

INSIGHTS

Afghanistan—transition to transformation

A role for Australia in helping shape Afghanistan's future

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Executive summary

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, economic and societal infrastructure of Afghanistan, which was all but destroyed by the previous Taliban government. It's also sought reconciliation with Taliban members and their reintegration into society, on condition that they respect the constitution and renounce violence. The US and NATO, including Australian forces, which comprise the International Security Assistance Force Afghanistan (ISAF), have had the lead responsibility for Afghanistan's national security during this period.



Overlooking Kabul International Airport, home to the Australian Headquarters element in Afghanistan, 25 December 2013. © Department of Defence.

The transformation decade will seek to consolidate and build on the outcomes of transition to ensure Afghanistan's future as a functional, stable and durable state. The Afghanistan National Security Forces (ANSF) will have the lead responsibility for national security during transformation. Regional development and cooperation, especially on security and trade issues, are important and related parts of both transition and transformation.

The achievements of transition will largely dictate the effectiveness of Afghanistan's entry into and progress during the transformation decade. Although transition still has nearly a year to go, the end-of-2014 scorecard is expected to be a mix of positives and negatives. The positives include the adoption of a democratic constitution, the subsequent holding of national and regional elections, major progress in basic education, health services and the rights and equality of women, and some improvements in transport and telecommunications infrastructure.

However, the negatives are substantial. Corruption remains endemic in all its forms and at all levels, including within politics, the election process, the government administration, the legal and justice system, the ANSF and the implementation of foreign aid. Added to this are domestic and transnational corruption relating to Afghanistan's status as the source of 90% of the world's illegal opiates. Other negatives include limited basic development programs at the grassroots village and district levels. The local and national creation of jobs and wealth through foreign investment in the development of Afghanistan's national resources and increased regional trade have also failed to materialise, for both domestic and some international reasons. The consequence is that the government has so far failed to win over the population generally or to sell reconciliation to any Taliban elements. Taliban control and influence, especially in the rural areas of the south and east, haven't been reversed and could well expand in those areas as the ISAF withdraws.

Unless a major turn-around occurs, most national and foreign interlocutors interviewed for this report view Afghanistan's short and longer term future with varying degrees of pessimism. The three key determinants will be:

- the commitment of Afghanistan's next president (due for election in April 2014) and his government to seriously address these negatives and 'connect' with the people
- the agreement, or refusal, of Taliban elements to enter into genuine reconciliation
- the willingness of the international community, particularly the US, NATO countries, Japan and Australia, to commit politically, financially and militarily to Afghanistan in the longer term after 2014 if Afghanistan's new leadership doesn't commit to and deliver on its responsibilities for the country's future.

There's a role for Australia, working unilaterally and with other nations, to help shape Afghanistan's future. We've already publicly committed, on a bipartisan basis, to the long-term security, trade and development of Afghanistan after 2014. We can reinforce and use that commitment to proactively lobby Afghan politicians and the future leadership to commit to their responsibilities for building Afghanistan's future. Australia can improve the focus and effectiveness of its aid, including military assistance, by contributing to national priorities in those areas in which we have sound expertise and by demanding benchmarked and audited outcomes. We can also support multinational but especially regional initiatives that promote political, security and economic cooperation and development that will benefit both Afghanistan and its neighbours. We can also lobby other donor countries to commit and lobby across all these areas. Finally, we can further promote these objectives and exploit other means and opportunities as they arise by using the resources and influence derived from our current membership of the UN Security Council.

Introduction

On 31 December 2014, Afghanistan will move from a UN-led period of transition (2001–2014) to an Afghan-led ‘transformation decade’ (2015–2024). Transition has sought to rebuild the basic political, security, economic and societal institutions and infrastructure of the Afghan nation, which were all but destroyed by the previous Taliban government. Transformation will seek to consolidate and build on the outcomes of transition and ensure that Afghanistan achieves the goal of being a stable and durable nation, not just a functional one.

This report looks at the objectives of the transition period, the likely outcomes of that period, the implications for Afghanistan’s future as it enters the transformation decade, and how Australia can help shape Afghanistan’s future.

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 stakeholders

The end-date of the existence of the US–NATO-led International Security Assistance Force (ISAF) Afghanistan is also 31 December 2014. Initially mandated by the UN in December 2001, ISAF was created as a key enabler of the transition process. Its principal role has been to create a secure and stable environment for national restoration in Afghanistan. An important concurrent part of its task has been to develop the capability of the Afghan National Security Forces (ANSF)—comprising the Afghan National Army (ANA) and Afghan National Police (ANP)—to enable them to take over full responsibility for the country’s national security from 2015.

Besides the Afghan people themselves, the other key players in the move from transition to transformation are Afghanistan’s major external stakeholders. They include Afghanistan’s immediate neighbours (Iran, Turkmenistan, Uzbekistan, Tajikistan, China and Pakistan) and its near neighbours (India and Russia which were immediate neighbours 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 UN is the most important non-state external stakeholder.

Transition: objectives and outcomes

The objectives of transition are detailed in relevant UN Security Council resolutions passed since November 2001 (now numbering more than 20), and interrelated findings and recommendations of international conferences held since late 2001, including talks in Bonn, London, Kabul, Paris, Lisbon, Istanbul, Chicago and Tokyo.

One important consideration when identifying objectives and likely outcomes is that Afghanistan is an almost totally aid-dependent country. Some 82% of total public expenditure was sourced from foreign aid in 2011, and total net civilian aid in that year exceeded \$6 billion. This has necessarily involved a very large number of institutions and people that need to be coordinated, and objectives have needed to be prioritised. Making aid effective has had its challenges, some created by the donors themselves, including alignment and coordination with Afghanistan’s National Development Strategy, local politics and ownership, and longer term funding commitments.

Transition objectives and measures of implementation are often complex and interdependent. They’re also about winning over the ‘hearts and minds’ of the Afghan people, and in many respects parallel fundamental counterinsurgency doctrine and practice. They are summarised below in three broad groups: political, security, and regional cooperation and development.

Political: The UN Security Council and related conference findings recognised transition as primarily a comprehensive political process. They identified the political objectives as including:

- creating a democratic constitution, democratically elected governments at the national and provincial levels, and an electoral process 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 reintegrating them into society, but on the condition that they renounce violence, break their ties to terrorism, respect the constitution and support the 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 essential infrastructure (such as roads, electricity and water supply) and a skilled labour force that would enable the further development of existing industries, especially the agricultural industry, and new development in mining and energy, and also support regional trade and development¹
- implementing economic and social development programs targeted at the grassroots village and district levels to meet basic needs in such areas as local roads, water, communications, education, health and other services.

Security: The security aim has been the development of an ANSF capable of taking over the lead responsibility from ISAF for national security in all provinces in 2013, and full responsibility for national security by the end of 2014. Although the numbers of ANSF personnel reportedly reached a peak of around 350,000 in late 2012, the aim is a budgeted establishment of 228,500 at the end of 2014.²

Regional development and cooperation: This is multidimensional and includes objectives that benefit both Afghanistan and contribute regionally, such as:

- recognition of the territorial integrity of each country, non-interference in each other's internal affairs, and awareness of the interconnectivity of security between countries
- cooperation to combat and eliminate both domestic and 'exported' terrorism and extremism, 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
- facilitation of measures to improve regional cooperation, economic development, trade and transit, including by working with regional organisations whose activities intersect with Afghanistan³ and incorporating 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: marking the scorecard

The number and diversity of objectives set during transition were very ambitious. Some interlocutors claimed that many were unrealistic, particularly because of the very poor condition of institutions and infrastructure at the 2001 starting point and the mix of local culture and politics involved. However, there have been both positives and negatives among the outcomes to date.

Political: There have been some highly significant achievements by the UN, national donors, non-government organisations and Afghan official and non-official bodies in the political space, but on the national scale many achievements were limited because of the low starting point and other challenges. The 2012 Tokyo Declaration (the report on the outcomes of the donors conference held in Tokyo on 8 July 2012) identified areas of ‘notable progress’ as ‘including education, health, roads, electricity and telecommunications’. Other interlocutors added constitutional democracy, elections, and women’s rights.

Afghanistan adopted a democratic constitution in 2004, and all scheduled elections have been held, although in some cases there’s been slippage in the timing. There have been constitutional achievements in women’s rights; for example, Article 22 of the constitution guarantees gender equality, and Article 84 requires that 50% of appointed members of the Meshrano Jirga (the upper house) be women. There have been advances in education: some 8 million children were enrolled in primary and secondary schools in 2012, of whom 34% were girls⁴, up from 1.2 million in 2001, when only 50,000 were girls. There have also been advances in health: around 90% of the population is now able to access basic health services, up from 9% in 2001.⁵ Those services have included a national immunisation program that’s significantly reduced child mortality, women’s health programs and basic education in nutrition and sanitation. In addition, thousands of kilometres of roads have been upgraded and new roads have been built during the past decade, greatly facilitating transportation and local trade. And according to the Afghan Ministry of Communications and Information Technology website, at the end of 2011 some 86% of residential areas had telecom services and there were 18 million mobile phone users in the country.

However, many of these positive outcomes are fragile. There was a very high level of electoral fraud in the past, and if it’s repeated at the April 2014 presidential and provincial council elections it could undermine the credibility of those election results and fuel national instability. The Taliban and other adherents to stricter Islamic practices also remain opposed to women’s rights generally and to women’s education, and their opposition has included physical, sometimes lethal, violence against women, teachers and students and the destruction of some schools. An estimated 4–5 million children, mostly in rural areas and mostly girls, aren’t yet receiving schooling, partly because most rural children are engaged from a very young age in family agriculture. The education system is also limited by the availability of qualified teachers, especially female teachers, and of classrooms and related facilities. The health services also suffer from shortages of trained staff, especially women, and a lack of regional facilities.

Negatives in the political space remain substantial. One major problem has been endemic corruption, in all its forms, which is widespread among politicians, warlords, other powerbrokers, and officials within the law and justice system, the government administration, the ANSF, and foreign aid systems.⁶ Corruption, especially in the legal system, also reduces the willingness of domestic and foreign businesses to invest in Afghanistan.

Interlocutors described narcotics as the most corrupt business in Afghanistan. From negligible production in 2001, when opium production was opposed by the Taliban, Afghanistan now produces about 90% of the world’s opium, amounting to 380–400 tons annually and with a market value of about US\$33 billion. About 5 tons is consumed in Afghanistan; of the remainder, about 70% is smuggled to Europe via Pakistan and Iran, and 29% to Russia via the Central Asian republics.⁷ Various counter-narcotics experts have estimated that between 50% and 60% of Afghanistan’s GDP is sourced from narcotics. Narcotics became so lucrative a source of income that even the Taliban joined with the transnational crime elements and others in the supply and distribution chain to support the narcotics industry and feed from the trough. Deep corruption along the chain—in Afghanistan, its neighbours, near neighbours and others, and including politicians, warlords, local officials, the military, border control officials and others—adds a very serious overlay to domestic, regional and international crime. ‘Marriages of convenience’ among the disparate groups have also facilitated the two-way smuggling of people, weapons and other goods between neighbours and near neighbours.

In addition to corruption, other key negatives in the political space include the inexperience or ineptitude of many in the public administration and the government's failure to meet expectations for economic and societal development. All are interrelated, and are critical elements in determining the depth of the government's connection with or disconnection from the public in the quest to win 'hearts and minds'. The conclusion by all interlocutors was that there has been a disconnect.

Security: Security considerations include both the strength and intentions of the Taliban and the capability of the ANSF. In the absence of any reconciliation with the Taliban so far, the established pattern of offensive insurgency and terrorism is expected to continue across much of the Pashtun homeland, particularly in its rural areas and smaller towns and villages in the east and south of Afghanistan. It is also expected that the Taliban will seek to expand its areas of control and influence wherever circumstances allow. Geographically, this area comprises about 30% of the country, and includes important provinces along the Pakistan border. The Taliban have secured sanctuaries in those provinces and, importantly, in some adjacent provinces in Pakistan that continue to provide relatively safe havens for planning, training, resupply, rest and refuge from ISAF/ANSF combat and interdiction operations. The strength of the Taliban is a matter for speculation. One ISAF source put hardcore Taliban membership at between 25,000 and 30,000; others put it lower or higher. However, the Taliban's real strength is its ability to influence and intimidate the population and to 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 control and influence and beyond, especially when and where ISAF military action has led to collateral damage among civilians or lacked cultural sensitivity.

Are any Taliban elements likely to seek reconciliation before the 2014 elections? No interlocutor, internal or external, expected the Taliban, collectively, to agree to reconciliation. Many assessed that the Taliban will hold ranks and continue to reject reconciliation.⁸

However, others thought it likely that one or more Taliban elements will break ranks and seek reconciliation. These are more likely to be the older, now war-weary, Taliban leaders, who are tired of being hunted by ISAF and the ANSF as high-value targets and are ready to share the benefits of office. They'll be able to negotiate from a position of strength and are expected to demand terms that include prisoner releases and appointments in the cabinet and administration. The effect of such a breakaway group on security will depend on who they are, their strength and their influence, especially on other Taliban. However, as is the way in Afghanistan, it's very unlikely that they'll disarm. They'll retain their armed militia to keep their options open, depending on how events unfold in future. And the sustainability of any reconciliation could, or will, be fragile.

There was considerable speculation among interlocutors about the capability and effectiveness of the ANSF in combating those Taliban not engaged in any reconciliation process. ISAF interlocutors assessed some ANSF units, particularly ANA units, as very competent, but others as less so—some would be able to match the Taliban in combat but others would not. In large part, the issue is the quality of training and leadership, and thus overall motivation, confidence and commitment. It will also depend on the specifics of combat engagement, including the ability or inability of remaining ISAF forces to continue to provide timely tactical intelligence and on-call air combat and other support.

The overall conclusion was that ANA units will generally adopt a defensive rather than offensive role as ISAF withdraws and its intelligence and air combat support is scaled down. ANP units in more vulnerable forward locations are more likely to reach 'agreement' with the Taliban in order to survive. Given these factors, it's inevitable that the Taliban will be able to increase its influence in some areas, especially rural areas and smaller towns. However, most interlocutors assessed that this is more likely to occur by attrition, rather than through any major Taliban-wide offensive.⁹

Regional development and cooperation: Despite the considerable activity in this space, including regional conferences and officials' meetings, real progress on key objectives has been limited.

The export of extremism and terrorism from Afghanistan to its neighbours and near neighbours continues. Within their sanctuaries, including those in Pakistan, the Taliban continues to host various religious extremists from Russia, China and

the Central Asian republics who support their cause in their home countries and elsewhere. There is a common recognition that effectively countering these extremists is interrelated with and largely dependent on the closure of Taliban sanctuaries in Afghanistan and Pakistan.

Strong tensions continue between Afghanistan and Pakistan over allegations (many say proof) that elements of the Pakistan military's Inter-Services Intelligence agency are supporting the Taliban by providing military assistance and enabling, rather than dismantling, cross-border sanctuaries. Pakistani officials denied and argued against the logic of such assistance, given the threat to them from Pakistan's Taliban and its historical relationship with its Afghan counterparts. However, they acknowledged that some sanctuaries exist along their mountainous and highly porous border area, especially in North Waziristan, but closing them down would be very costly and success is unlikely unless they mount a coordinated 'hammer and anvil' operation with the ANSF, which they claimed the ANSF has declined to do in the past. A counter-argument put strongly by some interlocutors was that Pakistan's fears of Indian influence in and military cooperation with Afghanistan, which potentially could enable India to militarily wedge Pakistan from the east and west, is a reason for Pakistan's support for the Taliban. In response to that threat, Pakistan allegedly seeks to use Taliban-controlled areas in Afghanistan as 'strategic depth'. Also, if reconciliation occurs and the Taliban joins the Afghan Government, Pakistan would be able to use its relationship with the Taliban to politically influence a change in Afghanistan's foreign policy to ensure that Pakistan isn't threatened by India from the west.

The Pakistan-India relationship is an enduring and complex issue that also involves regional trade and transit issues (see below). However, the assessment on cross-border sanctuaries was that Pakistan is unlikely to seek to close them down anytime soon.

There's widespread frustration among neighbours and near neighbours at the extent of corruption in Afghanistan, which enables the very large-scale production, trade and trafficking of narcotics (opiates) from and through Afghanistan. However, there's also a realisation that such corruption exists among their own border and other officials. And they realise that action to curb poppy-farming isn't a priority in Afghanistan, given the related internal political and security considerations.¹⁰

Foreign investment in Afghanistan, especially in mineral and energy resources by India and China, has largely been put on hold due to security concerns. Those concerns include security along transportation routes from north, central and eastern Afghanistan to the seaport of Gwadar in Pakistan, which pass through areas of Taliban control and influence. Alternative routes to Iran's seaport at Chabahar, although more secure, are also significantly more expensive. Similar security concerns apply to the potential construction of the Turkmenistan-Afghanistan-Pakistan-India pipeline, which would transport much-needed natural gas from southern Turkmenistan to the other three countries, but which also would transit Taliban areas. Foreign investors also have serious concerns about the reliability of the Afghan legal and justice system in contractual matters.

However, external disputes between neighbours (Pakistan and India), and neighbours and non-neighbours (Iran and the US) have also had negative impacts on Afghanistan and the region. The hostile relationship between India and Pakistan has prevented India transporting goods across Pakistan to Afghanistan as an end-destination or as a staging post to other regional markets. India claims that Pakistan would also benefit from such transit, but Pakistan remains unmoved.

Current US sanctions against Iran, which include limiting Iranian regional influence generally, also affect regional development and cooperation. The US opposes the alternative Iran-Pakistan-India natural gas pipeline, which would bypass Afghanistan and the Taliban threat. It also opposes the greater use of the Iran trade corridor between Chabahar and Afghanistan and the transit corridor through Afghanistan to the Central Asian republics. The US-Iran relationship could change rapidly if the current negotiations on Iran's nuclear program are successful, and could open opportunities for security cooperation within Afghanistan.

Regionally, all Afghanistan's neighbours and near neighbours are very aware that they have to accommodate the realities of Afghanistan because of its proximity, whatever its future profile might be. However, that would mean dealing with the Taliban in one form or other. Iran, China and the Central Asian republics, with the support of Russia and India, are reportedly very active in strengthening the capability of those Afghan ethnic and religious groups with which they're affiliated, (some say they're proxies), in order to maximise their ability to resist and counter any attempted Taliban inroads into their areas of traditional

control and influence. All are also reportedly in direct or indirect contact with Taliban elements and are pressing for some form of reconciliation.

Scorecard completed: All interlocutors were well aware of the scorecard's positives and negatives. All had also reached the same, undeniable conclusion: that transition objectives will not only fall short of expectations, but in many cases will fall well short.

Transition to transformation : shaping the future

The ultimate outcome of transition at the end of 2014 will set the stage for Afghanistan as it enters the transformation decade in 2015. The April 2014 elections will be critical in determining the shape of the country's future. The three key determining factors are:

- the commitment of the next president and his government to seriously address the negatives outlined above, and their ability to 'connect' with the people
- the agreement or refusal by one or more Taliban factions to enter into reconciliation and the impact of that decision on other members of the Taliban and on security generally
- the willingness of the international community to commit politically, financially and militarily to Afghanistan's future, particularly if the country's new leadership doesn't seriously address and fulfil its responsibilities.

No interlocutor was willing to speculate in any detail on who the next president might be, the composition of his government, or their commitment to address the negatives. They have no doubt, however, that senior donor representatives will make the president (and, indeed, all presidential candidates) aware of the importance of such a commitment and the likely consequences of not carrying it out.

The likelihood of the next government including Taliban representation remains unknown. However, a significant Taliban presence would enable the new government to claim a broader, and possibly majority, representation of the Pashtuns, thus adding to its national legitimacy. Taliban participation would also give more credibility to ISAF's exit strategy.

Any assessment of international commitment to Afghanistan's future, particularly by non-regional donor countries, raises questions about long-term military assistance and the funding of aid. Both issues are delicate.

Donors are conscious that the deployment of military forces and aid commitments since 2001 has been very costly (reportedly worth well over US\$1 trillion) and has resulted in the loss of the lives of some 3,411 of their soldiers.¹¹ All donors accept that the reasons for the initial UN-mandated deployment to Afghanistan were valid—9/11, the war on international terrorism, and the prevention of any recurrence of the growth and export of terrorism.

However, there is increasing frustration and impatience among donors about the failure to achieve a higher level of quantifiable outcomes over the past 12 years. In the view of many, this has been caused more by a failure on the part of the Afghans to show ownership, leadership and commitment, and to just do their part, than by any other factor.¹² This mood manifested clearly in the Tokyo Mutual Accountability Framework (the annex to the Tokyo Declaration of 8 July 2012), which detailed reciprocal commitments for continuing international aid, including after 2014, explicitly called on the Afghans to move from 'promise to practice', and identified specific benchmarked deliverables in the areas of governance, law and justice, electoral reform, finance, economic development and aid effectiveness. This wasn't the first occasion on which Afghanistan's commitment was raised. More diplomatic references, such as to 'mutual commitments' and 'shared responsibilities', had appeared in earlier conference papers.

This frustration and impatience, overlaid with varying degrees of pessimism about Afghanistan's future, is expected to result in some cutbacks on many of the commitments made publicly by governments in 2012 to continue aid (at the Tokyo Conference¹³) and to continue security assistance after 2014 (at the Chicago summit). Because Afghanistan depends on foreign aid for more than 80% of its government spending and almost 100% of the cost of maintaining the ANSF, any sizeable cutback in aid would

have serious consequences for national sustainability. At least some of the expected cutbacks could be offset by making aid more focused and coordinated, simply doing things better, and reducing corruption. Interlocutors also expected that some regional programs undertaken in the past won't be continued for security reasons in areas where the Taliban mounted offensive operations, including Uruzgan Province, and where those programs previously undertaken by the Australian-led Provincial Reconstruction Team required significant ADF protective support.

Projections of future military requirements under a rebadged UN-mandated, US-led international force (ISAF's replacement) primarily involve training, mentoring, intelligence, logistic and general financial assistance for the ANSF into the next decade. The US is also expected to continue counterterrorism operations after 2014 using US Special Forces under Operation Enduring Freedom.¹⁴ Different interlocutors from ISAF nations estimated that the initial number of foreign forces after 2014 will be about 8,000–10,000 (mostly from the US), but theoretically reducing in number as the ANSF's capability increases. Although the deployment of military forces, even in non-combat roles, can be very costly, it may prove easier to procure small deployments of military to play those roles than to procure civilian aid.

Australia: the past, the future

Australia's commitment to provide aid and military assistance to Afghanistan has been bipartisan, significant and long-term.¹⁵ In addition to its commitment to the US alliance, to the UN and to countering international terrorism, Australia also made post-2014 commitments on security, trade and development under the Australia–Afghanistan Comprehensive Long-term Partnership Agreement signed by Prime Minister Gillard and President Hamid Karzai on 21 May 2012.

Stephen Smith, who was then Defence Minister, also outlined the Labor government's commitments during and after 2014 in *Afghanistan*, a paper presented to the Australian Parliament on 19 June 2013. The paper noted that, although the size and scope of Australia's post-2014 ADF contribution was yet to be determined, it would include training and advisory support to the ANSF and, potentially, a Special Forces contribution for training or counterterrorism.

The recently elected Coalition government's future ADF commitments to Afghanistan were outlined in a brief paper, also entitled *Afghanistan*, tabled in parliament on 11 December 2013 by Defence Minister David Johnston. The paper stated that 'Australia has a vital national interest in supporting Afghanistan's stability and security after Transition' and that 'Australia has pledged to contribute to the post-2014 NATO-led "train, advise, assist" mission.'

However, both Smith and Johnston stated in their papers that full details of Australia's future commitment couldn't be finalised until a new status of forces agreement for the rebadged ISAF had been negotiated. The terms of that agreement will be conditioned by the US–Afghanistan Bilateral Security Agreement currently being negotiated.

Smith's paper also included financial commitments after 2014, amounting to \$100 million annually for three years from January 2015, as part of international efforts to sustain the ANSF after transition. Those commitments supplemented financial commitments to future development aid by Julia Gillard in 2012, when she announced funding of \$100 million a year over the next three years, rising to \$250 million a year in 2015–16. While the funding for ANSF sustainment is locked in, there are likely to be some cuts in development aid due to the Coalition government's reprioritisation of Australian aid generally.

What more can and should Australia do to help shape Afghanistan's future? In part, the answer is to do what we now do, but do it smarter and better. Australia should also be more visible and audible in lobbying Afghan politicians, especially on their commitment to and delivery of outcomes to shape Afghanistan's future:

- We should leverage Australia's existing commitments to actively lobby Afghan politicians, especially Afghanistan's presidential candidates, and next year's elected president and his cabinet to commit to the delivery of their responsibilities for Afghanistan's future. Deliverables must include adopting and implementing policies and practices that address the negatives listed in this report and reconnect government with the people. They must also include Afghan ownership, leadership and commitment to all foreign aid programs and outcomes.

- Australia should be seen internationally to be actively promoting the above deliverables, and should encourage other stakeholders to do so, too. That should ensure that Australia's seriousness on this score, and that of the international community, will reach the widest audience, especially the Afghan Government and people, including the Taliban.
- We should improve aid effectiveness by focusing on Afghanistan's national priorities, especially in those areas where we have particular expertise, such as education, health, governance, law and justice, agriculture and mining. We should demand benchmarked outcomes and full accountability for aid funds.
- Australia should undertake bilateral initiatives and support multilateral efforts, especially regional and 'Heart of Asia' initiatives, to promote political, security and/or economic cooperation. Such initiatives will benefit Afghanistan and other participants. This could include Pakistan exploiting its contacts with Taliban elements to facilitate reconciliation, Afghanistan–Pakistan military cooperation to close down border sanctuaries or deny terrorists access to them, cooperation with Iran on Afghan security and economic matters, and the de-escalation of tensions between Pakistan and India to help facilitate regional trade and transit.
- We should do all these things using the resources and influence derived from Australia's current membership of the UN Security Council.

There's ample scope for Australia to be more active in a targeted way, consistent with our status as a respected middle power with runs on the commitments board. However, in reaching out, it's important to be pragmatic and not to over-reach.



Residents greet Australian Air Force and Army troops as they patrol through a village in southern Uruzgan, October 2013 © Department of Defence.

Conclusion

Most interlocutors viewed the future of Afghanistan with varying degrees of pessimism, although some believed that there was scope for cautious optimism. However, the full objectives of transition won't 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 include high levels of unemployment and underemployment 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 doesn't permit major inroads into these areas, assuming the will and capability to do so, before the end of transition. By definition, they're 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 the ISAF withdraws and the ANSF assumes full responsibility for national security.

The three major issues that will 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 outlined 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'. The election of a new president with the ability to deliver politically won't be critical only 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 can be persuaded of the advantages of a power-sharing arrangement in the next government. Could such an arrangement work? Potentially, yes. Many interlocutors, both Afghan and others, referred to the flexibility of most Afghans to adjust their relationships and form new alliances to accommodate realities and practicalities.

However, they didn't 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 development, will remain constrained until internal security enables investor confidence. Similarly, the benefits that would flow to Afghanistan and all other regional countries from 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. There's a role for Australia in helping to shape that future.

Notes

- 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 (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) were living in poverty, 7.58% were unemployed and 48.16% were underemployed. The number of school leavers entering the workforce annually, mostly without skills, was between 400,000 and 500,000. All Afghan and UN Assistance Mission in Afghanistan interlocutors were very conscious of the need for economic growth to create employment and income to avoid the social consequences if those goals aren't met.
- 2 Some interlocutors believed that the 350,000 figure includes a large phantom payroll used to scam allocations. According to ISAF, the cost of maintaining the ANSF at 350,000 would be about 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 members, particularly ANA personnel, available at any time has been significantly less than the establishment figures because of high levels of absenteeism and desertions.
- 3 Afghanistan and the major external stakeholders referred to here are affiliated as follows: South Asian Association for Regional Cooperation—Afghanistan, Pakistan and India are members; Shanghai Cooperation Organisation—China, Russia, Uzbekistan and Tajikistan are members, Afghanistan, Pakistan and India are observers, and Turkmenistan is a guest attendee; Economic Cooperation Organization—Afghanistan, Pakistan, Iran, Turkmenistan, Uzbekistan and Tajikistan; Central Asia Regional Economic Cooperation Program—Afghanistan, Pakistan, Uzbekistan and Tajikistan.
- 4 UNICEF Afghanistan Country Office, *Education factsheet*, November 2011.
- 5 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.
- 6 A comprehensive study of corruption is available in UN Office on Drugs and Crime (UNODC), *Corruption in Afghanistan: recent patterns and trends—summary findings*, 2012.
- 7 See UNODC, *Drug trafficking*, 2013.
- 8 One senior Afghan official claimed that many of the younger Taliban leaders, who were educated in the radical Islamist *madrassahs* 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.
- 9 Some ANA special forces, especially those with ongoing ISAF special forces support, could still conduct offensive operations against selected Taliban targets.
- 10 Counter-narcotics policy in Afghanistan has focused on preventing the importation of precursor chemicals needed to make the narcotics and on the manufacturing and transportation of the drugs. Crop destruction has been avoided because of the anti-government response by farmers.
- 11 The Operation Enduring Freedom website, accessed on 10 January 2014, stated that 3,411 coalition forces had been killed in action in Afghanistan since 2001. Of those, 45% had been killed by improvised explosive devices. Fatalities incurred by the top eight nationalities were US 2,303, UK 447, Canada 158, France 86, Germany 54, Italy 48, Denmark 43 and Australia 40.
- 12 The Kabul conference, held in July 2010, referred to Afghan leadership and ownership as two key principles of aid effectiveness.

- 13 The international community committed to providing more than \$16 billion in foreign aid through 2015 at the Tokyo conference.
- 14 The US also has combat forces deployed in Afghanistan, working operationally with the ANSF, under Operation Enduring Freedom. The operation is separate from ISAF and has counterterrorism as its primary role. In mid-January 2014, the US was in negotiations with President Karzai over a new bilateral security agreement that would determine the conditions under which US Operation Enduring Freedom forces would be deployed in Afghanistan after 2014. Karzai's demands included that US forces be subject to Afghan law—a condition unacceptable to the US. The new agreement will also determine the conditions for the deployment of the rebadged ISAF forces after 2014 under a yet-to-be-negotiated new status of forces agreement.
- 15 Australia's contribution to Afghanistan has been significant. The cost of Australian civil aid programs from 2001 to the end of 2013 was approximately \$985 million, and will rise to more than \$1.16 billion by the end of 2014 if projected funding is maintained. This will make Afghanistan the third-largest recipient of Australian aid. The cost to Australia of ADF deployments to Afghanistan since 2001 was reportedly some \$7 billion, 40 soldiers killed in action, and more than 200 wounded. ADF deployments to Afghanistan were capped at 1,550, and in 2012 ranked as the ninth-highest deployment among the 50 nations (including 28 NATO nations) that have contributed to the ISAF.

Acronyms and abbreviations

ADF	Australian Defence Force
ANA	Afghan National Army
ANP	Afghan National Police
ANSF	Afghanistan National Security Forces
ISAF	International Security Assistance Force Afghanistan
NATO	North Atlantic Treaty Organization
UK	United Kingdom
UN	United Nations

About the author

Ian Dudgeon is the principal of a Canberra-based consultancy established in 1997 that specialises in national security issues. He previously served in the Foreign Affairs and Trade, and Defence portfolios, and has held senior appointments in the Australian intelligence community. Ian was President of the ACT branch and a National Executive member of the Australian Institute of International Affairs (AIIA) during 2008-2012, and was subsequently appointed an AIIA Presidential Associate. He is also an active member of ASPI.

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