

CHAPTER 6: ENHANCING GOVERNANCE

6.1 CONTEXT AND OPPORTUNITIES FOR ENGAGEMENT

6.1 *Strengthening governance is a priority for reconstruction and stability in Afghanistan.* Along with security and development, governance is a critical element in building an effective and accountable Afghan State. It must be recognized up-front that based on its Constitution, Afghanistan is a unitary state with a centralized system of government. State responsibilities and services are handled through line ministries that have departments and sub-units at provincial and district levels. There are problems of lack of capacity at all levels, however. Moreover, it is at the decentralized levels – from local communities up to district and provincial levels of government administration – that the challenge of governance is greatest.

6.2 *Sound local governance is also a critical element in phasing out opium.* The linkages of governance with the opium economy were analyzed in Chapter 2 (Section 2.3). The development of responsible relationships between communities and their government is at the heart of the Afghan counter-narcotics strategy. In addition, community and local-level governance plays a vital role in the economic development process. Only when governance, security and livelihoods conditions are conducive can Afghanistan definitively succeed in its long struggle with opium. Investments in governance can thus pay significant medium and longer-term dividends with regard to counter narcotics objectives (see 6.2 below).

6.3 *Yet sub-national governance and government administration remain contested territory.* There is considerable debate regarding the roles, resources and responsibilities of the different institutions that have been developed at the village, district and provincial level in the last few years, and how they fit in with the unitary state mandated by the Constitution.

6.4 *The lesson is that development of good governance is integral to the growth, poverty reduction and counter-narcotics agenda but that attention is needed to some challenging issues, particularly at the local level.* Governance is central to the phasing out of opium, and current constraints hindering local-level governance need to be resolved. These issues are discussed in this chapter.

6.2 CURRENT DEVELOPMENT INTERVENTIONS IN THE SECTOR

6.5 Since 2002, two National Priority Programmes have been attempting to foster local-level development and governance structures: the National Solidarity Programme (NSP), which focuses on the village level; and the National Area Based Development Programme (NABDP), which concentrates on the district and provincial levels. This section discusses these programmes, impacts, and issues.

6.6 *NSP is designed to provide small-scale rural infrastructure and other projects to villages in line with their identified priorities, and thereby also to foster better local governance.* Currently, the National Solidarity Programme is the government's flagship for community-based rural development. This massive and extraordinarily ambitious programme is aimed at developing the ability of Afghan communities to identify, plan, manage and monitor their own development projects. Implementation is supported through contracted "facilitating partners", usually NGOs. NSP helps communities form Community Development Councils (CDCs), which then prepare community development plans. NSP provides block grants to communities to fund sub-projects that provide infrastructure, equipment and access to markets and services. Most sub-projects have been for small scale infrastructure, but some have been for improving agricultural productivity and human capital. From the initiation of the programme in mid 2003 until mid-August 2007, 18,250 CDCs have been formed. It is intended

that Phase II of the NSP will be rolled out to cover a further 4,000 villages within the next 2-3 years.

6.7 *At the higher level of districts and provinces, NABDP is designed to support local development and local governance.* The National Area Based Development Programme (NABDP) is a national programme designed to work at the district and – to a lesser extent – provincial level. Currently coverage is not comprehensive, as selected provinces are given priority by donors. For example, NABDP has been rolled out extensively in Kandahar due to donor priorities in view of the security situation. NABDP is currently in its second phase (2006-2008), in which it is supporting the formulation of district and provincial development plans, accompanied by funds for some projects at the district level. The programme is currently operating in 15 provinces and has so far facilitated the establishment of 167 District Development Assemblies (DDAs), covering 36% of the districts in Afghanistan.¹⁹ Under NABDP more than 500 projects prioritized by district representatives are completed or ongoing.

6.8 *Block grants have created infrastructure, have generated employment, and have resulted in a high degree of public acceptability, particularly for NSP.* Block grants to communities (under NSP) and districts (under NABDP) have provided an impetus for economic growth. The rehabilitation of infrastructure has increased agricultural production and facilitated access to markets. Sub-projects have also created much needed rural employment, often recruiting people from within the community. Sub-projects have also created social infrastructure such as schools and clinics.²⁰

6.9 *It is also envisaged that the CDCs could facilitate other development interventions.* CDCs could act as an entry point for other development investments by a range of development actors including government and non-government agencies, and in some cases this has already started.

6.10 *As mentioned above (6.1), investments in local development based on identified community priorities have the potential to pay significant medium and longer-term dividends with regard to counter-narcotics objectives.* The National Solidarity Programme has the widest outreach of any of the National Priority Programmes and is critical to increasing the legitimacy of the Government of Afghanistan. In areas where facilitating partners such as AKDN and DACAAR are engaged in a range of different sectors, CDCs serve as a platform *at the community level* for other economic investments that support the strengthening and diversification of legal livelihoods. Similarly, strengthening planning and implementation capacity *at the district and provincial level* under the NABDP has the potential to ensure that national programmes are more responsive to community needs, enabling investments in larger-scale infrastructure and enhancing the government's reputation for service delivery.

6.11 *Remarkably wide coverage has been achieved in a short time.* As discussed above, both NSP and NABDP are aiming at national coverage, although the deterioration in the security situation is constraining the roll out. By mid-2007 NSP had reached about three-quarters of the village communities in the country, in all 34 provinces. Coverage of NABDP is more limited, to date reaching districts including about one-third of the population.

6.12 *NSP has been effective, although some funding delays have partly impaired impact.* The establishment of CDCs has demonstrated an effective model for delivering rural infrastructure and development projects in line with identified community priorities (Box 12). After some understandable start-up delays, implementation has accelerated rapidly over time.

¹⁹ The status of these DDAs remains unclear given the constitutional commitment to elect District Development Councils.

²⁰ There are, as is common in community driven development (CDD) programmes, questions over the equity of distribution of benefits of the various sub projects implemented under NSP and NABDP.

One constraint has been slow disbursement of some NSP block grants, reflecting implementation outrunning programmed funding.

Box 11: Success of NSP in Supporting Community Mobilization for Development in Badakhshan

“Major strides in development have been achieved in Badakhshan through the implementation of the NSP. The formation of CDCs has created an enabling environment for sustainable development to take place. There is greater cohesion and a culture of debate and discussion on issues. The unified voice that is provided by CDCs did not previously exist. Now there is self-initiative in such areas as resolving internal conflict, paying the cost of vaccines and preventing the loss of livestock. Additionally, there is debate and discussion around planting domestic forestry in villages and there have been breakthroughs in establishing committees to collect user fees for the maintenance of completed projects.

“Communities are increasingly accepting, realizing, and understanding their rights and responsibilities. Under NSP, communities were able for the first time in history to implement community projects without using contractors. This milestone has built the confidence of the communities to undertake future projects.

“There is a trend among CDCs to ask for electricity projects or micro-hydel projects (MHPs), mostly through NSP funding. A number of MHP projects have been implemented very successfully. This success has demonstrated that such projects can be implemented in villages and it has spurred competition among the villagers for getting funding for MHPs. It has also inspired communities to mobilize their own money to create a number of small MHPs.

“One of the key achievements through the CDCs was the initiation of the process for the implementation of the largest water supply project in the province. The Jurm water supply project will cover twenty villages, at a cost of \$800,000. The unity of the twenty villages is an excellent reflection of the social cohesion which is facilitated by the NSP process. The communities from these villages formed two committees – a purchase committee and a monitoring committee – to both initiate the process and to monitor the completion of the project.

“Another significant achievement was the completion of the Baharak water supply project which provided water access to 700+ households. Upon completion of the project, the CDCs introduced a user fee of 30 AFN per household and they have hired four staff members for operation and maintenance. It’s a practical demonstration of the increasing self-reliance that the CDCs are instilling in communities and has been a breakthrough for these communities.

“Another noteworthy achievement was the establishment of 96 Self Help Groups (SHGs) in Ishkashim and Jurm. Out of the 46 groups in Jurm, half are women’s groups. Altogether, they have generated 2.3 million AFN in savings. The savings are now being used as an internal lending source. This has been a pilot project, with great success in meeting the need and urgency for mobilizing local resources.”

Source: Adapted from Aga Khan Foundation, Afghanistan and Concern 2007.

6.13 *Clustering of CDCs can provide economies of scale.* Individually, CDCs have turned out to be relatively small and numerous, which imposes constraints on the size of projects and meaningful prioritization on the part of communities. Early results suggest there is considerable potential for clustering of CDCs. A number of facilitating partners are already supporting this clustering, and in this regard have noted significant success with regard to mobilizing communities and their resources. Indeed, some facilitating partners see the development of these “meso-level” institutions as a natural next step, which also is consistent with the traditional *malik* system, under which *maliks* typically were responsible for an area encompassing half a dozen or so CDCs.

6.14 *In provinces such as Kandahar, “clusters” are being formalized as District Development Assemblies. This move may be promising, although there are questions and teething problems.* MRRD has also reported significant progress in clustering at the meso level through the development of District Development Assemblies (DDAs), most notably in Kandahar where the DDAs have been the channel for much financing of labour-intensive micro-projects (see 7.7 below). In Kandahar these DDAs are referred to as “interim” in those districts where NSP has not yet been implemented, and there are questions as to whether DDAs are sufficiently representative of divergent community interests where they have been developed prior to the establishment of CDCs. Facilitating partners in provinces other than Kandahar cite the absence of block grants at the district level as a major constraint on the roll out of DDAs and NABDP. The degree of coordination between NABDP and NSP also remains patchy.

6.3 SUGGESTED INTERVENTIONS FOR ADDITIONAL ENGAGEMENT

6.15 NSP and NABDP have track records and are key instruments for building local development throughout the country, and on that basis enhancing government presence and thereby improving governance. These programmes should be strengthened and their role broadened.²¹ This section discusses how to continue the programmes and assesses the need for adjustments to the implementation approach. Constraints and the appropriate policy and institutional responses are then discussed in the following section (6.4).

Need for Further Financing to Continue the NSP Programme 6.3.1

6.16 *Block grants are limited, and CDCs face a transition to a future development role without such large financing.* The NSP was initially seen as a five to six year national programme targeting all communities in Afghanistan. It has been evident that block grants are key to the success of CDCs. However, at present communities finishing two years of NSP are being told that they will not receive any more funding and that they should look elsewhere for funding for projects prioritized in their community development plan. Although this solution is ideal – NPPs or DDAs, for example, should be able to respond with the needed financing – it is unrealistic at this stage, as neither CDCs, nor NPPs, nor DDAs have the institutional capacity or financial resources to follow this idealized demand-driven approach. It is clear that continuation of block grants (albeit at lower levels than the initial block grants) will be necessary for communities to remain engaged in the short to medium term.

- *There is a need to fund the NSP Phase II and further roll out CDCs. Further financing of block grants (at lower levels of financing) should be provided to consolidate and develop the CDCs. Government and donors should work together to mobilize the necessary financing.*

Need for Linkages to a Stable Development Partner 6.3.2

6.17 *CDCs are doing best where they have broader and more integrated support from a stable development partner.* CDCs are proving more effective and are likely to be sustained in those areas where facilitating partners are in a position to support the initial block grants with capacity building to make CDCs institutionally sustainable and with support for other sectoral interventions. AKDN refers to this as *NSP Track II*, promoting initiatives that communities take to further their own development (as illustrated in Box 12). Only about 30% of these initiatives require financing, the rest require only better coordination and commitment from communities, e.g. in getting children into school, or reforesting hillsides. Where resources are

²¹ The future of CDCs and DDAs is under active review within Afghanistan. It is, for example, the object of a “national CDC consultation” in November 2007.

required, AKDN has access to funds and supports a range of different development initiatives, including infrastructure, horticulture, credit and SME. Other organizations including DACAAR and the Project for Alternative Livelihoods (PAL) are also adopting a more integrated model of rural development that can build on the priorities identified by CDCs.

6.18 *This integrated approach can be scaled up to cluster level and linked to National Priority Programmes.* A natural progression of this more integrated approach has been the “clustering” (at levels from district to province) of CDCs and facilitating partners in order to help support communities in engaging with National Programmes and line departments.

6.19 *Ways of continuing and extending the broad development role played by the facilitating partners should be developed.* The use of facilitating partners may be an effective mechanism both for NSP implementation and for further developing the capacity of CDCs as village-level development focal points. It would prove beneficial to build on the successes of those facilitating partners that have adopted a more integrated rural development model.²²

- *Government and donors should pursue options for supporting the facilitating partners so that they can assist in the further development of CDCs and DDAs both at the local level and in engaging with provincial institutions and National Programmes. Finding facilitating partners willing to adopt this approach in contested territory such as Helmand should be a priority.*

Assessing the Need for Continuing and Scaling Up DDAs and NABDP 6.3.3

6.20 *DDAs are vulnerable if NABDP ends.* DDAs appear to be a potentially successful institutional model, although there has not yet been an independent evaluation. However, their creation is very recent and their sustainability is untested. If DDAs are to continue, provision of additional development financing through NABDP may be considered, and this could also help increase the effectiveness and legitimacy of district and provincial institutions. Technical support aimed at integrating counter-narcotics into such initiatives would also help ensure that counter-narcotics outcomes are enhanced. There is, however, uncertainty over the status of DDAs given the commitment to elect DDCs. In addition, the support programme – NABDP Phase II – has a short duration, inadequate to see DDAs through to any kind of maturity.

- *Government and donors need to assess the role of DDAs and the possible need for further support through NABDP. If the model is assessed as successful, it should be generalized nationwide, and the NABDP extended with adequate funding both for technical support and for financing development. Counter-narcotics considerations should be “mainstreamed” into the district and provincial planning process.*

CDCs as Development Partners 6.3.4

6.21 *CDCs are increasingly seen as key development partners at the village level.* There may be potential for using the CDCs as a development platform. Increasing numbers of development actors are looking to CDCs as their initial point of entry to rural communities, and under a 2007 Presidential By-Law, CDCs gained a legal existence independent of NSP. They are now legally empowered to receive and expend funds from different sources.²³ The World Food Programme, UNICEF, MISFA and other institutions are exploring how they might engage with CDCs so as to increase the outreach and effectiveness of their programmes. The initial

²² See also 3.3.1 above for a discussion of the need for such “full service” NGO partners to deliver integrated packages of agricultural support to farmers.

²³ The By-Law also assigns CDCs some explicit tasks of local administration, such as registering births and deaths etc.

design of MRRD's Rural Enterprise Development Programme (AREDP – see 4.3.1 above) builds on the successes of the CDCs and proposes to work through CDCs to identify private for-profit, self-help or common interest groups wishing to engage in productive investments.

- *In the next phase of NSP, progressive strengthening of CDCs over time to become focal points for development dialogue, prioritization, and oversight at the village level should be considered. Engagement at the cluster or district level could increase the effectiveness of development efforts.*

6.4 CONSTRAINTS AND POLICY AND INSTITUTIONAL RESPONSES

6.22 This section examines key constraints to the governance support programmes, and recommends some policy and institutional responses. The constraints are: insecurity (6.4.1); political economy considerations (6.4.2); and issues regarding NGO engagement (6.4.3).

Insecurity 6.4.1

6.23 *Insecurity is constraining NSP and NABDP in as much as one-third of the country.* Growing insecurity is constraining the implementation of all development programmes including NSP and NABDP. This is not just in the south where the security situation is at its most acute, but also in the north, west and east of the country. Recent reports suggest that facilitating partners for NSP are facing increasing difficulties in implementation, and that work undertaken has been targeted by anti-government elements. Some reports suggest that as much as 35% of the country is currently inaccessible (see Chapter 1). There is also evidence of unwillingness by some potential facilitating partners in the south to be seen to be implementing government programmes for fear of a backlash from anti-government elements. MRRD has developed a draft proposal for ways of implementing NSP in high-risk areas (see 7.6 below). This model could be applied *mutatis mutandis* to other national priority programmes.

6.24 *Yet operations still continue in parts of Helmand and Kandahar, with a measure of community support.* Despite prevailing levels of insecurity, both NSP and NABDP are operating in the southern provinces. For example, there are reports of 370 CDCs in the province of Helmand (although little is known about their institutional maturity). NABDP is undertaking some pioneering work in forming District Development Assemblies (DDAs) in Kandahar where NSP has not been able to operate (see 6.2 above). In these areas, local community members have guaranteed the security of MRRD staff and contractors (or at least provided warnings where they could not guarantee security). This approach has allowed for the establishment of 179 DDAs country-wide, including a number in Kandahar.

- *As in the case of other programmes (e.g. rural infrastructure, see 5.4.4 above), implementing partners should use locally recruited staff, and work with a community security guarantee. CDCs – the object of NSP support – should be the prime partners in ensuring NSP security and access. The draft MRRD proposal for implementation in high-risk areas should be reviewed and, once finalized, implemented, and its implications for other national priority programmes also could be considered.*

Political Economy Constraints 6.4.2

6.25 *There are divergent views on whether CDCs can become the “lowest level of local government” or should rather remain entry points for development interventions.* At present, prospects for the former seem distant. MRRD sees the establishment of CDCs and DDAs as a platform for strengthened sub national governance, but other ministries, and most notably the new Independent Department for Local Government (IDLG), believe that the CDCs are and should remain civil society organizations, continuing to build on their success at delivering

small-scale rural projects based on village priorities, and also possibly serving as an interface for prioritization and oversight of development activities at the village level. Indications from ongoing field research suggest that, in general, rural people would prefer CDCs not to become “governmental”. Moreover, Provincial and District Governors, as well as representatives of line ministries, do not necessarily see CDCs as the point of liaison with local communities and may well choose to consult through existing systems like the well-established malik mechanism in many areas.

6.26 *The true degree of representativeness of a significant number of CDCs is questionable, and there are sometimes conflicts with other locally powerful people and traditional decision making bodies.* Some CDCs appear not to have been established on the basis of elections meeting the criteria set forth by NSP and in the CDC By-law.²⁴ This may at least in some cases limit the buy-in of the full community for CDCs to take on roles beyond delivering local projects. Moreover, there are reports of some local power brokers actively working against the establishment of CDCs, fearing that their traditional or assumed authority would be undermined by these new structures. Election results have also sometimes been contested, on occasions with violence, where existing elites have not been selected. Some facilitating partners have sought to overcome these problems by differentiating between the role of CDCs and traditional decision-making bodies such as shuras and by restricting CDC responsibilities to project delivery. Others have sought to ensure that traditional leaders and decision-making bodies are included in the consultation over community priorities and in subsequent implementation of sub-projects. However, there are concerns that if CDCs gain strength there is the potential for further conflict with local and regional powerbrokers.

6.27 *The situation is not helped by the continued strong centralization.* Despite commitment to decentralization, there is still an over-centralization of power and decision making at the central government level. The logic of decentralization in Afghanistan’s constitutionally-mandated unitary state is *de-concentration* of roles and responsibilities within Afghanistan’s centralized line ministries, with coordination, planning and oversight at the provincial and district levels. However, this is often resisted by ministries. Well-intentioned efforts to strengthen Provincial Governors and their offices have led in reported cases to micro-management (as opposed to coordination and oversight) on the part of Governors. This may further inhibit de-concentration, as ministries fear that de-concentration will not lead to better service delivery but rather to “capture” and micro-management by Governors. The ANDS planning process is, however, trying to enhance local participation in prioritization and planning, and the current review of the NDCS, for example, is recommending that counter-narcotics approaches be more effectively planned and implemented at the local level.

6.28 *The role and status of CDCs – and the DDAs – will likely develop progressively over time, and a step-by-step approach is advisable.* There is much to commend in the development of CDCs and DDAs so far. However, at the policy and institutional level there is continuing debate and varied practice regarding what they can or should be expected to do. Already CDCs are organs for some aspects of service delivery and development oversight, including some elements of local governance, and they could develop incrementally along these lines, especially if further block grants are successfully implemented. Expectations should, however, remain modest in the near future, and additional tasks should be assigned to CDCs only cautiously and gradually over time as their capabilities and roles are built up.

- ***Government and donors should work with CDCs, progressively empowering them to take on additional local service delivery and governance functions in limited***

²⁴ Moreover, from the perspective of viewing CDCs as local government bodies at the lowest levels, CDC elections are not in accordance with Afghanistan’s electoral law and are not certified by the Independent Election Commission, raising further barriers to their gaining official status.

functional areas, linked to other local service delivery and governance organs such as school management or health committees.

Maintaining NGO Engagement and Innovation 6.4.3

6.29 *NGOs have proved essential development partners, and they have generally worked well within the national programmes and budget.* For the last nearly three decades, NGOs have pioneered development approaches in Afghanistan and, since 2002, have worked as effective, often highly effective, implementing partners for the National Priority Programmes (NPPs). Several NGOs have been able to deliver the kind of broad-based, integrated development support that has proved most effective in improving livelihoods and in reducing incentives to opium cultivation (see 3.3.1 and 6.3.2). As the NPPs have moved forward with implementation and the government has taken more control of the development process, there have been correct and laudable moves to ensure that NGOs work within national policy and programmes, and that government and donor funding of NGOs goes through the national budget. Available information in fact suggests that cost-effectiveness of NGO interventions tends to be greater when they are implementing programmes through the national budget and where there is transparency and some degree of competition in their selection.

6.30 *Principled but pragmatic solutions are needed to allow the development effort to expand with the support of these experienced NGOs.* NGOs have sometimes encountered considerable difficulties in dealing effectively with ministries. One NGO recently “endured a tortuous five month negotiation” with MAIL for an emergency programme. It is important that the principles of government-led development and budgetization of development aid be maintained, but it is also vital to retain the commitment and innovative capabilities of NGOs as facilitating partners: they are often the only effective development agencies working at the grass roots level.

- *The principles of Afghan leadership and budgetization are absolutely key. Government, donors and NGOs should seek principled but pragmatic solutions to ensure that NGOs can continue to deliver effective and innovative development services on the ground in line with these principles. The inclusion of facilitating partners/NGOs is best initiated at the inception of a project idea – as AREDP is doing – so that facilitating partners can contribute to project design and programmes can get off to a rapid start based on existing facilitating partner/NGO capacity.*

6.5 EXPECTED GROWTH, POVERTY REDUCTION AND OPIUM ECONOMY IMPACTS

6.31 *These economic and governance developments will have some growth, poverty reduction and counter-narcotic impacts, albeit diffuse and generally long-term.* The most direct and measurable effect of investments in NSP and NABDP lies with the economic activity generated by the sub-projects implemented. The impact of governance and community empowerment on growth and poverty reduction is more indirect and felt over the longer term. The counter-narcotics impact of strengthening sub-national government administration in Afghanistan is also diffuse and hard to measure.

6.32 *Short-term actions are nonetheless possible to strengthen the impact of governance on counter narcotics.* The potential role of CDCs in conflict resolution and security, which is the subject of an ongoing World Bank study, could be explored, although early indications are that this role may not be too great.²⁵ Second, counter narcotics could be “mainstreamed” into

²⁵ Evidence from other countries e.g. Indonesia suggests that the CDC-type institutions are not very much used for conflict resolution beyond the project and development sphere.

Provincial Development Plans. This could not only enhance the counter-narcotics impact of development interventions at the local level, but raise awareness of the issues in planning fora. This would raise the profile and seriousness of the Plans, some of which are at present mainly aspirational and not very operational. These two actions could perhaps provide modest practical examples of the interaction between governance, security and the reduction of the opium economy (see 6.1 above).

- *The policy implication is that CDCs have the potential to play a role in moving the counter-narcotics agenda forward in discreet ways, and continued capacity building and financial support to them should be seen in that light, within their more general development roles.*