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Minimalist economic management, deferred revenue regime and aid dependency: Explaining contradictory post-war statebuilding aims

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Abstract

The paper analyses a contradiction in the liberal approach to post-war statebuilding. The form of the state is seen to aim for the establishment of a centralised maximalist administration when the state's *de jure* economic policy makes its revenue dependant on market-generated private sector taxes that are either inadequate or its institutions are part of the reconstruction process. This conflation de facto leads to dependency on official development assistance (ODA), mainly administered through exogenous-to-state agencies that undermine the nascent state's bureaucratic development. The paper introduces the concept of *deferred revenue regime* and argues that dependency on ODA is one empirical symptom of the contradiction in the liberal approach to statebuilding. Using a high-profile recent example in an instrumental case study, Afghanistan, from 2002 to 2021, the paper develops a diachronic sequencing of significant policy decisions to suggest temporal causality between economic management and ODA dependency, relying on primary data and stylised statistics. The findings contribute to post-war statebuilding, institutionalism and the political economy of aid.

1 | OUTLINING THE GENEALOGY OF AID DEPENDENCY IN POST-WAR STATEBUILDING

Internationalised post-war[1] statebuilding is mainly a phenomenon of the post-Cold War period (Dobbins et al., 2007). In the mainstream approach to post-war economic policy, universalist market-oriented policy principles are often replicated with few contextual adaptations (Cramer, 2006). For instance, the World Bank has recommended post-war policies to obtain market-friendly conditions in line with its usual policy advocacy in recent decades (World Bank, 1998). Scholarly work has sometimes provided support, not unproblematically, to viewing the post-war 'moment' as a clean slate that is well-suited for radical market-oriented good governance reforms (see, e.g. Collier & Pradhan, 1994; Dobbins et al., 2007).

This paper, however, aims to show that a contradiction arises in the mainstream approach to the formal process of post-war statebuilding regarding state revenue generation. The institutional conditions for a market-oriented economy require the capacity of a relatively efficient central state administration. Market economy and a minimalist but 'efficient' state partly reflect recent thinking regarding the state's role in development (Chang, 2002), notably in the scholarship applying neo-institutionalist thinking (see, for instance, World Bank, 1997, 2002). However, the market economy's adoption makes state de jure revenue dependent on a source (i.e. market-generated private sector taxes) that takes long periods to realise; its levels are thus severely inadequate in a post-war country to fund the state, and its institutions are often part of the process of post-war reconstruction. This conflation contributes to dependency on a non-tax external source, official development assistance (ODA),[2] typically administered through bilateral or multilateral development agencies (e.g. The United Nations, The World Bank, etc.). The latter function as parallel bureaucracies that are not integral to the *formal* process of building the post-war state and its statutory institutional arrangement (Di John, 2008). Regarding fiscal policy, the paper aims to answer how the minimalist conception of the state's role might lead to the fiscal outcome of a post-war state, making it vulnerable to failure (Cramer, 2006; Di John, 2008).

A growing scholarship has shown the revenue system to be central to state-society relations and building state institutional capacity (Bräutigam, 2008). The issue here is not taxation per se but the minimalist *form* of the post-war state to achieve it. The paper uses granular data regarding a high-profile post-war (and later, war-affected) statebuilding case, Afghanistan 2001–2021,[3] that attracted unprecedented human and financial resources for two decades and rapidly disintegrated even before the withdrawal of the US-led military coalition had ended. The post-war state emerged in a UN-sponsored internationalised process involving Afghan stakeholders in late 2001-early 2002. A constitutional process opted for a presidential system (Rubin, 2004) and envisioned a centralised maximalist state[4] to perform a complex set of tasks in short order (Goodhand & Sedra, 2007; Pritchett et al., 2010). Central state restoration was needed to overcome the legacies of the 1978–2001 wars and begin to dominate the fragmented political settlement (Khan, 2018).[5] A parallel objective built into the state design was establishing an ‘enabling environment’ (Rafi, 2022) for a private-sector-led economy to emerge in a state-minimalist strategy for economic management. The state was thus, in broad terms, meant to obtain the following three objectives relevant to the topic at hand: (1) establish centralised political legitimacy and order through coercion or negotiation with non-state rivals, (2) (re-)build state bureaucracy capable of providing public services and (3) establish the institutions that could sustain a market economy for tax generation as the central tenet of its fiscal policy.

Under this approach, the state's *de jure* revenue was formally dependent on objective three being accomplished. In addition to the extensive time and resources typically needed to achieve objectives one and two, a temporal interregnum was built into the Afghan statebuilding process to achieve objective three and its fiscal promise in the form of taxes. A study of the fiscal outcome of this interregnum provides a helpful entry point for research on the statebuilding process, considering that fiscal history is also the history of state formation (Tilly, 1992).

The state's finances during this interregnum are often left unexplained in development discourse (see Di John, 2010; World Bank, 1997). In post-2001 Afghanistan, the state came to overwhelmingly depend on ODA as an external source. The *consequence* of this interregnum – aid dependency – has engaged a large body of scholarly literature, but the underlying causal mechanism shaping the link between fiscal system and governance has evaded much attention (Bräutigam, 2008). The state's *de jure* fiscal policy based on this design amounts to a ‘deferred revenue regime’ in de facto terms, in the sense of making present state fiscal revenue dependent on ideal conditions that might emerge, citrus paribus, if the putative aims of the reforms are realised. Related to the legitimacy-oriented aims of statebuilding, the Afghan state's ODA dependency determined its political settlement related to its fiscal policy by inviting powerful influence by

Policy Implications

- A synergistic embeddedness of the state in economic resource allocation presents an alternative strategy for material development and revenue generation for post-war states than the predominantly free market-based resource allocation and its fiscal outcome in the form of private sector taxes. The latter is conditional on formal and informal reforms, and extensive time and resources during an interregnum. This interregnum's de jure revenue generation policy in practice leads to a deferred revenue regime, which is typically financed in internationalised statebuilding by foreign aid often seen to undermine the post-war state's institutional development.
- The IFIs and international organisations involved in post-war statebuilding should recognise that success of market-oriented policy in a post-war statebuilding depends on ‘centralised patronage’ managed by the post-war state's politics over resources in its bargain with social groups who own these resources (capital) and can put them to productive uses.
- The post-war state’s integration into the aid system by the international actors is crucial for the state’s embeddedness in economic resource allocation and management.
- Incremental reforms – e.g., sector wide approach to development – could be integrated into the post-war development strategy by the state in coordination with external actors beyond quick fix measures if thinking regarding state non-intervention in economic management changes at the policy level away from debates on ‘how much’ to ‘what kind’ of state intervention aligns with material growth and fiscal independence for the post-war state.

donors that operated through exogenous-to-state bilateral and multilateral agencies (Putzel & Di John, 2012).

Fiscal capacity consolidation has been central to the consolidation of state formation in essential ways (Schumpeter (1918 [1954]); Tilly, 1992; Moore, 2004). Under a market-oriented deferred revenue regime, the effectiveness of the fiscal policy, in principle, is seen to be determined in actual (regarding aid) and potential terms (regarding a yet-to-emerge adequate tax-generating private sector economy) by agencies that lie outside the state's direct control but exercise significant influence on the state's viability. A deferred revenue regime, embodied by ODA dependency, thus constitutes one empirically testable symptom of this contradictory statebuilding design.

The paper builds on the critique of post-war liberal statebuilding (Goodhand & Sedra, 2013; Mac Ginty & Richmond, 2016; Rafi, 2022; Suhrke, 2013; Tadjbakhsh, 2009). It is structured as follows: Section 2 lays out the concepts applied in the study and a brief account of the paper's method. Section 3 discusses Afghanistan's post-2001 economic management policy. Section 4 explains the contradictory tendency of the statebuilding design and ODA dependency as its potential empirical manifestation. The paper finishes with concluding remarks and policy implications.

2 | 'OPEN ACCESS ORDER' VERSUS 'EMBEDDED AUTONOMY'; A TALE OF TWO APPROACHES

By the time the international statebuilding process began in Afghanistan in late 2001–early 2002, the approach to state functions, particularly encapsulated by the expanding scope of 'economic management' in documents by international financial institutions (IFIs), was articulated foremost by the World Bank document *Governance and Development* (World Bank, 1992). By the early 2000s, IFI discourse had integrated the view regarding state-wide systemic reforms to achieve good governance and rule of law (Rajagopal, 2008) for transition to a market economy (see World Bank, 2002).

This approach drew on previous work on 'state failure', which argued that state intervention is more costly due to its resultant growth-retarding inefficiency than market failure (Krueger, 1974; see Di John, 2008 and Khan & Jomo, 2000 for a critique). According to the World Bank framework (Table 1), the state should aim for 'minimal functions' and move on to 'activist functions' as it develops its capacities. The word 'minimal' might misrepresent the extensive time and resources to obtain the functions enumerated under the 'minimal functions' category, which encompasses most formal and informal institutions. Achieving minimal functions is arguably more challenging in a post-war setting like Afghanistan, which had undergone over two decades of episodic wars by early 2002. The World Bank post-war 1998 document *Post-Conflict Reconstruction; The Role of the World Bank* (World Bank, 1998) provided direction to its engagement in post-war statebuilding that had increased in the post-Cold War period. The marriage between post-war state-building (political and legitimacy-oriented) and good governance (technical and resource-oriented) has not come about without inherent tensions, leading to contradictions between their aims, including in post-2001 Afghanistan (Marquette, 2011). In the context of good governance discourse, the state's role in this document was mainly limited to building 'enabling' conditions for markets (see Table 2).

Theoretical articulation of state functions and renewed attention to state institutions in development in the 1990s was provided notably by the proponents of a growingly important body of work that applied neo-institutionalist economics (NIE) perspective. NIE thinkers have varyingly attempted to synthesise an institutionalist approach to the state's role in economic development and neo-classical deductive methodology (North, 1990), taking bounded rationality, path dependency (North, 1990, 2005; Ostrom, 1998), transaction

TABLE 1 Functions of the state.

	Addressing market failure			Improving equity
Minimal functions	Providing pure public goods: Defence Law and Order Property Rights Macroeconomic Management Public Health			Protecting the poor: Antipoverty Programs Disaster Relief
Intermediate Functions	Addressing Externalities: Basic Education Environmental Protection	Regulating monopoly: Utility regulation Antitrust policy	Overcoming imperfect information: Insurance (health, life, pensions) Financial regulation Consumer protection	Providing social insurance: Redistributive pensions Family allowances Unemployment insurance
Activist functions	Coordinating private activity: Fostering markets Cluster initiatives			Redistribution: Asset redistribution

Source: World Bank, 1997.

TABLE 2 World Bank's post-conflict integrated package of assistance.

Economic policy	a. Creation of the conditions for resumption of trade, savings and investments b. promote macroeconomic stabilisation, rehabilitation of financial institutions and restoration of appropriate legal and regulatory frameworks c. Normalise financial borrowing and debt rescheduling
Administrative policy	a. Strengthen government institutions b. restore law and order, c. enable the organisations of civil society to work effectively
Infrastructure	a. Repair important physical infrastructure b. Finance education and health
Social policy	a. Re-integration of ex-combatants b. Agricultural and livelihood support for war-affected communities c. Support for vulnerable social groups (women) d. Demining

Source: World Bank, 1998.

costs and contracts (Coase, 1937; Williamson, 1973, 2000) as foundational epistemological concepts. NIE's theorisation of formal and informal institutions as products of collective deliberations descendent[6] from choices by self-interested, boundedly rational individuals to reduce uncertainty is essential for the topic at hand. Theorised as path-dependent human-made constraints (North, 1990), institutions are said to progress based on a 'scaffolding' established by 'political entrepreneurs' (North, 2005). As stressed by Douglass North, a prominent NIE thinker: 'creating an institutional environment that induces credible commitment entails the complex institutional framework of formal rules, informal constraints and enforcement that together make possible low-cost transacting' (North, 1990, p. 58). One policy-relevant implication of this approach would be to consider the totality of institutions as amenable to reforms based on market-oriented policies. This might represent a form of radicalism that the previous Washington Consensus reforms lacked.

An important paper published by the World Bank and co-authored by North (North et al., 2007) distils NIE's institutionalist contribution to development by arguing that the 'standard development logic' fails too often because it does not consider the differing institutional logics that maintain order in developed and developing countries. This difference is owing principally to how access to resources is institutionalised. Development policies are derived from industrially advanced capitalist societies governed by what the authors call an 'open access order' (OAO), which relies on 'competition, open access to organisations, and the rule of law to hold the society together'. This contrasts with what the authors call degrees of a 'limited access order' (LAO) in developing countries, which guarantees access to resources to a few. In a circular logic, an LAO 'manipulates the economy to generate rents that bind the interests of economic actors to support the current political system.' Therefore, the paper invites caution against facile policy transfer from developed to developing contexts and suggests that such an exercise would succeed if adequate reform of the larger institutional context has occurred in the latter prior to such policy transfer. This means that an enabling institutional environment has been established chiefly within and through government agencies for implementing the market-oriented policy. State intervention in economic management is to proceed thus far ideally. To this end, establishing a central state bureaucracy that undertakes a comprehensive set of formal and informal reforms to enable the economic environment for markets, avoiding direct intervention in resource allocation and remaining immune to regulatory capture, is advocated for developmental 'success' – a line of argument later developed by Acemoglu and Robinson (2012).

This thinking particularly fits a post-war 'moment' where the institutional landscape is treated as a clean slate by the IFIs involved, its scaffolding (*a la* North) in need of rebuilding, and the target country, it follows, might have a chance at developmental success if it opts for state non-intervention in the economy to the degree that a theoretical OAO demands. This framework provides the overall path-dependent strategy by comparing examples of economic success (e.g. the United States and the United Kingdom) and failure (Mexico and the Middle East). The question regarding this strategy's long-term viability and outcome is reduced to making the techniques to achieve it (reform of laws, regulations and informal institutions) more efficient. This requirement amounts to a tautology and can lead to policy inflexibility. The examples of failure can work as powerful cautionary deterrents against diversions from the IFIs-advocated path to prosperity based on such reforms.

Regardless of the nature of OAO-theorised institutions and their utility, the state minimalist approach NIE-associated research often promotes implies the above interregnum, measured in time and monetary costs, for the multifaceted institutional reforms it entails to transition into (or build, in the case of a post-war country) an OAO. These reforms are needed given that little else can seemingly break or prevent the cycle of elite control in an

LAO from emerging, as described in the paper by North et al. (2007). This thinking shows a serious logical inconsistency that Kahler calls the 'orthodox paradox' (quoted in Evans, 1995, p. 27), undermining the importance of elite bargains for the stability of a country's political settlement (Putzel & Di John, 2012). Supposing state bureaucrats in an LAO from an ontological perspective to be driven by utilitarian pursuits (rents), it remains unexplained as to how such self-interested individuals would become devout reformers for transition into an OAO – which would most probably deprive them of rental havens.

In a post-war setting, this approach to state functions effectively leads to the nascent post-war state's pursuit of the triad objectives while the state's *de jure* fiscal policy is limited to a deferred revenue regime. Scholarship on state formation points out the central importance of the revenue system for how the modern national state was formed in Western Europe and the binding constraints obtained between the state and society, leading also to institutionalised representation in politics (Bräutigam, 2008; Moore, 2004; Schumpeter (1918 [1954]); Tilly, 1992). The deferred revenue regime's manifestation in ODA dependency in Afghanistan's case was similarly important for the state system in general, as it shaped the post-2001 distribution of organisational power among many formal and informal actors, notably the agencies that administered and those who received ODA (Goodhand & Sedra, 2007). It was no coincidence then that the formal revenue system led to a 'dual public sector' which administered aid (Ghani et al., 2007) and placed important centres of decision-making outside the state's statutory institutional arrangements. To that effect, the fiscal outcome of the statebuilding process contributed to state failure and political underdevelopment by, inter alia, undermining the state-society bargain over fiscal policy (Bizhan, 2018; Di John, 2008; Moore, 2001; Putzel & Di John, 2012).

The challenges for a primarily market-based tax revenue regime were compounded in Afghanistan by the absence of pre-war institutional memory. Afghanistan had not witnessed overwhelming formal reliance on market-based tax generation before 2001 as the state's primary revenue source, mainly relying on a limited state-owned sector, subsistence agriculture, export of primary goods and foreign assistance during its development as a nation-state in the 20th century (Rubin, 1988). This is besides the constraints regarding tax collection under normal, non-war-affected conditions (Le et al., 2012), the transition costs as a result of reforms (Khan, 2018) and the potential adverse effects of aggressive tax collection in a post-war poor economy – for example, tax-induced capital flight (Di John, 2006). As Moore (2004) suggests, even an effective tax system may not yield higher revenues in the short run and the attempt to do so might destabilise the institutions underpinning state-society bargain.

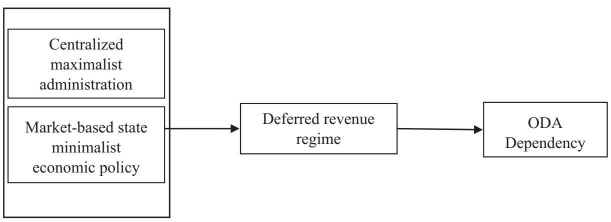
In national state's more recent iterations in the 19th and 20th centuries, Evans (1995) notes that a Weberian autonomous state bureaucracy has been *embedded* in the economy through institutionalised channels that have ensured its material underpinnings. Moore (2004) summarises, along similar lines, a large body of literature regarding national state formation, noting that material growth has ensured a larger revenue source for the ruler which, thereby, has made rulers dependent on taxes to have a stake in promoting general prosperity. Other work applying an institutionalist political economy perspective (for details, see Chang, 2002) has shown that degrees of planned management by the state have been essential for inducing capitalist productivity that has, in turn, guaranteed the state's fiscal viability (Gerschenkron, 1962; Polanyi, 1944). This might also explain the varieties of 'capitalisms' seen in different countries today: the internal structure of the state, the bargain rooted in the socio-economic arrangement (i.e. classes) and the distribution of capital and coercion in securing funds, especially for war-making, mutually constituting each other (Tilly, 1992). Such a synergistic *embedded autonomy* (Evans, 1995) suggests a relatively more activist agency for the state in resource allocation than the work in NIE accords on principal, notably through an industrial policy as a functional equivalent of capital markets (see, for instance, for research on post-war Japan and South Korea [Pilat, 1994; p.89], or Taiwan [Wade, 1990]).

A teleology might be discernible in Evan's theorisation (Evans, 1995, p.17) regarding the movement from embedded autonomy to an 'expanded embedded autonomy', the latter presumably leading to people's larger representation in politics as a result of state-society bargain over resources, economic growth and development. This is broadly in line with work by fiscal sociology that has emphasised the representational effects of negotiating with citizen groups for the state's fiscal provision as a determinant of its modern formation (Tilly, 1992; pp. 96–100; Moore, 2004; Bräutigam, 2008). Empirical challenges persist as to whether such a broad-based state formation occurs with processes determined in fiscal life (for a discussion of such forms of transition, see Przeworski, 2004). A paradoxical effect of a liberal market economy in a post-war setting and its concomitant deferred revenue regime is that its fiscal dependency on ODA marginalises this state-society bargain (Bizhan, 2018; Di John, 2010; Moore, 2001). Elite ownership and control over policy is, furthermore, misrecognised as 'local ownership' in internationalised statebuilding efforts where citizen participation is, at best, left ambiguous (Marquette & Beswick, 2011; Theros, 2012).

Legitimate misgivings about Afghanistan's post-2001 nascent state's capability to approach embedded autonomy might be raised, particularly amid the political settlement in the early post-2001 with limited state capacity and militarised power held by disparate organisations in many parts of the country that was, even after, harnessed in significant ways by the donor country military priorities (Goodhand & Sedra, 2007). Such misgivings appear more immediately important in retrospect regarding the ambitious state design that was, indeed, adopted and aimed for the triad objectives enumerated above. In comparative terms and particularly in the context of the anti-government insurgency and its consequences for institution building, degrees of embeddedness embodied through an active role in resource allocation (or mobilisation) might have been a straight-forward singular objective for Afghanistan's nascent and increasingly war-affected state to aim for – a point that was developed regarding war economy in general by Arthur Pigou (Pigou, 1918). As suggested by Chang (1996), countries are not equipped with institutional capability from the start and the role of 'learning-by-doing' is crucial for developing these capabilities.

3 | MATERIALS AND METHODS

The method applied here has a two-pronged aim. First, the paper includes a full range of evidence to explain a historical event (the statebuilding process in Afghanistan), decomposing it into a series of events or decisions. Each event is given a code starting from the post-September 11 US military intervention in Afghanistan for an explanatory narrative of state economic management. For this, the paper draws on a theoretically oriented events structure analysis (ESA) as a framework to provide a causal explanation between mainly the following:



- The larger box represents the state as a single entity.
- Arrows show the direction of causation.

ESA helps probe the temporal sequence in the narrative the paper aims to construct (for elaboration on ESA, see, Halperin & Heath, 2020, p. 267–71). To apply ESA, the analyst 'decomposes a narrative or hypothetical explanation into its component actions' (Bloom, 2015). Causal attribution between constituent components of an event is based on hypothesising a counterfactual question: Would the subsequent action (or actions) have occurred if not for the preceding action? Making plausible causal attributions under this method rests on the analyst's interrogation of the counterfactual.

Related to economic management, extensive documentary data related to post-2001 Afghanistan contains a direct link to ODA dependency. This is because the events analysed under the economic management category have a 'reporting' characteristic. This meant that in return for positive achievements by the Afghan government authorities on previous commitments for market-oriented reforms to the 'donor community' (monitored on the ground by the IMF (for this, see Rafi [upcoming])), new financial commitments were pledged which are verbally attested in these documents.

The paper takes the early post-2001 period as a *critical juncture* for policymaking – critical juncture is taken here to mean the point at which foundational decisions were made that were not seen, in *de jure* terms, to have been reversed in later years (for elaboration on the concept of critical juncture, see, Halperin & Heath, 2020, p. 267–71). There is no assumption here regarding whether the policy trajectory followed a consistent path in practice in line with what was stated in written policy documents. The paper, instead, aims to indicate the *de jure* aspects of policy in documentary evidence and its one major evidential outcome – ODA dependency.

The paper traces the typology of state in development discourse prior to the event. For this, on the one hand, I have used the articulation of the functions of the state by the World Bank in the 1990s (right before the intervention in Afghanistan – see discussion in Section 2). The World Bank went on to define the general development policy strategy in post-2001 Afghanistan (for details, see International Monetary Fund, 2002). On the other hand, for the theorisation of state functions in scholarly work, the paper has traced the usage of the term 'formal institutions' in policy documents by the World Bank and its (sometimes directly cited) intellectual origins, for which the contribution by thinkers associated to the NIE play a more prominent role (see, for instance, World Bank, 1997 and World Bank, 2002). Subsequently, the paper's policy approach to economic management and administrative policy has been charted through primary data analysis. For this, the paper has used post-2001 Afghan government policies, reports from international financial institutions (IFIs), bilateral organisations and a review of secondary data (scholarly work on Afghanistan's statebuilding). To highlight the state's ODA dependency during 2001–2021, I have used statistical data in International Monetary Fund (IMF) documents, Afghan government sources and data on aid for 'descriptive inference' (King et al., 1994). Attention is given mainly to *formal* institutional processes, given the paper's thematic focus. The research scope, therefore, is limited to a discussion of policy documents without necessarily undermining the importance of informal processes.

ODA dependency in post-2001 Afghanistan is often examined as a contributor to state rentierism that adversely configured state-society relations (Maley, 2013;

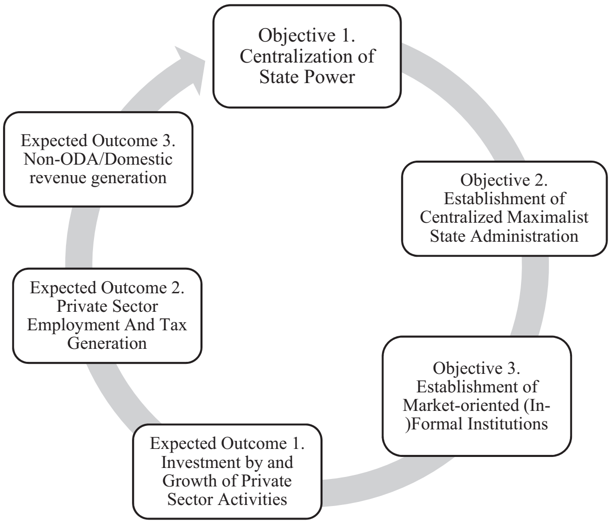


FIGURE 1 The political economy logic of statebuilding in post-2001 Afghanistan.

Suhrke, 2013); in relation to its undermining effect, given it led to aid administering parallel bureaucracies that hindered the nascent state's bureaucratic growth and legitimacy (Bizhan, 2018, 2020; Connor, 2012; Kühn, 2008; Rubin, 2006; Williams, 2022); or as a tool in pursuit of securitised development and stabilisation (Fishstein & Wilder, 2012; Mac Ginty, 2012). Building on these, ODA dependency here serves mainly a methodological purpose to show that, more than a mere coincidence, its emergence was the outcome of an inherent contradiction in the mainstream approach to statebuilding.

As Figure 1 shows, moving between objective 1 and expected outcome 1 would require time and resources under any condition. Afghanistan also suffered from a mounting anti-government militant insurgency that usually leads to considerable financial costs on its own (see, for instance, Novta & Pugacheva, 2020). The length and scale of a deferred revenue regime, and by that fact the possibility of achieving state-independent revenue, might depend on factors impeding or facilitating the movement from objective 1 to expected outcome 1 and from expected outcome 1 to 3, each step involving its technical capacity issues within the emerging state bureaucracy, subject to relapses and considerable uncertainty. This applies primarily under conditions where state active intervention in resource allocation to shorten the lifespan of a deferred revenue regime along the lines conceptualised by Evans (Evans, 1995) are precluded.

4 | RESULTS

The early post-2001 period presented a critical juncture in post-2001 Afghanistan whereby foundational steps set the direction of Afghanistan's economy in the context of an expanded scope for 'economic management' in development discourse. On the ground, the IFIs and the many Afghan government agencies responsible for 'economic management' played a larger role in the technical aspects of the incipient statebuilding effort and this area received relatively comprehensive technical assistance from important IFIs, including the World Bank and IMF, who also in many ways directly administered aid allocation. IFIs assistance covered such areas as (a) central state fiscal and monetary policy, (b) laws and regulations, (c) financial sector reforms, (d) anti-corruption and anti-narcotics policy, (e) sovereign debt, (f) provision of infrastructure and the public goods of health and education and (g) the relation between the state and some social groups, including women, youth and displaced populations. Concerning resource allocation proper, the economic policy advanced by IFIs nonetheless pursued a 'lean government' model; the state's role was limited to providing an 'enabling environment' for private sector activities, which were to become the primary source of revenue for the state by paying taxes.

An IMF staff team briefing to the IMF Executive Board (International Monetary Fund, 2002) relates important details regarding the first foundational steps relevant to post-2001 Afghanistan's economic management. In November 2001, the 'Afghan Reconstruction Steering Group', comprised of the World Bank, the Asian Development Bank and the UN Development Programme (UNDP), spearheaded a preliminary needs assessment for Afghanistan's reconstruction (policy event 1 or PE1). The Steering Group held a consultation in Islamabad for input from other organisations and stakeholders. The Steering Group's needs assessment was presented at an international conference on Afghanistan in Tokyo, Japan, in January 2002 (PE2).

The Tokyo Conference was held a little over 2 months after the US-led military campaign began in Afghanistan in reaction to the September 11 al-Qaida attacks in the US and less than a month after the UN-organised Conference on Afghanistan in December 2001 in Bonn, Germany, resulting in the 'Bonn Agreement'. This agreement defined the terms of a post-Taliban political system, including establishing the Afghanistan Interim Administration (AIA). The Tokyo conference was co-chaired by the AIA chairman, Hamed Karzai and the governments of Japan, the US, the EU and Saudi Arabia. Ministers and representatives from 61 countries and 21 international organisations were in attendance. The main task of the conference was to provide an opportunity for the AIA to reaffirm its commitment to the Bonn Agreement and the international community to, in turn, reaffirm its support to the AIA. The AIA 'strongly underscored' the importance of reviving its tradition of private entrepreneurship as an engine of growth, and donors pledged to provide the necessary support for reforming the essential institutional framework for the economy (International Monetary Fund, 2002). Although the occurrence of PE2 was independent of PE1, the economic decisions in PE2 could not have happened without PE1 providing the basis. The consultations by the Steering Group were important for giving direction to the economy of the interim administration in return for receiving continued financial support.

A single trust fund to manage aid was agreed upon at the conference and was entrusted to the World Bank. Decisions regarding the allocation of aid were handed over to the World Bank, UNDP, Asian Development Bank and the Islamic Development Bank in close co-operation with the AIA authorities and the head of the United Nations Assistance Mission for Afghanistan (UNAMA), Lakhdar Brahimi. An 'Implementation Group' was established to achieve strategic coherence among the AIA, donors and NGOs, chaired by the interim authorities and co-chaired by the World Bank, UNDP, Asian Development Bank, Islamic Development Bank and the Afghan Support Group. The basics of the political settlement related to Afghanistan's economy remained relatively consistent in subsequent years, with donors channelling major aid to Afghanistan through the World Bank, UNDP and the Asian Development Bank. A fund called the Afghanistan Reconstruction Trust Fund (ARTF) was established in May 2002 (AE2) and was put under the management of the World Bank. Major donor countries also established bilateral funds to directly manage aid to Afghanistan (Goodhand & Sedra, 2007).

The UN spearheaded the political front, while the World Bank the overall reconstruction strategy through the 'World Bank Transitional Support Strategy'. The Afghan interim administration's development policy implementation was initially led by the Afghanistan Assistance Coordination Authority (Chesterman, 2002) and later by the Ministry of Finance and The Afghanistan Central Bank. IMF began its engagement in January 2002 and focused on rebuilding key economic institutions. IMF sub-units that were involved in this initial period included the Monetary and Exchange Affairs Department, Fiscal Affairs Department and Statistics Department, which provided technical assistance for rebuilding Afghanistan's payments system, the introduction of a new currency by October 2002, central bank modernisation, expenditure management and revenue mobilisation. An IMF resident representative was appointed in Kabul in August 2002.

Formally, the interim administration resumed the responsibility for the reconstruction process while working on a National Development Framework (NDF) (PE3) that was based on the Steering Group's needs assessment (PE1). The interim authorities presented the NDF to the donor community at the first meeting of the Implementation Group in April 2002 in Kabul. The five principles in NDF included the following: '(1) the

FIGURE 2 Process of shaping the economic management policy in early post-2001.

FIGURE 3 Process of shaping the economic management policy in mid-2000s.

development of strategy must be domestically owned, with the government at the driver's seat, (2) markets and the private sector are more effective instruments in delivering sustained growth than the state, (3) aid cannot be effective without the state investing in human capital and the creation of an institutional framework that allows the rule of law to prevail, (4) promoting sustainable economic growth requires the participation of the population; (5) donor-funded investment projects must be anchored in the government's development program to be successful over the longer term.' The economic pillar of the national strategy defined in NDF was based on 'enabling the creation of a viable private sector as the engine for sustainable and inclusive economic growth' (Afghanistan Assistance Coordination Authority, 2002).

The relationship between PE1, PE2 and PE3 bears a direct causal link. PE3 explicitly reiterated the recommendations already put forward in PE1 and consolidated by PE2, during which it was announced that a more formal document would be prepared in the coming weeks with the interim authorities on the 'driving seat'. For the type of economic management envisioned in policy, the state was to achieve comprehensive institutional conditions in short order – called premature load bearing by Pritchett et al. (2010) – while domestic revenue was formally tied to inadequate private sector taxes and customs – deferred revenue regime. At this early stage, the country's provinces other than Kabul were still not brought under central state control, restoration of law and order was highly deficient and significant infrastructure bottlenecks persisted. The sequence of events regarding economic development policy followed the below temporal sequence shown in Figure 2 in early post-2001.

An important 2004 document, *Securing Afghanistan's Future* (PE4), explicitly built on PE3. It stressed a 'small yet effective government' that would provide an 'enabling environment' for the private sector and function as its regulator, not a competitor (Ministry

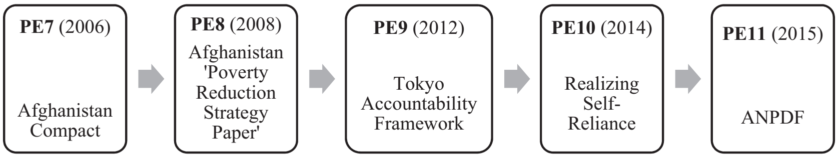


FIGURE 4 Process of shaping the economic management policy in late-2000s and mid-2010s.

of Finance, 2004). The market economy was enshrined in Article 10 of the 2004 Constitution (PE5).

The *Interim National Development Strategy* of 2006, approved as Afghanistan's Poverty Reduction and Growth Facilitation Program by the boards of the IMF and World Bank, reaffirmed the Afghanistan government's commitment to a 'lean government' model (International Monetary Fund, 2006) (PE6). It called for a private sector-led 'high, sustainable economic growth to generate legitimate profits and pay reasonable taxes, thereby enhancing public revenues that can then be invested in public services' (International Monetary Fund, 2006, 2008). The sequence of events from PE1 to PE6 corresponds to the sequence of objectives and outcomes enumerated in Figure 1. By the mid-2010s, the objective of centralisation of political power (objective 1), a maximalist state administrative mandate (objective 2) and the pursuit of an enabling environment for the private sector (objective 3) had become consolidated. There is no mention of an alternative strategy in any major document. Confirmation of the pace of reforms by IFIs was necessary for new batches of donor money to be committed or disbursed.

Could PE6 be possible if the previous series of events had not been in place? Theoretically, it could be, but it would mean a stand-alone drastic event after more than 5 years of investments along with what should have been a non-market-oriented policy direction. This is when PE6 was built on and was a direct result of the assumptions regarding an 'enabling environment' being somewhat in place for which, by then, years of effort had been dedicated by the international and national authorities. Therefore, PE6's occurrence cannot be explained except for being a product and logical continuation of the temporally prior events that led to it. The sequence of events regarding economic development policy during the mid-2000s followed the temporal sequence shown in Figure 3 below.

Other major documents, including the 2006 *Afghanistan Compact*[7] (PE7), Afghanistan's 2008 Poverty Reduction Strategy Paper (PE8), the 2012 Tokyo Accountability Framework (PE9), the 2014 *Realising Self-Reliance* strategy (PE10) and the ultimate post-2001 five-year development strategy, *Afghanistan National Peace and Development Framework* (ANPDF) (PE11), reiterated the market-oriented approach to state fiscal policy. The sequence of events regarding economic development policy during the mid-2010s followed the temporal sequence shown in Figure 4.

A parallel process was undertaken to dis-embed the state from economic management, considering that Afghanistan had largely followed a statist approach to development with various degrees of success during the second half of the 20th century. Advice in this area came from the IMF and World Bank (for an early account, see International Monetary Fund, 2002). Many state-owned enterprises were privatised or liquidated in 2005 with technical advice from the US Agency for International Development (Tadjbakhsh, 2009). The important PE7, which replaced the Bonn Agreement, required state divestment from state-owned enterprises by the end of 2009 (Islamic Republic of Afghanistan, 2006). Dis-embedding the state was similarly undertaken in the financial and trade sectors and supported by the IMF and the World Bank beginning in January 2002. A banking law was decreed in 2003 by the interim authorities that declared the central bank independent from the government and enforced a strict no-overdraft rule (Central Bank of Afghanistan, 2003; International Monetary Fund, 2002). Seven state-owned banks were privatised, and three were liquidated as part of a 2006 IMF reform. Trade liberalisation led to a simple average tariff rate of 4 per cent by the mid-2000s – appraised as the lowest tariff regime in the region by the IMF (International Monetary Fund, 2005).

5 | DISCUSSION

A tax system has proceeded concomitantly with the evolution of the national state formation during the second millennium (Moore, 2004; Tilly, 1992). Internationalised post-war statebuilding governed by the developed world's institutional calculations *ex ante* superposes the scaffoldings of a national state *form* on highly complex social terrains, circumventing the long history that has led to the national state's emergence. This process often requires the post-war state to mimic the ideal characteristics of a national state *ex post*, while leaving the sources to finance the long process of making such mimicry effective unexplained.

During 2001–2021, Afghanistan's state de jure revenue was dependent on instruments – private sector taxes – and institutional conditions that were inadequately in place. An empirical symptom of this regime emerged in reliance on ODA with the implied assumption that it will be reversed commensurate with the *de jure* revenue policy's gradual realisation. However, despite research that suggests the independence of tax collection from ODA inflow (see Di John, 2010), such an assumption treats state bureaucratic development as a non-organic process; dependencies built through a period are hard to disentangle once they are well-entrenched and show features of path dependency (North, 2005). Other than its actualised effects, a deferred revenue regime also defines the potential for a reformed fiscal regime considering the already spent financial and human resources on extant institutions. History can be reversed to the extent this potential permits. Otherwise, weaknesses can turn into failures and crises prone to state collapse.

The figures on taxes and independent revenue are indicative of the state's weak governance capability and resilience (Di John, 2010), but also of the inadequate potential for shortening the deferred revenue regime. Figure 5 shows a gap emerging between the Afghan government's total core budget from the early post-2001 period, which widened in subsequent years and was filled by grants or concessional loans mainly from the IMF and the World Bank. This figure does not include the much more significant off-budget ODA expenditure on development projects (see Figure 6). Reliance on ODA in Afghanistan was comparatively significantly higher during 2002–2021 than its global average. ODA as a percentage of Afghanistan's GDP was 100 per cent in 2009, which, although having decreased to 42.9 per cent by 2020, was still nearly four times its average levels in low-income countries by the Afghan republic's end (World Bank, 2021).

The scale of financial expenditure on Afghanistan's statebuilding by The United States alone surpassed the post-World War II European reconstruction expenditure under the Marshall Plan by July 2014 (Special Inspector General for Afghanistan Reconstruction, 2014). This is in addition to the estimated $2.313 trillion (Crawford, 2021) the US spent militarily in its history's most extended military engagement. Figure 7 below shows the scale of US aid to Afghanistan as the largest recipient of US foreign aid between 2008 and 2020.

Figure 8 shows the cumulative appropriations by the US government for Afghanistan's reconstruction – nearly $146 billion[8] which, in relative terms, was equivalent to more than 700 percent of Afghanistan's GDP in 2021.

By mid-2010, the end of the ODA-dependent deferred revenue regime seemed distant, and a 2014 Afghan government policy, *Achieving Self-Reliance*, was predicated on receiving substantial amounts of ODA during the decade ending in 2024 (Islamic Republic of Afghanistan, 2014). Considering the aggregate public expenditure, including on and off-budget, an estimated 75 per cent was sourced from international grants by the republic's end (World Bank, 2021). Moreover, after a decade of international intervention, the Afghan state was far from a monopoly over taxation (Putzel & Di John, 2012).

The rules governing ODA, furthermore, effectively exclude a recipient country's private sector in the first rank of contractors and are therefore indifferent to shortening, if not prolonging, the lifespan of a deferred revenue regime rooted in the tax base. For instance, The United States, as the largest donor to Afghanistan during 2001–2021, typically ties more than 80 per cent of its ODA procurement to American contractors (see the report by Organization for Economic Co-operation and Development, 2022). An added constraint in Afghanistan for shortening the deferred revenue regime was the tax exemption that benefited the companies importing goods or providing services to NATO forces, which continued despite protests from the Afghan government (Tolonews, 2012). The prevalence of tax evasion and widespread insecurity limiting the state's reach for taxation (Di John, 2010), and negligible collection on property and agricultural production were other major reasons that impacted tax levels in post-2001 Afghanistan (Putzel & Di John, 2012).

ODA to Afghanistan began from modest levels – $52 per capita over the first 2 years, compared to $814 in Kosovo (Traub, 2006). The initial low level of aid followed the 'light footprint' approach favoured by the UNAMA chief Lakhdar Brahimi and the reluctance of US President George W Bush to engage in long-term nation-building commitment in Afghanistan (Chesterman, 2002).[9] However, by late 2003, the light footprint strategy was replaced by 'statebuilding' upon the US government's instigation. This brought more aid and a larger role for aid administering agencies as autonomous fields of organisational power mostly because attempts to channel aid through the state budget, necessary for stability in fragile contexts (Putzel & Di John, 2012), were rebuffed by the donor countries early on (Chesterman, 2002).

Expenditure on development largely bypassed the formal state. Besides the World Bank, which managed the Afghanistan Reconstruction Trust Fund (ARTF), three other primary multi-lateral trusts were established that managed mainly 'off-budget' aid, including on development. These were led by the UNDP (Law and Order Trust Fund for Afghanistan), NATO (Afghan National Army Trust Fund) and the Asian Development Bank (Afghanistan Infrastructure Trust Fund). In one partial attempt to integrate aid into the state budget through a 'dual-control oversight mechanism' (Di John, 2010), the ARTF reimbursed government agencies with donor money through the Ministry of Finance only after the rules set by the World Bank in negotiation with donors were respected (Ghani et al., 2007). This way, the Ministry of Finance's role was mainly as a regulation monitoring body regarding the significant donor-reliant state budget. More importantly, donors established bilateral aid administering mechanisms for

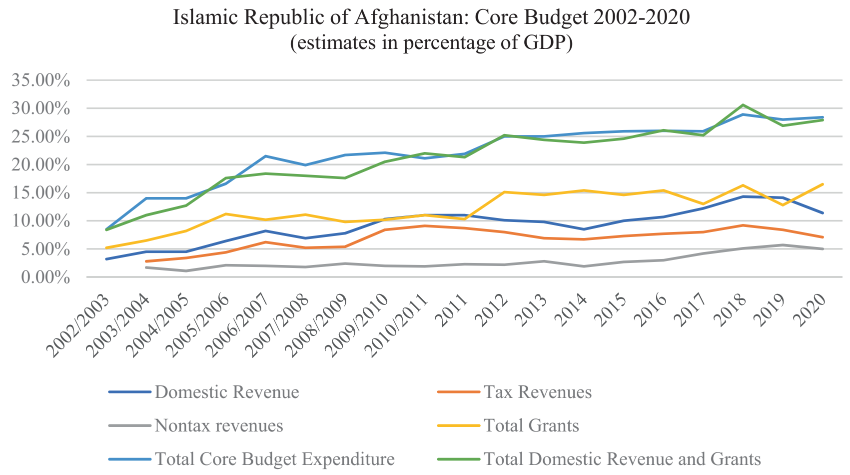


FIGURE 5 ODA contribution to Afghanistan's core budget. *Source*: Data from National Statistics and Information Authority (NSIA) and Ministry of Finance used by IMF. Adapted by author.

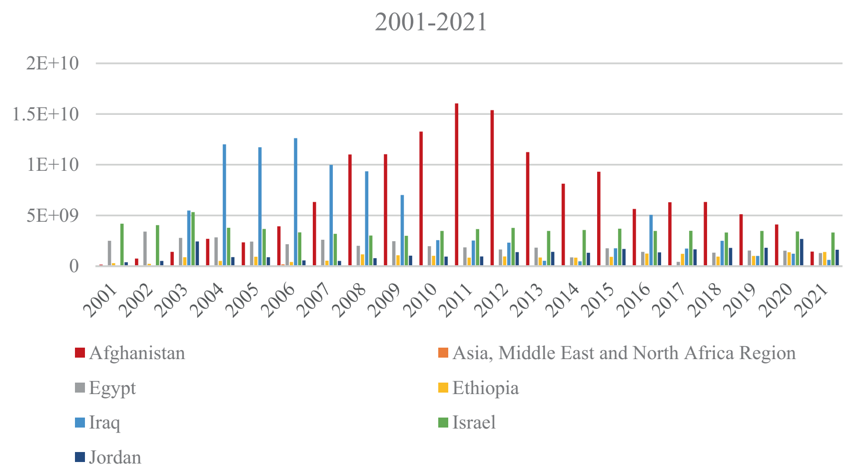


FIGURE 6 Highest recipients of US foreign aid in the world during 2001–2021. *Source*: foreignassistance.goV. Data adapted by author.

FIGURE 7 Cumulative US Aid for Afghanistan's reconstruction during 2001–2021. Date adapted by author from the following source: SIGAR (2021). The numbers are rounded.

quicker and more visible forms of funding (Goodhan & Sedra, 2007), such as The US's Relief, Reconstruction and Civilian Operations Fund (see Figure 8 for the total cumulative amount appropriated for this fund). The bilateral funds exacerbated the 'dual public sector' challenge to state legitimacy, considering they were not necessarily meant to contain a budget support component.

ODA dependency brought powerful influence that marked the post-2001 political settlement. The need to address donor concerns led to the creation of monitoring bodies. In this way, state centralisation through fiscal dependency largely undermined its stated aim by involving exogenous-to-state, mainly international actors to whom the state was answerable rather than the state's domestic constituency (Bizhan, 2018; Putzel & Di John, 2012). One such mechanism, the Joint Control and Monitoring Board, was established to report and guide the implementation of the 2006 *Afghanistan Compact*. Comprised of 28 members, this mechanism was co-chaired by the Afghan president's senior economic advisor and the Special Representative of the UN Secretary-General. This mechanism's composition might be a good reflection of the complexity of ODA-dependent statebuilding, the priorities of external actors and the difficulty of following 'local ownership' in practice (Marquette & Beswick, 2011), particularly in a highly militarised context like post-2001 Afghanistan (Table 3).

The contradiction in the state fiscal structure became more evident when faced with the intensifying anti-government insurgency led by the Taliban. Aid to Afghanistan prioritised stability (Goodhand & Sedra, 2007) and focused overwhelmingly on military objectives in line with a 2005 US Department of Defence directive to integrate US aid to Afghanistan into the more extensive counter-insurgency operation (Fishstein & Wilder, 2012; see Figure 9). By 2020, more than half of the aggregate appropriations by the US government for Afghanistan's reconstruction fund were allocated to Afghanistan's security sector (Special Inspector General for Afghanistan Reconstruction, 2020). The expenditure under this fund was managed predominantly by the US Department of Defence, accounting for 64.48

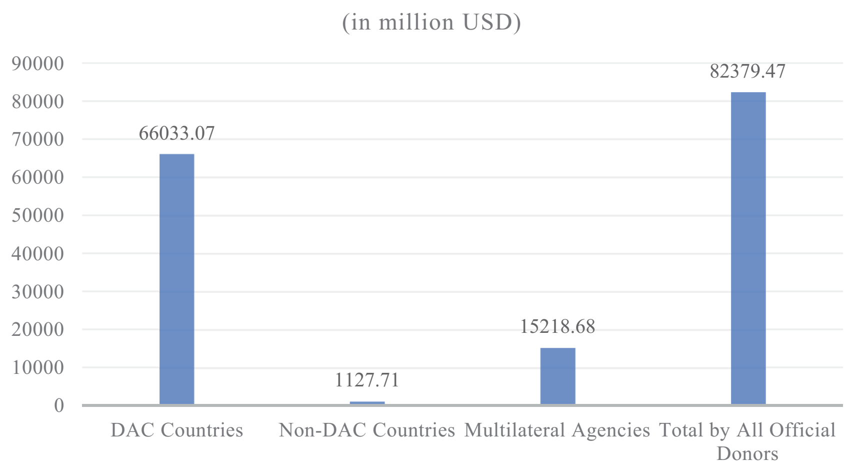


FIGURE 8 Aggregate ODA donated to Afghanistan. *Source*: Organization for Economic Cooperation and Development Data. Sorted and adapted by author. DAC, Development Assistance Committee.

TABLE 3 Composition of joint coordination and monitoring board.

Participant groups	No. of representatives
Special Representative of the UN Secretary General	1
Afghan Government Agencies	7
Largest Donors (US, UK, Japan, Germany, EU, India)	6
Neighbouring Countries (Pakistan, Iran, China)	3
Regional Countries (Saudi Arabia, Turkey, Russia)	3
NATO	1
US Combined Forces Command-Afghanistan	1
Major Troop Contributors (Canada, Netherlands, Italy, France)	4
International Financial Institutions (World Bank, Asian Development Bank)	2
Total	28

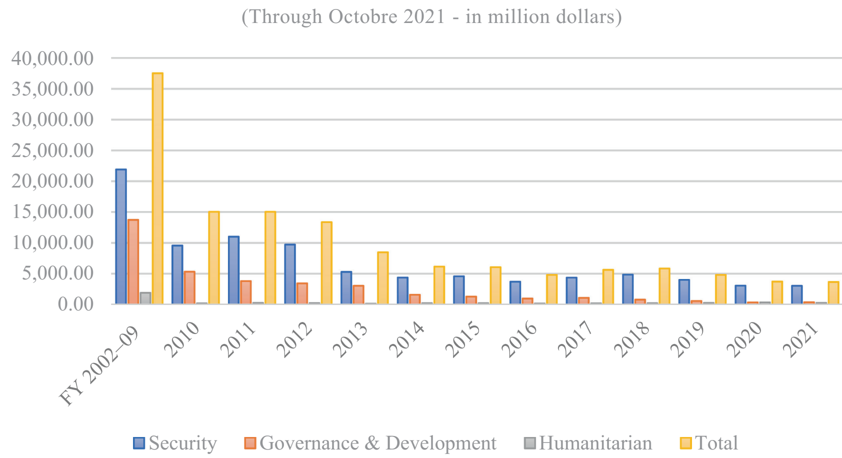


FIGURE 9 US funds for Afghanistan's reconstruction according to sector. Date adapted by author from the following source: Special Inspector General for Afghanistan Reconstruction (2021). Disaggregated data for 2002–2009 was unavailable given that SIGAR began reporting in 2009.

per cent of the total share by 2020 (Special Inspector General for Afghanistan Reconstruction, 2020). Moreover, the US-led coalition disbursed funds to non-state local powerbrokers to pursue short-term military objectives, which bypassed the Afghan state's formal institutions and functioned as 'bribes for security' (Goodhand & Sedra, 2007).

These factors contributed to the weak consolidation of the state's capital of physical force, which has often been underpinned by its effectiveness in ensuring continued fiscal provision (Tilly, 1992). The state's coercive capability was thus overwhelmingly subsidised by an external source or undermined by empowering local powerbrokers.

Already by the early 2010s, the deferred revenue regime had contributed to the involvement of more than 60 international donors, 47 force-contributing countries (Bizhan, 2020; Hynek & Marton, 2012), 26 international military units assisting in sub-national governance called Provincial Reconstruction Teams, and over 1656 NGOs and INGOs (Ministry of Economy, 2018). Widespread corruption, significantly linked to how aid was disbursed and monitored, increased the complexity of building state legitimacy through effective anti-corruption policies (Marquette, 2011). Ambiguous authority limits between the civilian and military, foreign and domestic actors, characterised the political settlement of this heteronomous state. These actors worked on uncodified (or un-codifiable) co-existing and overlapping areas of responsibility, ephemeral or durable agendas, and frequent boundary negotiations based on disputes along 'legal, ethical, territorial, political, social and institutional' lines (Goodhand, 2013).

In Afghanistan, the process of state formation has historically been a complex negotiation involving elite groups from diverse ethnic and regional backgrounds. In the post-2001 era, this process was further complicated by the presence of numerous institutions and the influence of non-state actors (Putzel & Di John, 2012). The state's ability to negotiate was largely confined to non-fiscal areas, with high-ranking government positions and participation in political processes as tools to co-opt and pacify elites (Goodhand & Sedra, 2007). The influx of foreign military and financial aid to the state reduced the need for central state elites to negotiate with peripheral non-state elites, thereby weakening the organic process of state formation through state-society relations (Moore, 2001; Schumpeter, 1918 [1954]; Tilly, 1992) or the formation of what Moore (2004) has called 'fiscal (social) contract'.

The drug economy gave rise to other corrosive effects on state legitimacy, which has been covered extensively in the literature (see, for instance, Goodhand & Mansfield, 2010). In many parts of the country, joint institutions of extraction between, on the one hand, opium-producing farmers and smugglers and, on the other, providers of non-state militarised 'order' prevailed (Goodhand, 2008). While state bargaining primarily involved non-fiscal areas, in contrast, a vast illicit economy, including the opium trade, provided a 'veritable powerhouse' (Putzel & Di John, 2012) for non-state actors to wield, often at the cost of the formal state's legitimacy.

The NIE-inspired IFI's conception of state institutional reforms and aiming for an open access order is predicated on the state administrative capacity that market-oriented economic management entails. Nevertheless, realising the state's *de jure* means of earning revenue, made conditional on a host of reforms to take hold, de facto results in a deferred revenue regime during an interregnum and dependency on ODA.

A more synergistic embeddedness of the state in economic resource allocation for fiscal provision, by no means adequate for all post-war statebuilding challenges, presents an alternative to the deferred revenue regime and the legitimacy-eroding effects it seems to generate for the post-war state. The line separating the state's political and economic mandate might be too blurred in post-war developing country contexts to warrant compartmentalisation of these domains under separate agendas (administrative state vs market sovereignty) and controlled by separate sets of organisations, within and outside the state bureaucracy. The suitability of market-oriented policy in a post-war statebuilding would depend on 'centralised patronage' managed by state politics over resources in its bargain with elites (Putzel & Di John, 2012) and the scope of the state's integration into the financial support system, including ODA, as an instrument aiding the state's embeddedness in economic management. Under the present ODA rules, the state's support for expanding the domestic private sector as the revenue base is also pertinent, given the competitive advantage of donor country contractors due to tied aid.

To be sure, a reconfigured aid expenditure towards such an embedded autonomy assumes continued external support. It would mean an alternative political settlement and negotiation over areas of responsibility between foreign donors and the recipient state actors on the one hand and state and domestic social groups on the other. The centre and focus of decision-making on fiscal policy, the utility of ODA as a technical instrument and the state-citizen bargain should shift significantly towards an interventionist role for the state in a renewed approach to the political economy of post-war statebuilding. The potential benefits of such an approach might outweigh the costs of failure that a deferred revenue regime tends to produce (Figures 6 and 9).

Research by development studies scholars indicates that organisational capacity within the state to support informal firms and a sector-wide approach for aid flows targeting strategic sectors might be the most likely route to development in countries like Afghanistan (Di John, 2010; Putzel & Di John, 2012). Incremental reforms like these could go beyond a quick-fix measure if thinking regarding state non-intervention in economic management changes at the policy level away from debates on 'how much' to 'what kind' of state intervention would align with material growth and development (Evans, 1995). In war-affected conditions, experiments with state direction of resource allocation and mobilisation, even if limited to private capital accumulation, might be a relatively more straightforward alternative due to the singularity of its aim (Pigou, 1918).

State support capacity can be embryonic in post-war developing countries – this reasoning is often used to justify the need for an aid-administering 'dual public sector' in post-war settings for rapid aid delivery and public service provision by donors (Di John, 2010). However, developing state-supportive capacity, including for private capital accumulation, is less likely if the state withdraws from economic management and more likely if it actively engages through learning by doing (Chang, 1996). What form this 'support' should take is a matter of technical expediency and is of less direct concern here. Embedded autonomy on principle based on a hands-on state involvement would, moreover, necessarily entail some form of active bargain with social groups rather than a hands-off distant state working towards an invisible, impersonal and less tangible market as is conventionally understood. Whether such a bargain enhances state legitimacy or leads to a state-society *fiscal contract* that broadens political representation (Moore, 2004) is by no means straightforward (Tilly, 1992; pp. 194–207), which presents another problem considering the complexity of each society (the laws, norms, conventions and traditions that structure social behaviour).

Future research can formalise a deferred revenue regime based on a few criteria that, despite their mention here, are inconclusive and would depend on contextual adaptation. The length of a deferred revenue regime is inversely related, among others, to the rate of independent revenue generation and directly related to the proportion of external assistance in the recipient country's core and developmental budget. The lower the former and the higher the latter, the more likely the country in question will face a more extended period before a current revenue regime supplants a deferred revenue regime through taxes and other levies.

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CONFLICT OF INTEREST STATEMENT

The author declares that there are no competing interests to declare.

DATA AVAILABILITY STATEMENT

The data that supports the findings of this study are available in the supplementary material of this article.

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ENDNOTES

[1] The paper avoids the term 'post-conflict' because, to agree with Putzel and Di John (2012), conflict is 'ubiquitous and a normal condition in human society'. The term also implies a reified temporal demarcation between conflict and its cessation, often not found in real life – this might also apply to 'post-intervention'. Post-war, in comparison, is more definite, referring to a fixed event (war) and what proceeds after. Post-war here refers to what came after the anti-Taliban military intervention by the US-led coalition and the Afghan Northern Alliance that toppled the first Taliban regime.

[2] The Organization for Economic Cooperation and Development (OECD) defines ODA as any government transfers, bilaterally or through multilateral development agencies, for economic development and welfare of developing countries without including loans and credit for military purposes.

[3] About post-2001 Afghanistan, the term 'state' refers to the set of institutions and organisations enshrined in laws and regulations from 2001 to 2021. This state was by no means a unified totality but, as any other state, embodied a set of power relations (Putzel & Di John, 2012).

[4] Drawing on Tilly's categorisation (Tilly, 1992), I define this as a direct rule by a coercion-intensive state to suppress all customary and non-statutory institutional arrangements with a top-down formal administration under a centralised presidential system. Due to space limitations, this topic on Afghanistan will be the subject of another upcoming work.

[5] The term 'political settlement' is defined as the distribution of organisational power affecting and affected by institutions and policies (see Khan, 2018 for details).

[6] This is a significant epistemological break from the previous institutionalist tradition (Chang, 2002). In development policy, the NIE understanding *in practice* leads to an underestimation of institutional inertia by making achievable reforms of all formal (laws and regulations) and informal (norms, customs and conventions) institutions within and through state institutions. Much external assistance, thus, gets directed at helping the recipient state create an institutional 'enabling environment' for market-based optimal allocation, growth and development (Rafi, 2022; pp. 51–63).

[7] An important document seen as replacing the Bonn Agreement and defining the terms of relations between the Afghan government and Afghanistan's major donors.

[8] This also included expenditure on the Afghan Army which was almost entirely paid by the US and, hence should not be included under ODA figures.

[9] On aggregate the US committed $297 million for Afghanistan's reconstruction in 2002, which was reduced to $140 million in 2003 (Congressional Research Service, 2002).

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