TRANSITION TO AFGHAN CONTROL IN 2014

Perspectives from sub-national level in Afghanistan
TRANSITION TO AFGHAN CONTROL IN 2014

Perspectives from sub-national level in Afghanistan

Integrity Watch Afghanistan

Mansoor Jalal
ABOUT INTEGRITY WATCH AFGHANISTAN

Integrity Watch Afghanistan was created in October 2005 and established itself as an independent civil society organisation in 2006. Integrity Watch’s aim is to evolve into a reference actor related to understanding, analysing and acting for transparency, accountability and anti corruption issues.

Integrity Watch Mission

The mission of Integrity Watch Afghanistan is to put corruption under the spotlight by “increasing transparency, integrity and accountability in Afghanistan through the provision of policy oriented research, development of training tools and facilitation of policy dialogue”.

About Research Unit

Integrity Watch’s Research Unit undertakes research and advocacy as cross cutting themes. Its first objective is to develop new empirical research on corruption. Its second objective is to consolidate current knowledge on corruption, accountability, transparency and integrity. Thirdly, it aims to enhance research capacity for anti corruption issues. Together, these objectives work to influence decision makers, increase civil society engagement and raise public awareness of corruption issues.
I am grateful to many people who have helped make this publication possible. I want to thank the Head of Research at Integrity Watch Afghanistan, Dr. Marine Durand for her supervision and overseeing the implementation of this research project as well as Dr. Yama Torabi, the Director and Daniel Munzert the Deputy Director of Integrity Watch for their guidance and continued support to subnational governance research. Thanks to my colleagues Asad Ahmadi, Haris Jahangeer and Baseer Ahmad from the Research unit, as well Nadia El-Sebai for their ideas, and suggestions. Thank you Jeremy Dales for your patience and help with editing this paper.

I want to extend my appreciation to Susanne Schmeidl and Barbara Stapleton for their time to review this paper and providing excellent comments and guidance. Finally, I want to thank all the people who agreed to be interviewed for this paper.
## ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFS</td>
<td>Afghanistan Currency</td>
</tr>
<tr>
<td>ANSF</td>
<td>Afghanistan National Security Forces</td>
</tr>
<tr>
<td>INGO</td>
<td>International Non-governmental Organisation</td>
</tr>
<tr>
<td>IDLG</td>
<td>Independent Directorate of Local Governance</td>
</tr>
<tr>
<td>ISAF</td>
<td>International Security Assistance Force</td>
</tr>
<tr>
<td>JANIB</td>
<td>Joint Afghan–NATO Inteqal Board</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organisation</td>
</tr>
<tr>
<td>NPP</td>
<td>National Priority Programme</td>
</tr>
<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>PDC</td>
<td>Provincial Development Committees</td>
</tr>
<tr>
<td>PDP</td>
<td>Provincial Development Plan</td>
</tr>
<tr>
<td>SY</td>
<td>Solar Year</td>
</tr>
<tr>
<td>TCC</td>
<td>Transition Coordination Commission</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
# TABLE OF CONTENTS

ABOUT INTEGRITY WATCH AFGHANISTAN.................................................................II

  Integrity Watch Mission .....................................................................................II
  About Research Unit..........................................................................................II

ACKNOWLEDGEMENTS..................................................................................III

ACRONYMS AND ABBREVIATIONS ..................................................................IV

TABLE OF CONTENTS.....................................................................................V

EXECUTIVE SUMMARY................................................................................1

1. INTRODUCTION.........................................................................................2

  Methodology ....................................................................................................3
  Transition Process............................................................................................3
  Transition Framework......................................................................................4
  Transition Coordination Commission (TCC) ..................................................4
  Structure .........................................................................................................4

2. SUB-NATIONAL STATE-BUILDING IN AFGHANISTAN (2001-13): A RESTROSPECT...5

3. ASSESING THE IMPACT OF TRANSITION AT THE SUB-NATIONAL LEVEL.........7

  Transition impact on Development ...............................................................7
  Implications for Provincial Planning ..............................................................10
  Channelling 50% of aid money through the Afghan treasury .......................11
  Transition impact on governance .................................................................12

4. GAPS BETWEEN RHETORIC AND PRACTICE........................................14

  Balancing development & governance Transition with security Transition ....15

4. TRANSITION AND SUSTAINABILITY IN AFGHANISTAN .....................17

  Reducing dependency on foreign aid ............................................................18

5. CONCLUSION..........................................................................................19

BIBLIOGRAPHY..........................................................................................20
EXECUTIVE SUMMARY

Afghanistan is undergoing the process of transition, which is scheduled to complete by end of 2014. Transition refers to the full transfer of responsibilities in areas of security, governance and development from the international community to the Afghan government. This transition has always been inevitable, however, the pace, management, and the potential impact and gaps in the process in areas of governance and development are all causes for concern especially at the sub-national level.

The process has given little focus to governance and development issues in comparison to security, and has not provided a clear framework to clarify what constitutes transition to an Afghan lead in governance and development. Giving fair attention to all aspects of transition in which each element complements one another is the key to providing an overarching strategy for the process.

There has been a reduction in the number of development projects. The impact is not uniform in all provinces. Provinces that were previously recipients of major aid from Provincial Reconstruction Teams’ (PRTs) or international military involvement in development projects seem to be suffering greatly from the transition process with a steep decline in the number of development projects. There has been significant decrease in humanitarian aid funding in Afghanistan over the last two years, linked with the international military draw down. There is declining economic activity across the country linked to the on-going transition. The economic growth rate has declined. In 2013 economic growth was reported as 3.1 percent while in 2012 and 2011 it was 14.4 and 8.4 percent respectively.

Sub-national level governance reforms and strengthening faces the risk of marginalisation due to the transition process. The National Priority Programme for local governance aimed at reforming and strengthening sub-national governance is short of funding. Provincial Development Committees responsible for coordinating provincial development in some provinces are becoming redundant.

Management of the transition process has largely focused on security issues, whilst governance and development have been less significant indicators for a province undergoing transition. Most of the discussions and meetings around transition have focused on security and the militarised aspects of transition, while attention to the impact of the process on development, governance and other areas of international community engagement in Afghanistan is neglected.

Maintaining an overly centralised and costly state in Afghanistan in the circumstances that the country is expected to remain highly dependent on foreign aid might not be a sustainable option both for the international community and the Afghanistan. Instead, a decentralised state with possibilities of expanding state revenue sources with provincial and district level governments raising revenues might be relatively more viable and in due time reduce foreign assistance dependency.
1. INTRODUCTION

The process of transition is scheduled to complete by end of 2014 with the transfer of all responsibilities related to security, development and governance from the international community to the Afghan government institutions. Rebuilding and reforming sub-national governance is a work in progress and requires long-term commitment on the part of the international community and the Afghan government, and should not be undermined by merely concentrating on the security sector transition. Instead the issue of improving sub-national governance and development should become an important part of the long-term international community engagement in Afghanistan.

The immediate effects of transition can be observed in the provinces with reduction in development projects - at least the ones associated to the international military - and in declining economic activity. The impact and reaction to transition varies between provinces. Insecure provinces which had major Provincial Reconstruction Teams (PRTs) or a high level of aid diverted to them for stabilisation purposes were most impacted from the transition process, one example of this is Nangarhar province in the east and other similar provinces in the south of the country. Officials in the Nangarhar province were explicit about the negative impacts of the transition which lead to a steep decline of development projects. Provinces such as Balkh and Herat were affected to a lesser degree by the on-going transition, mainly linked to the reduced level of military and non-military development projects’ footprint previously. However, the reduction in the economic growth, trade, and development projects are a common theme across the country due to the international military draw down and transition to Afghan control.

Sub-national governance still continues to face immense challenges, with little progress in the implementation of structural reforms such as the strengthening of sub-national governance and decentralisation by devolving resources and decision-making authority to provincial and district levels institutions. To implement such reforms Afghanistan needs continued, long-term technical and financial support from the international community which is not be compromised by the on-going transition.

Comparing the transition framework (Joint Framework for Inteqal) versus the implementation in the three provinces shows disparities in the management of transition at the sub-national level. The transition framework envisages that the Provincial Development Committees prepare the transition action support plan and monitor transition implementation to ensure adequate governance and development in areas undergoing a security transition. However, in the three major provinces government officials were not aware of the existence of any such plans or their role in the transition process.

The transition process has largely focussed on security issues, whilst governance and development have been less significant indicators for a province undergoing transition. This is despite that fact that the security transition has lead to consequences for development, governance and the economy. Most of
the discussions and meetings around transition have focused on security and the militarised aspects of the transition to Afghan control, while attention to the impact of the process on development, governance and other areas of international community engagement in Afghanistan have been neglected.

Afghanistan will continue to face high level of dependency on foreign aid. A highly centralised state with heavy dependency may not be sustainable. A decentralised state with possibilities of expanding state revenue sources with provincial and district level governments raising revenues may be a relatively more viable option.

The paper attempts to identify the gap between the rhetoric and implementation of transition at the sub-national level and the marginalisation of governance and development in the transition process by both the Government of Afghanistan and the international community. It does so by evaluating the implementation of transition at the sub-national level and calls for the attention of policy makers, donors and actors involved in the management of the transition to Afghan control identifying important gaps that have to be addressed in the process.

Methodology

For data collection purposes the paper used both secondary data and first hand interviews. The interview data is based on a small sample of 25 qualitative interviews which focused on sub-national governance and development during April-May 2013 in three major regional centres of West (Herat), North (Balkh) and East (Nangarhar) Afghanistan which have all undergone a security transition, with additional interviews in Kabul.1 Primarily interviewees were sub-national level senior officials, development and governance experts, and staff from INGOs. For interviews, the researcher used semi-structured interviews to collect data related to transition management, planning and implementation in the provinces. Secondary data around transition were also consulted. The Joint Framework for Intiqal, a document providing guidelines for managing transition, was also used for this research.

Transition Process

The process of transition was announced at the North Atlantic Treaty Organisation (NATO) Lisbon Summit in 2010.2 The Afghan Government and NATO set the agenda for gradual transfer of security responsibilities from the International Security Assistance Force (ISAF) to the Afghan National Security Forces by the end of 2014. The UN Security Council Resolution 2096 (2013) declared supporting the

---

1 Transition commencement dates: Herat and Balkh (27 Nov 2011). In Jalalabad, the capital of Nangarhar province, the process also began on 27 Nov 2011 and expanded to other districts by 13 May 2012. NATO, 2013. Transition to Afghan lead: Inteqal. [Online]. Available at: http://www.nato.int/nato_static/assets/pdf/pdf_2013_02/20130221_130221-backgrounder-inteqal-en.pdf

Transition process and emphasised that “[this] transition is not only a security process but also entails the full assumption of Afghan leadership and ownership in governance and development”.3

Transition Framework

The terms of agreement for transition between NATO/ISAF and the Afghan government have been defined in the document called the Joint Framework for Inteqal prepared in 2010 (also referred to as transition framework in this paper).4 In terms of sub-national government, the document outlines the participation of provincial government in the process and recognises the importance of governance and development in sustaining the security transition. The transition framework envisages that decision-making in the process would be based on the provincial administration achieving progress in governance and development against the national benchmarks.

For a province to qualify for transition, according to the transition framework, the province should be assessed by the Joint Afghan–NATO Inteqal Board (JANIB) in all areas of security, governance and development, and the gaps in the mentioned areas that need to be addressed during the process. After identifying a province for transition the JANIB instructs the Provincial Development Committee (PDC) of the concerned provinces to prepare an Action Support Plan to overcome the gaps identified by JANIB. Following the initiation of transition for a province, the JANIB tasks the PDC of the province (including a representative of Afghan National Army) to prepare Transition/Inteqal Implementation Plan for the province. JANIB continues to monitor the progress through the updates from the PDC of the province.

Transition Coordination Commission (TCC)

The Afghan Transition Coordination Commission (TCC) was established by Presidential Decree No. 4627 on 27 October 2010 and mandated to oversee the transition of security, governance and development responsibilities from the international community to Afghan government.

Structure

The paper begins with an overview of the sub-national state building experience in Afghanistan in retrospect covering the past 12 years. This will provide a background to evaluate what preceded prior to transition in Afghanistan. The paper next explores the impact of transition on development and governance in Afghanistan to further streamline what is meant by transition and its implications. This is followed by an identification of the gaps between the rhetoric and implementation of transition at the sub-national level. The paper concludes with exploring the sustainability of transition to 2014.

---

2. SUB-NATIONAL STATE-BUILDING IN AFGHANISTAN (2001-13): A RESTROSPECT

The on-going process of transition cannot be evaluated without referring to the last 12 years of the international community’s engagement in Afghanistan. A glance over the objectives of intervention and the subsequent state-building mission is important to understanding the current situation. In the wake of the September 11 attacks in 2001, the coalition forces, led by the United States, intervened militarily in Afghanistan. The intervention by the U.S. and other allied countries had two publicly stated objectives. First: a military victory over al-Qaida and the Taliban lead government in Afghanistan. Second: state-building and the reconstruction of Afghanistan by the intervening countries with the overall aim of the democratisation of Afghan society.5

The two objectives may seem separate, but in the case of Afghanistan they were closely linked. The objective of building an effective state stems from debates within peacekeeping and development aid, which assume that failing or fragile states and post-conflict countries usually do not have the capacity to perform the functions of an efficient state.6 A state is supposed to have the capacity to carry out basic functions, such as a monopoly over force (guaranteeing security to its citizens), the rule of law, taxation and other essential services.7 The international interventions are intended to restore the capacity of the state in relation to these tasks. In other words it is possible to say that security objectives became the primary driver behind the state-building mission in Afghanistan. More than a decade onward, the on-going transition to 2014 indicates yet again a security-centric process. A parallel is possible to draw in terms of the role of security or security-centric agenda of the current transition to 2014 with the central role of security in the initial years of intervention.

In Afghanistan the international community in the state building mission mainly focused on national processes of power sharing and building central level government institutions. In 2001 the international community favoured a centralised government over a more decentralised configuration8 and this reflected in the 2004 constitution.9 Perhaps the assumption was that the focusing on rebuilding central government with minimum formal presence at the sub-national level is the key for stability in

6 Ibid
Afghanistan. The international community initially did not pay sufficient attention within the state building agenda to the underlying problem of local government. It is important to note that a number of international community sponsored programmes and considerable aid resources were directed to the sub-national level in Afghanistan. However, most of these programmes were not successful in addressing structural issues that are facing sub-national government, and failed to implement reforms that could fundamentally transform the way sub-national government is structured in Afghanistan.

The sub-national government still faces immense challenges. To name some of the major ones: low capacity of local government officials, strong influence of network politics, parallel structures, little autonomous powers for sub-national level institutions, weak position of representative institutions, low rate of budget execution and challenges of revenue collection. Resolving these obstacles requires long-term technical and financial support and partnership from the international community, and achieving these goals will form the foundations for stability in Afghanistan. Improving governance and development requires long-term commitment and partnership from the international community and should not be risked all together with a security-centric process. Some of the achievements in improving governance at the sub-national level are gains that are nascent and fragile if international support is drastically reduced. Perhaps an essential part of the post-2014 international community’s partnership with Afghanistan should focus on improving the challenges at the sub-national level.

---


3. ASSESSING THE IMPACT OF TRANSITION AT THE SUB-NATIONAL LEVEL

Transition impact on Development

The immediate effects of transition can be observed in the provinces with reduction in development aid and declining economic activity, but the impact is not uniform in all provinces. Insecure provinces which have had major Provincial Reconstruction Teams’ (PRTs) presence or international military involvement in development projects seem to be suffering the most from the transition process. Balkh and Herat government officials downplayed the effect of transition in terms of reduced PRT projects, while Nangarhar province officials were explicit about the negative impact the transition has left on the province. However, what is common in all the three provinces (and perhaps the rest of the country), is the reduction in economic and trade activities, and the decrease in civilian development projects linked to the international military draw down and transition.

The process of transition has resulted in a steep decline in the number of development projects particularly in the insecure provinces. For example Nangarhar province had a significantly greater PRT presence, in terms of the number of projects the PRT provided. The use of military development aid for security and counter insurgency purposes was widespread especially in the East and South of the country. The PRTs in such provinces had stepped in to provide services and many functions of a local government. In the past 12 years, Afghanistan reconstruction and development has been tied to military and security objectives. There is an assumed direct link between security and the volume of development aid. This view assumes that development aid can help reduce violence, foster stability and increase legitimacy of the Afghan government. This has ensured the funnelling of aid money into insecure provinces.

The local governments of such provinces who were the target of major projects linked to counter-insurgency over the years developed a kind of dependency on such projects. The process of transition has left most of these provinces vulnerable to instability. According to Director of the Department of Technical and Sectoral Services (DTTS) of Nangarhar, “The number of on-going projects since the beginning of transition in the province has reduced to half of the previous year. In the year SY 1389 (2010-11) there were 4284 projects, in SY 1390 (2011-12) there were 2800 projects, in the year SY 1391 (2012-13) there are 1480 projects. In the SY 1392 (2013-14) there are much lower numbers of projects.

---

expected for Nangarhar province. This shows an estimated 80 percent reduction in the number of development projects in the Nangarhar province since the beginning of the transition process. The sudden drop is due to the intrinsic nature of the link between development and security in Afghanistan. The above scenario also shows the lower sustainability of using development aid for stabilisation purposes; while initially the idea might inflate the amount of aid channelled, in the long term it leaves a more critical gap for the local government to overcome.

In the Nangarhar province generally officials said that the process was rushed and the provincial and the central governments were not prepared to take the lead in the development and governance sector. According to one senior official:

“The transition process started too early in Nangarhar; we are still not in the position to embark on the transition process. We still need international aid directly spent here. Before transition, the situation of development projects were far better than now, as there was more funding available for most of the projects requested by the local government”.

Another official from the Nangarhar province pointed out: “A failure to substitute the declining development with a sustaining one by Afghan government could mean a reduced service delivery capacity for local government and inviting access for insurgents to infiltrate the province and fill the gap left behind”.

Contrary to Nangarhar, in Herat and Balkh provinces officials mainly said that transition in terms of reduced development projects associated with international military had not impacted them, as the two provinces were not the recipients of huge international aid prior to transition, which was also the case in the southern and eastern provinces. According to the officials from Herat and Balkh, transition was inevitable, and they appeared to be satisfied with the timing of the transition, despite concerns of the political and economic ramifications of the process. According to one official in Balkh: “There was a smaller PRT and international community developmental footprint in the province even before the initiation of the transition process and the process has not changed anything seriously”. Another senior government official from Herat said: “the province is more concerned with the political implications of a failed transition than the reduced number of development projects”.

However, in all the three provinces, during interviews INGOs and government officials from Department of Economy reported that overall there has been a decrease in the volume of development projects implemented by international developmental organisations. “As of transition INGOs have difficulty

---

14 Interview with Director of DTSS in Nangarhar, May 2013.
15 Ibid.
16 Interview with Director of DTSS Nangarhar, May 2013.
17 Interview with Deputy Director of Economy in Nangarhar, May 2013.
18 Based on various interviews with government officials in Herat and Balkh provinces, April 2013.
19 Interview with Governance Specialist of the Governor’s office in Balkh province, April 2013.
20 Interview with Governance Specialist of the Governor’s office, in Herat province, April 2013.
raising money for their work in Afghanistan and in Herat there has been a decline in the number of INGOs operating in the province”.\textsuperscript{21} The Director of Economy of Balkh said: “in the past prior to transition an INGO could secure funding for a project requested by local government in three months but now these organisations have difficulty raising funds for a school project in a year”.\textsuperscript{22} The level of foreign aid has decreased with projected USD 4.5 billion of aid for 2013, compared to USD 13 billion in 2011.\textsuperscript{23} However, the exact level of cuts in aid are not known at this stage and will be clearer in time.\textsuperscript{24} According to Ministry of Finance, the lack of availability of such data is linked to the lack of predictable data and timely information by donors on their annual commitments and actual disbursement data.\textsuperscript{25}

No doubt the process has affected all the provinces in terms of declined investment in construction sector, trade and investment, and has caused an overall anxiety over what the future brings with the ongoing draw down of international military presence. The impact of transition on the overall economy is visible. According to the Ministry of Finance domestic revenue in the beginning of the fiscal year SY 1392 (2012-13) was projected to be 123 Billion AFS. The revised figure for SY 1392 (2012-13) fiscal year is 114 Billion AFS, which shows an estimated 9 Billion AFS reduction.\textsuperscript{26} The Ministry of Finance confirms that the reduction is due to the overall impact of transition and draw down of international military forces on the economy of Afghanistan.\textsuperscript{27} The Afghan economy growth rate significantly declined in 2013 to 3.1 percent, and projected to be 3.5 percent for 2014\textsuperscript{28}, while in 2012 and 2011 it was 14.4 and 8.4 percent respectively. Reportedly transition has impacted the property market and construction as well. For example in the Balkh province the land prices and property market have fallen by an estimated 30-60 percent and the construction sector by 50 percent.\textsuperscript{29} Balkh had booming construction sector growth and trade investment in years preceding the transition.\textsuperscript{30}

\textsuperscript{21} Interview with Regional Manager of an INGO in Herat, April 2013.
\textsuperscript{22} Interview with Director of Economy of Balkh April 2013.
\textsuperscript{23} “External assistance continued to finance close to 52% of the national budget. However, lack of timely information on annual donor commitments, even indicative, and actual disbursement data undermined the planning process. Available data shows that only USD 4.5 billion will be provided by donors to support development during 2013. This number is considerably lower than the level of aid provided during 2011 and inconsistent with the level of aid pledged at Chicago and Tokyo (i.e. USD 8 billion per year for the next four years)” Source: Ministry of Finance, 2013. Development Cooperation Report. [Online]. Available at: http://www.undp.org.af/Publications/2013/Development%20Cooperation%20Report%20-%202012.pdf
\textsuperscript{24} Interview with official of Ministry of Finance, Kabul, November 2013.
\textsuperscript{30} Ibid.
In terms of funding for humanitarian operations in Afghanistan, there has been a decrease in the overall funding as well. According to the United Nations Office for Coordination of Humanitarian Affairs (UNOCHA), humanitarian funding for Afghanistan dropped by half in 2012,\(^{31}\) and by around 25 percent in 2013,\(^{32}\) with the likelihood of further reductions. There is also possibility of increasing donor fatigue associated with the international military draw down.\(^{33}\) Donor fatigue is a term associated with a diminished response for humanitarian aid and in Afghanistan this shift is likely to increase in subsequent years with the increasing demand for international aid in other parts of the world. Some might argue that development and humanitarian aid funding are separate and independent of the international military involvement. But such figures suggest that the military draw down has impacted to some extent, the decreasing level of overall aid money for development projects and humanitarian operations in Afghanistan.

**Implications for Provincial Planning**

Since 2007 most of the provinces are preparing Provincial Development Plans (PDPs) as part of including provinces in the development planning. However, these plans were not funded by the central government and used to be funded locally through PRTs and other donors.\(^{34}\) As of transition in which the Afghan government is taking responsibility of governance and development alongside security, the central government has not been able to fund these PDPs as funding by PRTs and other donors has diminished.\(^{35}\)

The Joint Framework for Transition acknowledges the importance of Provincial Development Plans (PDPs) that can provide a framework for national programmes and also addresses the needs of communities at the sub-national level.\(^{36}\) Conversely, in the fieldwork it was noted that PDPs have become even more marginalised as a result of the transition process.

The transition process has failed to mitigate the risks associated with the gap created by the decline in funding from aid agencies and the phasing out of PRTs in the Provinces. In a Provincial Development Committee (PDC) meeting in Nangarhar province held on April 2012, a PRT/USAID representative clearly pointed out to the government line departments that the Provincial line departments should look to the

---


\(^{34}\) Interview with Director of Economy in Balkh, May 2013.

\(^{35}\) Ibid.

Central government to fund the provincial PDP as USAID was transferring the funds through the national budget. According to one senior public servant in Nangarhar:

“PRT and USAID refer local government to seek funding for projects from the central government as the money has been transferred to central government. However, they have not really given the money to the centre. The IC has not kept their promise. Even the Afghan financial year according to the request of international partners, has been changed to match the western calendar. But despite this, they have acted slow.”

Implementation of the transition process has certainly fallen short of envisioning a working solution from a donor funded PDP towards a fiscal decentralisation to finance provincial development plans.

Channelling 50 % of aid money through the Afghan treasury

In London and Kabul Conferences (2010) the donor countries agreed to channel 50 percent of their funding through the Afghan government and 80 percent of funds aligned to National Priority Programmes whilst previously two thirds of aid and reconstruction money bypassed the Afghan government institutions. The international community pledged to increase budget assistance through the government of Afghanistan. According to the Ministry of Finance there has been some progress but the 50 percent target has not been fully met, and compliance varies from donor to donor.

In principle this is a positive development since it provides an opportunity for the Afghan government to take the lead. But it is also important to consider that the new arrangements will affect provinces which were used to benefit from international military and development organisations directly funding their projects such as Provincial Development Plans. In addition the Afghan government continues to be highly centralised and does not have any provisions for participation of provincial governments in the creation of national planning or national budget. The central government continues to withhold structural reforms that can result in the improvement and strengthening of sub-national level governance. One of the most pressing reforms needed is devolving resources, authority and decision making powers to the provincial and district level of government.

A major challenge that is undermining the ambition of the Afghan government in diverting 50 percent of donor funds through the government is the continuous problem of low budget execution. In the first half of 2013 the government’s budget execution for operating budget was 36.4 percent while

---

37 The author attended the PDC meeting (held April 2012) in Nangarhar province.
38 Interview with Director of DTSS in Nangarhar, May 2013.
development budget execution was only 17 percent, compared to 50 percent and 24 percent in the first half of 2012.\textsuperscript{42} An indication of low capability in Afghan government institutions, the problem is attributed to the highly centralised nature of the ministries in Kabul, problems in the budget flow from centre to provinces, and the lower administrative capability of the institutions. With the increasing conformity of the donor countries in channelling and aligning their aid money through the Afghan government, it is high time for the donors to demand structural reforms in the governance sector, such as decentralisation and strengthening of sub-national level governance.

Transition impact on governance

The Joint Framework for Intiqal (transition framework) and National Priority Programme (NPP) for local governance acknowledge that the transition process should help achieve goals outlined for strengthening and reforming sub-national government.\textsuperscript{43} Some of the much anticipated reforms includes: efforts toward administrative and fiscal decentralisation, improving local level representation bodies by holding elections for District and Village Councils, clarifying roles and responsibilities at the sub-national level and expanding the requisite \textit{tashkeel} for the sub-national level. To implement some of these reforms the NPP for local governance needs an estimated 298.6 Million USD and of which 243.3 Million USD is reportedly short of funding.\textsuperscript{44} This suggests a bleak prospect for sub-national governance, as details in the transition process have not been addressed, particularly with regard to sub-national governance, and has been fraught with confusion and lack of funding.

In order to establish strong sub-national government, donors need to continue funding programmes that lead to reforms and strengthening sub-national government and decentralisation. Leaving everything as the sole responsibility of Afghan government is not a realistic solution at this stage without continued technical and financial support in strengthening sub-national level governance.

At the operational level there were some problems observed in operations at the sub-national government level as a result of transition. Provincial Development Committees (PDCs) are the main development coordination body in the provinces and part of the responsibility of PDCs are coordinating the monthly development coordination meetings.\textsuperscript{45} These meetings in some provinces have not taken place for three months at a time. In Nangarhar there was no PDC meeting for three months as of May 2013.\textsuperscript{46} It was also observed that the agenda of discussions in PDC meetings have generally changed

\textsuperscript{42} World Bank, 2013. Afghanistan Economic Update.[Online]. Available at: \url{http://www-wds.worldbank.org/external/default/WDSContentServer/PDFIB/2013/10/24/000442464_20131024131051/Rendered/PDF/820120WP0WB0Af0Box0379855B00PUBLIC0.pdf}
\textsuperscript{45} Ministry of Economy, 2007. \textit{Provincial Development Committees guidelines}.
\textsuperscript{46} Interview with Deputy Director of Economy in Nangarhar, May 2013.
focus from development issues to discussions around security.\textsuperscript{47} This change could be due to greater focus on security transition as well as declining participation of donors in the PDC meeting (as they are no longer funding projects through PDC meetings as was the case prior to transition). In other words the provincial government mainly hosted development meetings when there were donors present. Reduced levels of aid activity in the provinces should not mean that the local government has no responsibility in regard to coordinating development in the province.

As the international aid decreases, the incentive to follow orders from central and formal state will likely diminish and the local strongmen in the provinces will look for alternative sources of income to finance their patronage network. A sharp drop in aid in an insecure province with high dependency on aid can have destabilising effects.\textsuperscript{48} The declining level of international aid also threatens to aggravate patronage politics and economic exploitation by local strongmen. With the decline in international funding and development projects, provincial governors and other local strongmen will resort to patronage politics and extend alliances based on family networks, tribal ties and ethnicity.\textsuperscript{49} Those provinces, which were the focus of stabilisation and heavy aid inflows, were affected by rents, patronage and competition over aid resources among various groups. Declines in aid also could encourage political actors, non-state armed groups or local strongmen to challenge the central state’s authority. In the long term for local actors, when aid reduces there is an incentive to look for illicit economic gains and a reliance on opium production is likely to increase.\textsuperscript{50} A further weakening or breakdown of central authority means a possible risk of disintegration of government institutions at the provincial level and re-groupings according to ethnic and ideological lines.

\textsuperscript{47} Ibid.


\textsuperscript{49} Interview with Expert on development and governance in Kabul, May 2013.

Examining the transition framework versus the implementation shows disparities in the management of the transition process at the sub-national level. The transition framework does not anticipate major participation of provincial government in the implementation of the process. However, the framework does envisage the delegation of certain responsibilities to the provincial government and their involvement in the implementation of the transition. In addition, the transition framework recognises the importance of good governance and development and the role the provincial government can play in a successful transition.

According to the transition framework, before initiating the process of transition in a province, the province will be assessed. For a province to qualify for transition, according to the transition framework the province should be assessed by the Joint Afghan–NATO Inteqal Board (JANIB) in all areas of security, governance and development, which will identify the gaps in the mentioned areas that need to be addressed during the process. After identifying a province for transition the JANIB instructs the Provincial Development Committee (PDC) of the concerned provinces to prepare an Action Support Plan to overcome the gaps identified by JANIB.

Upon initiation of transition in a province, according to the transition framework the JANIB tasks the PDC of the province to prepare a Transition Support Action Plan for implementation of the process in the concerned province. For this purpose the PDC produces the transition implementation plan specific to the transitioning of the province. The PDC drafts the transition implementation plan in consultation with relevant stakeholders. JANIB monitors and evaluates progress based on the updates from the PDC.

In the interviews with senior officials from the Department of Economy, and Governor’s office in Herat, Balkh and Nangarhar, it was revealed that the provinces were not aware of the transition implementation plans and they did not prepare any such plans mentioned in the transition framework. Also these officials stressed that the provincial governments were never requested to prepare any kind of plan. Moreover, during interviews with government officials they pointed out that they hardly received any written communication from central government and were not consulted to participate in the process.

In terms of the expectation of provincial officials with regard to the transition, in two provinces - Herat and Balkh - senior government officers pointed out that the Transition Coordination Commission (TCC)
team visited the provinces in the initial phase of the transition process, and were assured that as a result of transition there would be an increase in the development budget for the province to fill any gaps caused by transition process. The officials said that despite these promises, since the initiation of the transition there had not been an increase, but rather a general decline in development spending. The Director of Technical and Sectoral Services of Balkh province affirms that:

“Based on the TCC Inteqal chairman’s request to identify priority projects to be funded as a result of Transition process, we suggested a number of projects in the governance sector, which were promised to be funded during the transition process. However, there has not been any step in this direction to date”.56

Balancing development & governance Transition with security Transition

Transition to 2014 was mainly seen as a security transition by most of the respondents in the fieldwork. The Transition to 2014, no doubt is a security focused and security driven process.57 Transition in each province typically followed a ceremony in the military garrison of the province in which the ANSF was handed over security responsibilities from international forces. Transition in the security sector is more explicit and takes place with tangible results; the process in the areas of development and governance is vague and happens in a more elusive way. Overall the process has given little focus to governance and development issues in comparison to security, and has not provided a clear framework to clarify what constitutes transition to an Afghan lead in governance and development. In comparing the resources allocation between security and governance one senior official in Balkh province said:

“In the district level, the Chief of Police in the District has at least one vehicle in the service of Police but many District Governors still do not have any kind of transport or office. There are many districts with no building for District Governor office or court, and continue to suffer from low administrative tashkeel comparing to the responsibilities entrusted upon them”58

Management of the transition process has largely focussed on security issues, whilst governance and development have come second. Development and governance are considerably less significant indicators for provinces in terms of becoming eligible for transition.59 Since the announcement of the transition process, most discussions have focused on security and the militarised aspects of transition60, while attention to the impact of the process on development, governance and other areas of international community engagement in Afghanistan were neglected. According to a senior official in Balkh:

56 Interview with Director of DTSS, in Balkh, May 2013.
57 Interview with Director of DTSS in Nangarhar, May 2013.
58 Interview with Director of DTSS, Balkh in May 2013.
“The Transition process in Balkh province was mainly a security ceremony marking the handover of responsibilities from International forces to the local Afghan forces, and they did not involve any explicit attention to the governance and development front”.61

In the process of undergoing transition, most of the meetings and discussions in the provinces have concentrated on security and military issues and have lacked explorations into the development and governance aspects of transition.62 PDC meetings, known to be the main platform for coordinating development efforts in the province, have nearly ceased discussing development and governance any more.63 This is under circumstances where the transition framework has entrusted some of the responsibilities of managing the process to the PDC of the province. There are clearly missing links between the policy and the reality on the ground.

61 Interview with Director of DTSS in Balkh, May 2013.
62 Interview with Director of DTSS in Herat, April 2013.
63 Interview with Deputy Director of Economy Nangarhar, May 2013.
4. TRANSITION AND SUSTAINABILITY IN AFGHANISTAN

For much of its history the legacy of state entity in Afghanistan has depended on foreign subsidies.\textsuperscript{64} The state institutions have hardly penetrated the peripheries or outside the main cities.\textsuperscript{65} Afghanistan has been inefficient to look within for revenue sources or expand the state’s income base. The current status of institutions is nascent and fragile and owes much to the international community financed state building. The scheduled transition to full Afghan leadership has implications for the state institutions in the wake of reduced international aid, especially at the sub-national level, given the lower level of the state’s penetration in the rural areas. The dependency on foreign aid remains very high. Even by the Afghan government’s estimates the dependency on international aid will be brought to the level of other least developed countries by 2025.\textsuperscript{66}

A gradual reduction of aid assistance by the international community to Afghanistan in proportion to the absorptive capacity of the Afghan society is recommended by some experts,\textsuperscript{67} but it is also important to note from experience of other countries that generally the absorptive capacity of the host country increases as the aid declines.\textsuperscript{68} Reduction is foreseeable - however, prioritising and preventing waste is important. For example, there is a greater need to ensure proportionate spending between primary education and higher education in Afghanistan. Additionally, prioritising fairly between capacity building of central government, state institution and sub-national level governance is a critical endeavour to a successful transition. Over the last decade more efforts have gone into rebuilding the central government institutions than those at to the sub-national level.

Currently, the Afghan government can by no means sustain itself or maintain the gains of the last 12 years without some form of meaningful and continued international support. Transition to an Afghan lead in terms of taking security responsibility may be possible assuming Afghan National Security Forces (ANSF) expenditures are mainly paid by international assistance, as the Afghan government is not able to pay for its security expenditures at the current level. In a similar way, Afghan ownership of meaningful development and governance going forward is unrealistic without well thought out

\textsuperscript{67} Batiston, G., 2012. To Aid Afghanistan, Offer Less Aid. [Online]. Available at: http://www.ipsnews.net/2012/07/to-aid-afghanistan-offer-less-aid/
continued support from the international community which aims to build the political will and capacity to be taken over by provincial and local Afghan governments over time.

To ensure minimum sustainability and in order to prevent a collapse of state institutions or reversal of the gains from the past decade, both Afghan government and the international community needs to adhere to the mutual commitments agreed in the International Afghanistan Conference in Bonn in December 2011. The international community needs to remain committed to economic and social development in Afghanistan for the transformation decade (2015-2024), while Afghanistan has to ensure that it remains a lead partner on the ground in a transparent and accountable manner as well as in implementing reforms, especially in the governance sector. During the next year, until the end of the transition and the decade to follow (2015-25), there is a need for the international community to redesign its development engagement in Afghanistan, especially taking into consideration the much needed reforms that were not implemented in the previous decade.

Reducing dependency on foreign aid

The Afghan government needs to expand sources of national income to reduce dependency. The potential sources are: customs, extractive industries, enhancing regional transit trade, improving agriculture, and the promotion of small and medium enterprises. The mining sector has been seen as an ‘aid substitute’, which could only thrive in an efficient regulatory environment that prevents rent seeking. The government should expand the tax base in the country and the key to success may be a more decentralised state structure, whereby sub-national level units of government are raising taxes and revenue on behalf of central government as well as paying for local government expenses. It is costly to maintain a weak and highly centralised state which cannot generate revenue from across the country to meet its operational and developmental expenditures. A viable solution would be to decentralise authority to second and possibly third units of government in the provincial and district levels respectively, and give them freedom to raise revenue at the provincial level for their operational cost. Administratively a decentralised state may ensure sustainability in the long term versus maintaining an expensive and overly centralised state.

---

5. CONCLUSION

The paper has provided a scrutiny of the on-going transition to 2014 from a sub-national level perspective. The improvement of sub-national level government is a work in progress and needs continuous support and the transition process should not be used as a pretext for compromising sub-national governance reform both by the Afghan government and the international community.

The impact of transition has been more severe in insecure provinces, which is mainly due to the sudden drop of aid associated with the international military in such provinces. Regardless of previous volumes of aid, all provinces show significant reduction in development activities and reduction in humanitarian funding, as well as a decline in trade and investment and the economic growth.

According to the official rhetoric and the transition framework the process encompasses three areas: security, governance, and development. However in practice most of the attention has focused on security transition. There is a lack of an overarching strategy to clarify what transition embodies in the development and governance sectors. Sub-national government is neglected and the process has not been well integrated within provincial government institutions. The rationale that adequate governance and development is necessary for the success of a security transition is not being taken on board during implementation.

There is no quick fix for Afghanistan and transition should involve an evolving role for international assistance, especially when it comes to strengthening and reforming sub-national level governance. In order to be successful the international community must help by supporting the expansion of administrative capacity and service delivery of government institutions particularly at the local level. A decentralised state structure is more viable and sustainable option, and transition to 2014 provides an opportunity to the international community to increase demands for decentralisation. Afghanistan continues to rely on international aid in security, governance and development. A transfer of responsibilities from international actors to an Afghan lead, and a steep decrease of aid from the international community, could leave the country potentially in danger unless there is a careful gradual reduction accompanied by long term technical support in governance and development.


