



**Alternative Futures for Afghanistan and
the Stability of Southwest Asia**
Second Consultation

Palais des Affaires étrangères of the Quai d'Orsay
Paris, 13 October 2009

Consultation Report

Executive Summary

On October 13, 2009, the EastWest Institute (EWI) convened its second consultation on “Alternative Futures for Afghanistan and the Stability of Southwest Asia,” hosted by the French Ministry of Foreign and European Affairs in the *Palais des Affaires étrangères*. Bernard Kouchner, French Minister of Foreign Affairs and Thierry Mariani, Special Envoy of France for Afghanistan and Pakistan, delivered the opening remarks. The purpose of the consultation was to hear first-hand the view of people from Afghanistan and its neighbouring countries on how regional countries and other international actors can better coordinate efforts towards stabilizing Afghanistan and its neighbourhood. The consultation brought together senior decision-makers and experts from Afghanistan, its neighbouring countries and the international community. It sought further progress on key topics through working groups on regional economic cooperation, on regional cooperation on water and on challenges and opportunities for cross-border cooperation and ways towards sustainable development in the border regions. Recommendations that came forth included:

Political Recommendations

The USA and its allies should come to agreement on a joint and clearly communicated vision on how to find a political settlement with armed groups, especially the Taliban.

All players of the international community who are active in Afghanistan should unite in pressuring Afghan leaders to reconcile and form a government of national unity.

The military and civil strategy should be redefined around the needs of the Afghan communities. A new joint strategy needs to be focused on and clearly communicated to the Afghan population. Mounting Afghan frustration with military operations shows the urgent need to look beyond military interventionism to eradicate the Taliban and to aim for real participation of civil society and the broader population into stabilization and development efforts to win their hearts and minds.

The approach to stabilizing Afghanistan should be regionalized. Planning of Afghanistan’s development should be left to Afghans, with cooperation from and shared responsibility of its neighbouring countries and support of the international community. Afghanistan shall be treated as a sovereign and equal partner in such efforts. The international community’s focus on Afghanistan should not be to the detriment of its immediate neighbours.

Regional Economic Cooperation

Focus efforts on cooperation on water and energy first. While there is a wide array of possible areas for regional economic cooperation, water and energy are most suitable as they are crucial for rural and urban development, both in Afghanistan and its neighbours. Moreover, Afghanistan holds a strategic position as a transit country for energy and water between its neighbours, and therefore offers the potential to act as a 'hub' of regional development cooperation and trade.

Start a process of a region-wide needs and opportunities assessment. Recognizing the need for an improved institutional and regulatory framework, experts from all stakeholders in the region should come to agreement on needs and opportunities for improved cooperation. Cooperation on electricity, water, education, health care and the establishment of a free trade zone would be possible first steps.

Border Cooperation

Conduct joint security operations between Afghan and Pakistani security forces. Joint operations in eradicating Taliban fighters in the border areas can rebuild confidence and contribute to overcoming historical distrust between Afghanistan and Pakistan over the Durand line and migration and refugee issues (notably the burden on Pakistan) – a distrust that emerged in several interventions in the meeting.

Examine the establishment of a free trade zone along the Afghanistan-Pakistan border. The establishment of a properly functioning free-trade zone between Afghanistan and Pakistan would be a step towards increasing legal trade in what is currently a *de facto* limited free trade zone in illegal products such as weapons and illicit narcotics. The establishment of the outside borders of such a zone remains a conceptual challenge.

General Observations

Against a background of fading public support for intervention in Afghanistan, participants agreed that stronger, conscious and coordinated efforts towards regional cooperation are urgent. Participants agreed on the need for a common vision of the international community for regional cooperation with regard to Afghanistan. In that context, Afghan participants stressed the negative influence of historical perceptions and vested interests of notably Iran and Pakistan.

Afghan participants regretted that states in the region did not consider Afghanistan an equal partner. They put forward the full recognition of equality and sovereignty of all states in the region as a vital prerequisite for genuine regional cooperation (as recognized in the 2002 Kabul Declaration on Good Neighbourly Relations). There was general agreement that, apart from the immediate neighbours, China, India, and the Russian Federation also exerted considerable influence in Afghanistan. Participants pointed out that considerable differences exist in Afghanistan's relationships with Iran, Pakistan and Central Asian countries. While notably Afghanistan's relationships with Iran and Pakistan are marred by contentious issues, no such issues exist between Afghanistan and its Central Asian neighbours.

The absence of Central Asian states from Afghanistan, with regard to developmental and stabilization efforts, was noted with regret. Although reasons for this absence were recognized (notably the participation of Central Asian states in the occupation of Afghanistan as former parts of the Soviet Union) participants acknowledged that a greater involvement of Central Asian states was desirable. In that context, one participant suggested, also with regard to regional countries in general, that responsibility for security and development be shared between ISAF and regional players. ISAF members should each "adopt" a region in Afghanistan and become responsible for its security, whereas regional neighbours should each "adopt" a region in Afghanistan and assume responsibility for development efforts, notably with regard to development projects of medium size.

Several participants opted for the inclusion of regional cooperation in a three-tiered approach:

- Planning of development projects at a national level in Afghanistan
- Cooperation with neighbouring countries in those projects
- Support of the international community for such cooperation

The cooperation between Iran and Afghanistan on railway links is an example of such a three-tiered approach.

Afghan participants underlined with great emphasis the lack of Afghan ownership in international efforts for development of Afghanistan. The international community has failed to fully engage Afghans into its stabilization efforts. The institution-building campaign is exemplary in that regard. Major donors have taken almost full

responsibility for developing institutions, thus insufficiently building the capacity of Afghan officials. In addition, Afghans do not identify with newly built institutions. Citing the lack of democratic participation of the country and the ongoing support for tribal leaders and (former) warlords, participants pleaded for more Afghan ownership, particularly the engagement of local communities and civil society by the international community.

At the same time, participants stressed the need for efforts towards national reconciliation and reintegration. One Afghan representative suggested a five-point national unity program consisting of a *loya jirga* at the national level, the creation of a conflict free “neutral zone”, the focused development of notably rural areas, basic education, and an increase in transparency of international aid effectiveness.

In order to achieve success in stabilizing Afghanistan and its neighbourhood, the participants from Afghanistan called for:

- **Redefinition of the international community’s approach to complement current operations with a regional political process**

In light of the possible renewal of the Afghanistan Compact in 2010 participants called for a much stronger emphasis on regional cooperation. An overhaul of the current strategy as outlined in the Afghanistan Compact of 2006 is long overdue. A redefinition of the international community’s approach would also bring clarity on more effective means to achieve success in stabilizing Afghanistan. A crucial element in achieving success lies in engaging regional countries to contribute to stabilization.

- **Afghan ownership of reform and development processes**

“Afghanization” of stabilization efforts is urgent. Both on the institutional level and the level of local communities, the full engagement of Afghans will be crucial to the acceptance of policy changes towards improvement of the livelihood and human security of Afghanistan’s population.

- **Increased capacity building in national security institutions**

Security is a precondition for all development. An increased investment in the Afghan police and the Afghan National Army structures is urgent. Reconciliation will be major political challenge.

Regional Economic Cooperation

The working group on regional economic cooperation reiterated the general potential for Afghanistan to play a key role in regional economic cooperation, as outlined in the Afghanistan National Development Strategy. It was agreed that Afghanistan has potential to benefit from its strategic position as physical bridge between Central and

South Asia. In exploiting this potential, Afghanistan can more easily meet its development challenges. However, it will need continued assistance from the international community to do so.

While participants referred to a wide array of possible areas for regional economic cooperation, there was agreement that cooperation on water and energy issues might be most suitable, particularly in terms of economic and infrastructure development. Cooperation on these issues would have good confidence building effects as well. The reasons identified were the crucial role of water and energy for rural and other areas of development in Afghanistan and the whole region and Afghanistan's strategic position as a transit country (exports from energy-rich Central Asian countries to energy-lacking Afghanistan and Pakistan).

In a discussion that focused mainly on Afghanistan-Pakistan relations, the following remaining obstacles for regional economic cooperation were identified:

- **A continued perception of economic cooperation as a zero-sum game**

A first condition for improved regional economic cooperation is the existence of political will to make progress. There remains a disbelief in the win-win character of regional economic cooperation. Afghanistan and its neighbours have so far failed to jointly agree on a list of priority issues that present opportunities for mutually beneficial cooperation. Widespread corruption, smuggling and the limited role of the private sector continue to limit real progress towards economic cooperation.

- **Weak national and regional institutional framework**

The underdevelopment of financial systems and regulations impede improvements in regional economic cooperation. Without a legal framework, hardly any legal cross-border trade and other cooperation can take place. The current legal security is too limited to ensure sustainable cooperation. Low rates of taxation (8 % in Afghanistan, 10 % in Pakistan) and the inefficiency in collecting them make for very limited financial capacity and major structural deficits, further impeding the development of programs of regional economic cooperation.

- **Refugees and migration**

A persistent feeling on part of Pakistan is that it carries an unfair amount of the burden of Afghan refugees on its territories. This sentiment further complicates regional economic cooperation. Any agreement on regional cooperation will need to incorporate a plan for return of Afghan refugees to Afghanistan. In contrast, migration of cheap labour from Afghanistan into Pakistan presents opportunities for increased development.

- **Lack of credible Afghan representation in dialogues**

In ongoing talks on regional economic cooperation, the Afghan delegation is consistently led by the Ministry of Foreign Affairs. This is not always the appropriate partner for negotiation on regional economic cooperation. On the

Afghan side, there is currently a lack of empowerment of the most relevant ministries to deal directly with their counterparts in their neighbouring countries.

The following suggestions were made to give renewed impetus to improving regional economic cooperation:

- **Start a process of economic expert gatherings, including competent civilians, from all regional countries, to assess and agree on the needs and opportunities for mutually beneficial cooperation**
- **Facilitate trade through improved customs infrastructure, market-information-sharing and improved financial regulation systems**
- **Explore electricity, notably electrical connectivity, as a concrete issue for regional economic cooperation and develop a vision for regional energy security**
- **Explore education as a concrete issue for regional economic cooperation**
- **Explore healthcare as a concrete issue for regional economic cooperation**
- **Explore the feasibility of cooperation on a regional gas pipeline**

Regional Cooperation on Water

As a basis for the discussions, the group worked from an EWI Working Paper, *Water Strategies in Afghanistan and Southwest Asia* (October 2009). The participants identified with the publication and reiterated that some of the key challenges for water cooperation in the region were lack of trust, limited knowledge and capacity, and a deficit of cooperation generally.

The following, more specific roadblocks were identified:

- **Across the region, technological and knowledge deficits exist in the water sector. These deficits restrict efficient management and use of national water resources and limit prospects for coherent policy development on trans-boundary river basins.**

The knowledge deficit is greatest in Afghanistan, restricting its capacity for national policy development on agriculture and energy, which also affects its neighbours' policy development process. The neighbouring states have differing levels of capacity and knowledge, and the multitude of non-standard approaches to data collection and sharing, including with Afghanistan, limits progress. Furthermore, river basins *en masse* suffer from the lack of shared comprehensive hydrological data, necessary for effective management and use.

- **Water infrastructure projects across the region are in advanced planning stages; they are aimed at exploiting irrigation and energy potential on national rivers.**

These projects are a source of tension between upstream and downstream states who feel they will either receive less water and/or be held hostage to upstream control of trans-boundary resources. To date, the upstream states have argued on the basis that they have to complete development projects in order to benefit from the natural resources, and downstream states on the basis that water is essential to their development and a historical right given water flows for hundreds of years.

- **There are few spaces where trans-boundary water issues can be discussed or conflicts managed to achieve win-win outcomes.**

The lack of bilateral or multilateral treaties, memoranda of understanding, or dialogue forums between the region's countries has limited opportunities for trust-building and cooperation. The fact that the rivers are trans-boundary resources means that all parties are tied to each other to a greater or lesser extent, and the success of one state (upstream or downstream) relies on at least the riparian states, and, to achieve measurable and sustainable progress in human development areas, probably all states.

In agreement on the identified challenges, the working group on water sought to design ways to tackle them and agreed to the following general 'code of conduct' in order to overcome current deficits.

- Develop proposals under the auspices of a joint advisory board made up of an equal number of officials and experts from each state - taking forward small initiatives at-first in an all-inclusive, step-by-step approach to ensure each state has ownership;
- Work closely with international institutions such as the UN and water-related bodies to ensure transparency and institutional support; and
- Ensure that local communities are involved in the process from the outset, both in the needs assessment and in the implementation of proposals.

Recognizing that the water issue is a major link between confidence building and regional development, the following recommendations were put forward:

- In order to **improve the hydrological knowledge base across the region**, mutually beneficial cooperation on scientific-technical aspects should facilitate trust-building in the region and begin to alleviate misperceptions of upstream and downstream nations alike. This cannot happen as an isolated undertaking, and must be organized in parallel with other water-related developments to ensure that the differing needs of all states in the region are taken into account.
- In order to **regionalize its water related aid programming, the international community** must deliver water-related aid (including for agriculture and infrastructure projects) on the basis of regional water needs

assessments, develop coherent regional policies for water-related aid programming, and ensure a far greater level of coordination of donors. A roadmap for projects and necessary research could serve as a cornerstone for increased coordination.

- As a first step in a collaborative regional process to build confidence, **a multilateral joint advisory board should complete a regional needs assessment on water, linking it to key areas of economic development and border cooperation.** The Advisory Board should be established to agree the terms of reference, confirm an international partner institution for the commissioning process (for example UN Water), commission experts for the needs assessment, and agree the final recommendations as a joint report from the advisory board.

Challenges and Opportunities for Cross-Border Cooperation and Ways Towards Sustainable Development in the Border Regions

The discussion, focused mainly on Afghanistan-Pakistan relations, evolved in relation to four specific issues: security, trade, water (also covered in a separate working group) and donor aid. In the morning session, the following roadblocks to regional economic cooperation were identified:

- **Historical distrust between Afghanistan and Pakistan:** The dispute over the Durand Line has long convoluted any cooperation between Afghanistan and Pakistan. The dynamic of India-Pakistan relations affects any form of cooperation on the Afghan-Pakistani border too. A strong Pakistani concern remains about the role that India plays in the security and development of Afghanistan. Building trust between these key players will be a condition for sustainable regional cooperation.
- **Scepticism about the potential of cross-border cooperation:** There is currently limited commitment to and political will for cooperation across borders, notably with regard to the border between Afghanistan and Pakistan. In that regard, Afghan participants voiced strong concerns about the presence of Taliban leadership in the border areas in Pakistan. Afghan readiness to engage in true dialogue on all political issues related to border cooperation with Pakistan will likely depend on Pakistan's efforts in 2010 to eliminate Taliban leadership on the Pakistani side. Afghan participants underlined that progress on that issue would be a precondition for the return of Afghan refugees to Afghanistan. Pakistani participants on their part outlined that the return of refugees was an important indicator of Afghan willingness for genuine cooperation.

Citing the Swat operation as an important lesson, Afghan participants expressed hopes that the Waziristan offensive would be carried out energetically and in such a way by Pakistani forces as to avoid an influx of Taliban into Afghanistan, as had happened after the military operation in the Swat Valley.

Several participants from Afghanistan and Pakistan alike called for a regional and joint understanding of the threat of terror, notably between Afghanistan, Pakistan, and India. In relation to the overall strategic interests in the region, particularly of Afghanistan, Pakistan, and India, all three countries should aim to agree to refrain from using terrorist groups as instruments of foreign policy. A joint strategy to tackle the Taliban strategy would be a vital building block for regional security, not least, as many participants stressed, in light of the nihilistic ideology of the new generation of Taliban.

- **Afghan and Pakistani security forces cooperation on fighting Taliban in the border area:** A number of participants called for more practical cooperation between armed forces of Afghanistan and Pakistan in border areas as a vital element of a joint anti-Taliban strategy. Both Afghan and Pakistani participants voiced support in that context for the embedding of Afghan officers into Pakistani fighting units. President Karzai had already put forward that proposal and equally proposed joint operation. However, participants considered it necessary to look at the embedding of officers on a much wider scale.
- **Weak governance and law enforcement:** Cross-border cooperation is an issue of local communities and authorities alike. The current lack of democratically elected, credible and legitimate partners to cooperate with was identified as a crucial hurdle to improving cross-border cooperation. Due to a lack of political maturity of political institutions, it is hard to identify the right partners for cooperation on either side of the border. The group called for an urgent return of the state into the tribal areas along the Afghanistan-Pakistan border and the development of a comprehensive and inclusive security strategy for those areas.

The following recommendations were put forward as first steps towards tackling the challenges described above:

- **Establishment of a free trade zone along the Afghanistan-Pakistan border:** In light of the general underdevelopment of the border area and the urgent need for economic development, some participants voiced strong support for the establishment of a free trade zone along both sides of the border. In that regard, they outlined that *de facto* limited free trade already exists in that area, for example in illegal products such as weapons and illicit narcotics, and should be extended to legal products. Other participants, however, outlined the conceptual and practical difficulties in establishing such a free trade area. Notably, they raised the question of the outside border of such an area.
- **Renewal of the Transit Trade Agreement:** participants from both Afghanistan and Pakistan considered renewal of the 1965 Transit Trade

Agreement between Afghanistan and Pakistan crucial to development in the border areas. Some participants voiced scepticism in light of dependence of the success of any Transit Trade Agreement on the improvement of overall political relations between Pakistan and India.

- **Cooperation of Afghan and Pakistani security forces:** More cooperation with regard to strategy and tactical operations on the ground. Embedding Afghan officers into Pakistani fighting units.
- **Attract foreign direct investment to the border area:** Building security will be a crucial step towards making the border area attractive for foreign investments, which in turn may spur further cross-border trade. Solid and credible governance institutions are a necessity to lower the threshold for investors to move in.
- **Water diplomacy to improve livelihoods in the border area:** Uncoordinated irrigation of agricultural land is a crucial wedge between communities, internally and cross-border alike. Joint efforts engaging local communities from both sides of the border to improve irrigation of dry lands will contribute to sustainable development and improved agricultural production in the border areas. The consequential increased economic activity will decrease the appeal of the Taliban.