

Jeremiah S. Pam

*THE RISE AND FALL OF AFGHAN*  
*“SUBNATIONAL” GOVERNANCE IN GENERAL:*  
*And The Belated Recognition of the Importance of*  
*Provincial Governance and Finance in Particular*

Saltzman Working Paper No. 25

August 2015

Saltzman Working Papers are drafts of research or essays in progress. They should be regarded as preliminary and do not represent the final considered judgments of the authors. The authors welcome comments that might contribute to revision of the papers before publication. As works in progress, the papers should be quoted or cited only with the permission of the author. The Saltzman Institute does not take positions; analysis, arguments, and opinions in the Saltzman Working Papers are those of the authors alone and should not be attributed to the Saltzman Institute or Columbia University.

**Jeremiah Pam** is a Research Scholar at the Saltzman Institute of War and Peace Studies at Columbia University. His research interests include strategy in managing international security and financial crises, and the consequences of changing views and practices over the last century regarding the role of non-government professional experience in public service and of government experience in private practice. From 2010-2012, Pam was a diplomat with the State Department at the U.S. Embassy in Kabul and served as the Governance Policy Chief. From 2006-7, Pam was a Treasury Department diplomat at the U.S. Embassy in Baghdad and served as the Financial Attaché for Iraq. In 2008 and 2009 he helped lead strategic assessments of U.S. and international policies in the Middle East and Central Asia for U.S. civilian and military agencies. Previously, from 2000-2006 Pam was an international finance lawyer based in New York and specialized in advising foreign governments on sovereign debt restructuring during financial crises. Early in his career Pam served for four years as an officer in the U.S. Air Force followed by three months on the U.S. National Security Council staff as part of a graduate internship program. Pam holds a J.D. degree and a certificate in international and comparative law from Columbia Law School, an M.A. degree in Political Science from Columbia University, and an A.B. degree in Social Studies from Harvard College.

I acknowledge with gratitude support for this project from the United States Institute of Peace (USP14PO0180) and the many valuable insights shared in conversations with Afghan, U.S. and international officials and other experts in Kabul, Washington and London.

میدیندند دیگران سرب ختها خوش میگیرند، یاد سرخود هاب دبختها

Unfortunates learn from their own mistakes, and the lucky ones learn from others' mistakes.

Afghan Dari proverb

## Introduction

Throughout the international community's more than thirteen years of work with the government and society of Afghanistan since the end of 2001, very possibly the issue of greatest importance – after, of course, the fundamental prerequisite of minimal security – has been governance.

While the term “governance” can and has been used to refer to a sometimes bewildering range of things, in this context it can also be defined fairly straightforwardly: the Afghan state's ability to meet reasonable Afghan expectations for deciding, securing financing for, and performing civilian (i.e., non-security) governmental functions. And within this general definition, in post-2001 Afghanistan probably the most challenging dimension is what has come to be called “subnational” governance – namely, the provision of governance in all of the areas of Afghanistan beyond its capital and most populous city, Kabul.

Having now passed the end of the international community's very large-scale physical presence in Afghanistan at the end of 2014,<sup>1</sup> the government and society of Afghanistan today have a rare opportunity to consider the crucial question of how to approach both national and subnational governance<sup>2</sup> while benefiting

---

<sup>1</sup> This very large-scale international presence and commitment is clearly distinguished from the international community's much smaller scale continuing security, financial and developmental assistance post-2014. Thus far, the latter seems unlikely to be significantly changed by either the Obama administration's agreement with the new Afghan government of President Ashraf Ghani on a bilateral security agreement on September 30, 2014 or the subsequent U.S. agreement with Afghanistan announced on March 24, 2015 to draw down the final 10,000 U.S. troops more slowly. See Declan Walsh and Azam Ahmed, “Mending Alliance, U.S. and Afghanistan Sign Long-Term Security Agreement,” *The New York Times*, September 30, 2014; and Michael D. Shear and Mark Mazetti, “U.S. to Delay Pullout of Troops from Afghanistan to Aid Strikes,” *The New York Times*, March 24, 2015.

<sup>2</sup> The two of these are, as we will see, integrally linked as a result of Afghanistan's Constitution and history.

from some retrospective insight into which approaches over the past thirteen years have, and have not, worked – and why.

While it may be relatively easy to reach the general conclusion that the record of the international community's work with Afghanistan's government to strengthen subnational governance has been mixed at best – with many imperfect experiments, a few successful ones, and some on which the jury is still out – a more pointed question of particular relevance to this report stands out: how and why did the international community and the Afghan government spend so much effort trying to strengthen or establish formal governance<sup>3</sup> at the “subnational” level, yet produce what appear to be such disappointing results in terms of lasting improvements?

This report attempts a stock-taking and explanation of this record, developing the central argument that a major reason for the disappointing achievements in “subnational” governance lies with the vagueness of the “subnational” concept itself.

This vagueness – sometimes inadvertent, sometimes deliberate, and sometimes both simultaneously – allowed the Afghan government and the international community to repeatedly evade two inquiries that it should have been obvious would be critical to the success of this aspect of the Afghan state-strengthening effort: first, a realistic assessment of where (specifically, at what levels of government beyond Kabul) the strongest organizational resources for and historical practices of formal governance already existed; and second, a realistic prioritization of Afghan and international efforts and resources to strengthen governance

---

<sup>3</sup> Like the concept of governance itself, the distinction between formal and informal governance has been understood in varying ways in different contexts. While the two necessarily lie on a continuum, this report generally distinguishes formal from informal governance not only by the degree of official government control – per the USIP & US Army PKSOI definition of informal in their *Guiding Principles* as “a system, process, or institution that is not officially controlled by the government” (see U.S. Institute of Peace and the U.S. Army Peacekeeping and Stability Operations Institute, *Guiding Principles for Stabilization and Reconstruction* [2009], p. 11-230) – but also by the extent of formal organization.

beyond Kabul, in light of both that history and the unavoidable objective of the eventual sustainability of governance by the Afghan state and people.

The principal motivation for this report is to attempt to answer the forward-looking question of how Afghanistan can most effectively approach subnational governance in the post-2014 period. However, the development of “subnational” governance policy and practice has been integrally related to the evolution of the overall Afghan and international efforts post-2001 to stabilize and strengthen the state of Afghanistan. As a result, it is impossible to examine civilian governance institution strengthening efforts separately from the parallel (albeit larger, and usually dominant) security efforts.

Accordingly, this report gleans key lessons learned from past efforts to strengthen Afghan governance beyond Kabul in a somewhat indirect manner: by reviewing, in a summary but step-by-step manner, the evolution of the international community and Afghan government’s broader post-2001 effort to strengthen Afghanistan as a whole, and then identifying and explaining at each stage the implications for the “subnational” governance strengthening effort. In short, the report is structured according to the idea that much of what has been learned (both positive and negative) about strengthening governance and finance beyond Kabul can only be described and illustrated by close reference to the broader evolution of post-2001 Afghanistan policy and practice.

Following this hybrid review and analysis, the report concludes briefly with a deliberately few recommended priorities for the Afghan and international efforts to continue strengthening governance beyond Kabul in the near and medium-terms. This parsimony in recommendations reflects two other related themes of this report: that both the Afghan government and the international community have repeatedly erred by being unable and/or unwilling to prioritize in developing and implementing strategic objectives (particularly but by no means

exclusively for governance), and in assuming too great a capacity for transformational change in relatively brief (e.g., 1-3 year) time periods.

For the purpose of this review, the report will divide the evolution of the Afghan government's and the international community's approaches to subnational governance into six (simplified and often overlapping, but nonetheless analytically useful) stages:

1. Dec. 2001 – Sep. 2005, when the principal objective was the establishment and completion of the Kabul-focused Bonn process;
2. Mid-2005 – end-2006, when there was an increasing awareness of the general importance of “subnational” governance (related to the return of the Taliban as a significant fighting force in the countryside), but without sufficient clarity and specificity on the key question of which kinds of subnational governance, at what levels of government, were most viable in Afghanistan in the near- and medium-term;
3. 2007-2008, when increasing international attention (and the commitment of moderately greater resources) to Afghanistan first began to make the unresolved ambiguities of “subnational” governance bite;
4. 2009 – mid-2010, when the Obama administration decided on and set in motion multiple “surges” of military forces, civilian officials and increased financial assistance, but did not resolve the vagueness about the meaning of “subnational” governance;
5. 2010 – mid-2012, when the substantial new resources of the surges were fully in place and were deployed to tackle “subnational” governance still more aggressively (particularly in a subset of Afghanistan's approximately 400 districts), with the effect of further intensifying the contradictions inherent in the vagueness of the subnational governance concept (particularly the failure to prioritize the role of the 34 provinces within the subnational governance effort); and lastly
6. Mid-2012 – present, when the ‘fog’ of the surge (and the associated resources) slowly cleared, belatedly allowing some greater clarity to emerge both about the primary importance of Afghanistan's provincial administrations to providing formal governance beyond Kabul and about the long-obscured costs of Afghan administrative and (even partial) financial sustainment of governmental services beyond Kabul.

As noted above, following the critical discussion of subnational governance during each of these periods, the report concludes with some brief recommendations looking toward the future.

\* \* \*

*I. December 2001 – September 2005: Establishment and Completion of the Kabul-Focused Bonn Process*

Following the ouster of the Taliban government by U.S. and Afghan forces from October 7 – December 7, 2001, the United Nations-sponsored Bonn Conference held on December 5, 2001 established an Interim Authority headed by Hamid Karzai and set out a roadmap for establishing a constitutional and democratic government of Afghanistan (the Bonn Process). Carrying out the tasks immediately required by these steps, primarily in Kabul, consumed the lion’s share of the attention of the Afghan and international officials working on reestablishing civil authority in Afghanistan, as well as that of the limited number of international forces deployed to Afghanistan, the International Security Assistance Force or ISAF (initially under UN, and then NATO, command and control), for most of the next four years.<sup>4</sup>

In June 2002, an Emergency Loya Jirga established an Afghan Transitional Administration, with powers largely based on the 1964 basic law that had established Afghanistan as a constitutional monarchy, to be headed by Hamid Karzai.<sup>5</sup> Constitutional drafting commissions were then appointed and worked to produce a draft constitution in advance of a Constitutional Loya Jirga that convened beginning on December 14, 2003.

During the Constitutional Loya Jirga’s deliberations, one of the principal debates was between advocates of a strongly presidentialist system that would concentrate most power in the office of a nationally elected President, and those of a parliamentary system that would make the chief executive directly accountable to

---

<sup>4</sup> At the same time, a separately authorized and commanded U.S./Coalition force conducted anti-Al Qaeda and anti-Taliban operations, primarily in the east and south.

<sup>5</sup> Barnett R. Rubin, *Afghanistan from the Cold War through the War on Terror*, New York: Oxford University Press, 2014, pp. 151-2.

a parliament with members elected from different regions. In Barnett Rubin's account, there were three major Afghan positions in this debate: that of Western-oriented reformers concerned about excessive control by regional powerbrokers or 'warlords', that of traditional Pashtun leaders who backed presidentialism because they assumed that Afghanistan would continue to be led by a Pashtun, and that of non-Pashtun leaders from regions other than the south and east (e.g., Tajik and Uzbek Afghans from the north) who also assumed that a Pashtun would likely be president and consequently looked to a parliamentary system to limit the president's ability to dictate all matters in all regions. The international community generally supported the presidentialist arguments of the reformers and Pashtuns out of a concern that the de facto power of regional warlords needed to be curbed.<sup>6</sup>

In the end, the reformers and Pashtuns (and internationals) carried the argument, reflecting what was probably a predominant view that although previous efforts to establish a highly-centralized government in Afghanistan (by both various Afghan regimes and the Soviets) had proved problematic, and strong presidentialism did run a risk of excessive concentration of power, the alternative apparent at the time – legitimating what was widely viewed as the dangerously strong power of regional warlords – was worse.<sup>7</sup>

With this fundamental issue decided, the Loya Jirga approved the Constitution by consensus on January 4, 2004 and it was ratified on January 26. Of particular note for national and subnational governance are the articles that provided the following:

- that Afghanistan is a "unitary and indivisible" state (as frequently contrasted with a federal state like the United States) (Art. 1);
- a nationally-elected president with a five year term (Art. 61) and the power to appoint provincial governors and district sub-governors (among other officials) (Art. 64);

---

<sup>6</sup> Thomas Barfield, *Afghanistan: A Cultural and Political History*, Princeton: Princeton University Press, 2010, p. 303. But for an alternative interpretation of the role of at least some warlords in Afghan governance, see Dipali Mukhopadhyay, *Warlords, Strongman Governors, and the State in Afghanistan*, Princeton: Princeton University Press, 2014.

<sup>7</sup> Rubin, pp. 156-67.



- a cabinet of ministers appointed by the President and approved by the National Assembly (Art. 71);
- a National Assembly with powers including (among others) approval of the national budget (Art. 90) and consisting of a lower house (Wolesi Jirga) with members elected from regional constituencies (Art. 83) and an upper house (Meshrano Jirga), one third of whose members are to be appointed by elected provincial councils, one third to be appointed by elected district councils, and one third appointed by the President (Art. 84);
- elected provincial councils in each province (Art. 138) responsible for giving “advice on important issues falling within the domain of the province” (Art. 139) and elected district and village councils (Art. 140);
- and finally (and quite vaguely), that “The government, while preserving the principle of centralism, shall ... delegate certain authorities to local administration units for the purpose of expediting and promoting economic, social, and cultural affairs, and increasing the participation of people in the development of the nation” (Art. 137).<sup>8</sup>

The presidential election called for under the constitution took place on October 9, 2004 and the winner, Hamid Karzai, became the first constitutionally elected president. While elections for the lower house of National Assembly were initially scheduled to take place at the same time, they were delayed in order to provide more time to organize for elections in the 34 provinces. They ended up taking place simultaneously with elections for the provincial councils on September 18, 2005.<sup>9</sup> This concluded the Bonn Process set out in December 2001.<sup>10</sup>

Apart from President Karzai’s appointment of provincial governors and district sub-governors, most of the governance-related activity in this initial period (including the organization of the nationwide elections in 2004 and 2005) was focused on establishing institutions and producing results in Kabul, with two exceptions. The

---

<sup>8</sup> Unofficial English translation of The Constitution of Afghanistan (ratified January 26, 2004), Islamic Republic of Afghanistan, available at <http://www.afghanembassy.com.pl/afg/images/pliki/TheConstitution.pdf>.

<sup>9</sup> Rubin, p. 256.

<sup>10</sup> Constitutionally-official elections for councils in Afghanistan’s nearly 400 districts and 40,000 villages were initially deferred indefinitely on grounds of impracticability – and have remained so in all the years since (although there have been periodic discussions about accepting district and village representative bodies formed non-constitutionally for other purposes as the constitutionally called for councils). Consequently, since 2005 the upper house of the National Assembly (Meshrano Jirga) has been constituted on an interim basis by the members appointed by the provincial councils and the president only.

main international military-led but not primarily combat related activity that occurred outside of Kabul during this period was the establishment of Provincial Reconstruction Teams or PRTs. The first of these were established by the U.S. military in late 2002 and early 2003 in a few of the most politically significant provincial capitals in order to provide some minimal non-combat related persistent presence and visibility, beginning with Paktia province in the east, Bamyan in the east-center, Kunduz and Balkh in the north, Kandahar in the south, and Herat in the west. As the command and control of ISAF transferred from the UN to NATO in 2003 and NATO expressed its willingness to expand its operations beyond Kabul, taking responsibility for PRTs became a way for NATO members to support the NATO mission in Afghanistan, and by 2005 there were PRTs in 22 provinces, led by eight countries in addition to the U.S. While the organization, modus operandi and resources available to each of the PRTs varied by country, all were predominantly military teams with some, but limited, participation by civilian diplomats and development experts. In part because provincial governors and district sub-governors were obvious focal points, PRTs initially devoted much of their efforts to supporting the presidentially-appointed executive officials in their provinces, as part of a broadly defined mission of helping the (presidentially-led) government in Kabul extend its writ.<sup>11</sup>

The other exception to the chiefly Kabul-oriented focus during this period was a program developed by the Ministry of Rural Rehabilitation and Development and the Ministry of Finance and initially funded by the World Bank (but eventually also substantially supported by other donors) called the National Solidarity Program (NSP), which has, in stages over the last decade, provided small, initially one-time (but now also including some second round), grants for the thousands of villages in Afghanistan to use on local projects decided by elected Community Development Councils.

---

<sup>11</sup> Robert M. Perito, *The U.S. Experience with Provincial Reconstruction Teams in Afghanistan: Lessons Identified*, U.S. Institute of Peace Special Report 152 (October 2005).

*II. Mid-2005 – end of 2006: Increasing Focus on Importance of “Subnational Governance” as Taliban Return, But Little Clarity About Which Kinds of Governance At What Levels Are Viable in Afghanistan*

As the conclusion of the Bonn Process came into view, there was perhaps a natural temptation for broader international attention to Afghanistan to flag. The part of the international community dedicated to focusing on Afghanistan tried to compensate for this by working with the government on two related exercises: the development of an Interim Afghanistan National Development Strategy or I-ANDS, which was a prerequisite for Afghanistan to receive debt relief under the supervision of the World Bank and the IMF; and the Afghanistan Compact, which was a coordinated but less detailed agreement with donors designed to line up the financing for the development strategy. The most striking new feature of both these analyses was their explicit recognition that the long dominant Kabul-centric approach (supplemented by some PRTs doing projects) was not enough to produce nationwide improvements in governance that would contribute to the country's overall stability.

This period also coincided with the regrouping of the Taliban as an organized fighting force and a significant resurgence of Taliban attacks, particularly in the east and south. The juxtaposition of the analytical exercise, inevitably based principally in Kabul, and the deterioration of the security situation outside Kabul served to reinforce the idea that this major new theme – that Afghanistan needed better governance and more development beyond Kabul – was a significant part of the explanation for the latter (the return of the Taliban). In short, many internationals and some Afghans became increasingly convinced that the way to make Afghanistan less inviting for a continued Taliban insurgency was for there to be more and better “subnational” – i.e., non-Kabul – governance and development.

But there were some important limitations to this conceptual framing, which would cause problems in the future. The first was a lack of clarity about what “subnational” could or should mean in the context of Afghanistan and its structure of governance. As we have seen, the levels of governance below the central

government in Kabul include provinces, districts, municipalities (ranging widely from the six or seven largest cities of longstanding regional and national significance, to the other smaller provincial capitals, and to the many, much smaller, district municipalities), and villages. However, by simultaneously encompassing any or all of these levels, the concept of “subnational” governance served to obscure the many important differences between them – as a legal and administrative matter within Afghanistan’s governmental system, in terms of size and capacity, and in the significant differences in the cost and feasibility of providing formal governance at levels with such widely varying numbers of units (e.g., 34 provinces vs. some 400 districts vs. more than 40,000 villages).

In part, this ambiguity was deliberate. In an international effort with many participants and donors, a vague definition of subnational governance allowed the widest variety of international initiatives to qualify as targeted at strengthening the increasingly talked about subnational dimensions of Afghan governance – whether targeted at provinces, villages, or anything in between. Furthermore, having a vague definition of “subnational” allowed international actors who preferred, or were simply more familiar with, something other than the unitary, centralized state established in the 2004 Constitution to advance their projects without feeling overly constrained by Afghanistan’s Constitution, administrative structure, and history.

Nonetheless, in a series of papers published from 2005-2007, Sarah Lister, Hamish Nixon and Andrew Wilder (individually and in various combinations), analysts then associated with the Afghanistan Research and Evaluation Unit (AREU) think tank, called attention to these ambiguities and attempted to introduce some greater clarity and specificity to contemporary discussions of subnational governance in the Afghanistan context.<sup>12</sup>

---

<sup>12</sup> Papers on subnational governance produced by these analysts during this period include Sarah Lister, “Caught in Confusion: Local Governance Structures in Afghanistan”, AREU Briefing Paper, March 2005; Sarah Lister and Andrew Wilder, “Strengthening Subnational Administration in Afghanistan: Technical Reform or State Building?”, *Public Administration and Development* 25, pp. 39-48 (2005); Sarah Lister and Hamish Nixon, “Provincial Governance Structures in Afghanistan: From

However, these efforts had only limited impact. Instead, as Sarah Lister incisively observed early on in 2005: “donors and other international bodies are moving ahead with their own assumptions about what is appropriate in the medium and long-term for Afghanistan. These assumptions are often informed by a widespread consensus among international actors about the desirability of quite advanced forms of decentralization. ... partly due to a belief that decentralization allows more direct participation and is therefore democratically ‘better.’”<sup>13</sup>

From an Afghan policy perspective this was problematic, because as we have seen Afghanistan’s 2004 Constitution reflected an explicit decision not to pursue most varieties of decentralization in favor of a specific interpretation of the meaning of “unitary state” that centralized many of the most important decisions in Kabul generally, and with the presidency in particular.

By doing so, the dominant Afghan interpretation of these constitutional decisions effectively left as the principal approach to decentralization available what is known as “deconcentration.” In deconcentration, central entities (such as ministries) can elect to devolve to their own subnational administrative units (e.g., the central ministries’ “departments” in each province) a greater share of that ministry’s responsibility for matters within its departments’ respective regions of responsibility (e.g., each province).

This is perhaps most easily illustrated concretely in terms of budgetary authority. In the Afghan system, virtually the only “primary budget units” (i.e., entities that can receive their own budget allocation in the national budget) are the central ministries. In this budgetary context, one of the principal ways

---

Confusion to Vision?”, AREU Briefing Paper, May 2006; Sarah Lister, “Understanding State-Building and Local Government in Afghanistan,” LSE Crisis States Working Paper No. 2 (May 2007); and Andrew Wilder and Sarah Lister, “State-Building at the Subnational Level in Afghanistan: A Missed Opportunity”, in Wolfgang Danspeckgruber and Robert Finn (eds.), *Building State and Security in Afghanistan*, Princeton: Princeton University Press, 2007, pp. 84-102.

<sup>13</sup> Sarah Lister, “Caught in Confusion: Local Governance Structures in Afghanistan,” p. 3.

deconcentration can take place is for a ministry (or ministries) to grant a greater role in some budgetary decision to its respective departments in the provinces.<sup>14</sup>

Crucially, for all ministries in Afghanistan, the first, and most developed, level of subnational administration is the ministries' provincial departments in each province. (In budget terms, these provincial departments are "secondary budget units".) And equally crucially, the officials of the provincial departments are part of, and work for, the central ministries (even though geographically separated from them). As a result of these direct ties, most ministries with national responsibilities have been committed to and (relatively) capable of staffing these provincial departments in order to enable the central ministries to operate in each province.

Consequently, the natural first stop for Afghans seeking to deconcentrate central ministerial authority subnationally under the Afghan system was, inevitably, the provinces. By contrast, districts are subordinate units of provinces, and while a few ministries had a tradition of staffing district offices where possible, maintaining significant capacity at (let alone devolving significant authority to) the district level is something that would typically be addressed by the ministries only as a secondary matter, after the provincial departments were taken care of.

In sum, the upshot of Afghanistan's system of public administration is that the subnational actors with the potentially greatest ability to directly influence central ministry decisions and access resources allocated via the national budget are (1) certainly at the province level, and (2) most likely neither the appointed provincial governors (which have a supporting but indirect relationship to the central ministries and only a broad

---

<sup>14</sup> The World Bank, "Service Delivery and Governance at the Sub-National Level in Afghanistan," July 2007, p. 4, available at: <http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/Publications/448813-1185293547967/4024814-1185293572457/report.pdf>. This report was one of a number of excellent analytical products produced by the World Bank during this period of growing interest in "subnational governance." However, like the AREU reports, they had only a limited impact on the understanding by the larger international civilian and military community (i.e., beyond governance and public financial management specialists) of Afghanistan's Constitution and administrative structure.

oversight relationship to the ministries' provincial departments)<sup>15</sup> nor the elected provincial councils (which lack any direct formal relationship to the central ministries), but rather the line ministries' provincial departments (which have an integral relationship to the ministries).

However, at this stage of the post-2001 effort – when the international community was belatedly waking up to the importance of doing more beyond Kabul – this was not necessarily what either the Afghan government or an international community suddenly very interested in “subnational governance” wanted to hear. From the perspective of the Afghan central government (constitutionally led, as we have seen, by the President), delegating greater responsibility to provincial officials not directly appointed by the President level risked empowering government officials that could potentially compete with central authority generally, and the central authority of the President in particular. From the perspective of international actors seeking to create a stronger bond between the central government and everyday Afghans with the primary goal of making the environment less conducive to insurgency, ministry department officials working in the provincial capitals could seem like distant, obscure functionaries hardly better than those in Kabul – particularly by comparison with either the ‘one-stop shop’ of presidentially-appointed provincial governors and district sub-governors, or the idealized assumption that the more local the official, the more responsive he or she would be to the needs of ordinary Afghans in districts and villages. Furthermore, from the perspective of international governance reformers, deconcentration can appear to be a quite limited form of decentralization by comparison with more ambitious approaches to devolving authority directly to the grass roots.

During this period in Afghanistan's post-2001 history, it was thus either not understood or ignored that the unitary state that the Afghans, with substantial involvement by the international community, had chosen to establish during the course of the Bonn Process, was most compatible with deconcentration to (non-

---

<sup>15</sup> See “The Legal Framework for Provincial Governors and Provincial Councils: Analysis” (Phase II of DFID-funded support to IDLG by Adam Smith International), September 2013, pp. 8-9.

governor) provincial officials – and ambiguous terms like “subnational governance” helped prevent many in the international community from focusing on it.

However, at the time of the 2005-2006 discussions about subnational governance, it remained unclear whether this confusion (both inadvertent and deliberate) about the meaning of “subnational governance” would matter much in practice, as international attention and resources devoted to Afghanistan was at something of a low ebb. This was due both to the conclusion of the Bonn Process and, for at least some countries, the distraction of the deteriorating security situation in Iraq, which was about to spur intensified international military efforts in that country.

### *III. 2007 – end 2008: Increasing Focus on and Resources for Afghanistan Begin to Make the Unresolved Ambiguities of “Subnational” Governance Bite*

Nonetheless, over the course of 2007, increased attention and resources, on both the military and civilian sides, began to shift to Afghanistan. In part this was a response to the increase in Taliban activity during 2006 and the steady expansion of the mission of the NATO-led ISAF. In the summer of 2006, ISAF for the first time took over responsibility for the strategically important south from the separate U.S. command, and proceeded to assign non-U.S. ISAF forces from the UK, Canada and the Netherlands lead responsibility for the provinces of Helmand, Kandahar and Uruzgun (respectively). U.S. forces that had been based in the south then shifted to reinforce the U.S. presence in the east, where some of the U.S. forces there also came under ISAF command later that fall. In February 2007, Gen. Dan McNeill became the first U.S. commander of ISAF. The following summer, Gen. McNeill’s American successor as ISAF commander, Gen. David



McKiernan, was designated to simultaneously serve as commander of the non-ISAF U.S. forces, thus for the first time putting a single American general in command of almost all international forces in the country.<sup>16</sup>

Between 2002 and 2007, the international forces had gradually grown from some 4,000 ISAF troops and 8,000 Americans under separate command (for a total of about 12,000 troops) in 2002, to a 2007 force of some 35,000 ISAF troops (including 14,000 Americans) plus an additional 8,000 Americans under U.S. command (for a total of 22,000 U.S. troops). In 2008, the total number of U.S. troops under Gen. McKiernan's dual commands would increase by a further 9,000 to 31,000 (in addition to some 20,000 non-US ISAF troops). Particularly for the U.S., this increased attention and resources was facilitated by the general improvement of the situation in Iraq.<sup>17</sup> The apparent success of the new counterinsurgency doctrine in Iraq was also thought to validate it as an effective framework for fighting insurgency in Afghanistan. Towards the end of 2008, these changed circumstances allowed the U.S. to divert some forces previously due to go to Iraq in January 2009 to be slated for Afghanistan instead.<sup>18</sup> On top of the prior troop increases that took place during 2008, this resulted in a U.S. force in Afghanistan as of January 2009 of some 36,000 troops.

Increased attention was also being given to Afghanistan in the U.S. presidential campaigns underway in 2007. Senator Barack Obama's first major national security speech, in August 2007, was titled "The War We Need to Win" and emphasized "getting out of Iraq and on to the right battlefield in Afghanistan and Pakistan." He committed that should he win he would direct to Afghanistan both two additional brigades of troops and

---

<sup>16</sup> Thom Shanker, "Gates Pushing Plan for Afghan Army," *The New York Times*, August 8, 2008.

<sup>17</sup> Paul D. Miller, "Lessons from Intelligence Support to Policymaking during Crises," *Studies in Intelligence*, Vol. 54, No. 2 (June 2010), p. 5: "In late 2007 and early 2008 the NSC staff saw the decline of violence in Iraq and the rapidly worsening violence in Afghanistan. We tried to refocus attention and resources on Afghanistan because we judged that our policy there would soon be in greater danger of failure – if it wasn't already – than it was in Iraq."

<sup>18</sup> Thom Shanker, "8,000 Troops to Leave Iraq Next Year," *The New York Times*, September 9, 2008.

an additional \$1 billion in non-military aid to be used to “fund projects at the local level to impact ordinary Afghans ... and develop the rule of law across the country.”<sup>19</sup>

On the governance policy front in Afghanistan, this new attention and increasing resources – U.S. civilian assistance to Afghanistan increased from \$1.1 billion in Fiscal Year 2006 to \$1.8 billion in FY2007 to \$2.1 billion in FY2008<sup>20</sup> – both motivated and helped Afghan and international officials begin to take steps toward implementing the ANDS’ emphasis on the importance of “subnational” governance. Among these steps was President Karzai’s establishment in an August 2007 decree of a new Independent Directorate of Local Governance or IDLG (out of a department previously belonging to the Ministry of Interior) as the institutional home for the president’s constitutionally-given responsibilities for appointing provincial governors and district sub-governors and supporting the governors’ offices and administrations generally. (Note that the term “local governance”, and thus the range of levels of government at which IDLG was to exercise its responsibilities, is roughly equivalent in vagueness to the term “subnational governance.”)

Following IDLG’s creation, in March 2008 U.S. Ambassador William Wood went so far as to say that “The most important change in Afghanistan on the civilian side in 2007 was the removal of responsibility for local government from the flawed Ministry of Interior.”<sup>21</sup> A New York Times article the following month described IDLG replacing corrupt officials in Wardak province and observed that “local governance like the effort here has become one of the most pressing issues in Afghanistan, Afghans, Western diplomats and NATO and American military officials say, and one that could determine the outcome of the still uncertain war in Afghanistan.” “Local governance,” the article went on, “is the buzzword on everyone’s lips...”<sup>22</sup>

---

<sup>19</sup> Barack Obama, Remarks in Washington, DC: “The War We Need to Win”, August 1, 2007, available at <http://www.presidency.ucsb.edu/ws/?pid=77040>.

<sup>20</sup> “DoS/USAID Foreign Assistance to Afghanistan” chart, in Department of State, “Status Report: Afghanistan and Pakistan Civilian Engagement”, Office of the Special Representative for Afghanistan and Pakistan, November 2011, p. 3.

<sup>21</sup> Ann Scott Tyson, “New Joint Effort Aims to Empower Afghan Tribes to Guard Themselves,” Washington Post, March 31, 2008.

<sup>22</sup> Carlotta Gall, “To Sideline Taliban, Afghan Agency Extends Government’s Reach,” The New York Times, April 24, 2008.

In sum, by the time 2008 ended, both the Afghan government and the international community in Afghanistan had moved a substantial distance from their primary focus on the central government through 2005 – in terms of organizations, in terms of resources, and in terms of the new policy emphasis on “subnational” or “local” governance. Nonetheless, both the formulation and implementation of that policy was still in a nascent stage,<sup>23</sup> and the vagueness inherent in the idea of “subnational” governance remained unclarified.

#### IV. 2009 – mid-2010: Obama’s Surges Further Intensify Contradictions of Continued Vagueness about “Subnational” Governance

Between his own campaign commitments to correct the under-resourcing of the “right battlefield” in Afghanistan and the increases in international military and civilian resources in Afghanistan that had already taken place during the 2007-2008 period, President Barack Obama took office on January 20, 2009 thinking that an important part of the policy framework for an intensified focus on Afghanistan already in place – namely, increased attention to the “subnational” dimensions of the war. Consequently, the chief questions affecting governance before him were the scale of the further increase in resources his administration would apply to that general subnational emphasis, and whether his administration was going to clarify any of the ambiguity associated with the emphasis since its introduction.

---

<sup>23</sup> In 2008, IDLG produced and circulated a first draft of a “Sub National Governance Policy,” but rather than representing any Government of Afghanistan consensus on subnational governance priorities the policy ideas were scattershot and substantively uncoordinated with the relevant government ministries, and the document was, in Hamish Nixon’s description, “an unwieldy amalgam of sound situation analysis, broad aims and complex policies that assigned wide-ranging and ambiguous responsibilities to many subnational governance institutions, rather than clarifying roles and relationships.” Hamish Nixon, “The ‘Subnational Governance’ Challenge and the Independent Directorate of Local Governance,” in Martine van Bijlert and Sari Kouvo, eds., *Snapshots of an Intervention: The Unlearned lessons of Afghanistan’s Decade of Assistance (2001-2011)* [2012], p. 121. Subsequent IDLG efforts to refine the policy were unable to overcome these basic flaws and the final draft policy of 2010 also suffered from what Frances Brown called its “catchall nature, lack of prioritization, and spectacular disconnect with the Afghan context.” Frances Z. Brown, “Rethinking Afghan Local Governance Aid After Transition,” U.S. Institute of Peace Special Report 349 (August 2014), p. 9.

President Obama tried to answer the question of scale almost immediately. After ordering within his first few days in office a high-level, 60-day review of policy towards Afghanistan and Pakistan headed by Bruce Riedel, he decided to approve an outstanding request from ISAF commander Gen. McKiernan for 17,000 additional troops on February 17 – a month before his Riedel review was due to complete its work.<sup>24</sup> When the review was complete and President Obama formally announced his “New Strategy for Afghanistan and Pakistan” with his Secretary of Defense Robert Gates and Secretary of State Hillary Clinton standing behind him on March 27, he announced that he would send 4,000 trainers in addition to the 17,000 combat troops previously approved, and coupled the military increases with a new emphasis on increased civilian resources to strengthen Afghanistan’s civilian governance: “This push must be joined by a dramatic increase in our civilian effort. ... So to advance security, opportunity and justice – not just in Kabul, but from the bottom up in the provinces – we need agricultural specialists and educators, engineers and lawyers. ... And that’s why I’m ordering a substantial increase in our civilians on the ground. ... And that’s why my budget includes indispensable investments in our State Department and foreign assistance programs.”<sup>25</sup> The White Paper of the Riedel policy review group that accompanied the president’s announcement emphasized the need to execute and resource “an integrated civilian-military counterinsurgency strategy” and “building up competent provincial and local governments where they can more directly serve the people and connect them to their government.”<sup>26</sup> In short, within his first 67 days in office President Obama nearly doubled the U.S. troops authorized for Afghanistan (from 36,000 to a total of 68,000 once related “enabling” forces were taken into account) and announced a major push to deploy a significant number of additional civilian personnel to work with Afghan government officials at all levels of government.

---

<sup>24</sup> Helene Cooper, “Putting Stamp on Afghan War, Obama Will Send 17,000 Troops,” *The New York Times*, February 18, 2009.

<sup>25</sup> Remarks by the President on a New Strategy for Afghanistan and Pakistan, The White House, March 27, 2009, available at: <http://www.whitehouse.gov/the-press-office/remarks-president-a-new-strategy-afghanistan-and-pakistan>.

<sup>26</sup> “White Paper of the interagency Policy Group’s Report on U.S. Policy toward Afghanistan and Pakistan”, available at: [http://www.whitehouse.gov/assets/documents/afghanistan\\_pakistan\\_white\\_paper\\_final.pdf](http://www.whitehouse.gov/assets/documents/afghanistan_pakistan_white_paper_final.pdf).

Notably, when Secretary of Defense Gates subsequently discussed President Obama's early Afghanistan decisions, he emphasized that as far he was concerned there was now "no need to ask for more troops ... until we see how the troops ... he already has approved ... are doing...."<sup>27</sup> As Gates notes in his memoir, this was consistent with his longstanding concern (going back to his experience at the CIA during the Soviet occupation of Afghanistan) about the risk that too heavy an international "footprint" would be counterproductive, as well as his general wariness of overambitious objectives. As he testified before a Senate committee in late January 2009, "If we set out to create [in Afghanistan] a central Asian Valhalla, we will lose. We need to keep our objectives realistic and limited, or we will set ourselves up for failure."<sup>28</sup>

Meanwhile, President Obama's new Ambassador in Kabul, retired Lt. Gen. Karl Eikenberry, was working with President Obama's new Special Representative for Afghanistan and Pakistan, Richard Holbrooke, to flesh out the President's commitment to a significant additional U.S. civilian presence in Afghanistan. ISAF had by this time established Provincial Reconstruction Teams in about 75% of Afghanistan's 34 provinces, with about half of them U.S.-led, and all of them could use some additional U.S. civilians. As part of the military increase announced, there would now be a number of new military intermediate headquarters (at the corps, division and brigade levels) where some civilian counterparts would also be useful. But Ambassador Eikenberry's big innovation in terms of civilian staffing was the idea of introducing smaller, district-level versions of Provincial Reconstruction Teams called District Support Teams or DSTs, complete with budgets that they could spend directly on any local needs they identified – in short, a civilian counterpart to U.S. military units' district-level use of Commander's Emergency Response Program or CERP funds to directly meet local needs in keeping with counterinsurgency doctrine's emphasis on "winning heart and minds." As there are close to 400 districts in Afghanistan's 34 provinces, starting to establish DSTs in even a fraction of Afghanistan's districts was a

---

<sup>27</sup> Secretary Robert Gates interview with Fox News, March 29, 2009, available at: <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4390>.

<sup>28</sup> Robert Gates, *Duty: Memoirs of a Secretary at War*, pp. 337-8. See also Elisabeth Bumiller, "Gates Securing a Role Under Another President," *The New York Times*, March 31, 2009.

task that could absorb a great number of additional civilian personnel in the field. Within a few months, Embassy Kabul and Washington had settled on a target of sending an additional 450 U.S. civilians to Afghanistan (covering all of the levels mentioned above, and more or less doubling the personnel under the ambassador's "Chief of Mission" authority) by March 2010.<sup>29</sup>

However, just as the military and civilian sides set about planning the logistics to implement their respective increases announced by the President on March 27, a new factor was introduced into the equation. By early May, Secretary Gates and the relevant senior military leaders had decided to replace Gen. McKiernan as commander of ISAF with Gen. Stanley McChrystal. When Secretary Gates gave the new assignment to Gen. McChrystal, he told him to conduct a 60-day assessment of the situation once he was on the ground and report back by the end of August.<sup>30</sup> Gen. McChrystal assembled an assessment team and proceeded to conduct a bottom-up assessment of the situation and what he thought he would need to respond to it in accordance with the counterinsurgency doctrine that he understood the President (or at least the Riedel group White Paper) had endorsed in March.

Secretary Gates' statements during the summer indicate that he did not expect Gen. McChrystal's assessment to conclude that he needed significant additional troops beyond those authorized in March. After all, most of those newly authorized forces had not yet arrived in country.<sup>31</sup> Furthermore, in a visit to Afghanistan in late June, President Obama's National Security Advisor James L. Jones had strongly signaled to senior U.S. commanders that the President regarded himself as having approved the major troop increases he was going to. In a subsequent news report by Bob Woodward, who accompanied Jones on the trip,

---

<sup>29</sup> Jackie Northam, "'Civilian Surge' Plan for Afghanistan Hits a Snag," NPR, September 19, 2009, available at: <http://www.npr.org/templates/story/story.php?storyId=112976965>.

<sup>30</sup> Gates, *Duty*, pp. 348-349. (Gates later noted in his memoir: "The president and I would rue the day I asked for that review." p. 349.)

<sup>31</sup> "Gates open to more troops in Afghanistan, if necessary," CNN, July 17, 2009, available at: <http://edition.cnn.com/2009/WORLD/asiapcf/07/17/us.gates.afghanistan>.

Woodward describes Jones telling the commanders “Well ... after all those additional troops, 17,000 plus 4,000 more, if there were new requests for force now, the president would quite likely have ‘a Whisky Tango Foxtrot moment.’ Everyone in the room caught the phonetic reference to WTF – which in military slang and elsewhere means ‘What the [expletive]?’” In an interview with Woodward during the trip, Jones reiterated that it was his view that “This will not be won by the military alone. We tried that for six years.” Instead, Jones emphasized the importance of the civilian dimension of the Afghanistan problem. “The piece of the strategy that has to work in the next year is economic development. If that is not done right, there are not enough troops in the world to succeed.”<sup>32</sup>

Nonetheless, it eventually became clear to senior U.S. leaders in Kabul and Washington that Gen. McChrystal’s assessment was likely to conclude that a fully-resourced counterinsurgency campaign would require substantial additional resources. When Secretary Gates received a report in mid-July from Chairman of the Joint Chiefs of Staff Michael Mullen that Gen. McChrystal might request as many as 40,000 additional troops, Gates says in his memoir “I nearly fell off my chair.” He goes on to say that “The only time as secretary of defense that I was truly alarmed was when I heard what McChrystal intended.” Gates decided he had to meet McChrystal immediately to try to reconcile the general’s reasoning behind requesting such an increase with Gates’ own frequently expressed concerns about “foreign armies ... reaching a ‘tipping point’ where the size of our presence and our conduct turned us into occupiers.”<sup>33</sup>

In Kabul, Ambassador Eikenberry, picking up similar signals about how Gen. McChrystal’s assessment was likely to conclude, decided he had to scale up his civilian side requests even further. Although the State Department had already planned to increase the civilian assistance budget from \$2.7 billion in FY2009 to

---

<sup>32</sup> Bob Woodward, “Key in Afghanistan: Economy, Not Military,” *The Washington Post*, July 1, 2009.

<sup>33</sup> Gates, *Duty*, pp. 353-55. See also “Bob Gates: America’s Secretary of War,” 60 Minutes interview with Katie Couric, May 14, 2009, available at: <http://www.cbsnews.com/news/bob-gates-americas-secretary-of-war/2>. (“At some point in this country the size of the foreign military footprint becomes a hindrance rather than a help. Because we begin to look like occupiers to the Afghans.”).

\$4.1 billion in FY2010 (which was virtually double the \$2.1 billion budgeted just one year before in FY2008), the Washington Post reported that Ambassador Eikenberry in late June sent back a cable saying that the civilian effort would need an additional \$2.5 billion (beyond the \$4.1 billion already budgeted).<sup>34</sup> He would also request many additional civilian personnel. Although it was no small challenge for the State Department and other civilian agencies to meet such dramatically increased personnel requirements so quickly, ultimately by November 2011 the State Department would report that “Since the beginning of the surge, the number of American government direct-hire civilians serving in Afghanistan has nearly quadrupled from around 320 to over 1200, working alongside Afghans and the U.S. military in Kabul and 80 locations throughout the country.”<sup>35</sup>

Gen. McChrystal submitted his classified commander’s assessment through his military chain of command on August 30 as scheduled, but his rationale for significant additional troops (although without specific numbers attached at this stage) was soon available for all to examine, as a copy was leaked to Bob Woodward of the Washington Post and the newspaper published a slightly redacted unclassified version of the entire assessment on September 21.<sup>36</sup> The key points of his assessment were straightforwardly presented: ISAF in Afghanistan is facing an environment that is “uniquely complex” and which must be met with a classic population-centric, comprehensive, and properly-resourced counterinsurgency campaign. ISAF is not currently configured for real counterinsurgency; consequently its operational culture must be substantially changed to connect with the Afghan people, and to improve international unity of effort and command. The two principal threats are the insurgency and an Afghan crisis of confidence in their government that has been caused principally by the security forces’ inability to protect the population and the

---

<sup>34</sup> Karen DeYoung and Greg Jaffe, “U.S. Ambassador Seeks More Money for Afghanistan Reconstruction,” The Washington Post, August 12, 2009.

<sup>35</sup> Department of State, Office of the Special Representative for Afghanistan and Pakistan, “Status Report: Afghanistan and Pakistan Civilian Engagement,” November 2011, p. 8.

<sup>36</sup> Bob Woodward, “McChrystal: More Forces or ‘Mission Failure’: Top U.S. Commander for Afghan War Calls Next 12 Months Decisive,” The Washington Post, September 21, 2009.



weakness of the Afghan government's governance. "There is little connection between the central government and the local populations, particularly in the rural areas. The top-down approach to developing government capacity has failed to provide services that reach local communities."<sup>37</sup> Gen. McChrystal described a strategy for success with four pillars. Pillars 1, 3 and 4 were: Improve effectiveness through partnering with the Afghan security forces; Gain the initiative and evolve in stages; and Focus and prioritize allocation of resources to threatened populations.

But most important for the subject of this report was pillar 2: Prioritize responsive and accountable governance by assisting in improving governance at all levels through both formal and traditional mechanisms. Underneath this pillar was the objective of: "Supporting local governance": "Elements of Afghan society, particularly rural populations, have been excluded from the political process. ISAF must support UNAMA [the UN Assistance Mission in Afghanistan] and the international community in subnational governance reform by working directly with local communities.... District elections and the civilian resources deployed to Provincial Reconstruction Teams, District Support Teams, and ISAF task forces will also help build legitimate governance structures at the subnational levels."<sup>38</sup>

In these descriptions it is possible to see the phenomenon described earlier in the quotation from governance analyst Sarah Lister in 2005 – of "international bodies ... moving ahead with their own assumptions about ... the desirability of quite advanced forms of decentralization. ... partly due to a belief that decentralization allows more direct participation and is therefore democratically 'better'" – becoming supercharged by the admixture of counterinsurgency doctrine and the prospect of substantial new resources for Afghanistan.

---

<sup>37</sup> Commander, NATO ISAF and USFOR-A, "Commander's Initial Assessment" (redacted for publication by the Washington Post), dated 30 August 2009, p. 2-9; available at [http://media.washingtonpost.com/wp-srv/politics/documents/Assessment\\_Redacted\\_092109.pdf](http://media.washingtonpost.com/wp-srv/politics/documents/Assessment_Redacted_092109.pdf).

<sup>38</sup> *Ibid.*, pp. 2-16 – 2-17

At just the time Gen. McChrystal was finalizing his report, Afghanistan's second presidential election took place on August 20. The problematically conducted and heatedly contested election neither helped improve Afghans' confidence in their government nor facilitated a close relationship of trust between the international community and the Afghan government, as many of the votes initially registered for President Karzai were eventually thrown out as fraudulent, leading to much displeasure on all sides and a protracted impasse that was settled only when Senator John Kerry flew in – President Karzai having concluded that both Special Representative Holbrooke and Ambassador Eikenberry supported his opponents – and persuaded Karzai to accept the need for a run-off election against his closest competitor, Abdullah. Abdullah then withdrew from the race before the run-off election, leading to President Karzai's reelection by default.

In short, President Obama found himself in late September with what his National Security Advisor might have called a double 'Whisky Tango Foxtrot' moment: with his confidence in the central government of Afghanistan profoundly challenged by the nature of the election that had just occurred, and now facing an unexpected, forcefully argued, and prominently leaked suggestion from his military commander in Afghanistan that merely doubling the U.S. commitment to Afghanistan as Obama had done in March was insufficient – he might have to triple it or more. Further complicating the President's position was that as recently as August 17 he had said in a widely-noted speech to the Veterans of Foreign Wars that Afghanistan "is not a war of choice. This is a war of necessity. ... This is fundamental to the defense of our people."<sup>39</sup>

What followed was an extended series of some eight lengthy and intensive National Security Council meetings over two months in which the President and his war cabinet reviewed every aspect of the Afghanistan and Pakistan strategy in intimate detail. Secretary Gates later wrote in his memoir "In my entire career, I cannot think of any single issue or problem that absorbed so much of the president's and the

---

<sup>39</sup> Sheryl Gay Stolberg, "Obama Defends Strategy in Afghanistan," The New York Times, August 18, 2009.

principals' time and effort in such a compressed period."<sup>40</sup> By the end of November, the President decided to authorize most of the troops requested in Gen. McChrystal's central recommendation (33,000 vs. 40,000) – but also to impose two time constraints: all “surge” forces would be in country within six months (i.e., by summer 2010), and they would begin coming out one year after that (by summer 2011). In addition, he instructed that the National Security Staff would coordinate another review in a year (November 2010) to evaluate whether these decisions were being followed.

On December 1, at West Point, President Obama announced “The Way Forward in Afghanistan and Pakistan.” As in his March 27 speech on “A New Strategy for Afghanistan and Pakistan” he did not mention the word counterinsurgency even though in light of the publication of Gen. McChrystal's assessment it was widely understood that some version of that doctrine implicitly underlay the military strategy he was endorsing.<sup>41</sup> As in the March 27 speech, one of the principal objectives stated was to strengthen the capacity of Afghanistan's government. As in the March 27 speech, one of the principal ways described to meet that objective was to pursue a more effective international civilian strategy to prepare the Afghan government to take advantage of improved security that was expected to follow. And as in the March 27 speech, he took a broad view of the levels of government with which we would work: “We'll support Afghan ministries, governors and local leaders that combat corruption and deliver for their people.”<sup>42</sup> The White House Fact Sheet released to accompany the speech provided further elaboration on this point: “An emphasis of our governance efforts

---

<sup>40</sup> Gates, *Duty*, p. 370.

<sup>41</sup> Bob Woodward's 2010 book on the Afghanistan and Pakistan policy debates during 2009, *Obama's War*, describes President Obama seeking to make clear that this was to be a limited counterinsurgency by means of a written “terms sheet” dated November 29, 2009 that Woodward reproduces as an annex to the book. That document states: “This approach is not fully resourced counterinsurgency or nation building, but a narrower approach tied more tightly to the core goal of disrupting, dismantling and eventually defeating al Qaeda and prevent al Qaeda's return to safe haven in Afghanistan and Pakistan.” (p. 387). However, on Woodward's account this document was classified and shared only with the most senior officials involved in the strategy review, leaving ambiguity, both within government and publicly, about what kind of counterinsurgency the President had authorized as of the West Point speech.

<sup>42</sup> Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan, U.S. Military Academy at West Point, December 1, 2009, available at: <http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan>.

will be on developing more responsive, visible, and accountable institutions at the provincial, district, and local levels, where everyday Afghans encounter their government.<sup>43</sup>

*V. 2010 – mid-2012: The International Surge is Fully Resourced to Tackle “Subnational” Governance – But It Gradually Becomes Clear that a District-Level Focus is Not Viable Without Provincial Officials Playing Key Roles*

With U.S. policy now decided, international endorsement followed quickly thereafter, first from NATO foreign ministers meeting in Brussels on December 4, 2009, who pledged an additional 7,000 troops, and then from the civilian international community meeting at the London Conference on January 28, 2010, where the Afghan government announced that it would present a newly detailed and comprehensive set of governance and development plans at a successor conference to be held in Kabul in July, marking the beginning of what would become known as the Kabul Process.

The first real test of the new integrated civilian and military, district-focused approach in action took place in early 2010 in a section of the Nad Ali district of Helmand province called Marja (or Marjah). There, ISAF widely advertised that a major planned offensive against the Taliban would for the first time be followed rapidly by the establishment of Afghan civilian governance and police, in keeping with the newly revised counterinsurgency motto of “clear, hold, build, *transfer*.” As Gen. McChrystal famously put it prior to the operation, “We’ve got a government in a box, ready to roll in.”<sup>44</sup>

---

<sup>43</sup> “Fact Sheet: The Way Forward in Afghanistan,” The White House, December 1, 2009, available at: <http://www.whitehouse.gov/the-press-office/way-forward-afghanistan>. For a secondary account of the way the surge-era emphasis on “bottom-up” approaches affected governance policy decisions, see Frances Z. Brown, “The U.S. Surge and Afghan Local Governance: Lessons for Transition,” U.S. Institute of Peace Special Report 316 (September 2012).

<sup>44</sup> Dexter Filkins, “Afghan Offensive is New War Model,” The New York Times, February 13, 2010; and David Sanger, “A Test for the Meaning of Victory in Afghanistan,” The New York Times, February 13, 2010.

In the event, both the fighting and the delivery of Afghan governance proved harder than expected. More than three months after the military operation began on February 13, Gen. McChrystal in late May described the continued fighting despite the substantial force of U.S. Marines committed to it as “a bleeding ulcer” in terms of international support.<sup>45</sup> In June, the Washington Post reported that in light of the difficulty attracting and keeping government officials working in the district, the promised “government in a box.... has turned out to be largely empty.”<sup>46</sup>

Both the goal of on-demand district-level governance and the disappointing results ended up becoming a common theme of many of the Afghan and international district-level governance efforts during the surge period, even when there was a truly extraordinary degree of international civilian and military support and encouragement. A magazine profile of the United States’ Special Representative for Afghanistan and Pakistan Richard Holbrooke published in the fall of 2009 quoted Holbrooke telling President Karzai himself: “I urge you to sit down with NATO and the Embassy to work on a quick-reaction administrative effort to bring to the districts health, schools, and above all, justice” – in effect, Holbrooke’s own version of “government in a box.”<sup>47</sup>

During the same early surge period, U.S. Ambassador Karl Eikenberry and the director of the government’s Independent Directorate of Local Governance Jelani Popal developed a joint initiative called the District Delivery Program (DDP), which would provide U.S. funding to supplement the salaries of Afghan civil servants who agreed to serve in districts of priority importance to military operations, while also providing special funding to key ministries to deliver essential services to those selected districts. (The United Kingdom also initiated a similar program initially focused on districts in Helmand province.) Near-constant international

---

<sup>45</sup> Dion Nissenbaum, “McChrystal calls Marjah a ‘bleeding ulcer’ in Afghan campaign,” McClatchy Newspapers, May 24, 2010.

<sup>46</sup> Rajiv Chandrasekaran, “‘Still a long way to go’ for U.S. operation in Marja, Afghanistan,” The Washington Post, June 10, 2010.

<sup>47</sup> George Packer, “The Last Mission: Richard Holbrooke’s plan to avoid the mistakes of Vietnam in Afghanistan,” The New Yorker, September 28, 2009.

support to help advance the program was simultaneously provided to IDLG by U.S. Embassy officials in Kabul and to district officials by members of the newly established District Support Teams (as well as by many international military personnel with governance duties from countless units working in the same areas). As journalist Rajiv Chandrasekaran described it, “All the Afghans had to do was select needy districts, assess their requirements, and identify personnel to fill the jobs. It was another stab at government in a box.”<sup>48</sup>

Nonetheless, after more than two years of intensive effort to advance the District Delivery Program initiative in selected districts, a tracking sheet dated 4 October 2011 included in a 2012 USAID performance evaluation of the program showed that only 26 districts had advanced far enough in the process to have their proposed projects approved, and only 19 had actually received funds.<sup>49</sup> While the evaluation confirms that the results were appreciated by the officials and residents of those 19 districts, in a country of nearly 400 districts such results may fairly be considered the proverbial drop in the bucket. By contrast, if an effort of comparable intensity had been targeted at 19 of the 34 provinces, it would have had some effect on more half the country.

One of the lessons belatedly taken from the protracted DDP experience was that in the Afghan governance system, results had no chance of being achieved, let alone sustained, without first focusing on the primary center-to-subnational administrative and budgetary channel: that between the central ministries involved and their departments in the provinces. Reflecting this, the U.S. District Delivery Program was in late 2011 renamed (ironically enough) the “Province Based District Delivery Program.” A similar province-first orientation eventually assumed primary billing in the title of the U.K.’s follow-on program to its District Delivery

---

<sup>48</sup> Rajiv Chandrasekaran, *Little America: The War Within the War for Afghanistan*, p. 167.

<sup>49</sup> USAID Afghanistan, *Performance Evaluation: District Delivery Program*, April 9, 2012, p. 85, available at: [http://pdf.usaid.gov/pdf\\_docs/PDACT900.pdf](http://pdf.usaid.gov/pdf_docs/PDACT900.pdf).

Program, which it simply called “Strengthening Provincial Administration and Delivery” (SPAD) and conducted in multiple provinces.<sup>50</sup>

In effect, the difficulties experienced during 2010-2011 – even with unprecedented levels of Afghan and international effort and resources (civilian and military) – belatedly led back to the conclusion suggested by the AREU analysts back in 2005-7: that all levels of “subnational” governance are not equally viable and important in the Afghan system. Instead, the provincial departments, as the subnational entities with the most direct relationship to budget-possessing central ministries, are the subnational governance units best positioned to play the lead role in strengthening governance beyond Kabul (at least in the near term). Whatever path Afghan deconcentration takes, the presence of multiple important governance actors at the provincial level – including not only ministry departments but also appointed governors, elected provincial councils, and civil society groups<sup>51</sup> – suggests that there exists unique potential there for combining the departments’ access to ministry resources with a degree of provincial coordination<sup>52</sup> and representative oversight.<sup>53</sup>

During this period of ‘peak surge’ (and thus ‘peak district focus’), the alternative administrative logic of what might be called the ‘provinces first’ approach was also tested and at least partially confirmed in another nationwide policy experiment that was taking place simultaneously: the Afghan government’s provincial

---

<sup>50</sup> UK Department for International Development (DFID), Annual Review of the Strengthening Administration and Delivery (SPAD), previously known as Province Based District Delivery Programme (DDP), Date review undertaken: March-April 2013, available at: [http://iati.dfid.gov.uk/iati\\_documents/4108478.docx](http://iati.dfid.gov.uk/iati_documents/4108478.docx).

<sup>51</sup> For an outstanding example of how Afghan civil society groups have independently monitored, helped make more responsive, and ultimately strengthened Afghan governance, both at the center and in the provinces, by using government budgeting as a concrete focal point for independent analysis that is critical, constructive and useful (not least to branches of the Afghan government itself such as Parliament), see the Afghans’ Coalition for Transparency and Accountability (ACTA) initiative organized by the Afghan civil society organization Equality for Peace and Democracy (<http://www.epd-afg.org/acta-platform>), especially the EPD/ACTA annual independent reviews of the budgets submitted by the executive branch to Parliament for approval in SY1391-1394 (2012-2015), available at <http://www.epd-afg.org/research>.

<sup>52</sup> E.g., province-based planning efforts.

<sup>53</sup> Despite continuing uncertainty about the precise scope of their authority, the Provincial Councils remain the only formally elected bodies outside Kabul, and as noted earlier the Constitution explicitly assigns them responsibility for providing “advice on important issues falling within the domain of the province” (Art. 139).

budgeting pilot. Contrary to what might be the first reading of the initiative's name, this was not an attempt to provide autonomous budget authority to any provincial actors. Per Afghanistan's Constitution and laws, this pilot policy had no effect on the national budget as a singular, Kabul-determined institution, with the primary actors in the budget process remaining the central line ministries (as well, of course, as the Ministry of Finance and the National Assembly). Instead, this pilot initiative involved four key line ministries (the ministries of Education, Health, Agriculture, and Rural Rehabilitation & Development) and the Independent Directorate for Local Governance inviting their respective provincial departments in all 34 provinces to play a new, formal role in the ministries' budget formulation process by formally submitting to their ministries proposals for what they thought their provinces' top priority development needs were (within a given budget envelope).

After an intensive effort by the central ministries and the Ministry of Finance to inform the provincial departments of the new initiative and the new actions required to comply with it (including a nationwide conference of the pilot ministries and delegations from all provinces in the spring of 2011, followed by the dispatch of interministerial training teams to all provinces over the course of the summer), this provincial budget formulation pilot achieved its most important success simply by demonstrating – to the participating ministries, to the entire government and to any internationals paying attention – that the provincial departments were capable of taking on this new responsibility and preparing and submitting prioritized provincial nominations to their ministries in time to be taken into account during the budget formulation period of the national budget cycle for that year. (The Ministry of Finance reported that of the 170 provincial line departments eligible to participate, 168 submitted their forms on time.)

In the end it was only a partial success, because even though the provincial actors had done what was asked of them, some influential central government actors balked at having to reconcile (let alone trade off) any centrally-determined budget priorities with new priorities suggested by their provincial departments, and instead insisted that the international community provide new dedicated additional funding in order for any of



the provincially nominated priorities to go forward. However, the international community – wanting to encourage Afghans to prioritize within a fixed resource constraint – declined. (To be fair to the central Afghan authorities who requested additional funding for the provincially-nominated priorities, it was arguably uncharacteristic of the international community at the time not to agree to such funding, as during the recent years of rapidly increasing assistance budgets international funders had generally been eager to fund new requests in order to meet their own spending imperatives.)

In any case, even the only partially successful provincial budgeting pilot nonetheless set an important precedent by confirming that provincial line departments were ready and able to perform a greater share of their respective ministries' key governance responsibilities, and by doing so play a crucial role in better channeling provincial (and subprovincial) priorities into Afghanistan's centralized governance system. As a consequence, even though the first full year of the pilot in 2011-12 ended on a disappointing note, the Afghan government and Ministry of Finance continued working on related nationwide reforms, and some ministries subsequently decided on their own to incorporate provincial budgeting practices into their own internal budget processes.

There were three other major developments during this period that highlight the mixed signals about governance being exchanged between the international community and the Afghan government. First, as mentioned earlier, in July 2010, at the height of the international surge, the Afghan government hosted a major international conference in Kabul to present its comprehensive governance and development plans to the international community. These consisted of 22 "National Priority Plans" or NPPs, organized into six clusters and corresponding roughly to key sectors and generally led by the obvious ministries.<sup>54</sup> However,

---

<sup>54</sup> The clusters and corresponding NPPs were as follows: in the Security cluster: NPP1 - Peace and Integration; in the Governance cluster: NPP2: Financial and Economic Reforms, NPP3: National Transparency and Accountability, NPP4: Efficient and Effective Government, NPP5: Local Governance, NPP6: Law and Justice, and NPP7: Human Rights and Civic Responsibilities; in the Human Resource Development cluster: NPP8: Skills Development and Labor Regulations, NPP9: Education For All, NPP10: Expanding Opportunities for Higher Education, NPP11: National Action Plan for Women, and NPP12:

even though the stated intention of moving from the Afghanistan National Development Strategy (the finalized successor to the I-ANDS discussed earlier as launching the “subnational” focus during the initial post-Bonn Process period) to National Priority Programs was to produce more prioritized and financially realistic governance and development plans, an exercise that produced 22 “priorities” (each consisting of hundreds of pages of sub-goals, tasks and project lists) self-evidently did not reflect an overly rigorous idea of the meaning of prioritization.

Yet the Kabul conference in July 2010 was also when the international community announced its commitment to channeling at least 50% of development aid through the Afghan Government’s core budget within two years. This was significant because until then the vast majority of international assistance to Afghanistan had been spent “off-budget” and not run through Afghanistan’s budget, which gave individual international donors greater confidence in meeting their own standards for financial accountability, but had the result of obscuring from the Afghan government many details and the total costs of all the manifold development projects being undertaken on their behalf. Consequently, with the commitment by donors at the Kabul conference to eventually move most foreign assistance “on-budget,” a crucial step was taken towards the Afghan government being able to get a more complete picture of the true costs of running the Afghan state, which is obviously a prerequisite for any government’s ability to truly govern itself.

The final development of major importance to national and subnational governance during this period was President Karzai’s announcement at the Kabul conference of the Afghan government’s commitment to taking primary responsibility for its own security within five years, and the government’s subsequent real efforts to

---

Human Resources for Health; in the Agriculture and Rural Development cluster: NPP13: Water and Natural Resource Development, NPP14: Agriculture Production and Market Development, NPP15: National Rural Access, NPP16: Strengthening Local Institutions [including the National Solidarity Program], and NPP17: National Regional Resource Corridor; in the Economic and Infrastructure Development cluster: NPP18: National Extractive Industry Excellence, NPP19: National Energy Supply and NPP20: Urban Planning TA Facility; and finally in the Private Sector Development cluster: NPP21: Integrated Trade and Small & Medium Enterprise Support and NPP22: E-Afghanistan Program.

follow through on that objective. Together with the deadlines President Obama had set when he announced the final shape of the U.S. military and civilian surge in December 2009, President Karzai's announcement confirmed that the surge era of peak international presence and foreign assistance would not last indefinitely, and this was soon confirmed yet further at the NATO summit in Lisbon in November 2010, when NATO and Afghanistan agreed on a structured process for *Inteqal* (Transition) by which ISAF's overall security control of the country would be transferred, on a conditions-based, region-by-region, basis, to the control of Afghanistan's security forces by 2014.

The period from 2010 to mid-2012 thus marked both the high water mark for setting comprehensively ambitious governance goals to be implemented with the assistance of maximum international resources (deployed at multiple subnational levels) *and* the time when all parties agreed that the extraordinary degree of international presence and assistance would be scaled back. Given the tension between these two overarching developments, in retrospect it would also have been a good time for high-level consideration of sustainable ways to resolve it with respect to subnational governance – in other words, to develop a strategy for bringing subnational governance objectives in line with the resources, Afghan and international, that could realistically be expected to be available in the future. While some effort to do this was made in Embassy Kabul,<sup>55</sup> the predominant tendency overall was for the 'surge' efforts and the 'Transition' efforts to run on separate tracks, with the former responding to the latter principally by simply trying to do more, faster.

---

<sup>55</sup> For example, a 2014 report produced for USAID Afghanistan described an unclassified U.S. Embassy cable dated 16 Dec 2010 and titled "Refining Our Governance Orientation in Light of Transition" (MRN 10 Kabul 4017 ) as announcing a reorientation of U.S. governance activities "from making prioritization decisions and delivering services for Afghans to providing resources to the [Government of Afghanistan] allowing them to take an increased responsibility for transition to full Afghan self-governance." This 'new governance orientation' explicitly adopted as the top governance priority (1) strengthening the 'one key capacity' of Afghan government institutions to make decisions about prioritizing the spending of finite resources and execute those decisions using relevant Afghan government institutions, (2) at the 'three key levels' of the center, the provinces, and the major cities, explicitly noting both that the province is the level outside Kabul where formal government institutions are the strongest and that functioning center and province levels are prerequisites for any further subnational governance, including at the district and village level. According to the USAID report, "this shift was the civil side of planning for transition to full Afghan self-governance." Report prepared for USAID Afghanistan, Assessment of Afghanistan's Public Financial Management Roadmap and Final Evaluation of the Economic Growth and Governance Initiative Project (November 2014), available at:

Nonetheless, the political imperatives on both sides ensured that Transition eventually prevailed. By the second half of 2012, the number of U.S. troops in country had dropped back down to the 68,000 level authorized prior to the second surge announced at West Point in December 2009, transition of security responsibility for at least part of all 34 provinces had begun,<sup>56</sup> and PRTs, DSTs and other subnational locations were being steadily closed.<sup>57</sup>

*VI. Mid-2012 – Present: As the Fog of the Surge Begins to Clear, Belated Clarity Emerges About Both the Importance of Provincial Governance and the Long-Obscured Costs of Afghan Sustainment of Governmental Services (Particularly in the Provinces)*

After the middle of 2012, a number of factors combined to make it somewhat easier for the Afghan government and the international community to finally begin to embrace a more realistic and sustainable interpretation of “subnational” governance, which both elevated the provinces to the top priority focus for formal governance outside Kabul in general and focused in particular on their critical role in adequately budgeting for sustainable government functioning.

While civilian assistance to Afghanistan from the U.S. alone at its peak in FY2010 had reached \$4.1 billion, by FY2012 U.S. assistance had dropped by nearly half to \$2.2 billion, and at the international donors conference held in Tokyo on July 8, 2012, all donors together pledged to contribute \$4 billion in total (i.e., the same amount the U.S. by itself had contributed in 2010) for the years 2013-2016.<sup>58</sup> At the same time, the Afghan and international participants in the Tokyo conference agreed to be bound by the “Tokyo Mutual

---

[http://pdf.usaid.gov/pdf\\_docs/PA00K8PS.pdf](http://pdf.usaid.gov/pdf_docs/PA00K8PS.pdf). Nonetheless, as of mid-2012 widespread awareness of the shift was still trickling out to the many international actors working in Afghanistan.

<sup>56</sup> NATO, “Inteqal: Transition to Afghan Lead,” available at: [http://www.nato.int/cps/en/natolive/topics\\_87183.htm](http://www.nato.int/cps/en/natolive/topics_87183.htm).

<sup>57</sup> Nathan Hodge, “U.S. Winds Down Afghanistan Aid Program: Military Pulls Out Development teams That Had Been Central to War Strategy,” Wall Street Journal, October 10, 2012.

<sup>58</sup> Jane Perlez, “\$16 Billion in Civilian Aid Pledged to Afghanistan, With Conditions,” The New York Times, July 8, 2012.

Accountability Framework” (TMAF) going forward, which made international aid conditional on the government’s meeting specified governance benchmarks.

Notably, these internationally agreed benchmarks for the first time signaled an explicit recognition of both the priority of the province level within the “subnational” category and the utility of using the Afghan budget as a focal point for national and subnational governance-strengthening efforts<sup>59</sup> per the Afghan government’s experiment in the provincial budgeting pilot. Accordingly, among the key TMAF governance indicators was to: “Develop a provincial budgeting process that includes provincial input into the relevant Ministries[.] formulation of budget requests, linked to a provincial planning process in which Provincial Councils have their consultative roles.”<sup>60</sup> International donors at Tokyo also reaffirmed the commitment they had made at the Kabul conference two years earlier to continue their efforts to move toward channeling most of their civilian assistance through the Afghan budget.

At the same time during this initial post-surge period, decreasing levels of absolute assistance and the shifting of aid that had previously been off-budget to on-budget also revealed a final Afghan governance and finance challenge that previous foreign assistance modalities had obscured: namely a systemic underbudgeting and underfunding for the operations and maintenance (O&M) costs necessary for the Afghan government to function, particularly outside of Kabul where, after all, most Afghans live and thus most basic services (e.g., education, health) are delivered.

---

<sup>59</sup> For an earlier elaboration of the value of the Afghan budget as a key organizing framework for an effective governance strategy, see Jeremiah S. Pam, Written Testimony Before the Subcommittee on National Security and Foreign Affairs, Committee on Government Oversight and Government Reform, U.S. House of Representatives, Hearing on U.S. Promotion of the Afghan Economy: Impediments and Opportunities, July 14, 2009, pp. 9-10, available at: <http://www.usip.org/sites/default/files/Testimony%20to%20House%20Subcommittee%20on%20National%20Security%20%2814%20Jul%2009%29.pdf>.

<sup>60</sup> “Annex: Tokyo Mutual Accountability Framework,” July 8, 2012, under the section “Government Revenues, Budget Execution and Sub-National Governance,” available at: [http://www.mofa.go.jp/region/middle\\_e/afghanistan/tokyo\\_conference\\_2012/tokyo\\_declaration\\_en2.html](http://www.mofa.go.jp/region/middle_e/afghanistan/tokyo_conference_2012/tokyo_declaration_en2.html).

Recall that from the beginning, international donors had always had a marked preference for funding new development projects, first because it is easier to point legislators back home to a tangible school or clinic built as evidence of the good being done with the foreign assistance funds that have been appropriated, and secondly because it is a relatively straightforward matter for international development agencies to directly fund a one-time contract to construct a specific capital asset using off-budget assistance modalities (which, as noted, had traditionally been most donors' default preference).

Furthermore, if most donors were traditionally reluctant to fund on-budget development/capital projects, they were usually even more reluctant to fund through the Afghan budget operating expenses, which cover more prosaic and less photogenic things like salaries – but also, crucially, the operations and maintenance (O&M) costs of keeping facilities and services running and in usable shape. And even when donors did provide funding for the O&M costs of a specific on-budget development project, it was common for this O&M funding to be channeled into the development side of the Afghan budget (vs. the operating or recurrent part of the budget) along with the associated development project, in part because the Afghan development budget had been specifically designed to make it possible for individual donors to separately track the projects they were funding.

At the same time, one of the defining features of this post-surge stage has been the increased shifting of bona fide development projects that had previously been off-budget on to Afghanistan's development budget. As a result, the size of Afghanistan's development budget has inexorably grown.

For all the reasons noted above, the operating side of the budget, and particularly the O&M component of the operating budget (which had always been underfunded in Afghanistan), has not only failed to keep pace but fallen further behind. This pattern was first noted when the World Bank started in 2011 to study in detail the consequences of the upcoming 2014 transition and discovered a long-standing and profound pattern of

systematic underbudgeting for O&M. As more and more off-budget development spending has continued to move on-budget (to the development side of the budget), the O&M deficiency has been exacerbated further. Specifically, the World Bank estimated that reasonable O&M costs for the schools, clinics, government offices and other assets now used to deliver basic civilian<sup>61</sup> services (which, of course, have been greatly built up over the past decade through largely off-budget donor spending) are around \$1.3 billion a year.<sup>62</sup> By contrast, the amount budgeted for civilian O&M in the Afghan government's recent operating budgets has been closer to \$380 million.<sup>63</sup> In short, the World Bank's Transition study concluded, the amount of O&M required for the Afghan government to maintain and keep running just the subset of assets built over the past decade necessary to provide basic civilian government services<sup>64</sup> had to increase by nearly 350% over recently budgeted amounts. Although the World Bank published and presented its Transition study at the time of the Tokyo conference in 2012, amidst all the other matters occupying the time of Afghans and the international community in advance of 2014, this stark fact was insufficiently noted.

Needless to say, this is of central importance to governance outside Kabul because even the most realistically prioritized and Afghan context-sensitive governance strategy will not be able to produce functioning governance if the minimum funding to keep such governance operating is not provided.

Fortunately, since the Tokyo conference in July 2012, the World Bank, which administers the Afghanistan Reconstruction Trust Fund or ARTF (a longstanding and internationally respected multi-donor vehicle for

---

<sup>61</sup> This analysis explicitly distinguishes civilian O&M costs from those for security (including police) O&M, which are considerably greater.

<sup>62</sup> The World Bank, *Afghanistan in Transition: Looking Beyond 2014*, Volume 2: Main Report, May 2012, pp. 57, 134.

<sup>63</sup> ARTF Incentive Program 2012-2014 Memorandum of Understanding between the Islamic Republic of Afghanistan and The World Bank as Administrator of the ARTF Multi-Donor Trust Fund dated July 21, 2012 and amended December 9, 2012 and June 1, 2014, Annex 5, p. 30, available at: [http://www.artf.af/images/uploads/ARTF\\_IP\\_MoU\\_Jul\\_2012\\_\(amend\\_Dec\\_2012\\_June\\_2014\)\\_Signed.pdf](http://www.artf.af/images/uploads/ARTF_IP_MoU_Jul_2012_(amend_Dec_2012_June_2014)_Signed.pdf)

<sup>64</sup> Note that the O&M analyses explicitly assume that the Afghan government will have to choose only the most necessary and useful assets to keep and commit to maintaining, and give up on maintaining (on affordability grounds) many other assets that have been built with donor funding over the past decade.

providing on-budget assistance to both the development and operating sides of Afghanistan's budget within a robust fiduciary and monitoring framework) and the Afghan government have developed for the ARTF a new "O&M Facility" (which the World Bank added to its preexisting Incentive Program) to address just this issue.

The O&M Facility rewards increased Afghan government spending on O&M<sup>65</sup> by matching Afghan O&M spending above a set baseline with incremental additional on-budget contributions (matched by a factor of 1.5) to the government's operating budget.<sup>66</sup> In the O&M Facility's first year of operation, 2013, there were two participating ministries (Education, and Public Health) and \$32 million was made available to match increased O&M spending of up to \$21.3 million. A year-end review showed that the ministries had succeeded in increasing their O&M spending by nearly the targeted amount, so with the ARTF's matching additional contribution of \$30.7 million, the O&M funding those two ministries were able to use in 2013 was roughly doubled over that of the previous year.<sup>67</sup>

In 2014, two additional ministries were approved for use of the O&M Facility (Public Health and the Civil Aviation Authority) and the ARTF increased the amount made available to match O&M increases to \$100 million, implying a target increase among the four participating ministries of \$67 million.<sup>68</sup> For 2015, the ARTF has increased the amount available yet further to \$300 million, which implies a target increase among the participating Afghan ministries of \$200 million.<sup>69</sup>

---

<sup>65</sup> The WB/ARTF and the ministries are able to distinguish O&M spending from spending on other operating spending, such as wages, as a result of the government's Afghanistan Financial Management Information System (AFMIS), which due to a concerted equipping and training program over a number of years is now used effectively by both all line ministries and all of their provincial departments.

<sup>66</sup> ARTF Incentive Program 2012-2014 Memorandum of Understanding, p. 31.

<sup>67</sup> ARTF Incentive Program FY1391-92 (2012-2014), Administrator's 4<sup>th</sup> Technical Review, May 26, 2014, p. 5 available at: [http://www.artf.af/images/uploads/IP\\_Technical\\_Review\\_May\\_26\\_2014.pdf](http://www.artf.af/images/uploads/IP_Technical_Review_May_26_2014.pdf). Note: The baseline is actually an average of the previous two years' O&M spending, so the percentage increase given here is a rough approximation for illustrative purposes.

<sup>68</sup> *Ibid.*, p. 4.

<sup>69</sup> International Monetary Fund, Staff-Monitored Program (SMP) Staff Report, May 7, 2015, p. 10.



\* \* \*

### Conclusion and Recommendations

It has been a long and circuitous route from the Kabul-centrism of the initial years, to the long period of interpreting “subnational” governance in such an ambitious but administratively myopic way that the international community’s excessive district-level focus ended up producing many unsuccessful and unsustainable efforts, and now back to a belated recognition (which most Afghans always appreciated better) of provincial administrations as the first key to competently and sustainably linking the countryside to Kabul in governance and budgetary matters. Nonetheless, it has been the goal of this report to show how retracing this route in some detail (and with appropriate attention to the larger non-governance policy developments) can at least support a few recommendations for both Afghanistan and the international community to inform their respective future efforts to continue strengthening Afghan governance generally, and governance beyond Kabul in particular.

First, perhaps the most basic recommendation was signaled in the report’s introduction when it promised parsimony in recommendations as a reaction to two mistaken but exceedingly common tendencies throughout almost all of the post-2001 period (evident on the part of both the international community and the Afghan government): the repeated inability and/or unwillingness to prioritize in developing and implementing strategic objectives (particularly but by no means exclusively for governance), and the assumption of too great a capacity for transformational change in relatively brief (e.g., 1-3 year) time periods.<sup>70</sup> To adapt the old saying, when every level of governance beyond Kabul has been a priority, nothing has been a priority; and when we have assumed that every aspect of governance can be significantly

---

<sup>70</sup> For a discussion of the advantages of simple and prioritized state-strengthening strategies over complex and comprehensive strategies, see Jeremiah S. Pam, “The Paradox of Complexity: Embracing Its Contribution to Situational Understanding, Resisting Its Temptation in Strategy and Operational Plans,” in Christopher M. Schnaubelt, ed., *Complex Operations: NATO at War and on the Margins of War*, NATO Defense College Forum Paper 14, 2010.

changed in short periods of time, all too often nothing has ended up being (sustainably) changed. By contrast, when strategies for strengthening governance beyond Kabul have paid careful attention to Afghan administrative structures and capacity in order to prioritize the most important and viable steps first, they have in many cases been able to gain sufficient traction to be sustained beyond the moment of peak direct international involvement and support.

The second recommendation concerns a very concrete example of the latter type of governance strategy. This report has shown the difficult process of learning by trial and error over a period of years by which Afghanistan and the international community (sometimes at different paces) gradually identified three important postulates (not necessarily in this sequence): first, the provinces as the most important level of government to begin with in seeking to strengthen governance beyond Kabul; second, the utility of using the Afghan budget as a focal point for organizing a governance strategy aimed fundamentally at strengthening dialogues and actions about priorities both between those in the center and those in the provinces, and among multiple government and non-government actors at each level; and third, the necessity of taking into account and budgeting for not only the costs of building new development/capital projects but also the ongoing costs of operating and maintaining the assets so that they can continue to be used to provide the governmental services for which they were built in the first place. The 'glass half empty' version of the governance story recounted in this report is that it was not until the last of the six chronological periods set out here that these three pieces were put together into a coherent and sustainable strategy. The good news, however, is that such a strategy was in the end developed (led by the Ministry of Finance and the World Bank), has been successfully piloted, and is an integral part of the official framework for Afghan-international (non-security) cooperation, the Tokyo Mutual Accountability Framework.

Accordingly, the second recommendation is for the international community and the Afghan government to provide the respective funding called for, technical assistance required, and political and bureaucratic

support, to fully and immediately implement this hard-earned strategy and enable the ARTF O&M Facility described in the previous section to help get the Afghan ministries up to the goal of budgeting and spending the full \$1.3 billion estimated as necessary to sustain basic services.

To do so, the O&M Facility principally needs access to a greater proportion of the international funding allocated to aid Afghanistan, faster. Picking up where the discussion left off earlier, even if during 2015 the current O&M target is met by ministries increasing their O&M spending by the full \$200 million, while it will be true (and beneficial in the near-term) that during the first three years of the facility *total* O&M spending will have increased by \$51 million in 2013,<sup>71</sup> an additional \$167 million in 2014,<sup>72</sup> and an additional \$500 million in 2015,<sup>73</sup> at the end of 2015 O&M *budgeted by the Afghan government* (i.e., independent of the international match) will still only have reached something like \$667 million<sup>74</sup> – or roughly *half* the \$1.3 billion in O&M costs that the World Bank estimates the Afghan government needs to budget and spend in order for it to be able to deliver essential services (using only the facilities it has deemed priority).

Assuming a constant potential for increase given the same 1.5 factor matching that has worked thus far, the O&M Facility should thus ideally be funded at \$950 million in 2016 (i.e., more than tripled over the \$300 million allocated for 2015) to incentivize the additional Afghan O&M increase of \$633 million needed (when added to the current potential total at the end of 2015 of \$667 million) to get Afghanistan to the \$1.3 billion target O&M figure for national/subnational governance and service delivery.

Note that this is not a merely theoretical calculation; based on the past performance of the ARTF since 2002 and that of the Afghan ministries that have successfully used this O&M Facility since 2012, the World Bank

---

<sup>71</sup> \$20.5 million from the Afghan side + \$30.7 million from the ARTF match.

<sup>72</sup> \$67 million from the Afghan side + \$100 million from the ARTF match.

<sup>73</sup> \$200 million from the Afghan side + \$300 million from the ARTF match.

<sup>74</sup> The starting point of \$380 million + the \$20.5 million increase in 2013 + the \$67 million increase in 2014 + the \$200 million increase in 2015.

as administrator of the ARTF has indicated that it is confident both the ARTF and the Afghan ministries can usefully absorb the maximum amount of O&M funding. But as the WB/ARTF's O&M Facility documentation notes, further scaling up the facility will also take intensive technical assistance to get at least all of the key ministries to prepare suitable O&M costing and budgeting policies and do the other things required to be accepted into the facility.

Furthermore – and linking back to another of the provincial governance issues covered earlier – the World Bank's discussions of O&M emphasize that because most of the things and people that require O&M funding are in the provinces rather than in Kabul, absorbing significantly increased O&M funding usefully will require preparing and empowering the provincial departments to play larger roles in both formulating O&M budgets and executing them. This in turn ties in neatly to the Tokyo Mutual Accountability Framework's governance benchmark (mentioned previously) to “develop a provincial budgeting process that includes provincial input into the relevant Ministries['] formulation of budget requests, linked to a provincial planning process in which Provincial Councils have their consultative roles.” (And in light of the impressive track record of Afghan civil society organizations serving as independent budget monitors, both in Kabul and in provinces, we might add that civil society can also provide useful assistance in the consultative and representative dimensions of planning and budgeting.)

Indeed, given both the importance and the feasibility of sustaining the delivery of essential services beyond Kabul, a strong case can be made that both the government and international donors should make the goal of raising Afghan O&M spending to the full \$1.3 billion amount estimated to be necessary their top governance and finance priority. In light of the scale of development spending that has taken place over the last decade – the results of which were sometimes unceremoniously dropped in the Afghan government's lap at the end of 2014 – even if fully and immediately funding the O&M Facility in order to get Afghan O&M spending up to where it needs to be as quickly as possible requires a pause in or tradeoff with new

development spending (and even if there turns out to be less donor funding available than currently expected) O&M is the right priority. While it is almost certainly correct to resist any simple equation of stability with the delivery of services, it is hard to see how a sudden collapse of the modest services Afghans rely on and have grown used to would be helpful in maintaining an already precarious stability.

The third and final recommendation is simply not to forget the missteps taken en route to the current realism about what is and is not feasible regarding governance beyond Kabul in short periods of time. At the moment, such forgetting may seem unlikely – as the extraordinary international resources that would be necessary to pursue more ambitious (and less sustainable) subprovincial approaches are unlikely to be available again in the foreseeable future, and the primary importance of the provinces now seems firmly (if belatedly) ensconced in both key Afghan-donor agreements such as the Tokyo Mutual Accountability Framework and in the technocratic workplans of the World Bank and the Ministry of Finance. Nonetheless, if nothing else, the record of the last thirteen years serves as a powerful reminder that we should never assume that hard-earned wisdom will necessarily last beyond one official's, or administration's, tenure.