

# Ex post evaluation – Afghanistan

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**Sector:** Phase I: Democratic participation and civil society (15150) / Advanced technical and managerial training (11430), phases II-IV: Reconstruction relief and rehabilitation (CRS code: 73010)

**Project:** Expansion of economic infrastructure in the north – Phases I-IV (BMZ no. 2007 65 602, 2007 66 709\*, 2009 66 259, 2009 67 356\*) and training component (BMZ no. 1930 04 827)

**Implementing agency:** Ministry of Public Works (MoPW)



## Ex post evaluation report: 2018

All figures in EUR million	Phases I-IV (Planned)	Phases I-IV (Actual)	Training (Planned)	Training (Actual)
Investment costs (total)	44.00	41.75	0.55	0.55
Counterpart contribution	0.00	0.00	0.00	0.00
Financing	44.00	41.75	0.55	0.55
of which BMZ budget funds	44.00	41.75	0.55	0.55

\*) Random sample 2017

**Summary:** As part of open programme, the expansion of the economic infrastructure was promoted in the northern Afghan provinces of Kunduz, Balkh, Takhar and Badakhshan in four successive phases (2007–2013). The majority of the investment was used for road construction and refurbishment measures. Furthermore, several small-scale measures were applied for town and village development, including the clearance of debris from the war, the construction of rubbish collection points, the installation of wastewater tanks, and the rehabilitation of public infrastructure (schools, health stations). A complementary training measure was used to promote the capacity of employees in the partner ministry (both in Kabul and at province level) in the areas of project tendering, management and supervision.

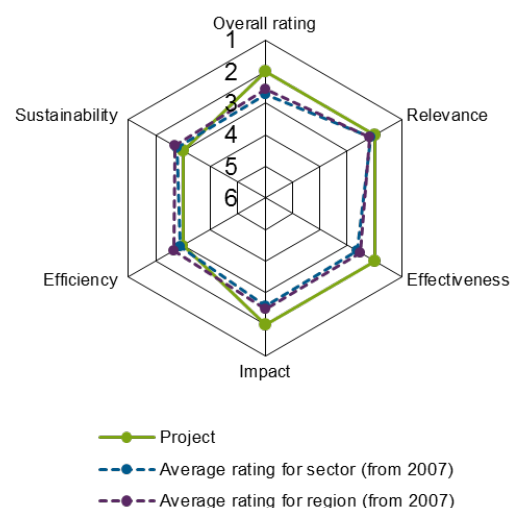
**Development objectives:** The goal of the programme (outcome) was to expand economic infrastructure, primarily using local workers, and to make sure the infrastructure is used appropriately. The goal on the impact level - as dual objective approach in a fragile context - was to contribute to economic development and pro-poor growth in northern Afghanistan with regard to conflict reduction. The development objectives remained the same over all four phases.

**Target group:** Users of economic infrastructure, such as farmers, merchants, business owners and the population living in the catchment area, were to benefit from improved access to goods, food, income and services. In phases I and II, the project measures were designed to reach close to 250,000 people in the areas of Kunduz, Khulm and Faizabad. Phases III and IV were designed to reach the same number of people in the same area, amounting to 500,000 in total.

## Overall rating: 2 (all four phases)

**Rationale:** Despite the difficult security situation, a number of interviews were conducted with the target group in a short space of time. These interviews revealed the impressive effects at micro-level. This relates in particular to the economic effects in the direct project environment and to the improvements of living conditions. Conflict-reducing effects were less prominent. These effects were able to unfold despite the deteriorating security situation.

**Highlights:** The use of local liaison engineers, who were in charge of communicating with various local structures (some of which were traditional), was a success factor of the individual measures.



## Rating according to DAC criteria

**Overall rating: 2 (all four phases)**

### Ratings:

Relevance	2
Effectiveness	2
Efficiency	3
Impact	2
Sustainability	3

In many cases, the individual project measures were financed from more than one of the four phases. For this reason, the effects of these measures cannot be clearly assigned to a specific phase. In the case of other measures, there is no clear link between the target group's critical or particularly positive responses and the individual measures or phases. For this reason, all four phases are awarded the same rating.

### Breakdown of total costs

		Phase 1 (Planned)	1 (Actual)	2 (Planned)	2 (Actual)	3 (Planned)	3 (Actual)	4 (Planned)	4 (Actual)	Train- ing (Planned)	Train- ing (Actual)
Investment costs	EUR million	10.0	13.7	10.0	13.8	7.0	4.2	17.0	10.0	0.55	0.55
Counterpart contribution	EUR million	0	0	0	0	0	0	0	0	0	0
Financing	EUR million	10.0	13.7	10.0	13.8	7.0	4.2	17.0	10.0	0.55	0.55
of which BMZ budget funds	EUR million	10.0	13.7	10.0	13.8	7.0	4.2	17.0	10.0	0.55	0.55

### Relevance

During the project appraisal in 2007, the development policy challenges were correctly identified, in terms of both urgency, development relevance and the target groups' need. At the time, the background was Afghanistan's exceptionally low level of development. Many of the main transport links between the northern provinces were disrupted. In some cases, travellers had to put up with long diversions. Expanding the road network and restoring the roads were designed to reduce travel times. This was aimed at achieving significant time and cost savings as well as generating positive impetus for regional integration. Furthermore, road construction projects were designed to open up agricultural areas and markets, benefiting regional value chains. The selection of the road construction measures appears sensible from an ex post perspective as well. For the poorer population, the aim was to create opportunities for generating income and providing access to important service centres, such as health stations and educational institutions. The government in Afghanistan lacked the funds needed for these expenses. We consider the parallel promotion of small-scale infrastructure (e.g. schools) in the same areas as these roads to be positive because this enabled the projects to have a broader effect. From today's perspective, the projects remain relevant.

The project measures were intended to contribute to economic development and pro-poor growth in northern Afghanistan, thus supporting conflict alleviation (dual objectives). In view of the current conflict situation in Afghanistan, the intended contribution to conflict alleviation remains relevant. In this context, economic development and pro-poor growth appear to be suitable approaches to have a conflict-alleviating effect at local level. They have the potential to improve living conditions and future prospects

for local people and increase their trust in state bodies. Scientific analyses show that this method can reduce the incentive to get involved in violent conflict and contribute to the promotion of peace.<sup>1</sup>

However, improvements to the underlying political conditions (involving regional neighbours too) are also an important requirement in the peace process in this fragile state in an exceptionally unstable region. The underlying political and security-related circumstances in Afghanistan have deteriorated to an extreme extent since 2007 and particularly since the partial withdrawal of international troops in 2014. The Taliban has grown in strength since international troops withdrew from the country. The influence of Islamic State's terrorist militia is rising. The temporary fall of the city of Kunduz in 2015 – which is located within the infrastructure measures' project area – is regarded as symbolic of the international community's failure to guarantee Afghanistan's safety. Technically oriented programmes with limited local effects, like the infrastructure programme in northern Afghanistan, have little influence on overarching conflict developments, meaning that their contribution to peace consolidation is limited in this regard.

The operational performance of the executing agency was poor – particularly concerning the insufficient specialist qualifications in place. The complementary training measures were needed to support the successful implementation of programme measures and establish the capacities needed to run the financed infrastructure on a sustainable basis.

In conjunction with TC projects, the projects helped to promote value chains. Later they were classified under the DC programme “sustainable economic development” and FC complemented these projects with the construction of a national road in northern Afghanistan. Other donors also financed economic infrastructure in northern Afghanistan. The projects were in line with the development policy strategies set out by both Germany and the Afghan government.

The relevance therefore fully met expectations and is rated as good.

**Relevance rating: 2 (all four phases)**

### Effectiveness

The goal of the FC project at the outcome level was to expand economic infrastructure, primarily using local workers, and to make sure the infrastructure is used appropriately. Complementary training measures were designed to reinforce the executing agency's implementation and maintenance capacity.

Target achievement (outcome) can be summarised using the indicators set out in the table below. Due to the security situation, data on the various indicators could not be collected for all of the individual measures during the evaluation. Target achievement was therefore assessed on the basis of qualitative information gathered as a result of 37 interviews held with retailers and residents along the roads and various other road users (e.g. taxi drivers, private drivers). Discussions with travellers also provided information on sections of roads that could not be visited during the evaluation on account of the precarious security situation. In certain cases, the current condition of roads (output) – particularly on sections of road that could not be visited for security reasons – were viewed using satellite images. Overall, the local interviews provided an impressive picture of the projects' effects at micro-level:

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<sup>1</sup> Collier, Paul 2004: Development and Conflict, Oxford, Oxford University / Fisman, Raymond/Miguel, Edward 2008: Economic Gangsters, Princeton, Oxford, Princeton University Press.

Indicator	Status PA (project appraisal), Target value PA	Ex post evaluation
Average daily volume of traffic	<p>No baseline data collected during PA; data collection not possible due to security situation, estimates based on interviews</p> <p><b>Phases I-IV:</b> Target value: +5% p.a.</p>	<p>Achieved.</p> <p>At the time of the final review in 2014, all roads were passable the whole year round and traffic volumes on all paved roads rose by between 20 % and 500 % compared to estimates during the project appraisal and over a period of about three years.</p> <p>The evaluation of the interviews shows that – depending on the security situation – the volume of traffic rose significantly more than was assumed; on certain sections, it changed from almost no traffic to daily use by taxis and rickshaws. Passenger levels and the number of passenger cars both increased in particular, according to the retailers who assessed traffic levels based on their higher income.</p>
Reduced travel time	<p>No baseline data collected during PA; data collection not possible due to security situation, estimates based on interviews</p> <p><b>Phases I-IV:</b> Target value: -30%</p>	<p>Achieved.</p> <p>At the time of the final review in 2014, a reduction in travel time of around 30% was identified for certain sections of roads.</p> <p>Based on the interviews conducted during the evaluation, the reduction in travel times recorded during the final review was confirmed or fell even further.</p>
Access to markets and social institutions	<p>No baseline data available.</p> <p>Target value set ex post: perceptible improvement to access for the target group (qualitative indicator)</p>	<p>Achieved.</p> <p>The interviews revealed that access to health care services has improved. While ill people used to have to be transported on donkeys or horses due to the high transport costs, patients can now be brought to health centres quickly and cheaply using motorised transport. Furthermore, some pharmacists and doctors have also set themselves up along the roads. Especially in relation to complications during pregnancy, interviewees noted that these positive effects contributed to a significantly lower health risk for pregnant women.</p> <p>The interviews revealed that the measures have improved access to education. In addition to improved transport opportunities, some new schools have also opened along the road.</p>

		<p>In terms of market access, the interviews showed that access to larger markets in towns has improved significantly. Many people now do their shopping in bazaars in nearby cities/provincial towns. The projects have contributed to a shift in shopping habits among travellers.</p>
<p>Trained MoPW/DoPW employees are familiar with the execution requirements for road construction (training component)</p>	<p><b>Output: Plan:</b> 2 training courses for 20 MoPW employees in contract management, supervision and tendering processes. 6 months of on-the-job training in ongoing construction projects for 10 participants</p> <p><b>Outcome:</b> (defined ex post) During the project appraisal, the ministry's employees did not possess the knowledge needed to meet the execution requirements for road construction projects. <b>Target value:</b> Execution requirements for road construction projects were taken into account by ministry employees during the implementation of the project.</p>	<p>Actual: <b>Output:</b> 3 training courses for 60 MoPW employees (in 3 sequences with 20 participants each; no on-the-job training because the employees were not willing to work on building sites for an extended period).</p> <p><b>Outcome:</b> Execution requirements for road construction were taken into account by ministry employees during the implementation of the project, meaning that the design and quality of the infrastructure measures were in line with the requirements formulated during the appraisal in relation to durability and expansion standards.</p>

**Explanatory notes:** 1 In the case of Taloqan city road and Charkent road, some data was collected during a baseline study.

No indicators were defined for the various small-scale and immediate measures. In view of the uncertain security situation, an overall picture of the condition and utilisation of the individual measures could not be obtained during the evaluation in the majority of cases. A visit to a chamber of commerce and health facility financed by the measure showed that both instances of infrastructure are used according to their intended function. However, significant quality issues were identified in the chamber of commerce despite its valued status.

The plan was to use mainly local workers to reach the project objective. Since all of the measures were implemented by Afghan construction companies, the measures generated up to 4,000 person-months of labour in total. At the building site in Kunduz, for example, the employment effects ranged from at least 50 to up to 100 people per day, including a large portion of untrained local workers from the region. The use of local construction companies helped to reinforce the local construction industry. The project implementation consultant worked closely with small building companies, particularly for the implementation of small-scale measures. This generated a strong transfer of knowledge, comparable to that of a short-term on-the-job training course.

**Effectiveness rating: 2 (all four phases)**

## Efficiency

No major deviation from the planned construction costs occurred during the project implementation. In some cases, cost increases were balanced out by shifting the budget between the various project phases. However, some local building companies had significant problems with their building site organisation, finances and forward-looking construction planning. There were recurring liquidity shortages and construction delays as a result of poor cash flow management. Additional delays arose due to the deteriorating security situation, which got slowly worse from the start of the project and regularly led to construction stops and delayed deliveries.

The efficient project implementation was not found to be adversely affected by the practice of extensive and non-transparent sub-contracting that is prevalent in Afghanistan. Only a certain amount of sub-contracting was permitted for the individual building orders and the full outsourcing of orders was ruled out.

In Phase I, the building contracts were tendered by the Afghan awarding authority, the Afghanistan Reconstruction and Development Service (ARDS). However, this process was found to take an extremely long amount of time. In the case of Chardarrah bridge (Phase I), there was a drawn-out process for tendering the contract, terminating the contract due to a lack of building progress, and then re-tendering the contract, which led to the entire project being delayed. From Phase II onwards, a decision was made not to involve ARDS and the awarding of construction orders was delegated to the implementation consultant, which proved to be successful for the rest of the phases but is considered less positive in terms of involving state structures.

With regard to consultancy costs, there were major deviations from the planned costs (+21 % to +138 %) in all four phases, caused by multiple factors. The security situation, which deteriorated following the start of the project, made it difficult to supervise the works and also required the consultants to take additional safety measures. As a result of the delays to project implementation described above, the consultants' deployment had to be extended. Furthermore, more consultant hours were required to counteract risks related to the poor performance of local building companies. Against this background, the variance from the costs initially planned is understandable.

At the beginning of the construction work, some warlords, important commanders and certain politicians attempted to assert their own economic interests. Their attempts were deflected by so-called liaison engineers, normally well-informed German-Afghans with strong links to the local population. These liaison engineers were deployed in the partner ministry for the purpose of project guidance.

From an ex post perspective, the construction standard of the roads appears adequate. Sections of road in close proximity to cities were paved because the volume of traffic was expected to be higher here. More remote sections in rural areas were designed as gravel roads.

No statements could be made on the efficiency of the training component.

In this case, the allocation efficiency is assessed from a purely qualitative perspective. Difficult implementation with adequate costs and good development policy effects (see next section) indicate that the allocation efficiency was good. Efficiency was marred slightly by the aforementioned weaknesses in production efficiency.

**Efficiency rating: 3 (all four phases)**

## Impact

The projects aimed to contribute to economic development and pro-poor growth in northern Afghanistan by expanding the economic infrastructure and making sure it is used adequately. With a dual objective approach in a fragile context this was to contribute to conflict alleviation. During the project appraisal, the dimension of conflict reduction played a somewhat minor role. From an ex post perspective, a higher weighting was awarded to this dimension, as is the case with all project evaluations in a fragile context.

As already mentioned, acquiring conclusive data during the evaluation presented a major challenge. For this reason, only one qualitative impact indicator was defined, the achievement of which was assessed

using interviews with various user groups along the roads. Further statements concerning the impact are purely qualitative.

Indicator, target value	Ex post evaluation
(1) Income generation: the target group's income situation has improved to a perceptible extent.	In the interviews, various economic stakeholders (taxi/bus drivers, shop owners, businessmen, hotel owners) consistently inferred that their incomes had increased as a result of the road construction measures. Furthermore, an increase in economic activity was observed along the refurbished sections of road (e.g. opening of new stores). This indicates that the measure generated new opportunities for creating income.

With regard to socio-economic indicators, the observed effects met expectations in full. Although some of the interviews highlighted negative effects for individual user groups, these were balanced out by positive effects. For example, the increased volume of passengers and the rise in the number of passenger cars on refurbished roads had a negative impact on lorry drivers/owners and their business. At the same time, however, they also benefited from shorter travel times and lower repair and fuel costs. Merchants along the roads noted that the measures caused the number of customers to drop in certain cases because customers were using the extended roads to travel to larger centres of trade. Nevertheless, the merchants were still able to increase their income by also making the most of the extended roads and expanding their trade activities beyond their former radius. Increased property prices are positive for estate agents, though these have since fallen again due to the security situation.

Injuries and deaths from traffic accidents could also be reduced due to the higher standard of roads.

Schools that are easier to access also enable girls to get an education. On their own, these observations do not allow any conclusions to be drawn as to the extent to which the projects led to an improved quality of education. At the very least, however, it can be assumed that it fostered important underlying conditions for improvements to the quality of education.

The interviews conducted during the evaluation contain very little information concerning the measure's intended conflict-reducing impact, meaning that indicators could not be formulated for this objective. The interviews also did not show the extent to which the infrastructure measures had improved the population's satisfaction with the state's performance. With regard to road maintenance, the effects highlighted in the qualitative data are rather negative. Many of the interviewees expressed their displeasure that the state was failing to fulfil its duty of maintaining the roads. On this basis, the extent to which the measure contributed to conflict reduction remains questionable. By contrast, it seems more plausible that the measure's positive economic effects contributed to consolidating peace at least in relation to certain aspects and at a limited local level.

The individual interviews revealed that the extension of the roads contributed to an increased awareness of safety among the population. The improved quality of the roads results in fewer breakdowns and accidents, which in turn decreases the risk of broken-down cars being looted by the Taliban, rioters or thieves.

As a result of the liaison engineers' success in curbing attempts to instrumentalise the project, it can be assumed that potentially negative effects on the public's acceptance of state structures were also prevented. In one case, improved safety was even traced back to increased police monitoring along the extended roads, indicating that the project had an indirect effect on reinforcing state legitimacy.

Nevertheless, the potential of this effect in the evaluated project was likely blanketed by the general conflict situation. Since the project appraisal, the underlying security conditions in (northern) Afghanistan have deteriorated significantly. The Taliban has also been very active in the programme zone since around 2008/2010. Since the group partly infiltrates the area from the outside and the local population is only able to have a limited influence on these developments, the contribution of the economic development process to reducing Taliban attacks was also likely restricted.

**Impact rating: 2 (all four phases)**

## Sustainability

In the context of the (post) conflict situation, phases III and IV were assessed according to the FC/TC emergency procedure for natural catastrophes, crises and conflicts, though without limited sustainability requirements. From today's perspective and with regard to the assessment of the projects' sustainability, accommodations have to be made for the extremely fragile context. This means that sustainability also has to be evaluated in terms of how the projects can be linked to future, more sustainable projects.

The sustainability of the FC project is currently at risk, primarily due to the Afghan government's general attitude to road maintenance. As before, the government is relying more on donors for subsequent refurbishment as opposed to regular budget funds for maintenance. Budgets allocated to the provinces for maintenance are used for road construction measures perceived to be more urgent (in some cases in other provinces) at short notice. Some completed roads are over-used by overloaded lorries. Furthermore, there is a shortage of staff for road maintenance. Staff are available in some cases, but are not used for the right purpose or do not have the corresponding resources. Although the maintenance of paved roads does not pose a problem at the moment, the lack of maintenance on gravel roads is already problematic in some areas, even just a few years after completion. Pot holes have already formed in some gravel roads and have yet to be repaired. Against this background, it is understandable that the Afghan government is most interested in paved roads because they will not require maintenance for a few years. Spot checks using satellite images also revealed that some sections of road were in a good condition while others were in poor condition. The roads' durability will keep decreasing if maintenance continues to be neglected. In principle, however, more advanced and sustainable projects can still be linked to the structures financed in these projects.

The current security situation also presents a major risk to the sustainability of the project's development effectiveness. Multiple interviewees, particularly in Badakhshan Province, expressed that the project's positive impact on the security situation has already fallen away in some areas. Should the security situation continue to deteriorate, further adverse impacts on the project's sustainable effectiveness must be anticipated.

Despite these challenges, the developments observed during the evaluation indicate that the measure generated sustainable economic impetus. Following completion of the roads, various businesses were established along the roads and entrepreneurs already based there expanded their business activities. It must be assumed that this effect boosted economic developments, which will also continue in the future – provided the underlying security conditions allow.

The further progress of the conflict and the security situation will be decisive in terms of the sustainability of the measure's conflict-reducing effects. From today's perspective, it cannot be assumed that the situation will improve significantly in the near future.

**Sustainability rating: 3 (all four phases)**



### Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

<b>Level 1</b>	Very good result that clearly exceeds expectations
<b>Level 2</b>	Good result, fully in line with expectations and without any significant shortcomings
<b>Level 3</b>	Satisfactory result – project falls short of expectations but the positive results dominate
<b>Level 4</b>	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
<b>Level 5</b>	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
<b>Level 6</b>	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

### Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).