

Chapter 4

Principles for good international engagement with Afghanistan

Yukimasa Fukuda

“Don’t bypass us!”

That was the fervent and persistent call of Afghan officials from the moment the international community suddenly expanded its presence in Afghanistan after the ouster of the Taliban. The reason for their persistence needs to be examined within an Afghan context. The donor community, including NGOs, had played a significant role in service delivery to the Afghan population as subsequent governments gradually ceased to function, especially from 1992 when armed conflict started among the *mujahideens*. As a result, though out of necessity, donors took over the core state function of service delivery from the government. Now that the Taliban were gone, it was only natural that the new Afghan government wanted to demonstrate to its people and the international community that it had restored its sovereignty by reclaiming the service delivery function from the international donor community. For the Afghans, this was a serious matter of legitimacy for the responsible government they had longed to establish, and they urged donors to change their deeply ingrained behavior and mentality of the past, and not to bypass the new government thoughtlessly. Donors on the other hand were not fully sensitive to this background and, because many maintained their old habit of bypassing the government, the relationship between the new Afghan government and donors experienced occasional discord.

Afghans did not stop simply at balking at donors’ indifference. They tried to make sure that the Afghan government coordinated donors before being coordinated and made a plaything by donors in the name of aid effectiveness, coordination, and harmonization. Afghans insisted from a very early stage, as early as the time of the Tokyo Conference in January 2002, that Afghan-led aid coordination mechanisms should be established in Kabul; the Consultative Group (CG) mechanism had been up and running already since October of that year (2002).

Consultative Group (CG) mechanism: a vital tool for state-building

The outlook of the Kabul-based CG mechanism was not too different from the

mechanism applied in other developing countries. Sector-wise CGs, a dozen of them altogether, were established. In each CG, the minister of that sector chaired meetings together with active donors of that sector as members. A Focal Point was nominated among these donors in the sector to help serve as a bridge between the minister/ministry and the donors in the CG, aiming for effective coordination among them.

The major difference between the Afghan CG mechanism and those of other developing countries may be that the Kabul-based CG was not intended just for coordination among the recipient government and the donor community but was intentionally designed by the Afghan government to be an integral part of their budget system from the beginning. The budget in the case of Afghanistan meant mostly foreign assistance funds, as a matter of course, but Afghans emphasized that the budget was the core institution for their state building from the start, and they intended to have full control of it by demanding that donors place all their aid funds under the Afghan budget system, allowing no off-budget, no bypass. This was a matter of legitimacy to be taken seriously. Afghans wanted to establish a real government completely in control of its own budget. The budget process involves planning, execution, supervision, evaluation of outcomes, and feedback into the process. Actually going through that process, step by step, with real funds in their hands, they intended to build their policy-making and administrative capacity and ultimately to become a full-fledged functioning government in total control of its budget, including the collection of local taxes and revenues, which is the key to breaking free of aid dependency. Moreover, in the Afghan context, the establishment of a strong central budgetary system that firms up a consolidated 'national' budget was especially important to secure the unity of the cabinet, the government, and the country as a whole because still some cabinet members were powerful former warlords and the risk of the country becoming fragmented again was high. A national budget finalized in the name of the cabinet was expected to solidify and ensure coherence of the government as a whole.

That is also the reason the Afghan government strongly demanded, almost obsessively, direct budgetary support from donors so that the Afghan government could utilize the funds directly and could demonstrate to the Afghan people that this time around it is the government that is delivering, not foreign donors or NGOs.

Such was the idea behind the Kabul-based CG mechanism. However, it is quite questionable whether the very intentions and aspirations of the government were

fully recognized by the donor community as a whole. It is also a question whether the Afghan side itself fully and truly digested, owned, and shared the concept and the significance of the CG and the budget, a core facility of state building, during the rapidly evolving early stage of the reconstruction. Furthermore, the existence of many foreign experts and budget advisors in the government isolated working-level Afghan officials from the policy making process. At the same time, some ministers/ministries were receiving more attention and a corresponding number of foreign experts than other ministers/ministries, causing not only uneven development in government capacity but also distrust among ministers/ministers and officials, harming the very cohesion of the government both Afghans and the donor community had aimed to establish.

With hindsight, if the donor community were more mindful of the frustration of Afghans, and if the energy of both sides were concentrated on project implementation to deliver rather than on Afghans' almost obsessive arguments about the budget -- core or not -- things could have been different today. As for the frustration of Afghans, what they wanted donors to do was to fully consult with Afghans on a day-to-day basis and share with Afghans information on donor-assisted aid programs and projects. If that exercise had become a habit of donors -- and this is the very process of capacity development -- there should have been no room for argument about whether certain donor-assisted projects fell under the core budget or not. To add to the confusion, some donors insisted that all aid volume from the donor community as a whole should be directed to budget support. On the other hand, especially larger donors who had the will and capacity to extend larger volumes of assistance to Afghanistan could offer a variety of aid modalities according to the real needs of Afghanistan. The discord between those two ideas among the donor community and with the Afghan government was not vitally necessary, for in the eyes of ordinary Afghan people the actual delivery of basic services was what they expected very much to see.

One other aspect of the Kabul-based CG mechanism was that it was conducted in an extremely intensive English-speaking environment. The donor community with overwhelming capacity took that for granted, and any contentious participants could make their influence felt. That was not only too much for ordinary officials of the convalescent Afghan government but also for some donors who had a number of real projects to which to attend. The transaction costs of coordination began to be perceived as excessive.

Eventually, the CG mechanism, though generally accepted initially, lost its spirit as a whole along the way, and became a mere shell except in a few core sectors. To revive this CG mechanism the Joint Coordination Monitoring Board (JCMB) composed of the Afghan side and donors (21 countries and organizations) was established during the London Conference in January 2006. Nevertheless, a drastic improvement of the CG mechanism has yet to be confirmed.

In Afghanistan, delivery of basic services should be the first priority. With that in mind, donors should work closely with their Afghan counterparts as a matter of habit and intentionally incorporate capacity-development components in pursuing effective delivery, not bypassing their Afghan counterparts. On the other hand, the Afghan government in turn should at least work to facilitate donor efforts so that donors can operate smoothly in Afghanistan, and work with donors to intentionally absorb capacity from them, not waiting for donors to come forward. Furthermore, since all aid is supposed to be extended upon formal request to donors from the Afghan government and upon formal agreement between the two, there should not be any off-budget cases from the outset. Therefore, it is the responsibility of the Afghan government to keep track of the implementation of those agreements. At the same time, donors should share necessary information, including disbursement data, with their Afghan counterparts so that project progress can be mutually monitored and so that the information can be compiled and reflected in budget execution reporting and also in planning. This is how the balance between capacity development and service delivery can be achieved practically.

The aid coordination CG setup is already in place, now monitored by JCMB by both the Afghan government and donors. However, the Afghan government and donor community may have already exhausted themselves over the coordination mechanism. Nevertheless, it is not too late to reconfirm the very aim of our efforts: to deliver. We are still too far away from satisfying the basic needs of Afghan people to be coordinated.

In any event, the current CG aid coordination mechanism can be useful in practically addressing major obstacles to state building and service delivery in Afghanistan by focusing on “do no harm”. That would include, first and foremost, parallel structures.

Parallel structures

The international community's efforts were very destructive to the building of governance capability in Afghanistan because they simply headhunted the best people from the government and hired them as local staff, though many of them ended up doing menial work at donors' outposts. These officials were working for US\$30 to US\$50 per month as civil servants when, all the sudden, donors rushed in and scrambled for personnel, especially English-speaking Afghans, offering them up to US\$5,000 a month. The result was an abrupt brain drain from the government to the donor community. The Afghan bureaucracy is said to have had more capability in 2001 and early 2002 without foreign aid than today. The rhetoric of the international aid system is that it is supposed to be building capabilities of recipient countries, but it is actually draining capability from the weak governments it is supposed to help.²⁶ The last day of the Tokyo International Conference on Reconstruction Assistance to Afghanistan (January 22, 2002) saw the presentation of a Co-chairs' Summary of Conclusions²⁷ comprising 22 points, the penultimate of which states, "The Conference noted the UNDP proposal for a Code of Conduct to avoid distortionary wage and rent inflation caused by the international presence, and urged the IG to work further on the proposal." In spite of this stipulation in the Co-chairs' Summary of Conclusions, the proposition has been ignored to date.²⁸ Now there are approximately 280,000 civil servants working in the government receiving an average of US\$50 per month, while approximately 50,000 Afghan nationals are working for NGOs, the UN and bilateral and multilateral agencies, where they can earn US\$1,000 per month or more.²⁹ Today, many students graduating from Kabul University end up as drivers in the UN system because a job in the government pays US\$50 while UN drivers get US\$400 per month. Hence, officials, doctors, lawyers, engineers, and university graduates become drivers.³⁰

In this way, meagerly surviving local capacity at ministries was scooped out overnight by donors, effectively undermining the very aim of capacity building of public institutions that Afghans and donors both initially intended to pursue, and effectively

²⁶ A remark by Dr. Ashraf Ghani at the JBIC Seminar "A Comparative Perspective on State-Building in Post-Conflict Conditions: Afghanistan, Lebanon, Nepal, and Sudan," January 21, 2007, Tokyo

²⁷ http://www.mofa.go.jp/region/middle_e/afghanistan/min0201/summary.pdf

²⁸ As of June, 2008, the issue has been addressed at the OECD/DAC, e.g., Fragile States Group.

²⁹ Ghani, Lockhart (2008) "Fixing Failed States", pp.100

³⁰ A remark by Dr. Ashraf Ghani at the JBIC Seminar "A Comparative Perspective on State-Building in Post-Conflict Conditions: Afghanistan, Lebanon, Nepal, and Sudan," January 21, 2007, Tokyo

creating parallel structures, with Afghan public servants and public institutions increasingly becoming prone to corruption on the one hand, and the donor community with its overwhelming capacities employing highly-paid local Afghan staffers on the other. This caused very rapid income gaps among Afghans and consequently aggravated discontent among Afghans, even raising hostility against donors.

One prominent Afghan ex-official did not hide his anger when spitting out, “I would close down all the UN agencies in Afghanistan overnight, and create a structure within the government that hires these people!”³¹ The principle of ‘do no harm’ should be seriously addressed in that regard.

DAC’s principles for good international engagement with fragile states and situations

As has been pointed out above, there was a serious mismatch between the Afghan government and the donor community in the process of Afghan state-building. However, the major problem seems to be with donors rather than the Afghans. First and foremost, the behavior and, moreover, mentality of donors have to change.

Nevertheless, there is good news for Afghanistan. Reflecting actual hard experience in getting difficult jobs done in a difficult country like Afghanistan, donors compiled and adopted at DAC in Paris ‘Principles for Good International Engagement in Fragile States & Situations’ in April 2007.³² “The long-term vision for international engagement in fragile states is to help national reformers to build effective, legitimate, and resilient state institutions, capable of engaging productively with their people to promote sustained development,” as the Principles’ preamble declares, and to realize this objective, the following ten principles, or ten commandments, were adopted.

1. Take context as the starting point
2. Do no harm
3. Focus on state-building as the objective
4. Prioritize prevention
5. Recognize the links between political, security and development objectives
6. Promote non-discrimination as the basis for inclusive and stable societies

³¹ A remark by Dr. Ashraf Ghani at the JBIC Seminar “A Comparative Perspective on State-Building in Post-Conflict Conditions: Afghanistan, Lebanon, Nepal, and Sudan,” January 21, 2007, Tokyo

³² <http://www.oecd.org/dataoecd/61/45/38368714.pdf>

7. Align with local priorities in different ways in different contexts
8. Agree on practical coordination mechanisms between international actors
9. Act fast...but stay engaged long enough to give success a chance
10. Avoid pockets of exclusion (“aid orphans”)

DAC donors will go through peer reviews among themselves, including of actual implementation of these principles. At the same time, Afghanistan and all other developing countries, especially those labeled as “fragile states”, should be encouraged to hold all donors accountable to what donors themselves had unanimously adopted as their principles of behavioral change, to make sure that donors really own up to these principles.

In Paris on June 12, 2008, the International Conference in Support of Afghanistan was held and the international community pledged more than \$21 billion for Afghanistan. All participants adopted the Final Declaration³³ of the Conference, which included a sentence -- “We also agree to focus on state building efforts and avoid parallel structures.” -- Very much in line with the DAC principles mentioned above. This is a welcome development, a sign at last that the international community is really embracing the DAC principles. If the Afghan government and international community are genuinely serious about state building in Afghanistan, they cannot disregard the problem of parallel structures, and the core of the issue is distortionary wages and rents caused by the international presence, as referred before, which also cannot be bypassed.

Is Afghanistan a “failed state”?

Not to be wedded to the current grim state of affairs in Afghanistan, it would be worthwhile to revisit some of the major achievements in state building by Afghans themselves.

There is still a persistently prevailing image of Afghanistan as a “failed

33

http://www.diplomatie.gouv.fr/en/country-files_156/afghanistan_498/international-conference-in-support-of-afghanistan-paris-12th-june-2008_6366/ministerial-conference-june-12-2008_6370/final-declaration_6375/declaration-of-the-international-conference-in-support-of-afghanistan-issued-under-the-authority-of-the-three-co-chairs-president-sarkozy-president-karzai-un-secretary-general-ban-ki-moon-paris-june-12-2008_11560.html

state”. However, without its enormous indigenous capacity, how could a failed state achieve the political Bonn Process almost on schedule, introduce a new currency in just three months, carry through the collection of duties/taxes from governors (in other words, warlords) controlling the borders, set forth a donor coordination mechanism and build it into the budgetary process before being coordinated by contentious donors, as mentioned before? Donors tend to treat countries like Afghanistan as if they undoubtedly have no capabilities. However, as Afghanistan has demonstrated, it has enormous capabilities. Before labeling Afghanistan a failed state, donors should have the sense and capacity to identify the surviving and functioning indigenous capacities that Afghans and their communities already possess, and donors should intentionally and tenaciously work to strengthen these with encouragement and, as an extension of that, donors should support Afghans’ own designs attuned to the Afghan context, not imposing donors’.

If donors are really serious about respecting and fostering the ownership of Afghans so that they can stand on their own feet someday, donors may as well abandon micromanagement of their funds. However, the question is whether donors can be patient enough with the pace of Afghan development. After all, development is a difficult and lengthy national enterprise that requires national ownership, and for it to take root it must be homegrown. Donors should also be modest enough to admit that what they can do is limited because it is Afghans, not outside donors, who know their context better than anybody else and who will have to bear the consequences of the decisions they make.

Emerging champions

In 2006 and 2007, there were two important elections for Afghans that were not elections in Afghanistan, although both involved a particular Afghan individual. The one in 2006 was the election of Kofi Annan’s successor as UN-Secretary General. The other in 2007 was for the nomination of the President of the World Bank to replace Paul Wolfowitz. In both cases, Dr. Ashraf Ghani, former Afghan Finance Minister, was listed as a prospective candidate. Afghans were profoundly excited at the news that Dr. Ghani might be elected as the head of either of these prominent world organs. However, that feverish mood began to change around the time of the nomination of the World Bank’s President. Of course Afghans wished Dr. Ghani to become the head of the World Bank, but at the same time they were also anxious about the possible loss of Dr. Ghani to

Washington when Afghanistan needed him most. Since Dr. Ghani, the architect of the CG mechanism and most of the major reconstruction policies, had left the cabinet at the end of 2004, Afghanistan had begun to drift. Then a certain segment of younger Afghans suddenly realized their over-dependency on a strong personality such as Dr. Ghani. They began to realize that it is they who have to act to carve out their own futures.

Time is not static. During the six years or so since the new government came in, the younger generations of Afghanistan have seen a lot and, profoundly frustrated about the present state of affairs, they began to emerge as a new force.

One such promising movement is the Center for Policy Priorities (CFPP),³⁴ which emerged sometime in late 2007 as an independent think-tank comprising a group of dedicated young Afghan professionals. Their aim is to support the efforts of the government and the international community across a wide range of policy reforms through concrete research, to generate healthy debates among citizens in formulating public opinion, and to provide capacity development for future leadership positions in both the public and private sectors. Currently they are involved in basic training for parliamentarians on legislation, among other projects. In November 2007, CFPP held a 'First Young Afghan Professional Summit' in Kabul attended by more than 100 young Afghan professionals from all over the country and from abroad as well, essentially the launch of CFPP.

CFPP has only just begun operating, and it might be too early to judge its future prospects. However, such a development is encouraging, especially when the present state of affairs in Afghanistan is being excessively characterized as increasingly overshadowed by uncertainties. At last an Afghan version of the Young Turks, real patriots, may be in the making. Such a movement should be watched and encouraged as it grows. One need not be too pessimistic about the future of Afghanistan, after all, because there are always new generations taking over from the older ones.

³⁴ <http://www.cfpp.org.af/>