



**HOW TO STAY IN AFGHANISTAN FOREVER:  
UNLEARNED LESSONS FROM PLANET AID**

# First Principles

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- ◉ Make sure that armies are doing everything except fighting a war
- ◉ Ensure that development planning can only look forward across one year, keeping development actors in a constant state of flux to ensure that although much money is spent, nothing is achieved
- ◉ Duplicate as much as possible
- ◉ Buy off powerful individuals and don't pay attention to the fact that empowering unelected appointees de-legitimizes government in the eyes of the people
- ◉ Make sure that already weak institutions are not supported to develop their own direction or policies, and instead are kept in a constant state of anticipation about what donor driven idea will walk through their door next

## Putting Bad Theory Into Bad Practice: 5 Useful Starting Points

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- ◉ Afghans should follow the American constitution instead of the Afghan one
- ◉ Off-budget financing is better than making the Afghan budget work
- ◉ Many small projects are better than fewer big ones
- ◉ Build thousands of assets without any plan for sustaining them
- ◉ Restrict rule of law to justice sector reform. And build lots of prisons

# How to Undermine a Unitary State

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- ◎ Pay provincial and district governors to duplicate what the health, education, and agriculture ministries were set up to do
- ◎ Drain out as many qualified civil servants as you can
- ◎ Encourage contractors to ventriloquise your counterpart's ministries



# Why Off-budget Financing is Bad



“The building itself was completed, however, all of the windows that were installed have since been broken. All of the rooms are barren, there are no chalkboards or desks for the students, and obviously no school supplies at this time.”

# Off-budget aid is corruption prone!

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- ◉ Donor aid comes through multiple, hard to track projects
- ◉ Money provided to government entities remains off the books
- ◉ There is significant amounts of sub-contracting
- ◉ Every player in the aid life-cycle has different levels of controls
- ◉ Cash is widely used
- ◉ Double-counting is rife (with the extra benefit of abetting ministerial corruption that can report as completed things they didn't actually build)
- ◉ Every project requires reports but not all reports come from a robust financial application – some could be fiction

# MOVING FORWARD



# Development's Transition

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- ◉ Describe realistic timeframes (surely aid will continue at some level after the military goes)
- ◉ Reduce aid dependency through rising revenue
- ◉ Make core government systems operate
- ◉ Handover sequences are benchmarked and monitored
- ◉ External TA is replaced by qualified Afghans
- ◉ Private sector becomes driver of job creation

# Starting points....

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- ◉ Define minimal core state functions
- ◉ The budget has to become the primary tool for development policy
- ◉ Financial flows extend past MOF's doors
- ◉ Complexity must match capacity
- ◉ Benefits must be tangible and desired
- ◉ Afghanistan is desperately poor. Jobs trump everything else.



# One possible model for exit

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- ◎ Good budget execution and monitoring at the top
- ◎ Limited number of very large, broad delivery programs w/outourced execution
- ◎ Provinces take on Operations & Maintenance
- ◎ Selected “charismatic” large capital investments continued by donor partners
- ◎ Defined plans for T.A. handover

**National Solidarity Programme**  
**Ministry of Rural Rehabilitation and Development**  
**NSP Coverage by Districts**  
**November 2010**

**Legend**

- International Boundary
- Provincial Boundaries
- District Boundary
- Community Development Council coverage #

Province	Districts covered	# of Communities covered	# of Communities not covered
Badkhashan	1	1	0
Badkhashan	2	2	0
Badkhashan	3	3	0
Badkhashan	4	4	0
Badkhashan	5	5	0
Badkhashan	6	6	0
Badkhashan	7	7	0
Badkhashan	8	8	0
Badkhashan	9	9	0
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Badkhashan	109	109	0

# NSP village coverage, 2010

# NSP in Brief

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- ◉ Afghans staff all senior positions
- ◉ Currently reaches 23,000 villages
- ◉ 44,000 subprojects completed
- ◉ Measured gains in government legitimacy
- ◉ \$800 million disbursed
- ◉ Corruption exists but is tracked and acted upon

# NSP Reaches Villagers



NSP creates women's councils



Builds and repairs village infrastructure



NSP provides voice and representation

# Why Does NSP's Design Work?

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- ◉ Government apex role is strong but simple
- ◉ Execution is outsourced
- ◉ High transparency and standardization
- ◉ Streamlined disbursements
- ◉ Invested in ministry's development
- ◉ Strong M&E with expat help

*But*

- ◉ Senior staff cannot visit field often because of transport problems
- ◉ Unpredictable contributions block strategic planning



## B. Status of National Programs

Name	Major Outputs
National Solidarity	24,900 communities active, 20 million man-days labor
National Rural Access	1.5 million man days labor provided
Health	20,000 community health workers deployed
Education	6.5 million children enrolled 20,000 teachers in 2002 170,000 teachers today

# Core Budget is Reaching Provinces

## Core Recurrent Budget 1388-1389

	Budget Allotment		Expenditure	
	1388	1389	1388	1389
Balkh	10 072 058 478	7 096 941 517	6 991 093 934	4 815 709 466
Bamyan	3 834 497 081	2 872 490 792	3 088 948 721	1 776 777 017
Laghman	948 615 891	518 750 584	919 859 992	414 312 000

# Perception Survey: Snapshot of Findings

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- ◉ Local Governance: appreciation of the governor in all 3 districts seems relatively high. Mixed review of the justice system
- ◉ Health & Education: people generally believe that significant progresses have been made over the past 9 years in health and education, but mostly in terms of infrastructure. Perceptions are less positive when assessing the quality of the services (skills and competences of teachers and health staff, lack of text books), particularly in health since the change of executing NGO
- ◉ Economic Activities: Employment remains the #1 concern of Afghans / a certain dependency on what and how much the GIRoA should “provide”: in agriculture for example, farmers across the wealth line mention seeds, improved seeds, livestock, storage, marketing , etc...

## C. Make the Budget Work

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- ◉ Using the budget to set priorities
- ◉ PFM as constraints reduction all the way to point of delivery, not just w/in MOF
- ◉ Consolidate programs
- ◉ Incentivize performance/sanction non-performance

## D. Build Afghan Capacities

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- ◎ The Civilian Ebb
- ◎ Demand-driven expertise (i.e. CTAP)
- ◎ Unify administrative reform programs
- ◎ Increase twinning and in-service execution
- ◎ Direct training towards core needs



## E. Use Donor-delivered Aid for Transformative Growth

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### ◎ High Cost, Big Capital Investments

- Large-scale connectivity
- Water resource development

### ◎ Very Specialized Support

## Recap: Use the Knowledge That We Already Have

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- ◉ Nation-building is about leadership, citizenship, and the compact between them
- ◉ The Karzai government cannot be held accountable for processes over which it has little or no control
- ◉ Building systems is more useful than building projects
- ◉ Development by definition means taking the longer term view
- ◉ Too much T.A. is a poisoned chalice

# Designs for Success

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- ◉ Less money better spent will achieve more and be more sustainable
- ◉ Invest in people, not things
- ◉ Keep programs large, limited, and simple
- ◉ Recognize and remove our own distortions
- ◉ Measure and monitor progress on transfer

THANK YOU!



# Backup Notes:

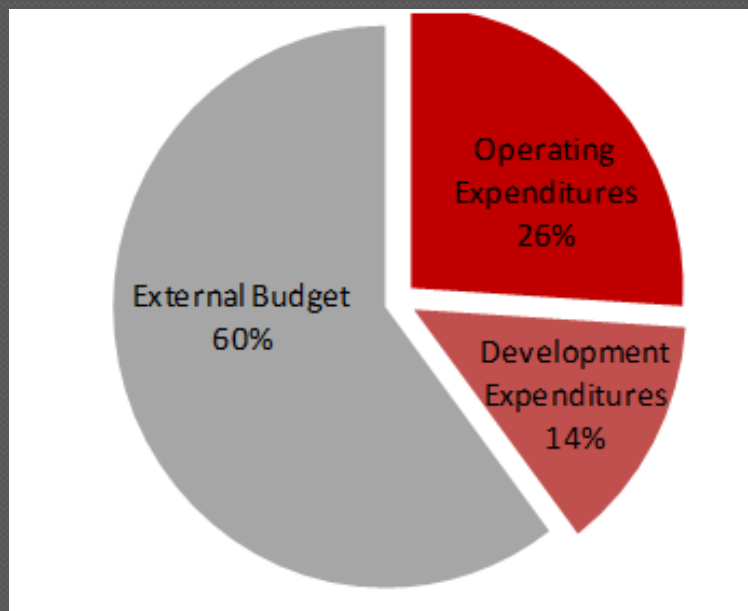
- The transition in fiscal terms
- Closeting the Rule of Law (see the rule of law's closet)



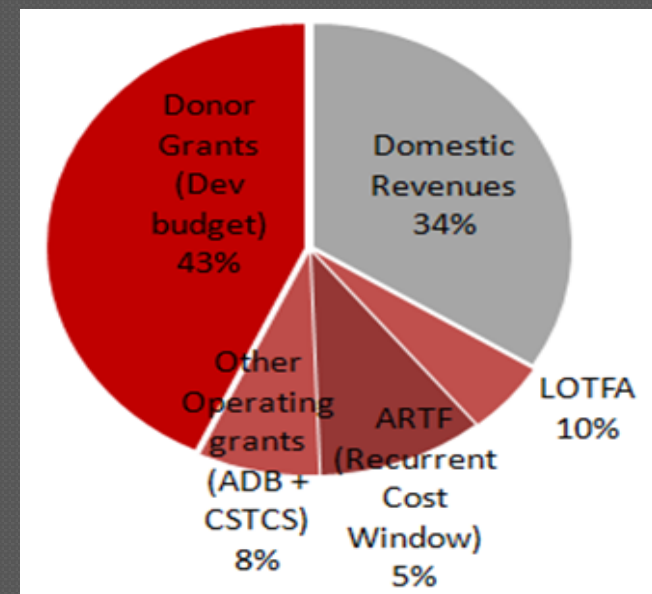
# Budgetary Transition: Public Spending Depends on External Financing

- Domestic revenues only cover 1/5 of public spending
- 2/3 of public spending is Off-Budget,
  - Government estimates external budget at \$6 billion 2010/11, donors report \$9 billion

Total Budget 2010/11



Core Budget Financing 2010/11



• Total Budget 2010/11 est US\$ 6 billion, core budget US\$ 4.6 billion

# What are the Fiscal Implications of Transition for GOIRoA's Budget?

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Achieving fiscal sustainability will require:

- ◉ **Substituting Donor grants** to the operating & development budget.
- ◉ **Assuming external budget obligations** on the operating budget
- ◉ **Paying for a share of TA**, advisors/ consultants performing civil service functions.
  - Building capacity of Afghans to assume those functions.
- ◉ **Funding the Kabul process**
  - Assuming large share of the NPPS (NSP, security, etc)
- ◉ **Investment on O&M-** to maintain acquired assets
- ◉ **Assuring Security Spending one way or the other**

# The “How Not to Do Justice” Slide

- ◉ Devote no time whatsoever to what the majority of the population actually needs from government and focus solely on criminal justice.
- ◉ Build parallel systems for the issues that you have particular interest in., like counter-terrorism.: special courts, special prosecutors, and if you can, special judges. This will drain most of the talent from the already weak legal system and ensure that regular crimes have even less chance of being dealt with.
- ◉ Do not undertake core institutional strengthening - HR, financial or management. Legal institutions never need this - they only need people who are legally trained.
- ◉ Suggest highly computerized case management systems in a country which struggles to house, let alone in a building with power, its legal staff
- ◉ Inject lawyers from completely different systems into the institutions to ensure there are a multitude of approaches being taken.
- ◉ Tell senior judges that their laws are wrong and need to be changed.
- ◉ Put a lot of work into legislative change but don't think about what it will take to actually implement any of this new legislation.

# Prosecutors Office, Kabul

