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**THE UNITED STATES CENTRAL COMMAND
(USCENTCOM)**

THE AFGHANISTAN-PAKISTAN CENTER OF EXCELLENCE

**THE FUTURE OF AFGHANISTAN: AN INTEGRATED STRATEGY FOR
GOVERNANCE, RECONCILIATION AND ECONOMIC DEVELOPMENT**

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It is an honor to be at the United States Central Command. I am grateful to the Afghanistan-Pakistan Center of Excellence, Colonel Derek Harvey and every one of you for your interest in Afghanistan and hearing the Afghan perspective.

Ladies and Gentleman,

It is with a mixed sense of urgency, fatigue and impatience that we, both in Afghanistan and the United States, are entering 2011 and debating ways to reduce the United States' combat role and set forth the parameters of a long-term U.S.-Afghan partnership. While improving security is the prime objective, where progress has been made, we have a long and uncertain way to go to improve governance, negotiate and reconcile with the Taliban and provide for sustained economic growth in Afghanistan. Therefore, I would like to discuss here, from an Afghan perspective, where we are, and what the prospects look like for better governance, reconciliation and economic recovery for my country. I would also like to propose some specific steps for adopting a better coordinated and more comprehensive strategy to succeed in our long and shared struggle.

I. Governance

We still lack a coherent strategy to improve governance while security is gradually improving. In the past 10 years, our mutual state-building efforts have been uncoordinated and ad hoc, with a simplistic approach for creating new parallel structures, while ignoring the existing and traditional institutions. We continue to struggle to add capacity, substance and sustainability to the newly created and improvised government and non-government institutions.

On the military front, the Afghan war theater has acquired much better unified military command, improved coordination, and proper prioritization of all civilian, political and military operations. However, my government is drifting apart from you and its international partners, and our international partners are struggling to find better ways to deal with the Afghan leadership and work with or around the Afghan government. The domestic politics of Afghanistan have become more fractured and contentious, as evidenced by the rift between the president and the new parliament, which could bring about a constitutional crisis. While mighty military muscles have been built by NATO forces and the performance of our Afghan national army has significantly improved, governance and the delivery of services by the Afghan state has remained on life support. The Afghan government and parliament are failing to provide a clear vision and plan to energize and regain the confidence and support of Afghans and our international partners. The concern is that the current tensions with the upcoming parliament will

further paralyze the executive branch and provide a platform for populists and fanatics in Afghanistan and strengthen those that see Afghanistan as a “Mission Impossible”.

Since our political elite, both in the government and opposition, have not provided a clear vision for the long-term future of Afghanistan, it is becoming harder for the Afghan technocrats to remain engaged. The Afghan people will have a hard time to rightfully argue that a peaceful, pluralistic and prosperous Afghanistan is not a distant dream but a necessity for peace in Afghanistan, stability in the region and security in the world. The Afghan people are resilient, moderate and pragmatic by nature. They expect a clear vision from the country’s leadership to guide the country in this crucial transitional period. They are tired of blame games and conspiracy theories, and they want to know how Afghanistan will fit in the new emerging Asia and what the nature and depth of our partnership will be with our NATO allies in upcoming decades. While Afghans are killed in the front lines, market squares and mosques by the Taliban and terrorists, the brutal enemy is frequently referred to as a brother.

There is no national plan to cure the symptoms of bad governance, which is caused by corruption, nepotism and lack of rule of law. The problem of absence of governance, which is due to active fighting, lack of resources and insecurity, is that it continues to drive people into shadow government structures set up by the Taliban.

There is no agreement on a cure for the problem of corruption. Corruption is regarded as a major impediment to stability by our international partners and the Afghan people. However, the government of Afghanistan sees this issue as a U.S. political pressure tool, a double-standard policy and a conspiracy by foreigners. Afghan officials perceive the current degree of corruption in a post-conflict country to be comparable to neighboring countries and some other U.S. allies.

II. Security

On the security front, the military surge of additional U.S. troops has successfully unfolded in southern Afghanistan, and better, but still fragile, relations with Pakistan have helped reduce major suicide attacks in Kabul. The significant increase in night raids and drone attacks have helped destroy the supply routes and the chains of command of the Taliban by taking out a significant number of mid-level Taliban commanders and facilitators.

Additionally, a large number of “shadow governors” in 33 out of 34 of Afghanistan’s provinces have been killed or arrested by night raids and surgical military operations in the south and north. These operations have made many areas of Afghanistan unsafe for the Taliban and increased tension between them and the leadership living in safe havens outside the country. If sustained, this pressure will help force the Taliban toward accepting the Afghan government’s continued offers to negotiate a political settlement to the conflict.

Furthermore, increased Taliban involvement with criminals and organized crime groups to raise funds and provide protection, coupled with high levels of suicide and roadside attacks in major cities that have caused the killings of many innocent fellow Muslims, have reduced public support for them. People are realizing that while the Taliban may selectively protect both illicit and legal businesses in certain areas, their interaction with civilians is generally predatory in nature through extortion and by charging and imposing taxes and protection fees. Temporarily, businessmen may cooperate with the Taliban for illicit economic gains, or out of fear, but in the

long-run, this cooperation does not necessarily lead to embracing the Taliban. Indeed, in certain districts, where people have openly welcomed the Taliban as potential saviors from the corrupt and ineffective government officials, the militants are soon perceived as violent gangsters and oppressors. Recent public surveys confirm these accounts and indicate that the approval ratings for the insurgents are dropping on both sides of the Durand Line. Thirty percent of Pakistanis had a favorable opinion of the Taliban in 2009, down from 67 percent in 2008. Meanwhile, 90 percent of Afghans surveyed in 2010 by an ABC/BBC News poll preferred the Afghan government to the Taliban—an increase of eight points over the figure provided a year earlier.

Finally, Afghans have welcomed the refocusing of the war strategy by General McChrystal and General Patraeus to make the safety and security of the Afghan people a priority. They are gaining more confidence in the staying power of the United States and the long-term commitment of the U.S., as emphasized by Vice President Joe Biden and senior members of the Senate Armed Services Committee in their recent visits to Kabul.

III. Reconciliation

The growing recognition within Afghanistan, and the United States of the need for negotiating with the Taliban and political settlement to complete the counter-insurgency strategy, is supported by the Afghan people.

However, a national consensus about a valid reconciliation strategy with the Taliban has yet to be achieved to reduce the anxiety among Afghans in major cities, as well as women and ethnic minorities, about the price they will be asked to pay to reconcile with the Taliban in light of their dark, oppressive past. Their position is that peace and reconciliation will not be sustainable if it comes at the cost of compromising hard-earned, basic citizen rights. Reconciling with the Taliban should not lead to antagonizing large segments of the Afghan nation.

Therefore, it is time for the United States and the international community to publically declare its position, beyond the guarded and vague approach of qualified support for the Afghan-led peace efforts, and formulate, in consultation with Afghans, a clear vision for the end state of the reconciliation process. War in Afghanistan has regional and international dimensions and peace cannot be achieved and sustained without regional cooperation and international involvement with resolute U.S. leadership.

If the parameters of compromises are not set, Afghans will continue to be concerned that our partners would shed their responsibilities and treat reconciliation as a platform for military disengagement and a premature end to their active combat role. We welcomed the unified messages in President Obama's recent statement and Vice President Biden's trip to Kabul in which they univocally and clearly stated that America will not switch off the light in 2011 in Afghanistan and close the door behind it. Afghans are pragmatic and know that we live in a volatile region and predatory neighborhood. Therefore, they would welcome Senator Graham's firm stand on the need for long-term U.S. presence and potential U.S. military bases in Afghanistan. Our security institutions need the support, mentorship and partnership of the United States and NATO for many more years to come.

Ladies and Gentleman,

While reconciliation has recently gained some traction here, in Afghanistan, the process of talking with individual Taliban commanders has been going on for the past nine years, and some members of the Taliban have been occupying public offices in the government and parliament. For instance, the “Program for Strengthening Peace and Reconciliation” was founded in 2005 and is led by a close ally of President Karzai, President Sibghatullah Mujadedi. This initiative claims persuading 9,000 Taliban fighters to renounce violence, despite the fact that it is severely underfunded. It is difficult to verify how effective this program has been to keep the Taliban on the government’s side.

Additionally, the “Mecca talks” started in September 2008 in Saudi Arabia and were followed by a second round in January and a third in the summer of 2010. Former Taliban officials Abdul Salam Zaif and Arsala Rahmani spearheaded these talks. Lower level contacts have taken place in Abu Dhabi, Dubai and the Maldives. Arranged by Pakistan, some Taliban leaders have occasionally talked with the Afghan and international communities through Skype. Furthermore, Hekmatyar has submitted a 15 point peace plan that does not demand the immediate step-down of the Afghan government and provides a “safe passage” for foreign forces, a term coined during the negotiation with the Red Army in the 1980s.

Finally, a “Consultative Peace Jirga”, or council, was held in Kabul from June 2 through June 4, 2010 with 1,600 delegates including 350 women. Its effectiveness was questioned by Afghans and the international community since it was an extra-judicial institution. The Peace Jirga came up with a number of recommendations, including support for President Karzai’s call for the removal of the names of certain members of the Taliban from the UN list.

The “Peace Council” was formed on September 5, 2010 with 70 members, including 25 Taliban and Hezb-e Islami members, 53 members belonging to various armed factions involved in the civil war of 1980s and 1990s, and a group of 10 relatively unknown women. The former Minister of the Taliban, Arsala Rahmani, is the spokesman and President Rabani is the President of the Council.

However, there has not been much substance in the Peace Council or referenced meetings. The Council is perceived to be unaware of the real contacts and meetings that are carried out by President Karzai’s older brother and the Deputy Chief of Intelligence, Engineer Ebrahim. So far, the negotiations are fear and survival driven rather than being based on a clear vision and calculated plan. There is no formal amnesty in place to deliver some transitional justice or at least forgive the past or help forget the past. Justice has not been delivered; healing has not started.

Furthermore, the Taliban do not feel compelled to engage in the political process. If they are not losing, why should they talk to us? We should not forget that the definition of victory for the Taliban is very simple: victory is their ability to destroy and disrupt. As long as they are able to do so and enjoy access to sanctuaries and funds, they will not feel compelled to reconcile and converse. Any “defeatist” and “reductionist” statements over-emphasizing the withdrawal date will feed the Taliban propaganda, which is continuously questioning the U.S. and NATO’s staying power.

Therefore, we need an integrated reconciliation strategy adopted collectively by Afghanistan, the U.S. and NATO for selectively embracing, flipping or splitting the Taliban. To achieve a unified strategy, discussion should start among Afghan and U.S. officials about who should sit around

the negotiation table and what role, if any, the UN or a UN official can play. Should the talk be close, intimate and intra-Afghan with UN observers or independent mediators, which is preferred by the Afghan government and the Taliban, or should the U.S. and Pakistan be part of a 2+2 arrangement. The degree of engaging and leveraging certain regional powers should be discussed, especially Saudi Arabia, Iran, India and Russia. Would the venue be in a safe haven in Afghanistan or Pakistan or a neutral venue? Pakistan is not the right venue, even according to the Taliban officials that are in contact with the government. Deleting Taliban leaders from the UN list should not be the starting point but an important bargaining tool. Such delisting should be the last step and conditional upon the Taliban splitting from Al Qaeda, which will be the Taliban's last step, too. Such delisting should only be done when this splitting occurs.

By sustaining military pressure, we are in a better position to develop an integrated strategy and coordinated conduit for talking to the Taliban. Afghanistan is not Iraq, where the population was fed up with occupation and ready to take charge and face all the risks associated therewith. The post-Cold War memories are still alive in our memories. Afghans still fear abandonment and are worried that our internal resources and institutions cannot guarantee our safety and security. The mixed results of Arbaki forces in Afghanistan shows that arming tribal militias may not yield the same result as Iraq, due to the fact that the pristine tribal structure of Afghan society has been under attack for the past 30 years by armed factions, warlords, fanatics, narcotic traffickers and the Taliban.

IV. Economic Development

Afghanistan has experienced remarkable economic growth despite serious and typical war economy impediments, including but not limited to (i) the predominance of the informal economy such as the Hawala System; (ii) extortion, violence, kidnapping and suicide bombing; (iii) smuggling and the illicit exploitation of resources, especially gem stones and lumber by criminalized cross-border networks on both sides of the Afghan-Pakistani border; and, (v) high levels of corruption within government services and waste in lucrative contracts.

Alongside the flourishing war economy, new economic institutions are developing with a permanent impact upon the Afghan economy and facilitating a better business environment. The government's inexperience in restructuring the economy in early 2003-2006 helped certain political elites monopolize major projects. However, the conditions are now improving. These powerful interest groups formed around senior officials, family, tribe kinship, regional and other trust networks are now feeling the heat, and the Afghan National Development Strategy is becoming more operational rather than just being the central government "wish list".

Better safeguards are now in place to prevent the interest groups from gaining unfair advantages in foreign and government tenders and lucrative contracts. However, the tribal and political elite's capture of foreign contracts and government resources for economic gain still takes place both on the national level and in the provinces, creating resentment against both the government in Kabul and foreign military forces in the provinces. They undermine the commitment to fight corruption and the sustainability of the political and economic structures on which we all depend. This is a particularly difficult issue in Afghanistan, where political connections are becoming vital in doing business. The international community is perceived as enforcing the anti-corruption drive selectively, as they have limited knowledge about the dark history of some local players and their family connections, or they are in a hurry to deliver results.

The potential for economic growth in Afghanistan is much bigger due to our strategic location, resources and the resiliency of the people. A specific plan of action on the national level is needed to address the main constraints to economic growth, especially uncertainty in property rights, high and unpredictable taxation, corruption, insecurity and lack of a reliable access to energy and capital. Although ransom and kidnapping have been reduced due to better performance of the Ministry of Interior, the private sector still pays prohibitive expenses in seeking private protection and security. Recently, due to political complication of U.S.-Afghan relations, the Afghan government is assessing unpredictable and aggressive “nuisance taxes” and curbing the activity of private security companies.

While the Afghan government and donors need better channels to discuss and resolve these impediments, at national level in Kabul, the immediate focus should be on creating jobs in the volatile provinces. We should focus on sub-national initiatives to support targeted private sector development. For instance, to create jobs and avoid clashes with the Afghan laws and bureaucracy, provincial-based “Free Economic Zones” can be established.

Such “Free Economic Zones” can address the national government’s incapacity or inability to act swiftly. If Kabul is slow or unable to reform, developing a provincial approach to risk management is the practical solution to mitigate bureaucracy, excessive corruption, taxation and property rights. The provincial “Free Economic Zones”, where a five to ten year tax holiday could be provided, will overcome business uncertainties. They could help eliminate poor protection of property rights by guaranteeing security of assets within their boundaries. This could complement the Industrial Park Plan finalized by USAID and the Reconstruction Opportunity Zone program and could provide and generate jobs and good news stories, showing what is possible for the public-private partnership in Afghanistan.

Additionally, a comprehensive and coordinated strategy should be formulated to infuse more U.S. private-sector resources and talent to support the growth of Afghan businesses. By supporting the Task Force for Business and Stability Operations, the U.S. Department of Defense leadership on this issue has proven to be crucial to further enhance business to business relations, interaction and exchanges with U.S. businessmen. By creating linkages to multinational firms, you are empowering Afghans to increase their access to larger markets, physical and human capital mentorship and business advisory services.

To conclude, security is improving in Afghanistan and prosperity is increasing. However, recent gains can only be sustained if long-term, integrated strategies at the national and international levels, coupled with quick impact projects on sub-national and provincial levels to improve governance and guide reconciliation.

Thank you.