

# Chapter 1

## Introduction

1.1 On 29 June 2012, the Senate referred the following terms of reference to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 31 December 2012:

The administration, management and objectives of Australia's overseas development programs in Afghanistan in the context of the 'Transition Decade', including:

- (a) an evaluation of Australia's bilateral aid program to date in Afghanistan;
- (b) an evaluation of the interaction and effectiveness of Australia's bilateral aid, multilateral aid, the Afghanistan Reconstruction Trust Fund and other Australian government departments delivering aid;
- (c) the means to most effectively address the Millennium Development Goals in Afghanistan;
- (d) how to guarantee the safety of all workers involved in the delivery of Australian aid programs in Afghanistan; and
- (e) any other related matters.<sup>1</sup>

1.2 On 22 November 2012, the Senate extended the reporting date to 28 March 2013 and on 12 March granted a further extension to 16 May 2013.

### Conduct of inquiry

1.3 The committee advertised the inquiry on its website calling for written submissions. The committee also wrote directly to a range of government departments and agencies, people and organisations, known to be involved or interested in the provision of Australian aid to Afghanistan, drawing their attention to the inquiry and inviting them to make written submissions.

1.4 The committee received 24 submissions and 4 supplementary ones, as well as additional information including answers to a series of questions taken on notice by witnesses. They are listed at Appendix 1 and 2 respectively. The committee held three public hearings in Canberra on 3 and 4 December 2012 and 22 March 2013. A list of hearings and the names of witnesses who appeared before the committee is at Appendix 3.

### Background to inquiry

1.5 In 2001, after two decades of conflict that left Afghanistan a 'shattered society', a group of leading Afghans met in Bonn to take the first steps toward

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1 *Journals of the Senate*, No. 99, 28 June 2012, p. 2698. The Senate continued through to 29 June 2012.

building a stable, democratic and prosperous Afghanistan. They called on the international community to reaffirm, strengthen and implement its commitment to assist with the rehabilitation, recovery and reconstruction of their country.<sup>2</sup> Having worked together for ten years to achieve this objective, the Government of Afghanistan and the international community met in 2011 in Bonn to welcome in a new phase—the start of a period of transition.

1.6 The transition was intended to be a phased process during which the NATO-led International Security Forces would gradually and responsibly withdraw allowing the Afghan security forces, as their capability developed, to take full charge of their country's security. It would close at the end of 2014 and usher in the 'Decade of Transformation' (2015–2024).<sup>3</sup>

1.7 This inquiry commenced after the transition had begun but when concerns abounded about how the international donor community, including Australia, could best help Afghanistan sustain the momentum toward a peaceful and economically self-sustaining country.

### **Key documents**

1.8 Throughout this report, the committee refers to a number of milestone meetings and accompanying documentation, which include:

- Afghan Bonn Agreement, 2001;
- International Conference on Reconstruction Assistance to Afghanistan, Tokyo 2002;
- Afghanistan Compact, London Conference on Afghanistan, 2006;
- Declaration of the International Conference in Support of Afghanistan, Paris 12 June 2008;
- Communiqué, London Conference, January 2010;
- Communiqué, International Conference on Afghanistan, Kabul, July 2010;
- International Afghanistan Conference in Bonn, December 2011; and
- Tokyo Declaration, Tokyo Conference on Afghanistan, 'Partnership for Self-Reliance in Afghanistan, from Transition to Transformation', July 2012.

1.9 The Paris Declaration on Aid Effectiveness made in Paris in March 2005 is a foundation document that sets down the fundamental principles governing the delivery of overseas development assistance. The principles enunciated in this document are reflected in the numerous declarations made in relation to development assistance to Afghanistan and served as a reference point for the committee's inquiry.

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2 'Agreement on provisional arrangements in Afghanistan pending the re-establishment of permanent government institutions', Bonn, 2001, <http://www.afghangovernment.com/AfghanAgreementBonn.htm> (accessed 1 August 2012).

3 See the International Afghanistan Conference in Bonn, 'Afghanistan and the International Community: From Transition to the Transformation Decade', 5 December 2011.

1.10 The committee also drew on information contained in numerous reports, including three profiles on Uruzgan Province by The Liaison Office (TLO). The office is an independent Afghan non-governmental organisation funded by various donors including non-government and government authorities, international organisations and foundations.<sup>4</sup> The committee also gained insight into the views and experiences of Afghans recorded in publications based on surveys and discussions held during meetings of focus groups such as the *Afghan People's Dialogue on Peace* and the Asia Foundation's *A Survey of the Afghan People*. In addition, the Islamic Republic of Afghanistan, the World Bank and the Asian Development Bank have produced comprehensive studies and evaluations on development assistance to Afghanistan, which provided the committee with a rich source of information. AusAID has also published key documents including *Australia's strategic approach to aid in Afghanistan 2010–2012*, and in 2011 a review panel produced an *Independent Review of Aid Effectiveness*, both of which are cited throughout this report. A select bibliography of the main publications used by the committee is located at the end of the report.

### **Definition of Official Development Assistance (ODA)**

1.11 During the course of the inquiry, Defence brought to the committee's attention a significant and serious miscalculation of funds that had been recorded as Official Development Assistance (ODA) but which, after review, were deemed ineligible for such classification. This error, involving in excess of \$200 million over a period of six years, meant that the committee had been relying on statistics provided by both Defence and AusAID in their submissions that were highly inaccurate. The committee is of the view that this serious anomaly should not be glossed over and the Australian Government should make a public acknowledgement of the error.<sup>5</sup> It is important that the record—going back to 2006—is corrected and that people are alerted to the changes. The amended version of Australia's ODA to Afghanistan, received on 4 February 2013, is reproduced in table 13.1.

### **Scope of inquiry**

1.12 Under the inquiry's terms of reference, the committee was to inquire into the administration, management and objectives of Australia's overseas development programs in Afghanistan. It was to do so in the context of the 'Transition Decade'. The committee has done so mindful of the legacy of destruction left to Afghanistan after years of conflict and one that endures to this day. In assessing the effectiveness of Australia's aid to Afghanistan, the committee was also conscious of the fast-approaching decade of transformation and the critical role that external assistance would have in helping Afghanistan prepare solid and enduring foundations for the country's future development.

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4 See information in TLO, *Uruzgan: 18 months after the Dutch/Australian Leadership Handover*, A TLO Provincial Profile, April 2012.

5 AusAID, answer to written question on notice no 33.

## **Structure of report**

1.13 In order to gain a better understanding of the context in which Australia provides aid to Afghanistan, the committee in Part I of this report outlines the recent history of Afghanistan. The committee starts its consideration with the Soviet occupation of Afghanistan in 1979, its phased withdrawal which commenced in 1988, the ensuing civil turmoil in Afghanistan, the rise and collapse of the Taliban regime, the establishment of a Transitional Authority in Afghanistan and finally the deployment to that country of an International Security Assistance Force (ISAF) and the United Nations Assistance Mission in Afghanistan (UNAMA). It looks at the international effort to help rebuild the war torn country and provides an overview of development assistance to Afghanistan since 2001. During this period, numerous conferences were held in an endeavour to ensure that assistance from the international community was used effectively. Against this background, the committee examines the nature and extent of Australia's aid to Afghanistan and how it has evolved over the past decade. Importantly, the committee looks closely at the particular impediments to the effective delivery of aid to the Afghan people.

1.14 Part II of the report is primarily concerned with the effectiveness of Australia's aid to Afghanistan—the mechanisms that Australia uses to deliver aid including: through Afghanistan's national systems; multilateral organisations and NGOs; and the work of the Provincial Reconstruction Team (PRT) in Uruzgan. The committee analyses the criticism levelled at a number of Australia's aid programs or processes affecting Australia's efforts to help Afghanistan rebuild its country. They include AliceGhan, the administration of the Australian Leadership Awards Scholarships program for Afghanistan and visas for visiting Afghans. The committee also considers the Australian Defence Force's (ADF) contribution to Australia's development assistance to Afghanistan and the concerns raised with regard to the counterinsurgency approach of 'winning hearts and minds'.

1.15 In the third part of the report, the committee builds on its consideration of Australia's contribution to Afghanistan over the past decade or so, to look at the challenges facing Australia in delivering assistance to Afghanistan leading to and during the next phase—the transformation. It understands that as the international military forces withdraw and Afghanistan takes charge of its own affairs, the country faces severe security, economic and social challenges.

1.16 The committee concludes its report on Australia's development assistance to Afghanistan by assessing the way in which Australia evaluates the performance of its various aid programs.

## **Acknowledgements**

1.17 During the course of the inquiry, the committee has benefitted greatly from the participation of many individuals and organisations throughout Australia and visitors from Afghanistan. The committee thanks all those who assisted with the inquiry, especially the agencies and witnesses who put in extra time and effort to answer written questions on notice and provide valuable feedback to the committee as it gathered evidence.