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## "We Pretend To Work, And They Pretend To Pay Us" Travails Of Mutual Accountability In Afghanistan

### Summary

- Implementation of the Tokyo Mutual Accountability Framework for Afghanistan (TMAF) is being undermined by: (1) doubts about the realism of some Afghan government and international community pledges; (2) intrusion of overriding short-term priorities; (3) emphasis on process at expense of substance; and (4) focus on the TMAF distracting from achieving results and outcomes.
- Rather than investing more effort in trying to fix and fine-tune the TMAF, the Afghan government and its international partners need to manage their own and each other's expectations.
- Both sides can responsibly pursue their respective, clearly-defined objectives, while staying realistic about overlaps and disconnects. The main objectives of Afghanistan and the international community are interdependent and in many ways broadly consistent—provided they include a broader, medium-term perspective rather than solely serving narrow and short-term interests.
- Key milestones of the current political and security transition include the 2014 presidential election bringing into office a new government perceived as credible and legitimate, and completion of the international military drawdown with Afghan national security forces effectively taking over.
- Once these elements are successfully in place the TMAF, if tempered by realistic ambitions and timeframes, may provide the basis for a productive partnership between Afghanistan and the international community over the medium term.

“Rather than investing more effort in trying to fix and fine-tune the TMAF let alone add more benchmarks or revisit the respective “failures” of both sides, the Afghan government and its international partners need to clarify and manage their own and each other's expectations. This will be particularly important in the immediate future while the challenges of elections and political transition as well as withdrawal of international combat troops dominate the landscape.”

The Tokyo Mutual Accountability Framework (TMAF), agreed between the Afghan government and its international partners at the July 2012 Tokyo international meeting on Afghanistan, started out with high hopes. Donors pledged to provide civilian aid of \$4 billion per year through 2015 and to continue significant levels of support through 2017 and beyond, while the Afghan government committed itself to governance improvements and political transition. However, as noted at the time, “The outcome at Tokyo exceeded expectations, but... implementing the Tokyo mutual accountability framework will be a major challenge.”<sup>1</sup> Serious obstacles are being encountered, and the process seems increasingly problematic. Indeed, the old adage about work in Soviet-era centrally-planned economic systems... “we pretend to work, and they pretend to pay us” increasingly appears to be applicable to implementation of the TMAF, which is being undermined by:

- **Doubts about the realism of some pledges made by both sides**—the degree of genuine commitment by the Afghan government to improve governance and fight corruption, especially in its final year in office, and the level of international funding that will actually materialize in the face of donors' budget problems and disappointment over limited Afghan progress;

- **Intrusion of overriding short-term priorities that may sideline TMAF**—notably the international community's preoccupation with its military exit strategy, and the Afghan government's focus on political maneuvering in the run-up to the 2014 election;
- **Process**—fulfilling the "letter of the law" of benchmarks and "checking the box"—being emphasized at the expense of substance; and
- **Focus on the TMAF distracting both sides from achieving actual results and positive outcomes.**

Moreover, there may be a risk that TMAF implementation will degenerate into a "blame game," with each side accusing the other of failure to live up to its side of the "bargain" and using perceived failures as justification for falling short on its own commitments. The Afghan government, for example, may "check the box" on benchmarks it has committed to—even when substantively they may have been only partly achieved at best—and then argue that the burden is on the international community to fulfill its funding pledges.<sup>2</sup> International partners may reduce funding, or at least not make extraordinary efforts to fulfill commitments that were considered "stretch targets" at Tokyo, intended to reward strong Afghan government performance but not to be taken for granted.

## What Is Going Wrong

A few examples illustrate these themes and highlight concerns about implementation of the TMAF. Recent developments in the Kabul Bank crisis illustrate how focusing on process—meeting "the letter of the law"—may distract both sides from achieving important results that are in the best interest of Afghanistan and its international partners. The convictions of several Kabul Bank employees and others were presented by the Afghan government as fulfilling its commitments regarding Kabul Bank, whereas there has been a perception internationally that the verdicts were too lenient.<sup>3</sup> But the practical point is that, with the principals of Kabul Bank not having been convicted on money-laundering charges, the government cannot initiate formal international procedures to seize the stolen assets already identified in other countries. Hence the opportunity for the Afghan state to recover hundreds of millions of dollars has been lost—an adverse outcome irrespective of whether TMAF benchmarks were met or not.

Some efforts by donors to move aid "on-budget"<sup>4</sup> highlight problems associated with trying to meet TMAF commitments for their own sake. It was recently announced, for example, that completion of the installation of the third turbine at the Kajaki hydroelectric plant (in a conflict-ridden part of Helmand province) would be turned over to the Afghan government, despite the international community's inability to complete this project during half a decade. It is questionable whether the government will succeed where massive international efforts failed.<sup>5</sup>

The Afghan government has not made much progress toward prioritizing a set of core programs and projects within a realistic overall resource envelope. High funding requests and unprioritized "wish-lists" of projects have been a chronic problem. Nearly five years after promulgation of the Afghanistan National Development Strategy in 2008, Afghanistan has not yet approved all 22 National Priority Programs (NPPs). A costed national public sector development program, based on the NPPs and fitting within the resource envelope of the Tokyo pledge, does not exist. It is widely recognized that insufficient funding is available to meet the needs of all NPPs, and in the meantime donors continue to "cherry-pick" the programs they prefer at the expense of an Afghan-led national development program.

Intruding short-term priorities can trump making mutual accountability work. On the international side, the imperative of withdrawing foreign combat forces in a timely and smooth way may

be interfering with efforts to hold the Afghan government accountable for its performance. For example, international pressure for action on Kabul Bank has greatly eased during the past two years. It also appears that the IMF-supported macroeconomic program is likely to remain officially "on-track," even if the government's performance falls short of targets (for example in the crucial area of domestic revenue), since no one wants to deal with the consequences of going off-track.<sup>6</sup>

On the Afghan side, short-term political considerations in the run-up to the 2014 presidential election are sidelining and distorting TMAF implementation. Expectations that the current government will take politically-sensitive actions to improve governance, especially against high-level corruption, will become all the more unrealistic as elections approach. There are also signs of possible manipulation of some TMAF benchmarks for narrow political purposes. For example, the Afghan government has strongly advocated that 100 percent of international funding for the 2014/15 elections be "on-budget"—but without appropriate safeguards to preserve the independence of electoral authorities, this may increase their vulnerability or at least undermine confidence in the elections.<sup>7</sup>

There are uncertainties about to what extent and how (i.e. how much on-budget) the Tokyo pledge of civilian aid will be delivered. Based on experience in Afghanistan and elsewhere, actual aid commonly falls short of pledges for a variety of reasons, and it would be surprising if the Tokyo pledge turned out to be an exception to this general pattern. Moreover, given that the pledge was slightly above even the high-end scenario ("accelerating progress") in the World Bank study *Afghanistan in Transition: Looking Beyond 2014*, it seems clear that donors saw this as a "stretch target"—to be striven for only if there is strong progress by the government in improving governance and fighting corruption, prospects for which are doubtful in the short run.

The TMAF is generating substantial paperwork, which may further distract from substance. The government's "anti-corruption decree" of July 2012 contained more than 150 specific action points/benchmarks, called for a large amount of reporting, and would be no small task to monitor.<sup>8</sup> Subsequently a 22-page concept paper, a 30-page progress report, and other documents have been prepared, including matrixes and templates which will generate further paperwork.

Overall, the larger goals that animated Tokyo and the promise of the TMAF are being undermined during implementation. This is not unexpected given experience with conditionality, benchmarks, and similar arrangements in other countries as well as in Afghanistan's own recent history. In particular, such mechanisms do not work well in the absence of a reform constituency in the country that can leverage conditions and push reforms, if objectives and targets are overly ambitious or multitudinous, and if a medium-term perspective is lacking or is dominated by short-term priorities.

## How To Move Forward

Rather than investing more effort in trying to fix and fine-tune the TMAF let alone add more benchmarks or revisit the respective "failures" of both sides, the Afghan government and its international partners need to clarify and manage their own and each other's expectations. This will be particularly important in the immediate future while the challenges of elections and political transition as well as withdrawal of international combat troops dominate the landscape. There is also a need to recognize the profoundly political nature of transition and mutual accountability, rather than getting mired in technical aspects.

Both sides can responsibly pursue their respective, clearly-defined objectives, keeping realistic about overlaps and disconnects. Progress would be facilitated by clear and honest communications. The main objectives of Afghanistan and the international community are interdependent

## ABOUT THIS BRIEF

William Byrd is a development economist and has worked on Afghanistan in various capacities over the past decade and longer. During 2002–2006, he was stationed in Kabul, Afghanistan, where he served as the World Bank's country manager for Afghanistan and then as economic advisor. He is currently an Afghanistan senior expert at the U.S. Institute of Peace (USIP). This Peace Brief builds on his earlier analysis of the July 2012 Tokyo international meeting on Afghanistan and the mutual accountability framework agreed there, as well as a note on the subsequent Afghan government decree that put forward implementation benchmarks. The views expressed in this brief do not necessarily reflect the views of USIP, which does not take policy positions.

and in many ways broadly consistent—provided they are responsibly pursued, and include a broader, medium-term perspective rather than solely serving narrow and short-term interests. The international community's key short-run priority is to withdraw most foreign combat troops by the end of 2014 and achieve a smooth security hand-over. To be sustainable this requires achievement of key Afghan national objectives: a successful presidential election and political transition resulting in an effective new government administration and (later) parliament perceived to be legitimate internally and externally.

Once these key milestones of the current political and security transition are successfully achieved, the TMAF, if tempered by realistic ambitions and timeframes, may provide the basis for a productive partnership between Afghanistan and the international community over the medium term.

## Notes

1. William Byrd, "Mutual Accountability: Lessons and Prospects Post-Tokyo" (USIP PeaceBrief, No. 132, August 2012).
2. The Ministry of Finance recently called out several donors for not meeting their Tokyo pledges (TOLO News, April 7, 2013); more such criticisms can be expected in the future.
3. See Scott Smith, "Kabul Bankrupt? Verdict Portends Broad Consequences for Afghanistan," USIP Olive Branch Post, March 11, 2013.
4. "On-budget" financing means that donors provide funds to the Afghan government for disbursement by the Ministry of Finance through the government's national budget and administrative mechanisms. The Afghan Reconstruction Trust Fund (ARTF) is the largest on-budget instrument. Currently most donor funding is "off-budget," channeled through bilateral mechanisms. Donors committed at Tokyo to increase on-budget aid to at least 50 percent of the total.
5. See The Washington Post, March 4, 2013. For further background see Noah Arjomand, "Eagle's Summit Revisited: Decision-Making in the Kajaki Dam Refurbishment Project" (Afghanistan Analysts Network Thematic Report, January 2013).
6. As occurred during the Kabul Bank crisis, going off the IMF program would result in loss of not only the relatively small resources from the IMF but also the macroeconomic certification of the IMF, which in turn would block much larger resources from the ARTF and direct budget support by some donors and international agencies, whose standard procedures require the IMF's "seal of approval" to release funds. This in turn would precipitate a budget crisis.
7. I am grateful to Scott Smith for making this point.
8. See William Byrd and Attaullah Nasib, "Afghanistan's Post-Tokyo Presidential Decree: Both More and Less than Meets the Eye?" (USIP News Feature, August 16, 2012).



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