AFGHANISTAN 2016
TURBULENT TRANSITIONS

A Report

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Acknowledgements</th>
<th>iii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbreviations and Acronyms</td>
<td>v</td>
</tr>
<tr>
<td>Preface</td>
<td>ix</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>xi</td>
</tr>
</tbody>
</table>

## The Political Transition

- The National Unity Government
- Recommendations

## Reconciliation and Peace Talks

- Recommendations

## The Security Transition

- Regional Security Factors
- The IS Threat
- Security Assistance
- Recommendations

## The Economic Transition

- A Struggling Economy
- Regional Trade And Connectivity
- Recommendations

## Regional Roles & Responses

- Recommendations

## Appendix A: List of Participants

- 60
TABLES, FIGURES, AND MAPS

Table 1: Confidence in Reconciliation Efforts by Region 12
Table 2: Size of Afghan Security Forces on Duty 2013-2015 21
Table 3: Afghan Local Police (ALP) Growth 22
Table 4: Asian Development Bank Economic Indicators (%) – Afghanistan 34
Table 5: Economic Concerns by Problem Area – The Views of Afghanistan 35
Table 6: Transparency International Corruption Perceptions Index 2015 36
Table 7: Top Afghanistan Imports/Export Partners (1000 USD) - 2014 40
Figure 1: Public Opinion of Direction of Afghanistan 2006-2015 5
Figure 2: Survey of Afghanistan People on Satisfaction with Government Performance 6
Figure 3: Civilian Deaths and Injuries by Parties to the Conflict 17
Figure 4: Economic Indicators: Better Household Situation 36
Figure 5: Perception of Corruption: Major Problem 38
Figure 6: Intra Regional Trade Value 2000-2014 (1000 USD) 39
Map 1: Taliban and Islamic State Areas of Control and Militant Attack Zones as of October 2015 27
Map 2: Regional Connectivity Initiatives 41
Map 3: Five National Railway Route 43
Map 4: OBOR Investments 48

ABBREVIATIONS AND ACRONYMS

AAF Afghan Air Force
ADB Asian Development Bank
ANA Afghan National Army
ANP Afghan National Army
ANDSF Afghan National Defense and Security Forces
BSA Afghanistan-U.S. Bilateral Security Agreement
CARs Central Asian Republics
CASA Central Asia-South Asia Electricity Trade and Transmission Project
CBM Confidence Building Measure
CIA Central Intelligence Agency
CPEC China-Pakistan Economic Corridor
CSTO Collective Security Treaty Organization
ECO Economic Cooperation Organization
EU European Union
FATA Federally Administered Tribal Areas of Pakistan
GDP Gross Domestic Product
HoA Heart of Asia
IED Improvised Explosive Device
IMU Islamic Movement of Uzbekistan
IS-KP Islamic State of Khorasan Province
ISAF International Security Assistance Force
Preface

This Report is the product of the Delhi Policy Group’s Seventh Regional Conference on Peace and Stabilization in Afghanistan, along with a series of bilateral and trilateral discussions, planning visits and interviews conducted over the course of 2015-16. Focused on providing a Track II complement to the official Heart of Asia-Istanbul Process, the regional conference series comprises participants from eleven to thirteen Heart of Asia countries, most of whom have met annually over a period of four years.

2015 was a harsh year for Afghanistan. The insurgency increased, taking 11,000 casualties, higher than the 2014 figure of 10,000, showing a rising curve of attacks and locations. The economy improved marginally but far too little to prevent record flows of refugees; approval ratings for the Government of National Unity plummeted. Regionally, however, several of Afghanistan’s neighbors stepped up economic and security cooperation, including India, China, Russia, Kazakhstan, Tajikistan and Pakistan (the latter with mixed results). Both mega and micro regional connectivity projects have made consistent progress and promise to transform the condition of the region as well as aid Afghanistan to become a regional hub.

As with other Delhi Policy Group conference Reports, this Report too is not a consensus document but rather a summary of different participant views and suggestions, with one caveat: participants reaffirmed their commitment to a proposed Regional Compact that was jointly agreed in December 2013. Published as a separate document, the draft Compact is available on request from the Delhi Policy Group. We hope the Report and its recommendations will be of some use to regional policymakers in the Heart of Asia countries.

Radha Kumar
April 4, 2016
EXECUTIVE SUMMARY

“65 percent of the Afghan population is under 25. 90 percent of the Afghan people want peace, security, law and order as a priority.”

1. 2015 marked the beginning of Afghanistan’s ‘Transformation Decade’, scheduled to run till 2024. As predicted, the decade will be sub divided into 3 to 4 year periods, with the first period from 2014 to 2017 end, until when funding for the government and security forces will be maintained.

2. What has the first year of the Transformation Decade shown? It has been an eventful and far more difficult year than preceding ones. The Government of National Unity, more commonly known as the National Unity Government or NUG, has faced the usual coalition problems of internal division, disaffection within administration and active opposition from Members of Parliament, resulting in delay in holding the Parliamentary and district elections and convening the Loya Jirga.

3. The Taliban’s renewed insurgency across the country, especially in the north, east and south, has continued unabated with no respite between spring, summer and winter offensives. The ANDSF has been stretched and partially ineffectual in coping with the attacks, given delays in getting U.S. air and logistical support in place. President Ghani’s peace initiative with Pakistan failed to yield the desired results and reconciliation efforts are stalled. The economy, which began to tank in 2014 due to the international drawdown, has declined further. Though the austerity reforms that President
Ghani has initiated will start to bear fruit this year on, public disapproval is high and the pace of change too slow.

4. Regionally the picture is far more optimistic. Most neighbors agree that the NUG must be supported and there should be security cooperation with Afghanistan - a considerable shift from earlier 'cordón sanitaire' positions. Many have pushed ahead with planned economic connectivity projects between Afghanistan and Central Asia, and Central Asia, Afghanistan and South Asia. Though old obstacles remain, such as the lack of Afghanistan-Pakistan-India transit, they are in process of being bypassed if not yet overcome.

5. The regional good news, however, is a slow-ripening process with few low-hanging fruit for Afghanistan this year or the next. What is immediately required - a cease-fire and talks with the Taliban, security support against the insurgency, and a quick infusion of funds - is not immediately available. What, therefore, can be done to plug the gaps, even if only to the bearable minimum? The recommendations that follow are made with this question in mind, in the above context.

A. The Political Transition

6. Regional analysts agree that the NUG is the only feasible option for Afghanistan at the present, but it is more difficult to identify what regional governments can do to help strengthen the NUG during this troubled moment of political transition when the different wings of government do not work together. One option is to expand administrative training programs.

7. Parliamentary and district elections are a must. Given the distrust that both political leaders and parties, as well as civil society, express for Afghanistan’s Election Commission, it may be necessary for the UN’s role to be enhanced in these elections. Heart of Asia countries such as India could again offer Afghan election commis-

sioners and conductors the help that they gave during the first two Presidential elections.

8. Regional governments can help the NUG to tackle the perception problem by:
(a) Regular and frequent gestures and/or statements of support, whether political, economic or security-related, including high level visits to both Kabul and the provincial capitals.
(b) Doubling training programs on best practices of governance, especially in financial services and rule of law; adopting or renewing the 'small projects' approach that the Indian Government had implemented effectively for some years.

B. Reconciliation

9. Regional countries with influence over Taliban factions should continue to push for them to return to peace talks and pick up negotiations for a cease-fire from where they left off.

10. A forum for regular review of peace negotiations is required, which would include the Quad countries as well as closely impacted countries such as India, Iran and the neighboring CARs.

11. If the Mansour faction of the Taliban wish to establish autonomy from Pakistani influence they should be allowed to do so. In the meantime, his whereabouts should be known.

12. Various attempts have been made at greater cross-border cooperation between Afghanistan and Pakistan in security operations, from the US-Afghanistan-Pakistan trilateral security mechanism to President Ghani’s initiatives of 2014-5, but have proved fruitless. The Quad could focus on facilitating a peace process between Afghanistan and Pakistan, with a Roadmap based on full mutual security cooperation, especially in cross-border operations.
13. Regional governments should support the Afghan Government’s ‘Jobs for Peace’ program, enabling it to reach all 34 provinces.

C. The Security Transition

14. Regional countries are stepping forward in response to the ANDSF’s requests for equipment and training, both combat and non-combat, especially from Russia, India and China. However, given the U.S. role in security assistance, coordination between assisting countries is required to ensure priority needs are met. The ANDSF could host such a coordinating forum.

15. Though hedging activities by neighbors persist, they have reduced. Active diplomacy could help further reduce hedging through preventing misperception by any country, such as by Iran and Russia on President Ghani’s signing the BSA.

16. The Heart of Asia-Istanbul Process’ CBM on Counter-Narcotics has underperformed, to say the least. While opium production continues to rise, efforts to curtail the distribution and sales’ networks in consumer countries have been sluggish. Closer collaboration between the CBM’s lead countries and UNODC would be helpful.

17. Analysts also point to the need for NUG and concerned neighboring countries to work together to prevent sectarian threats against the Hazara and assuage Hazara fears.

D. The Economic Transition

18. Afghan efforts are underway to increase civilian resources as aid flows dry up. India, China and Russia could play a greater assisting role in this endeavor, by providing needed expertise. A forum could be convened that would bring together India, Russia, China, the EU, Japan and the U.S. to discuss ways to better facilitate Afghanistan’s economic transition.

19. Equally, policy solutions need to be identified and articulated at the non-governmental or civil society level, with political society taking greater responsibility and ownership over the course of Afghanistan’s development. For example, a joint public-private initiative to curb corruption and review existing government disbursement mechanisms to contractors might yield rapid results.

20. Afghanistan’s trade with its neighbors has steadily increased, but the balance of trade is almost always in favor of Afghanistan’s more stable neighbors (with the exception of India). A joint policy thrust is required to encourage neighboring states to import more from Afghanistan within the Heart of Asia (CBM 3) and RECCA frameworks. Participating countries could be asked to set targets to raise their quantum of imports from Afghanistan.

21. While Chabahar and the INSTC will enable increased trade between Afghanistan and India, the more direct route through Pakistan will cut costs and be more productive. Opportunities exist for connecting India through OBOR, CPEC and the Wakhan Corridor, and should be on the agenda of ongoing India-China talks. Given that CPEC runs through a disputed area, consultation with India is critical.

22. The regional connectivity projects that are already approved will need considerable financing. China has started spending, but the momentum will need to be kept up. For other countries to participate in OBOR a more collaborative approach towards identifying, developing and managing connecting routes is required.
E. Regional Roles

23. The majority of Afghanistan’s neighbors believe that continued external sponsorship of terrorist movements is a key root cause of the destabilization of Afghanistan, complicated by the unraveling situation in West Asia and its impact in Central and South Asia. HoA countries could seek to mitigate regional rivalries and their impact on Afghanistan.

24. Moreover, the IS threat is perceived as a common threat by the region, but otherwise each country is more concerned about the specific group targeting it (TTP, ETIM, LeT and JeM, IMU) than about the need for an integrated approach which recognizes that these groups are interlinked.

25. As CEO Abdullah said at the Jaipur Counter-Terrorism Conference in February 2016, “The Heart of Asia-Istanbul Process, the Shanghai Cooperation Organization (SCO), and the South Asian Association for Regional Cooperation (SAARC), are the appropriate mechanisms through which we could organize our collective efforts in the fight against terrorism, drug trafficking, and other such threats.” A beginning could be made to bring them together in the regional security conference proposed by President Ghani and the Islamabad Heart of Asia-Istanbul Process Ministerial Declaration to address the threat of unchecked flows of weapons, narcotics and illegal funds.

26. It would be useful if the planned security conference places President Ghani’s proposals for a verification regime on terrorism on its priority agenda, along with counter-terrorist and de-radicalization strategies based on best practices. The Kabul Education CBM, led by Iran, could be encouraged to produce draft textbooks for adoption by HoA countries; as recommended in previous Delhi Policy Group reports, HoA countries could also provide free radio time for counter-narratives developed by this CBM, as suggested in a prior Delhi Policy Group conference report.

THE POLITICAL TRANSITION

“This period in Afghanistan’s history requires a legitimate and functioning government committed to implementing a comprehensive program of reform to empower the Afghan public, thereby making the values of the Constitution a daily reality for the people of Afghanistan.”

Agreement between the Two Campaign Teams Regarding the Structure of the National Unity Government, September 20, 2014

It has been eighteen months since Afghanistan’s National Unity Government (NUG) was formed as a partnership between President Ashraf Ghani and Chief Executive Officer Abdullah Abdullah. Its formation took several months of hectic negotiation and when it was finally formed Afghans welcomed it with relief and hope.

However, Afghan hopes have plummeted during these eighteen months, with approval ratings falling to just below 20 percent ‘very satisfied’ with the NUG leadership and 52.1 percent ‘not satisfied at all’. Taliban attacks have mounted with no let up even in the winter months, and the temporary fall of Kunduz left Afghans fearing that the NUG may not be able even to hold on to the cities. Despite President Ghani’s initiatives with Pakistan the hoped for decline in cross-border violence did not take place - on the contrary one fallout of the Pakistan army’s Zarb-e-Azb operation in North Waziristan was to drive thousands of militants into Afghanistan, which further fed the renewed insurgency.

the highest number of civilian fatalities and security desertions in the past decade.

Though one round of talks between the Afghan government and the Mansour Taliban took place through Pakistani facilitation, the second round is yet to take place since Mansour was shot before it could be scheduled. The Taliban’s position for now is that even if they do talk the insurgency will continue. It is too early to write off peace initiatives but they will clearly be slow to materialize through the year, and the most that can be expected is that progress may be made on setting the terms of engagement.

Economic decline has been as precipitous as the security decline. With unemployment rising, thousands of young Afghans look for hope outside Afghanistan. As of August 2015, the UNHCR (United Nations High Commissioner for Refugees) reported that 950,000 Afghans have been internally displaced due to the fighting, and a large number of these have sought refuge in Europe. The Passport Department reported in August 2015 that it was issuing 2,000 passports per month while thousands more flee illegally to Macedonia and Serbia as well as Italy, France, Germany and the UK. According to the UN, between January and August 2015, 122,080 Afghans applied for asylum in 44 countries—more than twice the number last year.

The vast majority of Afghan asylum seekers are young men and Afghans make up 16 percent of asylum seekers arriving in Turkey and Europe this year, second only to Syrians. Sweden alone accepted 40,000 Afghans in 2014-15. Meanwhile, in Afghanistan businesses are suffering with a faltering economy. Increased sales taxes (that the public viewed as “little more than officially sanctioned corruption”) led to fierce protests throughout Afghanistan in April 2015 and closed Kabul entirely for a day.

The National Unity Government

The NUG created the office of a Chief Executive Officer by Presidential Decree, moving Afghanistan from a Presidential to a mixed Presidential-Parliamentary system. This was to be ratified later by a Loya Jirga (Grand Assembly), convened to amend the Afghan Constitution under which Afghanistan is administered by a Presidential system alone. Eighteen months on, the Loya Jirga is yet to be scheduled. Rumors have it that the two coalition partners in the NUG are burdened by personal divisions that are both intensified by institutional schisms and lead to them, as the recent spat between Governor Atta and General Dostum testifies (the latter unfortunately with external support). Indeed, the coalition partners continue to negotiate the terms of the NUG agreement and the division of responsibilities between the President and CEO, their supporters and constituencies. Most Afghan analysts agree that however large the obstacles, the failure to move on the political transition - and in particular the failure to ensure wider validity for the post of the CEO - have created a Constitutional vacuum in which the legitimacy of the NUG can be questioned.

The Loya Jirga, however, cannot be held until Parliamentary and district elections take place, both of which are stalled currently as the political framework of the NUG requires fundamental changes to the electoral system that have yet to be decided upon. President Ghani
formed the Electoral Reform Commission (ERC) to create a plan for reforms that would ensure credible future elections. Unfortunately, Afghan analysts note, the majority of ERC members recommended reforms that were impractical and lacked popular support. Nonetheless, the NUG approved of seven of the ERC’s recommendations in September 2015, including the highly debated and controversial recommendation changing the electoral system from a single non-transferable vote system (SNTV) to a parallel proportion system (PPS). The debate also continues on the constitutionality of the PPS amongst other recommendations of the ERC. Opposition to controversial Presidential decisions, such as Ghani’s support for the Saudi-led coalition in Yemen, has also based itself on constitutional issues. Critics argue that Ghani’s decision ignores the Constitution in his failure to consult Members of Parliament before expressing state support for the Saudi-led coalition, but this begs the question of whether the current Parliament has any locus standi since it is past its end-by date.

On December 26, 2015, the Wolesi Jirga or House of the People rejected the ERC’s recommendations which the President had approved just three months earlier in September. On January 5, 2016, the Meshrano Jirga, Afghanistan’s Upper House of Parliament or House of Elders, followed suit and rejected the recommendations in a display of disapproval towards the President and his appointed committee. Despite the failure to undertake any electoral reforms, on January 18, 2016 the Independent Election Commission (IEC) announced Parliamentary and district elections would be held on October 15, 2016. CEO Abdullah reassured that the NUG remained committed to reform and that the October elections would only be held after reforms were implemented. The announcement of the elections, however, also indicated a growing disconnect between the NUG and Parliament, and the President has yet to comment on electoral reforms. Without reforms though, the elections will only suffer further delay as current MPs will remain in power.

There is additional pressure from the pending Loya Jirga. The Afghan Constitution mandates that President Ghani convene a Loya Jirga within the first two years of the formation of the NUG, to retroactively approve of the joint powers arrangement between the CEO and President. The NUG’s two years will be completed in October 2016, but the government cannot hold a Loya Jirga by then if elections are scheduled for the same month, since they must take place before the Loya Jirga. If the elections are successfully held in October, and providing there is no long-drawn out process of complaints and dismissals of the results, a month or two’s delay in the holding of the Loya Jirga will not pose a large problem. If there are further delays, the NUG could be fatally weakened.

Two recent surveys indicate the depth of the challenge for the NUG. In November 2015 the Brookings Afghanistan Index noted that for the first time since 2006 levels of dissatisfaction with government outstripped levels of satisfaction by as much as 20 percentage points.

Figure 1: Public Opinion of Direction of Afghanistan 2006-2015

Source: Figure 4.2 of Brookings Afghanistan Index, 30 November 2015 — ‘Question: Generally speaking, do you think things are going the right direction or the wrong direction in Afghanistan? (2006-2015)’
In the same period, an Asia Foundation survey indicated much the same sharp decline in public opinion, from 80 percent somewhat or very satisfied in 2007 to a low of 57 percent in 2015.

Both surveys may have reflected a particularly ill moment in Afghan public opinion following the fall of Kunduz in September 2015. As an Afghan analyst noted, the Taliban’s occupation of Kunduz city “illustrated the current administration’s inability to hold major Afghan cities against the growing insurgency, let alone fulfill basic election pledges.” The bulk of government officials fled the Taliban’s entry into Kunduz, which was captured on video and spread through social media. Images of police and administration fleeing the city reinforced the image of a weak NUG that fails to inspire in its goals for security. With Helmand already teetering between the Taliban and government forces and anticipated to be a key locus for the Taliban’s spring offensive, further loss of confidence is likely.

While a sharp fall in approval ratings for the NUG has been noted by all Afghanistan observers, it has not been sufficiently noted that despite the decline Afghan approval ratings are relatively high in comparison to many other more stable countries. This feature, Afghan analysts say, should be seen as showing how passionately Afghans support the state institutions that have been built over the past 15 years. “90 percent of Afghans want peace, security and law and order above all else,” they say. “The NUG may not be the best option, but it is the only feasible option.” This opinion is echoed by regional actors.

Source: Figure 5.1 Q-38 of The Asia Foundation: A Survey of The Afghan People, Afghanistan in 2015—“Thinking of the different levels of government in Afghanistan, do you think that overall the [insert item] is doing a very good job, somewhat good job, somewhat bad job, or a very bad job? (a) National government, (b) Provincial government, (c) Municipal authority (asked by urban residents only), (d) District government (asked by urban residents only) (percentage who say ‘somewhat good job’ or ‘very good job’).”

“Talk of an alternative to the NUG is disappointing. The NUG is consolidating and growing daily. The President and CEO are working closely together, both understand the threats. Ghani has made visits to every one of the major neighbors, to discuss what is in their best long term interest.”

“Afghans are united around the idea that the institutions of the Republic should survive. As angry as Afghans may be, they are not looking to overthrow the seat of power. The fact that the sanctity of the Presidential palace was respected during the recent Kabul protests was very encouraging. It means that the concept of Afghanistan as a country is very solid.”
Recommendations

1. Regional analysts agree that the NUG is the only feasible option for Afghanistan at the present, but it is more difficult to identify what regional governments can do to help strengthen the NUG during this troubled moment of political transition when the different wings of government do not work together. One option is to expand administrative training programs.

2. Parliamentary and district elections are a must. Given the distrust that political leaders and parties, as well as civil society, express for Afghanistan’s Election Commission, it may be necessary for the UN’s role to be enhanced in these elections. Heart of Asia countries such as India could again offer Afghan election commissioners and conductors the help that they gave during the first two Presidential elections.

3. Regional governments can help the NUG to tackle the perception problem by:

   (a) Regular and frequent gestures and/or statements of support, whether political, economic or security-related, including high level visits to both Kabul and the provincial capitals.

   (b) Doubling training programs on best practices of governance, especially in financial services and rule of law; adopting or renewing the ‘small projects’ approach that the Indian Government had implemented effectively for some years.

Reconciliation and Peace Talks

“We give credence to the idea of resolving conflicts through peaceful negotiations and urge full support by Heart of Asia-Istanbul Process countries to the Government of Afghanistan in implementing Afghan-owned and Afghan-led peace and reconciliation initiatives, and realizing its peace objectives. We urge all Afghan Taliban groups and all other armed opposition groups to enter into peace talks with the Afghan Government.”

Islamabad Declaration of the 5th Ministerial Meeting of the Heart of Asia-Istanbul Process, December 9, 2015

Arranged by Pakistan, the first meeting of the Murree Peace Process between the Taliban and Afghanistan took place near Islamabad on July 7, 2015. Thus far, no second meeting has taken place. Just days before the scheduled second meeting news of Mullah Omar’s death leaked, leading to the cancellation of the meeting and a struggle for succession in the Taliban that threw the whole peace process into uncertainty. Some Afghan analysts argue that the peace process was already in jeopardy from President Ghani’s involvement of Pakistan in bringing the Taliban to the talks, a point of view that is shared by many factions of the Taliban.

In the run up to the first Murree meeting on July 7, the Taliban repeatedly denounced the NUG’s approach of Pakistan to bring the Taliban to Murree. Taliban leaders, led by the Political Commission in Qatar headed by Tayyeb Agha, rejected Pakistani leadership in public state-
ments and denied that Islamabad had any power to persuade its leaders to negotiate. The location of the Political Commission had itself been a Taliban attempt to escape from Pakistani leverage. Against the Political Commission’s position, Mullah Akhtar Mansour, who was then head of the Leadership Council, gave his approval to the July 7 meeting but demanded that it remain private and the media not publicize the negotiations. Ignoring his demand, the NUG and Pakistan Government announced the meeting hours before it took place when Mansour could not call it off.

Senior generals of Pakistan’s Inter-Service Intelligence (ISI) sat in the meeting alongside Afghan government officials, Taliban leaders and U.S. and Chinese observers. The Qatar office of the Taliban made a public statement that the meeting had been ‘hijacked’ by Pakistan and was entirely illegitimate given Pakistan’s refusal to meet the Taliban’s demands. The Pakistan Government, on the other hand, declared the peace talks an achievement, and the Pakistani media headlined how the ISI and Islamabad had successfully brokered peace talks.

The leadership crisis in the Taliban, however, continued. As it transpired that Mullah Mansour had concealed the death of Mullah Omar for two years, his claims to head the Taliban were rejected by a large section of the Taliban, some of whom regrouped temporarily around Mullah Omar’s son and others resigned along with Tayyeb Agha. It is perhaps a sign of the growing dependence of the Taliban on outside support that Mansour was able to override these rejections and establish himself as the new leader of a truncated Taliban, this one reinforced by the Haqqani group: Sirajuddin Haqqani is Mansour’s deputy, in charge of military operations. The Qatar office is now staffed by Mansour’s men and several erstwhile opponents have joined him, such as Mullah Omar’s son.

Mullah Mansour also dismissed the peace talks in his first publication as the leader. However, Pakistani and Afghan analysts argue that this dismissal was to consolidate his authority and unify the divided Taliban following the struggle for succession. His vow for jihad and hard position against the peace talks is arguably his response to growing pressure from opposing groups, since he has made clear that he has not ruled out peace talks. The Taliban published its conditions to continue peace talks on its websites and “endorsed firmly political efforts for ending the war (with) commitment and sincerity”, pointing to Pakistan’s mishandling of the talks and refusal to meet the Taliban’s needs.5

In another twist, Mullah Mansour was shot in Pakistan in November 2015, just days before the Islamabad Heart of Asia-Istanbul Process Ministerial Meeting, and a fresh set of rumours started, that he had died. Though the Taliban released a taped speech by him denying rumours that he had died, he has not been seen since the shooting and is believed to be in hiding in Pakistan, with his whereabouts known to a select few.

Whether or when Pakistan will be able to facilitate a second round of Afghan government-Taliban talks remains in question, and is now met by questions of how far the Afghan government can go without losing what remains of its legitimacy. The weak results of President Ghani’s grand overture offering a number of significant concessions to Pakistan have already hampered the NUG’s flexibility to proceed with peace initiatives. Before the July 2015 Murree meeting, President Ghani insisted on a letter of authoriza-

tion from the Taliban leadership that the delegates at Murree were their representatives. After the leak of Mullah Omar’s death and Mansour’s shooting, he had to be pressured to attend the Islamabad Heart of Asia-Istanbul Process Ministerial Meeting in December 2015, and though there have been several meetings between the Afghan and Pakistani heads of state as well as a flurry of visits to Kabul by Pakistan’s Chief of Army Staff General Raheel Sharif, the insurgency within Afghanistan continues to mount.

The Asia Foundation survey referred to shows that public support for reconciliation is waning. In the central region around Kabul, confidence in the process has declined from 73 percent in 2010 to 57 percent in 2015, with an even sharper decline in the North-West from 76 to 58 percent. The sharpest decline has been in Hazarajat, from 84 to 46 percent; Hazaras are amongst the largest group fleeing the country.

“The political space and capital available for the NUG to deepen ties with Pakistan is shrinking, with little patience amongst the public and policymakers for a ‘wait and watch’ approach.”

For now, the Quadrilateral Coordination Group (QCG or Quad) has continued talks. On January 11, 2016, Chinese representatives joined their Afghan, Pakistani and U.S. counterparts in Islamabad to discuss options to continue with the Afghan peace process and include the Taliban. The officials that met stressed the need for joint cooperation in instating security in Afghanistan, particularly given the presence of Daesh or Islamic State (IS) which calls itself the Islamic State of Khorasan Province (IS-KP) in Afghanistan, and agreed that Chinese and American representatives would work to repair relations between Afghanistan and Pakistan. The four countries’ representatives met again in Kabul on January 18, 2016, to make progress on “a roadmap towards initiating peace talks with Taliban groups that reflects the shared commitments of the QCG member countries.”

If the Quad’s decision to prepare a roadmap was intended to encourage the Taliban, it fell far short of the mark. On March 5, 2016, the Taliban asserted unequivocally that it would not take part in peace talks brokered by the Quad as long as the U.S. maintains a military presence in Afghanistan and continues air strikes and raids, and announced “(The Islamic Emirate) once again reiterates that unless the occupation of Afghanistan is ended, blacklists eliminated and innocent persons freed, such futile misleading operations will not bear any results.”

A more positive fallout from the Quad may be that it will, if sustained, encourage the Pakistan Government to move towards greater cooperation with the Afghan Government. President Ghani’s peace initiative required two reciprocals from Pakistan: bringing the Taliban to peace talks and facilitating a ceasefire—or a set of local cease-fires; failing these, the

For more information, see:

two countries would coordinate operations to cut off supplies, logistical aid and sanctuaries for the Taliban. Whether these latter steps will form part of the roadmap that the Quad has prepared but not released to the public remains to be seen, as does its similarity to or difference from a prior roadmap prepared by the High Peace Council in President Karzai’s second term and leaked in 2007. Much will depend on how far China will exert influence; the massive USD 40 billion investment that China has offered Pakistan for the China-Pakistan Economic Corridor (CPEC) should act as some incentive if projected as such, though India has serious objections (discussed in the Economic Transition section).

Regionally, most neighboring countries support the Afghan Government’s reconciliation efforts. Iranian analysts point to the threat that Daesh (IS-KP) pose to the Taliban and argue that that too could act as an incentive for the Taliban to enter peace talks. In fact, the Afghan Government and the Taliban have made common cause against Daesh in Nangarhar, where some 500 IS-KP fighters have been killed though 1-3,000 remain. Some analysts argue that the Nangarhar situation shows that the scope for direct engagement between the Afghan Government and Taliban does exist on the ground. Chinese analysts, on the other hand, say that President Ghani is being pragmatic in seeking Pakistan’s support to bring the Taliban to the table.

In the meantime, and in an eerie replay of the tactics employed by former President Karzai, the NUG has announced reconciliation talks with the Hezb-i-Islami (Gulbuddin), many of whose members had entered prior peace talks with President Karzai’s government and indeed became members of the Afghan Government. Those talks were intended to pave the way for talks with the Taliban, as these might too. Though Hekmatyar declared allegiance to the IS in July 2015, in March 2016 he sent a delegation to the Afghan Government with an offer to drop his demand, and chances are these talks too will lead to some Hezb-i-Islami members joining the Afghan Government.

Analysts of reconciliation efforts thus far suggest that they are still in the pre-talks negotiation phase as far as the Taliban are concerned. For a start, they say, Afghan fears that the NUG will be further pushed to create an extra-Constitutional space are misplaced: the Taliban would have to agree a cease-fire before they enter a political power-sharing or electoral process. A cease-fire is indeed urgently required, as the mounting casualties and dire economy show.

**Recommendations**

1. Regional countries with influence over the Taliban should continue to push for the Taliban to return to peace talks and pick up negotiations for a cease-fire from where they left off.
2. A forum for regular review of peace negotiations is required, which would include the Quad countries as well as closely impacted countries such as India, Iran and the neighboring CARs.
3. If the Mansour faction of the Taliban wish to establish autonomy from Pakistani influence they should be allowed to do so. In the meantime, his whereabouts should be known.
4. Various attempts have been made at greater cross-border cooperation between Afghanistan and Pakistan in security operations, from the US-Afghanistan-Pakistan trilateral security mechanism to President Ghani’s initiatives of 2014-5, but have proved fruitless. The Quad could focus on facilitating a peace process between Afghanistan and Pakistan, with a Roadmap based on full mutual security cooperation, especially in cross-border operations.
5. Regional governments should support the Afghan Government’s ‘Jobs for Peace’ program, enabling it to reach all 34 provinces.
Throughout the course of 2015, the Afghan National Defense and Security Forces (ANDSF) faced escalating challenges as the security situation deteriorated further, with the Taliban’s seasonal offensives segueing into one continuous storm of attacks despite visible efforts by regional powers and the NUG to inject momentum into the peace process.

President Ashraf Ghani’s high profile visit to Rawalpindi HQ in November 2014, understood as an attempt to rejuvenate bilateral ties with Pakistan after an extended decline under the tenure of former President Karzai, is widely perceived to have yielded few positive results in terms of mitigating violence on the battlefield. The Taliban have since launched consecutive spring, summer and winter offensives, taking a heavy toll on the ANDSF with 8,000 military personnel reported to have been killed or captured in 2015.

The impact of the continuing spiral of violence is evident amongst the civilian population. Recent incidences of sectarian violence orchestrated against Hazara Shia, including taking them hostage, as well as an increase in civilian casualties due to infighting between the Taliban and IS, are serious security challenges and have been identified as key factors behind the increase in migration flows both inside and out of Afghanistan (referred to in the previous section).

The number of women and children injured or killed in 2015 rose by 23 percent and 13 percent respectively compared to the 2014 level and overall civilian casualties reached all-time high levels. From January to June 2015, a total of 4,921 civilian casualties were recorded, including 1,592 civilians killed and 3,329 wounded, according to UN figures. Anti-government forces, such as the Taliban, were responsible for 70 percent of the civilian casualties. In 2009, there were 1,439 casualties for the entire year, putting the most recent available figures into perspective.

Figure 3: Civilian Deaths and Injuries by Parties to the Conflict

Legend: AGE is Anti-Government Elements and PGF is Pro-Government Forces, so this graph refers to civilian casualties inflicted by each.
2015 also witnessed an increase in the geographical spread of conflict zones and frequency of violent incidents between the Taliban and the ANDSF, particularly in Helmand, Faryab, Kunduz and Nangarhar as well as provinces in Central Afghanistan, leading to significant and continuous displacement of civilian populations. The number of effective attacks waged by the Taliban has increased by about 4 percent in the first 11 months of 2015 compared to the same period in the previous year. Of the 34 Afghan provinces, at least half are considered to be presently experiencing a high level of violent insurgency, with the remaining half encountering a low to medium level threat from the Taliban. Notably, provinces not typically affected by large-scale population movements, such as Badakshan, Sar-i-Pul, Baghlan, Taker and Badghis, have also seen significant levels of internal displacement. Clashes between the Taliban and IS and other armed groups have added to the instability and have contributed to this trend.

The renewed militancy has taken its toll of the ANDSF, with at least 4,302 soldiers and police killed on duty from January to July 2015, and 8,009 wounded. In comparison an estimated 3,337 ANDSF were killed and 5,746 injured for the same period in 2014. From January 1, 2015 to November 15, 2015, casualties among the ANDSF increased by 27 percent over the same period in the previous year, with senior U.S. military personnel expressing concerns that the current casualty levels are unsustainable, and assessing that the performance of the ANDSF has been mixed and inconsistent.8

Analysts underline that Taliban fighters seem to be increasingly striking in areas where Afghan forces have a light footprint, exploiting gaps in security. The Taliban takeover of Kunduz province in September 2015 revealed a tendency for Afghan forces to adopt a reactive approach to Taliban offensives, some analysts say, and underlined intelligence failures within the security forces who did not seem to be prepared for the offensive. Furthermore, the military response was rushed, as evidenced by the accidental bombardment of a Médecins Sans Frontières facility in the province. In the meantime, the Taliban appear to be intensifying offensives in opium-rich districts in Helmand, and Sangin has been under threat of capture by Taliban forces as the ANDSF struggle to consolidate their presence there. There was some hope that the militias commanded by Mullah Rasool and Zakur would prevent a Taliban takeover in Shindand, where there is a former U.S. air base, but both suffered heavy losses. Rumor has it that Rasool was arrested by the Pakistani authorities on March 22, denied on March 23 by his deputy, Mullah Mannan Niazi; Zakur has joined forces with Mansour. Expectations are that Helmand will continue to see heavy fighting into this summer with a high risk it will fall. There are also concerns that conflict could affect transportation links between the two major cities of Kandahar and Herat.

Moreover, there has been a noticeable uptick in smuggling activity generally, which has generated a pull factor for the IS according to one Iranian expert; the IS is therefore showing greater interest in expanding its foothold in Afghanistan, not least in order to exploit potential revenue streams from smuggling activities. As against this, UNODC analysis indicates that 95 percent of the income from opium smuggling is earned outside of the opium producing countries and does not return. 22 percent of the opium from Afghanistan flows through Russia and another 25 percent through Pakistan.

While security analysts acknowledge that Afghan Special Security Forces (ASSF) have exhibited a marked improvement in operational proficiency, the regular armed forces suffer from significant attrition rates, owing in no small part to a high operational tempo; the attrition rate during the first nine months of 2015 is reported to have been double that of the rate during 2014. Approximately 70 percent of personnel losses in the ANDSF are attributable to non-combat attrition, mainly unauthorized absences.

There is also debate on whether the NUG has succeeded in curtailing an earlier practice of sub-contracting security tasks to erstwhile warlords and their forces, a measure which is necessary but also further weakens security (sub-contracting helped first the ISAF and then the ANDSF hold Helmand). Several regional analysts argue the practice of sub-contracting continues, including the tendency of some Afghan political elites to seek security from warlords rather than the ANDSF. Afghan experts, on the other hand, highlight President Ghani’s insistence that any volunteers who wished to join the security operation against the Taliban in Kunduz - and there were thousands - must serve strictly under the military umbrella, arguing that this shows the NUG refuses to allow sub contracting to non-state actors. The solution to the ongoing security challenges can be found in the Afghan security forces, they say, while acknowledging the critical role played by U.S. special forces in supporting Afghan troops in the Kunduz counter-offensive, and the effectiveness of U.S. airstrikes, one of which killed a key Taliban commander in the northeastern Badakhshan province recently.

At the same time, when gauging the operational capabilities of the ANDSF, there is general recognition that its limited available combat power, lack of adequate close air support and insufficient troop numbers must be taken into account as factors which make it difficult for security forces to broaden their coverage to every part of the country. The fall of Kunduz and its subsequent liberation with the assistance of U.S. Special Forces highlights the continuing dependency of the ANDSF on support from the U.S. and allies. As General John F. Campbell, former head of the Resolute Support Mission, recently noted, the ANDSF “have repeatedly shown that without key enablers and competent, operational-level leaders, they cannot handle the fight alone in this stage of their development.”

The Afghan Ministry of Defense and Ministry of Interior say that recruitment still makes up for any attrition in the ANDSF, with the Afghan National Army (ANA) projected to recruit up to 6,000 new troops per month, while the Afghan National Police (ANP) say they are absorbing up to 5,000 new members. Troop morale is reported to be high and there are no apparent signs of fragmentation along ethnic lines within the military’s ranks. The table below, however, shows a decline of close to 30,000 troops between September 2013 and July 2015 that is just under 10 percent, though the figures are unverified.

Table 2: Size of Afghan Security Forces on Duty 2013–2015

<table>
<thead>
<tr>
<th>Month</th>
<th>Ministry of Defense Forces</th>
<th>Ministry of Interior Forces</th>
<th>Total Afghan Security Forces</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2013</td>
<td>177,579</td>
<td>149,775</td>
<td>327,354</td>
</tr>
<tr>
<td>March 2013</td>
<td>177,725</td>
<td>151,766</td>
<td>329,491</td>
</tr>
<tr>
<td>September 2013</td>
<td>185,817</td>
<td>152,336</td>
<td>338,153</td>
</tr>
<tr>
<td>March 2014</td>
<td>178,617</td>
<td>152,678</td>
<td>331,295</td>
</tr>
<tr>
<td>February 2015</td>
<td>174,120</td>
<td>154,685</td>
<td>328,805</td>
</tr>
<tr>
<td>May 2015</td>
<td>176,762</td>
<td>155,182</td>
<td>331,944</td>
</tr>
<tr>
<td>July 2015</td>
<td>161,461</td>
<td>148,296</td>
<td>309,757*</td>
</tr>
</tbody>
</table>

* The Brookings table gives the total as 324,716, which is incorrect if the two other figures for July are totalled. It also states that the July figures are unverified.

Starting with far smaller numbers, the Afghan National Police have more than doubled since 2012 despite being targeted by the Taliban and other militant groups, but have registered a decline of just under 2,000 between July 2014 and August 2015. In both cases the declines may be temporary, for example due to the time lag between attrition and new recruitment, or in some cases due to cutbacks given the strained economy.

Despite the ANP maintaining its levels however, individual security has worsened, with over 80 percent of online respondents on one website reporting in February 2016 that they fear assault, kidnapping and theft.10

Irrespective of military setbacks over the course of 2015, analysts point out that the security forces are holding together, with no specific incidents of mass desertion nor any form of societal backlash against the high number of military casualties. Though they have suffered heavy tactical losses and retreats, the ANDSF are perceived to be winning at the strategic level, with the political narrative shifting decisively against the Taliban, which is widely viewed as a spent force politically. Surveys indicate that public confidence in the security forces remains high at 70 percent, despite an 8 percent drop since March 2015. As one Afghan analyst pointed out, “Afghans are united around the idea that the institutions of the Republic should survive.” Another noted that “even if the Taliban were to lay down its weapons, it would still not win a single seat in national parliamentary elections.” 11

The next test of the ANDSF’s resilience will be how the summer offensives will be handled, and to what degree a further spike in militant activity will be contained. But it will not be the last test. Experts agree that the Taliban’s current numbers and fire power will enable them to keep the insurgency going for several years longer.

A priority security challenge that analysts flagged was the incidences of sectarian violence orchestrated against Hazara Shia - the consensus being that the emergence of a sectarian schism would be difficult to reverse. Moreover, the abundance of cheap and easily available weaponry on the market severely complicates efforts to enforce the writ of the state. Yet, as one analyst concluded, improvements in the security climate on the ground are contingent on effective political leadership rather than security operations.


Regional Security Factors

In another worrying trend, in addition to the scattered IS-KP presence other radical movements have become more active in Afghanistan, such as Hizb-ut-Tahrir, Lashkar e Taiba and Jamiat-e-Islah, while Pakistan’s Zarb e Azb operation sent thousands for foreign militants across the border, including the Islamic Movement of Uzbekistan. Uzbek concerns about the potential for IS influence to grow in Uzbekistan via Afghanistan have increased after a recent Uzbek security review revealed that the outlawed Islamist movement Hizb-ut-Tahrir was looking to boost its presence in Uzbekistan. Many members of the Islamic Movement of Uzbekistan (IMU) have sought refuge in Afghanistan, Pakistan and Tajikistan making the movement more difficult to eradicate. Meanwhile some security reports also indicate that the factions of the IMU are disbanding to join the IS.

Looking south, the Lashkar-e-Taiba (LeT) has not reduced its cross-border support for the insurgency in Afghanistan, where previously it used to work closely alongside the Taliban. However, the bulk of attacks on Indians in Afghanistan are carried out by the Haqqani group. Yet, in the broader context of regional stability, from an Indian perspective the threat from LeT cannot be ignored. Doing so risks bolstering the movement, allowing it to emerge as a greater obstacle to stability. Since both the IS and LeT, unlike the Taliban, have no locus in Afghanistan, greater efforts by Pakistan to handle the LeT is required. Furthermore, a more clearly articulated stance from China recognizing both the Afghan Taliban (which now includes the Haqqani group) and LeT as regional security threats akin to the East Turkestan Islamic Movement (ETIM) would be welcomed. China’s opposition to designating Jaish e Mohammad chief Masood Azhar under the UN Sanctions Committee is especially deplorable in this context.

Hedging by neighbors has also revived, who, according to some reports, support different factions within the government and/or elements of the Taliban as well as former warlords as insurance. Russian support to Dostum as a hedge against the possible collapse of the NUG has been cited as one example of the latter, along with Iranian support to the Taliban to counter IS, an allegation that was rejected by Iranian experts. However, as one Afghan analyst put it, the Afghan and U.S. governments could have taken the potential for Iranian and Russian misperception into consideration before signing the Security and Defense Cooperation Agreement, commonly known as the Bilateral Security Agreement (BSA). Though the BSA was widely supported by the Afghan public, Parliament and Loya Jirga and had to do with Afghanistan’s security requirements rather than “pro-Americanism”, the absence of explanation allowed misperception. As one analyst wryly commented, the U.S. may be the only country which cannot afford to hedge. “If the U.S. was perceived to hedge, the NUG would immediately collapse”.

The IS Threat

Iranian and Russian fears are compounded by the shared IS threat, which they perceive to be on the rise in Afghanistan. Though Afghan analysts suggest that IS’ operational presence is either severely limited or non-existent, Iranian observers warn that greater attention needs to be paid to the phenomenon, cautioning that thousands of potential militants are vulnerable to IS recruitment in Uzbekistan and Turkmenistan. Cutting Daesh’s revenue sources, including oil revenues, will be a critical step in defeating the movement, they say.

“Iran was the first victim of the Taliban when they came to power in 1996; there is no way the Iranian government can support the Taliban.”

“Uzbekistan sees the need to promote stability in Afghanistan and the Middle East as a priority to combat terrorism.”

“Currently the IS is restricted to eastern Afghanistan.”

“Russia and Iran took the signing of the BSA by the new Afghan Government as proof that the NUG was pro-American.”
Iranian experts worry that the rapid spread of IS in Syria and Iraq and the consolidation of its control has encouraged the movement to capitalize on other areas where there is weak governance such as Afghanistan, and believe there to be abundant potential for the growth of Daesh in the broader region. They acknowledge that despite efforts to impel the Taliban to enter the political process, they were unable bring about a change in Taliban policy due to its proximity to elements within the Pakistani security apparatus.

“The IS may take revenge in Afghanistan in response to attacks against them in Iraq and Libya. There is a lot of potential for their growth in the region.”

The split within the Taliban has the potential to facilitate the expansion of IS, as rank and file members become disillusioned with or perceive themselves to be marginalized under the new leadership of Mullah Mansour. IS is operating an aggressive recruitment campaign targeting militant commanders who have been expelled or sidelined, taking advantage of the internal schism formed after Mullah Mansour took over.

In December 2015, the then commander of Operation Resolute Support, U.S. General John F. Campbell, stated that there were believed to be between 1,000 to 3,000 members of the IS in Afghanistan and warned that its influence could spread in the absence of an effective counter-strategy. Russian analysts say there are currently 3,500 IS fighters in Afghanistan as compared to 40,000 Taliban, and argue that it is important to understand the linkages between IS, the Pakistani military and Saudi Arabia. Unlike localized radical insurgent movements, they say, “IS has no ethnicity.”

IS is mainly concentrated in the east of the country, in Nangarhar and Kunar provinces, but observers say that it is increasingly turning its attention to northern Afghanistan, where it hopes to link up with other transnational militant groups, including Tajik, Uzbek, Chechen and Uighur militants in order to facilitate cross-border insurgent activity that could destabilize the broader region. The threat of the IS is especially urgent for Tajikistan, whose government is increasingly concerned that ideological aspects of the terrorist group that spread across borders through social media and internet platforms “have weakened the psyche of Tajik youth... The movement cannot merely be destroyed physically.” Currently, Tajikistan and Afghanistan are operating joint training programs for security forces that Tajik analysts judge to be productive in addressing the trans-border crime and potential for Daesh or Taliban agents to enter into Tajikistan.

Map 1: Taliban and Islamic State Areas of Control and Militant Attack Zones as of October 2015

In one incident in September 2015, IS attacked a U.N. vehicle and launched assaults on 10 Afghan security force checkpoints in Nangarhar province over the course of a single day, highlighting its growing capabilities. Infighting between IS and rival groups such as the Taliban and local militias has intensified in the province, with IS making inroads in several other districts as they seek to build strength and push out Taliban insurgents. In response, the Taliban have set up a dedicated “special forces” division, better equipped than the rank and file, specifically to target IS operatives. Ironically, the ANDSF and the Taliban have found themselves targeting a common enemy on separate flanks in Nangarhar, where the Taliban has killed around 500 IS fighters.

Security Assistance

The Afghan government has reached out to regional allies for increased security assistance in the context of a drawdown in levels of Western aid and amid concerns that the ANDSF have been forced to deploy large troop numbers to defend urban population centers against Taliban assaults in the absence of offensive military hardware and serious deficiencies in force mobility and equipment. Nevertheless, the U.S. continues to take a leading and indispensable role in providing military support to Kabul.

Afghan experts say that a key objective of the Afghan government within the Heart of Asia-Istanbul Process framework is to gather support for a renewed and coordinated thrust in dismantling terrorist infrastructure through enhanced regional security cooperation against extremism, and to promote regional connectivity, since Afghanistan currently trades more with partners outside of the region than within. They note that without cooperation with Pakistan on either of these issues, progress is highly unlikely.

Afghan analysts welcome heightened military cooperation between India, Russia and Central Asian states, as well as improving relations between Central Asia and Afghanistan, as demonstrated by progress in moving forward regional connectivity initiatives such as CASA-1000 and the development of Chabahar port. China’s more active engagement has also been embraced, with one Chinese analyst highlighting that this will likely continue in the near future. However, it was pointed out that there is much greater scope for closer security cooperation between Tajikistan, Turkmenistan and Afghanistan along their common frontiers, which remain unsecured.

The United States

Over the past year, as the Taliban has escalated pressure on the ANDSF culminating in the seizure of Kunduz, Washington has shifted strategy, committing to a longer-term military presence in the country with President Obama announcing last autumn that U.S. forces would remain inside Afghanistan beyond the earlier December 2016 pullout deadline. The critical role played by U.S. Special Forces in the relief of Kunduz underscored the imperative for a continued U.S. military support role in the near future that extends beyond protection of U.S. diplomatic facilities.

General Campbell highlighted the need for continued military and financial support to the ANDSF when, at his testimony at the U.S. Senate Armed Services Committee in October 2015, he stressed that “Afghanistan cannot afford its security forces—particularly at their present size. Yet their current numbers are needed to contend with the scale of the threat. If we sharply reduce their forces now, it will have a detrimental effect. The international community currently funds over 90 percent
of the ANDSF’s operating costs... We must assume that the ANDSF will not be self-sustainable for several years to come.”

Against the backdrop of a declining security situation, the U.S. has stepped up military engagement against IS in Afghanistan, effectively targeting the movement’s leadership through drone strikes with an estimated 1,000 IS-affiliated fighters killed over the past year. President Obama has now authorized more intensive military action against IS in the country, as well as the Taliban, Al Qaeda and other extremist groups.

India

The Afghan government has long requested training equipment, air and ground mobility assets, engineering infrastructure and light infantry weapons from New Delhi in order to plug deficits in the ANDSF’s logistical and offensive capabilities. New Delhi, however, initially confined support chiefly to training and non-lethal supplies, out of concern that the provision of lethal equipment could provoke a strong, negative reaction from Pakistan and further impact the security of Indian assets in Afghanistan. Though President Ghani began his term by stating that he would no longer request combat weapons from India, he soon revised this decision. India delivered three (of four promised) Russian-made Mi-35 ground attack helicopters to Afghanistan in December 2015, marking a departure from its traditional policy of furnishing Afghan security forces with non-lethal equipment alone, and at the Fifth Heart of Asia-Istanbul Process Ministerial Meeting in Istanbul on December 8-9, 2016, Indian External Affairs Minister Sushma Swaraj pledged to deepen India’s defense cooperation with Afghanistan. The Mi-35 helicopters will enable the Afghan Air Force (AAF) to target fortified enemy positions and will improve troop mobility by allowing rapid deployments via air. Indian pilots will provide the necessary training to Afghan pilots.

Russia

Russia, which has been providing Afghanistan with military equipment, primarily light arms and vehicles, free of charge since 2010, is considering further requests for additional assistance from Kabul. President Ghani has asked for additional Mi-35 helicopter gunships to tackle the Taliban insurgency and Moscow has expressed its support for the modernization of the AAF, though it is not clear whether this will result in tangible deliverables, or what price will be charged. Moscow has, however, promised assistance in training military and police personnel. Having been an Afghan military partner, Russia is well-placed to renew defense cooperation.

China

The NUG has also submitted requests to China for security assistance, though Beijing has proven to be reluctant to increase the scope of its support to include offensive assets. China’s involvement has by and large been limited to providing training and non-lethal equipment to the Afghan National Police (ANP) but there are indicators that it will significantly ramp up its military support in the near future. President Xi Jinping, in a meeting with President Ghani at the SCO-BRICS Ufa Summit in July 2015, re-iterated that “China will continue to supply Afghanistan with security supplies, technology, equipment and training assistance.”


Recommendations

1. Regional countries are stepping forward in response to the ANDSF’s requests for equipment and training, both combat and non-combat, especially from Russia, India and China. However, given the U.S. role in security assistance, coordination between assisting countries is required to ensure priority needs are met. The ANDSF could host such a coordinating forum.

2. Though hedging activities by neighbors persist, they have reduced. Active diplomacy could help further reduce hedging through preventing misperception by any country, such as by Iran and Russia on President Ghani’s signing the Afghanistan-U.S. Bilateral Security Agreement.

3. The Heart of Asia-Istanbul Process’ CBM on counter-narcotics has underperformed, to say the least. While opium production continues to rise, efforts to curtail the distribution and sales’ networks in consumer countries have been sluggish. Closer collaboration between the CBM lead countries and UNODC would be helpful.

4. Analysts also point to the need for NUG and concerned neighboring countries to work together to prevent sectarian threats against the Hazara and assuage Hazara fears.

The Economic Transition

“The political transition sets out the guidelines for the process, the security transition provides for the necessary preconditions for progress, but the long-term development of Afghanistan can only take place through a successful economic transition.”

A Struggling Economy

Though the Afghan economy marginally improved in 2015 over 2014, its performance has remained weak through 2015, with consumer and investor confidence negatively affected by the difficult security situation and the NUG grapples to implement needed reforms.

The World Bank estimates that Gross Domestic Product (GDP) growth stood at 1.9 percent in 2015, up from 1.3 in 2014; it further forecasts that growth will increase slowly each year to touch 5 in 2018.14 Encouraging as these figures are, they mark a stark decrease from the high of 14 percent recorded in 2012, owing largely to the ISAF and consequent international drawdown in investment by contractors involved in the reconstruction and development effort, who have spent between USD 10-15 billion since 2001, a figure roughly equivalent to the GDP of Afghanistan. Growth spurred on by public spending and donor aid, which finances nearly 70 percent of


“If the continued fragility of Afghanistan’s economy is not urgently addressed, it will trigger widespread social unrest on the street, as was seen in Kabul.”
the Afghan budget, has left Afghanistan dependent on outside assistance. As international financial aid to Afghanistan gradually reduces, there are growing fears that the NUG may not be able to fulfill its budgetary commitments for primary government operations. 15

“Why don’t Government offices commit to buying local goods to support the economy?” Trade, services and construction industries have underperformed and, according to the Afghanistan Investment Support Agency, Foreign Direct Investment (FDI) fell by 30 percent in the first half of 2015, with business conditions deteriorating significantly. Continuing the downward trend seen since 2011, the Afghani dropped in value by 5.7 percent against the dollar in the same period, largely due to declining capital inflow, increasing capital outflow, and falling demand for Afghans, all of which generated a downward pressure on the currency.16

Economic reforms have stalled, such as the planned revisions to banking regulations which are required by donors as a condition of aid disbursement, which lacked the Parliamentary support needed to enter into law. Internal political tensions within the NUG have led to a degree of policy paralysis, with even small-scale initiatives to reform the economy and generate jobs halting. High levels of unemployment and the lack of wage growth are noted as particularly troubling trends.

Table 4: Asian Development Bank Economic Indicators (%) – Afghanistan

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2015</th>
<th>2016 (Projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>2.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Current Account Balance (share of GDP)</td>
<td>1.4</td>
<td>-1.0</td>
</tr>
</tbody>
</table>


On the other hand, agricultural production remains comparatively healthy, as a result of good wheat, fruit and vegetable harvests, with Wardak province being amongst the most productive. However, bouts of crop disease in Helmand have undermined agricultural and poppy cultivation, explaining in part a decrease in annual poppy production of 19 percent in 2015, according to the 2015 UN Opium Survey.17

By October 2015, the unemployment rate was reported to have peaked to 40 percent, a 15 percent increase since the same period in 2014, with over 1.8 million eligible workers unemployed.18 A dearth of government jobs, insecurity, weak industrial performance, a lack of new job creation and development projects as well as sharp reductions in energy supply that has triggered fuel price hikes and factory closures, have been identified as the primary catalysts of rising unemployment. As a result, there has been an increase in migration flows of urban, educated Afghans out of the country, towards Europe in particular.

Table 5: Economic Concerns by Problem Area – The Views of Afghans

| Problems in your local area | Unemployment (31.2%), poor economy (6.7%), poverty, (5.9%), high prices (5.5%) |
| Problems facing Afghanistan | Unemployment (22.4%), poor economy (13.1%), poverty (5.9%) |
| Problems facing youth | Unemployment (71.4%), poor economy (15.9%) |
| Problems facing women | Lack of job opportunities (22.3%), poverty (8.7%) |
| Biggest cause of crime | Unemployment (21.7%), poverty / weak economy (8.4%) |

Source: A Survey of the Afghan People, Asia Foundation. Available at: http://asiafoundation.org/publications/pdf/1558

Afghan analysts highlight that unemployment also stems from political uncertainty in Afghanistan and the reduction of economic activity after the ISAF drawdown in 2014. President Ghani has, they point out, taken important steps to mitigate unemployment and migration flows out of Afghanistan, launching the Jobs for Peace initiative, scheduled initially to cover 12 provinces before expanding to all 34 by June 2016. It will seek to provide a basic level of food security for 100,000 families by creating 5.5 million labor days, costing overall between USD 100-150 million.

The perceptions of ordinary Afghans re the economic situation are by and large negative. According to the Asia Foundation’s 2015 survey, 29.7 percent of respondents stated that their household financial situation has grown worse in 2015, the highest percentage since the survey began.19 Though average incomes have increased considerably over the past decade, over a third of Afghans still live below the national poverty line of USD 1 per day.

Figure 4: Economic Indicators: Better Household Situation

Corruption continues to be a serious impediment to economic progress, with Transparency International placing Afghanistan at 166 out of 167 in its Corruption Perceptions Index. The problem is especially rampant amongst contractors to the government and stems from the quick-fix practices that are generally employed by foreign forces and vulnerable populations in weak and conflict-ridden states.

Table 6: Transparency International Corruption Perceptions Index 2015

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>163</td>
<td>Angola</td>
</tr>
<tr>
<td>163</td>
<td>South Sudan</td>
</tr>
<tr>
<td>165</td>
<td>Sudan</td>
</tr>
<tr>
<td>166</td>
<td>Afghanistan</td>
</tr>
<tr>
<td>167</td>
<td>Korea (North)</td>
</tr>
<tr>
<td>167</td>
<td>Somalia</td>
</tr>
</tbody>
</table>


Moreover, as the 2015 Asia Foundation survey shows, the perception of corruption as a major problem in people’s daily lives has increased from 42 percent in 2006 to 61 percent in 2015. There have been corresponding increases in public perception of local authorities being corrupt and of an increase in corruption in neighborhoods.

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Though well aware of the challenge of public perception, the NUG is constrained in what it can do. It’s efforts to increase civilian resources to build a more productive and resilient economy as aid dries up will only yield results in the long-term and cannot bridge the gap in the short-term. The Jobs for Peace initiative will, if consistently funded, go some way to stemming the tide of public disaffection, but only a small part of the way. Efforts to strengthen the fiscal foundation through improved tax collection and increase of taxes such as on mobile phones, have been predictably unpopular. Big ticket projects like China’s investment in copper mines have stalled with the Chinese Government seeking to renegotiate the terms and the Indian Government has similarly stalled on the Hajikak steel mines investment due to the renewed insurgency and problems with Afghanistan’s mining laws. With diminished likelihood of major investment coming through while the insurgency mounts, Afghanistan desperately needs an injection of aid if the NUG is to stabilize.

Regional Trade and Connectivity

Can regional governments step in to bridge some of the gap between the NUG’s efforts to stabilize the economy and the shortfalls in international aid? There is broad consensus amongst regional observers that a successful economic transition is now the most important ingredient of Afghanistan’s overall transition to long-term stability and peace, and as a result some dynamism has been injected into long-standing projects for regional connectivity which will stimulate regional trade.

The Sixth RECCA Meeting, held in September 2015 in Kabul, notes that intra-regional trade has steadily increased between Central Asia, Afghanistan, India, Iran and Pakistan.

Though intra-regional trade value has declined slightly between 2012-15, this decline is within the context of a growing regional share in global trade. Figures for bilateral trade between Afghanistan and its main trading partners also show, however, that Kazakhstan is the only Central Asian country to be among Afghanistan’s top eight trading partners; the Kazakh business community is showing great interest in expanding economic cooperation even as trade gradually improves. As a founding member of the Eurasian Economic Union, Kazakhstan hopes to position itself as a key regional ally and gateway for Afghan trade despite logistical obstacles in transportation.

Other neighbors in Afghanistan’s top eight trading partners include Pakistan with the lion’s share, India, China and Russia. India is the only country to have a lower share in Afghanistan’s total imports as compared to exports.

Table 7: Top Afghanistan Imports/Export Partners (1000 USD) - 2014

<table>
<thead>
<tr>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Share of Total Exports</td>
</tr>
<tr>
<td>Pakistan</td>
<td>392,861</td>
</tr>
<tr>
<td>India</td>
<td>243,720</td>
</tr>
<tr>
<td>USA</td>
<td>72,015</td>
</tr>
<tr>
<td>EU</td>
<td>66,725</td>
</tr>
<tr>
<td>China</td>
<td>17,571</td>
</tr>
<tr>
<td>Turkey</td>
<td>16,488</td>
</tr>
<tr>
<td>UK</td>
<td>3,750</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>3,170</td>
</tr>
</tbody>
</table>

Source: World Integrated Trade Solution (WITS) – World Bank

The real stimulus to regional trade will come when infrastructure projects that are currently underway are completed. As the RECCA VI report pointed out there are now several Silk Road initiatives under way, all of which interconnect.

However, bottlenecks and difficulties in the transit of goods around the region remain apparent, notably along the potential Afghanistan-Pakistan-India corridor. As the only regional country with which Afghanistan has a favorable balance of trade, India provides the best market for Afghanistan but transit access through Pakistan remains limited. The principle export from Afghanistan to India is dried fruit, though fresh fruit and vegetables are also gaining markets, and these goods often spoil during transportation as a result of bottlenecks in Pakistan. In the ports of Karachi, Afghan businessmen complain of bureaucratic delays that result in Afghan goods perishing before they can enter the market. Furthermore, fresh fruits are only traded as far as Pakistan, much of which is then re-sold back to Afghan traders at three times the original price according to one Afghan analyst, presenting a serious challenge to Afghan businesses who already complain of the “dumping” of goods in Afghanistan by neighboring states – a problem that the NUG is having difficulty grappling with. Opening up the transit of goods from India to Afghanistan via Punjab has long been considered a crucial step in pro-

“Pakistan has not delivered on non-discriminatory trade. Cross border transit is hostage to the broader nature of India-Pakistan relations.”
Promoting economic growth that could pass on significant benefits to the consumer in Afghanistan. In one pessimistic assessment, it was highlighted that out of 48 agreements on Pakistan-Afghanistan economic cooperation, the vast majority have yet to be implemented, the lack of progress attributable in part to ongoing security tensions between the two neighbors.

Pakistan has consistently refused to allow India to join to join the Afghanistan Pakistan Transit Trade Agreement (APTTA), despite the Indian Minister of External Affairs, Sushma Swaraj, raising this issue during her visit to Islamabad when meeting Nawaz Sharif in December 2015. Pakistan instead prefers a trilateral trade treaty with Tajikistan since it would enable Pakistani access to Central Asia, though Kabul is reluctant to trade one for the other. President Ghani has succeeded in persuading Islamabad to agree to review the APTTA in March, opening up a potential window of opportunity for the issue of India’s accession to the framework in the near future (though most analysts agree that it is highly unlikely that Pakistan will budge). As a sweetener on both transit trade and peace talks, Kabul agreed to provide concessions to Pakistani businessmen in northern Afghanistan and roll out a one-year multiple entry visa for them.

Indian analysts emphasize that India-Pakistan cooperation in stabilizing Afghanistan should be delinked from other long-standing disputes between them and an atmosphere of trust generated. Genuine regional connectivity is unlikely to be achievable so long as there are obstacles to two-directional transit between Afghanistan, Pakistan and India via Punjab. Though some slow progress is being made, with Indian goods reaching Pakistan if not Afghanistan, and Afghan goods crossing more easily into India, there is deep skepticism over the prospects for intensive economic cooperation and non-discriminatory trade between India and Pakistan in the near future, given the level of mutual distrust on both sides.

On the whole, despite the potentially transformational impact on regional economic activity that opening up transit along this route could have, further significant positive developments are unlikely in the near future. Yet there are some promising developments further afield. Developing transit routes through Afghanistan’s Wakhan Corridor, for example, would connect China, Pakistan, Tajikistan, Afghanistan and Iran, and could too be extended to India. The anticipated completion of the tunnel connecting Afghanistan and Pakistan in the Hindu Kush would complement the Wakhan Corridor. High-speed rail connections could be developed in the region in the future with Beijing’s assistance, reducing transportation bottlenecks. China’s close bilateral relationship with Pakistan could be harnessed to obtain contractual agreements with partner countries to turn this vision into a reality.

“Afghanistan cannot be self sustaining without regional connectivity and therefore the Afghan Government needs good relations with all its neighbors. The blocking of Afghanistan-Pakistan-India transit is as bad for Afghanistan as the Taliban threat.”

“The Pakistani government view is that there needs to be progress in India-Pakistan relations before any discussion of cooperation in Afghanistan.”

Map 3: Five Nation Railway Route

Chabahar

The development of the Chabahar deep-water port on the coast of Iran is strategically vital for Afghanistan and India as it provides a trade route between the two by sea and land that bypasses Pakistan, overcoming transit hurdles on the Wagah border crossing. Set to be operational by December 2016, it is hoped that the initiative will enable access to Afghanistan’s Garland Highway, utilizing existing Iranian road connections and the Zaranj-Delaram road constructed by India in 2009. Herat, Kandahar, Mazar-e-Sharif and Kabul would then be afforded direct access to India.

However, India has been under pressure from the government of Iran to ramp up its financial assistance for the development of the port in the near future. In response, the Indian government ramped up its investment from USD 85 to 150 million and fast-tracked in December the extension of a USD 150 million credit line requested by Tehran to finance its 630 kms. planned railway connection from Chabahar to Zahedan near the Afghan border.

India-Afghanistan-Iran Trilateral Transit Trade Agreement

Linked to the Chabahar port development, negotiations between India, Afghanistan and Iran on a formal trilateral transit agreement are still ongoing.

Iran, Afghanistan and India plan to create an international transportation corridor to connect to Chabahar. A final agreement will allow Afghan trucks to travel to and from Chabahar, improving efficiency and reducing transportation time for goods that would have otherwise been imported from Pakistan. There has been significant progress on the draft agreement, which is reportedly awaiting a final round of approval before it is formally ratified.

However, the legal framework for a liberalized zone of trade and transit has yet to be finalized, with representatives of the three countries agreeing to meet in New Delhi to complete the necessary preparations in the near future.

INSTC

India, Iran and Russia are also reinvigorating an inter-governmental agreement signed in September 2000, to develop an International North-South Transport Corridor (INSTC) which would connect India to Russia and Europe through Iran. The INSTC covers road, rail, sea and air transport, and is pledged to develop infrastructure in all sectors. The project envisages a multimodal trans-Caspian route with an eastern branch. Today 45 countries have signed onto it and a trial run has been conducted for feasibility, but it has thus far been held up by political considerations, according to Iranian analysts. There are existing railroad connections to support the corridor, with only limited additional construction work required to complete the links. The Russia-Iran leg of the INSTC has already been completed, but the Iran-India leg remains to be constructed. An estimated USD 500 million-1 billion would be required to finance the infrastructure needed for completion of the INSTC. The Indian Government has now taken the initiative with Iran on this leg of the INSTC.

TAPI

The much-delayed Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project was formally inaugurated on December 13, 2015, and is now in the implementation phase. It is expected that the pipeline, which will transport 33 billion cubic meters of gas each year to South Asia over three decades, will be operational in four years.

There are also plans to connect the four countries by a fiber optic cable running alongside the pipeline, and a separate power transmission line linking up Turkmenistan, Afghanistan and Pakistan, but not India.
All four participating countries have agreed to a consortium of national oil companies. The project encountered a hurdle when differences emerged over which company would be appointed as the consortium leader, but this hurdle has now been overcome with TurkmenGaz, the national oil company of Turkmenistan, taking on the responsibility.

On the other hand, reservations remain over the viability of the project due to the security challenges along the planned route. A growing security risk has been identified in Greshk district of southern Helmand province in Afghanistan, with members of the Helmand Provincial Council saying insecurity could pose a serious threat to the implementation of the pipeline in this area. Kabul has sought to provide assurances, announcing that a 7,000-member security force will be established to guard the pipeline.

CASA-1000

The governments of Tajikistan, Kyrgyzstan, Afghanistan and Pakistan signed in November 2015 a final agreement for laying transmission lines for the supply of 1,300 MW of electricity from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan. A governing framework, the Intergovernmental Council, has been established to coordinate implementation, with CASA-1000 scheduled to be officially inaugurated in May 2016, when construction of the transmission line is slated to begin. A multi-donor trust fund is also being set up.

Doubts remain over the feasibility of the project, particularly in respect to available energy supply for export. Tajikistan experiences frequent blackouts as a result of power shortages, and Kyrgyzstan has imported electricity from Kazakhstan on occasion to make up for its shortfalls. It remains unclear how, therefore, the two suppliers will be able to export electricity to the expected levels given domestic supply and demand issues, short of a significant upsurge in electricity generation.

Russian financial support for the development of hydropower plants in Kyrgyzstan is also in doubt as the former undergoes an economic crisis of its own under the pressure of international sanctions. It is not clear if Tajikistan will have the required export capacity if it does not push ahead with the construction of the contentious Rogun Dam, vociferously opposed by downstream Uzbekistan because of the potential negative impact the project would have on the availability of water resources for agricultural cultivation, and the potential strategic leverage this project could grant Tajikistan. Officials in Dushanbe have further suggested that CASA-1000 would not be profitable if the Rogun Dam does not become a reality, though assurances have been given by Tajik authorities that the necessary infrastructure is already in place to support the regional project.

Furthermore, the project could encounter security challenges, particularly in areas it is due to traverse in Pakistan and Afghanistan. Effective security measures will need to be put in place to ensure the construction of transmission lines is not put at risk, and power supply is not recurrently disrupted by militant attacks.

OBOR

China’s ambitious OBOR (“One Belt, One Road”) initiative is guided by four principle objectives: enhancing regional infrastructure, increasing economic policy coordination across the region, eliminating regional trade barriers, and fostering deeper cultural linkages to galvanize support for the project. Beijing released a blueprint in March 2015 which outlines planned transportation, ener-
gy, and telecommunication infrastructure projects, as well as proposals for heightened regional diplomatic coordination, financial integration, and cultural exchange. USD 16 billion of China’s planned USD 40 billion Silk Road Fund will be used for infrastructure projects in Central Asia under the OBOR rubric. China hopes its annual trade with participating countries will exceed USD 2.5 trillion in a decade, though it is not apparent how India or Afghanistan will be incorporated into the overall architecture.

Aside from the Silk Road Fund and the Asian Infrastructure Investment Bank (AIIB), China is pushing for the Shanghai Cooperation Organization (SCO) to create a separate financial mechanism that could provide a further source of funding for OBOR projects. Russia has been wary of the potential of an SCO development bank increasing China’s political and economic influence in Central Asia, but analysts detect a possible shift in stance. In March 2015, SCO General Secretary Dmitry Mezentsev emphasized that the SCO would “combine its development strategies” with OBOR and that all members would be welcome to participate in the initiative. On the other hand, Russia has proven to be reluctant in signing up for China’s One Belt One Road (OBOR) connectivity initiative, instead turning its attention to other competing ventures such as the Eurasian Economic Union (EAEU), of which it is a founding member.

Concerning Afghanistan’s role in OBOR, while Beijing views stability in the country as important to the viability and success of OBOR, there appears to be little consensus or clarity on how Afghanistan would fit into the umbrella of connectivity, with none of the key land routes scheduled to cross Afghan territory as of now.

For India, OBOR is both an opportunity and a problem. If it links to India through the western route, it will provide access to Central Asia and Europe as well as China. China argues that there is already an eastern link to India planned through the Bangladesh-China-India-Myanmar (BCIM) corridor, but this of course does not solve India’s north-western access problem which is blocked by Pakistan and Central Asia is cut off from Indian markets. Moreover, the grand designs for regional economic integration mooted by policy analysts envisages three large economies as anchors: India, Russia and China, but OBOR seems to militate against this.

Map 4: OBOR Investments

CPEC

China’s commitment to developing the Gwadar port in Pakistan and the promised massive Chinese aid bailout through the China-Pakistan Economic Corridor (CPEC) infusion has generated new confidence within Pakistan’s business and power elites, both civilian and military. Whether this proves ephemeral or not remains to be seen. Successful implementation of the CPEC would crucially depend on the law and order situation in Baluchistan, consensus on the road alignments between Sindhis, Pashtuns, Baloch and Punjabis, the extent of employment generation and absorption of locals in the projects in and around Gwadar, alienation or otherwise through land appropriation there by Punjabi builders’ mafias.

Chinese workers have been targeted in Balochistan, and China has reportedly withdrawn its backing for six energy projects in Pakistan over the past year. To address these concerns, Pakistan has announced it will deploy a 12,000-strong security force dedicated to protecting Chinese workers and technicians.

India has a twin problem with CPEC. It not only ensures that OBOR stops at Pakistan’s border with India, it also goes through territory which is claimed by India in Pakistani-held portions of Jammu and Kashmir (the Gilgit-Baltistan region). To this extent CPEC will build facts on the ground which will impact on the Indian claim. India’s Prime Minister Modi has conveyed Indian objections to this aspect of CPEC to Chinese Premier Xi Jinping and India has reportedly lodged a complaint with the UN, but the Indian Government would not wish to deny the people of Gilgit-Baltistan economic benefits. Moreover, India has a moral obligation, given its claim, to ensure that the people of Gilgit-Baltistan get a share of the revenues earned. The options, therefore, are:

1. India has to be consulted on CPEC; and
2. All stakeholders could discuss the CPEC connecting up with India through Wagah, since the infrastructure has already begun to be developed there. It is hoped that India will soon be included in discussion on it.

“Can China as a responsible international actor engage in economic activities in disputed territory?”

“Connecting India to CPEC would be transformational. China needs much more consultation and coordination with India. China has already discussed all aspects with Pakistan, China and India should catch up at all levels.”

The Lapis Lazuli Route

Other than Chabahar and the planned connections from Afghanistan to CPEC, there are two further economic corridors under serious consideration that were discussed at the RECCA forum in 2015 as well as specifically referenced in the conference Declaration: the Lapis Lazuli transit route through which Afghanistan could connect to Europe via Turkmenistan, Azerbaijan, Georgia, and Turkey, as well as the Five-way Railway Transit Corridor discussed above, that would connect China, Kyrgyzstan, Tajikistan, Afghanistan and Iran, thereby providing new linkages from East Asia to Central and South Asia.

The rail connection would run for 2,100 km and cost in excess of USD 2 billion (with ADB funding), passing through six provinces of Afghanistan including Kunduz, Balkh, Jawzjan, Faryab, Badghis and Herat. The project would enable access to Chabahar port, and in addition to the ADB, the World Bank, the Bank of China and the U.S. are international partners. Presently, feasibility studies are being carried out and it is hoped these will be completed by fall 2016. Though negotiations on the financing of the initiative are ongoing, the construction of the Afghanistan section of the rail link is estimated to complete within 3 years.
Recommendations

1. Afghan efforts are underway to increase civilian resources as aid flows dry up. India, China and Russia could play a greater assisting role in this endeavor, by providing needed expertise. A forum could be convened that would bring together India, Russia, China, the EU, Japan and the U.S. to discuss ways to better facilitate Afghanistan’s economic transition.

2. Equally, policy solutions need to be identified and articulated at the non-governmental or civil society level, with political society taking greater responsibility and ownership over the course of Afghanistan’s development. For example, a joint public-private initiative to curb corruption and review existing government disbursement mechanisms to contractors might yield rapid results.

3. Afghanistan’s trade with its neighbors has steadily increased, but the balance of trade is almost always in favor of Afghanistan’s more stable neighbors (with the exception of India). A joint policy thrust is required to encourage neighboring states to import more from Afghanistan within the Heart of Asia (CBM 3) and RECCA frameworks. Participating countries could be asked to set targets to raise their quantum of imports from Afghanistan.

4. While Chabahar and the INSTC will enable increased trade between Afghanistan and India, the more direct route through Pakistan will cut costs and be more productive. Opportunities exist for connecting India through OBOR, CPEC and the Wakhan Corridor, and should be on the agenda of ongoing India-China talks. Given that CPEC runs through a disputed area, consultation with India is critical.

5. The regional connectivity projects that are already approved will need considerable financing. China has started spending, but the momentum will need to be kept up. For other countries to participate in OBOR a more collaborative approach towards identifying, developing and managing connecting routes is required.

Regional Roles and Responses

“We recognize that the situation in Afghanistan, owing to its central location at the crossroads in Asia and its history, plays a critical role in the dynamics of regional peace, security, and economic growth. We, therefore, believe in a secure, peaceful, stable, and prosperous Afghanistan, with its strong commitment to Human Rights. This is not only in its own interest, but also vital to peace, stability and prosperity of the ‘Heart of Asia’ region as a whole, for which it is our collective responsibility to help and support Afghanistan in combating the challenges it faces.”

Islamabad Declaration of the 5th Ministerial Meeting of the Heart of Asia-Istanbul Process, December 9, 2015

In the past decade the region has altered enormously, both in terms of responses towards Afghan peace and stabilization and in terms of regional cooperation. Afghanistan’s Central Asian neighbors, many of whom originally sought a cordon sanitaire around the country, today support Afghanistan’s peace initiatives with the Taliban. Though some of them continue to hedge against government collapse by dealing with Taliban groups on the ground, they also try to persuade their Taliban contacts to the peace table (China and Iran are two examples of this shift, but Iran’s dealings are more limited and more localized).

The ongoing conflicts in Iraq, Libya and Syria have also impacted the region, leading to new regional fears of geopolitical rivalries around religious fault-lines as well as a new regional urgency to cooperate against
“Renewed extremism and terrorism in Afghanistan is a result of intensifying rivalry and geopolitical competition between the powers China, Turkey, Russia, Saudi Arabia, and Iran.”

IS/Daesh and the spread of extremism. Though little was achieved by way of de-radicalization strategies under the Kabul CBMs on Counter-Terrorism and Education, most Heart of Asia countries have launched their own programs. The Uzbekistan Government, for example, “work to counter the Daesh ideology by publicly restoring positive historical and traditional values rooted in tolerant and humanitarian Islamic ideals,” according to one Uzbek analyst. “Local Islamic community organizations can provide religious education to the youth that challenges extremist narratives and combats recruitment for the IS.”

A new regional dynamism is evident when looking at trade and connectivity growth, as the RECCA VI Report indicates and as briefly described in the preceding section. Yet, given the renewed insurgency in Afghanistan and the Pakistan-Afghanistan borderlands, there is a danger that the new architecture of connectivity will circumvent Afghanistan rather than turn it into a hub. Two regional forums were set up to ensure that Afghanistan act as ‘the heart of Asia’ and a spearhead as well as hub for regional economic integration - the Heart of Asia-Istanbul Process which was first hosted by Turkey in November 2011, and RECCA, which was mobilized by India in 2005.

Of the two RECCA has yielded more tangible results, partly because it is specifically focused on regional economic integration through improved trade and infrastructure development. With a comprehensive agenda that covers intangibles such as political confidence-building and removal of misperception, the Heart of Asia-Istanbul Process has gradually shifted from its original mandate of putting in place political, security and economic CBMs and reviewing them every six months, to becoming an occasion for host countries to announce a series of agreements for and with the Afghanistan Government.

This shift began with the 2014 international drawdown and was reflected in the Heart of Asia-Istanbul Process Ministerial Meeting that was hosted by China in late 2014. The Chinese Government, together with President Ghani, announced a series of investment and training agreements just before the summit began. The agreements signified that more regional powers were now stepping up to plug the gaps left by the international drawdown - prior to this point India was the only regional power to give substantial aid to Afghanistan - and was an important CBM for the ‘Transformation Decade’.

A similar hope attended the Islamabad meeting in December 2016, titled “Enhanced Cooperation for Countering Security Threats and Promoting Connectivity in the Heart of Asia Region”, this time that the Pakistan Government would be able to organize the second round of Afghan Government-Taliban talks, or at least announce them for immediately after the meeting. But Mullah Mansour was shot shortly before the meeting and though the Pakistan Government hoped for talks in March 2016 they did not materialize.

In his opening speech at the Islamabad meeting, Pakistani Prime Minister Nawaz Sharif referred to his government’s readiness to assist in the reconciliation process and sought a ‘collaborative’ approach to the common problems of terrorism facing the region. President Ghani, in his speech, responded by stressing that “Without rules of the game where states respect the rights and obligations of mutual sovereignty and cooperate in the state-to-state sets

“Peace... is not equivalent to reconciliation. Peace requires dealing with all the drivers of conflict so that a multi-dimensional peace that truly will ensure that all of us live in harmony, that all of us can count on each other for enforcing an agreed set of rules of the game, is (established) as such.”

President Ghani, HoA speech, Islamabad December 9, 2015
Afghanistan 2016 – Turbulent transitions of relationships, we will have enormous difficulty containing terrorism. In the past, there have been occasions, where there has been great temptation to use non-state actors as instruments of policy; whatever the justification of those behaviors in the past, in the current threat environment we must distance ourselves from malign non-state actors because the word of state is a word of predictability and key to prosperity.”

Continuing, President Ghani asked that the Heart of Asia-Istanbul Process organize a conference on regional security “in association with regional mechanisms of security cooperation, reach agreement on a mechanism of verification, as to what type of actors threaten our common interests because with a proper regime of verifications, we could fashion the instruments of cooperation.”

The Islamabad Heart of Asia-Istanbul Process Declaration echoed the call for a regional security conference and Senior Officials were tasked with organizing it in the first six months of 2016. Agenda items will certainly include preparing a common counter-terrorism strategy and program, as well as tackling criminal, arms smuggling and narcotics networks across the region. As the Declaration states, “We recognize that a considerable share of terrorism financing consists of the revenues obtained from drugs production and its trafficking. Therefore, we resolve to begin the process of identifying and countering each of these threats at national, regional and international levels.”

Whether the planned security conference will also focus on President Ghani’s proposal to develop a regime of verifications is unclear, but it is a radical proposal which could, if agreed and implemented, alter the insecurity dynamic plaguing the region. Were the regional associations

HEART OF ASIA-ISTANBUL PROCESS:
ISLAMABAD DECLARATION, 09 DECEMBER 2015

Key Points
The Islamabad Declaration stressed the following key principles and objectives agreed upon by the Heart of Asia nations:

- Adherence to principles of non-intervention in the internal affairs of present States and respect for those countries’ sovereignty, territorial integrity, unity and political independence.
- Support for the Government of Afghanistan’s constructive approach towards regional engagement.
- Commendation for the hospitality of Pakistan and Iran in hosting millions of Afghan refugees while urging the international community to provide support.
- An urge to the international community to stand by its commitment of the London Conference for continued support to Afghanistan’s National Unity Government through 2017.
- Resolution to eradicate terrorism through international cooperation and coordination with respect for international law and credence to the idea of resolving conflict through peaceful negotiations.
- Commitment to regional security cooperation to tackle drugs production and trafficking by developing logistical support, generating financial resources and managing border security.
- Instruction to Senior Officials to organize an HoA-IP security conference to produce a joint counter-terrorism strategy and program.
- Support for the priority projects of the Regional Economic Cooperation Conference of Afghanistan-VI.
- Continued cooperation among regional countries on projects with potential to transform Afghanistan as transit hub in the Heart of Asia region.
- Recognition that an easing of customs procedures and policies and developing transit trade framework agreements is imperative to facilitating trade.
- Appreciation for present countries’ efforts in Confidence Building Measures and in organizing Regional Technical Group meetings.
- Tight deadlines for the Regional Technical Groups to meet and report to Senior Officials.
that President Ghani mentioned - the SCO and SAARC - to adopt his proposal to co-organize a meeting to identify common extremism and/or terrorism threats, and then verify action against them, they might substantively move forward a series of agreed protocols against terrorism and for counter-terrorism cooperation. The chances are dim - most of the agreements are voluntary and observed mainly in the breach - and though the HoA countries regularly express their belief that they face common extremist and/or terrorist threats, most remain focused on the specific threat against their own country.

India and Pakistan were in principle admitted to the SCO in July 2015 at its Ufa summit, and once both countries ratify the required SCO agreements they will become full members this year. Afghanistan and Iran should soon become members too. Though SCO member-states are pledged to border and counter-terrorism cooperation, and all have set up country offices for the purpose, not much has been achieved on the ground. The planned security conference might help move this process forward.

There is also the next Heart of Asia-Istanbul Process Ministerial Meeting to be hosted by India in the last quarter of 2016. Will it adopt the approach of China to announce a series of bilateral agreements just before and establish a conducive atmosphere for the meeting? Or will it focus on the Pakistan approach of attempting to revive the process by setting frameworks and deadlines for CBMs and especially the counter-terrorism elements of the process? A combination of the two might be ideal.

Finally, there is the role of the UN. UNAMA’s mandate was extended in March 2016 to continue to March 2017, with its focus to be on providing good offices, promoting peace and reconciliation, monitoring and promoting human rights and the protection of civilians and promoting good governance, as well as coordinating international civilian assistance. Regional countries involved in formal or informal ways with any of these activities, could therefore coordinate with UNAMA.

Recommendations

1. The majority of Afghanistan’s neighbors believe that continued external sponsorship of terrorist movements is a key root cause of the destabilization of Afghanistan, complicated by the unraveling situation in West Asia and its impact in Central and South Asia. HoA countries could seek to mitigate regional rivalries and their impact on Afghanistan.

2. Moreover, the IS threat is perceived as a common threat by the region, but otherwise each country is more concerned about the specific group targeting it (TTP, ETIM, LeT and JeM, IMU) than about the need for an integrated approach which recognizes that these groups are interlinked.

3. As CEO Abdullah said, “The Heart of Asia-Istanbul Process, the Shanghai Cooperation Organization (SCO), and the South Asian Association for Regional Cooperation (SAARC), are the appropriate mechanisms through which we could organize our collective efforts in the fight against terrorism, drug trafficking, and other such threats.” A beginning could be made to bring them together in a regional security conference as proposed by President Ghani and the Islamabad Heart of Asia-Istanbul Process Ministerial Meeting to address the threat of unchecked flows of weapons, narcotics and illegal funds.

4. It would be useful if the planned Heart of Asia-Istanbul Process security conference places President Ghani’s proposals for a verification regime on terrorism on its priority agenda, along with counter-terrorist and de-radicalization strategies based on best practices. The Kabul Education CBM, led by Iran, could be encouraged to produce draft textbooks for adoption by HoA countries; as recommended in previous Delhi Policy Group reports, HoA countries could also provide free radio time for counter-narratives developed by this CBM.
Appendix A: List of Participants

Afghanistan
Shukria Barakzai, Former Member of the Wolesi Jirga, Afghanistan
M. Ashraf Haidari, Director General of Policy & Strategy, Ministry of Foreign Affairs of Afghanistan
Jawed Ludin, Former Deputy Foreign Minister of the Islamic Republic of Afghanistan
Amrullah Saleh, Founder of Afghanistan Green Trend (AGT)

China
Professor Zhang Li, Director, Center of Afghanistan and Regional Security Studies, Sichuan University
Ambassador Sun Yuxi, Former Special Envoy to Afghanistan, Ministry of Foreign Affairs of the People’s Republic of China

India
Rana Banerji, Senior Adjunct Fellow, Delhi Policy Group
CR Gharekhan, Former Under Secretary General in the United Nations and former Prime Minister’s Special Envoy for West Asia
Ambassador Arundhati Ghose, Former Permanent Representative of India to the UN
Lieutenant-General Ata Hasnain, Former (GOC), XXI Corps and XV Corps, Senior Fellow, Delhi Policy Group
Ambassador Vivek Katju, Former Secretary (West), Ministry of External Affairs, and former Ambassador of India to Afghanistan, Myanmar and Thailand
Dr. Radha Kumar, Director General, Delhi Policy Group
Ambassador Rakesh Sood, Former Indian Ambassador to Afghanistan, Nepal and France and former Prime Minister’s Special Envoy for Disarmament and Non-Proliferation

Iran
Hossein Sheikhul Islam, Senior Advisor to the Speaker and Director-General, Department of International Affairs of the Islamic Parliament of Iran
Ambassador Mir Mahmoud Moosavi, Institute of Political and International Studies and former Ambassador of Iran to India

Kazakhstan
Mukhit Aimbetov, President General, Center of Analysis and Prognosis “Open World”
Dr. Olzhas Suleimenov Zharasbaevich, Vice President and Expert on Central Asia and Afghanistan, Center of Analysis and Prognosis “Open World”

Norway
Baard Hjelde, Head of Political Affairs, Royal Norwegian Embassy
H.E. Nils Ragnar Kamsvåg, Ambassador of Norway to India
Johan Loov, Second Secretary, Royal Norwegian Embassy
Pakistan

Afrasiab Khattak, Provincial President, Awami National Party, Khyber-Pakhtunkhwa

Ambassador Ashraf Jehangir Qazi, Former High Commissioner of Pakistan to India

Russia

Professor Vladimir Boyko, Director, Asiatic Expert-Analytical Center, Altai State University

Colonel Oleg Kulakov, Professor, Moscow Defense University

Spain

Ambassador Francesc Vendrell, Adjunct Professor of International Relations, The Paul H. Nitze School of Advanced International Studies, Italy

Tajikistan

Abdullohi Hakim Rahnamo, Head, Department of Foreign Policy, Centre for Strategic Studies under the President of the Republic of Tajikistan

Muhammad Safolzoda, Deputy Director, Center for Strategic Studies under the President of the Republic of Tajikistan

United States

Dr. Barnett Rubin, Senior Fellow and Associate Director, Afghanistan Pakistan Regional Program, Center on International Cooperation, New York University

Uzbekistan

Professor Guli Yuldasheva, Member of Expert Council on 'Central Eurasia' Project

Conference Research Associate

Richard Wallace, Peace and Conflict Studies Program, Delhi Policy Group
The Delhi Policy is an independent think tank founded in 1994 which is dedicated to developing a non-partisan consensus on issues of national interest. It works in four program areas: national security, peace and conflict studies, foreign policy and governance.