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# The Future of Afghanistan

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“Those who governed well did not arm, those who were armed well did not set up battle lines, those who set up battle lines well did not fight, those who fought well did not lose, those who lost well did not perish.”

— Zhuge Liang, 3d century

The parliamentary elections in Afghanistan were the final event of the internationally-sponsored Bonn Accords of December 2001. During the past four years, Afghanistan has made significant progress toward democracy while reconstructing the country’s political, social, and security institutions. These include adopting an enlightened constitution (January 2004), holding a successful presidential election (October 2004) and parliamentary elections (September 2005), while creating a national army and a national police force, dismantling major factional militia units, building a national economy from ground zero, expanding and improving a formal education system, and improving the status and future of Afghan women.

Although Afghanistan met all the deadlines of the Bonn Accord, it has not realized the treaty’s ultimate goal of ending the conflict and establishing peace and stability. Roadblocks have included the extent of war damage and a lack of sufficient investment in developing state institutions and the economy. The progress is dramatic but fragile, and it could be lost if the momentum is not sustained.

Afghanistan is again at a crossroads. One road leads to peace and prosperity; the other leads to the loss of all that has been achieved. Everything depends on the level of international commitment to help Afghanistan emerge from the dark shadows of the instability and violence of its recent past. Lost opportunities and failure to respond to challenges are unfortunately the hallmarks of Afghanistan’s turbulent history. In the last decade, the failure of Mujahedin

groups to unite in building a democratic government following the end of Soviet occupation plunged the country into a bloody civil war, and the US abandonment of its wartime allies left a war-devastated Afghanistan to fall victim to the political schemes of its neighbors.

This article looks at the challenges and opportunities that face Afghanistan in the post-Bonn period. Specifically it focuses on ways of fostering the long-term development of governance, security, and economic growth in the country.

### ***Governance***

Establishment of good governance is essential for fostering the development of security and economic recovery. In reaction to Afghanistan's prolonged insecurity, warlordism, and factional infighting, there is a widespread Afghan public desire for a strong central government that can provide security in the chaotic post-conflict environment and offer needed services to war-devastated communities. In order for the central government to meet such public expectations, it needs to strengthen its control of rural areas and deliver required services.

While the central government has extensive constitutional authority over the provinces, Kabul's limited ability to intervene and its accommodation of local power brokers have left factional chiefs in control of local government. The situation is a reflection of the country's immediate past, where the breakdown of central government power led to the emergence of local leaders or warlords who wielded power and set up patronage networks through access to foreign aid, weapons, tax revenue, natural resources, and the illicit narcotics trade. The significant reliance of US-led Coalition forces on the factional militia to defeat the Taliban in 2001 and to conduct stability operations led to the empowerment of factional commanders while contributing to the fragmentation of power and frustrating the reform process.

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Over the past two years, Kabul has successfully reduced the power of warlord-governors by reassigning them away from their geographic power base,<sup>1</sup> but their networks continue to influence provincial administration. Meanwhile, former factional commanders who are appointed to government positions in police and civil administration have loaded their offices with their unqualified supporters and corrupt cronies.

With a major presence in Iraq and only a secondary presence in Afghanistan, the United States has long hesitated to support the removal of defiant warlords. Further, despite the wide public support for the national government, Kabul has been reluctant to act decisively. The bulk of the 9,000-member, NATO-led International Security Assistance Force (ISAF) is based in Kabul. The Provincial Reconstruction Teams (PRTs)<sup>2</sup> deployed by ISAF in the northern and western provinces of Afghanistan have been hamstrung by the policy constraints of troop-contributing nations, resource limitations, and “national caveats” to act decisively against local thugs, drugs, and official mugs. While the PRTs are mandated to help extend the authority of the central government and facilitate stability, in certain cases they have discouraged government action against spoilers because of concerns about their own security.

Given the limited coercive capacity of the central government, the Afghan leadership and donor countries found it tactically convenient to integrate the demobilized militia leaders and former warlords into the government. However, failure to hold them accountable and to correct their inappropriate official behavior continues to undermine the establishment of the rule of law. This not only thwarts the legitimacy of the national government but also fosters corruption and a sense of impunity. Unless the government lives up to public expectations for providing security and services, local patronage networks will not only survive but will also use their power to influence national programs and the reform agenda. Government and foreign toleration of regional bullies in the hope of maintaining stability takes a heavy toll on local security.

The recent parliamentary elections, held on a non-party basis, led to the emergence of a politically fragmented legislature. The positive aspect is that this provides the opportunity for members of different political, ethnic, and regional interest groups to wage their political fight peacefully in the parliament house rather than on battlefields. However, the absence of organized political blocs makes the new parliament a wild card with a potential to either strengthen or weaken the political process in Afghanistan. Lawmakers’ support of national programs will add legitimacy to the process, while their emphasis on parochial and populist themes could impede government decisions on reform and put President Karzai at odds with the diverging interests of Afghanistan’s international partners. Much depends on the nature of emerging

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political caucuses and the effectiveness of mechanisms set to enhance understanding and cooperation between the executive and legislative branches.

The long-term solution is building a functioning state able to monopolize the use of legitimate means of coercion and which has the capacity to respond to the people’s political, social, and economic needs. Unless donors direct their military, political, and financial assistance toward this goal, the situation will not change fast. Working through different actors without a unified strategy, as was the case during the past four years, will not work. Democracy cannot develop in a weak state.

### ***Security***

Security continues to be a prerequisite for political development and economic growth. Security cannot be achieved only by securing the state, but also requires removing the threats faced by the vast majority of Afghan citizens. An international focus on fighting terrorism should not overshadow the threats emanating from militia commanders, drug traffickers, corrupt provincial and district administrators, and government incompetence. Such threats are often more damaging to the population than terrorist violence.

Security in a post-conflict society finds its meaning in the notion of “human security,” which assures the sustainability of the peaceful environment. It requires opportunities more than policies and promises. The long period of war and violence has added a dimension of conflict memory to perceptions of security. Under such perceptions people tend to act more warily, and thus slowly, in investing their hope in long-term government projects aimed at peace and prosperity. This affects many post-conflict issues, including disarmament, factionalism, warlordism, and the illicit drug trade. Freedom from fear and freedom from want lead to human security, and they require more than building the state security forces. They entail the development of good governance, social security, economic development, and the protection of the human and political rights of the citizens.

The diversity of the security challenges in Afghanistan means that only an integrated and holistic approach to the establishment of the rule of

law can ensure the achievement of peace and security. Uncoordinated progress in one area of the rule of law cannot produce a significant advancement in other areas. Rather, it undermines security and stability.

### ***Security Threats***

The Taliban-led insurgency, particularly in the south and east, the presence of illegal armed groups, and the illicit drug trade are the main security threats in Afghanistan. The Taliban and their extremist allies lack a unified leadership, a popular ideology for Afghanistan, and a sustainable logistics support network inside the country. A recent ABC News survey in Afghanistan indicates that 77 percent of Afghans believe their country is heading in the right direction. Despite the prevalent economic difficulty and poverty they face, 91 percent prefer the current Afghan government to the Taliban regime, and 87 percent call the US-led overthrow of the Taliban good for their country.<sup>3</sup>

The Taliban-led extremist violence in Afghanistan is more grounded in political roots than ideological. Using the “*jehadi*” current as a cover, foreign circles and domestic spoilers pay or manipulate operatives to commit acts of violence in support of their political agenda. The Taliban have training camps, staging areas, recruiting centers (*madrassas*), and safe havens in Pakistan. The operations of a 70,000-strong Pakistani military force, deployed in the border region, mostly in the Waziristan tribal area, have been effective against al Qaeda and non-Pakistani militants, but they have not done much toward containing the Taliban. This means that more effort is needed to stop cross-border terrorist activity in Afghanistan. Pakistan’s idea of constructing a fence along the border is neither practical nor politically desirable, however.<sup>4</sup> As long as the Taliban continue to use Pakistani territory for attacks on Afghanistan, the suspicion that Pakistan is playing a double game in Afghanistan will persist. Invigorating the Tri-Partite US-Afghan-Pakistani Commission on fighting terrorism and close operational cooperation between Afghanistan and Pakistan are essential to ending the insurgency.

The escalated level of militant violence in 2005 is more indicative of a change in tactics than capability. Instead of attacks by larger groups, the militants now mostly use smaller teams to attack soft targets and convoys. The suicide attacks, which are traditionally alien to Afghans, and the more-sophisticated IED (improvised explosive device) technology are al Qaeda efforts. The initiation of the national reconciliation drive, attempts by al Qaeda to undermine the image of Afghanistan as a success story, increased support of al Qaeda and regional extremist groups by insurgents, closer cooperation between the militants and drug-traffickers (particularly in Helmand Province), and more active military actions taken by the Coalition and Afghan forces against the insurgents have contributed to the escalation. An estimated

1,500 people were killed in militant-related violence in 2005, but the rebels constituted 60 to 70 percent of the dead.

While the insurgency and illegal armed groups do not yet have the capacity to pose strategic threats to the government, they create a sense of insecurity, hinder economic reconstruction, and weaken government influence in remote areas. This may eventually lead to a much stronger insurgency capable of challenging the government. In many districts, the resurgence of Taliban violence is caused more by the lack of government presence than the ability of the insurgents.

Fighting insurgency requires more than military action. Simply fighting insurgents will never fully eradicate them, for even in their defeat a vacuum will remain, inexorably attracting new insurgents. Unless the context that nourishes the continuing violence—such as the desperate economic conditions, the lack of governmental capacity, repression of communities by local thugs, and foreign interference—is addressed with the same singleness of purpose as is the military strategy, Afghanistan will remain a volatile place, menacing international security as well as its own. What Afghanistan needs is a holistic approach, integrating law enforcement, good governance, economic opportunity, and firm diplomacy with necessary residual combat operations.

### ***Security Sector Reform***

Security Sector Reform (SSR) has been the flagship of the Bonn Process for rebuilding Afghanistan's security forces and law enforcement. With each of its five pillars (army; police; counter-narcotics; Disarmament, Demobilization, and Reintegration [DDR]; and justice) supported by a lead donor nation, Security Sector Reform has developed unevenly.

Progress in building the US-supported Afghan National Army (ANA) has been remarkable. ANA's strength has reached nearly 27,000, and it is expected to attain its goal of 70,000 in two years. However, the ANA suffers from insufficient combat power, the lack of indigenous air support, and the absence of a self-sustaining operational budget. Therefore, it continues to depend on military support from the Coalition forces and US underwriting for its costs.

Although building the police in post-conflict societies is a more urgent need than the army, little international attention has been paid to the development of the Afghan National Police (ANP). And yet the police have been at the forefront of fighting terrorism, illegal border incursions, the illicit drug trade, warlords, and organized crime. Protecting reconstruction projects, including highways in the militant-plagued south, is another major challenge facing the ANP. As a result, the ANP has lost far more men than the ANA, Coalition forces, and ISAF in fighting insurgency and criminal activity across the country during the past four years. Had the police been better

trained, equipped, and armed, they would have suffered less and made greater contributions to stability operations.

International interest and investment in developing the ANP picked up a year ago with Germany and the United States in leading roles that brought significant initial results. Over 55,000 police officers have received basic training so far. But because of the late start in comprehensive police development, the ANP continues to be ill-trained, poorly paid, underequipped, and inadequately armed. A new US-supported ANP development program that was launched in 2005 aims to deploy a 62,000-strong, fully trained, better-paid, and fully equipped police force by December 2008. Implementation of the program should be a top priority of the post-Bonn development strategy.

Although the Japan-supported Disarmament, Demobilization, and Reintegration (DDR) program succeeded in demobilizing more than 62,000 factional militiamen, collecting some 36,000 small arms, and storing nearly all militia heavy weapons, reintegrating former combatants continues to be a formidable task. Further, the second phase of the DDR, which targets nearly 2,000 illegal armed groups, has just begun under the Disbanding Illegal Armed Group (DIAG) program. This program seeks voluntary, negotiated, and forced disbanding of more than 100,000 members of the illegal armed groups. DIAG is going to be a difficult goal to achieve during the post-Bonn process.

The Italian-supported justice sector reform suffers from a very low level of human resources and infrastructure capacity. The Afghan court structure is outdated, many judicial personnel are unqualified, and corruption is deep-rooted. The period of violence in the country has destroyed the institutional integrity of the justice system and left a patchwork of contradictory and overlapping laws. Although some progress has been made, particularly in law reform, no strategy has been agreed upon for rebuilding the justice system.

While these five pillars are interconnected, the “lead nation” approach has been marked by a lack of close coordination, an imbalance in the level of committed resources, and the absence of a unified developmental concept. The post-Bonn strategy should ensure more Afghan ownership, making the Afghan government the “lead nation” with the donor countries acting as “supporting nations” for Security Sector Reform.

Given that foreign aid pays most of the cost of the security forces, the long-term sustainability of the army and police is a major challenge. Even if the country’s non-drug taxable economy grows by ten percent a year above the current rate, the cost of maintaining the security forces is not going to be sustainable from the country’s own resources for many years.<sup>5</sup> Indeed, a decline in foreign funding could lead to extraordinary political, security, and social crises. Given the prohibitive cost of maintaining professional forces, there is strong support in Afghanistan for restoration of the national draft sys-



tem, which presumably would also promote national integration and civic education. However, the feasibility of such a change depends on the level of the central government's country-wide control.

### ***Coalition Forces and ISAF***

With limited current national security capacity, Afghanistan continues to need an international military presence for fighting insurgency and protecting the reconstruction effort until Afghan security institutions can become effective and sustainable. In addition to their operational power, the presence of 20,000 US-led Coalition forces and 9,000 International Security Assistance Force (ISAF) personnel deters security threats posed by internal and external spoiler forces. The plans to boost NATO-led ISAF forces in 2006 signify wider international support and legitimacy of state-building in Afghanistan. But a commensurate reduction of the US forces as a result is unfortunate. The announced reduction of 2,500 US troops in 2006 is seen in Afghanistan as more of a psychological concern than an operational drawdown. For many Afghans, it causes them to harken back to the end of the Cold War, when the United States walked away from a devastated Afghanistan, leaving the country to descend into a brutal civil war. There is a concern that the reduction could embolden the insurgents and prompt some regional countries to interfere.

Although US Defense Secretary Donald Rumsfeld has stated that the American military would “continue to do the heavy lifting” in Afghanistan,<sup>6</sup> the operational impact of the shift to ISAF depends on the nature of the expanded NATO mission in Afghanistan and its rules of engagement. There is a certain level of disagreement among NATO members that shackles them with constraining rules of engagement. The revised Operational Plan adopted by NATO Foreign Ministers on 8 December 2005 focuses mostly on peacekeeping security operations in coordination with the Afghan security forces. The rules of engagement do not provide for taking military action against drug production, processing, and trafficking. Although the new plan provides for an increase of 6,000 personnel (bringing the total to 15,000) and the establishment of four Regional Commands and a Forward Support Base in Kandahar,<sup>7</sup> it leaves the counterterrorism mission to the US-led Coalition. In NATO's southern area of operations, criminal activities are intertwined with insurgent activity. Separation of terrorism from other security threats—such as drug-related crimes, warlordism, and general crime—is not always possible.

The absence of joint mechanisms to plan and coordinate the actions of national and international forces in fighting security threats is a significant hurdle in bringing synergy to stability operations. There is little connection between operations separately planned by the US-led Coalition, ISAF, and the Afghan security forces. The situation weakens effectiveness and effi-

ciency and leads to confusion and unintended collateral damage. The establishment of a joint Command and Control Center to plan, conduct, and coordinate joint operations is of prime importance.

### ***Counter-narcotics***

The problem of drugs in Afghanistan is generally considered the single most challenging factor to the long-term security and development of the country. Afghanistan has a relatively short history of opium production. Emerging as part of the war economy in the 1980s, opium production soared in the past decade. The country now produces nearly 90 percent of the world's opium. Opium revenue accounts for 52 percent of Afghanistan's licit gross domestic product (GDP)<sup>8</sup> and constitutes about 30 percent of the total GDP.<sup>9</sup> But only about one percent of the Afghan drug sale on the international market goes to the Afghan poppy farmers, and less than ten percent to Afghan traffickers and traders.<sup>10</sup> The other 90 percent goes to traders and distributors outside Afghanistan. So opium is not only an Afghan problem, but also a problem of regional and global dimensions. Fighting narcotics requires a joint national and international effort.

The most recent United Nations survey reports some progress in fighting poppy cultivation in Afghanistan. It indicates a 21 percent decrease in cultivation and a 2.4 percent decline in opium production. However, the country still produced 4,100 tons of opium in 2005.<sup>11</sup>

The essential element of the Afghan counter-narcotics strategy is an eight-pillar, counter-narcotics implementation plan that is based on a comprehensive, long-term, and sustainable approach toward the elimination of production, consumption, and trafficking of narcotics within and from Afghanistan. The main components of the plan include law enforcement, eradication, promoting alternative livelihoods, criminal justice, and regional cooperation.

However, there is considerable disagreement among the national and international partners about strategic approaches and target priorities. The main issue is who to target first. Is it producers and farmers, or processors and traders? The farmers receive less than 20 percent of the drug revenue in Afghanistan. The rest goes to a nexus of traders, traffickers, illegal militia commanders, and corrupt government officials. Therefore targeting the nexus can have a much greater impact on the enterprise. There are two groups of people involved in the drug business: those who do it out of need (farmers) and those who are doing it out of greed. It so happens that the greedy ones often force the needy ones to produce opium by offering them cash credits, leasing their lands, and using coercive methods. In 2005, farmers' income from opium poppies was \$5,400 (US) per hectare compared with about \$550 per hectare for wheat.<sup>12</sup>

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The Afghan government counter-narcotics program aims at developing the capacity to conduct targeted and verifiable eradication of 20,000 hectares or 15 percent of total poppy cultivation per year down to an overall crop of 10,000 hectares by 2013. Of the 21 percent decrease in poppy cultivation in 2005, only a five percent reduction was made through eradication; the rest was achieved through persuasion and offering alternative livelihoods in three major poppy-growing provinces (Nangrahar, Helmand, and Badakhshan). Afghanistan has also created a limited interdiction capacity. During the past year the Afghan counter-narcotics police have destroyed about 180 heroin laboratories and 200 tons of narcotics—but that still represents less than five percent of opium production.

The lessons learned during the past four years suggest that targeting traffickers and traders has fewer negative effects and does not require providing alternative livelihoods. However, the interdiction capacity is limited, and the criminal justice sector responsible for processing drug-related crime is not up to the challenge. While interim arrangements to expedite the judicial process are taken, the involvement of international forces is needed to enhance the interdiction capacity. ISAF has shown a reluctance to get involved in the drug war. But as a security assistance force it should play a role in counter-narcotics operations that are security-related. ISAF’s role in targeting drug laboratories, opium stockpiles, and trafficking routes not only helps Afghan counter-narcotics efforts but also curtails the flow of drugs to Europe, which gets 90 percent of its heroin from Afghanistan.

The illicit drug trade is a low-risk activity in a high-risk environment. In order to eliminate it, the situation needs to be reversed: the illicit drug trade must be made a high-risk activity in a low-risk environment. This entails the development of human security and firm establishment of the rule of law.

Eradication without providing for meaningful alternative livelihoods is not sustainable. Reduction of poppy cultivation takes more than a forcible eradication program. Eradication does not hold promise as a near-term solution, and forcible eradication can be counterproductive. Poverty and eradication have to be attacked simultaneously. Elimination of poppy cultivation

should be sought through developmental approaches. The development of alternative livelihoods is a key to achieving long-term counter-narcotics goals. However, the effort should aim at broader development targets that include building effective governance, supporting a strong civil society, and creating a social protection system. Creating alternative livelihoods must be linked to sustainable economic recovery. Focusing solely on alternative livelihoods in drug-producing areas is a shorter-term tactical response to the problem. Alternative livelihoods should be considered as the goal rather than the means.

Given the multi-dimensional nature of opium production in Afghanistan, counter-narcotics efforts should be mainstreamed into all aspects of development: security, economic growth, and governance. There are no quick and simple solutions. Destroying one third of Afghanistan's economy without undermining stability requires enormous resources, administrative capacity, and time. Attempts to simplify the problem—in order to make it manageable and appealing to the domestic policies of the donor countries—do not lead to sustained progress. A counter-narcotics strategy should not narrowly focus on law enforcement, but address all other related aspects including security, governance, and development. Only a comprehensive, holistic approach to resolving the problem will succeed.

### ***Development***

Over the past four years, Afghanistan has made remarkable progress in laying the basis for the country's recovery. But in spite of its significant economic growth, the country's recovery is fragile and it cannot be sustained without prolonged international assistance. Available estimates suggest that by March 2006, the Afghan economy will have grown by more than 80 percent since 2001.<sup>13</sup> Much of the progress is attributed to foreign assistance and the illegal drug economy that amounted to 52 percent of licit GDP in 2005.<sup>14</sup> Afghanistan's development index is among the lowest in the world. The majority of Afghanistan's population suffers from a multidimensional poverty that includes inadequate access to productive assets, social services, health services, and education.<sup>15</sup> The illiteracy rate is about 80 percent, and life expectancy is under 45.<sup>16</sup>

The challenge of economic development in Afghanistan is a challenge of state-building where economic development is closely linked to security and political reform. Recovery hinges on the establishment of the rule of law and effective governance. Lack of progress in one area hinders recovery in other sectors.

The government's newly adopted Interim Afghanistan National Development Strategy (I-ANDS) is its overarching strategy for promoting growth, generating wealth, and reducing poverty and vulnerability. The strat-

egy has been worked out after careful consultation with representatives at all levels of the government, the private sector, nongovernmental organizations (NGOs), civil society, and the international community. The I-ANDS is a comprehensive development approach to building infrastructure, managing natural resources, agriculture and rural development, human capital and gender equality, social protection, economic governance and private sector development, international and regional cooperation, good civil governance, the rule of law, and security.

The international commitment to post-Bonn development in Afghanistan needs to focus on supporting the National Development Strategy over the next five years. The key challenge facing reconstruction and development in Afghanistan is the poverty that affects both governance and security. Implementation of I-ANDS is the key to reducing poverty, since a “pro-poor” growth framework constitutes the foundation of the I-ANDS.

Eradication of extreme poverty is also the first goal of the country’s recently adopted Millennium Development Goals (MDG).<sup>17</sup> The country needs a secure environment and sustained growth over at least the next ten years to reduce poverty significantly by 2020. The MDG plan envisages that this growth would have to actively favor the poor by building their productive assets. Much of it is expected to come from non-poppy agriculture that contributes about half of the licit GDP and provides employment to two-thirds of the workforce. The plan envisions that investment in rural roads, power, and water will increase access to markets and provide impetus to the rural economy, reducing hunger and malnutrition. A massive rural public works program to build a reliable rural road system and expand irrigation will help generate rural employment and wages, connect the rural population to the market, and create the necessary conditions for poverty reduction. Achievement of these goals requires extensive, predictable, and sustained international aid.

The Afghan government also needs to widen its revenue base, through raising taxes and collecting state revenues, to support institution-building and to meet the public demand for basic services. Afghanistan has almost the lowest rate of revenue to GDP in the world. Government revenue amounts to only four percent of the GDP,<sup>18</sup> while the rate for most developing countries is ten percent and for developed nations is over 30 percent. The Afghan government is critically dependent on international funding for recurring costs. Recent World Bank studies indicate that Afghanistan’s domestic revenue will not be sufficient to cover the government’s operating costs for the next five to seven years.<sup>19</sup> The country will need to secure guarantees from donor countries for predictable funding for the next five years in exchange for taking concrete measures to meet revenue targets. In 2004 the Afghan government estimated that the amount of aid required for minimal

stabilization would be \$27.5 billion over a period of seven years.<sup>20</sup> The long-term receipt of such a significant level of foreign aid is highly uncertain, and it depends heavily on the perceptions of the international community about the costs of Afghanistan's failure. It also hinges on Afghanistan's progress in political, economic, security, and administrative reform.

During the Bonn Process, most of the aid money was allocated to entities outside government control. According to UN and Afghan government data, out of \$8.4 billion in aid money spent in Afghanistan between the fall of the Taliban in late 2001 and the end of 2004, only \$1.6 billion was spent by the government. The rest was spent by NGOs, the United Nations, or by donor governments.<sup>21</sup> This off-budget assistance hinders state-building and undermines government legitimacy. Although a recent UN General Assembly resolution on Afghanistan endorses the leadership role of Afghanistan in the post-Bonn reconstruction process,<sup>22</sup> the world body has indicated that giving the Afghan government direct control over funds provided by the international community hinges on the development of Afghan government structures—and that will take time. So, this will be a gradual process.<sup>23</sup> What is important, however, is that funds are disbursed in accordance with the priorities of the Afghan government, and that more transparency is brought to all levels of international aid.

Fifty-seven percent of the Afghanistan population is under 18 years of age with little opportunity for employment. When construction projects boom, there is a shortage of skilled indigenous labor. Part of this labor is currently provided by tens of thousands of foreign workers (mostly Pakistanis and Iranians). India has pledged to provide vocational training for thousand of Afghans, but the creation of massive job opportunities will require more than that. No meaningful growth can be achieved without a substantial investment in human capital development. Capacity-building in both the private and the public sector will be essential for the emergence of an effective civil service and a thriving private sector.

The development of Afghanistan's private sector is not only a key to its economic growth but also a prerequisite for its active involvement in inter-regional trade. A recent survey indicates that Afghan firms perform better than comparable firms in neighboring Central Asian countries, but they lag in productivity behind Pakistan, India, and China.<sup>24</sup> Although new laws on investment, taxation of income, and customs reforms have liberalized the business environment, a shortage of electricity, access to land, corruption, security, trade regulation, taxation, and other infrastructure drawbacks are serious impediments. While there are no quick and simple solutions to these problems, removing the hurdles that deter domestic entrepreneurs and foreign investors should be given top priority.

Finally, fighting corruption is a major challenge facing the developmental process in Afghanistan. According to the 2005 annual survey by the Berlin-based organization Transparency International, Afghanistan ranks 117th in terms of the Corruption Perceptions Index (CPI), among 159 countries surveyed. Although Afghanistan is considered less corrupt than most of its neighbors (including Pakistan, Tajikistan, Uzbekistan, Turkmenistan, and Russia) and 38 other countries, corruption remains a major obstacle in the way of reform and development. There is no simple and quick answer to this problem. But making the right decisions on fighting poverty, offering better salaries to law enforcement officers and the civil service, and adopting a zero-tolerance approach for corrupt government officials can contribute to achieving long-term anti-corruption goals.

### ***Regional Dynamics***

Afghanistan has long suffered from interference by neighboring and regional states. Despite the presence of international military forces in Afghanistan and the stated commitment of the United States, United Kingdom, and NATO to uphold the independence, territorial integrity, and sovereignty of Afghanistan, the country is still vulnerable to those neighbors' influence, and that has the potential to either spoil or promote Afghanistan's development. Promoting cooperation with neighbors and regional states in areas of common interest will go a long way toward increasing the stability, peace, and prosperity of war-devastated Afghanistan. One way to achieve this is the development of regional trade and cultural ties between the Central and South Asian countries, where Afghanistan can serve as a geographic bridge. The development of productive relations serves the common interests of the people in the region, contributes to confidence-building, addresses long-standing political issues, and eases tensions.

Although disadvantaged by its landlocked nature, Afghanistan has traditionally capitalized on its geographic location. Historically a trading nation with a strong private sector, Afghanistan has long served as a trade and transit bridge between three main geographic regions: Central Asia, South Asia, and the Middle East. The extension of inter-regional economic ties can revive Afghanistan's historical role, contributing to its economic recovery. Afghanistan's recent inclusion in the South Asian Association for Regional Cooperation (SAARC)<sup>25</sup> and the adoption of the "Kabul Declaration" on regional cooperation at a 12-nation<sup>26</sup> conference in Kabul in early December 2005 can facilitate the resurgence of Afghanistan as the hub of inter-regional economic exchange. A number of supporting projects are under way or agreed-upon, including the construction of the southwest Zaranj-Dilaram highway in Afghanistan that connects the country to the Chahbahar port of Iran, and a multilateral

agreement in 2004 between Afghanistan, Iran, Tajikistan, and Uzbekistan on building transit routes connecting Central Asia with the Middle East through Afghanistan. Constructing a projected gas pipeline from Turkmenistan to Pakistan through Afghanistan is another potential opportunity.

Transnational cooperation is influenced by geopolitical conditions, however. The benefits and costs of cooperation are not the same for all related countries. Finding a common denominator, such as building intra-regional transport routes, is the starting point.

### ***Conclusion***

At the end of the Bonn Process, Afghanistan finds itself at a crossroads. Continued international security and economic assistance, for at least ten more years, and sustained domestic leadership for reform will enable the country to build on achievements made during the past four years, and enable it to become a success story in the region. The other option is for the country to slide back into the difficult past of instability and tension. Given the potentially devastating impact of a failed Afghan state in a globalizing world, leaving Afghanistan can no longer be an option.

The key to the development of democracy and prosperity in Afghanistan is building a viable and capable state and a robust economy. The Bonn Process was dominated by an international agenda for security following the overthrow of the Taliban regime and their al Qaeda allies. The post-Bonn process needs to be based on an Afghan agenda for long-term development as a key to sustained peace and stability. The Bonn Process required Afghanistan to meet certain benchmarks toward democratic development. The succeeding process should identify how the international community can support the implementation of an Afghan development strategy over the next five years. The result should be a compact between the international community and the Afghan government on their joint effort to achieve a clearly defined end-state.

This compact needs to be institutionalized in an overarching strategic plan based on a shared vision around which different activities are coordinated, prioritized, sequenced, and resourced. Such a plan should ensure that different actions support identified programs, requiring each action to be assessed in relation to the overall objectives. In this manner Afghanistan and the international community can continue the remarkable progress that has been achieved in the past four years, benefiting engaged nations and the Afghan people alike.

#### **NOTES**

1. Examples are the reassignment of the following governors: Ismail Khan of Herat (2004), Gul Agha of Kandahar (2004), Haji Din Mohammad of Nangrahar (2005), Gul Ahmad of Badghis (2003), Mohammad Ibrahim of Ghor (2004), Sher Mohammad Akondzada of Helmand (2005), Syed Amin of Badakhshan (2003).

2. A Provincial Reconstruction Team (PRT) is a small military unit (under 100 troops) with civilian representatives deployed in a province to extend the authority of the central government and facilitate the develop-



ment of security and reconstruction. Following the establishment of the first US PRT in Gardez, the concept was internationalized, with Britain, New Zealand, and Germany setting up their PRTs in Mazar-e Sharif, Bamian, and Kunduz, respectively. As US forces shifted to stabilization operations in early 2004, the PRT network was expanded throughout the troubled southern provinces of Afghanistan. When NATO assumed command of ISAF in August 2003, it adopted the concept, and by summer 2005 it had deployed nine PRTs in a counterclockwise expansion from the north to the west with further planned extension to the south. Currently there are 22 PRTs in Afghanistan, including 13 Coalition and nine ISAF.

3. ABC News Poll, "Life in Afghanistan," 7 December 2005; see Gary Langer, "Poll: Four Years After the Fall of the Taliban, Afghans Optimistic About the Future," ABC News, <http://abcnews.go.com/International/PollVault/story?id=1363276>.

4. In September 2005, Pakistan President Pervez Musharraf proposed the construction of a fence along the 1,500-mile border with Afghanistan. The Afghan government dismissed the plan as unfeasible.

5. Afghan government, *Afghanistan's Millennium Development Goals Report 2005, Vision 2020, Summary Report*, [http://216.239.51.104/search?q=cache:30h0VO73K3cJ:www.ands.gov.af/src/src/MDGs\\_Reps/1.summary%2520report%2520english.pdf+afghanistan%27s+%22vision+2020%22&hl=en](http://216.239.51.104/search?q=cache:30h0VO73K3cJ:www.ands.gov.af/src/src/MDGs_Reps/1.summary%2520report%2520english.pdf+afghanistan%27s+%22vision+2020%22&hl=en).

6. Lesley Wroughton, "Karzai Says Unworried by U.S. Afghan Troop Cuts," Reuters UK, 21 December 2005, <http://today.reuters.com/News/CrisesArticle.aspx?storyID=ISL98087>.

7. NATO, "Revised Operational Plan for NATO's Expanding Mission in Afghanistan," 21 December 2005, [http://www.nato.int/issues/afghanistan\\_stage3/index.html](http://www.nato.int/issues/afghanistan_stage3/index.html).

8. UN Office on Drugs and Crime (UNODC), *Afghanistan Opium Survey 2005*, [http://www.unodc.org/pdf/afg/afg\\_survey\\_2005.pdf](http://www.unodc.org/pdf/afg/afg_survey_2005.pdf).

9. According to the World Bank, Afghanistan's non-opium GDP in 2004 was \$5.8 billion. The UNODC opium survey for 2005 shows that the total export value of Afghan opium is \$2.7 billion. The total licit and illicit GDP amounts to \$8.5 billion.

10. The value of Afghanistan's opium sold on the international market is estimated to be worth between \$30 billion and \$60 billion (US).

11. UNODC, *Afghanistan Opium Survey 2005*.

12. Ibid.

13. The economy grew 28.6 percent in fiscal year 2002-03; 15.7 percent in 2003-04; and 7.5 percent in 2004-05. The projected growth rate for the next decade is 10 to 12 percent. See World Bank Reports, <http://www.worldbank.org.af>.

14. UNODC, *Afghanistan Opium Survey 2005*.

15. UN Development Programme, *Afghanistan: National Human Development Report 2004: Security with a Human Face*, "Summary," pp. 4-5, <http://www.undp.org/dpa/nhdr/af-files/afnhdr2004-Summary.pdf>.

16. Afghan government, *Afghanistan's Millennium Development Goals Report 2005, Vision 2020, Summary Report*.

17. The MDG goals include: eradication of extreme poverty, achieving universal primary education, promotion of gender equality and empowering women, reducing child mortality, improving maternal health, combating diseases, ensuring environmental sustainability, and global partnership for development and enhancing security. Afghan government, *Afghanistan's Millennium Development Goals 2005, Vision 2020, Summary Report*.

18. Afghanistan non-opium GDP in 2004 was estimated at \$5.8 billion, while the government revenue was around \$250 million. See World Bank data, <http://www.worldbank.org.af>.

19. World Bank (2005) Public Financial Management data; see also Afghan Ministry of Finance, *Financial Report*, October 2004, p. 10, [http://www.af/resources/reports/financialreport/FINAL\\_Financial%20Report%207%20October%202004%20-%20Eng.pdf](http://www.af/resources/reports/financialreport/FINAL_Financial%20Report%207%20October%202004%20-%20Eng.pdf).

20. Transitional Islamic State of Afghanistan (2004), *Securing Afghanistan's Future*, <http://www.af/recosting/>.

21. Sayed Salahuddin, "Afghan MPs Want to Question Aid Groups about Spending," Reuters, 3 January 2006, <http://www.reliefweb.int/rw/RWB.NSF/db900SID/DPAS-6KPG6?OpenDocument&rc=3&cc=afg>.

22. UN General Assembly resolution on Afghanistan, *The Situation in Afghanistan and its Implications for International Peace and Security*, New York, 30 November 2005.

23. UN Assistance Mission in Afghanistan (UNAMA), Press Conference by Jean-Marie Guehenno, Under-Secretary-General for United Nations Peace Keeping Operations, Kabul, 20 December 2005.

24. Alstair J. McKechnie, "Rebuilding a Robust Afghan Economy," paper presented at a conference on state-building in Afghanistan, 9 December 2005, Kennedy School of Government, Boston.

25. The SAARC groups seven South Asian countries: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

26. The ministerial meeting was attended by delegations from Afghanistan, China, the Islamic Republic of Iran, Tajikistan, Uzbekistan, Turkmenistan, Pakistan, India, Turkey, the United Arab Emirates, Kazakhstan, and Kyrgyzstan. Representatives from the World Bank, Asian Development Bank, G8, and NATO also participated.