Bargains for Peace?
Aid, Conditionalities and Reconstruction in Afghanistan

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Acronyms

ADB	Asian Development Bank
ANA	Afghan National Army
ANBP	Afghan New Beginnings Programme
ANDS	Afghan National Development Strategy
AIHRC	Afghan Independent Human Rights Commission
ARTF	Afghan Reconstruction Trust Fund
BA	Bonn Agreement
CG	Consultative Group
CLJ	Constitutional *Loya Jirga*
DDR	Disarmament, Demobilization, Reintegration
DFID	Department for International Development (UK)
DIAG	Disbandment of Illegal Armed Groups
ECC	Electoral Complaints Commission
ELJ	Emergency *Loya Jiga*
EU	European Union
FCO	Foreign and Commonwealth Office (UK)
GCPP	Global Conflict Prevention Pool
GoA	Government of Afghanistan
GWOT	Global War on Terror
HRRAC	Human Rights Research and Advocacy Consortium
HRW	Human Rights Watch
I-ANDS	Interim Afghan National Development Strategy
ICG	International Crisis Group
IFI	International Financial Institution
IMF	International Monetary Fund
ISAF	International Security Assistance Force
MDG	Millennium Development Goal
MOD	Ministry of Defence (UK)
MRRD	Ministry of Rural Rehabilitation and Development
NATO	North Atlantic Treaty Organisation
NDF	National Development Framework
NGO	Non Governmental Organisation
NSP	National Solidarity Programme
OECD	Organisation for Economic Cooperation and Development
OEF	Operation Enduring Freedom
PRT	Provincial Reconstruction Team
SAF	Security Afghanistan's Future
SF	Strategic Framework
SMF	Staff Monitored Programme
SSR	Security Sector Reform
UN	United Nations
UNDP	United Nations Development Programme
UNAMA	United Nations Assistance Mission for Afghanistan
UNODC	United Nations Office for Drugs and Crime
USAID	United States Agency for International Development

Executive summary

1.   Background

This study aims to address two core questions. Firstly to what extent and with what effects have donors used peace conditionalities as a tool for peace building in Afghanistan? Secondly, in light of the above, can new strategies and approaches to peace conditionalities be identified which are likely to strengthen international efforts to build a durable peace?

A broad definition of peace conditionalities is adopted which subsumes three sub-types identified by Boyce (2005): (1) conditionality for conflict prevention, (2) conditionality for conflict resolution and (3) conditionality for post war peace-building. A successful war to peace transition may be characterized by a series of aid for peace 'mini-bargains' which either move the parties towards a peace agreement, or aim to enforce the overarching or 'grand bargain' represented by the peace accord (Boyce, 2002:19). Peace conditionalities are about more than simply turning the aid tap 'on or off' and can involve either formal performance criteria or policy dialogue between the donor and aid recipient (*ibid*).

In war to peace transitions the decision making-arena is influenced by the triangular relationship between international, national and societal actors. Conditionalities may have a critical effect on the capacities, legitimacy and bargaining processes between these three sets of actors. This study eschews an orthodox approach to conditionalities, based upon a dyadic model involving a unilateral imposition by a donor on a recipient government. Rather than seeing them as an external imposition, conditionalities may be seen as a tool for building alliances and political coalitions with state and non-state actors in the interests of peace-building.

Afghanistan represents a challenging case for the study and application of peace conditionalities for two reasons. Firstly, the Bonn Agreement (BA) was not a 'grand bargain' for peace; it sealed a 'victors' peace' by legitimizing a change of regime that involved handing over power to factional leaders that were on the 'right side' of the war on terror. Secondly, it was only a partial peace since the 'losers' retained the capacity to militarily challenge the new political dispensation. International engagement in Afghanistan has been Janus-headed and has involved simultaneously waging war, whilst attempting to build peace. There has been an ongoing tension between these two 'faces' throughout the implementation of the Bonn process– the one prioritizing the war on terror and short-term stability and the other durable peace through state-building.

2.   Key Findings

Instead of seeing Bonn as a flawed peace, which needed to be modified, international actors viewed it as a favourable peace which needed to be stabilized. The assumption was that with sufficient military, political and economic support, war-induced distortions could be overcome.

The war to peace transition has involved simultaneous transformations in the security, political and socio economic spheres. The application of peace conditionalities in each of these three spheres, alongside other policy instruments, would have involved applying (dis)incentives that promote: first, the concentration of the means of violence and the development of a democratically accountable security structure; second, the development of a legitimate sovereign authority able to represent diverse interests, manage competing claims and resolve conflicts; third, the transformation of the war economy into a peace economy, through conflict mitigating economic policies.

The BA provided transitional benchmarks and a timeframe for international and domestic actors, but these were not linked to formal conditionalities. International actors were reluctant to attach conditions due to their prioritization of stability (rather than durable peace), the pressure to support the new administration, and the belief that conditionalities were not possible because of the fractured nature of governance. The dominant policy was therefore largely one of 'picking winners' and providing unconditional support.

In the security sphere, this translated into a policy of pragmatic 'contracts' or 'war conditionalities' between coalition forces and regional strongmen. National and peripheral elites, in return for providing 'security', were allowed to retain their power and autonomy. In the political sphere, though the Bonn milestones were met and helped legitimize and broaden the political base of the new administration, these gains were undermined by a prevailing policy of tactical accommodation and 'warlord democratization' (Rubin, 2006). In the socio-economic sphere, there has been a frontloading of aid, the economic equivalent of the Powell doctrine of overwhelming force (Suhrke and Bucmaster, 2005) with the aim of stabilizing the 'peace'. This policy is leading to the re-emergence of the rentier state and the creation of institutions and structures that in the long run are unsustainable. Aid donors have focused more on financial accountability than political accountability, which risks undermining policy goals and achievements in the political sphere.

In spite of these short-comings, it is important to remain cognizant of the challenging nature of the Afghan context and the real advances that have been made since 2001. International engagement continues to enjoy a level of legitimacy, not least because of its role in preventing a backslide into civil war. The level of international engagement in Afghanistan, politically and financially, is unprecedented and has been instrumental in preventing the negative regional and national dynamics of the conflict from re-asserting themselves.

## 3.	Analysis

The war to peace transition in Afghanistan has involved a highly extroverted model of state-building involving extremely visible international involvement. A dominant role has been played by the US in the military, political and socio-economic spheres.

The scope and leverage of aid conditionalities largely depend upon the actions or inaction of non-aid actors, particularly those in the security and political spheres. Aid donors are therefore rarely the main drivers of change.

The Afghan state relies almost entirely on external actors to mobilize capital and coercion. Its reliance on outsiders, combined with the perception that it has limited leverage over them, undermines its domestic legitimacy. This in turn undercuts the ability of the government to forge aid for peace bargains with peripheral elites. Regional strongmen are less inclined to throw in their lot with a weak and dependent government. As a result the 'conversation' between centre and periphery is characterized by 'hedging' and 'spot contracts' (Suhrke, 2006) rather than durable, stable relations.

The strategic choices made early on in the war to peace transition are critical; various 'sins of omission and commission' can be identified, which closed down the space for peace-building, including US financial support for warlords, turning a blind eye to poppy cultivation, the failure to extend ISAF, the choice of the SNTV voting system. It is difficult to introduce conditionalities into a process that has hitherto been largely unconditional.

In any war to peace transition there is likely to be ongoing tensions between short-term security imperatives and long-term peace. Arguably, the balance has tilted too far towards the former, focussing on the immediate challenges of today rather than the goals of tomorrow.

## 4.	Conclusions and Recommendations

### 4.1	Conclusions

Afghanistan highlights the limitations of an orthodox development model in contexts of ongoing conflict. Whilst donors propound ideas of ownership and policy dialogue, it is unclear how these can usefully be applied in contexts of fractured governance. Such models do not engage sufficiently with the problem of 'poor performance'. They provide an ideal type model but with no road-map for how one reaches this end-state. Rather than seeing ownership and conditionality as two opposite ends of a policy spectrum, one can view the latter as a necessary instrument for moving towards the former.

Unconditional aid, historically and at the present time, has had a range of perverse effects, including the creation of a rentier state (and rentier warlords),

the distortion of accountability mechanisms and the creation of disincentives for peace. By delivering aid unconditionally donors do not render themselves politically neutral. All aid has political effects whether there are strings attached or not. Therefore there is a role for peace conditionalities alongside the provision of unconditional assistance.

The Afghanistan Compact, signed by the Afghan government and more than 60 donor nations, meets a central prerequisite for effective conditionality, a comprehensive and realistic peace-building agenda owned by the Afghan government and endorsed by the main international stakeholders. It represents a positive evolution from the Bonn Agreement, which provided the contours of a peace-building blueprint in the form of a number of loose political benchmarks, but was infused with enough ambiguities to allow both the Afghan government and the donor community to deviate from its designated path. The Compact, by contrast, delineates precise and succinct benchmarks relating to both donor and recipient responsibilities, providing a solid foundation for conditionality. Now that a game plan is in place, it is necessary for all sides to agree on a clear set of rules for the game. In the development of such a conditionality framework, the lessons of previous experience with conditionalities in Afghanistan need to be considered.

4.2   Recommendations

4.2.1 A Framework for International Engagement

Prioritize peace-building
Getting the external politics right is an important precondition for peace-building. All countries and institutions have self-interests and it is naïve to think they can be set aside. It is less about abandoning self-interest than redefining it in a manner that is consistent with long-term peace-building. This means rethinking the risk-benefit calculus for engaging with weak and failing states. The opportunity costs of not engaging, or intervening in a half-hearted way, need to be explicitly considered. At the very least 'do no harm' criteria must be a guiding principle for international actors' engagement with Afghanistan.

This also means a more explicit acknowledgement of the dilemmas, tensions and trade-offs involved in pursuing multiple objectives. The idea that 'all good things come together' and that there can be 'coherence' between differing goals – such as security, development, liberalisation and peace – needs to be questioned. Counter-terrorism, development and peace may not be mutually reinforcing. Choices and priorities need to be made and these choices are overwhelmingly political, not technical.

Build strategic complementarity
The study highlights the varied motives, strategies and capacities of international actors. Given its fractured nature, ideas of harmonization and coherence are unrealistic and wrong-headed. Strategic complementarity is

based upon the idea that in spite of different motivations and capacities, it may be possible to utilize differing actors and instruments to work towards common strategic ends. This may take different forms. It may involve complementarity between actors – for instance between like-minded donors working to 'crowd in' those with a peace-building agenda. This involves building strategic alliances in the international arena and creating the right kinds of (dis)incentives to address the collective action problem amongst external actors. It also involves developing stronger complementarities between the security, political and socio-economic spheres and between different policy instruments including diplomacy, the military and development aid.

Develop regional approaches
International military and political engagement has so far created sufficiently strong disincentives to prevent regional actors from significantly undermining the war to peace transition. However, the regional dynamics remain fragile and the potential for backsliding into conflict remains. There is a need to think more carefully about the (dis)incentives required to create a more conducive regional environment for peace-building. For example, the extent to which long-term US bases in the region and the manner in which Coalition forces pursue the war on terror have perverse effects, particularly with regard to relations with Iran and Pakistan, need to be considered. As does the scope for creating stronger economic incentives for regional cooperation.

Extend time frames
The time frames set down in Bonn were far too short and the compression of the war to peace transition has had a range of perverse effects, including a tendency to import rather than build capacity, to front load assistance rather than release funds according to absorptive capacity, and consequently to import structures and practices that are unsustainable in the long-run. It has become a truism to state that long-term approaches are required, but this does not negate its validity and importance. Trust built up over time, based on predictable relationships is required if conditionalities are to generate long-term change. Otherwise domestic actors will always 'hedge' in the belief that international donors have only a short attention span.

Address the sovereignty gap and forge a 'double compact'
Conditionalities are not a call for liberal imperialism or unilateral ultimatums. They represent an opportunity to build alliances around common goals, gain greater clarity over the rules of the game and turn the tables on aid donors. There is a strong constituency for the right kinds of conditionalities within the Afghan government and Afghan society more broadly.

A highly extroverted and pragmatic approach to state-building risks increasing the 'sovereignty gap' Ghani et al, (2006) and support for regional strong men limits the *de facto* sovereignty of the state. Furthermore large inflows of unconditional aid risk re-creating a weak, rentier state, whilst providing opportunities for rent-seeking and corruption.

Peace conditionalities should be primarily directed towards building a strong, legitimate state. This involves forging a double compact between international actors and national leaders on the one hand and between these leaders and Afghan society on the other. The 'first compact' involves developing greater clarity between international and national actors on the rules of the game, their respective commitments and their actions if commitments are not met. Such a conditionality framework has the potential to get to grips with the problem of 'poor performance' in the international as well as the domestic sphere. There is scope for conditionality frameworks to turn the tables on donors and to hold them to account in terms of their own performance. The 'second compact' involves strengthening the ability of the state to engage in its own bargaining processes to build peace and also to develop the capacity of societal actors to make demands on the state.

International donors must be willing to let domestic actors take credit for making the 'right' decisions, so that they are seen to be forging their own aid for peace bargains.

The double compact is dependent on the evolution of stable, home-grown institutions which have domestic legitimacy and can manage competing claims. These institutions are likely to be crowded out rather than supported by a 'shadow state' of international consultants and advisors. The emphasis needs to shift from importing capacity to building local capacities in both the state and civil society spheres.

Identify priority areas and sequence interventions
Clearly resources and capacities are not unlimited and priorities have to be established. Priorities decided unilaterally by outsiders may be inappropriate and unsustainable in the long-term. Political legitimation through elections arguably was driven by external priorities, leading to an election system which is unsustainable and potentially de-stabilizing. Although the Afghan Compact and the ANDS do set out a new set of goals and benchmarks for the next five years, arguably, they do not prioritize sufficiently. There is a need to think more carefully about how and where to focus efforts and how to sequence interventions. This imperative is particularly pertinent in the security sphere where a disproportionate focus on training and equipping the security forces, to the detriment of initiatives to reform the judiciary and legal framework, have stunted the entire security sector reform process.

Localize and customize conditions
Bonn provided national level benchmarks, but the last four years have shown that though these benchmarks may be passed, the provincial or district levels may remain unchanged. There is scope to 'roll out' conditionalities so that they start to have an impact at the local level. This means attuning them much more to local conditions. For instance the sequencing and mix of (dis)incentives in relation to counter-narcotics will be very different from one province, district or even village, to another. It offers an ideal context for 'smart' conditionalities –

targeted, flexible measures calibrated to a particular actor, locality, or reconstruction sector. The efficacy of 'smart' conditionalities will be dependent on the access of the conditioner to adequate data and the level of sophistication of their monitoring and evaluation mechanisms.

Monitor and enforce conditions

When donors have applied conditions – as for example in the case of parliamentary elections – they did not enforce them. A much stronger emphasis on monitoring compliance is required if conditionalities are to be credible and effect changes in behaviour, capacities and relationships. Donor failure to enforce conditions can undercut their legitimacy and credibility and may encourage spoiler behaviour.

4.2.2 Peace conditionalities and the triple transition

A number of more specific recommendations can be identified for the application of conditionalities in the security, political and socio-economic spheres:

Security sphere

The creation of an effective and democratically accountable security sector capable of providing security, managing conflict and asserting a monopoly over the use of coercive force is the key to the legitimacy of the government.

The US-led Coalition needs to harmonize its strategic approach with the objectives of the wider reconstruction agenda. This means refraining from employing war conditionality or forming pragmatic bargains with actors whose interests are incompatible with the ultimate objective of sustainable peace. Furthermore, the Coalition must enhance its cooperation with the Afghan government, consulting it on major operations and strategic decisions. This will help to mitigate societal perceptions of a government subservient to Coalition interests, which has hindered efforts to strengthen the legitimacy of the central state, particularly in the Southeast.

PRTs should refrain from providing unconditional assistance. They should be seen as an instrument to apply conditionality in the periphery to promote good governance. PRTs should only cooperate with regional governors and district administrators who demonstrate a commitment to principles of good governance and support national level development programs and reform processes. However, PRT conditionalities at the sub-national level will have little impact if they are not paralleled by the application of (dis)incentives at the national level aimed to breakdown patronage networks that provide political cover for corrupt sub-national officials.

In the context of the security sector reform process, conditionalities could serve as an effective mechanism to jumpstart reforms. However, their efficacy is

dependent on improvements in donor coordination and greater government ownership of the process. Strengthening the capacity of the Office of the National Security Council to serve as a coordinator and focal point for SSR could help to meet these prerequisites. Donor attention should focus on building management capacity within the line security institutions, which would necessitate significant administrative reforms and personnel restructuring. More potent pressure will have to be brought to bear on both the line security Ministries and the executive to dislodge recalcitrant actors.

Renewed emphasis must be placed on injecting greater balance in the security sector reform agenda, channelling more resources and attention into the foundering judicial reform process.

New thinking must be dedicated to the conventional (dis)incentives schemes surrounding counter-narcotics, which have been shown to produce unintended consequences. Donor and Afghan government capacity must be developed to employ 'smart' conditionalities, tailored for particular contexts. This entails the expansion of both intelligence and assessment capacity and monitoring and evaluation mechanisms.

Political sphere

There is a need to focus on the core functions of the state, but working through the state should not be equated to writing a blank cheque. Corruption is a major obstacle to good governance and aid can be leveraged to promote anti-corruption measures. This could form a criterion for the selective support of particular Ministries or government agencies. However, it is important to remain cognizant of the perverse effects of selectivity – particularly between 'reforming' and 'poorly performing' Ministries. There is a need to engage with poor performers and build the requisite capacities of important ministries to enable them to reform.

The government's accommodationist position towards appointments, tacitly endorsed by members of the international donor community, has contributed to the capturing of state institutions by factional interests. More consistent and stronger pressure in relation to appointments, particularly at the provincial governor level, is needed. Such pressure can be tied to (dis)incentives applied in other spheres, such as reconstruction assistance and PRT deployments. Plans to develop a Senior Appointment Panel should receive the firm support of donors.

Donors must work to foster greater political inclusivity in the reconstruction process. In particular it should seek to strengthen and expand the role of political parties, the parliament and civil society. There is a need for a broader level of engagement – with a range of groups from the media and professional associations to youth groups and women. The media provides a particularly powerful medium to cultivate societal support for the reconstruction process that has yet to be exploited.

Human rights have been the 'orphan' of the reconstruction process. There is a need for more rigorous enforcement of human rights frameworks. There is a strong demand within Afghan society to bring perpetrators of past and current crimes to justice.

Socio-economic sphere

The development budget, appointments and reconstruction aid are key instruments that the state can deploy in building its outreach and legitimacy. It is vital that the international donor community not deprive the state of this considerable leverage by channelling assistance outside the state budget. Donors should disburse aid through the international trust funds, most notably the Afghan Reconstruction Trust Fund (ARTF), which endows the Afghan government with greater ownership of the process while ensuring strict oversight of expenditures.

Funding must be carefully calibrated to match the absorptive capacity of the recipient institution; otherwise aid can have perverse effects such as the exacerbation of corruption and factionalization in government offices.

Strengthening the government's capacity to mobilize domestic revenue is central to the emergence of a fiscal social contract in Afghanistan. This will generate a dividend both for democracy and accountability. It will also strengthen the ability of the government to forge its own aid for peace bargains with societal groups.

The Afghan case has demonstrated the importance of carefully sequencing the provision of aid. Specifically, it is important to make the shift away from humanitarian assistance into reconstruction aid as early as possible. Peace and peace conditionalities are inherently political. More thinking is needed about how to 'peace-itize' rather than 'securitize' development assistance. This would involve more thought about the trade offs between the short term and long term imperatives and between growth and equity.

4.2.3 Implications for donors

Effectively implementing peace conditionalities involves significant changes in the existing modus-operandi of donors. Improvements can be made in a number of areas including the incorporation of analytical tools such as 'drivers of change' and Strategic Conflict Assessment and greater complentarity between aid and other policy instruments. Whilst many donors have signed up to such improvements, only a minority have put them into practice.

Donors must alter internal incentives systems, which tend to be input rather than output oriented. Donors tend to value 'keeping the money moving' rather than promoting specific end-states with their assistance.

Conditionality frameworks provide the opportunity for domestic actors to turn the tables on donors. So far peer pressure has been the only means of holding donors accountable for a failure to deliver on promises. There is scope to explore in the context of the new Afghan compact ways of holding international actors to account for 'poor performance'.

1. Introduction

This study examines the scope and potential for the application of peace conditionalities aiming to consolidate peace in Afghanistan. Peace conditionalities are understood to be the use of formal performance criteria or informal policy dialogue to make aid conditional on steps to build and consolidate peace. The report is one of several outputs from a comparative study, which explores the role of peace conditionalities in 'post conflict' reconstruction in Afghanistan and Sri Lanka. The principal aims of this research are; firstly to examine the extent to which peace conditionalities applied by donors have strengthened or undermined peace-building efforts in the two countries; secondly to identify specific strategies and approaches to peace conditionalities that may strengthen international efforts to build or consolidate peace; thirdly to highlight wider lessons generated by the two case studies about the relevance and potential of peace conditionalities in contexts affected by armed conflict. Although our primary focus is on development assistance, peace conditionalities are placed in a broader policy context and are viewed as one of a range of policy instruments, including diplomacy, trade, sanctions or military deployment, which may or may not support peace-building processes.

Four years after the fall of the Taliban and the signing of the Bonn Agreement, most of the principal milestones set by the Afghan and international parties to this agreement have been achieved. The Bonn process culminated in the legislative elections of September 18, 2005. In February 2006 a new 'Afghan compact' was forged in London by Afghan and international actors that offers a blueprint for the next phase of Afghanistan's transition (Sedra and Middlebrook, 2005:1).

The transition from war to peace has not been a smooth one. Opinions are divided about the nature and direction of this transition and there have been numerous studies examining its security,[1] political[2] and socio-economic[3] dimensions. However none have specifically explored the question of peace conditionalities and it is hoped that this study will provide guidance as to the desirability, feasibility and effectiveness of peace conditionalities in the post-Bonn context.

This study is based primarily upon a total of 70 interviews conducted by the authors in Kabul between August and December, 2005. Interviewees included a wide range of Afghan and international actors.[4] These were supplemented by

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[1] Sedra (2002), Giustozzi (2004), Bhatia et al (2004)
[2] Rubin et al, (2005); Suhrke et al (2002); Suhrke (2006)
[3] Goodhand (2004); Pain (2003)
[4] These included; Afghan government officials, NGO staff, civil society actors; international diplomats, military personnel, aid donors, NGO staff, consultants and

the authors' previous research (which has included extensive work in the provinces as well as Kabul), a review of the relevant literature and a commissioned survey of the Afghan media and local views on international engagement (Kamal et al, 2006).

The report is divided into six sections: after the introduction, Section Two provides a brief introduction to the concept of peace conditionalities and its relevance to Afghanistan. Section Three provides a summary of the key phases of the Afghan wars and an overview of international engagement with particular reference to peace (and war) conditionalities. Section Four maps out the principal areas of international engagement since the BA, which is divided into the security, political and socio-economic spheres and examines how conditionalities have been applied within them. Section Five assesses the impacts of conditionalities on conflict and peace dynamics in Afghanistan. Finally, Section Six sets out the key conclusions and policy recommendations.

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academics. The list of interviewees is not attached so as to respect the confidentiality of the key informants.

2. Introducing conditionalities and peace conditionalities

2.1 Defining conditionalities and peace conditionalities

Conditionalities involve the conscious use of aid to create incentives and disincentives to achieve particular goals – unlike unconditional assistance, the failure to demonstrate progress towards, or meet these goals will lead to changes in donor behaviour. Conditionalities vary in terms of their content (*why* they are applied), the process through which aid is conditioned (*how* they are applied) and the target of the conditions (*who* they are aimed at).

2.2.1 Why are conditionalities applied?

Firstly, international actors engage with 'fragile states' for a variety of reasons other than development or peace. Their interventions in the diplomatic, military or economic spheres influence the potential leverage and scope of aid donors to influence domestic incentive systems.

Secondly, the *content* of conditionalities varies according to the goals of the conditioning agent. In the Cold War period aid was linked to nurturing a web of political allegiances. In countries like Afghanistan during the 1980s international assistance might best be characterized as a form of *war conditionality* as explored further below. The post cold war period arguably opened up the space for concerns about aid effectiveness and peace to be prioritized. In the last two decades there have been several variants or 'generations' of conditionalities reflecting changing donor objectives as summarized in Box 2.1:

Box 2.1

Generations of conditionalities

First generation (economic): from the 1980s donors applied economic conditionalities, linked to structural adjustment and economic liberalization programmes.

Second generation (political): political conditionalities emerged in the 1990s linked to good governance and reform programmes.

Third generation (peace) peace conditionalities appeared in the last decade

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associated with the growing number of countries worldwide emerging from violent conflict. During this period there were numerous experiments in 'liberal peace-building' (Paris, 1997), which has become a major growth industry for international donors, NGOs and governments (Boyce, 2002).

Fourth generation (counter-terrorism): since 9/11 development assistance has increasingly been viewed as a means of combating terrorism and bolstering 'homeland security' which is reflected both in the allocation of funding and how funds are deployed.

Although the term generation implies a linear progression, in practice all four variants of conditionality may operate alongside one another in any one context. It is also important to note that although only peace conditionalities explicitly focus on 'peace', other forms of aid conditionality may have a profound impact on conflict and peace dynamics.[5]

Our focus in this study is on peace conditionalities. A successful war to peace transition may be characterized by a series of aid for peace 'mini bargains' which aim to enforce the overarching or 'grand bargain' represented by the peace accord (Boyce, 2002:19). Peace conditionalities are about more than simply turning the aid tap 'on or off' and they can involve either formal performance criteria or policy dialogue between the donor and aid recipient (*ibid*). It is important to recognize as Boyce (2005: 291) notes 'In pre-conflict or conflict settings, donors do not have ready made criteria on which to base conditionality, so they must develop conflict-related benchmarks themselves'. In such contexts, peace conditionalities constitute a series of 'mini bargains' which aim either to prevent conflict from breaking out, or to move the conflict parties incrementally towards a 'grand bargain'.[6]

In practice peace conditionalities have been the exception rather than the rule and, where attempted, the results have been mixed (Boyce, 2005). Several preconditions are identified for effective peace conditionalities; the domestic parties have sufficient authority and legitimacy to strike and implement aid-for-peace bargains; donor governments and agencies are prepared to make peace their top priority ahead of other geopolitical, commercial and institutional goals; and the aid carrot is substantial enough to provide an incentive for pro-peace policies (*ibid*).

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[5] The variants of conditionality given here are by no means exhaustive – a range other conditions can be identified in areas such as the environment, gender, drugs and human rights.

[6] We have therefore adopted a broad definition of the term which subsumes three sub types identified by Boyce (2005): (1) conditionality for conflict prevention, (2) conditionality for conflict resolution (3) conditionality for post war peace-building.

2.1.2 How is aid conditioned?

Aid is conditioned through a combination of persuasion, support and pressure. Conditioning can vary along several dimensions;

- The degree of local *ownership*; the greater the level of local 'buy in', the lower the 'acceptance problem'. If there are no local allies and consequently an absence of local ownership then conditionality constitutes a unilateral imposition. At the other end of the spectrum are cases where all local parties favour the conditions (thus negating the need for explicit conditions).

- The *formality* of conditions; formal conditions are placed in the public domain and have a legal dimension, whilst informal conditions may be applied in confidence between two parties, though they may involve clear expectations of what is to be achieved. The degree of formality also applies to selectivity – sometimes referred to as ex post or allocative conditionality – in the sense that donors may be more or less transparent about their criteria for inclusion/exclusion.

- The '*hardness*' of conditions; this relates to the so-called 'enforcement problem' in terms of the extent to which donors are able and willing to enforce conditions. Soft conditions may be largely rhetorical, whilst hard conditions are real and enforced.

- The degree of *specificity*; formal, hard conditions are linked to clear targets, time frames and agreed procedures when conditions are not met. Soft conditions tend to have a low level of specificity. Donors may talk about benchmarks instead of conditions or have formal or informal 'red lines', the crossing of which would trigger a change in the aid relationship.[7]

- The *level* at which conditions are applied; conditions may be linked to specific policies, programmes or projects. Alternatively they may target broader development processes – for instance process conditionalities on participation related to PRSPs etc.

This study adopts a broad definition of the term to encompass the softer, informal forms of conditionality. By doing this it attempts to put the spot light on the often invisible forms of disciplining or signalling that take place in the conditionality game, particularly in 'unruly' environments affected by armed conflict.

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[7] For DFID, the 'bottom lines' which would signal the termination of the aid relationship are: a significant move away from poverty reduction objectives; the large scale violation of human rights; the breakdown of government financial management.

2.1.3 Who is targeted?

Conditionality has conventionally been viewed in state centric terms, through the prism of an aid donor-recipient state relationship. In this study the focus is broadened to include conditioning processes involving non state as well as state actors. We also discard a bi-polar, unitary actor model and explore conditionalities as a complex triangular relationship involving donors, national elites and societal groups (with each point of the triangle also needing to be disaggregated). The (dis)incentives applied by international actors may have a critical effect on the capacities and legitimacy of national actors and their relationships (and bargaining processes) with societal groups.

Rather than simply viewing conditionalities as a unilateral imposition, they may also be seen as a vehicle for developing transnational alliances and advancing objectives shared by parties on both sides. This takes us into a more nuanced (and complex) analysis of the alliances between exporters and importers of particular projects.

Finally it is important to stress that in any setting, but particularly in conflictual environments, aid has political impacts whether there are strings attached or not. Donors by providing aid unconditionally therefore do not render themselves politically neutral. The evidence from a range of contexts shows that aid as a blank check fuels political tensions and conflicts, and as such represents an abdication of responsibility and accountability on the part of donors (cf: Uvin, 1998; Boyce, 2002).

2.2 Conditionalities, 'post conditionalities' and working in armed conflict

In development circles conditionalities have increasingly fallen out of favour. There has been a shift away from notions of 'hard' conditionalities towards ideas of streamlining or selectivity. Some donors such as DFID are said to have adopted a 'post conditionality' approach, which emphasizes policy dialogue and 'ownership'. This reflects the position laid out in the Paris Declaration of the High Level donor meeting of 2005, with its stress on partner countries' ownership and notions of alignment, harmonisation, results-oriented planning, reporting and assessment frameworks, and mutual accountability and transparency.

Whilst a 'post conditionality' position may be tenable in a stable context where there is 'incentive compatibility', it is unclear whether or how this can be translated into a realistic policy in conflictual settings. On the one hand, the donors' default position of avoiding the state and providing project-based humanitarian assistance through NGOs is increasingly questioned, particularly

in situations of long term political instability.[8] But on the other hand, attempting to apply mainstream development policies may itself be problematic – meaningful policy dialogue and domestic ownership may not be possible where the state is contested and unconditional aid runs the risk of fuelling conflict. Furthermore, the current standard model fails to address *how* fragile states are supposed to undergo the transition from a 'poor' to a 'good performer' (Warrener and Loehr, 2005:5).

2.3   Conditionalities in Afghanistan

Evidently there are significant differences between Afghanistan and other contexts where peace conditionalities have been employed. First, there has been no peace accord in Afghanistan – Bonn was essentially an agreement between the victorious parties following the fall of the Taliban. Second, there is still a war going on in Afghanistan – Coalition forces under the aegis of Operation Enduring Freedom are continuing to pursue a war against al-Qaeda and neo-Taliban militants. As with Iraq, international involvement in Afghanistan is Janus-headed since it involves simultaneously rebuilding the state whilst waging war. Third, there has been a marked reluctance from donors to employ conditionalities in general and peace conditionalities in particular throughout the implementation of the Bonn process. The reasons for this are many and explored in detail below, but it will be argued that essentially this was due to the prioritisation of stability over long term peace-building.

Although peace conditionalities have in the main not been part of the donor vocabulary in Afghanistan this does not mean that the concept is redundant. This analytical lens is a useful one for exploring international engagement in Afghanistan and its effects on peace-building.

Firstly, all forms of aid have some form of soft or hard, formal or informal conditionality built into them. And in a conflictual setting *any* conditions are likely to have a direct or indirect impact on conflict and peace dynamics – whether they are related explicitly to peace or to other objectives such as drugs, gender or macro economic reform.

Secondly, even though donors do not use the language of peace conditionalities, they do talk about peace-building and state-building and the need to align strategies behind these objectives. Donors selectively support institutions and actors who they believe will promote progressive change, moving the country further along the war to peace continuum. Related to this, as in many other 'post conflict' contexts there has been an expansion of the mandates and modalities of aid organisations – illustrated most clearly by the growing involvement of aid actors in the security sector and counter-narcotics.

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[8] See Leader and Colenso (2005)

Thirdly an exploration of peace conditionalities puts the spotlight on the incentive systems, the negotiation processes and the alliances between the 'exporters' and 'importers' of peace-building. Central to the study of conditionalities is the question of power relations and the asymmetries of power, information and preferences. Peace itself can be seen as an 'incentive problem' – both for Afghans and for international actors – in the sense that war and its legacies create a negative equilibrium of perverse incentives. The selective application of conditionalities may help create an institutional setting, in which incentives are more positively oriented towards solving collective action problems.

3. History of the Afghan wars and international engagement

Although the focus of this study is on the post-Taliban period, there are significant continuities between the current and earlier (pre-war and war) phases of international engagement. The following section provides a brief overview of the different phases of the Afghan wars[9], the key dimensions of violent conflict and the role of international assistance.

3.1 An Overview of War and Peace in Afghanistan

3.1.2 Pre-war period

The Afghan state that developed in the first half of the twentieth century was centralised but weak and dependent on external resources. Amir Abdur Rahman Khan (1880-1901) relied on British subsidies to centralize the means of coercion and to consolidate internal control.[10] Twentieth century Afghan rulers continued to rely on 'rentier' incomes and typical of other 'rentier states', there was no basis for the emergence of a social contract. There was limited organisational and political investment in developing a taxation system to generate internal incomes.[11] This led to a state that was relatively autonomous, with limited legitimacy and recurrent tensions between state and society.[12]

In 1978 members of the People's Democratic Party of Afghanistan (PDPA) gained power in a coup (Saur Revolution) and embarked upon a radical reform programme. A second coup followed in 1979, and with growing insurrection and a breakdown of social control, the Soviets invaded in December 1979.

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[9] Following Maley (2002) we have used the plural rather than singular form because firstly there have been five phases to the conflict which in a sense have been different wars with different origins and dynamics. Secondly there are simultaneously several conflict going on at the same time as part of a complex regionalized conflict system

[10] In 1882 for instance the British granted Abdur Rahman Khan a yearly subsidy of 1.2 million Indian rupees to employ conscripts, which in turn enabled him to increase direct tax revenues from landowners.

[11] During the 1960s internally generated state finances depended almost entirely on heavy duties levied on imported goods (as the merchant class was politically weak), rather than agricultural resources that formed the backbone of the economy. In 1972 for example the two greatest single sources of national wealth – agriculture and livestock – yielded a mere 1% of state revenues (Hyman, 1992:32).

[12] Abdur Rahman Khan during his reign put down a total of forty internal disturbances (Edwards, 2002).

3.1.3 The Afghan Wars

The Afghan wars can be divided into five main periods which are summarized in Box 3.1.

Box 3.1

Key Phases of the Afghan Wars

(1) 1979 - 1988: Jihad in a cold war context
The Afghan rural resistance fought the Soviet-backed Kabul regime. The Sunni resistance parties received military and financial support from Pakistan, the United States[13], Saudi Arabia and China. The Kabul regime received similar backing from the Soviet Union. More than 5 million Afghans became refugees in Iran and Pakistan. The Geneva agreements of 1988 paved the way for Soviet withdrawal. An Interim government, composed of the *Sunni* parties and excluding the *Shi'a* parties was set up under the aegis of the US, Pakistan and Saudi Arabia.

(2) 1989- 1992: Jihad among Afghans
After the Soviet withdrawal an internal war between the Soviet-supported government of President Najibullah and the various Afghan factions ensued, with continued support from the Soviet Union and the US. However the collapse of the USSR and the winding down of US assistance altered the power balance. The Najibullah regime collapsed when Abdul Rashid Dostum, commander of an Uzbek militia aligned to the Kabul regime, switched sides to the mujahedin, who entered the capital in April, 1992.

(3) 1993 - 1996: Factional war among Afghans
This period has been referred to as the "Lebanisation" of Afghanistan because of the fractured mujahedin government, the internal power battles and shifting alliances among the major party leaders. As superpower influence declined, regional power interests reasserted themselves and the conflict assumed the characteristics of both a regional proxy war and a civil war. In late 1994 the Taliban began to emerge, first in Kandahar in the south, with a stated objective of restoring stability. In September 1996 they entered Kabul.[14]

(4) 1996 -2001: Taliban rule
Fighting continued between the primarily Pashtun Taliban, backed by Pakistan and the primarily non-Pashtun United Front (UF)[15], backed by Iran, Russia,

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[13] It is estimated that US$6-8 billion worth of arms were sent through the Afghan arms pipeline (Rubin, 1995).

[14] See Maley, (1998) for an analysis of their rise to power.

[15] The United National Islamic Front for the Salvation of Afghanistan (Jabha-yi Muttahid-I Islami-yi milli barayi Nijat-I Afghanistan). The UF was formed in 1996 as an alliance of the groups opposed to the Taliban. The president of the ousted government, Burhanuddin Rabbani, remained the President of Afghanistan the titular

Uzbekistan and Tajikistan. In April 1996 Mullah Mohammed Omar, the Taliban leader was elected as Amir al-Mu'minin, and in October, 1997 he renamed the 'Islamic State of Afghanistan', the 'Islamic Emirate of Afghanistan' (IEA). The Taliban controlled roughly 90% of the territory, and the UF the remaining pockets of land.[16] The presence of radical Islamic groups in Taliban-controlled territory (and in neighbouring countries) including Osama Bin Laden's Al-Qaeda network and the Islamic Movement of Uzbekistan (IMU) contributed to growing international concern and ultimately a re-engagement with the region.[17]

(5) 2001- present: Karzai-led government

On 9 September 2001 Ahmad Shah Massoud a leading commander of the US was assassinated by suicide bombers in NE Afghanistan. Attacks two days later on the World Trade Centre focused world attention on Afghanistan. A US-led coalition (including the UF) began military strikes on 7 October with the twin objectives of destroying Al Qaeda networks and overthrowing the Taliban regime. By November the Taliban had collapsed and in December the Bonn Agreement was signed[18]. By September 2005 the key milestones of the Bonn Agreement had been passed. These included' the creation of an Afghan interim administration; the convening of an emergency Loya Jirga to decide the composition of an Afghan transitional authority; a constitutional Loya Jirga in order to adopt a new constitution; Presidential and parliamentary elections. In spite of these achievements there is continued resistance from neo-Taliban and Al Qaeda forces and large swathes of the country (particularly the south and east) remain insecure.

Adapted from Atmar and Goodhand, 2002

3.2   An Analysis of War and Peace in Afghanistan

Conflict is understood here as primarily a crisis of the state, characterized by its inability to perform the core functions of providing security, representation and welfare. These three interlocking dimensions of state crisis are briefly explored below in relation to the current challenges of a war to peace transition.

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head of the UF, although real power lay with Commander Ahmad Shah Massoud, the Minister for Defence (Human Rights Watch, 2001:12).
[16] Principally in the north, northeast and parts of the central highlands.
[17] In August 1998 US air strikes on Bin Laden's camps in Afghanistan followed the US embassy bombings in Tanzania and Kenya. International sanctions were subsequently imposed in 1999 and 2000.
[18] The UN sponsored 'Agreement on Provisional Arrangements in Afghanistan Pending the Re-establishment of Permanent Government Institutions'.

3.2.1 Security Dimensions

Afghanistan's external security environment has been shaped by its peripheral borderland status. It has suffered from chronic insecurity largely because of its 'adverse incorporation' into the state system. It is a country that has been on the receiving end of 'serial abuse' (Freedman, 2004) by external powers and neighbouring states. Afghanistan has been subject to either the wrong kind of international involvement (Superpower rivalry in the 1980s) or the lack of involvement (malign neglect in the 1990s).

Over the past two decades Afghanistan has increasingly become the central node in a highly volatile and constantly mutating regional conflict system or 'bad neighbourhood'. Regional state and non-state actors have played a role in sustaining the Afghan wars and acting as 'spoilers' in preventing their resolution. The regional sources of insecurity remain deeply entrenched in spite of the Bonn Agreement and the signing in December, 2002 of a regional non-interference treaty by Afghanistan's immediate neighbours.

Classically, sovereignty creates a socio-political unit with some measure of autonomy or insulation from the outside (Sorensen, 2000: 1). But a weak or 'egg shell' state cannot perform this function so effectively and at its worst becomes an 'insecurity container' (Herz, cited in Sorensen, 2000:3). Afghan state-builders developed the means of coercion through external support. They 'acquired their military organization from the outside, without the same internal forging of mutual constrains between rulers and ruled (Tilly, 1985: 185-6). Their armies faced inwards rather than outwards (Sorensen, 2001). In the Afghan case, despite external support to build up and concentrate the means of coercion, the state lacked either empirical sovereignty or legitimacy.[19] Regimes that failed to develop a strong and loyal army were resisted and ultimately overthrown.[20] High capacity regimes – whether democratic or authoritarian – are better able to contain discontent. Crises may be precipitated when the state proves unable to contain and resolve tensions through either violent or non-violent means. To a great extent regime legitimacy will be built in the first instance on the state's ability to provide security and protection and to manage local conflicts (as was the case in the early days of the Taliban).

Specialists in violence have proven themselves to be extremely adaptive and innovative. An unstable and unruly 'peace' may provide continued opportunities for self enrichment. Some warlords may have a vested interested in a weak central state and ongoing instability, in order to maintain their political and economic spheres of influence, carved out during the war years.

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[19] The Taliban, in contrast managed to concentrate the means of violence (with external support) and consequently had empirical sovereignty. But it was never recognized and therefore lacked juridical sovereignty.

[20] The military in Afghanistan has historically become the focus for a number of contests of authority between the state and the tribes (Cramer & Goodhand, 2002:898).

'Peace' has so far been characterized by chronic insecurity for much of the population. The agents of this insecurity are arguably as likely to be state actors (particularly the army and police force) as non-state or anti-state groups.

3.2.2 Political Dimensions

Territorial sovereignty has been an ideal to which Afghan rulers aspired but rarely if ever achieved in practice. In fact for most of Afghan history there was no state in any robust sense of the term – there were instead multiple sovereigns including small-scale local chiefs, tribal confederations, bandits or warlords. It has been a history of 'roving bandits', with faltering and sometimes brutal attempts by 'stationary bandits' (Olson, 2000) – from Abdur Rahman Khan in the nineteenth century to the Taliban in the twentieth – to concentrate the means of violence and unify the country.

As the state was identified with particular interests it never gained broad-based support and suffered periodic crises of legitimacy. Furthermore it lacked the capacity to meet the growing political aspirations of the new middle class or effectively control dissent. The Soviet invasion was the culmination of several interlocking state crises, namely a breakdown in the hegemony and institutions of the state, relationships between the state and civil society and the mechanisms for managing conflict between groups competing for power and position (Fielden and Goodhand, 2001: 7).

In the power vacuum left by the collapse of the state in the mid 1990s, sub-national power bases re-appeared. Regional warlords like Ahmed Shah Massoud in the northeast and Ismail Khan in the west[21] established regional politico-military structures and had limited interest in putting the state back together.[22] Other beneficiaries of state collapse were Arab militants, mostly in the eastern and south-eastern regions. The country became a 'safe haven' and training ground for 'stateless' internationalist Muslim fighters (Roy, 2001).

Rentier states are more likely to suffer from political pathologies, including autonomy from citizens, non-transparency in public expenditure, vulnerability to subversion and ineffective public bureaucracy (Moore et al, 1999). A central challenge in the war to peace transition is that of establishing a fiscal social contract. As shown in research from elsewhere, the development of such a contract is likely to generate a dividend both for democracy and accountability (*ibid*). However large inflows of 'unconditional' funding run the risk of undermining or distorting the bargaining processes which constitute the basis

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[21] Both were members of the UF which nominally had a nationalist agenda, but Ismail Khan at least has never disguised the fact that his political ambitions are purely to consolidate his regional power base.

[22] The exception to this trend was the Pashtun south, where a larger variety of commanders re-established their local fiefdoms, but with no evident unifying candidates at the regional or ethnic level (Suhrke et al, 2002b)

for the development of such a contract. With the national budget mostly financed through foreign funding, accountability tends to follow the direction of the resource flows, rather than towards the citizens of the country (Suhrke, 2006; Rubin, 2006).

3.2.3 Socio-economic dimensions

During the course of the conflict, three types of economy emerged – the combat, shadow and coping economies – which enabled different groups to wage war, profit, cope or survive (Goodhand, 2004). Each has its own dynamic and patterns of change. The combat economy includes both the production, mobilization and allocation of economic resources to sustain a conflict, and economic strategies of war aimed at the deliberate disempowerment of specific groups (le Billon, 2000). The shadow economy involves profiteers who profit on the margins of the conflict. The coping economy, involves the majority of the population, including those who cope (i.e. maintain their asset bases) and those who merely survive (i.e. deplete their asset bases).

Economic opportunities were clearly a factor in sustaining violent conflict as militarised non-state actors exploited the lack of a centralised authority. But a careful reading of Afghan history suggests that political grievances (and opportunities) have been far more important than economic greed. This takes us away from a narrative of 'predatory warlords' and 'greedy entrepreneurs' into an analysis of governance. The critical factor in the shift from politics to violence was the breakdown of the institutions – of state and society – to manage or resolve these grievances. And the shift back from violence to politics is likely to involve the rebuilding of these institutions – namely a state with the capacity to provide services and with a re-distributive role.

There is also a need to look beneath the institutions of the state, at Afghan civil society and how it has been affected by, and influenced, the dynamics of the conflict. Social organisation reflect the linguistic, ethnic and geographical diversity of Afghanistan; it is complex and diverse and tends to reflect the importance of bonds of kinship and reciprocity (Maley, 1998:5). Tribal (*qawm*) and religious (*ulema*) networks are the key social units that have historically mediated between the state and society. These are not formal, rule-based organisations but consist of a complex web of informal, norm-based networks.

Contemporary political and economic arrangements are built upon embedded social networks of exchange and association. The networks of the combat, shadow and coping economies are governed by rules of exchange, codes of conduct, hierarchies of deference and power (Nordstrom, 2000:37). They are not anarchic and do not depend purely on coercion. Trust and social cohesion are critical. Counter-intuitively, it may be the *absence* of a state and predictable social relations which engenders greater trust and solidarity at the local level as people depend upon it for their survival (*ibid*).

Therefore, as outlined in this section on conflict in Afghanistan, a complex mixture of political, social and economic factors have contributed to the evolution of an extremely volatile and constantly changing regional conflict system. The policy objective cannot simply be analysed as 'peace' or 'ending the war' – it must involve the transformation of the institutions, networks and incentive systems – regionally, nationally and locally, which cause and perpetuate the Afghan conflict system.[23]

3.3 Background on International Engagement in Afghanistan

3.3.1 Pre-war aid

In the 1960s Afghanistan depended for nearly half of its budget on foreign aid, primarily from the Soviet Union[24] and the United States. Aid conditionalities during this period were therefore shaped by the hard security concerns of contending super powers. Following an age old pattern, Afghan leaders sought to maximize external funding whilst minimizing external interference in domestic concerns. In essence Afghanistan was able to generate locational rents, trading on its position as a strategic buffer. Because of their ability to play off one power bloc against another, Afghan leaders were able to retain some bargaining power or room for manoeuvre. Aid funding was used for regime consolidation and maintenance. For instance the Helmond River Valley Authority (HVA), a massive dam-building/irrigation project in the southwest of the country was funded by the US from the 1950s. To royal government officials, the project was a means of dealing with a floating population of Pashtun nomads, whilst for the US it was part of their strategy of creating a strategic buffer to the Soviet Union (Cullather, 2002).

Aid enabled a fractious dynasty to maintain its precarious rule, but it also contributed to the creation of new elites who emerged from aid-funded schools and the bureaucracy (Rubin, 1996:142), many of whom subsequently joined the Islamist and Marxist movements. In 1979 the IFIs stopped lending to Afghanistan. For the next 23 years the country was ineligible for such assistance.

3.3.2 Intervention in a Cold War conflict

Soviet and US support (military, financial and humanitarian) to the Afghan regime and the mujahidin respectively, was explicitly a form of 'war conditionality'. Aid, as the 'non-lethal' component of foreign assistance, was delivered both to mujahidin-controlled refugee camps in Pakistan and Iran and

[23] This goal can be referred to as 'positive peace' (Galtung, 1990), something that has been advanced in successive UN reports including the 'Agenda for Peace' (1992), the SG's 'Supplement to an Agenda for Peace' (1995) and the Brahimi Report (2000).
[24] From 1956 to 1978 the Soviet Union provided Afghanistan with US$1265 million in economic aid and roughly US$1250 in military aid (Rubin, 1995:22).

cross-border to populations (and military groups) living inside Afghanistan. In addition to western aid, Islamic/Middle Eastern assistance was a significant part of overall funding. Both categories of donors, through their support for the mujahidin were the conscious agents of state collapse.

External funding during this period mirrored and reinforced the bifurcation of Afghan society that had preceded the war – Soviet support was channelled through the urban-based structures of the PDPA, and US/Pakistani/Middle Eastern support was channelled through the mujahidin and their networks in the countryside. Both were dependent on external assistance – essentially this was a war between a rentier state and rentier rebels (Rubin, 1995). However on both sides, the external-internal interaction was far more complex than a straightforward principal-agent relationship. The relationship between the mujahidin and their foreign backers, was arguably one in which the agent subverted or even shaped the agenda of the principal. The resistance parties like Hekmatyar's Hezb-i Islami and Sayaaf's Ittihad-i Islami became significant military and political actors, less because of their political credentials or constituency within Afghanistan, than because of their ability to cultivate relationships with external backers – in this case Pakistan's ISI and Saudi Arabia respectively. Afghans on both side of the conflict consistently subverted the bi-polar logic of their external backers; alliances in the field were constantly shifting back and forth between mujahidin and pro-government militias. At the micro level Afghans would have family members in both the government forces and the mujahidin as part of a political risk spreading strategy.

In the aid sphere, Afghan actors were similarly adept at manipulating external patrons and creating room for manoeuvre for themselves. Some international aid agencies based in Peshawar during the 1980s were virtually colonized by the Afghan resistance (Baitennman, 1992). One of the conditionalities for the distribution of humanitarian aid to the refugee camps in Pakistan was that it had to be channelled through one of the seven mujahidin parties – this can be understood as a form of selectivity of allocative conditionality. A solidarity position of unconditional assistance to 'freedom fighters' meant that humanitarian principles of impartiality and neutrality were eroded. Donors were willing to accept wastage levels on cross-border aid of up to 40%. NGOs were seen by donors as convenient middle men obscuring the original source of funding.

Therefore, international involvement in Afghanistan during this period was shaped by the 'war conditionalities' of competing superpowers. Once the division had been made between friend and foe, funding and support tended to be unconditional. It involved pumping huge amounts of money and arms into a poor, under-developed country, with devastating political, military and social effects.[25]

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[25] It is estimated that $3 billion of economic and military aid was provided by the US between 1980 and 1989 (Katzman, 2006).

3.3.3 Factional war among Afghans

After the Soviet withdrawal, Afghanistan became from a Western perspective, a 'discretionary conflict'. Humanitarianism emerged as the primary form of Western engagement in the country. Regional powers filled the resulting vacuum and they pursued competing strategic interests through proxies within Afghanistan.

Following this period the scope for international actors to influence the course of the conflict by applying conditionalities declined. Firstly, international actors had less traction on domestic actors because of the decline in super power involvement and the lack of robust support for UN mediation. Secondly the conflict resolution challenge had become more complex because of the growing involvement of regional actors and the emergence of regional politico-military formations. Thirdly, with the growth of a regionalized war economy, there was less scope for assistance to influence incentives for peace. Aid operated at the margins of this economy and at best helped mitigate the human costs of conflict (Goodhand, 2002, Boyce, 2003).

3.3.4 The Taliban period

The emergence of the Taliban marked renewed Western engagement with the region, prompted by a combination of concerns related to terrorism, drugs, refugees and human rights. Under the leadership of Lakhdar Brahimi, some attempts were made to enhance the effectiveness of peacemaking efforts.[26] The most significant innovation was the UN-led Strategic Framework process, initiated in 1997, which attempted to forge stronger synergies between political and humanitarian processes (see Box 3.2). However, because there was never one single UN body with a unified mandate and policy toward Afghanistan, there were ongoing tensions between different parts of the UN system. Essentially the UNSC saw Afghanistan as a rogue state to be contained and isolated, while UNOCHA conceptualised it as a collapsed state to be assisted and engaged with (Duffield et al, 2001).

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[26] These included the 6 + 2 mechanism, the development of informal linkages between UNSMA and other peace initiatives including the OIC and a Civil Affairs Office to deepen UNSMA's engagement with civil society.

Box 3.2

The Strategic Framework

The SF was designed to develop greater coherence between the assistance and political wings of the UN and its partner agencies, in the interests of promoting peace and stability.[27] This envisaged a more radical role for the humanitarian operation, whose objectives had shifted during the course of the conflict from gaining access, to humanitarian encirclement and finally as now proposed, to promoting peace. It aimed to promote and mutually reinforce the three pillars of peace, aid and rights.

The SF was based on a number of 'maximalist' assumptions about the role of aid in relation to the conflict and the wider international response. First, it was assumed that aid could provide significant incentives and disincentives that could modulate the behaviour of actors in the conflict. Second it assumed that the framework would promote system coherence and interagency coordination, thus ensuring that carrots and sticks could be applied consistently. Thirdly, it was assumed that the political and aid strategies could complement one another. The SF would act as a buffer mechanism to prevent the 'bad' politicisation that had characterised the relationship between aid and politics in the 1980s.

Each of these three assumptions can be questioned in the light of subsequent experience. Firstly, the international community failed to understand incentive systems within the Taliban (Van Brabant and Killock, 1999). A policy of negative incentives, which included 'missile diplomacy', one-sided sanctions and aid conditionalities only served to isolate the Taliban and entrenched the position of the hard liners. With the political process faltering aid became by default the primary form of international engagement. Conditionalities were based on an unrealistic assessment of the importance of aid in relation to other resource flows driving the combat and shadow economies. The aims of an under-resourced and fragmented aid system were well beyond its grasp.

The limitations of the second assumption about system coherence and effective aid coordination were exposed by an intrinsically competitive aid system. A top down managerialist framework was an inappropriate model for such a diverse group of organisations operating in a complex and changeable environment. Therefore the SF was undermined from above by donors and from within as a

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[27] The SF's origins date back to January, 1997, when at an aid meeting in Ashgabad, Jan Pronk, the Dutch Foreign Minister argued forcefully for an expanded role for aid in which it would be used to promote peace.

[28] If one compares the value of aid to Afghanistan (roughly $300 million per annum)[28] with the $2.5 billion generated in 1997 through cross border trade between Afghanistan and Pakistan (Naqvi, 1999) it is clear why threatening to turn off the aid tap had a limited effect.

result of inter-UN agency conflicts and from below as a result of resistance from NGOs. MSF, for example distanced itself from the process arguing that it threatened its independence of action.[29]

The final assumption about complementarity between politics and aid proved to be deeply problematic. Those responsible for the three pillars of the SF had different views about its source of legitimacy; for UNSMA it came from the Secretary General or UNSC, for the Special Rapporteur for Human Rights it was the UN Charter, while for UNOCHA it was International Humanitarian Law (Donini, 2003). The SF was politicised by donor governments, which in effect pushed the aid community into a position of de facto political opposition to the Taliban. Far from insulating aid from politicisation the SF made the process easier. In spite of its ambitious objectives, in practice aid and politics grew more distant and fractious under the SF (Duffield et al, 2001).

The strategy of Western governments towards the Afghan conflict during this period was broadly one of containment rather than conflict transformation. This was reflected in low funding levels (primarily for humanitarian assistance), a policy of isolating the Taliban (international recognition was one of the few bargaining chips of international actors) and the imposition of a one-sided sanctions regime. Arguably this strategy and a policy of confrontational conditionalities strengthened the hand of the hardliners within the Taliban and drove them into a closer relationship with Al Qaeda. Conditionalities became increasingly stringent, amounting in the late 1990s to a policy of 'all sticks and no carrots'. Even when the Taliban did meet Western conditions, by for instance eradicating poppy in 2000-2001 there was no matching international support for crop substitution programmes (Boyce, 2003:14).[30]

3.3.5 Post Taliban period

International engagement during this latest period of the Afghan wars is examined in greater detail below. However, it is important to stress here that the level of international engagement in the military, diplomatic and assistance spheres is unprecedented. Afghanistan has moved from the margins of the international agenda to being seen as one of the principal battlegrounds of the global war on terror (GWOT). This is mirrored not only in policy shifts

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[29] At a programming level the effectiveness of coordination structures was limited by the fact that none of the national level groups met in Afghanistan because all donors, UN head of agencies and many NGO directors were based in Pakistan (Johnson and Leslie, 2002).

[30] There are conflicting views as to why the Taliban introduced the poppy ban. Different theories about their motivations include; to gain international recognition; for religious reasons; to stock pile reserves of opium and thus bring up prices (Goodhand, 2005).

towards Afghanistan, but also to other countries in the region such as Pakistan and Uzbekistan which are seen as strategic allies in the GWOT.[31]

3.4   Conclusions on International Engagement

To conclude this section on international engagement in Afghanistan, a number of key points can be highlighted:

Firstly, Afghanistan has suffered from 'serial abuse' at the hands of international and regional powers. International intervention has been driven by a range of external factors from concerns for hard security in the Cold War period, to homeland security in the post 9/11 period. This is reflected in the inconsistent and half hearted political support for peace-building and the freeze-thaw nature of funding. Responses were rarely proportionate to the logic of the conflict itself. Historically all forms of assistance to Afghanistan have been closely linked to political and military goals (Surkhe et al, 2002:885) and the current phase of engagement is no different in this respect. Therefore at no stage in Afghanistan's history have international actors made peace their overriding objective – other goals, whether they are military, commercial or institutional, have always taken precedence. At the macro level there is no precedent for peace conditionalities, although as part of the SF process some aid agencies did experiment with peace-related conditions at a programmatic or project level (Atmar and Goodhand, 2002; Goodhand, 2002).

Secondly, *all* assistance to Afghanistan, whether it has been conditional or unconditional has had political impacts. Both the sticks *and* the carrots of international actors helped create the permissive conditions for the Afghan wars and have also been important sustainers of conflict. By providing aid unconditionally, donors do not render themselves neutral. Unconditional aid contributed to the emergence of the rentier state, whilst conditionalities based on external interests – most notably war conditionalities in the 1980s – contributed to state collapse.

Thirdly, in order to understand the interactions between external and internal actors it is necessary to discard a unitary actor model. The above analysis highlights the tensions and competing interests between a range of international state and non state actors. Just as the motivations and capacities of external actors need to be unpacked and analyzed, the same applies to domestic actors, both at the state and sub-state levels. Historically reform processes in Afghanistan have depended upon strong leadership, a supportive constituency and a strong element of endogeneity (Suhkre, 2006). The failed PDPA reforms are instructive, since they were based on weak leadership and narrow coalitions, which led to a growing perception of external intrusion and ultimately to violent

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[31] Pakistan for instance is now globally the highest per capita recipient of ODA (Cosgrave, 2003).

resistance. State-building and modernization processes have involved the mobilization of capital, coercion and legitimacy (Rubin, 2006). For Afghan rulers, external support can be a double edged sword – it may provide them with capital and coercive power, but too strong a dependence may undermine their legitimacy and consequently the scope for broad-based coalitions.

Fourthly, although the bargaining processes between internationals and Afghans do not take place between equals, Afghans have historically used their agency to influence the terms of engagement. An understanding of the alliances between the importers and exporters of particular projects is critical. To some extent these alliances are characterized by patron-client type relationships: 'the foundations of political accountability ….rest on the links between Big Men… and their constituent communities… so that even the lowliest client can expect to benefit from his affiliation to a patron' and the leader's prestige depends on the number of his clients (Chabal and Daloz, cited in Barakat and Chard, 2004, 30). One can expect that Afghan elites will continue playing an old game, by exploiting international interventions for a range of reasons including for cash and resources, recognition and legitimacy and power by association (Barakat and Chard, 2002). The crux of the game is to show outward conformity to the formal and informal conditions attached, but in practice to comply minimally to these conditions. Afghans have played this game extremely astutely for many years. This will continue to be the case whether or not a more conditional approach emerges as a result of the Afghanistan compact.

4.   International intervention and statebuilding

4.1   The Triple Transition

Post conflict peace-building involves a 'triple transition' (Ottaway, 2002) in three interconnected spheres: a security transition; a political transition; and a socio-economic transition. These three spheres broadly correspond to the core functions of the state outlined earlier, of providing security, representation/participation and wealth/welfare. At the heart of the peace-building enterprise is the development of a strong, legitimate state.

Before exploring the nature of the triple transition in Afghanistan it is important to reflect on what the country is 'transitioning from'. What was the starting point for peace-building in Afghanistan? In post-conflict settings, it is commonly the peace accord which furnishes a set of benchmarks that the warring parties have formally accepted against which donors can judge performance (Boyce, 2003: 5). Whilst the Bonn Agreement did provide a framework for international engagement in Afghanistan, it was not, as already mentioned, a peace accord. 'Peace' was brought about through military intervention which transformed the stalemate of the preceding five years. The result has been a partial 'victor's peace', the spoils of war having gone to the winners, with the losers undefeated and retaining the capacity to play a spoiling role.

In this sense, Bonn did not constitute a 'grand bargain'. It was an externally mediated agreement in a war won by the US. The main political task of the international mission was therefore not to verify and monitor a peace agreement but to negotiate its completion. Bonn effectively legitimised a change of regime which involved handing over power to factional leaders. The US deposed the Taliban in pursuit of a larger war in which Afghanistan happened to be one arena, but not because they were committed to a certain kind of peace in Afghanistan (Suhrke et al, 2002: 877). Bonn provided a tight deadline for political reconstruction but was vague about other matters (ICG, 2005: 3) particularly in relation to economic reconstruction and security issues:

> 'While perhaps the best that could have been salvaged from the situation created by the early states of Operation Enduring Freedom, the outcome of the Bonn negotiations was far from being a 'peace' agreement. Not only did it provide an opportunity for factional interests to hold the political process hostage but, by largely avoiding the difficult issue of demilitarisation, it allowed them to re-establish a stranglehold over the country' (Johnson and Leslie, 2004: 13).

Therefore Bonn conferred legitimacy on a group of actors with a narrow political base, who subsequently resisted meaningful power-sharing with a wider range of actors.[32] The agreement marginalized the largest ethnic group in the country and left local commanders to rule their districts with impunity. Post Bonn political contestation within the state has taken the form of a struggle between strongmen or *jihadis*, 'aristocrats' or traditionalists and 'modernizers' (Guizzotzi, 2004).[33] Whereas the former were in the ascendancy in 2002, by 2004 the modernizers had the upper hand.[34]

The Bonn Agreement involved ambitious milestones which included a new constitution and two elections all to be completed within a very short timeframe. There were also no substantive conditions attached to these milestones. As one donor official commented, Bonn provided a timeline, not a set of conditionalities. Moreover, in spite of the fact that Afghanistan constituted one of the most challenging contexts for a UN peace-building mission – in effect this was a peace operation in a context of ongoing war – Brahimi advocated a 'light footprint'[35] approach, contrasting sharply with the *de facto* trusteeship in Kosovo and the *de jure* protectorate in East Timor.

However, compared to previous state-building phases in Afghan history, the external involvement is anything but 'light'. It represents a highly 'extroverted' (Rubin, 2006) form of state-building, in which Afghan elites within the state are almost entirely dependent on international actors for the mobilization of capital, coercion and legitimacy. The underlying rationale as Suhrke (2006:1) argues has been one of 'critical mass'; this essentially calls for 'more of the same' in the sense that more aid, more troops and stronger political commitment are required to override the negative equilibrium created by two decades of war. Aid for peace bargains can only be forged if there are sufficiently strong carrots and sufficiently robust sticks. At the pledging conferences of Tokyo and Berlin, aid was seen as a visible testimony to a new order. This frontloading of assistance has been described as the 'aid equivalent of the Powell doctrine of 'overwhelming force', designed to stabilize a favourable but fragile peace'

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32 These pragmatic bargains struck between outsiders and domestic 'specialists in violence', with a limited constituency in Afghan society are not dissimilar to the kinds of 'contracts' that were forged in the 1980s between the CIA/ISI and the likes of Hekmatyar and Sayaff.

33 It is recognized that these categories simplify a complex reality, but they are employed here because their meaning is generally understood and there is a lack of agreed alternatives.

34 Of the 31 members of the 2004 cabinet slightly over half (17) had been educated or lived or worked in the United States. 23 had academic degrees in secular or technical subjects (Sukhre, 2006:8).

35 Given Afghanistan's history Brahimi was understandably concerned that heavy handed intervention would have the affect of undermining domestic legitimacy, whilst large influxes of expatriates and aid would increase the economic and political stakes and the level of contestation.

(Suhrke and Bucmaster, 2005:13).[36] This donor 'frenzy' was described by one aid official as follows:

> *As with other post conflict countries it becomes almost a competition in terms of how much you put in ...all the donors were very input driven as opposed to output driven. It was madness almost – you'd try to come up with programmes to be able to say at donors meetings this is how much we're investing – and people take this as a sign of your political commitment to the peace process.*(Interview with donor official, Kabul, 1 November 2006).

However, as already mentioned it is also important to disaggregate international actors and as Rubin (2006) argues international governance is just as marked by factionalism and special interests as domestic governance. One can identify different types of donors with differing approaches to peace-building, as illustrated in Box 4.1. It is important to note that the boundaries separating the categories are flexible and overlapping

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Box 4.1

A taxonomy of donors and their engagement with peace-building

Political-strategic donors: see their aid programmes as a means of advancing strategic interests. This would arguably characterize US and Russian involvement in Afghanistan in addition to the role of regional donors including Iran and Pakistan. Such donors may pursue peace but only when it is seen to advance their hard security interests.

Profile-political donors: see their aid programme as an instrument of public diplomacy, to expand their influence and visibility regionally or internationally. Japan for example has tended to support high visibility off-budget projects which increase its profile and help cement its relationships with the regime in power.

Technical-professional donors: such as the World Bank, the IMF, the UN agencies have clearly defined mandates, which set boundaries around the kinds of activities they can or cannot support. As multi-lateral donors they are less vulnerable to external political agendas than bilateral actors. An explicit focus on peace may be seen as too 'political' and such donors are more likely to be constrained by sovereignty issues.

Ethical-principled donors: lack obvious strategic interests in the country which leaves them free to focus on development and peace issues. Examples include small, 'like-minded' bilateral donors such as the Scandinavians, Canada and the

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36 Suhrke and Bucmaster compare this with the Cambodian case in which there was a slow phasing-in of modest levels of assistance, coupled with strict conditionality on economic and governance criteria.

Netherlands. Such donors are more likely to make peace their overriding priority as it conforms with their normative position and they have fewer extraneous agendas. The strong commitment of the Norwegians and Canada to peace-building in Afghanistan before and after the fall of the Taliban is illustrative.

Therefore, although peace processes never start with a clean slate, Afghanistan in 2001/2 constituted a particularly challenging context for peace-building. Table 4.1 provides an overview of some of the key features of the triple transition, which are explored in more detail in the following sections:

Table 4.1: Key features of the triple transition in Afghanistan

	Security	Political	Socio-economic
Objectives	Counter-terrorism, Homeland security, Regional security, Counter-narcotics	Stable, democratic state – re-entering the international community, rebuilding the social contract	War economy into a peace economy. Equitable development, developing the fiscal capacities of the state, sustainable/alternative livelihoods.
Key Actors	Coalition Forces, ISAF, NATO, UK and US governments SSR 'lead donors'	Diplomatic community – primary actors include US, UK, UNAMA, EU, Germany, Pakistan, Iran, India	Multilateral and bilateral donors – key agencies include US, UK, Germany, World Bank, ADB, UNAMA, Japan, IMF.
Interventions/ Instruments	Operation Enduring Freedom, ISAF PRTs SSR, DDR, DIAG, Counter-narcotics programs	Bonn process Interim administration Loya Jirga. Constitutional process Elections Afghanistan Compact	Development and humanitarian assistance
Forms of conditionality	US support for warlords The 'B52 factor' Rewards for 'good behaviour'	Bonn benchmarks Support for elections and other elements	Pledges of assistance Economic conditions on macro financial policies Selectivity between

	Informal conditionalities on the make up of the security forces Drug conditionalities	of the political process Donor recognition of actors, both warlords and government representatives	reforming and badly performing ministries Support for civil society

4.3 Security Transition

4.3.1 Background

Historically, state-building and modernization in Afghanistan have depended upon developing and maintaining a monopoly over the means of coercion. In this latest phase of state-building, the US-led coalition and ISAF have provided the means of coercion. It is their overwhelming preponderance of military force that has made the state-building project possible (Rubin, 2006:180). Afghanistan's security transition has overshadowed its political and socio-economic counterparts, accounting for the bulk of international assistance allocated to the country. In many respects, the political and socio-economic spheres have been subordinated to a broader security agenda, of which the war on terror, the counter-narcotics campaign and the security sector reform (SSR) process are the primary elements.

Mapping the security threats:
Given the continuing high levels of armed conflict it is problematic to characterize Afghanistan as 'post-conflict' context. The three key sources of insecurity are a Taliban-led insurgency, warlordism, and the drug-trade.

Over the past two years the Afghan government and the US-led Coalition have on numerous occasions declared the demise of the Taliban movement. The premature nature of these claims was made evident in the first nine months of 2005, which saw a major upswing in insurgent activity. The violence left more than 1,200 dead, including 69 American soldiers, making it the deadliest year for the Coalition since 2001 (Sedra & Middlebrook, 2005: 10). The Taliban has increasingly become a vehicle for Pashtun nationalism and a lightning rod for growing disaffection with the Karzai regime and the US presence. There has been a shift in tactics from directly engaging US military forces, often in large formations, to a focus on soft targets such as aid workers and government officials. While it lacks the capability to overthrow the regime unilaterally, it has hindered the government's efforts to extend its authority and deliver public services to the southeast of the country.

After the fall of the Taliban regime, regional commanders exploited the emergent power vacuum to carve out spheres of influence. In effect, it marked a return to the *status quo ante* of 1992, in the wake of the fall of the communist regime, when the country was carved up by the fractious array of jihadi commanders that had resisted the Soviet occupation. Afghanistan's warlords feature a number of common characteristics: they command armed elements, they are enmeshed in the illicit economy, and they maintain multi-layered patronage networks to retain the loyalty of their troops and broader constituencies. There are various categories of warlords, based on the degree of power and influence they wield. They can range from top-tier figures such as Rashid Dostum and Ismail Khan, who could potentially mobilize thousands of troops and marshal millions of dollars worth of resources, to small and medium level figures, who command small militia units and are directly engaged in the illicit economy. It is the latter grouping that presents the more profound threat to the regime and the reconstruction process. Political ambition and opportunities in the licit economy presented by the influx of reconstruction funds can be leveraged to co-opt and contain the top-tier commanders. But for mid-level commanders, who lack a political constituency or disposable income, the path from warlord to businessman or politician is more problematic. Accordingly, determining an appropriate package of incentives and disincentives to sideline these figures has proven difficult.

The opium industry in Afghanistan has been another driver of insecurity. It has played a role in sustaining spoiler groups and exacerbated corruption and clientalism within the state. In the words of one aid worker, the trade has become the '*the tax base for insecurity*' (Interview with NGO representative, 10 November 2005). Understanding the severity of the threat posed by the drug trade to Afghanistan's nascent political order, President Karzai called on the Afghan people to wage a jihad against drugs days after being inaugurated as President in late 2004.

Even with robust international support, the counter-narcotics campaign has achieved only modest gains. The results of the Afghanistan Opium Survey 2005 offered a sobering reminder of the scale of the problem that exists. According to the report, poppy cultivation declined by 21 per cent in 2005, from 131,000 to 104,000 hectares. However, a 22 per cent increase in the crop's yield (from 32 kg/ha in 2004 to 39 kg/ha in 2005) offset these gains, narrowing the decline in opium output to 100 metric tons (4,200 mt in 2004 compared to 4,100 mt in 2005). The income generated from the trade in 2005 was equivalent to 52 per cent of the country's GDP, a significant decline of eight per cent from the previous year, but massive nonetheless (UNODC, 2005). Perhaps one of the most dangerous aspects of the trade is its infiltration of the state. Government officials at all levels, up to the position of Minister, have links to the trade. The United Nations Office on Drugs and Crime has noted that corruption, principally at the level of the Provincial Governors, has been one of the principal impediments to counter-narcotics activities. It has called for the

adoption of a 'zero tolerance' policy toward all corrupt public officials and military commanders implicated in narcotics (UNIS, 2005).

Mapping international actors in the security sphere

A diverse and overlapping array of actors and reform processes, often with differing mandates and objectives, are operating in the Afghan security landscape. The US-led Coalition, which intervened in the country in the fall of 2001 to unseat the Taliban, remains the central security actor. Although coalition troop levels have oscillated significantly since 2001, between 10,000 and 20,000 the core goal has always been to pursue the global war on terror and its Afghan manifestation, Operation Enduring Freedom. The central objective of the military mission is to capture or kill Taliban and al-Qaeda operatives, destroy terrorist and insurgent infrastructure, and prevent the country from being used as a base for terrorist activity.

US policy in Afghanistan can be conceptualised as having two separate poles, the war on terror advanced by the Pentagon and the Central Intelligence Agency (CIA) and the reconstruction process overseen by the State Department and USAID. In the first two years of the reconstruction process, the former pillar was clearly ascendant, with reconstruction projects viewed as secondary or subordinate to military objectives. This situation has begun to change over the past two years as the two poles have converged. As one UN official noted, '*It has taken a long time for the Coalition to reconcile the goals of the war on terror with the aims of the reconstruction process*' (Interview with UNAMA official, 11 November 2005). However, a significant disconnect remains, as exemplified by continued Coalition patronage of militia groups in the southeast of the country to act as proxies in anti-insurgency operations, a policy that has served to undermine efforts to demilitarise crucial regions and sideline factional commanders. Relations between the principal agencies on each side of this civilian-military axis have ranged from strained to openly hostile, with US civilian officials voicing increasing disquiet over the militarisation of aspects of the reconstruction process, such as police reform.

The North Atlantic Treaty Organization (NATO), which commands the International Security Assistance Force (ISAF)—the UN-mandated peace support mission for Kabul and its immediate environs—and a number of Provincial Reconstruction Teams (PRTs) across the country—intended to provide a security umbrella for reconstruction activities and extend the authority of the central government—is the other international military actor operating in the country. ISAF's goals are to ensure a safe and secure environment, to extend the authority of the central government, and to improve the capability of the Afghan security forces.

As its mandate suggests, NATO has a wholly different role than the Coalition. However, this role will shift in the summer of 2006 as NATO has agreed to expand its operations in the country, assuming responsibilities bequeathed by departing US forces. US officials have indicated that troop levels could be

reduced by as much as 20%, or 4,000 personnel, by the end of 2006. Alliance foreign ministers decided on 8 December 2005 that in 2006 they would expand the 9,000 troop ISAF mission. By August 2006, the force had grown to a size of 18,000 troops, 8,000 of which were based in the volatile South of the country. NATO assumed responsibility for the Northern, Western and Southern regions of the country, with the US retaining responsibility for the East. Complicating the expansion of NATO's mandate is the reluctance of many European member states to contribute the requisite troops to the mission. This lack of political will illustrates the potentially negative ramifications of the withdrawal of US forces. Although troop contributions have been secured, primarily from Britain, Canada, and the Netherlands, to fill the void left by the US in the South over the next two years, it is unclear who will replace them, or who will contribute troops to the restive Eastern region in the final phase of NATO's counter-clockwise countrywide expansion.

While the US announced in 2005 that it will scale down its troop deployment in the country, primarily to alleviate the strain on the US military caused by Operation Iraqi Freedom, it also took preliminary steps in 2005 to ensure that a presence will remain in Afghanistan for some time to come. In March 2005, the US announced plans to spend $83 million to upgrade its two main air bases in Afghanistan, at Bagram, North of Kabul, and Kandahar in the south (Associated Press, 28 March 2005). In May 2005, President Karzai assembled 1,000 delegates from across the country in Kabul for a special meeting to deliberate on the future of foreign troops in the country. Karzai was seeking to finalize a Strategic Partnership Agreement with the US that would ensure a durable US presence in the country through the provision of long-term basing rights. While the assembly endorsed the principle of a continued foreign military presence, it deferred the decision on basing rights until after the September 2005 legislative elections, thereby permitting a parliamentary debate on the issue in 2006. Karzai is seeking more than merely a Status of Forces Agreement to regulate US troops in the country, but a security guarantee vis-à-vis its powerful neighbours, Iran and Pakistan (Gall 2005). However, the prospect of a permanent US presence in the country is highly contentious and could spur a destabilizing wave of anti-government sentiment.

Taken together, the NATO and Coalition military engagements in Afghanistan have acted as a vital deterrent to military challenges to the state. However, it can be argued that the failure of NATO to establish a countrywide peacekeeping mission coupled with the Coalition's unwillingness to engage in stabilization operations and challenge the power of regional commanders, represented a significant missed opportunity to remake the security landscape and neutralize major challenges to the authority and legitimacy of the state.

Security Sector Reform

The failure of international military forces to adequately address the security dilemma created by the fall of the Taliban placed tremendous pressure on incipient domestic security institutions. Security sector reform (SSR), a program of institutional reform intended to modernize the Afghan security forces and judicial apparatus while instilling democratic norms and principles, was launched under the auspices of the G8 to endow the government with the tools and expertise to assume its role as the security guarantor of the Afghan people. From its onset, the process faced conditions that militated against reform, including endemically low levels of institutional and human capacity; high levels of insecurity; coordination deficits among the principal stakeholders; shortages of funds; and a lack of political will for reform among senior figures within the Afghan government. Despite these challenges, the process came to be viewed as a panacea, as a means for the government to assert a monopoly over the use of force and extend its sovereignty over the whole national territory, and as an exit strategy for the international community.

Deteriorating security conditions and a growing realization of the challenges posed by reforms, prompted key donors in the security sector to streamline the process, stripping it of its 'soft security' elements, such as the entrenchment of principles of democratic governance, in favour of a more traditional 'hard security' outlook, epitomized by the train-and-equip program. This 'slide toward expediency' prioritised the operational effectiveness of security forces over the expansion of democratic management capacity and the institutionalisation of the rule of law (Sedra 2006). As seen in contemporary Iraq, the logic of the 'numbers game' took over, as Afghan and donor officials endeavoured to train as many security forces as possible in as short a timeframe as possible.

Afghanistan's SSR process was launched at a G8 security donors' meeting in Geneva in the spring of 2002 that set the agenda for the programme and laid the groundwork for a multi-sectoral donor support scheme. The process was divided into five pillars, each to be overseen by a lead-donor nation — military reform (US-led), police reform (German-led), judicial reform (Italian-led), counter-narcotics (UK-led), and the disarmament, demobilization and reintegration of ex-combatants (Japanese-led).

The military reform pillar is considered one of the success stories of the SSR process. The principal component of the process is the training of a non-political and ethnically representative Afghan National Army (ANA). As of June 2006, approximately 28,000 troops had received training and the force had performed well in its initial deployments. However, the inordinate degree of resources and attention dedicated to building up the combat capability of the force contributed to the underdevelopment of support structures within the ANA and administrative management mechanisms within the Ministry of Defence. Accordingly, the ANA cannot operate without Coalition logistical support and the Ministry of Defence lacks the capacity to manage the force.

Furthermore, little attention has been paid to the economic sustainability of the force structure put in place. When the ANA reaches full operational capacity by 2010, the wage bill will reach $196 million per annum, which would account for 58 percent of projected domestic revenue in fiscal year 2005/06 (World Bank, 2005: 46). This dilemma of fiscal sustainability extends across the security sector as expenditures in the sector in 2004/5, the bulk of which occurred outside the Afghan budgetary process, was equivalent to 494 percent of domestic revenues and 17 percent of GDP (Ibid: 42; Islamic Republic of Afghanistan, 2006: 10).

The lack of progress on police reform has been cited as a principal cause of the country's security dilemma. While the US chose to break completely from previous structures in the construction of the Afghan military, the Germans sought to reform existing police structures and personnel, consisting largely of former militiamen that were predominantly illiterate and lacked any form of formal police training. The German Police Project successfully re-opened the Kabul Police Academy in 2002, which catered to officers and non-commissioned officers, but its failure to target ran-and-file patrolmen limited the impact of the program. To ameliorate this situation, the United States entered the police reform process in 2003, rapidly becoming the largest donor. The US program accelerated the pace of training, through the establishment of eight police training centres across the country, which brought the total of trained officers up to 50,000 by the end of 2005. However, it became clear in 2005 that the quality of the police that emanated form the US training program, the majority of which graduated from a two-week Transition Integration Program, was marginal and had little impact in altering existing patterns of police behaviour. Moreover, the lack of progress in advancing civil service reform and restructuring in the Ministry of Interior, an institution rife with corruption and factionalism, has further complicated efforts to transform the culture of policing. The Ministry's lack of resources to pay police an adequate wage has been a driver of corruption. As one UN official affirmed, '*the police are often so poorly paid that they constitute a threat*' (Interview with UNAMA official, 11 November 2005).

If the military reform process can be considered one of the success stories of the SSR process than the judicial reform process can be considered one of its most profound failures. The disproportionate focus on building the operational capacity of the security forces has drawn attention away from efforts to remake the legal framework within which they are intended to operate. The judicial sector has received only a fraction of the resources allotted to the wider security sector—roughly 3 per cent—and has suffered from bitter factional competition and turf wars waged amongst local and international stakeholders (World Bank 2005). Some modest gains, such as the ratification of an Interim Criminal Procedure Code and Juvenile Code; the drafting of a Penitentiary Law; the completion of law collection; the training of over 500 judges and prosecutors; the rehabilitation of court facilities at key locations; and the advancement of institutional reforms in the permanent justice institutions have been achieved

(Sedra 2006). However, the rule of law remains absent across most of the country and public faith in judicial institutions is exceedingly low. In a national poll conducted by the Afghan Independent Human Rights Commission (AIHRC), 65% of respondents had little or no faith in the current judicial system, viewed as corrupt and under the thumb of regional warlords (Samar & Nadery 2005).

Counter-narcotics has become one of the central priorities of the Afghan government and the international community. In 2005, the Afghan government in conjunction with the UK and the US introduced a comprehensive counter-narcotics implementation plan (Islamic Republic of Afghanistan, 2005). It featured eight pillars: institution-building, information campaign, alternative livelihoods, interdiction and law enforcement, criminal justice, eradication, demand reduction and treatment, and regional cooperation. Despite the introduction of a common strategy by the various stakeholders in the process, significant differences among them have surfaced. For instance, the US has advocated a more aggressive campaign of eradication, in line with its strategic approach in Latin America, while the Afghan government in conjunction with the UK have called for a more restrained and balanced approach emphasizing alternative livelihoods. While the US has relented, backing off potential plans for aerial eradication, the longer the process goes without a clear breakthrough the more apparent fissures within the multi-stakeholder strategy will become.

The disarmament, demobilisation, and reintegration (DDR) program implemented by the United Nations with the bulk of financial support from Japan is also touted as one of the success stories of the SSR process. It targeted the Afghan Military Force (AMF), the assemblage of militias that previously formed the Northern Alliance. In June 2006, the process reached its conclusion resulting in the demobilisation of 63,380 militiamen and the collection of 57,629 light weapons. In light of these impressive figures, many donor representatives and government officials have referred to the program as an unqualified success. This merely ignores what is the most important compoennt of the program, the reintegration of the ex-combatants into civilian life, the impact of which had yet to be adequately assessed in August 2006. The fundamental goal of DDR was to irrevocably break down military formations, severing the patronage-based links between commanders and their militiamen. Reintegration programming included vocational training, micro-credit support for small business, and the provision of agricultural packages. While the program may have provided the basic tools for former combatants to enter civilian life, it is unclear whether the opportunities will exist to exploit those tools. With economic activity in many areas of the country still stagnant, ex-combatants may be lured back into previous patterns of mobilization.

As the DDR process approached its conclusion, the government and international community turned to the more expansive problem of illegal armed groups, which, according to government estimates, may number more than 1,800 and comprise approximately 129,000 militiamen. The government's

Demobilisation and Reintegration Commission is the lead agency for the nascent Disbandment of Illegal Armed Groups (DIAG) program. The program has eschewed the individualized incentives of the formal DDR programme, utilizing instead community development projects to entice groups to voluntarily disarm, and armed force to compel recalcitrant groups to cooperate. Given that many of the groups targeted are alienated from the communities in which they reside and are deeply immersed in the profitable illicit economy, it is unclear whether the promise of community development projects will be sufficient to secure their cooperation. It has also yet to be seen whether the government has the capacity and political will to forcibly disarm uncooperative groups (Interview with donor representative, 9 November 2005).

The 'hard' security orientation of the SSR process can be considered a microcosm of the wider phenomenon of securitization encapsulating the reconstruction and political process in Afghanistan. The political and development agendas have been increasingly subordinated to Afghan or international security interests or harnessed and instrumentalised to further those interests. Afghanistan's geo-political importance has ensured that the US, the pre-eminent external actor in the country, will frame its policy on the basis of short-term politico-strategic concerns rather than long-term development and governance imperatives. This has exposed differences with other members of the donor community whose strategic interests in Afghanistan are less obvious. It has inhibited efforts to form a consensus or common front among the donors on key issues.

4.3.2 Conditionalities in the security sphere

The desired end-state of the international intervention in the security sphere, encompassing both international military operations and the SSR process, is more than just the concentration of the means of violence in the hands of the state, thereby allowing it to extend its sovereignty across the whole national territory. Considering the legacy of security force repression and criminality that has bred deep public mistrust in the security sector, a sustainable peace will be dependent on the creation of a responsible and democratically-accountable security architecture grounded in the rule of law. The objective of the SSR process, as outlined by the UNDP, 'is to strengthen the ability of the sector as a whole and each of its individual parts to provide an accountable, equitable, effective, and rights respecting service' (UNDP, 2003: 5). The efficacy of conditionalities in advancing this goal is dependent on three overriding factors.

First, their must be a consensus on the direction and shape of reforms among the international actors applying the conditions. Sharp differences among the principal international security stakeholders have prevented this consensus from taking shape, leading to the utilization of incompatible or even contradictory conditionality. Second, the actors targeted must be susceptible to available incentives, which will be determined by their coercive capacity, the strength of their patronage networks, and their access to alternative resources flows.

Applying these criteria to the contemporary Afghan context shows that a wide range of actors would be highly resistant to conditionalities. Lastly, the legitimacy of both the conditioner and conditioned will determine the impact of conditionalities. Conditionalities are most effective when the actor applying them is widely accepted in society and is perceived to be acting in the national interest. Similarly, the effect of conditionality will be blunted if spoilers without a domestic constituency and widely perceived as contributing to instability are offered incentives. In both cases the picture in Afghanistan is ambiguous, as legitimacy varies widely among the security donors and local legitimacy is highly fragmentary, derived from regional or ethnic identity. The Afghan security landscape offers a highly challenging environment for the application of peace conditionalities.

Although the US-led Coalition exerts greater leverage – in terms of political capital, economic resources, and coercive power – to enact peace conditionalities than any other individual actor, it has employed them in a manner that has undermined their scope. In fact, the form of conditionality employed by the US can more accurately be categorised as war conditionality rather than peace conditionality. War conditionalities involve the conditioning of military alliances and the provision of military and financial assistance to secure support for certain strategic and tactical objectives. US alliances with Afghan warlords under the auspices of Operation Enduring Freedom offer an example of war conditionality. Lacking the necessary manpower to prosecute the 'war on terror' effectively in the complex Afghan security terrain, the US has formed proxy relationships with several commanders in the restive south-eastern region of the country. The US provides these commanders with both monetary incentives and political protection in exchange for the utilization of their militias in counter-insurgency and counter-terrorist operations. Their ties with the Coalition has provided militia commanders with a semi-formal status within the Afghan security architecture and exempted them from the demilitarisation process, solidifying their power bases vis-à-vis their regional rivals. A threat is also implicit in the conditionality relationship. If a militia were to engage in activities that run counter to US strategic objectives the relationship would be severed and they would become a target of US operations.

The use of war conditionalities has had a deleterious effect on the wider peace-building process. Local actors have adeptly exploited the conditionality relationship with the Coalition to advance their own parochial interests. For instance, local militia commanders have instrumentalized the Coalition in communal conflicts. There were several cases in the immediate aftermath of the Taliban's collapse of allied militia commanders providing faulty intelligence to the Coalition, identifying their militia rivals as collaborators with al-Qaeda or the Taliban in order to trigger Coalition military operations against them. In effect the commanders had turned the proxy relationship on its head, utilizing Coalition troops and air power to combat their enemies with great effect. The Coalition's dependence on air power, often in an indiscriminate fashion, and its

over-reliance on its proxy allies for intelligence, made it acutely vulnerable to such manipulation. It is important not to minimize the tremendous effect of 'B52 diplomacy' in deterring the specialists in violence; however, the significant 'collateral damage' that it has caused has produced a public backlash that has undercut societal support for the peace-building process.

The application of war conditionalities offers an example of incentive compatibility between conditioner and conditioned, but the Coalition's selective construction of alliances is geared to meeting short-term pragmatic goals not the long-term imperatives of a sustainable peace. The conditionality bargain is not intended to re-orient the allied militias toward peace, altering their behaviour and facilitating their entry into civilian life. Rather, the provision of monetary incentives has permitted military commanders to bolster their patronage networks, ensuring the integrity of their militias, and carve out a niche in the war economy. Returning to the triangle – the Coalition has selected allies with limited societal support and as in the 1980s have created 'rentier' rebels that have no interest in building a social contract with societal groups.

Many other common practices of the Coalition under the auspices of the 'war on terror' have served to poison both Coalition relations with Afghan society and those of the Karzai government, often perceived by the local population as too willing to condone US actions. Perhaps the most conspicuous example of such corrosive practices is the detention of Afghan citizens suspected of harbouring links to terrorist groups in Coalition-operated prisons in Afghanistan and Guantanamo Bay, Cuba. Reports of actual and perceived abuses of Afghans held in such facilities has enflamed anti-Coalition sentiment and engendered hostility towards the international community as a whole, as demonstrated by attacks on international property by rioters in numerous Afghan cities following the dissemination of allegations that a copy of the Koran was desecrated by US interrogators at the Guantanomo Bay detention centre. Such practices signal a lack of commitment among the Coalition to principles of human rights at a time when they are attempting to instil democratic norms and values across Afghan society, a contradiction of which Afghans are acutely aware.

The perception that the US is pursuing a short-term agenda has influenced the calculations of Afghanistan's powerbrokers. The relative quiescence of many prominent warlords over the past four years is not a signal of their dwindling power, as the Karzai government and the Coalition would affirm, but a reflection of a 'wait-and-see' posture. Most are sceptical of the durability of the US presence and see short-term collaboration with the government and Coalition as a coping mechanism, a means to preserve their power and patronage networks in preparation for a return to internecine conflict. The bargains that many of these commanders have made with the Coalition can be conceptualised as spot contracts, not firm commitments to make the transition from warlords to businessmen or politicians. Box 4.2 provides an example of how war conditionalities have been applied in practice.

Box 4.2:

The application of war conditionalities

The relationship between the US and Bacha Khan Zadran, a warlord from Paktika province, offers an instructive picture of the application of war conditionalities (see Sedra, 2002). In the immediate aftermath of the fall of the Taliban, Zadran was one of the most powerful commanders in Eastern Afghanistan, with military reach into four provinces: Paktia, Logar, Paktika and Khost. He also became one of the central Coalition allies in the war on terror. Zadran openly stated in a 2002 interview with the *New York Times* that out of the 6,000 soldiers under his command, 600 were in the direct pay of the United States (Fisher, 2002). The US also reportedly equipped Zadran with weapons and sophisticated communications equipment such as satellite phones. Emboldened by US support, Zadran openly defied the central government, launching rocket attacks on Gardez City and occupying the Governor's office of Khost province in 2002. Despite some bellicose rhetoric from the Government it was initially incapable of mounting an effective response to Zadran, due primarily to his relationship with the US. In 2003, the US withdrew support from Zadran due to a number of factors, including his increasingly public confrontation with the central government, his deliberate provision of fallacious intelligence to Coalition authorities, and a number of confrontations between Coalition troops and Zadran's militia. Deprived of US monetary assistance and political cover, Zadran could not sustain his militia, nor insulate himself from government pressure, leaving him marginalized. On 1 December 2003, he was captured by the Pakistani military and later handed over to the Afghan authorities.

The US is not the only actor to engage in war conditionality. Several regional states continued to maintain ties to sub-national proxies in Afghanistan. These links were most pronounced during the political and security vacuum that immediately followed the fall of the Taliban. During this period, the Iranian government provided arms and money to its clients in the central highlands region of the country, primarily Shi'a Hazara militias, and the Russian government delivered military supplies to the Tajik dominated Jamiat-i Islami faction (Interview with private security contractor, 14 May 2005; Rashid, 2003). The Pakistani government is also believed to have provided assistance to Pashtun militia groups in the southeast. While all three states have maintained ties to their factional clients, they have exercised restraint. It can be said that, like many of Afghanistan's warlords, they are playing a waiting game, gauging the durability of the US military commitment to the country and the outcome of the state-building project. In the event of a US withdrawal or the faltering of the post-Taliban political order they are well-positioned to resume proxy competition. Despite public pronouncements to the contrary, hard strategic interests rather than the overarching goal of peace tends to drive the Afghan policies of Russia, Iran, Pakistan, and the majority of the states in the region.

The utilization of war conditionalities in the Afghan context by a range of international actors challenges the assumption that improving the human security situation of the Afghans is the central preoccupation of the international intervention. Geo-strategic interests, some of which run at cross-purposes with the goal of achieving peace, drive the actions of many international actors in the security arena. The priority given to safeguarding the lives and property of internationals in Afghanistan – symbolized by the fortified buildings of international agencies, the pervasive presence of Private Security Companies, and the plethora of road blocks that dot the urban landscape – sends mixed messages to the Afghan public, which has demonstrated increased unease about the international presence in the country (Donini et al, 2005). In some respects the international engagement appears oriented more to the management and containment of instability, preventing Afghanistan from posing a threat to the region or outside world, than to actualise the vision of the liberal peace. This may partially account for the reluctance of most donors in the security to apply peace conditionalities. When they have been employed they have tended to be malleable, reshaped or even transformed in response to changing circumstances and conditions. This has served to undermine the credibility of the conditions in the eyes of the recipients. As one western aid worker states, "*Conditionalities are not believable to most Afghans*" (Interview with NGO representative, 11 November 2005). The conditionalities utilized in the security sector have tended to be programmatic rather than policy-oriented. There are three donor supported initiatives in particular where operational conditionality has played a central role: the Provincial Reconstruction Teams, (PRT) the counter-narcotics process, and the demilitarisation process.

Provincial Reconstruction Teams (PRT)
The PRTs are small units of soldiers, military civil affairs officers, and civilian government representatives mandated to provide a security umbrella for reconstruction activities, carry out small-scale development projects, support security sector reform, and serve as a link with the central government at key locations across the country (see Save the Children, 2004; Perito, 2005). As of November 2005, 21 PRTs were deployed across Afghanistan, falling under NATO or Coalition command. There are various different PRT models, each of which has employed conditionalities differently. US PRTs have periodically utilized the promise of aid to extract intelligence from local communities or have withdrawn aid from areas experiencing an upsurge in insurgent activity as a form of collective punishment. Both these practices were not shown to be effective either in generating reliable intelligence or in reducing the incidence of attacks. If anything, they engendered increased anti-Coalition and, by extension, anti-government sentiment, and augmented sympathies for the Taliban and other anti-government groupings. They have been criticised by the civilian aid community for being heavy-handed and counter-productive.

By the beginning of 2005, USAID and the State Department recognized that using conditionality either as a lever to generate intelligence or as a punitive mechanism could be characterized as bad practice (Interview with donor

representative, 13 November 2005). While the US military has concurred with this appraisal, PRT commanders are afforded tremendous flexibility in the field to fulfil their mandates, enabling them to use such practices selectivity where warranted. Reports periodically emerge of individual commanders returning to such practices. It reveals the incongruence in the objectives of the US mission in Afghanistan. Although the political and development arms of the US mission have recognized the deleterious ramifications of such tactics for the reconstruction process, the military has implicitly refused to banish it from their range of operational tools.

NATO-led PRTs have also utilized conditionalities, often linked to the issue of governance. The prospective Dutch PRT to be deployed in Uruzgan Province in southern Afghanistan tied its deployment to the removal of the sitting governor. The governor, Jan Mohammed Khan has been identified as ineffective, corrupt and a potential security threat (Interview with diplomat, 1 November 2005). The British took a similar approach in the neighbouring province of Helmand. They conditioned their deployment of more than 2,000 troops in the summer of 2006 on the removal of the sitting Governor, Sher Mohammed Akhunzada, a prominent former Mujahidin commander with suspected links to the drug trade (*Ibid*). According to Ahmed Rahsid, "Britain had made clear to the Afghan government that its troops would struggle to provide effective back-up in the country's fight against drug trafficking as long as the feudal chief remained" (Rashid, 23 December 2005). Both conditions were met by the Afghan government, as Akhunzada was dismissed in December 2005 and Jan Mohammed Khan in April 2006. The British success, however, must be qualified, as Akhunzada was rotated rather than sacked, having been appointed to a seat in the upper house of parliament. In the end, the removal of Akhunzada from Helmand represented a tactical move by Karzai to placate a key donor rather than a shift in his strategic approach to crack down on corruption, criminality and inefficiency in the government.

With the PRT concept maturing and individual PRTs developing a more sophisticated familiarity with their surroundings, NATO and US planners have called for the inclusion of more conditionality in their work. In the past, when a PRT deployed to a particular province, the provincial governor characteristically presented it with a laundry list of projects and needs. The PRT was largely responsive to such requests. As one donor official has stated, '*It is time for PRTs to demand certain results and behaviour in exchange*' (Interview donor official, 13 November 2005). This could include anything from anti-corruption measures and civil service reform to the removal of high ranking officials. PRTs should only work with local government actors that show a firm commitment to reform and the development of service delivery capacity.

Counter-Narcotics
Counter-narcotics programming offers one of the most visible uses of conditionality in Afghanistan. The UK, as lead donor of the process, has launched a number of abortive attempts to arrest the growth of the trade

through conditionality. A UK-funded eradication program that provided cash incentives for farmers to destroy their crops was inaugurated in 2002, only to be abandoned in early 2003 when it became apparent that cultivation increased in areas targeted by the program. A subsequent program in 2003, offering monetary incentives to provincial governors to eradicate crops did not fare much better (IRIN, 2004: 11-12).

Alternative livelihood programming forms the core of current government efforts to confront the trade. It offers the prospect of alternative crops and rural development in exchange for farmer acquiescence to the poppy ban. However, the inability of the government and the international community to deliver on its promises of assistance to farmers has undermined early successes. For instance the 93% drop in poppy cultivation in Nangahar province is unlikely to be sustained at that level in 2006 due to the failure of the government and international community to prevent the economic collapse that emerged in the province due to the removal of its most profitable trade. This form of unfulfilled conditionality could seriously erode public confidence in the counter-narcotics campaign.

The ineffectiveness of contemporary counter-narcotics programming contrasts sharply with the apparent success of Taliban efforts to combat the trade. A Taliban ban on opium production in 2000 led to the almost total elimination of production by 2001. There was a 91% reduction in the area of land cultivated and a 94% drop in opium output. Unlike the present regime, the Taliban possessed the coercive power to enforce the ban.[37]

Demilitarisation

Conditionality formed the cornerstone of Afghanistan's DDR program, and its successor, the DIAG program. In exchange for the submission of a functioning weapon and commitment to re-enter civilian life, the ANBP offered a number of incentives ranging from vocational training and micro-credit schemes to the provision of agricultural packages and teacher training. The primary goal of the program was to decommission units, breaking down the patronage-based networks that bound the militias together.

Deconstructing such networks required the program to address the figure at their apex, the commander. However, the importance of engaging commanders was not recognized until the program had reached an intermediary stage. Accordingly, in the pilot phase of the ANBP commanders wilfully and systematically manipulated the program. In Kunduz, local commanders submitted only their least competent troops to the process, 'dead wood' as one ANBP official termed it, and handed over weapons that were barely serviceable. Not a single unit was decommissioned in Kunduz during the pilot phase and numerous reports emerged that commanders had intimidated demobilized

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[37] Although most analysts are of the opinion that the Taliban would not have been able to sustain the ban had they remained in power.

soldiers to acquire their one-time cash grant. These incidents were indicative of a trend witnessed throughout the process, highlighting the program's lack of capacity to engage commanders effectively (Sedra 2003).

In an attempt to resolve the dilemma of commander obstructionism the ANBP launched a Commander Incentive Program (CIP) in the fall of 2004. The central component of the scheme is a financial redundancy package which provides commanders with a $550-650 monthly cash stipend for a two-year period in exchange for their cooperation with the ANBP. For commanders unlikely to be enticed by financial incentives alone, opportunities for travel and training overseas (primarily in Japan), and the prospect of a government posting could be offered to suitable candidates as determined by the government and ANBP (Interview with ANBP Official, 29 April 2005). The 2-year $5 million program, funded by Japan, has targeted 550 militia commanders across the country, 460 of which had entered the program by February 2006. The program fills a glaring gap in the demilitarisation process, a conditionality mechanism intended to transform the behaviour of mid-tier commanders. However, until the results of the program can be assessed it is unclear whether it has led to a genuine shift in the attitudes of these figures.

Perhaps the greatest impediment to the DDR process in its first year of operation was paradoxically the government agency responsible for overseeing its implementation, the Ministry of Defence. The domination of the Ministry by members of a single ethnic-based faction, the Panjshiri Tajiks, severely hindered the process. Regional commanders were reluctant to submit their weapons to what they perceived to be a rival faction. Under the tutelage of former Defence Minister Fahim, the Ministry of Defence continually attempted to subvert the process. The appointment of General Abdul Rahim Wardak as the Defence Minister in late 2004 partly addressed those concerns, but a large proportion of the mid- and upper-level leadership of the Ministry remained loyal to the Panjshiris. There are few other examples of DDR programs where the central policy making body for the process has ceased to function and the government focal point has assumed an adversarial position towards it.

To address this adverse situation, the Japanese Government, as the lead donor for the process, conditioned its release of committed funds on the implementation of reforms in the Ministry that would infuse it with greater professionalism and ethnic balance. To appease the Japanese, the Defence Ministry undertook reforms in September 2003 that resulted in 22 new appointments. Although the personnel changes were significant, the move failed to divest the Ministry of its factional orientation, with two of the three top posts within the Ministry remaining under the control of the Panjshiri Tajiks. The reforms were far less ambitious then hoped, yet were accepted by the Japanese as a sufficient step to warrant the release of funds. Instead of holding firm in their demand for comprehensive reforms in the Ministry, the Japanese altered the original criteria of their conditionality. Similar compromises were made by the ANBP in its dealings with various regional commanders. When

commanders did not meet the dictates of the DDR program, the tendency was to adjust the rules of the game to allow them to comply rather than challenge them.

Although the DDR program came to an end in July 2005 having demobilized an impressive 63,380 soldiers, many prominent commanders were able to maintain the integrity of their militias, either through their transfer into other branches of the security services, such as the traffic police, through the provision of employment in private security companies, or simply through the wielding of political influence and subterfuge.

Security Sector Reform
The lead donors to the SSR agenda have largely refrained from employing conditionality to advance the process. This can be attributed to the absence of a consensus among the lead donors on the goals of the process and the lack of susceptibility of many local actors in the sector to conditionalities. With the process stalled by 2004, the US began to expand its influence over the entire SSR agenda. By early 2006, the US was the principal funder to three of the five pillars of the process – military reform, police reform, and counter-narcotics – and was providing significant aid and in-kind assistance to the remaining two – judicial reform and DDR. This creeping US control over the process placed new pressures on the G8 lead donor framework. While the expansion of US engagement and the concomitant infusion of resources in the sector imbued reforms with new momentum, it also created new problems of coherence and coordination. In the police and judicial reform processes the US engagement brought with it traditions and norms of policing and justice which diverged from those of the prevailing lead donors and their reform initiatives. The resultant inter-donor tensions undermined any leverage which the lead donors possessed to enact conditionalities, allowing local actors to play the donors against each other. This situation was especially acute in the justice sector where the different domestic judicial institutions would regularly solicit the support of either the Italians or the US to secure 'protection' against reform pressure applied by the other (Interview with Western donor official, 14 November 2006). Establishing coherent conditionality frameworks amidst such conditions has proven immensely difficult.

The donors across the sector have also demonstrated an inability to devise conditionality frameworks that are compatible with the Afghan actors that they are targeting. Afghan security officials up to the level of Minister have access to lucrative sources of income from the illicit economy and maintain multi-layered patronage networks that extend across the government. Such actors are highly resistant to conditions placed on donor aid or informal political dialogue. The accommodationist posture of the Karzai government towards many factional actors ensconced in the sector has exacerbated this predicament. Only when Afghan government interests have been aligned with those of the donors, as in the case of the removal of Defence Minister Fahim, has pressure been brought

to bear against recalcitrant actors. However, such unity of purpose and effort has only rarely materialized.

4.4 Political Transition

4.4.1 Background

The Bonn Agreement of December 2001 laid a roadmap for Afghanistan's political transition. Unlike the Taliban regime, the new administration had *external* legitimacy, but it lacked *internal* legitimacy. The BA delineated a series of milestones or benchmarks that would shape the Afghan political system and legitimize the new political dispensation. The success of this enterprise was linked not only to meeting the Bonn milestones, but also to progress in the security and socio-economic spheres. Political legitimacy depends in no small measure on the security institutions and fiscal capacity of the state (Rubin, 2006:184). The legitimacy of the modern state is in part related to the creation of formal democratic institutions and processes of representation. But Afghan rulers have historically used other modes of persuasion to build internal legitimacy, namely, tribalism, religion and nationalism (Cramer and Goodhand, 2002). Both Karzai and those who oppose him have drawn upon these modes of persuasion to build their own legitimacy and undermine their rivals.

The ELJ and CLJ: Building a new 'grand bargain'?

The first key milestone was the Emergency Loya Jirga held on 10-16 June 2002. The meeting was intended to choose a Transitional Government to succeed the Interim Administration chosen at the Bonn Conference. The Grand Council assembled 1575 delegates from all of Afghanistan's 33 provinces, including 200 women. Following the Loya Jirga, Lakhdar Brahimi, the Special Representative of the UN Secretary General in Afghanistan, lamented that the process was marred by "intimidation, violence, bribery and harassment of delegates by local warlords" (Quoted in Sedra, 2002: 7).[38] This would mark the beginning of a trend in which legal provisions intended to block warlord manipulation of the political process were compromised to maintain a precarious balance of power. Arguably this accommodationist logic became a dominant theme in post-Taliban Afghanistan, defining President Karzai's leadership style. Rubin (2006) has characterized the political transition as a form of 'warlord democratization' in which the dominant strategy has been to co-opt rather than exclude the 'specialists in violence'.[39] This undermines both the legitimacy and the capacity

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[38] Although article 14 of the 'Procedures for the Elections of the Members of the Emergency Loya Jirga' stated that any delegate "involved in spreading and smuggling narcotics, abuse of human rights, war crimes, looting of public property and smuggling of cultural and archaeological heritage" would be barred from the council, warlords dominated the proceedings.

[39] As an illustration of this, of the first group of 32 provincial governors appointed in 2002, 20 were militia commanders, warlords or strong men (Giustozzi, 2004).

of the state, since experienced staff were sacked to make room for the relatives and cronies of *jihadi* commanders (Guistozzi, 2004:6).

Another theme that would emerge from this first milestone in the Bonn process was the US role as political arbiter. Numerous delegates complained that the political decisions made at the Loyal Jirga were made in backrooms, mediated by US envoy Zalmay Khalizad, rather than in the Loya Jirga tent. One example of the exercise of U.S. influence was the decision of Former King Zahir Shah to remove his candidacy for President, a decision supporters of the King claimed was a result of US strong-arm tactics (see Sedra 2002). The US would continue in this role as political arbiter throughout the Bonn process, reaching its height with the return of Zalmay Khalizad as Ambassador in September 2003. It is telling that Khalizad earned the epithet "Viceroy of Afghanistan" upon his return.

The next major benchmark for the country came in December 2003 with the Constitutional Loya Jirga. Like the Emergency Loya Jirga there were numerous reports of intimidation and violence during the delegate election process that in the words of Human Rights Watch, created a 'climate of pervasive fear' uncongenial for the process (Human Rights Watch, 2003: 12). Also, consistent with the Emergency Loya Jirga experience were allegations that President Karzai had subverted the democratic process through the negotiation of side deals with commanders to secure their support for a strong presidential system.[40] After weeks of rancorous debate, a compromise on minority language rights in the North ended a deadlock that paved the way for a constitution that can be considered one of the most progressive in the Islamic world. However, Islam continues to be an important mode of persuasion and arguably Karzai's accommodationism has enabled conservatives to shape the political discourse. For instance, there are "loopholes", in the constitution that seemingly provide room for the excessive expansion of Supreme Court power beyond its traditional domain and the reassertion of conservative Islamic jurisprudence (Thier, 2004).[41]

A more recent example of the continuing influence of religious conservatives is the case of Abdul Rahman, an Afghan returnee charged with apostasy in March 2006 for converting to Christianity. The incident revealed the acute tension in the constitution between secular law, which enshrined liberal principles of

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[40] It is widely believed that the key actors behind the change to a strong presidential system were US ambassador Khalizad and Brahimi, as well as Karzai and his modernist supporters in government (Suhrke et al, 2004:31).

[41] First, the constitution states that "no law can be contrary to the beliefs and provisions of the sacred religion of Islam", which leaves all laws passed by the government subject to the religious interpretations of the courts (Constitution of Afghanistan Ch. 1, Art. 3). Second, it affirms that the "Supreme Court on the request of the Government or the Courts shall review the laws, legislative decrees, international treaties and international covenants for their compliance with the Constitution and provide their interpretation in accordance with the law" (Constitution of Afghanistan, Ch. 7, Art 121). Taken together these provisions give the Supreme Court the ability to label and reject virtually any law as un-Islamic (Thier, 2004).

individual rights, and sharia religious law. It is believed that international pressure compelled the courts to dismiss the case (that could have resulted in the death penalty for Rahman) on the grounds that he was mentally unfit to stand trial. With the courts dominated by judges "who have Islamic educations but no foundation in Afghan law or experience in the judiciary", such cases are likely to emerge again in the future (Thier 2006).

Elections: legitimizing the 'grand bargain'?

The Presidential elections held on 9 October 2004 represented a high watermark for the political process. According to the constitution, the government was mandated to hold the legislative elections simultaneously with the Presidential elections to prevent the executive from exerting undue influence on the National Assembly and Provincial Council polls. However, due to logistical and security problems the legislative elections were delayed until September 2005. Of Afghanistan's 10.5 million registered voters, 8.1 million cast their ballots in the Presidential election, a remarkable turnout of 77%. Just as important as the large turnout was the lack of major security incidents during the polls, which were largely peaceful despite a spate of attacks in the run-up to the vote. Hamid Karzai won the election with a clear majority of 55.4% of the votes cast, 39 percentage points ahead of his nearest rival. He was the only candidate to receive votes outside his own ethnic group. The results of the vote (see Table 4.2) indicate that eligible voters largely cast their ballots along ethnic lines, as the votes received by each candidate roughly corresponded to the respective sizes of their ethnic constituencies within the pool of eligible voters.

Table 4.2: 2004 Presidential Election Results

Candidate	Ethnicity	Number of Votes	Percentage of Popular Vote
Hamid Karzai	Pashtun	4,443,029	55.4
Yonous Qanooni	Tajik	1,306,503	16.3
Haji Mohammad Mohaqiq	Hazara	935,325	11.7
Abdul Rashid Dostum	Uzbek	804,861	10.0
Abdul Latif Pedram	Pashtun	110,160	1.4
Masooda Jalal*	Pashtun	91,415	1.1

Notes: Only the top 6 finishers in the race, which included 13 candidates, are shown here.
*Masooda Jalal was the only woman to run in the Presidential election.

Like the Presidential vote, the legislative elections were held without major security incidents despite ominous threats. However, unlike the Presidential election, the shadow of warlord politics, accommodationism and U.S. influence would hang over the polls.

The electoral process was entirely funded by the international community.[42] A rigorous vetting process was established to review candidates for the Parliamentary elections. Afghanistan's electoral law "prohibits anyone who commands or belongs to an unofficial military force or armed group from becoming a candidate" (Electoral Law, Art. 15, No. 3). A list of 1024 candidates with potential links to armed groups was compiled by the Demobilisation and Reintegration Commission, which maintains a countrywide database of illegally armed groups, prior to the polls. This list was passed to the independent Electoral Complaints Commission (ECC), formed to adjudicate all electoral complaints and challenges. It chose to exclude only 45 candidates from the ballot (Morajee 2005). The Afghan Independent Human Rights Commission, an independent body established by the Bonn Agreement and later reaffirmed by the Constitution to monitor the observation of human rights and promote their protection, would affirm in that aftermath of the election that more than 80% of the winning candidates in the provinces and 60% in Kabul maintained ties to armed groups (IRIN, 2005).[43]

Numerous Afghan and international observers were critical of the decision to allow these armed candidates to stand in the elections, referring to it as another missed opportunity to remove the rule of the gun from Afghan politics. These concerns were echoed in a public survey conducted in the run-up to the legislative elections by the Kabul-based Human Rights Research and Advocacy Consortium (HRRAC), a group of 15 Afghan and international nongovernmental organizations working in the country. Survey respondents were deeply concerned that local commanders, warlords, and war criminals would become ensconced in the Parliament (IRIN, 2005b). However, President Karzai argued that allowing a wide range of candidates to stand in the election, including those accused of human rights abuses, would help advance national reconciliation (Reuters, 13 September 2005). This *laissez-faire* approach to the vetting process was also driven by concerns that armed power brokers barred from the elections would oppose the central government, undermining the fragile network of disparate groups that Karzai had meticulously constructed. The international community were complicit in this accommodationist approach. According to one UNAMA official, the Coalition was fiercely opposed to candidates being removed from the ballot (Interview with UNAMA official, 10 November 2005). Another UN diplomat asserted that the international community was reluctant to authorise disqualifications

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[42] Each election costs international donors over $100 million, which is the equivalent of the government's current yearly domestic revenue. According to the current constitution there will be between 8 – 10 nationwide elections per decade. This is unsustainable in the long term (Rubin et al, 2005).
[43] In an AREU report on the elections one interviewee estimated that the newly elected National Assembly will include 40 commanders still associated with armed groups, 24 members who belong to criminal gangs, 17 drug traffickers, and 19 members who face serious allegations of war crimes and human rights violations (cited in Wilder, 2005:14).

that would '*undermine the entire process*' (Interview with UNAMA official, 12 November 2005). [44]

Assessing the political transition

The political track is generally viewed as the most successful element of the triple transition. All of Bonn's benchmarks were met, in spite of the significant political hurdles confronting the government at each stage in the political process, beginning with the Bonn Agreement itself. However, whilst many of the political *forms* are now in place, the underlying *norms* and behaviour of the political elite remain largely unchanged – beneath the new institutions old patterns of competition, collaboration and coercion have carried on from the wartime period. [45] Critical assessments of the Bonn process highlight questions relating to the timing of the benchmarks, the failure to address contentious issues such as human rights and transitional justice, and the unwillingness to confront warlordism (see Sedra 2002; HRW, 2005).

Some have argued that the pace of the process was unreasonably swift. For instance, in light of the embryonic nature of Afghanistan's democratic political culture, the entrenchment of regional warlords, and the adverse security situation in the country, delaying the legislative elections may have been advisable. Indeed research from elsewhere suggests that institutionalization should precede political liberalization in post conflict societies (Paris, 2004). In other words elections may have to be delayed in the interests of first building up the institutions of the state in the security and administrative spheres. While it is premature to judge the impact of the new Parliament on the Afghan legislative process, its fractious composition of warlords and religious conservatives could serve to stunt reforms at a time when decisive action is a necessity. As Foreign Minister Abdallah Abdallah stated in early August 2004 in relation to the Presidential elections, 'a preferable situation might have been if we had a five-year term for the government, so we could create institutions and [do] the basic work' (Richburg, 2004).

In some cases, the timing of the political process was determined more by external events than internal political imperatives. It has been argued that the timetable for the October 2004 Presidential election was maintained, despite reservations of numerous elections workers and government officials, so that it

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[44] The same AREU paper concluded that the elections 'were a victim of Afghanistan's weak judicial institutions as well as a preference to accommodate rather than confront many candidates with the potential to cause trouble. The resulting lax candidate vetting process enabled many candidates with links to illegal armed groups, narcotics trafficking, criminal gangs as well as some facing war crime allegations to contest and win seats. These factors undermined the perceived credibility of the elections and tarnished the image of the new National Assembly in the eyes of many Afghans.' (Wilder, 2005:1)

[45] Arguably a policy of cooption produced a state that 'thinks and acts' less like a state and more like a warlord. For instance, the ousting of Ismail Khan from his position in Herat and the implementation of the poppy eradication policy in Nangahar, both relied upon building pragmatic alliances with local power holders in order to advance the goals of the central state.

would coincide with the U.S. Presidential elections. With domestic criticism over the Bush administration's handling of the Iraq war and its aftermath intensifying, the image of Afghanistan, the other major battleground in the war on terror, making an historic step towards democracy was calculated to give the Bush re-election campaign a needed boost.

The failure to make any significant advances in the areas of human rights, transitional justice and the rule of law highlights the limited influence of ethical-principled donors in the face of US exceptionalism and the accommodationist logic of Afghan politics. Confronting egregious human rights violators, some of whom continue to hold senior positions within the administration was resisted not just by Afghan political actors, but their US patron. Human rights have to some extent been orphaned by the reconstruction process (Suhrke, et al, 2004: 42). This is in spite of the widespread support in Afghan society for bringing to account those responsible for past abuses (HRW, 2005)

4.4.2 Conditionalities in the political sphere

In the political sphere, peace conditionalities are taken to mean the application of (dis)incentives which target political actors in order to facilitate the emergence of a legitimate sovereign authority, able to represent diverse interests, manage competing claims and resolve conflicts. Therefore peace conditionalities involve more than a short term focus on conflict management and the pragmatic use of aid-for-security bargains – which may lead to stability in the short run (and the achievement of the Bonn milestones) but impede the emergence of a strong legitimate state in the long run.

The Bonn Agreement, created a set of broad benchmarks for political change, but these were not tied to a framework of conditionalities. Many donors felt that it was too early in the war to peace transition to apply conditionalities. Firstly, Afghanistan was still viewed primarily as a humanitarian situation. Secondly, given the tenuous position of Karzai and his administration, it was feared that conditionalities would be de-stabilizing:

> *Donors didn't want to place conditionalities on Karzai during the Bonn process because they felt it would weaken him. They did not want to put him in a position where he would fail* (Interview with western diplomat, 8 November 2006).

Thirdly, because Afghan politics was so fractured and institutions so embryonic, the scope to apply conditions that could gain real traction appeared to be limited. As one donor commented, in the early days of the Bonn process '*there were no policies in existence to place conditionalities on*' (Interview, 13 November 2005).

An alternative view is that the scope for applying conditionalities at the beginning of the Bonn process were greater than at its culmination. There was a lull in the security environment, as the Taliban had fallen but had yet to regroup and reorganize; regional commanders and warlords had yet to embed themselves in post-Bonn governance structures or re-establish their mini-fiefdoms in the periphery; and neighbouring states had adopted a restrained 'wait and see' attitude, unsure about the direction of US policy. According to this perspective, a more assertive posture from international actors during this formative period, combined with a more strategic application of (dis)incentives might have prevented or mitigated the factional takeover of various parts of the government apparatus (particularly in the security sector), the rise of warlord dominance in the provinces, and the re-emergence of international proxy competition. From this perspective international actors missed a window of opportunity to reshape the Afghan political and security landscape before the re-emergence of reactionary actors and the resumption of previous cycles of violence and political instability.

Both positions are open to debate in the absence of a counterfactual. Arguably, the strategy of more or less unconditional backing for Karzai and his supporters has paid off; contestation has remained within the political arena, the Bonn benchmarks been reached, the political base of the administration has been broadened with modernizers coming to dominate top government positions and some of the earlier political alliances have been jettisoned. There has also been an attempt to draw 'moderate' Taliban into the political arena and a number of ex-Talibs stood in the parliamentary elections. However this overly positive narrative – which is frequently deployed by international donors and the government itself - tends to skirt over some less encouraging signs. Firstly, it is difficult to interpret Karzai's policy of careful accommodationism as the forging of a 'grand bargain' for peace. He continues to rely upon an extremely narrow political base and this is accentuated by the vast sociological distance between the modernizers and the rest of the population (Suhrke, 2006:9). This narrow base is accentuated by the strong presidency, leading to winner-takes-all strategies rather than inclusive power sharing mechanisms (Suhrke et al, 2004:35). Secondly, strong men continue to exert a powerful hold on the administration, particularly at the sub-national level (Lister and Wilder, 2005). In response to pressure from international actors Karzai has tended to rotate, rather than remove officials known to be involved with military groups and/or the drug economy.[46] Thirdly, Karzai's survivalist politics have limited the scope to apply aid for peace bargains. For example, the voting system (which some donors tried to dissuade the government from adopting) has hindered the emergence of political parties which could have played a role in mobilizing

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[46] For example after considerable international pressure, Sher Mohammed Akhundzada, was replaced in December 2005 as governor of Helmand province in southern Afghanistan. The U.S. military believed the governor, who was caught with almost 20,000 pounds of opium in his office last summer, to be a heroin trafficker However, after removing him, Karzai appointed Akhundzada to Afghanistan's Senate. Moreover, the provincial police chief in Helmand, Abdul Rahman Jan, whom U.S. forces suspect of providing security for narcotics shipments, kept his job.

progressive coalitions, channelling societal demands and aggregating political interests.[47] As reported by ICG (2005a:13) the 'failure to legitimise political party functioning only served to distort political development'. A zero sum policy of keeping Parliament weak and divided is likely to slow down the functions of state and undermine the potential for needed reforms (Wilder, 2005). Therefore Karzai's policy has been to maintain political stability through the creation of a complex network of political alliances and patronage-based relationships that reaches down to the village level. Arguably, his ultimate objective is to maintain the status quo, which prompts him to play donor interests against those of the commanders and conservative elements of Afghan society.

However, Karzai is not a free agent and his room for manoeuvre has been influenced by international policies as well as the domestic constellation of political forces. Firstly, as Rubin (2006:184) argues, there was no mechanism to coordinate political measures with the benchmarks for the security and socio-economic transitions. From the outset, international policies in the security sphere, notably US war conditionalities undermined the scope for Karzai to marginalize the strongmen. The autonomy of US forces and their lack of accountability to the Afghan authorities serves to highlight Karzai's weakness and undermines his legitimacy. As Suhrke (2006:24) notes when the Karzai government appears to be so dependent on its ally and so unable to influence its behaviour, potential supporters may calculate that it is not safe to throw in one's lot with the new administration. This has resulted in the continuation of fluid political arrangements, taking the form of 'spot contracts' or hedging (*ibid*) rather than long term aid for peace bargains.

Secondly, the pace and pattern of the political transition has been shaped by external priorities, which undermined the scope for domestic actors to forge aid for peace bargains. The compressed nature of the transition has already been mentioned. Furthermore, perhaps a disproportionate amount of time and resources were spent on the symbolic rituals of legitimation, but much less on building the underlying institutions and capacities required in the long run.

> 'The time and resources spent on holding ELJ, CLJ, Presidential, WJ and PC elections were not matched by similarly well-resourced and focused effort to engage in the more difficult but ultimately more important task of rebuilding and strengthening fundamental state institutions' (Wilder, 2005:46).

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[47] The Karzai administration justified its selection of the single non transferable voting system (SNTV) on several grounds. Firstly there is widespread scepticism about political parties given the role they played before and during the war. Secondly, it was felt that SNTV would prevent large regional or ethnic parties from entering and controlling parliament. Thirdly, votes can be counted more easily and it would be easier to convey results. Critics of this decision argued that Karzai adopted SNTV in order to prevent the emergence of wide spread, organized opposition to his rule (ICG, 2005a:6).

Thirdly, donors' policy of 'backing winners' through unconditional support has tended to reduce the incentives for meaningful reform. UNAMA's approach, encouraged by head of mission Lakhdar Brahimi, was to talk to the leadership as though they represented 'the people' (Johnson and Leslie, 2004:201). International donors rarely venture beyond the 'charmed circle' of Karzai and a coterie of technocrat ministers, which greatly circumscribes their use of political dialogue and pressure. By monopolizing the donor-Afghan interface, Karzai and his cabinet's Western-oriented Ministers have in turn been able to deflect pressure and heavily influence donor behaviour, often cleverly using the 'agenda setting' role of international actors to pursue their domestic objectives. For instance Karzai draws on the war against terror discourse to maintain international support as shown by a statement made in January 2006 in the lead up to the London conference:

> 'We are in a joint struggle against terrorism, for us and the international community. If you don't defend yourself here, you will have to defend yourself back home in European capitals and America's capitals' (cited in Sengupta, 2006)

The belief among most donors that there is no alternative to Karzai has imbued him with a level of leverage and manoeuvrability. It has served to tie the political future of Karzai with that of the wider reconstruction process, creating a situation where donors are reluctant to apply conditionalities. Few donors appear to have contemplated the notion of life without Karzai and have failed to cultivate relations with other actors who could potentially emerge as legitimate challengers to his authority.

Fourthly, donors have failed to apply (dis)incentives coherently and consistently. The US as the primary international actor has tended to use its considerable leverage to advance its own strategic interests, whether they coincide with the wider goals of the reconstruction process or not. Whereas the donor governments of Western Europe and Canada tend to speak of political 'red lines' and the need to apply pressure in relation to the issues of human rights, gender and ethnic equity, and corruption, the US has focussed on continuing anti-terrorist and anti-insurgent operations, counter-narcotics, and the formation of a long-term strategic partnership with Afghanistan. This has thwarted efforts of the ethical-principled donors to achieve tangible progress in the advancement of human rights and transitional justice.

4.5   Socio-economic Transition

4.5.1 Background

The current international aid regime

> 'Without addressing the country's pervasive poverty no other goals can be accomplished' (Rubin et al, 2005:60).

As President Karzai has noted, security and development are two sides of the same coin. But peace agreements often pay limited attention to the question of economic security. The security and political transitions depend upon progress in the socio-economic sphere. Reconstruction creates an enabling environment for the security transition – it is necessary in order to reintegrate fighters, provide alternatives to the opium economy and to address the grievances of those supporting the insurgency. Moreover reconstruction supports the political transition by reinforcing state legitimacy. Unsurprisingly reconstruction and development issues were the top-stated priorities of candidates for the parliamentary elections (Wilder, 2005:29).[48] Broad-based development is central to the forging of a new social contract. And a precondition for such broad-based development is the ability of the state to plan and manage expenditure and to raise revenue for public services (Rubin et al, 2005:12). Given that less than 10% of national budget resources are currently covered by domestic funding, fiscal and public financial management issues are central to the long-term reconstruction agenda.

However in the short run at least, Afghanistan's reconstruction needs are likely to be met largely through external funding. Since Bonn there have been three major donor conferences[49], Tokyo in February 2002, Berlin in April 2004 and London in February, 2006, all co-chaired and convened by the UN and the international donor community. The National Development Framework (NDF), prepared jointly by the Afghan Assistance Coordination Authority and the Afghan Interim Administration constituted the basis for talks on reconstruction in Tokyo.[50] At this meeting donors pledged $4.5 billion over a five year period. This was less than half of what preliminary estimates suggested was needed – a joint assessment by the World Bank, the UNDP and the ADB

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[48] Interestingly elections were not seen to be an overriding priority for Afghans.

[49] A less high profile donor conference was also held in Kabul in April 2005.

[50] The NDF outlined three core pillars which would constitute the basis for reconstruction and development. These were: humanitarian and human and social capital; physical reconstruction and natural resources; and private sector development. But the NDF and many other such planning documents have been widely perceived as wish lists without the necessary prioritisation, sequencing and community consultation (ICG, 2005: 10).

estimated that $14.6 billion would be required over the next ten years to reconstruct the country.[51]

In the first two years of the post-Taliban period, aid flows were relatively modest compared to many other post-conflict contexts. Whilst international comparisons should be made with care, for the first year in Afghanistan per capita assistance was $75 compared to $288 for Kosovo and $175 for East Timor. Moreover the bulk of these funds were spent on humanitarian assistance[52] rather than long-term reconstruction. As a number of interviewees noted, in the early days following Bonn many donors treated Afghanistan as an emergency rather than a 'post-conflict' context. As a result they tended to be input driven and motivated more by a concern to support the political process and establish their own visibility, than to advance a long-term development agenda (Interview with donor official, 1 December, 2005). Moreover, priorities were skewed strongly towards security rather than reconstruction. In the first year after Bonn, 84% of international spending was allocated towards the fight against al-Qaeda and the Taliban, 9% on humanitarian assistance, 4% on ISAF and only 3% on reconstruction (Rubin et al, 2003:12) .

Partly as a result of Afghan concerns about the reconstruction process, Berlin was used as a vehicle by the Afghan government (particularly the Ministry of Finance) to build Afghan ownership and to arrive at a more realistic assessment of the costs of reconstruction. The Berlin conference was organized around a report 'Securing Afghanistan's Future: Accomplishments and the Strategic Pathway Forward' prepared jointly under the supervision of the Afghan government and the World Bank. This report put the price of a 'self sustaining' state at $27 billion over seven years. In terms of catalysing international donor commitments, the conference was extremely successful, resulting in pledges of $8.2 billion in non-military aid for the 2004-7 period, which included $4.4 billion already committed for 2004-5 (Islamic Republic of Afghanistan, 2004).

Finally, at the London Conference of February 2006 donors pledged $10.4 billion over five years and a new post Bonn 'compact' was mapped out specifying the goals and mutual obligations of Afghan and international actors. The new *quid pro quo* agreed in London was renewed pledges of aid in return for greater financial transparency and international oversight. An Interim Afghan National Development Strategy (I-ANDS) which will lead to a final ANDS by the end of 2006, maps out a development strategy focused on the attainment of broad based growth and is intended to be the key driver of government policy.

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[51] Afghanistan Preliminary Needs Assessment for Recovery and Reconstruction, January, 2002. It is important to note that none of the initial needs assessments were based upon field surveys (Normand et al, 2002: 31).
[52] Two million refugees returned to Afghanistan during the first two years, which strained resources and infrastructure and according to Turton and Marsden (2002) 'high-jacked the development agenda' as resources were allocated to emergency assistance.

As with other post conflict contexts, the aid regime is marked by its diversity and complexity involving at the operational level numerous channels and actors including multilateral institutions such as the ARTF and ad hoc fora and bilateral mechanisms. The largest donors are the US, World Bank, ADB, EC, Japan and the UK. In addition to the 'usual suspects' there are a number of non-traditional donors such as Iran, India, Pakistan and Saudi Arabia who have a level of political and economic leverage because of their proximity and historical ties.

The reconstruction 'balance sheet'

The 'balance sheet' on reconstruction is a mixed one. On the positive side, there have been innovative institutional arrangements and examples of positive collaboration between the government of Afghanistan and aid donors. Much of this has been centred around the Ministry of Finance and, in particular, the relationship between Ashraf Ghani, the previous Minister (2002-2005), and the major donors. Arguably the foundations for reconstruction have been laid through reforms at the centre, but the problem now, as explored below, is one of service delivery in the periphery.

The shift in donors' positions from emergency assistance to state-building between Tokyo and Berlin was partly due to Government of Afghanistan lobbying and pressure. Four of the primary instruments for state-building and reconstruction instigated largely by the Government were: firstly, the development of multi-lateral trust funds, administered primarily by the World Bank and UNDP to cover government recurrent expenditures. The Afghan Reconstruction Trust Fund (ARTF) was established in April 2002 and is jointly managed by the World Bank, the ADB, the Islamic Development Bank and the UNDP. This is the government's preferred funding mechanism as it channels funds directly through the government. Secondly, a new currency, the *Afghani*, was introduced as part of the Bonn mandate of reforming the central bank and has remained stable.[53] Thirdly, Ghani instituted a far reaching programme of fiscal reforms. He instituted the budgetary process as the main instrument of policy, centralised revenue in a single treasury account, reformed and simplified customs, and gained increasing control of revenue captured by commanders (Rubin et al, 2005: 12). The reform process has been continued by Ghani's successor and the government has adhered to the IMF staff-monitored programme and has exceeded IMF revenue targets. Fourthly, an emphasis was placed on national level programmes, with the National Solidarity Programme (NSP) constituting the government's flagship project.[54]

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[53] Though this is largely due to foreign exchange reserves earned through narcotics, remittances, aid and the operating expenditures of foreign organisations (Rubin, 2005 et al: 15).

[54] The NSP was one mechanism to deliver public goods to communities while bypassing the public expenditure system (Rubin et al, 2005). Other national priority programmes included: National Rural Access Programme; the National Skills Priority Development Programme; National Agriculture Priority Programme; National Transport Programme; National Emergency Employment Programme; National Health Programme, the National Education Programme, the Afghan Stabilisation Programme.

These reforms and the influx of foreign funding have helped create some tangible peace dividends, leading to something of a 'post war' economic rebound. The economy grew at a rate of 29% in 2002-3, 16% in 2003-4 and around 10% in 2004-5. Moreover, over the past four years four million Afghan refugees have repatriated from neighbouring countries and five million children have returned to school (Sedra and Middlebrook, 2005: 4).

In spite of these achievements there are concerns that the reconstruction track has lagged behind the political transition and risks undermining the broader project of state-building. These concerns have raised questions about the reconstruction model itself, the role of donors, the capacities of the government and broader shifts in the Afghan economy.

Firstly, some commentators have questioned the 'state-lite', private sector-led vision of development set out both in the NDF and 'Securing Afghanistan's Future' (Pain, 2003; Johnson and Leslie, 2004).[55] There is clearly a tension between notions of private sector-led growth and the need to re-establish the legitimacy of the state by forging a new social contract. Policies are now being re-written in relation to banking, private sector investment, energy and mining, customs and transit trade, with a heavy bias towards privatisation and a limited role for the state. As Carlin (2003: 4) notes, there has been a 'rush to rewrite laws in favour of the private sector'. Moreover in the area of service delivery there has been a heavy reliance on NGOs and private contractors – for example, in the health sector many state functions have been farmed out to NGOs.[56]

Secondly, donors' desire for visibility and autonomy risks undermining the goals of state-building and the re-negotiation of a social contract. Although a 'light foot-print' approach to the reconstruction process was promised at its outset, in Kabul there is the perception of an overbearing and sometimes bullying international community. A 'shadow state' of advisors and consultants have been brought in to compensate for capacity deficits within the government: 'It is impossible to determine where government policies begin and IFI influence ends' (Carlin, 2004: 4). Although coordination and consultative mechanisms were established, such as the Afghan Development Forum and the Consultative Groups, they rely on voluntary compliance and reporting.

Furthermore, because of their need for visibility and their impatience with the slow pace of reconstruction, donors have tended to work 'around' the state. Though there may have been agreement in principle on the goal of the state-

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[55] As Suhrke et al (2004: 22) note the radical nature of the economic policy in Afghanistan was largely due to the level of ideological coherence that existed between a few influential individuals on the government side and the to institutional actors who were most critically important at the time (the US government and the World Bank).

[56] Services have been parcelled out to NGO in performance-based partnerships with the Ministry of Health, which retains a residual service delivery role only in districts where no-one else wants to work (Johnson and Leslie, 2004:187).

building project, in practice donors tended to circumvent the state – less than 20% of funding has been channelled through the new administration (Boyce, 2003: 15).[57] By 20 March 2004, government expenditures since the beginning of the reconstruction process had amounted to $1535.5 million, of which $348.6 million comprised domestic revenue and the remainder from international assistance. $3775.4 million had been spent on assistance outside the government with $1957.2 million channelled to the UN, $413.1 million to NGOs and $705 million to private contractors (Ghani and Lockhart, 2005). The lion's share of funding has therefore been delivered through the UN, NGOs and private contractors, limiting the potential of that aid to build the legitimacy of the state:

> '*The government is not good in terms of claiming the credit that it deserves. It's only judged by what it delivers directly and not by the environment it creates*' (Afghan Government employee, interview 28 November, 2005)

Furthermore, the salaries and working conditions offered by international agencies have tended to attract the best-qualified Afghans and in a sense have actively de-capacitated Afghan institutions (Goodhand, 2004: 78).[58] Rather than building capacity, the process has fostered what Ignatieff has referred to as "capacity sucking out" (cited in Fukuyama, 2004: 103).

Thirdly, a massive bottleneck has developed in the area of implementation, which, in Rubin's view, has become the paramount reconstruction issue (Rubin et al, 2005: 61). By the end of 2004, only 7% of the funds committed at Berlin for that fiscal year had been disbursed, mainly because of the inability of the Afghan government to prepare project and feasibility studies for dozens of donors with multiple requirements. The time elapsed between commitment to a project and the start of work averaged at least two years. This is not only a government phenomenon however, and programmes implemented directly by international contractors have been plagued with delays, capacity deficits and inefficiencies.[59]

Fourthly, the tangible effects of reconstruction have been unevenly distributed. Much of the assistance in the initial two years was understandably focused on

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[57] It is important to note that donors vary greatly in their disposition to work through or around the state. The EU, DFID, Canada and the Netherlands provide a significant proportion of their aid to the ARTF. On the other hand almost all the funding the US and Japan, two of the major donors, consists of off budget support.

[58] Given that most Afghan civil servants are paid between $40 – 50 per month (Lister and Wilder, 2005) this is hardly surprising.

[59] For example a $73 million programme funded by USAID and implemented by New Jersey-based Louis Berger Group Inc. to refurbish 1000 schools and clinics by the end of 2004, had by September 2004 produced only 100 finished projects. A Washington Post article revealed 'a chain of mistakes and misjudgements: The U.S. effort was poorly conceived in a rush to show results before the Afghan Presidential election in late 2004. The drive to construct earthquake resistant American-quality buildings in rustic villages led to culture clashes, delays and what a USAID official called 'extraordinary costs'. (Stephens and Ottaway, 2005).

building institutions at the central government level. But this also contributed to the relative invisibility of aid, particularly in the south where insecurity further limited reconstruction efforts. The post-Bonn 'international rush' into Kabul contributed to the development of a parasitic bubble economy in the capital, heightening the urban-rural tensions which had contributed to conflict in the first place.[60] This has induced a political reaction which has manifested itself in the form of a demagogic campaign against NGOs who are accused of squandering and mishandling money destined for reconstruction. Moreover, Imams preach on Fridays against foreigners, alcohol consumption and cable television (Rubin et al, 2005: 25; Kamal, 2005).

Furthermore the licit economy and the aid economy have been dwarfed by the expansion of the opium economy. This in turn has had a corrosive effect on governance since several provincial governors and key figures at the central government level are involved in the drug trade. Eradication efforts in the south and the east, without the provision of sustainable alternative livelihoods, have further undermined faith in the government.

4.5.2 Conditionalities in the socio-economic sphere

In the socio-economic sphere, peace conditionalities are essentially concerned with economic policies that are conflict-reducing and help transform the war economy into a peace economy. An economy that has been 'adjusted' by war, needs to be 're-adjusted' for peace. This may involve trade-offs between policies which promote growth, or target poverty and those which promote durable peace. Peace conditionalities involve careful consideration of a number of factors including; the kind of growth that is promoted and its impacts on vertical and horizontal equity; and the kind of state that is to be built and the extent to which development policies strengthen its capacities and legitimacy; the kind of peace that is to be stabilized or modified. This last point is critical. If aid donors are working on the assumption that Bonn brought about a favourable peace that should be stabilized, this may be an argument for visible and unconditional support. If on the other hand, as we have argued, Bonn has created if not an unfavourable peace, at least a flawed peace which needs to be modified, this may be an argument for more cautious and more conditional support (cf: Suhrke and Bucmaster, 2005:13).

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[60] The transitory 'rush' of aid has had a range of economic and symbolic effects in Kabul and beyond. Firstly there is the sheer visibility of the international 'community' with their vehicles and infrastructure. As in other 'post conflict' contexts there has been a flood of new NGOs into the country. For example by November 2002 the number of international NGOs registered with the Ministry of planning had risen to 350 from 46 in 1999 (Johnson and Leslie, 2004: 206). Secondly, there have been a range of economic effects including skyrocketing real estate prices (which in the best areas of the city approach those of downtown New York) and a growing gap between a 'dollar zone' city and an 'afghani zone' countryside.

Aid securitization

Aid securitization has a long history in Afghanistan – before September 11th, assistance was withheld in the belief that it would induce behavioural change in the Taliban on terrorism and human rights issues. As soon as the Taliban regime began to fall there was a dramatic switch from conditional to non-conditional assistance – conditionalities on the provision of UN food aid for instance changed markedly with the start of the US military campaign in November 2001, when the WFP strategy appeared to shift to delivering as much food inside the country as possible (Johnson and Leslie, 2002: 867).

Arguably aid has become increasingly securitized (rather than 'peace-itized') in the post-Taliban period. Some of the major donor countries such as the US, Japan, the UK and Germany all have strong security agendas. The nexus between security, politics and development is demonstrated institutionally by the UK's Global Conflict Prevention Pool. This involves a cross-Whitehall approach to conflict prevention, bringing together the Ministry of Defence, Foreign and Commonwealth Office and DFID.[61] The bulk of the funding from this mechanism goes towards programmes in the security sector and counter narcotics. DFID's programme in Afghanistan is atypical in the sense that the country office does not report against the Millennium Development Goals (MDGs), nor does it work in many of the agency's traditional development sectors.

Paradoxically, development actors have never had so much funding or political profile in Afghanistan, yet there is a deep sense of unease that the development agenda is being driven by security imperatives. It is feared that decisions being made about development and humanitarian programmes are shaped by military and political actors rather than development professionals. With greater high-level political engagement in a country comes more 'interference' from head offices, and less autonomy for development actors.

The debates on PRTs and the blurring of the lines between humanitarianism and the military have already been well rehearsed elsewhere.[62] That it is still a live issue was demonstrated by one interviewee from a donor agency who expressed fears that soldiers from the US PRTs intended to get more involved with the Provincial Councils and 'ply them with projects', thus tainting the development actor by association. This was an example of where a heavy-handed international presence could potentially distort local democratic processes (Interview with development donor, 30 November, 2005).

The clear lesson about aid conditionalities from the Taliban period is that they have limited traction by themselves and they depend upon supportive conditions further up the political chain. Similarly, in the current environment,

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[61] By 2004/5 the GCCP had spent £57.5 million on Afghanistan to date and has a £20 million budget for 2005/6 (DFID, 2005).
[62] For discussion of the PRTs, see Save the Children, UK, 2005 and Perito, 2005.

to expect development projects to 'bring security' to the south is a case of putting the development cart before the security horse. The implication of this finding is that if international actors were to prioritise peace, this would involve placing much stronger conditions on actors and institutional arrangements in the security and political spheres.

Conditionalities and counter-narcotics

The drug economy has a direct effect on the potential for conditionalities to be deployed effectively in the security, political or development spheres. State or non-state actors may be immune to the carrots and sticks of international actors when they have ready access to 'unconditional' funding through the drug economy.[63] Although the aid economy is more significant than it was during the Taliban period, given the dramatic expansion of poppy, aid still operates on the margins of the shadow economy and its influence is likely to decline as aid flows themselves wane.

There has been over ten years of experience of attempting to apply conditionalities on drugs in Afghanistan and an analysis of these experiences could usefully inform wider debates on conditionalities. Judging by the results, conditionalities on drugs do not work. Moreover, they have the potential to have perverse effects, leading for instance to displacement effects, increased prices or renewed and invigorated production.[64] Because of the disbursed and footloose nature of the economy, it is not possible to simply 'switch off' production by making conditionality agreements with a small number of central players.

Experience also suggests that where conditionalities are driven primarily by the narrowly defined interests of external actors with little regard for the interests and incentives of the 'disciplined parties' they will not succeed. As Mansfield and Pain (2005) persuasively argue, there is a need to stimulate Afghan involvement and participation, to develop a more nuanced understanding of interests and incentives, to think about balance, synergy and sequencing, and to introduce long-term monitoring systems. All these principles could easily be applied to other forms of conditionality. Box 4.3 summarizes some of the lessons learned about the utility of (dis)incentives to influence poppy cultivation.

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[63] Regional power holders also have access to range of other resource flows, including cross border trade (Ismael Khan in Herat for example) and other commodities such as the lapis lazuli mines in Badakshan and salt mines in Faryab which are controlled by commanders (Lister and Wilder, 2005).

[64] Regional power brokers have been known to encourage the poppy cultivation so that they can subsequently attract donor compensation for eradication programmes. For the poor, eradication increases debt and eliminates wage labour opportunities.

Box 4.3

Lessons on conditionalities and poppy cultivation

Different sets of international actors tend to prioritize different solutions. Development actors place the stress on long term approaches and the absence of a magic bullet solution, whilst the military and diplomats emphasize the need for timely action. The US has placed a stronger emphasis on conditionalities and eradication than the Europeans. One of the most radical prescriptions offered by the Senlis Council is the legal production of opium for medicinal purposes. Sceptics argue that its success depends upon a much stronger governance and security environment than currently exists. Conditionalities therefore require a robust institutional framework for their enforcement.

The lessons from recent counter narcotics initiatives can be interpreted in different ways. On the face of it, a 93% decrease in poppy cultivation in Nangahar appears to be a success story and a manifestation of growing state power. However, this was only achieved through the state's reliance on regional strongmen who 'switched off' cultivation, but could just as easily switch it on again in the future. Perversely Karzai subsequently shuffled his governors, swapping the Nangahar governor who had the best record on eradication with the Kandahar governor who oversaw one of the largest jumps in poppy production. Furthermore, the state failed to deliver on its part of the bargain in Nangahar by providing sufficient support in the form of alternative livelihoods (Mansfield, 2005). This has led to deepening poverty and growing resentment and is likely to undermine the emergence of a nascent social contract.

Alternative livelihoods (AL) have been an important strand of the counter narcotics strategy. A Good Performance Fund has been created and seven provinces selected for AL support. $470 million has been spent on AL – though the definition of AL is fairly elastic and there has been some re-labelling of development projects as AL projects. Its proponents claim that AL investments have led to reduced production in the targeted areas. But the evidence on whether reduced production can be attributed to increased spending is inconclusive. Moreover, aggregate level figures mask the high degree of variability from area to area, a function of the often localized factors driving poppy cultivation (Mansfield and Pain, 2005).

MRRD have shown an interest in community-based conditionalities on drugs at the provincial and district levels. However, one of the chief lessons from the 1990s is the critical question of informed consent (Mansfield, 2002). In Nangahar for instance there are concerns that coercion, rather than consent was a more important factor in the reduction of cultivation. Demanding communities to give up poppy prior to the receipt of development aid may well exacerbate the underlying dynamics which drive the opium economy. Moreover, as with other control regimes, they tend to reflect de facto power dynamics and consequently they fall heaviest on those with the least capacity to

resist – in this case poor farmers at the community level.

Mirroring the broader debate on conditionalities, there may be a need for a more 'fine-grained' approach which customises and targets conditions according to the local context. For example whilst eradication may have adverse effects in the more marginal areas, it may be a viable strategy where communities have access to markets and alternative livelihoods. Moreover, the importance of balancing, sequencing and prioritizing the various instruments appears to be critical. Drugs, just like peace conditionalities needs to be mainstreamed into all areas of work.

Aid conditionalities and the state

In some respects donors helped develop many of the structures which could have enabled a more conditional approach to emerge. These measures included the CG structure, the trust funds and accountability in procurement procedures. However the donors themselves did not respect their own measures, as many bypassed the trust funds and went for quicker and more visible forms of funding. Two of the prime culprits here have been the US and Japan, both of whom have leaned toward the provision of off-budget support. Their official position has been that the government does not have the capacity to absorb and disburse money; however, they do not make a strong commitment to building the capacity of the government to do this. In practice, supporting the capacity of the government means providing support for the recurrent budget – a commitment of 5-10 years of budgetary support (Interview with donor representative, 1 December, 2005).[65]

Too much money has been pushed too quickly through mechanisms not ready for it (ICG, 2005b: 10). Donors felt that it was too early to apply conditions: '*given the difficult situation and the urgency of the needs, we knew it was impossible for the government to meet conditionalities*' (Interview with donor representative, 1 December, 2005). Japan, for example, has delivered $900 million of assistance and yet there has been no evaluation of its overall impact or its contribution to peace-building. As one donor official candidly admitted, '*to a great extent it's been input driven and symbolic*' (*ibid*).

But one of the pre-conditions for a more 'conditional' approach is that donors themselves have the capacities to appreciate the challenges and constraints that domestic actors face:

> 'Few people in the international agencies or bilateral donors have a clear view of the building blocks of a sustainable fiscal system. In each of the reforms carried by the Afghan government, Afghans had to invest

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[65] DFID has been the biggest donor to the GoA budget having disbursed £240 million since 2002. DFID intends to begin a 10 year development partnership with the GoA (DFID, 2005).

substantial amounts of time to tailor the recommendations of international experts to the context and to build on existing traditions rather than begin with an off the shelf law that had been recently applied in some other context.' (Ghani et al, 2005)

Where conditionalities have been tailored according to local demands, the GoA has responded favourably. For example IMF reforms have deviated significantly from conventional structural adjustment policies, which have characteristically emphasized the reduction of government expenditures, the removal of trade barriers, and the privatisation of state-owned enterprises. A hybrid approach has been employed which emphasizes the need to enhance government revenue generating capacity whilst seeking to create an environment conducive for private sector investment. The GoA
met all the IMF benchmarks and in fact exhorted the international community to employ more conditionality in order to allay donor apprehension concerning government absorptive capacity and generate '*sympathy for direct budget support*' (Interview with advisor to the Afghan government, 14 November 2005).

The emergent consensus over reforms obviated the need for formal conditionalities. In a sense, the economic conditionality framework has yet to be appropriately tested, as donor and recipient policies have been closely intertwined and benchmarks have been kept sufficiently flexible to ensure their observance. However, once the government has completed fundamental reforms and its fiscal and revenue generating capacity reaches a critical mass where it can underwrite the core operating budget, it may be more inclined to take the initiative and chart a new course independent of IFI orthodoxy.

Therefore, certain elements of the government support the application of conditionalities if it results in donors allocating more funding to the Afghan budget through the World Bank-administered Afghan Remonstration Trust Fund (ARTF). As already mentioned, from the beginning the Ministry of Finance placed a strong emphasis on centralized budgeting and in fact set hard conditions on donors for the acceptance of aid – for example limits were placed on how many sectors donors were able to work in and a minimum contribution was required from a donor who wanted to expand into new sectors. Moreover the NDF provided a basis for donor alignment. In spite of these attempts at reverse conditionalities, in 2005, less than 30% of all expenditures were channelled through the Afghan government's budget (Rubin, 2006:182), thus depriving both the GoA of the resources to build state capacity and the donors of an effective lever to influence government policy. The remainder of the funding is spent on bilateral projects through private sector contractors, NGOs, or donor agencies. Donor reluctance to disburse money to the Afghan government stems from legitimate concerns about absorptive capacity and corruption. The ARTF itself has some built-in conditionality as the disbursement of any monies from the fund must be approved by a Management Committee comprising representatives from the World Bank, Asian Development Bank, the UNDP, and other actors.

In the event that donors do work with, and through the government, there may still be the problem of 'incentive compatibility'. Many of the stated priorities of donors – human capacity-building, the rule of law, and governance reforms – may not be shared by powerful political groupings within the Afghan government. According to one UN official, "*The government is only interested in infrastructure rehabilitation, not soft things like training*" (Interview with UNAMA official, 11 November 2005). This divergence in approach is one of the reasons for the foundering of the Afghan Stabilization Program (ASP), a high-profile initiative to rehabilitate sub-national administration. The program was designed with an infrastructure and training component; however, the Afghan government eschewed the training element in favour of building district level government facilities.

Clearly the state is not monolithic and donors have tended to work more intensely with particular parts of the state. In practice an undeclared policy of inter-Ministerial selectivity has developed as explored further in Box 4.4:

Box 4.4
  Donor selectivity: 'reforming' and 'poorly performing' Ministries

One of the main forms of donor selectivity has involved distinguishing between 'reforming' and 'poorly performing' ministries. The former category includes MRRD and the Ministry of Finance. The later category includes the Ministries of the Interior and Agriculture. The former combines a number of common features: they are led by Western-oriented Ministers, familiar with donor requirements; they have hired significant numbers of western consultants; they have sought to establish sound public finance management procedures and submitted to core personnel and structural reforms. These traits were rewarded whilst the 'laggards' – who tend to be headed by non-English speaking Ministers, with limited organisational capacities, containing staff appointed for clientalistic reasons rather than performance -- were left out in the cold and therefore remain chronically under-funded.

Whilst donors saw this as a rational and pragmatic response which rewarded good performance, it had several deleterious political effects. Firstly it created tensions within the Cabinet, leading to a growing resentment against the technocrats. Secondly, selectivity created perverse incentives for intra-governmental competition. Thirdly, it meant that ministries like Agriculture, though key to the reconstruction process, remained weak and under-funded. This is illustrative of the tendency for donors to work with the 'like-minded' and avoid the 'unlike-minded'. Arguably there should be some basic investment in the 'laggards' to enable them to become 'good performers' – the problem was as much about being 'able' as being 'willing'. Moreover, selectivity is only likely to influence incentives systems and behaviour, if everyone is aware of the selection criteria – a successful example of this is described by Boyce (2002) in the form of Open Cities programme in Bosnia which targeted aid to

municipalities whose officials publicly welcomed minority returns. In the Afghan case however, selectivity involves a unilateral decision by donors. And in the absence of transparent criteria, negotiated with all concerned parties, such policies are likely to lead to a growing gap between the 'haves' and 'have nots'.[66]

It is also important to note that even the successful 'power ministries' have arguably not initiated deep reforms. Instead they have 'imported' state capacity and created parallel structures staffed by trusted officials, international advisors and foreign sub-contractors. Rather than firing incompetent staff, technocrats have tended to sideline them by working with their trusted circle of advisors (Suhrke et al, 2004:10). This strategy of capacity enhancement rather than capacity building has led to the creation of a dual structure within the Afghan state (*ibid*).[67] The targeting of certain Ministries, particularly the Ministry of Finance also reflects donor priorities, as well as existing domestic capacities. Donors understandably prioritized financial accountability, but this meant questions related to political accountability and reforms of the Ministry of Interior, for instance were de-prioritized. Another factor in this case was the high level of internal resistance to reforms, since the Ministry of Interior had become highly factionalized.

Channelling donor support to good performers has also had the effect of altering power dynamics within the Afghan cabinet. It has greatly expanded the influence of the Western-oriented technocrats. They tend to fit a certain profile – ethnically-Pashtun returnees from the West. These figures have adeptly utilized their close relationship with the donors and knowledge of donor practices to advance their interests within the cabinet, engendering resentment form their cabinet counterparts. It can be said that these actors have instrumentalised donors or even 'colonized' them in pursuit of their political objectives. This demonstrates some of the unintended consequences of informal selectivity in the Afghan context. It also shows that Afghans have considerable agency in terms of influencing and steering the donor aid system in Afghanistan.

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[66] However, an interesting recent phenomenon has seen some notable 'have-not' Ministries seek technical support in dealing with the donor community from the 'have' Ministries, notably the MRRD and the Ministry of Finance (Interview with Afghan government representative, 8 November 2005). In this case, it appears that informal selectivity, in the form of the provision of increased aid for good performance, has served as a catalyst for internal reform and inter-Ministerial cooperation.

[67] As Suhrke et al (2004:10) note in 'the Ministry of Finance and MRRD the minister with a small staff of mostly foreign consultants was located in a compound separate from the rank and file of the department…..It seems safe to assume that the isolated rank and file of civil servants were marginal to the functioning of the ministry and were, mostly, 'drinking tea'.

Aid conditionalities and the non state

There is a tendency in examinations of the issue of donor-recipient relations to overlook the role played by the recipient population. The relationship should not be conceived as a bilateral interaction among elite parties but as a triangular relationship in which citizen attitudes shape behaviour of both donors and the recipient government. Public perceptions can place potent pressure on donors to strengthen, weaken or alter conditionalities. For instance, growing public perceptions of donor interference expressed through the media could prompt donors to moderate conditionalities, so as not to precipitate an anti-government backlash. Conversely, donors could work with the indigenous media to inform the populace of government intransigence and incite it to call for change. Currently, growing public disenchantment with the slow pace of development and the rising levels of corruption within government offices has made the Karzai regime more amendable to donor pressure regarding civil service reform.

Government actors have also attempted to instrumentalize popular opinion as leverage in negotiations with donors. President Karzai typically evokes the image of popular backlash to defend his accommodationist stance on everything from appointments to foot-dragging on human rights. Populist politicians like Kabul Parliamentarian and Former Planning Minister Bashardost successfully mobilized public sentiment around the narrative that Afghanistan was being cheated of its reconstruction money by corrupt international NGOs and government officials. Growing public unease manifested in public demonstrations outside UN offices and government Ministries and on the editorial pages and airwaves of Afghanistan's main media outlets has served to imbue the debate on corruption and service delivery with greater urgency. Public perceptions count, a reality that has escaped donors when dealing with the government. Galvanizing public attitudes through awareness raising activities may enhance the efficacy of conditionalities.[68] However, surprisingly donors have made only a modest contribution to civil society development. USAID for instance has committed $15 million over three years. There has been a preference to fund private sector contractors or international NGOs and a reluctance to engage with the political role of civil society. This is in spite of the evidence that some of the main 'drivers of change' are likely to come from Afghan civil society, judging by the growing role of the media, the increased involvement of women in the public sphere and evidence of generational shifts in terms of attitudes to political parties and democracy (ICG, 2005a:12).[69]

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[68] Arguably in the area of counter narcotics, the public awareness campaign has played a role in influencing the calculations of poppy farmers.

[69] In an ICG report on political parties a youth association leader argues that 'It is important at this stage in Afghanistan's democracy to empower those that represent a break with the past, particularly the Afghan youth' (ICG, 2005a:12).

Donor approaches to conditionalities

As Box 4.1 shows, different donors project themselves in different ways and pursue different interests through their aid programmes. Each category of donor bases their approach to development assistance on a different means-ends calculus. According to our typology it is the political-strategic donors, particularly the US (but also non traditional donors like Iran and India) who have the greatest leverage and visibility. Because of a desire to get the greatest geo-political bang for their buck they tend to provide their money bilaterally. The same applies to the profile-political donors such as the Japanese. The technical-professional and ethical-principled donors have in the main channelled their money multi-laterally and through the government trust funds. Therefore, on the whole the donors who have pushed the most on human rights, reform and peace-building have been either the smaller actors or those with the least visibility. For instance, though the EU is a large donor it has low visibility which limits its leverage. Whilst visibility must not be seen as an end in itself, it may be a way of ensuring well informed debate on how and where money is spent (ICG, 2005b: 74). Therefore, paradoxically, the ethical-principled donors have the least traction and therefore an inability to enforce 'mini-bargains' for peace, whilst those with the greatest leverage have the least conditional approach.

4.6   Conclusion

At this stage of the war-to-peace transition one cannot reach firm conclusions about the extent to which developments in the security, political and socio-economic spheres have contributed towards peace-building outcomes. It may be too early to talk of 'success' or 'failure'. If the bar is raised too high, one is faced with a world of unmitigated failure. But arguably the problem in Afghanistan has often been the opposite, one of lowering expectations and standards in order to reach arbitrary targets set in Bonn, New York or Washington.

The Bonn milestones came to be seen as ends in themselves rather than a means to an end. The compressed time frames were arguably related to US concerns about an 'exit strategy'. The minimalist US agenda of countering terror has shifted towards the more maximalist one of state-building. But unlike earlier imperial powers, the US does not want to stay around. Institution building is seen to be a means of effecting an exit. This has led to an approach which prioritizes speed over sustainability and exogenous rather than endogenous state-building. It is based on a belief in 'critical mass' (Suhrke, 2006) and importing rather than building capacities. The result is likely to be

institutions that are accountable outwards rather than downwards and unsustainable politically or financially in the long term.[70]

A common narrative which emerged from the interviews is that the political process has been flawed but on balance has moved in the right direction. The transition from armed conflict to political contestation has been an important achievement. On the other hand, developments in the security and reconstruction spheres have been more problematic. Many pointed to the failure to extend ISAF and the US preoccupation with counter-terrorism (as opposed to state-building and development) as critical factors behind this inertia of the security and socio-economic transitions. As Lister and Wilder (2005:47) note, expectations were at their highest at the time of the ELJ and in retrospect there is a feeling that a space for change had been created but squandered.

Arguably, the setting of ambitious targets at Bonn did play an important role in focusing minds domestically and internationally, and high profile conferences and key policy documents helped catalyse support and maintain international engagement. However, as already argued, international actors have a range of interests and concerns other than state-building in Afghanistan and these frequently undercut the broader (and commonly stated) objective of peace-building. It appears that the higher the geo-political stakes, the more likely hard security interests are to override the domestic concerns and priorities of the recipient country.

At the Berlin conference Ashraf Ghani presented international actors with three possible scenarios for Afghanistan. The first involved a stable and relatively prosperous state, the second a poor and failing third world state, and the third a 'narco-mafia' state. In doing this he presented international actors with a straight forward benefit-risk calculus – how much are they prepared to invest in the country and to what extent have they calculated the consequences and costs of not investing? Ghani therefore stood the conditionality argument on its head, arguing that the problem is not only for aid donors to induce recipients to put peace at the top of their agendas; it is also about persuading donor governments to do the same (Boyce, 2003: 16).

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[70] It is often assumed that states are the natural 'default setting', yet state-building and state maintenance are extremely costly processes and in many parts of the third world may simply not be affordable (Clapham, 2002).

5. Analysis of conditionalities

5.1 Donor approaches to conditionalities

The simultaneous pursuit of war fighting and peace-building in Afghanistan has led to some major contradictions, not least the adoption of increasingly illiberal measures to achieve an ostensibly liberal peace. Ultimately security, as defined by western actors, has repeatedly trumped the goal of durable peace, thus fostering the phenomenon of securitization across the reconstruction process.

The international response has been concerned with stabilizing rather than modifying the 'peace'. This led to a policy of pragmatic bargains between dominant international and domestic actors. Essentially the *quid pro quo* was that national and peripheral elites provided 'security' and in return they were able to retain their positions of power. In the security, political and socio-economic spheres, the policy choices were shaped by a preference for tactical stability and accommodation rather than long term peace. The Afghan case shows how important the strategic choices are in the early stages of a war to peace transition. Once the path is set, it is difficult to change course. It may not be easy to introduce conditionalities into an approach that has hitherto been unconditional.

As already highlighted unconditional assistance has had a range of perverse effects; it provides rentier incomes, distorts incentive systems, creates opportunities for rent seeking and corruption and can lead to growing distributional conflicts. The more visible the aid and the more it is front loaded, the greater the potential for perverse effects. Therefore by providing aid unconditionally, aid donors do not render themselves neutral.

When aid donors have applied conditionalities they have tended to gravitate to the soft pole of the conditionality continuum and their effectiveness has been limited. There has been a poor record on compliance with conditionalities, both from Afghan actors and the donors themselves. Afghans have demonstrated a proclivity to resist donor pressure for two reasons.

Firstly, because the geopolitical stakes are so high in Afghanistan, domestic actors realise that donors are unlikely to walk away. As one Western diplomat affirms, '*Afghan actors have started to believe that they will get the money no matter what the circumstances are*' (Interview, 11 November 2005). This view is reinforced by the donors' failure to outline realistic consequences in the event of non compliance. One aid worker addresses this dilemma, asking '*if the government does not abide by the benchmarks, what do you do? Do you take money away form the government and allocate it to NGOs, aid agencies and the private sector?*' (Interview, 10 November, 2005). Donors have shown a tendency to

withdraw from conditionalities rather than place sanctions on Afghan actors for transgressing them. This has served to undermine the credibility of conditionalities in the eyes of the Afghan recipients.

Secondly, many Afghan actors are immune to donor pressures because of their access to resource flows from the illicit economy, which enables them to bolster their fall back positions. This revenue provides them with a means to maintain the complex patronage networks that underpin their power bases. Undercutting the political and economic positions of these figures requires sustained progress to curtail sources of illicit revenue and crowd out the shadow economy with licit economic activity. Certain Afghan actors, primarily the Western-oriented technocrats, have also astutely employed their political capital, derived from their 'moderate' images and links with the Western donors, to resist and even manipulate donor conditionalities. Far from being passive actors, the Afghans have been able to create considerable room for manoeuvre in order to pursue their own political projects.

More promising results have arguably been achieved through forms of selectivity and informal policy dialogue. However, even in these cases the impacts have been mixed. Through the selective funding of 'good performers' in the Afghan government ministries and government agencies, donors have been able to form dynamic alliances within the state that have been leveraged to advance reforms. The alliance between the Pashtun technocrat ministers and the donor community has spurred vital economic and development programs and placed increasing pressure on recalcitrant Ministries to comply with core administrative and policy reforms. The demonstration effect generated by technocrat monopolization of the donor-recipient interface has provoked some ministries to emulate their technocrat counterparts in order to gain access to the aid pool. As detailed earlier, selectivity has also had the reverse effect of further marginalizing and isolating ministries that have demonstrated unwillingness or an inability to submit to change. Moreover, it has served to divide the cabinet into have and have-not ministries, fostering significant sectoral imbalances in government service delivery capacity.

Afghanistan's appointment system is representative not only of the accommodationist logic that dictates government policy, but the failure of the donor community to effectively apply conditionality. Corruption, criminality and inefficiency in the state, from the cabinet level down to district administrators and rank-and file policemen, has become one of the paramount obstacles to durable peace and stability; yet donor pressure on President Karzai to utilize more rigorous standards in vetting appointments has been ad hoc and meek. Accordingly, the rationalization of the appointment system represents a natural target for any conditionality framework. Plans have been introduced to establish a Senior Appointment Panel, which would be responsible for reviewing all executive appointments. This body would conceivably give the President institutional cover to make sensitive appointment decisions. Its

efficacy, however, will depend largely on the willingness of donors to support it. It offers an ideal entry point for conditionality.

5.2   Factors militating against conditionalities

There were a number of reasons for the reluctance of donors to utilize peace conditionalities during the Bonn process, particularly in its early stages.

Firstly, because the post Bonn environment was conceived by international actors as an emergency situation, conditionalities were seen to be impractical and unadvisable. It was believed that in the wake of the collapse of the Taliban regime, the exigencies of the period called for the rapid influx of aid to restore viable institutions. With President Karzai's position still tenuous vis-à-vis the country's myriad of commanders and spoiler groups, it was believed that conditionalities could undermine his administration.

Secondly, the high degree of political fragmentation within the Afghan polity made the application of conditionalities problematic. Conditionalities are most effective when there is a formal peace agreement and the warring parties are of comparable size. As Boyce states, "the greater the parity among the contending domestic parties, the stronger the bargaining position of the aid donors" (Boyce, 2002: 33). These prerequisites were not met in the Afghan case. The Afghan political field features a disparate array of political actors, warlords, and factional groupings each with a stake in the political process. Employing conditionalities effectively would require donors to place them on an array of different actors, with varying interests and levels of legitimacy.

However, from the onset of the reconstruction process the donor community tacitly tied itself to two divergent sets of political actors: President Karzai and a narrow group of Western-oriented Afghan technocrats on one side, and a number of regional strongmen who comprised the core of the Northern Alliance on the other. This restricted the ability of donors to apply conditionality and nurture productive working relations with other Afghan political groupings. As one donor official has noted, there was a failure to cultivate relationships with a broad spectrum of Afghan actors including moderate Islamists, Maoists, and Communists (Interview, 30 November, 2005). This failure to widen the scope of donor engagement in the Afghan polity did not just reflect a lack of political will, but insufficient information and analysis. During the critical formative period in the immediate aftermath of the Bonn conference the donor community lacked the necessary area expertise and sources of intelligence to develop an accurate and appropriately nuanced appraisal of the Afghan political arena.

Early iterations of the counter-narcotics and demilitarisation processes demonstrated the dangers of haphazard and ill informed conditionality. Both processes initially relied on crude forms of conditionality such as 'money-for-

guns' and 'money-for-eradication' that have rarely worked in any context. In Afghanistan such monetary incentives can have unintended consequences, such as fuelling arms smuggling and displacing drug production to adjacent regions.

Thirdly, the coherent utilization of conditionalities was difficult given the variance in donor goals and approaches. While there is a general consensus on the desired end-state of the reconstruction process, there are vastly different visions on how to actualise it. As has been outlined earlier, different donors have adopted wholly different approaches to the Afghan reconstruction project, ranging from the political-strategic approach of the US to the ethical-principled outlook of the Western Europeans. These differences have served to hinder the application of sustained pressure on state and non state actors to achieve particular political or economic ends conducive for durable peace.

Fourthly, intra-donor divisions prevented the emergence of coherent internal donor policies on conditionalities. There is a split between the development and political arms of donor missions on the utility of conditionality. The development actors are characteristically opposed to the notion, associating it with IFI-driven structural adjustment and economic liberalization policies. Conditionalities are generally seen as emblematic of bad practice by many development practitioners. By contrast, political operatives tend to see aid as the central point of leverage donors can employ to shape recipient policies and advance their political aims. Since the development pillar of most donor missions controls the access to the aid pool, their approach has prevailed. This accounts for the lack of formal conditionality in Afghanistan.

Fifthly, institutional pressures within donor agencies militate against the application of conditionalities. The culture of development organisations is orientated towards disbursing money and developing new projects. Therefore, the institutional imperative to keep the money moving undercuts the potential to condition aid.

5.3   Variables influencing the scope and leverage of aid-for-peace bargains

A number of key variables can be identified which influence the scope for the application and leverage of peace conditionalities. These are briefly outlined below.

5.3.1 The ownership problem

'*No one can stop Afghans from being in the driving seat, but the problem is we have Afghans who can't drive.*' (Afghan, Deputy Minister, interviewed 30/11//5).

Rather than setting up a simplistic dichotomy between ownership and conditionalities it may be necessary in war to peace transitions to employ the later as an instrument to help bring about the former. Consolidating ownership around a Panjshiri clique is not a desirable policy objective. In states recovering from armed conflict notions of ownership and alignment are inherently problematic because of the contested nature of governance.

Therefore it is important to differentiate between regime ownership and national ownership. There has been an acute lack of broad-based national ownership over the Afghan reform agenda. Donor 'alignment' may be directly related to the extent to which they have had a hand in preparing key policy documents and influencing the direction of policy. Given the fact that so much of government capacity has been imported and so many of the key documents including the NDF and the SAF were prepared by foreign consultants, the level of genuine Afghan ownership can be questioned.

As already outlined, the SSR process provides an apt example of the ownership deficit and its adverse impact on the application of conditionality. In some cases reform programs have been undertaken independently of the Afghan government. For instance, efforts to reform the Afghan Defence Ministry while it was under the tutelage of Defence Minister Fahim were hampered by the decision to limit its involvement in two pivotal defence sector projects, the formation of the Afghan National Army (ANA) and the disarmament, demobilisation and reintegration of ex-combatants (DDR), which clearly fell under its mandate and jurisdiction. Efforts to freeze the Ministry out of these processes during their early formative stages denied the donors considerable leverage to advance much needed structural and personnel reforms. As one Western official involved in the development of the ANA stated, "*If you are going to build a proper planning process, you have to show the Afghans what is being spent*" (Interview with international advisor to the Afghan government, 14 November 2005). Lacking a stake in the process, the Ministry became more insular and resistant to donor pressure. Japanese pressure on the Ministry of Defence to submit to personnel and administrative reforms in order to advance the DDR process, did elicit some positive change within the Ministry, but did not dislodge Panjshiri Tajik factional control. Only with the advent of a reformist Minister, Rahim Wardak, was the Ministry presented with entry points to engage in the formation of the ANA and the demilitarisation of the country. This has carved out new space for donors to leverage the Ministry to enact reforms. As one interview argued, a critical factor behind the success of reforms is the existence of 'reform champions': '*You need someone who not only*

believes in the conditions but is willing to spend political capital to observe them' (Aid donor, interview, 14 November, 2005).

This takes us back to the importance of building alliances. There are strong demands for conditionalities from certain groups within and outside the government. Some of the reformers for example see conditionalities as a means through which they can strengthen their position in relation to the conservatives. The Ministry of Finance views conditionalities as an instrument for imposing discipline, through for example the Staff Monitored Program (SMP) which provides clarity and consistency in relation to appointments and performance. As one government advisor commented: '*This government embraces conditionality. They want the international community to be clear on the rules of the game. They want to know the criteria for success*' (Interview, 14 November, 2005). Furthermore there appears to be a strong constituency within civil society for reforms related to democracy and human rights (HRW, 2005; ICG, 2005a).

On the last point, arguably the approach forged by Brahimi which lent legitimacy to factional elements and treated them as though they represented 'the people', hindered the emergence of broader societal ownership of the reconstruction agenda:

> 'the notion of 'Afghan ownership' has over time been used as an excuse for the UN and other international players to abdicate their responsibility in the face of the more difficult issues of the transition (Johnson and Leslie, 2004:200).

Moreover, political choices such as the SNTV voting system which effectively limited the potential leverage of political parties and of parliament, have circumscribed the political role and voice of civil society – and in so doing decreased the scope to forge more broad based coalitions for durable peace. By allowing President Karzai and a coterie of Ministers to monopolize the donor-recipient interface, the donors have excluded a large cross-section of society from the dialogue over the peace-building process. Mirroring earlier reform processes based on narrow political alliances, there is a danger of growing societal resistance. A study of media perceptions and public opinion in Afghanistan on the reconstruction process, detected increasing frustration from the Afghan media regarding donor ambivalence towards the incipient Afghan press, and growing discontent with the international presence from the general populace (Kamal, 2005). President Karzai's muted, and at times provocative stance on the growing groundswell of discontent with NGOs is motivated by three factors: the need to harness popular opinion to bolster the government's legitimacy, tenuous in many parts of the country; the imperative of distancing himself from international actors, to dispel the growing perception that he is a client of the West; and to apply pressure on the donor community to channel more of its aid through the government budget.

International behaviour may also limit the ability of the government to forge aid for peace bargains. As mentioned earlier, peripheral elites see that the government is so dependent on international largess and has very little control over the actions of international actors, particularly in the military sphere and therefore hesitate to throw in their lot with the central authority. As a result the 'conversation' between centre and periphery takes the form of a constant hedging and the forging of spot contracts, in areas as diverse as DDR, drug eradication and customs revenues.

5.3.2 The Enforcement problem

Although as argued above, domestic actors often have fall-back positions which mean they can insulate themselves from donor conditions, there is also the problem of donors not following up on their own conditions. The most telling example of this, as described earlier was the failure to apply conditions attached to the parliamentary elections. Donors were prepared to turn a blind eye to widespread allegations of fraud in the elections. There was evidence of significant irregularities in results from across the country that was largely shunted aside to preserve the integrity of the election and avoid destabilising the nascent polity. According to one European diplomat, the corruption that marred the electoral process can be attributed to the success of factional interests in capturing the Joint Electoral Management Body (JEMB), the government-led institution mandated to manage and oversee the elections. The diplomat affirmed that the elections may have '*marked a new phase in Afghanistan's political development…Corruption and the capturing of institutions has superseded security as the main threat to democracy and stability in Afghanistan*' (Interview with Western diplomat, 8 November 2005).

The failure of the international community to keep to its conditions attached to the electoral process, only served to encourage intransigence among Afghan actors intent on manipulating the process. This illustrates a trend that can be detected across the reconstruction process, marked by donors failing to live up to hard or soft conditionalities attached to their aid. The scope and leverage of conditionalities are partially determined by the ability of donors to assume a clear, credible, consistent and coherent policy approach at an early stage in the war-to-peace transition.

Poor monitoring and evaluation has also accentuated the enforcement problem. Initiatives such as the DDR program were not endowed with a long-term monitoring and evaluation component. Accordingly, the program lacked the ability to determine whether soldiers who were demobilised and received reintegration assistance were able to successfully reintegrate into the civilian economy or fell back into previous patterns of military mobilization. As one donor official has noted, '*applying conditionalities requires close monitoring by donors, something they have not demonstrated the will to do*' (Interview with Western diplomat, 8/11/05). Even where there is a will to measure the impact

of reforms the inability of donors to develop a commonly-agreed set of criteria to measure impacts has obstructed efforts to systematically assess their effect.

5.3.3 The Accountability Problem

'Studies of state-building operations often try to identify 'best practices' without asking for whom are they best' (Rubin, 2006:184).

Peace conditionalities put the spot light on the behaviour and politics of aid giving countries as well as those of the affected country. If the focus is on 'positive peace' this necessarily involves donor countries 'giving aid in ways that are more accountable to the reconstructed country's citizens, not just to their own' (Rubin, 2006:185). As one donor representative remarked: '*There needs to be more conditionalities on ourselves*' (Interview, 30 November, 2005).

The issue of accountability is fraught with ambiguities. Who are donors accountable to in the context of the aid-to-peace transition? In the end, it is to their domestic 'shareholders', their parliaments and by extension the tax payer. But are they also accountable to recipient governments and recipient populations? Bad conditionality like bad aid can have unintended consequences and provoke a breakdown in the development process and a return to conflict. In a sense this leads towards a form of dual accountability, both to domestic constituencies and interests, and recipient populations and their needs. But as the Afghan case illustrates these two poles can clash.

In the case of many donors, domestic political interests rather than the imperative of advancing peace in the recipient country drives policy. The political-strategic donors provide an extreme example of this approach. In the case of the US, domestic interests in the form of the war on terror drive their Afghan policy agenda, resulting in a number of policies that undercut peace-building, such as the patronage of prominent warlords and the channelling of development funds through private sector companies and NGOs rather than the government budget. In this case, the accountability relationship is weighted more to donor domestic interests than recipient needs. By contrast, the ethical-principled donors could be seen to occupy the opposite side of the spectrum, more attuned and responsive to local needs, due in large part to their lack of strategic interest in the recipient country. Although ethnical-principled donors such as Canada and Germany may lack direct strategic interests in Afghanistan, their presence is largely predicated on geo-strategic concerns, namely their alliance relationship with the United States. The decision of both countries to engage heavily in Afghanistan was driven in large part by a desire to placate the US after both countries assumed a resolute political stand against the US military invasion of Iraq. While this justification for intervention has not dictated Canadian or German development policy it has influenced their political agendas and factored into decisions regarding military deployments.

The notion of national caveats in relation to the PRTs is also a reflection of this clash between domestic and recipient interests. National caveats are restrictions placed by national governments on how their military forces can be utilized under the ISAF command structure. This can include a prohibition on participation in certain types of military operations, particularly those that would have an offensive posture and carry undue risk for the personnel involved. The creation of these additional parameters governing the actions of troops is largely driven by a desire to limit potential casualties, which could stimulate domestic fallout. It is driven by domestic political calculations rather than the demands of the local environment.

Political-profile donors such as Japan, like the US, are also driven primarily by domestic interests. Japan differs in that its activities are geared toward the enhancement of its government's prestige and influence, both domestically and internationally. Accordingly their engagements are primarily input driven, dictated by the desire to meet domestic indicators and targets rather than to tailor responses to specific local needs. Although the accountability relationship between political-profile donors such as Japan and the Afghan populace is weak, paradoxically, they tend to be viewed more positively then other donors in opinion surveys conducted in Afghanistan (see Kamal, 2005). This can be attributed to the high profile nature of the projects that they implement, most often large-scale infrastructure initiatives favoured by the government and the population, and their tendency for 'flagging'.

5.3.4 The capacity problem

Incentive compatibility is important, but so too is the question of capacity. For the state to exert ownership, it also needs the capacities to do so. The tendency for donors like Japan and the US, as already mentioned to circumvent government tends to undermine this goal. Channelling funds to the Afghan government through internationally-sponsored trust funds may offer the best means to build Afghan government capacity and extend its legitimacy across the country, but it strips the donor of the ability to maximize political gain from the aid, either, in the case of Japan, to heighten their international profile, or, in the case of the US, to further its strategic ends under the auspices of the war on terror. While ethical-principled donors may be more accountable to the recipient government, showing more sensitivity to local actors through the delivery of funds via government channels, their resultant lack of public visibility deprives them of significant leverage with which to advance reform goals. As argued earlier, the international strategy has tended to be one of capacity enhancement rather than capacity building (Suhrke et al, 2004) – this has largely involved importing capacities and setting up parallel administrative structures.

The capacity problem applies to the donor as well as the recipient. Devising and negotiating effective conditionalities requires a nuanced understanding of local society, good sources of information and intelligence, and robust

monitoring and evaluation capacity. As detailed at different junctures in this paper, donors did not enter the reconstruction process with an adequate awareness of the complexities and exigencies of the local context. Short rotation schedules, typically not exceeding one year in duration, has constrained the development of both country expertise and institutional memory, making it easy for Afghans to instrumentalize donor programmes to further their own goals.

5.3.5 The collective action problem

As Rubin (2006:175) notes the problems of incoherence, tribalism and special interests are problems encountered within international governance as well as domestic governance in 'post conflict' situations. The lack of a strong multi-lateral core, with which the emerging domestic authority can engage is characteristic of Afghanistan, as with many other contexts. This tends to heighten the problem of peace-building operations being undermined by the assertion of national interests, in spite of a proclaimed commitment to universalism. Furthermore, extreme factionalisation means that it is difficult to hold donors to account and to practice 'reverse conditionalities'

As Boyce states, "in the absence of inter-donor coordination, aid recipients can be expected to shop around for offers of assistance with a minimum of strings attached, driving the aid-for-peace bargain to the lowest common denominator" (Boyce, 2002: 23). This scenario has been played out in numerous sectors of the Afghan reconstruction agenda, one of the most conspicuous being the justice sector. Although Italy was allocated lead-donor status for judicial reform under the G8 SSR donor support scheme, numerous donors have claimed a stake in the process, notably the US and Canada. Both countries entered the sector due to the perceived inertia of Italian sponsored reforms.

One of the paramount obstacles to reform within the justice sector has been the trenchant divisions between the Afghan judicial institutions—the Supreme Court, the Ministry of Justice, and the Attorney General's Office. Rather than contributing to the amelioration of intra-governmental tensions, donor engagement has exacerbated them, with donor stakeholders rapidly assuming the guise of factional players on the domestic political stage. Inter-donor divisions, centred around the US-Italian relationship, are rooted in differing legal traditions and divergent perceptions of the appropriate end-state for the reform process. The wide gulf between the principal donors in the sector has hindered the formation of an effective strategy for reform linked to a conditionality framework. The divisions between the donors have greatly enhanced the leverage of the Afghan institutions to dictate the contours of the aid relationship. It has enabled the Afghan actors to evade painful structural and personnel reforms and to embrace controversial legal norms governing the relationship between secular and religious law as enshrined in the constitution. To generate the reform momentum needed to overcome this predicament, donor agendas must be harmonized.

Using donor parlance, the problem of 'poor performance' is as much a problem of the donor as the recipient. The Italians have arguably been the 'laggards' in the reform process and this has held back the whole of SSR. Unfortunately there are weak incentives to improve performance, with reputation and peer pressure being the only two levers that can be applied.

6.   Conclusions and recommendations

6.1   Conclusions

6.1.1 Preconditions for peace-building

Although this report gives a mixed assessment of international engagement in Afghanistan, it is important to recognize the nature of the starting point, the 'real world' difficulties of working in such an environment and the tangible achievements of the past four years. In 2001, as the Taliban regime disintegrated and Afghanistan emerged from the shadow of more than two decades of war, few would have believed that within five years there would be a democratically elected President, Parliament and Provincial Councils and one of the most progressive constitutions in the Islamic world. Tremendous progress has surely been made; however, chronic insecurity, the exponential rise of the opium economy and endemic poverty serve as a constant reminder of the fragility of Afghanistan's war-to-peace transition and the ease with which it could once again slide back into a cycle of violence and state failure.

It is difficult to imagine a more difficult case in terms of the scope for applying peace conditionalities in a context affected by armed conflict. Many of the basic conditions required for the effective application of peace conditionalities have been absent in Afghanistan.

First, there was no peace agreement against which donor and recipient performance could be judged. Whilst the Bonn Agreement did provide a framework for international engagement in Afghanistan, it was not a conventional peace accord. Peace was brought about through military intervention, transforming the stalemate of the preceding five years. The result has been a partial 'victor's peace' in which the winners have garnered the spoils and the losers remain undefeated and retain the capacity to play a spoiling role.

Second, in a context characterized by acute political fragmentation (at the local, national and regional levels) determining which actors can wield the requisite authority and legitimacy to act as interlocutors for aid agreements has been problematic. International actors have exacerbated this dilemma and thus undermined the potential for peace conditionalities in two ways. There was a fundamental paradox in the strategy of trying to bring about security through people who do not want security (Lister and Wilder, 2005:47). In adopting an accommodationist position toward particular groups of spoilers, international actors arguably over-estimated their strength and legitimacy in Afghan society, and, as a result, either inadvertently or purposely helped them to consolidate their positions. Moreover, particular aid donors, by working around the state rather than through it, have further contributed to this fragmentation. They

have deprived the state of the means to cement its legitimacy and emboldened non-state actors and spoilers who have been able to form alliances with international actors without submitting to the writ of the state. As argued in this report, a war-to-peace transition in Afghanistan must involve the emergence of a strong and legitimate state – this is the primary peace-building challenge.

Third, the 'carrot' of reconstruction and development aid needs to be of a sufficient magnitude to incentivise a shift from the war economy to a peace economy (Boyce, 2003: 13). But the most dynamic sector of the economy in Afghanistan is the opium sector. Aid operates on the margins of a shadow economy, which itself undermines the scope for conditionalities; aid may have limited traction over warlords, parliamentarians or provincial governors when they have access to the unconditional resource flows provided by the drug economy. This problem has been accentuated by the slow pace of reconstruction and the lack of a tangible peace dividend in many parts of the country.

Fourth, massive infusions of aid, provided unconditionally is unlikely to build peace. As has historically been the case, it will create a rentier state in which accountability flows outwards rather than downwards. This is at cross purposes to the goal set in Bonn of building political accountability.

Fifth, conditions are meaningless without building the requisite local capacity to enable their implementation: '*you can't put a logic of conditionality on something, without giving people the capacity to fulfil the conditions*' (Interview with NGO representative, 29/11/05). This also applies to the capacities of those imposing the conditions. Peace conditionalities demand certain skill-sets, capabilities, and institutional mechanisms of the donors, particularly in regard to their analysis, rotation schedules, time frames and projectised approaches.

Sixth, for peace conditionalities to be effective, international actors must be prepared to make peace their overriding objective. This has not been the case in Afghanistan, where competing geo-strategic priorities have tended to overshadow the objective of peace. US exceptionalism and its determined pursuit of the war on terror has involved the use of 'war conditionalities', and the often arbitrary division of actors and groups into rogues or allies depending on whether they fall on the right side of the war on terror. Interventions designed through the prism of homeland security and stabilization have consistently undermined the potential for peace conditionalities. These pragmatic mini-bargains for security may have the effect of preventing the emergence of a grand bargain for peace. Development has also become increasingly securitized, with assistance being allocated according to its potential to improve the security environment as much as its utility to achieve long-term development goals. Therefore when the geo-strategic stakes are so high, the scope for peace conditionalities appears to be limited. International instruments and policies tend to be infused with the short term logic of security. Conditionalities are applied in the interests of the conditioner rather than the

conditioned; the loan or grant is provided as an opportunity to press the conditions. Afghan actors have learnt how to play the conditionality game, and astutely exploit western concerns, realizing that terrorism and drugs are the keys to continued engagement in the country.

Arguably in an environment where the goals of the various actors are interdependent, it may be possible for negotiation to lead to a convergence among actors with different motivations' (Rubin, 2006:184). Rubin (*ibid*) argues that although the US was not originally committed to nation building, they needed an exit strategy and they have discovered that the only way to do this is through building the requisite institutions. In this sense there has been a convergence between US and European interests. However in practice there have been ongoing tensions around objectives and priorities which cannot be skirted over by talk about harmonization and coherence. The gaps, dilemmas and trade offs which continue to exist need to be explicitly recognized and their implications addressed by international and domestic actors.

One of the problems in terms of promoting a peace agenda in Afghanistan is the dearth of institutions with a primary, overriding mandate for peace, as compared to those with a military, humanitarian, diplomatic or development mandate. Furthermore because it is such a 'super macro' goal, peace is beyond the responsibility of any single agency and therefore no one is ultimately accountable. As Rubin (2006:175) notes, peace-building in Afghanistan has been hamstrung by the absence of a unified international decision-making body that can act as a counterpart to the recipient national government and bring a level of coherence to the various strands of international engagement.

Seventh, development donors need to move beyond a 'business as usual' approach for peace conditionalities to be effective. The Afghan case highlights the limitations of the 'orthodox model' of development cooperation for dealing with weak and failing states. The setting of MDG targets in Afghanistan signifies a trend to move from reconstruction towards development, yet the new orthodoxy of ownership and 'post conditionalities' fails to address the question of how to engage with 'poor performance'. There are significant 'disconnects' between the ends, the means and the time frames. The sheer scope, complexity and managerial density of the reform programme is unprecedented though there are some parallels with earlier reform programmes in Afghanistan, which involved sweeping reforms based upon narrow coalitions in Afghan society.

Eight, donors need to be clear about their bottom lines and stick to them. The competitive behaviour of aid donors, their need for visibility and to 'keep the money moving' is inimical to the sensitive application of peace conditionalities in such a complex setting. Donors have neither been consistent in the application of conditions or in the monitoring and enforcement of recipient compliance. There has often been a willingness to 'lower the bar' to ensure that milestones decided in Bonn, New York or Washington are achieved, and there is an obvious danger that such benchmarks come to be seen as an end rather

than a means of advancing a sustainable war-to-peace transition. Benchmarks without attached conditionality represent half measures that are viewed as infinitely malleable and open to transgression; they are not taken seriously. As one analyst in Kabul remarked: '*what's the point of a benchmark without consequences? It's a bit like a new year's resolution*' (Interview, NGO representative, 27 November, 2005). There is a danger if benchmarks and conditions are not jointly negotiated, that they will be merely cosmetic and concerned with faking change.

6.1.2 Towards peace conditionalities *with* ownership?

Although we have emphasized the importance of 'getting the external politics right', this case study shows that domestic actors have greater agency than is commonly assumed; the story in Afghanistan is as much about how domestic actors influence and instrumentalize external actors as vice versa. As one interviewee astutely commented: '*It's a principal-agent situation in which the principal answers to the agent*' (Interview, diplomat, 29 November, 2005).

As stated earlier, the dichotomy between the light footprint/government ownership and heavy footprint/conditionalities approaches is a false one. Interviews with many Afghan government officials revealed a desire for both stronger government ownership *and* more robust conditionalities. As one government official noted, '*we need more conditionalities as it helps the progressives in the government*' (Interview, 28 November, 2005). Another commented that '*putting us in the driving seat means giving us the money to perform and telling us clearly what we need to do to perform*' (Interview, advisor to the Afghan Government, 2 December, 2005). A more meaningful and equal dialogue opens up the possibility of conditionalities cutting both ways – and this in fact is what Ashraf Ghani tried to do as Minister of Finance by setting his own benchmarks for donors.

The Afghan case highlights the critical importance of the triangular relationship between international, national and societal actors in war-to-peace transitions. The US and others have perhaps invested too heavily in Karzai and are overly dependent on several key ministers for implementing the reconstruction agenda. Strong leadership has been favoured over inclusive participation (Suhrke et al, 2004:62). As Ghani et al, 2006:120) argue, state-building involves a 'double compact' between the international community and leaders of conflict affected states on the one hand and these leaders and their citizens on the other. Arguably Bonn has focused more on the former and less on the later.

Unconditional aid, or the wrong forms of conditionality may hinder the emergence of the 'second compact'. International support may be a double edged sword – it can just as easily delegitimize a domestic actor as strengthen their position. It is important to manage the sudden rise in expectations in the

'post conflict' moment -- '*Afghan expectations are unreasonably high and the current situation is unsustainabl*e' (Interview, aid donor, 30 November, 2005) -- and to channel them in a positive direction. Post conflict contexts often see an 'explosion of politics' and there is scope for greater societal participation and voice in these moments. Excluding societal groups from the political and reconstruction process is a recipe for growing frustration and disillusionment. Furthermore, strengthening the capacities and voice of such societal actors can help bring pressure to bear on national actors in relation to reform processes and peace-building. As one donor commented on the tendency for policy documents to be prepared behind closed doors: "*Our definition of benchmarks won't work – they need to be Afghan benchmarks*" (*ibid*). International engagement should aim to 'crowd in' domestic support for the peace agenda, yet instead it can have the inadvertent effect of crowding it out.[71]

6.2   Recommendations

The Afghanistan Compact, signed by the Afghan government and more than 60 donor nations, meets a central prerequisite for effective conditionality, a comprehensive and realistic peace-building agenda owned by the Afghan government and endorsed by the main international stakeholders. It represents a positive evolution from the Bonn Agreement, which provided the contours of a peace-building blueprint in the form of a number of loose political benchmarks, but was infused with enough ambiguities to allow both the Afghan government and the donor community to deviate from its designated path. The Compact by contrast delineates more precise benchmarks relating to both donor and recipient responsibilities, providing a solid foundation for conditionality. Now that a game plan is in place, it is necessary for all sides to agree on a clear set of rules for the game. In the development of these rules, a conditionality framework, it is important to heed the lessons from the experience with conditionality during the first four years of the Afghan reconstruction process.

6.2.1 A Framework for International Engagement

Prioritize peace-building
Getting the external politics right is an important precondition for peace-building. All countries and institutions have self-interests and it is naïve to think they can be set aside. It is less about abandoning self-interest than redefining it in a manner that is consistent with long-term peace-building. This means rethinking the risk-benefit calculus for engaging with weak and failing states. The opportunity costs of not engaging, or intervening in a half-hearted way, need to be explicitly considered. At the very least 'do no harm' criteria must be a guiding principle for international actors' engagement with Afghanistan.

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[71] We are grateful to Jim Boyce for this formulation (personal correspondence, 18 April, 2006).

This also means a more explicit acknowledgement of the dilemmas, tensions and trade-offs involved in pursuing multiple objectives. The idea that 'all good things come together' and that there can be 'coherence' between differing goals – such as security, development, liberalisation and peace – needs to be questioned. Counter-terrorism, development and peace may not be mutually reinforcing. Choices and priorities need to be made andthese choices are overwhelmingly political, not technical.

Build strategic complementarity

The study highlights the varied motives, strategies and capacities of international actors. Given its fractured nature, ideas of harmonization and coherence are unrealistic and wrong-headed. Strategic complementarity is based upon the idea that in spite of different motivations and capacities, it may be possible to utilize differing actors and instruments to work towards common strategic ends. This may take different forms. It may involve complementarity between actors – for instance between like-minded donors working to 'crowd in' those with a peace-building agenda. This involves building strategic alliances in the international arena and creating the right kinds of (dis)incentives to address the collective action problem amongst external actors. It also involves developing stronger complementarities between the security, political and socio-economic spheres and between different policy instruments including diplomacy, the military and development aid.

Develop regional approaches

International military and political engagement has so far created sufficiently strong disincentives to prevent regional actors from significantly undermining the war to peace transition. However, the regional dynamics remain fragile and the potential for backsliding into conflict remains. There is a need to think more carefully about the (dis)incentives required to create a more conducive regional environment for peace-building. For example, the extent to which long-term US bases in the region and the manner in which Coalition forces pursue the war on terror have perverse effects, particularly with regard to relations with Iran and Pakistan, need to be considered. As does the scope for creating stronger economic incentives for regional cooperation.

Extend time frames

The time frames set down in Bonn were far too short and the compression of the war to peace transition has had a range of perverse effects, including a tendency to import rather than build capacity, to front load assistance rather than release funds according to absorptive capacity, and consequently to import structures and practices that are unsustainable in the long-run. It has become a truism to state that long-term approaches are required, but this does not negate its validity and importance. Trust built up over time, based on predictable relationships is required if conditionalities are to generate long-term change. Otherwise domestic actors will always 'hedge' in the belief that international donors have only a short attention span.

Address the sovereignty gap and forge a 'double compact'
Conditionalities are not a call for liberal imperialism or unilateral ultimatums. They represent an opportunity to build alliances around common goals, gain greater clarity over the rules of the game and turn the tables on aid donors. There is a strong constituency for the right kinds of conditionalities within the Afghan government and Afghan society more broadly.

A highly extroverted and pragmatic approach to state-building risks increasing the 'sovereignty gap' Ghani et al, (2006) and support for regional strong men limits the *de facto* sovereignty of the state. Furthermore large inflows of unconditional aid risk re-creating a weak, rentier state, whilst providing opportunities for rent-seeking and corruption.

Peace conditionalities should be primarily directed towards building a strong, legitimate state. This involves forging a double compact between international actors and national leaders on the one hand and between these leaders and Afghan society on the other. The 'first compact' involves developing greater clarity between international and national actors on the rules of the game, their respective commitments and their actions if commitments are not met. Such a conditionality framework has the potential to get to grips with the problem of 'poor performance' in the international as well as the domestic sphere. There is scope for conditionality frameworks to turn the tables on donors and to hold them to account in terms of their own performance. The 'second compact' involves strengthening the ability of the state to engage in its own bargaining processes to build peace and also to develop the capacity of societal actors to make demands on the state.

International donors must be willing to let domestic actors take credit for making the 'right' decisions, so that they are seen to be forging their own aid for peace bargains.

The double compact is dependent on the evolution of stable, home-grown institutions which have domestic legitimacy and can manage competing claims. These institutions are likely to be crowded out rather than supported by a 'shadow state' of international consultants and advisors. The emphasis needs to shift from importing capacity to building local capacities in both the state and civil society spheres.

Identify priority areas and sequence interventions
Clearly resources and capacities are not unlimited and priorities have to be established. Priorities decided unilaterally by outsiders may be inappropriate and unsustainable in the long-term. Political legitimation through elections arguably was driven by external priorities, leading to an election system which is unsustainable and potentially de-stabilizing. Although the Afghan Compact and the ANDS do set out a new set of goals and benchmarks for the next five years, arguably, they do not prioritize sufficiently. There is a need to think more carefully about how and where to focus efforts and how to sequence

interventions. This imperative is particularly pertinent in the security sphere where a disproportionate focus on training and equipping the security forces, to the detriment of initiatives to reform the judiciary and legal framework, have stunted the entire security sector reform process.

Localize and customize conditions

Bonn provided national level benchmarks, but the last four years have shown that though these benchmarks may be passed, the provincial or district levels may remain unchanged. There is scope to 'roll out' conditionalities so that they start to have an impact at the local level. This means attuning them much more to local conditions. For instance the sequencing and mix of (dis)incentives in relation to counter-narcotics will be very different from one province, district or even village, to another. It offers an ideal context for 'smart' conditionalities – targeted, flexible measures calibrated to a particular actor, locality, or reconstruction sector. The efficacy of 'smart' conditionalities will be dependent on the access of the conditioner to adequate data and the level of sophistication of their monitoring and evaluation mechanisms.

Monitor and enforce conditions

When donors have applied conditions – as for example in the case of parliamentary elections – they did not enforce them. A much stronger emphasis on monitoring compliance is required if conditionalities are to be credible and effect changes in behaviour, capacities and relationships. Donor failure to enforce conditions can undercut their legitimacy and credibility and may encourage spoiler behaviour.

6.2.2 Peace conditionalities and the triple transition

A number of more specific recommendations can be identified for the application of conditionalities in the security, political and socio-economic spheres:

Security sphere

The creation of an effective and democratically accountable security sector capable of providing security, managing conflict and asserting a monopoly over the use of coercive force is the key to the legitimacy of the government.

The US-led Coalition needs to harmonize its strategic approach with the objectives of the wider reconstruction agenda. This means refraining from employing war conditionality or forming pragmatic bargains with actors whose interests are incompatible with the ultimate objective of sustainable peace. Furthermore, the Coalition must enhance its cooperation with the Afghan government, consulting it on major operations and strategic decisions. This will help to mitigate societal perceptions of a government subservient to Coalition interests, which has hindered efforts to strengthen the legitimacy of the central state, particularly in the Southeast.

PRTs should refrain from providing unconditional assistance. They should be seen as an instrument to apply conditionality in the periphery to promote good governance. PRTs should only cooperate with regional governors and district administrators who demonstrate a commitment to principles of good governance and support national level development programs and reform processes. However, PRT conditionalities at the sub-national level will have little impact if they are not paralleled by the application of (dis)incentives at the national level aimed to breakdown patronage networks that provide political cover for corrupt sub-national officials.

In the context of the security sector reform process, conditionalities could serve as an effective mechanism to jumpstart reforms. However, their efficacy is dependent on improvements in donor coordination and greater government ownership of the process. Strengthening the capacity of the Office of the National Security Council to serve as a coordinator and focal point for SSR could help to meet these prerequisites. Donor attention should focus on building management capacity within the line security institutions, which would necessitate significant administrative reforms and personnel restructuring. More potent pressure will have to be brought to bear on both the line security Ministries and the executive to dislodge recalcitrant actors.

Renewed emphasis must be placed on injecting greater balance in the security sector reform agenda, channelling more resources and attention into the foundering judicial reform process.

New thinking must be dedicated to the conventional (dis)incentives schemes surrounding counter-narcotics, which have been shown to produce unintended consequences. Donor and Afghan government capacity must be developed to employ 'smart' conditionalities, tailored for particular contexts. This entails the expansion of both intelligence and assessment capacity and monitoring and evaluation mechanisms.

Political sphere
There is a need to focus on the core functions of the state, but working through the state should not be equated to writing a blank cheque. Corruption is a major obstacle to good governance and aid can be leveraged to promote anti-corruption measures. This could form a criterion for the selective support of particular Ministries or government agencies. However, it is important to remain cognizant of the perverse effects of selectivity – particularly between 'reforming' and 'poorly performing' Ministries. There is a need to engage with poor performers and build the requisite capacities of important ministries to enable them to reform.

The government's accommodationist position towards appointments, tacitly endorsed by members of the international donor community, has contributed to the capturing of state institutions by factional interests. More consistent and stronger pressure in relation to appointments, particularly at the provincial

governor level, is needed. Such pressure can be tied to (dis)incentives applied in other spheres, such as reconstruction assistance and PRT deployments. Plans to develop a Senior Appointment Panel should receive the firm support of donors.

Donors must work to foster greater political inclusivity in the reconstruction process. In particular it should seek to strengthen and expand the role of political parties, the parliament and civil society. There is a need for a broader level of engagement – with a range of groups from the media and professional associations to youth groups and women. The media provides a particularly powerful medium to cultivate societal support for the reconstruction process that has yet to be exploited.

Human rights have been the 'orphan' of the reconstruction process. There is a need for more rigorous enforcement of human rights frameworks. There is a strong demand within Afghan society to bring perpetrators of past and current crimes to justice.

Socio-economic sphere
The development budget, appointments and reconstruction aid are key instruments that the state can deploy in building its outreach and legitimacy. It is vital that the international donor community not deprive the state of this considerable leverage by channelling assistance outside the state budget. Donors should disburse aid through the international trust funds, most notably the Afghan Reconstruction Trust Fund (ARTF), which endows the Afghan government with greater ownership of the process while ensuring strict oversight of expenditures.

Funding must be carefully calibrated to match the absorptive capacity of the recipient institution; otherwise aid can have perverse effects such as the exacerbation of corruption and factionalization in government offices.

Strengthening the government's capacity to mobilize domestic revenue is central to the emergence of a fiscal social contract in Afghanistan. This will generate a dividend both for democracy and accountability. It will also strengthen the ability of the government to forge its own aid for peace bargains with societal groups.

The Afghan case has demonstrated the importance of carefully sequencing the provision of aid. Specifically, it is important to make the shift away from humanitarian assistance into reconstruction aid as early as possible.
Peace and peace conditionalities are inherently political. More thinking is needed about how to 'peace-itize' rather than 'securitize' development assistance. This would involve more thought about the trade offs between the short term and long term imperatives and between growth and equity.

6.2.3 Implications for donors

Effectively implementing peace conditionalities involves significant changes in the existing modus-operandi of donors. Improvements can be made in a number of areas including the incorporation of analytical tools such as 'drivers of change' and Strategic Conflict Assessment and greater complentarity between aid and other policy instruments. Whilst many donors have signed up to such improvements, only a minority have put them into practice.

Donors must alter internal incentives systems, which tend to be input rather than output oriented. Donors tend to value 'keeping the money moving' rather than promoting specific end-states with their assistance.

Conditionality frameworks provide the opportunity for domestic actors to turn the tables on donors. So far peer pressure has been the only means of holding donors accountable for a failure to deliver on promises. There is scope to explore in the context of the new Afghan compact ways of holding international actors to account for 'poor performance'.

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