

Summary: The objective of this policy brief is to help trigger a badly needed reassessment by the new U.S. administration of what has gone wrong in the way the aid effort has been conducted in Afghanistan. It does not focus on the specific U.S. aid effort, but on the international community's development efforts in Afghanistan.

It also aims to ensure that the U.S. administration's reflection occurs in the context of efforts to strengthen transatlantic development and security cooperation. In short, it explains that in a context of inadequate Afghan leadership, the lack of serious coordination and strategic planning among key donors in Afghanistan has seriously undermined aid effectiveness. As the biggest donor and the country most interested in the fate of Afghanistan, the United States has not provided the type of leadership that has been needed. Since neither the government nor other key donors were able to provide leadership, the aid effort has been particularly disorganized.

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The Seven Capital Sins of the Donor Community in Afghanistan

What went wrong in the security development nexus, and what should be the lessons for U.S. foreign assistance?

by Serge Michailof¹

Today, the overall situation in Afghanistan is bleak. Opium production has become the leading economic activity², corrupting political life at national and local levels. The Afghan government is losing its support among the rural population, which resents the lack of security, the corruption of the local administration, the behavior by local strong men, and the bombings by NATO forces. U.S. forces have lost hundreds of troops in the last couple of years and the recent death of ten French soldiers in a single ambush close to Kabul is further evidence that security is now seriously slipping.

The cause of this deteriorating situation relates to many unresolved political and geopolitical issues and particularly with relation to Pakistan. But, I also strongly believe that the international donor community, which has collectively poorly managed significant resources, has its share of responsibility. Since it is always easier to make a judgment ex-post than to make proper decisions just in time, it is now possible to better understand what went wrong. A careful analysis in this regard should help fix some obvious problems and also provide useful lessons

and guidance for other interventions in post-conflict contexts.

The international community has, in fact, committed in Afghanistan seven capital sins in its attempt at stabilizing and rebuilding a failed state. Let's review and discuss briefly these mistakes:

1. Security issues were not properly addressed early on

Afghanistan is a mountainous country of about 30 million inhabitants that is larger than France. In 2001, its infrastructure had collapsed and there was a total breakdown of law and order. Despite these challenging constraints the limited U.S. contingent withdrew from the country early in 2002 to prepare for the Iraq war. In this context, the failure to build up an adequate U.S. military presence following the initial victory over the Taliban, coupled with the tiny size and highly restricted mandate of the International Security Assistance Force (ISAF) initially stuck in Kabul, left a complete security vacuum.³ As a result, security responsibilities in most rural areas were de facto transferred

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² The 2008 report of the UN Office on Drugs and Crime also highlights rising levels of cannabis production.

³ See Barnett R. Rubin, "Afghanistan's Uncertain Transition from Turmoil to Normalcy," Council on Foreign Relations, 2006.

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to local strong men and warlords who established a mafia type order. This in turn led to conditions in the south and east of the country conducive to resurgence of the Taliban and other anti-government elements. Securing such a large and mountainous country would have obviously constituted a major challenge, but the fact that no serious attempt was made at providing law and order is astonishing.⁴ Since then, this initial oversight has haunted Afghanistan's reconstruction as development work is highly difficult, if not impossible, in insecure environments.

Provincial Reconstruction Teams (PRT) initially seen as a substitute for ISAF expansion were progressively established to restore security and then took on development roles. While both their development effectiveness and their rationale are heavily criticized by the NGO community, this approach may be the only feasible option in a context of low security, at least during a transition period before an effective police force can be deployed.

However, PRTs were clearly established too late, their technical capacity for development activities was too weak and except for U.S.-led PRTs, funding for development work was also insufficient. Today, the general feeling among the local donor community is that globally PRTs did not make much of a contribution to local security, at best not helping build, or at worst inadvertently undermining local government institutions. Precious time has certainly been lost as a result of this oversight during this initial phase of reconstruction. It is uncertain whether these early mistakes can now be corrected.

2. As security deteriorated, the international community focused on the military response and provided insufficient attention and resources to development work and particularly to institutional development

While PRTs should have been a temporary approach to meet urgent security and development needs during an interim period, they became instead an almost permanent set up as the local police force proved a disaster and no serious attempt was made at establishing a meaningful local administration before 2007.

⁴The general lack of institutional memory regarding post-conflict stabilization, reconstruction and nation building is here surprising. It seems that much knowledge was lost after the Bush administration took office. See Francis Fukuyama, "Nation Building Beyond Afghanistan and Iraq," John Hopkins, 2006.

The failure to establish a serious police force is due to a combination of improper Afghan leadership and donor oversight. Policemen were indeed funded and trained by donors, particularly the European Union, but no meaningful attempt was made until late in 2008 to overhaul the corrupt and inefficient police leadership and Ministry of the Interior. Training and technical assistance are indeed useless if the institutional issues including leadership are overlooked.⁵ Things have only gotten worse with the intrusion of the drug economy into the Ministry of the Interior and the police.⁶ The newly appointed Minister of the Interior, Hanif Atmar, certainly has the capabilities to at last reorganize the police, but he is now confronted with a daunting task.⁷

Finally, failure to establish an efficient local administration also relates to the overall failure to significantly reform civil service, as will be explained later. Clearly, establishment of a donor-supported, carefully selected, well-trained, well-paid, and well-led police force and local administration should have received high priority.

As security deteriorated after 2004, international attention focused on a military response and there was insufficient attention to development work. This imbalance is still visible as the United States spends about \$100 million a day on military activities, while the international community daily spending on development activities is in the range of \$7 million. Broadly speaking, the United States has spent about \$130 billion since 2002 for military purposes, while the international community has been able to disburse only about \$15 billion on development work. This criticism applies to the United States as well as to other countries (in a futile gesture, France sent its aircraft carrier in the Indian Ocean instead of participating meaningfully in the development effort, further raising serious doubts about the level of commitment to development by the international community).

This imbalance might have been justified in the very early phases of reconstruction when pouring in money might not have been very productive due to lack of absorptive capacity. But, the fact is that this imbalance is increasing. Accordingly, either Afghan absorptive capacity of donor aid has not been sufficiently developed and/or that the international community is not properly

⁵In this respect, the United States did a much better job in building the national army (ANA), however, uncertainties regarding its funding and Afghan fiscal constraints limited its size. In retrospect and looking at the present size of the Iraq army (about 270 000), it seems that the quantitative objectives regarding the size of both the ANA and the police force should have been much more ambitious (while making sure that quality was not sacrificed as was the case for the police).

⁶Buddenberg, Doris and William Byrd, "Afghanistan's Drug Industry: Structure, functioning, dynamics and implications for counter narcotic policy," World Bank / UNDOC, 2006.

⁷Hanif Atmar has demonstrated in his previous positions as minister for rural rehabilitation and development and later minister of education exceptional qualities of leadership; but he is inheriting a disastrous situation. The latest Country report by the Economist Intelligence Unit (October 2008) judges "the state of the police abysmal."

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allocating its resources.

As a result, key development efforts have been grossly underfunded. Rural roads are almost nonexistent: only 9,000 km have been rehabilitated out of a total of about 50,000 km. Basic infrastructure is suffering from poor maintenance and at the present rate of reconstruction, about 100 years will be needed to connect all villages to provincial capitals. Due to the lack of rural roads, the only cash crop that is being transported to regional markets is poppy.

The rehabilitation and development of irrigation networks have received insufficient attention in a country where drought is a permanent risk; rural (and even urban) electricity has received no serious consideration. Higher education to prepare the future leadership of the country has been neglected and dispirited students are now attracted by extremist Islamism and the Taliban. Critical programs such as the World Bank supported and highly successful National Solidarity Program (NSP)—which empowers more than 20,000 elected community development councils to allocate modest grants to local priorities and touches 17 million Afghans—are underfunded, and their future is uncertain.

Finally, institutional development and civil service reform have also been grossly underfunded. If we put aside the relatively well performing Ministry of Finance, the Central Bank, the successful Ministry of Rural Development which is managing the NSP, some departments of the health and education ministries and the Afghan National Army, all other Afghan institutions are still grossly dysfunctional entities.

3. There is no “pilot” to strategically manage foreign assistance

It is well known and agreed since the 2005 Paris Declaration on Aid Effectiveness that national governments need to lead aid coordination and to provide the needed strategic vision to efficiently manage foreign aid. However, in fragile countries,

worldwide experience proves that national governments are seldom able to provide such management of aid, due to lack of leadership, capacity,⁹ and flexibility (sometimes even autism) from donors. In this respect, the government architecture in Afghanistan is not organized to easily manage aid in a strategic manner; the Afghan presidency has indeed no significant technical capacity, there is no Prime Minister, the Ministry of Economy is particularly weak and the Ministry of Finance has a strictly financial role. Experience also proves that in such contexts, there are no adequate institutional mechanisms among the donor community to go beyond superficial coordination. This is a complex issue as it is difficult for donors to expect such strategic management from national governments when they are unable to do so. One way or the other this issue needs to be tackled. In Afghanistan, it has not been properly addressed despite the establishment of a joint coordination monitoring board and countless consultative groups, working groups, and other coordinating bodies.¹⁰

This criticism is not targeted toward the individual behavior of specific donors but to a systemic failure. While staff motivation and commitment have been considerable among donors, it is difficult for international organizations and bilateral agencies to substitute for a local government and make on its behalf strategic choices in terms of aid allocation. Even for a less ambitious and simple coordinating goal, the UN has no capacity to provide (enforce) adequate aid coordination; the World Bank, which is likely to be the only institution with the capacity to do so, has no mandate for this;¹¹ and in Afghanistan, the United States, which could mobilize the needed capacity, proved unwilling (and may have been politically unable) to lead a significant aid coordination effort. Instead, the U.S. Agency for International Development (USAID) remained fiercely independent and engaged in minimal donor coordination.

The fact that a similar lack of coordination among donors also developed in the Democratic Republic of Congo since 2001 demonstrates that this is a systemic issue that is not related to the specific case of Afghanistan or to individual donor behavior.

⁹In this regard, if we put aside the 2002 Afghan National Framework that was a genuine attempt at strategizing (but was discarded by USAID), the various “Poverty Reduction Strategy Papers” such as the recent Afghan National Development Strategy have never been able to define clear priorities and are essentially shopping lists with a Christmas tree approach, largely reflecting lack of government leadership and poor management of a mass of fragmented foreign consultants.

¹⁰The survey on monitoring the Paris Declaration for Afghanistan presented at Accra in September 2008 judges in its introduction that “ownership is low and large external aid is not concretely linked to implementing the Afghan National Development Strategy.” Regarding harmonization its assessment is “Lack of clear sector prioritization and divergence between government and donor strategies.”

¹¹Many high quality working papers prepared by the World Bank and other donors such as the U.K.’s Department for International Development (“Responding to Afghanistan’s development Challenge,” World Bank, William Byrd, Working Paper Series, 2007) demonstrate that the Bank and other donors did prepare the analytical work to facilitate such strategic management of aid. Unfortunately the operational translation of their recommendations has been limited and has not led to a joint donor strategy.

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On the contrary, many individual donors constantly complained about this state of affairs but have been unable to reach and implement a satisfactory solution. In brief, despite initial attempts made by the Ministry of Finance, when led by Ashraf Ghani, to impose some discipline in his areas of responsibility, donors conducted independent policies and approaches determined by the wishes of their own constituencies and their bureaucratic constraints.

As a consequence, there has been no strategic management of aid in terms of improved quality and rational sector and geographic allocation. There is basically no pilot to determine priorities and to steer the aid system in Afghanistan in a strategic manner. We know that presently the lack of Afghan leadership¹² is the most critical factor. That being said, donors have not made it easy for the Afghan leadership to emerge and facilitate donor coordination.

In terms of quality, according to the Paris Declaration survey, until 2006 almost half of Overseas Development Assistance (ODA)¹³ was tied, leading to exceptionally high costs. In this case indeed, systematic use of contractors and subcontractors considerably increases external management and overhead costs. Recent untangling of U.S. aid should significantly allow improvements in this area.

In terms of sector allocation, as already mentioned, some critical sectors (energy, agriculture, rural roads, and irrigation) have been grossly underfunded. Donors focused instead on soft issues such as health and basic education, largely forgetting sizable infrastructure. The one exception to this was the rehabilitation, at high cost, of the main highway network by a small number of donors, including the United States, the World Bank, and the Asian Development Bank (ADB). Thirteen aid agencies work in the energy sector, but there is no electricity in the country, even in the capital city of Kabul.¹⁴

In terms of geographic allocation, the rural areas where 70 percent of the population live have been grossly neglected; agriculture for instance has received only about \$500 million, which is less than 4 percent of disbursed ODA.¹⁵ The ratio of per capita annual government and donor spending ranges from

\$50 to \$450 depending on the provinces. Basically, provinces where security is adequate and where development work would most likely bring lasting stability received almost no support, while those provinces such as Nimroz or Helmand, where fighting is acute and development work extremely difficult or impossible, received most of the provincial aid flow.¹⁶ As a result, security in provinces largely forgotten by donors such as Wardak now deteriorates and most Afghans end up believing that only insecurity (or opium poppy cultivation) brings aid!

Finally, in insecure areas, aside from some information sharing between USAID and the U.S. Department of Defence, coordination between military and civilian activities is minimal, while an upward trend in civilian casualties due to allied bombings is antagonizing the local population and prohibiting development work.

This lack of strategic management of the global aid effort needs to be sorted out one way or the other. An ambassador I met in Kabul told me that donor agencies are “as difficult to effectively coordinate as a bunch of wild cats.” Clearly, on the basis of the Afghanistan National Development Strategy (ANDS), a single joint donor country assistance strategy to support the government should be urgently established between the key donors and the government to determine coherent priorities for aid allocation according to realistic aid mobilization estimates.

While such strategic management of aid is critical, Afghan President Hamid Karzai turned down a 2007 proposal to entrust a wide coordination responsibility to the British expert Lord Ashdown who had the credentials to drive such a complex process. It is unclear whether presently Kai Eide, the new UN special representative of the secretary general, has the political authority to enforce discipline among the donor community and ensure careful coordination with the military forces. His unit is understaffed and does not have the technical capacity to do so. Since there is a broad agreement to entrust this overall coordination responsibility to the UN, it now seems that the best option would be that Eide receives the resources and a clear mandate to drive the aid agenda and impose discipline and coherence to donor efforts. Such an option would also require that the World Bank help Eide properly staff his technical unit.

¹² This lack of leadership is only partly due to lack of institutional capacity.

¹³ According to the 2006 DAC survey, 44 percent of ODA to Afghanistan was tied.

¹⁴ The Minister for Power and Water, Mr. Ismail Khan, the former warlord for Herat, recently promised to deliver eight hours of electricity a day in Kabul for the month of Ramadan but failed to achieve that goal even for the first days of fasting.

¹⁵ Individual donors try to systematically minimize their risks and administrative burden, which is understandable. Hence they tend to avoid sectors where due to lack of local leadership the quality of the policy dialogue is inadequate, which was the case for the ministries in charge of agriculture, irrigation and energy. Only a joint strategic approach can force them to address head on the difficult and sensitive issue of the lack of appropriate leadership in some ministries.

¹⁶ This spending ratio ranges between 1 and 5 but reaches 1 to 12 between Kabul and some provinces, but it is difficult to get a precise assessment since part of the aid that is accounted for the Kabul province is in fact centrally procured and allocated to provinces.

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4. Donors focus on getting quick results through directly-funded project approaches while critical sustainability issues are overlooked

Just after the end of a conflict, some uncoordinated project approaches are unavoidable in the very short term as donors give priority to achieving immediate results and quick wins (the peace dividends). The main road network needs to be rehabilitated, energy facilities restored, and some basic health services re-established. However, in post-conflict situations there are no quick fixes, and while some short-term projects can be valuable right after a conflict to help jump start certain public services and the economy, they are wholly insufficient. Sustainable comprehensive approaches are needed; otherwise we build on sand. Long-term, program type, predictable donor investment and institution building are ultimately required.

First, as fragile states are perceived as weak, unreliable, and sometimes corrupt,¹⁷ in order to get work done quickly on the ground, most donors fund projects directly. By doing so, they systematically bypass state institutions and further weaken them. In Afghanistan, this has been followed to an extreme. Since 2004, the Ministry of Finance has established significant financial management capacity¹⁸ and tries to use the budget as a key policy instrument; the Afghan Reconstruction Trust Fund managed by the World Bank, and several other trust funds are reliable funding instruments. However, despite such achievements two-thirds of aid has historically bypassed the government. The government has little or no information about one third of all external assistance provided to the country since 2002. Clearly this does not help strengthen state institutions.

Second, given the extremely weak local capacity and rampant corruption, donors subcontract project implementation to specialized agencies and NGOs or establish specially staffed project management units (PMUs) to manage the projects they fund. While most salaries in the civil service are below \$100, donors pay Afghan professionals at international UN rates (\$800 to \$2,000 per month). This parallel administration sucks all the skilled and technical capacity out of state institutions. Hence, the sustained and systematic use of such approaches in Afghanistan has devastating impacts on local institutional capacity. It creates a parallel and unstable administration led by donors and makes

any attempt at building stable state institutions a headache.

In the context of independent, donor-funded projects and programs, donors should at least be compelled to harmonize salary scales and salary supplements. This has never been done in any country with high aid inflows but should be urgently put on the agenda of any post-Accra donor conference. Donors should indeed be cautious to avoid unmanageable salary distortions between donor and government-funded activities. They should avoid keeping PMUs over long periods and make sure that the phasing out of such institutional arrangements has been properly thought out. Donors should also aim at transferring to government and local institutions the responsibility of managing aid as soon as local capacity has been built. Donors should focus their efforts on sustainable institution building, civil service reform, and state building.

5. Donors have not focused on the critical task of rebuilding the state apparatus

In most fragile contexts, due to both resistance to time-consuming coordination that may infringe on their independence and weak local capacity, donors seldom push aggressively for coordinated sector-wide approaches and multi-donor funding. However, it is well known that only these approaches that should also address institutional development issues provide the type of medium-term visibility and coherence which are a prerequisite for the success of any sector strategy.

When they have been able to join forces and follow such approaches, donors have been able to achieve impressive results in Afghanistan. This was the case with the rural reconstruction program (NSP) and in microfinance or, when national leadership improved, as was the case in the health sector and more recently in basic education.¹⁹ However, most of the time, while donors are aware of the need to reconstruct critical state functions and institutions, they are reluctant to engage in this area which is perceived as a long-term issue, technically very difficult, and politically challenging since it requires addressing nepotism head on. Instead, they try to strengthen local capacity through training programs and provision of technical assistance (TA). But such approaches are short-term and are undermined by the widespread subcontracting and PMU systems, which suck all

¹⁷ At the outset, by late 2001, corruption was modest in Afghanistan by South Asian standards. The burgeoning of corruption seems to have occurred especially after the first couple of post-2001 years, as the flood of aid and drug money came in.

¹⁸ According to the OECD/DAC 2008 survey, its rating for the reliability of its public financial management is 3 on the standard 1 to 6 World Bank CPIA scale, which is quite remarkable for such a fragile post conflict country.

¹⁹ However, once successful programs have been launched, most donors tend to jump at other programs instead of consolidating existing operations.

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human capacity out of state institutions due to salary differentials in the range of 1 to 20.

Clearly, all donors in Afghanistan should from now on: (i) channel most of their resources through state institutions as soon as their capacity is established, (ii) encourage sector-wide program-based approaches and multi-donor funding, and (iii) strengthen budget mechanisms. This means that donors should put the reconstruction of state institutions and the state apparatus at the core of their agenda. One of their first objectives should thus be to restore critical state functions and build sustainable institutions.

The paradox is that this approach was initially successfully followed thanks to U.S. support and strong Afghan leadership as early as 2003 for the Ministry of Finance and the Central Bank. Similar success was achieved at the Ministry of Rural Development. Efforts in the health and education sectors have also been effective, but came quite late. However, little was done for the other state institutions between 2004 and 2007 despite the creation of the Independent Civil Service Commission (IARCSC), an innovative 2002 institution supported by the World Bank and ADB.

The Priority Reform and Restructuring Program (PRR), intended to overhaul public administration, stalled as a result of receiving minimal political and donor support. Nothing serious was done to develop sound institutions in the energy, infrastructure, agriculture, and irrigation sectors, all areas where lack of Afghan leadership was obvious, a problem that donors did not dare address forcefully. Restructuring of the local administration only began in 2007, when local administration responsibilities were finally moved out of the Ministry of the Interior. Serious financial and technical support to civil service reform only developed in 2007 thanks to significant World Bank involvement.

As in most other fragile states, addressing the lack of leadership in many Afghan institutions was a crucial challenge. In this respect, donors acting individually are powerless. They cannot, and should not, engage separately in high-level discussions on such issues. But as a group they can do so and should have done so early on. They should have asked forcefully for badly needed leadership for instance in the Ministry of Interior, the initial Ministry of Education and the Ministry of Energy, much earlier.²⁰

²⁰ It is generally acknowledged that the most recent government reshuffle is linked to the international community's frustration over the lack of appropriate leadership in key institutions. But these changes should have occurred many years ago. Precious time has been lost.

In addition to addressing leadership issues as a group where appropriate, donors also need to support a comprehensive civil service reform including local government in order to build or rehabilitate sustainable state institutions. They can build on the PRR and existing pilot operations. According to my own rough estimate, civil service reform in Afghanistan accounts for less than 10 percent of the about \$3 billion²¹ allocated to poorly managed, uncoordinated and inefficient technical assistance over a seven-year period. Lack of government strategic management, capacity problems among donors, and simple oversight rather than a lack of money, explain this discrepancy.

Such civil service reforms are obviously difficult undertakings as they need to address three critical and sensitive issues: the establishment of adequate salary structures to attract and retain qualified technical and managerial staff²² (which creates a fiscal problem); merit-based recruitment and human resource management (which contradicts the usual nepotism); and, finally, institutional restructuring (which introduces transparency into opaque administrative bodies). A clear road map has recently been established for such reform in Afghanistan. It should now receive strong international support.²³

6. In their widespread use of technical assistance, donors forget the good practices established in Africa in the early 1990s

In the context of low individual and institutional capacity, widespread use of TA is generally unavoidable, at least in the short-term. However, it is striking to note that TA tends to persist for a long time, sometimes absorbing up to a quarter of all ODA. In Afghanistan, at least \$3 billion has been spent in TA since 2002, with very limited sustainable impact. The same mistakes made in Africa since the 1960s indeed have been repeated time and again in Afghanistan. Uncoordinated TA provided by different donors is peppered around dysfunctional entities. This type of approach, which was already identified, analyzed, and criticized in the early 1990s in Africa, is technically inefficient and represents a financially and politically unsustainable approach.

As quickly as possible, the provision of TA must move toward a framework of institution-building efforts and institution-capacity enhancement.²⁴ TA use should also be linked to a comprehensive civil service reform, including introduction of proper salary struc-

²¹ Accurate estimates are impossible to establish as a significant part of project costs are also technical assistance cost which cannot be disaggregated. Usual estimates are that TA accounts in such countries for a minimum of 20 percent of all ODA. It may in fact represent up to 35 percent of all ODA.

²² The recent decision of the government to implement a Pay and Grade reform in the civil service is a good first step.

²³ "Afghanistan, Building an effective State, Priorities for Public Administration Reform," World Bank, 2008.

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tures, merit-based recruitment and human resource management. TA should also be linked to sector-wide approaches, with a lead donor enforcing TA coordination at sector level. TA use should be progressively reduced as local institutions develop their own capacity. At sector level, specific targets should be established to reduce the overall ratio of TA cost/overall ODA over time.

7. Donors are conducting their activities along a business-as-usual approach and hence do not consciously select their best staff to work on this challenging issue

In aid bureaucracies, the standard rules for selecting managers require transparent and open processes based on voluntary applications. This is fine in common situations, but such processes always introduce a bias against fragile and post-conflict countries. For instance, there is always an abundance of candidates for country representative positions in India, Vietnam, or Brazil. However, there is little competition for positions where living conditions are tough, family life is impossible, and security is a serious issue. The short list of experienced managers today eager to apply for a position in Kabul is indeed quite short!

Other factors, such as the lack of stable budgets, uncertainty regarding work programs, and difficult working environments, also statistically tend to result in weaker technical staff being posted in the most challenging fragile contexts. This makes mobilizing high-performing staff extremely problematic in post-conflict countries. This problem is usually compounded by the standard organization of technical units according to flat structures and the lack of proper oversight by experienced middle managers.

Finally, both the “hot potato” syndrome and the “hardship assignments” rules also increase the staff turnover, further weakening country knowledge, accountability, and aid effectiveness. Having participated in about a dozen missions to Afghanistan since 2002, I have never met the same USAID interlocutor twice in Kabul. As a result, while the best minds should be mobilized over fairly long periods in these most challenging situations, fragile countries usually do not receive the type of first-rate support they need. Decentralization of aid institutions and the need to assign managers in the field just make the problem more acute. In Afghanistan, the quickly deteriorating security situation makes this problem even worse.

²⁴In 2008, 46 percent of technical cooperation reported to the OECD/DAC survey was still unrelated to country programs.

Donors should revisit their global staff incentive programs, particularly in terms of career development, to make work in fragile and post-conflict countries more attractive. For instance, an accelerated career path for high potential staff leading to management positions should require as a first step several years of field experience in countries such as Afghanistan. Some mandatory assignments should not be ruled out in the context of global career and salary negotiations. Junior staff working in such countries should be closely supervised by seasoned middle-level professionals.

Conclusion

The purpose of this pointed and in some respects controversial opinion brief is to help trigger a needed reassessment of the way international aid has been managed in Afghanistan and how it should be managed in the future in fragile, post-conflict countries. It is especially important that this occur in a manner that bolsters transatlantic development and security cooperation in Afghanistan. The new U.S. administration clearly needs to play a pivotal role in this respect.

This assessment may be perceived as excessive or overly pessimistic. Some recommendations may also be viewed as unrealistic. However, I strongly believe that exceptional situations require exceptional measures, and it is no longer time for niceties and soft recommendations in Afghanistan.

Afghanistan should also be viewed as a critically important pilot case for improved donor behavior in fragile situations. We should not be expecting donors in this respect to change their global procedures, but they should make wholesale exceptions for this country, not least to demonstrate convincingly that it is not “business as usual.”

Trying to reverse the worrying course of events in this country will now require much more than a better and more coordinated aid effort. It will first require a more determined Afghan leadership and the build-up of an even stronger Afghan army. A worrying issue is that the time in Afghanistan, with upcoming presidential elections scheduled for September 2009, is likely to distract government officials and is not conducive for a political turnaround. The destabilizing security developments in Pakistan are also major sources of uncertainty.

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However, it should be clear that rebuilding this failed state will require a more coherent and better managed foreign aid. Foreign aid indeed accounts for about 35 percent of the country's Gross Domestic Product (GDP) and stands at twice the level of government expenditures. Donor aided government reconstruction efforts will remain over the medium term the main driver of growth, as the security conditions²⁵ and a poor business environment²⁶ are unlikely to allow private investment to pick up. More coherent and better managed foreign aid will require tough decisions for both the Afghan government and for donors as this is no longer time for business as usual approaches. The agenda should make sure that the seven major flaws identified in this brief are properly addressed. In particular:

1. The reconstruction of the basic state security institutions at local levels, particularly the police, the local administration, and the local justice should become a key priority for aid support. The international community should, however, condition its aid to the needed changes in leadership and staffing within these institutions.
2. The UN and the new U.S. administration should make sure that all international aid promised during the 2008 donor conference in Paris is effectively disbursed on schedule. Public shaming should be envisaged for donor countries that renege on their promises.
3. An adequate institutional set up to facilitate the strategic use of aid resources needs to be established. The best option would certainly be to entrust such responsibility to a prime minister. Since this is constitutionally impossible, the second best option would be to either clearly entrust this responsibility to the Minister of Finance, who could organize and staff its services accordingly, or to appoint a high-level aid coordination officer at the presidency with ministerial level and a proper staff. For the international community, this would require entrusting the Special Representative of the UN Secretary-General with a clear mandate to lead the establishment of a joint donor strategy and the authority to monitor its implementation and to make strong recommendations to individual donors.
4. Such strategic planning should lead to review the sector and geographic priorities to make sure that those critical and insufficiently funded sectors, such as rural infrastructure (particularly rural roads and irrigation rehabilitation), agriculture, urban and rural energy, and water etc, are properly funded and that all regions benefit from significant aid. Current aid distribution channels should also be reviewed to shift massively from uncoordinated directly funded project approaches to program type approaches funded through existing multilateral trust funds and the budget.
5. Aid efforts should in this context focus on institution-building and the implementation of badly needed comprehensive administrative reform encompassing implementation of an ambitious pay and grade reform combined with a significant reform of the myriad of donor funded incentive schemes.
6. International best-practices regarding the use of technical assistance should become the norm rather than the exception with a clear objective of building effective institutional capacity along the model established by the MRRD.
7. Finally, as the performance of the international aid community in Afghanistan has clearly not been up to the exceptional task represented by the reconstruction of the failed state that was Afghanistan in 2001, the donor community now needs to discard its standard bureaucratic behavior and effectively mobilize its best minds on the Afghan challenge. Since the new U.S. administration will be the most important actor in this regard it now needs to show the way.

²⁵About 130 kidnappings were reported between March and September 2008, most being driven by financial motives. In June, Afghan businessmen sent a delegation to President Karzai to ask for a special court to try kidnapers. New uncertainties regarding the reliability of imports through Pakistan are now other sources of concern for businessmen.

²⁶Due notably to poor infrastructure (mostly lack of electricity), inadequate regulation, high corruption in the judiciary and an appreciating currency.