.

Howard Mollett: I would add that one critical element has to be on the education side. There has very much been a focus on primary education and to some extent that is one of the success stories in Afghanistan: that there are over 7 million children in education, 38% of whom are girls, we hear. The focus has been on the primary level. That said, CARE and other agencies have had some very promising experiences in bringing secondary education to the rural areas through the community-based approach to education that other panellists have described. In DFID's Country Programme—while I do not recall the specifics; it is something that could be useful for the Committee to look into—there is a focus on primary. I know that we are currently in discussions with DFID on that, and support for secondary education on the ground. There is also a need for more female teachers. This is the same issue as was highlighted in relation to humanitarian assistance. At the moment, there are many bureaucratic and legal requirements and teachers need, I believe, 14 years of education. Perhaps there is a need for some more flexibility around that, so that we can extend education opportunities out into rural areas and also beyond the primary level.

Orzala Ashraf: Can I just add to what colleagues were mentioning? I think the point I am going to make will somehow be mixed between economic investment and

education. I believe very strongly that it is very important to invest in higher education for women. I use the word “investment” because I have not seen enough investment being made in the younger generation—this is in general, but it particularly affects women in the younger generation—to provide more opportunities for them. For example, there are very few girls who manage to get out of, for example, Kandahar, and into a good quality university in Kabul such as the American University of Afghanistan. I would like to see part of the support that you are providing paying for that. For example, of girls from Helmand, I am sure there are many who would be more than happy to find the opportunity of a sponsorship or a scholarship to get into higher education within the country. If it is outside the country then there are all kinds of risk with that, and it is very expensive. Within the country, many people will be interested in moving from smaller communities or districts to the centre of the province or sometimes to Kabul for the purpose of education. Also, in terms of support, it is important, besides the teachers and other things, to focus on the quality of education. Students who graduate the 12th grade are not comparable with 12th grade students from 15 or 20 years ago. They are not, in some cases, even able to write their names when they have graduated after 12 years of education. Why? It is because of the very poor quality of education that we have. Too much focus, over the last 10 years, has been on the infrastructure and enrolment. What we hear all of the time about the very glorious picture of education is that 7 million girls are going to school—I do not know how many million—but nobody talks about how many are dropping out or what they are learning there. Quality of education is another thing that should be one of the priorities in this period.

Q46 Mr Gyimah: My supplementary was going to be on agriculture but I think we have dwelt on that extensively so far. My final question is to Mercy Corps. We understand, from our visit to Afghanistan, that you work with the Taliban to provide services in some areas. Could you let us know how that works?

Mervyn Lee: I would say that we, and colleague agencies as well, working in countries like Afghanistan, have to have community acceptance to do the work we do. We get our security through community acceptance. We do not have any form of protection other than the community. That is very important to us wherever we work. In places like Helmand, where we have been, by the way, for 26 years, we are quite well known and accepted. If they did not like us, they would have had us out a long time ago, but we are there, and we are able to do things like what I described earlier in terms of the Invest programme. To get girls and women training, 1,200 of them, in a place like that, as Orzala and others will know, is no mean achievement. You can only do that if you have the acceptance and support of the community. If there are people in the community who did not wish that to happen, they would tell us and we would have to stop it fairly quickly.

Q47 Mr Gyimah: If you have been there for 26 years, am I right in assuming that you are going to be there post-2014?

Mervyn Lee: We are not leaving.

Q48 Jeremy Lefroy: If I could address this perhaps first of all to Orzala: what risks do you see the transition as posing to gains made in strengthening women’s rights over the last few years?

Orzala Ashraf: I think the risk is basically women being in danger of dropping off the agenda. What I see as being at risk is, in a way, fair advocacy. It is a message coming from Afghanistan all of the time on our side. We need to participate in processes, whether it is in decision-making processes, whether it is a peace process, whether it is a decision about development priorities, and all of that. My worry is that the Government are responding to calls for participation by bringing in a few women, just to show to the international community and those who are interested that there are women here. My greatest concern is that in terms of content, and concrete things that are in favour of women and meet the needs of women all across Afghanistan, we are gradually dropping off the priority list. I would like to see—for example, in education, the private sector investment that was mentioned earlier. Across sectors, including the security sector and all of that, there should be more active engagement with women.

Whether it will change post-2014 or not also very much depends on the situation that we will live in. I have experiences of working under the Taliban. I ran home-based literacy classes under the Taliban. There are many organisations or grassroots activists now; at that time there were not that many. They will start building their bases and getting the support of communities to run such programmes, but whether the Government or the future Government will be supportive towards women or not is very much a question for the international community, because if the international community supports the kind of government that does not support or consider the needs of Afghan women, then we will return back to the same situation. But if there is a clear conditionality that the gains and achievements that women have made and the activities that women are doing should not be sacrificed or compromised, the situation will be different.

David Page: I am sure Orzala is right. Education and secondary education has not been sufficient for women. The progress that women have made at the local level has been considerable, I think. Through the National Solidarity Programme, women have been emerging as office-bearers. They have got more of a voice in their community because of that programme and Afghanaid has been working with women at the local level as an extension of that programme, providing opportunities for them to start their own businesses and to raise their own capital. We are seeing an emergence, actually, of quite interesting businesses at the local level run by women. That is also an argument for maintaining the thrust of programming at the local level, because those achievements have been made with the support of the

communities in those areas and they are, more likely, therefore, to be sustained.

Howard Mollett: One of the recommendations from the Afghan's Women's Network to donors—this would apply to DFID as well—is that very clear gender indicators should be brought into the priority areas that donors fund, so that they spell out specifically how different areas of programming will address gender and women's rights concerns and how women will participate in defining those. There is something called gender budgeting: actually, is the money going there? One of our partners in the No Women No Peace campaign, focused on Afghanistan, has identified that potentially \$90 million is required to tackle issues related to violence against women, and at the moment the national strategy on that is actually pitched much lower at \$30 million and even of that only a tiny fraction has made available. Also, with gender auditing—that is the jargon—the recommendation is that women are involved in these monitoring and oversight processes, not just at the Kabul elite level but at the sub-national level.

Q49 Chair: How likely is this? What women have said to us is that things have already been pushed back. How much of what has been gained can be sustained? As a little anecdote, we went to a school outside Kabul, which I had visited five years before, and, in fact, the front cover of the report in the last Parliament was taken in that school with us there with girls. Indeed, I have photographs of me sitting down at a desk with girls. This time we were told that men were not allowed in the classes or anywhere near the girls. That was five years on. They were completely relaxed about it five years ago and it is not possible now.

David Page: There is a more conservative trend undoubtedly, as a result of what people anticipate is

going to happen, but I think at local level you still do find that these gains are being maintained.

Q50 Chair: Do you think there will be? Patchily—we are pushing backwards and forwards.

Orzala Ashraf: I think, definitely, this will be maintained. For example, if I am running the school, I would prefer the school not to be targeted. If your visit would put my children in the school in a vulnerable situation for a suicide bombing, then I would not really prefer that. That can be one reason, but I definitely cannot confirm it, when somebody comes and tells you that the country and the society is turning more conservative.

I think we have elements of conservative groups everywhere in society. "Conservative" can have a different definition for every family in every community and so on, but one thing which is very clear is a very strong commitment and dedication towards education and empowerment across countries, ethnicities, villages and communities. Everyone is so passionate. We are living in competitive families and one of the competitive things nowadays is to send your son—not vet so much daughters, but sons—abroad to get an education. There is a clear intention among communities to invest in education. It is the same for girls' education, but this is relatively different because of the security and safety concerns that people usually have. I cannot say that this will be changed because the desire for education, justice and all that will remain as before.

Chair: I am about to lose my quorum, but thank you all very much indeed. We very much appreciate what you are doing on the ground as partners and also the evidence you have given to us, both in writing and by coming here today. Thank you very much indeed.

Tuesday 10 July 2012

Members present:

Sir Malcolm Bruce (Chair)

Hugh Bayley
Richard Burden
Mr Sam Gyimah

Jeremy Lefroy
Fiona O'Donnell
Chris White

Examination of Witness

Witness: **Rt Hon Andrew Mitchell MP**, Secretary of State for International Development, gave evidence.

Q51 Chair: Good afternoon, Secretary of State. Thank you very much for coming in to join us on this final evidence session on our report into Afghanistan. Obviously the timing is appropriate, as you have just returned from the conference in Tokyo. I wonder if you could give us an indication of what was agreed there, both in terms of the scale of the commitments to 2017, and indeed anything beyond, and also how specific they were, because I think quite a lot of the press comment, both in advance and subsequently, seemed to be a bit vague. On previous occasions, governments have been quite good at making commitments and quite bad at following them through. What commitments were made, how specific were they, and how sure are you they will be delivered?

Mr Mitchell: Thank you Chairman very much for giving me this opportunity, and I extend my thanks to the Committee for taking the trouble to go and see for yourselves, as you often do, what is happening on the ground. I know that it was an extremely successful visit—or at least that is what I heard when I was in Afghanistan. I was in Afghanistan during the week immediately before the Tokyo conference. I had a chance to see for myself the latest state of play in Afghanistan in the run-up to the Tokyo conference.

In respect of the points you make about Tokyo, I would say that the deal that has been agreed there is pretty good. It pretty much met Britain's requirements from the Tokyo conference, which were first of all that there should be a bargain between the Government of Afghanistan and the international community, with an important role for the Afghan Government to continue to deliver on the governance and economic reforms to which they are committed on the one hand, and a clear set of financial commitments from the international community for a significant period of time. Part of the reason for that is it should not be forgotten that the regime of Najibullah ended as it did with him hanging from a lamppost in Kabul, not because the regime was defeated militarily, but because the Russians stopped paying the bills. It is therefore very important that Tokyo, following as it does the Bonn conference and the Chicago conference, which dealt with the funding of the ANSF, should be pretty specific about the support it will give to the budget of Afghanistan.

Britain made it very clear that we would commit until 2017 to continue funding at the same level as we are today, throughout these five years. A number of other countries, the five Scandinavian countries, made the same commitment. Others made a specific commitment up until 2015, with an indication beyond

2015 to 2017, and many of us made it clear that, while we were being specific that funding would continue in the case of Britain at £178 million per year up until 2017, our commitment would continue throughout the decade of transformation, which goes up to 2024. We have tried to give confidence that the international community will be there to help Afghanistan after the transition is complete and the troop drawdown has taken place, so that the Afghan Government can have confidence in the support of the international community over a lengthy period of time. This is also so that we can know that the very considerable sacrifices that have been made, particularly by British and American armed forces, will be built on in the way that I have described through the processes of Chicago and Tokyo, providing adequate support to ensure continued progress can be made.

On your final point, Chairman, about how can we be sure that people will stick to their commitments, on behalf of the Government I accepted the request from the Government of Afghanistan and the Government of Japan that Britain would host a follow-up conference in two years' time, designed to make sure that everyone has stuck to their commitments, and to hold both the international community and the Afghan Government to account for the commitments that have been made.

Q52 Chair: I wish you well with that. We know that both Gleneagles and the previous Tokyo conference did fall short of the pledges. I think we are saying 74% of the pledges of the 2002 conference have been fulfilled. When we were in Afghanistan—I am sure you would have picked up the same thing—there was a febrile atmosphere: the impression is being given that the international community is almost pulling out in 2014. To what extent do you think the Tokyo conference will have had a positive impact in getting through to people—a much wider public in Afghanistan—that 2014 is the beginning of a transition, rather than the end of an era? Clearly that was the general question people were asking us all the time: what happens when you leave? To what extent can you be sure that the impact post 2014 is: “Well, the international community did not leave; the troops may have left, but the international community stayed there very actively”?

Mr Mitchell: That is what Tokyo and, indeed, Chicago are about. It is to give that confidence in the way I described, and also the mutual accountability framework, which is this bargain that I described. I have to say, my own observations would be that

although there is some concern—of course, it would clearly be quite wrong to suggest that there was not—about the transition process, there was more concern about the forthcoming elections in 2014. There was quite a strong view that these elections need to be successful, they need to be freer and fairer than the last elections and they need to reflect a growth in stability and security rather than the reverse.

Chair: We will come back to talk about the elections.

Mr Mitchell: That was the larger area of concern I would say, rather than the specific worry about the drawdown, which is proceeding pretty well. Half the country is now transitioned; within the next few months 75% of the people of Afghanistan will have been transitioned. Of course there are setbacks: this is a very difficult situation. While I was in Afghanistan three young soldiers were killed in what I think is known as a “green on blue” incident, which just underlines how difficult it is. In general, I think the transition is going pretty well.

Q53 Chair: Again on that, there were concerns that, once the international community forces leave, women’s rights would go backwards—there was concern that those be protected—that corruption, which is bad now, could get worse, although some say that a reduced amount of military activity and the money that goes with it might have the opposite effect, and that somehow or other the Taliban will start to come back in significant ways. I suppose the question you have to ask is, in a situation where we do not have troops on the ground, at what point does the UK Government conclude that what is happening in Afghanistan is such that we cannot effectively deliver our aid? What would be the tipping point at which we say that there has been too much reversal of progress, that women’s rights are being trashed, that corruption is rife, that the Taliban is regaining control? Does there come a point where our money is being abused and our ability to really turn the country round is being lost?

Mr Mitchell: Everything we are doing is designed to ensure that that is not going to happen; I do not believe that will happen. There is very clear evidence of progress. Two particular points that you make, Sir Malcolm, about the Taliban drifting back and the rights of women: let me address them very directly. One of the things that is most likely to stop the Taliban coming back and trying to implement their repugnant policies towards women is educating girls. By the time you have educated a critical mass of women in Afghanistan, and they take leadership positions in their families and communities, they get elected on shuras, they get elected into government that is the best bulwark against those policies being re-implemented. Nine years ago there were no girls being educated in Afghanistan; today there are more than 2.2 million. That is moving in the right direction. Britain is a very strong supporter. While I was in Afghanistan I saw Minister Wardak, the Minister of Education. He says that by 2014 he will have got the other 4.2 million children who are not in school into school. He is a driving force. I think that is important progress on the first of those two points.

Britain has been a staunch supporter of women’s rights. My Department has worked very well in trying to boost the rights of women, not just in the way I described in terms of education, but in other ways. When I was there last year I launched the Tawanmandi project, which the Committee may have heard about while they were there. This is designed to boost civil society, holding Ministers to account, holding Government to account. I mention this one statistic to the Committee, which I think is stunning: nine years ago there were three female defence lawyers in Afghanistan. Today, thanks to the efforts not least of Britain, there are more than 400. Of course, women having the opportunity to stand up for their rights, to have their rights represented, to achieve security and justice, that move from just three female defence lawyers who could act for women to more than 400 today is very significant. There is other evidence as well that progress is being made in Afghanistan, that we have turned a page and that, with the tremendous support and effectiveness of our own troops in training the Afghan army and police, the success of transition so far is moving to a new place. That is what we will be able to achieve.

Q54 Chair: The Independent Commission on Aid Impact was quite critical of the tiers of subcontracting that DFID funding had to go through. We got quite a bit of the flavour of that when we were there. The mutual accountability framework states that, “The international community aims to limit the practice of subcontracting in all specialised and labour-intensive projects to only one vertical level to reduce overhead costs and improve transparency.” That is precisely what ICAI were recommending. Will you be able to do that?

Mr Mitchell: The ICAI report—which I think was a very good report—did not identify any corruption in the programme. Indeed, the Committee will be familiar with the way in which we work through the Afghanistan Reconstruction Trust Fund, which supports Afghan Government programmes but only pays out on the basis of reimbursable receipts. That is a successful and important approach; it is support for the Afghan budget, but it is not budget support. That is a mechanism we are able to use to ensure we get the results our money is meant to buy.

In terms of ICAI’s report, therefore, it was more about when Britain provides taxpayer support for third parties and the monitoring of what happens thereafter. We are making a number of changes as a result of the ICAI report—what the report set out is very helpful—but it is fair to say that in a position such as we face in Afghanistan we take a little more risk in support of the work our armed forces are doing there, in support of Britain’s specific interests in Afghanistan, than we would in a steady state development programme in a country that was not caught up in conflict in the way Afghanistan is. The report was very helpful; we will take specific steps that result from that report. But my officials in Afghanistan do a brilliant job in very difficult circumstances, and I would not want there to be any implication from the ICAI report that that was not the case.

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Chair: I think the Committee would concur with that last comment, but I am not sure you gave an answer that said it would be simplified to one level. We will come back to that.

Q55 Mr Gyimah: Secretary of State, thanks for what you have said so far. The question I have on my mind is to do with the transition and your level of confidence. Given so much seems to ride on the outcome of the next election, what is your level of confidence that the progress made to date around development—and you gave two very interesting statistics about the number of women in education and the number of women judges—will not halt post the election if the outcome is not favourable?

Mr Mitchell: No one can foretell the future with 100% precision, and I do not pretend to be able to, but I do think the decisions the international community has made at Chicago—about the support for the Afghan National Security Forces—and the decisions that have been made at Tokyo can give confidence to people who are driving progress in Afghanistan that the international community will not desert them when the transition is complete and the drawdown has taken place. It is not remotely surprising that that will be the case, because long after the last British combat soldier has departed we will still need to be supporting Afghanistan in its development aims and aspirations because this is one of the poorest countries on Earth.

So we are making our plans for what happens after the transition is complete. Along with our colleagues in the international community and the multilateral organisations, we are working out how to take forward the aspirations of the Government, and working in partnership with the Government to develop and secure our common aims and aspirations.

Q56 Chris White: Secretary of State, following your opening remarks, as part of the group that visited Lashkar Gah, may I take this opportunity to pay tribute to our troops and the DFID teams for their extraordinary work under extraordinary circumstances? My question, though, is to ask you how are you ensuring that DFID's programme is sufficiently flexible to be able to respond to whatever the various scenarios might be post 2014?

Mr Mitchell: Mr White is entirely correct that the situation post 2014, when the troops are withdrawn, will lead to the PRT being dismantled. We will run the programmes and operate from Kabul, which is, after all, the normal model in most countries: you would expect the head office of DFID to be in Kabul and operating from there. I do not know whether you were able to get out on the ground in Lashkar Gah, but we are supporting Mercy Corps in a very significant vocational training programme, which will shortly have trained more than 12,000 men and women, effectively, and graduated them into the local economy with very, very high success rates: something more than 83% have got into jobs as a result. The work of development is carrying on now, and we expect, operating in the normal way through international NGOs, as well as, where possible, through the Afghanistan Reconstruction Trust Fund,

to be supporting development in a comprehensive way once the PRT has completed its tasks.

Q57 Chris White: Do you think that any particular projects might be stopped because of the risk of a deteriorating security situation?

Mr Mitchell: We will of course have to take account of that, but I anticipate, as we said at Tokyo, that, from now to 2017 and beyond that, we will deploy British development resources at the rate of £178 million a year. We increased the figure two years ago when the coalition Government came to power by some 40%, and we have confidence that the different parts of our programme, the three key parts of our programme, can be delivered through transition and beyond.

Q58 Hugh Bayley: Given the number of British service personnel who have died or been seriously injured in Helmand, it is likely, I think, that many of the British public would judge the worth of our presence in Afghanistan by the lasting change that is achieved in Helmand province. Do you envisage that funding for DFID's Helmand programmes will continue at current levels once the ISAF troops leave? If so, how will support be provided in the province for such work?

Mr Mitchell: Mr Bayley is correct that British activity and endeavour in Afghanistan is often seen in Britain through the lens of Helmand. That, after all, as Mr Bayley says, is where our troops are largely deployed. The programmes in Helmand are gearing up for transition in the way I described to Mr White. Once the drawdown is complete we will continue in much the same way as we do now. For example, a lot of the support goes through the Afghanistan Reconstruction Trust Fund. As long as we are happy the money is being spent in the way we are reimbursing, we will be able to continue to do that.

Q59 Hugh Bayley: Will you have staff, perhaps local Afghan staff, on the ground in Helmand after 2014?

Mr Mitchell: It is too early to give you a definite answer to that. However, it is my anticipation that the staff will be based in Kabul; they will move around and operate as the security situation permits thereafter.

Q60 Hugh Bayley: What development gains in Helmand do you think will be sustained after 2014?

Mr Mitchell: I hope all of them will. There has been a tremendous increase in the number of children in school. Governor Mangal, the brilliant Governor in Helmand, is quick to talk about that and the agricultural development he has personally championed as well. He also talks, for example, about the tremendous growth in the number of people who attend shuras—justice shuras too. Mr Bayley will recall that, not so long ago, one of the complaints made was that the Taliban would give you justice quite quickly if you had a complaint, but if you wanted access to the state justice of Afghanistan it took forever, and often money had to pass hands. That position has changed quite radically now. There are justice shuras enacted in the traditional way at local level that are giving people access to justice that they

did not have before. Where you have a charismatic leader like Governor Mangal, who is leading his province in that way, great progress can be made.

Q61 Hugh Bayley: Both on this more recent visit and when I have been to Helmand before, it is clear that some services supported by British funds are provided in areas where the Government of Afghanistan's writ does not apply: in "bad lands" where "bad people", I might say, exercise control. In those areas, it is obviously necessary to strike some kind of deal with local insurgent forces, local Taliban leaders and local community leaders. Mercy Corps, who gave evidence to us last week, explained that they could not do the work you were describing unless they obtained agreement for what they were doing from the Taliban. Is the Government comfortable with that as a practical necessity in a conflict area?

Mr Mitchell: Clearly we do not do anything like that as a Government. The way in which we operate with an organisation like Mercy Corps—which I emphasise is, I think, delivering brilliant results, and is very well led in Lashkar Gah—is that we expect them to be able to deliver results on the ground and we leave them to get on with how they do that. I would expect them to take advice from the lawful authorities in Lashkar Gah about the way in which they operate.

Q62 Chair: Just a point on that, though: the argument from Mercy Corps and others was they could only engage in the community without close protection—which they do not want to have anyway because it creates all the wrong impressions—because they had an accommodation. That included some degree of consent or support from the Taliban.¹ Is that not the reality of the way forward: that, frankly, unless you get that kind of consent, you either do it under armed guard—which is really not the way to take the country where it needs to be—or you have to broker an agreement?

Mr Mitchell: If you are running Mercy Corps in Lashkar Gah you could not be criticised for ensuring that your staff and colleagues working in those circumstances were not regarded as wildly antagonistic to any of the communities in the vicinity.

Q63 Mr Gyimah: Secretary of State, we heard from witnesses last week that donor duplication in Afghanistan was still a problem. I guess the question that flows from that is how you would rate the work of the Joint Monitoring and Coordination Board, and how could they improve their activities?

Mr Mitchell: Donor duplication is a problem, but it is one of the reasons why Britain strongly supports the request of the Afghan Government that 50% of the support should be done through the Government—that is the Afghanistan Reconstruction Trust Fund for us—and that 80% should coincide with the aims of the Government. The truth is, as the Committee will fully understand, that, in development work, unless you have a partnership, unless you are going with the grain of what a Government is trying to do, development

will not be successful. Mr Gyimah mentions a key area of importance: greater donor coordination, particularly as transition completes, is essential and is one of the priorities I have set for my officials to ensure we do everything we can to boost donor coordination and ensure it is effective.

Q64 Mr Gyimah: Thank you for that. Just pursuing that point a little bit further, there was an article in *The Sunday Times* last week, which was very critical of how Britain and the United States worked together at both military and development level, and I quote: "American marines and British civilian advisers were waging two wars in Helmand... They were fighting the Taliban—and each other". Obviously bearing in mind that this is an extract from a book and the author of the book wants to sell copy, it would be interesting to know your views on how we can improve this situation, because I am sure it reflects in part some truth of what is happening.

Mr Mitchell: All I can say about that is I have looked at the allegations in that article and I have found no evidence whatsoever that they are true.

Q65 Jeremy Lefroy: Secretary of State, you have already mentioned the Afghanistan Reconstruction Trust Fund. Our experience of a trust fund run by the World Bank in South Sudan was not particularly good. What makes this one different?

Mr Mitchell: They are none of them precisely the same. The Afghanistan Reconstruction Trust Fund has been a key mechanism that we have used. We have therefore ensured that it operates in a way that works for us. The way in which it works is it only pays out on the basis of verified, reimbursable receipts, which are verified by an external and respected company. That is absolutely essential. When there was the standoff between the IMF and the Afghan Government over the Kabul Bank, when we were not satisfied that it was being tackled correctly, Britain decided not to support the ARTF until that had been sorted out. This is a very important mechanism for us: we watch it like a hawk; we use it to signify our support for the programmes of the Afghan Government, paying teachers and doctors and so forth. In my view it is an effective and successful mechanism of British support for the Afghan Government and for the development of the sinews of that Government as well.

Q66 Jeremy Lefroy: I understand a review of it is currently ongoing. Is DFID involved in that review, and do you have anything to say on it at the moment?

Mr Mitchell: I do not have anything to say on it at the moment. We keep it under review all the time, and of course when there was a standoff with the IMF we were unable to use it until that had been resolved.

Q67 Jeremy Lefroy: Given it is such an important element, not only of the work DFID is doing in Afghanistan but even of the work of the Afghan Government, because it is the single major source of financing for its services, is there a fairly clear protocol setting out the circumstances under which DFID and other donors would not continue to fund it,

¹ Mercy Corps wishes to put on record in evidence given on 3 July 2012 that they did not refer to any communication with the Taliban or similar organisation.

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or would suspend funding as in the case of the Kabul Bank? Clearly if the Afghan Government is relying on this, it could have huge implications for the delivery of those very services we want to see, such as education, particularly for girls. How can we and the Afghan Government ensure this is not done arbitrarily?

Mr Mitchell: You put your finger on a very important point, which is that, when we were dissatisfied with the standards of governance surrounding the Kabul Bank, we made it clear that we would not fund through the ARTF with prospectively very significant effects on the paying of the teachers and the doctors you describe. Of course, the Afghanistan Reconstruction Trust Fund is used more extensively than that: it funds many of the local programmes at local level that are supported by local government. Its importance is absolute. It is a mechanism by which we are able to give very strong support to the Afghan Government, but we expect them to stick to their commitments as well, if they are to receive that sort of quality of support.

Q68 Jeremy Lefroy: Fully understood, but if I may press you a little bit, because it is so important and the services it delivers are critical to the future of Afghan reconstruction, surely there needs to be a very clear protocol under which funding continues to be provided or is suspended. At what level of corruption would you take the decision not to continue with funding or to suspend funding? If I were the Afghan Government I would want to be sure that something as important to my existence as this was very clearly laid out, because a new Secretary of State could come in and say that any level of corruption is intolerable, and therefore if we have any reports of corruption—far below the level of the Kabul Bank—we will stop our contributions to this trust fund. It becomes a bit of an arbitrary instrument. Clearly, you only did that when gross corruption was revealed. Is there a protocol under which it is operated?

Mr Mitchell: No, there is not. I must maintain the flexibility to be accountable to Parliament for whether we fund through any of the mechanisms we use. It is important to distinguish. Firstly, I am satisfied that the Afghanistan Reconstruction Trust Fund is pretty proof against corruption; that is why we use it, because of the nature of the way it pays out taxpayers' money. It is important we should be clear about that. But I need to retain the flexibility as Secretary of State to be clear that if the Afghan Government does not stand by its commitment, does not meet its obligations, we are able to review the nature and extent of our support as a result.

Q69 Jeremy Lefroy: I just go back to the quotation at the beginning from your article, and the reason why Najibullah's regime ended with him hanging from a lamppost in Kabul being that the Russians stopped paying the bills. My slight concern there is that the major governments supporting the trust fund need to make it clear to the Afghan Government where their level of tolerance lies so that we are not left in a position where suddenly funding is withdrawn and those consequences result almost without thinking.

Mr Mitchell: I would turn it round and say both sides need to stand by their commitments and then the very difficult situation Mr Lefroy sets out will not arise.

Q70 Richard Burden: Could we talk a little bit about Conflict Pool monies and monies contributing towards prevention, stabilisation and peacekeeping? It is clearly a highly politicised area, with the involvement of the UK, USA and other partners; the relationships there increase that. There have been evaluations of the combined effect of all that; this is a quote from one of them from 2009: political and military pressure to contribute to stabilisation "constrained the choices available to DFID and undermined the coherence of its overall strategy." Former Ambassador Sherard Cowper-Coles himself said that one of the problems here is that DFID quite often appears as the "poor relative" and has to fight for its recognition to get its policies across. What is your feeling about that? Were those criticisms ever right? If they were, have they been addressed?

Mr Mitchell: They are criticisms of circumstances that existed under the last Government. The point I would make to Mr Burden is that we have set up the National Security Council, upon which I sit, so DFID is represented in that body. The National Security Council decides on the use of the Conflict Pool; the Conflict Pool underpins the delivery of the National Security Council's priorities for Afghanistan and also supports the building overseas stability strategy. This is now quite a well joined up approach. If the Committee were able to visit the PRT, they will have seen in action the seamless way in which the different parts of the Government are represented there and the very effective work they are doing. My answer is that the Conflict Pool is helping deliver Britain's priorities and doing so very effectively.

Q71 Richard Burden: What you are saying is the thing that has made the difference has been the impact of the National Security Council and the National Security Strategy. What has it done that is different, then?

Mr Mitchell: It is much more highly coordinated—

Q72 Richard Burden: Can give me an example?

Mr Mitchell: If you look, for example, at the work the Conflict Pool is carrying out on infrastructure in Helmand, where there are quite major improvements in infrastructure, including the strategically important highway between Sangin and Kajaki districts, that is overseen by the PRT. The strategy is determined through the NSC; the PRT is the body that carries that out and does so extremely effectively. I cannot really comment on a situation that may have existed before, but I hope I can reassure Mr Burden that that is now being carried out in a seamless, effective way. There are clearly things we can do better; that is not one of the ones I have identified.

Q73 Richard Burden: I am having a little difficulty following this. There are two issues here. One is: was the criticism of DFID being the "poor relative" ever really a valid criticism? That is the first question. The second question is, if the answer is yes, is it still the

case and what has made the practical difference? I have to say, Secretary of State, I was a little put out by your saying “that was the last Government.”

Mr Mitchell: There has been a change in structure.

Q74 Richard Burden: That is why I am asking you: the PRT was there under the last Government; the National Security Council was not there; Conflict Pool was there. But when you were talking about the road project, it presumably could have happened under the last Government as well. Before, would there have been on that road project a downplaying of the development angle, and if so what do you base that on? If there would have been that problem before and it has now been rectified, what, in practical terms, has the new structure done to change that?

Mr Mitchell: I first visited Afghanistan in 2008. I was certainly aware there had been complaints from different parts of the British Government about the way in which the PRT was working, that all the different parts were not as well joined up as they could or should be. Very shortly after this Government was elected, the Defence Secretary, the Foreign Secretary and I visited Afghanistan—

Richard Burden: I remember it.

Mr Mitchell: We visited Kabul and Helmand. We went to see for ourselves what we could do to ensure that the different parts for which each of us were responsible worked as seamlessly and as well together as possible. That is why I say that the advent of the National Security Council has had a beneficial effect on the machinery of government in delivering this well joined up performance. The answer to your question is—this has nothing to do with a criticism of the last Government—I think the approach that the PRT represents of the seamless working together of government has got much better. When I saw it in 2008 there were plenty of stories about how it had improved in the years before that. I have seen for myself how it has improved since 2008.

Q75 Richard Burden: There was another report published in 2011 that said that, in relation to research carried out in Helmand on Conflict Pool stabilisation, aid used in the form of stabilisation operations “may have as many negative, unintended effects as positive ones and, at the very least, is not a panacea.” To what extent do you think stabilisation efforts have contributed to stability?

Mr Mitchell: I am quite clear in terms of the work that we have been doing supporting stronger governance, the rule of law, better security, counter-narcotics efforts, and, indeed, creating more widely the general conditions for an enduring political settlement: all those things are hallmarks of stabilisation. We are engaged with all of them and progress is being made.

Q76 Richard Burden: For the record, that was Stuart Gordon’s “Winning Hearts and Minds?” 2011 report. Perhaps we can come back to that, thank you.

Q77 Jeremy Lefroy: The focus of DFID has been on the “viable state” pillar of the UK Government’s strategy on Afghanistan. What do you believe has

been the major achievement of DFID’s work on this so far?

Mr Mitchell: The programme that we have divides into three parts: encouraging better governance on the one hand; promoting economic stability, growth and jobs—we have talked about some of that, not least in the Mercy Corps example—and helping the State to deliver improved services. Progress has been made on all those. On economic activity, the vocational training I described is a good example. In terms of governance, the work we have done that has led to the promotion of women’s rights and the very significant increase in female defence lawyers is an example of that. The Afghanistan Reconstruction Trust Fund has been able to deliver the stability you were asking me about, Mr Lefroy, in respect of paying teachers and doctors. That is part of the reason why, in the recent past, the number of girls in school has risen from zero to 2.2 million. In very difficult circumstances, those three areas under the pillar of National Security Council strategy that you mentioned have made progress.

Q78 Jeremy Lefroy: Just moving on, developing that a little bit, it appears Afghanistan is the only country I am aware of where DFID seems to have a dual mandate. The one mandate is DFID’s own of reducing and eliminating poverty, and the second is the National Security Council’s mandate of building an effective state. Do you see a conflict between those two?

Mr Mitchell: No, not at all. Of course, the National Security Council agreed that 30% of the development budget would be spent in conflict areas. There are other countries as well now where that would be so. I would not wish there to be any confusion over the fact that the humanitarian relief we provide is needs-based, and is not used in a way that, as it were, specifically advantages the security position. In general, the reason our troops are deployed is to ensure that, in future, Afghanistan is not a safe haven for terrorist activity and Britain’s development budget, whether in Afghanistan or anywhere else, pursues Britain’s national interests.

Q79 Jeremy Lefroy: I hear that, but one of the statements one sometimes hears is that because the UK Government, through DFID, is so concentrating on devoting a considerable amount of time to developing the central state Government, it is perhaps not doing as much on developing, or helping the Afghan Government develop, those services that are the things that will win over hearts and minds and bring about peace and stability in the long term.

Mr Mitchell: I do not recognise that distinction. To give one example, we are heavily engaged in working with the Ministry of Mines in trying to ensure that this enormous mineral wealth just under the surface in Afghanistan is developed for the benefit of the Afghan people. We work extensively with the Ministry of Finance but also with the Ministry of Mines to try to ensure the governance systems are properly developed and are transparent, open and work effectively. The work we have done with the Ministry of Mines has helped contribute to a number of contracts being

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awarded in a transparent and open way. I think I mentioned to the Committee when we last discussed Afghanistan that Minister Shahrani had put 108 contracts on the internet to emphasise the fact these would be awarded in a transparent and open way. That sort of work helps build the sinews of the Government, but it also directly contributes to the development of Afghanistan. In recent months, two big iron ore contracts have been let. It is calculated by the World Bank that by 2016 the revenue to the state if these are let and developed in a transparent and open way would be a significant part of the annual budget. So it is a very important way of doing both the things you described.

Q80 Jeremy Lefroy: Thank you very much. We met the Minister of Mines, and I think all of us were impressed with him. His figures seem to be slightly optimistic, compared with the figures of the World Bank, but at least that showed he was confident about the future. Turning for a moment to the Kabul Bank scandal, how satisfied are you with the action that in particular the Minister of Finance has taken and the Government as a whole?

Mr Mitchell: The key point there is that the President made a speech some weeks ago in which he made it perfectly clear that the money that had been taken from the Bank should be returned; if the money was not returned, he would take action against those who had been identified through this audit report we and the Canadians funded, and he would take action against those who had failed to comply. When I saw President Karzai last week, I welcomed his speech and said we looked forward to his delivering on those commitments. He assured me that he would be doing so.

Q81 Richard Burden: Perhaps, Secretary of State, I could come back, partly to the line of questioning I was exploring before. It relates to the questions Jeremy Lefroy was asking about national governance, subnational governance and so on. There was an article in *The Independent on Sunday* this week. You mentioned the roads as being an example of development objectives being pursued in a much more effective way. According to that article by Brian Brady and Jonathan Owen, there is a secret report flying around British Government Departments at the moment that is quite critical of the Highway 1 project. It is “largely bankrolled by American and Saudi millions, was seen as a symbol of Afghanistan’s emergence as a modern democratic nation after decades of oppressive rule”—this is what the report says—but then, according to this paper that is apparently under discussion, the road, “is not completely ‘metalled’ with a durable surface, and has a layer of tarmac too thin to last an Afghan winter, leaving lengthy stretches in danger of disintegration. The document also complained that the highway was ‘of no value at all’ to the vast majority of Afghans, who need better local roads to help them travel to towns closer to home.”

This is kind of what I was getting at. I can absolutely see, as a statement about the new Afghanistan, that this road may make a great deal of sense, but if it is

not going to work much as a road, and it is not going from the right places to the right places, it is not following a development agenda. It may be following another agenda. When we were in Afghanistan in 2007, we saw some examples of that same kind of problem. Have you seen the report, and is there something in it?

Mr Mitchell: The building of roads is extremely important. I opened a new road when I was in Helmand last year, and of course a tarmac road gives people confidence in going about their business, getting goods to market and knowing they can travel in reasonable safety. The building of roads is an important development priority. I know of no secret report on Highway 1, but I did see the article that was written by *The Independent on Sunday* and I would be happy to write to the Committee if that would be helpful, Mr Chairman, on any views we have on it.

Q82 Chair: If there is a secret report, can we see it?

Mr Mitchell: If there is a report that is in secret you can certainly see it, Mr Chairman, but I would be happy to write on the essence of the point Mr Burden is raising anyway.

Q83 Fiona O'Donnell: Good afternoon, Secretary of State. As a newbie to the Committee, is it okay if I call you Andrew and you can call me Fiona? Is that all right?

Mr Mitchell: I suppose so, Sir Malcolm.

Fiona O'Donnell: Thank you; thanks Andrew.

Hugh Bayley: “Malc”.

Chair: This is not the Treasury Committee.

Q84 Fiona O'Donnell: Your Government is committed to localism, but evidence submitted to the Committee states that that approach is maybe not so evident in DFID’s state building work in Afghanistan. Indeed, they described it as “overly centralised” and “inappropriate given the current realities of Afghanistan.” How would you respond to that accusation?

Mr Mitchell: I think it is not a fair criticism. The point I would make is that we are supporting a myriad local programmes. We supported development programmes locally through the District Development Program—DDP—for example, which is designed to go right to grassroots level, to ensure that local people elect representatives for what they want to do, and then make assessments and judgments of what in their community they would like to see developed. In one community I visited not far from Kabul, a decision had been made to rebuild the school; in another, a decision was made that they wanted a clinic. This is localism at work. It is asking people at grassroots level what they want to do and then ensuring the Government shows its ability to support that sort of local development. We are very much involved in that: we co-funded the Performance Based Governance Fund, which helps to build more accountable local government institutions across 34 provinces, and is managed by a reputable international NGO, The Asia Foundation. If Fiona has a look at the work of The Asia Foundation in this respect she may well be reassured, Mr Chairman.

Q85 Fiona O'Donnell: Thank you. In part you have answered my next question: the Committee heard last week in evidence that there is concern that, without DFID oversight, donor money may not be appropriately channelled down to local level, but instead may be used to reward local patronage. Do you think that is a risk?

Mr Mitchell: Again, the Performance Based Governance Fund, which I have just mentioned, has recently been evaluated. The evaluation said it has significantly improved the way in which provincial governors manage funds to communicate better with their citizens to run their operations. Good progress has been made in that respect.

Q86 Fiona O'Donnell: How will you oversee the ways in which that money is spent?

Mr Mitchell: The example I have given of the work that the highly respected Asia Foundation does is one such mechanism. We employ a whole series of ways in which we oversee the way funding is spent, not least I have explained the governance structure around the Afghanistan Reconstruction Trust Fund, which is of course a significant disburser of British taxpayers' money.

Q87 Hugh Bayley: I, like you, Secretary of State, have visited Afghanistan five times over the last 10 years. I respect enormously the work our staff do, but I think because the stakes are so high for Afghan people and for us in this country there is a danger of not looking at the downside. I see some difficulties we face: the decreasing ratio between staff and funding; the relative inexperience of many staff; the fact there is a high staff turnover; the fact that because it is such a difficult posting people go in and out of the country frequently, so they are not there for as many weeks in the year as they would be in a less conflict affected place. These factors must have a negative impact on DFID's programming and the degree of oversight.

One thing struck me very forcefully. We were sitting with key staff round the table. The institutional memory you would expect just did not seem to be there. I remember on previous visits being told that saffron could be used to replace poppy, and then being told that mint would be used to replace poppy, and going to a factory where women were being employed processing mint. Then wheat was the answer; indeed, there is quite a successful wheat programme in Helmand, but there is still quite a successful poppy crop in Helmand. It strikes me that we need to address these deficiencies. Perhaps by employing more local staff you would build up that institutional memory. What does the Department do to look at the downside, as well as the very real successes we have had, and to improve effectiveness?

Mr Mitchell: It is an important point that we wrestle with all the time. First, when I was there this time there were, I think, three people who were there when I first visited in 2008, when I was with all the staff. They were on their second, and in one case, third tour of Afghanistan. It should be pointed out that my staff there does 18-month tours on average; the military do six-month tours. The fact that it is much longer helps

with the institutional memory. There has also been a big change in the number of locally engaged staff. There are far more now than there were in 2008. That is a good sign as well, because they are obviously not limited in the amount of time they can spend. The fact that we do 18 months, that people return, that we now have a higher percentage of locally engaged staff—and there are more staff as well, because we need more to administer the programme for the reasons you alluded to—show we are making progress in that area as well.

I do not want to disguise at all from Mr Bayley the fact that this is a difficult and important area: maintaining institutional memory and knowledge; being able to look after our staff properly; ensuring that when they are there it is a worthwhile and satisfactory experience and not one that is endured. These are very important matters, and our duty of care very much covers those things.

Q88 Hugh Bayley: We commit large sums of British taxpayers' money to Afghanistan, and the ability to exercise oversight, particularly in the south of country in Helmand, depends at the moment on our military presence being there. When the troops leave you said our office is likely to leave. What tools and mechanisms will DFID use in more remote parts of the country after 2014 to continue to monitor how our money is used and whether it is still used well enough to maintain the spend?

Mr Mitchell: It will always be an overriding concern, to ensure that the money is well spent. I dwelt at some length earlier on our reaction to the ICAI report and the changes we are making as a result. The security situation, our ability to ensure that money is being well spent, will always be a paramount consideration. We are able to operate through a series of different mechanisms. We have discussed on several occasions this afternoon the precise workings of the Afghanistan Reconstruction Trust Fund; that is one set of mechanisms. We work through credible partners, through international NGOs, through other local organisations—we have discussed the way in which, for example, we work through Mercy Corps in Lashkar Gah—and we will continue to deploy our expertise in staffing and working a development programme to maximum possible effect. Clearly, the state of the security on the ground is a key factor in what we can and cannot do.

Q89 Hugh Bayley: We had criticism from a British-Afghan citizen who ran a number of businesses in Afghanistan, when we met the Chamber of Commerce in Kabul, that donor partners “inflate figures”—I am quoting his words—“to make themselves look like they are achieving more than they really are.” We were told in evidence last week about ghost students in the enrolment numbers. I know the World Bank has an online mapping system where citizens text in information about whether the school is open and such matters. Certainly, to date, DFID does not match that in terms of its reporting on outcomes achieved for spending in Afghanistan. To what extent can you use these new social media—local citizen reporters, if you like—to give the public

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in this country confidence that our money does improve lives for men and women in difficult situations in Afghanistan?

Mr Mitchell: We are in the vanguard of countries that are using modern methods to do development. For example, the police in Afghanistan are paid through mobile phone payments, in part. The ARTF gives us the ability to ensure we do not pay ghost teachers; that we pay for the services we are receiving. A huge amount of effort is put by us in validating that payments are correct and using modern methods, the development of which DFID and Vodafone started. Of course, setting up the Independent Commission on Aid Impact is absolutely a way of independently verifying that British aid money is well spent. There were many people who said we should not do it, and that it was not necessary. I think it is absolutely essential that we have this ingredient of independent evaluation, which reports to you, Sir Malcolm, and not to me as Secretary of State, and the public can have some trust in the fact that, because it is reporting to the legislature and not to the executive, to Parliament and not to Ministers, they are getting an impartial, professional, expert and independent view.

Q90 Hugh Bayley: We were told by the head of the WHO mission to Afghanistan, Peter Graff, that the claim we hear from DFID that 85% of the population now live within one hour of basic healthcare “does not mean”—again, I am quoting his words—“that 85% of Afghans have access, or easy access, or avail themselves of health facilities.” I support the Government strongly in its endeavour to raise the quality of life and livelihoods and incomes for people in Afghanistan. I think real progress has been made, but do you, Secretary of State, agree with me that it is important to state the facts, and not overstate them, so that these reports from Government and others who wish progress in Afghanistan to happen are not undermined by overselling the achievements?

Mr Mitchell: I completely agree with Mr Bayley on this point, because you then undermine trust in all the different evaluations that take place. The position on healthcare is that some eight years ago, 9% of the country had access to healthcare. I think the 85% figure is too high, but I have certainly seen credible evidence that the figure is now in the 60s, so there has been an enormous shift, enormous progress. It is important not to understate that, because moving from 9% to mid-60s is a very substantial achievement.

Q91 Chair: I posed three issues that were points of concern. One was corruption, the second was security, and the third was political instability. The word is that what Afghanistan needs for 2014 and thereafter is a political settlement. That is a bit of a euphemism for “to come to some kind of arrangement that persuades the Taliban to be included rather than excluded, presumably to stop trying to blow all the participants to any subsequent Government to smithereens.” What hope is there of achieving that, and what role can DFID specifically play?

Mr Mitchell: The Chairman is entirely right that a political settlement is required, and the clear message of the Government of Afghanistan is that the Taliban

should lay down their arms, stop attacking in Afghanistan and talk. Obviously efforts are made to try to promote a political settlement, and President Karzai has spoken frequently and eloquently on this point. It is equally essential for everyone to know the resolve of the international community to support the Government of Afghanistan, to ensure that during the drawdown, we are able to help contribute to security, that after the drawdown has taken place, we will fund the Afghan National Security Forces, that training work continues—Britain has made it clear that we will support what I think is called “Sandhurst in the Sand”—and that the international community will continue to be engaged. It is that clear position of the international community that should encourage the Taliban to lay down their arms and cease fighting.

Q92 Chair: You will know that the Committee is planning to visit Pakistan later in the year, not least, and quite explicitly, because it will be the largest recipient of UK Overseas Development Assistance, so we want to look at it in its own right on those terms. However, we consistently received complaints—quite often bitter complaints—that the ability of the Taliban to maintain its insurgency in the south has a lot to do with complicity by Pakistan. The strongest allegation is that Pakistan is actively supporting the Taliban. The milder accusation is that they are providing a safe haven for them to retreat into that disputed border territory. To what extent is that a legitimate concern? Is that not part and parcel of why we have to regard Afghanistan and Pakistan, in terms of the stability of the region, as part of a joint problem rather than two separate ones?

Mr Mitchell: The stability of the region involves all the countries of it in different ways. I am delighted to hear that the Committee is going to Pakistan later this year. I hope the Committee will have the chance to look at the work we are doing to ensure that 4 million children in Pakistan go to school. I think it is the key intervention that can make a real difference to Pakistan’s society in the medium term. No doubt the Committee will then be able to draw some conclusion on what they think is happening, in answer to the points that Sir Malcolm makes. The only point I would make is that the people of Pakistan have suffered grievously from terrorism, and we are united in a common endeavour to crack down and diminish it.

Q93 Chair: Whoever were the perpetrators of the assassinations of the leaders of the Peace and Reintegration Programme, it brought it to a halt. That presumably is precisely because there are forces active who do not want peace and reintegration. Is that really a failed project that should be abandoned, or does it have any prospective future activity? What we have been told is, “Forget all that: what will really bind people in is the knowledge that there is economic improvement and access to jobs, and that is much more important than grand gestures on peace, when people’s daily lives do not really impinge on that.”

Mr Mitchell: That is a good point, but equally, a political settlement is essential for peace to take root and endure.

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Q94 Chris White: Last week we heard about the importance of voter registration in elections, but we have also heard from the Finance Minister that outcomes are perhaps more important than the process. What is the UK doing to ensure the elections will be safe, free and fair?

Mr Mitchell: It is a most important aspect of our work. We are now looking specifically at how Britain and the international community can support the elections in 2014. There were numerous allegations made about the last elections, about what the international community did and did not do. I believe it is essential that the elections in 2014 are seen as freer and fairer than before, at the very least. I am conscious that, for President Karzai, this is his legacy. What sort of an Afghanistan is he going to hand over at those elections? He is clear, as he has said, that there need to be several credible candidates who are contestants in those elections. As I said earlier, Sir Malcolm, the emphasis that I got during my visit was that there was more concern about the elections being a driver of greater stability than there was about fear of instability resulting from the drawdown of the troops. This is an extremely important area, where the international community will need to work together in a creative and effective way to help the Afghan authorities deliver elections that are credible and carry both local and international support. This was a point that was touched upon in Tokyo, and we will be working to do just that.

Q95 Chris White: I think I am right in saying that £28 million was put into the election in DRC to make that a free and fair election. I do not think anybody takes that view now. What lessons do you think we have picked up from that exercise?

Mr Mitchell: We are engaged in assisting to “promote freer and fairer elections” in a significant number of countries, and we learn lessons from each of those experiences. It is extraordinarily difficult to deliver elections in the DRC. That is not in any way a plea of mitigation for the failure to do so, and there are a lot of lessons to be learned by the international community from the last set of elections in the DRC. We accumulate knowledge, and we must ensure that, when we look to see how we can support and help the Afghan authorities in the run-up to the next election, particularly in view of the singular difficulties there, we are as effective as we can possibly be.

Q96 Chris White: Finally, with regards to Tokyo, a commitment was made to put together a timeline from 2013 to 2015, specifically towards the elections. How will you be working on that particular commitment?

Mr Mitchell: The elections will take place in 2014 and 2015. We anticipate there will be a conference, co-chaired by Britain and Afghanistan, in 2014 to review progress. That is certainly one of the aspects that it will be reviewing.

Q97 Richard Burden: There was a concern that was expressed quite a lot, and it was expressed to us in our last evidence session, that the progress being made towards transfer of responsibility to the Afghan army is fine, but once the international forces move out, the

chances are the army itself will fragment, it will come under the control of different warlords and so on. Do you think those fears are well founded, and if so, what can be done to reduce the risk?

Mr Mitchell: I do not think those fears are well founded. All the evidence is that the training of the Afghan national security forces, the army and the police, is going well. I say that in the full knowledge of the “green on blue” incident to which we referred at the beginning of this evidence session. I think it is going well. There is evidence now that the Afghan national security forces are taking the lead in quite a number of operations, and are being effective in taking the lead, so I think that that is not a satisfactory analysis of what is transpiring on the ground.

Q98 Richard Burden: One thing that was put to us is that in a sense the ethnic makeup of the Afghan army may be another problem. There are essentially two views. One is that the reason the army may stay together, particularly in areas like Helmand and the South, will be that it is not necessary to be Pashtun-dominated; there are Tajiks and others who dominate it. The other view is that, precisely for that same reason, it is lining up a problem for itself, if it potentially does not have the support of the Pashtuns in the area. What would your view be on that?

Mr Mitchell: Part of the training that an army has is designed to ensure that its forces are properly meshed together. I am certain it is a factor, but it is something that training can greatly mitigate.

Q99 Richard Burden: We also heard last week a view that in a sense the international community did have the chance early on to get in there and seriously try to reform the formal justice system in Afghanistan, and that, in a way, that was a big mistake: we missed a trick there. Do you think that is true? Do you think there are ways now for us to do that, or is it too late?

Mr Mitchell: The delivery of justice?

Richard Burden: Justice, that’s right.

Mr Mitchell: I think that good progress has been made. We touched on the very significant increase in female defence lawyers, and I mentioned earlier the fact that, in the past, justice from the state was extremely slow and very difficult to secure, whereas by contrast justice administered by, or sought from, the Taliban was much quicker. That has changed very significantly. I gave the example of the old system of shura-based justice growing up and becoming much more accessible. Certainly I asked about this when I was in Afghanistan, and received very encouraging evidence of the fact that shura-based justice had taken root and was re-emerging. That is an encouraging factor in an area of work that looked as though it was extremely challenged on my previous visits.

Q100 Jeremy Lefroy: In earlier exchanges we have referred to the minerals sector, or extractive industries, including oil and gas, and the potential that Afghanistan has for that. The Minister of Mines, as I said, thought that Afghanistan could fill its fiscal gap almost entirely through the extractive industries by about 2025. Do you share his confidence?

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Mr Mitchell: I mentioned earlier the importance of the work that we are supporting in the minerals sector. I believe that the team of technical experts in the Ministry of Mines that DFID has embedded, and the advice from Michael Wareing, the former CEO of KPMG International, on investment promotion, are ways in which we are supporting precisely that. I am very clear that, one of the key ways Afghanistan can lift itself, or help lift itself, out of poverty is by exploiting the somewhere between one and three trillion dollars in mineral and oil and gas reserves that they have in the open and transparent and accountable way I described a little earlier. That is why I have put such emphasis on the work we are doing with the Ministry of Mines, and why we are giving it such strong support: because it has the capacity to make an extraordinary difference to the whole nature and success of the Afghan economy.

Q101 Jeremy Lefroy: It was encouraging to see that Afghanistan is intending, if it has not already done so, to sign up to the EITI.

Mr Mitchell: Yes.

Q102 Jeremy Lefroy: Given that extractive industries tend to produce, if not jobless growth, certainly growth without vast numbers of jobs being created, and employment is clearly absolutely vital, what is your evaluation of the work DFID is currently doing on agriculture, which clearly has much more impact on the creation of employment and livelihoods?

Mr Mitchell: The work on employment and livelihoods is enormously important. In the mining industry there are very few jobs at the moment. There will clearly be many more, although, as Mr Lefroy makes clear, it is not an area of enormous labour intensity. We talked earlier about vocational training going on in Lashkar Gah, where shortly there will be 15,000 graduates from that. I gave the figures earlier of the very large number who are engaged in successful economic activity as a result. Afghanistan is a land where things grow and grow easily. The ability to promote agriculture—and we do a certain amount of that, not only in helping inform farmers of how to maximise what they produce, but in assisting with access to markets and so forth—is a very important part of what we do.

Q103 Jeremy Lefroy: When we were there, we heard that a lot of Afghan primary products go over the border to Pakistan, where they are processed and come back in processed form for sale. Do you see more that the UK Government, through DFID, could do to help develop that kind of secondary processing industry in Afghanistan? It seemed to us that that was one way in which one could both add value and create jobs and, of course, promote food security locally.

Mr Mitchell: Yes, having the added value in Afghanistan would clearly be advantageous. Economies need to move to a position where they can do that. We have given very strong support, close to Lashkar Gah, to the Bost Development Park. At the moment it is a shell with little in it, but there is an

airport there now, and we are intent on making progress on that.

Q104 Jeremy Lefroy: There was some slight disappointment expressed that CDC—or British investors, I should say—were not going to attend a conference held, I think, in the last part of June in India about investment in Afghanistan. We raised that as a Committee with CDC and encouraged them to send a representative along. Unfortunately they were not able to. Do you detect a lack of enthusiasm on the part of British investors for investing in Afghanistan, which perhaps could be contrasted with the enthusiasm of Indian and Chinese investors? What is your reaction to that? Would you be as disappointed as we felt?

Mr Mitchell: Certainly there is evidence of considerable Chinese investment, and indeed Indian investment. One of the two iron ore concessions to which I referred was awarded to an Indian company. I would refer the Committee to the Department for Business to enquire whether perhaps there is more that we could do to promote business more generally. Certainly in my Department we do everything we can in to promote business as best we can.

CDC is in considerable transition at the moment. We are changing it from a fund of funds—the Committee will be familiar with the high-level strategic plan for CDC. These are big and significant changes, which over the years will result in them being much more heavily engaged in direct investment, co-investment, other forms of investment instrument, in developing countries. We are already seeing that start. I went with the new CEO of CDC to Malawi. I expect that to intensify, but it will take time. This is a very big change for CDC, and there are very significant staffing requirements that need to be met. I am confident that in due time they will be doing exactly what Mr Lefroy described.

Q105 Jeremy Lefroy: You do see a role for CDC in Afghanistan in the future?

Mr Mitchell: I profoundly hope that in 10 years' time the situation in Afghanistan will be such that CDC is an important investment force on the landscape.

Q106 Chair: That is quite a long time away. You do not see it in the nearer future?

Mr Mitchell: That is right, Sir Malcolm, but equally CDC will take time to re-staff itself. It needs to accumulate expertise. Inevitably, once you have got to the first base on that it is easier to get to the second and so on. It will take time, but I believe that in future, if the position in Afghanistan continues to develop as we all hope, it will be a very good opportunity for CDC, not least because of the huge potential for investment in Afghanistan's mineral sector.

Q107 Fiona O'Donnell: Secretary of State, you have spoken about the UK's record in promoting the rights of women and girls in Afghanistan. The National Action Plan for the Women of Afghanistan has not been implemented, and the Elimination of Violence against Women law remains largely unenforced. How

will the UK's aid contribute to making sure that these are fully implemented?

Mr Mitchell: The British Government does provide funding to the Afghanistan Independent Human Rights Commission, which works to address issues such as domestic violence through education, as well as representation, case work, and national advocacy. We also support training for the Afghan national police, which covers domestic violence, issues of gender and the prevention of violence against women. I launched, as I mentioned earlier, the Tawanmandi programme in Kabul last year, which is specifically designed to fund Afghan civil society, and already funds a number of women's groups. When I was there last week, I was able to meet some of the recipients of Tawanmandi funding, and hear about the progress that was being made to support women and women's rights in Afghanistan, which was certainly encouraging.

British aid has increased the incomes of more than 2,000 women entrepreneurs by something over 100% by linking them to local markets for their goods. So there is clear progress being made. It is a challenging environment and there is much more to be done, but I would not want you to think that this was not a very high priority for the Government: it certainly is, and we intend to do as much as we can to help and assist.

Q108 Fiona O'Donnell: Eighty-seven per cent. of women in Afghanistan report they experience at least one form of domestic violence, so it is right that that is a priority. How much of our aid will go to improving protecting women against violence?

Mr Mitchell: I set out some of the ways in which we do it. I believe that the Tawanmandi project offers huge scope for taking forward this important agenda. If we discover that more funding could be used effectively to deliver on those objectives through the Tawanmandi project or similar projects, I would look very seriously at doing exactly that.

Q109 Fiona O'Donnell: Are you able to quantify how much of our aid is going into services to protect women?

Mr Mitchell: I cannot give you an exact figure, but that is because much of what we do contributes directly or indirectly to that important aim. Therefore disaggregating particular spending lines would not be easy to do.

Q110 Fiona O'Donnell: Do you not think we would be better funding directly projects that deal with domestic violence?

Mr Mitchell: We do; that is exactly what the Tawanmandi setup and programme enables us to do. It is one of the reasons why I set it up.

Q111 Fiona O'Donnell: How will you ensure that we have transparency from the Afghan Government to show how EVAW and NAPWA are being implemented and financed?

Mr Mitchell: What was the first programme?

Q112 Fiona O'Donnell: The Elimination of Violence against Women, and the National Action Plan for the

Women of Afghanistan. How will you ensure that these are being properly implemented and financed?

Mr Mitchell: Again, part of the reason for the Tawanmandi programme is to enable civil society to monitor the work of these programmes effectively, and report on them. I think the more of that we do, the better.

Q113 Fiona O'Donnell: Finally, Secretary of State—I appreciate the time you have taken to answer these questions—the European Union has publicly said they will find it hard to maintain funding in Afghanistan if women's rights are not respected. How will DFID respond if the situation of women continues to deteriorate? We were talking earlier about social media and mobile networks, and I was wondering if you saw any potential there to monitor. It is very difficult for women to come forward in any country, never mind a state with the record Afghanistan has on women's rights.

Mr Mitchell: I do not agree that the position of women is getting worse in Afghanistan. In extraordinarily difficult circumstances, where there is a long history of lack of rights for women, progress is being made. At all levels you can see this progress being made. Is it enough? No; but we must respect the facts on this, that progress is being made, and commit ourselves to making more progress as well.

Q114 Fiona O'Donnell: We have heard reported that there were 17 cases of honour killings just in March and April, which compares with 20 cases last year. Reuter's news agency has been saying there has been a sharp rise in violent attacks in Afghanistan. What evidence do you have to support that?

Mr Mitchell: I think any analysis of the position of women in Afghanistan, starting from the fact that no girls went to school in Afghanistan nine years ago, and the very large number who are going today, looking at the work that Tawanmandi is supporting to ensure that female defence lawyers are available to protest and prosecute the rights of women against issues like domestic violence, shows very clear evidence of programmes supported by Britain that are making a real difference to women on the ground.

Q115 Jeremy Lefroy: As a supplementary, we heard from two women Members of Parliament who were quite clear that they believed the situation had deteriorated in the last two or three years. Clearly, there has been a huge improvement since 2001, but would you recognise that? They particularly pointed out that women do not seem to be involved in the peace process at all. There may be some who are there, but they are nominal figures; they do not have any real influence in it.

Mr Mitchell: President Karzai makes it clear that he wants to see more women involved, and I think he is sincere in that. There are all the problems Fiona O'Donnell set out, which afflict women and make life for women in Afghanistan extraordinarily difficult. That is one of the reasons we put such emphasis on supporting programmes that help women, whether it is economically, combating domestic violence, or in many other ways. We will

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continue to do that. Equally, I think it is important to recognise that, over the last 10 years, there has been a tremendous shift in both appreciations of these issues within Afghan society, and the determination at the top and of the international community to try and tackle them.

Q116 Chair: Two further anecdotes: one very educated young Afghan woman said she would expect to marry whoever her family selected, without any choice, and when asked about the possibility of domestic violence said, “I can take a certain amount of violence; I am used to it.” That is concerning. Also, asking some of the women we met, “Are there any men in Afghanistan who speak up for the rights of women?” they could think of no one.

Mr Mitchell: A very depressing picture, Sir Malcolm. It underlines the very essence of British development policies, which is that we put girls and women right at the centre of everything we do. I think it gives added impetus to the key international development event this year for Britain, which is the family planning summit tomorrow, being co-hosted by the British Government and the Gates Foundation. If this is successful, it will reduce by half the number of women in the poor world who want access to contraception but are unable to receive it. Our commitment tomorrow is to try to enable women in the poorest parts of the world to make decisions for themselves over whether and when they have children, and the spacing of it. The rather depressing picture you paint, Sir Malcolm, I think should invigorate all of us to pursue this British development aim and aspiration with the maximal amount of vigour and passion.

Chair: I think our report on maternal health in the last Parliament showed how vital it was to the survival of women and indeed their children that they have that choice. I think we take that as a given around this table.

Q117 Mr Gyimah: Secretary of State, changing the tack to education, you touched on the steady progress that has been made since 2005 in some educational indicators. The question is, what can be done to ensure that a Ministry of Education in Afghanistan can carry out and continue to deliver the educational projects that have been hitherto delivered by NGOs?

Mr Mitchell: I described a meeting with the Minister of Education, Mr Wardak, earlier in this evidence session. Britain has made a huge investment in improving education provision in Afghanistan over the last decade: well over £100 million of UK aid funding through the Afghan Reconstruction Trust Fund since 2002 has taken place. We are very committed to doing that. We will be supporting education in Afghanistan through the GPE, which is a big contributor. Indeed, Afghanistan will be eligible for support through the Girls Education Challenge Fund, which we set up last year, which is designed overall to get up to a million girls into school in some of the most difficult parts of the world. It is not, of course, a funding mechanism that goes through the state, but it is a very important contribution to getting children into school potentially in Afghanistan,

working alongside the state, which can help deliver on Minister Wardak’s aspiration, which is to get all 4.2 million children who are not in school into school by the end of 2014. We will give him very strong support, as we have done in the past, to achieve that.

Q118 Mr Gyimah: How much of that effort will be going through the Ministry of Education?

Mr Mitchell: A very large amount of it we fund through the ARTF. The ARTF funds through the Ministry systems. That is the way in which the ARTF is designed.

Q119 Mr Gyimah: A lot of the focus, obviously, is on improving the number of people who go into education. What about the quality of education that is delivered? What can be done to improve that?

Mr Mitchell: That is extremely important. We are ratcheting up the quality of education in all our programmes. A report published by the Independent Commission on Aid Impact last month about education in East Africa drew our attention to the fact that, although we have been successful in terms of the quantity of children educated, we needed to keep a sharp eye on quality. A number of results-based aid pilots are taking place, not least in Ethiopia, to try to ensure we keep a very sharp eye on driving up the quality of education, and indeed incentivising governments to deliver more girls in school, more children in school in difficult places, more children in secondary school, and more children sitting and then passing exams. It is a key part of our programme to drive up the quality of education, and we will be doing everything we can to assist the Afghan authorities in doing that as well.

Q120 Fiona O'Donnell: I am sure, Chair, we all want to praise the children in our own constituencies who are joining the “Send My Friend to School” campaign. I just wondered if you could comment, Secretary of State, on the reports that there have been attacks on some schools, especially in the east and southeast of Afghanistan, and that there is some evidence that there has now been a decline in the number of girls attending school.

Mr Mitchell: The number of girls attending school is increasing. There have indeed been attacks on schools, allegedly by the Taliban. That is absolutely disgraceful, but nevertheless the trend is very clear, that more children are going to school, more schools are opening, and that we strongly support.

Q121 Fiona O'Donnell: On the issue of girls then moving into secondary education, we know that the vast majority, two-thirds, drop out before they complete secondary school. Do you have any plans to try to sustain girls in education through secondary?

Mr Mitchell: We know—not just in Afghanistan, but across the work that is being done on development and education—that there are some things that incentivise girls to stay in school and stay in secondary school: having proper washing facilities and loos and so forth is very important indeed. There are other incentives as well. Secondary school can often be more difficult because of the distance that

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children have to travel. It is why boarding secondary schools are a feature that you see quite often in Africa. We understand what is required to keep girls in school, and all those things are developing, and we give them priority.

Q122 Jeremy Lefroy: Just a very short follow-up: clearly we welcome what has happened with education over the past 10 or 12 years, but millions and millions of people have in effect been left behind because they did not receive that education, hence the very high levels of illiteracy amongst adults—particularly women, but also men, and particularly in rural areas. Do you see any role for DFID, or any work DFID can do or maybe is already doing, to try to tackle that backlog of education that has not taken place?

Mr Mitchell: That is exactly right, and that is why we made it clear, when we reviewed the programme in Afghanistan, that vocational education was incredibly important, to try to capture some of those who had missed out on primary and secondary education. The Mercy Corps example, which I have given and which the Committee has heard about, in Lashkar Gah: the very high number of people who are now going through that programme, graduating from it and getting into work, is an encouraging example of what can be done to give priority to vocational education, for the reasons that Mr Lefroy set out.

Q123 Chair: Secretary of State, the whole history of Afghanistan—conflict moving around the state, moving across the borders—has led to a huge amount of displacement of people. That is still going on, and on top of that, it is subjected to every conceivable natural disaster, from drought to floods, to snow, to earthquakes. Yet humanitarian support is not high on the DFID programme. Is there a reason for that? If so, do you feel that humanitarian priorities are adequately assessed? If that is the case, where is the leadership coming from?

Mr Mitchell: We have systems that allow for emergency humanitarian situations to be addressed quite quickly, and we have developed special funding arrangements for working with the ICRC, the International Red Cross, who remain our core humanitarian partner in Afghanistan. Again, when we reviewed the operational plan for our work between 2011 and 2015 we specifically acknowledged the requirement to do more on humanitarian support in Afghanistan. I think I am right in saying that two specialist staff have been recruited in the last year, who monitor what we do on this quite closely, and in the last year UK humanitarian support has assisted more than 1.5 million Afghans. We recognise the need to do more of this; we have recruited two further people to support that stream of our work, and we are very heavily engaged with the International Red Cross.

Q124 Chair: Has that involved a re-prioritisation? You have a commitment of £178 million over the next

five years. If you are putting more into humanitarian, has it come out of somewhere else?

Mr Mitchell: It is part of the plan. When we carried out the Bilateral Aid Review and we looked at Afghanistan, we acknowledged the force of the argument that you, Sir Malcolm, have just put, and we embedded that into our plan for the results that we would secure between 2011 and 2015.

Q125 Chair: Thank you very much. As you know, Secretary of State, we produced a report in the last Parliament five years ago, and obviously it was really important for us to have an opportunity to update that and, in the process, to visit Afghanistan. I echo what everybody else has said. We appreciate that all the UK civilian staff work in pretty difficult environments, and living on an armed guard compound is restrictive and can be a little tedious at times. We realise that. We did have an emergency drill, which we found out was a drill afterwards. I think it probably was not an accident that we were there, but nevertheless it gave us some flavour of the genuine security situation, and the frustration of not being able to operate development projects in the way we would like. Unlike our normal visits, where we were able to go out into the countryside or into the suburbs of a town, and talk to people at will, that is not really possible. It is very restrictive. I think that is very frustrating. First, we would like to record our appreciation of the people who do it, and volunteer to do it, and the commitment they have. We hope that the time will come when, one way or another, there will be more freedom and flexibility to follow the money to the people without having to have such tight security, even if that is through local partners, which may be a better way of doing it. We intend to produce a report as quickly as we can; given the recess, it will be a few weeks, but I hope that your Department will find it useful. We all hope that Afghanistan can get through 2014 to 2017 and beyond without a return to the nightmares of the past, even if whatever happens is likely to be patchy and unpredictable, but is moving in the right direction. I think that is what we would all hope to see achieved, and to the extent that your Department can make a contribution to that, we wish you well. We think it is really important that we succeed, and that the people of Afghanistan know that 2014 is just a change, not an end. That is really important. Thank you very much for coming to give us evidence.

Mr Mitchell: Thank you very much, Sir Malcolm. We look forward to seeing the Committee's report, as we always do with the Committee's reports. Thank you also very much for your remarks about my officials, who do a brilliant job in extremely difficult circumstances. We are indebted to them for their support, loyalty and devotion to the work of Britain in Afghanistan, and I will make sure that your very kind comments are passed on to them.

Chair: Thank you very much indeed.

Written evidence

Written evidence submitted by David Loyn, BBC Afghanistan and Development Correspondent

I was asked by Richard Burden to add some detail to my comments about the possibility of a political solution—"reconciliation" with the Taliban.

To briefly sketch out the history: it has now more become widely accepted that it was a mistake to exclude the Taliban from the post 9/11 political settlement. Lakhdar Brahimi—one of the architects of the Bonn process in 2001–02 certainly now believes that the Taliban should have been at the table, and an attempt made to forge a more inclusive settlement.

Until 2006 neither the Kabul government nor most of those involved in the US-led international effort to stabilise the country believed that there was any need to engage with the Taliban. Attempts made by senior "ex-members" of the Taliban to forge links between their former comrades now in Quetta and the Afghan government were rebuffed by the government.

President Karzai talked frequently about the need to bring the Taliban back into the Afghan mainstream, but his intelligence service, the NDS, ensured that attempts to broker deals were stifled, and an EU/UK peace initiative ended when the two officials working on it in Helmand were expelled from Afghanistan on the orders of President Karzai on Christmas Day 2007.

After Richard Holbrooke was appointed in January 2009 to coordinate US policy on Afghanistan and Pakistan, he launched a new impetus to seek a political dialogue with the Taliban, but the US was starting from scratch. Public demonization of the Taliban had never been allied with quiet diplomacy. The US had not done any spade-work, of the sort that had been done, for example by MI5, to forge links with the Provisional IRA in Northern Ireland in the 1970s and 1980s.

The nadir came in November 2010 when CIA officials were persuaded by a shopkeeper in Quetta to hand over several thousand dollars in the belief that he was a senior Taliban figure who would broker a peace. Holbrooke died just a few weeks later.

All attempts to secure dialogue had faced the obstacle of three preconditions—agreed by President Karzai and the international community: that the Taliban should accept the Afghan constitution, renounce violence, and sever all links with al-Qaeda. In varying degrees these were unacceptable to the Taliban leadership.

On 18 February 2011, the Secretary of State Hillary Clinton signalled an important shift in policy. The three conditions were still said to be "red lines", but now they were no longer preconditions, but to be treated as "necessary outcomes of any negotiation." It was a formulation she would repeat often in speeches and interviews. The aim was to remove obstacles to talks. Significant "ex-Taliban" leaders living openly in Afghanistan were taken off the UN blacklist, enabling them to fly, and Qatar agreed to host a political office for the Taliban.

The stage was set. But when talks actually started, they quickly foundered as US negotiators went too fast, did not attempt to build trust, and swiftly resorted to the three conditions. The Taliban had agreed to enter talks on the understanding that they would only be about prisoner exchanges. A more nuanced negotiating style on the part of the US team might have used that to keep channels open and move on. But US impatience caused the Taliban to pull out, confused by what they were hearing—confused too over mixed messages as the war did not only go on, but went up a gear with a surge of troops.

Again—the lesson from Northern Ireland was that talks might continue while the conflict went on, providing both sides had built trust.

Although Taliban negotiators continue to want to talk—appearing for example on the margins of the recent Tokyo conference—the clumsy stance of the US team closed down the most promising track. The UK, Turkey and Germany have all made their own contacts and are attempting to restore a political process, but as so often in the international project in Afghanistan since 2001, good intentions do not make a coordinated policy.

The risks of not securing a peace settlement with the Taliban are obvious. And there are other risks too. Attrition of their command structure through targeted attacks in the last two years has reduced their capacity to command forces so that a new generation of leaders have emerged with even fewer scruples, less allegiance to the Quetta Shura, and more links to an international jihadi agenda. This makes the post-2014 landscape far more risky.

Reducing recruitment to insurgents will come through education, the rule of law and job opportunities for a country with a very young demographic. The importance of good governance, an end to government corruption and delivering security through economic development have never been greater.

July 2012

Written evidence submitted by Mercy Corps

The Mercy Corps Memorandum gives a brief introduction to the organisation and its activity in Afghanistan since 1986. It then discusses the foreseen consequences of the military draw down and how these can be mitigated.

Mercy Corps foresees two significant likely economic consequences to the military drawdown: A significant reduction in Afghanistan's GNI from the fall in the spending power of NATO-led forces and the fact that security is likely to become a more urgent issue.

In addition co-ordination with other donors and multilateral organisations, where DFID can best add value through its bilateral programme, will be of importance; especially International NGOs who have the trust of the population and can work unmolested, even in high risk conflict environments.

Furthermore Wealth creation is also needed and the development of vocational skills and the enabling of Afghans to start businesses and be entrepreneurial. Finally reducing dependency on the Kabul government as opposed to community ownership will also be key to Afghanistan's development.

1. *Mercy Corps*

(1) Mercy Corps works in; failing states, conflict zones, countries recovering from natural disaster. Mercy Corps also works in places where a child's life is often at risk, where a woman's education is usually ignored, and where a family's livelihood is never a sure thing. Since 1979, we have helped people grappling with the toughest hardships survive—and then thrive. That's the heart of our approach: we help communities turn crisis into opportunity. Today Mercy Corps works in over 40 countries and has been active in Afghanistan since 1986.

(2) Afghanistan is struggling to emerge from decades of conflict, political instability, drought and economic chaos. With 85% of the population relying on agriculture and natural resource-based livelihoods, Mercy Corps' primary goal is to enable Afghans to improve their quality of life by strengthening sustainable, legitimate livelihoods. Our programs are aimed at improving agricultural production and market linkages, community and agricultural infrastructure, livestock health, natural resource management and access to financial services, with an emphasis on linking government, communities and the private sector.

Written evidence submitted by David Haines

2. *The economic consequences of the military draw down and how this can be mitigated*

(1) Mercy Corps foresees two significant likely economic consequences to the military drawdown:

The first is that a large percentage of the construction and related industries in Helmand that are significantly bolstered by contracts currently awarded from the PRT are likely to experience a sharp downturn. At present, many contracts both within and outside of the PRT are coordinated by the UK in Helmand. These range from the building of police checkpoints, road repair and school construction to repairs and maintenance of generators and electrical apparatus. Without an international presence overseeing the awarding of these contracts, it is likely that the number and value will decrease sharply, and that those which remain, will be awarded to a small number of companies, often based outside of Helmand and even Afghanistan, that have political support at a higher level. This means that the construction boom that Helmand has experienced of late is likely to stall and previously working men of fighting age will be faced with fresh economic challenges. Mitigation: Diverse skills training needs to be offered to the population of Helmand to reduce dependence on construction as a sector, and offer increased opportunities to start micro-businesses. In addition, investment in agriculture remains crucial as the bulk of the economy is agrarian. Water supply, sustainable land use and value added processing are all important areas that will allow farmers to maximise yield and income, as well as contributing to food security in the province.

The second is that as increased geographical areas are handed over to ANSF, and the ISAF presence is reduced, security is likely to become a more urgent issue. Without a relatively secure environment, it is unlikely that economic prosperity can be achieved or maintained. If fighting and conflict re-emerges in places such as Nahr-e-Sarraj or even Lashkar Gah, the economy will almost certainly suffer. Mitigation: Given that HMG are committed to the reduction of ISAF troop numbers, enabling the people of Helmand to achieve transferable skills will provide significant benefit in mitigating economic impact of reduced stability. There is a significant drive for people to join the public sector, which makes sense if long term security can be guaranteed, however in the absence of such guarantees; transferable skills can increase the economic resilience of Helmandis even in the context of future displacement with Afghanistan or to Pakistan or Iran."

(2) In the case of IDPs, a rapid return to their home is much more likely if there are economic opportunities due to a skill set that they already have. In addition, this type of programming that impacts on a wide swathe of the population is a clear sign of commitment from the international community, repairs otherwise strained relationships between Afghans in Helmand and the reputation of the UK, and can be delivered at significantly lower cost than many other types of initiative. Mercy Corps' INVEST and DASTGAH programmes, funded by DFID, demonstrate that these principles work in a cost effective and successful manner.

3. Co-ordination with other donors and multilateral organisations, and where DFID can best add value through its bilateral programme which focuses on: Governance and security: Whether DFID can “tackle the root causes of instability and the effects of insecurity” and the scope for building bridges with opposition and insurgent groups to do this

(1) There are a number of examples at present, where donors are running competitive programmes in Helmand. For example, in the Mercy Corps INVEST programme, funded by DFID, which currently has 5,200 vocational training students, with a post-graduation employment rate of 80%, students are not paid or compensated for the time spent training. As a result, the programme attracts only those students that genuinely wish to learn a trade, rather than those who join the programme for economic reasons and have no intention of starting a business afterwards. There are USAID funded programmes that do compensate students and this causes a lot of unnecessary friction. Paying students is not sustainable in the long term as, by definition, it means that the Government of Afghanistan will never be able to adopt the programme into its own strategy as the costs of running such an initiative are prohibitively high. Mitigation: Closer donor coordination and collaboration with best practice is highly recommended, including building on models that work well, rather than using the expensive models that are designed to attract people in order to reach target numbers. The Mercy Corps approach is proven and has worked with male and female students alike.

(2) In addition, facilitating female education in Helmand, which is very conservative and remains under considerable influence from insurgent groups, is a delicate process. This process is much easier for non-government organisations that have close links and long histories with communities, and are therefore able to negotiate from an impartial perspective. To facilitate real change, will essentially require HMG to devolve much of its development plan and investment to International NGOs who have the trust of the population and can work unmolested, even in high risk conflict environments. It is highly unlikely that organisations with armed security or with little or no history in the Province would be able to win the trust and achieve effective programming that yields sustainable results.

4. Wealth creation: DFID’s role in creating sustainable jobs, increasing investment and tax revenues and contributing to poverty reduction and economic stability

(1) The most effective route to achieving poverty reduction and building tax revenue and investment is by diversifying and developing the economy through the provision of skills, increasing the quantity and quality of produce and facilitating access to external markets, both domestic and international.

(2) In practical terms this means the development of vocational skills and the enabling of Afghans to start businesses and be entrepreneurial. A significant step would be to establish a revolving credit fund that could lend money and/or give grants to new businesses that demonstrate success at a small scale. This would best be served without business plans and administration which makes it very difficult for illiterate people to access these tools.

(3) Reducing dependency on the Kabul government as opposed to community ownership is also key. At present all steps taken by the international community are predicated on the notion that the Government in Kabul will remain in situ in one form or another, either through power sharing or peace achieved otherwise. In Helmand however, there is significant resistance to this with a preference in many areas for the former Taliban regime to resume its role, with a more enlightened stance towards key areas including education for women. As the Taliban attempt to transition from an insurgency to a recognised political power, they will be keen to deliver public services, the absence of which left them criticised and unpopular prior to 2001. The Government of Afghanistan is widely viewed by Afghans as being inherently and endemically corrupt at all levels, and so for this, plus other reasons, there is little real support for them. If development and security responsibilities rest entirely with Kabul, it is unlikely that normal Afghans will see any real benefit and the hostility towards both the Government and the west will increase. Development has to change people’s lives and this can only be achieved through transparency and access to communities.

May 2012

Written evidence submitted by CARE International UK

1. CARE International has been present in Afghanistan since 1961, except during the Soviet occupation when we supported Afghan refugees in Pakistan. CARE was fully operational during the civil war and Taliban regime, providing assistance to vulnerable Afghans across the country, including in the more sensitive areas of education and economic development. This submission focuses on education. However CARE is also able to provide the select committee with evidence on other issues raised in the inquiry’s terms of reference on request.

2. Impressive progress has been made in the education sector in Afghanistan since 2001. As DFID is already aware, from an enrolment rate of just over 100,000 in 2001, currently over 7 million Afghan children are enrolled in school, about a third of who are girls. And while these figures do not reflect retention and completion rates—which can be presumed to be lower, particularly in the south where up to 80% of schools are said to be closed—they still denote an important measure of success in a highly complex and volatile environment.

3. This progress has been due to a collaborative two-pronged approach to service provision which has been in place for the past several years. The first prong centres on establishing government schools at a rate consistent with the Ministry of Education's (MoE) capabilities and new access to remote or volatile areas. The complementary second prong involves NGOs, including CARE, supporting classes in harder-to-reach or more volatile areas where the Ministry is still unable to go, through a Community-Based Education (CBE) approach. This collaboration—between the ministry and NGOs—has been, and continues to be, essential for ensuring the greatest possible reach of education services across the country. The international donor community's commitment to MDG 2 and belief in the importance of education for the future of Afghanistan has played a critical part in enabling this to happen, and the UK has prioritised education in its assistance to the country.

4. Years of experimenting with and refining education programming have led agencies like CARE to identify the critical operative factors which make the right to education a reality, particularly for girls, in Afghanistan. CARE has been amongst the leaders of this evolution since the mid-1990s. Social, cultural, political and conflict factors in Afghanistan mean that a Community-Based Education (CBE) approach is essential. CBE providers understand how far is 'too far' for a school to be located if a girl is to be given the permission to attend, and have responded by placing as many outreach classes in individual villages (no matter how small) as possible. We understand the importance of providing female teachers who are respected by the local community, and have created innovative programmes to bring teacher training to women in their own villages. We understand the need for discrete facilities in volatile areas, and have pioneered support to home-based classes instead of focusing on new school construction. Understanding and addressing these components in our outreach plan has enabled NGOs to open access into areas which would have otherwise been entirely excluded from service delivery. As a consequence of these factors, dropout rates are much lower and retention rates higher in CBE classes than in formal schools.

5. In addition to service provision, important institutional progress has been made within the Ministry of Education, again in partnership with NGOs. In recognition of the need for community based education to complement the services of the state, a strong CBE policy was developed for the Ministry of Education (MoE) in partnership with education NGOs, and most recently, a CBE unit was established to help coordinate partnership with non-governmental service providers. For the past several years, CARE and other NGOs have played a key role in developing these positive institutional changes. CARE also hired and trained experienced CBE practitioners in the provinces to serve as outreach officers—thus beginning a process to provide the MoE with the capacity to monitor and support CBE classes handed over to the ministry by NGOs.

6. Unfortunately, this successful two-pronged model is currently in jeopardy. In part as a response to commitments to government-centred aid made at the Kabul Conference in June, 2010, and in part as a function of the Transition schedule and corresponding draw-down of international presence in the country, there is currently a trend to channel an increased proportion of development funding to on-budget programmes. In practice, this meant that funding previously allocated for NGO community-based education programmes is now being directed to the MoE.

7. While NGOs are largely in favour of on-budget development aid, presuming standards of quality and accountability can be assured, CARE cautions DFID and other donors of the risks of transitioning ODA from off- to on-budget too quickly. In the case of education, a lack of ministerial infrastructure and/or human resources in many locales (particularly outside of cities and towns), or a lack of community acceptance of government presence, means that not all classes established by NGOs can or will be continued by the MoE once the transfer of those classes to ministry management is complete, particularly if the transfer process is rushed.

8. CARE's recent experience suggests that donor policy is not being driven by an effective approach to on-budget funding and state capacity-building in education. Until last year, CARE was the consortium leader of the largest CBE program in Afghanistan, PACE A. Consortium members and the MoE alike were given only a few months notice from the programme's donor that the classes were to be transferred to the MoE. As a consequence, PACE A partners were forced to hand over more than 1100 classes which they had planned to support through the following school year which was due to begin just over two months later. CARE and partners were able to find alternative resources to continue more than 500 of these classes, because they knew these would not survive if handed over. More than 600 classes were handed over to the MoE. Of those classes:

- approximately one-third were discontinued because the MoE did not have adequate time to incorporate them into their annual plans and budgets. Students were informed to report to the nearest formal MoE school. This resulted in some of the boys continuing their education, and the other boys and almost all of the girls dropped out;
- approximately one-third were assured their classes would continue. However, due to lack of resources and accountability, these classes did not continue with the same results as stated above; and
- approximately one-third of the classes did continue. However, in some cases the MoE replaced their teachers with what they considered as more qualified teachers—from outside the community. And in this case, many of the girls were withdrawn by their parents who did not know the teacher.

Meanwhile, the newly established CBE Unit that had been supported for only a few months by CARE was a fledgling unit with limited experience. While the donor used on-budget funding to continue paying CBE Unit staff to report to work, the donor pulled the plug on PACE A and CARE which effectively took away the unit's source of consistent training, mentoring and support. The bottom line was that thousands of students—most of them girls—stopped going to school; hundreds of communities that had re-established education services for the first time in more than a generation were abandoned; and the one MoE unit which had the mandate to support education for all in the most remote corners of Afghanistan was cut short.

9. Finally, while primary education is important, if Afghanistan is to meet the objectives it sets out in the ANDS and NPPs, and if the UK is to meet its objectives in Afghanistan, a broader perspective on education must be developed. To stimulate jobs and economic growth, and fill the professional sectors with capable, qualified individuals (and women professionals in particular), the provision of primary education is insufficient. Currently there is a significant gap of donor attention to secondary school, in large part because of the international commitment to MDG 2. In Afghanistan, we're witnessing a large cohort of children approaching the end of their primary school education, with no options for further education ahead of them. This will be hugely problematic.

10. It is no doubt very difficult to provide secondary school education in Afghanistan. GIROA policy on secondary education is consistent with the global (and cost-effective) trend of bringing students into hub schools from often many kilometres away, to be taught specialist subjects by specialist teachers. Predictably, Afghan society doesn't allow such long-distance travel for young students, and for girls in particular. The current operating model, therefore, is incongruous with the reality, and impedes many eager and capable children from furthering their education. Over the last six years, however, CARE has developed a highly successful model for delivering lower secondary education to villages using a CBE approach. This programme enjoys a 98% retention and completion rate. Just this year, 29 out of 51 of our first class of rural female students graduating from high school passed their university entrance exams: this, in a country where approximately 4% of all girls reach high school at all—and almost all of those in the cities.

11. Afghanistan needs a secondary school champion within the donor community. The secondary education sector is badly underfunded, facilities are lacking, and the model for secondary school service delivery requires urgent revision. CARE encourages DFID to explore whether this is a gap that could be filled by the UK. If no champions emerge, Afghanistan and its international supporters will be hard pressed to reach their goals (particularly economic) in the long term.

12. In the case of both primary and secondary education, safeguards now need to be put in place to protect education from decline, and from direct attack, in the current context of increasing violent conflict. CARE learned through its 2009 research, "Knowledge on Fire—Attacks on Education in Afghanistan", that schools which are overt symbols of state-building are significantly more likely to come under attack than either non-state schools or state classes which are more discretely established. This means that GIROA and its supporters should resist the understandable urge to treat the establishment of education facilities in previously under-served areas as a public display of state strength, and concentrate their efforts on providing safe and inclusive education for Afghan children. Continuing a two-prong MoE and CBE approach, as highlighted in paragraph 2, is also an essential risk mitigation technique.

Recommendations

13. To enable consistent, safe, progress in the education sector to continue, CARE calls upon DFID to champion the development of a two-pronged approach in the implementation plan of the Education National Priority Programme, the modality for which is currently under development. This, while openly recognising and publicly articulating the following three concerns:

14. First, the current limited ability of the Ministry of Education to extend its reach across the country. In recognition of this, the transition from off- to on-budget must be phased. NGOs or other non-state service providers should continue to play a role until the MoE has more sustainable access to communities in remote or volatile areas and the capacity to service them. Part of this phased modality could include capacity building offered by NGOs engaged in direct education service provision to Provincial and District education departments, in particular in the subjects of education administration, procurement, human resources, and monitoring & evaluation.

15. Second, the security challenges the education sector faces underscore the need for education stakeholders to adopt a deliberate risk-mitigation strategy, in particular with regards to girls' schooling. DFID should remind education donors and the MoE that research indicates that schools in volatile areas which are discrete in nature are far less likely to be attacked; and indeed, that parents are far more likely to send their children to those schools. CARE and other education service providers have had significant success in establishing low-risk education models in these areas, both during and after the Taliban regime.

16. Third, the need for greater energy and resources to be dedicated to the provision of secondary education through models which are sensitive to Afghan perceptions of security and cultural norms, if Afghanistan's long-term objectives are to be filled.

May 2012

Written evidence submitted by the Department for International Development (DFID)

1. Introduction and Context

Afghanistan faces huge development challenges following more than 30 years of conflict. It remains one of the poorest and most fragile countries in the world and will not achieve the Millennium Development Goals by 2015. Following the Bilateral Aid Review, Britain has increased its assistance to Afghanistan and improved the effectiveness of our support.

UK aid to Afghanistan is helping to bring about significant progress. Our support has contributed to ensuring 5.8 million children are now going to school, 2.2 million of them girls. Approximately 57% of the population can now access a health facility within one hour's walk compared to just 9% in 2002, and more than one in three pregnant women (36%) receive antenatal care compared to only 16% in 2003.

UK aid is also helping to generate economic growth and raise government revenue, crucial for state viability. For example, revenue collection as a proportion of GDP has grown from less than 3%—when the UK first started working with the Afghan Revenue Department—to 11% of GDP, an all-time high, in 2010–11. Tax revenue in 2010–11 was around £1.65 billion, up 26% in the previous year. In Helmand UK aid has helped construct more than 100 km of roads, improving access to markets as well as basic services. And in the last year alone more than 3,500 young Afghans have graduated from technical and vocational education programmes provided with UK support, helping to improve their employment prospects and increase economic development in the province.

The Department for International Development's (DFID's) vision is a more peaceful, stable and prosperous Afghanistan. Our focus is on making progress towards a viable Afghan state and a sustainable economy to reduce fragility and poverty, and achieve a lasting end to the conflict. This is a long-term agenda that will require DFID's ongoing presence well beyond security transition at the end of 2014 when international combat troops have withdrawn from Afghanistan.

The UK Government has already made it clear that transition does not mean the end of our support for Afghanistan. The recently signed Enduring Strategic Partnership between the Governments of the UK and Afghanistan states that we will continue to have a strong relationship based on diplomacy, trade, aid and development.

The UK Government has an overarching strategy for its engagement in Afghanistan, approved by the National Security Council (NSC). The strategy has three mutually reinforcing pillars covering security, political settlement and creating a viable Afghan state. DFID leads on the 'viable state' pillar, which aims to improve governance and the rule of law, create a stable and growing economy, tackle corruption and increase access to basic services. We work closely with other government departments at all levels, in Afghanistan and in the UK to deliver this strategy.

2. DFID's Programme in Afghanistan

DFID's 2011–15 Operational Plan for Afghanistan supports delivery of the NSC strategy and focuses on:

- improving security and political stability;
- stimulating economic growth and job creation; and
- helping the Afghan Government deliver basic services.

By 2015 our current target¹ is to:

- create 200,000 new jobs for men and women;
- provide technical and vocational education and training for 45,000 young people;
- enable over 200,000 more children to be in school—at least 40% of them girls;
- build or upgrade over 47 kilometres of roads in Helmand;
- encourage at least 4.3 million Afghans (1.7 million women) to vote in the 2013 local government and 2014 Presidential elections;

¹ DFID's 2011–15 Operational Plan sets out these results and is about to undergo an annual review. The results above are therefore current but may change following this exercise.

- help the Afghan Government increase food grain production to six million metric tonnes;
- help the Afghan Government improve public financial management, address corruption and strengthen delivery of basic services; and
- reduce the impact of conflict and natural disasters through effective humanitarian aid.

DFID's Afghanistan programme budget was increased by 40% in 2010 and will remain steady at £178 million per year up to 2014–15. The programme operates nationwide, with approximately 20% directly targeted at Helmand province. The province receives additional funds through the Conflict Pool.

DFID's Afghanistan programme is guided by the following approaches and principles:

- In line with international commitments made at the July 2010 Kabul Conference, we are on track to ensure that up to 80% of our programme is aligned with the Government of Afghanistan's 22 National Priority Programmes (NPPs) by July 2012. Many of them have a strong capacity building focus at national and sub-national levels—essential for state viability—and include key areas like public administration reform, strengthening public financial management and tackling corruption. They also cover crucial economic growth agendas, for example realising the potential of Afghanistan's mineral sector, and infrastructure development.
- We are on track to channel up to 50% of our development assistance through government systems by July 2012 (another Kabul donor commitment), primarily via our contributions to the World Bank administered Afghanistan Reconstruction Trust Fund (ARTF).
- Our programme has a strong focus on private sector development. We are supporting reforms to regulatory and policy frameworks in leading economic sectors including the extractive industries and agri-business. We are also encouraging international private sector investment, including in Afghanistan's mining sector, and access to finance for small and medium sized enterprises, including those that foster pro-poor growth.
- We recognise the need for a vibrant and effective civil society to ensure ordinary Afghans, including women and girls, can have a greater say in their lives and hold their Government to account. We recently launched a major new Afghan civil society strengthening programme, co-funded with the Nordics. We also engage international and local NGOs as implementing partners where appropriate.

3. Security Transition and its Impact on the Afghan Economy

The security transition process, endorsed at the NATO Lisbon Summit in November 2010, has led to a greater sense of focus and prioritisation for both the Government of Afghanistan and the international community. Transition is primarily about strengthening and transferring security functions to Afghan leadership. However, transition will only work if ordinary Afghans have faith in their government, alongside hope and prospects for the future. Without this, the situation will slide back to conflict.

Addressing Afghanistan's governance and development challenges is therefore crucial for sustainable transition. However, a recent World Bank study ("Transition in Afghanistan: Looking Beyond 2014")² starkly demonstrates the scale of the economic challenge following the military drawdown. Afghanistan is highly aid dependent—92% of total public spending is currently financed by aid (US\$ 15.7 billion), and 58% of total public spending is on security (US\$ 9.9 billion). While domestic revenue is expected to increase, operating expenditure will grow much faster, from 14% of GDP now to a projected 34% of GDP by 2014–15.

As a result, the Government of Afghanistan's fiscal gap is projected to peak in 2014–15, at around 40% of GDP. In 2021–22 the fiscal gap is still projected to be 25% of GDP. Funding this gap will be very challenging given many countries' own fiscal constraints and already declining aid flows (eg Canada, US). There is a risk of both the security and development sectors being underfunded, with a resulting deterioration in the delivery of essential public services.

Using a favourable economic scenario, the World Bank projects economic growth rates of between 4% and 6% annually from 2011 to 2018, converging to around 3–4% beyond 2018 (down from an average growth rate of 9% between 2003–04 and 2010–11). This projected growth rate is very low in a country where more than a third of the population still lives on less than 60p per day.³

The World Bank report includes suggestions for both the Government of Afghanistan and the international community to mitigate the impact of transition on the economy. In particular, the Government should:

- continue to strengthen public financial management systems and the budget process;
- take forward essential public administration reforms and build civil service capacity; and
- improve the business environment to encourage international investment and private sector development.

² World Bank, 18 November 2011.

³ National Risk and Vulnerability Assessment 2007–08.

The international community should:

- ensure a gradual and orderly, rather than abrupt, reduction of aid flows;
- fund Afghanistan's security in the medium term;
- channel a much larger proportion of aid through the Afghan Government budget;
- build the capacity of the Afghan civil service in a sustainable way; and
- connect Afghanistan with regional and global economic markets by supporting infrastructure investments that will help trade and the mining sector.

DFID's programme in Afghanistan already aligns well with these proposals. The UK worked closely with the Government of Afghanistan to ensure that the findings were discussed and then endorsed in principle at the Bonn Conference in December 2011. We are actively encouraging international partners to provide predictable long-term financial assistance to Afghanistan following transition in 2014. The NATO summit in Chicago in May, followed by a development conference in Tokyo in July will seek to lock down these commitments. These issues are discussed further in section 7.

4. DFID Coordination with Other Donors and Multilateral Organisations

The international community and the Government of Afghanistan are guided by the Kabul Process, a plan agreed internationally in July 2010 at the Kabul Conference. The UK is a member of the Joint Coordination and Monitoring Board (JCMB), jointly chaired by the Government of Afghanistan and the UN Assistance Mission to Afghanistan (UNAMA). The JCMB meets regularly to monitor the Kabul Process, including endorsing and assessing progress with the Government's 22 NPPs. So far 11 have been agreed and the remainder should be endorsed in the next few months.

The UK (DFID) is the co-donor focal point for some key NPPs, including local governance (with UNAMA), agriculture (with Australia), technical and vocational training (with the EU), and the extractive industries (with the World Bank). Tasks include ensuring that NPPs are technically sound, realistic (including budgets), and take account of current and planned donor support. We have also provided technical assistance to help design key governance NPPs to accelerate progress.

In Helmand province, development efforts are well joined up and aligned with provincial government plans as well as central government policy. DFID's senior representative leads the multi-donor Socio-Economic Development Team in the UK civilian led Provincial Reconstruction Team (PRT) which includes staff from the US, Denmark, and Estonia. DFID also works closely with the UK and US military. For example, the Specialist Team of Royal Engineers helps to implement UK-funded infrastructure projects in areas which civilians cannot access.

Most of DFID's projects and programmes in Afghanistan are implemented in conjunction with, or through, local and international partners, including the Government of Afghanistan, bilateral donors, multilateral institutions and local organisations. This helps to improve aid effectiveness, including reducing transaction costs for the Government of Afghanistan. Key implementing partners currently include the World Bank, the Asian Development Bank, the UNDP, the British Council, and a range of humanitarian organisations.

The ARTF is the main mechanism for donors to meet their Kabul commitments to channel more aid through Afghan government systems and to fund the NPPs. It is also a highly effective way of improving donor coordination by pooling funds and ensuring regular policy dialogue with the Government of Afghanistan on key issues.

UK money channelled through the ARTF is well guarded against misuse, with all resources provided to the Government only on a reimbursement basis. Funds are transferred to the Government when it has demonstrated that actual expenditure, conforming to strict eligibility criteria, has been made. The fund is managed by the World Bank, independently monitored and internationally audited.

Examples of programmes implemented with other partners include:

- The Government of Afghanistan led District Delivery Programme, a nationwide initiative which operates in previously insecure areas. The programme works by establishing elected community councils who identify local community priorities and then work with local government institutions to deliver basic services in response to those needs. Other donors include France, Germany, Denmark and the US.
- The Afghanistan Infrastructure Trust Fund, a new multi-donor fund managed by the Asian Development Bank, which supports infrastructure investments prioritised by the Government of Afghanistan. Australia, the US and the EU are expected to join the UK and Japan soon.
- The Afghanistan Business Innovation Fund, a new UK led programme which is about to receive additional funding from Australia.
- ELECT (Enhancing Legal and Electoral Capacity for Tomorrow), a UNDP managed programme which receives support from a wide range of donors.

DFID's international humanitarian partners in Afghanistan provide direct support to those in acute need, particularly in isolated or insecure areas. For example, we support the International Committee of the Red

Cross's (ICRC) national emergency programme. This is helping to run seven hospitals and 11 health centres, train and equip staff in nine clinics in conflict-affected areas, and distribute food aid and essential household items to internally displaced people (IDPs). During the Secretary of State's last visit to Afghanistan he went to an ICRC orthopaedic centre which receives UK support and provides prosthetic limbs to children and adults wounded in conflict. In 2011 DFID provided assistance to the World Food Programme to purchase nearly 5,000 metric tonnes of high energy biscuits for distribution to schoolchildren nationwide, helping to improve school attendance and enrolment rates. DFID is currently channelling emergency drought support through UNICEF and an NGO consortium.

At the Busan High Level Forum on Aid Effectiveness in December 2011, the international community agreed a "New Deal" for engagement in all fragile states.⁴ At the request of the Government of Afghanistan, DFID (supported by the Netherlands and Denmark) has agreed to help them implement the New Deal.⁵ We plan to support the development of a Government led action plan which all major donors will be asked to endorse by the end of 2012.

5. Afghanistan Conflict Pool

Alongside the DFID programme, the tri-departmental Conflict Pool (CP) supports programmes aimed at conflict prevention, stabilisation and peacekeeping. In Afghanistan, where the FCO leads and manages the CP, the allocation for 2012–13 will remain at the current level (£68.5 million). Almost 80% of Conflict Pool activities in Afghanistan are classed as Official Development Assistance (ODA) and around 60% of the programme is focused on Helmand. Assistance in Helmand is evolving, shifting away from direct delivery to provincial capacity building, in line with the transition process. CP funding to Helmand will gradually decline in line with these plans.

Around 20% of the total CP budget is allocated to governance and rule of law activities, including building Afghan capacity to deliver basic policing and justice services and supporting law enforcement programmes tackling high level narcotics and corruption offences.

The CP has also funded some infrastructure development in Helmand, including roads, power and irrigation repairs, and building provincial capacity to maintain them. In 2012–13 the CP will co-support major improvement to the strategically important road between Sangin and Kajaki districts with the United Arab Emirates and other donors.

6. Monitoring DFID Programme Impact and Lesson Learning

DFID tracks the effectiveness of its programme in Afghanistan through a range of monitoring and evaluation systems. At NSC level Ministers and officials monitor progress against an agreed set of indicators. Regular, Afghanistan specific NSC meetings were recently instituted to provide more time for discussions.

DFID's work forms an integral part of the FCO led UK Country Business Plan, which supports the NSC strategy. Within the British Embassy in Kabul, thematic "strands" bring together all HMG programme activity—DFID, CP and FCO funds, including in Helmand—and are monitored by the Afghan Delivery Group (ADG), chaired by the Ambassador. The ADG meets every two months and the DFID Head of Office is on the Board.

Within DFID we monitor progress with the Operational Plan annually, with a light review at the mid year stage. An Afghanistan Programme Board, chaired by the Head of Office, meets quarterly to review progress across DFIDA's portfolio, and looks at financial issues, risk assessment, and lesson learning. At the project level we conduct Annual Reviews measuring progress against logical frameworks.

We work closely with our partners to deliver the best possible results and insist on rigorous monitoring and evaluation of all UK assistance, including partner's controls and fiduciary risk management systems. The Independent Commission for Aid Impact report published on 22 March indicates how we can improve our work with partner organisations, and we are addressing those issues. Where we judge that our assistance is not achieving value for money we will withdraw or withhold our support. For example, in September 2011 we withdrew from the UNDP managed Afghanistan Sub-national Governance Programme (ASGP) two years early following a poor joint UNDP-donor evaluation. When the IMF programme to Afghanistan stalled following the Kabul Bank crisis in Autumn 2010, we suspended ARTF payments until a new programme was agreed in November 2011. Other donors followed our lead.

Our programme has delivered results in areas where the UK can add significant value, and provided lessons for DFID's engagement elsewhere. For example, the Afghanistan Market Place Expansion project, which increased the volume of local procurement by the international community in Helmand, is a model that may be applied in other fragile states such as the Democratic Republic of Congo. Lessons applied in Afghanistan from experience elsewhere include a review of international support to rule of law (covering Iraq, Bosnia and the Occupied Palestinian Territories). This review informed the design of DFID's support to the Ministry of Interior which aims to strengthen its police oversight role.

⁴ A New Deal for engagement in fragile states, International Dialogue on Peacebuilding and Statebuilding, available at http://www.oecd.org/document/22/0,3746,en_21571361_43407692_49151766_1_1_1_1,00.html

⁵ Written Ministerial Statement, High Level Forum on Aid Effectiveness (Busan), 7 December 2011 Col 29WS (Hansard).

7. Future Plans and Commitments

Securing long-term financial assistance from the international community is crucial for Afghanistan's future stability and prosperity. The international community agreed in principle at the Bonn conference to provide long term financial support to Afghanistan beyond 2014—the “Transformation Decade”; and the Government of Afghanistan agreed to continue with vital governance and economic reforms.

The “in principle” agreements at Bonn need to be turned into firm commitments at the NATO Summit in Chicago in May, which will set out structured plans for funding the Afghan National Security Forces; and the Tokyo Development Conference in July, where the international community will make credible long-term commitments to meet Afghanistan's non-security needs. Securing these commitments will not be straightforward given the fiscal and political constraints faced by many partners around the world.

The UK Government is actively engaged in preparations for both events, working with the Government of Afghanistan and international partners, particularly Japan, US, the World Bank and the UN. Once commitments are in place, the international community will need to agree mechanisms to channel assistance and monitor progress.

Looking beyond 2014, the Enduring Strategic Partnership signed by the UK and Afghan Governments confirms the UK's long term development support subject to Government of Afghanistan progress with key reforms. In line with the World Bank study recommendations, DFID's programme is expected to continue to focus on developing long term government capacity at all levels, to strengthen their public legitimacy and credibility. We also expect to continue to focus on job creation and achieving sustainable economic growth. Developing a transparent minerals sector which can attract large scale international investment will be critical for Afghanistan's long term prosperity, and will help reduce aid dependence over time. We are heavily engaged in this work.

The UK's development work in Helmand will evolve in line with transition. All PRTs will close by the end of 2014 in line with Government of Afghanistan's wishes. The Helmand PRT is planning for a gradual civilian drawdown and a shift in programming. DFID's plans sit within this framework and we expect to revert to nationally managed programmes once the PRT has closed. Helmand will continue to benefit from UK aid through our national programmes (eg via the ARTF) and our support to the NPPs—and we will work to ensure it gets its fair share. We are actively encouraging NGOs and donors, particularly multilateral donors, to increase their work in Helmand as well. In parallel the PRT is working with the provincial government to ensure they are able to lead development efforts after 2014 and we are able to draw down resources from the central government in Kabul.

May 2012

Further written evidence submitted by DFID

On Tuesday 10 July I presented evidence to the International Development Committee on the Future of Afghanistan. I am writing to provide more information in response to questions from Mr Richard Burden MP.

Firstly, I said I would write to you about the secret report on Highway 1 project mentioned in the Independent on Sunday article by Brady and Owen (8 July), and the point Mr Burden raised in the context of this article about aid programmes not following a development agenda. I cannot comment on the specifics of the US-led Highway 1 project but can confirm that neither I nor my officials are aware of *any* secret report on the matter.

Secondly, in relation to Mr Burden's point about aid programmes and projects not following a development agenda, I confirm that *all* of DFID's funding adheres to the OECD Development Assistance Committee definition of what counts as aid. Our programme has always had poverty reduction at the heart of its work in Afghanistan: specifically the creation of jobs and economic growth; helping the government to deliver basic services; and better governance.

The publication “Winning Hearts and Minds” referred to by the Committee explored the relationships between the Provincial Reconstruction Team and aid projects delivered by the military from 2006–08. This report was useful as it helped to ensure the lessons from that period were retained. However, it does not reflect our current approach to combine defence, diplomacy and development work in Afghanistan.

I can categorically state that the Department for International Development (DFID) is not a “poor relative” in Afghanistan. The UK Government recognises that military means, although essential, are not enough on their own to meet Afghanistan's many complex challenges. Political progress, alongside governance and development, is also needed to address the underlying causes of the insurgency. But these cannot take place in the absence of security.

An integrated approach is required to achieve a common goal; a safe and secure Afghanistan. Under this framework, the Foreign and Commonwealth Office (FCO), the Ministry of Defence (MoD) and DFID all have an *equal voice* in the development and delivery of policy, in London through the National Security Council (NSC), and in Kabul through the British Embassy's Afghanistan Delivery Group. The NSC's strategy for Afghanistan sets out three broad objectives for Afghanistan: progress towards a political settlement (led by

FCO); effective military transition (MoD); and the development of a viable Afghan state (DFID). These three pillars guide the UK mission in Afghanistan up to 2015.

DFID's role in the cross-departmental management of the Conflict Pool and the Stabilisation Unit, along with the FCO and MoD, further demonstrates the equal value placed on development, diplomacy and defence. The creation of the Stabilisation Unit—and the cooperation this fostered—soon saw the Quick Impact Projects (QIPs) mentioned in *"Hearts and Minds"* fall from favour as the need for sustainable stabilisation efforts as a basis for long term development and local political progress was increasingly recognised.

The importance of the governance and development agenda to Afghanistan's future was also highlighted at the Tokyo development conference on 8 July. DFID played a leading role across the UK Government and globally to secure \$16 billion to meet Afghanistan's development needs up to 2015.

September 2012

Further written evidence submitted by DFID

Questions and DFID Responses for IDC Afghanistan Inquiry

What is the number of DFID Afghanistan staff (national and international) divided by location Kabul/Helmand/London by year since 2002?

	<i>Kabul</i>	<i>Helmand</i>	<i>London</i>
2007	24 Home Civil Service (HCS) 17 Staff Appointed in Country (SAIC)	Nil	4 HCS
2008	27 HCS 18 SAIC	Nil	4 HCS
2009	25 HCS 20 SAIC	2.5 HCS 1 SAIC	6 HCS
2010*	27 HCS 20 SAIC	2.5 HCS 1 SAIC	6 HCS
2011	28 HCS 25 SAIC	5 HCS 1 SAIC	Nil
2012	33 HCS 34 SAIC	6 HCS 2 SAIC	2.5 HCS

Data is not available for the years before 2007.

* The Secretary of State announced a 40% uplift in UK Aid to Afghanistan in June 2010.

What is DFID's staffing policy for postings in Afghanistan? (eg length of tour/language requirements/training)

DFID Afghanistan staff in Kabul work in post for one year minimum with the potential to extend by up to a further year. In Helmand staff work a minimum of six months with the possibility of extending. It is a forced unaccompanied posting—no dependents are permitted in post. The same policies apply for FCO staff.

Staff work a five day working week in Kabul, and a six day working week in Helmand, although weekend working is a regular occurrence in both locations. Both locations work six weeks in country followed by a two week "Breather Break" (plus 1.5 travel days for Kabul and 3.5 for Helmand). Other international organisations operate similar systems. Cover is provided by SAIC (Staff Appointed in Country—national staff) in HCS (Home Civil Service) staff absences, as well as by HCS colleagues.

During breather breaks HCS staff are provided with fully flexible economy travel for Kabul staff and restricted business class for Helmand staff.

Allowances—The new "Conflict Zone Allowance" (CZA) was introduced from 1 April 2012 and amounts to £35,100 per annum for Kabul and £37,500 per annum for Helmand irrespective of grade. Cost of Living Allowance (COLA) ceased on 1 April 2012. Canteen food is provided as part of the CZA package.

Pre-Posting Requirements—HCS staff are required to complete SAFE (hostile environment) training and Personal Awareness Training (PAT) before taking up their posting in Afghanistan. Language training is not a pre-posting requirement, but is available to staff in country.

Security—DFID staff fall under FCO Duty of Care arrangements, which include provision of hard cover secure accommodation, close protection and armoured transport.

Postal Allowance—Staff in Afghanistan enjoy a generous and flexible British Forces Post Office (BFPO) allowance with wider categories of permitted goods (in line with the military entitlement) including food, gels and liquids.

Flexible travel and leave package—Staff posted to Afghanistan have the same flexible travel entitlements as other DFID overseas offices, but staff in DFID Afghanistan has an additional 60 days after leaving post to utilise their full entitlement. Annual leave accrues while at post and is then taken at the end of the posting as “decompression leave” (usually two to three months depending on the length of service).

Have there been any staff policy changes since the last IDC inquiry in 2008?

Allowances—there have been significant changes in the Hardship Allowance for those contracted after 1 July 2010—reduced from £38,792 to £19,396 in Kabul and from £44,648 down to £22,324 in Helmand. The Cost of Living Allowance (COLA) remained unchanged. There were further changes in April 2012 when the Hardship Allowance was replaced by Conflict Zone Allowance (CZA)—£35,100 per annum for Kabul and £37,500 per annum. COLA allowances also ceased in April 2012. All meals have been provided to staff free of charge since August 2011.

Flexi Travel—in April 2012, DFID agreed that staff posted to Afghanistan could utilise their flexible travel package for up to 60 days following departure from post (entitlement usually stops as soon as staff return to UK but it was recognised that most staff leaving Afghanistan would prefer to go back to UK to see their families first and then utilise any remaining flexi travel).

Class of travel for Breather Breaks was reduced from business class to fully flexible economy in July 2010.

What is the pay of local staff and what is the retention rate of local staff in country?

SAIC staff pay rates are included in full for each grade in Annex A.

Five SAIC staff have left DFID Afghanistan during 2010–11 and 2011–12, out of a total of 35 SAIC staff employed with DFID in Afghanistan over this time. Over the past 10 years, only 28 SAIC staff have left in total.

What is the cost of consultants if it is possible to disaggregate from general project spends?

DFID’s spend on consultancy contracts in Afghanistan was £96,101.35 in 2010–11.

From 2010–11 DFID consultancy contracts are categorised in line with the Office of Government Commerce’s (OGC) definition of consultancy. To ensure a consistent and effective approach to Consultancy for the delivery of Value for Money, the OGC provided a specific definition that must be applied across government. Prior to the definition being implemented in 2010–11 DFID did not record details of consultancy contracts separately and we are therefore unable to disaggregate this type of expenditure from the rest of supplier services.

ActionAid claims that \$90 million—a three-fold increase—is required to be spent on women in Afghanistan through the implementation of the National Action Plan for Women (NAPWA). What is DFID’s analysis of this?

DFID staff have asked ActionAid to provide a detailed breakdown of how the \$90 million they say is required for effective implementation of the NAPWA would be spent for the benefit of women in Afghanistan. To date, they have not been able to provide this detail. We look forward to receiving this breakdown—until then it is not possible for us to determine whether the \$90 million requested represents a good deal for Afghan women or the UK taxpayer.

The Government response to the IDC 2008 report said that DFID would develop a 2008–11 Operational Plan with clear gender empowerment in programmes. Please can you give us examples of these along with DFID’s assessment of their impact? (response to para 19)

Previous Operational Plans were reviewed in line with the new Corporate Spending Round. Gender is a cross-cutting theme in all our programmes. As such, the Operational Plan 2011–15 does not specify programmes on gender empowerment. However, DFID will contribute to 5,422,671 children attending primary school in 2013–14 (of which 2,169,068 will be girls).

As part of the annual review of the Operational Plan carried out earlier this year, we have included a gender annex which sets out our objectives for the promotion of gender issues within our programme.

DFID uses the UK National Action Plan (NAP) for UNSCR 1325 on Women, Peace & Security to guide its work on gender in Afghanistan. All programmes contributing to UK NAP objectives are detailed in the Plan with results identified and updated annually. The UK NAP on UNSCR 1325 is available at <http://www.fco.gov.uk/en/global-issues/women-peace-security/national-action-plan>

DFID Afghanistan is currently conducting a gender mapping exercise to identify additional projects in its existing portfolio with high gender potential.

The Government also said in response to the Committee's 2008 recommendation that there should be more women police officers (para 93) that EUPOL had an action plan on gender issues. Does DFID have an update on the success and impact of the action plan? What has the increase been in women police officers and in how male police officers work with woman in their communities?

The mainstreaming of gender issues within the Ministry of the Interior(MoI) and Afghan National Police (ANP) is one of EUPOL's strategic objectives. Activities include delivering courses specifically for women, facilitating a female ANP network, mentoring staff in the MoI's Gender and Human Rights Department, and ensuring these issues are included in the ANP's leadership training curriculum. This work has raised the profile and capability of female ANP.

As of July 2012 there were over 1,400 female ANP (target 5,000, by 2015), representing almost 1% of the total force. Due to the conservative nature of Afghan society the rate of progress is slow, with women having ill-defined responsibilities, given menial tasks, and having few dedicated facilities including sanitation, changing rooms and so on. EUPOL is focusing on ensuring female ANP are working in areas where they are able to make the biggest contribution, including for example Family Response Units and female searches.

How much money has DFID provided to the ARTF annually since its inception?

The UK has provided assistance to the World Bank-administered ARTF since its inception in 2002 and was until 2010 the biggest donor in terms of cumulative payments. ARTF payments (and commitments) made by all donors, up to 2012, total US\$6.10 billion. The total UK contribution to the ARTF is £602.6 million (or US\$1128.22 million) up to 2012–13, averaging £54.78 million per year since inception.

DFID is committed to contributing up to a maximum of £300 million from 2011 until 2014 to the ARTF.

On an annual basis, how has this DFID money been distributed across the various sectors that the ARTF supports (ie education, rural development and agriculture)?

It is notionally difficult and misleading to extrapolate sector spending on an annual basis because projects and programmes run in-between financial years. The best way to quantify spending by sector is to do it by cumulative spending and commitments from the inception of the ARTF up to now. As of June 2012, based on the total amount of money spent or committed for ARTF projects, \$ 2.17 billion USD has gone into the Investment Window, which provides funding for development projects rather than recurrent costs such as public sector salaries. Applying DFID's approach of keeping ARTF funding unpreferred, the UK spend in the different sectors reflects the proportion of ARTF spend in the various sectors. The contributions through the investment window can be split into the following sectors:

- Agriculture—2.4%.
- Human development—12.5%.
- Rural livelihoods—49.1%.
- Infrastructure—14.8%.
- Job creation and microfinance—10.2%.
- Public sector capacity-building and governance—11%.

A further \$2.76 billion has been spent (or committed) through the Recurrent Window which provides funding to help the Afghan Government pay salaries and "operation & maintenance" costs incurred in providing essential services. The breakdown of such expenditure in sectoral terms follows Afghan Government budget priorities.

The Tokyo outcome documents mention a review of the ARTF in the context of transition. Has this review been conducted? Can we see the results, or can you summarize the outcomes?

The key findings from the draft report (entitled "ARTF at a crossroads: history and the future") show that international assistance being used to help the Government of Afghanistan meet its recurrent and development costs, such as public servants' salaries and maintenance costs of schools and clinics, is performing well but there is room for improvement. Specific recommendations and a plan of action will be agreed by the ARTF Strategy Group, made up of key donors including the UK and the Government of Afghanistan. This work is expected to be finalised by late 2012 and will be made available to the public.

In the years ahead we look forward to working closely with the World Bank, the Government of Afghanistan and international partners to improve the governance of the Fund, including closing down any remaining opportunities for corruption, developing the capacity of the Afghan Government to better manage funds themselves, and ensuring that the fund is delivering maximum benefits for women and girls by helping to improve its gender strategy.

The 2011–15 Operational Plan says “The UK has a 10-year Development Partnership Arrangement with the Government of Afghanistan (signed in 2005) which sets out our shared commitments for deliverables around poverty reduction and aid effectiveness. We plan to refresh this document in 2012”. Has this document been published yet? If not when will it be published and can the Committee see it?

The UK’s Development Partnership Agreement with the Government of Afghanistan was signed in 2005. At that time the UK Government decided not to publish it (the Committee can see the DPA). On 28 January 2012 the UK agreed an Enduring Strategic Partnership Document with Afghanistan that was published on 9 February 2012. The ESPD includes general commitments on development. As the Committee notes, plans are in place to refresh the DPA later this year.

The plan quotes “the first six months of 2011 saw an increase in civilian casualties in over the same period in 2010.” Are there more recent figures?

The latest UNAMA report on civilian casualties, published on 8 August 2012, says that between 1 January and 30 June 2012, conflict related violence resulted in 3,099 civilian casualties—1,145 civilians killed and 1,954 injured—a 15% decrease in overall civilian casualties compared with the same period in 2011. Of the 3,099 civilians killed or wounded, 925 were women or children representing 30% of all civilian casualties. Anti-Government elements were responsible for 80% of civilian casualties. Pro-Government forces were responsible for 10% of the total number of civilian casualties, reflecting a 25 % reduction compared with the same period in 2011. 10% could not be attributed to any party to the conflict.

Is it possible to provide an overview of the amount of funding devoted to the Conflict Pool and what sectors it has been spent on?

The table below shows the Afghanistan Conflict Pool budget by financial year. (The Afghanistan programme recently returned £8 million of its £69.4 million allocation for FY 12/13 to the centre).

	<i>FY 11/12</i>	<i>FY 12/13</i>	<i>FY 13/14</i>	<i>FY 14/15</i>
	£68.5m	£69.4m	£53.9m	£37.1m
<i>Sector</i>	<i>FY 11/12 spend (£m)</i>			
Urban development	25.0			
Agriculture	1.0			
Governance	6.3			
Culture	1.4			
Justice	22.8			
Security	3.0			
ODA unclassified	0.9			
Non-ODA	7.9			
Total	68.5			

What is the current state of the NPPs? How many have been endorsed and have any started to be implemented?

Of the 22 NPPs, 16 have been endorsed in full by the Joint Coordination and Monitoring Board, two have been endorsed in principle and four are yet to be endorsed. The Government of Afghanistan is yet to confirm how many are under implementation, although some NPPs contain existing programmes which have been under implementation for some time (eg the National Solidarity Programme)

Which NPPs is DFID planning to support?

DFID’s Operational Plan 2011–15 sets out its priority areas for engagement. DFID’s projects and programmes support 14 of the planned 22 NPPs. As the Operational Plan runs up to 2015 we expect that DFID’s work will continue to cover the same number of NPPs during this period.

DFID’s submission said it was on track to align 80% of programming with NPPs by July 2012. Has this happened?

Yes—an analysis of DFID’s programming for end of FY 11/12, reported to and agreed by the Afghan Ministry of Finance, showed that 96% of DFID funding was judged to be aligned with the priorities and activities set out in the NPPs.

The DFID response to ICAI says “A DFID Task Team will visit Kabul by end April to develop an Action Plan to further reduce the risk of leakage or fraud. DFIDA is already considering the use of third party verification and continuous audit. Specific responsibilities and resourcing needs will subsequently need to be agreed, including with DFID central departments. (Action Plan agreed and under implementation by June 2012.) DFIDA will develop a new portfolio management tool to monitor and manage risks and results; and add a risk on partner financial systems to its existing risk register. (June 2012)”. Have both of these actions happened (the development of an action plan and portfolio management tool)? Have there been any other responses to ICAI or follow up actions that DFID would like to share with the Committee?

The DFID Task Team visited Kabul in April as planned. Its action plan is being implemented. The portfolio assessment tool has been developed and is now embedded as a key tool for portfolio risk assessment. It is reviewed regularly at the quarterly programme board. For each project it assesses both fiduciary and delivery risk and assesses this against the performance of the project.

A six month update on progress about the commitments made to ICAI in our management response is due for publication in mid-September.

ICAI’s report says that “ELECT is likely to continue into 2012 and beyond as ELECT-II, with DFID participation. Programme documents are currently being prepared.” What is DFID planning to give to ELECT II? Will it cover both the 2014 and 2015 elections? The current DFID budget on website is for Afghanistan Elections 2009–11 [114474] £7,000,000.

DFID support to ELECT-II has just been approved. We will contribute £12 million through the UNDP-managed pooled donor fund from November 2012 to December 2013. This support (which builds on ICAI’s Evaluation of DFID’s electoral support) seeks to strengthen Afghanistan’s Independent Election Commission’s (IEC) capacity to conduct the 2014–15 elections with reduced external assistance. Areas include:

- (i) setting up a new and sustainable voter registration system;
- (ii) building skills of IEC Officials at both central and provincial levels;
- (iii) construction of IEC provincial offices; and
- (iv) early voter outreach especially to women and other marginalized groups.

A pipeline of an additional £3m has been set aside to support the elections, if required.

The response to the IDC report in 2008 said that DFID would be increasing funding to the Afghan justice system through the Justice Reform Project. Please could DFID update the Committee on the project and its impacts?

DFID provides support to the Justice Reform Project through the ARTF. The UK’s (and other donors) support to the Justice Reform Programme has aided harmonisation of reform in the justice sector and helped the Afghan Government to operationalise its justice sector strategy. The project is being implemented by the three justice institutions: the Ministry of Justice (MoJ), the Attorney General’s Office (AGO) and the Supreme Court (SC). While this has been a broadly positive development, the sector continues to face major challenges and the project has been slow to implement. There are plans for a second phase of the Justice Reform Project, which would extend the scope of the programme to include the informal sector, improving access to justice by ordinary Afghans.

Note: DFID has not increased its funding on Justice programmes as the FCO now lead on this issue. However, we do provide support to the Justice Reform Project.

The 2008 inquiry reported concerns that CDCs had not been formalised. DFID responded that it was under discussion with the Afghan Government. Please could DFID update on the progress on this

Formal discussions on the status of CDCs are on-going, and part of wider discussions on sub-national governance including district representation. The World Bank, in collaboration with the Ministry of Rural Rehabilitation and Development, has commissioned three studies related to the sustainability of CDCs, including a study on how CDCs could be transitioned to village councils. The UK and other donors are working closely with the Afghan Government and the World Bank on this issue.

The 2008 inquiry recommended that there was a need to increase microfinancing in rural areas especially for women—DFID responded that it would give more to Afghan Govt Microfinance facility. Please could DFID update on this and its microfinancing work in Afghanistan

The Microfinance Investment Support Facility for Afghanistan (MISFA) was set up in 2003 as a vehicle for donor funding of microfinance. DFID provided an additional £17 million to MISFA in 2008–09 through the Afghanistan Reconstruction Trust Fund (ARTF), taking its contribution to a total of £40 million. A Project Completion Report (PCR) conducted by DFID staff from outside Afghanistan in February 2010 concluded that MISFA was sufficiently funded for the foreseeable future, and that the organisation should concentrate on consolidation and improvements to its lending portfolio, rather than expanding it.

MISFA has reported disbursing US\$1 billion in microfinance loans and in August 2012 has a gross loan portfolio of approximately US\$105 million. MISFA reports that 64% of its borrowers are women. There has been significant consolidation in the microfinance industry in the past few years. This was largely due to the number of microfinance institutions (MFIs), and the security constraints of setting up and monitoring portfolios. As a consequence, through consolidation and exit MISFA currently supports seven MFIs (down from 16) and MISFA has reported that it will not require additional funding for the next two years.

In addition, through the ARTF, DFID supports the Afghanistan Rural Enterprise Development Programme (AREDP). As at mid-2012, AREDP has created over 2,300 savings groups of which 54% are female groups, involving over 12,000 women. Through the Helmand Growth Programme, with the World Council of Credit Unions (WOCCU), DFID has provided over \$3 million of small loans to over 4,000 people in Helmand to assist farmers and small businessman to grow their businesses and increase their income. This element of the programme, however, will soon close: in March 2012 DFID Afghanistan adopted a plan to re-work the programme into a more focused and manageable entity that takes into account Helmand's transition timeline and the evolution of the Provincial Reconstruction Team.

The DFID submission says that "The UK provides support to the Governors of a number of provinces including Helmand through the Governor's Performance Improvement Programme (GPIP) (£9.5 million over three years)". However the DFID website under projects says the budget for the Programme is just £79,962. Please could you explain the difference in the figures?

The original approved budget for the Governors' Performance Improvement Programme (GPIP) was £9.5 million over three years.

Note: £79,962 represents only one component of this programme. We have asked for this to be rectified on the website and are following up.

Is the main DFID programme with the Afghan police the project on the DFID website—Strategic Support to the Ministry of Interior (SSMI) [202109] of £7,230,000? How is this money spent? How much of DFID's funding to the conflict pool is spent on policing? How much of the £70 million commitment from UK to ANSF comes from DFID?

SSMI is DFID's main bilateral support to Afghan policing. The project focuses on building leadership and management systems within the Ministry of the Interior and building the capacity of senior leaders, managers and others within the Ministry perform their key functions and responsibilities better. This will result in them having the necessary systems and trained personnel to raise the performance level of the Ministry, and increase the public's ability to hold them to account.

In FY12/13 £13.2 million of the Afghanistan Conflict Pool budget is allocated to policing. DFID, FCO and MOD are jointly responsible for the full Conflict Pool budget.

The UK's £70 million commitment to fund the ANSF from 2015 is likely to be provided by the Conflict Pool.

Are DFID staff rotations six weeks on two weeks off or as in ICAI report eight weeks on two weeks off?

DFID provides staff with a two week breather break after every six weeks in country to reunite them with family and friends.

In the supplementary briefing provided to the Committee by DFID in Afghanistan it says that DFID is supporting a programme of institutional reform and capacity building in the Ministry of Agriculture, Irrigation and Livestock (MAIL) through Increasing Agricultural Potential in Afghanistan, a £20 million agricultural programme approved in April 2011. What is this listed as under projects on DFID's website? Also how much is new Bamiyan project costing and is it listed on website—what under?

Increasing Agricultural Potential in Afghanistan—listed as project 201035 (<http://projects.dfid.gov.uk/project.aspx?Project=201035>) is now closed. The programme of institutional reform and capacity building in the MAIL will go ahead under the programme Strengthening the Agriculture Sector in Afghanistan (SASA) 203474 a £12.93 million project approved in April 2012. (<http://projects.dfid.gov.uk/project.aspx?Project=203474>)

The Agricultural Support Programme (ASP), Bamiyan—DFID will provide £3 million over three years to this programme led by the New Zealand Agency for International Development (NZAID). Expected results include increased productivity and value of agriculture, food security and household incomes in Bamiyan for participating communities. Progress will be measured against increased potato and wheat yields; regenerated area of rangeland vegetation; and increased co-operative incomes. The ASP falls under the broader Strengthening the Agriculture Sector in Afghanistan (SASA) programme—listed as project 203474—<http://projects.dfid.gov.uk/project.aspx?Project=203474>; total budget £12.93 million.

On Para 149 of 2008 report—Committee said there was insufficient funding to agriculture and livestock sectors—DFID agreed there was a need to increase donor funding, said Afghanistan National Development Strategy was dealing with it and said it would provide update. I have contacted my predecessor and she says as far as she remembers no update was provided. Any way of finding out if one was and if there wasn't could DFID now provide an update?

Since 2009 DFIDA has committed £46million to the agriculture sector through its bilateral funding. This is in addition to the amount spent on agriculture by the ARTF, to which DFID is a significant contributor.

All DFID Afghanistan agriculture and rural development programmes are designed to support the Afghanistan National Development Strategy (ANDS) and the National Agriculture Development Framework, which was published by the Government of Afghanistan in April 2009. The priority areas identified in the NADF are:

- Natural resource management.
- Agriculture production and productivity.
- Economic regeneration.
- Programme support and change management.

DFID Afghanistan's agriculture portfolio contributes to these areas by:

- Increasing productivity and value of agriculture, rehabilitated rangelands, food security and household incomes in Bamyan for participating communities through the ASP (through better natural resource management, agriculture production and productivity and economic regeneration).
- Supporting MAIL's change management programme to deliver its NPPs, and supporting the DAILS (Directors of Agriculture, Irrigation and Livestock) in Bamyan and Helmand (through programme support and change management expertise).
- CARD-F (£30 million over 2010–13) Facilitating the design, coordination and funding of high-impact interventions (called Economic Development Packages (EDPs)) for targeted districts (largely those that have become poppy-free) through the Comprehensive Agriculture and Rural Development Facility (CARD-F). It does this by providing technical assistance to the Afghan-run CARD-F Management Unit which will eventually become part of government.
- Supporting irrigation system development and management through the ARTF.

The DFID website says that £31,000,000 goes to The National Solidarity Programme (NSP)—is that all through the ARTF?

DFID made "preferenced" payments to the National Solidarity Programme (NSP) totalling £31 million from 2003 to 2009, channelled through the ARTF. This reflects old policy practice as we no longer make preferred payments to the ARTF.

Is the DFID office in Afghanistan the largest country office in the world for DFID?

DFID Afghanistan is the fourth largest country office, behind Pakistan, Nigeria and India. In the years up to 2014–15, DFID Afghanistan is expected to become the sixth largest country office, behind Ethiopia, India, Bangladesh, Nigeria and Pakistan.

Of the current (not local) DFID Afghanistan staff (based in London and Afghanistan) how long have they worked on the subject of Afghanistan for DFID and/or another department or NGO? What is the longest that any member of (not local) DFID staff has worked on the subject of Afghanistan (current or past employee)?

The longest period a current or past HCS member of staff has worked on the subject of Afghanistan is five years and one month—two periods in Kabul divided by a posting in London. We also have other staff who have been working on Afghanistan issues between two and five years. The new Deputy Head of Office, starting in the Autumn, is returning to work on Afghanistan following a number of previous Afghanistan postings between 2005 and 2009.

SAIC STAFF RATES OF PAY

The following tables show current (from April 2011) rates of pay for SAIC staff at the various DFID grades. In April 2011 SAIC staff received a 16% pay increase in line with local market trends. This year's pay award (currently under review) is likely to be less, again in line with local market trends. This work is conducted with independent reviewers.

REFERS TO 35 HOURS PER WEEK

[illegible]

REFERS TO 35 HOURS PER WEEK

[illegible]

REFERS TO 35 HOURS PER WEEK

C2/C3 Combined

60th Percentile	Point 1	Point 2	Point 3	Point 4	Point 5	Point 6	Point 7	Point 8	Point 9	Point 10
Previous scales	\$7,479	\$8,145	\$8,812	\$9,478	\$10,145	\$10,811	\$11,478	\$12,144	\$12,811	\$13,477
Previous scales(monthly)	\$623	\$679	\$734	\$790	\$845	\$901	\$957	\$1,012	\$1,068	\$1,123
Step value	\$666									
Current scales	\$8,676	\$9,448	\$10,222	\$10,994	\$11,768	\$12,541	\$13,314	\$14,087	\$14,861	\$15,633
Current scales (monthly)	\$723	\$787	\$852	\$916	\$981	\$1,045	\$1,110	\$1,174	\$1,238	\$1,303
Step value	\$773									

REFERS TO 40 HOURS PER WEEK

C2/C3 Combined Drivers

60th Percentile	Point 1	Point 2	Point 3	Point 4	Point 5	Point 6	Point 7	Point 8	Point 9	Point 10
Previous scales	\$8,547	\$9,309	\$10,071	\$10,832	\$11,594	\$12,355	\$13,118	\$13,879	\$14,641	\$15,402
Previous scales(monthly)	\$712	\$776	\$839	\$903	\$966	\$1,030	\$1,093	\$1,157	\$1,220	\$1,284
Step value	\$762									
Current scales	\$9,915	\$10,798	\$11,682	\$12,565	\$13,449	\$14,332	\$15,217	\$16,099	\$16,984	\$17,867
Current scales(monthly)	\$826	\$900	\$974	\$1,047	\$1,121	\$1,194	\$1,268	\$1,342	\$1,415	\$1,489
Step value	\$884									

September 2012

Written evidence submitted by David Page, Chair of Trustees, Afghanaid

Thank you for the opportunity to comment further on issues which came up during the IDC session on DFID's role in Afghanistan and on more general aspects of DFID's relationship with NGOs working in that country.

1. Humanitarian Funding

Afghanaid welcomes DFID's decision to restart humanitarian emergency response funding to NGOs, which has strengthened our own work in this field. There is a general consensus that in the coming two to three years, during the transition period and after the withdrawal of international military forces, Afghanistan is likely to see a substantial increase in the humanitarian needs of ordinary Afghans. In these circumstances, we would recommend that DFID should strengthen its dedicated humanitarian capacity in-country to be able to play a larger role in this field. We would like to see DFID joining the Emergency Response Fund, the multi-donor humanitarian funding mechanism set up at country level, which provides funds for both rapid and slow onset emergencies and addresses critical gaps in assistance to humanitarian needs. We believe that DFID is well placed to take a leadership role in the humanitarian coordination structure in Afghanistan to enable the international community to meet these needs. At the moment, the CAP/HAP in Afghanistan is only 30% funded and this needs to be a key focus for international engagement in future.

2. Agriculture

Agriculture is now beginning to receive the sort of attention it has long deserved with the establishment of a number of initiatives under the National Priority Programmes (NPPs) dedicated to different agricultural and allied sectors. However, many of these programmes are being drawn up by the Afghan government without the sort of consultation process, with NGOs and other sources of expertise in this sector, which would undoubtedly strengthen their effectiveness.

There have been a number of examples recently where NGOs have been asked to tender for donor-funded contracts with the Ministry of Agriculture, which have failed to take adequate account of local conditions or the need to build national human capacity. One such example is the DFID- financed Comprehensive Agriculture and Rural Development Facility (CARD-F). It has been made mandatory for those bidding for contracts under this facility to employ a high number of international experts at grassroots level in technical areas, which has the effect of undermining well-recognised national capacities in horticulture, water and irrigation and apiculture. Moreover, CARD-F procurement policies tend to suit private sector organisations more than those in the voluntary sector, for instance by requiring pre-financing arrangements. This carries the risk that the implementation of grassroots development initiatives will be outsourced to those with financial capital but lacking essential and relevant knowledge and experience, which Afghanaid and other NGOs offer. We are concerned that the lessons from other large national programmes, notably the National Solidarity Programme (NSP), also financed by DFID, have not been taken on board in setting up procurement modalities for CARD-F.

In the post Tokyo period, particularly in the next six months, while operational plans are being developed for National Priority Programme (NPPs) and the national Aid Management Policy is being finalised, we would like to see DFID, together with other donors, particularly the Nordic countries and Japan, play an active role in negotiating with key stakeholders, including with the Government of Afghanistan, to set up a structured and genuine dialogue and consultation with NGOs during this process.

A number of British NGOs recently wrote to the Secretary of State on this subject and I am attaching a copy of that letter for your information.

Given the importance of agriculture in the Afghan economy, we hope that DFID will dedicate more resources to this sector, both through the government of Afghanistan by means of direct budget support to the NPPs, and through NGOs like Afghanaid which have a proven track record of providing assistance to the agriculture sector over the past twenty years.

3. In-country Dialogue with NGOs

DFID maintains a regular dialogue in the UK with representatives of British and Irish INGOs operating in Afghanistan, which proves useful to both sides in keeping NGOs abreast of government policy and briefing government on NGO activities. However, most operational decisions are taken in country—both by DFID and by NGOs—and a similar forum for dialogue and exchange between DFID's country office in Kabul and NGOs working in Afghanistan would be of great value. NGOs in Kabul would benefit from regular briefings on DFID's policies and activities, while the NGO community would be able to brief DFID on the challenges of development at different levels of Afghan society which would assist in grounding DFID's own policies and operational decision. Owing to the strict security regime, the mobility of DFID staff is highly restricted, which limits their opportunities to see socio-economic realities at first hand. A regular and genuine dialogue and exchange between DFID and NGOs at Kabul level could help to bridge this gap, as most NGOs work at grassroots and will be able to contribute perceptions and knowledge based on their own experiences.

4. DFID-NGO Relations in Afghanistan: The Case for a New Funding Mechanism

In recent years, DFID has always maintained publicly that NGOs have an important role to play in Afghanistan but in practice it has done very little to encourage or support them. If they were not able to work in Helmand, it has tended to see them principally as service delivery agents for the Afghan government. There have been some welcome signs of change in programme priorities recently—in particular a new emphasis on humanitarian relief and rehabilitation, for which DFID is providing direct funding to the NGO community, and a leading role in setting up Tawanmandi, a multi-donor funding mechanism to support Afghan civil society initiatives. But these changes, while important in themselves, only go some way to address the systemic challenges faced by British NGOs and others in the present situation.

Afghanistan is not only one of the poorest countries in the world; it is also one of the most unstable. Though DFID and other donors have been treating Afghanistan as a post-conflict country, over the past two or three years, conflict and instability have spread from the south and east to the north as well. For example, Afghanistan's work in Ghor and Badakhshan provinces, which were previously relatively peaceful, has been seriously affected by the growing influence of armed opposition groups, the spread of instability and increased interference in the development process. Moreover, as disillusionment with the Afghan government has grown on account of its poor performance and corruption, NGOs working as partners of government have become more vulnerable to the charge that they have taken sides themselves.

Working in a conflict situation puts particular strains on NGOs, whose staff are exposed to great danger and risk, and whose protection becomes a key concern. The costs of providing security for staff are rising all the time, though donors have so far proved reluctant to underwrite these costs. There has been a tendency for donors to think in terms of one or two year contracts rather than the multi-year funding which is desirable for sustainable development and more effective in bringing a peace dividend to a society wounded by decades of conflict. Very few donors are willing to pay for the professional, financial and other services which are required to ensure high quality supervision and control, though most donors require more detailed reporting and more quantitative evidence of impact. The result is constant pressure on staff (who are increasingly difficult to recruit and retain) and on budgets.

In common with other British NGOs working in Afghanistan, Afghanistanaid would argue that there is a powerful case for the British government to make a longer term investment in the NGO sector. Afghanistanaid has been working in Afghanistan since 1983. It has a history of commitment to the country, a well-developed pool of national professional staff, and has built up relationships of trust with the communities with which it works. This is a valuable long term asset not only for the country but also for the international community. We would argue that it is an asset worth underwriting with some core support.

For the past few years, Afghanistanaid has been advocating with DFID in Kabul for a longer term relationship based on shared priorities and approaches to key development issues. But despite encouragement from two heads of the DFID country office, the discussions have so far come to nothing *for lack of a viable funding mechanism*.

Given these factors, we would argue that there is a strong case for DFID to look again at funding mechanisms for Afghanistan and similar states, where the NGO sector arguably requires greater support and stability to play its role.

The Global PPA system plays a valuable role in supporting the work of large charities working in a variety of countries. The development of a parallel system of PPAs to meet the circumstances of fragile states like Afghanistan would enable DFID to play a similar longer term role in supporting NGOs working in such difficult environments.

There is also arguably a case for the establishment of an NGO security fund for Afghanistan, which would provide direct assistance to NGOs to meet the rising costs of operating in a rapidly changing security landscape.

5 September 2012

Written evidence submitted by David Loyn, BBC Afghanistan and Development Correspondent

I was asked by Richard Burden to add some detail to my comments about the possibility of a political solution—"reconciliation" with the Taliban.

To briefly sketch out the history: it has now more become widely accepted that it was a mistake to exclude the Taliban from the post 9/11 political settlement. Lakhdar Brahimi—one of the architects of the Bonn process in 2001–02 certainly now believes that the Taliban should have been at the table, and an attempt made to forge a more inclusive settlement.

Until 2006 neither the Kabul government nor most of those involved in the US-led international effort to stabilise the country believed that there was any need to engage with the Taliban. Attempts made by senior "ex-members" of the Taliban to forge links between their former comrades now in Quetta and the Afghan government were rebuffed by the government.

President Karzai talked frequently about the need to bring the Taliban back into the Afghan mainstream, but his intelligence service, the NDS, ensured that attempts to broker deals were stifled, and an EU/UK peace initiative ended when the two officials working on it in Helmand were expelled from Afghanistan on the orders of President Karzai on Christmas Day 2007.

After Richard Holbrooke was appointed in January 2009 to coordinate US policy on Afghanistan and Pakistan, he launched a new impetus to seek a political dialogue with the Taliban, but the US was starting from scratch. Public demonization of the Taliban had never been allied with quiet diplomacy. The US had not done any spade-work, of the sort that had been done, for example by MI5, to forge links with the Provisional IRA in Northern Ireland in the 1970s and 1980s.

The nadir came in November 2010 when CIA officials were persuaded by a shopkeeper in Quetta to hand over several thousand dollars in the belief that he was a senior Taliban figure who would broker a peace. Holbrooke died just a few weeks later.

All attempts to secure dialogue had faced the obstacle of three preconditions—agreed by President Karzai and the international community: that the Taliban should accept the Afghan constitution, renounce violence, and sever all links with al-Qaeda. In varying degrees these were unacceptable to the Taliban leadership.

On 18 February 2011, the Secretary of State Hillary Clinton signalled an important shift in policy. The three conditions were still said to be “red lines”, but now they were no longer preconditions, but to be treated as “necessary outcomes of any negotiation.” It was a formulation she would repeat often in speeches and interviews. The aim was to remove obstacles to talks. Significant “ex-Taliban” leaders living openly in Afghanistan were taken off the UN blacklist, enabling them to fly, and Qatar agreed to host a political office for the Taliban.

The stage was set. But when talks actually started, they quickly foundered as US negotiators went too fast, did not attempt to build trust, and swiftly resorted to the three conditions. The Taliban had agreed to enter talks on the understanding that they would only be about prisoner exchanges. A more nuanced negotiating style on the part of the US team might have used that to keep channels open and move on. But US impatience caused the Taliban to pull out, confused by what they were hearing—confused too over mixed messages as the war did not only go on, but went up a gear with a surge of troops.

Again—the lesson from Northern Ireland was that talks might continue while the conflict went on, providing both sides had built trust.

Although Taliban negotiators continue to want to talk—appearing for example on the margins of the recent Tokyo conference—the clumsy stance of the US team closed down the most promising track. The UK, Turkey and Germany have all made their own contacts and are attempting to restore a political process, but as so often in the international project in Afghanistan since 2001, good intentions do not make a coordinated policy.

The risks of not securing a peace settlement with the Taliban are obvious. And there are other risks too. Attrition of their command structure through targeted attacks in the last two years has reduced their capacity to command forces so that a new generation of leaders have emerged with even fewer scruples, less allegiance to the Quetta Shura, and more links to an international jihadi agenda. This makes the post-2014 landscape far more risky.

Reducing recruitment to insurgents will come through education, the rule of law and job opportunities for a country with a very young demographic. The importance of good governance, an end to government corruption and delivering security through economic development have never been greater.

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