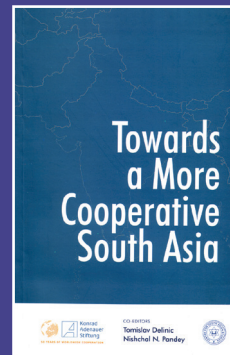
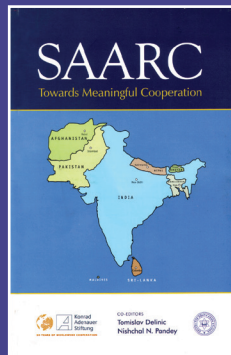
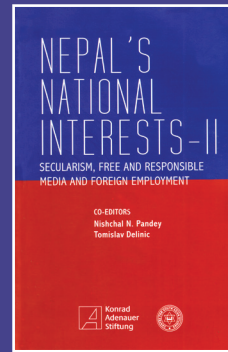
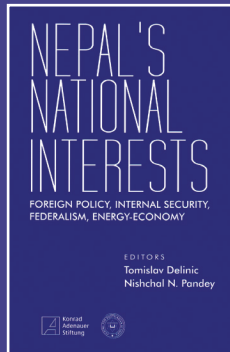


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Afghanistan in SAARC *Towards Deeper Engagement*

CO-EDITORS
Tomislav Delinic
Nishchal N. Pandey



Afghanistan in SAARC

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Preface

It gives us great pleasure in bringing out this latest book on “Afghanistan in SAARC: Towards Deeper Engagement” which is a compilation of papers presented at a regional conference organized by CSAS-KAS on the same theme on May 14-15, 2013 in Kathmandu. It was a successful partnership between the Centre for South Asian Studies (CSAS) and the Regional Programme-SAARC of the Konrad Adenauer Stiftung bringing together diplomats, leading experts, practitioners and scholars from Afghanistan, India, Pakistan, Bangladesh, Nepal, Singapore and from the SAARC Secretariat.

All of us are aware that Afghanistan is at historical crossroads. With both the Presidential elections and the withdrawal of the International Security Assistance Force (ISAF) on the horizon, it faces a challenging yet promising future. Although internationally monitored for its internal security challenges, in the last decade Afghanistan has witnessed profound political, economic and social transformations that have brought the country not only closer to sustained peace and stability but also towards South Asia as the eighth member state of the South Asian Association for Regional Cooperation (SAARC) since 2007. Despite a still volatile security situation within the country, Afghanistan definitely has made progress in the fields of socio-economic development, education and women rights – successes often overlooked by external observers. Today, the country is all the more set to become a politically stable, economically prosperous and regionally responsible member of SAARC.

We are indebted to all the paper presenters and participants of the conference for their analysis of the present situation inside Afghanistan, the concrete steps required for a deeper and a more fruitful engagement with the track-I and track-II of SAARC and the prognosis of the immediate future.

The Federal Republic of Germany has contributed to the efforts to build peace in Afghanistan not only through the participation of almost 5 thousand soldiers within the ISAF but also through its

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development cooperation. The addresses of the German Ambassador to Nepal Mr. Frank Meyke, former Indian Ambassador to Afghanistan and Nepal Mr. Jayant Prasad and Dr. Faramarz Tamanna of the Ministry of Foreign Affairs, Kabul enriched the deliberations.

In the two days of intensive exchange between practitioners and academic experts, the conference sought out common grounds for a constructive role not only for Afghanistan in SAARC but also for South Asian nations in Afghanistan. Being crucial for security and stability in the South Asian region, the country can serve as a connector and land-bridge between West, Central and South Asia and thus as a hub for political, economic and social connectivity in Asia. Afghanistan's stability has the potential to create stability for the whole of South Asia. The individual papers incorporated in this volume by erudite presenters aim at enhancing discussions and projection of Afghanistan in the post 2014 phase by examining a variety of country perspectives and sub-themes as well as Afghanistan's deeper engagement in South Asia and SAARC.

We are thankful to each of the contributors for their commitment and hard work. We are also grateful to Mr. Marcel Schepp and Ms. Ritika Rana of KAS and Ms. Renisha Khadka and Ramesh Timasina of the CSAS, without whom this conference would not have been possible.

On our own part, we pledge for further fruitful partnerships between the CSAS and KAS for the cause of peace, economic development and regional integration in the coming months and years.

All countries of South Asia have a stake in the stability and security of Afghanistan post-2014 but we firmly believe that the proud and freedom loving people of Afghanistan have the resolve and the ability to transform their country into becoming an economically vibrant nation of South Asia.

We therefore take pleasure in dedicating this book to the people of Afghanistan!

Tomislav Delinic
Nishchal N. Pandey

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Address by Ambassador H.E. Frank Meyke*

The theme of this regional conference is outlining the important role that Afghanistan can play in the ambit of SAARC. This conference is thus timely and important, indeed.

I am particularly glad about this conference and grateful to its organisers, the Centre for South Asian Studies and the German Konrad Adenauer Foundation, in view of the long-lasting and strong engagement of Germany in Afghanistan.

Germany's engagement in Afghanistan and its support for this country will remain strong in the years to come.

Germany has played a leading role in the reconstruction of Afghanistan and remains a reliable partner. In accordance with NATO's decision Germany supports ISAF since 2003. While continuing to provide the third largest contingent of troops in Afghanistan, Germany is also the third largest donor of aid for civilian reconstruction and humanitarian assistance. There are currently about 4500 German soldiers in Afghanistan to support the transition process towards a stable, democratic and peaceful Afghanistan. With the complete withdrawal of the International Security and Assistance Force (ISAF) at the end of 2014, German engagement is increasingly focussing on civilian reconstruction assisting Afghanistan in improving the political, social and economic conditions in the country and on an advising, training and supporting mission for the Afghan security forces.

In brief: Germany remains firmly committed to supporting the peaceful development of a democratic Afghanistan.

Germany has pledged to continue to support Afghanistan until 2016, with up to 430 million Euro annually for projects improving living conditions and strengthening governance. At the NATO summit

* Ambassador of the Federal Republic of Germany to Nepal

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in Chicago in May 2012 Germany additionally committed itself to annually contribute 150 million Euro to the funding of the Afghan national security forces.

Regarding our offer to the Afghan government to continue our support German Federal Chancellor Angela Merkel said “This shows we are committed to Afghanistan in the long term. Germany’s engagement is not just words.”

Since 2009, Germany has been funding the construction or repairing of 507 schools and the training of 93,000 primary and secondary school teachers. Nearly 120,000 Afghan households have been provided with better access to drinking water and 1.2 million Afghans have benefited from improvements in power supply. Development cooperation between Afghanistan and Germany focuses on the following priority areas: good governance, energy, drinking water, sustainable economic development, basic education, health and vocational training. Good governance is a priority area which includes the promotion of the rule of law and human rights, in particular to improve the situation of women and girls, and the promotion of peace building mechanisms.

The important role, the German government is playing in the reconstruction of Afghanistan, will be maintained for a long time in order to safeguard the new beginning in Afghanistan. But time has come for the Afghans to now take the lead. There is a resource-rich country with high economic potential situated in a region with large markets starving for energy. Germany is now home to almost 90,000 people of Afghan origin. Many young, educated Afghans are returning to their country. These young people are the future of a country that has long been in the grip of instability, terrorism and poverty.

German Foreign Minister Guido Westerwelle recently summed up our main objective for Afghanistan and what is at stake for the whole region as follows: “We want that Afghanistan has a reasonable, peaceful and prosperous future.” The stability of the country, he said, crucially depends on the support of its neighbouring countries, that is particularly the joint and individual support of all the member states of SAARC. Afghanistan has been a “hotbed of destabilisation” for the

entire region over decades. “If that could be overcome by a stabilising policy, then everyone benefits“, Westerwelle said. The region needs better cooperation in disaster management and in combatting terrorism and drugs. Closer regional cooperation regarding business and education issues would also be important. Accordingly, Germany will for instance be supporting the cooperation of chambers of commerce in the region and the development of linked infrastructure.

Stabilising Afghanistan is inseparably linked to regional stabilisation and cooperation.

Let me conclude by commending the good work of Centre for South Asian Studies and its German partner Konrad Adenauer Foundation in organising this important regional conference. Thank you, Mr. Pandey and Mr. Delinic, for the timely subject matter of this conference, for the renowned experts who accepted your invitation and for this conference promising to become a highlight of your successful and long-standing cooperation.

To the participants of the conference, I extend my best wishes for inspirational and fruitful discussions, particularly regarding the areas in which SAARC can assist Afghanistan. May your presentations and discussions lead to politically helpful conclusions and recommendations for actual political implementation benefitting the people of all the member states of SAARC.

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Address by Ambassador H.E. Jayant Prasad*

Afghanistan's membership at the New Delhi SAARC summit in 2007 changed SAARC's geographic configuration that had remained unaltered since its inception in 1985. It made SAARC's boundaries contiguous to Iran and Central Asia. As President Hamid Karzai underlined on the eve of Afghanistan's membership in a speech delivered to the SAARC council of ministers on 7th April 2007, "a unique opportunity for Afghanistan to realise its potential as a land bridge between Central Asia, South Asia and Middle East Region." President Karzai then spoke of his expectation that SAARC would offer benefits both to Afghanistan and the region. Afghanistan would gain from investments, integrate itself with regional railways and road networks, become an important partner in regional energy markets and eliminate the narcotics trade in exchange for what he described as huge economic opportunities including "as a wheeler of electricity from Central Asian Republics to Pakistan and through Pakistan to India and other South Asian Countries." Two sustainable energy projects to promote regional energy exchange already on the anvil are: the Turkmenistan- Pakistan- Afghanistan- India gas pipeline and the Central Asia- South Asia electricity transmission and trade project called CASA 1000.

The energy resources reserves of the 5 Central Asian states – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan is 3.2 billion tons of oil, 38 billion tons of coal and 6,717 billion cubic metres of gas. In contrast, all the South Asian states in terms of their natural resource endowment with the exception of course of Bhutan and Nepal are energy hungry. Thus, with Afghanistan's membership of SAARC it has become possible to envision another arc of advantage

* Ambassador of India to Nepal and former Indian Ambassador to Afghanistan

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and prosperity- a new Silk Route connecting Saginaw Valley to the Mekong Delta.

The executive editor of a major South Asian newspaper recently described SAARC as nothing but the old British Indian empire. He meant India, Pakistan, Bangladesh; plus the surrounding hill kingdoms- Afghanistan, Bhutan and Nepal and the Indian Ocean islands- Srilanka and Maldives. SAARC is not simply a cluster of proximate South Asian states sharing a defined cartographic space. Their contiguity is complemented by cultural commonalities and common terrain, temperament and civilizational space. The link of their historic connectivity runs through Kabul, Kandahar, Banyan, Takshashila and Nalanda all the way to the Bay of Bengal. These cultural links are buttressed by the physical ones through the movement of peoples and ideas and through the building of what later came to be known as Grand Trunk Road from Kabul to Peshawar and then on to Delhi and beyond.

Notwithstanding the common cultural and historic links that anchor intra South Asian relations, Asia remains also a heterogeneous area. The constituent states of SAARC are diverse in every way- geographically, socially, economically and demographically. They range from the low lands and low tide elevations of Lakshadweep, The Maldives and the Nicobars to the high Himalaya; from the coasts of Goa and Chittagong to the mid hills of Gorkha and from the dry lands of Baluchistan, Kutch and Nimrod to the swamps of the Sunder bans. They are unequal in developments, resources and size. They have contrasts and disparities in birth and mortalities, incomes and social indices. Even so the challenges they face are almost identical- ending violence, eradicating poverty, generating employment and economic growth and securing social equity and caste, ethnic and gender equality. Improving the living standards of their people especially the most impoverished amongst them is no doubt the most important goal for all South Asian governments. A major paradox within SAARC is that in an area of the world that has one of the most rapidly expanding markets, the gap between rich and poor people as also rich

and poor sub regions has grown dramatically making South Asia a sub continent of sharp divergences.

Moreover as Asia's accelerating share of global output is transforming, the global, economic and strategic landscape back on their early promise to deliver galloping growth in the face of their huge internal and external challenges. These include weak governance, society subverted by extra legal power centres, destructive forces within state structures that aid and abet terrorism, the ever looming threat of natural and manmade disasters and the challenges of pandemics and climate change. These have a high contingent quotient given the extraordinary population density of South Asia.

With about a quarter of the world population in 2007 spread over just 4 percent of its global surface, the countries of South Asia constitute the second least developed region of the world believe it or not after Sub-Saharan Africa. Their per capita GDP in terms of purchasing power parity not absolute dollar terms is three times below the global average and they have the lowest adult literacy in the world, lower than that of Sub Saharan Africa. There is a dramatic disproportion between the South Asian states population and share in global output and trade. Another paradox is that while individual South Asian states are ever more closely integrated with the global economy- with India increasing its foreign trade threefold between 2006 and 2012 to nearly 800 billion dollars; South Asia is the least integrated area in the world with intra regional trade still below double digit figures. South Asian countries are connected more to the outside world than to each other, a fact that applies equally to Afghanistan. For Afghanistan to have deeper engagement in South Asia a prerequisite is for SAARC member states to have greater engagement first and foremost amongst themselves beginning with Pakistan and India- the two SAARC states located closest to Afghanistan.

The shared inheritance of South Asian states provides an instinct for comfort and ease of interaction important but not sufficient factors for promoting regional cooperation. Our leaders are

aware that nurturing dynamic and mutually beneficial partnerships need more than that, especially in the 21st century. It requires trade and investment, it requires educational, scientific and technological exchanges and also the diligent use of diplomacy and statecraft for creating creative incentives. The challenge is to use regional cooperation as a means to forge closer relationships in which all parties gain and raise the threshold below which our respective bilateral relationships do not fall. The 1998 SAARC group of eminent persons, imagined a three stage vision for regional cooperation in South Asia. A South Asia free trade area in phase 1, a customs union in phase 2 and a broader economic union in phase 3 all to be completed by the year 2020. The commitment by the heads of government to create a South Asian Economic Union had come actually in the 11th SAARC summit in Kathmandu in January 2002. Besides reiterating this in January 2004 the Islamabad summit declaration called for creating South Asia Energy Cooperation including an energy ring and to strengthen transportation, transit and communication links across the region.

The Nobel Laureate Mohammed Yunus in 2009 called for “an integrated poverty-free South Asia by 2030 in a well functioning South Asian union.” We are well short of these lofty goals. Even the requisite building blocks are not in place for them today. As the prime vehicle for regional cooperation in South Asia, SAARC has had limited impact in creating opportunities for prosperity and progress in Afghanistan as much as the region as a whole. President Hamid Karzai aired this frustration when he spoke at the conference on Afghanistan in Bonn on 5th December 2011. He stated that even when new horizons of cooperation and partnerships at the regional level were opening up, for Afghanistan as a member of SAARC he said, ‘we are at the crossroads’. And here I am quoting him again, “Our inability to translate pledge into concrete action holds us back from realising our region’s unparalleled potential in virtually all areas of activities.”

For engaging with Afghanistan South Asian states as indeed the international community as a whole need patience, perseverance and long term engagement. We have many success stories in Afghanistan-

7.5 million children in schools today and over a third of them girls compared to 1 million in 2001 who were all boys; an impressive spurt in per capita growth rates; 70,000 young boys and girls, men and women in universities; progress in infrastructure sector projects in some of which we have partnered Afghanistan- a country for which India has 2.5 billion dollars aid package. The strides in public health with two thirds of the country covered by primary health centres compared with less than 10 percent in 2001 and finally the promise of mineral wealth said to be worth 3 trillion dollars that can be tapped once peace returns to Afghanistan. India believes like Afghan leaders that Afghanistan will be economically sustainable when it becomes a trade, transportation, energy and minerals hub in the region linking Iran and Central Asia to China and the Indian subcontinent.

Internal evolution within Afghanistan and with it prospects of regional cooperation with South and Central Asia are subverted by continuing terrorism and insurgency in Afghanistan. These cannot be brought under control unless the infrastructure of terrorism in Afghanistan and its border regions is dismantled. There has never been a successful counter insurgency operation in any part of the world in the last 200 years so long as support, sustenance, safe haven and sanctuaries are available in the contiguity. At the 15th SAARC summit in Colombo president Karzai emphasized that the challenge of terrorism must be overcome to realise the potential of greater regional economic integration and that terrorism and its sanctuaries are gaining deeper grip within Pakistan. In the same breadth and quite rightly so he also calls Pakistan and Afghanistan 'conjoined twins' and he said again at the Istanbul conference for Afghanistan on 2nd November 2011 held just a month before the Bonn conference that "the mutual dependency of both countries in terms of security as well as social and economic developments bears out this analogy." Pakistan stands to gain as much from stabilisation of Afghanistan as from regional cooperation within the SAARC framework.

A regional solution that Dr. Pandey just spoke about is something that has really not been given a fair try notwithstanding all the international talk about it. From India's side we are willing to

work with Pakistan in Afghanistan. Our Prime minister Dr. Manmohan Singh has a vision of the intertwined destinies of the countries of our region. He has spoken of the day when we could have breakfast in Amritsar, lunch in Lahore and dinner in Kabul. We are ready and willing to work for that lofty vision. Faced with SAARC's slow movement towards integration, India is pursuing different means to catalyse progress while awaiting creating a conducive atmosphere to move forward within SAARC itself. The first is through free trade agreement such as the one with Srilanka and providing relatively free market access to India to many of our LDC neighbours such as arrangements with Bhutan and Nepal which now have a zero duty access across all products into India and customs duty concessions for goods of particular export interest to our neighbours such as for horticultural products from Afghanistan. We are also working on other sub regional arrangements. Towards the East these include the Mekong- Ganga cooperation between India and five South East Asian countries and BIMSTEC which brings together Bhutan, Nepal, Bangladesh, Srilanka, India, Myanmar and Thailand. And in the west taking account of the slow movement towards engagement with Central Asia through Pakistan and Afghanistan by the connect Central Asia initiative unveiled on 12th June 2012 which includes synergy of joint efforts through SCO. The Eurasian Economic Community and the Customs Union with whom India has proposed a comprehensive economic cooperation agreement to integrate Indian markets with the Eurasian space making Central Asia a long term partner in energy and natural resources and by reactivating the old idea of an international North- South transport corridor which will go north through Iranian ports.

As the imperatives of regional cooperation in South Asia are growing- so is the gap between SAARC's promise and performance. It is the awareness of the high cost of non cooperation that helped transform Europe and create the European Union as we know of it today. The negative opportunity cost of non integration of South Asian economies amounts to losing almost an estimated 2% of additional GDP growth annually. If we can work together to dismantle trade and

transit barriers for free movement of goods, investments and people we could also have unfettered and constructive regional relationships.

We face the same challenges – those of nation building and bringing to our people the fruits of development. We all live in a common neighbourhood bristling with terrorism and insurgencies. We all share a common aspiration for peace, security and growth. These are all indivisible. The converging economic interests of South Asian states can help promote a cooperative spirit for in the end creating a conducive external environment for equitable growth is the goal of all developing countries not excluding the members of SAARC.

The government and people of India believe in the interlinked destinies of the people of South Asia and beyond. And we must therefore work together to overcome our shared challenges and convert them into opportunities.

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Address by Dr. Faramarz Tamanna*

First of all, allow me to express my true thanks and gratitude on behalf of Afghanistan delegation to the Nepali friends for hosting this Conference. My sincere thanks and appreciation are also due to the collaboration of the Center for South Asian Studies (CSAS) and Konrad Adenauer Stiftung of Germany for their countless efforts in bringing the scholars, academics, and diplomats of the SAARC region, to share their visions and future development agenda, and get our feedback for the better future of the people of Afghanistan and SAARC region. I am also thankful to all participants for their commitment to the development of the region.

I am delighted to participate in this conference on behalf of my country, Afghanistan. I hope that this gathering will produce tangible results in terms of creating a shared vision and improved cooperation, in bringing well-being, freedom and increased awareness of important issues in the SAARC region.

A clear understanding of the situation of Afghanistan in SAARC will strengthen cooperation in the region – this requires a thorough review of Afghanistan's past, present and future political, economic and social place in the region and the world.

After facing years of war and atrocities, a new chapter has opened in Afghanistan's great and noble historical tradition. In the last eleven years Afghanistan has been regaining its role in the region and has been transformed from a passive player to an active agent of change in promoting strengthened international relations. Afghanistan's recent relationships with leading global political, financial and academic hubs and the international supports we have received, have built up our capacity and confidence to play a

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constructive role in addressing national and regional issues. We are committed and hopeful that this role will be further strengthened in the future, and working with our regional friends we will find enduring solutions to galvanize peace, security and development in this region.

Regional cooperation or regionalism is the first circle of Afghanistan's foreign policy along with our relations with the Islamic world and Afghanistan's strategic partners. Afghanistan geographically is part of the region and we neither can or nor want to change this geographic reality. However, with sound planning and forward-looking programs we can open a new chapter based on the principles of true friendship, solidarity and cooperation with our neighbors and other countries. The experience of the last decade has shown that Afghanistan's stability and security have a direct impact on the security of the region and vice-versa. There is no doubt that for a stable and developed future, we need a secure region which is impossible without stability in Afghanistan. Therefore, this key factor highlights the importance of Afghanistan's membership in SAARC—and to this end regional cooperation as a whole and specifically in South Asia carries a high level of importance not only from a political perspective but also from a humanistic and social perspective.

According to *Joseph Greco*, when countries enter into a union or regional organizations, they are likely to face two main situations: they will gain access to some kind of material benefits, but also they will be bound to certain levels of restrictions or obligations. This analysis fits our participation in the SAARC: our first goal is to boost economic development in the region, and the other important purpose is to protect our region against the common threats of terrorism, extremism, narcotics, organized crime, human trafficking, injustice and corruption. These are the common threats in the region and joint efforts are needed to counter or tackle them. In order to address these challenging issues, not only member countries of SAARC but civil society and other groups, should also take significant actions, for the current economic and political systems in South Asia, it

demands a clear understanding of the role of such groups as key agents of change.

Afghanistan wants to play a prominent role both at the governmental and social levels in the SAARC. Afghanistan as a trade and transit hub has the potential to connect SA with Central Asia's major energy reserves and can transform every threat into an opportunity for the benefit of the entire region. However, our decade of bitter experience clearly indicates that without a legitimate, modern and lawful state we cannot expect a peaceful and prosperous region. Therefore, the existence and continuation of strong legitimate states in Afghanistan and SAARC region can provide opportunities for creation of moral concepts and values and mobilize groups to pursue a common vision and shared goals. Furthermore, a state with such characteristics will help individuals define their own vision of a prosperous and secure life with freedom from fear. Highlighting the role of Afghanistan in SAARC calls for further economic support for state-building from SAARC member states. Let me confess and express my sincere gratitude to the SAARC member states for their continuous support to the people of Afghanistan over the past decade, and specifically to the Republic of India for its valuable friendship and generous help.

Afghanistan's expectations from the SAARC family of nations is enhanced regional cooperation, integration and efficient utilization of resources and opportunities for bringing economic development to the region and to fight against common threats, so we can take further concrete steps towards a strong economy and regional security. The realization of such a pluralistic economic-based security community is only possible when the relations between the region's countries are not limited to governments but further, to in-depth measures to reach the level of people and communities. We also know that since the inception of SAARC, the vision of regional cooperation has steadily flourished. One of the key characteristics of such an ascent organization is its potential of laying the ground for more comprehensive linkages among countries on specific issues that can ultimately strengthen the collective identity among the people of this

region. We are pleased that SAARC is gradually growing and advancing from a nascent to a mature organization where countries are connected in a framework of a tightly-coupled security community rather than remaining loosely-coupled affiliated. The historical background and collective identities of the people of this region provide a window of opportunity for the further achievements of this organization.

Allow me to focus a beam of light on the practical side of my discussion; if we want to describe the above-mentioned issues epistemologically, then it is important to mention that the integration and cooperation process among the SAARC countries is only feasible if we have a very honest analysis and understanding of our limitations in this organization. Let's accept the rational argument that we as members of SAARC are likely to commit mistakes; therefore, in order to have a stronger argument we have to be open for criticism and accept diverse and contrary views. We all are seeking to understand the root causes of various phenomena such as underdevelopment, poverty, terrorism, extremism, violence, human trafficking, narcotics, starvation and lack of access to basic human needs. To this end some of the areas identified above require cooperation among SAARC member states at a practical level while other still require theoretical consensus. These are some of the pressing issues which will be raised by the respected representatives of countries in this conference and each may have a different point of view.

My understanding of mechanism of cooperation in the SAARC as a successful regional organization in this part of the world may differ from other views in this conference, but what is valuable is that SAARC will benefit in the long run from these diverse and constructive arguments. Accordingly, it is of importance that when we discuss the development of SAARC, we have a proper understanding of the nature of this platform. We are in the 21st century, a century where information, communication, and economics are paving ways for new nation-to-nation relationships and which places both states and non-state actors as key players in this globalization process.

Although SAARC was established in the 20th century, we should not overlook the new challenges emerging in this century. Let me explain the table below, which gives a quick view of the world in the last century. I would like to draw your attention to some of the indicators.

No.	Indicators (Year 1998)	Cost in billions (\$)
1.	Primary Education for all	6
2.	Cosmetics and make-up in the USA	8
3.	Water and Hygiene for all	9
4.	Ice-cream in Europe	11
5.	Maternal health for all women	12
6.	Body perfume in the USA and Europe	12
7.	Basic health and nutrition	13
8.	Pet food in the USA and Europe	17
9.	Entertainment Industry in Japan	35
10.	Cigarettes in Europe	50
11.	Alcoholic beverages in Europe	105
12.	Narcotics in the world	400
14.	Military budget in the world	780

Source: Peter Wilkin: *the political economy of global communication*; p:97

Dear friends, this is the world we inherited in 21st century. Based on these facts the mechanisms of regional cooperation and integration in organization like SAARC, which is mandated to improve the quality of life in the region, should be different than those of the last century.

The prospective of Afghanistan's presence in SAARC and its role in the success of this organization in 21st century calls for eliminating all obstacles between Afghanistan and other countries. In particular, the transformation of Pakistan's approach towards Afghanistan is greatly needed, because Pakistan serves as a connector for Afghanistan with other South Asian countries and it is one of the most important components influencing Afghanistan's relations with SAARC countries. Thus from this perspective, it is necessary to bring some changes both inside and outside SAARC. In order to strengthen the internal capacity of SAARC it is important that countries both with the member and non-member states of SAARC seek new ways of engagement and interaction. Our success as an regional organization depends on the definition of regional identities, values and meanings

that are common to all the members of SAARC. In order to help achieve the objectives of this organization all member states are obliged to establish and maintain direct bilateral and multilateral relations with the member states and institutionalize long term common interests with a view to deepening the level of mutual confidence and friendship.

The member states in a cooperative society struggle to coordinate their efforts in accordance with agreed rules to legitimize their actions. Thus the organization should present a set of rules which are obligatory for all nations, and breaking those rules should have serious consequences.

In this way, SAARC countries should become accustomed to compliance with laws and trade agreements-between Afghanistan and Pakistan and among other SAARC countries. Voluntary compliance of countries with laws is not only a general agreement or an act of coercion, but it is also a form of social learning, which is a key milestone in the process of regional integration. Experiences of the past two decades have shown that the contrasting policies of Pakistan and Afghanistan have discouraged foreign investment and have negatively impacted regional economic development. The difficult relationship between Afghanistan and Pakistan has also deterred other SAARC countries from investing in mining and infrastructures in Afghanistan. If these conflicting politics were to be reconciled it could give birth of a new chapter of cooperation between Afghanistan and SAARC countries.

Anyways, under no circumstances should the SAARC member countries compromise their need for energy resources from central Asia where Afghanistan can play a key role of Transit Bridge.

In every security community like SAARC where cooperation is the key to sustainability, member states should try to avoid any instance of war and other conflicts. Unfortunately, the recent attacks by the Pakistani military on Afghan border police and illegal activities across the Durand Line have seriously damaged the ideal of regional cooperation. Therefore, it is important to highlight that if the member states of SAARC do not voluntarily abide by established agreements,

there will be little hope for a stable and secure future. To support my statement I would like to draw your attention to three clear examples of cooperation in other regional organizations:

1. In the European Union the conditions for cooperation are so exacting and clearly stipulated that countries cannot deviate from them.
2. For NATO member states, Gulf Cooperation Council (GCC), North American Free Trade Agreement (NAFTA), and the Association of Southeast Asian Nations (ASEAN), the practice of having good relationships has become a habit and membership in these communities give them unique collective identities.
3. In the Pacific region, the identity of a country is linked to its membership in ANZUS agreement (Australia, New Zealand and United States Defence Agreement).

These bilateral and multilateral agreements and the identities that are given to their members, provide frameworks that determine the interests, values and norms of the member states. It is crucial that each of the members of SAARC should obtain their identity from membership in this organization, and Pakistan should also define its foreign policy based on common norms and values as the essences of regional cooperation with neighboring countries such as Afghanistan and others.

To meet such a challenge we should consider that like many other regional organizations the success of this organization depends solely on discipline and a people-centered orientation.

Although the current relationships of Pakistan with its neighbors are solely shaped through a security and military lens, this can be interpreted as her perception of national interest. But this definition of national interest is short-sighted and it definitely undermines the long term concept of regional cooperation and integration. No doubt we can promote cooperation and reduce tension between Pakistan and Afghanistan from one end and India and Pakistan from the other through people-to-people relationships and

promoting economic activities across borders. However, if SAARC does not contribute politically and economically to easing tension between these countries then our view of SAARC will remain that of little more than a symbolic, loosely-coupled community and largely imaginary organization.

Based on all the theoretical and practical issues mentioned about deepening relations between Afghanistan and SAARC and also the necessities facing SAARC to demonstrate better achievements, I would conclude with certain proposals:

- 1- Afghanistan has been changed from a land-locked country to a land-linked. It is an economic and trade transit bridge in the region; its special potential is that it connects energy consumers in South Asian region to energy sources in Central Asia. SAARC can help realize the benefits of this opportunity by addressing the challenges ahead.
- 2- Large investment opportunities in the mining sector and infrastructures in Afghanistan, with special attention to the private sector, have paved the way for states and individuals to invest in Afghanistan. Since economic achievements pave the way to regionalism and the unity of states, there must be efforts to seek these opportunities in the SAARC region. This economic cooperation has to be recognized as a normative value rather than an instrumental object. This is necessary for the continuation and stability of cooperation.
- 3- Pakistan is our honorable neighbor. We have religious, cultural and ethnic commonality with the people of Pakistan and we respect our neighborhood. But we oppose its military-oriented policies which we believe are preventing the economic development of Afghanistan and the region. The great nation of Pakistan doesn't deserve to be an exemplar of an impediment to development of the region and which doesn't make it possible for Afghanistan to play its regional role as a transit bridge.

- 4- Pakistan demands to develop Afghanistan - Pakistan Trade Agreement (APTA) in order to gain exclusive access to Central Asian resources via Afghanistan. However, Afghanistan's condition has been to promote this agreement to different parts of South Asia. The increase of direct trade and economic exchanges between Afghanistan and India via Pakistan is a positive sign of development of cooperation and integration in South Asia. We therefore hope to play our role actively in SAARC.
- 5- The principle of Non-Intervention and avoidance of recourse to the use of power and force to resolve conflicts and differences should be repeatedly emphasized.
- 6- It worth saying that all members of SAARC, especially India, have made constructive interventions in Pakistan-Afghanistan issues to operationalize Afghanistan' economic and trade capacities and also to promote its geo-economic and transit location to access Central Asian resources.
- 7- No integrationist community can hope to achieve integration if there is no integration among its nations. For this, developing cultural ties and increasing the mutual understanding of peoples will free them from threats in the region. Taking in to consideration the impact of such interactions, as Ronald Regan said, "Information is the oxygen of modern age", it is necessary to elevate SAARC Information Center (SIC) from an institution that is discussed mainly among reporters and journalists to an institution to exchange information among the member states, having an epistemological role for the integration of present and future generations of the region.
- 8- Creating an epistemic society in SAARC can be accomplished through increasing direct and personal communications of state officials, scholars and researchers of member states.

- 9- And last, we support creating a SAARC-EU forum to discuss global interests of the region with WTO along with economic development of the region.

Whatever the case, our similarities in SAARC are greater than our differences. The most important of them is our desire for economic collaboration and integration. This sentiment is rooted in our efforts to improve the standard of living of the people of the region, so they have better access to welfare, and a free and socially conscious life. Afghanistan believes that SAARC has the potential to be a powerful symbolic and practical actor that contributes to order and progress, and counters destructive and anarchistic efforts. We can and we must learn from history. This is the most important and most persistent heritage of humanity.

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Address by Salman Haider*

Let me begin by offering congratulations and warm thanks to Dr. Pandey and his colleagues for staging this occasion and for giving me another opportunity to come to Kathmandu, an opportunity that I always relish. I am very glad to be here. And of course His Excellency the Ambassador of Germany has been good enough to be a part of this which adds to the value of our conference and discussions. The Konrad Adenauer Stiftung has made a name for itself certainly in India and I am sure all over the world for its consistent support, for useful activity to help thought processes, to help think tanks, to help conferences and so on and give the essential support without which it might would have been very difficult to continue. I am associated with the New Delhi based think tank- Institute of Peace and Conflict Studies (IPCS) and one or two others that I am in touch with. I find that a common thread is the help we get from KAS and from other German foundations. So, it is very good to be here at this joint conference of the CSAS and KAS.

I have been asked to, Dr Pandey just mentioned that and I would be expected to give an Indian viewpoint. I will give a very personal viewpoint. I happen to be an Indian but I have no credentials to speak on behalf of India or to give a viewpoint that would reflect Indian or be within the bosom of Indian official thinking. With that disclaimer let me continue.

Afghanistan has been a pivotal point of international diplomacy for as long as I can remember now. Search for peace and security has been confined not just to Afghanistan; it has been troubled, it has been assaulted from outside in a number of ways. And to restore peace and security has been a very tough business. It is an ongoing business. It is not over yet. There is a vast external presence which both helps to stabilise the situation and also brings its own problems. So it is a very

* Former Foreign Secretary of India.

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complex situation. The world has been grappling with this for ages now.

The big event that is now expected is the anticipated U.S withdrawal or a significant draw down next year. What happens next, nobody quite knows. But there are many apprehensions. In India there is a fear that is expressed by some observers that under the pressure of a revived series of insurgencies within Afghanistan which have not really been put quite to rest; many internal problems have been contained but still the risks to law and order and to good governance within the country have not been eliminated. So there is considerable fear among some observers. I have no way of assessing how real this risk may be, the risk as expressed is that the centre may not hold. That the stability of the regime and the state may come under very severe pressure with the withdrawal of the kind of external support that it has been receiving including military support.

Now, it is within this setting that our meeting is taking place, at least this apprehension of adverse possibilities, which are not to be brushed away but which have to be looked at in a judicious manner. SAARC is right there. Afghanistan is a member state of SAARC and the SAARC as an organization is right there in the middle of these thoughts, processes and apprehensions. And the challenge really is to make some kind of useful contribution to Afghanistan post 2014.

For India it is a common place, has been for long time now- that a continued radical insurgency in our neighbourhood especially in Afghanistan where it is most marked is a danger to us. It can spill over. There is a fear that a continued focus of descent of fundamentalism, of religiously inspired extremism is something that can damage stability and bring real disorder not in Afghanistan alone. In Afghanistan we see it but we fear that it will spread and we have a good reason to fear that. Therefore we have a very strong, a very marked interest in being part of a process for containing the situation, ameliorating it and doing what we can to collaborate with others in trying to stabilise the situation. We fear in a very direct way that a weakening of international support for the Afghan government, for the Afghan people can have an adverse effect outside of that country.

So we have done our bit to continue to provide such support as within our means and which is appropriate for us. And we would wish to see more of that, more continued support from outside according to Afghanistan's own needs.

I think I should add that while in India there is this undercurrent of apprehension that things can go wrong, that the wrong elements can take an opportunity to continue their disruptive activities, I do not hear that. We have just heard Dr. Tamanna speak to us and that is not the point that he is making. I think he spoke about peace and tranquility but the thrust of his remarks as I understood them was towards development, towards improvement, towards amelioration of the situation and towards elimination of some problems from abroad. I do not want to repeat but what I want to say is that the view is not entirely the same. Our fears are often expressed in the terms that I have just mentioned here which is that of an inadvertent export, I would not call it deliberate export, from Afghanistan and adjacent regions of terrorism which is our great fear and where we feel extremely vulnerable.

Now, we have also noticed many attempts have been made, many different ways of trying to tackle this particular problem. I will not just say a problem, it is rather a whole set of problems associated which come under terrorism or fundamentalism and many different efforts have been seen over the years to try and deal with the issue. For long, the external occupying powers in Afghanistan refused to have anything to do with the other side- with those that they were opposing on the ground. Negotiation was not part of it. India I must say felt quite comfortable with that, at that time, because we ourselves were not in negotiation with those who were troubling us for the same reasons within our country. So we did not see how that process could be elaborated and take a concrete shape. But under the pressure of events and I think under the leadership of Afghanistan itself, some way of dealing with terrorism or with fundamentalism or with people, and bodies like the Taliban which have a political content and not a purely terrorist body but they have other dimensions too, that some way of negotiating a way forward, bringing these elements within the

framework of discussion and negotiation was necessary. A military solution was not obtainable. It had been tried and while it showed initial results soon enough, the military impetus found a kind of counter from those who were politically opposed. And hence the Afghan authorities have in a very subtle and a very contained way made openings to discuss matters with appropriate elements. I cannot say more than that because I do not know. And I do not think very much has been made known to the world about these inner processes of discussion, of identification of ways forward- what could be done and what could not be done. To me that is probably a good sign because if there is lack of clarity it suggests us something is happening behind the scenes, that a serious discussion does not take place through the media but it takes place through discussions in appropriate and normally in fairly private forums. We had plenty of that happening in our own region and I think that this blanket of secrecy could indicate a serious business. But at the same time secrecy alone and a serious intent does not mean that much is being achieved. We do not know. We hope that these discussions are taking us forward and that alternative structures of governments or strengthened structures of government will be available when external support for the existing structures tails off and Afghanistan takes full charge of its own affairs.

Dr. Pandey spoke of a regional solution. Much is hoped from a regional solution. It is not quite clear what a regional solution could be but I think this is something which obviously requires a great deal of consideration. Within this is a possible role of SAARC that would need to be considered. But certain realities I think or certain memories in my case would also need to be taken into account. When Afghanistan was in real turmoil, in the throes of the civil war it was the regional surrounds, the countries around it precisely who were mostly deeply involved in encouraging one side or the other. They were not neutral. I will not enumerate them, again as I said I am not sufficiently briefed. But it cannot be taken for granted that regional countries and the region on which we pin our hopes for some kind of a solution is in fact universally, uniformly aiming at the kind of solution that we might wish to see. There are differences of approach and differences of

interests. And this is something that has been troublesome and something that has bothered countries around us. Differences among ourselves which are not generated by Afghanistan are reflected often in our inability to find a common approach to the situation in that country.

One response, one idea that has been urged in India with some very high level backing, it must be said is that of a kind of agreed process of non intervention by non regional states. Here the ideal which crops up so often, when we talk about neutrality or a kind of non intervention regime is that of Switzerland. Afghanistan as the Switzerland of this region which means in practice that all the countries around it should have agreed not to intervene, should have said that it is their common interest to keep their hands off Afghanistan. This sounds theoretically very interesting and may be it could have some sort of practical outcome too but it is tough. I think His Excellency, the Ambassador of Germany is here, he will know much better than I but Switzerland did not become neutral by itself. It became neutral because all the countries around it wanted it to be neutral. We do not know if Afghanistan wants to be neutral or whether it wants to have a different approach and has a different vision of its own role in international affairs. These are questions. But still I have flagged this matter of non-interventionism as an ideal which will serve the processes of peace and stability in Afghanistan. While at the same time saying that there is no easy model for it and we would have to invent our own model. Indeed that becomes the direction in which we may wish to advance as a group or as a region. The arguments against such neutrality, the apprehensions that sectarian and other challenges in the region might not be containable through simple diplomatic instrumentalities however will remain.

Now Ambassador Rizvi has mentioned in his paper of a peacekeeping force in Afghanistan- drawn from some four countries of SAARC. Now this is a very interesting idea because it would both ensure the neutrality of two of the countries which in fact have been far from associated with peacekeeping efforts in Afghanistan in the past and two others who have a well known record of peacekeeping

internationally. Anyway Ambassador Rizvi will explain that in time, what I want to say was that this idea of investing SAARC with a responsibility in this regard is truly innovative. I have not seen anything of that nature and I think it is something that we should think about because it is not one of the usual things that comes out in a conference of this kind when we all go back to what SAARC is, what it was and what it will be and so on. But it is looking at SAARC with fresh eyes and seeing the possibility of a new role for it and a useful expansion of its traditional responsibilities. It needs to be added that SAARC has deliberately not been invested with very substantial responsibilities in the political area by its members. This is what they wanted because they feared at the time when SAARC actually came into being that if it took on a political colour and started dealing with political issues it would shake itself to bits before it actually got going. It would almost be impossible to establish a consensus on many issues and if they came to occupy the round of discussion in the councils of SAARC we would never agree on anything. Therefore SAARC was deliberately kept as a sort of low key affair structurally in terms of the specific responsibilities it had. But at the same time it was a high level affair with an annual summit meeting. So there are certain anomalies. But may be time has come for us to look at SAARC with new eyes because we need it. May be this is an issue in we must give ourselves the SAARC that we want and that we require. And may be the time has come for us to look at it differently. So I think I would just like to flag and underline this point.

One of the features of SAARC is that when it got going apart from giving itself an annual summit we also made sure that we gave it a very weak Secretariat. It was part of these anomalies. The Secretary General was nominated in rotation by one of the member nations and would occupy the office only for a year. You cannot do very much in a year, by the time he/she settled in it was time for the next one to come in. But little by little we have been changing these rules, the Secretary General is now there for three years because it was felt that the Secretariat should have a stronger stamp, a stronger voice and it should be in a position to take initiatives. And I think that is the way in which SAARC must go otherwise it will reduce itself to irrelevance. It

has to take on bigger responsibilities in order to leave its mark and to deal effectively with the requirements of its members. It will need a strong debate within the council itself at the top level if anything like a peacekeeping role in SAARC were to be adopted. But I think this is a notion that requires serious consideration.

If you belong to one of the smaller countries of SAARC, as I do not, then I think you find yourself being accused constantly saying that 'India and Pakistan' the two of us are constantly being castigated for not doing our bit in SAARC, for trying to pull it down, for not being fully committed and saying that our own bilateral differences are such that you are more interested in expressing them and pursuing them than in serving the regional interest as represented by SAARC. This is a constant theme. I have been hearing it. I used to hear it even from the time when I was working with the Ministry of External Affairs in New Delhi. And I find the chorus has not grown particularly weaker. And certainly there are great sensitivities on this issue, which affect the perceived national interest of these two countries, which are the largest countries of SAARC. It is feared that a regional organization may take an orientation, which is unhelpful to one or the other, the trade for example. Reference is made to the projections of where SAARC should go in terms of promoting regional trade. We have seen SAFTA, SAPTA; we have seen all kinds of bodies, free trade areas and all that which are yet to take off. And much of the blame is attached to both India and Pakistan. And it is rightly so because their own interests drive them in contrary directions. But because we cannot simply bemoan what is happening, we must look for ways forward. I think that we have often come very close.

SAARC has provided an opportunity if not a solution. I personally know that. I was in Male' many years ago. I do not remember how many years now but there Indo- Pak talks, which had been taking place, had got stalled for some reasons, which is hardly worth recalling. But at Male' in the course of a summit Mr Nawaz Sharif who is now back again and our Prime minister who was then Mr. I.K. Gujral got together for dinner. They were able to make sufficient common cause to be able to instruct their officials including

myself to resume our discussions and come out with a proper solution which we did. Once you have that political will that was expressed in those terms over *Biryani* it is very meaningful. So, SAARC provides opportunity; but now we have to see whether it can provide structures. That is an important challenge and let us see how it is done.

But let me add that we have as members of SAARC, as members of the South Asian family, I think we have all been extremely pleased and gratified and impressed by what we have seen next door to India in Pakistan, in terms of the elections that have taken place. And this democratic transition has actually been witnessed and the Pakistani people have spoken unambiguously. With this there has been as all of us would have noted, some very positive exchange of sentiments between India and Pakistan and others also of course, but India and Pakistan being the two that are normally at daggers drawn or with difficulties about one issue or another. But now they have shown and expressed a real interest in turning over a new page and recommencing the relationship and the discussions between them on a more positive basis. I think that if India and Pakistan are so inclined and so determined, SAARC itself will benefit. This has been according to many the major hurdle in the evolution of SAARC as an effective body. And if the two countries of India and Pakistan are able to set their own differences aside sufficiently to work in the region, I think the opportunities now arises and we should take a very positive view of it.

Let me conclude by saying that we need to re-examine SAARC basically because there are certain possibilities of SAARC. There are certain clear procedures and processes in the economic area which are now well established and about which there is really no controversy. There should not be. India has enormously developed its economic interaction with Afghanistan and we would like to see more of it. And I think that will continue no matter how the ISAF process continues, whether how the withdrawal takes place and so on.

Similarly our efforts to open up the region for access from all directions and actually this is much better way SAARC can provide, a

kind of regional approach to opening up access rather than a kind of bilateral thing which ends up more often than not in an airing of differences. So it is in fact, what we have seen in our neighbourhood a positive moment in South Asia and we should do our best to ensure that it has an useful impact on SAARC as well as on the rest of the region and not just on bilateral ties.

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Address by Aslam Rizvi*

I would first of all like to thank the organizers for inviting me to this forum to speak on the issue of Afghanistan which is of immense importance especially in the wake of exit of International Security Assistance Forces led by NATO this year.

As I see it, there are three ways of analyzing this issue; one is academic, second is strategic and third is surface analysis. Here, we will try to connect surface analysis with strategic way. Surface analysis is the way we see things as they are, and strategic way is with reference to the geography of the region, which, many a times, dictates decisions and shapes the relations among states.

Afghanistan in SAARC

Afghanistan became SAARC's 8th member at its annual meeting in New Delhi in April 2007. The Afghan Foreign Minister laid out Afghanistan's expectations from the organization by stating: "Afghanistan will seek investment in the country, that Afghanistan will offer transit facilities between South and Central Asian Countries and that Afghanistan will seek help from SAARC member countries to join counter terrorism circles".

Let us see what has been the response from SAARC member countries to this.

Investment

Last year Afghanistan signed with India a Strategic Partnership Agreement to streamline political, security and economic cooperation that formalizes its proactive role in Afghanistan in reconstruction, in the higher education sector, in capacity building for the civilian service sector and in the training of the Afghan National Security Forces (ANSF).

* Former Ambassador, Pakistan

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Pakistan too is committed to pursuing the strengthening of economic relations and deepening of engagement and cooperation with Afghanistan. It has been involved in development assistance in Afghanistan commensurate with its economic capacity. And is the largest trading partner of Afghanistan while Afghanistan is Pakistan's third largest trading partner.

Pakistan has a constructive role to play in forging a desirable political settlement in Afghanistan after the NATO withdrawal from the region. Besides there is a presence of a large number of Afghan refugees in Pakistan, the long border, conducive environment for Afghan nationals to live, work and access education and health facilities in Pakistan, and shared religious and ethnic ethos. These were perhaps some of the factors which prompted President Hamid Karzai to state while in Delhi for signing the SPA that while India is a friend of Afghanistan, Pakistan is its twin brother.

Pakistan hence is also seeking a SPA with Afghanistan and a draft of the same was presented by the Pakistani Foreign Minister to her Afghan counterpart in November 2012 in Islamabad.

Here it would be pertinent to mention that lack of progress in SAARC has been attributed to rivalry between the two biggest members India and Pakistan. Afghanistan provides an opportunity for both countries to cooperate and complement their efforts for bringing peace and development in Afghanistan, the positive impact of which will be enormous on the region.

Transit Facilities

In July 2010 Pakistan Afghanistan Transit Trade Agreement was signed that allows Afghan trucks to drive inside Pakistan to the Wagah border with India, including to the port cities of Karachi and Gwadar. In July 2012, Afghanistan and Pakistan agreed to extend APTTA to Tajikistan in what will be the first step for the establishment of a North-South trade corridor. This agreement will also prove a great source of regional connectivity. The Tajikistan Afghanistan Pakistan and India (TAPI) project is also a great source of boosting regional integration and economic cooperation.

Counter Terrorism

All South Asian States, in varying degree, have been victim of terrorism. Hence since its inception, concern over terrorism and the need for greater regional cooperation has prominently figured in the SAARC agenda and led to the SAARC Regional Convention on Suppression of Terrorism on 22 August 1988 .

In the 17th SAARC summit, held on November 10-11th, 2011 in The Maldives, and attended by President Hamid Karzai as well as the presidents or prime ministers of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka the leaders reiterated their resolve “to root out terrorism, taking into account its linkages with illegal trafficking in narcotic drugs, psychotropic substances and small arms and to make coordinated and concerted efforts to combat terrorism,” in the final summit declaration.

These commitments have, however, resulted in limited concrete action. Historical mistrust, short-term foreign policy objectives, lack of capacity at the national and regional level, fragile political systems, and technical limitations have variously been held responsible for crippling regional efforts. SAARC's regional counter terrorism strategy should adopt a holistic, inclusive approach to counter terrorism that include measures addressing conditions conducive to the spread of terrorism in addition to measures to prevent and combat terrorism in line with the unanimously adopted UN Global Counterterrorism Strategy in September 2006. In doing so, it would link the fight against terrorism with social and economic development, good governance and human rights, and better intercultural and inter-religious understanding and respect.

Role of SAARC

I believe SAARC as a regional organization can play an important role in facilitating economic relations between member states and Afghanistan because the way I see it, Afghanistan is an important consumer market for economies like India and Pakistan. However, an honest analysis of Afghanistan is that it is geographically vulnerable, diplomatically struggling and does not possess a strong indigenous military at the moment. Here I would refer to the hall

mark statement of the second Bonn Conference on Afghanistan, that “a stable and prosperous Afghanistan can only be envisioned in a stable and prosperous region”. This is the message, which should be reinforced through the forum of SAARC as well.

My surface analysis of Afghanistan points towards strong insurgency, a doubtful security transition process in 2014 and an ambiguous peace process. SAARC can create a political and economic environment that would facilitate political cooperation as well as security and stability between SAARC member countries. For a constructive two-way contribution, a stable Afghanistan is a must.

So, the depth of Afghanistan’s contribution to SAARC and vice versa largely depends upon stable economy, stable government and stable security environment. Afghanistan’s economy in many fields requires the cooperation of neighboring countries. Currently, Afghanistan depends heavily on Pakistan route, with regards to transit need. So I think promotion of economic progress especially in terms of trade and investment, must be the focus in reconstruction of Afghanistan. Also, if the cross-border and transit trade with member countries is enhanced, I think it will contribute immensely in terms of Afghanistan’s economic growth. And I would also like to see people to people relationship among the member countries including Afghanistan getting more organized and widespread and for that road and railway connectivity is something that I see, must be promoted between Afghanistan and SAARC countries. Furthermore, SAARC can assist Afghanistan in this regard by providing expertise and helping the country create and connect infrastructures.

The year 2014 signifies security, economic and political transition in Afghanistan. The Afghan National Army and Police will assume security, the economy will undergo a change from aid economy to independent self sustained economy and a leadership change as President Karzai steps down and Presidential elections are held in April followed by Parliamentary elections. The outcome of the elections is likely to be the most critical factor for the future of the country as both are likely to be controversial if not bloody. If the elections are free & fair and give rise to a consensus government

compromising all ethnic groups in Afghanistan one can expect peace and stability in Afghanistan. If on the other hand the elections are seen as unfair, corrupted and deeply contested this would likely precipitate a vicious circle of conflict, worsening security situation and capital flight.

The progress in the US backed efforts to reconcile the militant movements with Afghan government is of crucial importance but have gained little traction although President Karzai has of late joined the efforts. While Pakistan, an important player has consistently endeavored to facilitate an Afghan led and Afghan owned peace process.

Perhaps the way forward is to seek a cease fire which could provide political space to the Taliban for meaningful dialogue.

The ceasefire could be ensured by a regional peace-keeping force. Four members of SAARC–Pakistan, India, Bangladesh and Nepal have the finest record of peace-keeping and are among the top five UN Troop contributing countries. Such a joint peace keeping force could deploy under the UN umbrella in aid of a member SAARC state.

SILK ROAD INITIATIVE

Afghanistan maybe faced with insurgency and instability but it is blessed with mineral deposits and a geostrategic location.

Afghanistan is estimated to sitting on \$ 3 trillion worth of mineral wealth that has the potential not only to overcome aid dependency but also substantially raise its GDP in the years ahead.

Afghanistan is set to become the hub for a New Silk Road initiative because of its location. The Silk Road is an ancient highway that connects the East with the West through Afghanistan and more importantly a trade and transit route for tradesmen.

It was also a symbol of “collective security and global peace in the ancient centuries” as it connected three empires- Han in China, Kushanid Empire in Afghanistan and Roman Empire in the West. Because of Afghanistan’s geographical position, situated in the middle of the Silk Road where goods came from Beijing to Balkh

province in Afghanistan and then headed towards Turkey and the commercial ports of Europe.

Secretary Clinton first described the vision of a modern or NSR nearly a year ago in Chennai, when she spoke of the importance of economic integration for the future peace and security of Afghanistan and the broader region, calling for the development of a “New Silk Road” re-connecting economies that had been torn apart by decades of war and rivalry. I would like to support the New Silk Road vision as I believe, it would once again create trade routes between Asia and the West, while establishing modern highways, rail links and energy pipelines to facilitate it. The initiative is part of the wider transition program envisioned by the U.S., which has already shifted its focus from stabilization projects to investment in Afghanistan. This process is intended on facilitating the withdrawal of the U.S. from Afghanistan by creating a viable environment that will give way to spurring growth and integrating Afghanistan into the economy of South and Central Asia.

The New Silk Road also attempts to build upon existing infrastructures already underway to reduce trade and transit barriers and ensure that commodities from Afghanistan or Central Asia transit to Pakistan, India and beyond.

SAARC can play an imperative role in revitalizing the ancient Silk Road starting from Pakistan and Afghanistan. The Silk Road initiative could potentially assist SAARC in addressing the problems associated with implementing preferential measures for Least Developed Countries, especially for landlocked countries, like Afghanistan.

Northern Distribution Networks, corridors previously used by the U.S. to transport non-lethal goods will become obsolete after their withdrawal. So I think, these routes could potentially provide Afghanistan and the region with multiple transit corridors for goods coming from South Asia to land locked Central Asia and beyond while also ensuring security of corridors. Though, it would prove much more costly to use these corridors for transit of goods by countries like Pakistan and others with access to water ports, but it could still

provide a cost effective alternative for granting access to the natural resources of Central Asia through Afghanistan using these infrastructures.

If the post-2014 Afghanistan is not a secure and politically stable one, then the country will not be in a position to develop its economy and will fall back into conflict that will have serious consequences for not only the neighboring countries but the regional security as well.

SAARC must seriously assess whether Afghanistan is able to provide security for itself beyond 2014 and determine how it can help Afghanistan in this area. For this I would reinforce the idea of regional peacekeeping security force of its own in the post-2014 period, provided a consensus can be arrived at by the SAARC members by subduing their perceived national interest and uniting in a clear objective for creation of economic and political stability in Afghanistan with a wider impact for the region. SAARC can surely assist Afghanistan by building local capacities, providing expertise and using its political and economic leverages amongst its members to ensure cooperation on security, political and economic matters.

On the other hand leaving Afghanistan in post 2014 to a political and security vacuum would not only pose a danger to Afghanistan but to the region as a whole. If conflict continues to rage after the US withdrawal you can be sure it will spill over international borders in various forms including gun running, drugs and increased militant activity. Rationality demands that such a scenario be pre-empted at all costs. In this, SAARC role would assume great importance.

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Remarks by Dr. Shambhu Ram Simkhada*

I want to start by congratulating Dr. Pandey and Mr. Delinic for this important initiative and thank them for inviting me to share some ideas on Afghanistan and SAARC with such a distinguished group of scholars, leaders and diplomats. My first impression of Afghanistan was formed long back when I and my wife, with her advanced pregnancy, missed a connecting flight and were stuck in a foreign land for three days. As young students returning home unexpectedly with serious budget limits, we managed with the help of Afghani lodge owners in the Afghan quarters of Tehran. From that image of the people so hospitable to strangers, kind to women and tolerant to other cultures, I have been shocked by the brutality of the violence and saddened by the endless tragedies going on in Afghanistan.

With favorable impression of the people, admiration for their history of brave resistance to foreign occupation and empathy with the traumatic experiences in the tragic internal conflict between the aspirations for and resistance to change and modernization, I was happy that Afghanistan became the 8th member of the SAARC family. It is in this spirit that today, beyond the exchanges and declarations of the Summits, Official and Technical meetings, I want to explore, what SAARC can offer specifically to “promote the welfare of the peoples of Afghanistan and to improve their quality of life”? And what has Afghanistan’s experience brought to SAARC? I will address these questions at three levels.

First, discuss some ideas on how SAARC can help Afghanistan in its current problems and future progress, second, share the experience of Nepal’s own painful past and how we came out of the violent insurgency and then present some reflections on SAARC and its future at a more conceptual and practical realm.

* Former Nepali Permanent Representative to the UN in Geneva.

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I. Afghanistan in SAARC – towards deeper engagement:

- **Connectivity for Prosperity:** Afghanistan is situated between the energy hungry South Asia and China and the energy rich Central Asia and the economically developed Europe. Better transport, communication and energy connectivity can benefit Afghanistan and its neighbors through trade, transit and tourism.
- Afghanistan is rich in mineral resources and India and China have started to invest heavily in their exploration. Other SAARC members are also rich in other resources. Complementarities can benefit all sides.
- Mineral resources are important but the biggest resource of a country is its people. Having suffered so much for so long Afghanistan's people deserve a better future and the world, SAARC and most importantly Afghanistan's own scholarship and leadership owe it to them. Focus on human development through better health care, literacy and higher education and other physical and services infrastructure provide great opportunities for foreign assistance, investment and benefit to all.
- **Peace and Stability:** Visions of prosperity depend on peace, stability and security inside Afghanistan, in the region and the world. Former Indian Ambassador to Afghanistan currently serving in Nepal, Jayant Prasad pointed out in his opening remarks at this conference how peace and security in Afghanistan is the most important global security challenge for the world. How to respond to the situation after the withdrawal of the foreign forces? This question is also preoccupying the minds of many. In their recent bilateral meeting on Afghanistan, India and China agreed that "Afghanistan's situation is an issue closely related to regional security and stability" and this can be addressed through regional cooperation and international support. In light of such concerns and agreements, time may be right for SAARC to reflect on how it can help member states address

some of the more crucial problems affecting them and also help Afghanistan move towards peace, stability and prosperity.

II. Nepal's experience in conflict and peace:

- Historically well known for its brave people, independence as a sovereign Hindu state and culture of peace, tolerance and coexistence among numerous ethnicities, languages, regions and religions, Nepal suffered the trauma of armed insurgency for a decade. The violence led to the deaths of over 18,000 Nepalese. 1,500 disappeared, 15,000 were wounded, 4,000 became disabled and more than 1,200 persons were kidnapped. Over 400,000 were displaced internally. The insurgency led to the destruction of public and private property, physical infrastructures, government buildings, historic sites, telecom towers, health posts, drinking water systems, police posts, airports, schools, roads and bridges. The damage to the fabric of Nepali society, its social harmony and tolerance was incalculable.
- To take you back to the Nepal of 1996-2006, on top of the trauma of the unimaginable royal palace massacre, the Maoists were waging their people's war and the new monarchists were trying to consolidate their rule by saying "support us or the Maoists will take over"; mainstream political parties had shot themselves in the foot; civil society was asking in exasperation "who wants peace here?" Conflict experts were preparing for the long haul. Meanwhile Nepalis were killing each other in the name of change or to suppress it.
- Then, an idea, a peaceful national democratic progressive political centre isolating extremists of all sides, became the rallying point against violence and autocracy. A combination of intellectual audacity, political will and deft diplomacy created the national/international convergence for peace and democracy. The Twelve Point Understanding 2005,

successful People's Movement 2006, reinstatement of the House of Representatives, Interim Government, Comprehensive Peace Agreement (CPA) and the Constituent Assembly (CA) election were all results of this creative convergence. The CA made Nepal a Republic; inheritor of a long history left his palace peacefully bidding *adieu* in a press conference; a citizen's son became the Head of the Nepali State and the rebel leaders, on whose heads there were price tags not so long ago, became the executive Prime Ministers, addressed the UN General Assembly, and were welcomed by the world leader who *wrote the book* called War on Terror.

- So, some political miracles were created. Sadly, that process is at risk today and if not careful, the Afghan experience could play out in Nepal. On a positive note, recently I completed an assignment as a Member of the Secretariat of the Special Committee under the Chairmanship of the Prime Minister for Integration and Rehabilitation of the Maoist Army Combatants. So, I want to share a citizen's perspective on this vital part of Nepal's post-conflict peace-building work in brief.
- Of the 19,602 Maoist Army Combatants (MACs) verified by the UN Mission in Nepal (UNMIN), 1442 (71 officers and the rest in other ranks) who opted and qualified for integration into the Nepal Army (NA) are undergoing training. A separate Directorate in the NA will accommodate them in the ratio of 35 percent with 65 percent coming from the NA, in three core functions of development work, disaster relief and forest conservation. Other MACs have chosen civilian lives with voluntary exit and cash payment. The seven cantonments and 21 satellite camps with weapons in containers and used for security of the camps and senior Maoist leaders are in possession of the State. So, unlike the CA, the Special Committee responsible for the SIR of the MACs has been dissolved after completing its work. Why did

this part of the peace process succeed amidst failing politics in Nepal ?

- **Intellectual Ownership, Political Leadership and Management Partnership:** Post Cold-war conflicts are mostly internal in the developing world but the intellectual tools for conflict resolution and peace building are developed elsewhere. Financial support and operational leadership also come from mainly multinational arrangements. External roles interfaced with local interests can create problems of intellectual ownership, political leadership and managerial partnership. Nepal initially faced these problems. But, driven by the *power of ideas* political will took back the intellectual ownership making this part of Nepal's peace process a truly nationally driven exercise. Finally, political leadership supported by operational partnership led to the success of the SIR of the MACs. Of course, Nepal's political conflict is far from over. But despite some dilemmas, the significant contribution of the successful I & R of the MACs is in transforming violent conflict into peaceful competition for power, at least for now.

III. SAARC- Retrospect and Prospect:

- From the heights of the Himalayas to the depths of the Indian Ocean, from the plains of Bengal to the Hindu Kush South Asia is endowed with physical beauty, bio-diversity, natural resources and hard working people adopting different cultures and religions co-existing in peace. Yet, why is this region best represented by Buddha, Gandhi and Taj Mahal in the past, home to the largest number of the world's *hungry and angry* today? And if we fail to think and rethink, South Asians could end up even more hungry and angry, pandemics affected, young people leaving or taking up arms, more natural disasters or even worst, use knowledge, wealth, power and external help to impoverish and annihilate each other.

- That is why the founders established SAARC and made tackling the problems of poverty and violence the priorities of the organization. SAARC has survived its infancy. It is now the largest regional organization in the world with a combined population of over 1.5 billion. From a modest start, areas of cooperation have multiplied to encompass poverty alleviation to trade and finance, culture to environment, social development to security, science and technology to tourism. Eight Agreements including one on establishing the South Asian Free Trade Area (SAFTA), Six Conventions including one on Suppression of Terrorism and its additional protocol have been signed. The Food Bank and Development Fund are important new initiatives to promote greater regional integration. Four more pacts, SAARC Seed Bank, Multilateral Arrangement on Recognition of Conformity Assessment, Rapid Response to Natural Disaster and Implementation of Regional Standards were signed during the 17th SAARC summit in the Maldives. The SAARC Social Charter is a step forward and the South Asian University can spur greater intellectual interaction and innovative thinking essential for greater regional consciousness, identity and cooperation. In a nutshell, SAARC has come a long way and parts of South Asia are shining in peace and progress.
- Observer status of the global and regional powers reflects their interest in the future potential of this region. But, sadly today most authoritative indices also show SAARC collectively suffering in poverty, conflict, corruption and state fragility. The regional trading regime is weak. Connectivity and movement in the region is cumbersome; the Berlin wall may have fallen but in South Asia old walls remain and new ones are being built. The security environment is fragile. A new identity and consciousness with *minimum values-consensus* is not even in the agenda. Externally, South Asia presents a fractured picture. So, SAARC has not done as well as it should or could have.

- Resolving the problems of the region requires efforts at many levels but tackling the core problems of poverty and violence must start by questioning the ideas that propel people to extremism and fundamentalism, violence and counter-violence. Can violence against the people be a war of the people or winning it possible by more weapons, more counter-violence or denying citizens their rights? In what kind of a war do intelligent young men and women kill themselves to kill other innocent peoples? Is it not a loss of faith in self, society, and faith itself? What can you call it if not a failure of scholarship and leadership?
- For peace and progress in some parts to transform the pockets of poverty and violence in the other, what is needed is inspiration in the inherent human potential combined with the blessings of science and technology. Once the pockets of denial and deprivation start to turn into centers of partnership for peace and progress those using violence as instruments of politics, economics, ethnicity, religion or tradition will find no takers. For such a vision to be real, however, South Asian elite must first build new mental flyovers beyond the *intellectual traffic jams* that perpetuate poverty and violence, extremism and radicalism.
- South Asia's problems can be resolved only within a new paradigm that harmonizes individual, institutional and national interests with regional and global understanding and cooperation. Rather than wasting time and resources in people's or holy wars or more weapons, South Asia needs new *Highways of Hope and Healing*. For this *some old walls need to be demolished, new bridges built*. Power and resources must also be shared more equitably among multiplicity of local, national and regional actors. Such vertical and horizontal adjustments will strengthen, not weaken the South Asian states, making them more inclusive and responsive institution of governance in an increasingly complex regionalizing and globalizing world.

Conclusion

As the post-war vision of global collective security and prosperity were swallowed down by the chasms of the cold-war, regionalism emerged as the next best approach to avoid wars, resolve conflicts and promote peace and development. And indeed, as one of the most remarkable features of regional integration, despite their long history of hostilities, a war between or among Germany, France and England is not only improbable but unthinkable. Can we talk about our region with the same level of confidence? Europe is leading the effort to restore stability in its conflict torn parts and Germany and France spend a lot to bail out Greece from its financial difficulties. Can we talk about India-Pakistan cooperation for peace in Afghanistan or India and China leading a new Asian Partnership for Peace with all other major stakeholders joining? And, if not, my question is, why not?

I know that Idealism and Realism, what ought to be and what is possible is a continuing dilemma of scholarship, leadership and diplomacy. As a close observer, I have been a long advocate of strengthening the SAARC Secretariat and upgrading the level of the Secretary General to allow the organization to build on what has already been agreed upon with a realistic mix of new ideas seemingly difficult to be taken up as state policies immediately yet potentially too valuable to be left unexplored. This may be an idea whose time has come as SAARC enters its adulthood and Nepal, the seat of the SAARC Secretariat prepares to host the next Summit as well as appoint the new SG. They may be the best new beginnings aimed at SAARC helping to “promote the welfare of the peoples of Afghanistan and to improve their quality of life” as well as other South Asians avoid the traumas experienced by their Afghan brothers and sisters. Let me conclude by stressing that any new ideas aimed at helping Afghanistan in SAARC or elsewhere must be based on the will of Afghanistan’s people and initiatives of its scholarship and leadership.

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Afghanistan as a SAARC Member: Bangladesh Perspective

Abdur Rob Khan¹

1. Introduction

The Centre for South Asian Studies, Kathmandu, and the Konrad Adenauer Stiftung deserve commendation because it brings into discuss the context of SAARC, a topic almost forgotten by South Asian community. We are talking so much about terrorism and its fall out on interstate relations, but we are keeping aside the framework within which such a discourse could be carried out and enforced. Secondly, CSAS organized this conference with focus on Afghanistan, the 8th member of the SAARC. So much global politics, particularly, the fulcrum of the global war on terrorism, revolved around Afghanistan, yet the country's entry into SAARC at a vital time of its reconstruction and rebuilding goes unnoticed. Of course, the organization itself remains largely in doldrums. But Afghanistan itself needs to be engaged in South Asian affairs as a member of South Asian family because such a process would bring synergy for the organization itself. The present conference, therefore, is topical and timely.

The purpose of this paper is to look at Afghanistan's membership in Bangladesh perspective and deliberate on how the youngest member of the SAARC could be engaged deeply and synergically to the mutual benefits of both parties. Bangladesh and Afghanistan are two Muslim member countries of SAARC. Both straddle other sub-regions – Afghanistan may be viewed as the gateway to West Asia and Central Asia, while Bangladesh may be considered as the gateway to South East Asia and far East.

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2. Significance of Afghanistan's Joining SAARC

Afghanistan showed its interests in joining SAARC in the every year it was founded in 1985 but political instability and civil war kept it isolated. After a tumultuous interregnum, Afghanistan again showed interest in joining SAARC in the 13th SAARC Summit and in the 14th Summit held in New Delhi in 2007, Afghan President Hamid Karzai took part as the 8th head of government. Afghan Foreign Minister said on this occasion: "Accession of Afghanistan to SAARC would certainly open new opportunities for all. Kabul would focus on trans-border transport networks, energy corridors and free flow of people and ideas within the region as a member of SAARC."²

Afghanistan's joining SAARC not only ends the country's isolation from South Asian affairs, it reinvigorates long standing cultural and historical ties. Not only that, Afghanistan's entry may mean a major energy gain for energy-hungry South Asia. Afghanistan could become the key transit for energy from Central and West Asia, both hydropower and gas. The World Bank recommends building two regional energy hubs: the first at the western flank of the region, comprising Afghanistan, Pakistan and northwestern India as the importing markets, trading with Central and Western Asia; the second at the eastern flank of the region, comprising India, Nepal, Bhutan, Bangladesh and Sri Lanka.³

As far as Afghanistan is concerned, the SAARC members could extend hand in its fight against drug trade, insurgency and militancy. Other South Asian countries like India, Pakistan, Bangladesh and Sri Lanka, even Nepal, have significant stake in these menaces. More importantly, in the present stage of Afghanistan's rebuilding and reconstruction, the SAARC member countries can provide valuable inputs, if not in cash, because they are basically cash strapped, but in kind, in software.

² See, www.isn.ethz.ch/isn/Digital-Library/Articles/Detain?id+53216, accessed May 9, 2013.

³ Ibid.

3. Bangladesh-Afghanistan Relations

Historically, relations between Afghanistan and Bangladesh have been friendly and cordial but not very active and close. At the elite level, Afghanistan has been made familiar to the educated class through the writings of Tagore, whose famous short story of Kabuliwala is wellknown. Similarly, the attractive travelogue of another literateur, Syed Mujtaba Ali, who taught at the University of Kabul, has made Afghanistan popular to Bangladeshis. At the people's level, the image of the Kabuliwala, as a vendor cum money lender, is very familiar in rural Bangladesh.

As far as formal and official relations are concerned, the Soviet invasion of Afghanistan in 1979 was a watershed in the sense that Bangladesh took a formal position on Afghanistan, in line with the Muslim states under the banner of the Organization of Islamic Conference (OIC). The position was that Soviets should withdraw troops, and the non-aligned status of Afghanistan should be restored and a government according to the wishes of the people of Afghanistan should be established.⁴ With Soviet withdrawal from Afghanistan and a civil war raging among the Mujahedins, Bangladesh took no active role but generally supported the pro-Taliban stand of the Pakistan government, as opposed to India.

The second watershed in Bangladesh-Afghanistan relations came with American launching of global war on terrorism and ouster of the Taliban regime. Normal relations have been established. As the process of reconstruction of Afghanistan and strengthening of civilian administration started, Bangladesh got an opportunity of working very closely with the people of Afghanistan through Bangladeshi NGOs, BRAC, the largest NGO in the country, in particular.

BRAC in Afghanistan

BRAC started operating in Afghanistan in 2002. With its multi-sector operation, BRAC Afghanistan employs 3400 people across five programs – microfinance, health, education, capacity and training and

⁴ See, Sayedur Rahman, *Historical Dictionary of Bangladesh*, Scarecrow Press, 4th edition, 2010: 6.

the national solidarity program. It has nationwide coverage with at least one program in all 34 provinces. Over 40% of the staff are women. BRAC Afghanistan's work in aggregate impacts on over 12 million out of about 30 million people in the country.⁵ BRAC is also a force in cultivating Afghanistan's SME sector. In 2008, BRAC founded BRAC Bank Afghanistan, a full service bank with an SME focus. The bank has extended about \$35 million to 6,000 customers.

Trade Relations

The Government of Afghanistan expressed keen interest in setting up direct business links with Bangladesh so that direct export and imports transactions could be carried out and Bangladesh could exploit the linkage to enter the huge market of the Commonwealth of Independent States (CIS). At the moment Bangladeshi goods like jute and tea and other items go to Afghanistan via Pakistani importers. Some dated data shows that Bangladesh exports a total of about \$4.19 million worth of goods to Afghanistan during 2003-04.⁶

Future Perspectives

Let us focus on future perspectives. I think the concept of gateway to the integrated region of South Asia can be materialized if Bangladesh becomes part of regional connectivity in the context of South Asia and South-South East Asia, while Afghanistan becomes part of regional connectivity in South Asia and South-Central Asia.

As far as South Asian transit connectivity is concerned, at the moment, a number of proposals on the table and are at different stages of fruition. At the macro and trans-regional levels, there are two ESCAP-initiated much talked about proposals – Trans-Asian Railway and Asian Highway, both are supposed to connect Asia, Far East, at one extreme and Europe, at the other end. Some moves have been made about Asian Highway as far its routing in South and South East Asia is concerned.

5 See, www.brac.net/node/637 accessed 9 May 2013.

6 See, www.afghanembassyjp.com/en/news/865 accessed May 9, 2013.

Then there is the proposal of SAARC regional connectivity. But no practical move has been made for its implementation. A smaller version of the Asian Highway is in the process of implementation between Bangladesh and India in terms of transit and transshipment connecting West Bengal and North East India. Talks are being held at the moment between Bangladesh, India and Nepal, on the one hand, and Bangladesh, India and Bhutan, on the other.

Bangladesh happens to be member of a sub-regional cooperation process known as Bay of Bengal Initiative for Multi-sectoral Cooperation (BIMSTEC) involving four South Asian countries, Bangladesh, India, Sri Lanka, Nepal and Bhutan, and two South East Asian countries, Thailand and Myanmar. The formulation of projects like BIMSTEC FTA and BIMSTEC connectivity has made some progress.

Then there is another transregional cooperation proposal, known as KUNMING initiative involving Bangladesh, Myanmar, India and China.

So, Bangladesh looks at these projects as building blocks to greater regional and trans-regional connectivity. Secondly, geoeconomically (if not geopolitically), we may consider Bangladesh as the gateway to and from South Asia connecting Far East, North East and South East Asia.

On the other hand, we may consider, Afghanistan as the gateway to West Asia and Central Asia. We are aware that at the moment, a proposal is being actively considered for a 1680-km trans-regional gas pipeline connectivity. The name of the proposal is TAPI – Turkmenistan, Afghanistan, Pakistan and India. Whether, this is a counter proposal rivaling the proposed Iran-Pakistan-India gas pipeline is a different question of larger/global politics of creating a disconnect between India and Pakistan, on the one hand, and Iran, on the other. However, we believe that the more the better, let hundred flowers bloom. Bangladesh has already evinced keen interests in joining this multibillion dollar project. “We require official note which will be considered by all the four governments”, Turkmenistan’s

acting Minister for Oil and Gas said in a conference last May, 2012.⁷ In that case, the pipeline will extend to Bangladesh.

But the point remains that Bangladesh and Afghanistan as gateways, not gatekeepers, of these multiple regional and trans-regional processes can play constructive and dynamic role. What, however, is lacking, is national capacity of these two countries. But we believe, much of national capacity building may accrue from the synergies of regional cooperation process itself.

4. Towards Deeper Engagement with Afghanistan

Bangladesh can and should deeply engage Afghanistan in the areas where Bangladesh has competence and a niche. I think BRAC has shown the path and the roadmap may be expanded and diversified. First of all, there is ample scope of expanding and consolidating BRAC activities. Secondly, women's empowerment is one such area where Bangladesh can engage Afghanistan and being a Muslim country, Bangladesh's efforts in this field will carry greater credibility. Thirdly, non-formal education is another area where Bangladesh's success is recognized. Bangladesh could provide tailor-made training programmes in areas such as banking, disaster management, primary and mass education, health care workers, agricultural extensions, poultry and livestock, youth development with focus on technical and vocational training. Fourthly, Bangladesh experiences in disaster management capability including crop management and agricultural practices can be replicated in Afghanistan. Fifthly, local government institutions, including local policing or community policing in Afghanistan could be strengthened by drawing on Bangladesh's experiences. Sixthly, Government of Bangladesh can train Afghan civil servants. Bangladesh shares many areas of expertise with other South Asian countries and this is where the role of SAARC umbrella comes in.

We are aware of proposals to Bangladesh to make contributions in areas where Bangladesh had to wade across uneasy

⁷ See, *The Express Tribune*, June 7, 2012.

and uncomfortable grounds. One such area is contribution of combat troops to maintain security of Afghanistan. Proposals were made in 2010 and recently in September 2012. Bangladesh had to politely decline explaining the risks involved.⁸ Of course, as a country committed to maintenance of peace and security, Bangladesh has been contributing in the UN Assistance Mission in Afghanistan (UNAMA) since 2004. We have so far sent 8 Observers to the UNAMA by rotation. We may certainly participate in the broader peace building process where there is scope for civilian engagements.

⁸ See, "US asks for Bangladeshi troops in Afghanistan", *The Daily Star*, September 27, 2010 and Saleem Samad, "US seeks Bangladesh help to secure Afghanistan", www.saleemsamad.blogspot.com/2011/09/us-seeks-bangladesh-help-to-secure-afghanistan.html, accessed 9 May 2013.

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India's Role in the Re-integration of Afghanistan into SAARC: Regional Cooperation, Trade, Transit and Connectivity

Shanthie Mariet D'Souza¹

Abstract

India's role in rebuilding of post 2001 Afghanistan has accrued tremendous amount of goodwill among the Afghans. Its aid policy has been directed in capacity and institution building of various critical sectors- security, political and economic with the objective of rebuilding the human and social capital of a war ravaged society. India's interests in post-9/11 Afghanistan have centered on the creation of a pluralistic and inclusive government, creating the economic, political, and social conditions in which extremism and terrorism will be reduced over the long term. To achieve these objectives, India adopted a 'soft power' approach consisting of developmental/infrastructural aid, political and administrative capacity building, revival of its cultural, civilizational and historical linkages with Afghanistan, building on the trade and transit potential of Afghanistan as a 'land bridge' connecting with South and Central Asia. While India's aid policy has been viewed positively by

1 Dr. Shanthie Mariet D'Souza is Research Fellow at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore. The views expressed in this paper are those of the author and do not necessarily reflect those of ISAS. This paper is based on interactions, interviews, discussions with policy makers, senior government officials, key interlocutors, embassy personnel, academia, think tanks, media personnel, international organizations, non-governmental organizations (local and international) and person on the street narratives during a field visit to Afghanistan and New Delhi in May-June 2007, October 2010, March 2011, May-June 2011, October 2011 and January-February 2012, June-July 2012.

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the Afghans, hasty announcements of withdrawal, largely perceived as exit by the Afghans and the regional powers is pushing the country yet again to the maxims of uncertainty. New Delhi will have to recalibrate its policy contours to prepare itself for a host of scenarios that may befall on the conflict-ridden country after 2014. The paper argues that by adopting a regional cooperation model, New Delhi could set policy makers to stabilize Afghanistan, prevent regional power competition and bind countries in a mutually beneficial interdependent framework in the long term. For Afghanistan, caught in an incessant regional power play, the regional cooperation approach could be a way out of the present imbroglio. More importantly, it could provide the necessary economic impetus to move away from an aid-dependent to a self sustaining economy, a sine qua non for the long term stabilization of the war ravaged country.

India relations with Afghanistan: A historical overview

Peace and stability in Afghanistan have remained important foreign policy objectives for India. As members of the Non-Aligned Movement (NAM), both Afghanistan and India attempted to maintain neutrality amid the Cold War atmospherics. Afghanistan adhered to its policy of 'bi-tarafi' in its efforts to balance the super power rivalry.² The signing of a 'Friendship Treaty' in 1950 paved the way for development of friendly relations between India and the regime of Afghan king Zahir Shah. The Soviet intervention in Afghanistan in 1979 brought Cold War to India's doorsteps creating serious foreign policy dilemma.³ There were concerns of great power competition and

2 For much of the 20th century, the rulers of Afghanistan highlighted the approach of neutrality, as expressed by King Nadir Shah in 1931: "The best and most fruitful policy that one can imagine for Afghanistan is a policy of neutrality. Afghanistan must give its neighbors assurances of its friendly attitudes while safeguarding the right of reciprocity."

3 Bhabani Sen Gupta, *The Afghan Syndrome How to Live with Soviet Union* (New Delhi: Vikas Publishing House, 1982).

militarisation in the region with increased arms supplies to Pakistan by the United States⁴ destabilizing the region.

Criticising the external powers for jeopardizing peace and development in the region, Indian Prime Minister Rajiv Gandhi, at a joint session of Congress in June 1985, said, "Outside interference and intervention have put in jeopardy the stability, security and progress of the region. We stand for a political settlement in Afghanistan that ensures sovereignty, integrity, independence and nonaligned status, and enables the refugees to return their homes in safety and honour."⁵ He asserted, 'India could not remain indifferent to the developments which had brought the confrontation of major powers to its doorstep.'⁶ Despite the subsequent deterioration of the regional situation following the Soviet invasion, relations between India and Afghanistan – especially on trade, banking, commerce, agriculture, health, sports, education and cultural exchanges – by and large continued uninterrupted. Contacts were only disrupted when the Taliban swept onto the Afghan political scene in September 1996. Like most countries, India did not recognize the Taliban's assumption of power.

India's Role and Interests in Post 2001 Afghanistan

India returned to post 9/11 Afghanistan to restore and revive its earlier relationship. In 2001, even as countries joined hands behind the U.S.-led military offensive against the Taliban, New Delhi decided to concentrate its efforts on development and reconstruction activities in the war-ravaged country. India is the "fifth or sixth

4 J.N.Dixit, *India's Foreign Policy 1947-2003* (New Delhi: Picus Books, 2003) p. 137

5 Quoted in Shelton Kodikara, "Role of Extra-Regional Powers and South Asian Security," in Sridhar K. Khatri,(ed.) 'Regional Security in South Asia' (Kathmandu: Centre for Nepal and Asian Studies, Tribhuvan University, 1987)

6 Satish Kumar (ed.) *Yearbook on India's Foreign Policy 1989* (New Delhi: Sage Publications, 1990), p.31.

largest⁷ bilateral donor country, having pledged US\$2 billion and invested in diverse areas including healthcare, education, infrastructure, social welfare, the training of politicians, diplomats, and policemen, and institution building.

In post 9/11 Afghanistan, India's interests have centered on three broad objectives: security concerns, economic interests and regional aspirations. India's interests in Afghanistan need to be viewed in the context of its concerns over terrorism emanating from the extremely volatile Pakistan-Afghanistan border and spilling into India. A strong, stable, and democratic Afghanistan would reduce the dangers of extremist violence and terrorism destabilising the region. India has revived its historical, traditional, socio-cultural, civilizational and economic linkages with the objective of long-term stabilization of Afghanistan. India has worked to revive and to build on Afghanistan's trade and transit potential as a land bridge connecting South Asia with Central Asia. Along these lines, India has actively promoted greater trade, transit, investment and economic integration of Afghanistan with South Asia through the regional mechanism of the South Asian Association for Regional Cooperation (SAARC).⁸

India has invested hugely in the reconstruction of war ravaged country, as a part of its soft power approach⁹, with emphasis on

7 Statement in the Parliament by the Minister of State in the Ministry of External Affairs, Government of India, on 7 December 2011, <http://mea.gov.in/mystart.php?id=100518693>. Accessed on 29 March 2012.

8 Shanthie Mariet D'Souza, 'India, Afghanistan and the 'End Game'?' , ISAS Working Paper, no. 124 (14 March 2011), http://www.isas.nus.edu.sg/Attachments/PublisherAttachment/ISAS_Working_Paper_124_-_Email_-India,_Afghanistan_and_the_'End_Game'_23032011185007.pdf

9 A major proponent of the 'soft power' approach has been Shashi Tharoor. Highlighting India's civilization and cultural diplomacy in the Afghan context, he does not refrain to pointing out the fact that India has not been able to use it in the acquisition of hard power. Shashi Tharoor, 'Indian Strategic Power: Soft', The Huffington Post, May 26, 2009, http://www.huffingtonpost.com/shashi-tharoor/indian-strategic-power-so_b_207785.html

capacity and institution building, generating tremendous goodwill among the Afghans.¹⁰ By directing most of its aid through the Afghan government, India has strived to build the nascent democratic institutions and help strengthen service delivery mechanisms. Its small development projects in the south and the east of the country, areas marked by rising insecurity and shrinking humanitarian aid are identified and implemented and by the locals. As a result, Afghans have a sense of ownership of these projects. India has provided assistance to women's groups through self-employment generation schemes, health care and capacity-building programs. Such schemes are popular among local women groups, making them long-term stakeholders in rebuilding the country's social and economic fabric.

Beyond developmental/infrastructural aid, India has invested substantially in administrative and political capacity building. Thus, during the two-day visit to Kabul in August 2005, by Indian Prime Minister Manmohan Singh, leaders of both countries reiterated their commitment to building a new partnership for the 21st century. These included expanding bilateral cooperation to wide-ranging areas such as development, education, energy, trade, defence, fighting terrorism, and working towards the greater economic and cultural integration of South Asia. However, a highlight of the visit was the foundation-laying ceremony of the Afghan Parliament building to be built by India—a symbol of New Delhi's desire to play a catalysing role in the rebuilding

10 Interviews and discussions with the Afghan government officials and locals in Afghan provinces in Herat, Kabul, Balkh, Parvan, Baglan, Samangan, Kapisa, Nangarhar and Kandahar indicates an appreciation of India's role in rebuilding their country, May-June 2007, October 2011, June-July 2012. Opinion polls consistently reveal that Afghans rate India as the most favourable foreign presence in their country. For further details, see Shubhajit Roy, 'With Thumbs Up from Afghans, India Explores More Areas of Aid,' Indian Express, 5 January 2010, Tom A. Peter, 'India Outdoes US Aid Efforts in Afghanistan', Global Post (9 September 2010), www.globalpost.com/dispatch/afghanistan/100908/india-outdoes-us-aid-efforts-afghanistan. Accessed on 12 September 2010. Shanthie Mariet D'Souza, 'Change the Pattern of Aid to Afghanistan', IDSA Strategic Comments (28 June 2007), www.idsa.in/profile/smdsouza?q=taxonomy/term/57. Accessed on 10 August 2010.

of Afghanistan's democracy. Over the years, India has invested in the development of the political sector by initiating various training and capacity building programmes for legislators, parliamentary staff, bureaucrats and diplomats.

Afghan Perceptions and Rationale for Regional Cooperation¹¹

By making regional cooperation the lynchpin of the foreign and economic policy, the Afghan President Hamid Karzai envisioned to balance competing interests and priorities inside and outside Afghanistan. With this objective, he had initiated the process of regional cooperation by engaging neighbours with the signing of the 'Kabul Declaration on Good-Neighbourly Relations' in December 2002. The Declaration sought the commitment of the neighbouring countries 'to constructive and supportive bilateral relationships based on the principles of territorial integrity, mutual respect, friendly relations, cooperation and non-interference in each others' internal affairs.' Subsequently, in February 2003, Foreign Minister Abdullah Abdullah announced that regional cooperation was to be a major focus of Afghanistan's foreign policy. At the London Conference on 31 January-1 February 2006, President Karzai, along with UN Secretary-General Kofi Annan, British Prime Minister Tony Blair and about sixty states and international organisations, issued the *Afghanistan Compact*, reiterating the international community's commitment to Afghanistan and support to the Afghan National Development Strategy (ANDS).¹² The *Afghanistan Compact* unveiled a strategy for effective state building in Afghanistan, improvement in security, governance and development, curbing the narcotics economy and promoting regional cooperation. The final ANDS, which emphasised

11 Shanthie Mariet D'Souza, "Afghanistan in South Asia: Regional Cooperation or Competition?" South Asian Survey, Vol. 16, No. 1, (New Delhi: Sage, March 2009)

12 The Compact had referred to an Interim National Development Strategy. The final ANDS was approved later on 20 April 2008 (accessed from http://www.ands.gov.af/admin/ands/ands_docs/upload/UploadFolder/I-ANDS%20Volume%20One%20-%20Final%20English.pdf (on 2 August 2008).

regional cooperation, was approved later on 20 April 2008. Regional cooperation has therefore emerged as an important pillar of Afghan foreign policy and the international community's strategy for Afghanistan's long-term development.

Afghanistan was invited as the eighth member of the SAARC community at the South Asian Association for Regional Cooperation (SAARC) Summit in November 2005. Membership of the SAARC also provides Afghanistan an opportunity for working towards development and peace through a regional cooperative framework. Presently, Afghanistan's trade agreements with SAARC member states are limited to agreements with Pakistan and India. Afghanistan stands to gain immensely by economically integrating itself with South Asia given the nature of its economy and its limited access to markets and the sea.

Like other traditional agrarian societies in South Asia, agriculture remains the predominant sector of the Afghan economy, accounting for nearly 52 percent of its GDP in 2002, with nearly 57 percent of the population employed in this sector. However, years of incessant conflict and long periods of drought has led to decline in production of leading crops like cereals, cotton, fruit and nuts, livestock and milk, and karakul. Thus, the revitalisation of the agricultural sector would be a priority area for the Afghan Government to reduce poverty, eradicate poppy production and bring in inclusive growth.

Afghanistan has a rich resource base of unexplored minerals like iron, chrome, copper, silver, gold, barite, sulphur, talc, magnesium, mica, marble, lapis lazuli, asbestos, nickel, mercury, lead, zinc, bauxite, lithium, and rubies. Exploitation of oil and natural gas reserves in and around Afghanistan also promises huge potential. In the 1970s, Afghanistan's natural gas reserves were estimated at about 150 billion cubic metres (bcm). In the early 1980s, natural gas exports were in the range of 2.5-2.8 bcm a year, and constituted its main source of export revenues. However, the outbreak of the civil war and the ensuing instability halted upstream development in this sector. In the late 1970s, the major part of Afghanistan's manufacturing sector

involved state-owned processing of primary goods, including cotton textiles, agro-processing, fertilizer, construction materials, and small-scale production of handicrafts. However, the next two decades of conflict and the consequent destruction of the agricultural sector and infrastructure affected the output negatively. Presently, manufacturing, power, oil, and mining constitute 75 percent of industrial production and the construction boom fuelled by reconstruction activities accounts for 25 percent. Infrastructure development, particularly transport and power supply, remains the primary factors to stimulate industrial growth.

Afghanistan's trade remains primarily South Asia-centric. India and Pakistan received 53 percent of Afghanistan's exports in 2002 and 77 percent in 2003. The export base is relatively narrow with three commodity groupings like carpets, dried fruits, and animal skin making up two-thirds of Afghanistan's exports. Medical seeds make up roughly 9 percent of exports. While fresh fruits make up only 5 percent of exports, this sector grew 165 percent in 2003. Most carpets and fresh and dried fruits, as well as nearly 90 percent of animal skins are exported to Pakistan. India's grant of preferential access for Afghan dried fruits and nuts has resulted in an increase of exports in this sector.

Imports, however, portrayed a different picture. India and Pakistan accounted for only 15 percent of Afghanistan's imports in 2003. These two countries are main sources for clothes and food products. Pakistan supplies nearly 89 percent of Afghanistan's imported flour. In 2003, India accounted for 56 percent of garment imports and more than a fifth of medical imports. Afghanistan also imports black tea and some consumer items from Bangladesh and Sri Lanka, but together these countries accounted for only 0.3 percent of imports in 2003.

Over the recent years, however, a minor correction has been achieved in this regard. Pakistan has emerged as the leading source of Afghanistan's imports, claiming nearly 22 percent of the country's market. Such a change has primarily been achieved due to the import of construction materials. Pakistan's market share of construction

materials has risen to nearly 55 percent. While surging demand for construction material will continue as reconstruction activities carry on, in the years ahead the composition of imports would shift to consumer goods.

Prospects for Afghanistan in SAFTA

Afghanistan's SAARC membership entails its participation in the South Asian Free Trade Agreement (SAFTA). Being a landlocked country, Afghanistan requires low-cost transit routes and trade facilitation systems to help exporters take advantage of market access arising from trade agreements such as SAFTA and to be able to capitalise its strategic position as a 'land bridge' between Central and South Asia. Presently, Afghanistan has transit agreements with Pakistan, India, Iran, and Uzbekistan and is a signatory of the International Transit Convention. However, Afghanistan's troubled transit and border relations with Pakistan are governed by the Afghan Trade and Transit Agreement of 1965, which is no longer able to accommodate developments in transit trade that have since occurred.

The potential benefits of Afghanistan's membership of SAFTA are substantial.¹³ As a member of SAARC and SAFTA, Afghanistan can promote progress on these issues to ensure that the potential benefits are realised. Afghanistan would gain tremendously from improved access to SAARC markets and the greater opening of Afghan markets to SAARC members. Tariff-free or nearly-free access to large markets in India and Pakistan is one of the most appealing features of SAFTA for Afghanistan's exporters. Though SAARC markets are protected in agricultural sectors and Afghanistan's export is limited to India and Pakistan, trade liberalisation could lead to export opportunities in previously unexploited sectors. Easier market access for carpets in Pakistan would increase value-added processing and encourage carpet makers to return from Pakistan. Afghanistan's advantage in agro-based products like dried fruits and nuts coupled with

13 Shanthie Mariet D'Souza, "Afghanistan in South Asia: Regional Cooperation or Competition?" South Asian Survey, Vol. 16, No. 1, (New Delhi): Sage, March 2009

preferential access to large and growing markets in Bangladesh, Sri Lanka, and Nepal could provide a significant opportunity for Afghan exporters. Similarly, the development of mineral resources in Afghanistan could lead to more exports to SAARC countries. Having the lowest per capita income in SAFTA, Afghanistan would probably be classified as a Least Developed Member (LDM) and thereby could be granted a longer implementation period as well as special and differential treatment. Article 7(6) of the SAFTA agreement had stipulated imports from LDM to be duty free by 2008.

While tariff reduction remains one of the goals of SAFTA, the agreement could be the platform for negotiations on other issues, including trade and transit facilitation, non-tariff barriers and standards. As a member of SAARC and SAFTA, Afghanistan would be able to influence negotiations. Moreover, the SAFTA agreement addresses issues that complement the Afghan government's economic reforms. Developing regional solutions for export standards through SAFTA could help member states maximise scarce resources. Moreover, by facilitating investors' ability to capitalise on Afghanistan's status as a land bridge between Central and South Asia, regional integration could make the country a more attractive investment destination. This would benefit not only Afghanistan but also other South Asian countries. The latter can take advantage of the transit routes through Afghanistan to Central Asia and the European markets.

However, gains through market access under SAFTA will require careful negotiations over rules of origin, transit and trade facilitation mechanisms, and the size and composition of sensitive lists. With SAFTA's implementation and trade with Afghanistan conducted mostly through formal channels, total trade could increase at a rate of 10 to 12 percent per year in the next 10 years, from the present US\$ 33.5 billion to \$90 billion. Presently, trade between Afghanistan and Pakistan has increased and Afghanistan has emerged as the third-most important destination for Pakistan and is likely to grow four-fold in the coming 10 years.

Key Challenges

If gains in market access under SAFTA are to be far-reaching and sustainable, several issues need to be addressed. While tariff-free access to SAARC markets is the most appealing prospect, the greatest concern for Afghanistan is permitting SAFTA member states like Pakistan and India tariff-free access to its own markets, which could result in the flooding of imports from Pakistan. However, such fears are assuaged by the economic rationale that opening markets to SAFTA will reduce prices, provide developing sectors cheaper access to imported inputs, and boost competition. This in turn will propel growth of the domestic industry.

The effect of SAFTA membership on government revenues is another major concern. Tariff revenues are the biggest source of revenue for the Government of Afghanistan. The need to develop a sound budget in the absence of donor support makes sources of revenue a top priority. At present, domestic revenues account for roughly half of the government's revenue, with the rest financed through donors. Although SAFTA does mention a revenue compensation mechanism for LDMS through the Mechanism for the Compensation of Revenue Loss (MCRL), compensation is unlikely to be financial. Given the low tariffs in Afghanistan, the country is rarely required to lower tariffs in negotiations. The size and composition of sensitive lists have yet to be decided, but if these lists were to exclude agricultural commodities, benefits to Afghanistan would be severely curtailed.

Like the sensitive lists, rules of origin have yet to be decided. They might not affect the agricultural commodities that Afghanistan now exports, but if they exclude light manufacturing exports likely to be developed in Afghanistan over the medium-term, they could erode benefits and impede growth in the manufacturing sector. Afghanistan's transit rights across Pakistan to India and has been problematic. Lack of facilities at the borders poses a major impediment for exporters of fresh produce, hindering attempts to increase exports of fresh grapes to India. There is real problem for Afghan trucks: while they can carry goods right up to Wagah, nothing

can come from India through this route so they have to return empty to Afghanistan. Although SAFTA addresses issues of transit and trade facilitation, it does not spell out any mechanisms. If Afghanistan were to join SAFTA, such mechanisms would be a high priority as without them the value of tariff reductions would diminish.

In Afghanistan, infrastructure development, road construction and repair has been accorded top priority. Connectivity with South Asia requires investments in high-priority transport infrastructure such as airports and air traffic control systems, telecommunications, and highways, in a manner that facilitates development of regional trade and meets transit trade needs. The construction and repair of bridges and tunnels, better repair facilities for trucks, and insurance that is recognised across borders are vital to the economic health of this landlocked region.

Attempts to augment domestic revenue are hindered by the lack of effective border control, marginal presence of the economy in the formal legal sector, lack of functioning state institutions and large-scale corruption. Although Afghanistan has experienced a marginal economic recovery, most of it fuelled by donor-financed reconstruction activities. However, sustaining this growth process without regional participation would be a challenge in the years to come.

India and Afghanistan in SAARC

India has been a key promoter of Afghanistan's economic integration with South Asia through SAARC.¹⁴ India's enabling role in

14 These views and perceptions were gathered from interactions and discussions with senior Indian government officials in New Delhi and Kabul in October 2010. Also see, Gautam Mukhopadhyaya, 'India' in Ashley J. Tellis and Aroop Mukharji, eds, *Is a Regional Strategy Viable in Afghanistan?* (Washington, D.C.: Carnegie Endowment for International Peace, 2010), http://carnegieendowment.org/files/regional_approach.pdf. Accessed on 23 July 2010 and C. Christine Fair, *India in Afghanistan and Beyond: Opportunities and Constraints* (Washington, D.C.: A Century Foundation Report, 2010), <http://tcf.org/publications/2010/9/india-in->

Afghanistan's inclusion in the SAARC was primarily directed at seeking economic and regional integration of these two regions. As a major regional and economic power, with ambitions of extending its influence beyond its immediate neighbourhood, India has worked towards reviving the role of Afghanistan as a land bridge connecting South Asia with Central Asia to tap energy resources and augment trade. A Preferential Trade Agreement was signed between India and Afghanistan in 2003, reducing customs duty on a range of goods. Bilateral trade has increased considerably as a result, worth over US\$600 million in 2011, with Indian markets absorbing the largest share of Afghan exports.¹⁵ Presently, it is expanding its investment in energy pipelines and mineral exploration. In reconnecting Afghanistan to South Asia through regional trade, energy and transport initiatives, New Delhi envisions greater economic and peace dividends through such cooperative framework which includes Pakistan.

Afghanistan features heavily in the vision of Indian Prime Minister Manmohan Singh has for regional economic integration, one that he sees benefiting Afghanistan, Pakistan, and India alike. In 2007, Singh spelled out his vision statement for the region when he said: "I dream of a day, while retaining our respective national identities, one can have breakfast in Amritsar, lunch in Lahore and dinner in Kabul. That is how my forefathers lived. That is how I want our grandchildren to live."¹⁶

afghanistan-and-beyond-opportunities-and-constraints/pdf. Accessed on 11 January 2011.

15 See: Press Trust of India, 'Afghanistan Seeks Indian Investment to Boost its Agri Sector,' Business Standard, 3 December 2010; See Asian Development Bank, 'Key Indicators for Asia and the Pacific 2011,' p.4, http://www2.adb.org/Documents/Books/Key_Indicators/2011/pdf/AFG.pdf. Accessed on 29 March 2012.

16 Sudhir Chadda, "Manmohan's dream breakfast in Amritsar, lunch in Lahore and dinner in Kabul a real possibility", India Daily, 8 January, 2007, <http://www.indiadaily.com/editorial/15067.asp>. Accessed on 24 September 2010.

In that direction, formalization of the India Afghanistan Strategic Partnership Agreement (ASP) in 2011 sent a strong message to the Afghans, region and international community. Being the first to sign such agreement, India demonstrated its independence and commitment to rebuilding Afghanistan.¹⁷ For those who warned against India being caught in a reputation trap of being overstretched in a distant country of negative security interests, or even piggy backing on international military efforts, the ASP is a much needed demonstration of India's risk taking ability. As India is building its relationship in the neighborhood and has moved ahead with several path breaking initiatives in Sri Lanka, Bangladesh and Myanmar, the first strategic partnership with distant Afghanistan has signaled India is ready to partner with countries even in adverse and difficult conditions. As stated in the ASP, Afghanistan's "Support for the reform and expansion of the United Nations Security Council, including a permanent seat for India in the Council"¹⁸ is thus more than symbolic.

Through the ASP both countries have committed "to deepening and diversifying cooperation in sectors such as agriculture, rural development, mining, industry, energy, information technology, communications, transport, including civil aviation." The Agreement is a reiteration of India's commitment to Afghanistan's economic progress and also its development as a land bridge between South Asia and Central Asia. Significantly, two MoUs were also signed for the development of minerals and natural gas in Afghanistan, which is said to hold mineral deposits worth \$1 trillion. A consortium led by state-

17 Coming ahead of the Partnership agreements with US, UK, EU, France and other's, India was the first to lead rather than being part of an orchestra. Discussions with senior diplomats in New Delhi and Kabul, October 2011. Indian-Afghan strategic partnership: perceptions from the ground", The Af-Pak Channel, Foreign Policy, Washington DC, October 26, 2011, http://afpak.foreignpolicy.com/posts/2011/10/26/indian_afghan_strategic_partnership_perceptions_from_the_ground. Accessed on 29 June 2012.

18 'Text of Agreement on Strategic Partnership between the Republic of India and the Islamic Republic of Afghanistan', Ministry of External Affairs, Government of India (4 October 2011), <http://www.mea.gov.in/mystart.php?id=100018343&pid=2339>. Accessed on 5 October 2011.

run Steel Authority of India (SAIL) could invest up to \$6 billion in Hajigak mines in Bamiyan province potentially the single biggest foreign investment.¹⁹ India is thus working towards building Afghanistan as a transit country, in terms of greater regional economic integration of South Asia and Central Asia.

Changing the Narrative: Economic Opportunities, Trade, Transit and Investment

At a time when pessimistic reports are emanating from the West of the imminent collapse of the present democratic regime, Taliban takeover or break out of civil war in post-2014 Afghanistan, New Delhi has attempted to shift the narrative of opportunity to counter the anxiety of withdrawal. From a narrow security centric approach, the attempt has been to shift focus to regional confidence building, development, governance, and most lately, trade and investment, aiming to use the Afghanistan's resource, trade and transit potential to build its economic viability, sustainability and independence. The third in the series and the first in South Asia, an investment summit was organised by the Confederation of Indian Industries (CII) on 28 June 2012 in New Delhi to attract investments for Afghanistan and ensure that the country's economic and transit potential becomes its inherent strength to accrue the much needed economic dividends for itself and the region.

To a large extent, the genesis of this thinking is based on the inadequacies of the decade-long narrow security-related approach that has produced fragile and reversible gains. As an alternate approach, a policy re-adjustment of helping explore Afghanistan's large deposit of mineral and hydrocarbon resources, its underdeveloped yet significant agricultural and human resource potential, and its strategic geographical location at the crossroads of Central, South, West Asia and Eurasia gained pre-eminence. These

19 Miglani, 'Indian firms eye huge mining investment in Afghanistan', Reuters (14 September 2011), <http://www.reuters.com/article/2011/09/14/afghanistan-india-idUSL3E7KB02A20110914?feedType=RSS&feedName=everything&virtualBrandChannel=11563>. Accessed on 11 October 2011.

factors collectively offer vast opportunities for foreign investment, trade, transit and connectivity. Such potential can be harnessed by an assimilation of economic interests of regional countries through a mutually beneficial inter-dependent framework. It would mitigate the risks of negative zero sum competition among regional countries and build stakes for long-term economic engagement in the region. In the long run, this could pave the way for the transformation of the Afghan economy from a prolonged phase of being aid-dependent to self-reliant.

Afghanistan in SAARC: India's enabling role in the economic stabilization process

A greater integration into the SAARC economic zone is the only hope Afghanistan has, if it wants to avoid a disastrous contraction of its economy. Over the past 10 years, the Afghan economy has shown quite impressive 'nominal' growth, which has exceeded 20 percent in some years. However, almost all of this growth has been based on the infusion of huge amounts of dollar spending by the foreign presence, both in the form of military expenditure as well as civilian aid. As this foreign-funded spending draws down in the next few years, the Afghan economy will face not just a shortage of 'aggregate demand' (leading to what is described as a Keynesian depression by economists) but also a more immediate shortage of foreign exchange. For a country that imports almost all of its manufactured goods, including petroleum products, this can be a huge challenge.

In the Tokyo Conference of July 2012, the donor countries promised to continue civilian aid at existing levels at least until 2017. However, this promise was made contingent on a host of 'conditions' that the Afghan government has to fulfill. While there are doubts on Afghanistan ability to fulfill these conditionality's, there are concerns of international community to reducing the promised aid depending on their own economic condition, as well as their perception of the continuing importance of Afghanistan to their national security.

In this context, it is critical for Afghanistan to immediately increase its actual export earnings significantly. Afghanistan has a very limited basket of goods it can export - basically restricted to

primary products (agricultural/horticultural produce in the short term, and minerals in the long term). Agricultural products are difficult to export to developed markets like America, Europe, or even the Middle-East, since Afghanistan would not be able to meet the phyto-sanitary norms applicable in these markets. Therefore, the only viable export market is South Asia. That is why its integration into the 1.5 billion strong SAARC market is imperative.

Since Afghan export products (dry fruits, hing, carpets) has a huge market in India, Afghanistan does not need to work very hard to expand its export volumes to India. Presently, the bilateral trade is unbalanced - Indian exports to Afghanistan are four times the Afghan exports to India. While a larger market like India could import much more from a poor country like Afghanistan, the main limiting factor that is preventing a faster expansion of Afghan exports to India despite the very liberal duty-free regime that India offers to Afghan goods is the lack of an assured transit route through Pakistan.

However, the fact is that the present status quo suits Pakistan much more. Apart from the fact that it strengthens their political control of Afghanistan, it also helps them economically because Afghanistan is a captive market for Pakistani goods and also a source of cheap agricultural inputs for their industry. Pakistan was forced to sign the APTTA almost two and half years back, which allows Afghan trucks to come all the way up to Wagah. However, so far not a single Afghan truck has been allowed to go until Wagah. On the other hand, the easing of transit for Afghan exports to India (and also Indian exports to Afghanistan) will also help Pakistan, since they will earn transit fees.

To address these challenges, New Delhi has devised strategies to increase Afghan exports to India. Part of this strategy includes encouraging Indian businesses to set up export-oriented investments within Afghanistan (primarily in the agro-processing sector) so that Afghanistan can export processed foodstuffs (like juices, concentrates, jams and jellies) instead of raw fruits. There has been some thinking on setting up dedicated 'bonded warehouses' (through private sector investment) in places like Amritsar, so that Afghan exporters can send

their goods to these warehouses (without clearing them through Indian customs) and thus decrease the delivery time to customers. This would help address the problem that often Afghan exporters are not able to meet their delivery commitments to Indian importers because their goods get held up in Pakistan.

Afghanistan, due to its very low tax regime, is swamped by foreign goods mainly from Pakistan, China and Iran. This inhibits the growth of local indigenous industrial base. India could contribute to establishing small-scale industries like a carpet industry along with an ornaments and handicrafts industry to help artisans, weavers and craftsmen. This rural indigenous base could be further expanded into the agricultural field. India's rich experience with Green Revolution could be usefully replicated in relatively stable Afghanistan. There is also an urgent need for establishing industries to spur economic independence and generate employment, which would actively engage the youth of the country. Creation of a SAARC-Afghan Reconstruction Fund could go a long way in building Afghanistan's economy and infrastructure for greater connectivity with South Asia.

Way Ahead?

In Indian policymaking circles, debates on post-2014 US exit strategies is gaining momentum. Concerns abound that India's US\$ 2 billion aid package, which has been the source of tremendous goodwill, may not be enough to sustain reconstruction and development activities, if international troops withdraw prematurely. If the West leaves the door open for a Taliban take over of Afghanistan, there is little doubt that India's options will be severely constrained. India will have to take a lead in preventing the reversal of gains in Afghanistan in the light of receding military foot print and waning international attention. In all likelihood, this will involve forging a regional consensus on the future of Afghanistan. The ASP has provided the basis for greater bilateral and regional measures of mutual interdependence and cooperation. While some countries would continue their hedging strategies, including supporting their proxies, New Delhi will have to navigate the difficult regional contours and broad base its bilateral and regional engagement. New Delhi's primary

and secondary interests in Afghanistan can be secured through a regional framework.

On the economic front, India needs to work through SAARC to ensure better economic integration of Afghanistan with the region, which would accrue huge economic benefits and help build the 'peace constituencies' in the region. The economic benefits of regional cooperation could lead to incremental steps in the peace and stability in Afghanistan. Thus, restoring Afghanistan's historical and economic linkages with South Asia through its inclusion in the SAARC community is an important step. Landlocked Afghanistan would derive great benefit by access to the South Asian markets and to the sea. Greater regional economic integration of Afghanistan into SAARC would provide necessary economic impetus to move away from an aid-dependent to a self sustaining economy, a sine qua non for the long term stabilization of the war ravaged country.

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Afghanistan - Post 2014: A Pakistani Viewpoint

Nausheen Wasi*

Among all the outside actors involved in Afghanistan, none has evoked criticism as much as Pakistan. It is largely considered as a part of Afghanistan problem yet a player without whom there can be no solution. On the one hand, Pakistan is singularly portrayed as the one that has interventionist policy in Afghanistan; uses it as a proxy against India; and treats it as a client state in the region to advance its interests, on the other hand, it is being asked to coax Afghan Taliban to bring them in a negotiating structure. The latest manifestation of this contradiction has been the opening of the Taliban Office in Doha, Qatar on 20 June 2013 and its closure on 9 July 2013. Afghan government's discontent over the development, especially the renewed acrimony between Pakistan and Afghanistan, the US reservations over Taliban's *modus operandi* and criticism by regional states over Pakistan's mediation between the US and Taliban confirm how suspiciously any reconciliation move is viewed by the players involved in Afghanistan and in particular Pakistan's role. This distrust will persist until a holistic view is taken of Pakistan-Afghanistan relations and of the high stakes Pakistan has in Afghanistan.

This paper aims at placing the debate on Pakistan's role in Afghanistan in the context it developed. It appreciates the fact that Pakistan exercises its sovereignty in Afghanistan for its interests in a realpolitik fashion and would continue to do so in the post 2014 situation but it also gives a counter narrative that holds other players responsible for Pakistan's involvement in Afghanistan. It maintains that stability in Afghanistan cannot be pursued unless the

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responsibility of the present impasse is shared by all and is not imposed only on Pakistan.

Pakistan-Afghanistan Relations: Protracted bitterness

The present day border between Pakistan and Afghanistan known as the Durand Line was formed with the signing of the Durand Line Agreement between the British Indian Foreign Secretary Sir Mortimer Durand and Amir Abdur Rahman Khan of Afghanistan following the British forward policy into Afghanistan in 1893. A defined boundary was essential for the British to check the Russian expansion from Central Asia in the 'Great Game'.¹ The Durand Line split the Pashtuns in Afghanistan from their co-ethnics in India and later, Pakistan. There were many tribal uprisings against the Durand Line but Kabul exercised its influence among these tribes to control them and each successive government in Afghanistan confirmed the agreement through treaties with British India. After the announcement of the partition of India, Afghanistan sought the negotiations with the British on the re-demarcation of the Durand Line for return of the Pashtun areas, and the merger of Pashtun areas with Afghanistan through the partition referendum but failed.²

The tribal territories bounded by the Durand Line and the limits of the NWFP were not included in the partition referendum as technically they were autonomous from British control. Therefore, all quasi-constitutional arrangements between the tribes and the British government lapsed when Pakistan was proclaimed. However, a tribal *Jirga* was held in November and December 1947. All major tribes at the *Jirga* decided to transfer their allegiance to the new state of Pakistan, particularly in view of a greater grant of autonomy and the withdrawal of all Pakistan's military.³ This was followed by written

1 *An Adventurous Forward Policy: A study of the Durand Line*, www.durandline.info, accessed on 3 July 2013.

2 Satinder Kumar Lambah, *The Durand Line*, Policy Paper No 4 (ASPEN Institute India), 2011.

3 Khurshid Hasan, Pakistan-Afghanistan Relations, *Asian Survey*, Vol.2, No. 7 (1962), p. 16.

confirmations and treaties. At the time of partition of the Indian subcontinent, the Congress government ruled NWFP (Khyber Pakhtunkhwa). The province was dominated by an ardent Pashtun nationalist, Khan Abdul Gaffar Khan who founded Khudai Khidmatgar Movement (KKM) in 1929 to fight the British imperialist. He strongly opposed the All India Muslim League demand for the partition of India and was very disappointed when the All India Congress accepted the demand for partition without consulting the Khudai Khidmatgar.⁴ He was against the province inclusion into Pakistan and therefore advocated the idea of an independent and sovereign Pashtunistan.⁵

Being against the Durand Line Agreement, Afghanistan encouraged armed tribal incursions in the tribal areas of Pakistan in NWFP soon after the creation of Pakistan in August 1947. Kabul became a public supporter of Pashtunistan.⁶ Afghanistan was the only country that opposed the Pakistan's membership in the United Nations conditioning its recognition on the provision that the right of self determination be given to the Pashtuns of NWFP.

Afghanistan's support to the tribal areas and its hostile posture added to the sense of Pakistan's insecurity that was already facing an existential threat from India on its eastern border. Pakistan at that time was too weak to fight the threats on eastern and western border simultaneously besides dealing with the local sub-nationalist movements. Border skirmishes between Pakistan and Afghanistan armies were routine. In a growing frustration, Pakistan military bombed an Afghan village in 1949.⁷ In retaliation the Afghan Loya Jirga adopted a resolution that repudiated all the 19th Century agreements with the British India including the Durand Line.⁸ Since

4 The Frontier's Gandhi Pashtunistan: A Study of the Durand Line, op.cit.

5 Stephen P. Cohen, *The Idea of Pakistan* (Washington: The Brookings Institution, 2004), p, 217.

6 Ian Talbot, *Pakistan: A Modern History* (New York: Palgrave, 2005), P. 99.

7 Shibil Siddiqui, *Afghanistan-Pakistan Relations: History and Geopolitics in a Regional and International Context* (Canada: Walter and Duncan Gordan Foundation, 2011), p.11.

8 Ibid.

then, no government in Kabul has recognized the Durand Line notably even the pro Pakistan Taliban government. The relations between the two soured further when following the continued raids into the tribal areas, Pakistan placed an embargo on Afghanistan's transit trade goods in 1951.⁹ In the same year, the assassination of Prime Minister Liaquat Ali Khan by an Afghan national caused serious strains on Pak-Afghan relations.

In face of its hostile relations with Pakistan, landlocked Afghanistan needed badly to find the alternate routes to stop its dependence on the Pakistan's port. Iran being the next closest state was the natural choice but transportation networks between them were extremely poor. This drew Afghanistan towards the then Soviet Union that invested heavily in Afghanistan to bring it in its sphere of influence. Pakistan, on the other hand, drew closely towards the United States. Though purely domestic and regional factors drew Afghanistan and Pakistan towards respective blocs, Pakistan and Afghanistan relations deteriorated further in the context of the Cold War rivalry.

In 1954, One Unit scheme came into force in Pakistan. This was to manipulate the local electoral position within the country by the ruling elite of the West Pakistan and had totally domestic connotations, but in Afghanistan it was viewed as an attempt to draw the Pashtun area it claimed more tightly into Pakistan. Riots broke out in Kabul and Pakistan's embassy was closed. This also led to the increase in border clashes. Afghanistan forwarded its 70,000 troops on the border resulting in a border closure that lasted for five months. With Auyb Khan's coming into power, bilateral relations soured further as he pursued an aggressive foreign policy towards Afghanistan whereas Pashtunistan issue continued to dominate Afghan foreign policy.

The primary proponent of Afghanistan's Pashtunistan policy, Sardar Mohammad Daud Khan also on becoming prime minister

⁹ Pakistan Economist, Vol.13, Issues 27-39, [www. books.google.com](http://www.books.google.com), accessed on 27 April 2013.

adopted an aggressive approach towards Pakistan. He followed an interventionist policy into Pakistan and sent around 1000 Afghan soldiers disguised as nomads in Bajaur Agency who were expelled by Pakistan but incursions with the support of Afghan troops continued till 1961. The Afghanistan government supported all Pakistan dissidents with refuge, funds and weapons resulting in a break of diplomatic relations and border closure. Prime Minister Daud declared that the border will remain close until the Pashtunistan issue is solved.¹⁰

The power structure, however, was changing gradually in early 1960s in the region as Pakistan allied itself with the United States in the quest to get military aid and befriended China. Pakistan-Afghanistan border not only caused economic hardships to Afghanistan but the possibility of war between the two also seemed real as Pakistan President Ayub Khan had asserted earlier that his military could march into Kabul in a space of a day.¹¹ Thus in 1963, Afghan King Zahir Shah asked Prime Minister Daud to resign citing tension with Pakistan and his inability to address the Pashtunistan problem as the reason. With the change in Kabul, diplomatic relations between Pakistan and Afghanistan resumed. The new Afghan policy was to continue the moral support to the Pashtunistan without harming Afghanistan's economic and political interests. In the following decade bilateral relations improved. Afghanistan restrained its military even when Pakistan was in war with India in 1965 and 1971 that otherwise could have been the best opportunity for Kabul to establish its influence in NWFP.

The bilateral relations, nonetheless, deteriorated again when Mouhammad Daud returned to power in a coup in 1973. One of the justifications for the coup was the Pashtunistan cause. Mohammad Daud declared that the King had not exploited Pakistan weaknesses to Afghanistan's advantage referring to Pakistan- India wars. Pakistan at that time was under the premiership of Zulfikar Ali Bhutto. Faced with

¹⁰ Shibil Siddiqui, op. cit., pp.15-16.

¹¹ Ibid.

the nationalist insurgency in Baluchistan, Bhutto made friendly gesture towards the change in Afghanistan in an attempt to preempt any support that Kabul might provide to the Baluchistan nationalists. Pakistan's establishment was very sensitive during this period on insurgency in Baluchistan and Kabul's irredentist claims as it had lost its eastern wing and was wary of any development that could cause a loss of territory. Despite Pakistan's support to the new government, Daud supported the insurgency in Baluchistan with weapons, funds and sanctuaries to Pakistan dissidents.

It was during this period when Pakistan decided to intervene in the local politics of Afghanistan. Islamists in Afghanistan were against the leftist Daud allied with the Soviet Union. The key advisor to Prime Minister Bhutto, General (retired) Naseerullah Babur who also served as Governor of NWFP from 1975-1977 and later as Interior Minister in Benazir Bhutto's second term from 1993-1996, suggested that there would be a power vacuum upon the ailing and aged Daud's death and Pakistan could exploit this situation through supporting the Islamists. By doing so, Pakistan could gain considerable influence in the post Daud period, and eliminate the constant problem from Kabul. Bhutto decided to arm and support the Islamists to counter Daud's policy. Thus, began the long saga of Pakistan intervention in Afghanistan purely based on strategic calculations. Pakistan supported the Islamist uprising in Afghanistan in 1975.¹² Though the Islamist insurgency in 1975 failed, it provided an opportunity to Pakistan to retaliate blatantly to Kabul. Military Government of Zia-ul Haq further extended Bhutto's Afghanistan policy albeit gave it an ideological colour, and the same policy was exploited by the US after the Soviet invasion in Afghanistan.

The rest is a well known history that singularly holds Pakistan responsible for its involvement in Afghanistan although it followed a reciprocal intervention. Through a definite policy, Pakistan fulfilled its strategic objectives during a decade long Soviet's Afghanistan invasion. It pursued a policy to secure friendly government in

12 Rizwan Hussain, *Pakistan and the Emergence of Islamic Militancy in Afghanistan* (New York: Ashgate Publishing Company, 2005), pp.79-80.

Afghanistan so as to eliminate 1) constant opposition to the government 2) interventions in domestic issues, and 3) keep the Durand Line claims in check. Besides, as India throughout influenced Afghanistan opposition towards Pakistan and supported Pashtunistan issue and insurgency in Baluchistan in the context of Pak-India hostility, Pakistani concern was to deter Indian influence in Afghanistan. It formed its own mujahideen groups, trained and armed them so as to use them as a strategic asset against India in Kashmir to weaken the Indian forces there and seek the solution of the Kashmir dispute. During this period, in its support to the United States to defeat the Soviet forces in Afghanistan, Pakistan completed its nuclear program as the West turned blind towards Pakistan's acquiring nuclear technology.

September 2011 attacks on the WTC in New York came as a great challenge for Pakistan. It had to make a tough decision to help the US find the culprits who were provided refuge by Taliban in Afghanistan. Though in view of its strategic interests it was obvious that Pakistan could not take its support to the mujahideed back, it decided to side with the US. However, despite the US assurances to be sensitive to Pakistan interests in Afghanistan, a setback to Pakistan came when Taliban were totally kept out of the government formation process and forces opposed to Pakistan and close to India came in key government positions. Fearing the failure of its years long policy to have a friendly government and 'strategic depth' in Afghanistan, Pakistan continued with its support to the groups and individuals who were useful for Pakistan. This led to the negative impression of Pakistan's role in the war against terrorism.

Pakistan's concerns in Afghanistan

At present Pakistan has two important concerns in Afghanistan. One it fears the revival of the irredentist claims Afghanistan makes into Pakistan territory and therefore a constant involvement in the cities of its bordering provinces. As is aforementioned, no government in Kabul has recognized the Durand Line as an international border between the two countries. In fact the Pashtunistan Day that was used to be celebrated on 31 August every year by the Daud regime was

revived when Pakistan-Afghanistan tension developed in 2005. To much of Pakistan worry, even the Taliban government has not accepted the Line. Pakistan intervened in Afghanistan politics to ensure that Pakistan does not have a long term problem on and from its western border. But even after decades, the problem has remained.

Two, Pakistan is wary, and not without reasons, of India's growing influence in Afghanistan. The fear that India would use Afghanistan against Pakistan is also historicized. Back in 1947, India supported Afghanistan's claims and supported the Pashtunistan issue capitalizing on its pre-partition influence in NWFP, and insurgency in Baluchistan through Afghanistan. It continues to do so. Pakistan's doctrine of 'strategic depth' is India centric. It articulated to have a friendly government in Kabul that could provide help to Pakistan in face of its hostility with India. At present whatever situation develops in Afghanistan, Pakistan wants Afghanistan institutions and particularly the security organization fashioned in a way that they do not pose a threat to Pakistan's security interests. And to that end, Pakistan is likely to intervene in post 2014 withdrawal of US forces.

Conclusion

Pakistani interests and stakes in Afghanistan have two clear aspects. One is bilateral and the other is Indo-Af-Pak triangular relationship in which Afghanistan has been used as proxy by India and Pakistan. It is this prism through which the future role of Pakistan in Afghanistan must be viewed. Any reconciliation strategy in Afghanistan that ignores the neighborhood problems and regional rivalry is unlikely to succeed. It is understood but under-strategized. If the international community is interested in pacifying Pakistan's role in Afghanistan, it will have to understand history and then channel its efforts in the direction to address the multifaceted conflict of interest in the SAARC region. The blame game will only worsen the political environment.

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The Role of Afghanistan in SAARC

Prof. Dr. Wadir Safi¹

Situated in the heart of Asia, landlocked Afghanistan has survived nearly four decades of war and civil war caused by different coup d' etats and external military invasion and interventions. Historically, Afghanistan has been the crossroad of many different civilizations in this part of the world as well as invasions of those expansionist empires that wanted to reach India via its territory (Alexander the Great, Mongols, Timurlane and others).

In its glorious days, she has linked East with West as part of the ancient and famous Silk Road, especially from the north, the present Balkh province once known as the "Mother of Cities."

But let us have a look at present Afghanistan from the socio-political, economic and security points of view after the ouster of the Taliban regime.

Socially, Afghanistan is a multi ethnic society where nation building and state building processes have not been completed yet. Literacy rate is very low and society has been kept divided resulting in national disunity. This fact by itself has affected the overall development of life in the society negatively. Although civil society is active with the help of international community but still are under the influence of traditions and can't play a strong and independent role in the development of society or this role is not visible enough among the different strata of the people. There are more than fifty-five political parties most of which are very newly established and do not have a strong national program in order to influence the authorities and have a stronghold on the society. And the majority of these

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political parties were formed base on ethnic, regional, military (Jihadist) base and this past history too has created mistrust among the people.

The World Bank published a survey in April 2013 in which it states that the Real GDP growth increased from 7.3 percent in 2011 to an estimated 11.8 percent in 2012, due to favorable weather conditions and an exceptional harvest. Typically, agriculture accounts for one-fourth to one-third of GDP, depending on annual output. Wheat accounts for approximately 60 percent of agricultural output and is the most important crop in the country. However, around one-third of the wheat production is rain-fed, which makes agricultural output highly volatile and dependent on rainfall. Given agriculture's weight in GDP, economic growth tends to follow the same cyclical patterns as agricultural output.²

The mining sector showed dynamic developments in 2012 as well. Historically small, the share of mining in aggregate output increased from 0.6 percent of GDP in 2010 to an estimated 1.8 percent in 2012, owing to the start of oil production in the Amu Darya fields. The oil fields are currently producing around 1,950 barrels of oil per day and is expected to reach more than 4,000 barrels per day by the end of 2013. The expected contribution to the government budget through royalties and taxes is around US \$250 million annually for the next 25 years. In addition, rehabilitation and reconstruction of eight gas wells in Sheberghan, operated by a state-owned enterprise, started in the end of 2012. The project will be completed within 18 months, and is expected to significantly increase the supply of gas to the fertilizing and power plant at Mazar-i Sharif.

Developments in other sectors such as technical services in telecommunication sector, transportation and so on are obvious with the help of international community which looks like temporary because of uncertainty after 2014 withdrawal of NATO and others. A worsening security situation and heightened perceptions of

2 Agriculture Prospects Report, Ministry of Agriculture, Irrigation, and Livestock (MAIL).

uncertainty is affecting new investment. A decrease in this sector has been observed.

The number of newly registered firms with the Afghanistan Investment Support Agency (AISA) declined by 8 percent in 2012 (Jan-Dec). In particular, the construction sector experienced slower growth: only 1,760 new firms were registered in 2012 compared to 2,630 in 2011. There is no reliable data on investment volume but the Afghanistan AISA estimates that around US \$8.9 billion have been invested since 2004, of which 47 percent was invested in services and 37 percent in manufacturing activities. Construction and agriculture sectors have received 14 percent and 2 percent of total private investment respectively.

Security wise, in mid-2010, the North Atlantic Treaty Organization (NATO) and the Afghan government agreed that full responsibility for security would be handed over to the Afghan National Security Forces (ANSF) by the end of 2014. The withdrawal of most international military troops as planned is expected to have a profound and lasting impact on the country's economic and development fabric. The drawdown is likely to be accompanied by a decline in international development assistance on which Afghanistan relied heavily since emerging out of conflict in 2001. While Afghanistan's international partners have pledged continued support through 2016 there is a growing sense of uncertainty about Afghanistan's stability and security in the months and years ahead.

Afghanistan joined the South Asian Association for Regional Cooperation (SAARC) in April of 2007. With collective self-reliance emphasized, SAARC is dedicated to economic, cultural, technological and social development. The Charter further states that members are "desirous of promoting peace, stability, amity and progress in the region through strict adherence to the principles of the United Nations Charter and Non-Alignment, particularly respect for the principles of sovereign equality, territorial integrity, national independence, non-use of force and non-interference in the internal affairs of other states and peaceful settlement of all disputes."

Afghanistan, as stated above can play a key role in economic development specifically because of its location linking and bridging South - Asian and Central Asian countries, Middle East and Europe. A peaceful Afghanistan has huge opportunities for all kinds of investments in different sectors: mines, gas and petrol and so on for governmental and private capitals on the basis of mutual benefits. The international community's efforts to rebuilt Afghanistan to a self-reliant and sustainable nation is to revitalize its economy dubbing it again the "Silk Road". Scholars, such as Mariam Safi, has recently opined, "Afghanistan can play a very critical and productive role in the region's economy and particularly within the recently 'revisited' framework of the "Silk Road." The New Silk Road initiative is premised on Afghanistan historical position in the 'Ancient Silk Road,' which saw Afghanistan's northern province of Balkh represented as the transit corridor connecting the eastern world with the western world. Balkh province was considered the "cross center and convergence of all branches and courses" of the 11000 km ancient highway. Revisited by former US Secretary of State Hillary Clinton in September 2011, the Silk Road initiative became an official priority once again. It is thought that by building upon Afghanistan's existing railways, highways, energy and natural resources, it will boost investment, trade, and transit corridors enabling Afghanistan to leave behind the decade of transition and enter the decade of Transformation (2014-2025). The New Silk Road would once again create trade routes between Asia and the West, but will involve the use of modern highways, rail links and energy pipelines. This initiative hopes to create a viable environment that will give way to "spurring growth and integrating Afghanistan into the economy of South and Central Asia" so as to prevent the country from falling back to conflict and socio-economic decline. Thus the revitalization of the Silk Road can offer a framework for economic, political and security cooperation offering new opportunities for Afghanistan, the region and the international community as it once did. However, if Afghanistan continues to remain unstable or even deteriorate further in the post-2014 period then this will not only prevent it from contributing

constructively to the region but will also see it hindering its connectivity in all of South Asia.

The most immediate and substantial challenge not only for Afghanistan but for all the SAARC members is the security situation Afghanistan will face in light of the 2014 withdrawal of the international force. Afghanistan is entering a decade of transformation (2014-2025). This is the decade that Afghanistan must rebuild its security forces, fight terrorism, counter narcotics, corruption while developing its economy to generate sufficient revenues to reduce its reliance on foreign aid. The most significant challenge is fighting terrorism. Afghanistan is not and will not be able to fight terrorism or defeat it alone without the support and full assistance of its SAARC members. It is imperative that member states consider, honor and commit to the implementation of the purposes of the Charter. Political will plays a major role among member states in cooperating in the common fight against terrorism. Using terrorism to achieve political strategy goals is going to render this Association ineffective and in fact goes against the SAARC Charter. However, with a strong commitment and a prospect for a brighter future for each member, the purpose should be to collaborate and cooperate in fighting terrorism.

Security considerations aside, Afghanistan's future will in all likelihood rely on its natural resource abundance. Education levels are too low and the manufacturing sector too underdeveloped (in size and capacity) to expect leapfrogging the classic pattern of structural transformation in which a natural resource-based economy is transformed into a diversified and productive economy dominated by manufacturing and services. Currently, the potential for productivity growth is the largest in the agriculture and the mining sector, which suggests that Afghanistan is still at an early stage of structural transformation.

The mining sector offers good opportunities for more growth. It is reasonable to believe that an improved security environment and a more favorable legal and regulatory environment in the mining sector would lead to the exploitations of more mines than those already factored in to the current projections. In a scenario with higher

investment in mining development, growth could increase to 6.9% on average until 2025, and fiscal revenues could reach 2-4 percent of GDP in the early 2020s, depending on the number and scale of the exploited mines and the pace of their development.³

On the other hand, there is a chance to multiply the impact of the mining sector by sequencing investment and reforms that are within the control of the government, the development community and the private sector. Such a sequence of action is articulated in the Resource Corridor approach, which rests on the idea of using mining development as an anchor for the infrastructure that underpins the viability of the other sustainable activities. It combines necessary investment in mining infrastructure with the enhancement of objectives in local livelihood, social and environmental ideals and governance. This involves strategic planning and investment in supply chains, which produce spillovers to economic activities and synergies with private-sector investment.

Realistically, however, agricultural development remains Afghanistan's biggest hope to achieve sustainable, inclusive growth. Afghanistan has a long tradition in horticulture and livestock production and used to be an important exporter of fresh and dried fruits, vegetables and nuts. But during the last three decades, while countries like China, India and Turkey heavily invested in modern agricultural technologies and experienced a "green revolution", three decades of conflict have brought destruction and disinvestment to Afghanistan's agriculture sector. Investment in agriculture will still lead to the creation of substantial job and income growth.

Finally, moving forward on a sustainable growth trajectory will require strong institutions that govern private and public investments and the fair distribution of resources. Given Afghanistan's weak governance environment, there is a risk that the abundance of natural resources might not turn into a blessing but could be a bane for

³ The World Bank (April 2013), *Afghanistan: Pathways to Inclusive Growth*. Washington, DC. The World Bank (2012), *Resource Corridor Initiative – Technical Summary*, Washington, DC.

economic and political development. A failure to credibly address transparency, accountability, and political economy risks—especially the balance of revenue flows between the central level and provinces and communities in which the mines are located—could result in a further deterioration of governance and security situation. But beyond mining-related considerations, the challenges to establishing good governance are vast and progress is frequently undermined by the fragile security situation. The government's decisiveness to strengthen the rule of law, fight pervasive corruption, improve regulatory oversight and enhance the capacity for public service delivery will ultimately determine Afghanistan's future growth prospects.

It is very important for Afghanistan to be able to play its role positively and constructively in SAARC to have full security. Here it is that the role of SAARC comes into force to give hands to this war torn country that has suffered for more than three decades. SAARC can play a strong role as mediator and a catalyst to promote a peaceful settlement between Afghan insurgency and the government. For Afghanistan at this moment and year of transformation (political, economic and security transitions), security has priority. Only the strengthening of security in Afghanistan can make it possible for the people of Afghanistan to contribute fully with the wellbeing of SAARC countries in this region.

If recent history is any indication, it is now abundantly clear that mutual efforts for achieving peace and security was not successful. Therefore, it is imperative to apply collective efforts in order to bring about security to ensure the future peace and progress for all countries of South Asia. All professional centres established by SAARC can only then be actively participating in the development of Afghanistan, especially in strengthening the rule of law and enforcing justice and good governance.

SAARC population is nearly 1.5 billion making it the world's largest populous regional grouping. Originally conceived as an engine of regional integration, SAARC's achievements shows otherwise. SAARC must strengthen and speak with one voice to achieve its

intended purpose. It appears from its history that SAARC is simply a forum of discussion, however, with respect to Afghanistan it can still play a substantial role in its stability. International interest in SAARC is high. The United States, the European Union, Japan, China and South Korea are all observers. SAARC must seize upon the opportunity and become more active in implementing its charter so as to achieve full integration amongst the member states leading to a secure, stable and prosperous region where the population lives in harmony and tranquility.

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Rebuilding Afghanistan's Economy Role of South Asia

Pranav Kumar*

I. Introduction

Rebuilding Afghanistan forms the central component of development cooperation agenda of several Western donor countries. Not only the traditional donors from the OECD nations, countries from the developing world like India, Turkey too have shown great commitment towards the reconstruction of Afghanistan. Over the last one decade, countries have taken various initiatives to help Afghanistan in its endeavour to achieve economic and social prosperity. Afghanistan's entry into SAFTA was part of this endeavour.

Afghanistan has made remarkable progress on many fronts. It has achieved important development results in many crucial areas such as health, education, microfinance, irrigation and rural livelihoods, as well as in progressive improvements in public financial management. Undoubtedly, the achievements made so far reflect the massive support of the international community to help rebuild Afghanistan and not to undermine the efforts and ingenuity of many enterprising Afghans and foreign business and development professionals who continue to deliver services in challenging circumstances.

The future of Afghanistan is linked with its neighbouring countries and the global economy at large. Afghanistan is part of South Asian Association for Regional Cooperation. South Asia region has inherent advantages in regional cooperation due to geographical contiguity and shared economic social and cultural characteristics. Integrating Afghanistan's market with global economy and

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particularly regional economies will be critical in augmenting its trade and investment flow.

As Afghanistan moves forward through the current period of transition up to 2014 and prepared for the Transformation Decade (2015-2024), major investments are required to assist Afghanistan in realising its goal of becoming a self-sustained economy. Realising its important role, Government of India in collaboration with Confederation of Indian Industry and Government of Afghanistan organised the Delhi Investment Summit in June 2012. More than 500 industry representatives from Afghanistan, India and across the world came together with senior policymakers to map out exciting new opportunities for the international business community in Afghanistan.

As part of the regional initiatives, two important challenges remain. First, how best Afghanistan can make use of SAFTA concessions and access the South Asian market of 1.6 billion people. Secondly, being the two largest economies of the region, it is important for India and Pakistan to partner in Afghanistan's reconstruction. Already, there are quite a few trilateral cooperation agreements operational in case of Afghanistan. However, the one which could potentially have wider ramifications – India-Pakistan-Afghanistan - has not yet taken off and not much talked about either.

Now with the prospects of India-Pakistan efforts to normalize bilateral trade relations, the chances of two countries forging partnership to work in Afghanistan appears better. In February 2011, India and Pakistan gave a new direction to their bilateral dialogue, giving the command to their respective Commerce Ministers to work out a joint action plan in order to restore the normal bilateral trade relations between the two largest economies of the South Asian region. Since then there have been several rounds of dialogue at various levels that include Ministerial as well as senior officers' levels.

Since India and Pakistan are both taking keen interest in maintaining their respective close economic and political relations with Afghanistan, increased cooperation would help them in increasing formal trade, and provide crucial access to Central Asian

market through Afghanistan. There are no two opinions that the two countries need to play an important role in the process of turning Afghanistan into a trade and investment based economy from an “aid-dependent economy” once the withdrawal of troops in 2014.

II. Integrating Afghanistan into South Asia Utilising SAFTA

Afghanistan joined SAARC as a full-fledged member in 2007, which also enabled it to accede to SAFTA. Joining SAFTA paves the way for Afghan exporters to access over 1.5 billion consumers in the giant South Asian market. Under SAFTA, regional tariffs on goods produced in Afghanistan are reduced to very low rates. India, which constitutes 80% of the South Asian economy, has already granted duty free market access to LDCs (except 25 products) of the region including Afghanistan.

Accession to SAFTA makes Afghan products more affordable and more accessible within the SAFTA market place, providing a strong advantage for Afghanistan and Afghan goods. Afghanistan is rich in natural resources like natural gas, petroleum, coal, copper, iron ore and precious stones, which can be exported using the SAFTA concessions. Currently, Afghanistan has 1.6 trillion cubic feet of natural gas, 95 million barrels of oil and 400 MT of coal - critical inputs for a possible resolution of the regional energy problem. South Asia, in turn, will be linked by land with the Central Asian Republics to facilitate trade and energy security initiatives.

If Afghanistan’s trade within SAARC gets a boost, there will be increased opportunities for foreign investment in the country because foreign firms will want to take advantage of the low SAFTA tariffs to produce goods in Afghanistan. Foreign investment helps boost the growth of the Afghan economy and reduce poverty by supporting local business and creating jobs.

India played a pivotal role in Afghanistan’s integration into SAARC. It was in 2007 at the New Delhi Summit, Afghanistan was formally inducted into SAARC as its 8th member. India’s backing of Afghanistan’s derives from its policy of supporting the post-Taliban democratic government in Kabul and its view that Afghanistan is a key

link to energy rich Central Asia. India has already signed a Preferential Trading Agreement (PTA) with Afghanistan in 2003 and extended all concessions to it under SAFTA as being a LDC.

Pursuant to this, the bilateral trade between India and Afghanistan has grown exponentially. The current trade between India and Afghanistan has risen significantly from 2002 – 03 to 2011-12 with exports to Afghanistan rose from US\$60.7million in 2002-03 to US\$511.90million in 2011-12 and imports from Afghanistan also increased from US\$18.46million to US\$128.06million in 2011-2012. The current trade is still not reflective of our true potential.

III. India-Afghanistan Bilateral Cooperation

Afghanistan occupies an importance place in India's development cooperation initiative. India has been playing an important role in the reconstruction and rehabilitation of Afghanistan. This is reflected in the Strategic Partnership Agreement, signed between Afghanistan and India during Afghan President Hamid Karzai's visit to India in October 2011, which reinforced the strong, vibrant and multi-faceted relations between the two countries and at the same time formalized a framework for cooperation in various areas between the two countries.

India-Afghanistan cooperation cuts across several spheres such as political & security cooperation, trade & economic cooperation, capacity development and education, and social, cultural, civil society & people-to-people relations. India's commitment towards Afghanistan is also reflected in its extensive developmental cooperation programme, which now stands at around US\$2billion, making India the 5th largest bilateral donor in Afghanistan after the US, UK, Japan and Germany. This, by any reckoning, is a substantial amount for a non-traditional donor like India and who has its own huge developmental needs.

III. Pakistan-Afghanistan Bilateral Cooperation

Pakistan and Afghanistan have long historical ties that go back far beyond the partition of the subcontinent. Pakistan's foreign policy towards Afghanistan too has acquired a progressive outlook with the

objective of ensuring peace and peaceful co-existence in the region. Both sides have set a target of reaching US\$5bn trade target from the current level of US\$2.5bn.

Some recent high-level exchanges between Afghanistan and Pakistan have resulted in a renewed commitment to security collaboration and trade relations, with a transit trade agreement signed. Track-two diplomacy also continues between the two countries to find a future framework for engaging Afghanistan, Taliban and Pakistan. Recently the Afghan President expressed increasing interest in engaging regionally with Afghanistan's neighbors, apparently with a view to prepare his country for departure of US troops. Pakistani Prime Minister Yousuf Raza Gilani visited Kabul in December 2010, exchanged views with members of Afghanistan's Chambers of Commerce and Industry and discussed the newly signed Afghanistan-Pakistan Transit Trade Agreement (APTTA).

IV. Exploring the Possibility of India-Af-Pak Trilateral Cooperation

India has historically supported all Afghan governments except the Taliban. Since the overthrow of the Taliban, India has invested heavily in renewing its ties with Afghanistan. India has been involved in various reconstruction and capacity-building projects in Afghanistan, including major infrastructure development initiatives; women's employability programs; medical missions; children's health and school feeding program delivery; and training for civil servants, police, and diplomats. All this can be seen as a contribution towards greater regional stability.

Not only the government, Indian industry too has been playing crucial role by exploring the investment potential in Afghanistan. In March 2013, an 18 members strong business delegation visited Afghanistan representing companies from various sectors, including cement production, agriculture, car manufacturing, water consulting services, energy and infrastructure, electronics and transportation. Confederation of Indian Industries (CII) built an India-Afghanistan

Vocational Training Centre for training Afghan youth in carpentry, plumbing, welding, masonry and tailoring.

Pakistan also shares close ties with Afghanistan. Pakistan allows road access for Afghanistan's exports to India (Transit Agreement 2010) but does not allow India's exports to Afghanistan through its land. Indian exports to Afghanistan thus have to go through Iran. This is economically counter-productive: Pakistan is denying itself huge transit fees and the benefits of regional economic engagement.

Pakistan must allow access to the land route for Indian goods to be transported to Afghanistan. It will not only increase the trade ties between India and Afghanistan but also speed up the supply of relief material to the war ravaged country. More importantly it will serve as a confidence building measure between Islamabad, Kabul and New Delhi. Three-way cooperation is a pre-requisite for the economic development of this region and for wider economic engagement with other sub-regions in Asia.

The start of a formal engagement on Afghanistan between India and Pakistan could chart the way to transparent and improved relations between the two nations and will culminate in a more stable Afghanistan. For achieving such an end it would first be required that the two countries overcome their longstanding political mistrust through direct talks on Afghanistan. At a minimum, they could discuss how best to stay out of each other's way in Afghanistan. More ambitiously, they could usefully engage in a discussion of the best channels through which to address the various governance challenges of the war-ravaged country. This discussion could also identify modest ways in which India and Pakistan might align their efforts, if not collaborate, in achieving common goals.

Cooperation of both India and Pakistan is required for a stable Afghanistan. Afghanistan's importance lies in its strategic location between Central and South Asia. Its stability will act as a bridge of development between these two regions. Hence India and Pakistan should engage in confidence building measures related to each other

in the realm of Afghanistan for their own benefit and for the entire South Asian region as a whole.

VI. Conclusion

International security forces will leave Afghanistan in 2014. Conventional wisdom suggests that Afghanistan's long term peace and security will require a regional solution and hence all South Asian countries, particularly India and Pakistan have an important role to play in the country.

India on its part has been taking keen interest in involving all interested countries to take part in the reconstruction of Afghanistan. India's Ministry of External Affairs in association with Confederation of Indian Industry (CII) organised a big investment summit in June 2012 on Afghanistan in which more than five hundred international companies participated. This included 106 Afghan, 200 Indian and 90 international companies. This was a hugely successful event in terms of participation by industry and political leaders.

Cooperation of all South Asian countries is required for a stable Afghanistan. Afghanistan's importance lies in its strategic location between Central and South Asia. Its stability will act as a bridge of development between these two regions. Hence India and Pakistan being the two largest economy of the region should engage in confidence building measures related to each other in the realm of Afghanistan for their own benefit and for the South Asian region as a whole.

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Appreciating Afghanistan from Inner Asia

Siddiq Wahid*

At the outset, I would like to thank the Centre for South Asian Studies of Kathmandu and the Konrad Adenauer Foundation for inviting me to this conference. I consider it a distinct privilege because I am not an expert, a very regular “Afghanistan watcher” or a student of international relations. In a sense the invitation allows me to fulfill the duty of all of us who live in the region to be alert to what is happening in the important countries of the neighborhood, particularly in our troubled times, and bring to the situation an understanding of the country and our times from different academically informed perspectives. It is this belief that emboldens me to speak at this conference of experts in the field of international relations and Afghanistan.

Let me also say that I consider this event an important one because it is initiated by the CSAS and has a South Asian inflection from the region’s geographic periphery, rather than one that the perspective of the larger countries that dominate the region. Such a provenance is significant because it gives voice to concerns that are often overlooked by the regional powers which tend to leapfrog over the neighborhood in their rush to engage with “world powers” to the detriment of regional solidarity. Such an approach, to my mind, runs the risk of being an incomplete joint South Asian engagement (as opposed to individual nation-state commitments) with the rest of the world. The latter tends to be dominated by *bilateral* interests rather than a collective regional or *multi-lateral* one. It is an approach that is less than the objective of the historically fledgling South Asian Association for Regional Cooperation (SAARC), in the context of which this conference is being held.

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An Inner Asian Sensibility to South Asia

That said, I must ask the organizers and this audience to bear with me. As I began to think through what I should say today, I realized that it would in large part have an 'extra South Asian' perspective to it, a perspective that might be called an 'Inner Asian', or Eurasian sensibility, which takes into account the landmass that includes the South Asian periphery. My reason for urging an Inner Asian perspective on our world today is not motivated by reasons of academic parochialism, nostalgic romanticism or the assertion of yet another geo-cultural identity, "natural" or "artificial".¹ It is a perspective influenced by geography and history.²

Today, we too often tend to see Europe and Asia as regions separated by oceans and, in that sense, geographically disconnected. It is a view influenced by the onset of wholesale maritime trade. But it needs to be recalled that this is a phenomenon that has its beginnings in the early 16th century and that prior to this development, Europe and Asia not only conducted overland trade but also warred and exchanged ideas by this route.

In this context, if we review the history of the Inner Asian landmass from the 7th century to the turn of the 16th century, we will find that it consists of an *ecumene* of civilizations that was based on trade and commerce on the one hand and politics and diplomacy on the other; it was one which was more conducive to promoting *relationships* rather than purely competitive rivalry that drives the

1 To understand such an interpretation, it is useful to adopt the position that identity is not a canonical entity to be treated as noun that describes us either individually or collectively, but rather a 'verb' that represents human journeys attempting to make sense of and give meaning to the present. In this it is a cumulative description of who we are today, rather than a regression into some idea of purity of origin, of what we think we were and so 'are' today. Cf. Terry Eagleton, the *Idea of Culture*, (2001)

2 The importance of considering the historical connectivity between Europe and Asia has gained ground in the last few years. A brilliant summary of it from an Inner Asian perspective is found in John Darwin, *After Tamerlane: The Rise & Fall of Global Empires, 1400-2000*, (2007) Penguin, New York.

world market economy today. Put otherwise, the past common history of the Inner Asian landmass consisted of a politico-civilizational 'ecumenism'³ that could well serve as a model for us in the 21st century, even as we continue to grope towards a 'new world order' after the collapse of the cold-war and bipolar world power structure. Indeed, given the lessons of the cold-war and its legacy of dividing the world into camps that diminished the possibilities of dialogues between smaller nations, states and cultures, it is just such a comity of civilizations that we should be striving for. It is in such a search for an ecumenical world order, that the smaller and less powerful nations, states and peoples have a greater role to play.

As I began to compose my thoughts for this intervention, I realized how complex an attempt the chosen subject of my paper would be given the time and space we have and given the subject and format of our engagement today, "Afghanistan in SAARC: Towards Deeper Engagement". How does one address a consolidated and united SAARC approach, encompassing several sovereign countries, a myriad of cultures, several academic disciplines and with little will to truly 'associate' in sight? And especially if this is to be attempted by including countries as far afield as Sri Lanka and the Maldives, but does not include a country in as close proximity as Burma (Myanmar)? Or yet again, how does one presume to offer a sweeping overview of the central themes that dominate a geographically vast, historically diverse yet convergent, politically volatile, militarily marginal and demographically sparse area that is contemporary Inner Asia? It is a task that is as daunting as the area is disparate. Or yet again, how does one convey the perspective of a layperson from within one of the myriad of identities in the Inner Asian landmass?

3 The word 'ecumenism' was originally meant to describe "a movement to promote unity between different Christian churches and groups". In the present context, however, I use the word as a 'secular' term to describe a dialogic relationship between civilizations and polities. The most comprehensive explication of this idea in history is by Marshall Hodgson in his epic, *The Venture of Islam*, (1974) University of Chicago Press, 1974. (3volumes).

I am not sure it is possible to give unequivocal answers to these questions, but given the advantage of my academic area of concentration (which is Central Asian history) I would like to attempt to speak on these questions by offering you the view of a citizen of the South Asian territorial *border* but who belongs to the Himalayan and Central Asian civilizational *milieu*. I believe it is a vantage point can provide us with a different perspective on our contemporary world of the 21st century.

In the context of the above, let me take a moment to briefly define the term “inner”, as opposed to what might be termed geographically “outer”, Asia. The term 'Inner Asia' refers to the mix of the peoples, ethnicities, languages, civilizations and polities that make up the landmass that is the “inner” part of Asia. It is the region that is roughly between the Urals in the west to the Altai Mountains in the east and the Siberian plateau in the north to the southern slopes of the Himalaya in the south. In the present-day nomenclatures it refers to Siberia, Kansu, Chinghai, Szechwan, Mongolia, Tibet, Gilgit, Baltistan, Kashmir, Ladakh, Kumaon, Gharwal, Sikkim, Arunachal Pradesh, Nagaland, Xinjiang; and the sovereign states of Afghanistan, Bhutan, Burma, Kazakhstan, Kyrgyzstan, Nepal, Tajikistan, Turkmenistan and Uzbekistan. Since the 1950s scholars have termed this spread of lands and peoples as 'Inner Asia', in contradistinction to 'outer' Asia, made up of the civilizational oceans that are the Sinic, Indic, Iranian and Russian worlds and which have been the dominant political power centers since the 16th century C.E.

From our vantage point today, in Kathmandu, it should not be surprising for us, the peoples of Inner Asia, to argue that it is time for the periphery (China, India, Pakistan, Iran and Russia) to include the center – the Himalaya, Central and Inner Asia – as a geo-political entity that is not merely a 'border region' to be dominated by a 'meta-geography' that exists only as a nebulous interior that is the play ground of the recently traditional powers of outer Europe and Asia⁴

4 The present difficulty, for example, with whether Russia or Turkey should be seen as being “Europe” or “Asia” illustrates this problem from the point of view of developing conceptual nomenclatures or, indeed, geo-political

but as full participants in the global dialogue that seeks to define the world order.

The overall theme of this conference is “Afghanistan in South Asia: Towards Deeper Engagement”. When I first heard of this title, my interest was immediately aroused, for it begs the question: Why has there not been deeper engagement of Afghanistan by the greater South Asian comity of nations that is defined by SAARC? It is also seemed fitting that it should be held in Nepal, located on ‘periphery’ of South Asia rather than in New Delhi or Islamabad. Hopefully our deliberations have and will represent a different perspective, because our world today is sorely in need of a place (both physical and psychological) wherein we discuss alternative ways to look at our own planet. There could not be a better place to discuss this question than in South Asia, a region that is in the throes of a schizophrenic battle between being wild diversity and becoming homogenous melting pot, even as we struggle against the tendency towards the creation of hegemonic unitary wholes.

We live in a world that is increasingly at a critical juncture in its common history as it struggles to find a new lexicon for social relationships and political governance amongst its societies. Despite the predictions of some: God is not dead, identities are not imagined and history has not ended⁵ for the overwhelming majority of the world’s citizens in Asia, Africa, Latin America and various island cultures. So we need to cultivate a new lexicon, one based on greater trust and transparency, give and take, beauty and wisdom. The tried systems of capitalism and socialism, which unashamedly advocate governance by plutocracy and dictatorship respectively, have failed us

spheres of influence. The famous and much romanticized “Great Game” that was played out in Central Asia between British India, Russia and China during the 19th and early 20th century is a practical illustration of this problem. The 19th century Russian imperial expansion into Siberia and its battle for Mongolia with China is yet another illustration of this praxis.

5 For the basics of these modernist faiths see the works of Friedrich Nietzsche, Benedict Anderson and Francis Fukuyama respectively

miserably. Stalin and Mao showed us what carrying communist ideals to its logical conclusions can lead to – an intolerance that outstrips any that the world has seen. And the market economy has translated itself into a market fundamentalism in which the rules are written by the wealthy and makes no allowances for the suppression of greed. And yet both the capitalist and socialist systems use the word “democracy”, albeit with qualifiers that immediately compromise and neutralize the very things democracy promises. It is hard to imagine how confusing these inconsistencies and contradictions must be for the rural peasant or urban worker who may be illiterate but eminently educated; or indeed even for the organic intellectual⁶ selling soap or designing automobiles who is well schooled but often cursorily educated.

Democracy has become the leitmotif of political legitimacy in the present day world. It implies diversity and plurality within the context of nation-states; coexistence and solidarity with all “other”. And yet never before have the peoples of the world been so threatened by *artificial* homogeneity and *coercive* hegemony. If we consider history in a rigorously objective way, it is not hard to see that ever since the start of the 16th century our planet has been steadily moving towards simultaneously being homogeneous and hegemonic. The process begins very early, but picks up steam at the turn of events between the 15th and 16th centuries, when Europe experienced what has been called an epistemological mutation⁷ which legitimized uniformity of culture with an easy-going, sentimental ecumenism in the realm of idea. They have been democratically accepted articles of faith over the last five centuries. Once we established that the world

6 In the sense in which Antonio Gramsci used it; people who are engaged in the quotidian and strive to use their minds to gain power.

7 The term was mooted, although not elaborated on, by George Monbiot (Monbiot, 2005) by way of a comment on Michel Houellebecq’s term “metaphysical mutation” in the latter’s novel entitled *Atomized* (2001). The explication and contextualization of the term ‘epistemological mutation’ here, however, is not necessarily in the same sense as either Monbiot’s or Houellebecq’s.

was indeed round, and that its peoples could come together across the oceans to exchange idea and war, to exchange clothes and culture, it was but a short step to the discovery that both ideas and clothes could be *imposed* with equal legitimacy.

A similar epistemological mutation took place in the realm of governance roughly two and a half centuries later (French and American Revolutions) with the beginnings of the concept of the civic nation-state; in effect, this development legitimized coercive hegemony by creating a fresh group identity which assumed a melting pot of previous ones into an amalgamation of those of nations and, eventually, the state. This new identity paradigm made it acceptable to fight and die for Constitutions of States instead of the Holy Books of Religions, for their flags instead of the Cross, Crescent or Star of David, and its priests of parliament rather than of the Synagogue, Church or Clerisy. Whether one agrees or not with these mutations, one cannot avoid accepting them as facts of history, which may well be irreversible.

So both nations and states seem to be moving inexorably towards homogeneity and hegemony, albeit at varying degrees of speed. However, there is a difference between such convergences being self-driven and being forced; it is when it is forced that we create dissonances in society that result in wars between the zealous missionaries of democracy⁸ and the self-appointed custodians of literalist-puritanical interpretations of the world's religions.⁹ If we

8 Such as the American wars in Iran (early 1950s), Vietnam (1950s to 1970) or Iraq (1990s) not to mention the Soviet one in Afghanistan, which forms the subject to this conference, in the 1980s. To this, we might also add the covert ones fought across the globe and often mimicked by smaller states. They have been spawned by a history of policy-making starting with covert regime change, preemptive strikes and, now, preemptive wars.

9 Lest this phenomenon be equated singly with Islam, it needs to be quickly stated that the current malaise that affects the Muslim world is only one such. The works of Karen Armstrong (Armstrong, 2003) and others forcefully show how this applies in the case of the Semitic or Abrahamic traditions of Judaism, Christianity and Islam. It could be equally argued,

are to truly shape a different future for ourselves, we have no choice but to address the vitiated atmosphere of worldviews that have turned antagonistic rather than dialogic and the crises of identities that have become complicated, not least by ones more imagined ¹⁰ than the traditional ones of ethnicity, language, culture and religion.

Towards Understanding Afghanistan in a New World Order

So how do we address, in the context of Afghanistan in SAARC, the global questions of an evolving homogeneity and a natural diversity? How do we distinguish between legitimate spheres of influence and overt hegemonic control? These are large questions needing substantial time to be discussed, debated and tabled as ideas. I certainly do not have the capacity to address it here and now. But we have been discussing Afghanistan for the last two days here and I would like to make some suggestions as to some directions that we might urge for Afghanistan in its relations within SAARC and beyond.

We have, from Afghanistan to Jammu and Kashmir to Tibet, a wide semi-circle of international problems, indeed conundrums that are in many ways, arguably, responsible for holding back the entire South Asia. In the resolution of all of them, there are two ideas that we must understand, define and deploy if we are to resolve them. These

although with some qualification, for the other major world religions including Hinduism and Buddhism.

10 The post-Westphalian nation-state could be seen as being such. Benedict Anderson (Anderson, 1983) of course, has argued that the “ethnic nationalisms” of today are based on “imagined” criteria, as opposed to the more pragmatically evolved one of the state. However, this needs to be balanced by views such as that of Partha Chatterjee who asks “Whose imagined communities?” In the post-colonial world, he argues, “the nationalist imagination in Asia and Africa are posited not on an identity but rather on a *difference* with the ‘modular’ forms of ...national society propagated by the modern west.” (Chatterjee, 1993, pp 4–5) Unfortunately, that difference has been neither theorized nor implemented (witness the non-aligned movement as an example of such) and so we ended up with carbon copies of the very “modular” ones that were being resisted in the first place.

are: non-violent solutions (in fact non-acrimonious ones) and and “globalization”. In Afghanistan too, it is these ideas that must be factored in as it waits to be free of NATO, and eventually and hopefully all foreign, forces from its soil in 2014. Let me briefly touch on what the implications of these two important terms might, and might not, mean.

In our discussions during these two days there has been a consensus that the problems in Afghanistan have to be resolved through non-violent, which is to say non-military, means. The violence that our world has experienced in the last hundred years far exceeds that of humanity since the dawn of history and the argument for non-violent solutions to its problems cannot be debated. But in too many of the disputed and conflicted zones of our region, this has translated into a search for solutions on exclusively “economic” and “social” factors. To be sure, these are important factors. But it can be argued equally cogently that they are not the *primary* issues. Our discussions over the last two days have yielded that definitions of territory and the limits of political sovereignty – and disputes about them – between states has been equally important. Territorially, our region is replete with ambiguities of territorial definitions, as the terms Durand Line, McMahon Line, Line of Control, Line of Actual Control, and so on illustrate.

Similarly, on issues of political sovereignty, it has become clear that Afghanistan has problems with Pakistan, Pakistan with Afghanistan and Afghanistan with Iran and vice versa. Between states, it is these issues that need to be addressed first rather than the criticality of GDP growth and unemployment, or community social mores and interpretations of nationalism in religious terms and other socio-economic problems. The solution of the political problems involves putting to rest historical idiosyncrasies and legal ambiguities, something that the newly formed nation-states of South Asia are in urgent need of doing.

Similar to this is the term “globalization”. To my mind, there is a need to interrogate such terminology as very often we find the status quo powers lecturing the lesser powers on this concept. In fact,

globalization is not a new concept and, as we have briefly observed above, it has been an on-going process ever since human beings have had the urge to explore and come into contact with each other. Indeed, globalization appears to be an inevitable phenomenon. But too often there is among status quo powers a tendency to conveniently use history as a convenient factual reference to avoid the concerns of the smaller nations and states. One such, for example, is the pithy use of the term “new Silk Road” to stress the commercial connections between the Inner Asian polities and the outer Asian powers and, indeed, other continents. But it would be good, in contrast, to examine what exactly is meant by this term. Recent research has shown that there was very little “silk” that traveled along the so-called Silk Road and that in fact it is ideas – Buddhism, Islam, Nestorian Christianity, pre-18th century ideas of governance and territorial claim – that traveled along these routes to the advantage of all.

We also hear the status quo powers asking the frontier states to consider themselves, in a globalizing world, as “bridges” between, precisely, the very same status quo powers. Afghanistan need hardly be reminded of this phenomenon, having been just such a bridge for the armies of Greece to the British and the Russian to the U.S. empires. In the promotion of this concept, we are often told that in a globalized world, “borders” mean little and that their relevance is limited, if at all germane. The problem is that territorially this caters to the interests of, precisely, the status quo powers when it comes to borders and a bridge is something that everyone too often only walks over. My point here is this: it would be better for us to think of the in-between-states more as hubs and assimilating cradles of civilizational divides and borders as necessary demarcations precisely so that the smaller entities can preserve their autonomy, diversity and culturally unique characters.

In this context, it must also be stressed that globalization is not a value or a virtue. As we witnessed in some figures discussed yesterday, one of the features of an intensified globalization has been that the world spends approximately USD 6 billion on childhood education, which the combined revenues of narcotics and arms trade

is USD 1000 billion. In the face of this, we clearly need to take stock of the necessity of “globalization”, at least in definitions of it that imply a sharing of the world resources.

Conclusion

Allow me to conclude by repeating the broadest point in what I have intended to communicate to you in my presentation today. Like the violent recent pasts perpetrated by the world’s great power on the smaller nations and states of the world over the last century, there is a need to understand Afghanistan as a nation and a state that can and must be recognized as a potential contributor to the discourse on the new world order, and not merely as a recipient of pre-determined definitions of what their contribution should be.

In this objective, there is a need within Afghanistan to recall and reinterpret its history on its own terms and to deeply interrogate new political terminology, concepts and solutions with a view to its survival not just as a state but also as peoples with much to offer its neighbors and the world at large. This will be done if Afghanistan, and many states like it, is recognized as being fully capable of contributing to a dialogic world and not one which is perceived purely in terms of great power, or indeed merely military power, relationships.

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Lessons from Afghanistan: A Perspective

Dinesh Bhattarai*

Introduction

Afghanistan is making a transition to peace and democracy after devastation of three decades of war and continued conflict and turmoil. In the transition process, the country is confronting a wide range of problems in security, political, and socio-economic areas. Years of frequent foreign interventions and occupation caused irreparable damage to its socio-economic fabric of the Afghan society and made the people undergo unspeakable sufferings. The seeds of instability and insecurity were further fueled by extreme poverty, discrimination, inequality, underdevelopment, structural weaknesses, and economic greed. The Afghanistan conflict mirrors long-standing rivalries among the different ethnic and tribal groups, further complicated by outside powers to exploit these rivalries for their own benefit.

As the country prepares for a transition from International Security Assistance Force (ISAF) led security to Afghan led security in 2014, Afghanistan faces considerable challenges of building the capacity of the national government, national institutions, and providing much needed services to its people. Afghanistan's peace and stability have great bearing for neighbors, countries in the region and beyond.

This article seeks to briefly touch on the existing ground realities and discuss the lessons learnt from Afghanistan. The concluding part puts forward some recommendations and suggestions.

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Existing realities

More than 5 million Afghans left the country, 1 million killed and equal number of people disabled during foreign intervention/occupation. Over 3.3 million Afghan refugees are reported to be living in neighboring countries, mainly in Iran and Pakistan.

Anarchy and chaos aided by intractable political instability led to the rise of fiefdoms run by warlords. Taliban phenomenon characterized by the 'ferocity, extremism, and intolerance' emerged. Extremist elements of different nationalities who had taken up the arms to fight the Soviets in the 1980s made Afghanistan their home. It was the time when the United States and Osama bin Laden were on the same side fighting against the Soviets. The aggrieved Arab extremists who stayed back in Afghanistan worked to fuel the old hatreds and ethnic rivalries. This transformed Afghanistan into a launching pad for terrorist attacks culminating in the attacks on the twin towers of the World Trade Center, and Pentagon of the United States of America on September 11, 2001.

'No one, apart from the few people who plotted and carried out these events, could have anticipated that they were going to happen. But from the moment they did happen, everyone acknowledged that everything has changed.'¹ The world sympathized with the United States, and stood together as the message coming out of France said, 'we are all Americans'.² The September 11 and aftermath witnessed an unprecedented engagement to address the evolving strategic environment in Asia and fight the terrorism labeled as the 'Global War on Terror'.

September 11 attacks forced Washington to focus on addressing and avoiding threats coming from weak and fragile states. This led to the emergence of the forward defense against possible

1 John Lewis Gaddis, And now this: Lessons from the old era for the new one, in Strobe Talbott and Nayan Chanda, (eds.), *The Age of Terror: America and the World After September 11*, New York: Basic Books, 2001, p. 3.

2 *Le Monde*, 12 September 2001.

future attacks i.e. 'fight there rather than here, fight now rather than later'.

On October 7, 2001, the United States launched military operation in Afghanistan and named it 'Operation Enduring Freedom'. President Bush said these carefully targeted actions were designed 'to disrupt the use of Afghanistan as a terrorist base of operations and to attack the military capability of the Taliban regime.' He declared 'to defend not only our precious freedoms, but also the freedom of people everywhere to live and raise their children free from fear.'

After 12 years of war on terror in Iraq and Afghanistan, almost \$1.5 trillion in direct costs (which would have helped realize the Millennium Development Goals -MDGs) and hundreds of thousands of lives lost, there is danger of the Afghan conflict becoming, what Gorbachev way back in 1986 in his Vladivostok speech said a '*bleeding wound*' for Afghans, neighboring countries and the global community.

According to a U.S. Congressional Research Service report titled "The Cost of Iraq, Afghanistan and Other Global War on Terror Operations Since 9/11" issued on March 29, 2011, over the past decade, the U.S. has spent \$ 806 billion in Iraq and \$ 444 billion in Afghanistan; at approximately 100 billion dollars a year, besides over 2000 fatalities till date. The report asks: Can the UN or any other nation afford to commit such massive resources to the Afghan conflict on a recurring basis that is going to remain open ended for several years?

The opium production in Afghanistan is yet another huge challenge. Afghanistan supplies more than 90% of the world opium. The opium production contributes to the biggest chunk of Afghanistan's GDP. There is a danger of the economy and the state being turned into a narco-economy and narco-state in view of the two major narcotic growing and trading centers -the Golden Crescent (Pakistan-Afghanistan border) and the Golden Triangle (Myanmar-Thailand border) being in the Asian region.

International Crisis Group warns that Afghanistan faces an increasingly precarious future in the post 2014. It predicts a

protracted low level conflict between government and Taliban forces who obstruct stabilization and reconstruction efforts.

The presence of external forces has made the country weak and vulnerable, and turned it into an ideal place for religious fanatics in the creation of Taliban and al Qaeda. They are said to have the networks and capacity to do immense damage through their activities. *The Economist* made a cover story (January 26, 2013) of 'Afrighanistan' to describe the real danger of another poor country, Mali, threatened by North African Islamists who look for inspiration, if not direction to global jihadists like al Qaeda whose birth place is Afghanistan. Western public is said to be 'more convinced than ever that even the best-intentioned foreign intervention is bound to bog its armies down in endless wars fighting invisible enemies to help ungrateful locals'.³

The mission seems to have lost much of its clarity of purpose. America's war fatigue is distinctly visible as is reflected in the statement of President Barrack Obama, 'It must be clear that Afghans will have to take responsibility for their security. That is why our troop commitment in Afghanistan cannot be open ended-because the nation that I am most interested in building is our own.' The glaring questions remain: has the 12 years mission been able to stop Taliban from retaking power and preventing al Qaeda and related groups from regaining substantial sanctuaries?

It is no secret that Afghanistan is suffering from overbearing influence and control of foreign powers. Contradictory foreign influences are at play with competing agendas. Taliban is doing everything, according to US General Dunford, 'to create the perceptions of insecurity.' Some of the groups seek refuge in ungoverned tribal areas and remain 'one of the most virulent strains in the insurgency.'

Amidst devastation of three decades of war, continued conflict and turmoil, Afghanistan has also made significant transformation. It has managed to have a number of important achievements, including

3 *The Economist*, January 26, 2013.

formation of a political system; adoption of a new constitution; holding presidential, parliamentary and provincial council elections; reform of the legal and judicial systems; adoption of a number of laws in conformity with human rights standards; creation of human rights protecting and monitoring mechanisms; establishment of political parties, social organizations; enrollment of more than six million children in schools, a third of whom are girls; establishment of private schools and higher education institutions; expanded access to health services; ensuring the freedom of expression, by establishing dozens of private radio and television channels; hundreds of private and state owned publications; wide public access to telephone and internet services; relative improvement of legal, political, economic, and social situation of citizens, especially of children and women; and adoption of Afghanistan National Development Strategy (ANDS) in which serious attention has been paid to eradication of poverty and hunger.⁴

Afghanistan's joining of the South Asian Association for Regional Cooperation (SAARC) as the eighth member is an important dimension in its foreign policy and a welcome development for all South Asians. There is much Afghanistan and SAARC can complement each including in the post 2014 phase.

Lessons to be learnt

There are some hard lessons to be learnt from Afghanistan for all-national, regional and international stakeholders. As is evident from the earlier abandonment of Afghanistan in 1989, it has become imperative for the international community to make commitments for the long-term investment of money, energy, and expertise. The commitments have to stay in a more disciplined, well coordinated and coherent manner to tackling the root causes. A weak, unstable, and fragile Afghanistan is not in the interest of anyone. It could increase regional instability and become a sanctuary for international terrorists and affect everyone living far and wide.

⁴ United Nations General Assembly, A/HRC/WG.6/5/AFG/1, 24 February 2009 accessed on May 11, 2013.

Some lessons to be learnt from the existing realities in Afghanistan can be listed as follows:

- Foreign military expeditions in Afghanistan have remained unsuccessful -thanks to the hard resistance and invincible spirit demonstrated by the Afghan people. The overriding lessons from Afghanistan, Iraq and elsewhere establish that no powers however powerful, making intervention/occupation can win over/destroy the civilization, no amount of ghost money and firing of precision missiles can establish democracy, and defeat an insurgency by killing, capturing and destroying the rebels. In more than twelve years of fighting, over 100,000 troops have failed to defeat a handful of hard core Taliban. The message to outsiders is: *keep out*.
- After years of fighting and costs in blood and treasures, the US no longer seems to change Afghanistan. The goal has narrowed down to 'readying Afghan forces to withstand the Taliban regardless of the country's looming political and economic troubles.'
- In the name of anticommunism, an unholy and uneasy alliance was made. USA, Pakistan, Saudi Arabia and others spent billions of dollars and backed anti-communist Afghan Mujahideen and their Arab friends that paved the way for the emergence of regional and global jihad. It is evident from US President Ronald Reagan comparing the Afghan Mujahiddeen leaders to be 'the moral equivalents of America's founding fathers'.
- Fighting terror is a team task and needs to have a coherent strategy. Asking 'every nation, in every region, to make a decision: either you are with us, or you are with the terrorists' appears to have lost the original spirit and appeal.
- It is necessary to prioritize programs creating employment opportunities to support the livelihoods of the vast majority of the Afghans in rural areas and put in place a number of institutional reform programs backed by adequate

resources to prevent displacement and facilitate rehabilitation, reintegration of refugee, IDPs and former fighters into the society. Reform programs should also include punishing drug traffickers and drug related corruption in high places. Also needed are aggressive and serious crop substitution and alternative livelihood programs on ground.

- It is necessary to win the minds of young people in Afghanistan. It requires the deployment of civil reconstruction teams, establishment of hospitals, and other mega projects like road-rail network, schools, telecommunications, air services, food storage, electricity, water, sanitation. Timely delivery of the promised economic aid by the international community and its effective utilization at the national level remains vital to build professional and institutional capacities for peace building and social integration.
- Government faces number of challenges that come from its commitments to respect human rights including in areas of health, education sectors, and gender equality. The worst enemies to the enjoyment of human rights emanate from extreme poverty, terrorism, extremism, and narcotics, which remain inextricably interconnected and have linkages beyond border, and at the regional and global level. International community needs to demonstrate sincere and long term commitment. It is often found that international community does the 'cut and run' instead of 'invest and endure'. They try to erect roofs without laying the foundations, ignoring to address the root causes of conflict. It should be openly clear that only the establishment of 'building a resilient Afghan state and civil society' can sustain 'an effective legitimate government presence into Afghanistan's 40,020 villages and get rid of the outsiders.'
- Rely more on multilateral institutions. They help move towards goals without provoking unnecessary foreign

resentment about intervention. Foreign officials earn greater acceptability if they are deputed under UN aegis. No nation however powerful and none of the existing international institutions can do everything. Each can do something and combination of which would help bring the desired results. Regional associations can be helpful as they can do the necessary weight lifting and create enabling environment for peace, security, and stability with more confidence and trust.

- Without security and political stability, no economic reconstruction however attractive can work. As the transition from International Security Assistance Force (ISAF) led security to Afghan led security draws closer, it becomes imperative to improve the capacity of Afghan government, and national institutions, without which the country will be prey to outsiders' designs that 'created, financed, offered, and directed' the Afghan Taliban in the 1990s.
- There are huge and difficult challenges to peace and security in Afghanistan. Peace and stability in Afghanistan have great bearing for neighbors, countries in the region and beyond. It is feared that the use of non-state actors as foreign policy tools will be more frequent and prominent in the post 2014. This will further complicate the security situation in Afghanistan and the region.
- The continued presence of external powers in Afghanistan has transformed Afghanistan's perpetual ethnic and tribal rivalries into the dividing lines. Islamic jihadists from around the world exploit this division and use Afghanistan as a training ground, indoctrination facility, and base of operations for international terrorism. In the aftermath of 2014, it is feared that the Afghan forces will not be able to effectively counter the Taliban and al Qaeda forces. Building national capacity is the only deterrent to such tendencies. National unity and reconciliation remains the basic premise

to build much needed national capacity. Reconciliation has to be comprehensive within the overall framework of a democratic polity, and needs to be nurtured carefully and consistently by all national actors and common people to ensure peaceful coexistence of various ethnic groups in Afghanistan. Democracy stands as the most realistic way of addressing these differences and harmonizing them for larger interest.

Transition is an extremely difficult and sensitive period. State building is a long-term process. Afghanistan is a least developed country, and land locked that has suffered the worst kind of conflict in recent times and people remain victimized for no fault of theirs. The people of Afghanistan deserve special attention and long-term commitment to well targeted financial support and technical expertise in line with their national priorities to address their development needs and overcome challenges.

Given its geographic location, Afghanistan has an immense potential to develop as a hub of trade, energy, and transport corridor. A robust regional cooperation can harmonize varied interests towards a common end. Silk Road connection could form base for a meaningful long-term cooperation and economic integration. The proposed pipeline connecting Turkmenistan in Central Asia to India through Afghanistan and Pakistan, known as TAPI is yet another example of efforts for regional cooperation integration.

Terrorism is the biggest threat and challenge in the region. It has retarded the progress of SAARC and marred bilateral relations. All South Asian countries suffer from terrorism. SAARC Convention on terrorism needs to be fully implemented.

In a recently organized Harvard university conference attended by Afghan and American officials, journalists, students and professors, a question was asked: how and when the complex and bloody and seemingly endless war come to a close? Nearly all assembled

acknowledged the truth that we cannot win the war on the battlefield.⁵

In conclusion

Guns have never been a solution to any problem anywhere. We can speak from Nepal's experience that ultimately, there has to be a ceasefire and negotiated solution at the table. There is no alternative to pursuing a negotiated solution of conflicts. Negotiation has to be among the Afghans to avoid what *the Economist* mentions as *the geopolitical mess* in the post 2014 phase.

Since outsiders' meddling with the Afghan affairs burdened Afghanistan beyond capacity, it is time now to learn from the past and look to the future. It is time to envisage a possible role for the SAARC to seek a South Asian solution to a South Asian problem, (though the problems have often been created and compounded by outsiders' involvement). One of the possible ways to expand the role of SAARC in peace making and peace building could be by the creation of the SAARC Regional Forum (SRF). If we look to the history of the Indo-China war in 1960s, foreign powers who were involved there, when in fatigue, were saying *let Asians fight Asians*. This further calls for conceptualizing a possible role for SAARC to be able to contribute to work out a regional solution. Creation of SRF should help create enabling environment for greater regional cooperation and hold regular interactions with extra-regional countries/organizations on matters of mutual interest.

South Asia remains the least integrated region in the world. SAARC is a late comer to the folds of regional cooperation. There has been a proliferation of mechanisms within the SAARC. SAARC has also concluded a number of memorandums of understanding with several countries, regional, and international organizations, which participate in summit meetings as observers. Observers outnumber members in the SAARC. They are expected to help Association's economic integration with the international community. Their presence in the

5 R. Nicholas Burns, Afghanistan Endgame, *International Herald Tribune*, A global edition of the New York Times, April 12, 2013.

SAARC speaks volumes, and demonstrates region's potentials and strategic significance. The rise of China and India has invited increased interest of the established powers in the region. The involvement of extra-regional powers in South Asia is already becoming problematic and would in all probability not be conducive for regional cooperation, if not handled wisely and sensitively. Since they are already there, we may make their engagement constructive and productive through the creation of the SRF and as sector wise dialogue partners.

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Role of Afghanistan in Economic Development of South Asia

M. I. Ghafoori*

Historical background

Born in the middle of the 18th Century with the contemporary name, Afghanistan, its history and distinct political entity date back much longer than any of its neighbors. Afghanistan is a land-locked country, located at a strategically important landscape, connecting South Asia, Central Asia and Middle East Regions.

Sharing border with 6 Asian countries, Iran in the West; Pakistan in the South and East; Turkmenistan, Uzbekistan, and Tajikistan in the North; and China in the North-East, Afghanistan is placed in a uniquely advantageous position, as against most of other Asian countries.

Afghanistan's location on a strategically important landscape, historically known as "The Silk Road" intersection, which linked imperial Rome with far-east China and stretching to both sides of Mediterranean region, turned it into a trade hub, thereby making it a vibrant and thriving economy.

During the Silk Road historical period, Mazar-e-Sharif, the capital city of Northern Balkh Province, known as Ommul-Belad, (Mother of cities) and the central province of Bamyan, turned into two main convergence points for traders from East, West, South and North, who were crisscrossing the territory, now known as Afghanistan. Once enchanted by the scenic view of Kabul, the country's cosmopolitan capital, visiting tourists called it the "Paris of Central Asia."

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In addition to silk, gemstones and other precious goods, the historical road was used for exchange of revolutionary ideas and culture among various nations.

BIRTHPLACE OF GREAT PEOPLE

Afghanistan is the birthplace of great leaders, scholars and poets, who, with their grandstand ideas and creative thoughts, changed the trajectory of history, impacting upon the social fabric of the people. They were also instrumental in introducing civilization and architectural innovation to other regions, vintage models of which are still alive across many regions.

GRAVEYARD OF INVADERS

The unique position of Afghanistan, with tremendous underground natural resources, was a compelling motive that lured many colonial powers, starting from Changis Khan, Alexander the Great, Great Britain and finally, Soviet Union, each testing its luck one after another to occupy, subject and tame this insurmountable landscape, giving rise to violent revolt by its uncompromising people, thereby demonstrating brave and stiff resistance against aggressors, resulting in humiliating and mortifying defeat and expulsion of invaders. Throughout its history, whenever any foreign forces invaded Afghanistan, they met with heroic resistance of the people, denying them of a chance to get their objectives realized.

On the contrary, due to repeated foreign direct or indirect intervention, Afghanistan never had an opportunity to think about exploring and utilizing its gifted hidden treasures for the welfare of its people.

POST-CONFLICT and REINTEGRATION

Being subjugated by the draconian and ruthless Taleban regime, which brutally suppressed the Afghan people from 1996 to 2001, violating all international norms, Afghanistan welcomed the international community's offer to get rid of this brutal regime.

Following the overthrow of the Taleban regime, an internationally recognized government, with the help of the

International Community, was established, setting out on a long and painstaking journey of re-establishing and reintegrating Afghanistan with the international community, and regional and international organizations.

As a post-conflict country, emerging from three decades of imposed wars and conflicts, Afghanistan is now on the road to transformation, which is an inevitable mission for every post-conflict country. Since its establishment, the new Afghan Government diligently strived and entered into manifold cooperation agreements with the international community to rehabilitate the country with the primary objective of achieving greater regional cooperation.

For the realization of this long cherished goal, Afghanistan engaged itself with many of its neighbors through bilateral and multilateral trade, exchange of visits both at the bilateral and multilateral levels, and signing of Strategic Partnership Agreements.

Afghanistan is an active member of the Economic Cooperation Organization (ECO), and member of the Contact Group of the Shanghai Cooperation Organization (SCO), Central Asian Regional Economic Cooperation (CAREC), Central Asian and South Asian Transportation and Trade Forum (CSATTTF), UN Special Program for the Economies of Central Asia (SPECA), in addition to several regional processes, namely REECA and Istanbul Process, which launched to build confidence between Afghanistan and its regional partners.

The South Asian Association for Regional Cooperation (SAARC) is one of the regional organizations to which Afghanistan attaches special significance. With this in mind, Afghanistan joined SAARC in 2007 as a full-fledged member. Having obtained membership of multiple organizations and as a signatory to many agreements, covering Central Asia, Afghanistan believes that its membership with SAARC will realize its long awaited dream to serve as a bridge to connect South Asia with Central Asia, in the wake of renewed emphasis laid by SAARC on intra-regional and inter-regional connectivity.

Afghanistan should spare no time and efforts to help connect its two neighboring regions, as the country still enjoys great potential to

achieve that end because of its geographical location. With this objective realized, the country will regain its historic place as a transport hub as it did in the peak days of the Silk Road, uplifting not only its own economy but the economies of the neighboring two regions. With the benefit of its geostrategic location, Afghanistan should focus more on project-based collaboration within and beyond the region.

Following a three-decade long crisis, Afghanistan managed to sign various cooperation agreements with its neighbors within a short span of time, key among them are the CASA-1,000, which will transmit 1000 MW energy from Kyrgyzstan and Tajikistan to Pakistan through the northeast Afghan territory.

Another inter-regional mega project, called (TAPI), was signed by the Leaders of Turkmenistan, Afghanistan, Pakistan and India, on 11 December 2010, in Ashgabat, the capital city of Turkmenistan. Under this gas pipeline project, entailing over USD 7.6 billion, stretching 1,640 km long, Turkmenistan will release 3.2 billion cubic feet of natural gas per day.

OVERLOOKED HIDDEN RESOURCES

Traditionally, though Afghanistan is acknowledged as a strategic transit point for intra-regional trade of oil and natural gas, its own immense and huge untapped mineral wealth, including oil and natural gas, remained neglected. Based on a recent survey, the Afghan Mines Minister has announced that mineral deposits hiding under the Afghan soil are worth up to USD 3.6 trillion, including huge veins of iron, copper, cobalt, gold and lithium. Discovery in the east and northeast Kabul of fields containing sensitive precious gemstones, like rubies, beryllium, emeralds and kunzites, that cannot be found anywhere else, unveils the reality that there are many more hidden treasures.

Afghanistan's huge mineral wealth as well as immense reserves of natural gas and oil could eventually transform the country into one of the most important mining hubs, not only in our region but in the world. A US internal memo acknowledged that Afghanistan could

become another Saudi Arabia in terms of its lithium reserves, equaling, as an estimate, to the lithium reserves of Bolivia, a country that tops the list of lithium possessing countries in the world.

Endowed with such unrivalled and tremendous wealth, Afghanistan is not only seen as crucial transit point for its South Asian and Central Asian neighbors, it is also a substantial exporter, competing with its northern mineral rich Central Asian neighbors. Further, with its geographical proximity to its southern neighbors, Afghanistan has an advantage over other energy exporting countries.

INTER-DEPENDENCE

Economic inter-dependence among South Asian Countries cannot be understated given their current economic situations. For example, in the context of Pakistan, getting across to Central Asia through Afghanistan is its long cherished desire to export its products to the emerging energy rich Central Asian countries. In addition, as mentioned earlier, under the CASA 1000, Pakistan is expected to import power from Tajikistan through Afghanistan for its domestic consumption. On the other hand, Afghanistan needs Pakistan as a transit corridor to access to the Port city of Karachi and Gwadar Port in Baluchistan.

As a critical source of life for every living being, the issue of water resources is very likely to dominate the debate and discourse of the 21st century, leading possibly to conflict between and among the countries in the world. As a mountainous country possessing plentiful river waters, Afghanistan has been very generous by letting over two-third of its water resources flow into its two neighbors, Pakistan and Iran. Pakistan is desperately in need of four out of the five river basins that flow out of Afghanistan to sustain the irrigation requirements of its barren fields. With its acute energy crisis, Pakistan is even more dependent on Afghanistan river waters. In spite of this, while Afghanistan and Iran do have a bilateral agreement over Afghan river waters, surprisingly Afghanistan and Pakistan have no agreements over water resources as such.

CHALLENGES AND OPPORTUNITIES

At a major Summit in Lisbon, Portugal, the contributing nations to NATO, agreed that NATO mission will be concluded by the end of 2014 with a firm commitment to develop and sustain close partnership with Afghanistan for another decade beyond 2014. Accordingly, with a mission that is unaccomplished, NATO is wrapping up its combat mission in Afghanistan, at a time when this country is still grappling with manifold challenges, most notably, security.

With the prospect of withdrawal of military and financial international assistance, Afghanistan looks to a future beyond post-NATO mission, where a non-military solution is imagined through regional cooperation for tackling the lingering problems, if any.

The solution for any regional conflict should come from within the region. And Afghanistan's case is not an exception. Pakistan, with which Afghanistan enjoys a geographical proximity, and ethnic, tribal and linguistic linkages, holds a special posture in the latter's efforts for peace-building and political settlement of disputes.

Afghanistan shares around 2700 km porous and non-surveillance border with Pakistan, making it further difficult for the post-conflict country with weak institutions to monitor its long border without an honest helping hand from Pakistan. Circumstantial evidences indicate Pakistan's strong influence and leverage over insurgents, (sheltered in volatile and lawless FATA region) of Pakistan's North West Frontier Province, renamed as Pakhtunkhaw.

As a sovereign country, Afghanistan should not be victimized for adopting the way proportionate to its interests in dealing with other countries in the region conforming to the international laws to which all UN members are signatories.

Pakistan has a stake in regard with Afghan question, where legitimate concerns of Pakistan should be taken into account in quid pro quo, Pakistan should become an honest partner in the stabilization process of Afghanistan by bringing the insurgents to a

negotiating table, because protracted conflicts in Afghanistan will never serve any purpose back in Pakistan.

ROLE OF SAARC IN AFGHANISTAN'S STABILIZATION

Historical evidences tell us that the international community's efforts in resolving any regional dispute have yielded little results. International intervention in disputes and conflicts of regional nature gives rise to sensitivity among regional stakeholders with ethnic, linguistic and social linkages, and common norms and values with each other. Furthermore, conflict of interests among the intervening countries makes the situation even more complex.

In this context, the role of regional organizations in resolution of conflicts at the regional level could be effective. Therefore, SAARC can and should play a substantial role in the stabilization of Afghanistan, given the regional grouping's Charter objective of promoting peace, stability, amity, economic development and, more importantly, welfare of the peoples of its member states. Even with its limited mandate and the provision of exclusion of deliberations over bilateral disputes and political issues, there is no alternative to SAARC for the South Asian countries.

In a world engulfed by multiple crises, an overpopulated and impoverished South Asia is facing multiple challenges, some having trans-national nature calling for collective and honest cooperation and concerted efforts, backed by strong political will, through a common platform like SAARC.

With NATO preparing to wrap up its decade-long combat mission in Afghanistan, the aftermath damaging effects, if any, can be felt in the neighboring countries. This decision taken at a time of lingering security threat is still playing havoc, with adverse repercussion over the decade-long achievements of Afghanistan. At the same time, this decision will embolden irreconcilable insurgents, who were for long waiting for this opportunity to come. In particular, the period following 2014 in the run up to the next cycle of third presidential elections is a critical interval for Afghanistan stability.

Taking into account the seriousness of the post-2014 situation in a member state, SAARC is best poised to take proactive and practical initiative in saving Afghanistan from sliding once again into chaos. A peaceful and stable Afghanistan will not only serve its national interests, but will also serve the interests of the whole region. Allama Iqbal, a great poet of the East, has described Afghanistan in his verse which is reproduced below:

Asia is a body made of soil and water.

Afghanistan is the heart of this body.

If the heart falls sick the whole body will suffer.

If the heart is healthy the whole body will prosper.

Peace and stability is inextricably linked with development and progress, and without establishing stability in Afghanistan, hoping to implement regional developmental projects that have already been agreed upon, would merely be a distant dream. Therefore, it is necessary for the Leaders of South Asian countries to rise above their individual politically-motivated interests and move beyond whatever is dividing, and come together around what is binding them together.

MAKING ORGANIZATION MORE RESPONSIVE

Because of the well-known reasons, which shelved important decisions made and agreements signed, peoples of the region have enough grounds to lose confidence in their organization. On the contrary, there are manifold hardships and difficulties they are experiencing in their day to day lives, due to the absence of the political will in implementing Summits' decisions and agreements. It is for this reason SAARC needs a qualitative and quantitative overhauling of all its mechanisms and institutions in order to be able to address the emerging challenges of the 21st Century.

At the 16th SAARC Summit held in Thimphu, Bhutan in April 2010, the Leaders agreed that a comprehensive Study be undertaken to strengthen all SAARC mechanisms, including the SAARC Secretariat, Regional Centers and Specialized Bodies to make SAARC a robust and effective entity.

At a Meeting held in February 2012 in Thimphu, Bhutan, the National Focal Points agreed that the Study should be conducted through an inter-governmental process. Accordingly, the SAARC Secretariat was entrusted with the responsibility of preparing the Study.

Let us hope that the Study that is being undertaken by the Secretariat will usher in an era of strengthened regional cooperation for the mutual benefit of all the member states of SAARC.

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Prospects and Challenges of Economic Development in Afghanistan

Basanta Lamsal¹

Abstract

Afghanistan entered into a new era of its history after the fall of the Taliban in 2001. In economic development aspects, some noteworthy development has been initiated. However, achievement is not at the level expected in comparison to the huge amount of resources that has been poured into the country. In general, international development and reconstruction efforts have been under-funded and failed to have a significant impact on local communities' living conditions, or improve attitudes toward the Afghan government and the international community. Now the country is entering into another era as the role of the international community in security and in the overall development will be significantly reduced. Therefore the Afghan government has to restructure its development strategy and move forward to have a greater development impacts in the future.

1. General Background and Context

Over 12 years of international assistance and billions of dollars of expenditure in the name of development and security, Afghanistan is still in a state of social, political and economic chaos and greatly in need of a viable and sustainable economic development strategy. It is still highly dependent on foreign aid and has a service economy concentrated on cosmetic projects mainly driven by the donor community. It lacks a long-term strategy, which can bring economic peace and tranquility. The majority of the population in the country continues to suffer from some basic needs: shortages of housing, clean

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water, electricity, medical care, and jobs. Similarly, criminality, insecurity, weak governance, lack of infrastructure, and lack of rule of law are some of the problems that the country is suffering from.

Despite criticism, the international community particularly the USA and its allies, remain committed to Afghanistan's development and the donors at the Tokyo conference in July 2012 have pledged an additional \$16 billion in development aid through 2016. They also have committed to placing 50 percent of aid on-budget and having 80 percent aligned with the National Priority Programs (*Asian Development Bank, 2012*). Nevertheless, the donor-driven economy has not helped much to the economic and social infrastructure of Afghanistan and the development process remains ineffective. It has further created an unequal economic power relationship between the small economic and political elite and the average Afghan. Regardless of international support and efforts, the Afghan Government will have to face and overcome a number of challenges, including low revenue collection, unemployment, high levels of corruption, weak government capacity, and poor public infrastructure in the days to come.

2. Current Scenario

Afghanistan has been witnessing changes but not at the level of expectation and plan. The country's economy or living standards have not improved despite donor countries claiming that they have poured sizable foreign donations and investments into Afghanistan. There are some positive changes in economic indicators particularly in health, education, water and sanitation sectors and some changes in infrastructure development especially in major cities. Some other progresses are establishment of democratic institutions and ministries, significant improvements in health care and immunization, the major expansion of primary education, the construction of roads and transport infrastructure, economic growth, and the formation of state security forces. The GDP growth has been reasonable in the recent years and the economy also has seen double-digit growth rates (11.8%) in 2012 (*World Bank, 2013*).

But again the achievement is not at the level expected in comparison to the huge amount of resources that has been poured into the country. There have been some strong criticisms of aid effectiveness including from government. The discrepancy between what the country indeed achieved and what it could have optimally achieved from aid resources is far too wide. It is generally realized that whatever growth the country generated from past investments have remained too weak to impact aggressively on increasing the productivity of the economy and the fundamentals of the overall economic environment. Transparency International says Afghanistan is among the world's most corrupt countries and getting worse. The group says at least \$1 billion donated over the past eight years has been siphoned off (*Transparency International, 2012*). Nevertheless, as stated earlier, not all the money has been wasted.

Far too much aid has been prescriptive and driven by donor priorities – rather than responsive to evident Afghan needs and preferences. Too many projects are designed to deliver rapid, visible results, rather than to achieve sustainable poverty reduction or capacity-building objectives. One quarter of all aid to Afghanistan has been allocated to technical assistance – which is intended to build government capacity – yet much of such assistance has been wasteful, donor-driven and of limited impact. The major economic challenges remain, including transforming the large informal economy, reducing aid dependency, reducing rampant corruption, overcoming capacity constraints and building a domestic revenue base. The economy continues to be distorted by opium production, concentrated in insecure areas.

Many US and European actions have already begun to look like a cover for an exit strategy from Afghanistan. Military spending is already dropping sharply and will drop again in FY2013. Development aid from the US, the largest aid donor, dropped from \$3.5 billion in FY2010 to about \$2.3 billion in FY2012. Aid to support democracy, governance and civil society dropped by more than 50%, from \$231 million to \$93 million. Aid for “rule of law” dropped from \$43 million to \$16 million (*Borger, 2011*).

Further, while talking about Afghanistan, we must always keep these figures in mind that since the fall of the Taliban regime, 90% of international assistance has gone to security. Of the remaining 10-12%, 70% has gone outside the government. So, it is obvious that the state is weak and that we lack governance, institutions and capacity (Aziz, 2011). Moreover, around two-thirds of assistance are delivered outside the budget, leaving the government with little capacity to manage its aid flows. Up to 40% of the assistance returns to donor countries in the form of corporate profits and consultant salaries. At a time when extreme poverty is turning young Afghans to fight for the Taliban, foreign consultants in Kabul can command salaries of USD 250,000 to USD 500,000 a year. The US military spending was close to \$100m a day whereas aid budget was just \$7m per day (Waldman, 2008). Too much aid is donor-driven, and concentrated in Kabul at the expense of rural areas. Coordination – particularly among the different agencies involved in relief, reconstruction, security and development – has been a significant challenge. The high degree of wastage of aid money and imbalance distribution of resources in Afghanistan has even troubled the Afghan government. For example, Badakhshan is one of the provinces in northern Afghanistan, which has a population of 830,000, most of whom depend on farming. The entire budget of the local department of agriculture, irrigation and livestock, which is extremely important for farmers in the province, is just USD 40,000. This would be the pay of an expatriate consultant in Kabul for a few months.

However, there have been some important innovations in aid delivery, including the establishment of a multi-donor Afghanistan Reconstruction Trust Fund, which enables donors to support recurrent costs through the budget, subject to various fiduciary controls. The National Solidarity Program (NSP) is another important government initiated development project in Afghanistan which has made a significant difference to Afghan lives. Created in 2003 by the Ministry of Rural Rehabilitation and Development, the NSP sought to empower the grassroots level in Afghanistan's rural areas for the first time in the country's history by helping establish local governance bodies – Community Development Councils (CDCs) – in

villages across the country. The program aimed at developing the ability of Afghan communities to identify, plan, manage and monitor their own development projects. It has mobilized more than 70% of rural communities in all 34 provinces with over 30,694 elected local councils, CDCs to represent themselves. These have prioritized needs and planned, managed, and monitored over 69,714 sub-projects in the country (NSP - GoA, 2013).

Similarly, Tajikistan-Afghanistan power transmission project, rural access and provincial road construction projects, national horticulture and livestock productivity project are some of the projects which have impacted positively in the lives of Afghan people.

3. Major Challenges/Problems

There are different opinions about the challenges and problems in Afghanistan. It's true that the country has been suffering or may suffer from a number of challenges and problems. Then, a question arises "What is the biggest problem that the country is facing as a whole?" As per the survey conducted by The Asia Foundation (TAF), security is indeed a prime concern of the people followed by unemployment, poverty and poor economy. Other problems reported are basic services and day to day economic activities.

Some reports highlight that Afghans are losing trust in their government because violence is continually escalating and public expectations are neither being met nor managed. Development agencies in general have failed to achieve their project as well as organisational goals in Afghanistan. Instead of engaging the local communities and launching development projects that reflect the communities' priorities and needs, both government and development agencies have invested in unsustainable projects. Rather than investing in productive sectors, attention is concentrated on the service side of the economy, which itself is donor dependent. It means development approach adopted in the country was wrong which has brought a number of problems in the country.

Further, extremely high rate of corruption everywhere in the system, wrong approach to tackle the terrorism (Taliban extremism),

uneven approach in development, high dependency on foreign aid, lack of coordination between development agencies and misuse of resources especially the grants from the international community and influence of international community in national politics are some of the major challenges and problems.

Afghanistan is at another transitional phase. The country will move to another era after taking over the whole security responsibility by ANSF. The following are some of the anticipated threats and challenges that the country might face in the future.

- Significant cuts in military and development spending, along with the country's fractious politics and persistent insecurity, threaten to derail progress made in recent years.
- Economic growth is expected to wind down as aid declines during the transition and transformation phase. The withdrawal of international troops is associated with a decline in security, and possibly, civilian aid.
- The impact of transition might be uneven across provinces. Aid has not been evenly spread across the country.
- Opium production is expected to increase in the future as there is less incentive to cultivate other crops as gross income from opium is nearly 11 times higher than that of wheat, thus making opium a much more attractive crop to harvest.
- A worsening security situation and heightened perceptions of uncertainty will affect new investment. The number of newly registered firms declined by 8 percent in 2012.
- There are also problems with how the given aid is utilised. A form of phantom aid is conditional aid or tied aid. This happens when aid is tied to the purchase of products such as armaments.
- The withdrawal of international security forces by the end of 2014 and the transition to Afghans assuming full responsibility for security will put pressure on public expenditures and widen fiscal gaps.

4. Future Prospects and Way Forward

Afghanistan has both opportunities and threats on its way ahead. Abundant natural resources (mines, water resources etc), fertile agricultural land suitable for horticulture and wheat farming and other resources are the major strengths that the country can use/exploit in the future. However the current political transition has brought a serious question as to how the country sets its future direction. The transition process has exposed Afghanistan to a number of serious risks, such as rising financing for public service provision, security considerations, promoting sources of inclusive economic growth, especially agriculture, and strengthening domestic revenue mobilization will be important to mitigate some of these risks. Through the support of the international community and the government itself, the potential risks can be mitigated and converted into opportunities/prospects.

Prospects:

- Large resources of mines, gas, precious gold and gems if tapped can turn around to make Afghanistan one of the richest countries in the world. The recent geological survey has confirmed that Afghanistan has large mineral resources potentially worth about \$3 trillion.
- Government revenue from an oil production project in the Amu Darya Basin is estimated to be \$64 million in 2013 and \$90 million in 2014, which is an encouraging start and will be continued in future too.
- Abundant hydro resources which could be used to produce hydroelectricity. The process has begun now.
- Construction of roads has increased market access, which ultimately has encouraged agricultural production.
- Ample possibilities to export fresh and dry fruits as the best pomegranates are produced in Afghanistan. The country therefore is known as “The country of the pomegranate fruit”. It can significantly contribute to the Afghan agriculture economy.

- The GDP growth has been reasonable in the recent years and the economy also has seen double-digit growth rates (11.8%) in 2012. The growth is forecast at 3.3%, which is a little low, in 2013 and 5.1% in 2014.
- Some positive economic indicators have been observed particularly in education and health sector.
- Tokyo conference of July 2012 has pledged \$16 billion for development through 2016, conditional on improved governance and transparency. They reconfirmed their commitment to channel half of aid through the budget and align 80% of their programs with national priority programs.

Way Forward

- The international community should continue their support to the country; however their aid support can be “conditional” in ways that are tied to the actual level of progress in Afghan politics, force development, and use of economic aid.
- The donor support for development activities should be in coordinated form and also should be channelled through government treasury to a possible extent.
- Afghan Government needs to restructure the current economic strategy, launch an effective war against poverty and transform the local economy in a way it can create jobs, increase production of goods and services and promotes accountability.

5. Conclusion and Recommendations

More than a decade of Western intervention has not produced a strong and viable central government, an economy that can function without massive outside aid, or effective Afghan security forces. All of these issues highlight the need for a new approach to the war, and one that highlights the need for credible civil and military spending plans that have a far greater degree of honesty and transparency. What is

clear is that much depends on Afghan actions before and after the end of 2014. An analysis of few donor and development agencies makes it clear that Afghans must do far more to assume responsibility for their own future and make things work on Afghan terms. As a result, the hard choices have to be made by Afghans. They have to make changes in leadership, governance, economics, and the ANSF to show there is a real incentive for the US and its allies to support and fund a real transition strategy.

- The Afghan government, international community, and the NGOs in Afghanistan should not waste money on cosmetic projects but they should ensure meaningful participation of the local communities, develop ownership and launch development projects that reflect the communities' priorities and needs.
- Give priority to capacity building and community livelihood issues instead of setting lofty development objectives.
- Make clear distinction between humanitarian and development projects run by different agencies and ensure a good coordination mechanism.
- Create political and economic capacities and policies to respond to the needs of the Afghan people.
- Provide basic public services, support day-to-day economic activities, and institute urgently needed programs, which can provide tangible economic and social results.

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Introduction to Co-Editors

Mr. Tomislav Delinic is the Director of the Regional Programme SAARC at the Konrad Adenauer Stiftung (KAS) in New Delhi, India. Prior to that he was Project Manager at the KAS-office in Prague, Czech Republic, for four years and worked as a Consultant for the KAS-office in Zagreb, Croatia, for two years. Mr. Delinic has his degree from the University of Bamberg, Germany where he studied Political and Administrative Science as well as Economic and Social History. He has also studied Central and Eastern European History in Vilnius/Lithuania.

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Delegates of the Conference



SAARC Secretary General Mr. Ahmed Saleem with Dr. Nishchal N. Pandey

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