



Graduate School of Development Studies

AID DEPENDENCY AND INSTITUTIONAL CAPACITY BUILDING IN AFGHANISTAN

HOW AID DEPENDENCY UNDERMINES INSTITUTIONS BUILDING

MINISTRY OF EDUCATION (CASE STUDY)

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This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the institute.

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Dedication

To the beautiful afghan children who despite of the billions dollars foreign aid still sit under hot and scorching sun in the desserts to learn writing and reading with their broken blackboard...



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Afghan children study at an open air school in Jalalabad, Afghanistan.

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ANDS	Afghanistan National Development Strategy
ARTF	Afghanistan Reconstruction Trust Fund
AusAID	Australia Agency for International Development
CB	Capacity Building
CD	Capacity Development
CIDA	Canadian International Development Agency
DAD	Development Assistance Data Base
DANIDA	Danish International Development Agency
DCR	Development Cooperation Report
EMIS	Education Management Information System
EQUIP	Education Quality Improvement Program
ESPA	Education Support Program for Afghanistan
GDP	Gross Domestic Product
GNP	Gross National Product
GOIRA	Government of Islamic Republic of Afghanistan
GPE	Global Partnership for Education
GTZ	German Technical Cooperation Agency
IIEP	International Institute of Education Planning
ICRG	International Country Risk Guide
JICA	Japan International Cooperation Agency
MoE	Ministry of Education
MoF	Ministry of Finance
NESP	National Education Strategic Plan
NGOs	Non-Governmental organizations
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
SIGAR	Special Inspector General for Afghanistan Reconstruction
TA	Technical Assistance
TC	Technical Cooperation
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
USA	United States of America
USAID	United States Agency for International Development

Abstract

Studying the relationship between “Aid Dependency” and “Institutional Capacity Development” in conflict affected countries is at the core of debates on effectiveness of foreign aid and assistance. This research paper studies and analysis the mechanisms of foreign aid delivery and its adverse impacts on institutions building at Ministry of Education (as case study), Government of Islamic Republic of Afghanistan. The paper argues that long term aid dependency undermines the quality of institutions and is negatively associated with building permanent in-house capacities. The paper focuses on changing the mechanisms of aid delivery, particularly bypassing the recipient government financial and budgetary channels. It argues that, setting up temporary and independent project implementation units parallel to the existing government institutions cause severe problems such as fragmentation of policies and projects, poaching and syphoning off the scarce qualified staff from already weak and decaying public institutions, missing opportunity of learning by doing, and increase the culture of dependency. While the argument of aid dependency and its adverse impact on institutional capacity building doesn't not mean that foreign should be decreased, this paper concludes that, aid has the potential to improve and strengthen the public institutions if it is delivered through the government budgetary system with the long term and clear development agendas to improve the service delivery, to strengthen the institutional planning capacity and to establish a strong civil services administration with a permanent in-house capacity.

Relevance to Development Studies

No development is possible without aid... Foreign aid has potential importance in making development. There is a strong and direct relation of aid to the development. Effective foreign aid can make sustainable development. It's not only about the benefits of developing countries or aid recipients, but rather, it's about the benefits of global sustainable developments since aid create the conditions for sustainable development.

Keywords

Aid-dependency, Institutions Capacity Building, Ministry of Education – Afghanistan, Technical Assistance, On/Off Budge Funding Mechanisms

Chapter 1

Introduction

1.1. Background

Aid dependency is a situation where the conflict affected and fragile states cannot perform the core functions without foreign aid. According to Lensink and White (1999), aid dependency is a scenario if a country cannot achieve objective X in absence of foreign funding for the foreseeable future. Rehman Sobhan, calls aid dependency as, “a state of mind, where aid recipients lose their capacity to think for themselves and thereby relinquish control.” (Sobhan 1996:122). Deborah Bräutigam defines aid dependency as a situation in “which a country cannot perform many of the core functions of government, such as operations and maintenance, or the delivery of basic public services, without foreign funding and expertise.” (Bräutigam 2000: 3).

The theory on aid and institutions provides contradictory views. From one hand, foreign aid can help the recipient in closing domestic revenue and expenditure gap while from other hand; large amount of aid continued over a long period of time can also restrain the government in developing strong and accountable public institutions.

Aid is widely considered as a crucial factor for institutional development, Bräutigam and Knack (2004) says that, foreign aid can release the recipient from the pressure of revenue constraints, helping them to strengthen institutions and pay salaries to public civil servants. Foreign aid in the form of Technical Cooperation (TC) intends to close the skills and knowledge gap in the recipient countries. OECD (1998 and 1999) defines TC as any activity financed by the donor agencies with the primary objective of augmenting knowledge, skills and technical knowhow for increasing stock of human intellectual and capacity to manage the resources, while Charming Arndt defines TC, as: “provision of personnel hired by the donor agencies with the short term and long term contracts to supply missing skills and train local people in the recipient country.” (Arndt 2000:123).

However, despite of the benefits of foreign aid, it is also possible that long term continued aid and the manner it is delivered to the recipient countries make it difficult for developing countries to build good quality intuitions due to many reasons i.e. donors’ preferences in type and amount of aid, delivery mechanisms, and lack of efficiency. Nevertheless, the argument on how aid dependency undermines institutions qualities has been a contesting debate among the researchers, many scholars argue that higher aid dependency is negatively associated with building quality institutions in the recipient country, however, this does not necessarily mean that aid level should be reduced, rather flow of more foreign aid will be good if it is delivered the way it is needed for building quality institutions in the conflict affected countries.

1.2. Problem Statement

The decades long conflicts in Afghanistan have devastated government's institutions particularly the education sector. Before the overthrow of Taliban regime in 2001, an estimated of 900,000 boys attended school while girls were almost excluded from education opportunities. Since then, the post-Taliban Afghan government has received enormous aid from international donors to rebuild the education sector. The Ministry of Education with the financial and technical support of donors has built more than 16,000 schools, increased net enrollment rates for school-aged children close to 60%, and has recruited and trained more than 200,000 teachers. Today, according to Ministry of Education, more than 9 million students are enrolled in schools, 40 percent of whom are girls.

Although Afghanistan's education sector had great achievement in terms of increased enrolment rates and building schools, but low capacity institutions and poor services have still been a big challenge for modern and quality education system in the country. Despite of the large amount of foreign aid and technical assistance during the last 15 years, Ministry of Education is still unable to deliver its core functions by its own. Low capacity institutions and under-performance civil servants have made MoE to outsource its core functions and fill the capacity gaps by non-state holders (NGOs and Private Companies), these non-state holders have not only increased the cost for MoE, but have decreased accountability and the quality of services, and raised over dependency on non-state holders. Such outsourcing arrangements at MoE have created future challenges of sustainability and long term public institutions capacity development and exit strategies.

In order to respond to the rapid expansion of education demands, MoE together with its international donors have adopted buying short-term capacity strategies via recruitment of short-term national and international technical advisors (TAs). However, these short-term capacity building strategies have had a positive effect on short-term individual level capacity building but did not contribute to long-term institutional capacity and made MoE more dependent on foreign aid and assistance to function. This research paper is therefore analyzing the relation of aid-dependency and long-term institutional capacity building at MoE.

1.3. Research Objectives

The objective of this research paper is to study the relation of foreign aid continued over a long period of time and the institutions capacity building at Ministry of Education, Government of Afghanistan. It has two specific objectives; 1) to analyze how aid and the way it is delivered undermines long-term institutions capacity building and 2) to identify the challenges that face Ministry of Education for establishing a strong and sustainable civil service administration system. This research study looks into aid and institution effectiveness and focuses on relations between aid dependency and institutions building and analyzes the consequences of aid dependency on fragile and weak institutions.

1.4. Research Questions

The research questions of this paper are formed into two categories, the main and the sub questions. The main research question of this research study is; *How long-term Aid Dependency Undermines Institutional Capacity Building?* This main question focuses on objective (1) to analyze different mechanisms of aid delivery and their impacts on institutions building.

The sub questions of this research paper are 1) *what are the adverse impacts of long-term aid dependency on institutions building at MoE?* 2) *How does foreign aid that bypasses government budgetary channels impede long-term institutional capacity building?* And 3) *how does foreign aid in the form of Technical Assistance (TA) increases the risk of over-reliance at MoE on TAs?*

The sub questions are intended to focus on objective (2) and try to explain the existing aid structure at Ministry of Education, Government of Afghanistan.

1.5. Methodology and Data Collection

The methodology followed in this research paper is a combination of quantitative and qualitative research techniques. The former consists of a straightforward descriptive analysis of the data provided by different secondary literatures, Official Published Reports by the donor agencies and government, Internal MoE reports, various donor (World Bank, GPE, DANIDA, UNISCO and AusAID) funded projects documents, Aid Memoirs/Grants Agreements and the data provided by different Departments of MoE. The later consists of face-to-face in-depth interviews with the informants involved in different departments of MoE at various administrative levels. Special attention was given to the quantitative analysis combined with a qualitative analysis. In a country being on war for several decades in the last century, it cannot be expected that statistics and figures collected during the last decade are always correct. The data collected on national level were crosschecked during the field trip. Some sections of this study rely to a great extent on qualitative assessment. Open but structured interviews were carried out on national administrative level of MoE (that is with selected departments).

1.6. Structure of the Paper

This Research Paper has six Chapters, Chapter one mainly covers Introduction, Chapter 2 covers the academic literatures on aid-dependency and institutions building, aid in the form of Technical Assistance (TA) and its relation with institutions building. Chapter 3 discusses measurement of institutions capacity building at MoE using different capacity development measurement methods/tools. Chapter 4 discusses the On/off -budget methods of funding and its implications on capacity building at MoE. Chapter 5 discusses the various capacity building programs at MoE and its challenges. This research paper ends with Chapter 6, the conclusion and recommendations.

Chapter 2

Conceptual/Theoretical Framework

This chapter has seven sections, section one discusses the various definitions of aid dependency. Section two analysis the ODA to Conflict-affected and Fragile states. Section three describes the Technical cooperation while section four analysis aid and institutional relationships. Section five outlines various critics on Technical Cooperation and section six describes capacity development assessment tools and principle applied by UNDP, Peter Morgan and Cohen and Wheeler; and finally section seven of this chapter ends with some concluding remarks.

2.1. Definition of Aid Dependency

There are various definitions of aid dependency, Lensink and White 1999 defines aid dependency is a situation where, “A country is aid dependent if it will not achieve objective X in the absence of aid for the foreseeable future.”(Lensink and White 1999: 15). Whereas, (Edgren et al. 1996: 24) defines aid dependency as “a process by which the continued provision of aid appears to be making no significant contribution to the achievement of self-sustaining development.” Another scholar, Rehman Sobhan, calls aid dependency as, “a state of mind, where aid recipients lose their capacity to think for themselves and thereby relinquish control.” (Sobhan 1996: 122). Deborah Bräutigam defines aid dependency as a situation in which “a country cannot perform many of the core functions of government, such as operations and maintenance, or the delivery of basic public services, without foreign aid funding and expertise.” (Bräutigam 2000: 3).

2.2. Definition of Technical Cooperation

Technical Cooperation (TC) is like poverty: difficult to clearly define but one will know it when see it. There are multiple definitions used by the agencies and individuals. OECD defines TC as any activity financed by the donor agencies with the primary objective of augmenting knowledge, skill and technical knowhow, increasing stock of human intellectual and capacity to manage the resources. (OECD 1998). The main objectives of TC as further mentioned in OECD 1999, are the institutional development i.e. the strengthening and improving of public institutions to manage and operate effectively within the entire economy and the society as a whole. It further adds that, TC is called any services financed by the donor agencies that contribute to the design and implementation of projects and programs aiming to achieve better results (Ibid). Meanwhile, Charming Arndt defines TC as “a provision of personnel hired by the donor agencies with the short term and long term contracts to supply missing skills and train local people in the recipient country” (Arndt 2000:123). Similarly, he further adds that majority of the TC projects finance trainings either through short term courses within the recipient country or

sending the local employees to overseas for attending conferences, short term specialized courses and advance degree. He also says that besides conducting formal training programs, pairing of experts with local counterparts is the other means of knowledge transferring (Ibid). In this system the experts and the local employee as a counterpart work together through a system of learning by examples and on-the job training.

2.3. Official Development Assistance and Institutional Building in Conflict-Affected and Fragile States

External financial assistance is not only playing a crucial role in bridging domestic revenue and expenditure gap in non-conflict affected countries. However, such financial provision is also considered a critical factor at the initial state building and institutional development process in conflict affected and fragile states. Rice and Patrick 2008 define fragile state is the one lacking “the essential capacity and/or will to fulfill four sets of critical government responsibilities: fostering an environment conducive to sustainable and equitable economic growth; establishing and maintaining legitimate, transparent, and accountable political institutions, securing their populations from violent conflict and controlling their territory, and meeting the basic human needs of their population.” (Rice and Patrick 2008: 3). Similarly, OECD defines fragile state as the one when “state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations.” (OECD, as cited in Boyce and Forman 2010: 2). Therefore, provision of external assistance (both financial and technical) to the conflict affected and fragile states is considered significant external support factor in state recovery after war as mentioned by (Boyce and Forman 2010), Foreign aid can contribute enormously in building effective and legitimate governance structure and can enable the state gaining public confidence through provision of essential goods and services, personal security, rule of laws and equal justice. They further add that, such foreign assistance on one hand, helps building institutional capacity and governance structure for providing essential goods and services in short run and also helps ensuring the country don’t fall back to conflict and violent, on other hand, it also helps creating a foundation for a long term self-sufficiency through building a strong tax bases and fiscal capacities that are considered as the critical function for an effective state (Ibid). However, despite of aid being considered as fundamental external factor in the recovery and institutional buildings in these countries, such large amount of financial and technical arrangements continued over a long period of time especially the way it is delivered to these countries has not helped building institutional capacities, rather it has even eroded the qualities of institution that were existed in the pre-conflict time.

Despite of large amount bilateral and multilateral funding have been allocated, these countries still suffer from low quality institutions and still lacks the planning and policy capacities to deliver quality services to its citizens. Such external funding to conflict-affected and fragile countries have been criticized by various researchers in many grounds.

2.4. How Aid dependency undermines Institutional Development in Conflict-Affected and Fragile States?

2.4.1. Critics on ODA and Institutional Capacity Buildings:

Some researchers argue the low impact of aid in these countries is due to the mismatching of the volume of aid with the spending capacities as mentioned by Forman and Patrick 2002, high influx of aid during the first conflicts years followed by quick decline don't match with the spending capacities, undermines the aid effectiveness and have negative impact on those countries. Similarly, the mismatching of aid effectiveness and low absorption capacity existed in today's aid bureaucracy is also contested by Paul Collier 2007, an additional aid with low absorption capacities in fragile states will not bring effective results as what he called as "diminishing returns of aid" meaning "that you keep on increasing aid, you get less and less bang for the buck; the first million dollars is more productive than the second and so on." (Collier 2007: 101). In addition, he further mentioned that the existing aid modality have made it difficult for the governments to strengthen its absorption capacities and lack of focusing on capacities has resulted aid to diminishing returns in fragile governments (ibid). As an example "I came across one case, where three donor agencies each wanted to build a hospital in the same place, they agreed to coordinate which does not always happen; then they faced the problem of having incompatible sets of rules for how the work should be commissioned; it took them two years to reach a compromise; which was that each agency should build one floor of the hospital under its own rule." (Ibid: 103). He further suggests changes in the delivery mechanism of aid disbursed to these countries especially channeling more fund to the government budgetary system is the simplest way with the real partnership that can enhance both capacity and effectiveness as he stated "there is a plenty room for improvement on the ground; donor agencies impose their own complex and differing accounting procedures upon receipt governments that they have very limited capacity to manage even their own budgets, let alone those of the donors." (Ibid: 103).

In addition, large proportion of aid to the conflict affected and fragile states also bypasses the government budgetary structure and also undermines the capacity building of the recipient countries in many ways as stated by (Boyce and Forman 2010) foreign aid to conflict-affected and fragile state usually bypasses the recipient budgetary structure to a large extent than the aid to non-conflict affected countries resulting a "dual public sector" where "one is national and the other is international", this further weakens the capacities of those governments than what they would have had without foreign aid, qualified staff is "siphoned off" by the donor agencies and government officials time is spent making agendas and meetings with the donor agencies.

Similarly, such bypassing aid from the government budgetary system is also strongly argued by Ghani and Lockhart as stated "the largest adverse impact of the aid system has been the undermining of a country's budget as the central instrument of policy; when hundreds or thousands of projects are funded through parallel systems, implemented by the private sector, NGOs, and UN agencies, and supervised by donors, the budget of the recipient country tends to become undermined." (Ghani and Lockhart 2008: 101) As it is

further argued that “the projects’ separate decision making, contracting, management, maintenance accounting, and auditing rules fundamentally circumscribe the budget’s role in deciding a country’s priorities and allocating resources to implement them in a disciplined way.” (Ibid: 101).

2.4.2. Stephen Knack Cross-Country Empirical Test: Countries which are highly aid dependent for a long period of time usually has poor quality of institutions as found empirically by Stephen Knack. According to Stephen Knack, aid dependency undermines the institutional qualities of public sector through rent seeking, conflict over control foreign aid, lowering accountability, siphoning off scares national qualified personnel from the government sector and reduces the bureaucrat’s incentives of self-interested leaders with their short time authority horizon in reforming efficient policies and institutional buildings (Knack 2001). Knack provided evidences that higher aid dependency erode the quality of public institutions based on cross-country data. The country institutional quality is measured from the subjective indices of International Country Risk Guide (ICRG). Knack measured the institutional quality of countries based on three ICRG’s variables (bureaucratic quality, corruption and rule of law). And the level of aid dependency is measured using two alternative variables i.e. ODA as percentage of GNP and ODA as parentage of government expenditures. As a result, knack found negative relations between aid dependency and institutional qualities of those countries receiving higher aid for long period of time and shows low points in ICRG institutional coding system. In order to undertake effective reform initiatives by the recipient country, Stephen Knack suggested that the donor agencies to provide aid in the form of direct budgetary support. According to him (“If donors are not designing and implementing projects, or providing tied aid and technical assistance, recipient governments may face greater opportunities to build administrative capacity, and to negotiate with civil society over service provision, if not over revenues.” (Ibid: 326).

2.4.3. Deborah Bräutigam and Stephen Knack analysis of aid and institutional building: Bräutigam and Knack (2004) describe the institutional impact of aid dependency and institutional development. According to them, high influx of foreign aid has the potential to improve and develop public institution if it is channeled through the government budgetary system, with clear development agendas that can reinforce the policy and planning to improve the quality of civil services through the establishment of a strong central civil services administration (Bräutigam and Knack 2004). However, the large amount of foreign aid continues over long period of time and the manner it is delivered to the recipient country directly undermines the public institutions in many ways such as high transaction costs that attached to aid, fragmentation and multiplicity of donor projects and agendas, “poaching” of scarce talented staff and finally missing opportunities to learning by doing (ibid).

According to Bräutigam and Knack the existing multiplicity in donor projects for a country who has a low absorption capacity and was suffering from economic crisis or civil war, is resulted unmanageable projects environment and agenda which has called it as an “institutional destruction”. Such projectization and multiplicity of agendas require more government oversight and reporting, facilitation and participation in donor mission which makes it difficult for the government officials to devote time more on their own

ministries' priorities (ibid). they further add that, because the government official cannot manage such multiple projects that the donor agencies want to fund, hence such situation lead to setting up parallel structures and independent units from the government with off-budget funding. As a result, such high levels of aid with multiple projects directly affect the public institution through "poaching" of scarce qualified staff from the government. High levels of aid with multiple projects to be administered, lead to donor competition for the scarce qualified staff in the recipient country. Since in the recipient country, qualified staffs are scarce, the donor agencies bid up the prices of talented staff and pulling them away from the government (Ibid).

2.5. Critics on Capacity Development through Technical Cooperation (TC):

Similarly, Capacity building through TC especially Technical Assistance also undermines the institution development as stated by Edward Jaycox, "Technical Assistance (TA) is a systematic destructive force undermined the development of capacity...And most of this technical assistance is imposed and is it is not welcome and there is no demand for it, except on the donor side." (Jaycox 1993: 32).

Meyer criticized the high aid variability that affect the institution building as he says "high aid variability in a recipient country lead to a shorter-term, project-oriented emphasis by the donor agencies that disrupts existing institutions and replacing them with new ones, and collapse when funding ends." (Meyer 1992: 635).

In addition, Brain Lucas in his report on "*Changing approaches to Technical Assistance (TA)*" also criticizes TAs in many grounds namely, "TAs are supply-driven, no country ownership and more donor control with the use of parallel implementation units (TAs are more accountable to donors than to the government), distort public sector salaries, high expensiveness of TAs, insufficient attention in selection of TAs ensuring the required skills and their abilities in transferring knowledge and technical skills and finally lack of consideration on exit strategy and alternatives" (Lucas 2009: 12).

Meanwhile Romilly has also described the low impact of TAs on Capacity building with its high cost attached where at least one-quarter of donor spending and perhaps half of all ODA, goes in the form of TA (Romilly 2006). It further states that, TAs are often under pressure from the donor agencies and the government to do the job done rather than building capacity, they often have the incentives not to transfer the knowledge and skills, are often focused on meeting donor demand rather the building capacity, are often lack of skills in CB, has fostered to dependency culture, TA is perceived as free goods, lack of precise and clear capacity building framework, And finally TA contributes to the commercial and geopolitical objectives of the donor agencies (Ibid).

2.6. Measuring institutional Capacity Development:

2.6.1. UNDP capacity measurement mechanisms: UNDP uses Result-Based Approach as a capacity measurement framework. In this framework, capacity development is the process aimed to enable institutions to move forward from an existing weak state to a strong state of capacity, which then further enables to contribute to a human development at large level. This approach measure changes between the existing state to a higher state of any public institution by using its “existing endowment” of resources (physical and financial assets and human resources) and its existing competencies to covert inputs to outputs such as change in policies, regulation’s compliance and changes in knowledge and skills (UNDP 2010).

UNDP result based approach uses three key components for measuring changes in the context of capacity development: these components are institutional performance, institutional stability and adoptability with three levels of measurement i.e. **1) Impact:** over all changes in people well-being, **2) Outcome:** Change in Institutional performance, stability and adoptability **3) Output:** Change in services produced through the capacity development via strong leadership, accountability and increase in knowledge and skills. The framework indicate that at all the above three levels are interlinked with each other and the progress against the strategic objectives are driven by the changes in the institutional performance, stability and adoptability. According to the framework, institutional performance is measured through changes in efficiency and effectiveness in delivering on its mandates, stability is measured through its consistency overtime; and adoptability is measured through its adjustments to make changes.

2.6.2. Cohen and Wheeler Capacity development indicators: (Cohen and Wheeler, as cited in Mizrahi 2004) attempt to develop capacity development indicators based on attraction and retention of public sector employees in assessing capacity development projects in Africa. Their analysis mainly focusses at individual level training and skills development in public sector considering below indicators:

Capacity development indicators in Public Sector, Africa:

1. Retention rate of trained staff in the targeted line-ministries.
2. Retention of trained staff in other government institutions or donor agencies.
3. Attrition rates of staff in the targeted ministries (how long trained staff stay in the government sector).
4. Decline of advisors and technical staff hired by the donor agencies.
5. Profile of those staff those who leave the government sector: whether the best and talented stayed with the government or left the government sector.

Source: Cohen and Wheeler cited in Mizrahi 2004, pp.13.

Using these indicators, the study found higher retention rates than expected, despite of weak performance, low incentives, lack of equipment and demoralized environment (Ibid). Then the questions are, why so many trained staff retained in the ministries and despite of low turnover of staff, why the bureaucracies in these ministries still continue to

perform poorly. The study found the answer to that as “the public employees consider the government job as a minor component of their salary, they stayed in office to keep their government job while searching jobs outside and also due to their under Performance, government jobs were giving an opportunities to use office hours and equipment for a private sector activities” (Ibid: 13). The study further describes that, lack of accountability, lack of clarity and roles, absence of performance evaluations and low salary scales within the public sector, are the main reasons that increased public servant’s incentives to stay in the government sector.

2.6.3. Peter Morgan Capacity Development Indicators: Morgan, in his article titled “*The design and use of capacity development indicators*” provides some operational guidelines and principles for thinking and designing capacity development framework and indicators (Morgan, as cited in Mizrahi 2004: 14). He argues that, “measuring capacity is different from measuring performance” (Ibid: 14). According to him “Capacity indicators should not be based on the conventional ‘inputs-outputs outcomes-impact’ typology that is widely used in the development community and they should focus more on process and behavioral change.” (Ibid: 14). Although Morgan argues that there are no common indicators for capacity development and can be related to any specific capacity development objectives (capacity for what? and for whom?), but he identifies some principles and guidelines that can be used to assess the organization capacity.

Morgan apply below four “boiler plate” Capacity building principles for identifying any capacity development case:

- I. Capacity development includes improvements in or additions to physical and human capital such as knowledge, infrastructure and staff skills. But the core component is what might be called organizational capital (i.e. what the organization can do).
- II. CD refers to changes in human behavior - i.e. the growth of new skills, attitudes, values and relationships that are created or acquired over time. It’s about leveraging strengths and creating new opportunities and is less about fixing problems or instituting new procedures.
- III. These new learnings and abilities become embedded in a collective unit. They are more than the property of individuals. They indicate some sort of systemic or structural improvement. A cultural and organizational change takes place that supports a new level of performance. Collective behavior forms new patterns that can take place both within and amongst organizations.
- IV. Fourth, these new behaviors remain in some form even when particular individuals leave or certain organizations are disbanded. Capacity development must have some sense of permanence or sustainability.

Source: Peter Morgan article, the design and use of CD indicators, cited in Mizrahi 2004, pp. 14.

2.7. Conclusion

This chapter has described the varieties of criticisms about aid and institutional relationship and how long term aid dependency undermines the institutional development in conflict affected and

fragile states. It asserts that large amount of aid continued over a long period of time and the way it is delivered, erode the institutional qualities in many ways. Majority of the of scholars and researchers claim that the financial assistance especially in the form of technical cooperation undermines the public institutions while some claims the negetive relations through aid conditionality and the manner in which aid is delivered to the recipient. Some argue that bypassing of funding from the government budgetary structure create setting up parallel structures while other argue that such bypassing lead to lists and lists of varieties of small and short term projects and program that lead to duplications and fragmentations of policies while others argues that such bypassing lead to “Poaching and siphoning away” the scarce qualified staff from already weak and decaying public institutions. Similarly, some researchers also strongly criticize TC in the form of Technical Assistance (TA) that undermines the institutional development. Some call TA as “systematic destructive force” that are imposed by the donors with no demand from the recipient while others call TA as supply driven, accountable to donors, distort public sector salaries and high expensive. In addition, some argue that TA has increased the sense of reliance rather than capacity building and has weakened the commitment and ownership of the recipient while others argue that TA undermines the critical role of institutions by circumventing local procedures, laws, systems and setting up parallel structures.

Chapter 3

Analysis of MoE Capacity Development using Peter Morgan, UNDP and Cohen and Wheeler Principles of measuring institutional Capacity Development

This chapter has four sections. Section one analyses the background information about Ministry of Education (MoE) of Afghanistan since 2001. This will enhance our understating in further contextual analysis of the subsequent sections and chapters. Section two describes the three categories and proportion of civil servants that has been recruited overtime. Section three mainly analyzes and measures MoE’s Capacity Development with the help of certain institutional capacity measurement tools and principles that are applied by Peter Morgan, UNDP, Cohen, and Wheeler as already discussed in the literature review. Section four will draw some concluding remarks.

3.1. Overview of Capacity Development at MoE since 2002

Throughout the nineties of the last century until 2001-2002, the education sector did not have any significant impact in Afghanistan. The 30 years of Civil war and conflict, internal displacement and forced emigration left the whole sector deserted. After the overthrow of Taliban regime in 2001, the interim government was left with a broken system, offices with no chairs and tables, no electronic devices such as computer and the staff used only pencil and pens in their daily work in a traditional manner. Only 900,000 children, nearly all boys, attended

schools in Afghanistan at the beginning of the millennium (EMIS 2014: 13)¹. No educational standards existed, few books were available and there were hardly any teachers. To support peace within the country as well as to foster a tolerant citizenry and to make people capable of competing in the labor market, Afghanistan needed a well-functioning education system.

However, there have been some progresses since 2001. The number of children enrolment has increased from 900,000 in 2001 to over eight millions today, of which 3.1 million are girls (The increased enrolment of children and access to education is widely considered as a major achievement of the new Afghan government). Despite of starting from the scratch in 2002, and with the low administrative capacity, Ministry of Education (MoE) together with the donor agencies have remarkably responded to the high demand of education sector. The number of teachers, administrative and support staff across country has been increased manifold since the reform process and has made MoE the largest public sector employer in Afghanistan.

Several public reform programs have been introduced such as Civil Service Reform, Capacity Development Programs, Public Administration Reform, Pay and Grade System, Super skills, Capacity Building for Result and currently National Technical Assistance programs have been implemented either by the MoE or by the donor agencies for the capacity building of MoE institutions. In addition, number of International Technical experts and advisors and thousands of National Technical Advisors (NTAs) have been hired for the project implementation and capacity building for the civil servants. Similarly hundreds of MoE employees have been provided short term training program within the country and also have been sent abroad for the training and Master's programs in various specialized programs.

However, the rapid expansion of the public education sector has still put pressure on government's resources and administrative capacity and capacity gap is still existed in MoE at all levels. The existence of low administrative capacity given the high annual enrolment has considerably made it difficult in supplying the required education services across the country. A large number of districts still don't have qualified teachers' especially female teachers. Finally a considerable number of schools are still operating without buildings or class rooms where teachers are teaching in tents or county yards where nearly a thousand schools must be constructed each year in respond to the rapid increasing demand for education in the country.

Despite of large Technical Cooperation and Capacity Development projects being implemented during the last fifteen years, the MoE is still unable to deliver its core functions and operations by its own institutions. Due to low capacity and under-performance of civil servants, the capacity gaps have been still filled out through non-state holders and there are still large number services delivery constraints at the MoE that hamper the education development process. Contracting out its major functions and services to multiple non-state holders and private companies has not only increased the cost, quality of the services and accountability, but has also raised the issue of fragility and over dependency on non-state actors. Similarly, such outsourcing arrangement has

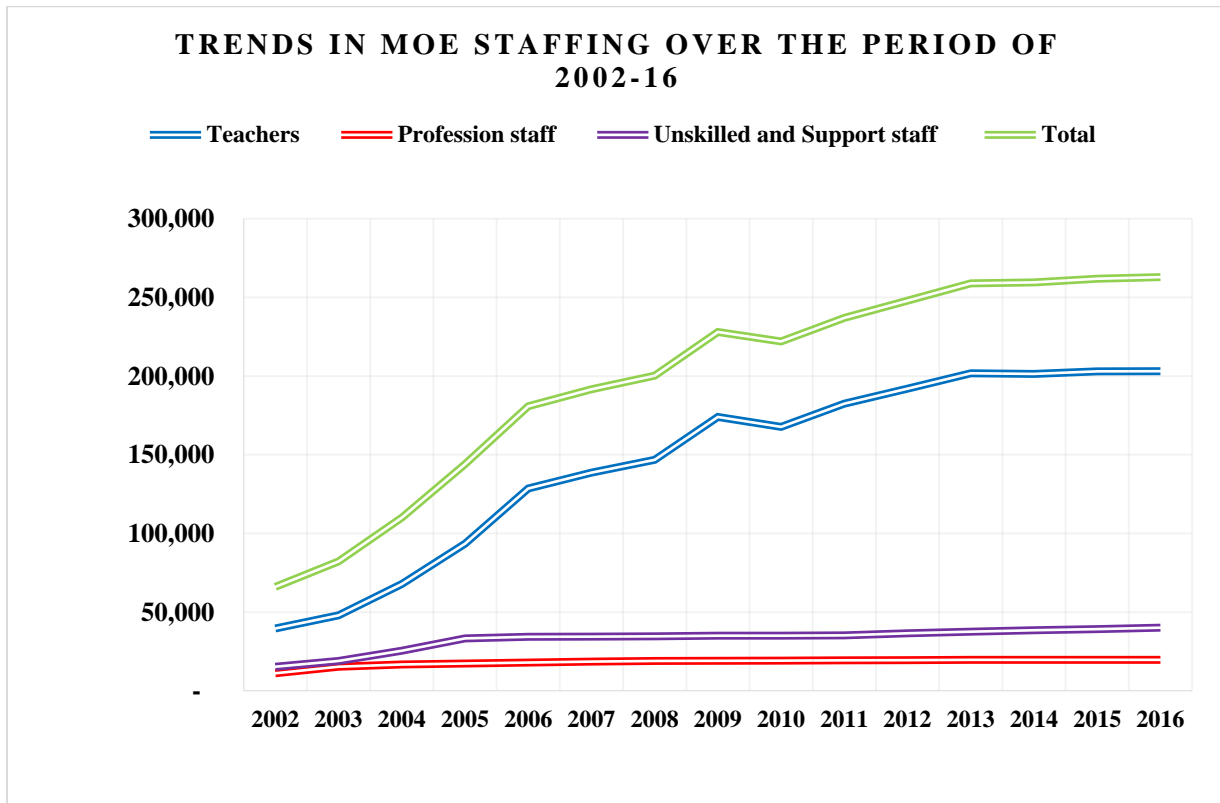
¹ EMIS (2014), Internal reports on 'Number of Students enrolled and Schools constructed by Ministry of Education, pp. 13.

also created future challenges of sustainability and long term public institutions capacity development and exit strategies.

3.2. MoE In-house Staffing

There have been some changes occurred in the MoE’s stock of personnel (Teachers, professional admin and unskilled/support civil servants) against the demand for public education over the period of 2002-2016. In 2002, MoE had a total of 66,000 staff (39,629 teachers, 11,130 professional staff and 15,241 support staff (MoE, EMIS, 2016). However, after 2002, the number of civil servants in MoE’s has been enormously increased. The staff number in below (*Chart No.3.1*) and (*Table No.3.1*) represents “tashkeel” (civil servants) in the ministry. The chart also shows more than 200,000 teachers employed in the system. In total, MoE currently has 262,918 staff in its establishment, up from 261,868 in 2015 and 259,533 in 2014. This makes MoE the number one among all ministries as far as civil servants are concerned.

Figure#3.1: Category and total number of civil servants of MoE from 2002-16:



Source: Author construction based on the data received from Planning and Registration Department, Ministry of Education of Afghanistan, 2016:

Table#3.1: Number of Civil Servants including Teachers, Professional and Non-Skilled Personnel:

Year	Teachers	Profession staff	Unskilled and Support staff	Total	% Teachers	%Profession staff	%of Unskilled Staff
2002	39,629	11,130	15,241	66,000	60%	17%	23%
2003	47,944	15,290	18,987	82,221	58%	19%	23%
2004	67,888	16,730	25,408	110,026	62%	15%	23%
2005	93,457	17,290	33,253	144,000	65%	12%	23%
2006	128,574	17,980	34,270	180,824	71%	10%	19%
2007	138,613	18,560	34,430	191,603	72%	10%	18%
2008	146,788	18,950	34,560	200,298	73%	9%	17%
2009	174,044	19,020	34,970	228,034	76%	8%	15%
2010	167,770	19,180	35,050	222,000	76%	9%	16%
2011	182,476	19,330	35,190	236,996	77%	8%	15%
2012	192,036	19,460	36,500	247,996	77%	8%	15%
2013	201,776	19,620	37,600	258,996	78%	8%	15%
2014	201,373	19,660	38,500	259,533	78%	8%	15%
2015	202,996	19,672	39,200	261,868	78%	8%	15%
2016	203,130	19,688	40,100	262,918	77%	7%	15%

Source: Author construction based on the data received from Planning and Registration Department, Ministry of Education of Afghanistan, 2016:

Analysis: The above (Figure # 3.1) indicate that Civil Servants are divided in to three categories i.e. Teachers, Professional Staff and Unskilled and Support staff. Throughout the last fifteen years, there has been a large increase in each category especially Teachers. Out of total MoE staff, an average 75% are teachers, 15% are Unskilled and support staff and almost 10% are the professional and skilled civil servants.

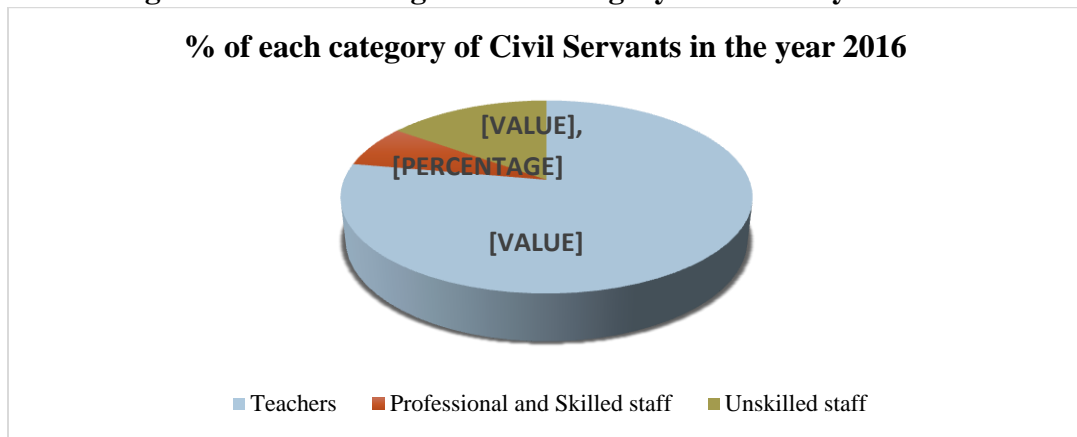
3.3. Measuring MoE Capacity Development:

3.3.1. Capacity Development analyses of Ministry of Education using Peter Morgan “Boiler plate” principles of organizational Capacity Development (CD):

In the context of Ministry of Education (MoE), to assess and measure the Capacity Development of Civil Servants, I apply Peter Morgan’s CD “boiler-plate” principles (mentioned above in chapter 2) as the tools to measure MoE’s Capacity Development. Based on these principles, I measure MoE’s CD in two ways 1) by change in the quantity of civil servants especially professional personnel recruited and 2) by changes in civil servants education level over the period of time.

3.3.1.1. Capacity measurement of MoE through change in quantity of personnel recruited from the year 2002-2016: Due to increase in the demand for primary education in the country, there has been an enormous increase in the number of staff during the last one and half decade. As it already seen in the above (*please see figure #3.1*), the number of civil servants has increased from 66,000 to 262,918 during the period of 2002-16. Similarly, the total number of professional staff is also increased from 11,130 to 19,688 over the time. Here the study focus is only the changes in the number of professional staff that are involved mainly in policy formulation, decision making, program and project implementation and administration of overall MoE activities. The percentage share of Professional staff and skilled staff is reached to 7% (*see figure 3.2*) out of total MoE staff in the year 2016.

Figure# 3.2: Percentage of each category staff in the year 2016:

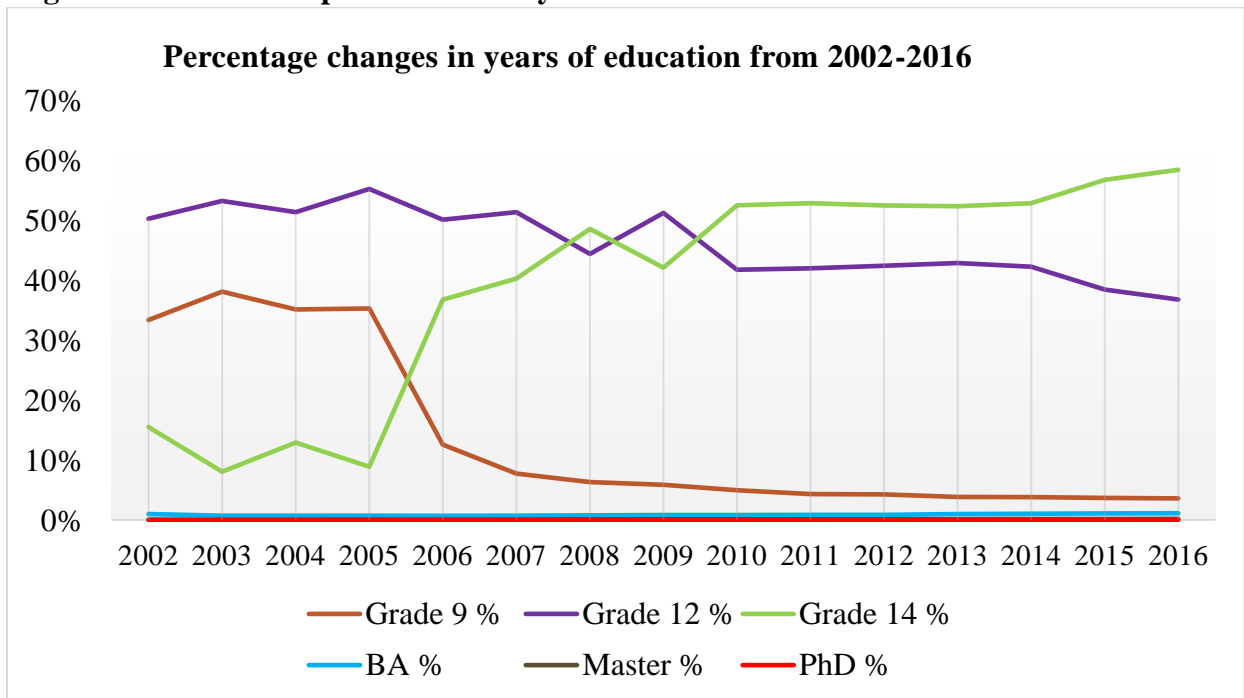


Source: Author construction based on the data received from Planning and Registration Department, Ministry of Education of Afghanistan, 2016:

Based on Morgan’s principles, if CD and institutional improvements of MoE is only associated through additions in number of human resources, then capacity development of MoE in terms of increase in staff enrolment as described in (*figure # 3.1*), has been improved since 2002.

3.3.1.2. **Capacity measurement of MoE through change in years of education overtime (2002-16):**In order to measure CD of MoE, changes in civil servant’s years of education over the period of time is also taken as another indicator based on Morgan’s CD principles. Increase in civil servant’s years of education indicate positive impact of CD on MoE’s capacity building which lead to increase in growth of knew skills and knowledge of MoE personnel. This will further contribute in long term behavioral changes such as attitude and values of civil servants that are acquired through new knowledge and skills and can further help improving the overall structural improvements and system development of MoE. However, no changes in education level demonstrate that CD has not contributed enough towards the capacity development of MoE. The impact of CD on education level is analyzed through the following (*figure #3.3*) trends in the educational levels of Professional and skilled civil servants that have been recruited since 2002.

Figure#3.3: Trends in profession staff years of education overtime:



Source: Author Construction based on the data received from Enrolment and Registration Department of MoE, 2016.

Table#3.2: Percentage of professional and skilled staff annual qualifications changes overtime (2002-2016):

Professional and Skilled staff changes in years of Education over the period of 2002-2016													
Year	Grade 9	Grade 9 %	Grade 12	Grade 12 %	Grade 14	Grade 14 %	Bachelor	BA %	Master	Master %	PhD.	PhD %	Total Staff
2002	3,709	33%	5,585	50%	1,722	15%	109	1%	5	0.04%	-	0.00%	11,130
2003	5,814	38%	8,128	53%	1,232	8%	111	1%	5	0.03%	-	0.00%	15,290
2004	5,869	35%	8,579	51%	2,156	13%	121	1%	5	0.03%	-	0.00%	16,730
2005	6,092	35%	9,533	55%	1,535	9%	123	1%	7	0.04%	-	0.00%	17,290
2006	2,255	13%	8,995	50%	6,598	37%	123	1%	9	0.05%	-	0.00%	17,980
2007	1,433	8%	9,516	51%	7,463	40%	134	1%	13	0.07%	1	0.01%	18,560
2008	1,199	6%	8,401	44%	9,188	48%	145	1%	17	0.09%	1	0.01%	18,950
2009	1,114	6%	9,731	51%	7,997	42%	157	1%	19	0.10%	2	0.01%	19,020
2010	950	5%	7,996	42%	10,054	52%	157	1%	20	0.10%	3	0.02%	19,180
2011	833	4%	8,106	42%	10,203	53%	163	1%	22	0.11%	4	0.02%	19,330
2012	829	4%	8,241	42%	10,198	52%	167	1%	22	0.11%	4	0.02%	19,460
2013	750	4%	8,398	43%	10,253	52%	190	1%	25	0.13%	4	0.02%	19,620
2014	749	4%	8,296	42%	10,375	53%	205	1%	31	0.16%	4	0.02%	19,660
2015	725	4%	7,549	38%	11,150	57%	212	1%	32	0.16%	4	0.02%	19,672
2016	710	4%	7,230	37%	11,488	58%	221	1%	35	0.18%	4	0.02%	19,688
Average		14%		46%		39%		1%		0.09%		0.01%	

Source: Author construction based on the data received from Planning and Registration Department, Ministry of Education of Afghanistan, 2016:

3.3.1.3. **Analysis of above (Figure 3.3 & Table 2.2):** These indicate that the entire skilled personnel of MoE is divided into six levels of educational qualification starting from Grade-9, G-12, G-14, Bachelor, Master and up to PhD.

Grade-9: The proportion of civil servants having G-9 education level has been significantly decreased from 33% in 2002 to 4% in 2016. Although G-9 has had gone up to 38 % in 2003 and had remained high during 2002-2005 but afterwards, it has drastically decreased and has remained 4 % during the last 6 years. The table shows that during the last 15 years, out of total skilled staff working at MoE, an average 14% were having G-9 education level annually, but still MoE has had a significant progress over upgrading of G-9 civil servants to G-12.

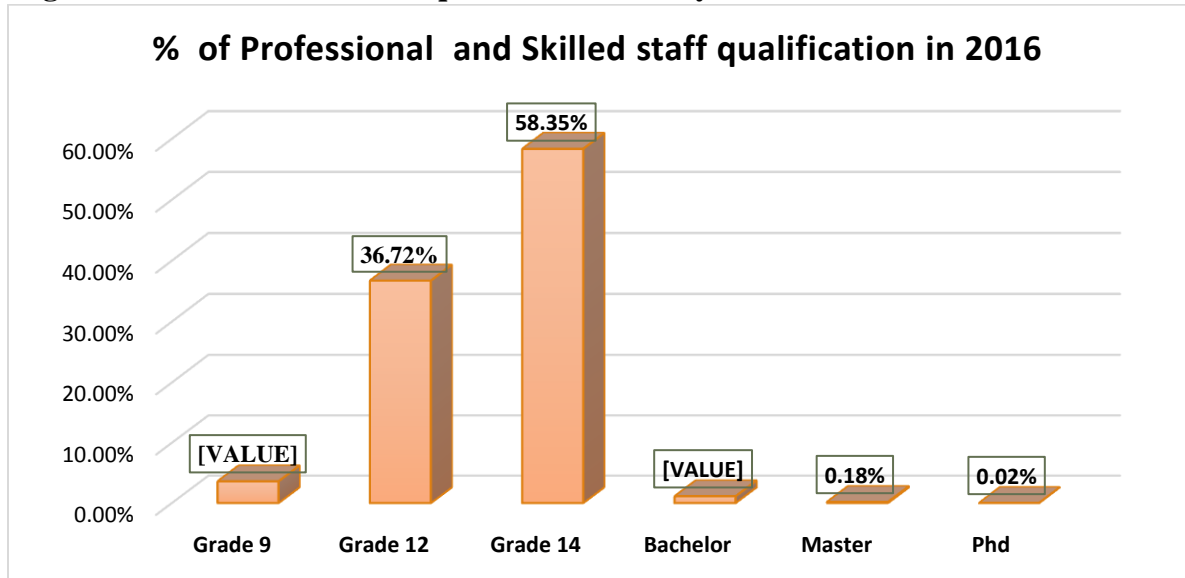
Grade-12: The percentage of G-12 was very high with 50% of the total civil servants in 2002 and has been currently reduced to 37%. However, MoE has not had a significant progress over upgrading the education level of G-12 civil servants to G-14. The table also shows that during the last 15 years, out of total skilled staff working at MoE, an average 46% were having G-12 education level annually and still remains the 2nd big chunk of civil servants.

Grade-14: The percentage of G-14 has been continuously increasing and has gone up from 15% to 58% in 2002 and 2016 respectively with an overage of 39% of civil servants working at MoE annually. The data also shows that G-14 still remains the large share of civil servants and MoE is almost failed in upgrading the G14 skills of civil servants to Bachelor level.

Bachelor, Master and PhD: The percentage of civil servants having Bachelor, Master and PhD has not been increased and still remains very low at 1% of Bachelor 0.08% of Masters and only 4 PhDs during the last 15 years.

Based on the above analysis, measuring CD through changes in staff education levels in MoE has not been improved and the large chunks of civil servants have low level of qualifications. However as is shown in the below figure 3.4, the majority numbers of civil servants working at MoE as of 2016 are having G-12 and Grade-14 levels of qualifications where G-12 accounts 36.72% and G-14 accounts 58.35%.

Figure#3.4: % of Skilled Staff qualification in the year 2016:



Source: Author construction based on the data received from Planning and Registration Department, Ministry of Education of Afghanistan, 2016:

Conclusion:

In case of using Morgan's principles of measuring Capacity Development of MoE, we have got two contradictory results. If we assess MoE's capacity development through changes in the stock of personnel overtime, the number of personnel has been increased significantly since 2002. Therefore, it seems that MoE capacity has been improved significantly and CD has positive impact capacity building so far. However, if we measure the capacity development using changes in civil servants years of education, it seems that CD has not contributed significantly in upgrading the skills and knowledge of civil servants. As large number of civil servants working at MoE possess 12th and 14th grade. This low levels education and skills may also make it difficult for MoE to effectively and efficiently design policies and procedures that help in implementation and evaluation of development activities according to MoE's mission.

Peter Morgan approach of measuring capacity development is mainly based on individual level capacity building. However, to assess MoE's overall institutional efficiency, performance, ability of managing resources and achieving its mandates, the following UNDP Capacity Building framework is also used. This will further help us understating the existing overall institutional capacity of MoE and its implications.

3.3.2. Measuring MoE Capacity through UNDP Result-based Framework approach:

As described earlier in chapter 2, UNDPs approach of measuring institutional CD is based on three principles (Institutional performance, Stability, and Adoptability). Here, I would like to apply these principles to assess and measure CD at MoE.

3.3.2.1. **Context of MoE:** In light of above UNDP’s result based framework, MoE institutional performance is measured based on Budget execution rates or absorption capacity over the period of 2008 to 2014. High budget execution rate indicate improvements in the efficiency and effectiveness of MoE performance. Whereas, low budget spending indicate no improvements in MoE performance over achieving its mandates. The budget execution rates of MoE over the period of last seven years can be seen from below (*Table#3.3*).

Table#3.3: Operational and Developmental Budget spending rates of MoE (2008-2014) in billions of AFN:

Operational and Development Budget Ministry of Education 2008-2014 AFN (000)					
Year	Total Operational budget	%of Total National budget	Total Development budget	% of Total National Budget	Budget Execution rate
2008	13,303,895	18%	7,952,950	7%	50%
2009	15,789,392	16%	7,196,995	6%	52%
2010	17,484,349	15%	9,201,683	11%	49%
2011	22,062,796	15%	7,835,041	11%	47%
2012	19,628,698	15%	6,501,529	6%	50%
2013	29,591,973	15%	14,544,458	10%	52%
2014	31,164,077	11%	13,867,790	9%	56%

Source: Multi-year Budget Execution report, Finance and Accounting Department, MoE, 2014, pp. 35

3.3.2.2. **Analysis:** The above table shows that MoE has two types of budget i.e. Operational Budget which consists of teachers, civil servants and admin staff salaries, and Developmental Budget consists of capital expenditure. The above table indicates that from the last seven years (2008-2014), operational budget has been increasing and has absorbed an average of 15% of total annual national budget of Afghanistan. Similarly the developmental budget has also been increasing with an average of 6% of the total annual national budget. A notable feature is the under expenditure of total national budget, especially the development budget. The table also shows the low absorption capacity of MoE as spending only an average 51% of its total annual budget during the last seven years (2008-14).

3.3.2.3. MoE Development Budget with Actual Expenditure Rate in USD and AFN:

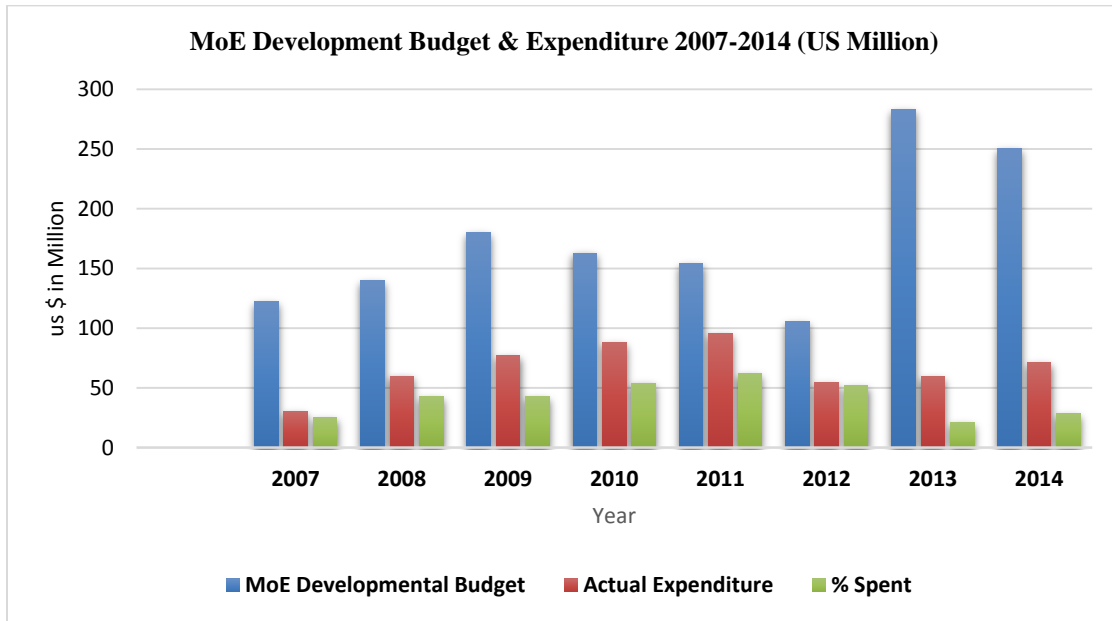
Below two data (see table#3.4 and figure#3.5) indicate a very low development budget spending and also high variation in the spending rates from the year 2007-14. The minimum spending rate is 25 % and maximum 61% with an average of 41% spending rates. Therefore, it can be seen that the capacity to implement the projects is still limited in MoE and has not been changed considerably since 2002. Considering the UNDP institutional performance measurement framework, it seems that institutional capacity has not been improved so far, the proportion of operation budget is more than the developmental budget while the operation budget covers mainly the salaries of teachers, admin and support staff. However, if capacity is measured solely through increase in the number of personnel, MoE should have increased the developmental budget execution rate. But due to their low capacity, poor performance and poor institutional policy, MoE is still showing low performance consistently and there is still high need of CD to improve policies, attract qualified staff and improve the project implementation process. High variation in the spending rate also indicate high turnover of staff within the MoE. Such high turnover of staff has led to MoE’s unpredictability, lack of competency and performance based management system that ensure hiring qualified staff and retaining them to do the right things. As a consequence, it seems that MoE’s performance is till unstable and the CD through technical cooperation has not been effective so far. Finally such low performance of MoE is a part of the problem that lead to bypassing of fund from MoE which further undermines and creates institutional building challenges.

Table#3.4: MoE development budget spending rates from 2007-2014 in AFN billion:

MoE Development Budget Execution Rate: 2007-14 AFN in Billion			
Year	MoE Developmental Budget	Actual Expenditure	% Spent
2007	122	30.34	25
2008	140	59.9	43
2009	179.8	77	43
2010	162.9	88.18	54
2011	153.9	95.42	62
2012	105.2	54.4	51.7
2013	283.18	59.72	21.1
2014	250.126	71.16	28.3

Source: Multi-year Budget Execution report, Finance and Accounting Department, MoE, 2014, pp. 19

Figure#3.5: MoE developmental budget spending rate in USD million, 2007-14:



Source: Multi-year Budget Execution report, Finance and Accounting Department, MoE, 2014, pp. 23

3.3.2.4. **Concluding remarks based on UNDP measurement mechanism:** Measuring MoE capacity development based budget execution rate and absorption capacity, it seems that the institutional performance of MoE has not been improved since 2007. MoE has been consistently underperforming with an average annual budget execution rate of less than 40 percent. The data also shows high variations of spending each year. In order to further analysis this problem and see the reasons of weak capacity within MoE, we will also use Cohen and Wheeler capacity development mechanism. This approach measure the CD based on retentions, attritions, turnover and mainly the incentive skills that create multiple challenges for institutional development and performance. Therefore, we also apply the Cohen and Wheeler approach to further analyze the reasons of MoE being low performed.

3.3.3. Capacity Development analysis of MoE using Cohen and Wheeler Capacity development indicators:

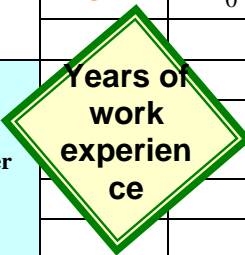
As stated in chapter 2, Cohen and Wheeler have used the retention and attrition indicators for assessing the capacity development. As per the Cohen and Wheeler, high retention and attrition rates of skilled staff within the targeted ministries does not necessarily indicate high institutional performance and administrative quality unless the ministry has a proper recruitment and performance based management system in place. Under performed and under qualified civil servants may remain with the government sector if there is lack of clarity of roles, absence of performance evaluation and low salary incentives. As a result, institution's poor performance may continue as long as proper rewarding and promotion system to attract the qualified personal is not in placed. Here, I am assessing the CD at MoE based on these indicators. By looking into the public administration reforms packages and the retention and attrition rates of civil servants I support the Cohen Wheeler argument that high retention and attrition rates have not significantly contributed in the bureaucratic performance of MoE. The argument is supported based on analysis of government Public Administration Reforms (PAR) that has been introduced by the government for attracting and retaining qualified civil servants within the government sector.

3.3.3.1. Pay and Grade System and its implication on CD: The Pay& Grade is a multilateral donor-funded project which provide assistance to the Government of Afghanistan's reform of paying and grading for all 330,000 civil servants and was the first reform package launched in 2008 under the Independent Administrative Reform Civil Service Commission of Afghanistan and is still going on (MoE 2014: 16)². The main objectives of this project was to map all jobs into an eight-grade structure and to attract and retain capacity and effective public administration through a consistent and harmonized salary scale within the civil servants based on their education and experience. The salary scale with the qualification can be seen from below P&G structure of the government.

²MoE (2014) "Education civil service incentives structure internal report" Department of Planning and Evaluation, pp. 16.

Table# 3.5: Salary Incentive Structure based on Grade at MoE.

Adaptation of teachers grade and salary based on qualification and years of work experience										
Grades	Steps	Monthly Salary	Title	PhD.	MA	BA	Grade 14 graduate	Grade 12 graduate	Grade 10-11	Grade 9 graduate
1	5	32,500	General Director							
	4	31,100								
	3	29,800								
	2	28,500								
	1	27,200								
2	5	22,400	Director							
	4	21,400		48						
	3	20,400		45						
	2	19,400		42	45					
	1	18,400		39	42					
3	5	16,000	Senior Manager							
	4	15,250		36	39					
	3	14,500		33	36	39				
	2	13,750		30	33	36				
	1	13,000		27	30	33				
4	5	11,900	General Manager							
	4	11,400		24	27					
	3	10,900		21	24	48				
	2	10,400		18	21	44				
	1	9,900		15	18	40				
5	5	9,200	Manager							
	4	8,900		12	15	36				
	3	8,600		9	12	32				
	2	8,300		6	9	28				
	1	8,000		3	6	24				
6	5	7,500	Officer							
	4	7,250		0	3	20				
	3	7,000		0	3	16				
	2	6,750		0	0	12				
	1	6,500		0	0	8				
7	5	6,200	Support staff skilled						14	
	4	6,050							7	16
	3	5,900							0	8
	2	5,750								0
	1	5,600								
8	5	5,400	Support staff -							
	4	5,300								



	3	5,200	general						
	2	5,100							
	1	5,000							

Source: MOE, civil service incentives structure report 2014. PP. 16

Analysis of the P & G structure: As indicated in the above structure, there are eight grades and each grade has five steps, starts from G-1 (highest grade given to the General Director with monthly max salary of AFN 32500 (almost USD 500), placed in the last 5th step and max Grade of PhD with 48 years of experience, And ends to G-8 (Lowest grade given to support staff with AFN 5400 almost USD 100 per month salary and no qualification required). Similarly, 2nd grade is a Director with a monthly salary of AFN 24500 in 5th step with the PhD degree and 45 years of experience; 3rd Grade is a Senior Manager monthly salary AFN 16000 with Master’s and an average 30 years of experience, General Manager salary AFN 11900 with Master and 21 years of experience, Manager Salary AFN 9200 with Master and 9 years of experience, Officer salary AFS 7500 with Bachelor and 12 years of experience, skilled support staff gets AFN 6200 with 11 grade and 14 years of experience and support staff gets monthly salary of AFN 5400 with no experience and qualification.

3.3.3.2. Incompatibility of the system in attracting and retaining qualified staff:

Although the P&G system has been relocated large percentage of staff and has been a major restructuring mechanism not only in MoE but all over Afghanistan and has ensured that all civil servants gets the right salary scale appropriated for their position and qualifications. However, if we compare P&G system with the MoE current staff qualification, it looks incompatible with retaining and attracting qualified staff in many ways as below:

- 1) As found earlier, large number of MoE staff comes under G-12 and G-14 qualifications whereas the P&G highest grade requires PhD with 48 years of experience and with the monthly salary of USD 500 almost. It seems that large number of civil servants are placed in very low grade with almost USD 100 monthly salaries. However, considering the current high cost of living, it is very difficult for the civil servants to manage its own and family expenditure as an average afghan family with five children needs at least USD 500 monthly income to manage day to day expenditure. Hence, push them towards corruption.
- 2) The qualifications required in the P&G system for an employee to be upgraded from one grade to another is at least 5 years of Experience, however, in most cases the up-gradation is done based on patronage recruitment or working years are counted not the skills and experience. Therefore, attrition rate is high but that doesn’t necessarily mean that the capacity is built.
- 3) Even the available PhD and Master degree holders have less incentive to join the government sector given the low salary scales and the attractive salary market created by the donor agencies and NGOs.

Since this program has been applied on all government civil servants across all the ministries, hence all the civil servants receive the same salaries based on their grades and experiences. Such harmonized salary scale has significantly reduced only the civil servant's incentives to leave and join other government sector. This has resulted a high retention and attrition rates of civil servants within the MoE as well as other ministries. However, such low incentives and salaries scales has not only demoralized the civil servants, but has also increased the incentive and preference of all qualified staff to work with donor agencies and NGOs than government sector by offering high level of salaries. As a result, with such a low salary, MoE is not only unable in attracting qualified personnel, but more importantly running with the underqualified civil servants who are incompatible with modern management tools and administrative procedures.

However, despite of high retention and attrition rates, weak performance, low incentives and demoralized environment for civil servants, the question can be raised that why the civil servants still continue to work with the government sector? The answer to the question has found through an interview with Samir Bayan, Procurement Director of MoE in four different ways *"1) most of these civil servants are low skilled and don't have the required competencies and skills to be hired by the donor agencies or NGOs, 2) Most of them are old enough where getting such low salary also keeps them happy, 3) some of them keep their job while searching for another job in the private market or NGOs, And finally 4) lack of accountability and absence of performance evaluations within the MoE where, the civil servants are underperformed and the MoE job gives them an opportunities to utilize office hours and equipment for their private purposes, are the main reasons that increased the civil servants incentives to stay in the government sector."* (Bayan 2016, personal interview)³.

3.4. Concluding Remarks:

Although the numbers of civil servants both in central and provincial level have been increased manifolds since 2002 but their skills and knowledge levels have not been upgraded significantly, as large proportion of civil servants possess G-12 and G-14. Such low skills and knowledge of staff have resulted poor performance and low capacity of staff, this low capacity has led to low annual budget spending. Therefore, we may say that the capacity to implement the projects is still limited in MoE and has not been changed considerably since 2002. This low budgetary spending, inadequate institutional capacity, unrealistic planning and lengthy bureaucratic procedures have put MoE in vicious cycle of weak capacity and low institutional performance. Since low capacity in MoE's public financial and expenditure management system leads to low budget execution and absorption capacity; and such low absorption capacity leads to low disbursement of aid fund through national budgetary system. Hence, low national

³ Personal interview with S. Bayan, Procurement Director of MoE on the reasons of high retention and attrition rates of civil servants at MoE, Kabul, and 12 August 2016.

budget creates financial constraints for retaining and attracting the qualified national staff as the government has limited resources in providing salaries to such large number of staff.

Chapter 4

Analysis of Institutional Impact of Aid at Ministry of Education:

4.1. Background

While measuring capacity development of MoE in chapter three, we have noticed that during the last fifteen years, neither the skills and education levels of the civil servants been upgraded, nor has the absorption capacity or institutional performance been improved significantly. In addition, our analysis also has found the lack of proper performance based management system that could attract and retain the qualified staff as the Pay and Grade system was incompatible and unrealistic with the current market environment in Afghanistan.

This chapter analysis the aid dependency and institutional building at MoE, Afghanistan based on Deborah Bräutigam and Stephen Knack (2004) approach for analyzing the relation between aid and institutional building as explained in chapter 2. It explores how the inflow of large amount of aid continued since 2002 and the manner it is delivered to Afghanistan/MoE, undermines institutional capacity building through high transaction costs that attached to aid, fragmentation and multiplicity of donor projects and agendas, “poaching” of scarce talented staff and finally missing opportunities to learning by doing. Nevertheless, the argument on how aid dependency undermines institutions qualities has been a contesting debate among the researchers. However, my argument of higher aid dependency level is negatively associated with the quality of institutions in Afghanistan does not mean that the high aid level should be reduced but the flow of more foreign aid will be better.

4.2. Analysis of Aid Modality in Afghanistan and its implication on Capacity Development Since 2002

Since 2002, the large proportion of aid to Afghanistan has been disbursed and implemented through bilateral and multilateral aid agencies. Bilateral aid has been directly used by the donor agencies outside the government budgetary system while multilateral aid channeled and implemented by the various UN agencies and other international NGOs. Aid through multilateral agencies seems to be more effective than the traditional aid funding to conflict affected country like Afghanistan as mentioned by Boyce and Forman, more aid through multilateral agencies to conflict-affected countries has more benefits than bilateral aid as “they permit substantial resource flows, open channels for non-traditional funders, and may facilitate assistance in program areas that are critical to post-conflict recovery and stabilization but are not included among traditional ODA activities.” (Boyce and Forman 2010: 24). However, funding through such large number of multilateral aid agencies to a country with limited administrative capacity like Afghanistan can also poses multidimensional challenges as stated by Boyce and Forman, “the fragmentation of financing among diverse agencies leads to serious

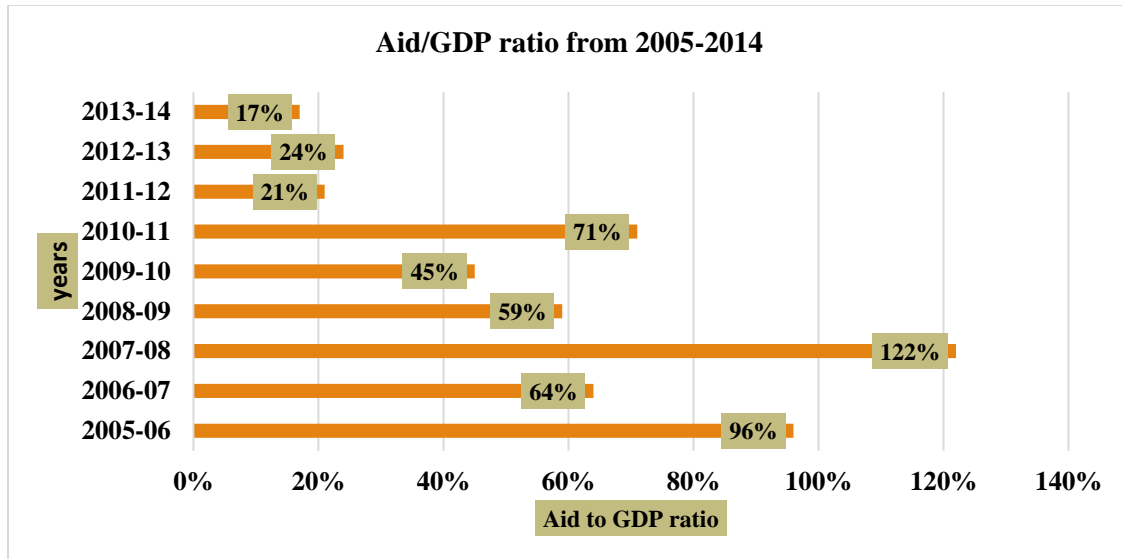
planning, coordination, and evaluation problems that make it difficult or impossible to ensure that financial support gets to where it is most needed in a timely, predictable and effective manner.” (Ibid: 24). Similarly, such large number of funding channels has also put administrative burden on the government in communicating with the multiple aid agencies and has provided opportunities for corruptions as stated by Boyce and Forman “The many distribution channels open multiple pathways for corruption and manipulation of aid flows; for recipient governments with limited administrative capacities, the task of interacting with multiple donors, each with distinctive procedural and reporting requirements, can pose a formidable burden.” (Ibid: 24)

Therefore, the objective of overviewing the external aid to Afghanistan in this section help us to analyze the aid modality in Afghanistan and to explore how such parallel funding mechanism and the way aid is delivered to Afghanistan undermines the institutions capacity building as a whole. Meanwhile, such system also undermines the capacity building of Ministry of Education (MoE) indirectly through “Poaching” away the scarce talented personnel and high turnover of staff within MoE.

4.2.1. Aid Dependency level in Afghanistan/MoE:

As mentioned earlier in chapter 2, Stephen Knack has called a country to be an aid dependent, if the ratio of ODA to GDP or ODA to annual expenditure is reached to at least 10% annually. Based on this measurement, Afghanistan was one of the highest aid dependent country in the world from 2002-2011 as indicated in below (*figure no.4.1*), from the year 2005-2011, foreign assistance covered an average of 71% of GDP in Afghanistan. After 2011, ratio was decreased to an average 20% from 2012-14 and is still considered as heavily aid dependent country. As stated in Ministry of Finance report, since 2002, the country’s entire developmental budget and an average 45% of operational budget has been financed through external funding whereas, domestic revenue is still counts less 10% GDP (MoF 2010).

Figure No.4.1: Aid as percentage of GDP from 2005-2014



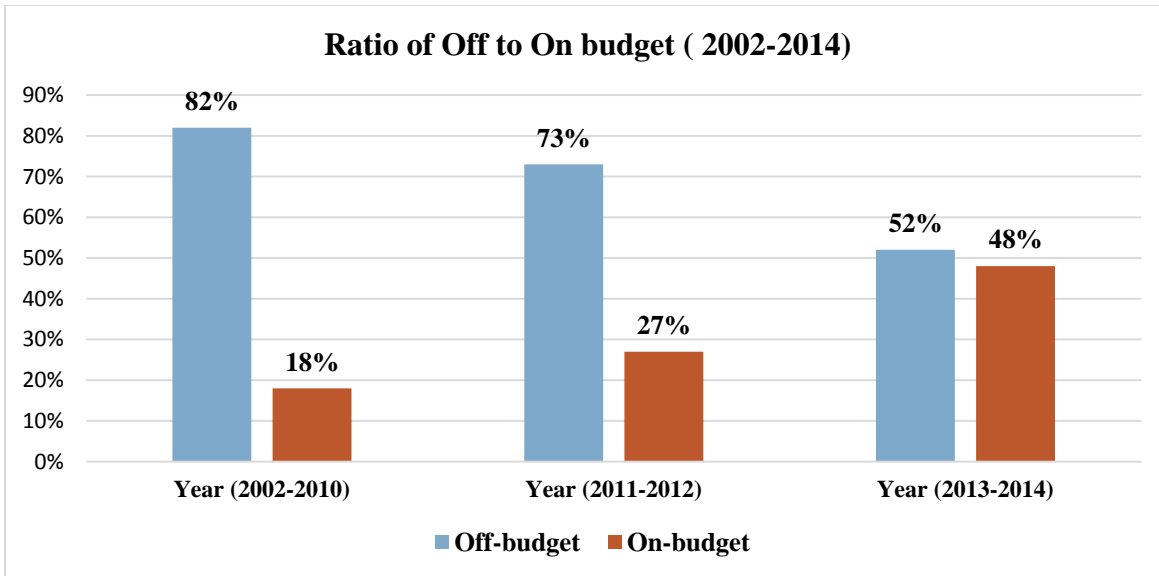
Source: Author Construction from DCR (2010, 2012 and 2014) reports of Ministry of Finance, Afghanistan.

4.2.2. Aid delivery mechanism in Afghanistan since 2002:

Historically, since 2002, aid has been delivered through two parallel budget mechanism i.e. **Off-budget** and **On-Budget funding**. According to Ministry of Finance report, Off budget is the donor financing that bypasses the afghan’s government public financial management system and is disbursed and managed directly by the donors with little or no Government involvement in planning, implementation or monitoring of the programs/projects, whereas On-budget support is the financing that comes under “Core Budget” and is given to the government either as bilateral aid or through various Trust Funds (Ibid).

Majority of the aid funding to Afghanistan including education sector bypassed the government sector as it can be seen in the below (*figure no. 4.2*), the ratio of the off-budget to on-budget was 82% and 18% in 2002-2010 and it was decreased to 73% and 27% in 2011-12 and finally it was further decreased to 52% and 48% in 2013-14.

Figure No. 4.2: Ratio of On-budget and off-budget from 2002-14

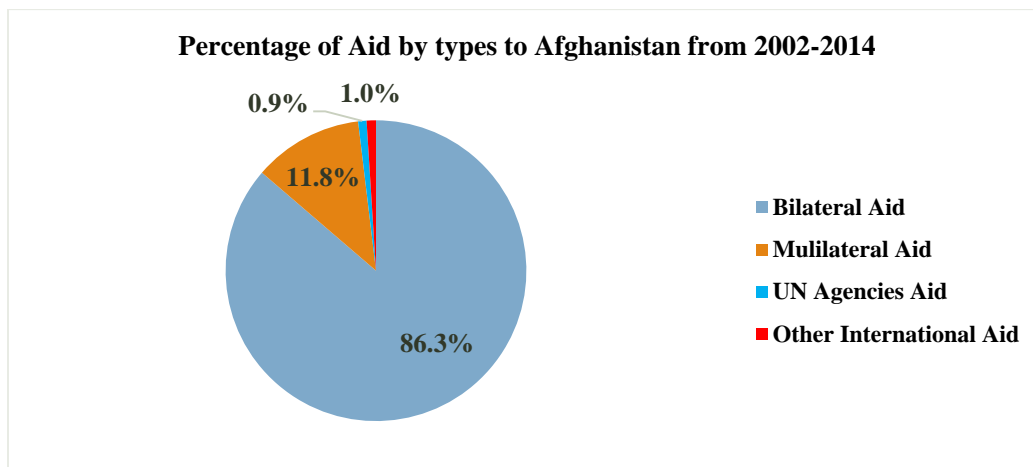


Source: Author Construction from DCR (2010, 2012 and 2014) reports of Ministry of Finance, Afghanistan.

4.2.3. Percentage of aid by types to Afghanistan 2002-2014:

Historically large percentage of aid that has come to Afghanistan been the bilateral aid and directly controlled by the donor agencies. As indicated in (figure 4.3), 86.3% of total aid from the year 2002-2014 that came to Afghanistan was bilateral aid whereas, 11.8% of total aid was multilateral and the remaining almost 2% came from the UN agencies and other international funding agencies.

Figure No. 4.3: % of total aid contribution by type to Afghanistan (2002-2014)



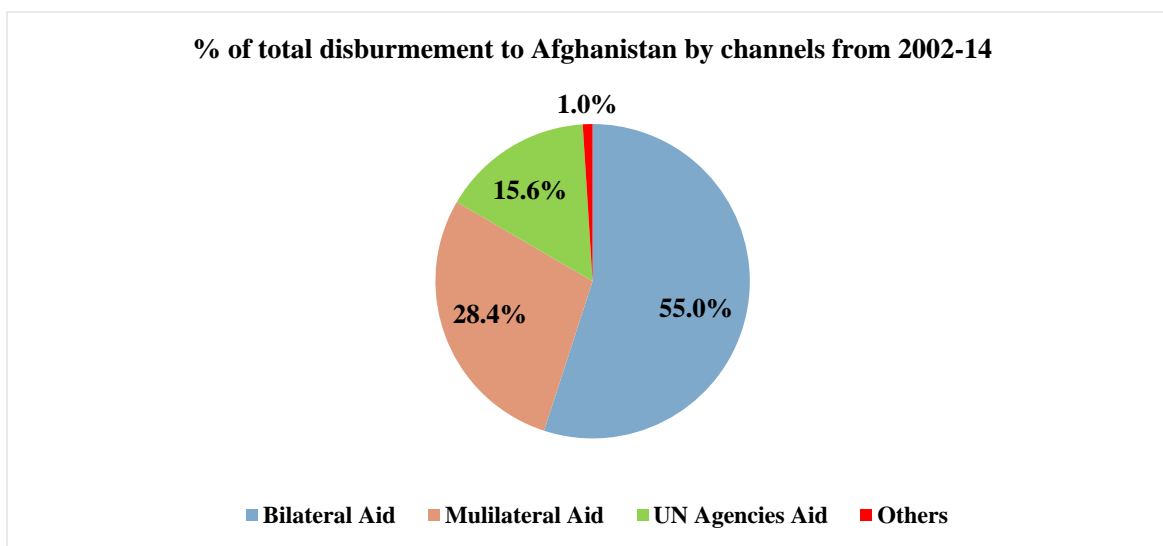
Source: Author Construction from DCR (2010, 2012 and 2014) reports of Ministry of Finance, Afghanistan.

4.2.4. Percentage of disbursement and implementation of aid through channels from 2002-2014:

Below (figure 4.4) indicate that although the major chunk of foreign aid i.e. over 86% (see figure 4.4) was contributed through bilateral aid but they implemented only 55 % of their contribution directly and the remaining 26% of bilateral aid contribution was channeled and implemented by other multilateral agencies (pooled funding system) and through the UN agencies.

However, as shown in (figure 4.4), multilateral agencies was contributed only 11.8% of their own funding but they implemented 28.4%. Similarly, the UN agencies was contributed only 1% of their funding but they also implemented 15.6%. Therefore, it seems that these agencies also used pooled funds and implemented those projects that were funded by bilateral donor agencies.

Figure No. 4.4: Percentage of total disbursement to Afghanistan by channels (2002-2014)



Source: Author Construction from DCR (2010, 2012 and 2014) reports of Ministry of Finance, Afghanistan.

4.2.5. Analysis of bilateral aid disbursement and Capacity Building Challenges:

The above data shows that more than half of the bilateral aid was spent directly by the donor agencies through off-budget outside the government budgetary structure where the government was not involved in the planning, implementation and monitoring of any project. Such large amount of fund bypassing the government has created daunting challenges for the institution capacity building in many ways **first:** it has deprived the government from the opportunity to learn by doing in developing the required capacity to design, implement and monitor the programs. **Second:** contracting out such basic services through NGOs has attracted all the national and international NGOs in Afghanistan. This has further attracted all the professional and qualified Afghan nationals by NGOs and donor funding agencies from the government and other productive sector. As the donor agencies and the NGOs implementing the donor funded projects offer higher salaries compared to the government salary scale, has made it difficult for the government to retain and attract the qualified staff to work with the government sector. **Third:** Such non-harmonized, unfair and high salary disparities between the donor agencies/NGOs and the government has also caused high staff turnover in the government institutions which hamper the capacity building and system development in line ministries.

4.2.6. Analysis of Multilateral funding and Capacity Building Challenges:

Although multilateral agencies and pooled funding mechanism seems to have more advantages than the bilateral aid in terms of reducing fragmentation, using the government budgetary system and accountability. However, managing fund through such system also attached with a high administrative and transaction cost, fees and salaries as mentioned in Ministry of Finance report 2014, the UN charges 5-7% and multilateral agencies charges 2-4% as an administrative fees in Afghanistan and almost USD 90 million of aid money is spent annually through such system.

In addition, managing aid through pool funding are considered as on budget support, however, such system is also a non-discretionary where the decision making and project selection power lies under the authority of the UN and multilateral aid agencies.

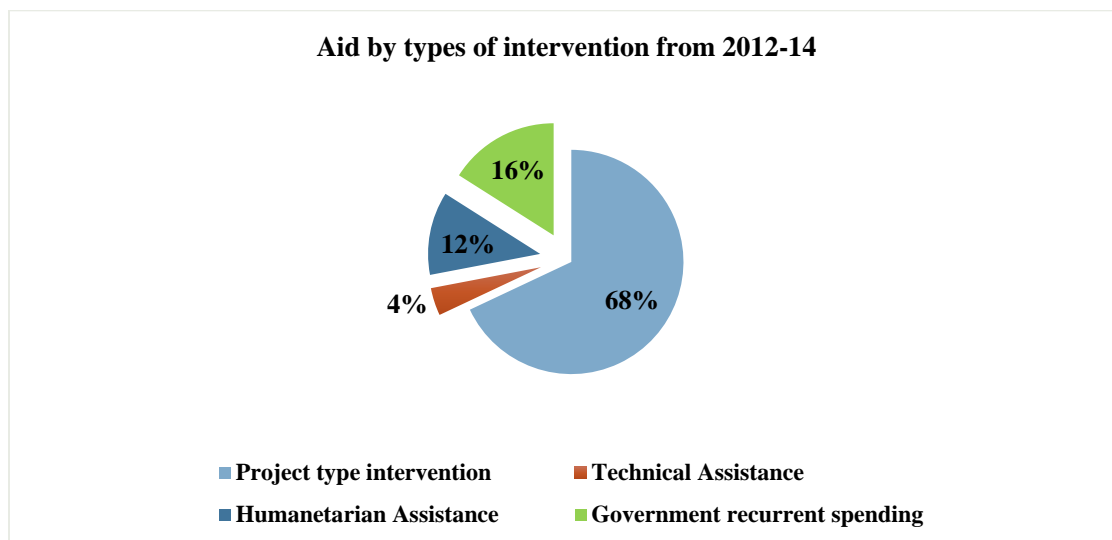
Similarly, such funding mechanism by the aid agencies has also led to the creation of parallel project implementation units following their own policies, procedures and laws independently from the government system. Such pooled funding mechanism also undermines government efforts in building capacities and taking over the responsibility with its own long term priorities.

4.2.7. Analysis of Aid by Types of Intervention and Capacity Building Challenges for the year 2012-14

One of the challenging issue that undermines the government capacity building is the use of fund through large number of small and short term projects in the aid delivery system in Afghanistan. Such projectization lead to fragmentation and multiplicity of policies that has made it difficult for the government to administer. As a result, this scenario has led to the creation of independent project implementation units working parallel to the government administrative structure.

As it can be seen from the (figure 4.5), only in two years (2012-14), out of total aid disbursed, 68% of aid funding was spent through project type intervention only. Similarly, 4% funding was used through Technical Assistance and the remaining 12% and 16% was used through government recurrent spending⁴ and humanitarian assistance respectively.

Figure No. 4.5: aid by types to Afghanistan for year 2012-12:



Source: Author Construction from the DCR 2014, Ministry of Finance /Afghanistan.

⁴ Recurrent government cost means salaries of the civil servants, Operation and Maintenance and acquisition of assets: (MoF 2014) Development Coordination report, Afghanistan.

The risk of fragmentation and duplication in the aid system to Afghanistan can be seen from large proportion of fund i.e. almost 72% (both project type intervention and TA) that was allocated to development projects.

Such large number projects are directly implemented by the multilateral agencies. As a result, allocation of large proportion of fund with the implementation of large number of small and short term projects, and also with the involvement large number implementing agencies, ultimately undermines the institutional capacity of the government despite of their higher transaction costs.

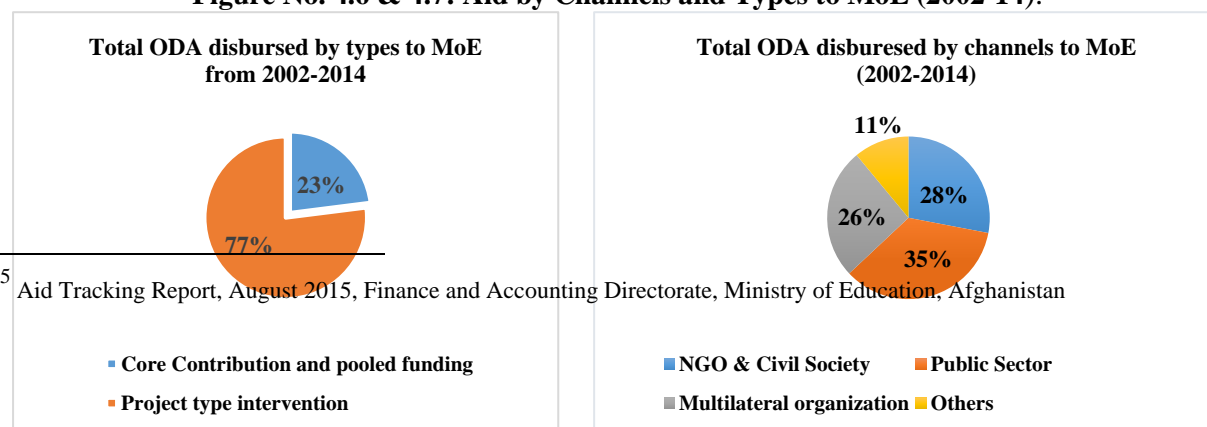
4.3. Analysis of aid delivery mechanism and its implications on MoE’s Capacity Building:

This section mainly covers the multiple channels through which ODA was disbursed to MoE from 2002. It also describes the extent of multiplicity in donor funding to MoE and explore how such multiplicity in funding agencies undermines the intuitional buildings especially the absorption capacity and “siphoning off” the scarce talented staff from MoE.

4.3.1. Total ODA disbursement to MOE by Channels and Types from 2002-2014:

Ministry of Education also has also been receiving ODA through Off and On budget mechanism since 2002. On-budget support is given directly to MoE in support of its own national education sector plan and is used at its own discretion and administrative system. However, Off-budget support is funded outside the national budgetary system and is controlled by the donor agencies. So far, large amount of funding has been disbursed through multilateral agencies and NGOs operating outside of the government system. As it indicated in below (*figure 4.6*) from the year 2002-14, almost 65% of aid support was challenged through multilateral donor agencies and NGOs whereas the remaining 35% was channeled through government core budgetary system. Similarly, large proportion of funding was disbursed through large number of small projects as in be seen from below (*figure 4.7*) out of total aid disbursed in 2002-2014, 77% was spent through project type interventions and the remaining 23% was spent through government core budget system. Such project type intervention was mainly implemented by large number of NGOs working through a parallel structure and were only adhere to the particular donor country procedures and reporting from whom they receive the funding (MoE 2015)⁵.

Figure No. 4.6 & 4.7: Aid by Channels and Types to MoE (2002-14):



⁵ Aid Tracking Report, August 2015, Finance and Accounting Directorate, Ministry of Education, Afghanistan

4.4. How off-budget mechanism of funding Undermines Institutional Capacity Building at MoE:

As is stated in the above section, large number of aid to Afghanistan especially to MoE was disbursed through off-budget funding where such aid mechanism poses multi-dimensional capacity development challenges to the government. Here, the question can be raised that why the donor agencies were less confident or what were the factors that derived them bypassing fund from the government through NGOs and international agencies? However, I would like to analyze four main institutional and social factors that were reasoned by the donor agencies for not using the government budgetary system. Such factors as mentioned in the “Development Coordination Report of Ministry of Finance are namely, 1) Low budget execution rate, 2) Weak institutional capacity, 3) Corruption, and 4) Insecurity (MoF 2010).

Reasoning factors like such are not based on the realities on the ground in the context of Afghanistan especially of MoE as:

- 1) Off-budget, low budget execution rate and weak institutional capacity:** Low budget spending especially developmental budget in line ministries and weak institutional capacity are two of the major concern of the donor agencies for not using the fund through government budgetary structure (MoF 2010). In context of MoE, as we have also already found the low absorption capacity by spending an average less than 51% of its total annual national budget during the last seven years. In reality, this low absorption capacity is also mainly associated with inadequate capacity at MoE’s institutions. The weak institutional capacity is mainly due to underqualified and low skilled civil servants who are incompatible with the donor management tools and administrative procedures as already discussed in chapter 3 of this paper. However, the issue of low absorption capacity is also largely interlinked with the off-budget funding mechanism in many ways: **First:** large amount of aid disbursed through multilateral agencies and NGOs; and through large number of projects, has pulled away the scarce talented staff from MoE. **Second:** by such funding mechanism, MoE is also missing the opportunities of learning by doing where working through partnership based system could strengthen them in crafting realistic planning and effective projects implementation rather than creating independent parallel units called Project Management/Implementation Unites (PIUs or PMUs). **Third:** The existing multiplicity in projects has wasted the government official time in reporting, making agendas and participations with the donor agencies and limit the MoE’s official time to manage their own activities. **Forth:** unfair, non-harmonized and imbalance salary scales applied by the donor agencies and NGOs has not only demoralized the civil servants, but also created high turnover of staff at MoE.

- 2) **Off-budget and Corruption:** The existence of high corruption in government especially in MoE's institutions has made donor agencies hesitant and less confident in allowing more fund through government channels; and if they allowed more funds through the government system, there is high risk of corruption and inappropriate use of funds (MoF 2012). Similarly, the recent study of CPI in 2016 has also ranked Afghanistan a third corrupted country in the world. However, there are also various arguments on the existence of corruption within the off-budget. As argued in MoF report (2012), there is no empirical evidence provided by the donor agencies of non-existence of corruption in the fund channeled through off-budget mechanism and the donor agencies are using the existence of corruption as an excuse for not channeling the fund through government system. Off-budget mechanism has also strongly argued by Waldman (2008), since 2001, 40% of the total ODA went back to the donor agencies in the form of corporate profit and consultancy services where vast amount of fund was lost through contracting and sub-contracting with 20% to 50% profit margins in each contract given to the private international companies. In addition, he further argued that, bypassing fund has led to creation of too many projects designed to deliver rapid and short-term results with no sustainable impact; and large number of expatriates working with the donor agencies receiving \$ 250,000 to \$500,000 salary a year with the generous allowances is just a waste of such assistance (Ibid).

However, despite of the above arguments, off-budget mechanism also increases the vulnerability to corruption within the government itself. It deprives the government from building a strong civil service administration which could develop an effective anti-corruption measures. As a result, inadequate institutional capacity at MoE, is weakened by Off-budget funding and has directly contributed to the problem of corruption.

- 3) **Insecurity:** Beside low absorption capacity, inadequate institutional capacity and corruption reasoned for not using the government system, insecurity is yet another reason the donors are making to justify the off-Budget mechanism. Continues insecurity in some provinces and districts has increased anti-government attitude and dislike of foreign presence among the people, limited access of government and donor agencies; and to increase the potential for peace through development, the donor agencies considered NGOs and private companies more efficient means to quickly deliver the services and implement the developmental programs to those fragile and needy areas (MoF 2010). Therefore, for bridging the gap between the government and the citizens, large amount of aid was allocated to the fragile areas in the last 15 years through NGOs and private companies.

However, aiding large amount of fund to fragile areas has also undermined the aid effectiveness and state capacity building in Afghanistan. It has limited the donor oversight in monitoring the quality of the projects contracted to private companies as

stated by MoF, aiding more fund to in-secured areas has made it difficult for both the government and the donor agencies to properly monitor the projects; and the information about the quality of the projects and its progress to the government and funding agencies is accepted only with the trust on the contractor (MoF 2012). The issue of low monitoring and low quality projects is also argued by John Sopko 2014, in an interview with Sheila MacVicar, “Many times, the staff didn’t do their jobs--they’d just sign the paperwork--they never checked to see if the construction was actually done the proper way--we found schools that were falling down--we found a clinic where the electricity didn’t work and the buildings were falling down--we found one building where it actually was melting because it was poor construction, when it rained, the building melted.”⁶

In addition, aiding large amount of fund to fragile areas has also raised the issue of accountability with those donor’s contract officers who sign the contract with the private companies as argued by Sopko 2014, the performance of the contracting officer is rated based on how quickly and how much fund the officer put on the contract before he/she goes to home and no one is held accountable. As he says “Performance does not matter in many of the situations, and that’s what we find--the whole idea is you’re there for a year, sign the contracts, get the money out, get rewarded for that--I’ve had a number of contracting officers in all of the agencies-- [the Defense Department], the State [Department] and USAID-- say, “I get my promotion on how much money I put on contract, period.” not whether the contract accomplishing anything.” (Ibid).

In addition, such flow of aid has also created unequal geographic distribution across the provinces where large amount of aid congested with large number of donors in insecure province has deprived the other more secured provinces. This has led to the situation of more insecurity and more aid as argued by (Donni 2007), insecurity and conflict has aided more aid to more insecure areas in Afghanistan and has diverged aid from the areas where it was really needed. He further argues that low aid to secure provinces caused a security punishment as “aid goes where there is poppy and war.”(Ibid)

However, reasoning security to justify Off-Budget system could not be a valid reason as one of the top senior official of MoE says, “security is a political issue and doesn’t necessarily relate to technical issues of building capacities, how insecurity could be justified as a reason while sitting at the most safe and secured offices in Kabul or in the highly protected compounds of donors???” Furthermore, if a local afghan contractor is not able to implement the project, then how can a

⁶ John Sopko, Special Inspector General for Afghanistan Reconstruction (SIGAR) who interview with Sheila MacVicar Aljazeera in June 2014. He was appointed by US Department of Defense as special auditor to investigate and review all the contracts and projects that were contracted by the USA different funding agencies in Afghanistan in 2014 and report back to the US congress and parliament. Accessed link: <http://america.aljazeera.com/watch/shows/compass/articles/2015/6/17/john-sopko-sigar.html>

foreigner be... these are the donors' jargons used to justify their failures and have no reality at all" (Hamidullah 2016, personal interview)⁷.

4.5. Concluding Remarks

Throughout the last fifteen years, large proportion of aid provided to Afghanistan/ Ministry of education has been bilateral and a major proportion of such aid is either channeled directly by the bilateral donor agencies or implemented through multilateral agencies. In addition, major chunk of aid has been implemented through project type intervention parallel with government institutions. Such parallel aid delivery mechanism has not only undermined the aid effectiveness principle but also has put the government in vicious cycle of low capacity and low institutional development. Low capacity in government is largely associated with "Poaching off" the already scarce qualified staff by the donor agencies through bidding up their salaries. Such unfair and imbalanced salary scales has made it difficult for the government in attracting and retaining qualified staff and has caused high staff turnover. This scenario has undermined the government for having a strong civil services administration and permanent in-house capacity.

Chapter 5:

Analysis of short-term Capacity Buying through Technical Assistant (TAs) to meet urgent needs at the Ministry of Education (MoE):

While analyzing the aid and institutional impact at MoE in chapter 4, we have found that the low institutional capacity building and low absorption capacity is largely associated with the way ODA delivered to MoE accompanied with the creation of parallel structure and project type interventions which has resulted pulling away the scarce talented staff by the donor agencies through bidding up their prices. The chapter analysis how the provision of Technical Assistance (TA) hired by the donor agencies is ineffective in transferring knowledge and skills development to the civil servants; and rather than building capacity, it has increased the sense of reliance where the exit strategy will create a vacuum in the administrative system and service delivery that was already existed before TAs was deployed. This chapter also discusses that not only bypassing aid has undermined the institutional capacity building at MoE, but the existed independent projects implementation units by the donor agencies and the provision of Technical Assistance contributed through on-budget project has been also created multiple challenges for MoE's capacity building since 2002.

My argument on how capacity development through TAs undermines the public institutions is based on Brain Lucas argument (see chapter 2) who has criticized TAs in many grounds. According to him, TAs are supply-driven, no country ownership and more donor control with

⁷ Personal interview with S. Hamidullah, Deputy Minister of Admin & Finance on issue of Off-budget funding and challenges for MoE capacity Building, Kabul, Ministry of Education, August 14, 2016.

the use of parallel implementation units (TAs are more accountable to donors than to the government), distort public sector salaries, high expensive, insufficient attention in selection of TAs ensuring the required skills and their abilities in transferring knowledge and technical skills and finally lack of consideration on exit strategy and alternatives (Lucas 2009).

5.1 An overview of CD through provision of TAs at MoE:

Since 2004, Ministry of Education with donor agencies have adopted short term capacity building programs through hiring national and international advisors as a strategy for improvement of civil servant capacity and for meeting the urgent needs in the education system. Large portion of funding was allocated for capacity building of Ministry through funding Technical Assistants (TAs) in various departments. Currently, more than 3000 TAs are working both in central and provincial departments and these TAs are either hired by the government and funded by the donor agencies or hired by the donor agencies and report to both the donors and government (MoE, 2016)⁸. “The objective of recruiting TAs at various departments is not only to assist the concerned departments in operations, overall daily activities and assist in the development of policy documents but play an important role in building the capacity of the civil servants in the concerned departments through various capacity building programs and assisting them in mainstreaming the changes to their tasks and responsibilities.”(HR team 2016, personal interview)⁹. However, as mentioned in Danish funded TAs program at MoE, most of the TAs in the first phase assist in development and implementation of the new systems, and later take the role of capacity building agent and with the passage of time, day to day operations will be finally handed over to civil servants who are backed by extensive capacity building programs (Danish Embassy 2014)¹⁰.

In spite of starting reforms from the scratch, the capacity of the MoE was improved up to certain level compared to the initial reform process. “MoE was able to develop a National Education Strategic Plan (NESP) for four years (2006-10) with the help of foreign and national Technical Assistance (TAs) and was further able in developing NESPII for another four years (2010-2014) and currently the third phase of NESPIII for the period of 2014-18 has been still ongoing.” (Planning team 2016, personal interview)¹¹.

The main objective of the MoE behind such nationwide plan was aligning the MoE policies and strategies with the 22 National Priority Programs of Afghanistan National Development Strategies (ANDS) which was developed in 2006 by the Government of Islamic Republic of Afghanistan (GOIRA). Additionally, a number of international technical experts/ advisors and national TA were hired for the project implementation and capacity building for the civil servants, “hundreds of MoE employees have been provided short term training program within

⁸ Individual donor funded TAs report 2016, EMIS, Ministry of Education

⁹ Personal interview with group of 8 TAs on different roles and functions of TAs working at MoE, HR directorate, MoE, July 18, 2016.

¹⁰ ‘Education Support program for Afghanistan, Project Midterm Report July, 2014, Funded by Danish Embassy, MoE.

¹¹ Personal interview with the team 6 staff of Planning Directorate on the updates of MoE’s strategic planning, at MoE, July 28, 2016.

the country and also have been sent abroad for the training and Master's programs in various specialized programs" (Planning team 2016, personal interview)¹².

Below I would like to analyze and explain some of the capacity building programs at MoE through provision of TAs.

5.2. Analysis of TAs Under Education Support Program for Afghanistan (ESPA), DANIDA funded:

ESPA program was support by the Danish International Development Agency (DANIDA) from 2002-2015 and was total discretionary on-budget support through MoE's core budget with the objective to strength the Afghan financial management system, ensure funding predictability and serve as a model for other donors to align their support with the National Education Support Program of MoE (ESPA 2015)¹³.

As per the project documents, capacity building of civil servants through TA was one of the main project component where approximately half of the project funding was allocated by recruiting 5 internationals advisors and 480 national TAs at different levels and departments for the capacity building of civil servants throughout the project duration (Ibid).

Similarly, in terms of funding TAs, this program was different than the other on-budget funding to MoE. "The main difference of ESPA programs from the other donor's program was that, TA was considered as the main project activity for the capacity building of the civil servants whereas, the other on-budget donors such as World Bank, Global Partnership for Education, USAID, UNESCO and UNICEF, TA was considered as a project support staff and was mainly recruited for the project implementation of that particular donor agency." (HR 2016, personal interview)¹⁴.

In addition, TAs were allocated to various department both at central and provincial level for the capacity building of the civil servants in planning, monitoring and evaluation and were categorized based on their activities and functions i.e. TAs assigned to build the capacity and work closely with civil servants, TAs assigned to perform the duties of civil servants until MoE has sufficient funds to convert the TAs to civil servants position and TAs who temporary assigned to complete the project activities (ESPA 2014)¹⁵.

5.2.1. Pros and Cons of Capacity building under ESPA funded TAs: while recruiting TAs under this program brought some positive changes in the overall system development of MoE, it also created some daunting challenges to MoE in multiple ways as such:

One: Through the provision of TAs, the knowledge and skill was not transferred as it was expected by the government and there was still a huge capacity gap exist within the

¹² Personal interview with the team of 5 staff of planning directorate on the various capacity building programs, at MoE, July 28, 2016.

¹³ Education Support Program for Afghanistan (ESPA), Project final report, 2015, Ministry of Education.

¹⁴ Personal interview with HR staff on issue of different categories of TAs at MoE, August 22, 2016.

¹⁵ ESPA project documents "The roles and functions TAs hired by the Danish Embassy under ESPA project; MoE, 2014

civil servants. “Due to high demand of service delivery in the country, most of the TAs are busy in the project implementation and day today operational work that would have been carried out by the civil servants, however, civil servants either don’t have the capacity or don’t want to be fully committed to his/her duties and responsibilities.” (Planning team 2016, personal interview)¹⁶.

Two: This program also created high salary disparities between the civil servants and TAs. Minimum TA’s monthly salary is USD 600 to max of USD 5000 with an average monthly salary of USD 1000 whereas an average, civil servants receive USD 130 per month (Finance Department 2016)¹⁷. Such unfair and imbalanced salary disparities had not only demoralized the civil servants but also had led a joyously and conflictive work environment between TAs and civil servants. “High salary disparities has not only limited the civil servant’s commitment to their given roles and responsibilities, but it has further demoralized civil servants as they are not paid enough by the MoE to sustain themselves and their families.” (Civil Servant team 2016, personal interview)¹⁸. Therefore, the civil servants commitments were further affected by the low salary scales that they were receiving at MoE.

Three: Capacity building through TAs under this program was also pulled away those talented staff who were previously working with the government structure. “Donor agencies such as Danida, USAID, GPE and many more which are implementing projects at MoE have created a chaotic situation by attracting qualified staff from the government sector and have created a vacuum in the government structure.” (Civil servants 2016, personal interview).

Four: Such programs also created staff turnover and annual human resources planning challenges for MoE. “TAs are hired on contractual bases, they can easily leave MoE and can go to other departments, ministries and NGOs, if they are offered with even USD 50 extra from the salary that he/she receive here; this has created difficulty for us, as some time, he/she leave us in the middle of project implementation where it is not possible for us to have another qualified staff on board and the lengthy HR recruitment process takes at least three to four months to recruit the other one.” (HR team 2016, personal interview)¹⁹.

Five: Similarly, beside high salary disparities, TAs were involved in activities which were highly complicated, computerized and based on modern management tools. This modern management tools were also incompatible with the civil servants traditional and paperwork system and were causing unnecessary administrative delay in project implementation. “in the procurement department, we plan, advertise, evaluate the proposals, prepare the proposal evaluation report, identify the most responsive bidder, prepare the contract and send the whole documents to the procurement award committee for their approval who consists of five civil servants, however, it takes us even weeks to

¹⁶ Personal interview with Planning team on issue of capacity building of civil servants, at MoE, August 18, 2016

¹⁷ Finance and Accounting Department salary report, August 20, 2016.

¹⁸ Personal interview with the group of 7 civil servants on the issue of their salaries and allowance, at MoE, August 23, 2016.

¹⁹ Personal interview with HR team on issue of TAs turnover, at MoE, August 24, 2016.

obtain their one signature; they always hesitant to sign the documents; since they don't know the donor procurement guidelines, hence, they always ask irrelevant questions and causes project delay.” (Procurement TAs team 2016, personal interview)²⁰. Such contradictory administrative system within the MoE even demotivated TAs to work more productively and had created a situation where most of the TAs were preferred to work with the donor agencies and NGOs. “ we are actually lost, we feel that we are neither included in the government system nor excluded from the government; we process all the documents from the start till end of any project, but we don't have the signature authority and we are always begging for the signature of the civil servants to further process the project; At the same time, we are given the deadline for each activity to be completed, otherwise we are going to be fired very easily by the higher authorities as we are on contractual bases.” (Procurement TA Unit 2016, personal interview).

Six: The over reliance of MoE on TAs and lack of exit strategy had increased the sense of MoE's reliance on certain key individuals which further made the system more fragile. “In comparison with other line ministries and public institutions, the civil servant capacity in MoE has been built, but the required level of skills and knowledge to implement National Education Strategic Plan (NESP) and other priority activities still remains weak and the exit of TAs will create a vacuum at MoE.” (Planning Directorate staff 2016, personal interview).

Seven: Inappropriate use of fund and corruption on hiring TAs: On-budget and full funding ownership modality of Danish fund to MoE was also resulted hiring of under qualified staff through a non-transference recruitment practices. Most of the time staff were recruited on the bases of personal relationship and contacts by the MoE high authority. “If you know someone, you can be recruited and promoted very easily without proper performance appraisal, some staff receive very high salary even within the same department and those who don't have anyone, will never be promoted.” (HR staff 2016, personal interview). In some department, TA were also hired on supply bases rather than on proper need assessment bases. There were also cases where MoE recruited and promoted TAs without any approval from and communication with the Danish Embassy. “During ESPAII program, six directors were paid from the ESPAII budget without any approval, five directors' salaries were increased without an approval and eighteen TAs salaries were paid by the Deputy Minister of TVET's from the ESPAII construction projects where the fund was only allocated to school construction projects and the Danish Embassy was not even communicated.” (External TA audit report 2015)²¹. The investigation report had further mentioned the existence of unapproved and ineligible recruitment of TAs were resulted unauthorized personnel cost charged to the ESPA programs.

Eight: High cost attached to TAs: The other challenge of capacity building through TAs was its high expensiveness which were limiting funds from other developmental projects as found in ESP-II project final report, the total expenditure on capacity

²⁰ Personal interview with TAs working at the procurement department of MoE, August 24, 2016.

²¹ An external TAs investigation report on ESPA-II program, carried out by HLB IJAZ TABUSSUM & CO, December 2015.

development through TAs were 45% of the NESP-II program for the year January 2013-Dec 2014 (ESPA-11 2015)²².

5.3. Analysis of TA under Education Quality Improvement Program (EQUIP), World Bank Funded:

EQUIP was a World Bank funded program aligned with MoE on-budget discretionary system and was working across all 34 provinces from 2004 (EQUIP 2015)²³. As per the project report, EQUIP, was supporting the education sector in all field such as construction of schools, teachers trainings, policy development, project management, Monitoring and evaluation, social mobilization and School based management projects. This program has created multiple challenges for capacity building at MoE as below:

a) TAs are mainly involved in project implementation: Although it was one of the largest donor supported programs to the education sector where the fund was processed through Afghanistan financial management system. However, the program was implemented through a separate established directorate having its own director with an independent program implementation units in all departments. “ each TA hired under EQUIP is called as an Individual Consultant who is recruited only for the project implementation and are not responsible for the training and capacity building of the civil servants.” (EQUIP team 2016, personal interview)²⁴. Therefore, unlike the Danish funded ESPA program where the TAs were mainly hired for the capacity building of the civil servants, under EQUIP, TAs were hired for the project implementation and its cost was considered as an operational cost of the program. Therefore, buying short term capacity through TAs without any long term capacity building programs put MoE in fragility and dependency. Such funding arrangement were mainly addressing short term urgent needs without improving MoE’s long term in house capacities.

b) The program increased reliance of TAs:

At the start of program in 2004-2008, EQUIP has had recruited 450 TAs and when the program expanded across all the provinces, the number of TAs has had reached to 899 for the year 2008-2012, later on, it reached to 1500 between the year 2012-14 and there onwards, the total number of TAs has reached to almost 2000 across in central and provincial departments of MoE (MoE, HR, Internal Report, July 2016).

All these TAs were hired on short term contractual basis and a remarkable number of them were having their offices at MoE covering a range of grades from junior finance officers in the central ministry and provincial to Assistants, officers, Senior Officers, Managers, Specialists, International Advisors, Advisor to Minister, Deputy Director

²² ESPA-II, project operational plan report, December 2015, Ministry of Education.

²³ EQUIP project documents, August 2015.

²⁴ Personal interview with a group of TAs hired for the EQUIP Project and the discussion was mainly on their responsibility in civil servant’s capacity building, at MoE, 25 August, 2016.

and to the Director of EQUIP. Although EQUIP was funded through on budget and was fully aligned with the MoE's policies and priorities but it was still managed by the World Bank through ARTF. Similarly, it was clear that MoE had the ownership of the program and that the use of government structure had enhanced capacity in nearly all relevant MoE line departments as well as at the provincial and district levels. But still the whole program was implemented by the TAs who were involved from the start till end of every projects. This scenario resulted the sense of dependency over TAs by taking up the critical activities at MoE.

- c) **Capacity Building only for the TAs:** Although the World Bank was conducting various capacity building short term training programs within the country and abroad. However, these trainings were only designed for the capacity building of TAs rather than civil servants. "World Bank team conducts various internal and external capacity building trainings by its own national and international advisors related to World Bank guidelines and procedures but such trainings are only designed for the TAs and the civil servants has never participated in any such trainings." (Civil servant team 2016, personal interview).
- d) **Formation of parallel structure within MoE:** The program was designed and implemented through World Bank guidelines and procedures with its own organizational set up parallel to the MoE's formal structure had further put challenges for MoE's capacity building and reform process. Following the World Bank guidelines, procedures and policies parallel to the government laws and implementation through its own recruited TAs without involving civil servants could not only build the capacity building of the civil servants but could address only the short term urgent needs of the MoE rather than creation a foundation of a long term capacity building and exit strategies.

5.4. Analysis of TAs Under Public Financial Management (PFM) Programme: AusAID funded:

This program was mainly designed to unlock the service delivery and budget execution constraints at central level for four line ministries including MoE and was implemented through conducting short term one day workshop to those civil servants who were working in procurement planning, financial accounting and reporting, project planning and design and financial administration to improve the developmental budget at each line ministry; and the program managed with four national advisor to each ministry for delivering trainings and with three international advisors for supporting and mentoring the national advisors' (AusAID 2012)²⁵.

Although the program was intended to remove the administrative constraints and improvement the capacity building of the civil servants to ensure high budget execution rate at the MoE, but it was not as effective as expected in terms of capacity buildings in many ways:

²⁵ Aid Memoir of Public financial management program funded by Australian Agency for International Development December 2012.

First: the frequency of workshops and one day training of each capacity building workshop were not contributed well in knowledge transferring and skills development of civil servants “this workshop was only for one day and it was very difficult for us to learn all the procurement guidelines and procedures in few workshops that happened after two months.” (Civil servant program participants, interview, August 5, 2016).

Second: the participants were those civil servants who were not at all involved practically in any project administration in any department. “Workshop covers the guideline, procedures and activities of the projects that are funded through either government or donor agencies on which we are not involved at all, such programs are of no means to us unless we are given a chance to practically apply the skills that we learn from this program.” (MoE, Finance department Civil servant team, interview August 5, 2016). Therefore, since all the project activities were handled by TAs and the civil servants were not involved in MoE’s decision making; the program was not effective in skills development of civil servants.

Third: three international advisors who were paid with high salaries for the program implementation did not have any visible contribution to the program “the international advisors are paid USD 35,000 per month, provided with luxurious car, and guest houses, just sitting in our office, don’t know the local language, unfamiliar with Afghanistan Public Financial Management System and has never participated in any workshop conducted by the national advisors” (MoE, Program budget unit interview, August 5, 2016). TAs hired with such a high salaries and offered with decent allowances with no contribution in the capacity building program were the unnecessary cost charged to the program.

5.5. Analysis of TAs Under International Institute of Education Planning (IIEP) Programme: UNESCO funded:

Ministry of Education had sent almost thirty both National TAs and Civil Servants for a Master program in IIEP’s Advance Training Program (ATP) and Specialized Course Program (SCP) in the field of education planning and management (MoE, Planning Directorate report, July 2014). The initial program was for three years (2006-2009) and was funded by the government of Norway, later on by the Danida (2010-14) and currently funded by CIDA for the year 2015-18 (MoE, IIEP project documents, May 2014). “Throughout this period, MoE has been able in sending thirty students out of which 14 civil service (those who knows English language) and 16 national TAs” (MoE, Planning Department Team Interview, July 12, 2016). The objective of the program was to have qualified staff for future in-house capacity and long term education planning at MoE. However, this program was also not effective in retaining the staff. “Some of the staff who have been graduated from this program have left the MoE as they got good jobs in some other ministries or private NGOs and the remaining are converted from Civil Servants position to TAs paid by donor agencies with higher salaries.” (MoE, Planning Directorate staff interview, July 12, 2016). Therefore, since the government was unable to offer such a high

salary scale compared to the favorable private market created by high influx of aid, it was difficult for the government to retain its qualified staff.

Furthermore, there were also other donor agencies such as USAID, GPE, UNICEF, GTZ and UNESCO who were funding the education sectors through on-budget funding like World Bank and these agencies were also hiring hundreds of Technical advisors for their project implementation similar to the World Bank. Such short term capacity building programs could serve the short term urgent needs of MoE but did not contribute to long term CD objectives.

5.6. Concluding Remarks

Large proportion of on-budget support to MoE has created several independent project implementation units parallel to the government formal structure in which each donor agency has applied its own policies, procedures and guidelines rather than the government procedures and system. Such independent project units are totally administered by TAs who are supply driven and are accountable to the donors rather than to the government. TAs are only involved in project implementation and not in capacity building of the civil servants. Provision of TAs is not only costly and distorts the MoE's salary structure, but has also demoralized civil servants and has created jealousy and mistrust between TAs and civil servants. In addition, all the donors have applied a short term capacity buying strategies to meet the urgent needs of the MoE rather than contributing to a long term sustainable in-house capacity building. Finally, provision of TAs has increased a sense of reliance of MoE over TAs and any exit strategy or ending of fund will create a vacuum in already weak institutions of MoE.

Chapter 6:

Conclusions and Recommendations:

6.1. Conclusion

As discussed throughout this research paper, there are many criticisms about aid and institutional relationship and how long term aid dependency undermines the institutional development in conflict affected and fragile states like Afghanistan. The large amount of aid continued over a long period of time and the way it is delivered to Ministry of Education, Government of Afghanistan, erode the institutional qualities of MoE in many ways:

1. Bypassing the government budgetary channel (Off-Budget Funding Mechanism) created parallel structures at MoE which lead to varieties of small and short term projects and programs, duplications and fragmentations of policies, deprive the government from the opportunity of learning by doing, and poaching and siphoning away the scarce qualified staff from already weak and decaying public institutions. Additionally, large proportion of (On-Budget) support to MoE has created several independent project implementation units (PIUs/PMUs) parallel to the government formal structure in which each donor

agency has applied its own policies, procedures and guidelines rather than the government procedures and system. These independent project units are totally administered by Technical Advisors (TAs) who are only involved in project implementation and do not build the civil servants' capacity.

2. Aid in the form of Technical Assistance (TA) undermines the institutional development. The Technical Advisors hired by donors are the “systematic destructive force” imposed by the donors; they are highly expensive, accountable to donors, distort public sector salaries, and demoralize civil servants. In addition, the TAs have increased the sense of reliance rather than capacity building and have weakened the commitment and ownership of MoE.
3. Although there has been a significant quantitative increase of civil servants since 2002 at MoE but their skills and knowledge levels have not been upgraded significantly, as large proportion of civil servants possess G-12 and G-14. Such low skills and capacity of staff have resulted poor performance and led to low annual budget spending. This low budgetary spending and inadequate institutional capacity have put the MoE in a vicious cycle of weak capacity and poor institutional performance.
4. Throughout the last fifteen years, large proportion of aid provided to MoE has been bilateral and a major proportion of such aid is either channeled directly by the bilateral donor agencies or implemented by multilateral agencies through project type interventions parallel to government institutions. Such parallel aid delivery mechanism has not only undermined the aid effectiveness principle but also put MoE in vicious cycle of low capacity. Low capacity at MoE is largely associated with “Poaching off” the already scarce qualified staff by the donor agencies through bidding up their salaries. Such unfair and imbalanced salary scales has made it difficult for the government in attracting and retaining qualified staff and has caused high staff turnover. This scenario has undermined MoE for having a strong civil services administration and permanent in-house capacity.

As discussed thought out this research study, there has been a negative relations between aid and institutions capacity building, analyzing the case of MoE, I have come to the conclusion that, all the donors have applied short term capacity buying strategies (Provision of TAs) to meet the urgent needs of the MoE rather than contributing to a long term sustainable in-house capacity building. The provision of TAs has increased a sense of reliance of MoE over the TAs and any exit strategy or ending of fund will create a vacuum in already weak institutions of MoE. However, my argument that higher aid dependency level is negatively associated with the quality of institutions at MoE does not mean that the high aid level should be reduced, rather, I propose more foreign aid if it is delivered through the government budgetary system with the long term and clear development agendas to improve the service delivery, to strengthen the institutional planning capacity and to establish a strong civil services administration with a permanent in-house capacity.

6.2. Recommendations

In order for MoE to efficiently use foreign aid for building its in-house permanent capacity, I propose the following policy recommendations:

- Any foreign aid should be delivered with clear agenda and honest partnership between the donor and the government; it should be channeled through government budgetary system with the ownership of the government. Such changes in fund delivery mechanism based on real partnership will double the strength of the government in improving service delivery by having a strong civil services administration which is the current demand for the modern state.
- There has to be a “harmonized and fair” salary scale among all the donor agencies, this will not only increase the fiscal efficiency for the government but will also reduce the high turnover of the skilled staff.
- Buying short-term capacity policies within MoE (hiring TAs) by donors should be discarded; this will decrease the staff turnover and will increase the sense of stability and permanency within the MoE.
- Establishing a transparency based recruitment system where promotion is based on performance and qualifications not on seniority or patronage.
- Removing the salary disparities between and among donors and MoE and other line ministries will reduce the turn over and increase the attraction and retention of qualified staff.
- Permanent absorption of all TAs and other contracted staff within the government system, this will not only establish a permanent in-house capacity but will also strengthen the sense of commitment and belongings among TAs to increase their productivity and transfer of knowledge.

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