



Independent Evaluation of the European Union's Cooperation with Afghanistan (2007-2016)

Executive Summary *June 2018*

*Evaluation carried out on behalf of
the European Commission*



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Executive Summary

Scope

The evaluation covers the European Union's (EU) cooperation with Afghanistan during the period 2007-2016. Based on the Terms of Reference, the following were assessed:

- Relevance and flexibility of the strategy;
- Effectiveness – results of cooperation in the focal sectors: "Agriculture & Rural Development"; Health; "Policing & Rule of Law"; "Democratisation & Accountability";
- Efficiency – aid modalities and channels of delivery;
- Coherence, coordination and complementarity – among donors, between development and humanitarian assistance, and political cooperation;
- EU added value;
- Potential negative effects, and
- Cross-cutting issues (gender).

Methodology

The evaluation adopted a systematic approach that used different building blocks to gradually construct a response to the evaluation questions and, on this basis, draw conclusions and formulate recommendations for the future. Information and data was collected through 70 face-to-face and distance interviews (a mission to Kabul was conducted in June 2017) and review of approximately 150 documents. Around 30 projects, covering all focal sectors, were closely reviewed. The evaluation was overseen by a reference group comprising various EU Services.

Context

Afghanistan remains a deeply fragile and conflict-affected country. It is one of the poorest countries in the world and is highly dependent on foreign aid. Current economic projections by the World Bank predict low annual growth rates of below 4 percent until 2021. Afghanistan's difficult topography, vulnerability to climate change, and growing population (3 percent a year) impose additional constraints on development thus increasing the level of poverty. According to the Afghanistan Poverty Status Update 2017, absolute poverty increased from 36 percent in 2011-12 to 39 percent in 2013-14 resulting in

an additional 1.3 million Afghans living in poverty. Moreover, the level of international development assistance to Afghanistan has decreased since 2010-2011.

In 2007-2015, the Official Development Assistance commitments to Afghanistan from OECD/DAC donors amounted to EUR47.9b. Afghanistan received 85 percent of this through bilateral cooperation. The USA, the largest bilateral donor, provides 45 percent of total support, while support from EU institutions (including development and humanitarian assistance) and EU Member States accounts for 27 percent overall (EUR13b). Over the period covered by the evaluation, the EU committed **EUR2.09b** to Afghanistan for development assistance, of which 46 percent was allocated to the Policing & Rule of Law and Democratisation & Accountability sectors, 23 percent to the Agriculture & Rural Development sector, and 17 percent to the Health sector.

Conclusions

Conclusion 1: *The streamlining of the EU country programme had multiple benefits: it responded to the Government of the Islamic Republic of Afghanistan's priorities, EU aid principles and international commitments, and made portfolio supervision easier – but at times, the transition affected the delivery of results.*

The EU has gradually streamlined its Afghanistan portfolio, moving from multiple contracts for projects towards fewer, larger contracts, and an increased proportion of the funding being contributions to multi-donor trust funds, i.e. the *Afghanistan Reconstruction Trust Fund* and the *Law and Order Trust Fund for Afghanistan*.

The increased proportion of support provided on-budget responds well to government priorities and donor commitments, with the EU being well above the 50 percent minimum proportion of support to be provided on-budget. The increased use of national systems helps to strengthen the government. The reduced number of contracts and the increased delegation of management to international organisations has made it easier for the EU Delegation to manage a large country programme and release staff resources for a proactive engagement in policy dialogue. However, the transition has

not been without its challenges. The extent to which the changes will fully lead to the anticipated enhanced strategic dialogue with the government is highly dependent upon staff at the EU Delegation focusing on strategic advocacy rather than project supervision. This skills transition does not currently appear to be fully in place.

Conclusion 2: *The transition towards on-budget interventions and delegated cooperation was generally well justified, and a good mix of modalities and delivery pathways was maintained and further improved over time.*

Overall, the shifts towards increasing the on-budget proportion of support and delegating management to international organisations has yielded a number of benefits and is in line with the government priorities and international donor commitments.

However, the use of a mix of on-budget and off-budget interventions (incl. projects under direct management) was, and continues to be, necessary. The EU Delegation has, in general, ensured that there has been a good mix, e.g. by using off-budget interventions and other measures to address important gaps and challenges. The scope for, and relevance of, further increasing funding for on-budget interventions is questionable due to low government absorption rates coupled with declining spending rates.

Government procurement processes are slow, and the limited capacity of some ministries to effectively access funds through the Ministry of Finance is often a constraint. Moreover, on-budget interventions are generally unsuitable for strengthening the independent advocacy and watchdog capacity of civil society as such support is under the government control. Acknowledging this, the EU is planning additional support for Civil Society Organisations in the justice sector.

The government has neither the capacity nor the access to fully deliver services across the entire country. The private sector is also not yet sufficiently developed to fully provide services, so in the coming years, Non-Governmental Organisations will continue to play an important role in service delivery. However, there is clear scope for increased private sector-based service provision, as the EU support for improving veterinary and

planting material sectors has clearly demonstrated.

Conclusion 3: *EU funded programmes have led to tangible outcomes and impacts when (i) good implementing partners had been selected, (ii) the programmes were well-designed with gender taken into account, and (iii) there was a strong stakeholder ownership. These conditions were sometimes, but not always, in place. Commendable results were achieved in the Agriculture & Rural Development and Health sectors, but less so in the Democratisation & Accountability and Policing & Rule of Law sectors. Direct negative effects have largely been avoided.*

Some good results have been achieved, especially in the Agriculture & Rural Development and Health sectors. Institutional capacities and policy frameworks have been improved, which has positively affected service delivery, particularly with regard to access to health services and some agricultural services. This, in turn, has contributed to improving people's lives by enhancing agricultural productivity and incomes (in specific locations), reducing maternal and child mortality rates, and improving local governance.

However, the implementation of the new policies has been slow and sustainability, generally, is yet to be achieved. In the Democratisation & Accountability and Policing & Rule of Law sectors, EU-funded interventions have produced mixed results, with improvements mostly associated with EU-funded capacity development and service delivery projects in the areas of public sector management and budgeting. The impact of interventions that sought to increase civic engagement and citizen participation in the democratic process was limited.

The EU has largely been successful in mobilising strong implementing partners for its programmes. Programmes in the Agriculture & Rural Development and Health sectors were, in general, appropriately designed whereas this was often not the case in the Democratisation & Accountability and Policing & Rule of Law sectors, where technical solutions to complex political problems were often promoted. Some programmes highly dependent on politics were not adequately designed to adapt to changes in the political

situation and would have benefited from improved contingency planning. The complicated political and governance environment hindered results in the Democratisation & Accountability and Policing & Rule of Law sectors for all donors. EU support to the Agriculture & Rural Development and Health sectors was consistent, developing over time and building on gained experience.

Gender mainstreaming was not consistently applied and hence results were variable. Where gender issues identified in the initial analysis were reflected in programme objectives, and there was monitoring of gender sensitive indicators, good results were achieved, e.g. in the Health sector. In the Democratisation & Accountability and Policing & Rule of Law sectors, gender was not given sufficient attention and few sustainable results have been achieved.

The achievement of results was closely linked to stakeholder and, especially government, ownership and leadership. Where stakeholders had a shared vision and pulled in the same direction, good results were achieved; where this was lacking, progress was slow. Moreover, EU support in the Agriculture & Rural Development sector has proven that the private sector can be an important partner for enhancing service delivery. Similarly, EU support to small and medium enterprises has provided new income opportunities, especially for women.

EU programmes largely avoided direct negative effects, but the overall high level of international development assistance (including EU contributions) together with weak accountability mechanisms has created opportunities for corruption.

A general shortcoming at the programme level is that the monitoring has been mainly output oriented, with less attention given to tracking and verifying outcomes and impacts.

With respect to risk mitigation, little attention was paid to identifying and mitigating risks to programme beneficiaries; instead, risk mitigation generally focused on external factors impacting project performance.

Conclusion 4: *The continuity and reliability of EU support was an added value – as was the relative independence from geopolitical interests.*

A major added value of EU support has been its reliability and continuity, which is widely appreciated by stakeholders, and which has led to tangible outcomes and impacts. The need for continuity is further evidenced by the inability of the government to mobilise sufficient domestic revenues, so achieving sustainability of the results requires a medium- to long-term engagement. Continued support is required until the Afghan economy is sufficiently strong to provide an adequate tax-base for the government to deliver services.

The large scale of support from the EU also enabled substantial engagement at the sector level, an approach favoured over more piecemeal interventions. The reliability of EU support was also linked to the relative independence from geopolitical or domestic interests which have influenced the aid provided by many bilateral donors (although the recent focus on migration is mainly driven by the domestic priority placed on curbing irregular migration to Europe). EU support was never linked to the military engagement in Afghanistan.

Conclusion 5: *The EU's proactive engagement in advocacy and dialogue was widely appreciated, even when the advocacy was not directly linked to funding.*

The EU Delegation engaged proactively in advocacy and policy dialogue. While it can be difficult to attribute changes specifically to dialogue, there are examples of the EU Delegation's advocacy leading to tangible results, such as the agreement of ministries and development partners on the "National Comprehensive Agriculture Production and Market Development Program". The EU has even gained wide recognition for leading dialogue in areas where there is no direct linkage to EU funding, e.g. the EU is recognised as a leader on anti-corruption due to its advocacy efforts although the EU has not funded anti-corruption projects for several years. Nonetheless, there is little doubt that the overall scale and visibility of the EU's engagement as a major donor in Afghanistan has given the EU's voice significant clout and provided an opportunity to promote EU principles and values. The indicators of the "State-Building Contract" and the "Self-Reliance through Mutual Accountability Framework" linked to the disbursement of performance-based tranches have created

opportunities for dialogue around these with the government. There is scope to further enhance the synergy between dialogue and financing through the selection of sector-specific indicators for the performance-based tranches of the state-building contract.

Conclusion 6: *The EU has contributed to improving coordination in a highly complex context, although coordination across the EU's own machinery has been a challenge.*

With the presence of a very large number of donors and large volumes of development assistance, donor coordination in Afghanistan is complex. A large number of coordination fora and mechanisms further complicates coordination and result in it being time-consuming. Nonetheless, overall donor coordination has improved considerably between 2007 and 2016, with it being more effective in some sectors than others. The EU has been proactive in promoting donor coordination, particularly in the “5+3 Group” (comprising large donors) and through promoting coordination among EU Member States. At the programme level, coordination and synergies are often pursued with those programmes funded by other donors. The various policies and strategies for EU's cooperation – for development assistance, humanitarian relief, and political cooperation – were coherent and no contradictions in the engagement were found. However, the EU appears to have been somewhat more successful in coordinating with other donors than with coordinating the engagements of different parts of its own machinery. EU strategies for internal coordination and synergies in Afghanistan are ambitious and have proven to be difficult to translate into practice, in part because real scope for synergies is not always present. However, coordination between the European Commission's Directorate-General for International Cooperation and Development and the *EU Special Representative's office* improved in 2016.

Main recommendations

Recommendation 1: *Ensure that a balanced and mutually reinforcing mix of aid modalities and pathways is maintained.* Continue to use different modalities (budget support and projects) and delivery pathways

(on-budget and off-budget, trust-funds/delegated cooperation, and direct contracting) in a balanced and mutually reinforcing manner, taking into consideration the strengths and weaknesses of each. This should be done with a view towards:

- strengthening the government's service delivery and good governance;
- enhancing the functionality of civil society and the private sector;
- delivering tangible and sustainable improvements to the lives of all poor Afghan men, women, boys, and girls;
- ensuring that identified gender issues are properly reflected at the programme level, in strategic performance indicators; and
- promoting the integration of other crosscutting concerns into economic development, including environment and resilience.

Recommendation 2: *Implement clear strategies for strengthening civil society's transparency-related role and continue to support NGO service delivery, following the EU CSO Roadmap.*

In line with the EU's stated commitments, strengthen the accountability and transparency-related role of civil society as per the strategies outlined in the Civil Society Organisations Roadmap, while also facilitating better state-civil society relations.

As a temporary measure, and in combination with a gradual transfer of service delivery responsibilities to the government and the private sector, continue supporting the short-to-medium term NGO delivery of services where the government cannot reach adequately.

Recommendation 3: *Support private sector development.* Increase the efforts to strengthen the private sector, vis-à-vis: a) delivery of services in economic sectors (e.g. agriculture, water infrastructure operation and maintenance), and b) strengthening small and medium enterprises and entrepreneurs, with a special emphasis on building exports and job creation, including for women.

Recommendation 4: *Enhance the capacity of the EU Delegation to manage a new type of country programme, with emphasis on strategic dialogue and advocacy.* Ensure that the EU Delegation has the required staff

capacities and skills available to effectively engage in evidenced-based strategic dialogue with the government at the overall and sector levels and continue with the current approach to ensuring visibility.

Recommendation 5: *Advocate for a streamlined coordination and dialogue structure.* Promote a clear understanding of the gaps in, and challenges faced within, the current coordination and dialogue landscape, and advocate for a simplification fewer, well-planned fora and mechanisms.

Recommendation 6: *Use impact indicators and monitoring strategically as tools for enhancing aid effectiveness.* Strengthen impact monitoring at programme level and increase the attention paid to analysis of risks to beneficiaries. Establish strategic performance indicators for budget support and large-scale programmes vis-à-vis tackling key barriers affecting EU programmes, and link the indicators to dialogue with, and incentives for, the government.