

Afghanistan Country Programme,
2014-2017

Country Programme Document

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Abbreviations

ACP	Afghanistan Country Programme 2014-2017
ARTF	Afghanistan Reconstruction Trust Fund
AIHRC	Afghanistan Independent Human Rights Commission
ANDS	Afghanistan National Development Strategy
ANSF	Afghan National Security Forces
BSA	Bilateral Security Agreement
CBE	Community Based Education
CBR	Capacity Building for Results
CARD-F	Comprehensive Agriculture and Rural Development Facility
CSO	Civil Society Organisation
DFID	Department for International Development (UK)
EU	European Union
EDK	Embassy of Denmark in Kabul
ELECT	Enhancing Legal and Electoral Capacity for Tomorrow
ESPA	Education Support programme in Afghanistan
EQUIP	Education Quality Improvement Project
FEFA	Free and Fair Elections Foundation of Afghanistan
GIROA	Government of Islamic Republic of Afghanistan
GDP	Gross Domestic Product
GPE	Global Partnership for Education
HRBA	Human Rights Based Approach
IDLG	Independent Directorate of Local Governance
IEC	Independent Elections Commission
IECC	Independent Electoral Complaints Commission
IRC	International Rescue Committee
ISAF	International Security Assistance Force
IWA	Integrity Watch Afghanistan
LOTFA	Law and Order Trust Fund for Afghanistan
MEC	Monitoring and Evaluation Committee
MAIL	Ministry of Agriculture, Irrigation and Livestock
MOF	Ministry of Finance
MOE	Ministry of Education
MOJ	Ministry of Justice
MRRD	Ministry of Rural Reconstruction and Development
MPTF	Multi Partner Trust Fund
NATO	North Atlantic Treaty Organisation
NESP	National Education Strategic Plan
NGO	Non Governmental Organisation
NPP	National Priority Programme
NSP	National Solidarity Programme
NTA	National Technical Assistance
ODA	Overseas Development Assistance

OECD/DAC	Organisation for Economic Cooperation and Development/Development Assistance Committee
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMR	Public Financial Management Reform Project
PSF	(Danish) Peace and Stabilisation Fund
PSG	Peace-building and State-building Goals
ROI	(Danish) Regions of Origin Initiative
SPAD	Strengthening Provincial Administration and Delivery
TA	Technical Assistance
TMAF	Tokyo Mutual Accountability Framework
UNDP	United Nations Development Programme

1. Introduction

This document forms the basis for Denmark's Afghanistan Country Programme 2014-2017 (ACP). The ACP consists of three Thematic Programmes (TP):

1. Governance, Democracy and Human Rights (TP1);
2. Education (TP2); and
3. Growth and Employment (TP3).

The volume of Denmark's aid commitment in Afghanistan is fixed and bound by the commitments from the 2012 *Tokyo Mutual Accountability Framework* (TMAF). The ACP is the major part of the Danish contribution to Afghanistan, which also includes support through the Peace and Stabilisation Fund (PSF), the Regions of Origin Initiative (ROI) and humanitarian aid. According to the Danish Afghanistan Plan for 2013–2014, Denmark's total aid budget for Afghanistan will have an average annual level of DKK 530 Million for the period 2013–2017¹. The overall value of the ACP is DKK 1,085 million for 2014-2017 with the caveat that the security situation and other challenges with aid delivery in the country may lead to a revision of these commitments. TP3 will commence in late 2014, while TP1 and TP2 will commence in 2015.

The programme has been developed in close consultation with the Government of Afghanistan, it draws on lessons from Denmark's engagement in the country, and it aligns with the national policies of the country. Given the particular situation in Afghanistan, a large portion of the programme will be implemented in close partnership with other national and international partners, and they have also played a key role in defining the specific elements of the engagements. In the RDE's dialogue with the partners the importance of a Human Rights Based Approach has been emphasised, aiming to ensure the promotion of the four principles of Participation and Inclusion, Accountability, Non-discrimination and Transparency (PANT).

2. Country Level Context

2.1. Policy and Strategic Objectives

The ACP is not preceded by an approved and agreed Country Policy Paper²; instead the ACP design has been guided by Denmark's Afghanistan Plan (2013–2014) and considerations regarding its successor strategy; the overall Danish development policy³; and the new Danish Stabilisation Policy (2013)⁴. Denmark's new Afghanistan Strategy for the period 2015–2017 has been formulated in parallel with preparations for the ACP, and is expected to be approved by the end of October. The ACP is closely aligned with the Afghanistan National Development Strategy (ANDS) and its sector strategies, as well as being consistent with the commitments made by Afghanistan and its

¹ This includes the ACP as well as funding from other aid sources, incl. the Peace and Stabilisation Fund and Humanitarian support.

² Annex A therefore contains a Background Fact sheet defining features of the economic development, poverty situation, political scene and human rights.

³ *Danish Development Cooperation Strategy: The Right to a Better Life*

⁴ *Denmark's Integrated Stabilisation Engagement in Fragile and Conflict-Affected Areas of the World*

development partners in Tokyo, which reflect the provisions of the New Deal for engagement in fragile states.

As such, new and specific studies such as political economy analysis, human rights assessments, assessment of drivers and blockers of change, have not been undertaken as part of the preparation of the programme. Instead, existing Afghan, Danish and international strategies including the TMAF that have provided the framework and outlined a set of “programme tracks” for the formulation of the Programme⁵.

The ACP’s strategic objective is:

To assist the GIROA and civil society in developing an effective democratic, transparent and accountable state which enjoys the support of its people and promotes human rights with a particular emphasis on growth and employment and strengthening education for all.

The objectives of the three thematic programmes:

Thematic Programme 1 (TP1) objective on Governance, Democracy and Human Rights:

To strengthen the institutional and administrative capacities of the State and civil society at central and local levels to provide effective service delivery with increased transparency and accountability, and to promote human rights for all Afghans.

Thematic Programme 2 (TP2) objective on Education:

To increase equitable access to quality basic education especially for girls and other disadvantaged groups through schools grants, teacher training and strengthened institutional capacity with support from communities through community-based education and private providers.

Thematic Programme 3 (TP3) objective on Growth and Employment:

To stimulate economic growth and poverty reduction by creating employment and income opportunities for rural men and women through agricultural enterprise development.

2.2. Background and justification of the programme

The ACP draws from lessons from Danish engagements in Afghanistan over the past decade. In particular, it has taken into account the findings of independent evaluations and evaluation studies relating to the Danish support carried out in 2011/2012, as well as recent reviews and evaluations (notably the 2014 *Mid-term Review of Education Support*). The evaluations of Danish assistance to Afghanistan found that Denmark had made a difference with its support. Overall, support has been relevant and aligned to Afghan needs, delivering in accordance with Afghan priorities and plans. It was found that the results achieved in the sectors had varied. While support to education had contributed to the significant progress made in this sector, and the support to the returning refugees

⁵ An identification process to determine the size and shape of the programme was commenced in mid-2013 and the ACP also builds upon the findings of formulation missions to Kabul in October 2013 and in March 2014.

and to livelihoods had achieved the results envisaged, the state-building area had delivered more mixed results.

In general the evaluations and reviews found that the degree of alignment with Afghan policies and priorities, and the degree to which the support is delivered in accordance with principles of aid effectiveness, have contributed strongly to the effectiveness of Danish assistance. In addition they highlight the long term approach used, with the objective of building the capacity of both authorities and citizens, as well as the ability to adjust support to changes in local needs and conditions, including security, and the ability to complement other donors.

The programme implements the HRBA through the use of a twin-track approach. Both duty bearers and rights holders are strengthened, through the selection of engagements directly incorporating its principles, and through the process and management arrangements inherent to this country programme since the onset. A particular aspect of a rights-based approach has to do with the fact that gender inequalities are deeply rooted in Afghan society and culture, and the current situation of women in the country presents a serious challenge to human development. The ACP has been formulated with a view to integrate and mainstream gender issues including women’s rights throughout the programme, and the specific interventions relating to gender are outlined in the TP’s and DED’s⁶.

2.3. Programme Linkages

Denmark’s engagement in Afghanistan for the period 2015–2017 will continue to include a reduced military presence, but the overall contribution will be through civilian and development work. The ACP provides a framework for consolidating development-related assistance. Under the PSF, engagements have included support to capacity development of the Afghan security forces (through UNDP’s Law and Order Trust Fund – LOTFA and the ANA Trust Fund), as well as initiatives with an emphasis on Helmand province, and assistance to counter-narcotics and border management (through UNODC). ROI support has assisted returnees and Internally Displaced Persons, including through the National Solidarity Programme (NSP), administered by the World Bank/ARTF. Humanitarian aid has been provided through bilateral and multilateral channels. As noted above, the ACP is located within an overall Danish contribution that will continue to include these other channels.

The ACP’s three thematic programmes are mutually reinforcing in linking up with the overall strategic objective for the ACP. For example, improvements in education will contribute to growth potential through the availability of an educated labour force. Improved business development will strengthen employment and provide revenues for national and local budgets. It will also strengthen livelihoods and have positive effects for women’s participation. Improvements in governance will provide better administration facilitating stronger policy implementation and service delivery in other sectors. The key elements of this cross cutting logic are described in the table below.

Table 1: ACP internal logic

Thematic programme	Cross cutting logic and synergies
	<ul style="list-style-type: none"> • Strengthens institutional structures and capacity of government,

⁶ Ref. also Annex I on HRBA and Gender

Governance, democracy and human rights	<p>enabling better delivery of services, e.g. in education, economic development.</p> <ul style="list-style-type: none"> • Entrenches and capacitates democratic systems – election, parliament • Improves transparency and accountability, inclusiveness & participation, monitoring • Strengthens non-discrimination, incl. vis –à-vis women • Support the work against corruption • Supports demand side/rights holders to claim their rights, prioritises gender equality • Sub-national governance strengthens local level participation and service delivery
Education	<ul style="list-style-type: none"> • Improves access to and capacity of basic services nation-wide • Strengthens individual capacities and ability to contribute and benefit from development • Strengthens gender equality and empowerment of women and girls
Growth and Employment	<ul style="list-style-type: none"> • Basic driver of economic development, through agriculture value chains • Facilitates job creation, poverty reduction • Strengthens gender equality and women’s empowerment

A more detailed elaboration of synergies within the programme is outlined in the presentation of the Theory of Change in the three Thematic Programmes.

2.4. Context and Recent Developments

Following the change of government in 2014 and with Afghanistan’s national security forces assuming full responsibility for the country’s security by the end of the year, Afghanistan’s development will enter a new phase and the planning base for the programme is inevitably uncertain. Although a good degree of consistency regarding overall development priorities can be expected, the new Government of National Unity will adopt new policies and adjust existing ones. This may culminate in a new national development strategy once the government is firmly established, and Development partners will need to engage with the government just as their programmes will need to reflect the changes in policy and the context in which they are located.

Afghanistan’s development since 2001 has been mixed. On the one hand, it is widely acknowledged that the country has made substantial progress against a variety of important political, economic and development indicators. Significant progress has been made in terms of access to health and education services, albeit from a very low base. Key social indicators, such as life expectancy and maternal mortality, have improved, and there have been some improvements in human rights, including women’s rights.⁷ Governance systems have been strengthened, although performance is uneven and service delivery remains one of the main shortcomings regularly highlighted in opinion surveys. On the demand side, an active civil society has emerged.

⁷ *Afghanistan in Transition, Looking beyond 2014*, World Bank. 2013. Ref. also Annex A.

On the other hand, Afghanistan continues to face a wide range of challenges, including in relation to security, economic and social development, democracy, governance, human rights and justice. Afghanistan remains one of the world's poorest nations with around 36% of the population under the poverty line. There are substantial humanitarian needs; in March 2014, the number of internally displaced as a result of the conflict was estimated at 630,000 - a significant increase from the previous year. There are around 1.6 million Afghans refugees in Pakistan.⁸ With more than 50% of the population vulnerable to poverty, 48% of the population underemployed, and a young and increasing available workforce, sustainable social and economic inclusion are pressing issues.

The 2014 presidential elections involved significant shortcomings, and international mediation proved necessary to reach a conclusion acceptable to the major parties. These processes will most likely impact on public enthusiasm for future electoral processes. Meanwhile the stability of the new Government of National Unity remains to be seen. There is increasing concern about the government's medium-term fiscal situation, caused by substantially lower rates of economic growth and revenue collection and the economic effects of the ISAF withdrawal. The government is faced with an acute fiscal crisis as the presidential election stalemate caused a drop in revenues and foreign investments leading to an estimated financing gap of \$537 million.

2.5. Aid effectiveness agenda and strategic alignment

Afghanistan remains heavily dependent on foreign assistance to finance both security and development expenditures. The World Bank estimates that as much as 92% of total public expenditure (operation and development) in 2010/2011 was financed by foreign assistance (USD 15.7bn. out of USD 17.1bn.) and that there will be an average annual financing gap of USD 3.3-3.9bn until 2017. At the Tokyo Donor Conference in 2012, the international community collectively committed to fill this gap by providing USD 4 billion annually through 2015 and sustaining the level of development assistance through 2017. However, some donors can be expected to reduce their assistance during the period.

The largest donors (of ODA) to Afghanistan are U.S, Japan, UK and Germany. Collectively, the EU institutions and member states provide around €1bn in development assistance per year. Priority areas include governance and rule of law, human rights and democracy agriculture, education, health, economic growth and infrastructure. Amongst the "Nordic+ donors" (Belgium, Denmark, Estonia, Finland, Netherlands, Norway, Sweden), there is a marked trend towards greater streamlining of aid portfolios, which is leading to further focus on joint funding mechanisms (especially, the ARTF⁹) and smaller numbers of embassy staff.

The ACP is located within a relatively clear policy environment at the strategic level. The international commitments arising from the Chicago Summit and Tokyo Conference in May and July 2012 build upon the previous agreements set out in the 2010 London Communiqué and through the Kabul Process in the areas of governance, security, peace process, economic and social development and regional cooperation. They establish a strong foundation for partnership to support sustainable growth and development in Afghanistan through the so-called *transformation decade* (2015-2024).

⁸ UNSG report on the situation in Afghanistan, 6 September 2013

⁹ The ARTF also plays an important role in the ACP, and a brief outline of key ARTF features is presented in Annex B

The *Afghanistan National Development Strategy* (ANDS) from 2008 has enhanced the ability of the Government of Islamic Republic of Afghanistan (GIROA) to plan and implement, although local level service delivery remains a challenge. Following the Kabul Conference in July 2010, the government's priorities were reorganised according to clusters and National Priority Programmes (NPP).

Through the TMAF; the GIROA committed itself to achieving goals in areas including national and sub-national governance, elections, integrity of Public Financial Management (PFM), rule of law and human rights, and monitoring mechanisms. The underlying logic is that increasing capacity and presence of legitimate state functions is key to long-term development.

The *New Deal for engagement in fragile states* - of which Afghanistan is a pilot country - sets distinct Peace-building and State-building Goals (PSGs) in five areas. These are: legitimate politics, security, justice, economic foundations, and revenues and services. In Afghanistan the TMAF plays the de facto role of the New Deal "compact" between donors and the states concerned (an agreement to ensure alignment, harmonisation and donor co-ordination, reduce duplication, fragmentation and programme proliferation). The ACP also draws from the OECD/DAC guidance on aid effectiveness (Paris and Busan), as well as the specific guidance on fragile states.

Equally, the ACP draws from relevant Danish policies, including the overall Danish development strategy, having the objective to combat poverty and promote human rights, democracy, sustainable development, peace and stability in conformity with the UN Charter and core human rights instruments, the Danish Afghanistan Plan (2013-2014) according to which the Danish assistance should be guided by three underlying principles: *consolidation, Afghan ownership, and normalisation*, which are already largely reflected in the international commitments mentioned above, and the recent policy on integrated stabilisation engagements. These principles will remain in the Danish Afghanistan Strategy (2015-2017).

2.6. Planning scenario - Contextual risks including Corruption

The political, security, economic and social context in Afghanistan is expected to continue to be volatile during the ACP period. A full risk management matrix is available in Annex E. Programmatic and institutional risks are dealt with in the thematic programme sections, while engagement-level risks are explained in each DED.

Key risks during the ACP period are expected to include *Political instability and continued insecurity*. Both of these will depend on post-election agreements, vested interests and political alliances, including ones that are ethnic and regionally based. Challenges will particularly be manifest in certain provinces, with the accompanying risk that access and monitoring will be restricted and that the need for high levels of spending on security will continue to drain national resources.

There are still challenges with *weak ownership of reform processes* which is expected to remain institutionally variable (with some ministries performing better than others) and *corruption*, which is increasing and undermining governance and service delivery. There is a distinct problem with *impunity*, and there are *threats to the legitimacy of independent institutions* working on anti-corruption and human rights which could be a product of a worsening political situation, potentially resulting in political interference. Linked to this are the *human rights deficits* – where protection will remain weak, and it will all be framed in a situation with a *worsening macro-economic basis* – which will have negative impacts across the spectrum, particularly for service delivery.

This is a very high degree of risk factors! Still the ACP assumes that there will be room for – and Afghan Government interest in - a continued cooperation with development partners on the basis of the Tokyo commitments:

i) It is assumed that the new administration will seek to maintain Afghan ownership of development processes. It will most likely revise the ANDS and its priority programmes (the NPPs), but the broad thrust of these will remain largely unchanged. The most serious challenges can be expected to be insecurity, the effects of lower-than-expected growth, persistent corruption, shortcomings in rule of law and access to justice systems (leading to human rights deficiencies), and low effectiveness in much of the government administration. On the positive side, the emergence of a new administration with commitment to international agreements will provide a basis for continued cooperation with the international community. During the 2014 election process, both major candidates endorsed the importance of human rights and the role of civil society and it is expected that this will be carried over to the new government's commitments. Thus, a constructive and engaged role could be expected from civil society in the programme period.

ii) It is expected that donors over the coming years to a larger extent reduce and *multilateralise* their funding, and that questions of sustainability will increasingly come to the surface. At the same time it is noted, that such multilateralisation will further the development of the multilateral *on-budget aid modalities*, with increasing ownership and decision-making by the GIROA.

iii) Key sectors such as agriculture will provide a basis for modest growth and there will most likely continue to be investments in agricultural value chains so that production becomes more efficient and the positive effects are spread.

In this scenario, it will be possible to maintain the Tokyo commitments and the range of development interventions currently foreseen, although progress will be uneven. The ACP is based on these pointers and assumptions. At the same time, the ACP acknowledges that security and political challenges are very real to the nascent Government of National Unity. This is further outlined in the Risk Matrix in Annex E, which also outlines the ACP direction to monitor and update the planning basis for the programme throughout the implementation period, including an early review in late 2015, by which time the new government's political priorities should also be clearer. As such, the ACP requires a continued Danish approach towards risk, allowing for tolerance for uncertainties when operating in a context like Afghanistan.

As the ACP is largely dependent on partner implementation modalities, RDE Kabul will ensure that management within the various engagements take key risks into account. This will be achieved through a number of approaches, including regular programme monitoring by the RDE thematic teams, regular participation by RDE in key programme management meetings, and regular dialogue with other donors. In addition to the annual reporting from partners, it is envisaged to have periodic external reviews, as well as further develop lessons with sharing of risk assessments with the UN Afghanistan Risk Management Unit. In order to ensure that such RDE engagement is in fact viable,

the programme has gone through substantial trimming in terms of actual aid partners and aid modalities as described throughout the document¹⁰.

Given that corruption in Afghanistan constitutes a particular risk, and a widespread view that anti-corruption efforts in Afghanistan need to be strengthened at all levels as well as through specific anti-corruption support, all ACP engagements will pay attention to fiduciary risks and take mitigating actions, for example through regular financial reporting and independent audit. The support provided to Afghan anti-corruption organisations (e.g. MEC) and the ARTF's public management reform programme will also contribute, just as Afghans will also have an opportunity to report possible misuse of funds through Denmark's transparency initiative.

RDE Kabul will continue to apply a zero tolerance approach to any form of misuse of Danish development funds, and it is noted that failure to respond adequately to cases of fraud, will potentially lead to partner agreements being terminated. In cases of termination due to corrupt practices or other unforeseen events, reallocation of the funding will depend on the timing within the programme period and the feasibility of reallocating at that time. If possible; a new engagement will preferably replace the previous engagement within the programme logic and theory of change. Any such reallocation will follow standard guidelines, including procedures for appraisals.

2.7. Budget allocations

Table 2: ACP budget allocations

Thematic Programmes	DKK Million
TP 1 Governance, Democracy and Human Rights	317,5
TP 2 Education	337,5
TP 3 Growth and Employment	355,0
Unallocated	63,0
Reviews, Extraordinary Audits, Studies	12,0
Total	1.085,0

3. Thematic Programme 1: Governance, Democracy and Human Rights

Thematic Programme 1 (TP1) supports the Afghan state to fulfil its obligations as a duty bearer and enhances the ability of rights holders to voice their needs and use their capacities. TP1 complements the other thematic programmes on education and on growth and employment, by enhancing the Afghan state's capacities for accountability, transparency, inclusion and non-discrimination. TP1 builds on Denmark's experience of governance in Afghanistan, streamlined and focused on areas that have the highest probability of impact in the current context.

¹⁰ The new programme portfolio contains fewer but larger interventions (reducing from 50+ interventions in 2012 to 9 in 2015), and a greater use of multilateral and joint implementation modalities. This will lighten the management burden on the RDE, mitigate and share risks with other partners, enable stronger technical input and reduce transaction costs.

3.1. Overall strategic considerations and justification

Development in Afghanistan is dependent on duty bearers meeting their obligations and providing services to rights holders, and in turn on the capacity of rights holders to participate in the country's development. Progress on governance, democracy and human rights has been positive in many sub-sectors, while progress has been less in others. The GIROA has been able to devise and implement a range of policies and strategies on governance, including its specific NPPs. Generally, progress has been good in terms of improving PFM and public sector reform; civil society is strengthened and increasingly using its role, as are the independent state institutions providing accountability, such as the Afghanistan Independent Human Rights Commission (AIHRC) and the Independent Joint Anti-Corruption and Monitoring and Evaluation Committee (MEC). However, rights abuses continue and women empowerment remains challenged. There are also challenges with regards to access to justice and impunity.

For TP1, there are three central trends of interest. First, **improved systems and procedures within the GIROA** are increasingly targeting corrupt practices and misuse of funds. Afghanistan has recently undergone a PFM and Accountability Assessment in accordance with the Public Expenditure and Financial Accountability (PEFA) approach.¹¹ Overall, the assessment is positive. To a large extent, Afghan and international participants in the ARTF Public Financial Management Reform Programme II (PFMR II) can take credit for the improvements. Nevertheless, Afghanistan remains one of the most corrupt countries in the world, ranking 175th out of 177 countries in a shared last place with Somalia and North Korea in Transparency International's 2013 Corruption Perception Index. This highlights the continued need to focus on combating misuse of funds and corrupt practices.¹² Pressure on PFM systems is expected to increase as more donor funding goes on-budget. There is thus a continued need to focus on financial management, as well as improving performance through public sector reform.

Second, **sub-national governance** remains a challenge in Afghanistan, but with pockets of positive developments. There is a need to enhance the degree of service delivery at local level, in particular in rural areas where access to services is limited. Improved sub-national governance will enhance the legitimacy of the GIROA. However, there are still competing local level governing structures and competition between different branches of the GIROA, which has resulted in multiple uncoordinated sub-national governance projects. Currently, the most efficient mechanisms for supporting decentralised service delivery are through the line agencies as funded by the ARTF Operations and Management window, and through the NSP.¹³

Third, there is increased attention to **human rights issues** among politicians, media and opinion makers in Afghanistan. This is partly thanks to the work of the AIHRC, one of the institutions to be supported through this programme. While anti-government groups are responsible for the largest toll of human rights abuses measured in terms of violence against civilians, human rights violations remain intertwined with the weak rule of law, including limited access to justice and malpractices of law enforcement agencies. The human rights situation in Afghanistan remains poor, with lack of proper protection mechanisms and remedies for victims of human rights abuse. In particular,

¹¹ World Bank (2013): *Afghanistan Public Financial Management and Accountability Assessment*, August

¹² The most recent Asia Foundation Afghanistan Survey (2013) showed that 23% of the population are of the opinion that corruption is a main source for a negative development trajectory in the country.

¹³ Denmark supports the NSP through the ROI.

women's rights are challenged. While the Law on Elimination of Violence Against Women was passed in 2010, women's rights are being challenged legally by new judicial legislation and policies de facto limiting women's possibilities for seeking redress.¹⁴ The situation underscores the importance of strengthening independent organisations promoting human rights.

Afghanistan has seen an improvement in civil and political rights through increased participation and freedom of speech as well as consecutive elections. Civil society is able to operate and report on civil and political rights, including the elections, although their rights are on occasions infringed by the Taliban or the authorities, underscoring the need for continued support to civil society. The 2014 presidential election demonstrated that there is still a need for improvement in Afghan elections. This includes the implementation of electronic voter registration, developing the capacity and independence of the IEC and the IECC, enhancing the role of civil society in election monitoring as well as building the capacity of relevant institutions, including Parliament, to manage the full election cycle, as well as enhancing focus on women's participation in the electoral processes.

Beyond the substantive issues described above, support to TP1 is justified by the priority placed on governance in a range of mutually reinforcing policy frameworks. Afghanistan is co-Chair of the New Deal and a New Deal pilot country. Its PSGs are all relevant to TP1, and the TMAF is already aligned with the New Deal PSGs. TP1 is in particular aligned with four of the TMAF areas: i) Representational Democracy and Equitable Elections, ii) Governance, Rule of Law and Human Rights, iii) Integrity of Public Finance and Commercial Banking, and iv) Government Revenues, Budget Execution and Sub-National Governance

An overview of key TMAF commitments to which this thematic programme will contribute is presented in the box below.

Box 1: TMAF goals to which TP1 will contribute directly (abbreviated)

- **Goal 1:** Conduct credible, inclusive and transparent Presidential and Parliamentary elections in 2014 and 2015
- **Goal 2:** Improve access to justice for all, in particular women...fight against corruption...improve capacity of state institutions...and respect for human rights
- **Goal 3:** Improved integrity of public financial management
- **Goal 4:** Improve the GIROA's revenue collection and capacity of line ministries to develop and execute budget

TP1 is aligned with the ANDS and the Kabul Process Governance Cluster (NPPs 1-6), which covers Financial and Economic Reforms; National Transparency and Accountability; Efficient and Effective Government; Local Governance; Human Rights and Civic Responsibilities and Law and Justice for All. The NPPs are likely to be reviewed by the new incoming Government, though the main thrust is expected to remain the same. TP1's development engagements have all been identified to ensure that they contribute to these policy frameworks, either explicitly by supporting the state institutions or by supporting the institutions aimed at holding the state to account.

¹⁴ Human Rights Watch (2014)

The TP1 is fully aligned with Denmark's development policies and strategies, by: i) Supporting democratic elections, parliaments, civil societies, and promoting good governance and the development of democratic institutions; increased capacity in the public sector, and the fight against corruption; ii) Strengthening cooperation for human rights, democracy and good governance, and iii) Strengthening gender equality and to ensure the rights of women and girls¹⁵.

In terms of **relevance**, TP1 is anchored in alignments with Afghan priorities as expressed in the various development frameworks mentioned above. TP1's focus on supporting both rights holders and duty bearers in a mutually supportive relationship is highly relevant given the challenges of conflict, weak governance and human rights violations. In a situation with limited Danish human resources for implementation, **effectiveness** is pursued by supporting institutions and programmes that have demonstrated results, and where the monitoring framework incorporates a mixture of impact and process-oriented indicators, with targets selected to give urgency to effective action on cross-cutting issues. In terms of **efficiency**, TP1 contains a narrow set of development engagements, delivered in pooled funding or alongside other donors, with an increased proportion of on-budget funding using GIROA systems and procedures. A major focus of the development engagements is on improving the throughput and efficiency of the GIROA's own planning and execution systems, and they are targeted at progress on system-wide efficiency, such as in recruitment and procurement. TP1 supports partners to strive for **impact** by providing a clear framework of results, predictable funding until 2017 and core support to implement their strong mandates. TP1 is expected to contribute to enhancing transparency and accountability of GIROA institutions, to improve women's and men's participation in democratic governance, as well as to alleviate discrimination and improving human rights more broadly. Finally, TP1 incorporates a concern for **sustainability** by: (1) focus on policy and goal alignment with recipients, enhancing the degree of ownership of the engagements by the recipients and ensuring that these are operational beyond the funding period; (2) increased focus on capacity development of the institutions - thus enabling exit; (3) taking a joint funding approach that should make recipients less susceptible to funding shocks should one or more donors decide to terminate their funding at short notice.

3.2. Integration of experience and results from previous cooperation

Denmark's long engagement on Afghan governance has generated important lessons and opportunities for streamlining support to this area. The previous governance-related programme (2013-2014) consisted of a mix of interventions supporting both the demand and supply side and providing on-budget and support to civil society, most of it in joint funding arrangements. In addition, there were a number of interventions supported in Helmand. Taking into account the lessons learnt and recent developments concerning the portfolio, this Thematic Programme has taken its starting point in the existence of the opportunity for further streamlining the governance and human rights interventions.

Denmark is a long-term partner to ARTF, but previous contributions have not had the sufficient volume of USD 10 million to allow Denmark to be part of the key policy dialogue in the ARTF Strategy Group. Participation is important, as it provides insights into and opportunities to influence general

¹⁵ *Danish Development Cooperation Strategy: The Right to a Better Life*

development progress and decision-making on Afghanistan’s most important development channel. The overall size of the ACP’s contribution will provide Denmark with a seat on the ARTF Strategy Group. Previous Danish support to the governance area has been very broad covering everything from justice and democracy to decentralisation and PFM. This has required a substantial thematic overview by RDE Kabul and policy engagements in a broad range of governance areas.

The ACP will provide an opportunity for consolidating and focusing support to civil society and NGOs. This is explained in the summary of the Thematic Programme in chapter 3.3, where there the approach to re-engage and consolidate the support to the NGO umbrella organisation Tawanmandi is outlined.

Danish funding will continue to be channelled through existing Government structures which have proven effective in the past. The Danish experience is that the absence of a clear division of labour within the GIROA and the related slow decentralisation reform process as well as competing decentralisation programmes promoted by different agencies, mean that focus should be on existing programmes that promote decentralised service delivery. These include: (i) the Operations & Maintenance window under the ARTF, which will provide decentralised funding through line ministries, (ii) strengthened provincial budgeting through PFMR II, and (iii) the funding to Community Development Committees through the NSP (funded through the ROI). All three initiatives have proven effective in local level service delivery in the past.

Streamlining in effect means that TP1 will focus on the following areas: (1) PFM and civil service performance; (2) Human rights, and (3) Democracy. The present setup represents a minimum of engagements if the programme is to have a sufficient weight and focus on rights-holders and demand-side governance to compensate for the substantial contribution to the duty bearers i.e. the GIROA (around 70% of the TP1 budget is allocated through the ARTF and supports duty bearers). In a situation where state legitimacy is key for the future development of Afghanistan, watchdog mechanisms and effective civil society organisations must be in place.

3.3. Thematic Programme 1 summary

The objective of TP1 is *to strengthen the institutional and administrative capacities of the State and civil society at central and local levels to provide effective service delivery with increased transparency and accountability, and promote human rights for all Afghans*. On top of its direct benefits, this objective is also an enabler for achieving ambitions in education (TP2) and growth and employment (TP3). The table below elaborates the theory informing TP1.

Table 3: TP1 theory of change

Assumption 1	There is GIROA willingness to engage in reform processes, and continued dialogue with development partners aimed at improving performance, and...
Assumption 2	Afghan citizens remain willing to contribute to participatory governance structures and processes, including elections, and...
Assumption 3	Implementing partners’ capacity remains sufficient to deliver required results, then if...
Inputs	Denmark provides funding for capacity development in central Government functions, supports electoral reform and effective elections, provides focused attention to education as a demonstration and enabler of progress in governance and provides funding to independent institutions and civil society organisations that are focused on

	improving governance, then...
Short term changes	There will be positive effects on strengthening PFM systems and procedures; election systems and processes will be improved; independent state institution will have a stronger capacity to hold the state to account; civil society will have enhanced capacity to monitor and demand good governance; women will have enhanced access to decision-making; leading to...
Medium term changes	Wider access to better education and other government services; more transparent, accountable, non-discriminatory and participatory public administration; improved capacity to respect, protect, and fulfil human rights; and enhanced monitoring and awareness raising about rights and obligations by independent and non-state actors, eventually contributing to...
Long term, lasting changes	State and civil society at central and local levels have strengthened institutional and administrative capacities in providing more effective, transparent, and accountable service delivery, and in promoting promote human rights for all Afghans.

There are theoretically a huge number of avenues that could be pursued to implement the above theory of change. In reality, Denmark can only support a small range of mechanisms to contribute to better governance. The five selected engagements are described below, along with an outline of an expected continued engagement with civil society.

Development engagement TP1.1: Afghanistan Reconstruction Trust Fund (ARTF) on public financial management and civil service effectiveness

ARTF is a funding mechanism jointly owned by GIROA and the donor community.¹⁶ The contribution to the ARTF under TP1 and TP3 will be non-preferenced. The total support amounts to DKK 110 million per year (DKK 330 Million over the full programme period). In the ACP budget the support through the ARTF is divided between TP 1 (70%) and TP 3 (30%), in order to illustrate the particular focus on the three ARTF programmes that will be reported upon¹⁷. TP1's engagement with ARTF will revolve around the second phase of the Public Financial Management Reform programme (PFMR II) and the Capacity Building for Results project (CBR).

PFMR II is focused on core government financial management mechanisms, including greater attention in the coming years to developing line ministry capacity in the provinces, as well as provincial management itself. ARTF has been credited with a significant contribution to Afghanistan's improved PEFA score. Success in reforming public financial management is an enabler for other gains in Afghan governance and economic growth, including most other long-term development assistance to Afghanistan.

CBR is focused on developing the line ministries most directly involved in delivering Afghanistan's NPPs. The project is oriented towards improvement in three indicators: the GIROA's development budget execution rates; ministerial process improvements; and improvements in ministerial service delivery. For the ACP, CBR will be monitored most closely for its impact on ministries' performance in meeting service targets.

¹⁶ A detailed description of ARTF as a funding mechanism can be found in Annex B.

¹⁷ i) Capacity Building for Results, ii) Public Financial management Reform Programme, and iii) The National Horticulture and Livestock Project.

Denmark's policy dialogue with the ARTF will emphasize the need for a rights-based approach to development in the ARTF portfolio including the integration and implementation of HRBA principles in the design and operation of ARTF projects. Furthermore, the dialogue will focus on increasing anti-corruption efforts as well as increasing the focus on gender equality and women's empowerment and the use of gender disaggregated indicators across the ARTF portfolio. Finally, the need to enhance the degree of decentralised service delivery of the ARTF projects to improve state legitimacy at local level will be underlined.

In its focus on strengthening core government functions and capacities, TP1's commitment to the ARTF underpins the TP2 on education services, TP3 on growth and employment, funding to the NSP under the ROI and the security and justice sector support that Denmark provides through the PSF.

Development engagement TP1.2: Independent Joint Anti-Corruption Monitoring and Evaluation Commission (MEC)

MEC is currently the only independent institution monitoring transparency and accountability of Government and donor practices in Afghanistan. The results of MEC may be documented at two levels: (1) the ability to analyse and recommend benchmarks to the Government and donor practices in Afghanistan, and (2) the willingness of Government and donors to respond to recommendations. Key results include the provision of 110 recommendations and benchmarks aimed at improving transparency and accountability of Government and donor practices. MEC has also been a key actor in identifying the Kabul Bank fraud and monitoring and input to follow-up process to solve the crisis. Both the Ministry of Public Works and the Ministry of Refugees and Repatriations and UNHCR have started implementing MEC's recommendations.

MEC is mandated by the GIROA and donors to identify effective development criteria for Government institutions; to monitor and evaluate anti-corruption activities; and, to monitor the use and effectiveness of international donor assistance. MEC reports to the President and the Parliament, but is an independent institution established jointly by the donor community (initially DFID and Denmark) and the Government. MEC has been successful in providing recommendations to donors as well as the Government which have improved administration and alleviated the misuse of public office and funds.

In a situation where more funding will be on-budget and independent state institutions are limited in monitoring public administration, Denmark will continue to prioritise funding to MEC. MEC is the only respected independent State institution providing checks and balances in relation to public financial management. ACP support will assist in targeting corrupt practices, with the ultimate objective to improve the legitimacy of the GIROA and to support it in fulfilling its commitments as a duty bearer. To ensure MEC's continued independence, Denmark will not directly engage on major policy issues, but focus discussions with MEC on improved reporting on progress as well as financial reporting.

The ACP allocates DKK 15 million to MEC over 2015-2017. MEC's current strategy ends in 2015. Based on presidential decree, there will be a need to engage with a new presidential administration regarding expectations for MEC. Disbursements beyond 2015 will be contingent on continuing endorsement by the GIROA and a new MEC strategy for 2016-2017.

Development engagement TP1.3: Afghanistan Independent Human Rights Commission (AIHRC)

The ACP allocates DKK 30 million to the AIHRC for 2015-2017. The AIHRC is the national human rights institution. It is mandated by article 58 of the Constitution to promote, monitor and protect human rights. This includes investigating and verifying human rights violations. AIHRC has regional and provincial offices across Afghanistan. Since its establishment the AIHRC has been engaged in monitoring and protecting human rights across Afghanistan and providing recommendations to the Government for changed practices as well as the reviews of laws that are incompliant with the human rights conventions.¹⁸ Special focus has in the past been provided to combatting rights abuses against women including gender based violence and sexual abuses. The AIHRC has been proactive in seeking the release of unlawfully detained women and men and recommending investigations into rights abuse of authorities.

The rationale for further Danish support to the AIHRC starts from the point that the AIHRC is the official human rights body of Afghanistan, enjoying a relatively high degree of independence. The AIHRC has a good track record as a human rights defender and proven effectiveness in addressing Government misuse of authority. It provides one of the few platforms for formally combatting gender-based violence and improving women's rights. In terms of effective donor coordination, it is also notable that the AIHRC is a priority for the Nordic+ donors and core funding is provided in a harmonised manner.

In supporting the AIHRC's current strategy, the ACP will focus on monitoring progress in relation to the behaviour of law and justice officials engaged by AIHRC and on AIHRC's effectiveness in providing advice to government on legislative and policy reform.

Development Engagement TP1.4: Enhancing Legal and Electoral Capacity for Tomorrow – Phase II (ELECT II)

The ACP allocates DKK 27 million to ELECT II. The Afghan IEC requested support from UNDP to build its capacity and assist it in organising voter registration and elections in 2011. Since then, UNDP ELECT II has been the primary vehicle for donor support to the elections.

Within the existing work with the IEC, ELECT II will assist with the national roll-out of the Commission and enable it to work in all provinces across Afghanistan. ELECT II will also focus on ensuring a higher number of female employees in the Commission allowing for gender balanced approach to election implementation and eventually making more women comfortable with the electoral processes.

The rationale for continued Danish support builds on the recognition that elections are important in democratising Afghanistan and ELECT II is the primary vehicle for foreign election support. This modality is the only joint donor funding mechanism, enabling an arms-length approach to election support in Afghanistan. The programme has a long relationship with the IEC and played a key role in its capacity development, paving the way for ensuring Afghan capacity to hold elections with limited donor support in the future. The programme is increasingly focusing on women's awareness and empowerment and promoting this in the democratic process.

¹⁸ See the 2011 External Impact Evaluation of AIHRC by the International Human Rights Network. A new evaluation is underway.

ELECT II is scheduled to run until the end of 2015, although there is a possibility that programme conclusion will be extended into 2016 if parliamentary elections in late 2015 are delayed. During 2015, it is likely that UNDP will begin formulating a follow-on electoral support programme and it is probable that other mechanisms will be explored by the international community. The ACP therefore includes an allocation for an expert to contribute to these processes, with 2016 and 2017 disbursements contingent on the quality of a resulting programme.

Development engagement TP1.5: Free and Fair Elections Forum of Afghanistan (FEFA)

The ACP allocates DKK 6.5 million to FEFA for 2015-2017. FEFA was established by a federation of civil society organisations aimed at monitoring elections to ensure that these are free and fair and to promote democratic development. The organisation has a broad geographic coverage across Afghanistan with long-term observers and coordinators monitoring the implementation of elections before, during and after elections. It has over the years ventured more into election cycle management and assisted in implementing democratisation related activities beyond elections.

As with ELECT II, the rationale for continued Danish support to FEFA builds from the observation that elections are important in democratising Afghanistan. ELECT II assists state institutions as duty bearers; the engagement with FEFA focus on non-state monitoring and support to rights holders in electoral processes. FEFA has proven capable of election monitoring and election cycle management in the past, with wide coverage of the country. It enables a broader approach to democracy by reaching out to Parliament and it broadens the approach to elections by engaging in election cycle management. FEFA is internationally recognised for its achievements in the last elections in Afghanistan and is one of the only organisations explicitly focussing on women's participation.

FEFA's current programme ends in 2015. In the coming months FEFA is developing a new strategy for 2015-2017, taking on board lessons from the 2014 elections. Funding of DKK 2.5 million will be disbursed to FEFA in early 2015. Subsequent disbursements will be contingent on performance and the quality of its strategy beyond 2015.

Expected Development Engagement with Civil Society

Under the previous programme, Denmark funded the NGO umbrella Tawanmandi, managed by the British Council and delivering support to civil society organisations and networks. This approach has been suspended under the ACP, until a new institutional setup is in place (expected by the 2nd half of 2015). RDE together with other members of the Funders' Council will closely follow developments and the midterm review will look into whether the new setup is acceptable and whether the scope of the revised strategic plan coheres with that of the ACP. If so, engagement with the revised Tawanmandi will be pursued from the programme's unallocated funds, a new DED will be developed and subsequently appraised by the TAS.

Technical assistance

Technical assistance in TP1 will focus on enhancing the quality of programming design and results monitoring through participation in formulations and review missions, as well as providing technical assessment of key documentation from these. This is first and foremost relevant with the ARTF, where Denmark will play a role in the Strategy Group, and the technical assistance will take into account the division of labour among Nordic+ donors. As such technical assistance is anticipated for

participation in the formulation of a follow-on to PFMR II; participation in reviews of CBR and PFMR II; and technical review of PFMR and CBR reports, studies and assessments, and the main competencies sought will be qualification to engage with in-depth discussions on these issues.

TA will also be available to the other TP1 engagements, including in support of the development of elections support mechanisms beyond 2015. As well as an allocation for technical assistance to support the development of programming options for civil society support, discussed above.

3.4. Indicative results framework

The ACP results framework is shown in Annex C. Each DED has an individual results framework, and reasons behind the choice of indicators. It is noted, that a small number of targets are missing in ARTF results matrices. This is because the underlying programmes of interest are only developing new targets to 2017 at the time of ACP preparation. The indicator for progress is clear and identified, but the targets will require updating upon their release during 2015. The outcome framework is shown below:

Table 4: TP1 results framework

Thematic Programme		Governance, democracy and human rights	
Thematic Programme Objective		To strengthen the institutional and administrative capacities of the State and civil society at central and local levels to provide effective service delivery with increased transparency and accountability, and promote human rights for all Afghans.	
Impact indicator			
Engagement Title		Afghanistan Reconstruction Trust Fund on public financial management and civil service effectiveness	
Outcome indicator 1.1.1		Improved PEFA ratings for external/internal audit	
Baseline	Year	2013	2.50
Target	Year	2017	<i>Requires input from World Bank based on new targets beyond 2014</i>
Outcome indicator 1.1.2		Number and percent of Tier 3 ministries achieving progress on at least 1 service targeted in their CBR programs to increase over the course of CBR	
Baseline	Year	2013	0 / 0%
Target	Year	2017	<i>Requires input from World Bank based on 2014 submissions of CBR targets</i>
Outcome indicator 1.1.3		ARTF becomes more effective at monitoring gender-related issues	
Baseline	Year	2013	7 of 13 (54%) of relevant outcome indicators are gender-disaggregated in the ARTF Results Matrix
Target	Year	2017	100% of relevant outcome indicators are gender-disaggregated in the ARTF Results Matrix
Engagement Title		Independent Joint Anti-Corruption Monitoring and Evaluation Commission	
Outcome indicator 1.2.1		Progress against MEC benchmarks and recommendations	
Baseline	Year	2014	75% fully and partially implemented
Target	Year	2015	80% fully and partially implemented
Engagement Title		Afghanistan Independent Human Rights Commission	
Outcome indicator 1.3.1		Behaviour and understanding of police, national army, national security officials, attorneys, detention centres' officers, advocate lawyers and legal assistants is improved and in compliance to their obligations and responsibilities under	

provision of laws and international human rights instruments			
Baseline	Year	2014	AIHRC surveys in northern and central zone indicate increased level of public trust toward ANP and ANA. Two reports on judiciary and access to justice have been published, indicating serious problems in the structure of justice mechanisms.
Target	Year	2017	AIHRC records show a decrease in conflict-related complaints. AIHRC survey would show increased trust level of public towards ANP and ANA in other zones.
Outcome indicator 1.3.2			
Deficiencies and weakness of key laws, policies and regulations for protecting human rights and in compliance with state international obligations are identified			
Baseline	Year	2014	N/A
Target	Year	2017	Reviews and recommendations provided in relation to the Penal Code, National Strategic Plan, National Gender Policy, anti-discrimination law, compensation law to victims of civilian casualties
Engagement Title			
Enhancing Legal and Electoral Capacity for Tomorrow – Phase II			
Outcome indicator 1.4.1			
Percentage of public surveyed that report elections as free and fair¹⁹			
Baseline	Year	2014	61%
Target	Year	2017	70%
Outcome indicator 1.4.2			
Strong participation in national elections			
Baseline	Year	2010	Participation of 4,2 million in 2010 parliamentary elections
Target	Year	2016	Participation of 5 million in 2015 parliamentary elections, with an increase of women’s participation of 5%
Engagement Title			
Free and Fair Elections Forum of Afghanistan			
Outcome indicator 1.5.1			
Increased women and youth political participation			
Baseline	Year	2013	32 consultation workshops and women advocacy group meetings held. Women’s political rights verification conducted.
Target	Year	2015	64 consultation workshops and women and youth advocacy groups meetings held. 8 awareness workshops implemented. Women’s political rights verification conducted.

3.5. Management and monitoring

Section 7 on *ACP management* provides detail on the overall responsibilities of RDE Kabul. For TP1, management of each development engagement is structured by its respective modalities. All development engagements are through joint or core funding modalities and the management is thus through joint steering committees or similar arrangements.

The degree of policy dialogue and engagement will depend on the institution supported. As a principle, less direct engagement is expected with institutions that operate independently and where the ACP is keen to preserve this neutrality. This is the case for the AIHRC, MEC and the IEC. In relation to the IEC, the arms-length principle is ensured by channelling funds through UNDP. For the

¹⁹ Source: Asia Foundation Survey

first two, Denmark will only engage directly in policy dialogue if the institution appears to diverge from its mandate.

In contrast, Denmark seeks a policy dialogue with government institutions through the ARTF. The primary engagement will be through the ARTF Strategy Group, the members of which include the World Bank, the GIROA represented by the Ministry of Finance, and donors providing contributions of more than USD 10 million annually. Secondly, Denmark will participate strategically in steering committee meetings of Danish ARTF priority programmes. These include PFMR II and CBR. Finally, RDE Kabul support to the Gender Working Group will be required in order to implement the ACP's attention to ARTF advances on this cross-cutting issue.

For TP1, monitoring will be undertaken using the existing mechanisms of institutions supported. In all engagements, TP1 is providing support alongside other donors and with effective monitoring bodies, such as in the ARTF Strategy Group, the AIHRC donors' forum and through FEFA's schedule of donor meetings. The TP1 results framework creates a targeted, lean approach to monitoring and reporting on progress. Indicators are drawn from partner programmes, which with the exception of FEFA are incorporated into Afghanistan's highest-level objectives under the ANDS, NPPs and TMAF.

3.6. Budget

Table 5: TP1 budget (DKK million)

Development Engagement	2014	2015	2016	2017	Total
1.1 ARTF focussed on public financial management and civil service effectiveness		77,0	77,0	77,0	231,0
1.2 MEC		5,0	5,0	5,0	15,0
1.3 AIHRC		10,0	10,0	10,0	30,0
1.4 ELECT – Phase II		11,0	8,0	8,0	27,0
1.5 FEFA		2,5	2,0	2,0	6,5
Technical Assistance		3,0	3,0	2,0	8,0
Total		108,5	105,0	104,0	317,5

3.7. Programmatic and institutional risks

Contextual risks in the ACP and programme-wide scenarios were analysed above. A full risk management matrix is available in Annex E. There are three major programmatic risk factors that cut across TP1. First, insecurity will almost certainly constrain some programme activities, and impact on – for example, the ability to develop line ministry capacity at the provincial level in provinces where government operations are limited by the presence of non-state armed groups. At the programme level, little can be done to mitigate this. The ACP must accept cessation of activities where there is imminent threat to life and limb of TP1 implementers. Implementing partners are required to maintain open communication regarding the impact of insecurity on results; RDE Kabul and partners should consider reviewing feasibility and revising work-plans if progress is unrealistic due to insecurity.

Second, diversion of funds due to corruption and mismanagement will almost certainly reduce impact. TP1 mitigates this risk by relying on World Bank systems for the largest engagement and

with strong financial management responsibilities in the other engagements. Nevertheless, it remains difficult to monitor ground-level administration and corruption in Afghanistan is pervasive. The ACP mid-term review will report on disbursement of funds and diversion risks. RDE Kabul should consider commissioning periodic external auditing of Danish funds and consider reclaiming funds and re-allocating them in the event of large-scale diversion or failure by partners to maintain effective financial controls.

Third, political instability, conflict and economic challenges may affect commitment to promoting governance, democracy and human rights. For example, a greater focus on executing budgets may reduce space for improving participation by rights holders and accountability by duty bearers. TP1 includes direct support to promote human rights, such as through the work of AIHRC and FEFA. RDE Kabul will also need to maintain a political dialogue, in conjunction with other donors, to support the government in its commitments to improve the quality of governance. If the government itself becomes worse in violating rights, RDE Kabul should consider reducing direct support.

4. Thematic Programme 2: Education

4.1. Overall strategic considerations and justification

The design of TP2 builds on the lessons learned from the previous decade's support by Denmark and other actors to the education sector in Afghanistan. It represents a shift in Danish support to the sector from a bilateral programme²⁰ to a multilateral approach anchored in EQUIP, which will embark on its third phase in 2015 / 2016. ACP support will be based on the National Education Strategic Plan (NESP III) and make a substantial contribution to extending the previous decade's results in education in Afghanistan, in particular concerning primary school enrolment and girls' education. TP2 is a logical continuation of past Danish assistance to the education sector though streamlined and focused on areas with the highest probability of impact.

Education in Afghanistan plays an essential role in expanding opportunities for participation in democratic governance, employment access to public services such as health, just as it has made a significant contribution to promoting gender equality and the empowerment of women. It is stressed that a specific focus on girls and under-served populations in rural areas will act broadly as a driver for change, reinforcing consistency with non-discrimination principles. It increases the capacity of all sections of the population to understand and be aware of human rights, and it assists the state in developing its own capacity to meet its national and international commitments. The national policy priorities for education are set out in NESP III. TP2 is fully aligned with NESP III.

Since 2001, the sector has made considerable progress in expanding access for all school age students through a variety of channels, including formal education, literacy classes, teacher and technical training, community-based education and accelerated learning. There has also been an increase in private investment in the education sector, leading to the establishment of private schools. Education staff has expanded with functioning Provincial and District offices in all 34 provinces and Net Enrolment Ratios have risen dramatically.

²⁰ Danish Education Support programme to Afghanistan (ESPA).

Nevertheless, progress is fragile and limited in reach, depth and certainty of sustainability. NESP III acknowledges that 47% of schools are without usable buildings. Sources indicate that drop out from schools are substantial as a result of poor quality rather than lack of interest. While acknowledging the extremely difficult circumstances, the large numbers of children, especially girls and the under-served populations living in rural and conflict areas, remain a huge challenge. The recruitment and training of teachers has expanded with 300% since 2002, and today one third are female. But only 42% of the teachers have the basic minimum qualification requirements (Grade 12 +2). Moreover, while a unified national curriculum has been developed and textbooks based on this have been printed and distributed, distribution of books presents major security, administrative and geographical challenges.

In formulating the ACP Denmark has been faced with the strategic choice between a continuation of Danish bilateral support through ESPA or migration of the Danish support to a multilateral modality. Continued support through ESPA, while highly aligned and harmonised with MOE systems and policies, would represent a considerable burden on RDE Kabul from a management perspective as well as transaction costs for the MOE with its separate management structure including the ESPA Steering Committee. The 2013 mid-term review of ESPA, while generally positive, observed the importance of a heightened management input from the RDE, this at a time of expected reduction in embassy staffing and capacity.

EQUIP represents a substantial, aligned and harmonised multilateral support instrument with strong project and technical management. EQUIP also offers economies of scale and potentially greater impact from a larger budget with lower transition costs, since MOE will be dealing with fewer separate entities. The management demands on RDE Kabul from pursuing this option will be less in the medium term and the fiduciary and other risks also lower. The most recent World Bank mission reviewing EQUIP reported that progress has been steady and the programme has benefitted from the recent emphasis on systems strengthening, and it is noted that the MOE has become a stronger partner.²¹ The decision has therefore been to shift Danish support to EQUIP. In addition to harmonising Denmark's support with the main international support for education, and thereby broadening the scope of Danish support to the education sector, this is also a better match with the future Embassy capacity just as it further mitigates risks of misuse of funds.

The next phase of EQUIP has not yet been designed; this process is expected to begin by the end of 2014 and run well into 2015. This means that the programme set out here is necessarily tentative in terms of programme content and results, although it can be expected to be firmly aligned with NESP III. Hence, a process will be needed to ensure that Denmark has an active voice and influence in programme formulation. A major strategic consideration is to build on past success, continuing to support the positive direction of development and thus to protect past investment from a leading position.

To ensure a smooth transition ESPA will gradually be phased out through the first three quarters of 2015. In this phase RDE Kabul will be engaged with MOE to ensure that lessons learned and achievements will inform the simultaneous Danish input to the design of the next phase of EQUIP. As activities under ESPA are progressively completed it is the expectation that the transition from ESPA to EQUIP can be managed in such a way that lessons learned are integrated into the new phase of

²¹ EQUIP Implementation Support Mission, September 2013.

EQUIP, possibly assisted by RDE Kabul funded external expertise, and that this can be managed in a way that mitigates any adverse impact on the MOE while maximising its positive aspects, such as lower transaction costs. Denmark would remain a substantial contributor with on-going interest in specific outcomes.

Assessed against **relevance**, continuing demand for access to and provision of quality education provides a core rationale for supporting the education sector. Supply-side shortfalls, including poor teaching, lack of buildings, books, etc, mainly affect rural populations in particular girls, and here is a concern about education quality and gender parity that must be addressed. In terms of **effectiveness**, TP2 envisages an increased focus on national coverage of education service delivery under the NESP III. The effectiveness of the support relies on retaining elements of Denmark's contribution to Afghanistan's education system and incorporating them into a new harmonised programme (EQUIP III). The multilateral modality will provide economies of scale and increased impact, harmonisation and coordination, with lower transition costs and fiduciary risks. EQUIP targets more sub-sectors than ESPA, so will eventually achieve greater coverage. TP2's objectives and modalities strive for **efficiency** by seeking a more harmonised intervention and a common emphasis on results. Transaction costs, in terms of separate steering and management committees will be reduced under the multilateral modality. Disbursement-led indicators are proposed by EQUIP leadership to link budget mechanisms to education outputs providing greater accountability both for use of funds and for education opportunity with careful design and expanded monitoring capacity. Early-stage contributions to programme design assist in promoting Denmark's interests. In terms of expected **impact**, past education provision and economic activity suggest strong long-term benefits provided the current transition is carefully managed. One aspect of this is to maintain the predictability of aid flows to education. Improving education quality will require further inputs to teacher and textbook development. EQUIP's work on measuring student achievement already shows promise increasing the confidence of parents, employers and other stakeholders in education investments. The ESPA programme has placed a strong emphasis on **sustainability** through "on-budget" delivery and avoidance of external governance mechanisms. This will be continued in the transition to EQUIP where Denmark will remain fully engaged and prioritise the use of Afghan structures and reduced TA.

4.2. Integration of experience and results from previous cooperation

Denmark has provided major support to education in Afghanistan since 2003 and important lessons from this extended period have been highlighted in various reviews and evaluations. Key observations are highlighted below and will provide input to RDE Kabul's dialogue with the World Bank's EQUIP team concerning the definition of EQUIP III and the transition from ESPA when it closes, so that gaps are not left in MOE capacity.

The 2012 *Evaluation of Danida support to the Education Sector in Afghanistan 2003–2010* notes that the "on-budget" modality selected was innovative, pre-dating the Paris Declaration on Aid Effectiveness, and although applied in a high risk context, was responsive to the changing situation and developed Ministry capacity and ownership. The most successful interventions during this period benefited from experienced technical management based in the RDE Kabul or within the Ministry itself. The key element seems to have been external guidance through internationally recruited Technical Advisors working closely with MOE counterparts, understanding needs and assisting with the design of appropriate systems. The technical guidance and policy dialogue was

regarded by all stakeholders (donors and MOE) as invaluable and made a significant contribution to progress in the sector. The first lesson learned, therefore, must be that successful and cost-effective interventions combine promotion of host ministry ownership with experienced and well-managed ongoing engagement.

The evaluation notes that there were periods during the decade when this engagement was not provided, for various reasons (increased insecurity, availability of appropriate expertise, etc.). During these periods monitoring and reporting of results received insufficient attention. Examples included inputs to a number of infrastructure sub-components reported on in the 2012 Evaluation, when schools were built, but MOE management capacity was not developed. This was also observed in the 2014 Education Review, which noted weak tracking of performance in the ESPA Semi-Annual Progress Reporting.²² As such, absence of data in the form of results; reduces the capacity of MOE, as well as donors, to manage disbursement and ensure effective service delivery.

In addition, it was noted that there were frequent occasions over the decade when it became necessary to modify original planning and targeting of sub-sectors, partly due to over-funding of some programmes and partly for reasons of insecurity, which limited disbursement. Dialogue with MOE and development partners has been essential to guide this flexible approach, acknowledging that flexibility is essential in a fragile state like Afghanistan, but this has to be guided by data, monitoring and technical engagement.

An example of essential flexibility and the provision of specialist support comes from the textbook printing and distribution programme, which was supported by USAID and Denmark, among others. Millions of textbooks were printed, but it is clear that the difficulties of ensuring the books reached students in schools were under-estimated. Logistical arrangements for examining and allocating numbers according to demand from schools required protected and sheltered areas, equipment and expertise. Above all a technical design was required, which had not been anticipated when printing began. The 2006 textbook distribution model was an example of detailed, context-specific support provided additionally by Denmark. More recently, under the ESPA programme, Danish aid has provided international TA to advise on technical improvements to the EMIS system and to the Procurement Department. As such there will inevitably be a need to add specialist technical advice to programmes. Funding for this activity needs to be available at short-notice to complement the main “on-budget” programme.

A focus of the Danish support has been Community Based Education (CBE), with the aim of improving access and enrolment. As such, CBE provides an effective means of increasing education opportunities for under-served, rural populations, especially girls. However, multiple CBE programmes from different donors risks fragmentation and duplication as well as lack of comprehensive coverage and uncertain sustainability. The lesson:

Detailed, regular technical discussions between stakeholders can increase efficiency and effectiveness. Harmonisation objectives need to be built into programme design, with progress monitored and reported to joint forums.

²² “Results columns on tracking matrices are left blank and where figures are given for input activities it is not possible easily to see a connection to the expected output, nor to gain a sense of improved quality in the national education system, the goal of the programme.” MoFA, Review Aide Memoire, Jan 2014 (p17)

4.3. Thematic Programme 2 summary

The objective of TP2 is *to increase equitable access to quality basic education especially for girls and other disadvantaged groups through schools grants, teacher training and strengthened institutional capacity with support from communities through community-based education and private providers.*

While the Danish support will effectively be pooled with that of other donors through the ARTF, there will also be possibilities for focused Danish dialogue and technical assistance. At the overall policy level, Denmark will promote the ownership and involvement of the MOE based upon the NESP, lessons learned from the previous Danish support, as well as EQUIP II. Specifically, the Danish support for the EQUIP programme will improve the monitoring and reporting on the sub-national expansion of inclusive service delivery to under-served populations, teacher development and community involvement. It will build government capacity through support for coherent transfer of National Technical Assistance (NTA) to permanent civil service positions and will do this while extending donor harmonisation and alignment with MOE policies and strategies. These priorities are described further below.

Table 6: TP2 theory of change

Assumption 1	The GIROA remains committed to the third National Education Strategic Plan (NESP) and further donor inputs to the education sector to increase access by girls and boys to quality education especially for rural areas remains welcome, and
Assumption 2	The EQUIP III design process is participatory and open to external inputs (from Denmark) so that a well-managed transition from ESPA to EQUIP is feasible and avoids leaving gaps in support, then if.....
Inputs	Denmark provides financial and well-timed technical inputs to the redesigned EQUIP III programme as a preferred component of ARTF, this will.....
Short term changes	Support the MOE in continuing to build capacity to plan, monitor and report on coordinated and harmonised expansion of schooling for under-served sub-national populations (girls, the disabled, nomads, etc.) particularly in rural areas, linked to the coherent and systematic transition from reliance on NTA to a sustainable and professional civil service (tashkeel ²³) - with the effect that they....
Medium term changes	Contribute to more inclusive, Afghan owned and accountable national and sub-national education service delivery, with planned development of MOE and GIROA capacity. In particular the targets set in NESP III for student enrolments, school construction, teacher education and MOE development noted above will be met, and that these.....
Long term, lasting changes	Continue increasing access to quality basic education especially for girls and other disadvantaged groups, and thereby also to expanding Afghanistan's human capital and skills contributing to job-creation and growth within a more stable and cohesive national framework.

Development engagement TP2.1: EQUIP III

TP2 comprises one development engagement, consisting of a preferred Danish contribution to the ARTF education programme; EQUIP. Although the contribution is through a multilaterally

²³ The tashkeel is the organizational structure detailing all staffing positions and levels in the Afghan civil service.

managed Trust Fund, the contribution will be accompanied by close involvement from RDE Kabul. The design process for the next phase of the programme; EQUIP III is expected to run through 2015, and TP2 will provide a technical expert to assist transition from ESPA to EQUIP, with responsibility for updating this thematic programme to reflect the design of EQUIP III. At this point, a DED will provide the vehicle for finalising and managing the Danish support, noting that the contribution will be made in accordance with ARTF arrangements.

The extension of existing EQUIP components into EQUIP III draws on the Danish experience from ESPA as well as NESP III objectives. In particular, there can be expected to be a need to increase the focus on certain additional programmes, including the Community Based Education mechanism allowing education services to reach various disadvantaged groups in rural areas where access can be difficult. Further attention should be given to programmes on monitoring and evaluation, which has shown to be an area where the MOE continues to be weak. In particular the need is to develop sub-national capacity to enable effective planning and budgeting at provincial and district level. A final focus area is sustainability, in particular the reduction in the large numbers of national technical assistants (NTA) that are not on the payroll (*tashkeel*), although many of them perform key functions. These could provide key points for focus from Denmark in relation to EQUIP III and are discussed below in relation to technical assistance.

As EQUIP III has not yet been formulated, EQUIP’s immediate predecessor (EQUIP II) and discussions with the EQUIP project team provide an overview from which the new programme will be based.

Table 7: Overview of EQUIP II components and possible integration in EQUIP III

EQUIP II themes	Project Development Level Objectives	Component-level indicators	Possible role in EQUIP III
Promoting Equitable Access to Basic Education	Increase in enrolment of both boys and girls Improvement in Gender Parity Index	School Grants: Improved Physical learning environment Student Classroom Ratio Primary to Secondary schooling facilities	Additional focus on rural areas and disadvantaged groups (under CBE framework)
		Teacher & Principal Education: Increase in female/male teacher ratio Pupil teacher ratio	Additional focus on staffing for rural areas (under CBE framework)
Improving the Quality of Education	System for monitoring Learning levels regularly and adequately established	School Grants Availability of learning/teaching materials Class-based assessments of student achievements in Dari, Pashto & Maths	Additional focus on quality education in rural areas and for disadvantaged groups (under CBE framework)
			Reduction of NTA staff through absorption into establishment or release

Strengthening Project Management, Delivery of Education Services & M&E	Dissemination of information on school finance, administration and pedagogical issues	School Grants: Disbursement performance Number of schools receiving grants Number of schools with shuras	Additional focus on coordination of support, reporting of performance, etc. in rural areas
		Teacher and Principal Education: % of total principals trained No. of students in TTCs receiving scholarships	Reduction of NTA staff through absorption into establishment or release
		Monitoring & Evaluation: Disaggregated data available on school level indicators – infrastructure, fund flows, enrolment, teachers & learning	Additional focus on capacity for management, monitoring & reporting of performance at provincial and district levels

4.4. Indicative results framework

The results framework is shown in Annex C, and each DED has an individual results framework, and reasons behind the choice of indicators. Until the EQUIP III programme has been designed, the following outline of expected results must be regarded as provisional. Moreover, while the NESP III draft and the current EQUIP II programme documents include a number of results indicators, targets and projections of these will need to be updated and made compatible during the EQUIP design process. Drawing from the NESP III targets, three outcome indicators that can be expected to feature in the EQUIP III are shown below. They are presented in the programme document's common format, although this may require updating after EQUIP III is developed.

The figures given for the 2014 baseline are those presented in the 2013 NESP III draft as targets. Firmer baselines will need to be established for the future EQUIP programme in 2015. Moreover, while current figures are disaggregated by gender, and a Gender Parity Index of 1 at primary level is targeted in NESP III for 2020, it is proposed that a further disaggregation by urban and rural (and possibly remote) areas would be both possible and useful. This could initially be based on data collected by CBE implementing partners and assembled by the CBE Unit. A specific objective for the EMIS component of EQUIP III might also be to increase capacity to monitor and report on provision of education for disabled students.

Table 8: NESP III indicators

Thematic Programme		Education	
Thematic Programme Objective		To increase equitable access to quality basic education especially for girls and other disadvantaged groups through schools grants, teacher training and strengthened institutional capacity with support from communities through community-based education and private providers.	
Impact indicator			
Engagement Title		Education Quality Improvement Programme Phase III	
Outcome indicator 2.1.1		Number of General Education students enrolled at basic education levels	
Baseline	Year	2014	9,100,000 (3,840,000 female)

Target	Year	2017	10,350,000 (4,660,000 female)
Outcome indicator 2.1.2		% teachers with minimum qualifications	
Baseline	Year	2014	52%
Target	Year	2017	66%
Outcome indicator 2.1.3		Number of General Education schools with buildings	
Baseline	Year	2014	8000
Target	Year	2017	9500

4.5. Management and monitoring

The section *ACP management* provides detail on the overall responsibilities of RDE Kabul. TP2 will consist of policy dialogue, multilateral funding, and technical assistance. In terms of dialogue, the major avenues will be provided through RDE Kabul participation in the ARTF Strategy Group, which provides the main forum for all ARTF interventions and includes Ministry of Finance and other key donors. The RDE Kabul will maintain close interaction with the Ministry of Education, which will be particularly important as ESPA draws down and as the EQUIP III design process gathers pace. As described below, it is envisaged that this dialogue is supported through active technical support. RDE Kabul will also interact with the EQUIP III project team and design process. This work will also be enhanced through the use of dedicated TA. Equally, Denmark will take active part in EQUIP III appraisal and programme reviews.

RDE Kabul will manage the education sector programme through the joint management structures established for EQUIP and ARTF, which are already well established. Preferencing of the Danish contribution indicates Denmark's continued priority attached to the sector and the intention to maintain a high level of dialogue with the EQUIP team and with the MOE. This will be further emphasised through the TA that will be made available.

Until September 2015, it is expected that the management arrangements in place for ESPA II will continue to operate, with RDE Kabul participating in quarterly steering committee meetings with the MOE and with the MOE providing narrative and financial reporting. The community based education activities in Helmand that have been implemented under a bilateral agreement (the SPEDAH project) with the NGO International Rescue Committee (IRC) will be phased out. These have previously been managed directly by IRC, with the MOE and RDE Kabul providing oversight.

The precise management arrangements that will apply once Denmark becomes a direct contributor to EQUIP will be clarified once the programme has been designed. It is expected that management will be provided by the World Bank through a project director who interacts directly with MOE. The EQUIP Coordination Unit in the MOE is directly responsible for the day-to-day implementation of the project. Management arrangements for EQUIP III are expected to increase ownership by MOE and the use of government systems. In dialogue with the World Bank during the design of EQUIP III, the RDE Kabul will emphasize this and other lessons learned. RDE Kabul will seek a higher than normal level of engagement on education issues during the ACP period reflecting the long-standing and significant Danish investment in the sector.

The World Bank operates as a financial management agent to limit fiduciary risks. Programmes are audited by the Government's Control and Audit Office (CAO). The CAO is assisted in this process by

an international audit company, which provides an independent audit of the funds. All procurements through the Fund have to be approved by the Government’s AFMIS system (developed through the PFMR support), which links tenders, companies and quotations in accordance with pre-set tender criteria, limiting fiduciary risks.

Technical assistance

It is envisaged that a number of elements of technical assistance will be required to support this thematic programme. Firstly, there will be a need to update this thematic programme and the DED once EQUIP III has been designed. Secondly, TA inputs will be needed to support the transition from the current ESPA programme, which extends to the third quarter of 2015 to the new phase of EQUIP, which is due to begin in 2016. The purpose of the TA will be to ensure a smooth transition that takes full account of the needs and wishes of the MOE and the lessons learnt from ESPA, as well as other issues highlighted in this thematic programme document, such as NTA. The TA will be expected to interact closely with the MOE and the EQUIP design and project team, as well as with the RDE Kabul and the MFA/TAS in Copenhagen. In order to ensure this, RDE Kabul will liaise with the MOE and the World Bank in Kabul to secure their agreement on a suitable working modality that adds value to the whole process.

Thirdly, suitably qualified technical experts will be required to support RDE Kabul in relation to participation in joint reviews, including education implementation reviews under World Bank auspices.

4.6. Budget

As EQUIP III has not yet been designed, it is not possible to present a budget at outcome level. The total budget for TP2 is DKK 337.5 million, as shown below.

Table 9: TP2 budget (DKK million)

	2015	2016	2017	TOTAL
EQUIP III	110	110	110	330
Technical Assistance	3.0	2.5	2.0	7.5
Total	113.0	112.5	112.0	337.5

4.7. Programmatic and institutional risks

Contextual risks in the ACP and programme-wide scenarios were analysed above. A full risk management matrix is available in Annex E. As with TP1, insecurity is a programmatic and institutional risk for TP2. Impacts will be particularly likely in attempting to extend infrastructure, access and teacher professional development into more remote areas in the face of hostile groups. The ARTF and MOE are required to maintain open communication regarding the impacts of such threats; RDE Kabul and the implementing partners should consider reviewing feasibility of work-plans and targets if aims become unrealistic.

The diversion of funds and the mismanagement of procurement are also demonstrated risks in Afghanistan's education sector. Delegation to World Bank systems is a major method of mitigating this risk. Beyond this, RDE Kabul should be prepared to commission external audits of Danish funding and to maintain the option to cease disbursement and reclaim unspent funds.

The design of EQUIP also contains some risks to sustainability. The intensity of expectations and the volume of technical assistance expected through the programme may undermine longer-term processes of developing MOE's own capacity and fiscal sustainability. If progress on sustainable capacity-building is slow, for example the transfer of NTA to the tashkeel, RDE Kabul should advocate the development of a medium-term plan to reduce this dependence.

5. Thematic Programme 3: Growth and Employment

5.1. Overall strategic considerations and justification

TP3 will support agribusiness as a key driver of growth and employment, and consists of two engagements, described in more detail below: the DFID-led CARD-F and the ARTF National Horticulture and Livestock Project (NHLP). As such it is aligned with the ANDS and its National Priority Programme 2: *National Comprehensive Agriculture Production and Market Development Programme* (NPP-2), as well as with Denmark's development strategies and policies on Afghanistan, recognising the importance of agriculture, food security, economic growth, employment and human rights concerns as prerequisites for sustainable development.

Economic growth and job creation are central to the development and long-term security of Afghanistan and agriculture is identified as a key driver of growth and poverty reduction²⁴. Increasing agricultural productivity and market access for smallholders is critical for rural development, job creation and food security and there is evidence that economic growth – particularly private sector growth in the rural economy – helps to underpin security by providing positive incentives for the wider population to reject violent and unlawful activity that undermines business. The situation varies hugely across the country, influenced by the productive capacity of the land, the state of law and order, conflict and local power and political dynamics, as well as the prevalence of the opium economy.

TP3 seeks to apply best practices for aid effectiveness. By supporting existing, well-functioning initiatives, aligned with national strategies and programmes, transaction costs will be reduced.

Sector development programming is advanced well beyond existing implementation capacity. This is certainly the case of the Ministry of Agriculture, Irrigation and Livestock (MAIL), which is under pressure from low disbursements and shortfalls in the capacities needed for implementation (although NHLP disbursements are reportedly in line with expectations). Nevertheless and despite future uncertainties, development partners remain committed to supporting national programmes, in most cases applying good practices in terms of aligning with national programmes and establishing stringent management procedures.

²⁴ Ref 2011 World Bank (WB) Development Report

Whereas agricultural growth has been steady, averaging 4.9% per annum in recent years, progress has not lived up to the expectations and the large investments by the GIROA and partners, and analysis suggests that more attention should be given to supporting the private sector directly, applying focus to value chains.

The conditions of fragility and insecurity in large tracts of the country not under government control does not appear conducive for attracting quality, long-term participation in private sector investment. But, under both CARD-F and the NHLP it has been demonstrated that investments, trade and enterprise continue.

Assessed against **relevance**, TP3 aligns directly to the ANDS and NPP-2 direction of support to private sector-based approaches to rural development, growth, employment and peace and stability. Agriculture accounts for 32% of the official GDP. In terms of **effectiveness**, by buying into well-functioning initiatives, TP3 maximises the ACP's prospects to effect change, and the two engagements are running at scale, with good national coverage. **Efficiency** is sought by supporting existing initiatives that have proven approaches and methods. Parallel administration, planning and reporting will be avoided. Both interventions are notionally on-budget, and will benefit from: (i) reduced establishment costs; (ii) economies of scale; (iii) accelerated returns to investment. Value-for-money is, however, a relative term. In terms of expected **impact**, the performance of the two engagements to date suggests they represent good opportunities. As outlined in the results matrices, 10,400 grants to farmers' organisations and agri-SMEs, with a net present value of USD 84 million²⁵ of benefits along supported value chains, will be directly attributable to TP3's support. Though **sustainability** is highly dependent on difficult-to-predict conflict and democratisation trends, the emphasis on the private sector helps to mitigate such threats to its growth and employment impacts. The probability of sustainability in the longer term will be improved by the engagements' approaches to: (i) conflict sensitivity; (ii) avoiding marginalisation of stakeholders' rights; (iii) cognisance of environmental fragility and climate sensitivity; and (iv) integrating opportunities to improve farm and enterprise performance by applying green-growth strategies.

The support to the two engagements allows for a role and presence for Denmark in the policy dialogue and in the governance of NHLP and CARD-F, and offers a platform for promoting green development pathways and approaches that are rights-based and conflict-sensitive. Development of the programmes to further improve on the green growth and rights-based approaches and performance will be part of the dialogue that RDE Kabul will have with the two programmes, including on the integration of HRBA and green growth into their results frameworks. TP3's TA budget will allow for RDE Kabul to be able to promote and undertake supportive analytical work, studies, evaluations, and process to integrate more systematically these policy priorities into CARD-F and the NHLP.

5.2. Integration of experience and results from previous cooperation

In the areas of agriculture and private sector development, Denmark has been an active participant, participating in the ARTF and also supporting agricultural education and micro-finance directly. Lessons from the evaluation of Denmark's Livelihood Programme, has been instrumental in drafting

²⁵ This result is extrapolated from the economic cost-benefit analysis that CARD-F includes in their EDP documents and is not based on any ex-post analysis.

and structuring the TP3, and following the evaluation; support to CARD-F was initiated in 2013 under the Livelihoods Programme.

Denmark was an active participant in the Helmand Provincial Reconstruction Team, with an advisor fielded there until end-2013. A number of analyses were carried out during that time, generally concluding that supporting approaches that are centred on value chains and agricultural enterprises had much to offer rural development. In 2013, Denmark partnered with DFID to extend CARD-F to Helmand province. This included piloting value chains that were conducive for women’s participation (e.g. scavenging poultry) as well as several market-led activities. The lessons from these activities in Helmand have further informed the elaboration of the present phase of CARD-F.

NHLP and CARD-F also addresses some of the capacity shortfalls present in local and central governments by (i) notionally being on-budget and part of the national programme, while maintaining their own administration and staffing; and, (ii) have stronger demand-side drivers, designed as they are to respond directly to the private sector and enterprise.

5.3. Thematic Programme 3 summary

The objective of TP3 is to *stimulate economic growth and poverty reduction by creating employment and income opportunities for rural men and women through agricultural enterprise development*. Table 10 outlines the theory behind TP3’s ambition to improve growth and employment in Afghanistan.

Table 10: TP3 theory of change

Assumption 1	The need for agriculturally based economic development in Afghanistan is prioritised by the GIROA in its policies, programmes, budgets and operations, and...
Assumption 2	Security is sufficient to permit basic governance, trade, investment and business activities to function in most areas of the country, with variability, periodic reversals and occasional problems of access even for basic trade and agricultural activities, and...
Assumption 3	The government’s service delivery in support of the private sector provides a minimal basis for a competitive agricultural economy, to a degree that motivates farmers, investors, traders and businessmen to improve their performance, and...
Assumption 4	Trade relationships with Afghanistan’s immediate external partners (notably Pakistan) are maintained to a degree that makes formal trade of foodstuffs and agricultural inputs and outputs viable, then if...
Inputs	Denmark supports CARD-F and NHLP to provide value chain-centric assistance to micro, medium and small enterprises in the form of analytical and diagnostic functions, training and extension, organisational development, supportive infrastructure, access to financial services and grants and subsidies to offset stakeholders’ risks and to reward innovation, this will...
Short term changes	Increase the coverage and volume of people implementing opportunities to improve their agricultural business performance, particularly by improving technology applied in farming and increasing the number of women accessing business development, with the effect that...
Medium term changes	Farm production, processing and trade along targeted value chains increases, agri-business and employment opportunities associated with these increase, while farmers, SMEs and traders increasingly modernise and improve productivity and formalise their

	businesses by building access to knowledge and technologies, and these...
Long term, lasting changes	Create and sustain equitable and decent, licit employment and income opportunities for rural men and women in farming and agri-SMEs along targeted value chains. This stimulates economic growth and poverty reduction. The application of environmentally-sensitive and conflict-sensitive approaches supports the sustainability and stability of these impacts.

Development engagement TP3.1: CARD-F

The ACP allocates DKK 250 million to CARD-F. The contribution will be via a Delegated partnership with UK DFID. CARD-F focuses on developing and delivering economic development packages (EDPs). EDPs are relatively large project interventions in a limited geographical area, supporting specific value chains²⁶ with technical assistance, training and infrastructure,²⁷ mostly on a cost-sharing basis. Market-driven value chain approaches are applied and inclusive planning processes with self-selecting procedures minimise conflict.

11 EDPs have been prepared, five of which are currently being financed and implemented. The EDPs range in size from approximately USD 2 to 8.5 million, with an average size of about USD 5.5 million. Based on the conservative figure of 55% of the budget being available for financing the EDPs, the TP3 contribution would finance the implementation of an additional 3-4 new EDPs. DFID expects to contribute GBP 30 million (approximately DKK 285 million) for the period 2014-18, and applying the same logic, that amount would fund the implementation of a further five EDPs.

45-50% of the CARD-F budget currently finances the implementation of the EDPs and this proportion is increasing. The remainder is used both to facilitate the processes and for management and overhead purposes, including the retention of an international management consultant (ATOS) and Crown Agents as financial monitoring consultant. The complex nature of CARD-F's implementation modalities is largely a reflection of the operating environment in Afghanistan, and although there is a high and irreducible overhead cost in delivering programmes of this type, CARD-F has done well to reduce the proportion of overhead costs. The percentage of overhead costs is now lower than in many other Afghan programmes and is on a par with programmes such as the National Area Based Development Programme and the NSP. Much of the facilitation work that CARD-F does produces results and outputs that are not readily measured, for example attitudinal changes, the building of social capital and facilitating market linkages. The percentage of the budget available for EDP implementation is increasing and is set to do so further during the this phase, as national management assumes greater responsibility and more EDPs come under implementation.

Overseen by an Inter-Ministerial Committee and located within MAIL, CARD-F is managed by an independent Management Unit, supported by a DFID contracted management consultant that handles all payments on behalf of DFID. Crown Agents Ltd. are contracted to deliver financial monitoring services under phase 1. CARD-F received an "A" rating in its 2013 review.

Development engagement TP3.2: ARTF focused on NHLP

²⁶ Primarily dairy, poultry, horticulture and cotton.

²⁷ For example, greenhouses, poultry houses, irrigation equipment and roads.

TP3 includes a particular focus on the NHLP under the ARTF. As mentioned above, the contribution to the ARTF under TP1 and TP3 will be non-preferenced amounting to DKK 110 million per year (DKK 330 Million over the full programme period). In the ACP budget the support through the ARTF is divided between TP 1 (70%) and TP 3 (30%), in order to illustrate the particular focus on the three ARTF programmes that will be reported upon²⁸.

The NHLP is designed to improve productivity and overall production of horticultural goods and to improve animal production and health. The operating strategy is to deliver extension and investment support through strengthened systems in three components: (1) horticultural production; (2) animal production and health; and (3) implementation management and technical assistance support. NHLP's 2012-2018 budget is USD 50 million, with 56% allocated to Component 1, 29.7% to Component 2 and 28.9% to Component 3.

NHLP's Component 1 on horticultural production provides organisational support to farmers and extension services focused on orchard management, value addition and marketing. It also provides capacity-building to support productive investments that will facilitate adoption of improved technology packages that mirror those disseminated in extension messages.

Component 2 on animal health and production works in a similar way, although its investment support utilises two approaches. For the private sector it applies a capacity building approach to facilitate the adoption of improved technology packages alongside extension messages. In the public sector, Component 2 also supports investment to develop an animal health surveillance and control system.

For examples of tangible activities and progress, by April 2014, the planned total area of new orchards established had already exceeded the annual target (3,039 ha or 151% of the target by end of 2014, and 50% of the end-of-project target), as had the area of orchards rehabilitated through replication of demonstration plots (cumulative 15,600 ha achieved or 260% of the end-of-project target) and kitchen gardening parcels (estimated 150 ha through 9,873 plots or 254% of the target by end of 2014, and 153% of the end-of-project target).

In the livestock component, extension activities have supported Veterinary Field Units (VFUs) and the Female Extension Agents (FEAs). In April 2014, NHLP reported that extension had already been delivered in the first ten target provinces to 108 male groups and twice that number of female groups, through a total of 6,012 FFS training sessions. An apparent measure of effectiveness was the spontaneous formation of 10 groups without NHLP support or direction, which did so in order to access the technical information that the VFUs and FEAs are regularly delivering.

5.4. Indicative results framework

The ACP results framework is shown in Annex E. Each DED has an individual results framework, and reasons behind the choice of indicators. The outcome framework is shown below:

Table 11: TP3 results framework

Thematic Programme	Growth and Employment
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²⁸ i) Capacity Building for Results, ii) Public Financial management Reform Programme, and iii) The National Horticulture and Livestock Project.

Thematic Programme Objective		To stimulate economic growth and poverty reduction by creating employment and income opportunities for rural men and women through agricultural enterprise development.	
Impact Indicator		Increased prosperity of agricultural communities working on licit livelihoods, and improvement of food security and livelihood of the rural communities.	
Engagement Title		Comprehensive Agriculture and Rural Development Facility	
Outcome indicator 3.1.1		Growth in licit rural incomes from EDPs	
Baseline	Year	2013	5 EDPs in 5 regions implemented. Increase in income and land under licit cultivation to be established. ²⁹
Target	Year	2017	Income generated by EDPs for beneficiaries (gender disaggregated) increases by GBP 77 million
Outcome indicator 3.1.2		Growth in licit rural employment from EDPs	
Baseline	Year	2013	5 EDPs in 5 regions implemented.
Target	Year	2017	Number of jobs for EDP beneficiaries increases by 13,461 over 2013, of which 3,231 are for women.
Engagement Title		ARTF National Horticulture and Livestock Project	
Outcome indicator 3.2.1		People with access to agricultural and/or irrigation services	
Baseline	Year	2012	178,000 (52% women)
Target	Year	2017	1,700,000 (50% women)

5.5. Management and Monitoring

The section *ACP management* provides detail on the overall responsibilities of RDE Kabul. Monitoring of the TP3 programme and its components will primarily be the responsibility of CARD-F and NHLP as implementing partners, and MAIL, MCN and MRRD as sector line ministries. Both CARD-F and the NHLP have made good progress in building local capacities and functions to support implementation and monitoring and these include not only their own staffing structures but also liaising with and using local government and communities and contracted service providers.

CARD-F's and NHLP's monitoring of field-level activities is often made difficult by security conditions. These can change at short notice and are disruptive to work routines and systems-based approaches. Various agencies put considerable investment, intelligence and effort into monitoring the security environment. Where the personal security of staff and partners cannot reasonably be assured, and where governance standards and capacities are less than optimal, opportunities exist for diverting resources.

RDE Kabul will accept agreed systems for monitoring, reporting, reviews and evaluations. Assessments against engagement indicators will be fed into the ACP's consolidated annual report, informing RDE Kabul's annual dialogue and portfolio review with the Ministry of Finance.

RDE Kabul will have the opportunity to influence the further development of the CARD-F and NHLP indicators and monitoring systems through participation in relevant fora. In particular, Denmark will

²⁹ An evaluation of CARD-F is reported as part of DFID's strategy but the timing of this is not clear. CARD-F's own internal reports often offer data for these indicators but it is not clear that the data is sufficiently robust. For example, the July 2013 Review observes that evaluation and beneficiary monitoring needs to be improved – see monitoring section below.

advocate for more specific indicators that target female access, environmental risk mitigation, business and value change performance, adaptation to climate change and conflict sensitivity.

5.6. Budget

The budget for TP3 includes support for CARD-F through DFID, a non-preferenced contribution to the ARTF, and a technical assistance budget in RDE Kabul.

Table 12: TP3 budget (DKK million)

Development Engagement	Q4 2014	2015	2016	2017	Total
3.1 CARD-F	50,0	55,0	70,0	75,0	250,0
3.2 ARTF focused on NHLP		33,0	33,0	33,0	99,0
Technical Assistance		2,0	2,0	2,0	6,0
Total	50,0	90,0	105,0	110,0	355,0

Technical assistance

RDE Kabul includes a TA budget targeted at participation in formulation, reviews, appraisals and evaluations of CARD-F and NHLP, both of which have indicated they would welcome this. In relation to CARD-F in particular, TA may be useful to support the integration of recommendations from the February 2014 appraisal, described above. Equally TA will be used for preparation and participation in the Agricultural Sector Review, the associated development of the NPP-2 joint financing modality, and other policy and strategy undertakings of the Development Partners group. If need be, TA can be used to undertake independent analysis of developments in the sector and of data being received and support the preparation of progress reports at Thematic and Country Programme level. Finally, the TA budget allows for undertaking studies and short term research as required by RDE Kabul to support the CARD-F and NHLP engagements.

5.7. Programmatic and institutional risks

Contextual risks in the ACP and programme-wide scenarios were analysed above. A full risk management matrix is available in Annex E. Programmatic and institutional risks faced by TP3 are outlined below.

The programmatic and institutional risks that TP3 faces are similar to TP1 in relation to political instability and diversion of funds. An additional threat to TP3 comes from the economic headwinds that Afghanistan looks likely to experience in the coming years. This is evident in the government's challenging fiscal outlook, continuing capital flight among the elite and the economic dependence of Afghanistan on foreign aid flows. The targets for TP3 assume a slower but still positive growth path for the country. However, there is a risk that reduced confidence and/or increased conflict undermine investment and further affect economic activity. There is little RDE Kabul can do to influence this, but the onset of economic slowdown or recession would require cooperation with partners to revise targets and potentially to adjust programming to address decline rather than promote growth.

6. ACP budget

The detailed Country Programme Budget is presented in Annex D.

6.1. Unallocated funds

The ACP budget includes a total of DKK 63 Million of unallocated funds. A priority for the use of these funds is the development of an engagement that focuses on civil society support. A budget of tentatively DKK 30 – 35 Million is expected for this.

7. ACP management

The ACP design has taken into account the management demands placed on RDE Kabul, the size of which is declining. These demands are expected to diminish in the medium term (by end-2015) as the number of separate engagements reduces and as the shift to more multilateral and joint programming takes effect. The consideration of management burden also takes into account that other Danish support to Afghanistan (PSF, ROI and humanitarian aid) will be managed directly from Copenhagen, with RDE Kabul playing only an occasional monitoring role.

The ACP will not establish a separate Steering Committee at Programme level for overall programme decision-making and management, which it is seen would represent a significant additional transaction cost and would not be administratively feasible given the stakeholders concerned. Instead, RDE Kabul will engage in an annual dialogue and portfolio review with the GIROA, as represented by the MOF (which serves as the main focal point for aid coordination matters on the Afghan side). At this meeting, the overall progress of the ACP portfolio will be discussed and attention given to key strategic issues, such as overall alignment with Afghan national plans and Afghan ownership taking into account contextual developments.

Management at the level of Thematic Programmes is outlined above, and involves that RDE Kabul will manage the programme through the joint mechanisms established for each engagement. In the majority of cases, this implies that Denmark will have access to strategic boards and management structures established for multi-donor trust funds and other joint funding arrangements. All of these are already well established and generally include external supervisory roles (for instance through the World Bank or UNDP) that limit fiduciary risk.

Within RDE Kabul, the thematic programmes each fall under one of the thematic teams that currently comprise an international staff member and at least one national programme officer. Whereas this may diminish over the course of the implementation, the management set up allows sufficient opportunities for sparring and interaction between teams as well as overall management oversight.

The ACP's financial management arrangements will be in accordance with the provisions of the various interventions supported by the development engagements. These are specified in the thematic programmes and DEDs.

The overall management arrangements are summarised in Annex H.

Reviews and Sparring

The volatile context and provisional nature of certain of the development engagements at the time of programme formulation, means that results frameworks, in particular, require further clarification and development. In doing so, there will be a need for the RDE to have access to additional support, strategic dialogue, and sparring. This involves departments in the MFA in Copenhagen together with - or as well as - external consultants. It is envisaged that the ACP will be subject to an early review in late 2015, which will confirm the objectives and indicators of the individual development engagements, review progress and assess possible needs for adjustments, and provide an opportunity to reflect contextual changes. In addition there may be a need for other types of *sparring cum review processes*, which could have the form of desk engagements including intensified dialogue as well as actual missions. All interventions are subject to investigation by the Auditor and Controller General of Denmark, it is not yet possible to use the national audit institutions. It is possible for the RDE to request special audits if deemed necessary. Funding for costs for reviews, sparring and extra-ordinary audits together with needs for undertaking programme related studies, have been reserved in the programme's budget.