

Afghanistan: transition to transformation

National and external stakeholder interests

by

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Introduction

On 31 December 2014 Afghanistan will move from a UN-led period of 'transition' (2001-2014) to an Afghan-led and owned 'transformation decade' (2015-2024). During transition, the UN has sought to rebuild the basic political, security, economic and societal institutions and infrastructure of Afghanistan, which were all but destroyed by the previous Taliban government, but are essential prerequisites for the restoration of Afghanistan as a functional nation. Transformation will seek to consolidate and build on the outcomes of transition and ensure that Afghanistan achieves the goal of being not only a functional nation, but also a stable and durable nation.

The US/NATO-led International Security Assistance Force (ISAF) Afghanistan, which includes Australian forces, and was mandated by the UN in December 2001, has the lead responsibility for national security during transition. A concurrent role has been the capability development of the Afghan National Security Forces (ANSF), comprising both the army and police, to enable them to take over full responsibility for Afghanistan's national security with effect from 2015.

The achievements of transition will largely dictate the effectiveness of Afghanistan's entry into and progress during the transformation decade. Regional development and cooperation, especially on security and trade issues, are important and related parts of both transition and transformation.

The key players in transition-to-transformation include both internal and external stakeholders. The major external stakeholders include Afghanistan's immediate neighbours, Iran, Turkmenistan, Uzbekistan, Tajikistan, China and Pakistan, and its near neighbours, India and Russia (both latter countries were neighbours of Afghanistan until, respectively, the partitioning of India in 1947 and the collapse of the Soviet Union in 1991). They also include the US and NATO countries, and Australia. The United Nations (UN) is the major and most important non-state external stakeholder

This report looks at the objectives of transition, the likely outcomes of that period, the interests of the major internal and external stakeholders, and the implications for Afghanistan's future as it enters the transformation decade. It concludes that many of the objectives of transition will not be met, that many uncertainties about Afghanistan's future exist, and that the nation's future is largely in the hands of the Afghans themselves.

In preparing this report, the author held discussions with a wide range of interlocutors among the various stakeholders, including civilian and military officials, and members of various think-tanks. The discussions took place both during and separately from visits to Afghanistan, Pakistan and India in April and May 2013. Interlocutors spoke frankly, but on the basis of anonymity.

The Transition Period

By year-end 2014 the duration of the transition period will have been 13 years. This has been, and until its conclusion, will continue to be a period of intense activity involving multiple stakeholders and major challenges on the domestic stage, as well as regionally and internationally.

Transition: Objectives

The objectives of Transition are detailed in the following primary Afghanistan-specific documentation:

- the UN Security Council (UNSC) resolutions passed since November 2001 (these now number more than 20), and
- the findings and recommendations of international conferences also held since late 2001, including those conferences held in Bonn, London, Kabul, Paris, Lisbon, Istanbul, Chicago and Tokyo,

The above are interrelated. The latter conferences flow out of or follow up aspects of UNSC resolutions, and subsequent resolutions endorse the findings and recommendations of the conferences. The objectives and measures of implementation were often complex, and inter-dependent. Some parallel fundamental counter-insurgency doctrine and practice.

At the risk of oversimplification, these have been summarised below in three broad groupings: political, security, and regional cooperation and development.

Political. Transition is primarily a comprehensive political process that, by end-2014, seeks to successfully weave together, at a basic level, the interrelated criteria of constitutional democracy, governance, the rule of law, justice, and national and community-based economic and social development. This outcome would form a sound springboard for entry into the transformation decade.

The security forces, ISAF and the ANSF, are key enablers of the process, but the end-game is a political, not military, solution. All stakeholders agree that only a political solution could win the "hearts and minds" of those who support or are under the influence of the Taliban and other Islamic extremist groups, and roll back the increasing threat they pose, internally and internationally.

What criteria, therefore, must be met to win those "hearts and minds"? These are identified within the UNSC resolutions and conference outcomes, and include:

- creating a democratic constitution, democratically elected governments at the national and provincial levels, and electoral reform that ensures credible and transparent elections.
- respecting the human rights of all members of society, and especially the rights and equal status of women.
- reconciling with the Taliban and other armed anti-government groups, and their reintegration into society, on condition they renounce violence, break their ties to terrorism, respect the constitution and support peace process.
- implementing a high level of governance, lowering the current chronic levels of corruption, and improving the institutional professionalism of the public administration.
- implementing the rule of law, and access to genuine justice for all.
- implementing national health and education programs.
- fostering economic development at the national level, to generate employment and improve prosperity through national strategies that build the essential infrastructure (such as roads, electricity, water supply) and provide a skilled labour force which, in turn, would enable the further development of existing industries, especially the agricultural industry, new development in mining and energy, and also support regional trade and development¹.
- implementing economic and social development programs targeted at the grass roots village and district level, to meet basic needs in such areas as local roads, water, communications, education, health and other services.

Security. A priority objective has been the development of an ANSF capable of taking over the lead responsibility from ISAF for national security in all provinces by mid 2013, and as ISAF withdraws, assuming full responsibility for national security by end-2014. Although the numbers of ANSF personnel increased substantially during transition, and reportedly reached a peak of some 350,000 in late 2012, this level was assessed by donors as unsustainable and a budgeted establishment of 228,500 has been set for end-2014².

Regional Development and Cooperation is multi-dimensional and includes objectives that benefit both Afghanistan and regional stakeholders:

- recognition of the territorial integrity of each country, non-interference in each country's internal affairs, and awareness of the interconnectivity of security between countries.

¹ Both the UNDATA and World Bank websites provide a range of economic data about Afghanistan. UNDATA noted GDP per capita in 2011 as US\$ 586, up from US\$240 in 2005. According to the World Bank, agriculture is the main industry and the source of 42% of household income nationally. (The ANSF and services related to supporting ISAF and security generally were also major sources of employment and income). However, 36% of the population (86% of whom were in rural areas) was living in poverty, 7.58% were unemployed and 48.16% were underemployed. The number of school leavers entering the workforce annually was between 400,000-500,000 and most were without skills. All Afghan and UNAMA interlocutors were very conscious of the need for economic growth to create employment and income to avoid the social consequences if those goals were not met.

² Some interlocutors believe the 350,000 figure includes a large phantom payroll i.e. they were inflated in order to scam payroll allocations. According to ISAF, the cost of maintain the ANSF at 350,000 would be approximately US\$6 billion a year, whereas a force of 228,000 would cost US\$ 4.1 billion. ISAF sources also stated that the number of deployable ANSF, particularly ANA personnel, available at any time has been significantly less than their establishment, due to high levels of absenteeism and desertions.

- cooperation to combat and eliminate terrorism and extremism, both domestically and the export of international terrorism, including the dismantling of terrorist sanctuaries
- coordination of measures to combat the production, trade and trafficking of illegal drugs,
- facilitation of the orderly return of Afghan refugees, and
- facilitation of measures to improve regional cooperation, economic development, trade and transit. Measures include working with regional organisations whose activities intersect with Afghanistan and related stakeholders such as the South Asian Association for Regional Cooperation (SAARC), the Shanghai Cooperation Organisation (SCO), the Economic Cooperation Organisation (ECO) and the Central Asia Regional Economic Cooperation (CAREC) program of the ADB³. They also include the "Heart of Asia" concept which identifies Afghanistan's role as the "land bridge" between East Asia, South Asia, Central Asia, Eurasia and the Middle East.

Transition Objectives: Achievements To Date

The total number and diversity of objectives set during transition were very ambitious. Some interlocutors claim many were unrealistic, particularly given the very poor status of institutions and infrastructure at the 2001 start point, and the mix of local culture and politics. However there were positives, as well as negatives, amongst outcomes to date.

Political. There have been some highly significant achievements by the UN, foreign national donors, NGOs, and Afghan official and non-official bodies in the socio-political space, despite the many challenges. The 2012 "Tokyo Declaration", the report on the outcomes of the "*Partnership for Self-Reliance in Afghanistan - From Transition to Transformation*" donor's conference held in Tokyo on 8 July 2012 identified areas of "notable progress" as "including education, health, roads, electricity and telecommunications." Others added a democratic constitution and elections, and women's rights.

The constitution and elections. Afghanistan adopted a democratic constitution in 2004, and all scheduled elections have been held although in some cases there has been slippage in the timing.

The constitution has proven functional, but some Afghans and foreign interlocutors alike raised whether a less centralised system of government might be more suitable given Afghanistan's ethnic and tribal structure. While pressure for a related change to the constitution in the future is anticipated, interlocutors believe there is a solid commitment to constitutional democracy by most of the non-Taliban population.

However, two major concerns were expressed about elections held to date: firstly, the low participation by eligible voters in areas under Taliban control and influence due to Taliban activities to dissuade people from participating, and secondly, widespread electoral fraud. Participation will remain a challenge, but increased participation with wider representative outcomes would follow if the Taliban in those areas agree to reconciliation and to support the electoral process. Fraud remains a challenge. If unchecked, it could undermine the

³ Afghanistan and the major external stakeholders referred to above are affiliated with these organisations as follows: SAARC – Afghanistan, Pakistan and India are members; SCO – China, Russia, Uzbekistan and Tajikistan are members, Afghanistan, Pakistan and India are observers, and Turkmenistan a guest attendee; ECO – Afghanistan, Pakistan, Iran, Turkmenistan, Uzbekistan and Tajikistan are members; CAREC – Afghanistan, Pakistan, Uzbekistan and Tajikistan are members.

credibility of the election process and outcomes, and feed political instability. The UN and other, including Afghan stakeholders, have commenced an electoral reform process for implementation in 2014 to minimise fraud and maximise the credibility of outcomes. However, several also noted that the outcomes of past elections, despite fraud, have generally been accepted by the populace i.e. in most cases the candidates who were expected to win, did so.

Speculation inevitably arose amongst interlocutors about whether the next presidential election, scheduled for April 2014, would be held. Specifically, would President Karzai, who is constitutionally ineligible for re-election, seek to cancel or defer the election to extend his mandate? The consensus was the election would proceed as scheduled. Three reasons were offered. Firstly, both Afghan and US/NATO stakeholders were increasingly frustrated with Karzai. They wanted change. Secondly, the Taliban has been unwilling so far to meet, or agree, with Karzai on possible reconciliation. Reconciliation was more likely with change, providing whoever replaces Karzai is more acceptable to the Taliban. Thirdly, as implied in the Tokyo Declaration, not holding the election could seriously jeopardise future foreign political, military and aid commitments.

Karzai's successor was inevitably discussed. There was no consensus as to who might succeed him, other than the common expectation it would have to be a Pashtun⁴. Ideally, the new President would be someone who, potentially, is acceptable to all, or most ethnic groups and factions, has the potential to engage with the Taliban or Taliban elements on reconciliation, had the leadership qualities to drive the political reform process during the remaining period of transition, and is able to lead Afghanistan into the transformation decade.

Women's rights. Major constitutional achievements include Article 22 of the 2004 constitution which guarantees gender equality, and Article 84 that requires 50% of appointed members of the Meshrano Jirga (Upper house) be women. The advancement of women's rights and interests has also been a focus in other areas such as education and health (see below). This is an issue that resonated very strongly amongst Western nations, but less so amongst others.

Education. Major advances have been made in education since 2001. Some eight million children were reportedly enrolled in primary and secondary schools in 2011, of which about 34% were girls⁵, which compares with only 1.2 million at school in 2001, of which only 50,000 were girls. But literacy remains very low nationally, with only 26% of the population able to read and write, and while basic literacy will increase proportionally to children's schooling, it will take time.

However, an estimated four to five million children were not yet receiving schooling for various reasons, mostly in rural areas, and mostly girls. The Taliban and other adherents to stricter Islamic practices remain opposed to the education of women and women's rights generally. Sadly, their tactics opposing this, particularly in rural areas, include intimidation and physical, sometimes lethal violence against women, teachers and students, and the destruction of some schools, particularly girl's schools. In addition, pragmatic economic

⁴ Afghanistan has an estimated population of about 31 million. The ethnic breakdown by percentage is Pashtun 42%, Tajik 27%, Hazara 9%, Uzbek 9%, Aimax 4%, Turkman 3%, Baluch 2% and others 4%. Some 80% of the population are Sunni, 19% Shia and 1% other religions.

⁵ UNICEF Afghanistan Country Office, Education Factsheet, November 2011.

reasons prevented many children in rural areas from an education because they were necessarily engaged from a very young age in family agriculture.

Finally, the education system remains limited by the availability of qualified teachers, especially women teachers, classrooms and other related facilities. Addressing these issues is a high national and foreign aid priority.

Health services have expanded enormously. Some 90% of the population now have access to basic health services, up from 9% in 2001⁶. These include widespread immunisation programs against preventable diseases for young children, and the education of women in basic hygiene, sanitation and nutrition⁷. However, these services also suffer from shortages of trained health workers, especially women, and regional facilities. As for education, addressing these issues remains a high priority.

Roads, telecommunications and electricity have also expanded significantly. Since 2001 some 14,000 km of roads have been constructed, restored, or upgraded, which has greatly facilitated transportation and trade⁸. At year-end 2011, some 86% of residential areas were covered by telecom services, there were 18 million mobile phone users nation-wide, and 8% of the population had internet access⁹.

Transition Objectives: Significant Challenges Remain

Notwithstanding the above achievements, interlocutors identified other critical areas where progress, or significant progress, has not occurred, or where the situation has worsened.

Endemic corruption, in all its forms, is a major negative and widespread among politicians, warlords and other powerbrokers, within the law and justice system, the government administration, the ANSF and some foreign aid programs¹⁰. Issues of corruption, especially within the legal system, also reduce the willingness of domestic and foreign businesses to invest in Afghanistan. While the Taliban has successfully played up such corruption in their anti-government propaganda, they, too, were described as equally corrupt in some areas. Examples include enforced "taxes" on different businesses, especially the transit of commercial goods by road in areas under their control or influence, and their direct involvement in illegal narcotics.

Narcotics was described as the largest single business in Afghanistan. From negligible production in 2001, Afghanistan now produces some 90% of the world's opium, amounting to 380-400 tons annually with a market value of about US\$33 billion. About 5 tons is consumed in Afghanistan and of the remainder, about 70% is smuggled to Europe via Pakistan and Iran, and 29% to Russia via the Central Asian republics (CARs)¹¹. Various counter-narcotics experts also estimate that between 50%-60% of Afghanistan's GDP is sourced from narcotics. Narcotics became so lucrative a source of income that the Taliban joined with the transnational organised crime elements and others in the supply and

⁶ Statement by Dr Zahir Tanin, Afghanistan's Ambassador to the UN, on 25 September 2013 at a UN Special Event to Follow Up Efforts Made Towards Achieving Millennium Development Goals.

⁷ UNICEF Afghanistan Country Office, Health and Nutrition, November 2011.

⁸ UNOPS in Afghanistan website accessed 30 Nov 2013.

⁹ Ministry of Communications and Information Technology website accessed 30 November 2013

¹⁰ A comprehensive study of corruption is available in the UN Office on Drugs and Crime (UNODC) paper entitled *Corruption in Afghanistan: Recent Patterns and Trends— Summary Findings* published in 2012

¹¹ See *Drug Trafficking* published by UNDOC in 2013

distribution chain, to support the narcotics industry and feed from the money trough. The depth of corruption along this chain, within Afghanistan, its neighbours, near neighbours and others, inclusive of politicians, warlords, local officials, the military, border control officials and beyond, adds a very serious overlay to domestic, regional and international crime.

The “marriages of convenience” among the disparate groups along this supply and distribution chain have also facilitated other concerns e.g. the two-way smuggling of people, weapons, and other goods between neighbours and near neighbours.

Other key negatives in the socio-political space include the inexperience and ineptitude of many in the public administration, and the government’s failure to meet expectations for economic and societal development. All are interrelated, and critical elements in determining the depth of the government’s “connect” or “disconnect” in the quest to win “hearts and minds”. The conclusion by all interlocutors was a net disconnect.

Security: The ANSF. There was considerable speculation among interlocutors about the capability and effectiveness of the ANSF to combat those Taliban not engaged in any reconciliation process. ISAF interlocutors assessed some ANSF units, particularly ANA units, were very competent, but others less so, and thus some would be able to match the Taliban in combat, but others would not. In large part, the issue of ANSF capability would depend on the quality of training and leadership, the specifics of combat engagement, the availability of money for payroll and equipment requirements, the ability of remaining ISAF forces or post-2014 replacement elements to continue to provide timely tactical intelligence and on-call air combat support, and overall motivation.

The overall conclusion was that, as ISAF forces withdrew and their intelligence and air combat support was scaled down, ANA units generally would adopt a more defensive role, and ANP units in more vulnerable forward locations were more likely to reach “agreement” with the Taliban to simply survive. Given these factors, it is inevitable the Taliban will be able to increase its influence in some areas, especially rural areas and smaller towns¹². However, most interlocutors assessed that this is more likely to occur by attrition, than through any major Taliban-wide offensive.

The Taliban are the single most important threat to Afghanistan's security. It was generally acknowledged the Taliban presently control or have influence over much of the Pashtun homeland, particularly its rural areas and smaller towns and villages, in the east and south of Afghanistan. Geographically, this area comprises about 30% of the country and includes important provinces along the Pakistan border. All or nearly all Taliban are Pashtuns, but not all Pashtuns are Taliban. The actual membership of the Taliban is a matter of speculation. One ISAF source put hard-core membership at between 25,000 to 30,000, others put it lower, or higher, but the Taliban’s real strength is its ability to influence and intimidate the population, including co-opt local support by ruthless coercion when required.

In large part, the Taliban’s traction is in its ability to exploit the failures of government, especially in the “hearts and minds” space, and to cast the ISAF as “foreign invaders” and the “infidel”. Anti-ISAF propaganda has been notably effective, both within areas of Taliban

¹² According to one ISAF SOURCE, ANA special forces, especially those with on-going ISAF special forces support, would have the capability to conduct offensive operations against selected high value Taliban targets

control and influence, and beyond, especially when and where ISAF military action has incurred unfortunate collateral damage amongst civilians, or lacked cultural sensitivity.

Militarily, access by the Taliban, and other international extremist groups, to sanctuaries along and particularly across the border in Pakistan, is of major significance. These sanctuaries provide safe havens for planning, training and the resupply of Taliban fighters in Afghanistan. They also provide safe havens for rest, and refuge from ISAF/ANSF combat and interdiction operations. Without access to these sanctuaries the sustainability of the Taliban during transition would have been significantly less. However, despite some US cross-border drone strikes against selected Taliban leadership targets, these sanctuaries were assessed by interlocutors as unlikely to be threatened in any significant way by the Pakistan military, unilaterally or through joint operations with ISAF/ANSF, in the foreseeable future.

There was considerable speculation also amongst interlocutors about the likelihood of the Taliban, or any Taliban factions, to seek reconciliation prior to the 2014 Presidential election. Interlocutors assessed three most likely possibilities:

- the Taliban refuse to negotiate reconciliation¹³. The status quo prevails i.e. the Taliban seek to expand their control and influence through continuing insurgency.
- the Taliban, collectively, agree to reconciliation and reintegration. The agreed conditions include prisoner release, and appointments in cabinet and the government administration. In these circumstances the political process would be all-inclusive, and truly Afghan led and owned. Would the Taliban then disarm and dismember their militia, and cease all hostilities? No-one expected they would.
- one or more Taliban factions break ranks and enter into reconciliation on agreed conditions, but as above, disarming and dismembering their militia would be unlikely. The political and security significance of the outcome would depend on which faction(s) broke ranks, its strength and motives. The remaining Taliban would fight on.

The first and third were considered possible, some interlocutors claiming the third the most likely, because they assessed many older, now war-weary Taliban were ready to share the benefits of office. However, interlocutors agreed that any Taliban faction that sought reconciliation would do so from a position of strength, not weakness, and thus able to negotiate conditions accordingly.

Transition: Likely Outcome

Interlocutors expected transition to end with a mix of positives and negatives, with weight on the side of the negatives. The ultimate outcome of transition was assessed as being dependent on two factors:

- the outcome of the April 2014 elections and commitment of the next President, and his government, to seriously address the above negatives, and to connect with the people,

¹³ One senior Afghan official claimed that many of the younger Taliban leaders, who were educated in the radical Islamist madrassas, and have known only a life of fighting in their local district or province, would have little or no concept of the broader strategic issues at stake at the national level.

- any agreement, by one or more Taliban factions, to enter into genuine reconciliation and reintegration, and the political and security significance of doing so.

These factors, and the reality with which words translate into action, will be significant in determining the degree of willingness of the international community to commit politically, financially and militarily to Afghanistan's future, in both the short and longer term.

The Transformation Decade

There are three basic documents that detail major external stakeholder commitments during the transformation decade. These are:

- The Tokyo Mutual Accountability Framework, being the Annex to the Tokyo Declaration dated 8 July 2012. This Annex details reciprocal commitments for continuing international aid post 2014. It explicitly states that the Afghan government cannot continue to adhere to "business as usual", but must move from "promise to practice". It also identifies specific benchmarked deliverables in the areas of governance, law and justice, electoral reform, finance, employment, economic development and aid effectiveness.
- The Chicago Summit Declaration on Afghanistan issued on 21 May 2012 by the heads of state of Afghanistan and contributing nations to ISAF. This provides for continuing security assistance through an Enduring Partnership and qualified funding arrangements to meet the cost of maintaining the ANSF.
- The Istanbul Process on Regional Security and Cooperation for a Secure and Stable Afghanistan, issued on 2 November 2011. Although many inclusions in this document are elaborated in the Tokyo and Chicago documents, it identifies specific aspects of economic and other regional cooperation.

Because of the uncertainties about transition outcomes and their potential impact on all aspects of the transformation decade, most interlocutors regarded the Tokyo and Chicago commitments more realistically as "guidelines" for the future, which may or may not come to pass.

The Future: Major External Stakeholder Interests

Comments by interlocutors about the specific interests of the major external stakeholders follow, but three security factors emerged as common background considerations, especially for Afghanistan's neighbours and near neighbours:

- all have a strong interest in a secure and stable Afghanistan, but on terms that best serve their national interests
- all recognised they will have to deal in some way with the Taliban in future, and have established direct or indirect contact with one or more Taliban factions with the aim of influencing that future relationship. Representations included pressing for reconciliation, and in some cases, reportedly exploring some possible "accommodation" with non-reconciled militant Taliban extremists.

- all, with the exception of Pakistan (see below), were also reportedly providing varying forms of assistance, including in many cases, forms of military assistance, to the Afghan government and various other ethnic or religious groups with which they are affiliated (some say their proxies) to maximise their ability to resist and counter any Taliban encroachment into their areas of traditional control and influence.

Specific External Stakeholder Interests: These were summarised as follows:

Pakistan is generally viewed as Afghanistan's most important neighbour, for political, strategic, economic, cultural and historic reasons¹⁴. The Pakistan-India relationship is a major interrelated issue.

In the context of Afghanistan's security and stability, Pakistan is widely seen as part of both the problem and solution. The major problem remains the continuing availability of sanctuaries for the Taliban and other regional Islamic extremist groups in Pakistan, especially in provinces adjacent to the Afghan border.

Some non-Pakistan interlocutors strongly asserted that Pakistan's military intelligence wing, the Inter-Services Intelligence (ISI) department, continues to actively support the Taliban within these sanctuaries. They claimed the solution to the problem is arguably simple: Pakistan's military should stop their alleged support to the Taliban, deny them their sanctuaries, and wrap up their Pakistan-based human, support and supply networks.

Pakistan military and civilian officials acknowledged that Taliban sanctuaries do exist along the mountainous, highly tribal and traditionally porous border area, especially within North Waziristan province. However, they denied any alleged Pakistan government support to the Afghan Taliban, although some civilian officials qualified their responses by adding they would not know what activities some ISI elements might be up to.

Evidence offered by the Pakistan military in support of the denial included the lack of logic of supporting the Afghan Taliban while fighting the Pakistan Taliban, as both were born of the same womb. The military cited their seriousness in mounting past and present operations along the border against sanctuaries used by both the Pakistan and Afghan Taliban, and the complexity and high cost in terms of casualties and resources. They argued that clearing and holding North Waziristan would be an enormously difficult task, incur a high level of casualties, and was unlikely to be successful unless they and the ISAF/ANSF could mount a joint "hammer and anvil" operation to prevent the Taliban escaping back into Afghanistan. One senior Pakistan military official also noted that Pakistan had previously proposed such an operation when "clearing" South Waziristan province, but the ISAF/ANSF had declined to participate. This still left the issue of how the Afghan Taliban in these border sanctuaries were continuing to receive weapons and other supplies. Another senior Pakistan military official suggested the illegal narcotics smuggling network was one possibility.

Military and civilian officials also referred to Pakistan's aid to the Afghanistan government to support the country's development and stability, and cooperation with ISAF in support of its security goals. This took the form of a cumulative total of over US\$300 million in various forms of aid, and granting land and air access for the delivery of supplies to the ISAF and the

¹⁴ According to UNDATA, in 2011 Pakistan was Afghanistan's major trading partner: Pakistan was the destination of 48% of Afghanistan's exports, and the source of 13.7% of Afghanistan's imports.

ANSF¹⁵. Were these actions, they argued, consistent with allegations of support to the Taliban to destabilise Afghanistan? They also referred to Pakistan's hardship, but commitment, to hosting up to 3 million Afghan refugees, who were a consequence of Afghanistan's insecurity and instability.

However, some Pakistan academics who assert that the ISI, or elements within, are actively supporting the Taliban¹⁶, explained this in the context of Pakistan-India relations. They described the intense distrust by both nations towards each other as bordering on paranoia. Pakistan views Karzai and his Pashtun supporters as favouring close ties with India, at Pakistan's expense. Pakistan fears Indian intentions in Afghanistan are to wedge Pakistan militarily on both its East and West borders which, tactically and strategically, is unacceptable. They also accuse India of fomenting trouble for Pakistan by supporting Baloch separatists through intelligence operations run from their Afghan-based consulates, a claim India denies. Pakistan, they claim, had no option but to counter this through promoting its influence amongst anti-Karzai Pashtuns, some of whom happened to be Taliban, or pro-Taliban¹⁷. It was also argued that some members of the Taliban and pro-Taliban's senior leadership were known to many serving and former Pakistan military officers since working together during their Soviet-era mujahedin days, and therefore, are still subject to some Pakistan influence. If they were hunted down or detained, they would be replaced by younger, more radical extremists with whom Pakistan has no influence.

Interlocutors from Pakistan and ISAF nations confirmed that Pakistan is attempting to broker Taliban dialogue on reconciliation with Afghanistan, or the US, but questioned the reality of Pakistan's ability to significantly influence senior Taliban leaders. If Pakistan has the influence they claim, why has there been no breakthrough in the dialogue on reconciliation?

Pakistan's obsession about the threat posed by India, and vice versa, is also a limitation on the development of regional trade and transit, and the benefits that would flow from this to Pakistan, and Afghanistan. India would like to establish a transit route through Pakistan to boost its trade with Afghanistan, and also use Afghanistan as a staging post to trade with other nations in Central Asia and the Middle East. Agreement to such a route would also open up the presently highly restricted direct trade and investment opportunities between Pakistan and India. While senior Pakistan business leaders see the benefits of this, there is entrenched resistance amongst many in government and the military. Arguments advanced by Pakistan interlocutors against such cooperation include the greater threat to Pakistan from any increase in Indian influence in Afghanistan through such trade and transit, the "what's in it for us" argument on transit, fear of the consequences of expanded Indian investment in Pakistan, and the need for India to demonstrate "goodwill" towards Pakistan by first resolving the longstanding disputes about Siachen Glacier, the Sir Creek estuary, and potentially Kashmir¹⁸.

¹⁵ The land supply route was suspended for some 6 months in November 2011 following an unfortunate but serious incident in the Sala border region of Pakistan when NATO helicopters attacked a Pakistan border checkpoint, killing 24 Pakistan soldiers.

¹⁶ See *Pakistan on the Brink: The Future of Pakistan, Afghanistan and the West*, by Ahmed Rashid, published by Allen Lane, the Penguin group, 2012

¹⁷ Senior Pakistan officials hastened to add they were also in regular contact with politically active non-Taliban Afghan Pashtuns, as well as other members of the Afghan Northern Alliance.

¹⁸ All interlocutors recognised that any resolution of the Kashmir dispute was not going to happen in the foreseeable future. A more realistic option was to focus on Siachen and Sir Creek, and simply put Kashmir on the agenda for discussion sometime in the future.

Without entering the blame game for the status of the Pakistan-India bilateral relationship, many interlocutors believe that Pakistan could end up being bypassed unless it becomes a proactive and constructive contributor to both the Afghan solution and regional cooperation generally.

Interlocutors recognised radical change is need to break this impasse. Could Pakistan's new Prime Minister, Nawaz Sharif, break the deadlocked bilateral relationship and deliver? How would India's Prime Minister respond? The opportunity existed for statesmanship by both nation's leaders, with Afghanistan as both a direct and indirect beneficiary. Would, or could they take it?

India has very historic linkages to Afghanistan, and until Partition in 1947, was an immediate neighbour. There is a very strong intersection of long term mutual interests between India and Afghanistan. Economically, Afghanistan is a potential source of significant quantities of minerals and energy to feed India's economic growth¹⁹. It is also a potential transit hub for opening up "Heart of Asia" regional trade and development opportunities. Strategically, Afghanistan is an important stepping stone in India's quest to project its regional power and influence.

For Afghanistan, the exploitation of its mineral and energy resources by India (and China) would provide significant export revenue critical to Afghanistan's projected financial self-sufficiency towards the end of the transformation decade. India's proposed transit-trade through Afghanistan would also deliver a solid revenue stream over the long term. Interrelated with the above would be the development of essential support infrastructure, such as roads railways, electricity, water supply and skilled human resources, as important enablers of the proposed investment by India and others. The flow-on benefits, should all this development occur, would be jobs, services and wealth at the community, as well as national level.

India is also Afghanistan's fifth largest aid donor, having committed some US\$ 2 billion in bilateral and multilateral infrastructure and humanitarian development programs since 2002²⁰. Some of these aid projects also aim to put in place the economic support infrastructure above. An example is the upgrade of the road from the Afghan-Iran border town of Zaranji to the Afghan town of Delmaram, which connects with the Afghan "ring road" and the north-south transport/transit corridor between Iran's port at Chahabar in the south, through Herat and Mazar e Sharif to the Central Asian republics (CARs) in the north. It also connects with the Herat-Kandahar east-west highway then to Quetta and Pakistan's major north-south highway serving Pakistan's deep water port at Gwadar in the south, and Peshawar (and the Jalalabad- Kabul highway) in the north. Given the uncertain future of Indian transit-trade through Pakistan, the transport/transit corridor connecting Iran, Afghanistan and the CARs is a major consideration in Indian long term economic planning.

Two potential reverse-direction large scale transit trade projects that affect both India and Pakistan are the Turkmenistan, Afghanistan, Pakistan India (TAPI) pipeline, and the Iran, Pakistan, India (IPI) pipeline. Both pipelines would transport much need natural gas to Pakistan and India. The proposed route for TAPI is from southern Turkmenistan, alongside

¹⁹ According to UNDATA, in 2011 India imported 18.7% of Afghanistan's exports, and was the second largest importer after Pakistan

²⁰ The top four aid donors are the US, UK, Japan and Germany

the Herat/Kandahar highway in Afghanistan to Quetta then Multan in central Pakistan, with a branch from there to India. The proposed route of the IPI is from Iran's southern gas fields, across Baluchistan to Quetta in Pakistan, then Multan, again with a branch to India.

Both proposals have problems. Indian interlocutors expressed concerns about the reliability of supply of natural gas from any pipeline that transits Pakistan. TAPI has the added security hazard for both India and Pakistan because it would transit areas within Afghanistan under Taliban control and influence. The IPI is opposed by the US for Iranian sanctions-related reasons.

The US is also "uncomfortable" about the proposed use by India, and others, of Iran's Chahabar port for trade or transit with or through Afghanistan. India's view of Pakistan's intransigence on freeing up Indian bilateral and transit trade to Afghanistan is another frustration. Indian interlocutors expressed mixed feelings about China's interests and influence in Afghanistan. Some anticipated a potential strategic threat in the longer term, others believe that despite their economic competitiveness, respective strategic interests could be accommodated.

Security and stability in Afghanistan remains a major issue for India, especially in those areas that could or would directly impact on India's interests. India is staunchly anti-Taliban, is providing training to the ANSF in India, and has reportedly provided substantial quantities of military or dual-use equipment to boost the capability of both the ANSF and various Northern Alliance militia. Indian interlocutors are particularly concerned about the likelihood of the Taliban again targeting Indian diplomatic, aid or other workers in Afghanistan, and those development projects and other trade-transit infrastructure related to Indian economic interests.

Interlocutors spoke of a very high intermix of Indian and Afghan interests, and the uncertainties and frustration due to Taliban-related security issues and the adverse fall-out due both to India-Pakistan and Iran-US relations. Some interlocutors questioned India's willingness to confront the US on the importance of Iran in enabling Indian trade and transit within and through Afghanistan. They also questioned Prime Minister Manmohan Singh's willingness to meet his Pakistan counter-part, at least half way, to try and break through the log-jam in the bilateral relationship, and pursue action that will benefit both, and coincidentally Afghanistan.

Indian interlocutors viewed this complex mix of interrelationships involving India, Afghanistan, Pakistan, Iran and the US as a significant opportunity for Singh to demonstrate his statesmanship before his retirement from politics. Would he take the opportunity?

Iran was viewed as Afghanistan's second most important neighbour. Its interests are political, strategic, economic and historical, including cultural/religious. Issues also include refugees, narcotics and the Iran-US relationship.

Iran is very active amongst Afghan non-Taliban political, ethnic and religious groups, the latter including both Shia and Sunni. Iran reportedly has six aims:

- to build its respect and influence amongst the Afghan political and business communities, both national and provincial, as a positive, responsible and reliable neighbour with which to do business, in both the short and long term.

- to counter US anti-Iranian influence amongst the Afghan government and population, and prevent Afghanistan from becoming a base from which the US could launch activities hostile to Iran²¹.
- to limit the cross-border reach of Taliban extremism, especially amongst the very large numbers of Afghan refugees residing in Iran.
- to support, develop and protect the Shia, especially Hazara, religious/ethnic minorities in Afghanistan, and maintain strong cultural linkages with other Dari-speaking minorities, especially the Tajiks.
- to ensure a secure corridor through those Western, North Western and Northern Afghan provinces that are part of the major transit-trade road network that links the Iranian port of Chabahar via the Afghan towns and cities of Delmaram, Herat, Maimneh and Mazar Sharif, to the CARs.
- to suppress the smuggling of illegal drugs into and through Iran by active counter-narcotics measures, including close cooperation with the UN Office on Drugs and Crime (UNDOC) and other regional bodies such as the information-sharing Triangular Initiative established in 2007 involving Iran, Afghanistan and Pakistan.

Regional interlocutors also referred to Iran hedging its bets by having established active relationships with some regional Taliban elements to further protect its interests. These relationships reportedly include Taliban agreement not to attack any Iranian workers or Shia communities in Afghanistan, or target the infrastructure or users of the trade-transit road referred to above. Several interlocutors from ISAF and different neighbouring countries also referred to Iran's military forces supplying limited quantities of arms to some Taliban elements in southern Afghanistan. It was not known whether the Iranian government endorsed this action, or even knew of it. Given Iran's strong opposition to the Taliban, this activity, if true, was seen as simply a mischievous means of helping the Taliban to target the US in Afghanistan as a quid pro quo for US sanctions and other US anti-Iranian activities. However, it was also seen as a dangerous two edged sword, as Pakistan well knows.

Iran's investment in the trade-transit road network is part of a plan to ensure its integration within the "Heart of Asia" infrastructural development, as well as providing a key two-way North-South transport route that, in an Afghan context, and for countries such as India, offers an alternative to transit trade via Pakistan²². Several interlocutors also believe Iran was anxious to make itself an indispensable part of regional economic development to the point that those who become dependent on Iranian transit would resist or reject attempts by the US to restrict involvement with Iran.

The current state of the Iran-US relationship is seen by regional interlocutors as working against, rather than for, an Afghan solution. Their view is that Iran and the US have so much in common e.g. a commitment to security and stability in Afghanistan, opposition to terrorism

²¹ The Al Arabiya News of 1 November 2012 quoted a Reuters article entitled *Iran's Great Game in Afghanistan: Fears NATO Withdrawal May Lead to Civil War* in which it claimed that "nearly a third of Afghanistan's media is backed by Iran, either financially or through providing content" and "what Iran wants is a power base that can counter American influence"

²² According to the Senate of Pakistan's Standing Committee on Defence and Defence Production 2012 report entitled *Towards 2014: Challenges of the NATO Withdrawal from Afghanistan*, the transit trade route from Pakistan's Gwadar port, through Pakistan and Afghanistan to the CAR, is 40% shorter than through Iran. Although the report does not say so in this context, the real issue of viability between the two routes is their relative security.

and the export of terrorism, a strong commitment to counter-narcotics and to regional cooperation, that it is important the two countries seek to resolve their differences, at least to where there are no obstructions to cooperation on Afghanistan. Would Iran's new President, Hassan Rouhani, achieve some rapprochement with the US which could allow co-operation on Afghanistan? Was the US interested in any deal that might enable Iran to increase its influence regionally?

Russia, Turkmenistan, Uzbekistan and Tajikistan are also key stakeholders in Afghanistan. Russia was an immediate neighbour during the Soviet era i.e. 1917-1991, and a near neighbour since the breakup of the Soviet Union in 1991. Russia's interests are political, strategic, economic and historical, but currently their major security concerns are counter-narcotics and counter-terrorism. These interrelate closely with the interests of the former Soviet now neighbouring CAR states of Turkmenistan, Uzbekistan and Tajikistan. The latter also have important cross-border affiliations with Afghans of similar ethnicity. Because of Russia's historical linkages with these CAR states, these cross-border affiliations are able to be used to varying degrees to directly and indirectly project Russian influence into Afghanistan. They also act, to a degree, as a buffer and filter of threats from extremists in Afghanistan.

Politically, Russia is now engaged in low key diplomacy to rebuild its influence as a major stakeholder in Afghanistan's future. Russia has solid anti-Taliban credentials, and as an important supplier of military equipment to the Northern Alliance during the bitter struggle against Taliban expansion in the 1990s. Since 2001 Russia, as a permanent member of the UN Security Council, has supported all UNSC resolutions against the Taliban and other terrorist groups, the formation and annual extension of ISAF's mandate, and supported transition measures to enable the development of Afghanistan's future as a secure, stable and enduring functional state.

One of the two major Afghan-related security concerns, which applied to both Russia and the neighbouring CAR states, is the infiltration of national Islamic extremists from Afghanistan, or through Afghanistan, from Taliban safe havens in Pakistan's adjacent border areas. Counter measures include close cooperation between Russia, the CAR states and Afghanistan on cross-border controls, the support by Russia and the CAR states of the US/NATO presence in Afghanistan, and the provision by Russia and most CAR states of two-way transit facilities through their territory for ISAF, along what is known as the Northern Distribution Network (NDN)²³.

The second major security concern of Russia is the smuggling of illegal narcotics from Afghanistan through the CARs into Russia as an end-destination. A Russian interlocutor cited statistics to demonstrate the seriousness of their concern: 15,000 Soviet soldiers died during the Afghan occupation (1979-1989) but 30,000 Russians are now dying annually from drug-related causes. Russia and the CAR states are working closely with the Afghan government, UNDOC, the Central Asian Regional Information and Coordination Centre (CARICC), the Shanghai Cooperation Organisation (SCO) and other international counter-narcotics bodies to reverse the threat. However, it remains a formidable challenge, particularly given the corruption-crime nexus involving highly powerful cross-border organised crime networks

²³ The NDN provides an alternative to the supply route through Pakistan. One ISAF interlocutor estimated some 40% of ISAF supplies are now transported through the NDN.

Some Interlocutors also raised two other Afghan-related strategic issues they assessed could be of potential concern to Russia. The first was the longer term US military presence in the CARs, and the second the growing influence of China in Afghanistan, and the CAR states. Addressing the first issue, a Russian interlocutor said that while Russia acknowledges this is a matter of bilateral relations, Russia would like a better understanding of the purposes of any long term US presence within its CAR neighbours. On the second, China's influence in Afghanistan is not seen as a problem for Russia. Both are strategic partners through the SCO and shared their approaches to the situation in Afghanistan.

In economic and aid terms, Russia was a major investor in the development of Afghanistan during the Soviet era, and the diversity of its investment ranged from physical infrastructure to health and education facilities²⁴. Much of this infrastructure, and other equipment including vehicles and helicopters, is now run-down due to neglect, and Russia is keen to boost its aid and economic ties by undertaking much of the extensive maintenance and refurbishment required to bring it back to standard, especially where this could be financed by the UN or other foreign aid donors. Russia is also assisting to rebuild the capability of the public administration and other national institutions through scholarships and other technical training, locally and within Russia. Afghanistan is also a market for a range of exports to and imports to and from Russia: Russia is the destination of some 8.8% of Afghanistan's exports and 12.6% of Afghanistan's imports are from Russia.

Overall trade between the CAR and Afghanistan remains relatively small, and much of it energy focused. This includes the import of electricity from Uzbekistan, and potentially from Kyrgyzstan and Tajikistan by the proposed CASA 1000 project, which would also export excess hydro-electricity to Pakistan. However, trade is expected to grow over time in parallel with development investment. Afghanistan is also important to the CAR as a transit state, in the context of the potential export of natural gas to India and Pakistan via the proposed TAPI pipeline, and for imports from India and elsewhere via the Iran/West Afghanistan transit corridor.

China has significant stakeholder interests in Afghanistan, especially economic. China looks to Afghanistan as an important long term source of minerals and energy and is keen to develop Afghanistan's large but mostly undeveloped resources in both areas. China already has secured contracts to exploit the lucrative Aynuk copper deposits south of Kabul, and the Amu Darya natural gas basin in the north. China is also actively exploring the potential development of other resources.

From an Afghan perspective, the successful development of these resources by China and other countries, especially India, is a key to Afghanistan's future. The Aynuk copper deposits, for example were expected to contribute US\$1.2 billion in royalties to Afghanistan's coffers in 5 years and US\$3.5 billion after 15 years. They were, therefore, critical to the country's long term financial self-sufficiency. Both the copper and natural gas projects would also contribute to the development of supporting infrastructure referred to above, and the multiple national and local benefits that would flow from this. However, one major challenge

²⁴ One Russian interlocutor claimed that Russia's past investment in Afghanistan's public (non-security) infrastructure exceeded that of all Western countries since 2001.

for China (and others) is the security of these developments, including the transport of outputs, especially where they transit areas under Taliban control and influence.²⁵

In other aspects, Chinese interlocutors described their present profile in Afghanistan as low key. However, China's aid program is increasing, as is their bilateral trade which reached US\$469m in 2012, up 100% from 2011²⁶.

On security, Chinese interlocutors said China strongly supports the UNSC resolutions seeking security and stability in Afghanistan, and which condemn Taliban extremism and the export of terrorism. In this latter context, China noted its concern about Taliban support to the Uighur and Turkistan revolutionary movements in Western China. China is in dialogue with the Afghan, Pakistan and other regional governments and organisations such as the SCO about bilateral and regional security issues, and ways of finding a solution to these issues. China is also concerned about the growing problem of illegal narcotics nationally, and is actively engaged with UN, regional and other counter-narcotics bodies to address this threat. Strategically, Chinese interlocutors had no concerns about the US, Russia or India, providing the status quo prevailed.

The consensus of interlocutors was that the primary importance of Afghanistan to China is as a source of minerals and energy, and the primary importance of China to Afghanistan is as a source of revenue to contribute to its goal of financial self-sufficiency during the latter part of the transformation decade. A secure and stable environment within Afghanistan is essential if the goals of both countries are to be met. China is expected to use its influence with Pakistan to maximise Pakistan's positive contribution to an Afghan solution, inclusive of reconciliation, that would stabilise, or at least significantly improve security and stability...

Because of the relative remoteness of China's border interface with Afghanistan, and its interface with Taliban sanctuaries hosting Uighur and Turkistan revolutionaries, the related cross-border threat was seen as less direct and more manageable than for Russia and Iran.

The US-NATO-ISAF. The cost to the US and NATO nations of the deployment of military forces and aid commitments since 2001 is reportedly well in excess of US\$1 trillion and has cost the lives of some 3411 of their soldiers²⁷. However an element of frustration and impatience was evident that, despite this high investment, more had not been achieved, militarily, or for the reasons above, politically over the past 12 plus years.

Despite this, there is acceptance amongst ISAF officials that the reasons for the UN-mandated deployment to Afghanistan were valid i.e. 9/11, the war against international terrorism and that circumstances in Afghanistan do not again permit the growth and export of terrorism as in the past.

ISAF interlocutors emphasised that the withdrawal of ISAF combat forces by end 2014 does not mean the abandonment of Afghanistan, militarily or politically, but it did mean Afghans

²⁵ Depending on the mineral resources involved, whether they are raw or processed, and their destination, short and longer term transport options could include the following shipment options: south via the Iranian port of Chabahar or Pakistan's Gwadar port, north through Uzbekistan, then east through Tajikistan and Kyrgyzstan to China, or via the proposed China-Pakistan economic corridor to Xinjiang-Uyghur Autonomous Province in western China.

²⁶ All statistics cited were provided by the Chinese embassy in Kabul in May 2013.

²⁷ The Operation Enduring Freedom website, accessed on 10 January 2014, stated 3411 coalition forces had been killed in action in Afghanistan since 2001. Of these, 45% had been killed by IEDs. Fatalities incurred by the top eight nationalities were: US 2303, UK 447, Canada 158, France 86, Germany 54, Italy 48, Denmark 43, and Australia 40.

had to assume, and demonstrate the ownership, leadership and commitment required to shape and secure their future.

Militarily, under an Enduring Partnership arrangement, expected to be mandated by the UN in 2014, re-badged US-led NATO and other international forces have committed to providing the ANSF with training, mentoring, intelligence, logistic and general financial assistance into the next decade. The US is also expected to continue combat counter-terrorism operations post 2014, using US Special Forces assets, under Operation Enduring Freedom²⁸. Different interlocutors from ISAF nations estimated the initial number of foreign forces post 2014 would be about 8000-12,000, mostly US, but these numbers should reduce as the ANSF's capability increased.

Pledges of some US\$16 billion in general aid have also been made out to 2015 by the US, NATO, Australia and other Western countries, but conditions based on benchmarked deliverables on Afghanistan's part applied.

How, therefore, Afghanistan ended the transition period, militarily and politically, will dictate how it enters the transformation decade, and that would condition, in turn, the nature of the US/NATO future military commitment, and more broadly, future aid commitments.

Interlocutors described Afghanistan's entry into the transformation decade in a largely "what if" context. What if the new president and his cabinet fail to deliver on reform and national unity? What if the Taliban refuse reconciliation? What if the ANSF are unable able to hold their own against any large Taliban offensive?

There was a wait and see response, but an undertone of ruthless resignation by some hard-line ISAF interlocutors. Their view was that if the preconditions of reform for ongoing civil and military assistance are not met, and unlikely to be met, some tough decision-making by US/NATO members would be necessary. One option, bluntly put, was stark. The US/NATO bottom line is to prevent the re-emergence of an international terrorist threat in and from Afghanistan, by whatever practical means possible. The US and NATO countries are war-weary, and impatient. Afghanistan is a remote location. Providing no repeat of 9/11 from Afghan-based terrorists could be assured, all other future commitments to Afghanistan were negotiable. This bottom line was not their preferred option, but they saw the ball now squarely in Afghanistan's court to demonstrate their commitment and deliver on their responsibilities.

Noting the above, one senior Afghan official responded that if a resurgence of Taliban hostility did result in a significant expansion of areas under their control, and the export of terrorism again became a high threat, the cost of US/NATO abandonment could well exceed the cost of continuing engagement.

Australia's commitment to provide aid and military assistance to Afghanistan has been bipartisan, significant and long term. In addition to its commitment to the US alliance, to the

²⁸ The US also has combat forces deployed in Afghanistan, working operationally with the ANSF, under Operation Enduring Freedom (OEF). The OEF is separate to ISAF, and its primary role is counter-terrorism. As at mid January 2014 the US was in negotiations with President Karzai over a new Bilateral Security Agreement (BSA) that would determine the conditions under which US OEF forces would be deployed in Afghanistan post 2014. Karzai was demanding that such forces be subject to Afghan law, a condition unacceptable to the US. The new BSA will also determine the conditions for the deployment of the re-badged ISAF forces post 2014 under a yet-to-be negotiated new Status of Forces Agreement (SOFA).

UN, and to countering international terrorism, Australia has also made post 2014 commitments on security, trade and development under the Australia-Afghanistan Comprehensive Long Term Partnership agreement signed by Prime Minister Julia Gillard, and President Hamid Karzai on 21 May 2012.

Afghanistan is the third largest recipient (by volume) of Australian non-military aid. This totalled some \$985 million during 2001-2013, and projected total funding at end 2014 is more than \$1.16 billion. Additional development aid amounting to some \$250 million in FY 2015/16 is also projected.

In 2013, Australia's deployment of some 1550 military forces to Afghanistan was the ninth highest amongst the 50 nations (including 28 NATO nations) that have contributed to ISAF. This commitment, since 2001, has cost the lives of 40 soldiers and more than 200 soldiers wounded, and financially, more than \$7 billion. Most ADF combat forces were deployed in Uruzgan province, and included a Special Forces group engaged in joint counter-terrorism operations, and a Mentoring and Reconstruction Task Force (MRTF) engaged in training and mentoring the ANSF, and local community reconstruction and development through its lead-role with the Uruzgan Provincial Reconstruction Team. ADF combat forces withdrew from Uruzgan in late 2013. The Australian government has committed military forces to Afghanistan post 2014 to fulfil a NATO-led "train, advise, assist mission", but details are unable to be finalised until a new status of forces agreement for the rebadged-ISAF has been negotiated with the Afghan government...

Australia is committed to Afghanistan's long term stability and security, but like other donor countries sees the Afghan solution as political, and the ultimate responsibility of the Afghans themselves. How the Afghans embrace and resolve their responsibilities in future can be expected to impact on Australia's future commitments. However, there are opportunities for Australia to exercise its relative influence and leverage, including through its current membership of the UNSC, and play a positive role in helping to shape Afghanistan's future. These opportunities are discussed in a separate report to be published by the Australian Strategic Policy Institute (ASPI) in January 2014.

The United Nations has been a key stakeholder in Afghanistan's past and will continue to be so in Afghanistan's future. The UN Assistance Mission Afghanistan (UNAMA) has driven the civilian side of the transition process through their UNSC-mandated role as coordinator and monitor of Afghan and international efforts to rebuild the institutions of government and the national infrastructure, and the implementation of international humanitarian aid. This has involved UNAMA endeavouring to ensure that aid complies with the Afghan National Development Strategy (ANDS), and aid effectiveness is managed and monitored through their co-chairing with Afghanistan of the Joint Coordination and Monitoring Board (JCMB).

The UNAMA's role has been challenging. Issues have included the unwillingness of some donors to coordinate projects with ANDS guidelines or be subject to JCMB oversight, political pressure that development projects be undertaken to support the interests of local politicians and others, corruption in the contracting or implementation of aid, the security of deployed UNAMA and other aid workers (some have been killed or kidnapped, some work has been disrupted or destroyed), and accusations of political interference, especially in the area of electoral reform and the conduct of elections. These issues are not new to UN operations, but they do frustrate the UNAMA and aid donors alike.

Like ISAF, the UNAMA role is subject to a mandate, approved annually by the UNSC. The existing mandate expires on 19 March 2014, but is expected to be extended into the transformation. The UN has a critical and impartial role to play in Afghanistan's future, whatever form that future takes, but whether the UNAMA's role will be varied in any way remains to be seen.

If the outcome of Transition in all its aspects, including the outcome of the 2014 Presidential election, is disappointing and discouraging, many non-regional international donors are likely to wind back their future aid commitments. As Afghanistan is dependent on foreign aid for more than 80% of its government income, and virtually 100% of the ANSF's running costs, the impact on any sizeable cutback in aid would have serious consequences nationally, as well as both a direct and indirect impact on the ability of the UNAMA to maintain its effectiveness.

The UN is in Afghanistan for the long haul, but faces many uncertainties and challenges.

Conclusion

Most interlocutors viewed the future of Afghanistan with varying degrees of pessimism, although some believed there was scope cautious optimism. However, the full objectives of transition will not be met. While there have been some positive achievements, there are shortfalls in the key areas of corruption, governance, law and justice, and basic community and social development. Related negatives included high levels of unemployment, underemployment and poverty, and declining productivity and investment, largely because of increasing uncertainty about the future. These are fundamental "hearts and minds" matters, but also critically affect the functionality, stability and durability of Afghanistan at the national level. Time does not permit inroads into these, assuming the will and capability to do so, before the end of transition. By definition, they are priorities for the 2015-2024 transformation decade.

No improvement in the security situation or reduction in Taliban control and influence is expected before the end of transition. On the contrary, Taliban control and influence are expected to expand, mainly in some rural areas, as ISAF withdraws and the ANSF assumes full responsibility for national security.

The three major issues that would shape Afghanistan's short to medium-term future are:

- the ability of the ANSF to continue to maintain a level of national security and stability that enables the political process to work through the key challenges above, including reconciliation.
- the ability of the next president to provide the leadership required to enhance national unity, and advance the political process, with Taliban participation.
- the preparedness of the Taliban, or more likely, Taliban factions, to seek reconciliation and reintegration.

There are many "ifs" involved. The election of a new president with the ability to deliver politically would not only be critical for domestic reasons, but for building the confidence and maintaining the commitment of external stakeholders.

Reconciliation is possible and offers a ray of hope, especially if the older Taliban leaders see, or are able to be persuaded of the advantages of a power-sharing arrangement in the next government. There is a key opportunity here for Pakistan in particular to use its relationships with senior Taliban leaders to influence their decision on reconciliation. Similar direct or indirect representations with Taliban contacts by other stakeholders, including regional neighbours especially, should be fully exploited. Could such a power sharing arrangement work? Potentially, yes. Many interlocutors, both Afghan and others, referred to the flexibility of most Afghans to adjust their relationships to form new alliances to accommodate realities and practicalities.

However, they did not expect any reconciliation to bring all Taliban on board. Hardcore believers are expected to continue the fight, and those who agree to reconciliation are unlikely to disarm or demobilise their militia in case those forces are needed in future. Reconciliation, therefore, will be a potentially fragile positive.

Regional cooperation and development, particularly economic development, are interrelated with Afghanistan's internal security. The development of the country's mineral and energy resources, and the revenue and other benefits that would flow from that, will remain constrained until the internal security situation enables investor confidence. Similarly, the benefits that would flow to Afghanistan and all other regional countries from the broader "Heart of Asia" trade opportunities, are constrained by the chronic Iran-US and Pakistan-India relationships. Achieving breakthroughs in those relationships would contribute significantly to an Afghan solution.

The transformation decade will be conditioned by the outcome of transition. Events in 2014, and their short and longer term implications, will be critical for Afghanistan's future, and for shaping the attitudes and actions of all stakeholders. These opportunities are discussed in a separate Strategic Insights paper *Afghanistan—transition to transformation: a role for Australia in helping shape Afghanistan's future*, written by the same author, to be published by the Australian Strategic Policy Institute (ASPI) in February 2014.
