



International Assistance to Afghanistan, 2008 – 2018

Part 4: Summary Report of Evaluation Reports by the Asian Development Bank, 2008 – 2018

March 2020 | Reem Saraya and Christoph Zürcher

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On behalf of

Federal Ministry for Economic Cooperation and Development (BMZ), Germany
Division for Afghanistan and Pakistan



Federal Ministry
for Economic Cooperation
and Development

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Abbreviations and Acronyms

ADB	Asian Development Bank
ARAP	Afghanistan Rural Access Program
ARTF	Afghanistan Reconstruction Trust Fund
ASGP	Afghanistan Sub-National Governance Project
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung/ The Federal Ministry for Economic Cooperation and Development, Germany
CERP	Commanders Emergency Response Program
COIN	Counterinsurgency
DDA	District Development Assemblies
EQUIP	Education Quality Improvement Program
EVAW	Eliminating violence against women
IDLG	Independent Directorate of Local Governance
IEC	Independent Electoral Commission of Afghanistan
IRDP	Irrigation Restoration and Development Project
LOTFA	Law and Order Trust Fund
MBAW	Making Budgets and Aid Work
NDPG	National State Governance Project
NGO	Non-Governmental Organization
NIBP	National Institution Building Project
NSP	National Solidarity Program
SIGAR	Special Inspector General for Afghanistan Reconstruction
UNDP	United Nations Development Program
TA	Technical Assistance

1 Executive Summary

This report provides a review of 13 ADB evaluation reports of ADB programs in Afghanistan published between 2011 and 2017. Most projects were found to be **relevant**. The objectives of the projects were aligned with country's needs and ADB's country and sector strategies and development priorities. However, the **sustainability of all projects is considered less than likely**, due to capacity constraints, weak institutional capabilities, and borrower dependency on funding and technical assistance.

In general, projects were somewhat effective in delivering intended objectives despite capacity constraints, institutional weakness, and a volatile security environment. However, **effectiveness varied; interventions in regulatory policies were rarely successful**. ADB projects that aimed at reforming public administration, creating better regulatory frameworks for both private sector development and the agriculture sector were not effective. They did, most importantly, not lead to more economic growth. ADB concluded that technical skill transfer was unlikely because the institutional absorptive capacity of the partner was limited.

More effective were infrastructure projects. Despite frequent cost overruns and delays – caused by lack of partner capacity, but also by an adverse security situation – projects could be implemented and proved to be effective. Successful projects include infrastructure in energy, roads, and airports. Less successful was the Hairatan to Mazar-e-Sharif railway project, mainly because demand for the project was overestimated.

Projects were **rarely rated as efficient**. Most projects experiencing implementation issues and delays, costing problems (overruns or underutilization of funds), lack of communication between stakeholders, issues with contractors and procurement, capacity issues, and security problems. Poor project design and management capacity of the executing agencies exacerbated the implementation process, with high dependence of the executing agencies on technical assistance from ADB.

The evaluation reports clearly suggest that the **weak capacity of the Afghan administration** severely impacted project implementation, maintenance, and monitoring. Many ADB reports call for more capacity building efforts. However, it should be noted that the evaluation reports also suggest that capacity building measures, when part of a project, were usually not successful.

Project cost estimates, implementation schedules and program objectives were often **overly ambitious**. Also, the possible consequences of the lack of security were not always considered. Planning did not always include contingencies in the estimates, and project designs often lacked the flexibility to adapt.

A common weakness identified across sectors was the **lack of robust monitoring and evaluation systems** to provide adequate evaluation and tracking of results to guide future programming.

In 2017, reacting to the perceived challenges, an ADB country program evaluation suggested three *strategic adaptations*:

1. Make adequate provisions for developing and implementing project **security measures**, such as hiring security for project sites. In addition, ADB also recommended using community involvement and project ownership to help mitigate security threats. Community ownership proved helpful in addressing security issues for projects in agriculture and natural resources.
2. **Increase support to the agriculture and natural resources sector**, focusing on growth in horticulture and livestock since agriculture accounts for a significant portion of GDP and makes up a large portion of the country's labour force.
3. Provide **capacity support** to executing and implementing agencies for greater efficiency by increasing the number of technical and qualified personnel in line ministries.

2 About This Report

The purpose of this paper is to summarize the findings of 13 ADB evaluation reports on ADB's aid portfolio in Afghanistan. This sample covers all of ADB's evaluation reports on Afghanistan, published from 2008–2018. All reports were retrieved from ADB's website, using ADB's search engine, searching for evaluation documents on Afghanistan in English published between 2008 and 2018.¹ All reports were produced by ADB's own Independent Evaluation Department. ADB's evaluation criteria and their rating system is given in the Appendix of this report.

2.1 Criteria for Including Evaluations

We included all ADB evaluation reports on programs in Afghanistan published between 2008 and 2018 that were accessible on the ADB website.

2.2 Methodologies Used by Included Evaluations

ADB evaluation reports are based on desk review, including analysis of program documentation and occasionally secondary literature. The main focus of the evaluation report is on performance objectives. Financial metrics are the most important ones. Most ADB report provide ratings for relevance, efficiency, effectiveness and sustainability. These ratings follow a rating scale (see appendix of this report) and are assigned by the evaluation teams. There are no ratings given for impacts, but some reports speculate about possible future impacts.

2.3 Evidence Base

The sample consists of thirteen evaluation reports: two country-level reports; four on infrastructure such as road, rail, or airport; two on the energy sector; one each on agriculture and governance; and three on public finance and public administration programs.

¹ https://www.adb.org/search?facet_query=ola_collection_name%3Aevaluation_document (accessed 4 June 2019).

3 Country Level Evaluation Reports

3.1 Included Reports

ADB. (2012f). Country assistance program evaluation: Islamic Republic of Afghanistan. Independent Evaluation Department.

ADB. (2017b). Afghanistan: Validation report of the country partnership strategy final review, 2009 to mid-2015. Independent Evaluation Department.

3.2 Findings

The first of two country-level evaluations is the **country assistance program evaluation (CAPE)** report, which provides an independent assessment of ADB's program in Afghanistan during 2002–2011, outlining key issues, challenges, and lessons learned to guide future programming. During the evaluation period, ADB approved lending and non-lending projects amounting to \$2732 million, consisting of 32 sovereign projects (loans and grants), 7 non-sovereign projects, and 49 technical assistance activities (ADB 2012f). The report found that ADB support was strategically focused and aligned with the government's priorities as well as sector and country strategies (ADB 2012f). ADB support facilitated Afghanistan's use of a network of rehabilitated and improved roads, four airports, a new rail system, and significantly improved power to Kabul (ADB 2017b). ADB support for the private sector was found to be successful, with good management of equity participation in the Afghanistan International Bank (ADB 2012f).

Despite these successes, several weaknesses were identified. Monitoring of results was challenging due to the lack of framework and diminishing collaboration through the implementation phase, which ultimately effected development outcomes (ADB 2012f). The evaluation also found that project design was often weak, with ambitious designs, absent or unrealistic targets, oftentimes irrelevant indicators, and weak observance for necessary due diligence (ADB 2012f). Progress in capacity development has been mixed, with some progress in terms of systems and processes, particularly in the Ministry of Finance, but this was undermined by inadequate appreciation and implementation of the new systems, and by lack of clarity in organizational responsibilities in other government departments (ADB 2012f).

The evaluation made a number of strategic recommendations aimed to correct previous approaches. Among them were:

To better acknowledge that Afghanistan is a country embroiled in war rather than a post-conflict country. ADB therefore should develop a more realistic assessment of the security environment and revise its strategy every three years (as opposed to five years); to make development more demand driven, rather than externally-donor driven; to better ensure sustainability in future development support; and to develop and closely monitor a tailored capacity development plan, considering the country's challenges and circumstances, including the relatively young government, weak cooperation between different levels of government, limited education of public sector staff, language barriers, and low salaries.

All of these recommendations are, in our view, still highly relevant for future development cooperation.

The second county-level, evaluation, published in 2017, was the **Validation Report of the Country Partnership Strategy (CPS)**, which provides an assessment of sovereign financing of roughly \$2.2 billion for Afghanistan from 2009 to 2015, dispersed across transportation (59%), energy (29%), and agriculture and natural resources (12%; ADB 2017b). The financing covered 26 grants and 15 technical assistance (TA) projects that fell within the governance and finance sectors. The evaluation found that ADB's program was **borderline successful, relevant, and effective, but less than efficient and unlikely to be sustainable** (ADB 2017b). Overall, the assessment rated the country partnership strategy's design and implementation as less than successful (ADB 2017b).

The report notes that ADB's **Country Partnership Strategy (CPS)** objectives of promoting economic growth and reducing poverty were aligned with the country's needs and development strategy.

Completed projects in the transportation sector were effective and successfully reduced costs and travel times; however, ongoing projects were affected by delays and were not successful in achieving desired outcomes (ADB 2017b).

The energy sector saw the successful institutionalization of the Afghanistan Electricity Company along with improved system efficiency; however, this sector's ongoing projects also suffered delays and cancellations (ADB 2017b).

The evaluation found that only little progress was made in the areas of narcotics, governance and gender (ADB 2017b). However, some gender outcomes were realized in the agriculture and natural resources projects. For instance, 70% of participants were women in the enhanced agricultural value chains for sustainable livelihoods project (ADB 2017b). In the western basin water resources management project, female farmers were trained on horticultural crops, and poor women were trained in income-generating activities (ADB 2017b). The Roshan Telecom sector project contributed to women's employment, as 20% of Roshan's staff is women (ADB 2017b).

The evaluation reiterated that government performance was **less than satisfactory**, due to poor capacity, lack of ownership, concerns with the governance of certain ministries, and failure to comply with a number of project covenants (ADB 2017b). The government's weak implementation capacity along with general governance issues impacted project performance. Delays and cancellations also resulted from security problems, recruitment delays, contractor issues, and lack of communication, all largely due to weak government capacity (ADB 2017b).

The evaluation provided the following strategic recommendations:

In light of the deteriorating security situation, ADB should make provisions for developing and implementing project security measures appropriate to the location and site conditions, including promoting community involvement and project ownership to help resolve security issues during implementation.

In order to counter weak government capacity ADB should enhance capacity development support to executing and implementing government agencies for greater efficiency in implementation.

And finally, ADB should increase its support to the agriculture and natural resources sectors to achieve inclusive and sustainable economic growth since agriculture accounts for a significant portion of GDP and makes up a large portion of the country's labour force.

Again, all of these recommendations are, in our view, still highly relevant for future development cooperation.

4 Public Finance and Public Administration

4.1 Included Reports

ADB. (2012d). Equity investment Afghanistan: Afghanistan International Bank. Validation report. Independent Evaluation Department.

ADB. (2013). Afghanistan: Fiscal management and public administration reform program. Validation report. Independent Evaluation Department.

ADB. (2014a). Afghanistan: Private sector and financial market development. Validation report. Independent Evaluation Department.

4.2 Findings

Three validation reports assess the performance of ADB's projects in the public finance and public administration sector. Results were mixed. The establishment of a commercial bank was seen as successful, while a public administration reform program and a private sector development program were seen as **less than successful**. All three reports expressed the need for improved monitoring, evaluation design, and implementation, noting that data was difficult to obtain, resulting in gaps, particularly on performance benchmarks (ADB 2012d; 2013; 2014a).

The first evaluation assesses ADB's establishment of a commercial bank, the **Afghanistan International Bank** (AIB), led by the Private Sector Operations Department of ADB. This project involved an equity investment of \$2.6 million, which was expected to be held for seven years (ADB 2012d). The overall assessment of this investment and ADB's participation was **highly successful**.

The report found AIB's private sector development impact **satisfactory**. The establishment of AIB had a constructive impact on the banking sector in Afghanistan, with five additional commercial banks established since its launch (ADB 2012d). AIB introduced new financial products and services and ultimately set a good example for the whole banking sector by holding high standards of management and corporate governance (ADB 2012d). The report points out that it appears banking modernizations were established largely to support foreign institutions (i.e., US Army, and businesses serving foreign contractors in Kabul). In addition, the trade finance facility ADB provided to AIB was never used due to uncompetitive pricing, and AIB's ability to on-lend capital to the Afghanistan private sector has been limited due to its reliance on investments in high-yield DAB securities and through internationally managed fixed-income portfolios (ADB 2012d).

The report provided an **excellent** rating for ADB investment profitability, with the financial internal rate of return (FIRR) at 29.9% (ADB 2012d). Overall work quality also received a rating of **excellent**, based on screening, appraisal, monitoring, and supervision (ADB 2012d). The report also grades the ADB's contribution to economic development as **excellent**, as the real economic ROIC during 2005–2010 was 56%, above the ADB benchmark of 20% (ADB 2012d).

Several issues and constraining factors are identified by the report. While Da Afghanistan Bank (DAB) has passed laws and banking regulations, it remains weak in enforcement and compliance. The ongoing political instability and lack of security in Afghanistan continue to deter investment despite ADB's efforts. Additionally, there remains uncertainty around the Afghanistan private sector's overall ability to absorb credit even when available (ADB 2012d). There is also uncertainty regarding AIB's ability to make up for the inevitable loss of special situations (i.e., a sharp reduction in US army deposits), which had provided some measure of AIB's financial success compared to the very wide interest spreads gained by investing idle US Army cash balances (ADB 2012d).

The **Fiscal Management and Public Administration Reform Program** was initiated in 2005 as subprogram 1 of a cluster program totalling \$105 million. This consisted of a policy loan of \$48 million from the Special Funds resources of the ADB through the Asian Development Fund (ADF), and a project grant of \$7 million from the ADF to support capacity building for institutional development in targeted fiscal management and public administration reforms (ADB 2013). It was anticipated that the program would strengthen public finances by improving budget programming, mobilizing resources, developing the civil service, and strengthening monitoring (ADB 2013). Subprogram 1 would establish the systems to support public finances, improve governance, and reduce poverty, while Subprogram 2 would then build upon this to develop a sustainable framework for effective delivery of public goods and services (ADB 2013). Subprogram 2, however, was not carried out.

The report rated the program overall as **less than successful**. The program was found to be **less than relevant** as it had an overly ambitious design and a tight implementation schedule (ADB 2013). The program was **less than effective** in achieving its overall outcome because while the foundational elements (processes, procedures, and legislation) were established, these new structures were not effectively implemented because of weak institutional capacity (ADB 2013). Additionally, there were delays due to alterations in the legal framework and the way in which the civil service reform component was executed (ADB 2013). Likewise, capacity limitations impacted efficiency, which was given a rating of **less than efficient**. Sustainability was rated **less than likely** due to capacity constraints as well, and the need for continued TA support, which was not guaranteed (ADB 2013). The report rated the overall impact as **moderate**.

The validation report assessed the performance of the government and ADB with both receiving a rating of **less than satisfactory**. While the government has implemented subprogram 1 reforms and remains committed to progressing with the reform program, capacity constraints within the government resulted in implementation delays and weak monitoring, with the latter affecting the quality of the project completion report (PCR; ADB 2013). The PCR deduced that closing the project grant because of disbursement delays was the right choice; however, the validation report states that the PCR did not provide adequate analysis of the implications of doing so (ADB 2013).

The lesson highlighted by this report is that technical skills transfer is not likely when institutional absorptive capacity is limited. Future assistance should focus on prioritizing capacity development to enable performance of the most fundamental public finance tasks, which will ultimately allow for improved transfer of technical skills (ADB 2013). The report recommends increased assistance to the government, especially the Ministry of Finance, for reforms under subprogram 1 to become **effective and sustainable**.

The Private Sector and Financial Market Development Program was established to achieve sustainable economic growth and generate jobs in Afghanistan (ADB 2014a). Among the main outputs were establishing a legal framework for private sector development; eliminating key market distortions, notably price controls and an inefficient business registration and permit system; liquidating state-owned enterprises; better regulating the banking sector; and adopting accounting and auditing standards. The program was supported by a \$56 million grant with an attached technical assistance (TA) grant for capacity building of \$4 million (ADB 2013).

The validation report rated this program as **less than successful**. The program was **relevant** to the country's development needs, but in terms of effectiveness, its expected outcomes were not fully met (ADB 2014a). Regarding **efficiency**, the actual incurred adjustment costs could not be verified retroactively but the grant did not really support development of the legal framework for commercial arbitration and property registration, financial intermediation reforms, and development of accounting and auditing systems and institutions (ADB 2014a). Funds for the TA portion were largely unused, with TA needs likely being overestimated at appraisal (ADB 2014a). The program's sustainability is affected by institutional capacity constraints and implementation difficulties, which will continue to require additional funding.

A primary lesson learned is that the effectiveness of policy reform programming is essentially determined by the capacity of the Afghan departments with responsibility or involvement in carrying out a program (ADB 2014a). The report suggests that ADB's institutional reform programs should consider that without absorptive capacities, technical skill transfer will likely not occur; sustained recourse to resident international advisors may perpetuate dependency; and, in the absence of specific terms of reference, the contributions of international advisors will tend to crowd out inputs provided by the learning process of local staff (ADB 2014a). Additionally, in small/transition economies, it may be wiser to take a gradual approach to policy reform in financial market development; these efforts should match up with resources available.

5 Governance

5.1 Included Reports

ADB. (2011). Afghanistan: Multisector program. Validation report. Independent Evaluation Department.

5.2 Findings

ADBs 2011 Post-conflict Multisector Program Loan is one of the very few programs in the governance sector which reached its objectives. However, a caveat is in order: The programs objectives were primarily to support the government to develop policies in sectors such as transportations, public works, energy, fiscal management and others. The evaluation does not attempt to measure to what extent these policies were implemented, and what the results of the polices were. In other words, the evaluation states that these polices were successfully developed, but does not assess any impacts of the polices.

The **Post-conflict Multisector Program Loan (PMPL)** was expected to contribute to institution building for efficient public sector administration and policy making conducive to private sector-led growth and poverty reduction (ADB 2011). A loan of \$150 million was to support PMPL's objectives of improving governance and strengthening the finance, transportation, and energy sectors. The validation report finds that PMPL was successful overall and **relevant** (ADB 2011).

The validation report grades the PMPL as **effective** since planned policy reform in several areas was achieved and set the basis for subsequent institutional reforms. For example, in the transportation sector, a road sector masterplan was developed, supplemented with a masterplan for investments in cross-border facilities and identification of investment gaps in road-related facilities (ADB 2011). The capacity of the Ministry of Public Works (MPW) was strengthened through advisory services and technical assistance. In the energy sector, a national energy policy was developed along with a gas sector regulatory framework as part of a gas sector master plan. This program was followed by a succession of four other program loans – emergency reconstruction, agriculture, fiscal management, and the private sector – all of which had overlapping objectives, making it challenging to identify and quantify outputs and outcomes (ADB 2011). This also made it difficult to determine how ADB's program contributed, particularly in the areas of governance and finance, given that there were similar programs by the World Bank and IMF in these sectors (ADB 2011).

The validation report graded the PMPL project as **efficient**. The size of the loan was based on adjustment costs clearly set forth in the loan documents, both tranches were provided on time, and all conditions were fully complied with (ADB 2011). The project is considered **likely sustainable** on the basis that market-oriented and institutional reforms set the foundation for further development of economic activity (ADB 2011). The energy and transportation sector master plans also contribute to these efforts and promote sustainability through an emphasis on cost recovery (ADB 2011). The report considers the impact of the PMPL as **moderate** because while much activity has been attributed to the loan program, there is insufficient evidence that the PMPL contributed to achieving the intended impacts of the program (ADB 2011).

According to the report, the performance of both the borrower and ADB was **satisfactory**. There was a high degree of ownership by the government of the policy and institutional reforms, demonstrated by its strong compliance with the loan covenants (ADB 2011). The degree of ownership is also evident by MOF's initiative to intervene and lead in implementing the reforms (ADB 2011). However, the provided expenditure report was unsatisfactory, and the expenditures could not be adequately tracked due to a reporting anomaly (ADB 2011).

The validation report emphasizes the importance of ownership and leadership by the government, which is crucial in implementing reform in a conflict/post-conflict setting. The report notes that the finance minister's leadership was not always matched in PMPL sectors (ADB 2011). Strong oversight mechanisms needed to be in place at the outset to ensure optimal use of and reporting on funds, given the multi-sectorial nature of the program (ADB 2011). Close collaboration between ADB staff, advisors to the government, and TA consultants enabled timely release of funding. Collaboration among consultants and advisors resulted in timely design, processing, and compliance with loan conditions (ADB 2011).

6 Agriculture

6.1 Included Reports

ADB. (2012a). Afghanistan: Agriculture sector program. Validation report. Independent Evaluation Department.

6.2 Findings

The **Agriculture Sector Program**, with associated TA, was expected to improve sector renewal by addressing key policy, institutional, and organizational constraints to the efficient and effective functioning of agriculture and the sustainable use of natural resources in Afghanistan (ADB 2012a). The program had nine outputs (ADB 2012a): Creating a policy and planning framework; developing sector institutions; managing natural resources; implementing land policy and titling; planning irrigation investment; commercializing agriculture; creating sector support services; supporting agricultural commodity markets, and restructuring state-owned enterprises (SOEs).

The validation report considers this program as **partly successful**. The project was rated as **relevant** since it aligns with the government's sector objective and with the ADB country assistance program strategy. But the validation report rated the program as **less effective** overall.

In particular, the program failed to achieve its goal of agricultural growth; while there was some growth, it is not possible to attribute it to this program alone.

In terms of poverty reduction, the rating is also **less effective**. There is no evidence that Afghanistan's GDP quantifiably changed after four years of the program (ADB 2012a).

In terms of capacity development, the program has been effective in the Ministry of Rehabilitation and Rural Development (MRRD) and the Ministry of Agriculture, Irrigation and Livestock (MAIL; ADB 2012a).

The program was rated as **less efficient**, suggesting that the weakest point may be the lack of any real development of support services.

The program met most of its objectives, but not in the expected time frame.

Finally, the program received a **likely sustainable** grade, dependent on continued investment and the maintenance of an economy promoting private sector investment (ADB 2012a).

The validation report rated the performance of both the borrower and executing agency, and the ADB as **partly satisfactory**. The borrower experienced a number of shortcomings related to meeting the program schedule, including establishing the program steering committee and appointing the program coordinator on time, and preparing the required reports, as well as the failure by the implementing agencies to appoint program officers (ADB 2012a).

Regarding ADB's performance, there was poor judgment of the capacity of the ministries to create change (ADB 2012a).

The lessons listed in the report include the need to create a realistic timetable, the need for ownership by all stakeholders, continued support to, and dialogue with the government, timely appointment of the program steering committee and program officers, strong monitoring and evaluation systems, closer ADB involvement in the critical early stages, and greater rigour in government reporting (ADB 2012a). The validation report emphasizes the need for a more detailed monitoring and evaluation system; the executing agency's failure to provide regular progress reports was partly due to the lack of a monitoring and evaluation system.

7 Energy Sector

7.1 Included Reports

ADB. (2014b). Afghanistan and Tajikistan: Regional power transmission interconnection project. Validation report. Independent Evaluation Department.

ADB. (2017a). Afghanistan: Power transmission and distribution project. Validation report. Independent Evaluation Department.

7.2 Findings

The two reviewed validation reports focused on the energy sector; both projects were found to be significantly impactful and successful despite capacity constraints and security issues.

The **Regional Power Transmission Interconnection Project**'s expected impact was enhanced regional cooperation in the power sector through transmission interconnectivity, with the identified performance indicator being mutually beneficial power trade between Tajikistan and Afghanistan by June 2009 (ADB 2014b). The total approved cost of the project was \$67.9 million, while the actual total cost was \$57.9 million (ADB 2014b). The project overall was assessed as successful by the validation report.

The project had five expected outcomes, the first being fast restoration of the power supply in Afghanistan and reduced electricity costs to consumers. The second outcome was the increased power export capability of Tajikistan and access to new power markets. Third, the project aimed to increase the generation capacity in Tajikistan's southern grid. Fourth, the aim was the improved capacity of the Da Afghanistan Breshna Moassessa (DABM) in utility operation (ADB 2014b). Fifth, the desired outcome was to improve the commercial operation of the state-owned power company Barki Tojik, with the outcome indicator being a management contract in place with performance measures (ADB 2014b).

The report found the project to be **relevant**, as it was consistent with the development priorities of both Afghanistan and Tajikistan and with the ADB country and sector strategies for both countries (ADB 2014b).

The report rates the project as **effective**, since the expected outcome of restored power supply to Afghanistan was met (ADB 2014b).

The validation report determined that the project was **efficient**, but sustainability was rated as **less than likely**, as DABS remains institutionally weak and requires extensive external support in every aspect of the power business. Government support is required to allow DABS to have the commercial freedom to maintain electricity tariffs at levels that provide adequate funding for O&M. Sustainability is also dependent on the protection of DABS's assets and to the

The **Power Transmission and Distribution Project**'s goal was improved, cost-effective power supply to all consumers, with improved power supply in the northern, eastern, and southern provinces. There were no explicitly stated project impacts. The project's outputs fall within two categories: investment and institutional. Institutional outputs included improvement of capacity of the government agencies. Investment outputs included the following: Rehabilitation and expansion of 110 kilovolt (kV) and 220 kV transmission lines, grid substations, and distribution networks; connection of additional consumers to the grid; provision of electricity connection kits; and implementation of social safeguards (linked directly to project components).

The project suffered from a large cost overrun and several long delays (ADB 2017a) but taking into consideration the security conditions and low capacity of the staff, the report concluded the program was still **efficient**. The program was graded as **less than effective**, since performance targets were not met.

The impact of the project is considered **highly satisfactory**, as it expanded cheap and reliable grid power to rural Afghanistan. An impact survey, conducted in the northern and eastern regions by Mercy Corps, revealed extremely positive impacts or outcomes attributable to the project (ADB 2017a).

The report outlines several lessons learned from this project, and most refer to the conditions in fragile and conflict affected states (FCAS): Projects in fragile and conflict-affected states (FCASs) need fewer components, implemented sequentially. Project cost estimates and implementation schedules need to be realistic, with sufficient contingency funds included to cover security plans and de-mining operations. When counterpart staff has insufficient capacity and institutions are weak, a more thorough appraisal process is needed FCAS situations particularly require the project design to be based on a fair assessment of security conditions and must include contingencies for addressing new security risks during implementation

8 Infrastructure Sector

8.1 Included Reports

ADB. (2012b). Afghanistan: Andkhoy–Qaisar road project. Validation report. Independent Evaluation Department.

ADB. (2012c). Afghanistan: Emergency infrastructure rehabilitation and reconstruction project. Validation report. Independent Evaluation Department.

ADB. (2015). Afghanistan: Hairatan to Mazar-e-Sharif railway project. Validation report. Independent Evaluation Department.

ADB. (2012e). Afghanistan: Regional airports rehabilitation project (Phase 1). Validation report. Independent Evaluation Department.

8.2 Findings

Four validation reports focused on the infrastructure sector – roads, rail, airports, and various other projects – which provided significant impact in development outcomes and objectives.

The **Andkhoy–Qaisar Road Project** is part of an international effort to improve the road connecting Herat to Andkhoy, the last unpaved section of the national primary ring road (ADB 2012b). The project was expected to promote economic and social development, and contribute to the reduction of poverty (ADB 2012b).

The validation report rates the project as **relevant**, because it was in line with ADB's country strategy and it was appropriate considering Afghanistan's need to rebuild major physical infrastructure. The project was rated as **effective** because the outcome and outputs defined in the project framework were considered to be largely achieved. The 210 km section of the national road was fully rehabilitated and/or reconstructed (ADB 2012b).

The validation report rated the project as **efficient**. Construction was completed under challenging security conditions, however, was delivered 2.5 years late with substantial overruns incurred.

Finally, the report deems **sustainability is less than likely**, as road maintenance in the long-term is **not sustainable**.

Both the borrower and ADB received a performance grade of **less than satisfactory**. The government could not honour its commitment of \$18.6 million for the additional civil works and it was unable to follow through in establishing a tolling policy (ADB 2012b). The report finds that ADB could have been more proactive in strengthening the capacity of MPW, as it was the first time the ministry had evaluated technical proposals (ADB 2012b).

The **Emergency Infrastructure Rehabilitation and Reconstruction Project** was established with intent of continuing economic development and poverty reduction efforts in Afghanistan through the rehabilitation and reconstruction of priority infrastructure (roads, power, and natural gas). Nine million people in seven provinces, 45% of whom lived below \$1.25 per day, were expected to benefit (ADB 2012c). The overall impact was expected to be employment generation, assuring short and long-term development gains, with indicators being a decrease in the percentage of the population below the poverty line and an increase in GDP per capita (ADB 2012c).

The project was **relevant**, as it aligned with Afghanistan's National Development Framework and ADB's country strategy and programs. However, program design could have been improved by considering the limited institutional capacity of the executing agency, and by having a stronger quality of outcome indicators, which were vague and not measurable (ADB 2012c).

The validation report found the project overall to be **efficient**, with the four components being rated individually as roads **efficient**, power **less efficient**, gas **inefficient**, and irrigation **efficient**.

The impact of the project was rated as **moderate** with no data or evidence about the project beneficiaries, limiting a full view of its potential impact. Identified results and benefits include a reduction of travel time and costs, and connection with the Uzbekistan border, which has helped encourage potential international trade and transit (ADB 2012c).

Both the borrower and executing agency, and the ADB scored **less than satisfactory** in terms of performance. The institutional capacity of the MOF remained weak throughout project implementation. ADB's performance was marred by a high turnover of staff in various operational departments to which this portfolio was transferred (ADB 2012c).

The **Hairatan to Mazar-e-Sharif Railway Project** was implemented with the goal of increased trade with Uzbekistan and greater economic growth in the region. Impact indicators identified in the design and monitoring framework were to increase Afghanistan–Uzbekistan trade from \$170 million in 2008 to \$300 million by 2015, and to increase total trade in Afghanistan from \$3.5 billion in 2008 to \$5 billion by 2015 (ADB 2015).

The expected outcome of this project was the development of an efficient, safe, reliable railway link in northern Afghanistan. Identified potential risks included start-up and implementation delays, as well as security issues, which accounted for a large portion of the contingency costs in the project estimates.

The validation report's overall assessment was that the project was **less than successful**. While it raised the potential for railway development within Afghanistan and established a mutually beneficial cooperative relationship between neighbouring countries, the project had several weaknesses. The project design needed to reflect the actual demand and sustainable sources of funding to cover the O&M costs for infrastructure, locomotives, and wagons (ADB 2015). The project is currently operating at about half of its target and the outcomes were only partially met (ADB 2015).

The project is **relevant**, as it is in line with government's sector objective and with the ADB country assistance program.

Considering all the factors, the validation report graded the project as **effective**. Travel time for freight traffic between Hairatan and Mazar-e-Sharif was reduced from two hours to about one hour, as targeted, and heavy vehicle traffic on the Hairatan to Mazar-e-Sharif road decreased from 50% to 40% (only slightly short of the targeted reduction to 35%; ADB 2015).

The validation report grades the project as **less than efficient**, citing three major concerns, the first being overly optimistic demand projections. The actual level of demand fell, with a 44% decrease in freight transported from 2012 to 2013, and an additional 7% decrease in 2014 (ADB 2015). Future demand is dependent on the development of prospective mineral belts and the continued stability of security in the region (ADB 2015). The second concern is the overestimation of freight cost savings. The third concern is the omission of additional O&M costs.

The project is graded as **less than likely sustainable** as its long-term sustainability is questionable due to the government's weak capacity to operate and maintain the project.

The purpose of the **Regional Airports Rehabilitation Project** was to assist the government's reconstruction of regional airports damaged during decades of conflict and neglect. Upgrading regional airports was expected to create employment, generate income for households, improve safety and availability of medical facilities, help reconcile different ethnic groups, and unify the country politically. The total approved project cost was \$32.1 million; the actual cost was \$35.3 million.

The project was **relevant**, as the development of regional airports was in line with ADB's country strategy, which included promoting the integration of remote regions and facilitating more rapid economic growth. However, the relevance of project design was diminished by the fact that it supported only four airports instead of the seven originally intended (ADB 2012e).

The project was, however, **effective**. It allowed for more possible air operations, an increase in the number of daily flights, and an increase in passengers. The report notes that the institutional capacity in general remains very limited and the transfer of knowledge from external sources continues to be vital to all sectors, as building local capacity is a slow process (ADB 2012e).

The project was found to be **less than efficient**. Delays were caused due to poor performance, procurement of materials, and security issues, as well as lack of construction machinery and skilled labour (ADB 2012e). The international contractor in Faizabad performed poorly, abandoning the project in the final stages of implementation due to insolvency (ADB 2012e).

The project is **less than likely sustainable** according to the validation report since continuous funding and technical assistance will be essential for close monitoring and preventative maintenance. Additionally, the fiscal situation is likely to impact this project and the aviation sector in general (ADB 2012e).

The overall impact, however, has been **significant**, helping to facilitate year-round air travel to remote areas where the alternative was a dangerous multi-day trip on roads frequently impassable in winter (ADB 2012e). Easier air travel is expected to foster better integration and political unity. Environmental impacts were appropriately mitigated. The report suggests that although the four airports were completed recently and no data were available to assess impact, these airports are likely to contribute to their expected impact outcomes (ADB 2012e).

9 Conclusions

1. Looking at the different sectors where ADB was active, we see clear differences in effectiveness. **Investments in infrastructure such as roads, airports, and energy transportation, usually met their objectives**, even if cost overruns and delays were frequent, mainly due to the security situation and a lack of partner capacities. The only exception was a railway project, where planners overestimated the demand.
2. **Much less effective were interventions in public finance, public administration programs, and governance**. The establishment of a commercial bank was successful, but the viability of the bank depends on the continued presence of international donors which use the banks services. It is unclear whether Afghanistan private sector will have the ability to absorb credit even when available. Interventions aimed at regulatory policies for fiscal management and for public administration reform were not successful. The reason for this is, according to the evaluation report, that **technical skills transfer is not likely when institutional absorptive capacity is limited**. The reports also stress that the effectiveness of policy reform programming was seriously constrained by the lack of capacity of the Afghan government. In other cases, policies were successfully developed, but it remains unclear to what extent the partner has the capacity or the will to actually implement these policies, and what impact the policies would have in the real world.
3. **Interventions in the agriculture sector, aiming at better regulatory policies, were not successful**. The program failed to achieve its goal of agricultural growth and to contribute to poverty reduction.
4. Nevertheless, one strategic recommendation of ADB was to **increase its support to the agriculture and natural resources sectors** to achieve economic growth since agriculture accounts for a significant portion of GDP and makes up a large portion of the country's labour force.
5. It is noteworthy that the evaluation reports made it very clear that **the sustainability of all interventions is very much in doubt**, given the lack of capacity of the partner.
6. **One weakness of the ADB evolution reports is that they do not systematically assess impacts**. We therefore know little about the wider impacts of the projects, even if they were rated as effective
7. **A recurring theme is the very challenging security context**. The evolution reports stress that lack of security caused delays and cost overruns. A recurring recommendation is to better acknowledge that Afghanistan is a country embroiled in war rather than a post-conflict country, and that ADB therefore should develop a more realistic assessment of the security environment and revise its strategy every three years (as opposed to five years).
8. Many reports also suggest that ADB should make **provisions for developing and implementing project security measures** appropriate to the location and site conditions, including promoting community involvement and project ownership to help resolve security issues during implementation. We should note, however, that we do not know to what extent such measures, were they implemented, would actually work, or whether they would actually indirectly benefit insurgents.²

² For a recent discussion on aid in conflict affected areas, see Zürcher, Christoph. 2019. "The Folly of 'Aid for Stabilisation.'" *Third World Quarterly* 40 (5): 839–54.

9. In general, **ADB evaluation reports suggest that interventions in fragile and conflict affected states should be less complex, implemented sequentially, and based on a fair assessment of security conditions and partner capacities.**
10. Another recurring theme is the **weak partner capacities**. The evaluation reports reiterate that government performance was less than satisfactory, due to poor capacity and lack of ownership.
11. Consequently, evaluation reports recommend that ADB invests in more capacity development. However, **ADB's own experience with capacity development has been mixed at best**, with some progress in some ministries, but little impact overall. We note that many other reports which we discuss in this meta-review also point out that capacity building usually was not effective. **We therefore doubt that investing in more capacity building will produce results.**
12. In general, **the evaluation reports suggest that many interventions were overambitious, donor driven and not appropriate for the context which is characterized by lack of security and lack of partner capacities.** Many reports therefore call for more demand-driven and context appropriate interventions.

10 References

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Appendix: ADB Guidelines for Evaluation

Source: ADB (2016). ADB guidelines for public sector operations. Independent Evaluation Department.

Assessment Criteria

The ADB's assessment criteria are based on the development assistant evaluation principles established by the Organization for Economic Co-operation and Development–Development Assistance Committee (OECD–DAC). These criteria are **relevance, effectiveness, efficiency, and sustainability**, which are ultimately used by ADB to determine the overall project performance rating and success of a project.

The ADB's "Guidelines for the Evaluation of Public Sector Operations" states that each of the core criterion are weighed evenly when estimating overall success, and that "each rating uses a four-point scale (3 to 0): 3 (e.g., highly relevant) is equivalent to a better than expected result; 2 (e.g., relevant) is equivalent to an expected result; 1 (e.g., less than relevant) is a less than an expected result; and 0 (e.g., irrelevant) is no result or a poor result" (p. 4).

The ADB Guidelines report provides definitions for its rating system:

Relevance

1. **Highly relevant.** Intended project outcomes were fully aligned with country development priorities and ADB country and corporate strategies. The project results chain was sound, and the project design had no deficiencies. In addition, the design had innovative features, significant demonstration value for other projects, or transformative effects. Alternatively, a good design that had become less appropriate after a major unforeseeable event during project implementation was changed to make it more relevant to the situation after the event.
2. **Relevant.** Intended project outcomes were largely aligned with country development priorities and pertinent to ADB country and corporate strategies. The design was appropriate to help achieve the outcomes. The project results chain was sound, and project design deficiencies, if not significant, were addressed in time during implementation.
3. **Less than relevant.** The intended project outcomes were not or were no longer aligned with country development priorities or they were not or were no longer relevant to ADB country and corporate strategies. Alternatively, the project design had significant deficiencies that could have been foreseen and that were not addressed quickly enough and, therefore, seriously affected the delivery of targeted outputs and intended outcomes.
4. **Irrelevant.** Intended project outcomes were not in line with country development priorities and needs or with corresponding ADB country and corporate strategies. The project design was not technically sound or feasible, which greatly impeded or prevented the attainment of envisaged project outputs and outcomes (p. 9).

Effectiveness

1. **Highly effective.** Project outcome and output targets were met and some or all were exceeded. There were no issues on the design or implementation of safeguard plans or gender action plans, if any.
2. **Effective.** Project outcomes and outputs were substantially achieved (about 80% or more of the targets were fully met or, on average, about 80% or more of each target was met). When outcome targets cannot be shown to have been substantially met due to data problems, the evaluation should demonstrate that output targets have been met and there is no special reason to suspect outcome targets have not been met or will not be met in the foreseeable future. If project outcomes have been formulated as national trends, then judgment will need to be exercised. If such trends are downward, the project's incremental contribution needs to be assessed, i.e., is it slowing the downward trend or accelerating it? Good evidence is required in such assessments.
3. **Less than effective.** There are shortcomings in meeting project outcomes and outputs, and achievement was between 40% and 80% (taking into account changes in scope). Serious issues with safeguards can also be a reason for a less than effective rating for the project.
4. **Ineffective.** The majority of envisaged project outputs and/or the project outcomes (more than 80%) did not materialize (p. 13).

Efficiency

1. **Highly efficient**
 - With an EIRR (economic internal rate of return)
 - The EIRR is higher than the benchmark of 12% (or a different benchmark if that was explicitly approved for the project) and – the benefits are produced at least cost compared with industry alternatives or with projections in the RRP (report and recommendation of the President), and – process efficiency is rated highly
 - If the EIRR is the only basis for the assessment, an EIRR of at least 18% is sufficient
 - Without an EIRR
 - Unit costs were lower than sector or industry standards, or the unit costs presented in the RRP. Alternatively, intended outcomes were achieved or exceeded with significantly lower costs or within a shorter period than planned
2. **Efficient**
 - With an EIRR
 - The EIRR is equal to or greater than 12%, and – the benefits are produced at least cost compared with industry alternatives or with projections in the RRP, and – process efficiency ratings are positive
 - Without an EIRR
 - Unit costs meet sector or industry standards, or the unit costs presented in the RRP, or intended outcomes were achieved within the planned costs or implementation period (p. 19)

3. **Less than efficient**

- With an EIRR
 - The EIRR of the whole project is less than 12%, or the project is not likely to be the least cost option when compared with industry alternatives or with projections in the RRP
- Without an EIRR
 - Unit costs were above sector or industry standards (where credible data are available), or the unit costs presented in the RRP, or cost overruns or delays are deemed to have reduced the economic benefits of the project to below the opportunity cost

4. **Inefficient**

- With an EIRR
 - The EIRR is significantly lower than 12%, or the EIRR generated is marginal, and – the project is not the least-cost option when compared with industry alternatives or with projections in the RRP
- Without an EIRR
 - Unit costs were well above sector or industry standards (where credible data are available), or the unit costs presented in the RRP, or cost overruns or delays are deemed to have reduced the economic benefits of the project to significantly below the opportunity cost (p. 19)

Sustainability

1. **Most likely sustainable.** The positive effects exceed expectations on institutional, environmental, social criteria, and material risks to sustainability are fully mitigated. For the financial sustainability sub-criterion, the FIRR (financial internal rate of return) should substantially exceed the WACC (weighted average cost of capital).
2. **Likely sustainable.** Positive effects meet expectations. For financial sustainability, the FIRR exceeds the WACC. The probability of any material risks occurring is moderate and they are largely mitigated. Less than likely sustainable. This applies where positive effects are below expectations and limited and there are no measures to mitigate negative impacts. For financial sustainability, the FIRR is lower than the WACC. The probability of material risks occurring is significant and these risks have not been sufficiently mitigated.
3. **Less than likely sustainable.** This applies where positive effects are below expectations and limited and there are no measures to mitigate negative impacts. For financial sustainability, the FIRR is lower than the WACC. The probability of material risks occurring is significant and these risks have not been sufficiently mitigated.
4. **Unlikely sustainable.** This applies where highly negative effects have been identified for which no mitigating measures have been put in place. The FIRR is substantially lower than the WACC (p. 22).

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