Pledging in Geneva
How much aid, and for what?
Nigel Roberts, Khalid Payenda and Eliza Urwin
Acknowledgements

ODI’s Lessons for Peace: Afghanistan project is generously funded by the Australian Government Department of Foreign Affairs and Trade (DFAT). This report does not represent the views of ODI nor the Australian Government, and any omissions or errors are the authors’ own. This paper is not an ODI research paper. The authors would like to thank parties who generously offered their time to speak with the team in interviews in preparing this paper.

About the authors

**Nigel Roberts** is Principal Consultant for Lessons for Peace: Afghanistan. Nigel is former Country Director in the World Bank and co-Director of the 2011 World Development Report on Conflict, Security and Development.

**Khalid Payenda** is an independent research and technical consultant. Khalid is former Deputy Minister of Finance, Government of the Islamic Republic of Afghanistan.

**Eliza Urwin** is a researcher and doctoral candidate at the Graduate Institute of International and Development Studies in Geneva, where her research focuses on governance in areas of contested authority. Eliza worked for several years in Kabul, for Sayara International and then for the United States Institute of Peace.
About this policy note

This note is a follow-up to ‘Fragile Practice: Donor mistakes in war-to-peace transitions’ (Roberts and Russell, 2020), which summarises modern thinking on the causes of and remedies for organised violence. The paper points out that good-practice guidelines for donors in fragile and conflict-affected countries are well-known yet often ignored, and argues that there are two key reasons for this. The obvious one is that donors’ geostrategic interests frequently overwhelm developmental and public welfare concerns, and often undermine them. The second is less obvious: donors misunderstand or overlook the nature of the societies with which they are dealing, ascribing to them social norms and motivations prevalent in their own countries.

‘Fragile Practice’ suggests several generic remedies. The first is much greater immersion in the societies in which donors work, and shifting the locus of project design and oversight from home capitals out into local communities. The second is to support national strategies that target disruptive grievances, not solely economic growth and poverty alleviation, and fund these strategies principally through government systems and budgets. The third is to find ways to provide long-term support to core national institutions, the consolidation of which takes decades. And the fourth is for donors to approach predatory corruption more intelligently, by helping improve public financial management systems and supporting citizen audits.

The paper also underlines the truism that the more successful ‘exits’ from destructive civil wars over the past 40 years have always relied on approaches that are ‘home-grown and nationally led: donors cannot substitute for these key ingredients, nor will they into being. This, however, has not stopped donors from trying’ (Roberts and Russell, 2020).

‘Fragile Practice’ was not specific to Afghanistan; this note is. As with the previous paper, our intended audience is the donor community, both in donor capitals and in Kabul. We planned to write it after intensive consultations with government, donors, analysts and civil society organisations in Afghanistan. However, the Covid-19 pandemic made this impossible, and the Overseas Development Institute instead facilitated a series of virtual encounters. The opinions provided to us were thoughtful and frank – and also non-attributable. We hope that those of you who helped us will find traces of your sound advice in this note.
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Executive Summary

The Geneva pledging conference

Later this month, donors meet in Geneva to pledge assistance to Afghanistan for the 2021–2025 period covered by the Second Afghanistan National Peace and Development Framework (ANPDF II). This is a difficult moment: donors have no clear idea what the country’s future political system will look like by 2025, or of the part the Taliban will play in it. Donors are also pledging at a time when violence in Afghanistan is escalating, the country’s economy has been hammered by Covid-19 and mutual confidence between the government and the donor community is low.

Uncertainty notwithstanding, it would be a mistake for donors to commit financing for less than the full five years of ANPDF II. A weak pledge at Geneva will reinforce Afghan perceptions that donors are abandoning them, and this will have a material impact on the peace negotiations in Doha and on Taliban behaviour. What is more, the essential needs supported by the APNDF II – security, a greater degree of fairness and a reduction in poverty and deprivation – are common to all societies, and will not be achieved in Afghanistan without significant donor engagement for many more years.

How should donors approach this critical meeting?

How much aid does Afghanistan need?

Donors need to be clear about the amount of support that Afghanistan will need – under any form of governance. Recent calculations show that state functionality can be preserved if overall public expenditures are reduced by around one-fifth – that is, from $11 billion to $8.6 billion per year, and with donor grants declining from $8.6 billion to $6.6 billion per year, provided that these cuts are sufficiently gradual and properly targeted (Haque and Roberts, forthcoming 2020).

Donor support for security could be reduced from $4.8 billion in 2018 to some $3.6 billion by 2025/26, mainly through reductions in off-budget personnel, capital, and operations and maintenance (O&M) expenditures. Security support is principally a United States responsibility; the US contributes 95% of all donor security funding, and this is unlikely to change any time soon. Sustained US security expenditure will remain essential to state stability.

Civilian aid could be reduced from $3.8 billion in 2018 to perhaps $3 billion by 2025/26. Reductions should once again come largely from off-budget development programming, with donors concentrating support on core government functions and a limited number of national development programmes.

Humanitarian funding in 2018 totalled $0.7 billion, and at least this much will be needed in 2021.

As a prudent minimum, the 2018 level of overall assistance ($6.6 billion) needs to be sustained in 2021.

A reduction in aid of some 20% by 2025 should be manageable, given the residual waste in the system. To help move the economy and the state in a constructive direction, though, the government and the donors need to be far more focused and more systems-oriented. Donors need to put their faith in Afghan reformers, while holding public officials to account to an extent they have been unwilling to do in the past.

What directions should sound aid policy take?

First, there is a need for strong prioritisation. Development theory tells us that governments and their donor allies need to commit to a single national strategy, and that in situations of violent conflict this strategy should focus on destabilising types of grievance. Knowing what to do first – and what to keep doing – is essential. A strategy based on grievances will clarify priorities in ways that conventional economic planning cannot do.

The government’s draft ANPDF II does offer donors a ‘single, country-led framework’ and insists that ‘priorities need to be vetted for operational realism, sequenced, and implemented within this reality’. However, no true prioritisation filter is apparent in the plan. As partners to the Afghan
state, donors should advocate an approach based on tackling grievances, one that involves rigorous, continuous consultations with key segments of the population. This would provide the ANPDF II with the organising principle it currently lacks, and would privilege essential measures over medium-term requirements.

Second, institutions are critical. The more successful ‘exits’ from persistent civil conflict have always relied on national institutions able to manage citizen grievances around violence, injustice and economic opportunity. For Afghanistan’s present purposes, bearing in mind the need for strategic focus and given donors’ dissatisfaction over public corruption and declining operational effectiveness, donors should agree with the government a shortlist of programmes with the greatest potential on instability. Donors should then focus their support both on these programmes and on the institutions responsible for delivering them. They should insist that key positions in these ministries be filled by capable technocrats, that new projects be financed only when ready for implementation and that regular independent auditing guides future allocations of donor funds.

Third, there is an immediate livelihoods crisis in Afghanistan that donors must help to address. Covid-19 has driven poverty rates in the country above 70%, and this will amplify the grievances of those who already feel excluded or dispossessed. The rapid growth of the labour force, the collapse of foreign labour migration and the prospect of large numbers of internally displaced people (IDPs), refugees and former combatants entering the job market together demand a massive emergency employment programme. A suitable platform for this exists in the community development councils created under the National Solidarity Program, now incorporated into the Citizens’ Charter. If the menu of Citizens’ Charter projects is broadened and labour content standards clearly specified, major contributions could also be made to both climate change mitigation and infrastructure development.

**How can donor assistance best be provided?**

When it comes to modalities, donors should channel more aid on-program and on-budget. The proportion of grants delivered on-budget in Afghanistan is increasing, but it still only a half of all civilian expenditure. Understandably, donors will remain reluctant to reduce off-budget spending unless they see adequate government progress on corruption and programme delivery. Donors currently lack faith in the sincerity of the government’s efforts to reduce corruption, and the effectiveness of key ministries has deteriorated due to politicized appointments, the proliferation of parallel structures in the Palace and the lack of a clear policy making process. If the government addresses these issues, this will provide the quid pro quo for shifting more donor resources onto the budget and into high-priority national programmes.

**What should a partnership agreement for Afghanistan look like?**

ANPDF II is accompanied by a draft Afghanistan Partnership Framework (APF). As it currently stands, this is a misguided document. It is unfocused, containing too many conditions – some of which conflate results that are within the government’s control with others that are not. It is an ‘offshore’ product, written in an accusatory tone and liable to reinforce the perceptions of those who see donors treading on Afghan sovereignty. Nor do donors offer within it any precise commitments of their own, either in relation to their performance or future funding levels. With respect to the sensitive areas of democracy, human rights and gender, the document advocates maximal standards that 20 years of partnership have not come close to achieving.

The current APF draft seems to be pursuing two divergent sets of objectives:

1. Telegraphing donor expectations on democracy and human rights to the Taliban; and
2. Targeting shortcomings in performance by the current Afghan government. A more useful approach might be to prepare two documents: a normative piece that addresses the Taliban and a working-level, results-oriented agreement with those who govern Afghanistan.

In any document intended to speak to the Taliban, donors need to find ways of establishing benchmarks while avoiding conditioning all development assistance on the achievement, or maintenance, of unrealistic standards. Too absolutist a stance could lead to an aid shock that precipitates the very outcomes donors have been resisting for the past 20
years – economic implosion, loss of the state’s ability to control terrorism and massive refugee flows.

**What, though, might such a working-level agreement contain?**

First, donors should help the Afghanistan government to prioritise the ANDPF II, by increasing its focus on destabilising types of grievances. Second, donors should ask the government to propose a draft, and should work from that. Third, any realistic partnership agreement needs to focus on a few measurable results that address core grievances (a few being 10, say – not 100). And fourth, at an implementation level, donors need to be prepared to suspend elements of their aid when performance is truly unsatisfactory.

**Addressing corruption**

A cornerstone of the anti-corruption measures in the APF is the creation of an independent anti-corruption commission. This is a dubious proposition; international experience shows that it is unwise to introduce such commissions into environments in which the judiciary is weak or captured and where the commission’s independence is questionable. It makes better sense to focus on benchmarks that are related directly to donor funding, and to withhold that funding when standards are not met. Measures could include government budget reform (such as curtailing wasteful expenditure on parliamentarians’ ‘pet projects’); regular, independent audits of all donor-funded national programmes; and the systematic use of citizen project audits.

**Supporting key government functions and priority programmes.**

Supporting key government functions and priority programmes. The draft APF touches on this only briefly. A grievance-oriented reformulation of the ANPDF II could be used to identify 8 to 10 high-priority national programmes for donor funding. Donors would then assure support for these key ministries and programmes while insisting that they implement merit-based recruitment, apply project readiness criteria and deliver regular audits.

**Talking to the Taliban**

What of the Taliban? Donors are justifiably apprehensive about the extent and nature of Taliban influence on the state. Whatever the future brings, a well-structured dialogue is needed with the Taliban on the nature of the economy, its extreme fragility and the realities of modern-day government–donor relationships. It is reasonable to assume that the Taliban do not wish to be identified with an economic collapse – and this is more likely if they control elements of the economy without understanding what this involves. In other post-conflict environments, international financial institutions have played a behind-the-scenes role in acquainting erstwhile revolutionaries with the basics of economic development. This should happen in Afghanistan and at the peace talks in Doha, in conversations that should also involve the government and its negotiation team. It serves nobody’s interest to regard such issues as footnotes to the main political story.
Uncertainties and crises

On 23 and 24 November 2020, the Government of Afghanistan and its partners will meet in Geneva to discuss the renewal of financial pledges to Afghanistan. Donors will be pledging against the second Afghanistan National Peace and Development Framework (ANPDF II) for 2021–2025, and finalising a new Afghanistan Partnership Framework (APF). Such meetings have been a regular fixture in the Afghanistan aid calendar. This time, though, donors have no clear idea what the country’s future political system will look like by 2025, and no real inkling of the Taliban’s part in that. They also find themselves confronting several crises.

The first crisis is the escalation of violence. Even as peace talks between the government delegation and the Taliban have begun, levels of violence between have risen to a crescendo. Data from the International NGO Safety Organisation (INSO) shows that in the third quarter of 2020, more than 2,500 conflict incidents were logged each month, driving conflict activity to the highest level in any quarter on INSO record. August and September each exceeded 3,000 conflict incidents and came close to 2,500 incidents initiated by armed opposition organisations (AOG) – a level of monthly armed opposition activity never seen before (INSO, 2020).

The second crisis is economic. The effects of Covid-19 are cratering an already stagnant economy; the incidence of poverty in Afghanistan had increased from 35% of the population in 2015 to 55% before the pandemic hit, and now exceeds 70% (Schafer, 2020; Cancho and Pradhan, 2020). The World Bank and the government expect the economy to contract by 5% in 2020, and to recover only slowly over the next three years (World Bank, 2020a; GoIRA, 2020). The pandemic has also ravaged donor economies, placing additional pressures on foreign assistance budgets at a time when Afghanistan’s domestic revenues will fall from $2.7 billion in 2019 by at least 15% this year (GoIRA, 2020), and possibly as much as 30% (Biruni, 2020a), eroding Afghanistan’s efforts to move towards greater self-sufficiency.

The third is a crisis of confidence between the Afghan government and its foreign allies. On the Afghan side, there is fear of abandonment. Afghanistan is exceptionally dependent on donors, who in 2018 (the last year for which full data is available) financed almost 80% of the nation’s $11 billion public expenditure programme. In 2019, donor planning documents envisaged a steep decline in external grants – from $8.6 billion in 2018 to $5 billion by 2024 (World Bank, 2019) – even with the possibility of some kind of peace agreement. This creates a situation unprecedented in the post-Cold War era: a country entering a peace process with little prospect of sustaining current aid levels, let alone receiving any financial peace dividend. Furthermore, the 29 February US–Taliban agreement to withdraw US and allied forces was negotiated without the involvement of the Afghan government, on a timetable that makes an orderly security transfer very difficult – and the uncertainties around the timing and conditions of withdrawal were underlined by the US President’s 7 October ‘home by Christmas’ tweet. On the donor side, there is significant frustration at persistent public corruption, at the messy, low-turn-out Presidential election and its horse-trading aftermath, at over-centralised decision-making and increasing politicisation of key civil service appointments – particularly in the Ministry of Finance (Byrd, 2019a) – and at the gulf between government pronouncements and actual delivery (Farahi and Guggenheim, 2020).

These factors combine to make the Geneva meeting one of the more challenging gatherings in recent aid history.

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1 Other estimates run as high as 80% (Biruni, 2020a)
A brief look back

The story of aid to Afghanistan over the past 20 years has been extensively documented (to name just a few recent reviews, see SIGAR, 2018a; Urwin and Schomerus, 2020; and Zürcher 2020). Foreign aid has contributed to some impressive achievements in the country, including the revival of Afghan national governance, the growth of civil society and unprecedented advances in the status of women and in girls’ education. The Ministry of Finance’s domestic revenue receipts are comparable to the average for other low-income countries, the Central Bank maintains a stable monetary policy and the capability of the Afghan National Army is growing. Community development councils have overseen rural infrastructure provision across much of the country, and access to health, education, sanitation and clean water and mobile phone networks have all improved immeasurably since the 2000s. In 2009 – the first year in which Afghanistan’s human indicators were estimated by the United Nations – the country’s Human Development Index (HDI) was the second-worst in the world; by 2018, it lay above the mid-point for the 35 poorest countries (UNDP, 2009; 2018).

The financial outlays have been extraordinary: the US alone provided $133 billion by 2019, much of this for security. Adjusted for inflation, this exceeds the entire amount spent on the Marshall Plan in Western Europe after the second world war (Whitlock, 2019). The World Bank and the Organisation for Economic Co-operation and Development (OECD) measure official development assistance (ODA) to Afghanistan at $72 billion between 2002 and 2018, the most to any country during this period. And yet - insecurity is rising, the economy is moribund and Afghan society is increasingly inequitarian (Clark, 2020), and the way that donors have chosen to deal with Afghanistan has a great deal to do with this. For all of ODA’s achievements, much about Afghanistan’s aid experience reads like a primer on how not to approach state- and nation-building.

Several explanatory factors stand out. The first is the subordination of civilian aid to security and counterterrorism objectives. Development assistance was conceived of in peace- and state-building terms, but has been unable to cope with the security and political implications of active conflict. This conflict is in part a consequence of the 2001 Bonn Agreement that both excluded the Taliban and privileged various corrupt, abusive powerbrokers who were then provided massive, often covert financial support to win a war that their own predations were helping intensify (Carter and Clark, 2010; Giustozzi, 2012; Gopal, 2014). Political pressure to focus aid resources on insecure regions for stabilisation purposes often led to disastrous results, including the militarisation of aid, increased corruption and weakened state legitimacy (Fishstein and Wilder, 2012; Böhnke and Zürcher, 2013). Persistent lack of basic security has hampered project implementation and monitoring, causing delays, spotty supervision, weak monitoring and heavy cost overruns (OIG, 2015; SIGAR, 2016; 2020).

A second factor was that donors ignored, or at best underestimated the power of informal networks and power arrangements to subvert public institutions and undercut Afghan reformers. As Roberts and Russell (2020) note, donors often fail to understand the societies in which they work – particularly the importance of kinship and patronage networks – and overestimate their own ability to create facsimiles of an idealised democratic state. An exemplar of this thinking is the overambitious 2018 Geneva Mutual Accountability Framework, in which donors focused on paper reforms and statistical targets unlikely to affect the behaviour of Afghanistan’s key powerholders. Moreover, linking unrealistic demands to future assistance encourages cycles of what has been called ‘isomorphic mimicry’, a
biological term that describes how some organisms evolve to look like others, copying their forms but not their functions (Andrews et al., 2017). Such mimicry has also provided ammunition to the Taliban, who accuse the government of embracing alien norms that undermine Afghanistan’s religious and social integrity.

A third factor was the failure of donors to focus ODA sufficiently on creating the public institutions necessary for stable statehood (World Bank, 2011). It is revealing that several of our interviewees – government, donors and analysts alike – stressed that donors don’t know how to ‘fix governance’ in Afghanistan. The record bears this out. And although it would be naive to pin everything on the donor community, the malign tendencies of leading powerholders were turbocharged by the amount of money injected into a tiny economy (with gross domestic product amounting to only $2.5 billion in 2001). Laudable government-led efforts to help build core systems, programmes and national institutions – exemplified by the National Solidarity Program from 2003 onwards – were often undercut or overwhelmed by donor-driven, off-budget projects that sought immediate impact. The post-9/11 security frenzy and the sheer quantity of available funds led to a confused, disoriented rush to deliver ‘results’. The list of unproductive outcomes is a long one: high overhead costs, raiding the government for Afghan talent, prioritising rapid spending over quality, leaking funds to the unscrupulous, creating redundant systems, distributing resources inequitably, short-changing sustainability (Waldman, 2008; Kapstein, 2017; ATR Consulting, 2018; Zürcher, 2020). It is doubtful that any nascent state structure could have navigated such a financial blizzard.

The drawdown of US troops has provoked much scenario-planning, with outcomes ranging from state collapse to a peace deal that would allow the distortions of the counterterrorism imperative to be set aside. Right now, however, donors find themselves obliged to pledge against a future that is unusually hard to predict.

In approaching such a formidable task, donors should begin by understanding how much support Afghanistan will need under any form of governance.

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2 The numerous anti-corruption strategies and structures established in Afghanistan over the past five years being one such example (Bjelica, 2019). The psychological consequences of mimicry have been recently explored by Krastev and Holmes (2020), cited by Farahi and Guggenheim (2020 in press). Writing about post-Soviet Eastern Europe, Krastev and Holmes point to the assumption of moral superiority by those whose institutional forms are imitated (the liberal West), and the political and cultural resentments this causes in ‘aided societies’ – resentment both of the imitated and of the local imitators who benefit from this mimicry (government officials and their associates).
Going forward, how much aid is needed?

It is possible to estimate how much it will cost to run a functioning state, whoever is in charge. Recent calculations (Haque and Roberts, forthcoming 2020) argue that state functionality can be preserved if overall public expenditures are reduced by around one-fifth – that is, from $11 billion to $8.6 billion per year, with donor grants declining from $8.6 billion to $6.6 billion per year, provided that these cuts are sufficiently gradual and properly targeted. The domestic fiscal damage from Covid-19 suggests that donors should, as a prudent minimum, sustain 2018 levels of assistance in 2021. This would both ensure that critical security and civilian expenditures are funded and would emphasise their continuing commitment to a peaceful settlement. We discuss the question of the conditions under which this assistance should be provided later in this note, under ‘What should a new partnership framework look like?’.

On the security side of the ledger, aid could be reduced from $4.8 billion in 2018 to some $3.6 billion by 2025/26, mainly through reductions in off-budget personnel, capital and O&M expenditures (Haque and Roberts, forthcoming 2020). Here the only donor of consequence is the United States, which currently contributes some 95% of donor security funding (and 80% of all security spending in Afghanistan). This proportionality will not change any time soon; with security expenditure the cornerstone of state stability, substantial US security assistance remains essential over the coming years.

Turning to civilian aid – that is, developmental and humanitarian assistance – Haque and Roberts suggest this could be reduced from $3.8 billion in 2018 to perhaps $3.0 billion by 2025/26. Civilian contributions are more evenly shared: the US was the largest single donor, providing over $920 million in 2018, but 76 percent of the total came from other sources (including $1.8 billion from EU countries and institutions). Reductions should once again come largely from off-budget development programming, with donors concentrating their efforts on supporting core government functions and a limited number of national development programs. Humanitarian funding in 2018 totalled some $0.7 billion, and at least this much will be needed in 2021.

The suggested reductions are predicated on two factors. First, the limited ability of domestic revenues to replace donor commitments, particularly in light of Covid-19. Using relatively cautious assumptions, Haque and Roberts anticipate domestic revenues of $4 billion per annum by 2030. Second, donors should not imagine that new state income sources – additional commitments from regional countries, earnings from mineral extraction, access to concessional lending, and so on – will have any dramatic fiscal impact in the near term. Sustaining a viable Afghan state will depend for some time to come on significant, predictable levels of assistance from current donors.

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3 This compares with a more optimistic Government of the Islamic Republic of Afghanistan projection of US$4.8 billion per annum by 2030, which assumes rapid improvements in revenue compliance and the introduction of a value added tax in 2021 (although the introduction of the VAT has now been delayed until at least 2022).
How can future aid avoid the worst mistakes of the past?

The civilian aid extravaganza peaked in 2011, and by 2018 annual transfers had already halved. A further 20% reduction in ODA looks manageable, given the residual waste in the system. For better or for worse, donors have made themselves co-owners of an economy that has grown well beyond the boundaries of self-sufficiency. To help it move in a constructive direction, they will need to put more faith in Afghan reformers while simultaneously holding public officials to account in ways they have not been prepared to do in the past. At the same time, they need to appreciate that aid-based patronage has become an integral part of Afghanistan’s political system. As one of the more promising (and discarded) government anti-corruption strategies (GoIRA, 2017):

The World Bank’s 2011 World Development Report on Conflict, and Development found that successful recovery from conflict took on average 35 years. This timeframe seems appropriate when dealing with the deep institutional pathologies that are the breeding grounds of corruption. The fight against corruption will be a marathon, not a dash.

What are some of the directions that aid policy can usefully take?

Support a realistic, prioritised national strategy

Development theory tells us that governments and their donor allies need to commit to a single national strategy, and that in situations of violent conflict this strategy should focus on tackling the destabilising grievances that prolong or precipitate violence – some of which will be economic, others not (World Bank, 2011; International Dialogue, 2016). Knowing what to do first, and what to keep doing, is essential in a resource-constrained environment; a strategy based on grievances, or ‘drivers of violence’, will clarify priorities in ways that conventional economic planning cannot do. It will also reveal how the various ODA ‘silos’ – security, humanitarian, development and security – necessarily complement one another (Roberts and Russell, 2020).

The government’s draft ANPDF II calls for all donor partners to get behind the ‘single, country-led framework’ it represents, and this has been accepted by donors – in principle. At a conceptual level, ANPDF II integrates security, political and developmental objectives with the need to counter the poverty shock from Covid-19, and balances short-term needs with a medium-term drive for greater economic self-sufficiency. The fiscal framework (growth, domestic revenue) underpinning ANPDF II is reasonable, albeit optimistic with respect to domestic revenues. Assumptions about future aid requirements are plausible; they accept that foreign assistance will decline (in pleasant contrast to some of the documents circulating in 2019, which
included unrealistic speculation about a donor peace dividend).  

The obvious caveat, of course, is continuity in Afghanistan’s governance. ANPDF II expresses ‘hope for a peace agreement whereby the Taliban join the government and pursue their objectives through political means’ but is silent on what this could mean for future priorities, policies and programmes. The unstated implication in the document is that the Taliban would play a relatively minor, ‘containable’ role, and that investors and donors would adjust without much demur. These are big assumptions, and we return to them at the end of this note.

However - the draft ANPDF II insists that ‘Priorities need to be vetted for operational realism, sequenced, and implemented within this reality’ – and then falls into a familiar planning trap: pillars and themes are articulated and a variety of programmes organized under them, but no true prioritisation filter is apparent. The growing list of National Priority Programs shows how the concept has become increasingly elastic and has lost its original force. ‘Strategy creep’ is common in most national plans and donor country strategies and it can only be overcome if a clear basis for prioritisation is identified and adhered to.

The document claims to be responsive to ‘citizen demands’ but does not elaborate what these are or how they were assessed. As partners of the state, donors should advocate an approach based on tackling grievances – one that involves rigorous, continuous consultations with key segments of the population. Without prejudging the outcomes of such an exercise, its likely findings can be predicted from a number of sources. One recent review of the research into grievances (Biruni, 2020b) highlights the following:

- **insecurity and violence**, including violence against women
- **injustice**, specifically corruption, inequitable service delivery, bias in the courts, and the impunity of the powerful, including militias and the police
- **mistrust** of the current electoral system
- **economic and social exclusion**, in particular of less powerful ethnic groups and those on the peripheries of the state
- **foreign interference** and perceptions of the threats it poses to Afghan traditions, religion and dignity.

Focusing on critical grievances would provide ANPDF II with the organising principle it currently lacks, and would privilege essential measures over medium-term requirements (though not to their exclusion).

### Help build legitimate institutions

Roberts and Russell (2020) make several points about national institutions. First, the more successful ‘exits’ from persistent civil conflict described in the World Development Report on Conflict, Security and Development (World Bank, 2011) have always relied upon the creation of national institutions able to manage citizen grievances around violence, injustice and economic opportunity. Second, evidence shows that ‘building legitimate, effective national institutions is the work of a generation or more’. And third, donors have found it difficult to provide sustained, decades-long support for institution building and to do so in ways that acknowledge the political tensions inherent in the process. That does not mean that donors cannot rise to the task, though. Indeed, the record in Afghanistan does reveal years of sustained, constructive support to key institutions such as the ministries of Finance, Public Health, Rural Rehabilitation & Development and the Afghan National Army, even if capacity building was not originally conceived of in increments of 10 to 20 years, or provided in an entirely consistent manner.

For Afghanistan’s present purposes, bearing in mind the need for strategic focus and given donors’ dissatisfaction over public corruption and declining operational effectiveness, it would be sensible to agree with the government a shortlist of those institutions...
programmes that have the greatest potential to reduce instability – and for donors to then focus their support both on these programmes and on the institutions responsible for delivering them. Farahi and Guggenheim (2020) further argue that donors should support reform-minded Afghans by insisting that key positions in a select few ministries be staffed by capable technocrats who have secure tenure, that new projects only be financed if ready for implementation (i.e. there is serious government and community ownership and adequate counterpart budget and staffing) - and if regular, credible auditing can be guaranteed. Farahi and Guggenheim see this as a realistic and politically savvy way of ring-fencing key activities in today’s patronage- and rent-based political system.

Counter rising poverty through emergency job creation

Covid-19 has fuelled Afghanistan’s economic stagnation and is deepening the country’s impoverishment. This will have two specific negative impacts: first, it will amplify the grievances of those who already feel excluded or dispossessed; and second, it will reduce licit patronage flows. This latter could destabilise existing power arrangements and further encourage illicit, more violent alternatives – extortion, illegal taxation, narcotics and land predation.

But how can much-needed economic growth be generated quickly? What can be done now, before the kinds of medium-term initiatives espoused in ANPDF II bear fruit? The country’s slide into poverty cannot be addressed through relief programs: national livelihoods need immediate attention. Medium-term job creation features strongly in ANPDF II, but the country must first get past the short-term; today’s moribund job creation outlook will not be corrected by market forces alone. ANPDF II stresses the livelihoods issue and lays out a number of promising programmes but does not sequence them. No clear choices are made between short-term initiatives (such as the 2020–2022 Economic Stabilization and Stimulus Package EZ-Kar, and PLACED) and medium-term employment generation (through agricultural intensification, mining or small-scale labour-intensive industrial development).

Emergency employment programmes have a mixed history in Afghanistan: many initiatives, some successful, none sustained at scale (ILO, 2012; Mercy Corps, 2015). Reluctance at investing heavily in such programmes is understandable; governments and most donors see them as second-best alternatives to structural employment, in some cases interfering with markets and diverting scarce resources. Regrettably, though, Afghanistan now faces a livelihoods emergency. Deepening poverty, the rapid structural growth of the labour force, the collapse of foreign labour migration and the potential need to cater to large numbers of IDPs, refugees and former combatants all argue for a massive focus on national livelihoods. At the heart of this should be a labour-intensive job creation effort on a scale akin to India’s National Rural Employment Guarantee Act – something that no donor-generated project can achieve.

Fortunately, a suitable platform exists in the community development councils created under Afghanistan’s National Solidarity Program and now incorporated into the Citizens’ Charter Afghanistan Program (CCAP). The draft ANPDF II states that ‘we will further expand the Citizen’s Charter program to support people who are vulnerable and whose livelihoods are affected by the Covid-19 pandemic’, and donors should channel funding into the CCAP for these purposes, committing themselves to supporting high levels of short-term job creation for the next several years. If the menu of CCAP projects is suitably broadened and labour content standards clearly specified, this could make a major contribution to (1) climate change, by focusing on check dam construction, soil conservation measures, flood protection works and reafforestation; and (2) infrastructure provision and maintenance (community housing, roads, mosques, etc).

We are not suggesting that immediate problems should crowd out all medium-term development: rather that the former should be addressed in ways that contribute to the latter.

How should donor assistance be delivered?

Donors should provide more aid on-program and on-budget. The proportion of grants delivered on-budget in Afghanistan has risen from around 10% in 2008 to more than 33% today (and about a half of all civilian expenditure). The potential advantages of on-budget spending are well-known: they include greater cost efficiency, enhanced economic multiplier effects, better alignment of donor contributions with core
government priorities, and reinforced government systems (OECD, 2011; Brookings, 2016). Conversely, the disadvantages of off-budget assistance in Afghanistan have included fragmentation, increased costs and the inequitable distribution of benefits (Ruttig and Bjelica, 2018). To quote a report to the US Senate Committee on Foreign Relations (US Senate, 2011):

> Off-budget funding has significant downsides. It can weaken the ability of the Afghan state to control resources, which results in donor duplication, and can fuel corruption. It has also led to the creation of thousands of donor-driven projects without any plan for sustaining them, including 16,000 CERP projects funded by the military at a cost of over $2 billion.

The draft ANPDF II correctly identifies the national budget as the main instrument of prioritisation, asking donors to direct a greater proportion of their assistance into government programmes and to report on all residual off-budget assistance (off-budget programming does have its place – for humanitarian assistance, for institutional support to CSOs and NGOs and for some major infrastructure projects, which are arguably best outsourced to experienced international contractors).

Understandably, though, donors will remain unconvinced by on-budget theory unless they see convincing government progress on both public corruption (in particular, corruption supported through the national budget) and programme delivery. Shortcomings in these areas appear to justify off-budget spending. Donors currently lack faith in the sincerity of the government’s efforts to reduce corruption, and recent years have seen a deterioration in the effectiveness of ministries such as Finance and Rural Rehabilitation & Development, due to politicised appointments, vacancies, the proliferation of parallel structures in the Palace and the consequent lack of a clear policy-making process (Farahi and Guggenheim, 2020). If the government can show progress in addressing these issues, this would provide the quid pro quo for a more concerted shift of donor resources onto the budget, and into high priority national programmes.

The principal pooled on-budget instrument is the Afghanistan Reconstruction Trust Fund (ARTF), administered by the World Bank. In the words of the most recent independent review, the ARTF ‘has provided critical funding and acted as a stabilizing resource when other external funding has decreased: without ARTF funding for broad-based social services and community development, observers believe the situation would have been more precarious’ (Scanteam, 2017). As overall donor funding decreases, and if donors commit a greater proportion of their funds on-budget, the ARTF’s relative importance will increase. The Scanteam review pointed to the lack of any overarching capacity-building approach, seeing the ARTF as too projectised and missing opportunities to strengthen core government systems. In response, the ARTF aims to reduce its portfolio to fewer, large national programmes, intensify support for reform though its Incentive Program, and provide more hands-on implementation support to key ministries (ARTF, 2018). ARTF donors also need to invoke sanctions when necessary – something they have been criticised for failing to do, not only because ARTF rules inhibit them but out of a reluctance to act when the rules do permit this (SIGAR, 2018b).

Closely related to the on/off-budget question is the existence of duplicative donor implementation systems and massive ‘replacement’ technical assistance, which are in part intended to serve as hedges against poor government performance. Donor-financed, self-standing Project Implementation Units (PIUs) remain a common feature of the Afghanistan development landscape, and the charges against such structures have a long ancestry (European Commission, 2008). Recently, though, the World Bank has defended PIUs as a sensible, results-oriented adaptation to the deficiencies of government performance in environments where institutions are weak or compromised (Blum et al., 2019), albeit as a ‘temporary scaffolding’. As and if the Afghanistan government demonstrates an enhanced capacity to deliver on its promises, this scaffolding should be gradually taken down. Similarly, technical assistance, be it local or international, should be withdrawn from direct implementation as and when government delivery improves. Future experts

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6 World Bank analysis shows that the proportion of each dollar reaching Afghanistan through on-budget assistance is much higher (58 cents versus 20 cents), and that ‘overhead’ costs associated with on-budget assistance are much lower (for selected road projects, 12% versus 60% – see World Bank, 2012).
should be selected and evaluated principally for their training and mentoring abilities. Both now and in the future, the most useful kind of foreign experts are likely to be those with direct experience of working in institutions similar to those found in Afghanistan – practitioners, not theorists.
What should a new ‘partnership framework’ look like?

Unlike national plans in other, less donor-dependent developing countries, the draft ANPDF II embraces the reality of donor conditionality, and a mutual accountability agreement is seen as an integral part of the government’s strategy.

This is clearly positive – but the evolving drafts of the new Afghanistan Partnership Framework (APF) are misguided. Parts of the preamble are merely aspirational, such as affirming a commitment to ensuring full equality between women and men, girls and boys, in all aspects of life, political, economic and social. The APF is unfocused, and contains too many conditions, a number of which confute those results that the government can control with others that it cannot (for example, civilian casualties or perceptions of personal safety). Rather than amplifying the thinking of reformist Afghans – the true value of such a document – the draft APF is an ‘offshore’ product, written in an accusatory style liable to reinforce the perceptions of those who believe donors are treading on Afghan sovereignty. Nor is the precision of what is expected from the government matched by any clear donor performance benchmarks, such as annual commitments or annual on-budget disbursement percentages. The draft is maximalist with respect to democracy, human rights and gender, and will raise suspicion that the bar has been set impossibly high so that donors can withdraw their assistance if they do not like the look of a future government.

Specific flaws apart, the current APF draft is pursuing two divergent sets of objectives. First, it telegraphs to the Taliban donor expectations on democracy and human rights, as potential partners in a future government. Second, it aims to tackle shortcomings in performance by the current government. Using one instrument for two very different purposes invites confusion over responsibilities and limits the APF’s ability to monitor this government’s performance. A more useful approach would be to prepare two documents: a normative piece that speaks to the Taliban, and a practical, results-oriented agreement with those who govern Afghanistan today.

With regard to the first such piece, backsliding on democracy, human rights and women’s rights should be expected in a government in which the Taliban feature prominently – not least because the liberal modernisation agenda has many opponents in Afghan society. Donors need to thread various needles here, finding ways to establish benchmarks while avoiding conditioning all development assistance on the achievement or maintenance of unrealistic standards. Too absolutist a stance could lead to an aid shock that precipitates the very outcomes donors have been resisting for the past 20 years.

Our remaining suggestions relate to the second proposed document – the one that would be agreed with today’s government. How might this be structured?

First, donors should help the government prioritise the ANDPF II, by increasing its focus on destabilising types of grievances.

Second, donors should either ask the government itself to propose a draft APF to work from, or should undertake the exercise jointly.

Third, any realistic partnership agreement should focus on a few measurable results (say 10, not 100) that address core grievances.

Fourth, donors need to be prepared to suspend elements of their aid when performance is truly unsatisfactory – something they have often been unwilling to do, in part because of inhibitions about cutting support to an ally in a time of war.

This document would logically focus on two key issues:
Corruption

There is a plethora of past and present government plans and strategies, but little coherence between them, and limited enforcement. Donors are justified in objecting when the funds that come from their own taxpayers’ pockets migrate into those of the powerful and the connected in Afghanistan: but donor permissiveness is a large part of the problem. A cornerstone of proposed ant-corruption measures in the APF draft is the creation of an independent anti-corruption commission. Here it is worth heeding a recent World Bank report (World Bank, 2020b):

> Anti-Corruption Agencies (ACAs) have often been introduced in environments where other key institutions (for example the judiciary) were weak and/or captured by private interests. Moreover, the independence of the institutions (functional, budgetary and appointments), strategic focus, human and financial resources, and mechanisms for collaboration and coordination have not achieved the level that would enable them to be effective. ACAs have therefore not been successful in delivering according to their mandates and in line with citizens’ expectations, and in many cases have not had any significant impact on the trends, types, and levels of corruption in their jurisdictions.

And rather than advocating vague aspirational (and unmeasurable) objectives – such as ‘improving the culture of governance within state institutions towards greater integrity, honesty, fairness and the rule of law’ – it makes better sense to focus on a few benchmarks directly related to donor funding, agree on how and when they will be monitored and withhold funding when standards are not met. One such measure could be culling from the national budget projects initiated by Members of Parliament that have bypassed the government’s own project screening process. A second could be reductions in the budget’s (abusable) contingency funds. A third could be regular, independent audits of all national programmes that donors are explicitly financing. A fourth could be the systematic use of citizen project audits (Roberts and Russell, 2020).

Supporting key government functions and priority programmes.

For the 2018 Geneva Conference on Afghanistan, the government (with World Bank assistance) prepared a list of high impact growth-oriented projects for donor funding. For present purposes, a grievance-oriented strategy reformulation could be used to identify 8 to 10 high-priority national programmes for donor funding; donors would then assure support for these key ministries and programs while insisting they implement merit-based recruitment, apply project readiness criteria and deliver regular audits. Byrd (2020b) puts it well:

> In the new aid architecture and mutual accountability framework that is expected to come out of the Geneva conference, donors and government should avoid setting unrealistic expectations and instead seek stringent prioritization of expenditures and aid—in other words, doing less with less but doing it better. That means focusing on essential government functions and a few core development programs that have good track records and avoiding new or scattered initiatives with marginal impact or those that would take too long to achieve results.
Dealing with uncertainty

The pervasive uncertainties that surround Afghanistan’s future might be seen as a reason for donors to commit financing for less than the full five years of ANPDF II. We believe this would be a mistake. First, a weak overall pledge at Geneva will reinforce Afghan perceptions that donors are abandoning the country, and this will have a material impact on the peace negotiations and on Taliban behaviour. Second, the essential needs supported by the APNDF II – security, a greater degree of fairness and a reduction in today’s levels of poverty and deprivation – are common to all societies and cannot be achieved in Afghanistan without a significant donor engagement for many more years.

The major imponderable for donors is the Taliban, specifically whether they are willing to agree to a political settlement, and the extent to which they will change Afghanistan’s governance arrangements if they do. Should peace negotiations stall and war continue without prospect of resolution, economic stagnation will persist, donor enthusiasm for sustaining high levels of security and civilian assistance will fade, and new attempts at peace-brokering will have to be found. If peace talks progress, donors and investors will look with apprehension at the possible extent and nature of Taliban influence on the state. Private resources may dry up, at least for a while, and donors will face difficult decisions: how far to tie future assistance to the maintenance of post-2001 progress on democratic representation and human rights, versus privileging the stability and economic viability of a country that is more likely to export terrorism and enormous numbers of refugees should the economy fold.

While some decisions lie in the future, a well-structured economic dialogue is needed with the Taliban now: on the nature of the economy, its extreme fragility and the realities of modern-day government–donor relationships. It is reasonable to assume that the Taliban do not wish to be identified with an economic collapse – and this is more likely if they control elements of the economy without appreciating what this entails. It is also possible that the Taliban see the economy as a source of patronage and rents, as have recent governments, and that this could further hasten Afghanistan’s economic demise; the consequences of this perspective also need to be discussed. In many other post-war environments where controversial former combatants have acceded to state power – such as Bosnia-Herzegovina, the West Bank and Gaza and Southern Sudan – international financial institutions have played a behind-the-scenes role in acquainting erstwhile revolutionaries with the basics of economic development. There is a need for this in Afghanistan and in Doha, as it serves no one’s interests to regard such issues as footnotes to the main political story. Any such process should obviously be constructed as a three-way dialogue, involving the government and its negotiation team.
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