

In the Name of God, the Most Merciful, the Most Kind



January 26, 2017

Illegal Extraction of Mineral Resources Continue

As the issue of insecurity is getting serious within different parts of the country; it is generating many other problems as well. It is actually challenging the writ of the government and its control. The natural resources of the country that should be under the control of the government institutions and authorities and should benefit all the people of Afghanistan, instead, fuel terrorism and insurgency as illegal extraction of the resources continue in different forms. Mineral resources in Afghanistan are abundant and can prove to be a support for the overall economic system but it does not seem to be happening as the terrorists make use of them before government institutions can intervene.

In a recently stated concern, Badakhshan's mining and petroleum department highlighted the illegal extraction of gold and lapis lazuli by insurgents in the province. Badakhshan's mining director Mohammad Akbar Anwari has revealed that that terrorists and groups of armed men have accelerated the extraction of gold from mines in Raghistan district and lapis in Karan-o-Manjan districts. Anwari has said that after lapis mines, the Raghistan district's gold mines are the second biggest source of income for the Taliban, who are using the money to finance and equip themselves to fight security forces. If government does not free these mines this winter then it will be difficult to do so in summer.

This is really a tragic situation. The resources that can benefit the people of the province and support them financially in different ways and even provide the people jobs, are being used by insurgents to bring destruction to the province. Unfortunately, there is no serious attention being given to the situation, though the problem was highlighted last year as well. In fact, the tragedy is that the same attitude is adopted towards the whole mining sector. The mining sector, if nourished appropriately, can build an optimism to uplift Afghan economy to a huge extent. Many years of uncertainty and warfare have influenced Afghan economy damagingly. The involvement of international community in Afghanistan spawned some hopes that Afghanistan would stand on its own in near future. Nevertheless, it still needs to learn to live on its own. The only way it can do this is to rely on its own resources and among them the mining sector can, without a tinge of doubt, play an incredible role.

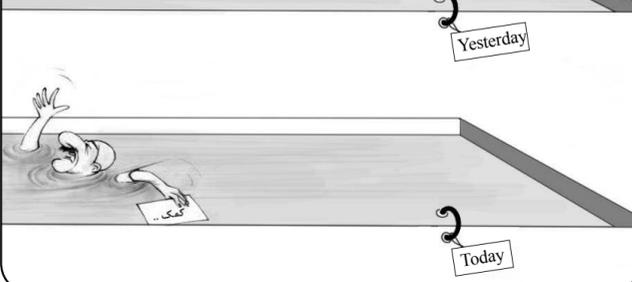
As per the statistical data by United States, Afghanistan may possess mineral deposits worthy of \$1 trillion, which is huge and comprise of important minerals like gold, iron ore, uranium and precious stones including lapis lazuli and emeralds. Excavating all these mineral resources and processing them so that they are ready for use or export would certainly entail the need of large factories and a large number of skilled human resource.

There is no doubt in the fact that country's rich mining sector could guarantee supporting each and every sector of the country during the next 20 years but a capable and honest administration is needed to guard the sector. It is absolutely essential that the legislative and administrative mechanisms in the country must endeavor to frame and follow the laws and policies that are for the welfare of the country and that encompass the consultations and instruction from the technical and professional individuals and groups.

The fact remains that the natural resources of the country have yet to be excavated and there have not been even rudimentary work done in this connection. So, everything has to be initiated right from the beginning. Optimistic expectations in this regard have to be backed properly by determined and practical measures; otherwise intention may end up in smoke.

At the same time, government should take notice that the security situation in the country has been going through a deteriorating trend. The terrorism seems to be rising in some of the most important parts of the country and the security situation still remains a question mark. Threatened by insecurity major projects regarding the mining sector have been postponed. The ones that have been started are lagging behind their schedule. The international investors are losing their interest as they do not feel that their investment would bring fruit in such uncertain circumstances. In such circumstances, development of a strong mining sector seems a difficult task. The mining sector is not just about digging the minerals out of the earth. It includes a complete development of an infrastructure. It involves complicated processes, machinery and latest technology.

Definitely, generations of instability have incapacitated Afghanistan to work on these resources but at the same time it would require, at least a generation if not generations of stability to bring these resources in use. It is not impossible; neither there should be pessimism in this regard. The important point is to remind the people of Afghanistan and most importantly the Afghan authorities to analyze the socio-political and economic conditions rationally and try to comprehend the challenges appropriately. After the challenges are understood appropriately, measures can be carried out to find out proper solution of the challenges.



By Hujjatullah Zia

The terrorist networks, and Mullah Mansour's death, stigmatized Islamabad and widened the Afghan-Pak rift last year as the US and Afghan officials stated that the Taliban had a safe haven across the border. The crux of dispute emerged when Afghan President, Ashraf Ghani refused Pakistan's \$500m financial aid at the Heart of Asia Conference, in the northern India city of Amritsar, and spoke in a serious tone about terrorist sanctuaries which aggravated the mistrust. The Taliban elements orchestrated deadly attacks against the National Unity Government (NUG) and Afghan soldiers and civilians sustained large fatalities. The attacks on Afghan's military convoy on June 30, 2016 and on peaceful demonstrators in Kabul on July 23, 2016 left heavy casualties behind.

The warring factions continue their insurgency both in Afghanistan and Pakistan. On Saturday, a bomb went off in Parachinar, Pakistan's northwestern tribal area, killing at least 22 people and wounding 50 others. Over the past few years, Parachinar has been the scene of heavy sectarian violence. In a nutshell, both Afghan and Pakistan nations suffer militancy and constantly fall victims to terrorism.

The militants, mainly the self-styled Islamic State (IS) group which has gained foothold in Pak-Afghan's soil, seek to stoke sectarianism through shedding the blood of people on the grounds of their race and religion.

Last year, Afghan soldiers fought deadly battles against the Taliban insurgents and inflicted heavy casualties upon the fighters. As a result, Gen John Nicholson, the commander of US and NATO troops in Afghanistan, said earlier that the Afghan national security forces were tested in 2016 and they prevailed. "It was an important year for us. We began the year with a peace process. The Taliban and others admitted to joining the quadrilateral peace process," he is cited as saying. Four or five meetings were held, where Pakistani leaders promised to deliver, he recalled, saying the Taliban declared all of a sudden in April to launch an offensive against the Afghan government.

After a series of suicide attacks hit Kabul and other parts of the country, the Afghan government and security forces had to get down to business and then went hard after the Taliban. Nicholson said the Afghanistan-Pakistan region had the highest concentration of terrorist groups in the world.

As many as 22 terrorist groups operated there.

Similarly, the US State Department spokesperson Mark Toner said that problem regarding the safe havens of the terrorist groups in Pakistan still persists. Perhaps, Islamabad seeks to usher in building trust in the current year to bridge the yawning gap. It is said that Pakistan's Chief of Army

Staff General Qamar Javed Bajwa will make a trip to Kabul in the right time to amend the fractured ties.

It is believed that cultivating a friendly relation, with the intention of brining peace, will be a high step towards stabilization. It is hoped that Pakistan will use its "leverage" to bring the Taliban to negotiating table and also both the countries will have to combat terrorism more strongly than ever before so as to reduce casualties and protect the rights of the two nations.

In the current year, the Taliban must not be let repeat their heavy offensives against any nations and their sanctuaries are to be eradicated where they are located. The seminars which are changed into the hotbed of terrorism and radical mindsets should be eradicated - be it in Pakistan or Afghanistan. After all, the Taliban's high-ranking officials are not supposed to continue their terrorist activities freely. Since the Taliban are engaged in violating human rights and humanitarian law, they must stand on trial or else be doomed to Mansour's destiny.

Resuming peace talks, on which Pakistan persists, is re-inventing the wheel since it has been proved abortive within almost a decade. The Taliban chose side years ago and have clear message: war, war and war. Their foul play in the negotiating game is beyond doubt.

Therefore, they carry out deadly attacks against civilians and soldiers without an iota of hesitation. Both Kabul and Islamabad are to define the Taliban clearly and adopt a clear strategy towards them without any differences.

The reason, many analysts and experts insist on military action is that what if worse comes to worst by pushing the militants to hold talks. There is no option other than dealing with the insurgents militarily.

That is to say, there is no bona fide intention for peace among the Taliban and the two countries should take an across-the-board share in counter-insurgency. Needless to say, a backroom deal with the Taliban will arouse a sense of mistrust between Afghan-Pak officials. Since the two countries have common enemies, it would strengthen their ties to decide unanimously whether to hold talks, in case of being considered positive, or intensify military attacks.

The question is that will Afghan and Pakistani nations sustain casualties the same as they did within the two last years? If yes, it would be a bitter pill for both the countries to swallow.

The officials are responsible to protect the rights and liberty of their nations in one way or another - it would be possible through centralizing on appropriate strategies rather than pointing the finger at each other.

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Dark and Alarming Economic Outlook

By Muhammad Zahir Akbari

Undoubtedly, there would be no clear economic outlook without unambiguous security strategy. The high number of civilian casualties, the collapse of the key provinces, the continued instability of Northern provinces, the rise of the Islamic State (ISIS) in the east, the progress of the Taliban toward the center of Helmand province and successive attacks on the major cities each forms the economic outlook in the country. However, Afghanistan greatly depends on its agriculture sector. Agricultural output shapes a significant portion of its Gross Domestic Product (GDP). But the country witnessed low yields, particularly of cereals, in 2016. The impacts of the poor security situation were exacerbated by adverse weather conditions and diseases, which constrained agricultural production.

According to World Bank estimates, 1.2 percent growth anticipated for post-2014 Afghanistan while the projections for the coming years are also not very hopeful; The World Bank estimates that Afghanistan's growth rate is going to marginally increase to 1.8 percent in 2017 and to 3 and 3.6 percent in 2018 and 2019, respectively. This shows huge differences from the average growth rate of 9.4 percent sustained between 2003 to 2012, when Afghanistan's economy was mainly driven by international troops and experienced relatively better security. For an economy with an average population growth rate of 3 percent and an estimated 400,000 individuals entering the labor market each year, such low growth is a very alarming situation. The situation will be further aggravated as the repatriation of Afghan refugees from Pakistan resumes in spring 2017.

On a brighter note, domestic revenue collection remained strong and continued the upward trend that started in 2015. The International Monetary Fund (IMF) had given a target of 140 billion Afghani (\$2 billion) for the year. The government was able to collect revenues amounting to Afs 90 billion (\$1.3 billion) in the first eight months of 2016, 30 percent higher than the reported figure for the same period in 2015. The improvement is partly due to improved tax administration, an increase in taxes on businesses, and a telecommunication fee of 10 percent on mobile top-ups.

The trade figures for the year 2016 continue recent trends in Afghanistan's exports and imports. Imports have been in decline since 2014, due to a slowdown in economic activity following the enormous reduction in international troops, a sharp decline in international aid, and uncertainty about the post-2014 future of the country.

The import figure for the first half of 2016, \$3.3 billion, was the lowest number since 2013. Imports in the first half of 2013 stood at \$4.9 billion, which declined to \$3.5 and \$3.7 for the same time frame in 2014 and 2015, respectively. This implies a decline in domestic demand throughout this period. Afghanistan's exports, on the other hand, saw a slight improvement, clocking in at \$247 million for the first half of 2016, 10 percent higher than the first half of 2015. The jump is due in part to good fruit yields in the previous year, which were processed and exported in 2016.

More broadly, Afghanistan witnessed significant achievements last year in terms of regional integration, economic cooperation, and infrastructure development. In May, Afghanistan, Iran, and India signed the Chabahar port agreement. The arrival of first freight train in Afghanistan's Hairatan port from China via Kazakhstan and Uzbekistan in November and inauguration of the Turkmen part of trilateral railway in Turkmenistan, which connected Afghanistan to an international railway network, were other significant steps in the right direction.

In the same context, another important achievement was Afghanistan's formal admission to the World Trade Organization (WTO) in July. These developments will ensure easy, reliable, and cost-effective trade and transit opportunities for Afghanistan and the region. However, the expected gains of these projects will not be realized in short term.

In another achievement, the Salma Dam, which was inaugurated in June by Indian and Afghan leaders, was an important breakthrough in energy infrastructure development in Afghanistan. It has the capacity to produce 42 megawatts of electricity and irrigate 80,000 hectares of farmland.

Afghanistan's economy has remained dependent on international aid since 2001. In this context, the Warsaw and Brussels conferences were crucial to ensure continued support until 2020. At these conferences, Afghanistan's development partners pledged security grants of \$4.5 billion and development support of \$3.8 billion annually.

Despite the continued international support, the concern is that the country has not been able to utilize its development budget effectively. Annual reports from the Ministry of Finance (MoF) reveal alarming figures about the poor execution rate, only about 35 percent, of the \$2.9 billion development budget. These disappointing figures spurred anger among Afghan parliamentarians, which resulted in the dismissal of seven ministers last year. Afghanistan's national budget was approved by Parliament in January 2017; however, the underlying reasons for poor budget execution remain uninvestigated and unaddressed.

Yet, there is little evidence to suggest promising outlook in the Afghan economy for the coming years. The security situation in the country will determine the amount of private investment, the business atmosphere, and the rate of project implementation. Meanwhile, good snow, rains, and the resulting higher crop yields will allow the agriculture sector to play its due role in the economy.

The scourge of unemployment will continue to haunt the public and the government alike. Major national projects like Citizen Charter and the traditional quick fix approaches like cash-for-work, apprenticeships, and internship programs funded by donors might make up for unemployment to some extent. However, unless the government takes exceptional steps to improve the security situation, restore trust from the private sector, and significantly improve its budget execution rate, the crises will be intensified in the coming years.

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