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Complex Interplay of Variables in Transition-Period Afghanistan and Need for a Balanced Approach

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Complex Interplay of Variables in Transition-Period Afghanistan and Need for a Balanced Approach

An Honors Thesis

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the B.A. in International Studies Program

of the University of New Orleans

In Partial Fulfillment

of the Requirement for the Degree of

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By Raju Adhikari

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### Acronyms

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<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ANA</td>
<td>Afghan National Army</td>
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<tr>
<td>ANDS</td>
<td>Afghanistan National Development Strategy</td>
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<tr>
<td>ATA</td>
<td>Afghan Transitional Authority</td>
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<tr>
<td>CDC</td>
<td>Community Development Councils</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>ISAF</td>
<td>International Security Assistance Force</td>
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<tr>
<td>MoI</td>
<td>Ministry of Interior</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SAFTA</td>
<td>South Asian Free Trade Area</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>WTC</td>
<td>World Trade Center</td>
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Abstract

The international community proclaims victory when a conflict-ridden state is able to get rid of the main cause of the conflict. However, all the problems of the state do not end with that victory. It rather triggers a whole new set of problems, which combined with the aftermath of the conflict, leads the country to a larger crisis. Afghanistan, after the fall of Taliban regime in 2001, faced various social, political and economic challenges that marked the beginning of a transition period that was much more challenging than the previous period. In this paper, I discuss the major problems of transition-period Afghanistan and how the handling of these problems has shaped the image of the government inside the country and outside. I look into various variables that have played leading roles in Afghanistan in the past ten years (legitimacy, corruption, and state capacity), analyze their interconnectedness, and examine the state’s vulnerability, leading to a discussion of whether there is an immediate need for a changed approach by national leadership. I demonstrate the complex interaction of the variables in connection with their impact on economic development. Towards the end, I suggest the need for a balanced approach, including but not limited to the increase in sub-national capacity, which will involve strong leadership from the government to define and divide the functions of various actors involved in the stabilization of the country. We will see that Afghanistan’s geographical location, its natural capacity and the international support it has been receiving provide it with immense prospect for stabilization and even development, providing that the variables analyzed in the paper are addressed.

Key Words: Afghanistan, transition period, legitimacy, corruption, capacity
I. Introduction

States are always evolving—they are always in a transition of some sort. Transition processes carry a set of challenges and opportunities for a state. In a highly interconnected world, like the one we have today, the transition process in one state involves many actors within and outside that particular state. In this paper, we analyze the transition in political and economic capabilities in a post-conflict transition-period Afghanistan.

Afghanistan has been experiencing a profound transition since the events of September 2001. The Taliban government was toppled by a U.S. led coalition force and since then the state has gone through various political changes. Daily activities in Afghanistan have been endangered due to violent combat between the International Security Assistance Force (ISAF) and Taliban and al-Qaeda militants. With millions of dollars flowing into the country as foreign aid, people’s expectations have risen. But the limited capacity of and effort from a weak and vulnerable political system, have taken the country not much further since the transition began. Security is still a big problem and development a far-away goal.

The purpose of this paper is to examine the transition of Afghanistan since 2001, using the transition literature as a conceptual starting point. The transition literature indicates that the Afghan transition has been a complex interplay of various actors—government, communities, insurgents, NGOs and international communities. The interplay helps us dissect the transition period and outline the major problems it posed to the stabilization of Afghanistan. In the case of Afghanistan, we will examine its transition process in terms of our larger understanding of transition processes, focusing on the role of variables that include: legitimacy, corruption, state and sub-national capacity, and their complex interplay. Towards
the end, I will follow this analysis with an examination of the impact of the transition process on Afghanistan’s economic development prospects.
II. The Theoretical and Regional Context

A. What is a transition period?

According to UNDP, transition periods are defined “broadly as periods of multidimensional economic, political and/or societal change arising from a transfer of power or a period of conflict.”¹ The importance of a transition lies on the challenges that it poses to the effective running of a political system. Transition raises concerns over political authority, economic development, human rights, security, basic living infrastructures—food, clothing and shelter—and many more complex elements that create the backbone of a stable state. Sometimes, transition also threatens the statehood of the state by tampering with its legitimacy within the state and outside. Transition period is also a period for a state to reassess its political capacity and to create measures to develop it. A state goes through big changes in political leadership during a transition period, making it difficult for the new leadership to deal with security issues and develop state capacity at the same time. Also, while trying to stabilize the political situation of the state, governments ignore many social and economic issues, leading to the accumulation of complex problems, which in the course of time, cripple the state from all sides.

The literature helps us identify some of the important variables that create the complex foundation of Afghanistan’s transition period. The most notable fact is that, although scholars identify one variable to be a little more important than the other, none of them disregard their interconnectedness. In fact, in analyzing this literature, one can argue that stabilization and

development are almost impossible if any one of these variables is disregarded. Important variables include:

1. Legitimacy

Trust between people and the government is a very important tool for a country’s progress. The US military occupation in 2001 was successful partly because of the support by Afghan people who desperately wanted to free themselves from Taliban shackles. Their welcoming of the international community also reflected their rejection of failed political leaders and movements of the past. The most important characteristic of a democratic government is that it should have the support of its people. Bhatia cites the definition of legitimacy as “the capacity of a social or political system to develop and maintain a general belief that the existing social order is generally appropriate.”

2. Corruption

Transparency International defines corruption as “the abuse of entrusted power for private gain.” Corruption is a typical phenomenon in a developing state where people place family or ethnical ties over social or national responsibility. Corruption is possible only when at least one individual is in a powerful position. Since administrative positions have such powers, they are very susceptible to corruption in developing countries, due to the lack of regulatory mechanisms and effectiveness of the ‘rule of law.’ Kurer uses various traditional definitions of corruption to devise a newer version based on what he calls ‘impartiality principle,’ where he defines corruption as a violation of non-discrimination norms by a holder

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of public office in order to gain a private advantage.\textsuperscript{5} Since the idea of impartiality or non-discrimination here suggests that every citizen deserves the right to be served equally, the question of corruption finds itself in a very significant position when we describe the interrelation of a government with its people.

3. Capacity

Capacity of the state is its ability to function. Understanding capacity is simple; for example, if terrorist activities are increasing in a state, then one can conclude that the state’s capacity to counter these activities is low or diminishing. The issue then is the necessity for the state to develop its counterinsurgency efforts—that is, to develop its counterinsurgency capacity. Similarly if the foreign aid that comes to the country is not being put into best use to generate maximum output then it suggests that there is a lack of capacity to utilize foreign aid. To develop this capacity the government strengthens its institutions and policies that deal with foreign aid so that maximum yield is guaranteed.

B. What is the historical context of Afghanistan’s transition period?

Afghanistan stands out when the terms conflict and transition are mentioned. People believe that amidst the inaccessible mountains, there has always been a religious and political tug-of-war. However, it is unknown to many people that at one time this same country served as ‘a buffer-state’ and was thought of as the ‘Switzerland of Asia.’\textsuperscript{6} Afghanistan was a relatively peaceful state until the Soviet occupation of the country in 1978.

Over time many dynasties ruled Afghanistan. They did so, however, without strengthening the country’s political and economic independence. This history made the


country highly centralized, weak and ultimately susceptible to the expansionism of the Soviet Union. The core of Soviet interest lay not just on the expansion of communism or on a race with the United States, but on threats that the large Muslim population of an unstable Afghanistan posed in spreading and influencing rebellion to neighboring Soviet Central Asia. The Soviet regime in Afghanistan lasted for almost a decade starting in 1978 and created the platform for numerous conflicts that followed.

The mujahedeen (followers of jihad)\(^8\) rose to combat Soviet forces and were aided greatly by the United States because of their common anti-communist ideals. However, in the course of time, especially after victory over the Soviets, the mujahedeen had an internal conflict leading to the formation of a pro-Pakistan Taliban group.\(^9\) The Taliban were a Sunni political-religious organization of mainly ethnic Pashtuns, separated from the mujahedeen, who sought to impose a conservative version of *sharia*, or Islamic law, throughout Afghanistan.\(^10\) When the rest of the world was emphasizing the need for freedom and equality, Afghan society faced all variety of Taliban-inspired assaults on human rights. Women were banned from going to schools, homosexuality became a sin, and drug cultivation reached its apex.\(^11\) The combination of a deplorable human-rights record and a growing allegiance to the terrorist group Al-Qaeda and its leader Osama Bin Laden led Taliban government to lose its legitimacy in the eyes of the international community.

For the purpose of this paper, all these periods of conflict and instability do not fall under the transition-period Afghanistan that we wish to focus on. In fact they create a


\(^8\) Maley, “Appraisal,” 866.

\(^9\) Ibid., 869.


\(^11\) Ibid., 15.
foundation for the transition period that began in 2001. On September 9, 2001, Al Qaeda assassinated Ahmad Shah Massoud, an anti-Taliban leader and two days later, they launched a series of attacks on the World Trade Center and Pentagon in the United States.\textsuperscript{12} This day stands out in history for two reasons: thousands of innocent lives were lost, and a devastating war began. The war was named “War on Terror”\textsuperscript{13} and the United States took a leading role in avenging the lives of its citizens that died during the attacks, in eliminating terrorist organizations around the world, and in dismantling the governments that “sponsor, shelter and supply terrorists.”\textsuperscript{14} American intelligence agencies had gathered a sufficient amount of evidence on Al Qaeda’s bases being located in Afghanistan and of the Taliban’s support for this organization. As a result, President Bush gave an ultimatum to the Taliban government with the following demands:

Deliver to United States authorities all the leaders of Al Qaeda who hide in your land. Release all foreign nationals, including American citizens, you have unjustly imprisoned. Protect foreign journalists, diplomats and aid workers in your country. Close immediately and permanently every terrorist training camp in Afghanistan, and hand over every terrorist, and every person in their support structure, to appropriate authorities. Give the United States full access to terrorist training camps, so we can make sure they are no longer operating. These demands are not open to negotiation or discussion.\textsuperscript{15}

The failure of the Taliban government to comply with the United States’ demands resulted in “Operation Enduring Freedom” on October 7, 2001.\textsuperscript{16} Although this was the beginning of another foreign military occupation in Afghanistan, it was different in many ways from the earlier Soviet incursion. Firstly, it was a multi-national operation, including countries such as United Kingdom, Australia, Canada, and others assisting the American

\textsuperscript{12} Maley, “Appraisal,” 871.
\textsuperscript{15} Bush, “Address to the Nation.”
soldiers. Secondly, the operation was not to invade Afghanistan but to restore democracy and peace in the nation by making it easy for those political parties, who abide by the Western democratic principles and commit against terrorism, to rule the country. The United States and the coalition forces succeeded in overthrowing the Taliban from Kabul on November 13, 2001 and won over Kandahar on December 9, 2001 marking the end of Taliban regime. In a sense, the war was over; but in the aftermath of the war, the real challenge emerged.

Afghanistan was in a period of change, which we now can connect to the idea of transition discussed earlier. Afghan people had seen large numbers of American soldiers march on their territory exclaiming the end of the Taliban regime but they had not yet seen the unveiling of women, remuneration of their lost property or rise in their living standard. The war created many angry groups of people, in Afghanistan and outside. Although it seemed like it started in an attempt to avenge the 9/11 attacks, theorists, social scientists, analysts, media, and people from all sectors gave varying interpretations on the implications of the war. The United States had seen “in Afghanistan, al Qaeda’s vision of the world” but that reason wasn’t sufficient for its elongated stay in the region. The U.S. defined its stay in Afghanistan as an effective means for empowering counter-terrorism activities in the region and supported this by initiating counter-terrorism activities in other states like Philippines, Bosnia and Iraq.

In order to identify the political challenges of the transition period in Afghanistan and to create measures to minimize the adverse effects of the war, international community convened in Bonn, Germany in December 2001 for the Bonn Conference on Afghanistan. The Bonn Agreement established an interim authority called Afghan Transitional Authority (ATA)

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17 Ibid., 211.
18 Bush, “Address to the Nation.”
19 Bush, “Union.”
under Hamid Karzai to govern Afghanistan for a period of 6 months.\footnote{Mark Fields and Ramsha Ahmed, “A Review of the 2001 Bonn Conference and Application to the Road Ahead in Afghanistan,” \textit{Institute for National Strategic Studies: Strategic Perspectives} 8, (Washington, D.C.: NDU Press, 2011), 5.} In June 2002, Hamid Karzai was elected as the interim head of the state by the Loya Jirga.\footnote{\textit{BBC News}, “Afghanistan Profile,” South Asia, http://www.bbc.co.uk/news/world-south-asia-12024253.} However, Afghanistan faced a big crisis of securing its political legitimacy in the world. It took 3 years for an election to happen. The new Karzai-government had the responsibility of not just bringing all the unsatisfied factions together but also in creating opportunities for long-term sustainable development. None of these happened as expected, as the country became more confounded by its day-to-day social, political and economic crises.
III. Analysis of Variables and Implications for Afghanistan

The first thing that one needs to know about Afghanistan’s political ability is that Afghanistan had mostly been a ‘rentier state’ whose central governments had always been dependent on extracting outside resources in order to maintain their stability.\(^2\) A rentier state is a state whose one sector accounts for the overwhelming proportion of its gross national product, with a minor contribution from domestic investment.\(^3\) In the case of Afghanistan, this one sector has been foreign aid. So when we measure the current government’s abilities, we need to keep in mind that the government is a dependent actor.

The source of that dependence is the International Community. Afghanistan is one of the poorest countries in the world and fairly insecure, considering that it had been a safe haven for many terrorist organizations in the past. A very important question today is: what is the goal of international community when it comes to Afghanistan? Carl Robichaud mentions that success in Afghanistan is based on the minimum condition that the Afghan state can constrain the threat of violent jihadism within its borders and contain any threats to the international order.\(^4\) For this to happen, a functioning state with popular support is deemed a must.\(^5\) The concern is that although the international community might be able to provide monetary and military support, it lies in the hands of Afghan leadership to gain popular support and authenticate its legitimacy. Afghanistan is a relatively safer place than it was in

\(^5\) Ibid.
2001, however the increase in Taliban offensive activities since 2006 and their assumed rise to power after the expected military withdrawal by the U.S. by 2014 show that the tides are shifting and that the international effort in Afghanistan might be a mere repeat of the Soviet debacle.\(^\text{26}\)

**A. Establishing legitimacy**

Establishing legitimacy is an ongoing struggle for the Afghan state. The factors that question the legitimacy of the current government include: its incompetence to manage and rebuild corrupt government institutions, its inability to install competent local governance, its failure to spend Western aid effectively, and its incapability of avoiding favoritism with respect to the fellow Durrani tribesman.\(^\text{27}\)

One of the failures of the current government has been its inability to hunt down and bring justice to brutal mujahedeen warlords. For example, Christian Parenti mentions that the *jangsalarans*—who are seen as thieves and murderers—“are being folded into government and given new power and legitimacy by the UN and the U.S. backed government of Hamid Karzai.”\(^\text{28}\) The same thieves and murderers are portrayed as the key players to the development of the state, further infuriating the local public and dismantling their belief in the government. Parenti also blames the international community for supporting the inclusion of these mujahedeen leaders and for turning Afghanistan in a narco-mafia state.\(^\text{29}\) He relies on interviews with local people who express their frustration on “why America has given these

\(^{26}\) Ibid., 2, 3.
\(^{29}\) Ibid., 13, 14.
commanders a position in the government.”

This rise in impunity shows that the current government is trying, by joining with the evil forces of the society, to prevent accountability for past crimes.

Bhatia examines the proposal of mujahedeen’s ‘right to rule’ by analyzing what roles and images they carry. He mentions that the mujahedeen are not seen as a similar entity as during the war against the Soviets. Today, when some mujahedeen ally themselves with the government, others join the Taliban and fight against the coalition forces. Still others exercise their power at the local level, often capturing the attention of NGOs and human rights activists. Not only do they constitute varying factions, often in conflict with each other, but the mujahedeen muddle the legitimacy of the central government. To recognize them as a legitimate force means to give back the painstakingly achieved steering wheel of Afghanistan’s cart back to the ‘socially perceived evil forces’, while to denounce them means to put a stop sign in the peace process by dissatisfying the powerful and violent actors of Afghan society.

Legitimacy is at peril in Afghanistan also because of the government’s inability to expand its influence outside Kabul. Before Karzai was reelected the President of Afghanistan in 2004, the new constitution of Afghanistan came into effect. This new constitution established a strong presidential system, as a result centralizing the power in Kabul, in the process disabling the government’s ability to tie the Taliban-controlled rural areas together. Karzai’s government’s inability to mediate with the Taliban leaders has divided the country

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30 Ibid., 18.
33 Ibid.
34 Ibid.
36 Maley, “appraisal,” 872.
into factions and the government faces a very difficult task of influencing people to take their side. In a poor country like Afghanistan where people’s ways of lives are dictated by old traditional norms of local governance and strict Islamic values, the effectiveness of a centralized government in reaching out for all its people is low. Paretti writes: “. . . out here in the desert and mountains there is no democracy, no nation building, no NGOs, no American patrols…. Now the only sign of something like state power is a local commander’s young gunman with a bayonet on his AK-47.”37 Afghanistan has failed to establish a centralized government that can reach out and control the rest of the country. For a rentier state, a centralized government is very important in order to serve as a legitimate middleman between foreign aid and development projects.

It is important for the government to expand its influence to every corner of the state to effectively distribute these funds and implement projects, but this process may be problematic. The idea of subnational governance sounds like a reasonable alternative in the case of Afghanistan, but will the Karzai government be able to allow local authorities to take the charge in their hands is the biggest question. This might not only make Kabul weak, but might also allow anti-Karzai leaders that are influential in their community to emerge as leaders of their towns and villages. The Karzai government fears that the influential local strongmen will position themselves in such a way that their bargaining power increases relative to the central government.38 However, the inability to be decentralized can create a big crowd of unsatisfied civilians, who feeling vulnerable after years of violence, can join rebellions.

Elections are important to the change process during the transition period of a country. A country’s government gets authentication in the eyes of the local and international community only through a fair victory in an election. Elections are also a backbone of a democratic system and an important measure to understand public opinion. Afghanistan doesn’t have a good reputation when it comes to elections and this has made the government appear untrustworthy. The 2009 election gained its notoriety for being fraudulent. After the withdrawal of the chief opponent to Karzai in the presidential election in 2009, more questions have been raised from the international community on the legitimacy of the current government. Abdullah Abdullah withdrew his presidential candidacy claiming that the elections had been rigged, and when Hamid Karzai took over the presidency he did so amidst criticism from all over the world. The Taliban also got an opportunity to point fingers at the government and the international community, especially at the U.S. and the U.K., who despite the knowledge of the fraudulent votes, sent congratulations to Karzai.

Bhatia mentions that the government uses the national security forces to establish a ‘monopoly of legitimate force.’ Afghan National Army (ANA) has worked diligently in collaboration with the coalition forces in order to fight insurgencies and terrorism in the region. It has also been pivotal in reconstruction efforts. Scholars believe that the military forces in Afghanistan not only have the burden of following orders from higher officials but also of tying the ethnically fragmented Afghan society together and creating a sense of national identity. Simonsen enlists the two main sources of legitimacy for a new national

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army as composition and mission.\textsuperscript{44} Since the soldiers in ANA are a mix of Uzbeks, Tajiks, Pashtuns, and many more tribes, the heterogeneity can create an environment of social tolerance and strengthen the backbone of Afghan society. However, scholars also fear that this composition can have short-term side effects such as the issue of cohesion in the individual unit.\textsuperscript{45} The United States—culturally different and not always positively perceived—has taken charge of most military operations in Afghanistan. This, on one hand, might give the Afghan national military legitimacy in the eyes of the international community but, on the other hand, might pose the threat of detaching them from their local, ethnic links and weakening their social legitimacy. Simonsen fears that the society can broadly reject the state’s political and military agenda if it perceives the political leadership as representing foreign interests.\textsuperscript{46} The military culture of a country is also based on its value as a money-generating service. When the monetary value of joining the security forces outweighs its emotional/moral value, the respect for the position declines and so does the legitimacy of the force and of the government that it represents.

B. Corruption

The cancer of corruption is metastatic in Afghanistan. It will lead to a terminal condition, unless chemotherapy to reduce the chance of further infection (preventive measures) is combined with surgery to remove the biggest infected nodules (the key villains)\textsuperscript{47}

Corruption has been one of the biggest problems of transition-period Afghanistan. Corruption is an important issue during any transitional period since leaders are not secure about the duration of their stay in ministerial positions. This will motivate them to indulge in

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\item \textsuperscript{44} Ibid., 1484.
\item \textsuperscript{45} Ibid., 1494.
\item \textsuperscript{46} Ibid., 1492.
\end{itemize}
\end{footnotesize}
nepotism and the misuse of foreign aid for their personal benefits. They will exhaust all the funds while they are in those positions. The main concern, however, is that corruption has surged significantly during the transition period. Transparency International’s Corruption Perception Index 2011 places Afghanistan at a rank of 180 with a score of 1.5, as the fourth most corrupt country in the world.\textsuperscript{48} The index ranks countries according to their perceived levels of public-sector corruption including, but not limited to, bribery of public officials, kickbacks in public procurement, embezzlement of public funds, et cetera.\textsuperscript{49} The range of corruption in Afghanistan expands from small bribes while issuing a license to the misuse of funds from international donors.

Corruption in developing countries is not a new thing; however, what makes it special in the case of Afghanistan is its exponential rise since 2001. The low capacity of political institutions and the great influx of foreign aid during the war have been the root causes for corruption, not to mention that the social culture and the drug industry have been equally important forces for its cause. What makes corruption even more serious is its prevalence in government institutions that deal with providing services to the public directly. This not only hinders democratic governance but also adds to the legitimacy problem discussed earlier.

Corruption comes as an accessory to the pre-existing drug-based economy in Afghanistan. Drug dealers influence and bribe political leaders and law enforcement officers in order to secure their trade. The more the government fails to effectively utilize international funds to cut down on national drug businesses, the more it loses its trust in the international community. The interrelation between the drug industry in Afghanistan and the state of corruption in the country is astounding. Goodhand blames the drug economy for being the

\textsuperscript{49} Ibid., 3.
vehicle for accumulating power since political entrepreneurs seeking legitimacy have “remote control” engagement with the drug trade where they work through connections lower down the chain.\textsuperscript{50} The involvement of government officials in drug economy stains the legitimacy of the government and undermines all the other activities they carry out. For example the Ministry of Interior (MoI), one of the most corrupt ministries, is seen as a ‘shop for selling [law enforcement] jobs,’ particularly in areas that involve drug-control.\textsuperscript{51}

The UNDP’s Report on Corruption in Post-Conflict and Recovery Situations-2010 provides important information on the status of corruption in Afghanistan, particularly as connected with the drug industry. The opium industry’s influence matched with the ineffectiveness of the current government is described in the UNDP report as a major cause of corruption in transition-period Afghanistan. The report states: “Under the pre-2001 Taliban regime, the prevalence of corruption is reported to have been low. This has been attributed to that regime’s high-profile punishment of petty corruption and the limited opportunities for corruption at that time due to small resource flows and to the de facto quasi-legal status of the opium economy.”\textsuperscript{52} The UN’s 2007 World Drug Report shows that opium production in Afghanistan has risen frighteningly.\textsuperscript{53} The opium industry has served both the farmers and government officials greatly in Afghanistan. The UNDP report mentions that about one-third


of the country’s GDP is opium-based\textsuperscript{54}, showing the government’s incompetence in counter-narcotic programs. In fact, counter-narcotic programs have created more opportunities for corruption by providing the concerned officials with leverage to bargain with drug dealers for their share. Drug dealers have also had an impact on the police force by bribing the anti-narcotic officers to help with their trade. If the agency established to fight a problem instead becomes an agency that fosters it, then the magnitude of the problem is sure to surge exponentially. Corrupt government agencies have used their power and resources to crumble the nation than to empower it. The laissez-faire policy of the coalition forces towards drug, in order not to infuriate the local allies who were involved in this business, also contributed to the rise in opium production.\textsuperscript{55}

However, the drug industry is only one aspect of corruption in Afghanistan. The involvement of public service providers in corruption reaches far beyond opium and marijuana. An article by the Canadian Medical Association Journal shows the paws of corruption have extended to the health industry, one of the most sensitive and vulnerable public sectors. It places doctors and nurses on the fifth and seventh position respectively on the list of people who typically demand incentives for their services, including “better treatment.”\textsuperscript{56} Corruption is like a chain reaction—one leading to another. Reuters mentions that senior officers and Interior Ministry officials take a cut of policemen salaries, who then exact bribes from the populace to make up their pay.\textsuperscript{57} This angers the people but at the same time influences them to join government services too so that they can benefit in the same way. As a result, both the political and social culture of the state becomes corrupt.

\textsuperscript{54} UNDP, “Fighting Corruption,” 92.
\textsuperscript{55} Goodhand, “Corrupting,” 409.
\textsuperscript{56} “Cancer,” \textit{CMAJ}.
The extensive involvement of law enforcement officials, ranging from police officers to judges and prosecutors, in corruption is the most important threat to state legitimacy and development. People facing corruption in their everyday life is one thing, but not to be able to report these corruptions to the necessary law enforcement officials or courts is another. U.S. General Robert Cone, commander of the force that trains the Afghan army and police asserted, “the final point is corruption, corruption, corruption; it is endemic” in an interview with the Reuters. The justice system is also a dysfunctional unit with incompetent judges and inadequate resources; and added to this is the frequent interference by government officials and militia commanders. Corruption in the judicial system not only halts the flow of service transfer and impacts good governance, but also messes up the checks and balances system of the country. In the shadow of a corrupt judicial system, the legislative and the executive bodies of the state exercise limitless power. This reduces the transparency and the accountability of the government, making it an unreliable actor in the development and rebuilding process.

Corruption in Afghanistan doesn’t only have internal roots. Foreign aid that comes into the country to assist with development and reconstruction efforts has become a major source of corruption in Afghanistan. The UNDP report blames “large inflows of international assistance combined with the pressure to spend these funds quickly” as one of the three major causes of corruption in Afghanistan besides the opium industry and the failure of political institutions. The inflow was tremendous right after the fall of Taliban regime in 2001. There had not been a lot of research on the political, social, and cultural complexities of Afghanistan and thus international aid that entered the country had neither a well-planned goal (types of

58 Ibid.
60 UNDP, “Corruption,” 92.
projects) nor an effective medium (government and local agencies) to put the funds into long-term, sustainable use. So, most of the money ended up in the pockets of government officials. President Karzai himself has acknowledged that “there is corruption regarding international aid” and that it has complemented the corruption in his administration.\textsuperscript{61} Etzioni states that foreign aid can sometimes become “a poisoned gift” promoting dependency on foreign states and disproportionately benefitting a certain group of people in the host country and providing more resources for corrupt agencies to exploit.\textsuperscript{62} From the perspective of the corrupt officials, foreign aid corruption is also a much easier and safer form of corruption than other forms of petty corruption and bribery. This is because the local population is generally unaware of the amount of foreign aid that enters the country or about its handling. So the officials don’t find themselves accountable to the public. However, in the long run, when proposed and promised development projects get stalled at one point, people apparently know that there has been corruption in the higher level. To counter this form of corruption, international NGOs have recently started to deal directly with local agencies and provide them with aid rather than work through the central government. This clearly marks the failing legitimacy of the government in the eyes of the people and the international community.

One of the indirect and unforeseen impacts of corruption is its shaping of a country’s social culture. The purpose of the international community in Afghanistan is not just to make it a secure state but also to empower it in the long-term so that it becomes self-sustainable. For this, the local population, and more importantly the future generation, has to be taken care of. Corruption works exactly against this purpose by slowly engraving a selfish culture in the minds of the future generation, who see corruption as an indispensable part of their lives.

They base their actions and objectives on the foundation of corruption and grow up to become corrupt citizens. A villager’s son, who sees his father pay bribes every day, grows up seeing corruption as a means to get work done. So, when he grows up to lead the nation or to work for the government, his childhood learning finds a laboratory, in his job, where he uses corruption as a tool to succeed and move up the ladder. This is a long-term social problem for Afghanistan and a retrogressive step for development since the potential manpower of the country is developing ideals based upon corruption.

C. Lack of capacity

In the case of transition-period Afghanistan, one of the biggest setbacks has been its lack of capacity to ensure efficient delivery of services in several areas including health care, education, state building, public administration, justice, security, aid utilization, human rights, gender equality, and many more. However, in this paper, we are not describing these specific areas. We rather see the capacity of the state and of the community from a broad perspective and analyze how its relative absence has affected all these different areas and the state as a whole.

Riphenburg emphasizes the role of political capacity of the country as a driving force for economic progress and identifies three main capacities—extractive capability, institutional credibility and transparency—that combine to form the total political capacity. Extractive capability deals with the capacity of the government to extract taxes from people. The majority of Afghan population is involved in agriculture; and due to high levels of poverty in the country, tax generation is neither a big source of income nor a priority. Local warlords’

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64 Ibid.
involvement in local governance and their value in aiding the security efforts of the national government also make it difficult to tax them. Transparency deals with the opening of Afghan society to the world through means of media, internet, and news sharing. Its significance in educating people in political and economic issues is unavoidable, and its political impact was also evident during the Arab Spring, where internet and communication technologies were pivotal in the revolutionary movement. However, in the case of Afghanistan, the most important capacity issue lies in institutional credibility.

Institutional credibility is a major factor for legitimizing the government and its activities. Ripenburg defines institutional credibility as the accountability necessary to attract private capital.65 This has been an area where the government has been lagging behind during the transition period and has been thoroughly criticized by the local people and the international community. The capacity of government institutions to oversee and enforce policies is lacking at all levels as a result of highly centralized administrative arrangements, lack of skilled professionals, gender imbalance, low pay and a lack of merit-based recruitment.66 Corruption in the government has also contributed to the lack of capacity to implement policies and, especially, to utilize foreign aid. We have already mentioned in the previous sections the dreadful impacts of corruption in Afghan societies. Corruption and state capacity are linked very closely together. One report mentions how the relative absence of two types of capacity has contributed to corruption:

- Absence of legal and regulatory systems and efficient enforcement, as well as absence of institutional structures that encourage accountability, transparency and information sharing
- Low level of salaries in the public sector and delays in payment67

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65 Ibid.
67 Ibid., 16.
The lack of institutional capacity in Afghanistan comes from the enormity of the task that the government has to face and the overlapping functions between Ministries, Central Government and local governments. Public administration is at jeopardy and can crash anytime if efforts are not made towards its reformation. The influx of foreign aid adds to the misery since incompetent and perplexed departments are provided with an amount of money, which they don’t have the capacity to utilize. To help in this endeavor, donor communities have, at several times, sought to build up the implementation capacity of the bureaucracy through provision of training. However, the state hasn’t been able to follow up on these measures and thus many departments lack trained and educated manpower.

One of the other problems is that many departments within the government were formed in the recent years in order to better fulfill the changing needs of a developing Afghanistan. Such departments address short term needs and are focused to aid-specific national and international projects. A lot of money flows in to support these departments; however, even after the completion of the work, they keep staying on the budget agenda like other departments and waste money on non-functioning employees. A report calls them “ghost employees”, since they are listed on the payrolls of Ministries but actually don’t work. However the government version of the story should not be completely disregarded. The government argues that the international agencies hold most of the funds, information and analysis, thus making it difficult for the government to implement policies and allocate funds at its will. On the basis of these premises, the government has sought to contract out the

68 Ibid., 17.
71 Marsden, “Reconstruction,” 95.
implementation process to private sector, the UN and NGOs rather than building up its own implementation capacity.\textsuperscript{72}

Nepotism is another important cause for the declining capacity of the state. Just like corruption, nepotism has been embedded in Afghani culture, society and political behavior for some time. Afghanistan has a weak civil society centered on family, tribe and community, with a minimum number of opportunities for women. Due to the lack of female participation in political discourse, the local community is missing out on a huge chunk of population that could complement its voice against unaccountable government policies. And due to the tribe-centered nature of the community, favoritism has overcome merit-based recruitment. The tendency of many international agencies that operate in Afghanistan to hire employees from their home country has only exacerbated the unemployment problem of Afghanistan. Since foreigners are taking employment opportunities from local Afghans and depleting the resources assigned to Afghanistan, the Afghani people are losing their faith both in the government and in the international community. Politicization of the public administration institutions and absence of a merit-based system, a major characteristic of Afghani political and social structure, have been cited as the underlying causes for the lack of institutional capacity.\textsuperscript{73}

1. \textit{Centralized vs. Decentralized Governance:}

The discussion on capacity leads us to analyze whether a centralized state is beneficial in the case of Afghanistan or not. Our study and discussion of legitimacy, corruption and capacity helps us underline some of the advantages and disadvantages of a centralized Afghan state. The advantages are:

\textsuperscript{72} Ibid.
\textsuperscript{73} UNS, “Common,” 17.
• A centralized government unifies the various tribes and ethnic communities under one flag and infuses the idea of a “nation”, by inviting people of varied ethnicities and background in the nation-building process by providing jobs and securing their rights and engaging them in infrastructure development.

• A centralized state adds legitimacy to the government by serving as a tool for international diplomacy.

• A centralized state serves as a responsible medium for the implementation of development policies and practices in the country, through taking responsibility of and utilizing foreign aid, and by ensuring accountability and transparency.

• A centralized government strengthens the national security forces by providing uniformity in their structure and functioning and by illegitimatizing other non-governmental, self-operating armed groups.

• A centralized government ties all lower level governing authorities together, by serving as a powerful inspector and demanding them to report all their activities, ensuring that the local people are served well and that lower-level corruption is reduced.

Some of the advantages outlined above also create a platform for many disadvantages that the centralized government has on a country like Afghanistan. Some of them are:

• A centralized government comprised of members of former, ousted government, as it appears to be the case with Afghanistan, can become of symbol of ‘impunity from violence’ and can lose the trust of the people who sacrificed their lives to change the country’s leadership.
• A centralized government comprised of leaders who are less aware and educated of the country’s intricate complexities, but highly backed up by the international community can also make it a victim of public discontent and rejection.

• A centralized government cannot expand its influence far from its physical operating location (in this case Kabul) and thus fails to secure and develop the entire country uniformly. This failure means that the country is never able to fully secure itself as terrorist groups merely shift their power hold from Kabul to a different district of the country. Development in one region (close to the capital) also comes at the expense of another (far from the capital).

• A central government, if corrupt (as is the case in Afghanistan), reduces the possibility of effective foreign aid utilization and multi-dimensional development.

• Proportionate representation is almost impossible in a centralized government with local resources, manpower and participation being neglected.

• The possibility of power sharing with sub-national authorities is reduced, thus increasing the work load of the central government which ends up having to deal with bigger issues like terrorism and smaller issues like petty thieves at the same time.

2. Effort at sub-national level:

Now since we have talked about both positive and negative values of a centralized government, the question of capacity building moves from the central government to sub-national and local level. What is the current status and future value of local capacity development and what does it actually mean? The government of Afghanistan has realized the necessity of a balance between rigid centralism and moderate decentralization, encouraging provincial and district-level administrations to improve their management systems and
providing them with more financial autonomy.\(^{74}\) Sub-national governance is very important for it deals with the local population from much closer than the central government. A UNDP report on capacity development remarks that a local development agenda is a tangible foundation for reconstruction and participatory decision-making for the population at large.\(^{75}\) This makes a lot of sense in the context where the international community is slowly losing its interest in Afghanistan, because of other larger economic problems and lack of public support in countries like the United States, the United Kingdom, et cetera. So, it is important to develop the capacity of the Afghan population and the country’s sub-national administration. This approach has been expected to bring strong positive catalytic effects on participatory resource allocation and economic revival at sub-national levels.\(^{76}\) The establishment of Community Development Councils (CDC) in huge numbers in Afghanistan has been a positive step towards decentralization. The idea has been accentuated through Afghanistan Compact where the Afghan government has pledged to give priority to establishment of functional institutions at the provincial level.\(^{77}\) The sub-national consultation process of the Afghanistan National Development Strategy (ANDS) also facilitated a dialogue between the central government and the provinces, leading to the formation of many village-based and district-based development plans.\(^{78}\)

However, the transition period is a time when many complex social, political and economic issues come together, thus making sub-national state-building difficult. Hamish Nixon, an expert on sub-national state-building in Afghanistan, asserts that the two things

\(^{74}\) UNS, “Common,” 18.
\(^{75}\) UNDP, “Capacity Development,” 19.
\(^{76}\) Ibid.
currently complicating the expansion of sub-national state-building in Afghanistan are: i. limited state capacity and low degree of penetration to local levels; and ii. a considerable desire on the part of both the government and citizenry for strong centralization due to the fear of fragmentation of the country. Lyall brings up the same issue saying the participants of the First Bonn Conference “overestimated the danger of ethnic civil war and so created a hyper-centralized executive office, which actually made ethnic conflict more, rather than less, likely.” However, without decentralizing the government to some extent, it is impossible to ensure a smooth flow of services to the community.

Nixon further reports that sub-national state-building in Afghanistan has been characterized by a lack of sub-national governance policy. It is important for the government not just to establish sub-national committees but also to define their functions, allocate resources to them, and establish provisions to ensure accountability. One major hindrance is, undoubtedly, the government’s inability to ensure security. The effect of continuous violence in Afghan societies has been to displace a large number of people to nearby Pakistan and other countries—a clear indicator of declining manpower or human capacity in Afghan societies. Illiteracy, poverty and the social structure that encourage only males to work add more impediments to the pre-existing low capacity of the society. This lack of state-capacity to ensure security—or to fight insurgency—and its effect on sub-national capacity development displays the interdependence nature of all the various actors and variables.

IV. Impact of the Transition Period on Afghanistan’s Economic Development Prospects

Economic development doesn’t exist independent of political and social development. The variables that we discussed and analyzed above show direct political impact, but what makes them dangerous in the Afghan context is their impact on the economy. Economic development is measured by sophisticated means, such as GDP, imports and exports, overall budget, exchange rates, et cetera, which are not very familiar to the local public. This unfamiliarity makes economics a less discussed issue in the public domain; however, its impact is ubiquitous, ranging from the fulfillment of the basic needs of the community to the financing of the large development projects. Amidst crises of legitimacy, corruption, lack of national and sub-national capacity, and insecurity during the transition period, Afghanistan has suffered economically too.

Although slight progresses have been made throughout the transition period in rebuilding the country’s economy, the changes are not groundbreaking. The progress is neither uniform nor commensurate with the total effort applied so far. According to the IMF, the most pressing economic tasks of transition-period Afghanistan involved restoring economic stability and rebuilding institutions in an unstable security situation. The major concern of security has had a direct impact on private investment. Another major problem for Afghanistan’s economic growth has been corruption. However, with foreign troops returning back home and the Afghan government getting more control over its political and economic policy-making, the main hindrance for Afghanistan’s economic growth not only remains

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corruption, but also the inability of the government to institute effective policies to secure and 
maximize foreign aid, including a failure to create long-term community-driven projects.

Security is a big issue impacting economic development in Afghanistan. The presence 
of the highly effective ISAF forces have greatly aided the business environment. However, 
their continuous withdrawal means that challenges are growing and that economic 
development is at peril again. A World Bank report suggested that “Afghanistan will need an 
open-ended commitment from foreign donors of at least $7 billion a year, much of which will 
probably have to be spent on security unless the insurgency has weakened by 2014.” The 
withdrawal of international military forces also means the possibility of withdrawal of many 
international organizations that are currently operating in Afghanistan, for security reasons. 
International organizations’ presence would not only complement the government’s request 
for foreign aid but would also provide an assessment of progress in various fields through 
research and analysis. However, with the possibility of their recall, this seems impossible.

After the formation of Karzai-led democratic government, opium cultivation has 
surged in the country and has become an important economic activity. The Taliban regime 
before 2001 had banned opium production and destroyed the crop around the country on the 
belief that Islam does not allow cultivation and use of drugs. However, during the transition 
period, the Taliban insurgents themselves got involved in opium production, justifying their 
action as an effort to assist the fight against the Western coalition. As a result, Afghanistan is 
now the world’s largest producer and exporter of opium. According to an IMF report,

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Afghanistan supplies 85% of the world’s heroin and morphine.\textsuperscript{84} It is clear that opium production is an important economic activity of the transition period and at the same time is part of the illegitimate economy of the country that involves local farmers, Taliban insurgents and many governmental officials. However, opium farming has helped to improve the living conditions of many farmers in the country as they sell for a very high price. A UNODC report indicates that the per-hectare income of opium cultivation is US$ 10,700.\textsuperscript{85} Revenues from this cultivation provide the basic necessities of food, shelter and an increasing income-level. However, the downside of opium farming is that it also has financed terrorist activities, smuggling and corruption. It has helped strengthen terrorist insurgents and at the same time facilitated corruption at the administrative level. It is interesting to observe that opium cultivation is highest in the regions that are categorized as high or extremely risky by the United Nations Department of Safety and Security.\textsuperscript{86} By the report of UNODC, 78 per cent of opium cultivation is done in those risky zones.\textsuperscript{87} We see that the lack of state capacity to encourage legitimate economic activities, cut down on corruption and increase counter-insurgency efforts has stimulated opium production, which has ultimately led to the economic instability of the country.

The primary goal of Afghanistan is to be economically self-sustaining. This is an unlikely possibility in the light of all the foreign aid that flows into the country. However the aim is not to cut off all the foreign aid, but to create effective means to put it into sustainable use. Thus, one of the commitments of the Bonn Conference II has been to increase aid effectiveness to

\textsuperscript{86} Ibid., 24
\textsuperscript{87} Ibid.
attain a sustainable market economy in line with the social needs of the population.\textsuperscript{88} Aid effectiveness relies heavily on the growth of private investment and financial institutions in the country, which as mentioned above is at jeopardy due to security issues. Aid that comes as grants harms the country’s economic potential the most by limiting the government’s ability to collect revenue through taxation and through involvement in international trade. An IMF report indicates that the overall current account deficit was financed almost entirely through grants, raising concerns of medium-term sustainability.\textsuperscript{89}

The impact of the transition period on economic development can be rephrased to explain the impact of the variables described earlier (lack of legitimacy, corruption, lack of capacity) on economic development (see Figure 1).

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\textbf{Figure 1. Elements absolutely necessary for economic development}


Through our study and analysis of these variables we can summarize their impacts on economic development as follows:

**A. Legitimacy and Economic Development:**

- A government alleged as illegitimate is also perceived as an untrustworthy receiver of foreign aid—the largest source of Afghanistan’s revenue.
- Most of the foreign aid that comes to the country is not channeled through the government. This “external budgeting” \(^90\) makes it difficult for the government to execute economic development policies and decreases its aid utilization capacity in the long-run.
- Lack of legitimacy, derived by the government’s highly centralized presence, means that economic development is capital-centered.
- A legitimate government can be effective in generating revenue through taxation as people and businesses find it logical to pay taxes only if they trust that their payment will come back to them in the form of developed infrastructure.
- Nixon mentions that high aid dependency is supposed to compromise state sovereignty, thus reducing the government’s legitimacy in the eyes of the population.\(^91\)

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B. Corruption and Economic Development:
  ➢ Corruption drains aid into the pockets of individuals thus making it impossible to
    invest in any areas—whether it be security, or economic reform.
  ➢ Corruption aids the drug-based economy, which being an underground industry clouds
    the figures on legal economic activity\(^2\) and also hampers the production of other
    sustainable and export-oriented agricultural products.
  ➢ Aid in Afghanistan has mostly been supply driven.\(^3\) This can be seen as an indirect
    cause to corruption since supply-driven aid relieves the receiver from the necessity to
    expend effort\(^4\) or be accountable.

C. Lack of Capacity and Economic Development:
  ➢ Lack of agricultural capacity—irrigation, machineries, fertilizers, property rights, land
    reform—means low agricultural output.
  ➢ Higher import over export has caused a consistent trade deficit in Afghanistan.\(^5\)
    However in the past years this deficit had been covered by foreign aid. But the
    increasing lack of capacity to utilize foreign aid means that if export-oriented policies
    and reforms are not planned and executed then the deficit might enlarge in near future.
  ➢ Lack of institutional capacity is inversely proportional to a country’s claim for debt-
    relief. This is because lack of capacity leads to low levels of output, below the

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\(^3\) Nixon, “Aiding,” 5.  
\(^4\) Ibid., 5.  
demands of the donors. However, in the past years, Afghanistan has been able to achieve debt-relief.⁹⁶

➢ Lack of capacity to counter insurgencies means low level of security, which directly affects the level of private investment.

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⁹⁶ Ibid., 5.
V. Tying Everything Together

A. Division of function

The stabilization of a state with a long history of conflict is possible only if all the local, sub-national, national and international actors work cooperatively in all the areas—social, political and economic. The problems arising from the complexities of the Afghan transition period cannot be totally eliminated, but can be minimized if a simple formula of division of labor or role identification is applied. Afghanistan requires a balanced approach by these actors, and the role of the government is very significant in creating this balance. \(^97\) The diagram below (Figure 2) provides a simple model of this division of labor idea.

In an ideal situation, the government, by virtue of its legitimacy, accountability and transparency, receives aid from the international community. The aid is utilized by the government to strengthen national security forces and to fund sub-national administration, assigning them the responsibility to provide services to the local community. Security is provided by the central government itself, so that uniformity is maintained in the national security forces’ activities and so that the government has leverage over other armed groups in the country. The sub-national administration, on the other hand, utilizes the funds distributed by the government to provide basic services like education, health, awareness, security from small social problems, agricultural infrastructures, incentives to initiate community-led development, encouragement in establishing new businesses and continuing old, et cetera. The sub-national level will face the necessity to accurately report its work to the government—thus checking their corruption too—which then makes reports to the donors. The sub-national level is also provided with capacity development training directly from the international community and NGOs, who have experience in such areas partly because of their involvement in other countries and partly because of their understanding of the Afghan community in the last decade. This approach attempts to create a balance between the functions of the actors who aim to serve the local community. However, one cannot disregard the fact that there are various scenarios where functions overlap, for example when the international community deals directly with the local community or when the sub-national and national authorities have a tussle over their jurisdiction. The idea is not to totally avoid these overlapping areas. The government has to do thorough research on the complexities and devise a workable formula assigning specific functions to different levels, so that the work is made easy.
B. Strengthening political legitimacy

The government is able to divide these functions (mentioned above) properly only by strengthening its legitimacy. The development of Afghanistan lies in the hands of Afghan people and initiatives have to come from within. A legitimate government is one that is ready to take the lead of the state and lead it towards self-sustainability. A legitimate government can also lead the approach for “participatory development” by strengthening the capacity of its administration and framing this approach in the national plan for development. The overall progress of the state revolves around legitimacy and conversely, legitimacy is strengthened by the progress in these various areas.

Figure 3. Legitimacy, an important variable that connects all other variables together

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As mentioned earlier, because of the significance of various actors, the government needs to strengthen its legitimacy at all levels—international, sub-national and local. By utilizing foreign aid with accountability, by aiding the international effort of creating a terrorist-free world, and by strengthening the values of human rights and democratic governance, the government can strengthen its international legitimacy. By distributing funds at the sub-national level to facilitate service delivery, by avoiding nepotism by allowing heterogeneity in the administration and by checking on corruption within its administration, the government can strengthen its sub-national legitimacy. By providing people with basic needs, by securing the people from terrorist’s atrocities and negligence of their own administration, and by successfully completing the various reconstruction and development projects that raise the living standard of the people, the government can strengthen its local legitimacy.

The complexity of Afghan situation is that political and economic challenges are interrelated and change in one area is possible only through a parallel change in the other. Legitimacy of the government depends on its ability to develop state capacity and formulate sustainable economic policies. Conversely, development of state capacity and economic progress is possible only if the government is seen as legitimate by its people and by the international community.

C. Transition to Transformation

After a decade of foreign military assistance and huge publicity in the international arena, Afghanistan has increased its involvement in international diplomacy. Its participation in international affairs is growing. By leading the Bonn Conference II in Germany, Afghanistan not only showed its eagerness to correct the misconception about the country’s
overall status but also gave a glimpse of its developing capacity.\textsuperscript{99} Afghanistan also claimed that the transition period is approaching its end and named the period of 2015-2024 as Transformation Decade.\textsuperscript{100} It has shown a few positive changes in the overall economic situation of the country since the end of the Taliban regime. The per capita GDP of the country has risen from about US$150- US$180 in 2002\textsuperscript{101} to around US$530 in 2010/2011.\textsuperscript{102} The IMF considers this improvement a signal that the economy has been robust with real GDP growth averaging more than 10 percent annually over the past five years (8 percent in 2010/11), and inflation moderating.\textsuperscript{103} One of the major achievements has been the implementation of the Afghanistan National Development Strategy (ANDS).\textsuperscript{104} Progress has also been made in the area of government’s revenue collection, showing an increase of collection to 11 percent of GDP in 2010/11 from less than 7 percent in 2005/06.\textsuperscript{105}

Afghanistan’s recent entry into SAARC, a regional group of South Asian countries, has opened doors for the development of the trade sector, raising its prospects for benefit through the South Asian Free Trade Area (SAFTA). Afghanistan joined SAARC on April 3, 2007.\textsuperscript{106} As a result of this inclusion, Afghanistan is now able to enjoy concessions and


\textsuperscript{100} CFR, “Conference Conclusions.”


\textsuperscript{102} IMF, “Program Note.”

\textsuperscript{103} Ibid.


\textsuperscript{105} IMF, “Program Note.”

\textsuperscript{106} South Asian Association for Regional Cooperation, “Protocol of Accession of Islamic Republic of Afghanistan To Agreement on South Asian Free Trade Area (SAFTA),” http://www.saarc-sec.org/areaofcooperation/detail.php?activity_id=36.
reductions of tariffs when trading with other contracting states. Afghanistan’s membership in SAARC means that it will be able to work closely with one of the rising economic powers of the world, India. Pakistan’s presence in SAARC will, on the other hand, help address security concerns in a cooperative regional level. Afghanistan’s energy resources also provide great trade prospects as well as its capacity to serve as an important link between South Asia and Central Asia. New trade prospects will also encourage the Afghan population to shift from drug-based agriculture to the production of legitimate crops and products.

To move from transition to transformation Afghanistan definitely has to pay special attention to all the variables we have discussed earlier. However, it should also focus in making itself self-sustainable and look for new opportunities beyond the aid from the Western world.

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107 Ibid.
## Conclusion

In this paper, we examined the literature to establish the interconnectedness among various variables that play important roles in the political and economic transition of a state. In the case of Afghanistan, their role and interplay was profound, clearly shaping the country’s present and probably its future. The variables included: legitimacy, corruption and state capacity. We found out that since Operation Enduring Freedom or perhaps a little before that, Afghanistan’s government has lost its legitimacy within the country and outside, and thus it has become politically and economically vulnerable. Corruption levels in the country have remained high, and are even increasing despite the existing anti-corruption policies.

While discussing state capacity, we found it important to analyze the differences between a centralized state and a decentralized state, and there implications in the case of Afghanistan. Although a centralized form would strengthen legitimacy in some ways in the international community, a decentralized form was found to be very important to gain public legitimacy and pave the path for long-term sustainable development. This finding, combined with the current centralized government’s lack of reach and capacity, led us to the understanding that sub-national state capacity should be strengthened in Afghanistan and that stabilization would be possible only if there is a balance between the national and the sub-national level. The overlapping areas between legitimacy, corruption and capacity were profound in their impact on the economic development prospect of the country and the role of legitimacy was especially important in the case of Afghanistan, since it lies in the hands of the government to lead the country after the withdrawal of foreign troops and the reduction in international aid.
Bibliography


This is to certify that Raju Adhikari has successfully completed his Senior Honors Thesis, entitled:

*Complex Interplay of Variables in Transition Period Afghanistan and Need for a Balanced Approach*

May 2, 2012
Date