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The Committee Secretary
Senate Foreign Affairs, Defence and Trade References Committee
PO Box 6100
Canberra ACT 2600

Inquiry into Australia's overseas development programs in Afghanistan

Dear Dr Dermody,

I attach a short submission to the Inquiry into Australia's overseas development programs in Afghanistan. I would be happy to testify before the Committee if the members considered that that might be useful,

Yours sincerely,

Professor William Maley, AM FASSA

Director, Asia-Pacific College of Diplomacy

Inquiry into Australia's overseas development programs in Afghanistan

Submission

William Maley

1. I am Professor and Director of the Asia-Pacific College of Diplomacy at the Australian National University. I have published extensively on Afghan politics for nearly three decades, and am author of *Rescuing Afghanistan* (London: Hurst & Co., 2006) and *The Afghanistan Wars* (London and New York: Palgrave Macmillan, 2002, 2009). My publications on reconstruction issues include 'Reconstructing Afghanistan: Opportunities and Challenges', in Geoff Harris (ed.) *Recovery from Armed Conflict in Developing Countries: An Economic and Political Analysis* (New York: Routledge, 1999) pp.225-257; 'The Reconstruction of Afghanistan', in Ken Booth and Tim Dunne (eds), *Worlds in Collision: Terror and the Future Global Order* (London and New York: Palgrave Macmillan, 2002) pp.184-193; 'PRT Activity in Afghanistan: The Australian Experience', in Nik Hynek and Péter Marton (eds), *Statebuilding in Afghanistan: Multinational Contributions to Reconstruction* (New York: Routledge, 2011) pp.124-138; and 'Reconstruction: A Critical Assessment', in Amin Saikal (ed.), *The Afghanistan Conflict and Australia's Role* (Melbourne: Melbourne University Press, 2011) pp.77-98. I have attached a copy of the last of these publications to this submission, as it discusses a number of overarching problems that have confronted development actors in Afghanistan in the last decade, problems that are pertinent also to Australia's experience. In the following brief remarks, I wish simply to focus on three areas of concern: *sustainability*; *accountability*; and *developmental integrity*.

Sustainability

2.1 *All Australian or Australian-funded projects should be designed and implemented with sustainability and capacity-building as a central focus.* Projects that proved to be unsustainable typically waste the money of donors and the time of recipients. Beyond this, however, in a stressed country such as Afghanistan, they tend to have a number of insidious effects that often go unnoticed. In particular, they have the potential to generate a high degree of cynicism on the part of those they are intended to benefit. This not only creates an unwelcoming environment for aid agencies that may have genuinely-sustainable projects to offer, but can produce unintended political feedback. Even though poor project design may be substantially the responsibility of foreign donors or their implementing agencies, it may be the local or national authorities in countries such as Afghanistan who are saddled with the blame, if only because locals may think that the unsustainable character of a project is the result of fraudulent misappropriation of project monies by local officials.

2.2 A central element of effective sustainability is meaningful local capacity building. The record in Afghanistan since 2001 in this respect is notably patchy. For example, in preparation for the 2004 presidential election, the Joint Electoral Management Body in which Australian experts were actively involved adopted a very positive approach to local capacity building, with a view to ensuring that for future elections there would be a strong cohort of trained Afghan staff available to do the bulk of the technical work required for such elections to be successful. Unfortunately, the United Nations thereafter did not make effective use of these skilled personnel. On the contrary, little effort was made to retain their services for the 2005 parliamentary elections, which were administered with a very different ethos—namely that by throwing money at a problem, one could resolve it easily (see Scott Smith, *Afghanistan's Troubled Transition: Peacekeeping, Politics, and the 2004 Presidential Election* (Boulder: Lynne Rienner, 2011)). The net result was that the 2005 election went over budget, and the 2009 presidential election was marred by very serious fraud. The lesson here is that the failure to engage in effective local capacity building can have potentially grave long-term consequences.

2.3 One important form of capacity building is education, not so much at the primary level, but rather at the technical and tertiary levels where some of the higher skills relevant to development and reconstruction can be inculcated. Here, a significant barrier is the existence of travel warnings from the Department of Foreign Affairs and Trade that make it extremely difficult for staff of Australian educational institutions to travel to Afghanistan without confronting prohibitive insurance costs. I have written elsewhere about this at some length (see William Maley, 'Risk, Populism, and the Evolution of Consular Responsibilities', in Jan Melissen and Ana Mar Fernández (eds), *Consular Affairs and Diplomacy* (Leiden: Martinus Nijhoff, 2011) pp.43-62), and am not so naïve as to expect that there will be any change soon in this situation. This makes it all the more important to explore creative ways in which Afghan students might be linked to educational opportunities in other countries, not simply through scholarships (although these are important), but also through remote-delivery and distance education programs and facilities.

Accountability

3.1 *Development assistance is useful only if it produces positive outcomes, and this requires effective accountability and assessment of how projects have gone.* Afghan accountability mechanisms are extremely weak. Officials of the Afghan state are centrally appointed, and the result is that they have little interest in building organic relations with the local population; and if they do show an interest in doing so, it is more likely to be with the view to pursuing future political agendas than to ensuring that development projects are effectively implemented. (Effective local administrators are at grave risk of being assassinated by the

Taliban; this was the fate of Faridullah, the *woleswal* of Alisheng, who was murdered on 11 August 2012.) Furthermore, at the central level the more competent Afghan officials are often in relatively subordinate positions in ministries and agencies, and have little capacity to promote accountability even though their inclination is often to do so.

3.2 This makes it all the more important for there to be mechanisms put in place by the Australian government to ensure that there is effective, *independent*, appraisal of how the situation on the ground in Afghanistan has been affected by the policy initiatives that Australia has pursued. Ultimately, development policies need to be judged by outcomes, not by processes. It is for this reason that the widely-reported termination of the relationship between AusAID and The Liaison Office (TLO) is unfortunate. TLO, an Afghan organization very highly regarded amongst Afghanistan specialists, has unique skills of analysis, based on a diversified network of trained researchers, for which no easy replacement is likely to be found. Delay in the delivery of some of its reports seems in this context to be a rather weak basis for termination of the relationship. Afghanistan is a country in which for a range of very good reasons one should *expect* that deadlines for the delivery of analytical material will need to be flexible, and if the Australian government is seen to have dealt with TLO in a high-handed manner, the reputational harm which Australia could suffer in the eyes of well-placed Afghans could be considerable. TLO's report *Uruzgan:18 months after the Dutch/Australian Leadership Handover* (Kabul: The Liaison Office, April 2012) is an outstanding piece of work.

3.3 Development agencies, whether governmental or non-governmental, should not fear the effects of independent appraisal of their performance. What we *all* should fear is a situation in which such appraisal is compromised. Here, it is useful to recall the conclusion offered by the Nobel Prize-winning physicist Richard Feynman in his contribution to the report of the Rogers Commission that investigated the circumstances leading to the loss of the Challenger space shuttle in 1986: 'For a successful technology, reality must take precedence over public relations, for nature cannot be fooled'. This applies equally to successful development policy.

3.4 That said, effective appraisal should not be confused with a rigidly-mechanistic approach to project *implementation*. There is much to be said for a warning voiced by researchers analysing development in the 1970s and 1980s: that 'in this period development practice has become increasingly control-oriented in a futile effort to reduce the uncertainty which accompanies any rural development intervention. Futile, because increased control orientation leads inevitably to a denial of reality and greater, not lesser uncertainty' (Doug Porter, Bryant Allen and Gaye Thompson, *Development in Practice: Paved with Good Intentions* (London: Routledge, 1991) p.212).

Developmental integrity

4.1 Maintaining the integrity of development activity in Afghanistan is almost inevitably a difficult undertaking. Many aid agencies are working cheek-by-jowl with military forces, and face the expectation that their humanitarian and developmental work will complement the security-building activities of the security sector. Yet there is very little evidence to suggest that developmental activity will win a political dividend for the Afghan government or its international backers. This is in part because Afghans quite rationally align themselves politically not on the basis of gratitude for what has been done for them in the past, but rather on the basis of what alignments are likely to protect their interests in the future. But is also because a 'moral hazard' problem can easily arise if developmental activity is designed to complement the efforts of the military, who are almost always concentrated in areas of perceived or potential insecurity. The risk is that areas in which ordinary Afghans have done their best to produce local security will be neglected by aid agencies, and that this will send the signal that the way in which to secure aid money is to generate local *in*security. This is something that to some extent can be avoided if aid resources are more evenly distributed.

4.2 A further problem is that aid activity may have the unintended consequence of empowering particular local actors at the expense of others, or of fuelling corruption. The former can arise if those delivering aid become too closely associated with one political actor in an environment in which a number are engaged in intense competition. This has occurred to some extent in Uruzgan, where the relationship between Australia and the provincial police chief Matiullah Khan is arguably an unhealthy one. The latter can arise all too easily in Afghanistan where substantial aid monies flowing into a complex bureaucratic environment set the scene for the payment of bribes by contractors and sub-contractors as a means of lubricating the process of policy implementation. Australia has a strong legislative framework to address the problem of bribery of foreign officials, but it is a framework difficult to put into effect when dealing with the Afghan environment. Careful monitoring of on-the-ground activity is one way to begin to deal with this problem, but it is precisely this kind of monitoring which seems unlikely to be sustainable in the long run with the mooted withdrawal of Australian personnel from Uruzgan to Kabul. I would add that I have seen no direct evidence of corrupt behaviour by any Australian official or contractor, but I was struck on at least one occasion when an Australian hastened to reassure me that a problem that had surfaced in a particular program with which I was familiar was *not* a result of corruption. The mere fact that he felt the need to offer such reassurance has made me wonder since about the difficulties of running clean operations in what is a very difficult environment.

Conclusion

5.1 The situation in Afghanistan is deteriorating, and we are heading for a very difficult period ahead (see Barbara J. Stapleton, *Beating a Retreat: Prospects for the Transition Process in Afghanistan* (Kabul: Afghanistan Analysts Network, May 2012)). The year 2014 is not only the culmination point for the so-called transition process in the security sphere, but it is also the scheduled year for the next Afghan presidential election. This combination of uncertainty in the security environment and intense political competition means that the next phase in Afghanistan's life will be highly combustible. Therefore, it is important to consider not only how to sustain the current aid program which Australia is committed to deliver, but also how one might go about salvaging something of benefit for the Afghan people if the situation in Afghanistan takes a truly dire turn.

5.2 Many Afghans have exposed themselves to risk by working closely with Australian aid officials and with the agencies that have implemented Australian policy. Their future safety and well-being needs to figure prominently in planning for the next phase. In addition, many young and not-so-young Afghans have acquired important skills that need to be nurtured and protected for the long-run. Even if a number of the signature projects that have been funded by international agencies wither and die, the knowledge and capacities of these Afghans will remain a critical asset for the future. If the Afghan transition unravels completely, rescuing such people from the wreckage may be the most important long-term contribution that countries such as Australia can make to ensuring that something is saved from the efforts of the last ten years.

Reconstruction: A Critical Assessment

William Maley

It is by now a commonplace observation that billions of dollars have been poured into Afghanistan to support reconstruction activities since the overthrow of the Taliban regime in late 2001, and that many Afghans feel that there is little to show for all the effort. A recent opinion survey conducted by the Asia Foundation found that while 54 per cent of respondents felt that their family was more prosperous now than under the Taliban, only 42 per cent of respondents believed that the country was moving in the right direction—and amongst ethnic Pashtuns, an absolute majority, 53 per cent, felt either that their family was no more prosperous now than under the Taliban (22 per cent) or less prosperous (31 per cent).[1] Furthermore, from many parts of Afghanistan one hears unsettling complaints that aid monies are being wastefully pumped into zones of conflict, with residents of the more stable parts of Afghanistan left as frustrated onlookers to what strikes them as a bizarrely irrational process. It therefore seems an opportune moment to revisit some of the complexities of reconstruction aid in Afghanistan. That is the aim of this chapter. It is not concerned to offer arcane definitions of terms such as 'aid', 'humanitarian relief', 'development', and 'reconstruction', but rather to make some practical points about the difficulties of making things work in fraught environments resulting from decades of conflict.

Some Preliminaries

Even those who are inclined to judge the reconstruction process very harshly would certainly concede that the tasks in rebuilding after 2001 were awesome in magnitude. Few societies have ever experienced disruption to the extent witnessed by Afghanistan after the communist coup of April 1978 and the Soviet invasion of the country in December 1979. The sheer scale of mortality as a result of these experiences proved staggering: one detailed study concluded that between 1978 and 1987, the number of Afghans who died unnatural deaths was 876,825, or an average of more than 240 every day for ten years straight.[2] This mortality, and loss of life in subsequent years, pointed to extreme levels of destruction that had two other notable consequences. One was enormous infrastructural damage in war zones, combined with a lack of maintenance of infrastructure in areas that were less conflict-ridden. The other was population movement. Out of a settled population roughly estimated at 13.05 million in 1979, by the beginning of the 1990s, fully 6.2 million were estimated to be living outside the country as refugees, mainly in Pakistan and Iran.[3] Such displacement has dramatic consequences in terms of loss of human capital and shifts in the nature of power and social authority within communities.[4] Put together, these forms of dislocation tend to erode the exercise of anonymous or civic trust on which stable politics to a significant degree depends.[5]

It is also important to recognise that reconstruction is a multidimensional process, with multiple points of focus. First, there is the political dimension. It is tempting to conflate the idea of reconstruction simply with that of state building, since very often (and certainly in the case of Afghanistan) the substantial collapse of a pre-existing state forms a large part of the story of disruption more broadly. However, new states can vary in terms of both scope and strength, and as a result, the idea of 'state building' is no mere technical issue.[6] Second, there is the legal dimension. An orderly society is one in which rules provide a basis for relatively stable expectations of the future, on which individuals can base their own decision making. In the absence of such law, and of the political principle of the rule of law, life is likely to seem highly insecure and the future uncertain.[7] Third is the economic dimension. Reconstruction that does not position ordinary people to function as effective economic agents is likely to be marred by the spectacle of local or even mass destitution. This

dimension is plainly entangled with the legal dimension, given that stable property rights, defined by law, may be required to underpin the activities of production and exchange that lie at the heart of market activity.[8] Fourth is the social dimension. Decades of war tend to alter the consciousness of different social groups defined by criteria such as gender and ethnicity, and these altered mind-sets may underpin demands for opportunities that may have been denied in highly stratified, differentiated and patriarchal micro-societies.

Even if one puts aside these dimensions of reconstruction, it is clear that there are further complexities surrounding exactly what it is that one tries to do when 'reconstructing'. One issue, to which I will return, relates to capacity-building. Is it sufficient to produce outcomes (which may arguably be most swiftly achieved by 'buying in' outside expertise), or should one focus instead on process, on the development of sustainable, locally based skills as an investment for the future? Beyond this, there are issues of what the primary focus should be even if one accepts the importance of capacity building. Should one focus on the design and establishment of institutions or formal organisations that can shape and take responsibility for reconstruction? Should one focus on the development of specific policies—perhaps to give local effect to 'proven' models that have been used elsewhere. Or should one focus instead on the re-socialisation of a future generation, recognising that in many disrupted states there are young people largely uncontaminated by the failings of the past who may be willing to adopt new ways of thinking and shed the dead hands of their ancestors' generations. These are choices that are likely to arise in any complex transition, and they are not always easy to make.

What greatly complicates processes of reconstruction is the problem of sequencing. One obvious point, frequently overlooked, is that reconstruction may begin before conflict has terminated: in this sense, the loose label of 'post-conflict peacebuilding' is best avoided, something which the Afghanistan case certainly demonstrates.[9] But another, just as important, is the interconnectedness of some areas of activity. For example, to reach minimal standards of criminal justice may require progress—in tandem—not just in the areas of judicial reform, but also in the areas of police reform, penal reform, and witness protection. A weakness in any one of these areas is more than capable of ruining the quest for effective criminal justice. A

'lead nation' approach to assistance, while designed to prevent donors' attention from drifting, can aggravate this problem, something that Afghanistan discovered after 2001 when Germany was given responsibility for supporting police reform while Italy bore responsibility for judicial reform. Even if this problem is avoided, donors may not have supplied sufficient resources to address all these areas simultaneously, creating a demand for prioritisation. It may be very difficult to convey to a scattered and uncoordinated donor community that this is not a realistic demand. Indeed, there may be an overarching mismatch between the expectations that donors hold, and the resources that they are prepared to commit to achieve those expectations. Where this happens, local actors may find themselves very much the meat in the sandwich.

It is also important never to lose sight of *momentum*, to which reconstruction can in certain circumstances make an important contribution. A cross-sectional picture of where a country such as Afghanistan stands may not provide a useful picture of its prospects. Afghanistan was a very poor country even before April 1978, and the subsequent two decades greatly added to its difficulties. It remains extremely poor today,[10] and a one-off investigation of variables such as life expectancy, infant mortality, maternal mortality, access to basic facilities and levels of educational attainment could produce a very gloomy atmosphere. But if there is a general sense that things are likely to get better, then the atmosphere may not seem so gloomy. It is therefore very important that policy settings (rather than mere rhetoric) act to sustain such a sense. Reconstruction activity can contribute to a sense of momentum. However, there are two dangers that need to be noted. One is that a desire to build momentum can result in 'quick impact projects' (QIPs), which may be useful in certain circumstances but risk proving unsustainable and ultimately disappointing to the intended beneficiaries. The other is that excessive expectations may be held of what reconstruction assistance can deliver. Ultimately it is political calculations that will determine how ordinary people align themselves. Ordinary Afghans may not have deep knowledge of constitutional complexities, but they tend to have an acute understanding of power, and particularly of who is ascendant and who is in decline. All the aid in the world will not retrieve momentum if the deliverer is seen to be on the way out.

Finally, it is vital to remember that policies have a range of different consequences, some of them intended and others not. This is not necessarily a bad thing. The philosophers of the Scottish Enlightenment were well aware of the role of evolutionary processes: Adam Ferguson famously wrote in *An Essay on the History of Civil Society* that 'nations stumble upon establishments, which are indeed the result of human action, but not the execution of any human design'.[11] However, the unintended consequences of intentional action can in certain circumstances prove to be perverse or even catastrophic, and those who are planning policy actions would do well to reflect on what possible consequences might flow.[12] Karl Popper's defence of piecemeal rather than holistic social engineering, and Charles E. Lindblom's famous analysis of what he called 'The Science of Muddling Through', reflect the desirability of keeping options open.[13] Some circumstances, of course, are radically uncertain—one cannot even be sure what *might* result from one's initiatives—but others permit some calculation of the risks associated with different possible initiatives.

Reconstruction and Politics: Some Key Choices

Afghanistan since 2001 has been oversupplied with 'agents of reconstruction'. The December 2001 Bonn Agreement provided for up to twenty-nine 'Departments' within an 'Afghan Interim Administration', and these were then distributed to different political groups (most of them little more than patronage networks) as rewards for their adherence to the Agreement. The functional responsibilities of these departments were not clearly demarcated, setting the scene for future rivalry.[14] But beyond the state were many non-state Afghan actors, including 'not-for-profit' non-government organisations (NGOs), as well as private companies that flourished in response to demand for their services. Unsurprisingly, many of these were controlled by individuals with close links to members of the Afghan political elite. The journalist Dexter Filkins reports that many Afghan security companies 'have contracts to guard American military bases', and adds that 'the money is so good, in fact, that the families of some of Afghanistan's most powerful people, many of them government officials, have set up their own security companies to get in on the action'. One that he notes 'is NCL Holdings, founded by

Hamid Wardak, the son of Rahim Wardak, the Afghan defence minister'.[15] In addition to Afghan actors, a wide array of foreign agencies appeared on the scene, including governmental bodies such as USAID and AusAID, private commercial contractors, private security firms, and international NGOs such as CARE, Oxfam, and the International Rescue Committee. A further realm again was occupied by multilateral actors, including the UN and its various specialised and humanitarian agencies, the World Bank, and—almost in a category of its own—the International Committee of the Red Cross. In addition, the reintegration of Afghanistan into international society in the post-Taliban era saw many countries establish embassies in Kabul that also became actors in Afghanistan's complicated politics of reconstruction. For donor governments, this has on occasion offered a baffling array of choices as to which actor would best function as a local partner in reconstruction activities. The Afghan government might have seemed the obvious choice, but when key decisions were being made in 2001 and 2002, it barely existed, and suitors seeking a partner tended to look elsewhere.

The Afghan state, like most states, is an organisation of some complexity. It would be a grievous error to conclude that the functioning of the Afghan state could be understood simply by reference to an organisational chart. The well-known distinction between formal and informal organisations is mirrored in Afghanistan by a distinction between what analysts have called the *de jure* and *de facto* states.[16] The impact of informal networks and patron–client relationships is very great, and has been brilliantly captured by Sarah Chayes in her study of politics in the Kandahar area after 2001.[17] Furthermore, the Afghan state also needs to be disaggregated by level, or as some might put it, function. The political scientist Joel S. Migdal has distinguished four potential elements of a state. First are the *trenches*, consisting of 'the officials who must execute state directives directly in the face of possibly strong societal resistance'. Second are the *dispersed field offices*, the 'regional and local bodies that rework and organise state policies and directives for local consumption, or even formulate and implement wholly local policies'. Third are the *agency's central offices*, the 'nerve centers where national policies are formulated and enacted and where resources for implementation are marshaled'. Last but not least are the *commanding heights*, the 'pinnacle of the state' where the 'top executive

leadership' is located.[18] A question that remains, however, is how power is distributed across these levels. In Afghanistan, the state is extremely centralised, and the requirement to go to Kabul for decisions on a wide range of personnel and financial issues has had a profoundly stultifying effect, and is one of the reasons why a large amount of aid entering Afghanistan, estimated at 77 per cent over the period from 2002 to 2009,[19] has bypassed the state altogether and been allocated directly to UN agencies, NGOs or private contractors. Not surprisingly, the donors' disposition to act in this way has been a source of deep frustration for the Afghan government

The philosophical and political question of whether to go for a 'top-down' or 'bottom-up' approach to reconstruction and development has also been a difficult one, and to some extent attempts have been made to try both models. The prime example of the 'bottom-up' approach is the National Solidarity Programme (NSP), which allowed grants to be made to community development councils to spend in ways which seemed to them to have the greatest local priority.[20] This program, however, has been confined to rural areas, and elsewhere, the 'top-down' model has received more support, reflected in the wording of the *Afghanistan National Development Strategy* (ANDS) of 2006; in the drafting of an *Afghanistan Compact* covering 'Security', 'Governance, Rule of Law and Human Rights', 'Economic and Social Development', 'Education', 'Health', 'Agriculture and Rural Development', 'Social Protection', and 'Economic Governance and Private Sector Development'; and in the establishment of a Joint Coordination and Monitoring Board (JCMB) with Afghan and international co-chairs.[21] Unfortunately, even the modest plans in these documents, designed to lift Afghanistan to the level of what former Finance Minister Dr Ashraf Ghani called 'genteel poverty', have been substantially underfunded.[22]

This is one long-term source of a deep tension between the Afghan Government and the donor community. From the earliest days after the inauguration of the Afghan Interim Administration in 2001, there was explicit emphasis on the importance of Afghan leadership and sovereignty, and on the need for the international community to leave a 'light expatriate "footprint"'.[23] Yet, arguably the parsimony of the donor community has left the Afghan government in an impossible position, nominally 'sovereign', but well short of the resources required to give substance to such a claim. As a result,

President Karzai has all too often sought to assert Afghan sovereignty in petulant ways in the limited spheres available to him, such as personnel appointments, in a manner which ultimately has tarnished his government's reputation and undermined its legitimacy. This has then led to a downward spiral, with donors citing nepotism and bribe-taking in the state as a basis for bypassing it as a recipient of funds. There is no immediate solution to this problem, which has occurred in a number of different countries,[24] and if anything, the situation is likely to deteriorate further. Stephen Krasner's description of sovereignty as 'organised hypocrisy' seems somehow fitting.[25]

Some Hard Lessons From the Reconstruction Experience

Hegel's comment that the Owl of Minerva spreads her wings when dusk is falling serves as a reminder of the importance of learning lessons from past experience. While Afghanistan's reconstruction efforts may still seem a work in progress, there are nonetheless some instructive conclusions one can draw by looking at what has been attempted up to this point.

A major challenge has proved to be that of coordination. The coordination of complex endeavours is itself a difficult process, especially where a landscape is littered with semi-autonomous actors, with subtly varying objectives and priorities and answering to different constituencies. Reconstruction is not simply a technical process; rather, it is littered with political complexities that determine who does well, and at what cost to others. At the outset, there were high hopes that the United Nations Assistance Mission in Afghanistan (UNAMA) would play an effective coordinating role, but as Thier has noted, it swiftly found itself 'deep in the shadow of the Coalition'[26]—as did the Afghan government as well. In addition, rivalries between Afghan bureaucratic agencies undermined the government's capacity to coordinate complex endeavours: frustrated young Afghan officials have often complained in private of how senior political figures would rather see a project fail than see it succeed with the credit for success going to a political competitor. One is reminded of the line in Milton's *Paradise Lost* that it is better to reign in Hell than serve in Heaven.[27]

One of the reasons that aid activities are politically sensitive is that they can create losers as well as winners. Not every well-intentioned policy step constitutes a Pareto improvement, and poor

coordination can compound the problem. Ghani and Lockhart provide a grim example from the early years of post-Taliban reconstruction, when under the auspices of World Food Program staff, 'massive food distribution continued despite a lack of coordination with the government'. When a bumper harvest of wheat was produced in 2003,

> ...many farmers found that its market price was so depressed that the cost of harvesting was not warranted. Consequently, the wheat was left to rot ... The result was that the farmers, in order to survive, had to draw their own conclusions as to how best to earn a living by growing crops that could earn them the maximum revenue regardless of state or Islamic law, which both clearly forbid growing opium.[28]

This again highlights the importance of attempting to identify, in advance, what the possible consequences of policies might be; and also of recognising that locals are rational beings with significant knowledge which is embedded in their ways of doing things. While lip service is often paid to consultation and local ownership, it can easily be overwhelmed either by a sense of urgency (as in the case just mentioned), or simply by hubris on the part of outside experts.

It is also the case that reconstruction activity can be at the expense of local capacity and human capital formation. Ghani has observed that Afghans have been digging wells for three thousand years, and it is important that such capacities not be compromised. This is something which sophisticated engineers understand, but it is not necessarily understood by decision-makers higher up the chain. Such problems have haunted Afghanistan for quite some time. This writer recalls a story he heard in the late 1980s relating to the cleaning of *karez* irrigation channels in rural Afghanistan. Historically, the *karez* functioned as a community asset, and keeping it clear of refuse so that water would flow easily was a communal responsibility which brought people from different backgrounds together from time to time to pursue this superordinate goal. In this way it contributed to the development of what social scientists call 'social capital'.[29] Unfortunately, *karez*-cleaning projects came to figure prominently in the rural development programs of NGOs

working in rural areas, and it did not take Afghans long to adjust. Skills at *karez* cleaning were lost, and instead, more and more Afghans began to develop skills in writing funding applications, skills arguably much less effective in nurturing trust and cooperation. The lesson here is that social capital can easily by corroded by poorly targeted aid programs.

This touches on what has been a much more severe and widespread problem, namely the overuse of consultancies and inappropriate technical assistance, and the 'churning' of aid, where funds that should be used to aid reconstruction end up fattening the bank accounts of overpaid advisors. This is a difficult problem to document, but in Afghanistan, it is one of which all serious observers are acutely aware.[30] It is not a particular problem in the international NGO sector, where there is often highly developed expertise already and salary levels are not especially high. It has been hugely problematic, however, in ministries (where consultants have often been located), and in private commercial contractors that build large staff payments into their budgets and also draw talented Afghans away from the state, giving rise to what the World Bank has called the 'second civil service'.[31] Some consultants have given outstanding value for money, but others have not; this writer encountered one highly paid consultant whose English was so poor that it had to be corrected by his Afghan colleagues, on top of their other work. The performance of private commercial contractors has been very patchy indeed.[32]

A further, rather obvious point is that there is little to be said for capital investment if it cannot be matched by current spending to ensure sustainability. Afghanistan has been spared the worst kind of 'showcase projects' that often discredited development activities in the 1950s, but the Kabul–Kandahar road is a good example of what can go astray. This project, hastened to completion so that it would be ready for inauguration during a visit to Afghanistan by the US First Lady, was marked by poor workmanship, and little attention to how it would be maintained as the surface deteriorated with use. Ironically, the return of the Taliban threat has also made large tracts of it unusable for security reasons. A wide number of projects have resulted in low quality buildings being erected which simply fuel Afghan suspicions that a great deal of reconstruction aid had been misappropriated by people in a position to put their fingers in the

till.[33] Investment in human capital through capacity building exercises is at least as important as physical reconstruction, and arguably more so. With trained teachers and basic teaching materials one can run a basic school without a dedicated building, but a school building without teachers is simply an aggregation of bricks, mortar and concrete.

If money can be wasted through poor choice of focus, it can also be wasted through a merry-go-round of subcontracting. In principle, subcontracting is a mechanism by which specialised services can be obtained at particular points in a project implementation process, obviating the need to develop unnecessary in-house capabilities. In practice, however, it can be very destructive, especially if head contractors lease out implementation virtually in its entirety while charging exorbitant management fees. Subcontracting can also be used to cover corruption: a recent press report records that 'U.S. officials already investigating corruption in Afghanistan say they have found evidence of companies, in particular construction firms, using a string of subcontractors to shift cash to shell companies. The money then disappears, usually into foreign bank accounts'.[34] A particularly egregious example came to light as a result of a June 2008 USAID report into subcontracting to the United Nations Office for Project Services (UNOPS) by the United Nations Development Program (UNDP). Interestingly, the investigation was triggered by an anonymous 'whistleblower' contact with a USAID office in Manila in August 2007. The report by the USAID Office of Inspector General painted a devastating picture of irregularity, incompetence, and resistance to accountability, in which multiple subcontracting figured very prominently.[35]

While implementation problems have abounded in Afghanistan, it is important to note that there have been significant problems in Western states in establishing a smooth flow of funds from the donors themselves. Data collected by researchers at the Center on International Cooperation at New York University showed that while US$5.2 billion had been pledged for Afghanistan in January 2002, the total funds committed by May 2003 came to only US$2.6 billion, reconstruction disbursements came to only US$1.6 billion, and the value of projects actually completed was only US$192 million.[36] To some degree this could be blamed on weak capacity in Afghanistan, but that cannot explain the gulf between pledges and

funds committed. What we see here is the impact of laborious budgetary processes in donor states. It is one thing for an executive to pledge funds; it is another thing for those pledges to be reflected in concrete budget proposals, and it is another thing again for a budget to be passed as part of a legislative process in a way that allows funds to be released for use. This is a standard case of the separation of powers at work, and has a venerable ancestry: the history of England in the 17th century, from the *Case of Ship Money* in 1637 to the Bill of Rights in 1689, was dominated by the struggle over financial control between the legislature and the Crown. However, in the 21st century, indigent populations are unlikely to be patient in the face of such delays, and in the Afghan case, the slow movement of donor monies added to the loss of momentum associated with the shift of US attention towards Iraq.

But that said, spending without adequate monitoring is a recipe for corruption on a grand scale, and for perceptions of corruption as a problem truly gargantuan in its dimensions. This is especially the case when the rule of law is weak.[37] Corruption has long been a problem in Afghanistan. Bureaucratic complexity requires ordinary people to deal with a range of agencies just to get simple things done, and there are thus many points in the system where bribes and other corrupt benefits (*bakhsheesh*) can be extracted. In 1978, the historian Hasan Kakar wrote that 'Afghan civil servants are probably among the lowest paid in the world. It is impossible for them to live decently on their salaries unless they are supplemented by other sources of income. Corruption and embezzlement are accepted facts of Afghan bureaucratic life and are objected to only when excesses are committed'.[38] A more recent study offers a similar conclusion, namely that 'not all forms of corruption are equally harmful or equally wrong in the eyes of most Afghans ... It seems probable the people will tolerate corruption if the state can deliver some tangible benefits to them and their families'.[39] Unfortunately, once reconstruction monies did finally begin to flow into Afghanistan in substantial amounts, they fuelled corruption on a scale which Afghanistan had never before experienced. A 2010 study by Integrity Watch Afghanistan concluded that one adult in seven 'experienced direct bribery in Afghanistan in 2009', and that in a country where per capita income per annum was only US$502, the 'average value of the bribes among those who paid them' was US$156.[40] But beyond this,

loosely controlled foreign funds underpinned massive expansions in wealth on the part of those who used privileged positions in the political process to provide assistance in contracting processes to bidders who would never have succeeded in a competitive tender, and who ensured that their protectors were well rewarded.[41] The most dramatic example of this was the emergence of luxurious villas in Kabul for the high and mighty,[42] and there are numerous reasons to doubt that they will willingly relinquish the power and wealth they have gained.[43] Ordinary Afghans witnessing this monstrous display of self-indulgence might well have reflected on the last words in George Orwell's classic fable *Animal Farm*, in which a revolution of farm animals against their human masters was systematically betrayed by the leaders: 'The creatures outside looked from pig to man, and from man to pig, and from pig to man again; but already it was impossible to say which was which'.[44]

Faced with a dysfunctional but centralised state, it is tempting to work directly with communities as a way of aiding reconstruction. There are a number of benefits that can flow from this kind of engagement. First, involvement in the design and implementation of projects creates a sense of community 'ownership' that can assist the development of long-term sustainability; this is a commonplace observation in the development literature. Second, communities are often the repository of what one might call 'practical knowledge', a near-instinctive understanding of local complexities that central authorities often lack.[45] Third, work in specific communities can provide an opportunity for 'testing the water', for seeing how a particular project works before similar projects are rolled out throughout the country. But at the same time, it is important not to romanticise 'communities' as if they are islands of purity in a filthy sea. Communities have their own power structures, which may be egalitarian but can be strikingly asymmetric. Furthermore, they tend to have their own politics. They are venues for competition as well as cooperation, and donors can inadvertently find themselves caught in the middle of ferocious struggles, since the resources which they bring with them to support reconstruction and development may also constitute stakes over which competitors for power may struggle. Such struggles may be purely local, but they may be coloured by the attachment of local actors to wider political networks, or to powerful patrons in Kabul. The province of Oruzgan, where

Australian forces have been serving in a Provincial Reconstruction Team (PRT), provides a concrete example of these complexities.[46] On the one hand, in the areas of the province where Dutch and Australian forces have served, there is evidence of positive achievements. But that said, a careful evaluation in late 2009 concluded that 'the sustainability of the Dutch comprehensive approach is limited if the Afghan state cannot free itself from the influence of political entrepreneurs, participate constructively in the development enterprise, and win the confidence of the people'.[47] At the moment, the position of the state in Oruzgan is highly problematic, especially with the July 2010 Dutch withdrawal from the province. As a recent report put it, 'The most powerful man in this arid stretch of southern Afghanistan is not the provincial governor, nor the police chief, nor even the commander of the Afghan Army. It is Matiullah Khan, the head of a private army that earns millions of dollars guarding NATO supply convoys and fights Taliban insurgents alongside American Special Forces'.[48] There may be short-term benefits for international actors who cooperate with figures such as Matiullah, but there can be long-term costs as well—and it is likely to be ordinary Afghans who pay them, especially if the main legacy of the international presence turns out to be a predatory, extractive warlord.

The mention of the PRT in Oruzgan serves as a reminder of the ubiquity of this particular agent of reconstruction. There are twenty-seven such 'PRTs' in Afghanistan, thirteen under US leadership and the remainder run by the US's NATO and non-NATO allies. PRTs emerged as a response to the blocking in early 2002 of the expansion beyond Kabul of the International Security Assistance Force (ISAF) that had been anticipated by the Bonn Agreement, and drew some inspiration from the Civil Operations and Revolutionary Development Support Program in South Vietnam. It is difficult, however, to generalise about PRT performance, as the diverse military cultures, local strategic environments and resource endowments have significantly shaped what they can achieve.[49] The resourcing issue is particularly important. US-led PRTs have been generously supported by US aid funds. By contrast, the Romanian and Lithuanian PRTs cannot look to their own countries to provide resources on a comparable scale, simply because they are themselves smaller and less wealthy states. The consequence is an uneven

distribution of aid on the ground in Afghanistan, in a way that does not necessarily reflect variations in need.

This has compounded another problem, namely that aid funds have a tendency to follow the military. This is a product of combining a 'whole of government' philosophy of integrated operations with a military effort on the ground in Afghanistan that is focused on counter-insurgency in unstable parts of the south and east. The result (quite apparent, for example, in Australia's involvement in Oruzgan) is that aid funds can be channelled into the least stable parts of the country, with the intention of reinforcing military achievements with reconstruction activity. This, however, has two downsides. First, if a province or region remains unstable, the fruits of reconstruction spending may prove negligible in the long run. Second, there is a risk of moral hazard if it appears that the way to get project funding is to create an atmosphere of ambient *in*security. The risk may not be dire, but this writer has heard community leaders from quieter regions in northern Afghanistan complain bitterly at being neglected simply because, as they see it, they have made serious attempts of their own to generate improved local security and better forms of governance.

A final and very tough lesson from Afghanistan's experience is that it is extremely difficult to undertake reconstruction in an environment in which basic security is absent. Insecurity puts beneficiaries of reconstruction projects at risk, in ways which can be life-threatening. It makes monitoring of project implementation extremely difficult, and can dispose donors to favour large organisational recipients of funds rather than small, community-based actors as direct beneficiaries. Yet at the same time, it can foster excessive reliance on dubious subcontractors as ground-level delivery agents. Perhaps it is time to consider whether reconstruction in this kind of environment is worth attempting at all—or at least on the scale attempted in Afghanistan.

Where To From Here?

The situation in Afghanistan, in the aftermath of the fraudulent August 2009 presidential election and controversial 2010 parliamentary election, is far from encouraging. As Thomas Barfield has put it, 'A tree whose roots are rotten may still stand, but it is only a matter of

time before it crashes under its own weight or is blown over by a windstorm'.[50] In such circumstances, it may be tempting to look to more energetic investment in reconstruction as a way of rebuilding political legitimacy. This, however, is unlikely to prove rewarding. A recent project of the Feinstein Center at Tufts University has warned that if the objective of reconstruction assistance is to deliver positive political outcomes, then it is signally failing to do so.[51] This is partly because aid can aggravate serious problems such as nationwide corruption and local feuding, but more generally because decisions about political alignment in an environment such as Afghanistan's have very little to do with economic factors. One certainly cannot win 'hearts and minds' through a crude 'trinkets for the natives' strategy, and even more sophisticated forms of assistance and engagement are likely to prove unrewarding on their own. The key to success is to look like a winner;[52] unfortunately, this is something which the Karzai government and its backers have proved unable to do, and the consequences are there for all to see.

One problem area that has received substantial but not necessarily nuanced attention is that of narcotics. The surge in opium production in post-Taliban Afghanistan has created a problem which is by now quite intractable. In the early days after the overthrow of the Taliban, a robust policy of crop eradication might have sent an effective signal without putting many livelihoods at risk, but the counter-terrorism policy being pursued at that time undermined any such moves.[53] The dilemma now is that not only do the neo-Taliban garner revenue from the opium trade,[54] but the same trade may also be playing a role in preventing hundreds of thousands of marginal small cultivators or wage labourers from slipping into destitution, with potentially devastating consequences for them and their dependents, and for political stability more broadly.[55] There is no magic solution to the narcotics problem, but a number of detailed studies point to the importance of recognising local complexities.[56] Indeed, there may be no 'narcotics problem' as such, but rather a diverse set of narcotics problems. In some areas, a lack of local credit facilities drives farmers in need of capital into the arms of drug barons who can provide loans for which the planting of opium poppies constitutes the collateral.[57] In other areas, the debilitated state of roads means that it is impossible to transport fresh fruit and vegetables to markets of sufficient size, disposing farmers to plant crops

such as the opium poppy that are less prone to spoilage. In some areas, the debilitation of irrigation favours a plant such as the poppy that requires less water. Policies to address specific problems of this sort may enjoy some success, but the first step will always be effective diagnosis.

There is no shortage of voices calling for a less ambitious effort in Afghanistan, and there is much to be said for doing a small number of key things well rather than attempting too much and achieving too little. Here, a good rule of thumb is to invest in what is foundational, and to invest in what has proved successful in the past. One area of foundational achievement has been the reform of the Finance Ministry, which has put Afghan public finance on a firmer footing than is often appreciated.[58] (There is substantial evidence of bribes being sought and given in the public sector, but little credible evidence of fraudulent misappropriation of public funds.) Afghanistan also has a relatively stable currency, and increasingly attention is being paid to reform in the troubled area of property rights, another matter of foundational importance.[59] As examples of success, one might well turn to primary health, which has witnessed some notable achievements, especially in the area of child immunisation, as well as community development under the NSP. If, however, there is to be a shift to less ambitious goals, it is important that it be clear that this is part of a process of strategic re-focusing rather than part of an exit strategy in the face of failure. Any approach that conveys the latter impression will help pave the way for a collapse of the post-Taliban transition in a way from which only the neo-Taliban could benefit.

In planning for the future, it is important not to forget the displaced component of the Afghan population. Over two million Afghan refugees remain outside the country, many of them in Pakistan. It is tempting to see voluntary repatriation as the optimal durable solution for this group, since the apparent alternatives—host country integration or third country resettlement—are unlikely to materialise. But perhaps there is a need for more creative thinking as to how the issue of Afghan displacement should be managed. More flexible arrangements for regional labour migration might facilitate some kinds of return, especially for refugees from parts of Afghanistan where income earning opportunities are limited but remittances from family members living abroad could provide alternative bases for survival. Various Afghan groups have notable

histories of involvement in legitimate region-wide activities, and facilitating the resumption of such activities might be a good thing.[60] It is also the case that many young Afghan refugees returned from Pakistan after 2001 with skills that they had acquired while working for aid agencies, which they have been eager to put to use in rebuilding their country. Many have been stifled by politicking, and by the dead hand of bureaucratism, but they remain a notable point of light, and with other young people may constitute the main ground for some lingering optimism that the Afghan transition can still be rescued.

Finally, the direction of reconstruction cannot be divorced from a consideration of the strengths and weaknesses of the wider political framework. It has been Afghanistan's misfortune that the Constitution of 2004, by establishing a formally strong presidential system in a formally centralised state, inadvertently fostered patronage politics, weak policy formulation and implementation, and structural incentives for fraud of the kind that materialised in August 2009.[61] It is naïve in the extreme to think that major reconstruction reforms can be achieved within a framework that encourages the very opposite. But as long as the beneficiaries of the August 2009 fraud, namely Karzai and his supporters, remain in power, it is unlikely that this issue will be addressed.

Notes

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