

SPECIAL REPORT

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Pathways for Post-Peace Development in Afghanistan

By *Khyber Farahi and Scott Guggenheim*



A laborer works on the roof of a large villa under construction in Kandahar, Afghanistan. (Photo by Bryan Denton/New York Times)

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Summary

- The prospect of peace in Afghanistan is exciting, but the move from a war economy to a developing one is fraught with pitfalls for government and donors alike.
- The Afghan state needs to become less the object of capture by elite factions and more the means by which national development can occur. Donors and government need to agree on a core economic program that contains not just a strategic vision, but also qualified managers and political protection for the core ministries and managers that are needed to carry it out.
- For the government, the key challenge is for a political cabinet to retain core teams of competent Afghan technocrats, shield them from patronage, and make results visible to the citizenry at large.
- Donors need fewer but more strategic conditionalities. For donors, there is no real long-term or sustainable alternative to using government systems, but they should fund only government programs that have credible senior-level management in place.
- For the peace process as a whole, there needs to be more recognition that peace settlements, national reconciliation, and inclusive development are part and parcel of the same process, even if they use different tools.



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Making Peace Possible

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ABOUT THE REPORT

The report was commissioned by the United States Institute of Peace from two former advisers to the government of Afghanistan. It offers a framework for how to make a post-settlement Afghan state more effective in delivering equitable development and sustaining peace. The report is based on the authors' joint experience working on Afghanistan's post-2001 development from inside the government.

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The views expressed in this report are those of the authors alone. They do not necessarily reflect the views of the United States Institute of Peace. An online edition of this and related reports can be found on our website (www.usip.org), together with additional information on the subject.

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European Council president Donald Tusk, right, speaks with President Ashraf Ghani, center, and Chief Executive Abdullah Abdullah at the Conference on Afghanistan in Brussels on October 5, 2016. (Photo by Olivier Matthys/AP)

Introduction

The Afghan government and the Taliban will soon be sitting face-to-face in intra-Afghan peace negotiations. The key development issue at stake is whether the Afghan state can move from being the prize that elite factions strive to seize to become the state that enables growth and delivers useful services to its citizens. Donors should not be fooled into thinking that an elite bargain that simply divides up the spoils of the state will be sustained for very long. Afghanistan's history is replete with examples of that model of "peacemaking" quickly collapsing into renewed conflict, and the global evidence says the same thing.¹

The story of development in Afghanistan since 2001 resembles, in many ways, that of many other poor countries after a war. A sudden, massive amount of aid transformed the state's underlying logic into a system driven by political access to the aid funds rather than by the investment logic of a competitive and productive capitalist economy. Donors poured in billions of dollars, administered mostly through private contractors and international nongovernmental organizations. While some of this did trickle down to smallholding farmers and villagers, much went into the pockets of select elites. The rest went to form a state that "looks like a state"—a government that has all the right labels attached to ministries, job titles, and processes, but which in practice grapples with pervasive corruption, weak institutions, and a dysfunctional bureaucracy.²

As Kate Clark's recent article on the Afghan rentier state argued, these problems are not just "collateral damage" that the country could be expected to outgrow.³ Afghanistan and its donors

were overwhelmed by the scale of challenges and the level of money and resources deployed to address them. Neither the government nor its donors had the systems to prevent the emergence of what inevitably became a deeply corrupt, aid-dependent, and militarized government. This process of being overwhelmed by aid is part of the reason why Afghanistan could sustain all the formal appearances of democratic institutions, but still see elections, parliament, and ministerial appointments be about little more than who gets to access the aid.

With access to virtually unlimited funds, Afghanistan became a proving ground where everybody agreed on the goal, but nobody agreed on the means. The country was a riot of half-designed, never-finished projects; competing programs; and everybody's favorite great new idea to test. Nearly two decades later and with tens of billions of dollars having been spent, the government calculates the poverty rate to be 55 percent. The unemployment rate is 24 percent.⁴ The economy is growing only half as fast as the population. The data on which these figures are based was collected before the 2018–19 drought and the 2020 COVID-19 pandemic, which have almost certainly made things worse. The government is still polarized and fragmented. International agencies still operate in silos. Foreign militaries still give priority to strongmen who can combat the insurgency. And there is still an overabundance of visionary policies and transformational strategies, but by now their weak implementation and disappointing results inspire cynicism rather than hope.

This report offers a framework for how to make a post-settlement Afghan state more effective and sustainable. Based on the authors' joint experience working on Afghanistan's post-2001 development from inside the government as well as on extensive interviews with key government and international stakeholders, it examines the question of how an inevitably politicized bureaucracy can deliver on any of its promises and avert the disaster that will otherwise occur as donor fatigue, civic discontent, and a disaster-prone natural environment apply pressure to a fragile political settlement.

Lessons of 2014–19

Several astute and insightful reviews of Afghanistan's development performance have been conducted since 2014, when Ashraf Ghani began his first term as president. This report will not summarize them other than to note that the comprehensive plans that Candidate Ghani ran on in 2014 were almost immediately shelved when President Ghani confronted the triple crisis of the international military withdrawal, the contested election, and an economic crisis caused by both the foreign spending drop-off and the discovery shortly before the new government took office that the country's banking system was on the verge of collapse. Despite these challenges, some government development programs did make progress. Others failed. Both kinds offer useful lessons for the future.

WHERE PROGRESS WAS MADE

Vision. The London Self-Reliance paper that was issued in 2014 and the Afghan National Peace and Development Framework (ANPDF) that was presented in Brussels in 2016 laid out a comprehensive, government-owned policy framework.⁵ The ANPDF, in particular, was the first high-level planning

From 2014 to 2018, Afghanistan made significant progress on reforming the Ministry of Finance, more than doubling revenue, for the first time producing credible budgets, and in general learning to use the budget process as the means to turn policies into appropriately financed programs

document that started from a fiscal picture of how much revenue the government had and could count on before deciding what sectors and programs should take priority. Despite the political divides that often paralyzed the National Unity Government (NUG) administration, both President Ghani and Abdullah Abdullah, the chief executive officer, endorsed the strategy, which was also issued as a formal national policy and was therefore binding across government.

Foundations for growth. While the rising insurgency occupied ever-increasing levels of government attention and resources, the 2014–19 period saw more sustainable growth investments and trade reforms being launched than in the previous thirteen years combined. Trade with Central Asia increased somewhat, allowing Afghanistan to start diversifying its sources for food and electricity. Afghanistan’s share in the Chabahar dry port in Iran finally opened up cost-effective market access to West and South Asia, complementing the equally important rail links to Uzbekistan and China that also became operational during this period. However, it is important not to oversell them. Between the ongoing impact of the COVID-19 pandemic on all economies and the long lead times that growth investments require, actual returns from these programs have so far been meager. Even so, from a geostrategic and post–peace settlement perspective, the fact that these linkages now exist is important. They hold the potential to integrate Afghanistan diplomatically as well as economically into one of the world’s least integrated regions, even if Afghanistan’s leadership must still move from a political to an economic strategy to realize those potentials.

Public financial management reform. From 2014 to 2018, Afghanistan made significant progress on reforming the Ministry of Finance, more than doubling revenue, for the first time producing credible budgets, and in general learning to use the budget process as the means to turn policies into appropriately financed programs that could deliver concrete dividends for the Afghan population. Key to these reforms was sustained presidential and ministerial backing, and the appointment of a highly qualified and empowered technical team of deputy ministers to carry out the reforms, who could then build the next level of competent directors-general and directors. Several of these reforms were inexplicably reversed between 2018 and 2020, when the reformers were forced out of the government.

Some ministries delivered. Although there was high variance in performance across ministries, the more successful examples suggest that progress is possible without wholesale restructuring. Two main factors seem to account for success: the high-level technical expertise (e.g., macroeconomic management) required to implement policy and the ability to manage technically simple but very dispersed programs (e.g., rural schools). Both categories of successful performers began with politically protected reformist teams at the top, but their means to carry out the reforms varied by the type of ministry function.⁶ High-level reformers backed by the president produced significant changes in ministries that required sophisticated technical knowledge but did not need much outreach to people. Examples include the reforms within the Ministry of Finance, the National Procurement Authority, and the National Security Council. Even outside of Kabul, motivated mayors with political backing could reduce crime, raise revenue, and spruce up city morale within relatively short periods.

Success is also clear in ministries that provided outreach services by setting policy and providing oversight, but then outsourced execution to nongovernmental organizations. The Ministries of Public Health and Rural Rehabilitation and Development are the two standout ministries.

Women in government. Anyone who has spent time in Kabul in recent years cannot fail to note the greater number of professional women now in government. Furthermore, women are not just token appointments meant to appease international donors. Women occupy key positions in “hard” ministries such as Finance, Foreign Affairs, and Mining, although, again, after the 2019 election produced the new elite bargain, these reforms went backward as senior women left government. Some of the most progressive ministries included in-service training and minister-led actions to institutionalize professional development streams for women recruits.

Justice administration. The administration made some progress in reasserting judicial autonomy in the all-important area of justice administration. It is difficult to overemphasize how far the rot had spread in terms of unqualified or corrupt personnel, from illiterate prosecutors (in 2018, nearly half of all prosecutors tested by the government could not read) to judges who could not pass a basic test on Afghan law, to a Ministry of Interior and national police whose members were openly committing crimes. Most notable of the reforms was the appointment of an internationally respected attorney general. Unfortunately, as with the Ministry of Finance, recent years have seen backsliding in reforms.⁷

Cultural narratives. The social fabric in Afghanistan has been steadily torn apart by conflict, economic decline, and the emergence of violent extremism. Although the international community did not take culture as a foundational dimension of its statebuilding development efforts in Afghanistan, the government did. This near-complete neglect of culture by the international community is doubly surprising given that the Taliban’s major successes have derived as much from a religious and nationalist ideological appeal as they have from military confrontation. Much of the Afghan critique of the post-2001 reconstruction is resentment at the cultural and institutional models being brought in by development, which has empowered whole new classes of modernizers and aid brokers. Western advisers and providers of technical assistance have shown themselves to be oblivious to Afghan values and have ridden roughshod over preexisting patterns of social organization and leadership, and over a traditional Afghan sense of social justice, imposing rather than negotiating new models. Providing more material goods and services was never going to be enough to overcome the backlash against this wholesale importation of new institutions, against the sight of diaspora returnees getting top jobs, and against disempowering “critiques” of traditional values by both international and national modernizers.⁸

In 2014–19, the sources of cultural resentment were spread widely across development programs as well as security programs. The country needed and still needs programs that contribute to shared notions of identity and a language that will support people across communities as national reconciliation begins. The government did a poor job addressing the deeply serious issue of ethnic polarization, but it did make efforts to bring a culture of recognition back into the development framework, with a particular emphasis on using Afghanistan’s built heritage as a unifying narrative for national reconciliation. Some of the most appreciated products of the Ghani government’s first term were the reconstruction of the Darulaman Palace and the unifying work to make Herat a World Heritage site; the reconstruction of Abu Reyhan al-Biruni’s

mausoleum in Ghazni; and, helped by the Aga Khan Foundation, the repairs to the Khwaja Abu Narsad Parsa Shrine Complex and the Haji Piyada (Noh Gumbad) mosque in Balkh and the rehabilitation of the Chelsitooon Palace Gardens in Kabul.

WHAT DID NOT WORK

Afghanistan and its partners share no shortage of development failures. Many of these failures can be traced to underlying problems in the approaches taken to statebuilding and administration.

Politicized appointments. Seen from the inside, although control of appointments was always going to be politicized, the root problem of the 2014–19 administration was the poorly crafted NUG agreement. It may have averted civil conflict over the disputed 2014 presidential election, but its failure to specify who had power over appointments sucked up virtually all of the government’s oxygen for the next two years as competition over those authorities fueled disagreements and distracted government officials. Even Afghanistan’s Supreme Court was saying privately that it could not adjudicate these disputes because the chief executive officer position had no constitutional foundation. By the time this problem was resolved in late 2016, when US president Barack Obama confirmed that the CEO could advise but not veto President Ghani’s constitutional authorities on appointments, the opportunity to bring finality to the appointments process was long gone and the position-by-position jockeying over each appointment continued.

Staffing vacuums. Because politicized appointments took so long to be made and were so hotly contested, a large number of senior positions either were left empty or were occupied by temporary, “acting” personnel. Short time horizons and arbitrary firings further helped bake in corruption, as new appointees sought to take advantage of their positions for as long as they could. The lack of competently and securely staffed senior positions has been disastrous for government effectiveness.

Parallel structures at the center of government. The inability to staff ministries led a frustrated president to try building a large technical front office for the presidency. Teams of senior “advisers” mirroring ministerial and deputy ministerial functions tried to deliver what the half-empty ministries could not. These teams did not consist merely of the occasional trusted presidential adviser; some teams included twenty or thirty people who were designing their own projects and undermining the authority of ministers. This centralizing tendency continued even after the NUG appointments crisis was “resolved.” The cost of these unofficial parallel power centers to effective governance was and continues to be very high.

Talking without action. Because the formal structure of government was politicized to the point of paralysis, the president and CEO began competing to form ad hoc committees that would hold one or two meetings and then only exist on paper. De facto, the function of these committees was for the president to bypass decision-making in the paralyzed ministries and for the CEO to maintain his relevance by demanding ministerial attendance—but neither truly held their committees accountable for decisions or delivery.⁹ The number of functionless or duplicative meetings was a serious tax on ministries. Any minister or deputy minister was obliged to attend a dozen “high councils” chaired by the president and another dozen mirror committees chaired by the CEO. A minister would also be expected to attend cabinet meetings and many other technical committees, not to mention the numerous meetings demanded by the parliament and the endless number of donor



A student takes instruction from her teacher at a donor-sponsored jewelry-making workshop in Kabul, Afghanistan. (Photo by Kamran Jebreili/AP)

missions.

Fragmented bureaucracy.

The administration was a thing of shreds and patches: from 2014 onward, ministers were either building or dismantling their jerry-rigged ministries. In 2017, Afghanistan had as many as fifteen different anticorruption agencies; the Ministries of Economy and Finance each had competing policy and planning units; and so on. The 2014 gov-

ernment launched a broad range of reforms to consolidate, clarify, and streamline functions, but it was unable to prioritize or follow through on most of these reforms. In recent years, the government has often made the problem of duplication worse.

Supporting reformers. Competent officials were not empowered to deliver on comprehensive reforms. Virtually all of the big reforms, systems, and programs that came to pass were genuinely Afghan-led. The problem is not that Afghanistan lacks human capacity, but that the system (and the leaders) did not empower their own reformers and provide them with protection from interference. Corruption and patronage resulted in many incompetent people taking on important functions—and, unfortunately, the bad could usually drive out the good. Levels of turnover in personnel were extraordinarily high, aggravated by the fact that each change of minister brought a full changeover of deputy ministers, directors-general, and senior advisers.

Corruption. The weakened and politicized administration largely doomed any nascent progress in tackling corruption. Initially, the signs were promising. The government was well aware of corruption and had plans to engage on the issue. The 2014 presidential campaigns were all about commitments to fight corruption. The early days of the administration saw bold steps to repair broken oversight systems and to punish the corrupt, beginning with perpetrators of the 2010 Kabul Bank corruption scandal. But a deadly mix of political protection for powerful figures, the need to sustain support within each side's coalition, and a broken justice sector all perpetuated impunity.

Failure to prioritize and sequence. While the president had a transformational vision for the country, the government's institutions were not up to handling the workload that would be required to translate that vision into practice, at least not all at once. Without a clear and consistently maintained policy process (which in most countries revolves around the budget) for agreeing on programming, ministries were repeatedly confronted with changing priorities and staff.

Lessons for Donors

Donors played both positive and negative roles during 2014–19, but the root problem is that neither donors nor the government had the systems to cope with the scope of the challenges and the volume of resources being deployed to meet them. Thus, while most global analyses of fragile state recovery highlight the importance of clear objectives, design simplicity, and close monitoring, when it came to Afghanistan, development agencies on both sides of the table were overstretched, consumed with internal processes, and unable to deliver much of practical use to the population at large. However, some areas worked better than others.

BRIGHT LIGHTS IN DONOR PARTNERSHIPS

Macromanagement. Relations between the government and the International Monetary Fund, often a flash point in many post-conflict countries, were generally quite good. This is because IMF conditionalities were clear, objective, well explained, and intended to produce outcomes meaningful to the government. They focused on building systems (a financial system, a banking system, etc.) rather than on promoting pet projects or policies; and although the number of conditionalities was limited, there was virtually no scope to wiggle around them. Government officials found these types of clear, limited threshold conditions useful because they helped them sell reforms that would otherwise have been blocked by politically powerful special interests. (Officials also benefited from the recognition that the IMF carries a very big stick.)

Performance-based conditionality. The European Union’s “State Building Contracts” program traded budget support for policy and institutional reforms. It had good traction inside the government, evidenced by sustained high-level internal monitoring to incentivize delivery on commitments. It did not micromanage inputs, but was tough on performance, and it promised enough money to prevent the worst of parliamentary interference in delivery. The US Agency for International Development also trialed a program of this type, which the government took quite seriously. The World Bank–managed Afghanistan Reconstruction Trust Fund (ARTF) employed a “recurrent cost window,” which provided core support to government operating costs as reforms were implemented, and which also worked relatively well.

Building systems. The World Bank played a strategic role in building Afghan systems, such as by instituting a mechanism for reviewing project ideas before entering them into the budget and by insisting on economic analyses of infrastructure projects. However, more of the ARTF’s efforts went into oversight of project funding flows than went into building working government systems. In retrospect, this seems like a lost opportunity for the government to wean itself away from its donor dependence, particularly as its own-managed revenue began to rise.

DARK SPOTS YET TO BE REMEDIED

Excessive and unfocused conditionality. The government had a deliberate strategy of using high-level donor meetings and donor conditionalities to bring discipline and closure to its internal political processes for advancing reforms, particularly vis-à-vis parliament. But this use of benchmarks to advance a strategy was impossible to sustain with the constant proliferation of donor demands.

From an initial list of twenty-six performance benchmarks, the April 2018 “McMaster agreement” between the United States and the Afghan government hammered out in Kabul ended up with a list of 206 priority reforms after it had returned to Washington for final review.¹⁰ An informal overall count by the European Union in 2018 found a total of over 625 conditionalities. This approach mostly generated cynicism within the government and some perfunctory ticking of boxes, but it was also a lost opportunity for donors to support the cumulative reforms needed to build core systems.

Too many projects. Both government and donors proposed more projects than their implementation systems could manage. Without fitting into a larger organizational reform program, these often hastily proposed projects contributed nothing to tackling the root causes of bad governance, such as inadequate oversight, corruption, and poor management.

Unsustainable projects. Donors became more willing to provide on-budget funding for Afghan government-managed projects over time, but high-cost, small-scope, or off-budget donor programs continued to suck out talented officials from the ministries and to squander money on initial investments with no plan or funding to sustain them.¹¹ Much of the government’s development budget was locked up in the ARTF, but the World Bank, which managed it, was for the most part overly focused on its own fragmented portfolio rather than on building up sustainable, government-wide systems.¹² The ARTF’s small field presence and the constant push to identify new projects undercut the kinds of mentoring, focused effort, and sustained dialogue over policy that was needed.

The United Nations Assistance Mission in Afghanistan was, in general, well-intentioned, but it was never sufficiently empowered to provide proper donor coordination.

What Changes if There Is a Peace Settlement?

The Afghan government formed after the 2019 presidential elections and the donor community can draw on some of these lessons to guide post-peace development (assuming, as this report does, that the negotiating process ongoing in Qatar produces a peace agreement and ushers in some version of a post-peace phase). There are several factors to consider as they do so.

How will peace be sustained? Following the resolution of the 2019 election standoff and the inauguration of a new government, what actions will make that government more than an unstable gathering of predators fighting over shares of a steadily shrinking pie? That pie will not get any larger if a peace agreement requires government leaders to share the pie with Taliban commanders and their followers. Unless a lot of work goes into thinking about how to sustain a peace, the most likely scenario for the post-peace period is an even worse version of the triple crisis of 2014.¹³ The stakes are highest for the government, which faces the cold reality that the aid game is over and that it must deliver tangible results—more jobs, less corruption, and effective services—to avert a crisis.

For donors, the first and most central challenge is to identify what is actually still at stake for them in Afghanistan. Afghanistan will always have some geopolitical value because of its location, but provided that the Taliban keep their side of the deal with the United States, conflicts

The 2014–19 government got off to a good start at rebuilding relations with neighboring countries in Central Asia, but the urgency of moving from political relationships to economic ones increases exponentially with peace.

will mostly be regional rather than global. However, an Afghanistan that either splits into factions or turns even more authoritarian is in no one's interests.

New possibilities for regional cooperation. The 2014–19 government got off to a good start at rebuilding relations with neighboring countries in Central Asia, but the urgency of moving from political relationships to economic ones increases exponentially with peace. On the positive

side, with peace, many of the cross-border investments that were previously too risky are now possible. On the negative side, the likelihood of Afghanistan again becoming the proxy for confrontations between regional power blocs is high. Afghanistan will never be in a position of being a “friend to all, enemy of none,” but a more effective use of development investing can create interests in cooperation, including on its own side of the borders.

Going beyond elite bargains. The May 2020 electoral agreement to resolve the 2019 electoral standoff at least clarified the nominal lines of authority over appointments, and it was done without international micromanagement (beyond a few well-placed nudges to bring it to closure). That is a good start, although jockeying between the two camps has already started. Having so many of the elites who opposed or undermined the first government now within government circles is probably a mixed blessing, at least in terms of corruption, but there is a chance that if competent and principled people are appointed, some ministers may turn out to be interested in the substance of their ministries, or at least in channeling development into their home political base.

Dealing with the Taliban. Donors as well as the government will have to move beyond their discomfort with dealing with the Taliban and begin engaging with these new members of the government as partners. Taliban negotiators may not be averse to including some measures that would protect technical staff in ministries and let them get on with doing their jobs. Donors will have a role to play in this dialogue over which are the core ministries where professionalism will be needed if the country is to stabilize and develop. This is not a small issue. Taliban fighters returning from the battlefield will surely have a vast number of claims that will need resolution: land claims, grievance claims, claims on government services, and so on. Without systems, staff, and support in place to deal with these issues, anger and frustration will again mount. Donors can use their leverage to break through the squabbling and embed action benchmarks into their monitoring and reporting.

Using the peace to speed up growth. The electoral agreement and almost any kind of peace agreement open new opportunities to continue with economic diversification through cross-border projects such as large investments in roads, energy, and water that expand trade, which are the key to growth and economic sustainability. Security spending, which currently takes up some 30 percent of the development budget, can also be reduced (although peace dividends are usually overestimated, and it would be foolish to think that only the Taliban pose security threats). Afghanistan and its economic partners need to define an economic strategy that is less helter-skelter and concentrates on and completes a manageable number of reforms and investments.

Declining financial support will force realism into policymaking. The limited fiscal space likely to be available should force policymakers and politicians to make hard but forward-looking choices, including the choice to finally take corruption seriously if aid flows are actually

threatened by government inaction. Similarly, less money could encourage more careful vetting of proposals. One of the best contributions that the ARTF has made to Afghanistan's development was to set up a project screening and review process to provide an objective way of screening out politically prompted "ghost" project proposals.

Restoring civil policing is a precondition for local investment. The extent to which criminality affects ordinary Afghan citizens cannot be overstated. Every level of entrepreneurialism in Afghanistan currently pays a high price for violence and lawlessness. Kidnapping and local extortionists destroy small businesses. With peace, those costs can be lowered if the government pushes through with reforms to the Ministry of Interior. However, the war-to-peace transition also carries the risk that a political insurgency will degenerate into banditry and warlordism, which, in economic terms, can be just as debilitating for growth as war. Afghanistan is highly vulnerable if a peace agreement produces thousands of demobilized combatants who have no hope of finding jobs and instead join criminal gangs and the illicit economy.¹⁴

Peace will put the gains for women at risk. While the terms of the peace agreement are likely to retain large parts of Afghanistan's constitutional framework, the way in which that framework is interpreted is likely to result in negative change. Progress on women's participation in the workforce and girls' education is already at risk. The likelihood of women being forced out of government ministries and professional positions will rise without preemptive action to protect those jobs. The Ministry of Interior, which trains and manages police, the Civil Service Commission, and the Attorney General's Office have significant roles to play. It would also be wise to pass laws and statutes that institutionalize gains in women's representation in the government and women's civic and juridical rights, marriage rights, access to finance, and so on, regardless of the complexion of the government.

A Framework for Development: Key Principles

With the possibility of a peace agreement comes the possibility of a peace agreement falling apart.¹⁵ Expectations will be high. Trust is low, at all levels, and all agreements are fragile. The government and its international partners cannot play the same games of big promises, slow delivery, endemic corruption, and institutionalized injustice and not expect the conflict to reignite.

This section of the report consolidates the lessons from the past five years that could help the government and its partners plan for partnership, even while those partners are exiting or reducing their presence in Afghanistan. It focuses less on big picture policy choices than on steps that would make the government more effective and sustainable. As the Singaporean government leadership frequently says, policy without delivery is wasted oxygen. The development architecture (projects, agreements, budgets, and policies) needs to be leveraged and structured to consolidate positive efforts rather than fuel corruption and inefficiency.

The key development challenge now is to convince at least some of the elite that investing in growth is a better long-term bet than extracting their rents from declining flows of foreign aid.

Donors also have a responsibility to ensure that post-peace support for Afghanistan does not replicate the 2001 distortions that drove the foreign aid parasitism. Instead, international support should put Afghanistan on a path that makes productive investment not just desirable but also feasible.

The following principles offer starting points for a smart approach to helping Afghanistan manage political trade-offs and build systems that can deliver for the Afghan people.

- 1. Ensure high-level strategic coherence:** Strategies for peace, development, and reconciliation need to be aligned.
- 2. Fix the machinery:** Development should focus on establishing and strengthening the key foundations for effective delivery—use of the budget and inclusive, national processes that build systems and pave the way toward self-reliance.
- 3. Create hard accountability:** High-level, limited in number, but strictly enforced performance benchmarks and conditionalities can help the government set the priorities and pace for reforms to change regulatory norms and build or revamp institutions.
- 4. Empower reformers:** The president and cabinet should appoint and empower senior reformers by providing political protection, building reform teams, and giving reformers job and personal security.
- 5. Enable subnational engagement:** Post-peace development needs to be built around responding to locally perceived needs and fostering participation, local conflict resolution, and reintegration.

Each of these principles is elaborated below.

HIGH-LEVEL STRATEGIC COHERENCE

Strategies for peace, development, and reconciliation need to be aligned and coherent.

Peace, reconciliation, and national development are three aspects of a single process.

There will be a natural tendency for peace processes and development to develop in separate silos. This is inevitable given their different vocabularies, goals, and organizational homes. However, they are closely linked. Development without a perceived sense of justice tends to erupt in renewed conflict, but justice without development leaves people poor, jobless, and angry. Donors, in particular, need to be careful about prioritizing one over the other. There is also a tendency for development people to believe that growth solves all, and for peace agencies to think that reconciliation is sufficient to reunite a broken people. Afghanistan needs growth *and* reconciliation. Government and donors need to form a high-level working group that can lay down common principles, improve coordination, and resolve conflicts. As a general rule, donors should be wary of starting new projects that cannot be sustained and of encouraging ministries to take on functions that are already being done elsewhere, both of which have been problems in the past.

The government needs to update its economic strategy, keeping in mind that considerations of equity and stability need to become integral parts of that strategy. Peace will change the equation of what kinds of reforms and investments will promote inclusive growth.¹⁶ Investments in mining or large water resource development that could boost economic growth but were too

Any peace agreement is inevitably going to involve accepting members of the Taliban into senior government positions. A small number may turn out to be reformers committed to better development for the people, but many others are likely to be needy power brokers who will stoke corruption.

risky during the conflict may now become viable investments provided that the government avoids the wishful thinking of the past and can produce realistic designs and hard-headed assessments. Handling the political economy of large development will also matter; the Taliban are not going to surrender their control over valuable mineral deposits, for example, only to see them monopolized by a Kabul powerholder. Afghanistan has to be particularly careful to ensure that its fixation on large-scale infrastructure for long-term growth (a good thing overall) does not crowd out other investments

and reforms that can help a traumatized, marginalized, and angry population feel that they too are benefitting from peace. Resolving issues of access to justice, land administration, and limited but honestly administered amounts of social protection will be as important to Afghanistan's economic future as dams and airports will be. Continued insistence on educating and employing women is not just a matter of enforcing constitutional rights but also a way of increasing economic productivity.

The peace dialogue needs to incorporate agreements on principles of good governance and development. A paradox of many post-conflict settlements is that peace is widely expected to bring growth and stability, but it actually brings a flood of fragmented, entirely unsustainable programs and projects constructed out of a presumed “peace dividend” that never materializes. Afghanistan and its partners should pay heed to the large body of evidence on the risks of “quick-win” programs that divert attention and resources away from what a poor country emerging from conflict really needs. The government and its international supporters should concentrate on what it takes to deliver basic services such as education, health, agriculture, and natural resource development to a poor population of 32 million people and not repeat the jumble of chaotic and unsustainable “peace” projects of the past.

Protecting core development functions should be part of the peace negotiating process. Any peace agreement is inevitably going to involve accepting members of the Taliban into senior government positions. A small number may turn out to be reformers committed to better development for the people, but many others are likely to be needy power brokers who will stoke corruption. The peace dialogue can guard against this danger by introducing markers for subsequent follow-up on how to sustain core government functions, agreements to protect reformers, and help for them to do their jobs.

Peacebuilding and national reconciliation need to be nationwide. Much of this report has focused on issues of national governance, but how post-peace development plays out in Afghan districts and villages is of vital importance. Local elites and communities are making their own kinds of policy choices about what kind of state and economy is in their interests. Rebuilding Afghanistan is not just about reconciling elites and restarting growth, but also about constructing and communicating a vision of nationhood that resonates with Afghan citizens.¹⁷ Programs that contribute to shared notions of identity can help to reduce perceptions of inequity and marginalization. Development programs can add to the toolkit of national reconciliation through local media initiatives, reforms to school curricula, historical reconstruction and repair programs, and efforts to resist the repolarization of communities.

Development commitments need to be seen as integral parts of the peace dialogue not only to avoid state collapse that will jeopardize progress on the peace front, but also to preserve the gains of the last two decades. However, the government needs to narrow its vision and priorities to mirror available resources as well as the government's limited ability to deliver. Slowly reducing total aid commitments but making them more predictable would impose the fiscal discipline and focus on the government that is needed to support building the core systems that the government's self-reliance strategy requires.

FOUNDATIONS FOR DELIVERY

Development should focus on establishing and strengthening the key foundations for effective delivery: use of the budget and inclusive, national processes that build systems and pave the way toward self-reliance.

Repair the Finance Ministry. The Ministry of Finance has seen unprecedented levels of turnover of personnel and politicized intervention. Without a strong, autonomous Finance Ministry, there is no chance of donors using government systems. Fortunately, the president can fix the ministry. Three steps are key: first, the president has to reaffirm and enforce the ministry's autonomy within the center of government; second, deputy ministers and directors-general must be professionals, and third, the ministry's financial reform road map (which the president has already approved) may need some updating. Qualified donor staff and the IMF could work with the new government to bring the road map up to speed by setting threshold performance targets for policy, budget, revenue, and audit.

Use the budget process to build accountability. The importance of a proper budget process that aligns resources to priorities, uses fiscal discipline to improve efficiency, and makes economic decision-making transparent enough for policymakers and the public to monitor performance for a post-conflict government is often underestimated. Budgets everywhere are the means through which elected politicians hold ministries accountable, but they cannot do that when there is plenty of money to be had outside of the budget or by political lobbying by donors and parliamentarians. Budgets are defined broadly as the process by which a government raises, allocates, and spends its resources. Along with a working court system, a sound and transparent budget process is also the most effective tool in the fight against corruption.¹⁸ However, a combination of donor reticence and ministerial backsliding has thrown that process off track. The ARTF, which controls most of Afghanistan's on-budget international development funds, has a special responsibility to move beyond niche portfolio protection and support the ministry's overall reform road map once the ministry can again demonstrate competent and committed management.

Use national systems (and national programs), wherever possible. Functioning, on-budget national systems are the only way to build an effective state, even if the implementation is outsourced to transparently recruited and competent NGOs or private firms. However, Afghanistan's government has not followed through sufficiently on its commitments to appoint qualified managers, improve fiduciary controls, and insist on accountability for performance. Donors can push the government to do more in this regard by (1) identifying eight to ten core ministries where only national systems can succeed in providing services; (2)



Residents of Helmand's Kajaki district meet with the district governor during a shura session in July 2011. (Photo by David Goldman/AP)

setting clear conditions for support, particularly on senior staffing; (3) requiring project readiness reviews; (4) being ready to suspend support if patronage and corruption start taking over; and (5) requiring audits. Donors should also refuse to support national programs until the Supreme Audit Office gains at least baseline credibility.

Sequence, balance, and differentiate between short- and long-term priorities. The de-

mands that a peace settlement will create, in addition to those generated by the COVID-19 pandemic, will be overwhelming, especially given the government's limited resources and capabilities. Government and donors need to differentiate between and balance short-term (COVID-19 recovery, jobs for peace, etc.) and long-term priorities (peacebuilding, national reconciliation, peace economic growth, etc.), but extra care should be taken to avoid the proliferation, as in the past, of fragmented short-term and unsustainable programs.

Allow no preferential treatment by region, ethnicity, or political affiliation. The politicization of the development process, patronage-based politics, and deep corruption of the budget process, all exacerbated by budget secrecy and last-minute deals, have created national paranoia about how development funds are allocated. Not until 2018 did the Ministry of Finance hold regional consultations to discuss the budget process publicly, explore the fiscal constraints that the government faced, and analyze who were the winners and losers in budget negotiation. (Despite their popularity and the valuable feedback they generated, these regional consultations have yet to be repeated). The cabinet structure means that ministers will continue to lobby for projects for their home constituencies or those of powerful parliamentarians and other power brokers. Afghanistan is not alone in this tendency, but it is operating in a particularly charged atmosphere, where accusations of capture or favoritism can be fatal for stability. This is yet another argument for all funds being registered on the national budget and made public so that even if individual projects cannot be evenly distributed, policymakers can reflect overall equity issues in their decision-making and public outreach, and all accusations of favoritism can be checked.

EMPOWER REFORMERS

The president and cabinet should appoint and empower senior reformers by providing political protection, supporting reform teams, and giving reformers job and personal security.

All senior positions should be staffed by qualified appointees. Afghanistan’s leaders have the responsibility to appoint competent managers to senior ministerial positions, especially within the eight to ten highest-priority ministries. Political appointees will lead ministries, but they must have qualified technical staff running them who can make operational decisions without political interference. A first step in this direction would be to make deputy minister positions into technical, not political, appointments. At one point, President Ghani and CEO Abdullah had reached an agreement to form an Appointments Commission backed by an internationally recruited firm to vet and supervise the processes for making senior-level appointments. This idea was dropped following internal objections, but with the increased number of political figures in government, it deserves to be revived.

Reformers in Afghanistan’s inevitably politicized ministries must be empowered by the government to deliver on reforms and services. Once vetted, senior technical staff should work from a secure, fixed-term contract with the government, not serve at the whim of political ministers or governors. Personal security for reform champions (and their families) seems a trivial point to press but is crucial to creating an environment within which follow-through is achievable. Even the most committed reformers are forced to reconsider their agendas when they and their families are constantly threatened by those with impunity.

Donors need to support reformers. Donors need to both trust reform teams and hold them accountable. Donors are not without the tools to help build the Afghan systems needed to make transition succeed. (Such tools include strategic ARTF management, subnational budgets, high-level performance incentives, better executive training, public financial management reform metrics, and more effective civil society advocacy.) But, as ministries become more than shells, donors need to think more carefully about how their interventions can reinforce reformers and build more effective organizations, rather than just providing training to ever-increasing numbers of individuals. As reformers demonstrate a willingness to take risks, innovate, and take ownership of the changes they introduce, donors should remember that only Afghans can build an effective state. This means finding ways to support good-enough efforts that have a coalition behind them, rather than remaining fixated on “best practices.” Holding teams accountable by making Afghans, rather than technical advisers from abroad, design their own programs is a start. Enforcing tough appraisal conditions and strict conditionalities (see below) will give reformers the backup they need to resolve internal political resistance to reforms.

HARD ACCOUNTABILITY

High-level but strictly enforced performance benchmarks and conditionalities can help the government set the priorities and pace for reforms to change regulatory norms and build or revamp institutions.

Consolidate and enforce conditions. No government could ever satisfy the vast number of conditions that donors and the government have manufactured. Future accountability frameworks should have less money but more strategy, fewer but tougher and more consistently enforced conditions, and a much clearer focus on outcomes rather than inputs. Blame is evenly shared; it is not just donors that keep tacking on new promises and benchmarks. Much of the problem comes not so much from lack of discipline as it does from lack of strategy. Both the

donors and the government would be much better off following the IMF model: a small number of sequenced, clear conditions whose purpose is to help the government build working systems. Capping the number of conditions, building them around desired outcomes, and allowing the government to propose the steps to reach those mutually agreed thresholds will be far more effective than the current model of saddling governments with enormous stacks of conditions.

Insist on institutional appraisals. All donors require, but very few enforce, “readiness” criteria in their project approvals. When satisfied, those criteria ensure that enough of the necessary regulations, qualified managers, and technical design are in place or sufficiently advanced for a project to get started. But far too many project appraisals have been sales pitches rather than appraisals of whether a project is indeed ready to go and not merely a shell to be filled in later. Organizational readiness needs to be taken seriously. Aside from some poorly conceived outlier projects, all donor projects in Afghanistan fail for one or more of the same three reasons: nobody in government “owns” the project; nobody qualified occupies the positions expected to implement it; or its budget bears no resemblance to reality. Focusing on assuring ownership, demanding qualified staffing in key positions, and verifying budgets would benefit everybody, Afghans most of all.

Choose reforms carefully. Afghanistan is a weak state in an environment where political interests are very powerful. For now, donors should leave alone those arenas that are dominated by powerful vested economic interests or are otherwise inhospitable to reforms. The government and its partners need to stop creating long lists of reforms that tackle everything all at once but actually accomplish little, and instead start jointly developing options that top leadership can assess from the perspective of political realism. This report has argued that for development, fixing the Finance Ministry, reforming the budget process, and securing qualified staff in all core deputy minister and director-general positions should be first priorities.

SUBNATIONAL ENGAGEMENT

Post-peace development should become inclusive, participatory, and built around locally perceived needs.

Recognize that Afghanistan is bigger than just Kabul. Regional elites are understandably restive and resentful of Kabul’s complete control over budgets. With peace, there are no good arguments against devolving authority and budget to more locally responsive government levels. Cities should become autonomous units that manage budgets and deliver a growing range of basic services. Indeed, they should become Afghanistan’s centers of innovation for better local service delivery, job creation, and living environments. At the same time, provinces and districts still need to introduce oversight on frontline service delivery.¹⁹ Donors can help the Ministry of Finance and the Civil Service Commission align local governments’ responsibilities with the authority and budgets they need to carry them out.

Established community engagement platforms should be the foundations for fostering participation, local conflict resolution, and reintegration. If peace holds, Afghanistan can count on not just the return of fighters, but big population resettlements—involving millions of people—as diasporas return and camps for internally displaced persons are dismantled. Afghanistan’s bedroom cities, which have ballooned as places of refuge from conflict and sources of aid-related jobs but lack an economic function commensurate with their size, will begin to shrink when at

The debilitating effect of local violence on poor people's economic initiative and well-being has been well documented globally. However, local policing and other forms of security provision for ordinary people have usually fallen between the cracks of the security/development division of labor.

least some people feel safe to return to their communities and farms. There is a high risk of second-generation disputes cropping up for reasons such as land disputes, complaints about lowered services because of the influx of new residents, and harsh memories of conflict.

Locally based approaches that work within broad national parameters would allow for many of the reintegration's more detailed terms to be negotiated by primary stakeholders. But to avoid turning this genuine need into another

small-project feeding frenzy, Afghanistan needs a two-tiered mechanism for dealing with these problems. On the first tier, because nobody knows how many people will return or exactly where they will go, Afghanistan will need an established, national platform such as the Citizen's Charter that covers very large areas but operates in a decentralized and participatory way to ensure community members can gain access to basic services.²⁰ On the second tier, local communities and their leadership can set the terms for reintegration using public discussions about eligibility and standards for compensation, thereby avoiding the common problem of rewarding the combatants but not the victims. However, even the existing community-based programs, including the Citizens' Charter, would need to graft on additional mechanisms and partnerships with specialized NGOs for conflict resolution, mediation, and new agreements for returnees.

Focus on job creation as a first-order priority. Without significant job creation, no peace agreement will hold for long. All sides, including the Taliban, acknowledge the need for growth. Both the government and donors have in the past overestimated the impact of "magic bullet" growth investments, such as mining corridors. The three biggest problems are that there are far more projects being proposed than there are funds to support them; many of the proposed projects are paper designs that will take much more work to bring to a state where they can be built; and major infrastructure projects take years to develop, but the jobs are needed now. In short, the government needs to make some trade-offs. To sustain at least the first phase of peace, jobs today matter more than growth tomorrow. Depending on how credible and sustainable the peace process is deemed to be by investors, peace may bring capital back to the country and possibly even allow for some government borrowing. But in the short and medium term, the government should give priority to using its limited fiscal resources to create jobs.

Provide security. Both family violence and criminal gangs contribute to perpetuating conflict and blocking the development of vibrant local economies that Afghanistan needs in order to benefit from overall growth. The debilitating effect of local violence on poor people's economic initiative and well-being has been well documented globally.²¹ However, local policing and other forms of security provision for ordinary people have usually fallen between the cracks of the security/development division of labor. Investing in the prevention of enhanced criminality can limit the damage and open a wholly new environment for local businesses and jobs. This, however, is a tough challenge. Critical actions will include redirecting and limiting police work to civilian protection, drawing clear lines between police and military mandates, paying police officers properly, and building esprit de corps around civilian service.

Conclusion

The prospects of a peace settlement in Afghanistan are better than they have ever been in the last decade and a half. Unfortunately, the risks of state failure and renewed conflict are extremely high.

With peace, donors will have to move beyond discomfort with the Taliban and find new ways to deal with a changed Afghan government, particularly during the transitional period when risks of collapse into conflict or a turn toward authoritarianism are at their highest. Recent history offers valuable lessons for how to manage the transition, sustain a peace, and restart national development. The Afghan government and its partners can draw on those lessons. The outcome of the 2019 elections may not have resolved all political infighting, but the major players are now part of the government or tied in some way to those who are. They can be held accountable for their ministries, and those emerging leaders who would like to be remembered as the ones who led Afghanistan's recovery from forty years of conflict can be helped by donors to direct reforms and champion national rebuilding.

However, the risks of donor fatigue are very high. With war, the Afghanistan government could credibly claim that political compromises and all of the corruption and inefficiency they entailed were the only way to resist the insurgency. With peace, Afghanistan is just another aid-dependent fragile state. Without war, this claim of necessity turns into an excuse for failure to act. Afghanistan's leadership so far does not seem fully aware of just how high the risks are of Afghanistan's major donor partners leaving the country for regional powers to aid and squabble over.

Much of the story of politics in Afghanistan since 2001 has been about who can capture the state and its access to development resources. If that continues without change, any peace that is reached will soon crumble as the available money to share shrinks. In addition, much of the post-peace agreement thinking seems poised to repeat the problems of peace settlements elsewhere: economic distortions caused by too much money poorly spent; demobilization and reintegration programs that reward combatants but not victims; and reimposition of donor-created parallel structures that have no chance of being sustained over time and can retrigger conflict once they end. That outcome is not a foregone conclusion. Moving from state capture to state effectiveness is in some ways now more possible than ever before, despite the likely reduction in resourcing. Donors have a role to play by insisting that ministries are professionally staffed and competently run and by refusing to support those that are not.

Afghanistan has no shortage of talent or vision. A carefully handled reduction in aid that still provides predictability and advances self-reliance can let Afghanistan join the club of post-conflict success stories that already includes Indonesia, Vietnam, Colombia, Rwanda, and Ethiopia, among other countries. Whether the government has the commitment and staying power to move beyond a peace deal among elites to a country that builds an economy and brings development to its people remains to be seen.

Notes

1. See *World Development Report 2011: Conflict, Security, and Development* (Washington: World Bank, 2011). See also Christine Cheng, Jonathan Goodhand, and Patrick Meehan, “Securing and Sustaining Elite Bargains that Reduce Violent Conflict,” Stabilisation Unit, Government of the United Kingdom, April 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765882/Elite_Bargains_and_Political_Deals_Project_-_Synthesis_Paper.pdf.
2. Matt Andrews, Lant Pritchett, and Michael Woolcock, *Building State Capability: Evidence, Analysis, Action* (Oxford, UK: Oxford University Press, 2018).
3. Kate Clark, “The Cost of Support to Afghanistan: Considering Inequality, Poverty, and Lack of Democracy through the ‘Rentier State’ Lens,” *Afghanistan Analysts Network*, May 2020, www.afghanistan-analysts.org/en/wp-content/uploads/sites/2/2020/05/20200528-Rentier-1.pdf.
4. Afghanistan Central Statistics Organization, *Afghanistan Living Conditions Survey, 2016–17* (Kabul: 2017).
5. The “London” and “Brussels” modifiers refer to the cities hosting the inter-ministerial conferences on Afghanistan where the Afghan government formally presented the policy frameworks to the international community. See, respectively, “Realizing Self-Reliance: Commitments to Reforms and Renewed Partnerships,” December 2014, www.europarl.europa.eu/meetdocs/2014_2019/documents/d-af/dv/realizing-self-reliance/realizing-self-reliance.pdf; and “Afghanistan National Peace and Development Framework (ANPDF): 2017 to 2021,” 2016, www.afghanistan-un.org/wp-content/uploads/2016/10/ANPDF.pdf.
6. This somewhat oversimplified characterization is drawn from Andrews, Pritchett, and Woolcock, *Building State Capability*.
7. On backsliding, see especially United Nations Assistance Mission in Afghanistan, “Afghanistan’s Fight against Corruption: Crucial for Peace and Prosperity,” June 2020, https://unama.unmissions.org/sites/default/files/afghanistans_fight_against_corruption_crucial_for_peace_and_prosperity_june_2020-english.pdf. On the challenges of reforms to the Ministry of Interior, which manages the police, see Kate Clark, “Reforming the Afghan Ministry of Interior: A Way to ‘Tilt’ the War?,” *Afghanistan Analysts Network*, June 9, 2017, www.afghanistan-analysts.org/en/reports/war-and-peace/reforming-the-afghan-ministry-of-interior-a-way-to-tilt-the-war.
8. On the issue of cultural imports and resentment undermining the democratization agenda, see especially Ivan Krastev and Stephen Holmes, *The Light that Failed: Why the West Is Losing the Fight for Democracy* (New York: Pegasus Books, 2020). Krastev and Holmes write that “the form of comprehensive institutional imitation at issue involves, first, the acknowledged moral superiority of the imitated over their imitators, second, a political model that claims to have eliminated all viable alternatives, third, an expectation that the imitation will be unconditional rather than adapted to local traditions, and, fourth, a presumption that representatives of the imitated (and therefore implicitly superior) countries could legitimately claim a right to monitor and evaluate the progress of imitating countries on an ongoing basis.”
9. The partial exception to this critique was the High Economic Council, which initially functioned well to filter development priorities and insist on clear design analysis for any project proposed for funding. However, over time, increasing numbers of last-minute “political” projects were forced onto the agenda and then into the budget.
10. Not all of these 206 conditions came from the US side, though most did. Once a conditions feeding frenzy starts, it is much easier to keep piling on new commitments than to apply the analytical discipline needed to stay focused on what matters.
11. Just to be clear, both China and India, for all their talk of supporting the Afghan government’s self-reliance, are particularly reluctant to register their projects in Afghanistan’s national budget.
12. Special Inspector General for Afghanistan Reconstruction (SIGAR), “Afghanistan Reconstruction Trust Fund: The World Bank Needs to Improve How It Monitors Implementation, Shares Information, and Determines the Impact of Donor Contributions,” SIGAR 18-42 Audit Report, April 2018, www.sigar.mil/pdf/audits/SIGAR-18-42-AR.pdf. See also Afghanistan Reconstruction Trust Fund, *Taking Charge: Government Ownership in a Complex Context* (Kabul: 2017).
13. While it is beyond the scope of this paper to discuss pathways for sustaining a peace that has not yet been negotiated, several reviews document the tight link between peace agreements, state capacity, and clearly defined roles for third-party actors. See, for example, Maire Braniff, “After Agreement: The Challenges of Implementing Peace,” *Shared Space* 14 (2012): 15–28.
14. It should be emphasized that actors from both sides pose these risks: the soon-to-be demobilized Afghan Local Police are but one example of government paramilitary organizations that are at least as likely to join bandit gangs as former Taliban are.
15. According to the World Bank’s *World Development Report 2011: Conflict, Security, and Development*, 90 percent of the conflicts in the first decade of the twenty-first century occurred in countries that had experienced a civil war in the previous thirty years.
16. Unfortunately, between fallout from COVID-19, high population growth (including migrants who will return when the security situation improves), and reduced global demand for primary commodities, most short- and medium-term scenarios for the Afghan

economy are grim, regardless of what reforms or investments the government makes. Donors would do well to avoid pulling the rug out from under peace by cutting aid too rapidly, without taking into account the depressed external environment. On the slightly more positive side, the formal economy is so small that productive investments and reforms that enable private investment can generate measurable improvements surprisingly quickly.

17. On this, see especially Benedict Anderson, *Imagined Communities* (New York, Verso Press, 1983).
18. Andrew Laing, "Policy-Based Budgeting: How to Spot the 'Fakes,'" *Public Financial Management* (blog), International Monetary Fund, January 13, 2020, <https://blog-pfm.imf.org/pfmblog/2020/01/policy-based-budgeting-how-to-spot-the-fakes.html>.
19. There is an ongoing (and interminable) argument over whether Afghanistan's structure of government needs to be overhauled and decentralized. This is an important question that only Afghans can resolve. Even so, it is the case that much greater authority and far more resources can be pushed downward under *any* system of government, including the kind of unitary system that Afghanistan possesses today.
20. Citizen's Charter is the successor to the National Solidarity Project (NSP). Both programs work through locally elected Citizen's Development Councils. NSP covered the entire country; Citizen's Charter currently operates in thirteen thousand communities but is also being scaled up to cover the entire country as part of Afghanistan's COVID-19 response. Both programs are built around NGO-facilitated community planning and management.
21. See Deepa Narayan et al., *Can Anyone Hear Us?: Voices of the Poor* (Washington: World Bank, 2000).

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