



Federal Ministry  
for Economic Cooperation  
and Development

# Strengthening Afghan Ownership

Position Paper on Development Cooperation with Afghanistan

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Germany stands by its word and will continue to support Afghanistan in the future with considerable development cooperation funding for civilian reconstruction. Afghanistan has made significant progress since 2001, but still has a need for sustainable economic and social development, peace and stability.

The main responsibility for tangible change lies with the Afghan government. However, it is dependent on the assistance and long-term commitment of the international community. Development cooperation has a key role to play in the German government's commitment to Afghanistan.

The aim of future development cooperation with Afghanistan is to bring about a lasting improvement in the living conditions and future prospects of the people living in Afghanistan – so they may enjoy lives that are not overshadowed by poverty, displacement, violence and extremism. German development cooperation measures therefore put a particular emphasis on fighting corruption, promoting girls and women, strengthening Afghan civil society, reforming public administration and fostering the enabling environment for private sector engagement.

In future, the focus of German development cooperation activities will be on three areas derived from German-Afghan cooperation experiences to date and from the development priorities of the Afghan government:

- We will be promoting good governance by improving the capacity of state structures, fighting corruption and getting the population more involved in decision-making processes.
- We will be supporting sustainable economic development in order to create lasting productive employment and income-generating opportunities for men and women whilst conserving vital natural resources. Basic training and vocational education are key prerequisites for achieving this. Prospects for returning refugees are an issue of particular concern for us.
- We will be promoting urban development and supporting municipal infrastructure in order to improve the provision of basic infrastructure. Our focus here will be on electricity and water supplies.

We adjust our programmes consistently and continuously to the difficult general conditions and the current security situation at any given time.

Germany reaffirms its substantial pledges of development cooperation support for Afghanistan. In return we expect the Afghan government to meet its commitments to carry out reforms in regard to good governance, fighting corruption, women's rights and economic participation. In future, we will specifically expand our cooperation with reform partners on the Afghan side and will make greater use of incentives to promote transparency, ownership and development orientation. In areas where there is no evidence that reforms are progressing, we will either reduce our support or end it.

# The situation in Afghanistan

Since the Taliban were overthrown in 2001 Afghanistan has experienced a level of international support that has never been seen before. This includes in particular the assistance provided by Germany, which is engaged in extensive military and civilian efforts in Afghanistan. The country has made remarkable progress in terms of its economic, social and societal development. The vast majority of Afghans are in a much better situation today than they were in 2001.

However, in the last three years this positive development has not just slowed down – in some cases it is stagnating and here and there it has even gone into reverse. The achievements that have been made are just as much in jeopardy as people's future prospects. Although international troops, including from Germany, are still stationed in the country and are training and advising Afghan security forces, since 2014, the Taliban and other armed opposition groups have been able to extend the areas under their power. The government has lost control over parts of its territory. The inner-Afghan peace and reconciliation process has ground to a halt. At the moment, the prospects for lasting peace are not good and it seems more than likely that the armed clashes will continue or increase.

Afghanistan's economic development has also lost impetus. The country remains dependent on international support, with state revenues rising only slowly. Legal uncertainty, corruption and armed conflict are

putting a damper on investment, so that too few jobs are being created. The population is growing faster than the economy, causing tensions to rise. Weak and overstretched state capacities make good governance difficult. Human rights, especially women's and children's rights, freedom of opinion and press freedom, and democratic participation sometimes only exist on paper. The Afghan government is pursuing a development-oriented reform course, but often fails to actually implement the reforms.

In many parts of Afghanistan the mindset of society is still traditional and conservative, so that people with different religious beliefs, other minorities and women often face discrimination. At the same time, there is a growing social class of well-educated, young, urban individuals looking for a future for themselves and for their families. However, many people have lost faith in the state; they are suffering under the worsening security situation; they see no future for themselves in Afghanistan, and want to leave their country and build a new existence somewhere else – which includes in Europe.

The overall environment for development cooperation with Afghanistan has also worsened. Due to the fighting and attacks taking place and the threat of kidnapping, all investment and advisory service activities are hedged in by tight security provisions, making it difficult for international experts to offer long-term support aimed at having a sustainable impact.

# The framework of our efforts

The path leading to Afghanistan's development into a society that respects human rights, especially women's rights, that guarantees both security and the fulfilment of basic economic and social needs, ensures legal certainty and offers its citizens possibilities to play a part in shaping political life, is long and arduous. European societies also took centuries and had to overcome devastating setbacks in order to achieve the level of political, economic, social and environmental development that we know and value today.

Afghanistan will continue to need international support for this journey. At the Brussels Conference on Afghanistan in October 2016, Germany confirmed that it will continue its long-term civilian engagement in Afghanistan and its support for the reform course that the Afghan government is pursuing. Initially until 2020, Germany will provide Afghanistan with up to 430 million euros a year for civil reconstruction and development. The BMZ is providing 250 million euros of that total. We are committed to the international

community's engagement across multiple policy sectors in Afghanistan. In order to realise this commitment, close coordination between German government ministries is more important than ever. Germany is pushing for efficient coordination of the support measures being implemented by all Afghanistan's international partners and is actively involved in shaping the donor dialogue.

Development cooperation has a key role to play in the German government's involvement in Afghanistan. It contributes in a major way to creating the long-term foundations for the sustainable economic, political and social development of Afghanistan. At the same time, development cooperation needs a sufficiently secure environment so that its impacts can unfold. Development cooperation measures cannot forcibly bring about a peace process or end fighting. They can, however, address the causes of violence and poverty, thus facilitating long-term peace, stability and prospects for the future in Afghanistan.

# Support as an incentive for reforms

Despite the many challenges it is facing, Afghanistan has considerable development potential – for example the country has mineral resources, water resources, potential to generate renewable energy, a strategic geographic position between Central and South Asia, and between China and the Persian Gulf, and a young population that is eager to learn. In order to capitalise on this potential and use it to support sustainable development, the government's actions must be development-oriented.

The Afghan government has recognised this; it is committed to an ambitious programme of reforms for which it is receiving comprehensive support from the German government. As the second-biggest bilateral donor, we expect in return that the Afghan government will implement the agreed reform projects – especially the projects concerned with fighting corruption, promoting girls and women, reforming public administration and fostering the enabling environment for private sector engagement. In the past it has proved effective to tie German development cooperation funds to conditions, with a view to both fostering reforms and eliciting a commitment to carry them out.

We will continue to tie part of our support to the implementation of reform projects. Our envisaged goals are derived from the reform agenda that the Afghan government has agreed with the international community, which was recently reaffirmed at the Brussels Conference on Afghanistan in 2016.<sup>1</sup>

In this agenda the Afghan government undertakes to make progress in the areas of democracy, governance, fighting corruption, women's rights and economic participation. The donor community in turn commits to implement a significant share of its assistance via the Afghan government's programmes.

In future, we will specifically expand our cooperation with reform partners on the Afghan side, thereby supporting joint donor approaches and national development programmes. This way we will increase the incentives for transparency, ownership and development orientation. In areas where there is no evidence that reforms are progressing, we will either reduce our support or end it. In addition, where necessary, we will link our support to the implementation of operational steps, for example fulfilling agreements to waive taxes or duties, or implementing maintenance concepts for the preservation of our infrastructure investments.

With a coherent approach by the German government as our basis, we want to thus further expand – acting in concert with other German ministries – the coordination within the international community, in order to support reforms in Afghanistan even more effectively.

<sup>1</sup> The joint reform agenda of the Afghan government and the donor community was laid down at the international conference on Afghanistan in Brussels in October 2016 in the Self-Reliance and Mutual Accountability Framework (SMAF). At the next ministerial conference on Afghanistan in Geneva in November 2018, the follow-up agreement to the SMAF, the Geneva Mutual Accountability Framework (GMAF), is to be agreed.

## Aim of our efforts and instruments

German-Afghan development cooperation has the aim of making lasting and sustainable improvements in living conditions in Afghanistan and in people's prospects for the future, thus contributing to peace, security and sustainable growth.

The development needs of Afghanistan, which are reflected inter alia in the development priorities of the Afghan government, form the basis for the strategic orientation of our work. We coordinate our activities with international partners, dividing the work between us. The reform agenda agreed between the Afghan government and the international community is the basis for doing this.

Our efforts are realised in collaboration with governmental, multilateral and civil society partners.

It is important to determine which instrument is best suited, given the difficult prevailing conditions, to achieving the goal of improving living conditions. German development cooperation specifically supports development-oriented reform forces, with partners and project executing agencies being chosen based on whether they will contribute to improving the living situation and future opportunities in Afghanistan in the long term.

Through its development cooperation activities, Germany will continue to strengthen the Afghan government in its efforts to carry out its tasks. In future, we will place even greater value on ensuring that the population has more direct benefits from development achievements.

## Priority areas of cooperation: what we are supporting

Afghanistan needs a broad range of development support. German development cooperation with Afghanistan addresses particularly relevant economic, political and social issues and will focus in future on three areas: good governance, sustainable economic development, and urban development and municipal infrastructure. In addition, outside the priority areas we will also in future support programmes to strengthen basic education, and programmes to reintegrate internally displaced persons and refugees returning from Afghanistan's neighbouring countries and from Germany.

### WE ARE SUPPORTING GOOD GOVERNANCE

Afghanistan still lacks well-functioning government institutions that the population can rely on. In rural areas in particular the government presence is not strong enough and the state is often unable to fulfil its role in terms of guaranteeing security and legal certainty, and delivering social services.



The aim of our efforts in the field of good governance is to improve the performance of state structures. Furthermore, we want to help get the people more involved in decision-making processes. The focus of our work is on promoting legal access and on strengthening administrative structures, which includes fighting corruption. Special attention is given here to promoting women, women's rights and equal opportunities for women. Afghanistan needs the economic, political and social potential of girls and women.

**Promoting the rule of law:** Justice and upholding rule of law principles are key requirements that the Afghan people expect a functioning state to meet. We will therefore increase our support for activities that have a direct impact on the population. That is why German development cooperation efforts are used to create legal protection. For example, we will do more to inform people about the law and their rights, and to provide legal aid. Women in particular will benefit from these efforts. By offering law students practice-oriented training we are also helping to improve the quality of legal training.

**Fighting corruption:** The Afghan government has named fighting corruption as one of its most important goals. The only way to prevent patronage and mismanagement is if government institutions are transparent and accountable to the people. We will therefore advise the Afghan government on developing and implementing anti-corruption measures. In the mining sector, the Afghan government is losing large amounts of state revenue because of illegal mining and corruption. Furthermore, terrorist organisations also use the illegal extraction of mineral resources to fund their activities. Germany is supporting transparent extractive resource governance, including by improving mining supervision and by promoting the Afghan transparency initiative for mineral resources.

**Strengthening administrative structures:** An overarching political goal of German involvement in Afghanistan is to contribute to stabilising the Afghan state and enhancing its performance – also with a view to ensuring that the government is able to deliver basic social services. To that end we will continue to support the Afghanistan Reconstruction Trust Fund headed by the World Bank, so as to push forward the implementation of the development priorities determined by the Afghan government. The disbursements made by the Fund are tied directly to the concrete implementation of reform policies and the principles of good governance. We will also continue to provide flexible bilateral support to boost the capacity of Afghan institutions at the central level when it comes to elaborating and implementing reform processes. For example, we are supporting the implementation of the gender strategy of the mining ministry and we are strengthening technical and managerial staff capacities.

The faith of the Afghan people in their government and its institutions is lower than at any time in the past ten years. In order for the trust that has been lost to be restored, the people need to experience real development achievements, especially at the local level. For this to happen, administrative structures will need to be strengthened, especially there, at the local level. German development cooperation measures will help to develop the capabilities of local administrations, improve the provision of basic infrastructure and strengthen popular political participation.

**Strengthening civil society:** Civil society should be better able than it has been to assert demands for public institutions to be more transparent. That is why we will continue to work with civil society organisations and advise them on how they can participate more in state processes so as to assert their civil rights. We will increasingly involve civil society organisations in the implementation of our programmes and support their political empowerment, so that they can fulfil their role as change agents.

## WE ARE SUPPORTING SUSTAINABLE ECONOMIC DEVELOPMENT AND EFFORTS TO CREATE MORE JOBS

The aim of German development cooperation in the area of sustainable economic development is to create lasting productive employment and income-generating opportunities for men and women whilst conserving vital natural resources.

In future, directly improving living conditions will play a greater part. We will still continue to advise our partners on how to improve the enabling environment for the economy. However, we will also focus more on safeguarding vital natural resources and will expand successful approaches for promoting employment and boosting income. In addition, via the programme “Returning to New Opportunities” we are creating chances for a new start in Afghanistan for Afghan women or men who have no chance of staying in Germany or do not wish to stay there. For instance, we are assisting them in getting places on training courses or in finding business start-up programmes to help them.

Almost half the Afghan population is younger than fifteen years of age. Each year half a million young Afghans – many of whom have never been to school or did not finish school – are entering the labour market. Since this population group is particularly affected by the lack of prospects for the future, we will do more to assist them, too, via our activities and will develop concrete measures in our programmes that specifically target young people.

**Fostering agricultural production:** The majority of the Afghan population is employed in the agricultural sector. However, agricultural productivity is low and there is little further processing to create end products. In addition, because the Afghan currency is over-valued the price competitiveness of local produce is reduced. There is also a frequent lack of access to markets in urban areas. At the same time, agriculture is heavily dependent on active irrigation. Yet the irrigation infrastructure is inadequately maintained and some of it has been destroyed. We are concentrating our efforts on supporting value chains with the potential for import substitution: wheat, vegetables, poultry, milk and nuts. We are improving

the irrigation infrastructure, the provision of means of production, and the preparation, storage, further processing and marketing of agricultural products. This way we are helping to create additional, long-term productive employment opportunities and to increase the incomes of the businesses receiving support in the long term.

**Supporting business start-ups and SMEs:** The majority of the Afghan population and also many smaller and medium-sized businesses have no access to credit. This means that funding is often not available for smaller investments, such as tools to set up an independent business or machinery for the further processing of agricultural products. In addition to that, efforts to develop or expand a business are often thwarted by a lack of managerial or technical skills. That is why we are working to enhance access to financial services, for example via micro-finance products, lines of credit and credit guarantees for small and medium-sized enterprises. Furthermore, we are improving local access to training and further training. With these activities we are opening the door to additional employment opportunities and to increased income.

**Making vocational training responsive to labour market needs:** Despite high levels of unemployment, Afghanistan has a shortage of skilled workers. Only five per cent of young Afghans are able to take part in formal full-time vocational training. The quality of this training is for the most part inadequate and it is not aligned with the needs of the labour market. As a result, the graduates from these training courses frequently fail to find work. At the same time, a significant number of young people are working as apprentices. Through capacity building and infrastructure measures we are contributing towards improving the quality and labour-market orientation of formal full-time vocational training. In addition, we are using existing functioning structures such as traditional apprenticeships and developing them further. In this way we are improving the income opportunities of the trainees on reformed full-time training courses and of apprentices who are learning on the job.

**Safeguarding vital natural resources:** During the decades of fighting in Afghanistan, there was no sustainable management of the country’s natural resources. For example, forest cover in Afghanistan has declined to

just two per cent. A great deal of agricultural land is in a poor condition due to erosion and soil degradation. This reduces the yield, which in turn threatens the livelihoods of the people in the region. At the same time, there is a risk that the depletion of natural resources will exacerbate ethnic conflicts and it increases dependence on imports. Because of this, in future we will work with local communities on measures to safeguard resources. The aim is to create additional permanent sources of income for people in their local communities.

### **WE ARE SUPPORTING URBAN DEVELOPMENT AND MUNICIPAL INFRASTRUCTURE**

The aim of German activities in the priority area of urban development and municipal infrastructure is to improve the provision of basic infrastructure, in particular for vulnerable groups, and to contribute towards sustainable rural and urban development.

In Afghanistan, people's access to public infrastructure, services and housing is still very restricted, despite all the progress that has been made; this is especially true in rural areas. People are not well-supplied with clean, affordable drinking water; the costs of providing water are high; improved sanitation services are scarcely available. Even though almost one third of all the people in Afghanistan now have access to network electricity, there are still vast areas, especially in rural parts of the country, that are not connected to the national grid, so that people living there must rely on expensive energy sources such as diesel generators.

Furthermore, Afghanistan is rapidly becoming more urbanised – this is due not least to the high rate of population growth and to internally displaced persons and refugees returning from neighbouring countries being drawn to urban areas. This increases the pressure on cities and municipalities to provide public infrastructure and services.

**Improving water supply and wastewater management:** Although Afghanistan is fairly well supplied with water resources compared with other countries, at present it scarcely has the means to benefit from this comparative advantage. Not enough is being done to conserve water resources, and the operation and maintenance of water and wastewater plants is

inadequate. Climate change, the high rate of population growth, extensive agriculture and improper use of water all combine to put added pressure on water resources. This is also increasingly leading to conflicts.

Germany is engaged in development cooperation measures aimed at ensuring that the population has a secure supply of clean drinking water. In future, we will therefore continue our efforts to strengthen the institutional frameworks for sustainable water supplies, sewage disposal and water resource management, and for the expansion of drinking water supply systems in Kabul and in selected small and medium-sized towns. Furthermore, we will focus on ensuring that the investments we have already made in the water sector are not squandered, and that facilities are properly operated and maintained despite the tense security situation. To this end we are specifically supporting our Afghan partners in their efforts to establish and expand technical and organisational capacities, for example in the areas of staff development, resource protection and water quality management. In addition, we will collaborate on the implementation of a wastewater master plan for Kabul and develop measures for a decentralised wastewater system.

**Expanding the electricity supply:** Demand for electricity is growing at a rapid pace in Afghanistan. However, Afghanistan's own capacities for generating electricity are limited at present. In addition, the infrastructure is inadequate or antiquated. Three quarters of energy demand is being met by imports, which are subject to a high degree of political uncertainty. Therefore the Afghan government would like to considerably increase electricity generating capacity in the next few years. To do this it is focusing on expanding renewable energies. The potential for such expansion is considerable. The intention is that the private sector will also play a bigger part, in the role of investor and energy producer. Altogether huge efforts are needed in order to expand the grid, standardise and integrate the scattered separate networks, and improve the overall operating environment for the private sector.

The aim of German development cooperation activities here is to expand supplies in urban and rural areas by offering energy generated using environmental and climate-friendly methods, and to increase private and public investment in energy facilities.

This way, besides improving living conditions, we will also and above all be helping to boost rural potential for growth. In future, we will continue to offer Afghanistan specific support for the efforts to develop the country into a regional energy hub; and by doing so we will promote regional integration.

In order to safeguard investments that have already been made, all ongoing measures are to be concluded – as far as the security situation allows – and steps will be taken to secure the operation and maintenance of the infrastructure that has been put in place. Furthermore, we will provide credit programmes in

future so that private households, municipalities, and rural and non-rural micro, small and medium-sized enterprises can invest in decentralised energy-generating capacity for solar energy. This will create incentives for borrowers to take responsibility for the operation and maintenance of these installations themselves. In addition, we will strengthen the legal and institutional frameworks for the financing, installation, operation and maintenance of grid-based and off-grid power generating facilities. This also includes improving grid integration and reforming the tariff system.

## Principles for action: how we work

German development cooperation follows the principles for action listed below:

**Fighting corruption:** Strategies for reducing and preventing corruption are an integral part of all our measures. In our operational procedures and working methods we ensure transparency and prevention, and practise following these principles with our Afghan partners, for example in the case of tender and award procedures.

**The security of our experts takes priority:** The strategy for the protection of our national and international experts includes ensuring a high level of acceptance for our measures from the Afghan population. This approach is complemented by targeted protective measures that also include rock solid plans for emergency and extreme situations. We will stick to our civilian security system, adapting it continuously to new requirements.

**Conflict-sensitive approaches:** For the planning and implementation of our projects we analyse the setting in each case and the risks entailed. This includes knowing and understanding actors, conflict lines and the driving forces behind them, and the potential for and obstacles to development. Peace and Conflict Assessments are an obligatory component of both the planning and the implementation of measures.

**Focus on safe provinces and districts:** In future, we want to concentrate in our work on safe regions, because development cooperation requires a minimum level of security in order to be effective. Therefore, in districts where the security situation is critical or volatile, we will henceforth only work as an exception. The North of the country and the capital Kabul are the regional focus of German development cooperation with Afghanistan.

**Designing projects that are flexible and open – as regards both concept and region:** We design all our projects to be so open and uncomplicated that both concept and funding can be quickly and flexibly adapted to new overall conditions and changes in the security situation. Furthermore, we are pushing forward with the development of monitoring and management systems that will make it possible to work long distance, particularly on infrastructure projects. We will step up our efforts to strengthen the role of national experts in project implementation, in order to consistently transfer responsibility into Afghan hands.

**Strengthening local structures:** We will strengthen local decision-making structures and include these entities more in the implementation of our measures by, for example, involving them in planning decisions and in efforts to resolve conflicts of interest. As far as possible, construction work will be carried out by local labour and using local building materials, in order to create jobs and income in the project location.

**Safeguarding investments in the long term:** The conclusion of all ongoing infrastructure projects – as far as the security situation allows – and the sustainable operation of the systems and facilities that we have already invested in are a priority for us. Therefore more emphasis will be put on making the elaboration and further development of maintenance and operating strategies an obligatory element of existing measures and this will be a prerequisite for new investments. At the start of the project planning process, thought must be given as well to how the governmental partners can later take over responsibility for running the projects. That is also a reason why we are coordinating and aligning the content of vocational training courses with the qualifications and skills needed in our priority sectors. That way we are making sure that, in the long term, enough local experts will be available for the sustainable management of the systems and facilities funded by our investments.

**Communication and monitoring of results:** We use conventional and social media to reach the Afghan public, to explain to them what we are doing, and to gain their support and acceptance. We record and measure the results of our interventions in order to assess our approach strategies, evaluate our activities and continuously develop the design of German-Afghan development cooperation further.

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