

Questions on notice for Professor Howes and Jonathan Pryke

Answers in italics

Aid objectives—strategic and developmental

Q1. In your submission, you stated that in Afghanistan Australia's objectives of aid are strategic as well as developmental so both need to be used when assessing effectiveness (submission 14, p. 2).

- Could you explain to the committee, Australia's stated strategic and developmental objectives and the extent to which they complement or detract from one another?

According to the AusAID strategy, the stated developmental objective of the Australian aid program to Afghanistan is “building the Afghan Government’s capacity to deliver services and provide economic opportunities to its people.” AusAID’s stated strategic objectives are to prevent Afghanistan from becoming a safe haven for terrorism and to support Australia’s Alliance commitment to the United States.

It is common for aid programs to have multiple objectives and there are always trade-offs and sometimes synergies between them. The trade-offs are pronounced in Afghanistan because of Australia’s direct engagement in Uruzgan province, which is essential from a strategic perspective (part of our commitment to the US) but does not seem to have strong developmental outcomes.

But there are also synergies between the goals. If Afghanistan does again become a haven for terrorists, this will have a strong detrimental long-term impact on poverty alleviation. An Afghanistan that is a safe haven for terrorists would also be one with weak government, weak service delivery, poor treatment of women, limited NGO and donor access and prolonged instability.

In summary, there are both trade-offs and synergies between the different objectives.

- In your view, is there consistency in Australia's aid objectives at the whole-of-government and individual agencies level?

More research is needed to answer this question. Our analysis of AusAID documentation (as noted on page 8 of our submission), however, suggests that there isn’t a consistent objective. AusAID’s strategic approach to aid in Afghanistan (their overarching aid strategy document for the country) jumps back and forth between using the terminology of ‘Australia’s objective’ (p.1) and at other points ‘AusAID’s objective’ (p. 12). There should be no ambiguity

in strategy documents of this type and there needs to be a very clear whole-of-government approach.

- In your view, does Australia's strategic goal of making sure that Afghanistan does not again become a safe haven for terrorists¹ undermine objectives such as poverty alleviation?

As discussed above, ensuring that Afghanistan does not become a safe haven for terrorism is important for poverty alleviation. So we would say there is no trade-off in the long run, but there may be in the short run since the war on terror will involve violence. Also as discussed above, the need to show commitment to the US alliance may undermine the poverty alleviation objective as it pushes Australian effort into areas where it is less likely to be effective (Uruzgan).

Post 2014

Q2. Based on consultations, you anticipate that after 2014 the control of the Afghanistan government will shrink and that provinces like Uruzgan will become no-go territories for the government and for international aid personnel, except those which are able to operate in a humanitarian mode (submission 14, p. 3).

- Is this still your view? If so, what should or could be done to ensure that the gains made so far through Australian ODA will not be reversed?

The context in Uruzgan has not changed since we made our submission and it is still our view that security in the region will rapidly deteriorate once international forces withdraw. Because the gains in Uruzgan are so heavily dependent upon security conditions the only way to ensure that gains made in the province are not reversed is to extend the timeframe of troop withdrawal. But it is beyond our remit to recommend this, and it is highly unlikely to happen.

Aid dependency

Q3. In your submission, you noted that Afghanistan is the world's largest aid recipient and one of the most aid dependent (submission 12, p. 5).

- Have you seen or heard anything that would indicate that Afghanistan's dependency on foreign aid is declining? Are the government of Afghanistan and the donor community taking tangible steps to reduce this dependency?

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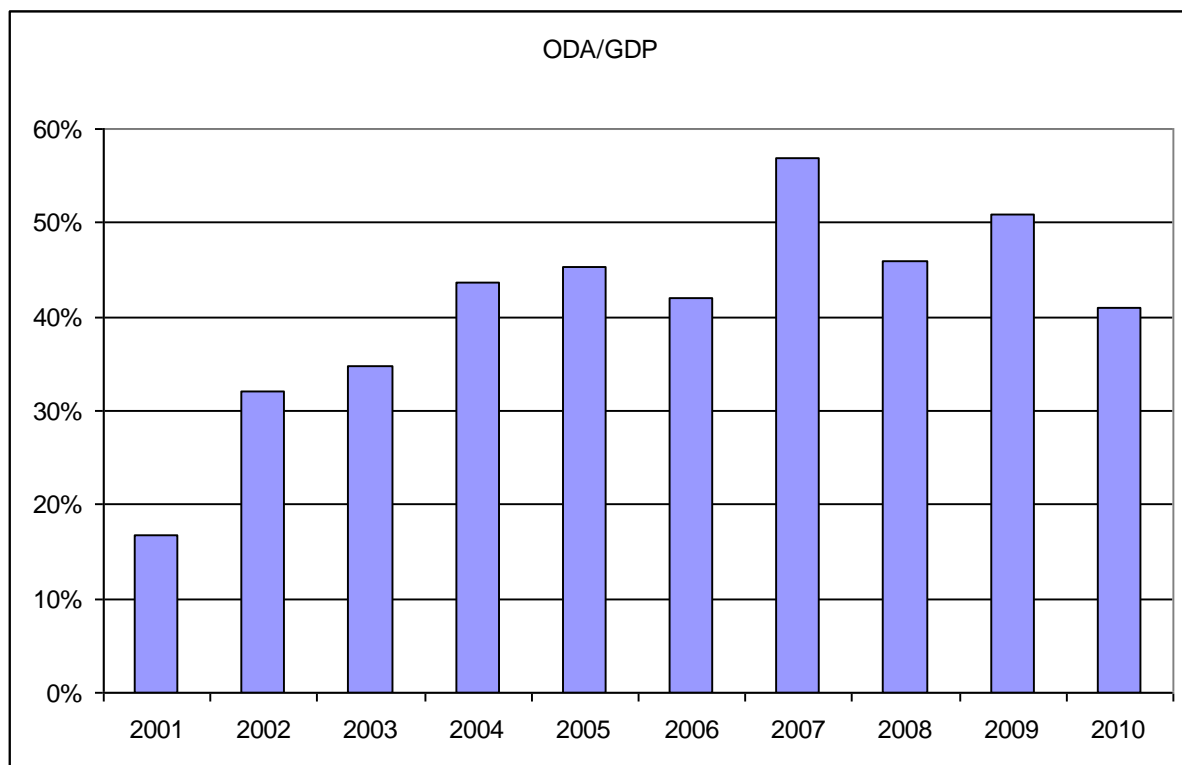
The simplest method of determining donor dependence is to look at the ratio of ODA to GDP. There is a slight downward trend since 2007. However, Afghanistan is still

1 AusAid's submission 6, p. 21.

incredibly donor dependent (the 5th most dependent in the world, see figure 3, pg. 5 of our submission).

Afghanistan will most likely become less donor dependent post 2014 as foreign aid will likely reduce. This will likely also be reflected by a contraction in GDP of the country as the economy that services coalition forces begins to shrink. These contractions may be offset by some domestic economic growth and resource exploitation, which would also reduce donor dependence.

We are not aware of other steps being taken to reduce dependency (apart from a likely reduction in aid volumes as troops pull out). Indeed, some commentators (we refer you to Mr Nematullah Bizhan's [submission](#)) claim that the Afghanistan government isn't doing enough to increase tax revenue.



- Do Australia's ODA objectives for Afghanistan include the reduction of aid dependency as an objective? Is such an objective implicit in the broader objectives, should it be a stated objective?

Australia's ODA objectives for Afghanistan do not include reduction of aid dependency as an objective. It is important to remember that Australian aid comprises only around 1.5% of total aid delivered to Afghanistan each year. Any commitment to reduce donor dependency should be a cross-donor effort.

- In your view are current Australian-funded development activities in Afghanistan designed and implemented with a view to reduce aid dependency?

While Australian-funded development activities do not explicitly highlight reducing aid dependency as an objective, they do so indirectly through their development, security and sustainability objectives.

Budget support through aid

Q4. The Independent Review of Aid suggested that for aid effectiveness, Australia, in a 'very crowded donor environment, needs to be focused'.² It also noted that different parts of the program will need to operate very differently suggesting aid be delivered largely through partners at the national level and more bilaterally in Uruzgan.³

- In your view, is Australia's ODA to Afghanistan demonstrating the required degree of focus?

We have not reviewed this issue. However, we note the finding of Mr Nematullah Bizhan's [submission](#) that "Australia's assistance is scattered across more than eight sectors of the Afghanistan National Development Strategy (ANDS), indicating its wide focus, hampering its effectiveness."

- Could you explain why aid to Uruzgan should be bilateral?

With regards to Uruzgan province, the Aid Review's suggestion is based upon the security and strategic objectives that are a part of our aid objectives in Afghanistan (discussed in question 1). Our submission suggests winding down aid in Uruzgan because we see it as being, from a development perspective, ineffective and unsustainable. It also seems to be doing little to achieve the strategic objective of stopping Uruzgan from becoming a safe haven for terrorism.

Corruption

Q5. You observed that aid projects directly implemented by donors often seem to involve deals with various middle-men and war-lords—possibly to buy support. You acknowledge that the Afghanistan Government is itself highly corrupt, but the corruption does not seem to operate primarily through the largely recurrent and service delivery areas which are funded by the Afghanistan Reconstruction Trust Fund (submission 14, p. 12).

- In brief, could describe why the Afghanistan Reconstruction Trust Funds is better able to avoid corruption or patronage?

2 *Independent Review of Aid Effectiveness*, April 2011, p. 149.

3 *Independent Review of Aid Effectiveness*, April 2011, p. 187.

The ARTF has some notable advantages that allows it to avoid corruption and patronage seen in other parts of government and in other parts of the aid program which bypass government, including:

- *Strict World Bank oversight. This includes periodic external reviews, strict reporting requirements of funds entering and leaving the fund, external auditing, etc.*
- *The nature of disbursements. Most spending from the ARTF occurs in the form of pensions, salaries and other recurrent costs. These forms of spending are much more accountable (there is an established feedback mechanism when staff are not paid) than large pools of cash that are made available for infrastructural development and other types of investment. Large pools of money (where disbursements and contracts can reach millions of dollars) have more limited feedback mechanisms and accountability and are more susceptible to patronage and corruption.*
- *A high degree of independent, third party monitoring. Donors remain keenly interested in the ARTF's success. For example, AusAID sponsored an external review of the ARTF in 2012, the results of which (available [here](#)) are generally positive and reflect the views we have made in our submission.*

Uruzgan

Q6. The August 2012 report published by the Feinstein International Center found that Uruzgan highlights the necessity of seeing powerholders in a more nuanced light—that is as agents who exist in a complex web of personal, social and official relationships, and who act on a calculus of best interests.⁴

- In your view do Australian agencies working in Afghanistan, especially those in Uruzgan, have an adequate understanding of the complex web of personal, social and official relationships?

It is unlikely that Australian agencies have an adequate understanding of the social, cultural and demographic relationships in Afghanistan. This is a perennial problem for aid agencies, and one that is particularly acute in Afghanistan. This is because Afghanistan is a very complex country settled in an even more complex geo-political region. It is also because of the limited time that agency officials actually spend in the field. Understanding the complexity of the context that they are operating in is a constant challenge for aid agencies in the best of situations, and even more difficult in conflict zones. The difficulty of understanding these complexities is especially severe in Uruzgan because of the heightened security conditions and even more limited time and access officials have in the province.

⁴ Paul Fishstein, *Winning Hearts and Minds in Uruzgan Province*, Briefing Note, Feinstein International Center, August 2012, p. 17.

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- How could Australian agencies working in Afghanistan obtain that necessary understanding?

It would be very difficult for Australian agencies to gain the necessary understanding of the complexities in Afghanistan. A more realistic expectation of these agencies would be for them to acknowledge and understand that these complexities exist and are largely beyond their comprehension, realising that they are outsiders and will always have a limited influence on local political, cultural and social issues.

Whole-of-government

Q7. The Independent Review of Aid effectiveness made a number of findings pertinent to Australia's aid programs in Afghanistan including that:

- more emphasis needs to be given to whole-of-government coordination and performance management; and
 - the current budget process does not have a whole-of-ODA approach, and has led to fragmentation, inadequate overall scrutiny and an imbalance between the crucial spine of predictability which is needed for multiyear aid projects, on the one hand, and the need for flexibility to respond to unpredictable events on the other.⁵
- Would you like to comment on and apply these findings to Afghanistan?
 - In your view does Australia's whole-of-government effort in Afghanistan present a well-coordinated, coherent ODA program?
 - In your view, how well do Australia's government agencies and NGOs coordinate their activities in Afghanistan?

We have not undertaken a study of the various efforts made by different agencies in Afghanistan. Coherent whole-of-government approaches are difficult to apply in the best of circumstances. In the case of Afghanistan, where there are such important strategic as well as developmental objectives, it is probably especially difficult. However, balancing that, there would be fewer Australian government agencies active in Afghanistan than in our other large aid programs. We noted in our submission the ambiguity in the published Australian aid strategy, which is unclear whether it is articulating a strategy for all Australian aid or only for AusAID. Given our lack of expertise, we are unwilling to comment beyond this, but we hope that the Committee will be able to shed light on these important questions.

5 Australian Government, *Independent Review of Aid Effectiveness*, April 2011, p. 6.