

July 2020

Getting to Peace in Afghanistan: Good economic policies and International Assistance remain vital

Economic and Development Assistance have been key parts of U.S. and international efforts to help Afghanistan since late 2001, when key countries, the UN and the World Bank began organizing the first donor conference in Tokyo.

While the U.S. and our donor partners have fallen far short of donors' hopes to bring about change, the growth of GDP, education, basic health care and other indicators have been substantial since 2001.

International aid has helped educate and train millions of Afghans who today are well prepared to support peace and prosperity.

Conflict, corruption and poor governance have hindered progress at every step and continue to do so today, with the added impact this year from COVID-19.

Successful Afghan to Afghan negotiations leading to a good peace agreement are essential. Hopefully, US and international support will help such talks to begin in the

weeks ahead and continue work to get the parties to negotiate seriously,

Continued support from international donors is equally vital for Afghanistan's **economy and governance** now and will be vital for work to forge a **sustainable peace**.

A new donor conference slated for November. Pledges from the 2016 Brussels conference are expiring, and new commitments are needed for the years ahead whether or not there is a peace negotiation and agreement, and especially after any agreement to help it endure.

Current Economic Situation

2019: economy grew 2.9%: far below what is needed even to absorb young people entering the economy but still growing.

2020: projected negative 3 to 4% GDP growth because of COVID-19 and uncertainty over fighting and peace. That is a 6-7% drop from 2019 to 2020.

Poverty rate could go from 55% up to 75% of the population, World Bank experts estimate.

IMF source says **pandemic has further diverted govt.** which had already been preoccupied with post-election politics surrounding Presidential elections; **economic reforms slowed 2019; many weaknesses still** to address on the economic governance side.

Even with improved govt. revenues in previous several years, **Govt dependent on int. aid for some 75% of its expenses, including security**, which is over half of budget costs.

World Bank view of **needed steps**:

- a) **Relief** during pandemic
- b) **Recovery** to previous economic baseline
- c) **Restore resilience and forward momentum on reform** and better policy implementation
- d) **Peace process support** – a peace agreement will **require more international aid in near term** to help stabilize and grow the economy, maintain and expand govt. services and sustain a process implementing and accord and transitioning to a peace-time economy.

As much as **\$7 billion could be needed for the first 4 years, World Bank estimated in late 2019.**

Key Actors

As we move ahead, I find it useful to think of **key groups of actors** to think about:

1) The government of Afghanistan: it needs to get cabinet posts **staffed with competent people and be focused on better service delivery, project/program implementation, while returning to needed reforms and revenue collection.** COVID crisis, reduced income and need to renew international aid commitments have returned President Ghani's attention to economic policy and governance issues; govt is redirecting money from stalled projects to priority areas; but this work needs to be a focused effort by a fully and well-staffed government **to address well the higher unemployment, increased poverty, and other ill effects of COVID and the ongoing conflict on the economy and society.**

2) International donors/partners: it is important that they **remain committed and well-focused despite fatigue with the long conflict and frustration with the situation.** This is true for those who support security assistance as well as development and

humanitarian assistance. The World Bank and key donors now **trying to come up with a shorter and more measurable/transparent list of benchmarks** which they and the Afghan authorities can agree to measure and demonstrate progress in the use of international aid. Agreement on a reduced set of benchmarks and mutual commitments between donors and the govt. **will be important to achieve aid pledges** for the years ahead, donor officials say. **A key element will be demonstratable progress in fighting corruption** (which will help in many ways) **and seriously engaging the private sector** potential to grow the economy. Certainly, **continued aid depends in good part on donors' assessment of the fighting and peace prospects, state of the Afghan govt, and U.S. staying power.**

3) **Taliban:** The US and donors need to **convince the Taliban to seriously focus on the aid/assistance that an Afghanistan at peace will need.** Little evidence that Taliban leadership, let along the field commanders or fighters, understands economics or how international aid and good economic governance can help consolidate peace and grow jobs. For example, **DDR** – how will a peace government deal with **tens of thousands of fighters**

and security sector employees from all sides will looking for new employment, plus any refugees who might return and on top of current 55% unemployment rate? Where do the jobs come from? How do fighters get retrained? What seed money and expertise can help craft good policies and practices to attract investment both Afghan and non-Afghan? **Neglecting such issues, can turn an emerging peace, whatever its form, into a disaster.**

4) **US Government:** The political levels in the U.S. **need to understand that a successful departure from Afghanistan that preserves basic U.S. strategic interests requires sustained engagement and investment,** even if the forms of that investment and engagement change with fewer troops.

Afghanistan's neighbors, especially **Pakistan,** and other key actors, including **Russia and China,** will remain important players. U.S. diplomacy has correctly incorporated this reality and should continue to do so.

Of course, the **Afghan people** remain at the core of the matter. How they will be involved in the unfolding process, for example by the government, remains to be

seen. But they certainly will feel the effects of any outcome.

A Long, Bumpy Process to Success

Peace negotiations, once begun, are likely to be prolonged; a successful effort to sustain and consolidate peace will also likely be long and bumpy.

It will take patience, money, expertise and agreed medium- and long-term plans to promote economic growth, to build the institutions and programs that successfully deliver services and promote economic growth, and to measure results and adjust to the changing situation.

Reconciliation

A sustainable peace will also require reconciliation in Afghanistan's society after decades of conflict.

Examples of reconciliation programs: This spring a group of American University students looked at 30 conflicts around world to identify **programs that encouraged healing of wounds in societies.**

There were no magic formulas, but their research found **programs in Africa, Latin America, the Middle East and South/Southeast Asia that seemed to produce good results in promoting reconciliation. They fall into four groupings:**

Programs overcoming trauma;

Programs involving peace education;

Programs building cohesion;

Programs that enhanced gender inclusivity.

They also identified five shared factors about the ways these programs were developed and implemented that could helpfully guide Afghans and international partners in adapting ideas that helped elsewhere to Afghanistan.

Afghanistan can benefit from the inspiration of such **best practices adapted to its realities. It will need support by outside expertise and money.**

Keeping the Pressure for Peace On

Key in the **near term is getting people to the negotiating table and keeping them there, seriously negotiating.**

Neither side has done all of the homework needed to hash out the serious issues about a future governing arrangement that need to be addressed.

Both sides seem to have very different views of the end state of negotiations.

And, it is not yet clear that the Taliban are committed to serious give and take to get to a solution. Some believe they still seek military victory.

It will be very complicated for all to think through and then work through the tough issues on govt. structure and rules/norms, security, and economics as well as on consolidating and sustaining peace.

The Kabul actors need to be more unified on negotiating strategy and goals, and more effective in producing economic and governance results.

The Taliban need to better understand they will need to run an economy and government. They will need good economic policies and governance. This is additional to the basic commitment to negotiating seriously about a post-conflict arrangement with other Afghan parties.

In this context, an **international mediator** may well be a useful/needed player as negotiations get underway.

It is vital to keep international donors and partners engaged to support all of this going forward. (Also, key regional players.)

For the U.S., the central message is not to withdraw or disengage prematurely. There has been evident progress, fueled by U.S. diplomacy. Keep using diplomatic, military and assistance tools to press toward peace.