the Hollings Center
for international dialogue

The American Institute of Afghanistan Studies

Dialogue Snapshot
Afghanistan 2015: From Transition to Transformation
August 2015

At the start of 2015, it became readily apparent that Afghanistan will undergo significant transformations in the coming years. The United States referred to the year 2014 as a "transition" point for Afghanistan, as the International Security Assistance Force's (ISAF) drawdown of forces shifted more of the security and economic responsibility to the Afghan government. International partners spent significant time and energy helping to shore up Afghanistan's economy, making it less aid-dependent and more self-sufficient. It is abundantly clear that this year of transition was never a date of finality, as is sometimes perceived by both Afghans and the international community alike. In reality, 2014 was just the beginning of several important transformations that will continue to require the attention of international actors in the years to come.

Rapid urbanization of Kabul, Afghanistan, seen from TV Hill. Kabul's population has grown from 500k to 3.5-5M in a little over a decade.

Photo: Sven Dirks, CCL 3.0

One such transformation is an inevitable change of generation, as young technocratic leaders begin moving into positions of leadership. Another will be a transformation of international political and economic position, as neighboring nations like India, Iran, and China begin significant economic investment that will reduce reliance on Western aid. There will be political, governance, and electoral changes following the power sharing agreement after the 2014 presidential elections and continuing with the planned 2016 loya jirga. Given the scope and potential impact of the coming transformations, the Hollings Center for International Dialogue and the American Institute of Afghanistan Studies (AIAS) convened a dialogue from 6-9 August 2015 to look at these issues and more. It followed five successful Afghanistan dialogues held by the Center in 2005, 2007-2009, and 2011. Notable conclusions by the participants included:

- New competing dynamics such as urban vs. rural, shifts in generational strength, and the rebalancing of power between emerging urban centers and Kabul are adding new complexities to Afghan society. These forces are altering the very concept of an "Afghan" identity, pushing the traditional limits and fault lines of ethnic identity.

- Optimism about the economy has failed to materialize, but the potential of economic improvement remains. The international community can have the greatest impact by unlocking that potential. The US, China, Iran, Pakistan, and India can play the largest role in investment and development.
- Afghanistan needs to develop its own foreign policy vision, which will require tough decisions by the Afghan government on international alignment, and support from the international community on regional cooperation agreements.
- While very little has changed in five years on security, governance and elections, there have been a few positive developments that should be seized upon. The first peaceful transition of power in Afghanistan is an important step, but far from a conclusion. Recent gains by the Taliban in places like Kunduz reflect a tenuous political and security reality.
- An unstable Afghanistan will remain a security threat to the United States and the international community and a stable Afghanistan is the key to security in the broader region. It is still premature to divest from Afghanistan's security, economy, and civil society.

The Question of Afghan Identity

Afghan afghani banknotes. The notes contain several landmarks of Afghanistan.

Photo: Wikia

A consistent theme raised by participants throughout the dialogue was the issue of a lack of a unified Afghan identity, one that can be used to promote internal stability and project international credibility. While often downplayed in the face of more immediate security or political concerns, the absence of a unified identity actually lies at the heart of many of the complicated challenges facing the people of Afghanistan. There are questions of shared culture, shared history, and political, ethnic or religious identification. And, if no unified "Afghan" identity exists, then what does that mean for the concept of the nation and state of Afghanistan? Participants of the dialogue asked these questions, as the issue of identity will be a crucial component to the direction and outcome of the ongoing transformations in the country.

The people of Afghanistan inherited a rich, shared, yet diverse cultural heritage that could serve as a basis of unity. Afghanistan has long been a cultural and artistic mosaic, with important Islamic and pre-Islamic traditions. State leaders in the early 20th century focused on these rich traditions, highlighting an inclusivity that served as a model for other nearby nations. Recent efforts at creating unity using sports leagues like cricket have shown results, but as one Afghan participant noted, this may not be enough. "To achieve sustainability on Afghanistan, we have to create a national identity." Creating that unified identity will require a rediscovery of Afghanistan's cultural past, but also turning its cultural diversity into an advantage. As one participant duly noted, "We need to think about the ways the [Afghan] cultural mosaic can be woven together." However, right now culture is polarized, not only among internal Afghan ethnicities, but also as a result of imposed ideologies from outside actors like Iran, Pakistan, and the Central Asian states. Still, efforts to help Afghanistan utilize its unique cultural history require additional effort.

For now, the national identity of Afghanistan stems from the shared trauma of 35 years of conflict. "I think this attitude has kept the country together in a 'community of pain'" and that if one does not understand this pain, "…you cannot realize what it feels like to be truly Afghan." This common sentiment has been echoed before at past Hollings Center/AIAS dialogues. Afghan identity through the shared experience of war was raised as a concept in 2007's *the Durand Line: History and Consequences* and 2008's *Afghanistan's Other Neighbors*.

But several Afghan participants suggested that unity through shared trauma may be breaking down or, even worse, a myth entirely. Multiple participants noted how the "idea of Afghanistan" is a taboo subject, one that fuels further ethnic division and creates inaction on governance reforms. This was supported by an Afghan who noted that the "cultural islands" of Afghanistan have become subjected to clientelism, where different visions of culture are branded and tied to regional, ethnic, or strongmen identities. Individual Afghans are dividing themselves along these fractured identities. Another Afghan participant noted that the "politicization of identities during the past three decades has broken our societies. This has led to a growing role of ethno-regional players." Large power brokers have emerged, building identities around themselves that are incompatible with any sense of a shared identity or vision.

Demographic Transformations

Recent studies on Afghanistan have focused on demographic transformations that could have profound impacts on the short and long-term future of Afghanistan. One of the largest areas of focus is the spike in the youth population. According to UNDP in 2015, over 68% of the Afghan population is under the age of 25. Such a "youth bulge," many suspect will have profound impacts on politics, governance, and the economy. "Youth anywhere in the world have been the force magnifiers," said one participant. That is true in Afghanistan as well, which is why so much hope and effort have been placed on the next generation in recent years. However, the Western view of waiting for a new generation to assume leadership that is free of the memory of civil war may be misplaced.

> ***"Youth is not immune to the fault lines that divide society."***
>
> ***An Afghan dialogue participant***

Participants warned that it is important not to view the youth of Afghanistan monolithically. "The new generation consists of three layers," said one Afghan participant. "The middle class, who are working for the international community; second generation jihadists, the sons of Dostum, Mohaqqeq who are next in line as the ruling elite; and the rural youth – the real owners of the future of Afghanistan." Another Afghan participant noted, "We are one of the few countries in the world where political allegiances are inherited. People have inherited 'stories' they do not have firsthand experience of, which leads to a more radical attitude." In protecting these "stories," commander-driven political parties have been very successful in co-opting youth, continuing existing political divisions among some while driving others away from politics all together. For those who have opted out, there is a lack of ideology, a lack of civil engagement, and unfortunately a growing culture of opportunism.

The participants discussed another important demographic transformation in Afghanistan with profound short and long term effects—the rapid urbanization of cities, particularly Kabul. One participant outlined the urbanization trend succinctly. In 1950, 1 in 20 Afghans lived in cities. Today it is 1 in 4. It is projected to be 1 in 2 in the coming decades. The impact has already been significant, with urban centers like Kabul becoming "unbearable" in traffic and pollution. Yet, on the positive side, it has created completely new economic and community dynamics, such as the rise of a vibrant mass media, a growing services sector, and increased enrollment in school. Furthermore, these urban centers connect Afghanistan to the outside

world. On the negative side, urbanization is creating new divisions of identity and fostering the informal economy. These too are now connected to the outside world.

> ***"Just because people have moved to the city may not mean they are urbanized. Sometimes you see the 'ruralization' of cities..."***
>
> ***A Pakistani dialogue participant***

Urbanization has created interesting effects on internal social divisions that have the potential to disrupt the traditional state power structure within Afghanistan. As one participant noted, "Ethnicity is not the dividing line. It's urban vs. rural. Traditional vs. modern." The traditional conception of an urban-rural divide is not only manifesting nationwide, but within the cities themselves, creating class divisions and urban ethnic enclaves that increase the potential for conflict. With growth also taking place in cities like Kandahar, Herat, and Mazar-e-Sharif, the traditional power dynamics of the Afghan state are also changing, as there are now "mega cities that represent regions." Traditionally, and constitutionally, power resides centrally within Kabul. However, the rising populations and competitive economies of the regional cities are resetting the balance of power that has defined the Afghan state for over a century. The party or strongman that controls Kabul may no longer control the entire state. It is forcing the localization of problem resolution, as the provision of state services may no longer be most effectively addressed from the capital. Some participants called for a form of decentralization, so that regional issues could be better represented in the government. But as previously noted, such conversations remain taboo at the highest levels of power.

If the current government in Kabul does not realize the potential effect of these trends, then it runs the risk of further destabilizing booming cities like Kabul. While the recent elections and power sharing agreement is a step forward, the "Afghan political system is still not functioning" to address the provision of civil services in both cities and rural areas. Multiple participants criticized the poor national planning, which has been too dependent on donors and donor initiatives. President Ghani plans to soon release an Urban National Planning Program that will address some of these issues and others, like land ownership. There will also have to be some form of decentralization or devolution going forward, but it should be done slowly to avoid the highly politicized controversy around that idea.

Economic Realities and Prospects

Poppy field, Afghanistan. Afghanistan's economy remains predominantly agricultural. And the effect of the illicit economy on GDP remains difficult to measure.

Photo: United Nations, 2005, CCL 2.0

In 2011, the Hollings Center hosted a dialogue titled, *The Future of Afghan-U.S. Relations: Development, Investment, and Cultural Exchange*. At that dialogue, participants speculated about the future potential of the Afghan economy. The discussion was very positive, noting the fast growth of the Afghan GDP, the agricultural sector trending away from illicit drug cultivation, substantial improvements in the health sector, the rise of a robust independent media, and the potential for natural resource development. Participants noted the need for the private sector to diversify beyond the donor economy, but otherwise showed optimism about the potential of Afghanistan's economy.

In 2015, Afghanistan's economy remains an economy in potentia. Afghanistan's GPD growth rate has slowed from a high of 17.2% to 6.4% in 2015[1], with some saying the real rate may be as low as 2% as development aid to the country declines. The private sector is still heavily dependent on the aid-based economy, and domestic production outside of the agricultural sector still lags. Even though Afghanistan's currency remains one of the strongest in the region, the economy has suffered from a lack of fiscal and monetary policy, partly because it has been of secondary focus to the security situation over the last 15 years. Wealth, both legally created and illicit, continues to leave the country. Many of the challenges noted in the 2011 dialogue remain unfortunately unaddressed.

The lack of developed socio-economic policies stifles free economic enterprise for most. As one participant stated, "Historically, the Afghan state has not allowed economic free enterprise. The state has been the boss of the economy. 'Economic development is run by the state. If anything succeeds, the state will take it' was the understanding." This statement reflected some of the statements made by others about the prevalence of corruption throughout the economy, corruption so severe that it has disincentivized entrepreneurship for many and pushed others toward illicit activity. In a positive development, the US and NATO have finally given recognition to this as an existential threat to security and the economy, but challenging corruption will require more than simple recognition.

In spite of these challenges and setbacks, the potential of the Afghan economy still exists and participants had different thoughts about how to best unlock some of that potential. Afghan participants reported that the current government is beginning to develop its own economic policy. Some participants argued this would be a welcome development, as previous economic policies were largely driven by foreign governments and donors. Some suggestions included:

- *External interest in investment exists and should be further encouraged.* One participant noted that many contracts have been signed to build railroads connecting Afghanistan to Iran and Central Asia. Afghan entities and potential investors have held conferences in Afghanistan to determine contracts for the mining of Afghanistan's natural resources. Combined, these represent hundreds of millions of dollars in investment.
- *Consider the development of free economic zones*. This strategy has had an impact in private sector in statist economies in other parts of Asia and there is some evidence that President Ghani is interested in creating them. These zones would lift some of the direct state control over the economy and would help to develop private enterprise outside of the shadow of the aid economy.
- *Implement systems to track the economy and trace revenue*. Tracing the full size and impact of the Afghan economy (including the illicit economy) is challenged by pervasive corruption. New systems are needed to track revenue inside and outside of the country.
- *Encourage trade with regional powers*. The recent opening of dialogue between Iran and the United States has the potential for economic impact in trade between Iran and Afghanistan. Additionally, the recent Chinese interest in Afghanistan brings additional trade potential. These actors will need to play a role if Afghanistan is ever going to end its aid dependency.
- *International donors should be encouraged to continue their support for as long as possible*. Foreign aid cannot disappear from the economy too quickly. With foreign aid (particularly that of the US) accounting for 65% of Afghanistan's budget, rapid reduction of foreign aid would be catastrophic to Afghanistan's GDP. The international community will need to remain committed, and draw back on aid support cautiously.

[1] http://www.tradingeconomics.com/afghanistan/gdp-growth-annual

Rethinking Foreign Policy

Afghanistan President Ashraf Ghani meets with Indian Prime Minister Narendra Modi in 2014.

Photo: Narendra Modi, CCL 2.0

"The policy of Afghanistan was never written by Afghans, but always through the lens of outside countries and not through an Afghan lens." This statement by one participant echoes the 150 years in which foreign powers have influenced or suppressed the development of Afghan foreign policy. Regardless of which foreign power attempted to exert that authority, the pattern was often the same. Afghans took care of what took place within the borders, while foreign powers dictated the country's foreign policy. Participants discussed whether or not Afghanistan could afford to wait to change this dynamic and whether it could create its own foreign policy vision. Many participants displayed skepticism.

Participants raised another question: Can Afghanistan have a neutral foreign policy, as many within the country and in the international community desire? Participants were skeptical about this possibility too. First, Afghanistan lacks the institutions to manage a foreign policy vision. Most of the foreign policy is determined by the Presidential palace, not by the ministry. Any existing elements of a foreign policy vision lack clear communication of priorities and goals. The negotiations with Pakistan and the Taliban (the latter of which has since fallen apart) lacked clearly stated priorities. Second, the prevalence of regional powers all with competing visions will make it difficult to balance any policy vision between the powers. As one participant stated, Afghanistan may be forced to pick sides – "…to look to its neighbors and decide coldly which neighbors want to see [Afghanistan] flourish as a state and which ones want to see it fail." Some other participants argued that neutral foreign policy is the result of very specific geopolitical and historic conditions and is not always successful. Finally, there needs to be a recognition that Afghanistan would be bargaining from a weak position. That is not to say that Afghanistan does not have some leverage. The economic and energy connections that Afghanistan can provide to Pakistan (via Central Asia) would be an example of something that could be used in negotiations. These bargaining tools would need to be used carefully, and not wasted on an incomplete vision.

With a neutral foreign policy unlikely, the participants emphasized developing more internationally backed cooperation agreements that would institutionalize a regional balance of power. For this to have greater success than previous efforts, there needs to be improved clarity of the parties involved in those agreements and those mediating the agreements. Afghanistan needs to be able to articulate its visions and international actors should be forthright in their motives. "The US needs to be much clearer about what it is doing in Afghanistan and Afghanistan also has to be clearer about what the US is doing." This is also true for China, Iran, Pakistan, India, and Central Asian states.

Political and Governance Transformation Prospects

Afghans and the international community alike often stress the need for governance reform in Afghanistan. The Hollings Center and AIAS organized a dialogue meeting in 2009, just prior to that year's presidential election, titled *Fundamentals of Governance in Afghanistan*, at which participants

recommended allowing the development of political parties, creation of sub-national governance systems, recognition of informal systems of arbitration, and revenue sharing between the central government and the provinces. Six years later, following another presidential election, needed transformations have not taken place and the recommendations from participants in the 2015 conference echo many of those from 2009.

Local jirga in Jalalabad, Afghanistan in 2009. A loya jirga has been planned for 2016 following the power sharing agreement in 2014.

Photo: U.S. Air Force

In spite of the challenges, there are signs of success that merit distinction. Foremost, the election and the resulting power sharing agreement succeeded in stopping violence between the country's elites. As one participant stated, "We can look at the elections as a resounding success for allowing elite to renegotiate without the system falling apart and no violence. The system kept moving along." The election itself was considered an improvement over the 2009 election that was largely regarded as corrupt. "It certainly helped the peaceful transition of political power and did improve the representation of different ethnic groups in governance." The 2014 election represented the first peaceful transfer of power in Afghanistan in well over a century, something that should be celebrated.

However, governance is more than elections and the post-election period has been filled with significant challenges. Many of the setbacks experienced in the previous fifteen years continue to degrade the faith Afghans have in both the government and the international community. As one participant lamented, "The chaotic election process and post-election crises have caused serious critiques over the legitimacy of government." Political corruption remains and the hope that a younger generation will rise above it is low. "Young and dynamic leaders did not have as much integrity as we thought. Election corruption shatters the hope of the people and it is the worst kind." And the politics of identity, particularly ethnic identity, have become further entrenched, supplanting the possibility of creating political parties based on ideology. "[Power brokers] represent a constituency. They are representing the life narratives of a lot of people. They act on the basis of their affiliation and not as representatives of the whole country."

The core of the legitimacy crisis ultimately stems from local governance issues. Government has operated with no downward accountability, only upward. Participants concluded that changes at sub-national levels will be required to not only improve governance nationwide, but also improve the overall security situation. "The extent to which the Taliban fighters are driven by local grievances is substantial. If you take away those local grievances, you will undercut the problem." However, like in many other countries, decentralization is a sensitive issue in that it may carry a divisive connotation. One participant summed up the challenge as follows, "The centrifugal forces tear Afghanistan apart. The more you talk about legitimizing local institutions and interests, the more you run the risk of fragmentation. They must find a means of satisfying local needs while keeping the centralized system together." The planned loya jirga for 2016 could be an opportunity to institute some of the constitutional changes required to start this process of governance reforms. However, some participants question whether this jirga will actually take place, as those currently in power would have the most to lose if it did.

To address the deep challenges of governance, some participants proposed the following recommendations:

- *Amend the constitution for the election of some local officials*. Leadership appointments from Kabul have never worked. Electing either governors or district managers would be a step toward having local voice in interactions with Kabul.
- *Devolve conflict resolution to the local level*. Conflict resolution between groups using both formal and informal tools should be conducted at the local level to the extent possible. The central government should act as arbitrator when necessary.
- *Develop new accountability mechanisms.* Such accountability systems should provide a role for Afghan citizens in holding local and national government accountable. The reporting of these mechanisms should have national reach.
- *Create unifying initiatives*. These initiatives can be symbolic, something as simple as the national ID card and designing the Afghan currency using symbols of unity. It could go deeper to the translation, publication, and documentation of resources on Afghan culture and history. Such actions support the notion of a national identity even if the government decentralizes.
- *Invest in political development and participation*. The further development of political parties could steer discourse away from power brokers and ethnic identities over time. While cooption of such parties by existing bases of power is likely, it will create the space for new alliances in the political sphere.