

# Executive Summary

In 2001, after two decades of civil war, the Government of Afghanistan faced the daunting task of creating an environment that would enable its people to start the process of rebuilding their country's economy, its vital infrastructure and state institutions. Many Afghans needed to be resettled, the injured to be rehabilitated, farmers returned to their land and children to school. The challenges confronting the country and its people were and remain formidable.

Australia became part of the international donor community pledged to assist Afghanistan with its recovery and reconstruction. From 2000 to June 2012, Australia's overseas development assistance (ODA) to Afghanistan accounted for over \$710 million. Australia is now committed to making Afghanistan its third largest recipient (in volume) of Australian ODA with its total development assistance for Afghanistan expected to climb to \$250 million for 2015–16.<sup>1</sup>

Australia uses a number of channels to distribute its ODA in Afghanistan—Afghanistan's core budget; multilateral organisations and NGOs; and the Uruzgan Provincial Reconstruction Team (PRT).

## ***On budget—Afghanistan Reconstruction Trust Fund (ARTF)***

The bulk of Australia's ODA goes to Afghanistan's core budget. Overall, evidence supports the view that funds directed through the Afghan government systems, notably through the Afghanistan Reconstruction Trust Fund (ARTF), are more successful in promoting government ownership and aligning projects with government priorities. This arrangement helps to prevent wastage of funds, encourages stronger coordination between projects (less duplication and better targeted) and is better suited to counter corruption. The committee fully endorses Australia's commitment to allocate 50 per cent of its aid to Afghanistan through on budget mechanisms and supports Australia's increasing contribution to the ARTF.

## ***Multilateral organisations and NGOs***

For many years, Australia has also channelled a significant proportion of its aid to Afghanistan through NGOs. The committee acknowledges the good work being achieved through this mechanism and recognises that NGOs will have an important role during Afghanistan's transition to self-reliance and beyond. In particular, they will be required to continue to fill the gap in the Afghan Government's capacity to deliver front-line services. The committee, however, also recognises the importance of building the capacity of local NGOs and other Afghan civil society organisations to serve their communities and underscores the importance of ensuring that they figure prominently in the design, planning and implementation of aid programs.

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1 AusAID, *2011–2012 Annual Review of Aid Effectiveness*, p. 37 and *Committee Hansard*, 3 December 2012, p. 4.

### ***Uruzgan and the provincial reconstruction team (PRT)***

After Australia assumed leadership of the PRT in Uruzgan in 2010, the proportion of Australia's ODA to that province increased substantially and now stands at approximately 20 per cent of Australia's total ODA to Afghanistan.

Australian assistance to Uruzgan has produced tangible benefits from reconstruction work or restoration of important infrastructure (schools, health clinics, roads, bridges) to helping the provincial government develop a cadre of trained public servants. Some witnesses, however, expressed reservations about the effectiveness of aid delivered by the Australian Defence Force in Uruzgan suggesting that some projects were 'quick fixes' and unsustainable. They also suggested that the military's involvement in development assistance may put the safety of aid recipients or non-military aid workers at risk and, by supporting or even empowering particular individuals, undermine local ownership.

The committee believes that there needs to be a comprehensive independent evaluation of the effectiveness of the work of the PRT under Australia's leadership. Such a review would provide a great opportunity to understand better and to learn lessons from Australia's military-civil-policing operations in Uruzgan.

### ***Protecting the gains***

With the assistance of donor countries such as Australia, Afghanistan has made considerable progress in lifting the living standards of its people and stabilising its government. The country, however, remains in need of substantial and continuing aid to help it maintain its development momentum. There are no doubts that the challenges facing Afghanistan as it moves toward security and economic self-reliance are daunting.

While views differ on Afghanistan's future security, all agree that it is unpredictable and that the legacy of the country's long and destructive history of political turbulence and of civil and military upheavals will continue to present enormous difficulties for Afghans. The projected fall in Afghanistan's revenue base will further complicate the government's efforts to provide adequately for its people.

Clearly there is a serious risk that in light of the decline in government revenue and continuing insecurity, advances in key areas such as the provision of education and health services may be unsustainable or even reversed. To defend the gains, it is critical that aid programs should focus on:

- continuity—ensuring that the transition to self-reliance is sure-footed and smooth;
- consolidation—ensuring that the gains made to date are not lost and instead form a solid foundation for future growth (move from quantity to quality, for example from school buildings to teaching; and ensure that operational costs—salaries, maintenance and repair etc are covered); and
- strategic focus—ensuring that attention is given to the sectors that are foundational and have a proven track record of success.

In this context, there are a few areas in which Australia could continue to direct its efforts most productively—education, agriculture, mining and promoting the status of women.

### ***Education***

Education is not only a sector where notable achievements have been made but also one of the key building blocks for future development and an area where Australia could continue to make a valuable contribution. The committee supports Australia placing a high priority on education in its Afghan aid program but would like to see much greater emphasis given to improving school attendance and the quality of teaching. To achieve higher retention rates and uninterrupted schooling, the aid program must address the obstacles holding parents back from sending their children to school, especially girls. It must also seek to provide a pathway to higher education. In this regard, the community-based program, the Australian funded program 'Children of Uruzgan', and the 'Malaysia-Australia Education Project for Afghanistan' hold promise. The various aid programs offering scholarships to study in Australia could be developed further and attention given to building on the experiences of Afghan graduates, for example, by encouraging and supporting an active alumni community.

### ***Agriculture and food security***

With its increasing expertise in the area of dry land agriculture, Australia is well placed to continue its significant role in assisting Afghan agriculturalists, including its poorer farmers, to improve the productivity of their land. The committee identified three areas as having the potential to increase the benefits already accruing from international assistance in agriculture—improved accessibility for poorer farmers to the advances being made through research; emphasis on training farmers; and including women in every facet of improving agricultural production. The committee is of the view that Australia's assistance to Afghanistan in the food security sector should pay close attention to these areas. Disaster risk reduction should also be an important component of Australia's development assistance in agriculture.

The heavy reliance on opium production in some districts in Afghanistan underscores the important role that development assistance should have in enticing farmers away from the cultivation of the opium poppy by providing them with viable alternatives.

### ***Mining***

Afghanistan has abundant mineral resources and is seeking to learn more about mining from countries, such as Australia, that have extensive experience in the industry. But, in light of the serious concerns expressed, as well as the sorry history of mining in conflict-affected countries, the committee believes that much greater effort is required to help Afghanistan ensure that mineral exploration and extraction does not harm local communities and that the benefits from mining spread throughout the economy.

### ***Private enterprise and Afghan diaspora***

The committee understands that Afghanistan needs a healthy private sector in order to drive the necessary economic growth that would provide income earning opportunities

and generate the revenue needed for government to provide essential services. In this regard, the committee believes that DFAT and AusAID should be looking at creative and practical ways to encourage Australian organisations, including within the Afghan diaspora, to forge links with the business and academic communities in Afghanistan.

### ***The role of women***

To lift its people out of poverty, Afghanistan must include women as part of its development process. The committee notes that Afghanistan has identified gender equality as a cross-cutting issue central to the success of its overall development strategy. Evidence suggests, however, that as Afghanistan draws closer to taking charge of its own affairs, much more needs to be done to improve and then safeguard the status of women. The committee commends the Australian Government for its strong recognition of the rights of women in its aid programs. It also notes the opportunities to encourage gender equality through Australia's contribution to training and mentoring the Afghan National Army and Afghan National Police.

### ***Analysis and evaluation of the effectiveness of Australia's ODA to Afghanistan***

The committee acknowledges the work of Australian aid personnel in Afghanistan and their commitment to help the Afghan people rebuild their lives. Evidence suggests, however, that some projects have not measured up to expectations—AliceGhan and the Australian Leadership Awards Scholarships program for Afghan students. There are other projects indicating that, while impressive on paper, the achievements on the ground may not be as substantial as initial indicators suggest. In this regard, the committee has seen little evidence that the Australian Government agencies delivering aid to Afghanistan have attempted any genuine critical evaluation of the effectiveness of their Australian programs, including an assessment of their cost-effectiveness.

Overall, the committee found that current reporting presents an incomplete picture and may mask significant underachievement. For example, information is provided on the number of schools built and enrolment rates but with no indication of attendance, retention or the quality of teaching. The reporting of Australia's whole-of-government effort in Afghanistan is particularly weak. The committee believes that the monitoring, evaluation and reporting of Australia's ODA to Afghanistan needs to improve dramatically. The benefits of robust evaluation and reporting would be twofold—deficiencies could be identified, rectified and valuable insights gained for refining future programs; and the government would be better placed to tell the Australian public about achievements that often go unnoticed.

# Recommendations

## Review of Australia's civil-military-police role in Afghanistan

### *Recommendation 1*

*paragraphs 8.51 and 8.52*

The committee recommends that the Australian Civil-Military Centre undertake a comprehensive review of Australia's civil-military-police mission in Uruzgan Province that includes taking submissions from NGOs, local NGOs and civil society organisations working in the province. The scope of the review to include whether, or to what extent, the ADF's involvement in delivering development assistance in Afghanistan has:

- served counterinsurgency objectives;
- affected sustainable development by having short-term, tactical objectives;
- influenced the distribution of development assistance (the suggestion is that more funds were directed to insecure areas);
- diverted development effort away from poverty alleviation;
- placed facilities built with military aid, and those using them, at increased risk from attack by anti-government forces; and
- undermined the perceptions of NGOs as neutral and impartial thereby placing the safety of their aid workers at greater risk.

The committee also believes that it is important for the review to consider whether Australian development assistance had any role in empowering local individuals in Uruzgan and, if so, the lessons to be learnt from it.

## Australian Leadership Awards Scholarships

### *Recommendation 2*

*paragraph 9.42–9.43*

The committee recommends that AusAID conduct its own internal investigation into, and report on, the circumstances around the administration of the Australian Leadership Awards Scholarships program for Afghanistan. The investigation to include, but not limited to, AusAID's due diligence; the adequacy of its oversight of the program; its promptness in responding to indications that something may have been amiss, and the reasons for its failure to inform the committee of allegations of fraud when the matter was discussed in December 2012.

The committee recommends further that, using Mr Niamatullah Ibrahimi's experiences as a case study, this investigation also look closely at the processes for communicating with applicants, including the accuracy and timeliness of advice; the transparency of the application and selection process; and the overall level of competence evident in the administration of this program.

The committee recommends that AusAID provide the committee with a copy of the report.

*Recommendation 3*

*paragraph 9.44*

The committee also recommends that AusAID provide the committee with a copy of the report from Protiviti, an independent audit company, following its investigation into the Australian Leadership Awards Scholarships program for Afghanistan.

**Resettlement for Afghans who have assisted Australia's mission in Afghanistan**

*Recommendation 4*

*paragraph 11.24*

The committee supports the Australian Government's initiative to offer resettlement to Australia to locally engaged Afghan employees at the greatest risk of harm as a consequence of their support to Australia's mission in Afghanistan. The committee recommends, however, that the Australian Government ensure that the resettlement program is available to all such locally engaged staff at credible risk and not just those at the greatest risk of harm.

*Recommendation 5*

*paragraph 11.25*

In light of problems with the Australian Leadership Awards Scholarships program for Afghanistan and the delay in processing visas for visiting Afghans detailed in chapter 9, the committee recommends that DFAT, AusAID, and DIAC review carefully the procedures and protocols governing this resettlement scheme. The committee recommends that together they build measures into the administration of the scheme that will expedite the process, minimise risks to the safety of those in Afghanistan seeking eligibility for resettlement and uphold the integrity of the scheme (especially guarding against corruption). The committee recommends that all relevant agencies give close attention to strengthening inter-departmental communication, liaison, oversight of the program, and streamlining administrative processes.

**Education**

*Recommendation 6*

*paragraph 13.17*

The committee recommends that AusAID should ensure that its support for the education sector includes an adequate focus on education quality, and specifically on learning outcomes and teacher training.

*Recommendation 7*

*paragraph 13.18*

The committee recommends that the Australian Government continue to support the Malaysia Australia Education Project for Afghanistan and to explore ways to build on its successes. The committee recommends that the Australian Government give particular attention to achieving a significant quota of women for the program, which may require additional effort to ensure that young women are graduating from year 12 and then have the opportunity to take up the offer of a scholarship.

*Recommendation 8*

*paragraph 13.19*

The committee recommends further that DFAT together with AusAID encourage, assist and fund the establishment of an alumni organisation designed to foster and strengthen the people-to-people links between Afghan graduates from Australian institutions under the various scholarship programs and the respective institutions.

*Recommendation 9*

*paragraph 13.21*

The committee recommends that the Australian Government ensure that the Australian Leadership Awards Scholarships for Afghan students, or a suitable replacement, commence as soon as possible.

*Recommendation 10*

*paragraph 13.28*

The committee recommends that the Australian Government expand its support for girls' education in Afghanistan.

*Recommendation 11*

*paragraph 13.29*

The committee recommends that the Australian Government support the Afghan Ministry of Education to disaggregate enrolment figures by gender.

*Recommendation 12*

*paragraph 13.30*

The committee recommends that AusAID increase its support for programs that aim to increase community participation in the management of schools, including supporting local governance structures.

*Recommendation 13*

*paragraph 13.31*

The committee recommends that AusAID continue its support for the 'Children of Uruzgan' program providing a clear commitment to a reliable and secure source of funding post 2014.

## **Agriculture and food security**

*Recommendation 14*

*paragraph 14.35*

The committee recommends that the Australian Government ensure that as Australia's ODA increases in the coming years that the funding for food security and agriculture increases proportionately.

*Recommendation 15*

*paragraph 14.36*

The committee recommends that AusAID and DFAT use their influence with the Government of Afghanistan, relevant line ministries and major multilateral organisations delivering agricultural assistance to reinforce the importance that such assistance:

- ensures that poorer farmers have affordable and easy access to seed centres and appropriate technologies;
- takes account of the need to train farmers, especially those in the poorer communities, to apply the benefits of agricultural research and development;
- involves women in all aspects of aid funded agricultural projects to enable women and their families to benefit from reforms in agriculture; and
- includes disaster risk management, especially building the resilience of poor Afghan farmers to withstand natural disasters, as a necessary component.

The committee recommends further that the four principles identified above are given priority when designing, planning and implementing Australian-funded agricultural projects in Afghanistan.

*Recommendation 16*

*paragraph 14.38*

The committee also recommends that the Australian Government provide direct support for agricultural development programs based on the four principles in recommendation 15.

## **Mining**

*Recommendation 17*

*paragraph 14.75*

The committee recommends that AusAID continue to encourage and offer advice and technical assistance to help Afghanistan become and remain a fully-compliant member of the Extractive Industries Transparency Initiative.

*Recommendation 18*

*paragraph 14.76*

The committee recommends that AusAID continue to encourage and offer advice and technical assistance to the relevant line ministry in Afghanistan to develop a robust legal and regulatory regime for extractive industries in Afghanistan.

*Recommendation 19*

*paragraph 14.77*

The committee recommends that the Australian Government should, through the Afghan Government, make itself available to support local community involvement in all aspects of a proposed mining activity in their locality, including matters such as planning and oversight, particularly when it comes to the environment, local employment and investment of some of the mining revenue in local industries.



*Recommendation 20*

*paragraph 14.78*

The committee recommends that AusAID monitor its Australia Development Scholarship Program to ensure that its administration is sound; that the selection process is open and transparent; that there is a close correlation between the courses undertaken and the development needs of Afghanistan; and that the students return to Afghanistan to take up positions in that country.

## **Funding through Afghan's National Budget—Afghanistan Reconstruction Trust Fund**

*Recommendation 21*

*paragraphs 15.7–15.9*

The committee recommends that the Australian Government continue to channel a substantial proportion of its ODA (at least 50 per cent) to the Afghanistan Reconstruction Trust Fund.

The committee also recommends that the Australian Government use its influence with other donor countries to encourage them to abide by the Kabul communiqué and channel 50 per cent of their ODA through the Afghan national budget.

The committee recommends further that, in light of the findings of the recent 2012 independent review of the Afghanistan Reconstruction Trust Fund, the Australian Government continue to encourage the World Bank to implement the review's recommendations.

## **Local NGOs**

*Recommendation 22*

*paragraphs 15.35*

The committee understands the importance of ensuring that development assistance reaches the local level and the most vulnerable. It recognises that Australia works through multilateral organisations and NGOs that in turn team up with local organisations. The committee, however, is of the view that more could be done to foster the use of local NGOs. The committee recommends that Australian agencies providing development assistance in Afghanistan place a high priority on selecting international partners that have deep connections and relationships with the local community and use local organisations to help deliver aid.

*Recommendation 23*

*paragraphs 15.36*

The committee recommends further that any proposed cut to the aid budget to Afghanistan should take account of the need to defend the gains made to date. One key means of doing so, is by building the capacity of local communities to assume responsibility for delivering front-line services such as education and health. In this regard, the committee notes the deferral of the Australia Afghanistan Community Resilience Scheme and recommends that the Australian Government strengthen not weaken its efforts to involve local NGOs in the delivery of development assistance.

## **Afghanistan's private sector**

*Recommendation 24*

*paragraph 15.44*

Considering the commitment that Australia has given to help Afghanistan rebuild and the important role of the private sector in this recovery, the committee recommends that DFAT consider establishing an Australia–Afghanistan Institute. The intention would be for the institute to have a business and education focus that would help pave the way for increased academic and business engagement between both countries and strengthen institutional links between their universities, research institutes and NGOs.

*Recommendation 25*

*paragraphs 15.46–15.47*

The committee recommends that AusAID and DFAT look at implementing concrete and practical ways in which they could assist members of the Afghan community in Australia to contribute to the development of Afghanistan. The proposed Australia–Afghanistan Institute could provide one such avenue.

The committee recommends further that AusAID look carefully at the requirements for an organisation to be accredited as an overseas operating NGO with a view to giving positive encouragement and support (both funding and administrative) to Afghans in Australia seeking to assist Afghanistan with its recovery.

## **Women in Afghanistan**

*Recommendation 26*

*paragraph 16.23*

The committee recommends that the ADF and AFP take the opportunity in their training, mentoring and advisory role with their Afghan counterparts to help create an awareness of the importance of gender equality and human rights and to encourage greater participation of Afghan women in Afghanistan's military and police forces.

*Recommendation 27*

*paragraphs 16.27*

The committee recommends that the Australian Government continue to provide funding for the Afghanistan Independent Human Rights Commission.

*Recommendation 28*

*paragraph 16.28*

Considering that gender equality is an objective that cuts across all sectors covered by development assistance, the committee recommends that all relevant recommendations in this report give special attention to promoting gender equality and protecting the rights of women.

*Recommendation 29*

*paragraph 16.29*

The committee recommends that AusAID prioritise long-term support for the delivery of services for women and girls and for programs that advocate for women’s rights. It recommends further that the Australian Government include Afghanistan as a key country focus for implementing Australia’s National Action Plan on Women Peace and Security in order to address the related issues of violence against women and women’s political participation.

*Recommendation 30*

*paragraph 16.30*

The committee recommends that the Australian Government directly fund Afghan women’s organisations with both core and project funding, to enable these organisations to develop their capacity to hold their government to account and realise their leadership potential.

*Recommendation 31*

*paragraph 16.31*

The committee recommends that AusAID works closely with the Afghan Education Ministry and relevant NGOs to encourage the implementation of community-based education schemes with the objective of increasing the accessibility of schooling and bridging the gender gap with respect to illiteracy.

*Recommendation 32*

*paragraph 16.32*

The committee recommends that the Australian Government commit adequate funds over three years towards the National Priority Program: ‘Capacity development to implement the National Action Plan for the Women of Afghanistan’.

## **Oversight and evaluation of Australia's ODA**

*Recommendation 33*

*paragraph 17.63*

The committee recommends that AusAID review its Afghanistan Annual Program Performance Report in order to ensure that the document reflects its title—program performance report. This means that the report's main aim would be to convey information on:

- the performance of programs—value for money;
- the program's effect on the lives of its recipients;
- the benefits delivered to intended recipients and how they align with their needs;
- the sustainability of the benefits; and
- how programs relate to and complement other Australian-funded programs.

It should contain a section providing a comprehensive account of the effectiveness of Australia's whole-of-government effort in Afghanistan.

*Recommendation 34*

*paragraph 17.64*

The committee recommends that the Australian Government implement new reporting and evaluation requirements for departments and agencies delivering Australian ODA that are timely, consistent, transparent and more stringent. They should also require information on:

- the aid program's objectives and how it contributes to a coherent, whole-of-government development plan;
- the medium and long-term prospects for the sustainability of each project within the program including allowances made for continuing operational costs—such as salaries, maintenance and repair; and
- the monitoring and evaluation mechanisms for tracking and assessing the effectiveness of projects after their completion.

Unless there is a compelling reason otherwise, reporting and evaluation reports should be publicly available from AusAID's website.

*Recommendation 35*

*paragraph 17.65*

The committee recommends that the Office of Development Effectiveness conduct a critical analysis of the effectiveness of Australia's ODA to Afghanistan with a particular emphasis on the sustainability of projects and Australia's whole-of-government effort.

*Recommendation 36*

*paragraph 17.68*

The committee recommends that the Parliament consider establishing a parliamentary standing committee or dedicated subcommittee of an existing standing committee charged with examining and reporting on Australia's ODA. Among other benefits, this committee could be the catalyst needed to improve the standard of reporting on Australia's ODA, especially Australia's whole-of-government effort in delivering overseas aid. It may also be a means of raising public awareness of the work being done with Australia's ODA.

## **ODA—definition and application**

*Request to Auditor-General*

*paragraph 17.70*

The committee requests that the Auditor-General consider conducting an audit of Australia's ODA to Afghanistan with a view to determining whether the guidelines for classifying funding as ODA are appropriate, well understood and applied properly.



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*Afghanistan is a highly agrarian society with about 80 per cent of its population living in rural areas.*