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UNITED NATIONS ASSISTANCE MISSION IN AFGHANISTAN
UNAMA

**A Strategy for Transition to Afghan Leadership
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6 March 2010

Introduction

This year will be the most challenging we have faced since the fall of the Taliban. It is a year when negative trends will have to be reversed or they could become irreversible. Following two years of strong headwinds and a long period of political uncertainty, new political energy must urgently be mobilised. Furthermore, a change of mindset is required by the Afghan Government and the international community. If such changes cannot be produced soon, the overall situation will continue to deteriorate and become irreparable.

The political calendar is crowded and complex, with a national Peace Jirga, an international Kabul Conference and parliamentary elections all taking place in a period of six months. They will take place at the same time as Afghan and international forces are conducting the largest military offensive since 2002. These events will inevitably compete for political and public attention. While two of them – the Peace Jirga and the Kabul Conference – have the potential of becoming important unifying milestones, the other two – the election campaign and the military offensive – while necessary, can

produce division and tension and undermine the positive effects of the Peace Jirga and the Kabul Conference. Therefore, the election process must be prepared and conducted in a way that is seen by all as a step forward in comparison with the 2009 election. And the military offensive must not undermine the potential for a political process to solve Afghanistan's conflict.

Furthermore, there is tension between the political calendars of important international partners and the realities of the Afghan context. The clocks in foreign political calendars are too fast for the real pace of change in Afghan society. All have to be aware of this tension; Afghan authorities must be aware of the need to demonstrate determination to reform and the international community must demonstrate realism with regard to the level of expectations. Complete success is unachievable within one or two years in a country marred with conflict and fragmentation. But progress is achievable, and would demonstrate to the Afghan people and the international community that a durable solution to the conflict is within reach. Management of expectations will be demanding and necessary if we are to maintain the long-term partnership we all know is required.

The London Conference on 28 January helped create a more positive atmosphere and a greater sense of determination than what we had experienced in 2009. At the Conference, the Afghan Government and the international community committed themselves to a strategy of transition to enable the Afghan Government to exercise sovereignty over its territory. This does not mean an exit strategy, but reflects a need for greater Afghan leadership long wanted by the Afghan Government and now accepted by all. The Kabul Conference will have to transform this commitment into concrete programmes in strategic areas, such as institution-building and the development of human and economic resources. It must produce a real blueprint for transition and

provide a political agenda that can attract attention and support in the middle of a military campaign. A nationwide civilian institution-building programme will cost several hundred million dollars. But that is pocket money compared to what is spent on the security institutions and will be equally important to expand the reach of government across the country. A genuine strategic economic development programme will cost more, but that cost will still be modest compared to the resources invested in security. Such a programme will however determine whether the international community can withdraw in dignity and the Afghan Government can move away from massive dependency to sustainable economic growth.

This paper presents the key elements of that transition, and the changes required to make it happen. It is not an all-embracing review of every challenge facing Afghanistan. Rather, it suggests an approach based on the building of real Afghan capacity to deal with these challenges. However, even if this paper is focused on a limited number of priority topics, progress in these areas would have a profound and positive impact on other critical areas, and in particular respect for human rights and the rule of law.

A change of mindset

A successful transition strategy first and foremost depends on a profound change of mindset in the international community, as well as among Afghan authorities. There has been a tendency in the past to shape strategies and make decisions without adequate Afghan involvement, and to operate in ways that Afghans perceive as disrespectful and arrogant. Afghans sometimes feel that their country is seen as “no man’s land” and not as a sovereign state. This has fuelled suspicion of unacceptable foreign interference, a sense of humiliation, and lack of control over their own future. The success of a transition strategy therefore depends on consulting more, listening more and

demonstrating greater understanding for a society which will continue to need our assistance, but which also demands our respect. In short, we have to adjust our overall behaviour and better understand the pulse of the Afghan society.

Afghan authorities must also demonstrate greater determination to assume responsibility. There is a tendency to push responsibility for difficult decisions on the international community and to avoid the main political challenges facing them. Instead of assuming responsibility and cleaning up its own house, Afghan authorities tend to blame the international community for insufficient progress. There is a need for a greater unity of effort and an end to the fragmentation which still is a prominent feature of the Afghan Government and which prevents effective decision-making and leads to a sense of stand-still. Attention and energy must be united around priorities set by the reform-oriented members of the Government.

The Kabul Conference: A test of our readiness

The London Conference set the path for the Kabul Conference, with a clear set of deliverables for the international community and the Afghan Government. The challenge facing the Government now is to develop concrete programmes, which can be funded by donors, to be presented at the Kabul Conference. Such programmes should lead the donor community to prioritise its spending in a more strategic way and enable Afghanistan to gradually stand on its own feet. Critical elements, which have already been defined by the Afghan Government, will have to be:

- building sustainable Afghan civilian institutions to improve governance and fight corruption and, especially, be able to effectively impart justice based on the consistent rule of law across the country;

- stimulating the growth of the Afghan economy, based on its own natural resources and its strategic location in the region;
- developing a comprehensive educational system to make better use of Afghanistan's human resources and meet the requirements for a competent labour force and civil service.

Today, there are serious deficiencies and imbalances in all these sectors. Agriculture and infrastructure are key to economic development, but are underfunded and still often haphazardly designed outside Afghanistan. Capacity-building with Afghan institutions, executive as well as judiciary, is fragmented and without an overall plan. The educational system has been successful at the primary and secondary level but little has been done at tertiary levels, potentially leaving millions of students stranded without a clear future.

Consultations on key political challenges have improved significantly over the last year, within the international community as well as between the Afghan Government and its international partners. However, this is not yet the case for development policies, including governance efforts. While we have – at conferences in Paris, The Hague and London – set the right priorities, resources are still allocated according to differing priorities set in international capitals. That being said, there is an increasing political readiness in the international community, signalled clearly at the London Conference, to concentrate more on the priorities outlined above. Therefore, the Kabul Conference can be a turning point, provided the Afghan Government and the international community can develop priority programmes in the areas mentioned above. There is no time to lose and a clear structure and a programme for preparing the Kabul Conference must be put

in place immediately. Turning development agencies' priorities around inevitably takes time. But the trends are more promising than before.

The Kabul Conference will be the first conference where the Afghan Government has to bear the major burden in terms of organisation and content. Its success or failure will be a significant indicator of whether we will succeed or fail in the coming years. If the Kabul Conference can produce a real and concrete programme for the development of this country, then it will mobilise new energy and concentrate our efforts. If it fails, then frustration will grow and the doubts and question marks that exist among donors and ordinary Afghan citizens will also grow.

The security component

General McChrystal's assessment of the security situation in Afghanistan last August included a stark call to focus more on "Afghanising" the security sector. In London, all agreed to augment the Afghan army to 171,600 by October 2011 and the police force to 134,000. This is ambitious. It will require a serious increase in trainers and mentors from the international community. Much of this training will take place in Afghanistan's relatively risk-free provinces. All countries can therefore contribute, regardless of caveats. In particular the Europeans should take a greater share of this responsibility.

To help fill these gaps, the Provincial Reconstruction Teams (PRTs) should change the way they operate. Many PRTs in more stable areas have become rusty and have not adjusted to changing circumstances – in particular the fact that Afghan civilian institutions now exist around them and must be supported. More PRT resources should be invested in the training of the police and army. Troop contributing nations should

rethink and recalibrate the composition of their military contributions and ensure that they are more geared towards meeting the needs of the growing Afghan security forces.

PRTs must shift their activities away from quick-impact projects aimed at short term stabilisation and concentrate investments more on long term programmes that generate the sustainable economic growth that is badly needed. On the civilian side, projects delivered by PRTs tend to be unsustainable, uncoordinated, and unconnected to national development priorities. Their activities are often geared to the national agendas of the countries running them.

A few basic figures illustrate the problem: to date PRTs have spent more than US\$ 2 billion on more than 22,000 development projects. More than 80 per cent of these have cost less than US\$ 100,000. These are mostly quick impact projects to win “hearts and minds.” The problem is that most of these small-scale projects can today be carried out by Afghans themselves, thereby building capacity and enhancing sustainability. In some provinces, local Afghans and PRTs are in fact competing to provide the same services in the same areas, while NATO procurement regulations also currently force many support contracts to be given to non-Afghan companies. And the PRTs usually prevail, because they have far more to spend than any local Afghan Government institution. This means lost opportunities to build Afghan capacity at the local level, leading to capacity-substitution instead of capacity-building, and hindering the emergence of sustainable Afghan solutions. It prolongs the presence and costs of our international engagement.

This short-termism is driven by a situation where some capitals measure their PRT Commanders’ performance by how many quick impact projects they can launch and complete during their short tours. Capitals must change the metrics by which they

measure their PRTs' efforts. For example, the success of a road-building project should not be determined by how long it took or how much was spent to build it, but by how many Afghans it employed, and whether it connected a producer to a market and sparked economic growth.

Ongoing military operations will create pressure for quick results to meet the requirements of political calendars in troop-contributing countries. This means not only more quick impact – and often quick collapse – thinking, but also a tendency for the military to take on more civilian tasks. One of the biggest challenges this year will therefore be to manage these different perspectives in a way that avoids a harmful competition between short-term militarily-dictated requirement and long-term political needs. If short-term requirements prevail, we will be pushed into a strategy of “entrenchment”, rather than the needed strategy of “off-loading” and transfer. Afghanistan will sink further into massive dependency on the international community and a successful transition policy will be undermined.

ISAF's counterinsurgency strategy depends on the capacity of Afghan civilian institutions to “hold” and “build” after military operations to “clear” areas are complete. In order to “hold” and “build” we must rely on Afghan civilian governance and services. Neither the capable men and women of ISAF or the growing number of civilian advisors in the PRTs can do it for them, or we will build a house of cards that will surely fall in the first harsh Afghan winter after ISAF withdraws. Any substitute for Afghans holding and building after military operations is not sustainable, will fail, and could open the door to another insurgency.

There is an unrealistic expectation with regard to the ability of civilian actors to move in quickly behind a military operation. Many of them do not want to be seen as an appendix to a militarily-dominated strategy, which would compromise their independence and security. The ongoing offensive in the south is better prepared and resourced than any operation has been in the past. However, it still suffers from the inadequacies of Afghan institutions to provide governance and reassurance to the public, and from exaggerated expectations for economic development. Most Afghans understand that real economic development will take time. However, they expect that their lives will be gradually improved in terms of creation of institutions and improvement of law and order. They will remain sceptical and difficult to mobilise if they do not see that their lives will be improved in a sustainable manner.

The civilian requirements

In our overall civilian approach, there is an urgent need to adopt a nationwide perspective in our efforts. Fragmented projects focused on specific provinces will lead to further imbalances and prevent us from an equitable and sustainable development of Afghanistan. The tendency of troop contributing nations to adopt “their own” provinces in Afghanistan and focus resources and attention on them – often with limited impact and inadequate consultation with the Afghan Government – still remains and has become stronger than last year. This trend is particularly – but not only – evident in conflict areas. It has led to a serious imbalance in the distribution of aid and has resulted in a donor-driven fragmentation of Afghanistan. This approach is understandable to demonstrate to domestic audiences that troops are bringing development. It is also believed that such actions help to create stability in proximity to deployed troops. However the correlation between these projects and stabilisation is questionable. It neglects the complexities of

Afghan society and has not been proven to be effective in creating a stable and sustainable Afghanistan.

The fact is that the growth engines for economic development are not in the conflict areas, but in provinces that are peaceful and accessible. We need a better balance between the short-term requirements to demonstrate progress and the longer-term need to create Afghan capacity, real Afghan growth and Afghan employment.

This is also true at the district level. The current push from ISAF and a few big donors to stand up Afghan governance and deliver services to the people in districts "cleared" of insurgents will not be sustainable if we do not rely on Afghan institutions, mechanisms and capacity. On the other hand, if we work with the Afghans to develop a sustainable plan for building district capacity and an accountable mechanism for getting resources through ministries in Kabul down to the districts quickly, all districts will ultimately benefit, including those not in conflict areas.

Related to this is the need to spend greater resources through the Afghan budget. In the last eight years of engagement in Afghanistan, 80 per cent of our assistance has been provided through bilateral projects and has bypassed the Afghan Government. Much of the remaining resources have been tied to specific projects. The resources available to the Government on a discretionary basis are truly minimal. The argument has been that the Afghan Government is too corrupt and too weak to receive more aid directly. The time has come to take reasonable risks and invest more through Afghan Government institutions. At the same time, the Afghan Government must also – in order to ensure an increase of resources through its own channels – demonstrate that priority-setting is

followed by priority programmes. Ministries must stop competing for resources in a way that renders priority-setting meaningless and work together.

It is possible now to shift resources and responsibilities to Afghans because Afghan civilian institutions are much stronger than they were in 2002. They must, however, be further strengthened. We need an ambitious, nationwide programme for institution-building. It must include several components; including the creation of infrastructure, in terms of offices and basic facilities that often do not exist; salaries that can attract competent personnel – a district governor earns US\$ 70 a month – and education and training. Today, the Civil Service Institute is represented in Kabul and 32 provinces and now has the capacity to train more than 16,000 officials. A National Institute for Management and Administration offers education for 1,700 young people from all over the country. But both institutions receive inadequate resources. They will fail in their mission if more attention is not given to them.

Finally, donors must show more flexibility. Government ministers are increasingly proposing Afghan-designed fundable programmes in key strategic sectors to the international community. But too frequently donor agencies say that their funding cycles cannot accommodate new requirements for many months or even years to come. In the meantime, opportunities are lost. A case in point was the Minister of Agriculture's urgent appeal for funding last spring to procure enough improved wheat seed in time for the autumn planting season. Donors were generally unable to reallocate funding to meet this need, and the Minister had to find the balance in his own very limited budget resources. No donor agency likes to reprogramme funds after the fact, but until we provide more funds through the Government's budget, we have to find flexible mechanisms to respond to urgent needs and promising windows of opportunity.

Improve aid effectiveness by strengthening Afghan institutions

The participants at the London Conference committed to a transition to Afghan-led governance and development. Reformers in the Afghan Government are preparing promising initiatives to submit to donor agencies for the first time in several years. The Joint Coordination and Monitoring Board (JCMB), which now works as a real decision-making body instead of a discussion forum, endorsed new initiatives in agriculture, private sector development, and technical assistance. At the last JCMB, in January, the international community endorsed a strong new economic growth strategy. It also endorsed a Government-proposed restructuring to manage critical initiatives based on “clusters” of key ministries.

Institution building in support of these clusters is key if the Afghan Government is to manage more donor funds and sustain its national programmes when the international community begins reducing its own presence. The following areas are crucial to building Afghan capacity:

- New Secretariat to design and execute national programmes. The Minister of Finance often complains that the Government has not designed a good new national programme in years. In this vacuum, members of the international community continue to fund their own priorities. Using expertise provided according to the principles in the Government’s Civilian Technical Assistance Plan (CTAP), the international community must quickly develop capacity inside the Government to design and execute new national programmes, and stop relying on visiting missions from distant capitals who do not know Afghanistan.

- Increased unification of technical assistance. Currently the international community's assistance provided to Ministries and other Government entities suffers from a lack of coherence and coordination and for the most part lacks an agreed goal amongst what are often dozens of individually provided international advisors. While such advisors should steadily be replaced through initiatives such as CTAP, there is need to better unify those that currently exist to ensure they are supporting clear and agreed goals within their host organisations in order to strategically 'join-up' their efforts.

- Capacity building for the civil service. Civil service capacity remains fundamentally weak. Many existing capacity building programmes supported by the international community are in place, but their effectiveness is undermined by donor agencies, PRTs and NGOs teaching different curricula and short-term training programmes with no follow-up and no lasting effect.

Only recently, the Civil Service Institute (CSI), proposed a plan to develop Afghan curricula for five functions that most civil servants must know: financial management, procurement, human resources, project management and policy development. The CSI will develop the curricula, and then teach it to 16,000 existing civil servants across the country at its centres in Kabul and 32 provinces. The PRTs, NGOs and others involved in capacity building will have to use the CSI-developed curricula in all future training programmes for these basic subjects. Only a uniform nationwide programme will be effective and help us overcome current fragmentation.

- Sub-national governance infrastructure. Only half of the district governors currently have offices. More than half have no source of electricity and more than 200 have no vehicle. They often receive as little as US\$ 15 for their monthly administrative expenses. This prevents them from exercising and extending administrative control into these districts. Judges are often without the basic means to carry out their functions effectively. A package of basic needs for the provincial and district level Government institutions must be defined and provided, and not restricted to some current initiatives which are focused only on conflict affected districts. Provision for institutional infrastructure development and maintenance must be brought within the national, provincial and district budgets. The Independent Directorate of Local Governance asked donors to fund infrastructure for sub-national governance last year, which included 30 district administration buildings. But donors and PRTs prefer to fund ad hoc and unsustainable sub-national projects.

- Improve the quality of senior-level appointments. Appointments are still too often influenced by power brokers in the capital and in the regions, rather than being based on competence, knowledge and experience. These appointments undermine the performance of the Government as well as the way the Government is perceived by Afghans. There must be transparent criteria for monitoring and evaluation that could enable the Government to remove or transfer any of these officials effectively. The anti-corruption strategy agreed to at London must address this issue directly and quickly.

- Incentives for civil servants to work in provinces and districts. Poor remuneration and other disincentives, in the civil service as well as the judiciary, discourage

Afghanistan's talented young people from considering Government service, particularly in the districts, where the Government must connect better with the people. Twenty-nine districts have no chief of police, judge or education officer. The vacancy rate for civil servants in Zabul province, for example, is more than 85 per cent. The new National Institute of Management and Administration trains more than 1,700 future civil servants a year. These students come from all 34 provinces and receive free tuition, room and board. But the weak incentives for Government employment discourage them from going back to the provinces and districts where they are most needed.

- Increase funding through the Government's budget. In London, the Government challenged the international community to increase the amount of "on budget" aid to 50 per cent (from less than 20 per cent today) in the coming two years. The Government must do more to increase donor agencies' confidence in their financial management systems, but it is also time for the international community to stop looking for excuses not to spend their funds through the Government. Most donor agencies are still too cautious, preferring instead to invest in parallel systems outside of Government, which misses a golden opportunity to build Afghan capacity to manage resources and programmes. Many donors still resist providing full information to the Government about their activities, which undermines efforts to redirect resources and use them more effectively. This is all the more unfortunate given that donor evaluations have also shown significantly improved financial management systems within some key ministries. The World Bank's review of the Government's public financial management systems through 2007 found, for example, greatly improved budget information and transparency in the Government's budget system.

Progress has been made on indicators of accountability, recording, and reporting. Reconciliation of bank and advance accounts is regularly conducted at least quarterly. The computerised Afghanistan Financial Management Information System enables the Ministry of Finance to produce monthly reports which are available publicly on their website.

Key sectors to drive sustainable economic growth

To its credit, the Government recognised the urgent need to focus implementation of the Afghanistan National Development Strategy (ANDS) after a disappointing first year of implementation. The 20 January JCMB endorsed a new ANDS approach based on one overarching goal – economic growth – and a new Government management structure that combines the efforts of several ministries under three “clusters.” The strategy is designed to generate tax revenues and create jobs for the day when the Afghan Government will have to finance the costs of providing services to its people without significant help from the international community. It focuses on sectors that drive the Afghan economy but where international support has been weak or overly diffuse: agriculture, education and infrastructure.

Agriculture

At the April 2009 JCMB meeting, the Minister of Agriculture presented several priority initiatives for Afghanistan to reach its goals of developing a sustainable agricultural export market and achieving food security. The overall goal is to turn Afghanistan into a cereals exporter within ten years. In addition, the export market for Afghan fruits and nuts in the nearer term is almost limitless, given Afghanistan’s historical reputation for such high value products in growing middle-class markets in India and the Gulf.

First, there is a need to support better access to credit for farmers, traders and agribusinesses, whose success is critical to breaking the cycle of aid dependency. Access to credit is essential to accelerating sector-wide growth, particularly for those small and medium enterprises that currently provide between 80-90 per cent of Afghanistan's agricultural output.

Second, is increasing access to millions of hectares of currently unused Government land and reducing long delays in processing land lease applications, thereby maximising employment, economic and revenue collection opportunities. A one-stop shop within an autonomous Afghan Commercial Land Authority could review and simplify the leasing process and identify viable land to be released.

Third is water management and irrigation, a critical issue in a country with irregular rainfall where 50-60 per cent of the irrigation infrastructure needs repair. The Ministry's "On Farm Water Management" project was designed in response to this need. Support that was pledged in mid-2009 has so far not materialised, leaving a critical element of Afghanistan's agricultural growth plans dormant for over a year.

Fourth is the importance of business development across the whole agricultural spectrum, including expanding rural agribusiness, supporting specific initiatives to address groups such as marginal farmers and landless families, increasing focus on food safety and quality control, and developing linkages to regional and international commercial markets. Success in this area will create increased revenue throughout an expansive and sustainable value chain – from input and production through to handling, processing and packaging.

Finally, the Ministry needs effective research and extension capacities which can ensure the best use of the abundant resources that exist across Afghanistan's diverse ecological and agro-climactic environment. Without such investment, Afghanistan's agricultural sector will not break away from subsistence approaches, nor will it improve yields, make the best use of available technology, or deliver its full capacity in both the domestic and international markets.

None of these critical initiatives have received adequate financial support from the donor agencies, despite strong statements of support at the JCMB almost one year ago. What makes this lack of support doubly disappointing is that certain donor agencies continued to launch and fund projects that they conceived and designed in distant capitals without consulting the Ministry of Agriculture. The international community pledged in the JCMB last year to stop launching new projects in agriculture without prior review by the Ministry and other donors working in the sector, but some donor agencies continue to ignore this requirement.

Education

The future of Afghanistan will be determined by the millions of young people now in school. One of the successes of the past eight years has been the significant improvements in primary and secondary school enrolment rates. More than seven million children are enrolled and more than 40 per cent are girls. As a result, the next generation will be more literate and more able to accelerate Afghanistan's development, and participate in its political institutions. But literacy and education raise expectations which, if not met, can create a social crisis. In only five years up to 600,000 students a year will be leaving Class 12, with few places for them to go for additional formal education and with a labour market that cannot absorb them. Currently the universities in

Afghanistan can only accommodate about 60,000 students and the public technical training institutes can take only a few thousand. Young people leaving Class 12 with high expectations for their future will be sorely disappointed if they cannot continue their studies or learn a productive skill, a number which will increase from 90,000 in 2009 to 320,000 in 2013.

A recent study has shown that the return on investment in higher education is significant. It estimates that the real rate of economic return for university training is 15 per cent in addition to its wider contribution to family and social affairs, culture and the environment. At a time when there are many competing pressures on Government budgets, the study shows that investing in higher education “is hugely budget-friendly.” This is because the wider economy is stimulated by skills innovation and hence is more productive with greater tax revenue and because graduates have higher incomes and pay higher taxes than non-graduates.

The new National Higher Education Strategy, launched by the Ministry of Higher Education in December 2009, is as a well-conceived step forward to close the imbalance between primary and secondary school education and tertiary education. But the new strategy will go nowhere if the international community does not support it. A national plan also needs to be drafted for vocational education, and this should be a priority for the new Human Resources cluster in the Government.

Infrastructure

Despite rhetorical commitments, the international community, with a few exceptions (roads, for example), has shied away from large infrastructure investments. They are expensive, take time, and are often over budget and delayed. At the same time, more

funds are available to PRTs and other civilian assistance actors in Afghanistan than ever before. Instead of being spent on small-scale projects with little impact, these funds must be increasingly channelled to projects that can underpin Afghanistan's long-term sustainable development.

The lack of infrastructure has been a major impediment to private sector development, which is the main driver of economic growth and employment. The private sector needs electricity to produce goods and transportation links to get those goods to domestic and regional markets. The agriculture and the mining sectors in particular – key areas of potential export-driven growth – require electricity in order to develop and transportation links to regional markets.

Infrastructure projects create tens of thousands of jobs now and in the future.

Completed projects change the economics of private sector investment and can lead to the employment of hundreds of thousands of Afghans. Investments that have been judged to be unprofitable become economically feasible when electricity and access to markets are made available. The implementation of these projects adds hugely to regional employment and the Government tax base.

Unlocking Afghanistan's development potential depends on identifying and implementing a few priority projects. Priority projects are those that provide the biggest national impact: that generate employment that provide returns on investments, that catalyse private sector development, and that provide revenues for the Afghan State.

Afghanistan's large natural resource base cannot be developed to drive the economy if the international community does not invest in infrastructure where the natural resources

are located. Insufficient funds have been allocated to these relatively secure areas and are instead being spent in conflict areas.

Improved energy supply is essential for Afghanistan's economic growth and social and economic development. Several regional power projects have already been identified by the Government and are ready for immediate funding. Surplus energy from Central Asia could be tapped, with some investment in infrastructure, allowing the provision of 24-hour electricity to all of Kabul and areas around it (currently, about 25 per cent of the city receives full-time power). This would provide immediate and visible benefits to local populations, and expand the range of available economic opportunities.

Several major railway projects that will tie Afghanistan to its neighbours are underway. The railroad from Islam Qala to Herat in the west will soon be built. China has agreed to build a railroad from Afghanistan's northern border to Jalalabad, as part of its investment in the Aynak copper mine. The Asian Development Bank is financing a project to link Heiratan on the Uzbek border to Mazar-e-Sharif. Investments are required for three additional rail links: Herat to Mazar-e-Sharif, Jalalabad to Torkham, and Chaman to Kandahar. The completion of these projects would cut the time and hence the cost for Afghan products to reach markets in the region and for goods traded between its neighbours. The opening of markets for Afghan producers, farmers in particular, would increase the monetisation of the agriculture sector, spur commerce within Afghanistan, and provide a disincentive for the cultivation of poppy.

These railways lines would also run in the vicinity of huge but undeveloped Afghan mineral resources, in particular iron ore in the Bamyan area, and pave the way for

significant mining activities. They would also open up for development a large number of other industrial projects.

The fact that these projects would generate significant future income for Afghanistan – and its neighbours – means that they can be financed through loans in addition to grants. Private sector partners, Afghans and internationals, should also be encouraged to invest in these projects.

Along with the construction of physical infrastructure, Afghanistan needs to negotiate transit trade agreements with its neighbours. For Afghanistan, of special importance is trade and transit trade with Pakistan. An Afghanistan – Pakistan Trade and Transit Agreement (APTTA) has been long in the works but is still elusive. The most recent APTTA negotiations, in December, concluded with a commitment to sign an agreement “as soon as possible”, but with no set deadline. This is unfortunate. Afghan farmers and other enterprises must be able to export more freely and Pakistan represents both an important market and a critical transport transit route to world markets. Indeed, Afghanistan is a critical missing element of the growing trade corridor networks that exist between Central and South Asia, as well as between its eastern and western neighbours in Iran and China.

The Government’s obligations

Transition is a two-way proposition. Sovereignty entails responsibility and capacity. While the international community must do more to build Afghan capacity and use the capacity that is there, the Afghan Government must earn our trust by taking more steps to improve accountability and reduce opportunities for corruption. In other words, it must assume the responsibilities of sovereignty.

There was encouraging assertiveness from the Government evident in London. The final deliberations for the London Conference Communiqué showed an Afghan Government that wants to take control of its own future; something the international community should welcome and encourage.

There is also concrete evidence of new capacity to back up that assertiveness. London Conference participants welcomed new initiatives from the Government to focus on economic growth, strengthen governance systems and begin forceful steps to combat corruption.

Will the Government follow through? There are four indicators to watch for at the Kabul Conference:

First, improved capacity to design and execute new programmes. Lack of focus on implementation imperils every good initiative from the Government. To make the Government's new commitments to economic growth and improved sub-national governance work, the Government will have to create a new "Secretariat," likely within the Ministry of Finance, to design solid new initiatives, develop plans for executing them in a timely and accountable fashion, monitor the results and report on the impact.

The Civilian Technical Assistance Plan, which was approved by the JCMB in July 2009, was designed as a vehicle to provide rapid expertise to the Ministry of Finance to build a new multi-sectoral design and implementation team. This mechanism is now in place and has some funding, but most initial pledges of funding have not come through.

The quality of ministries depends far too much on the quality of their ministers. Even the best ministries have only a small team around the minister that can develop proposals and policies. When these ministers move from one ministry to another, they often take their team with them, leaving behind little institutionalised capacity. The Government has to shift from ad hoc and uncoordinated support for a relatively small number of Government officials in effective ministries to an institutional approach that brings improvements to more ministries.

The second indicator is whether the President delegates sufficient authority to his ministers to enable them to make tough choices between competing programmes. The international community applauded the President's decision to begin breaking down "stovepipes" in his cabinet to improve performance as part of the new economic growth strategy. The Ministers of Finance, Agriculture, Education and Mines are among the strongest in the Government, and should be able to lead their fellow ministers in their respective "clusters" to identify common visions and programmes.

The third indicator is more progress on public financial management. The Minister of Finance shared his plans for improving budget execution at the last JCMB. Donors are contributing more than ever before to the Afghanistan Reconstruction Trust Fund (ARTF), and some are making direct contributions to the Government's budget. Further improvements in Government accountability must be made so that donor agencies' confidence in Government systems grows and the international community can meet the challenge to provide 50 per cent of their funding through the budget in the next two years.

The final indicator is follow-through on the key steps outlined in London to combat corruption. For the first time, the Government has announced a specific plan to combat corruption. It begins with the formulation of a monitoring board of international experts who will report on efforts to fight corruption in the Government and the international community. The Government believes the contracting practices of some donor agencies are corrupt and need regular scrutiny.

A civilian approach to ending the conflict: Time to talk

Whether or not the current military operation succeeds, it cannot substitute the need for a nationwide political process that unites the country in developing its institutions and its economy. The overall strategy must be demilitarised and a political process of reconciliation must be launched.

At the London Conference, more than 70 countries and organisations agreed to create a trust fund that would help integrate Taliban and other insurgents who accept to stop fighting. The details of how this fund will work, who will be targeted, and how and what incentives will be provided, remain to be worked out. The success of this initiative will depend on designing incentives that attract insurgents and successfully enable them to re-enter the prevailing local societal and cultural environment, without alienating non-insurgent populations that feel they have not received sufficient assistance.

Even with this, the reintegration trust fund is not in itself likely to be a “game changer,” as some believe. It could, however, be an important tool if combined with a reconciliation process aimed at those who take part in the insurgency for ideological rather than economic reasons and if at some point that process involves the political structures of

the insurgency. Relevant and sustainable results can only come about from a dialogue that involves relevant people with authority in an appropriate way.

The number of insurgents who are believed to be fighting primarily for economic reasons is probably exaggerated. We should not underestimate the number of those who fight for reasons of ideology, resentment and a sense of humiliation – in addition to criminal elements. Often, such motivation stems from a conviction that the Government is corrupt and unable to provide law and order combined with a sense of foreign invasion – not only in military terms, but in terms of disrespect for Afghanistan's culture, values and religion. It may not be difficult to buy a young man out of unemployment, but it is difficult to buy him out of his convictions.

The international community and the Afghan Government have repeatedly stated their basic conditions for a political process. At the centre of these conditions stands acceptance of the Afghan Constitution. Those who choose to reconcile must respect the achievements made since 2002 and accept the aspirations of the majority of Afghans for a peaceful and prosperous Afghanistan, where each and every Afghan can enjoy the rights given to them.

A political process must be shaped and led by Afghan authorities. This process – when it is launched – will not yield a dramatic breakthrough overnight. It will require careful planning and follow-through. As in many other peace processes, confidence-building measures should be undertaken to test the prospects for a wider process. The delisting of individuals from the UN sanctions list could be one such measure. Another confidence-building measure should be the release of detainees from facilities such as the US detention centre at Bagram. Such steps have to be followed by measures

undertaken by the insurgency. A demonstrated commitment from the Taliban not to attack health facilities or schools and to facilitate humanitarian assistance could be initial contributions. Such confidence-building measures would serve to test if a process towards a political settlement is possible.

Furthermore, the involvement of neighbouring countries will be critical. A strong and genuine involvement by Pakistan will be key to any peace and reconciliation process. Today, this involvement is still lacking and limits the potential for a political process inside Afghanistan.

The national Peace Jirga planned for April 2010 will become a critical milestone in a political process. Its aims should be two-fold: to create a broad nationwide consensus behind a peace process and to mobilise much-needed support for such a process among religious and local leaders, civil society and other opinion leaders in Afghanistan. It should create an inclusive mechanism for conducting a political process.

The role of the United Nations

The focus on military issues has over-shadowed progress made on the civilian side over the past several years. These achievements demonstrate that it is possible to succeed in Afghanistan when the international community is unified and the Afghan Government fully committed. The United Nations Assistance Mission in Afghanistan (UNAMA) and the United Nations family have played a key role in promoting progress in a number of areas over the last two years.

- UNAMA has become the main interlocutor for the international community with the Afghan Government, replacing a situation where individual members of the

international community would approach the President and ministers with concerns related to their own presence in Afghanistan, in an uncoordinated way that made it difficult for the international community to maintain common lines.

- The JCMB has been transformed from an occasional discussion forum to a regular decision-making body.
- UNAMA has strongly advocated the need for reform-oriented members of Government. The quality of leadership in key Afghan ministers has improved. These ministers have been able to set priorities and develop plans within key areas such as institution- and capacity-building, agriculture, and infrastructure, endorsed by the international community at The Hague and at London.
- UNAMA played a critical role in addressing the need to avoid civilian casualties. This has in a decisive way contributed to a change in tactical directives leading to a reduction in such casualties.
- UNAMA has strongly advocated the need for a political reconciliation process. This issue has moved to the top of the agenda in Afghanistan.
- Despite serious flaws in the 2009 electoral process, it concluded without serious unrest and instability, and with the Constitution intact.
- UNAMA itself has been strengthened from a Mission with a US\$ 75 million budget in 2008 to US\$ 240 million in 2010, opening five new provincial offices

and paving the way for further new offices in 2010. This is an unprecedented budgetary increase for any political UN Mission.

- The UN agencies have also helped the Afghan Government to transition to greater leadership by providing expert assistance on the legal and policy frameworks that must underlie all reform.

However, none of us – in the Afghan Government and in the international community – can claim that we have achieved what we had hoped for over the last two years. The security situation has constantly worsened. The disillusionment among the Afghan people has grown and the doubts in international public opinion about the engagement in Afghanistan have become stronger. For the past year, since the beginning of the electoral process, there has been a sense of political vacuum in Afghanistan. The current uncertainty over the conditions under which the 2010 parliamentary elections will take place as well as the continued impasse between the President and the Parliament over cabinet nominations means that decisions are not being taken, reforms are not being implemented, and momentum is being lost. All must unite forces to break out of this situation and turn the trends in a decisive way. I wrote this paper to set out a clear path by which the Afghan Government takes greater responsibility for its own future. This responsibility cannot be given to the Government by the international community; it must be taken by the Government. The Government must now demonstrate through actions and not words that it is willing and able to do so.
