

Chapter 15

Aid delivery channels

15.1 As foreign troops withdraw and government revenue shrinks, one of the key concerns with development assistance to Afghanistan is ensuring the uninterrupted delivery of basic services currently funded by the international community and in many cases delivered by NGOs. The lack of capacity within the Afghan administration to deliver basic services presents donor countries with particular challenges—selecting the right mechanisms to help fill this gap while at the same time helping the country to become self-reliant.

15.2 Another important consideration is sustaining the achievements brought about through aid. The committee has discussed the importance of concentrating on critical sectors not only to maintain Afghanistan's momentum toward development but to prevent any reversal. In this chapter, the committee continues its consideration of the steps that Australia can take to ensure the effectiveness of its aid to Afghanistan as the country moves toward the transformation decade. Having considered the particular sectors Australia should fund, the committee, in this chapter, is concerned with the mechanisms for aid delivery—on budget systems, international NGOs and local community groups or civil society.

On budget funding

15.3 For many years now, Australia has allocated a significant portion of its ODA directly to the Government of Afghanistan to support the ANDS using in particular the ARTF. The fund has proven to be a successful means of delivering assistance to Afghanistan and of strengthening the country's institutions.¹ Australia's focus on channelling assistance through the fund is to continue. As noted previously, the Australian Government has undertaken to direct 50 per cent of its aid funding to Afghanistan through national systems.

15.4 AusAID informed the committee that Australia had exceeded this target in 2011–2012 with approximately 55 per cent (\$93 million) of AusAID's funding being directed to Afghan systems. Of this sum, \$92 million went through the ARTF, which represented 54 per cent of AusAID's ODA to Afghanistan.² Australia rates highly among the donor community for the proportion of its funding that is on budget.³

1 Ms Jennifer Rawson, DFAT, *Committee Hansard*, 3 December 2012, p. 3.

2 AusAID, answer to written question on notice no. 1.

3 Islamic Republic of Afghanistan, Ministry of Finance, *Development Cooperation Report, 2012*, Table 2, p. 29,
<http://www.undp.org.af/Publications/2013/Development%20Cooperation%20Report%20-%202012.pdf>.

Table 15.1: Achieving the 50% on-budget commitment of the Kabul Process(current ratio of aid channelled through the core budget by donor countries)⁴

Donor	On-budget	Off-budget		Donor	On-budget	Off-budget
Asian Dev. Bank	100%	0%		Sweden	29%	71%
Isl. Development Bank	100%	0%		Canada	28%	72%
World Bank	100%	0%		European Union	27%	73%
Finland	67%	33%		Norway	27%	73%
Australia	60%	40%		Poland	17%	83%
Netherlands	58%	42%		United States	11%	89%
Denmark	53%	47%		France	6%	94%
Japan	46%	54%		India	0%	100%
United Kingdom	46%	54%		New Zealand	0%	100%
Italy	44%	56%		Switzerland	0%	100%
Germany	36%	64%		Turkey	0%	100%
Czech Republic	34%	66%		United Arab Emirates	0%	100%

15.5 The majority of witnesses recognised the sound work of the ARTF and supported Australia's commitment to boost its funding to Afghanistan's national budget through the fund.⁵

Committee view

15.6 The committee commends the government's decision to direct 50 per cent of its ODA through national systems and for achieving this objective. The advantages of this arrangement include close alignment with Afghanistan's priorities, better

4 This table is taken from Islamic Republic of Afghanistan, Ministry of Finance, *Development Cooperation Report, 2012*, Table 2, p. 29, <http://www.undp.org.af/Publications/2013/Development%20Cooperation%20Report%20-%202012.pdf>.

5 See chapter 5 paragraphs 5.53–5.64. For example, Dr Bizhan noted that it would be important that Australian assistance use Afghan government systems and channels such as on-budget mechanisms by using the Trust Funds and the government budget. *Submission 13*, p. 2.

coordination of funds from a number of different donors and close monitoring and evaluation of projects.⁶

Recommendation 21

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

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

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

15.10 The committee, however, notes that the government in Afghanistan is highly centralised and the administration's capacity to deliver basic services is severely constrained. In this regard, the National Solidarity Program (NSP) has been particularly successful in promoting local ownership through its community-based projects. Even so, the lack of capacity in the administration to deliver essential services effectively remains a major obstacle now and into the foreseeable future as Afghanistan endeavours to take charge of its own affairs. NGOs, which have had an important place in providing development assistance, even at times of heightened insecurity, will be a critical link in Afghanistan's transition to self-reliance.

NGOs

15.11 The committee has noted NGO's contribution in Afghanistan, particularly their determination to remain working with communities even during the most difficult of times. Their continuity, understanding of the communities they serve and ability to work safely in insecure environments will be vital as Afghanistan enters the transformation decade.⁷

15.12 Currently, critical services such as healthcare and education are funded almost entirely by international donors with NGOs being a vital link in the delivery chain. According to Caritas, as a result of this investment, considerable achievements have been made towards the MDGs and a solid foundation for service delivery has been established. It warned, however, of the risk that such gains would be threatened if the Afghan Government had 'no strategy for ensuring an uninterrupted delivery of essential services to the Afghan people'.⁸ Caritas informed the committee that it was crucial that the donor community supports the delivery and development of basic

6 The fund and its advantages were discussed fully in chapter 5.

7 See Chapter 6 especially paragraph 6.13. See for example Caritas, *Submission 10*, p. 2.

8 *Submission 10*, p. 1.

service provision in well-coordinated ways both through the Afghan Government and through bilateral partners. Mr Fernandez explained:

In order to build upon hard-won gains in health and deliver on some of the indicators in the health MDGs...there is a need to scale up partnership approaches, like the BPHS, that are proving to be successful.⁹

Summary

15.13 The evidence is clear—ministries, line ministries and Afghan institutions need to develop their capacity if they are to assume responsibility for funding and providing basic services. Also, given the decentralised nature of government in Afghanistan, the success of transition to Afghanistan leadership will also depend on the capacity of local administrations to serve their communities. Thus, stronger and enduring connections need to be established in Afghanistan between district, provincial and federal bodies and civil society.¹⁰ In this regard, the committee has noted the significant successes that have resulted from community-based programs such as the National Solidarity Program and the major contribution that NGOs have made in delivering education and health services under the program. Looking to post 2014, some NGOs are likely to continue to fill the gap in the Afghan Government's capacity to deliver services on the ground.

Phasing out of PRTs

15.14 Through the transition period and into the transformation decade, the role of international donors is intended to evolve from delivering services directly to supporting and helping the Afghan Government to build the capacity of its institutions so that it can exercise its sovereign authority in all its functions.¹¹ This shift will 'entail the phasing out of all PRTs, as well as the dissolution of any structures duplicating the functions and authority of the Government of Afghanistan at the national and sub-national levels.'¹²

15.15 The UN Secretary-General recognised that transition offered 'the chance for significant realignments, bringing civilian agencies increasingly to the fore'. He cautioned, however, that this change 'must be subject to careful planning and preparation', explaining that:

Provincial reconstruction teams, for example, have provided significant logistical and financial assistance at the sub-national level. Their evolution must not mean the evaporation of funding and assistance for local

9 *Committee Hansard*, 4 December 2012, p. 50.

10 See as an example, Caritas Australia, *Submission 10*, p. 1.

11 The International Afghanistan Conference in Bonn, Conference conclusions, 'Afghanistan and the International Community: From Transition to the Transformation Decade', 5 December 2011, paragraph 9.

12 The International Afghanistan Conference in Bonn, Conference conclusions, 'Afghanistan and the International Community: From Transition to the Transformation Decade', 5 December 2011, paragraph 9.

government, but rather the continuity of support for sustainable Afghan systems of governance.¹³

15.16 The Australian led PRT has continued to fund infrastructure upgrades and carry out education and health care projects all in support of the transition. Approximately \$30 million has been spent directly in Uruzgan province where Australia maintains a sizeable troop presence.¹⁴ As noted earlier, approximately 20 per cent of AusAID's program to Afghanistan would be directly focused on Uruzgan province for the 2012-13 financial year.¹⁵

15.17 Mr Dawson explained that in the coming years AusAID would strengthen its Kabul-based presence as its programs in Uruzgan wound down with the transition to Afghan taking responsibility for security.¹⁶ Australia's intention is to have a strong but less direct role in the province and to deliver assistance through development programs administered at the national level. AusAID acknowledged that this approach carried risks beyond the general security threats and cited Afghanistan's weak governance systems and widespread corruption. It explained that Australia would try 'to mitigate these risks by insisting the Government of Afghanistan makes progress on its own commitments to tackle corruption'.¹⁷

15.18 AusAID also stated that it would manage its increased aid budget to Afghanistan effectively and work closely with other agencies during its transition out of Uruzgan Province. It indicated that it would limit its exposure by having credible partners deliver Australian aid and put in place 'robust monitoring and evaluation processes' and respond quickly if it detected any irregularities.¹⁸

15.19 The committee has mentioned the 'Children of Uruzgan' program delivered through Save the Children.¹⁹ The second Australian program to operate in Uruzgan will be delivered through a UN agency—UN Office for Project Services (UNOPS)—and involve rural road construction and rehabilitation. AusAID expected that Australian aid would also be used during transition and thereafter to help the provincial government develop its basic administrative and financial management

13 United Nations, General Assembly, Security Council, A/66/855-S/2012/462, Report of the Secretary-General, 20 June 2012, paragraph 69.

14 *Submission 20*, p. [2].

15 Answer to written question on notice no 8.

16 *Committee Hansard*, 3 December 2012, p. 2.

17 AusAID, *Annual Report 2011–12*, p. 7.

18 AusAID, *Annual Report 2011–12*, p. 7.

19 Save the Children website, 'About Children of Uruzgan', <http://www.savethechildren.org.au/emergency/cou/about-children-of-uruzgan/> (access 15 January 2013).

capacity.²⁰ AusAID informed the committee of two additional activities that would continue in Uruzgan past 2013—a sanitation and hygiene program delivered in conjunction with a Dutch NGO; and a small scale infrastructure program (retaining walls, bridges and wells) delivered through the UNDP in partnership with the Ministry of Rural Rehabilitation and Development.²¹

15.20 In this regard, the committee understands that AusAID undertakes and publishes an assessment of multilateral organisations in relation to, among other things, their 'poverty orientation and impact' and value for money.²² It does not do so for NGOs.

Summary

15.21 The committee notes AusAID's assurances that, although it is to pull its staff back to Kabul, it intends to maintain at least two main projects in Uruzgan—'Save the Children' to deliver the 'Children of Uruzgan' program and UNOPS to deliver a reconstruction project as well as two smaller projects. The committee has considered the advantages in using multilateral organisations and international NGOs to deliver aid in Afghanistan. It found that NGOs have made a valuable contribution by helping to deliver services and would continue to have a pivotal role through the transition. Evidence before the committee also highlighted the central importance of building partnerships between communities, civil society, government, donors and NGOs in achieving the effective delivery of essential services.²³

15.22 To this stage, the committee has mentioned only in passing the role of local NGOs and civil society organisations as partners in delivering assistance. A number of witnesses, however, have underscored their importance in service delivery particularly as Afghanistan moves toward self-reliance.

Civil society including local NGOs

15.23 Mr Poulter, CARE Australia, noted that a healthy society has, as well as effectively functioning governments at the national and local level, a vibrant civil society.²⁴ Many other witnesses agreed with this view and argued that Afghanistan's

20 Answer to written question on notice no. 8 provided the following details: Children of Uruzgan Program (\$35.7 million, 2011-15); Uruzgan Rural Roads Program (\$25 million, 2012-15), Small Project Facility (\$13.9 million, 2010-13) managed by GIZ, and Support for Local Government Program (\$10 million, 2011-13), implemented by GIZ. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has supported Afghanistan's reconstruction since 2002. In total, GIZ has around 320 seconded and more than 1,500 local staff working on around 60 projects in Afghanistan. See <http://www.giz.de/en/worldwide/358.html>.

21 *Committee Hansard*, 22 March 2013, p. 30.

22 AusAID, *Australian Multilateral Assessment*, March 2012, <http://ausaid.gov.au/partner/Documents/ama-full-report.pdf>. The assessment generally covers multilateral organisations that receive AusAID funding, Terms of Reference, <http://ausaid.gov.au/HotTopics/Documents/AustralianMultilateralAssessmentTOR.pdf>.

23 See chapter 6, paragraphs 6.15–6.26. See also *Submission 10*, p. 1.

24 *Committee Hansard*, 4 December 2012, p. 37.

civil society would also have an essential place in assisting the Afghan Government move through its transition. Caritas highlighted the importance of local and national governance recognising the value of civil society:

The success of withdrawal relies upon the transition to Afghan leadership, much of which must be exercised at the local level given the decentralized nature of the Afghan political structure.²⁵

15.24 Thus, it argued that civil society engagement and participation were necessary to encourage government transparency and to make programs more responsive to people's needs. In its view, an active functioning civil society was 'essential to the delivery of equitable development and the achievement of the MDGs'.²⁶ Mr de Groot underscored this important role of civil society:

...there is certainly a role for the emergence and fostering of greater civil society leadership and agency within Afghanistan post 2014. There is today, and that needs to increase. The Tokyo agreements that talk about directing 50 per cent of the ODA to government we understand and support. The other 50 per cent we think civil society should be really encouraged to come forward and access and show how effective they are.²⁷

15.25 Some witnesses would like to see an increased use of local NGOs and civil society organisations (CSOs). They suggest that these smaller local organisations have been left aside by Afghan and international decision makers: that they have not been sufficiently consulted nor given the chance to contribute to decisions that will deeply affect the life of Afghans.²⁸ For example, Mr de Groot was of the view that there was space to further engage small, local NGOs for capacity and community building. He could see that they would be needed to govern their schools and their health systems and hold their government to account. Indeed, he said that they would be the future and needed to be nurtured. His organisation, Caritas, argued that NGOs were well placed as impartial, independent agencies to work with local communities, and women in particular, to build their capacity to engage in local level decision making forums.²⁹ According to Mr de Groot, Caritas had adopted an approach that would allow greater opportunity for civil society structures to emerge and for it to partner with more small community-based organisations.³⁰ He spoke of civil society actors in country, as well as international NGOs 'trying to walk in solidarity to help meet community needs, not just now but over time'.³¹

25 *Submission 10*, p. 1.

26 *Submission 10*, p. 1.

27 *Committee Hansard*, 4 December 2012, p. 54.

28 See for example, *Submission 5*, pp. 1–2.

29 *Submission 10*, p. 1.

30 *Committee Hansard*, 4 December 2012, p. 54.

31 *Committee Hansard*, 4 December 2012, p. 54.

15.26 In its submission, the Afghan Development Association maintained that through the use of local partners it could 'develop the capacity of local partners and implement programs efficiently and effectively as compared to other approaches'. It stated further that by using local partners, the communities feel ownership in the development activities; therefore, they 'provide full security and protection to the staff and programs'.³²

15.27 Mr Bryant, AID/WATCH, advocated a move toward more local NGOs while Oxfam argued that empowering local civil society organisations was 'the way to go'.³³ According to the TLO report, several smaller Afghan NGOs lamented a perceived shift of AusAID to funnel its money either through bigger international NGOs or the Afghan Government. A respondent to the TLO review noted the inefficiency of this trend, stating:

The Australians don't give money to small NGOs, but only to big ones, even though those then in turn need implementing partners. Why not give the money directly to local NGOs and eliminate the middle-man?³⁴

15.28 Mr Lowenstein submitted that Australia has a choice to support existing local Afghan NGOs. In his view, some of the NGOs were doing 'wonderful work' and getting access to, and operating in, areas where foreign troops were not present. He indicated, however, that a number of them were not tied to the government and needed support. It appeared to him that in many cases elements of the Australian Government and AusAID did not really want to think of using local NGOs as an option.³⁵ He stressed the need for Australia and AusAID to provide support for local organisations doing work on the ground. To his mind, it was unfortunate that very few of them were getting support from Australia and that the issue of local NGOs had been 'largely ignored for a long time'.³⁶

15.29 Mr Leahy, CARE Australia, also highlighted the important role of civil society in Afghanistan in managing aid. He noted, however, that the frameworks developed through the Tokyo process—the mutual accountability framework and subsequently the aid management policy—are almost silent on the role of civil society in monitoring and participating in decision making around aid programs. In CARE's assessment, that omission was significant.³⁷ While recognising the importance of local NGOs, Caritas explained that 'regardless of their capacity civil society will be

32 *Submission 5*, p. 1.

33 *Committee Hansard*, 4 December 2012, p. 46 and 22 March 2013, p. 11.

34 TLO, *Uruzgan: 18 months after the Dutch/Australian Leadership Handover*, A TLO Provincial Profile, April 2012, pp. 12–13.

35 *Committee Hansard*, 4 December 2012, p. 31.

36 *Committee Hansard*, 4 December 2012, pp. 32–33.

37 *Committee Hansard*, 4 December 2012, p. 36.

ineffective if they are omitted from decision making, planning and implementation processes'.³⁸

15.30 The Afghan Australian Development Organisation informed the committee of the 'great demand for village based education and training initiatives, with classrooms formed in the homes of local leaders and public village mosques'.³⁹ A representative of the organisation, Mrs Bianca Pilla, explained that smaller, locally based organisations that have very well-established linkages with local government can 'achieve a lot more in terms of challenging the cultural norms or building acceptance amongst local leaders'. They are able to work with local leaders and in effect convince them that community based education programs are beneficial and do not challenge cultural norms and are safe. According to Mrs Pilla:

Given how scared people in Afghanistan are about what is going to happen post-2014, they are more likely to accept that model of education after 2014.⁴⁰

15.31 She noted further:

...there is not enough of an emphasis on programs with community based education and with accelerated learning programs. I think there is a challenge with Australian organisations not having the linkages with local organisations who can really get into the remote rural areas and establish this kind of community based education model.⁴¹

15.32 The committee appreciates the importance of involving local NGOs in project design and implementation. Local NGOs or civil society organisations suffer from a number of weaknesses including lack of physical resources—offices, supplies and remoteness from the central government.⁴² For example, Mr Poulter referred to the limitations of local NGOs including their inability, at times, to gain access to discussions happening in ministries in Kabul because of technology or language problems or physical remoteness⁴³

15.33 Mr Naeem, Afghan Development Association, suggested that in the current context some part of Australian aid be allocated to strengthen NGOs/CSOs as started by Tawanmandi. Launched by a consortium of donors, this program aims to strengthen CSOs across Afghanistan and is funded by the UK, Sweden, Denmark and Norway.⁴⁴ According to AusAID, it used lessons learnt from the Tawanmandi

38 *Submission 10*, p. 1.

39 *Committee Hansard*, 22 March 2013, p. 9.

40 *Committee Hansard*, 22 March 2013, p. 10.

41 *Committee Hansard*, 22 March 2013, p. 10.

42 Tawanmandi website, *CSOs Mapping Exercise, An analytical overview of the advocacy efforts of CSOs across Afghanistan*. pp. 5 and 12, <http://www.tawanmandi.org.af/english/images/files/Tawanmandi-Mapping-Report.pdf> (accessed 12 March 2013).

43 *Committee Hansard*, 4 December 2012, p. 37.

44 *Submission 5*, p. 2.

program in Afghanistan to inform the development of its new program—the Australia Afghanistan Community Resilience Scheme.⁴⁵

15.34 This program is intended to fund up to five Australian and international NGOs to work with Afghan NGOs to deliver food security and livelihood programs in rural Afghanistan.⁴⁶ On 17 December 2012, however, the Australian Government announced that it was going to reprioritise resources within the aid budget. As a result, the 2012-13 revised budget estimate for the Afghanistan program was reduced by \$11.8 million, which involved deferring the new community resilience program (\$5 million).⁴⁷ The committee is concerned that a program targeted at involving local NGOs has been deferred especially at this time of transition when one of the key concerns is to build the capacity of local people so that they can become a vital part of the service delivery chain to their communities.

Recommendation 22

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

Recommendation 23

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

Civil society monitoring and evaluation

15.37 Civil society, including NGOs, can also make a valuable contribution to evaluating projects funded under arrangements such as the ARTF. An examination by Oxfam of the strengths and weaknesses of the World Bank-led trust funds highlighted

45 Answer to written question on notice no. 6 following 22 March 2013 hearing.

46 Answer to written question on notice no. 5.

47 AusAID Afghanistan home page, <http://www.ausaid.gov.au/countries/southasia/afghanistan/Pages/home.aspx#aid> (accessed 2 March 2013). See also AusAID answer to written question on notice no. 2 following 22 March 2013 hearing.

the importance of independent monitoring by civil society and NGOs in the set up and delivery of projects under such funds.⁴⁸ CARE Australia proposed including women in the process of establishing and monitoring internationally funded development programming and government policy.⁴⁹ Mr Leahy suggested that by involving civil society including women, the intention would be to have the programs and the government accountable to the people of Afghanistan and not necessarily to foreign donors such as Australia. He argued that the people of Afghanistan are the owners of their own future, and need to be given a voice.⁵⁰ Mr de Groot also underscored the important role of civil society. He said:

With the 50 per cent that is government focused, we need to set targets to see how effective that is. The way of measuring that is by empowering civil society within Afghanistan to be the judges of how effective that aid is and how their government is performing to meet their needs

So there are lots of roles, not only in the delivery but in the monitoring, the evaluation and their own advocacy to empower civil society...Should that increase more and more? Definitely.⁵¹

15.38 Dr Bizhan identified the need for greater Afghan involvement in monitoring and evaluation so that the Afghan government and others associated with the delivery of aid can be held to account.⁵²

Private sector

15.39 Recently, the IMF suggested that an immediate challenge for Afghanistan was to stabilize the security situation and provide an environment that would encourage the private sector to play a greater role in the economy and become a main engine of growth. According to the IMF that would require—improving governance, safeguarding the rule of law, reducing the role of the illicit sector, and limiting the influence of vested interests.⁵³

15.40 In a similar vein, Mr Dawson, AusAID, indicated that, for the private sector to develop and grow, the Afghan Government needed to provide a broad enabling environment—establish the rule of law, provide court systems to allow commercial arrangements to be properly arbitrated. He also noted the importance of looking to provide the opportunity for private sector development at a lower level. In his view:

Much of the work that has been done around community-level infrastructure, such as basic road rehabilitation, has generated not just a significant number of jobs and labour days, but it has also started to build

48 *Submission 6*, pp. 14–15.

49 *Submission 15*, pp. 11–12.

50 *Committee Hansard*, 4 December 2012, p. 40.

51 *Committee Hansard*, 4 December 2012, p. 54.

52 Answer to written question on notice, no. 5.

53 IMF, Program note, Islamic Republic of Afghanistan, last updated: 2 July 2012, <http://www.imf.org/external/np/country/notes/afghanistan.htm> (accessed 26 October 2012).

and encourage a small private sector engaged in the construction industry, which is a good start for many local-level entrepreneurs.⁵⁴

15.41 Mr Dawson also noted the openings created, particularly through the international presence and through the basic level of services that were beginning to generate private sector activity. He saw this sector's contribution as a critical issue especially during the transition period when employment was needed to absorb increases in population and number of school leavers and youth. This need would continue throughout the transition period and, after that, through the transformation decade.⁵⁵ While Mr Lehmann noted that the future situation was far 'less easy to predict', he was of the view that:

The one thing that commentators consistently say is that the entrepreneurial spirit of the Afghan people is certainly there and very strong. In their resilience, their ability to deal with difficult circumstances and the potential that is created by their position in that part of West Asia.

15.42 Mr Poulter referred to the public sector and individual enterprise as a means of helping recovery through economic growth.⁵⁶ Dr Bizhan noted, however, that the private sector, which could have a critical role in helping Afghanistan move away from aid dependency, has captured less attention. He stated:

When we are focusing on helping an aid-dependent country, we should also think of an exit strategy. In that context, the private sector can be a good platform for or a way to build on that.⁵⁷

15.43 As an example, he cited private sector engagement in the area of education and producing graduates that match market demands. He noted that while there is an emerging private sector in Afghanistan for education with a number of private universities and schools, there was a lack of support for them. In his view this was an area where Australia could help because of its experience in working with the private sector, especially in the area of education.⁵⁸

Recommendation 24

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

54 *Committee Hansard*, 3 December 2012, p. 13.

55 *Committee Hansard*, 3 December 2012, p. 13.

56 *Committee Hansard*, 4 December 2012, p. 37.

57 *Committee Hansard*, 4 December 2012, p. 22.

58 *Committee Hansard*, 4 December 2012, pp. 22–23.

Afghan diaspora

15.45 There are many Afghans in Australia keen to help Afghanistan recover and to be part of the country's reconstruction.⁵⁹ In response to a question about available mechanisms to assist Afghans in Australia contribute to the rebuilding of Afghanistan, AusAID informed the committee that there were no specific programs addressing this matter through its country program. Mr Dawson did note, however, that other groups assist their home country by registering and getting accreditation as an overseas operating NGO, which enabled them to access funding through the AusAID-NGO Cooperation Program. He also identified other ways interested members of the Afghan diaspora could make a contribution, for example through academic connections or through individual community level linkages that have nothing to do with a funding relationship with the Commonwealth.⁶⁰

Recommendation 25

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

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

Conclusion

15.48 The committee fully endorses Australia's commitment to allocate 50 per cent of its aid to Afghanistan through on budget mechanisms. It particularly supports Australia's increasing contribution to the ARTF.

15.49 For many years, Australia has channelled a substantial proportion of its aid to Afghanistan directly through NGOs and continues to do so. The committee acknowledges the good work that is being achieved through this mechanism and recognises that NGOs will have an important role during the transition period and beyond. The committee, however, also recognises the importance of using local NGOs and other civil organisations in Afghanistan to build up their capacity to serve their people. The committee does not suggest that the Australian aid agencies should fund local NGOs directly but should pay close attention to the mechanisms they use to ensure that local NGOs figure prominently in the design, planning and implementation of aid programs.

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

59 Information conveyed during a private meeting with representatives from Afghanistan.

60 *Committee Hansard*, 22 March 2013, p. 31.

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