

# **The Study on Regional Cooperation for the Development of Afghanistan**

## **Summary Report**

**July 2009**

**JAPAN INTERNATIONAL COOPERATION AGENCY**

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**IMG Inc.**

## Maps





## **Foreword**

Afghanistan is located at the central corridors of transport and trade connecting to Central Asia in the north, China in the east, Iran in the west, and South Asian countries such as Pakistan and India in the south. Due to its geo-strategic location, promoting regional cooperation plays a pivotal role for the socioeconomic development in Afghanistan, thereby not only enhancing stability in Afghanistan but also its neighboring region prosperity.

Afghanistan National Development Strategy (ANDS) defines regional cooperation is one of the crucial crosscutting processes of the national development throughout most sectors in Afghanistan. In this context, the Government of Afghanistan has taken initiatives and organized Regional Economic Cooperation Conference on Afghanistan (RECCA) for the three times.

The Japan International Cooperation Agency (JICA) has been providing supports in the various fields for the reconstruction of Afghanistan since 2002. JICA, and moreover, has recognized the needs and potential to initiate to consider future cooperation plans for Afghanistan based on the regional approach.

This study was aimed at undertaking preparatory works in order to formulate regional cooperation framework by JICA in future. It was also attempted to deepen our understanding on the current issues and development potentials in and around Afghanistan.

This study is primarily based on the relevant documents reviews and in-depth analyses of the latest information collected through the field studies in Afghanistan, Pakistan, Iran, India, China, and the Asian Development Bank (the Philippines). These findings were further elaborated by discussions with the advisory group.

The contents of the report do not necessarily reflect the official views and opinions of JICA.

Finally, I would like to take this opportunity to express my sincere gratitude to all the people who provided generous support and cooperation. In particular, my deepest appreciation goes to the seven advisory members for their tireless guidance.

July 2009

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## **Abbreviations**

ADB	Asian Development Bank
AKDN	Aga Khan Development Network
ALP	Alternative Livelihood Program
ANA	Afghanistan National Army
ANDS	Afghanistan National Development Strategy
ANP	Afghanistan National Police
AREDP	Afghanistan Rural Enterprise Development Program
ASAP	Accelerated Sustainable Agriculture Program
AUWSSC	Afghanistan Urban Water Supply and Sewerage Corporation
BHC	Basic Health Center
BOT	Build, Operate and Transfer
CAREC	Central Asia Regional Economic Cooperation
CDC	Community Development Council
CDGK	City District Government of Karachi
CHC	Comprehensive Health Center
DDA	District Development Assembly
DDR	Disarmament, Demobilization, Reintegration
DIAG	Disbandment of Illegal Armed Groups
ECO	Economic Cooperation Organization
EU	European Union
FANA	Federally Administered Northern Areas
FATA	Federally Administered Tribal Areas
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GOP	Government of Pakistan
I-ANDS	Interim Afghanistan National Development Strategy
IDLG	Independent Directorate for local Governance
IDPs	Internally Displaced Persons
IEC	Information, Education and Communication
INSET	In-service Education Training
IPI	Iran-Pakistan-India gas pipeline project
ISAF	International Security Assistance Force Air Command
ISI	Inter-Services Intelligence
JBIC	Japan Bank for International Cooperation
MoLSAMD	Ministry of Labor, Social Affairs, Martyrs and Disabilities
MRRD	Ministry of Rural Rehabilitation and Development
MTDF	Medium Term Development Framework
NATO	North Atlantic Treaty Organization
NGO	Non Governmental Organization
NHA	National Highway Authority
NSDP	National Skill Development Program
NSP	National Solidarity Program
NWFP	North-West Frontier Province
O&M	Operation and Maintenance
ODA	Official Development Assistance
OECD	Overseas Economic Cooperation Fund

OJT	On the Job Training
OOF	Other Official Flows
PPAF	Pakistan Poverty Alleviation Fund
PPP	Public-Private Partnership
PRSP	Poverty Reduction Strategy Paper
RAHA	Refugee Affected and Hosting Areas
RECCA	Regional Economic Cooperation Conference on Afghanistan
ROZs	Reconstruction Opportunity Zones
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organization
SDCs	Skill Development Centres
SDF	SAARC Development Fund
SMEDA	Small and Medium Enterprises Development Authority
SOC	Social Outreach Council
SOP	Social Outreach Program
TAPI	Turkmenistan-Afghanistan-Pakistan-India gas pipeline project
TTC	Teacher Training College
UNAMA	United Nations' Assistance Mission to Afghanistan
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
USAID	United States Agency for International Development
WFP	World Food Program

## **Background and Outline of the Study**

### **1 Background and Objectives of the Study**

Afghanistan is located in the cross-road of trades and transportations, with its eastern border providing access to East and South Asian countries including China and India, its northern border facing Central Asian countries, and its western border leading to Middle Eastern countries via Iran. Its geopolitical location makes it strategically important for the country to strengthen its ties with surrounding countries in the framework of wider regional cooperation, in order to tackle development issues the country faces. As the wider regional approach for Afghan development is expected to contribute to securities of its own and of surrounding countries, this approach could play an extremely important role in stability and development of the entire region. The Government of Afghanistan also emphasizes the wider regional cooperation and has drafted a regional cooperation strategy, making it as one of the pillars of national development in the Afghanistan National Development Strategy (ANDS). In December 2005, Kabul hosted its first Regional Economic Cooperation Conference on Afghanistan (RECCA) which was taken over by the second conference held in New Delhi in November 2008 and the third one held in Islamabad in May 2009.

The Government of Afghanistan states in the official web site of the Ministry of Foreign Affairs as follows:

*“After decades of instability, Afghanistan now has a unique opportunity to realize its potential as a ‘land bridge’ between Central Asia, South Asia and the West Asian region. Peace and prosperity in this strategically important country is going to provide huge economic opportunities not only to Afghanistan but also its neighbors. This also brings major responsibilities on Afghanistan to work with its neighbors towards policies and institutional mechanisms to translate this potential into concrete regional projects.”*

It is, therefore, Afghan people’s own natural will to work with their neighbors towards regional cooperation, given their historical and geopolitical background.

On the other hand, Pakistan and Afghanistan, facing each other along a long frontier, mostly share religious, cultural and ethnic backgrounds as well as political and economic interests. For Afghanistan to achieve security and long-term development, it will become more and more important for an international community to take an integral approach for the two countries, taken into consideration of their common development agenda.

Regional cooperation has been promoted by (active member countries of) regional organizations, including South Asian Area Regional Cooperation (SAARC), Economic Cooperation Organization (ECO), and Central Asia Regional Economic Cooperation (CAREC), all of which Afghanistan has a membership. Afghanistan also has kept a partnership with Shanghai Cooperation Organization (SCO), established by China, Russia and Central Asian countries in 2001.

Since 2001, Japan has been an important contributor to the reconstruction of Afghanistan, and is intended to continue its assistance efforts, based on ANDS, as formally adopted in April 2008. Japan has provides supports for the regional cooperation framework in various ways, for instance, in promoting “Dialogue between Central Asian and Japan” in 2006, which should also include a long-tem regional approach to socio-economic assistance for Afghanistan. The Obama Administration, newly inaugurated in 2009, is likely to change the US foreign policy and foreign aid policy toward Afghanistan and its neighbors, and it is important for Japan to take them into account as well for extending assistance to Afghanistan.

This study is, therefore, intended to serve as basic sources of information for designing a decennial regional cooperation framework for Afghanistan, including its possibility of extending the first Yen loan. In particular, the study is intended to identify and analyze Afghanistan’s roles and challenges in promoting regional cooperation and is expected to help JICA and the Government of Japan to formulate their assistance policy for regional issues (with surrounding nations, including Pakistan) as well as all other domestic socio-economic issues. As the ANDS incorporates regional assistance strategy, the study reviews Afghanistan’s own initiative including RECCA and the results of this study are intended to contribute to drafting and implementing Japan’s own assistance strategy for the Government of Afghanistan.

## **2 Study Team Members**

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## **3 Methodology of the Study**

This Study is conducted based on the domestically collected data, supplemented by the information collected through field visits in Afghanistan, Pakistan, Iran, India, China, and the Philippines (ADB) where interviews were conducted with Governmental agencies, donors and NGOs as well as JICA’s field offices and experts. Furthermore, an advisory group composed of the following members was organized by JICA, which provided advice to the Study team through a series of meetings. Their advice as well as comments of relevant officials of JICA and the Ministry of Foreign Affairs has been reflected into the report.

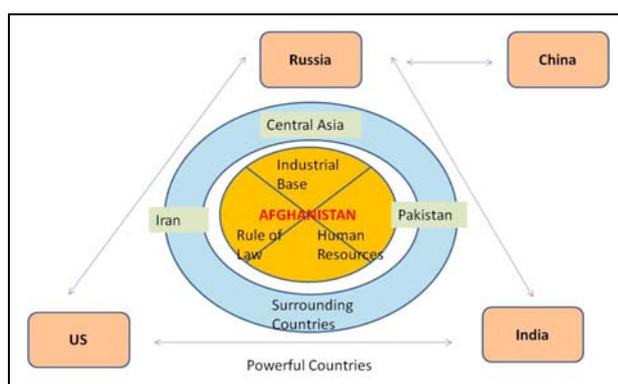
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#### 4 Summary of Recommendations for Japan’s Assistance Policy

##### 4-1 Recommendations for Regional Cooperation

Afghanistan faces a multitude of challenges, most of which are related to vulnerabilities as a state in terms of the rule of law, the industrial base, and human resources, all of which in turn lead to a weakening of the state function of delivering major services and thus making domestic as well as regional and international integration (i.e. nation-building and globalization) difficult. For Afghanistan to overcome these vulnerabilities, a “multi dimensional” commitment by the Afghan people, neighboring nations, and the international community will be indispensable (Figure 1, Figure 2).



**Figure 1 Multi-Dimensional Assistance**



**Figure 2 International Chain of Worsening Security and Causes**

It is particularly important to note that, for the purpose of establishing regional cooperation, assistance to Pakistan (which is inseparable from Afghanistan in terms of national foundation), Iran (which plays a central role in the Persian cultural sphere), India (which may wish to secure access to Central Asia and Russian markets), and Central Asia (which may wish to expand its trading routes) would also benefit Afghanistan. Moreover, cross-border cooperation should integrate both hardware (*i.e.* regional

infrastructure) as well as software (*i.e.* human security) in order to maximize aid effectiveness. A key illustration of this would be the construction of a trunk road network financed by a yen loan for the road itself and related infrastructure (ports, etc.), and a grant for adjacent rural roads. This effort may also be assisted by experts sent to local public service facilities (hospitals and schools) or by training related personnel. To this end, it is important to collaborate with regional networks, such as CAREC, which has experience in regional infrastructure development, or SAARC, which has assisted public health sector, that would enhance intra-regional connectivity.

#### **4-2 Recommendations for Afghanistan**

It is recommended that the Japanese Government and JICA commit themselves to achieving “poverty reduction and growth in a holistic approach” in Afghanistan with a target year of 2020, the same year as that of the long-term goal of “Vision of Afghanistan” indicated in ANDS. The aim of the holistic approach is to achieve both poverty reduction and growth through programs and projects by strengthening the five human capabilities that constitute JICA’s “*four core dimensions of poverty reduction*”, namely: (i) meeting basic human needs (human capabilities); (ii) reducing external threats (protective capabilities); (iii) building long-term industries / income sources (economic capabilities); and (iv) building institutional capacity (political and socio-cultural capabilities). The fourth dimension is related to each of the first three dimensions. In particular, “Strengthening Government functions” will be an indispensable component for creating a conducive environment involving security, border management and infrastructure. Implementation of activities towards these objectives will lead to societal stability and the development of a self-reliant economy accompanied with an increase in Government revenues as a result of which the mechanisms of an operational society and economy will come into action leading to the achievement of human security. Accelerating border trade, eradicating of opium cultivation and the illegal drug trade, and the returning and integrating of Afghan refugees’ into their own communities will bring about stability and prosperity to the neighboring countries in the region while promoting Afghanistan’s integration into the regional economy.

The Japanese Government and JICA will support Afghanistan in its endeavor to achieve its ANDS objectives through financial assistance and capacity development. It should be noted that “meeting basic human needs”, “reducing external threats” “security” and “border management” are urgent issues to be addressed (within the next five years), while the longer-term outlook (at least ten years) will be considered in achieving “building long-term industries and income sources”, “building institutional capacity” and “provision of infrastructure”.

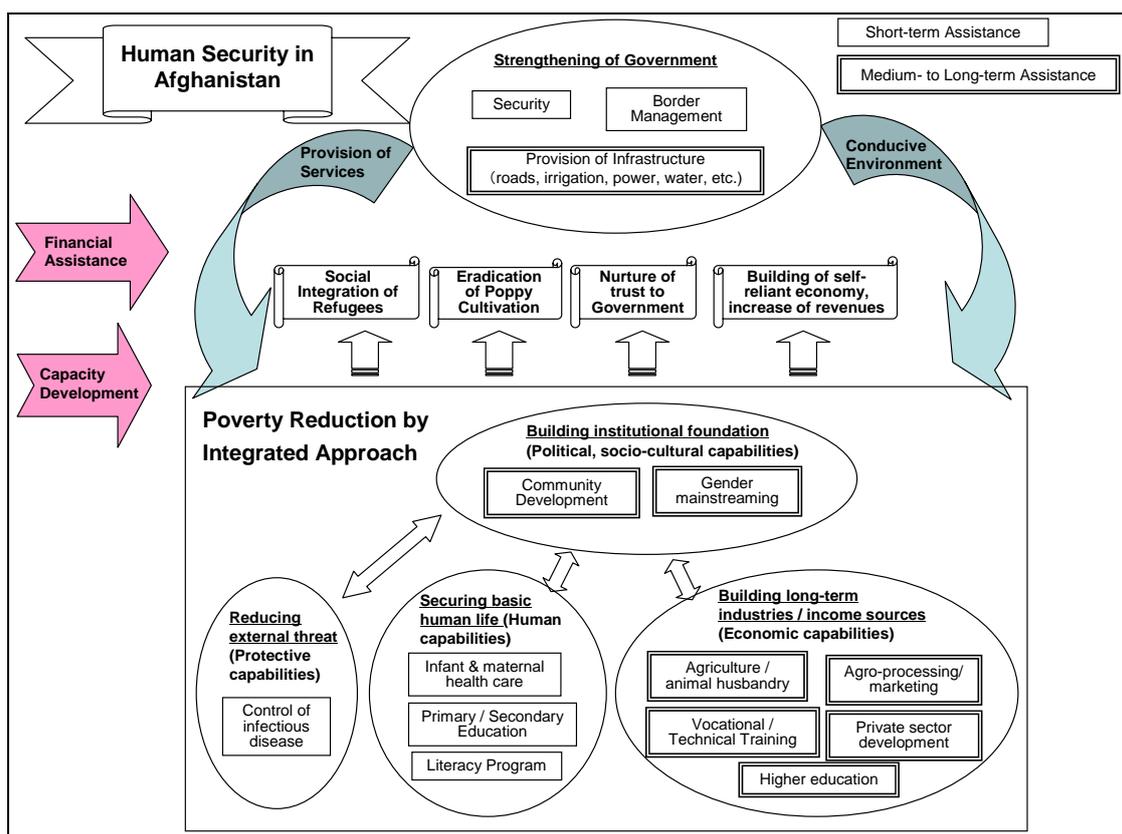


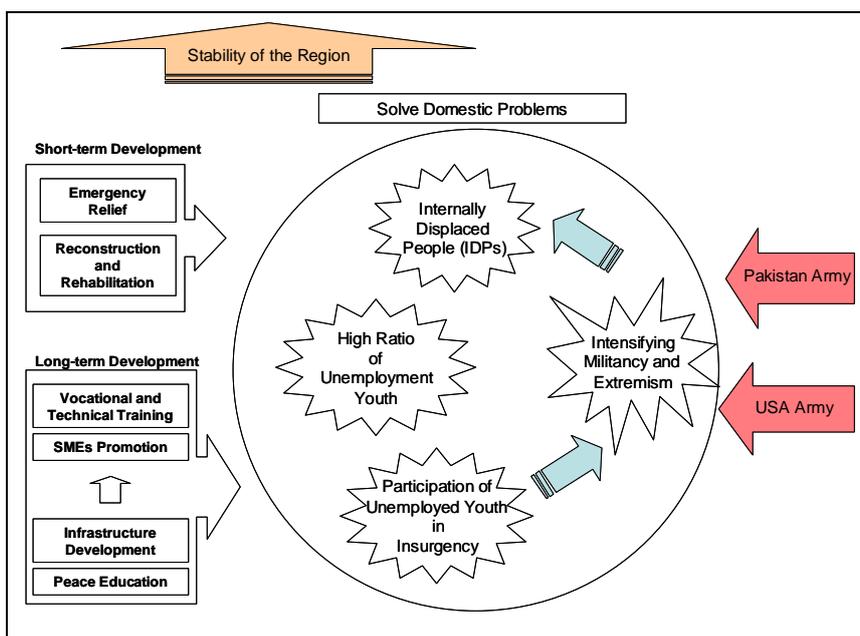
Figure 3 Proposal of Japan's Assistance for Human Security in Afghanistan

#### 4-3 Recommendations for the Areas of Pakistan Bordering Afghanistan

Since the achievement of peace and public order in Pakistan is a prerequisite to the stability and prosperity of Afghanistan and its neighboring countries, it is imperative that the international society extends a concerted effort to address the complex issues that Pakistan is facing. The most imminent challenge to be tackled is the elimination of the anti-government armed forces that are expanding their influence in the areas of Pakistan bordering Afghanistan, and the support to Internally Displaced Persons (IDPs) who took refuge in refugee camps within the nearby big cities of North-West Frontier Province (NWFP), particularly in Peshawar, Mardan, Mansahra and Abottabad.

A large segment of population in the areas of Pakistan bordering Afghanistan does not support militancy and extremism. The population, particularly the youth segments, is forcibly exploited by militants to take part in cross-border attacks on international and Afghan forces in Afghanistan as well as against the Pakistan military operating in the region. A large number of youth are taking part in militancy and extremism to earn a livelihood since they do not have alternative safe employment opportunities. Due to low education level and poverty, many of them are not fully aware of the importance of peace and, therefore, are easily convinced by militants to participate in militancy and extremism in order to earn a livelihood. There is a need to provide them with opportunities for vocational training as well as knowledge regarding the importance of peace through appropriate peace education campaigns.

The Japan’s assistance policy for the areas of Pakistan bordering Afghanistan should consider the short-term as well as the long-term development of the region concurrently. The “Emergency Relief to the IDPs” and “Reconstruction and Rehabilitation of Damaged Houses of the IDPs” are recommended as activities for short-term development, and the “Vocational and Technical Training, “Small Medium Enterprises Promotion” along with “Peace Education”, and “Infrastructure Improvement” are recommended as activities for the long-term development. The “Emergency Relief to the IDPs”, “Reconstruction and Rehabilitation of Damaged Houses of the IDPs”, “Small and Medium Enterprises Promotion”, and “Peace Education” are based on the idea of human security. The proposed Japanese assistance policy to solve various issues in the areas of Pakistan bordering Afghanistan is described in the following chart:

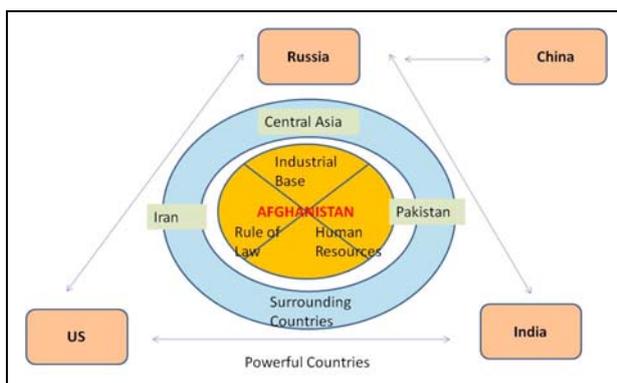


**Figure 4 Proposal of Japan’s Assistance for the Areas of Pakistan Bordering Afghanistan**

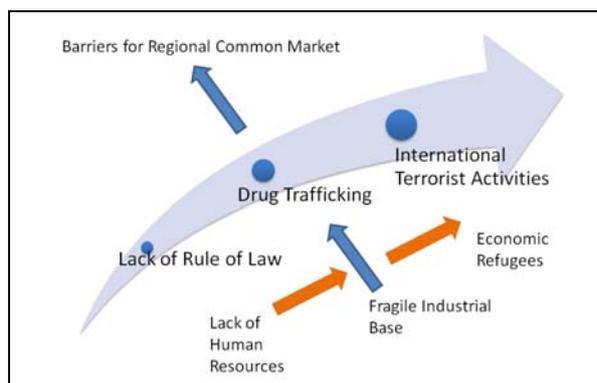
**Chapter 1 Recommendations for Regional Cooperation**

**1.1 Necessities for Multi-Dimensional Assistance**

Afghanistan faces a multitude of challenges, most of which are related to vulnerabilities as a state in terms of the rule of law, the industrial base, and human resources, all of which in turn lead to a weakening of the state function of delivering major services and thus making domestic as well as regional and international integration (i.e. nation-building and globalization) difficult. For Afghanistan to overcome these vulnerabilities, a “multi dimensional” commitment by the Afghan people, neighboring nations, and the international community would be indispensable (Figure 1-1).



**Figure 1-1 Multi-Dimensional Assistance**



**Figure 1-2 International Chain of Worsening Security and Causes**

The rule of law, in its narrow sense, means that various government policies are duly and fairly enforced according to laws and regulations. If necessary, police forces are mobilized in order to maintain security. However, this obvious social base is yet to be established in Afghanistan. Poppy cultivation, which is obviously illegal, is still practiced and its fruits are trafficked across borders. Afghanistan has been unable to maintain security through its own police and relies heavily on foreign military forces. The International Security Assistance Force Air Command (ISAF) has been established with UN resolutions but has been de facto under the control of North Atlantic Treaty Organization (NATO) forces. Neighbor countries must tackle these cross-border crimes through collective actions, which would prevent more serious international terrorist activities (such as the 9/11 terrorist attacks and world-wide terrorist attacks). Hence, cooperation at national, regional and international levels would be necessary to arrest “an international chain of worsening security” (Figure 1-2) and this is precisely why Japan must be involved in Afghan problems.

At the regional level, psychological distance with Afghanistan varies across countries, but Pakistan---once a supporter of the Taliban---is inseparable from Afghanistan (as characterized by the so-called “AF-PAK” issue), as the Taliban, ostracized from Afghanistan, has simply shifted its base back to Pakistan. Pakistan’s stability depends on whether the government can take control of the national military and the intelligence agency (Inter-Services Intelligence: ISI), and, in this regard, it remains to be seen whether the civilian President Zardari, as compared with his predecessor General Musharaf, who relied on military forces to control power during his tenure, can maintain order and

deal with extremists including the Taliban. Rising atrocities, such as the Mumbai terrorist attack in November 2008 (apparently, Pakistani terrorists had been involved) and the seizure of Lahore policy academy in April 2009, have undermined trust in the current President. An added complexity is that in the 1990s Pakistan, together with India, became a holder of nuclear weapons. The new US strategy is precisely based on its recognition that both Afghanistan and Pakistan must not be isolated in the world and any assistance strategy must address the two countries simultaneously.

The Afghan problem, which is fundamentally equated with flaws in rule of law, is further complicated by economic and human resource flaws. The country has no solid economic basis by which to earn foreign currencies, which provides an economic incentive for illegal means of income generation such as poppy cultivation. It is known that the country has reserves of natural gas and mineral resources, but the technology and infrastructure necessary for excavating, processing, and transporting such resources are inadequate. Regional transit trade agreements and customs agreements have been signed, but, as the delayed deal in TAPI suggests, the Afghan problem has been a major obstacle to multinational corporations investing in Central Asian natural resources. This also relates to Afghanistan's low quality infrastructure contributing to its weak integration and connectivity with regional and international markets. A blueprint for Afghan reconstruction through regional integration has been recognized as part of Bonn Process initiated in 2002 and has been promoted by RECCA (started on Afghan initiatives) and formulated in I-ANDS and ANDS, but it has seen no concrete progress, having been stalled by the complex conflicts of military, economic and other domestic interests of regional powers (US, Russia, India and recently joined China) over Afghanistan, Pakistan, and neighboring nations (Iran and Central Asia), and there remains still a long way to go.

Afghanistan's human development indicators in terms of the poverty rate, mortality, morbidity, illiteracy, and gender are among the lowest in the world with this in itself providing evidence of human resource vulnerabilities. Poor people, deprived of employment opportunities by worsening security and occasional droughts, have become economic refugees in Iran and Pakistan. Economic refugees are economic and social burdens on neighboring countries, but such countries are unable to force their return for fear of international human rights criticism. In order to strengthen Afghan human capital and ebb the flow of economic refugees, it is critical that safety net policies targeting poverty and unemployment (such as the restoration of rural infrastructure like developing of irrigation, promoting of agriculture or agri-business, and providing of employment-enhancing vocational training), access to education and health services, and measures for returning refugees be implemented. However, it is also important to assist overseas refugees (providing education consistent with the Afghan curriculum, vocational training, and cash allowances for return, for example) to encourage their return.

National integration is supported by the Afghan people's will to identify themselves as "Afghan nationals" and to lead their life in the country. Formation of national identity may also require changes in people's mind-sets, which can be realized through the training of intellectuals including administrators, politicians, engineers, policemen, and soldiers as well as measures targeting the lowest social strata. The country currently lacks human resources at this professional level. During the era of

Soviet occupation, some executives went for training in Uzbekistan, but now this has shifted to India<sup>1</sup> with President Karzai himself having studied in India. Regional cooperation in higher education would also be useful.

## **1.2 Possibility for Regional Cooperation**

Regional cooperation for Afghanistan has the long-term objective of promoting regional trade and investment by which positive spillovers would be generated across the region through the harmonizing of systems, economic growth and technology transfers. Thus, it is important for a landlocked country to have stable adjacent countries in order to maintain access to markets and routes for exports. Neither Afghanistan nor Pakistan receives such positive spillovers, and, in reality, they are the ones actually generating negative spillovers. In the short run at least, Afghan's neighbors (especially those in Central Asia) do not wish to interact or increase connectivity with Afghanistan for fear of a possible worsening of security and an inflow of refugees.

Generally, one of the disadvantages of a landlocked country is its geographical dependence on adjacent countries for international ports. In order to overcome such disadvantage, it is important for the landlocked country to achieve a transit treaty, institutional improvements in customs (reduction or elimination of tariffs), and improvements in the access infrastructure at international ports. It is also important to promote interactivities with neighboring countries by providing them with economic incentives; for example, providing tax benefits to foreign investors in special economic zones.

Moreover, regional cooperation networks could be used to achieve regional security by providing "regional public goods," such as safety, environment, infectious disease control, natural resource management, and a sense of regional solidarity through shared languages and cultures. Additionally, terrorist groups are securing funds from international markets through illegal drug trades, and it is therefore important to stop money laundering by monitoring the inflow of international funds. Towards this end, sharing information among concerned parties would be absolutely necessary.

## **1.3 Assistance Strategies for Neighboring Countries**

Regional cooperation benefits both Afghanistan and neighboring countries with assistance to neighboring countries benefiting Afghanistan. Neighboring countries, for a variety of reasons, however, feel different "distances" vis-à-vis Afghanistan. It is therefore important to consider assistance strategies given these realities.

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<sup>1</sup> According to field interviews.

**Table 1-1 Neighboring Countries**

Country	Distance with Afghanistan	Regional Cooperation	Powerful Alliance	Priorities
Pakistan	Inseparable	SAARC/ECO SCO(observer)	China, US	Domestic Security/FATA; India
Iran	Persian Culture, Hazara people	ECO SCO(observer)	Russia?	US; Drugs, Refugees
India	Resources in Central Asia; Transit to Russian market	SAARC		Faster and Inclusive Growth Pakistan
Central Asia	Obstacle for Southern route	SCO/CAREC	Russia	Natural Resource; Departures from dependence on Russia?

### **1.3.1 Pakistan**

The Afghan problem is inseparable from and an aspect of Pakistan, and it is important to note that there would be incomparably huge damage to regional and international society if Pakistan, a nuclear weapon holder, were isolated internationally. In April 2009, the Tokyo conference on assistance for Pakistan was held, and USD 5.28 billion was pledged by the participating 40 countries (of which Japan and US pledged USD 1 billion, EU USD 0.64 billion, Saudi Arabia USD 0.7 billion, respectively). Pakistan's top priority is security, particularly with regard to extremist movements, such as the neo-Taliban, that are believed to be active inside and outside of Pakistan. The priority for assistance is Federally Administered Tribal Areas (FATA), NSWP and Balochistan (See later sections for details).

Pakistan provides most of Afghan's access routes for exports to third countries, and, since Pakistan also directly or indirectly benefits from Afghan trade in terms of port usage fees, customs clearance fees, and transportation fees, it is of high priority for Pakistan to strengthen security measures at the border and along major routes as well as to improve and expand transport and related infrastructure (such as ports). It will be necessary to have regional arrangements in order to reduce transportation costs from Afghanistan or Central Asian countries to India (by deregulating truck traffic, for example).

### **1.3.2 Iran**

First, Japan needs to carefully identify the right timing to resume its major aid activities in view of US policy towards Iran after the Presidential election held in June 2009. Once that timing is ascertained, some priority areas for assistance benefiting Afghanistan would be: (a) providing of incentives for refugees (including economic refugees) to return home (through vocational training and cash allowance<sup>2</sup>), (b) preventing drug trafficking through enhanced border security; (c) increasing access to external markets (including Iran and India via western Afghan border of Herat) through improved infrastructure (*i.e.* roads and ports); and (d) improving trade related institutions (*i.e.* customs clearance and transit trade).

<sup>2</sup> Cash allowance is currently provided by UNHCR (USD 100 per family) but additional allowances may be provided if necessary.

### **1.3.3 India**

India is very sensitive to foreign aid to Pakistan, and Pakistan, in turn, is very sensitive concerning the Indian hegemony in South Asia. Therefore, it is important to provide assistance to India that would also contribute to improving relations with Pakistan as it would eventually help improve the India-Afghan relationship. Japan has extended assistance to both countries, and it is important to continue assistance without favoring one or the other. India and Pakistan have a common interest in natural resources (especially oil and natural gas) in Central Asia and Japan can help both countries technically and financially in order to realize TAPI/IPI gas pipeline projects.

### **1.3.4 Central Asian Countries**

Since the collapse of the former Soviet Union, the main focus of assistance for Central Asian countries has been in supporting their smooth transition to market economies, although the 9/11 terrorist attacks have made these countries a strategic focal point for Afghan assistance. More concretely, since 2004, the “Central Asia and Japan” forum has promoted assistance for these countries in order to promote regional cooperation in the areas of illegal drugs, terrorism, environmental issues, energy, water, transportation, and trade and investment. The second “Central Asia and Japan” meeting held in June 2006, in which the Afghan government was also represented, recognized the need to use ODA to tackle these regional issues. It is important to strengthen the connectivity of the North-South Corridor in close cooperation with, as one option, CAREC by providing regional public goods, such as infrastructure and institution.

## **1.4 Long-term Regional Cooperation in Human Security**

### **1.4.1 Security**

The biggest obstacle to regional cooperation is security in AF-PAK region. This issue is one of the reasons why some Central Asian countries have been reluctant to increase cooperation with Afghanistan, as they face threats from Islamic extremists in maintaining their own domestic security. SAARC has signed a regional arrangement for security, aiming at sharing information about border security and criminal data. It is important to maintain continued efforts towards border security and to strengthen cooperation with other regional networks, such as ECO and SCO, very actively involved in this area.

It is important for the UN or regional organizations to play the mediating role in order to provide an impartial mediator between the opposing parties without relying solely on the United States. Afghanistan alone cannot assume all of the responsibilities necessary for avoiding “an international chain of worsening security,” as discussed before, and other ad hoc measures (including military and police) which do not consider the root causes will not solve the problem. Japan, a country that is viewed by the opposition forces as one of the impartial mediators, should take initiatives in the

mediating process with opposition parties that are believed to be hiding in Pakistan or near the Pakistan border.

### 1.4.2 Counter-Narcotics Policies

Illegal drugs provide a major financial source for terrorists, and are closely linked to security issues. Poppies are cultivated mostly in southern Afghanistan and the Pakistan border region, corresponding with the least secure (or the most vulnerable in terms of rule of law) regions in the country. According to a survey conducted by United Nations Office on Drugs and Crime (UNODC)<sup>3</sup>, the reasons behind illegal drug cultivation are “high income expected” (53%), “being poor” (32%), and “weak law enforcement” (7%), suggesting that the government’s capacity to maintain security is the third most important reason (see Chapter 3 for income generation activities). Afghanistan has so far taken some counter-narcotics measures, but it has to first strengthen border security in order to monitor and limit trafficking. If necessary, ISAF and/or drug specialists should be dispatched to border areas tasked with preventing trafficking at border level. In order to promote this initiative, information and know-how should be shared among concerned countries.

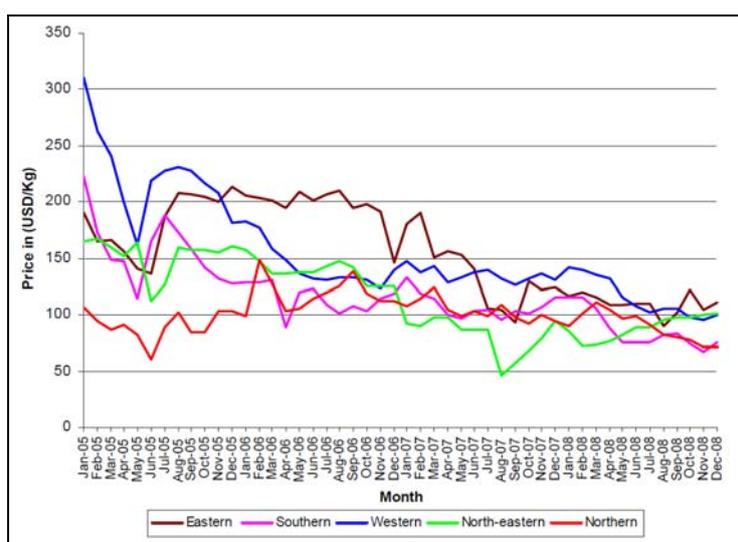


Figure 1-3 Prices of Traded Drugs in Afghanistan by Region

Sources: UNODC

Prices of traded drugs in Afghanistan have dropped since 2005, especially in the West (Figure 1-3). In the North, drug prices were always kept very low. Correspondingly, as of 2009, “drug free” areas have been expanded in the West and in the North, and there has reportedly been a significant decline in poppy cultivation in the South. This example suggests that the decline in prices removes people’s incentives to take risks in cultivating poppy. In other words, there is no point of cultivation if there is no demand.

<sup>3</sup> United Nations Office on Drugs and Crime (UNODC) (2009), *Afghanistan: Opium Winter Assessment*.

This suggests that it is important to deal with the “demand side” of the drug trade, and, in particular, to tighten controls on money laundering related to drug transactions. There are a number of measures taken by UNODC (e.g. assistance for justice, training of administrators, and workshops)<sup>4</sup> and Japan can provide technical assistance in this area in cooperation with UNODC.

### **1.4.3 Integration with Regional Economy**

Economic integration would facilitate mobility in goods and services as well as people across borders. Afghan workers, given the circumstances, might as well pursue employment opportunities within regional labor markets seeking out the highest income, and, for Afghan economy, remittances from Afghan diasporas should not be discouraged. On the contrary, various informal channels of financial transfers from abroad should be normalized and formal financial system should be established in order to facilitate Afghan diasporas to send money (through simplifying transfers, exempting handling fees and taxes as two examples), which would facilitate private flows of money from abroad and would eventually lead to foreign direct investment (FDI) in the future. The RECCA Islamabad conference held in May 2009 recognized the need to assist the Central Bank of Afghanistan in order to facilitate income transfers from abroad.<sup>5</sup> Japan can support their efforts with financial market reforms by sending experts or providing training.

Labor mobility may induce complex reactions from surrounding nations; they may welcome cheaper unskilled labor from Afghanistan, while, on the other hand, they would anticipate negative social and economic impacts if laborers should stay longer in their countries. Already in Iran and Pakistan, Afghan economic refugees have imposed social costs on local communities. Afghanistan, on the other hand, will need to rely on foreign skilled labor, at least in the short run, in order to fill the human resource gap in Afghan professionals. In this regard, the Afghan government has already issued 18,000 work permits during the FY 2006/07.<sup>6</sup> Therefore, in the short run at least, both needs seem to match, and, as proposed at the May 2009 RECCA conference, some kind of regional or multilateral treaty on labor migration serving this end would be worth consideration.

Furthermore, in the long run, it is important for foreign trained Afghan professionals to return home and work as core personnel within the government and private sectors for the nation’s development. Historically, there are many development models, such as Indonesia, China, and Japan, which use these returnees for economic development. The RECCA has also proposed an improvement of skills training opportunities in the region. Pakistan and Iran have private sectors that could provide opportunities for Afghan workers to be trained through on-the-job training (OJT), and this would also facilitate economic refugees returning to Afghanistan.

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<sup>4</sup> See UNODC (<http://www.unodc.org/unodc/en/money-laundering/index.html>), retrieved on 1 May, 2009.

<sup>5</sup> Information based on Pakistani Ministry of Foreign Affairs. (<http://www.ead.gov.pk/>) retrieved on 29 May, 2009

<sup>6</sup> ANDS Regional Cooperation 2007/08~2012/13.

#### **1.4.4 Refugees**

The definition of “refugees” includes economic refugees from Afghanistan who left the country looking for employment. The refugee policy needs to be addressed by both Afghan and recipient countries, and bilateral cooperation would be necessary. However, it is not desirable, from human rights perspective, to force their return. It is also important to recognize the fact that many Afghan people are dependent on their remittances. The policy priority is to facilitate the return of people who wish to return and let them integrate back into Afghan society.

Assistance for the purpose of reducing surrounding nations’ burdens from keeping refugees, or, in some cases, bilateral or regional agreements, would be helpful in preventing social tensions generated by forcibly returned Afghan refugees. Vocational training for refugees, as implemented by some NGOs, would be a possible project. Also, incentives for returning (such as cash allowances done by United Nations High Commission for Refugees (UNHCR)) can be strengthened. In this regard, United Nations Development Programme (UNDP) and UNCHR plans to start a USD 1.4 billion Program of Refugee Affected and Hosting Areas (RAHA) in NWFP and Balochistan , which includes employment generation, irrigation development, improvement of access roads to markets, and productivity improvements in the agriculture and livestock sectors. Japan needs to implement assistance to complement these NGO or UN related activities, or it needs to start its own assistance (with experts or training, as examples).

#### **1.4.5 Trade and Investment**

Obviously, instability in Afghan and Pakistani societies is the biggest obstacle in promoting regional trade and investment opportunities. It is important for the security situation to be improved, but it is also important to take drastic measures, such as transforming the two countries into economic free zones. This is particularly relevant for Afghanistan, which has to overcome the economic disadvantages of being landlocked (such as high transportation costs). For instance, in the long run, Free Trade Agreements (FTA) could be established between the two countries, which would completely liberalize bilateral trade, and, if such an initiative could be expanded across the region, it would promote intra-regional trade leading to the creation of a common market. Also, it may be effective to turn Afghan border areas into special economic zones by providing fiscal and other benefits to foreign investors.

In addition, the US has initiated a Reconstruction Opportunity Zones (ROZs) wherein goods and services imported from Afghanistan, or Pakistan near Afghan border (FATA, NWFP, Balochistan , for example), or near Indian border (earthquake affected Kashmir region) are exempted from tariffs. The ROZs intend to promote both countries’ trade with the rest of the world, integrating them into the global market and providing investment and employment opportunities. It is expected that employment generated in border areas would help reduce illegal activities (such as poppy cultivation) or enhance security (as young people would be involved less in destructive activities). The US government, together with the World Bank, has also supported the construction of an Industrial Park,

and export products from the Park will receive ROZs treatment. The ROZs is expected to enhance and deepen economic relationships and cooperation (including speeding up customs clearance) between Afghanistan and Pakistan.

Japan can co-finance construction of special economic zones, possibly with capacity building for FTA, as well as provide technical assistance (with experts and training) for the two countries by teaching Japanese production and management skills for company executives within the Industrial Park. “Japan Centers” operating in Uzbekistan and Kyrgyz can be utilized for this purpose.

Additionally, Afghan dry fruits have received a good reputation within the region and have been exported to India and Pakistan. With further improvement in processing skills, they can be exported to other countries as well. Other agricultural products, such as grapes, almonds, and melons, are also being exported and it is therefore worth examining possibilities in the regional agricultural market, taking Afghan comparative advantages into consideration.

#### **1.4.6 Education**

Regional cooperation in education is also useful. In the past, Japan (ex-OECF) has extended Yen loans to Indonesia and Malaysia for training core government officials in foreign (not limited to Japanese) universities. Currently, JICA extends scholarships to Afghan nationals for study in Japan, but it could expand this program by providing them with scholarships to study in neighboring countries (such as India, Pakistan, Iran and Central Asia) as well.

It may also be important to provide opportunities for students and young scholars from South and East Asia to study in Central Asia. For example, the University of Central Asia located in Kyrgyz, Tajikistan, Kazakhstan, founded by Aga Khan Foundation in 2000, can host students from Pakistan and Afghanistan with scholarships.

Basic education can be an area for regional cooperation. Iran, for instance, has assisted Afghanistan in the constructing teachers’ schools, training of teachers, and developing of information management system within the Afghan Ministry of Education, while India has provided teaching manuals for teachers and has trained teachers in India. JICA can also use Iranian or Indian experts or knowledge to provide training programs, and it may also start its own training program overseas to assist teachers in drafting curriculum.<sup>7</sup>

#### **1.4.7 Medical Cooperation and Infectious Diseases**

Iran, Pakistan, and India have clinics providing high quality medical services in addition to their quality medical schools. As these countries have proximities to Afghanistan in terms of language, geographic location and culture, the following measures can be taken: (i) medical or management experts in these institutions are sent to medical clinics and Kabul Medical School for technical assistance; (ii) Afghan medical staff are sent to medical schools or clinics for training; (iii) training

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<sup>7</sup> Cooperation with Iran will be dependent on its post-election situation

materials in Afghanistan are drafted in cooperation with medical schools in neighbor countries; and (iv) medical equipment used in Afghan clinics receive on site assistance from neighboring countries if they use the same type of equipment.

The infectious diseases, particularly Tuberculosis, are the area JICA has assisted in extensively and have been common concerns for neighboring countries. However, since there is no guarantee that Japanese experts can continue to stay in the field, it is necessary for Afghan clinics to cooperate with their counterparts in Pakistan and Iran should they need their technical support. Japan can assist in establishing this sort of cooperation by providing opportunities for Afghan medical staff to be trained in Pakistan or Iran, or even trained by Pakistani or Iranian medical experts in Afghanistan.

## **1.5 Long-term Cooperation in Regional Infrastructure**

### **1.5.1 Regional Infrastructure in General**

Recently, lucrative infrastructure has been expanded by the PPP/BOT method, using private capital and technology. However, non-lucrative infrastructure (especially in rural poor areas) of high public value has always been financed through public investment at central or local levels. Regional infrastructure must be improved through the best financing mechanism out of the list of possible options, taking into consideration its public value (especially its impacts on rural poor, and local employment). Likewise, it is also important to strengthen related institutions and policies. For example, in order to develop road networks across borders, transportation costs could be drastically reduced by simplifying the customs clearing system. Also, infrastructure development can easily be hampered by rent-seeking behaviors by local people, resulting in severe clashes of interests, and, moreover, the plan needs to pay close attention to resettlement and environmental issues. The former Japan Bank for International Cooperation (JBIC) has accumulated knowledge and experience in extending Yen loans to Central Asia, South Asia and Iran, which could be used for regional cooperation at wider scale.

### **1.5.2 Road**

ANDS prioritizes are: (a) completion of a Ring Road as well as trunk roads connecting borders; (b) improvement of national, provincial and inter-city roads; and (c) improvement of rural roads (to improve rural poverty and enhance access to markets), given that, by 2010, all trunk road networks will have been paved. Afghanistan has 8 border connecting points, out of which there are still some missing links in the North-South corridor (where transportation still relies on ferries, such as the Tajik border Shair Khan Bandar), whereas some old bridges, dating back to Soviet era, are too outdated for modern railway transportation or have been eroded over years and need repair.

It is also important to have a comprehensive approach to road networks, integrating access to ports and developing international ports. For example, on-going road construction connecting Uzbekistan and Iran via Afghanistan can maximize benefits only if there is a corresponding connecting route in Iran to international ports for export (via the minimizing of the disadvantages of a landlocked country).

Moreover, the modernizing of container terminals capable of efficiently handling import-export containers could multiply the benefits of road development. In other words, the parallel construction of other infrastructure with similar objectives can have a multiplier effect.

The multiplier effect may also be realized by developing non-infrastructure sectors, including institution building (such as simplifying customs clearance), as well as developing the social sector (such as school or hospital construction), and the industrial sector (such as constructing industrial parks or industrial clusters). To this end, more effective cooperation among different modalities of assistance integrating yen loans, grants, and technical assistance would be essential.

Priority areas for road infrastructure development are listed as follows:

**Table 1-2 List of Possible Projects of Regional Infrastructure**

Country	Project (Area)	Examples of Assistance Scheme
Pakistan	Trunk road (via Peshawar) – Port (Karachi) Trunk road (via Kandahar) – Port (Karachi)	Trunk road – yen loan Surrounding rural road – grant, hospital/school construction – grant; experts Expansion and modernization of ports – yen loan Management and modernization of customs – technical assistance
Iran	Trunk road (via Herat) – Port (Chabahar)	Similar scheme as above, and development of oil processing and industrial zones in adjacent areas – FDI/OOF
Central Asia	Road connecting to Afghan border	Roads/bridges – yen loan Management and modernization of customs – technical assistance Border security and narcotics control – experts

### 1.5.3 Railways

Railway construction needs to take into consideration the modal advantages of mass transportation as well as the environmental effects. For example, Afghanistan’s mineral resources, a potential industrial base in the future, may need to be transported by railway to processing facilities located outside of the country. Moreover, with expected increases in trade with India and Central Asia, railways are expected to be the most secure means of mass transportation.

Railway transportation has been the primary means of land transportation in Central Asia since the Soviet era, and the railway network has been under lengthy development in both India and Pakistan. Currently, Afghanistan has no railway network, but some routes (for example, Herat – Sangar) have been developed. Priority routes for future development include the Iran-Afghanistan, Iran-Pakistan, Uzbekistan-Afghanistan, Turkmenistan-Afghanistan, and China-Afghanistan routes with the major difficulty in connecting these routes being that, unlike road, the different track gauges, for example in South Asia (1,676mm), the former Soviet Union (1,520mm), and Iran (1,435mm), are not compatible with each other. As a result, a special facility will have to be established (as they have in Moscow-European Line) replacing wagons in order to connect rail tracks of different gauges.

It will be necessary for Afghanistan to first have domestic rail networks in order to enhance connectivity with regional rail networks. Currently, there are feasibility studies on Isma Quata -

Kandahal - Herat, and Hairatan - Herat, and Shirkhan Bandar - Mazer-i-Sharif – Herat routes that will serve as a base plan for rail network of Afghanistan.

When Afghanistan develops rail network in the future, provided of course that these studies prove feasible, Japanese assistance for neighboring countries may be possible in technical assistance for rail sector reforms, or rail wagon yen loans for Pakistan, Iran and Central Asia (It should be noted, however, that the Pakistani national railway is inefficient and running at a huge deficit, resulting in the decreased modal share in passenger and freight volume. The assistance should be contingent on the planning and implementation of a drastic reform in the national railway management/operation).

#### **1.5.4 Electricity**

For a long time, electricity has been traded between Central European countries, and Afghanistan has purchased electricity from Tajikistan, Uzbekistan, and Turkmenistan, accounting for about one fourth of its total domestic consumption. In order to address the demand gap, it is necessary to develop power plants in Afghanistan, encourage electricity trading with neighboring countries, and expand transmission lines connecting to domestic and regional power plants.

Moreover, in order to realize the CASA 1000 Plan, connecting Central Asia and Pakistan - India via Afghanistan, it is necessary to increase power generating capacity and to expand transmission lines in Afghanistan in addition to those in Central Asian countries. There are some differences of priority among countries regarding the CASA Plan, but there is an increased awareness regarding promotion of the plan in the long run.

#### **1.5.5 Natural Gas**

ADB, which has conducted feasibility studies on TAPI, has been playing a central role in promoting regional cooperation in the natural gas sector. TAPI can be implemented with possible Japanese participation in the forms of private investment, ODA (financial or technical), and OOF (other official flows), each modality of which has to be closely examined to determine its feasibility.

One of the major difficulties of TAPI, however, is that the pipeline goes through the most insecure region of the Afghan-Pakistani border. If the security situation does not improve drastically, it may be necessary for the international donor community to explore alternative routes.

#### **1.5.6 International River Management**

Afghanistan has completely been left out of all international river basin agreements. However, the World Bank and US require the country to sign international agreements over the Am Daria River before they approve any river development projects, and the ANDS points out the importance of signing international river management agreements. However, it is first necessary to have accurate data on the river (water amount and usage) and to use regional networks such as SAARC to develop a regional cooperation framework.

## **1.6 Directions for Assistance Using Regional Networks**

Afghanistan belongs to various regional networks and frameworks, not all of which have clear mandates and roles, and the present situation may seemingly be called a “spaghetti bowl.” It is therefore necessary to have coordination among these networks in order to have a clear demarcation of roles as well as to establish broader regional cooperation. However, each of these structures has its own background and history, and it is difficult for a non-member country such as Japan to influence them. Nonetheless, it is important for Japan to consider how to use them for effective regional cooperation.

### **1.6.1 CAREC**

CAREC is the only donor studied in this report with experience in providing infrastructure assistance in Central Asia, and it is expected that CAREC will expand assistance to Afghanistan, a member country, as well as non-member Southern Asian countries. Japan can become the most important co-financing partner of CAREC for projects with yen loans or grants for the purpose of developing infrastructure connecting Central Asia and Afghanistan.

Priority areas for CAREC will remain road and rail infrastructure in Central Asia (in order to fill in the missing links) but, among the so-called “Six Economic Cooperation Corridors” [*i.e.*, the network plan for roads or railways (See Figure 1-4), numbered Corridors 1 to 6], Corridor 3 running from Russia to Iran will either be through Kazakhstan, Kyrgyz, Tajikistan, Uzbekistan, and Afghanistan or, bypassing Afghanistan, through Turkmenistan and Iran. Corridor 5 will run from China to Pakistan through Tajikistan and Afghanistan. Cooperation with these two Corridors will help the Afghan economy.

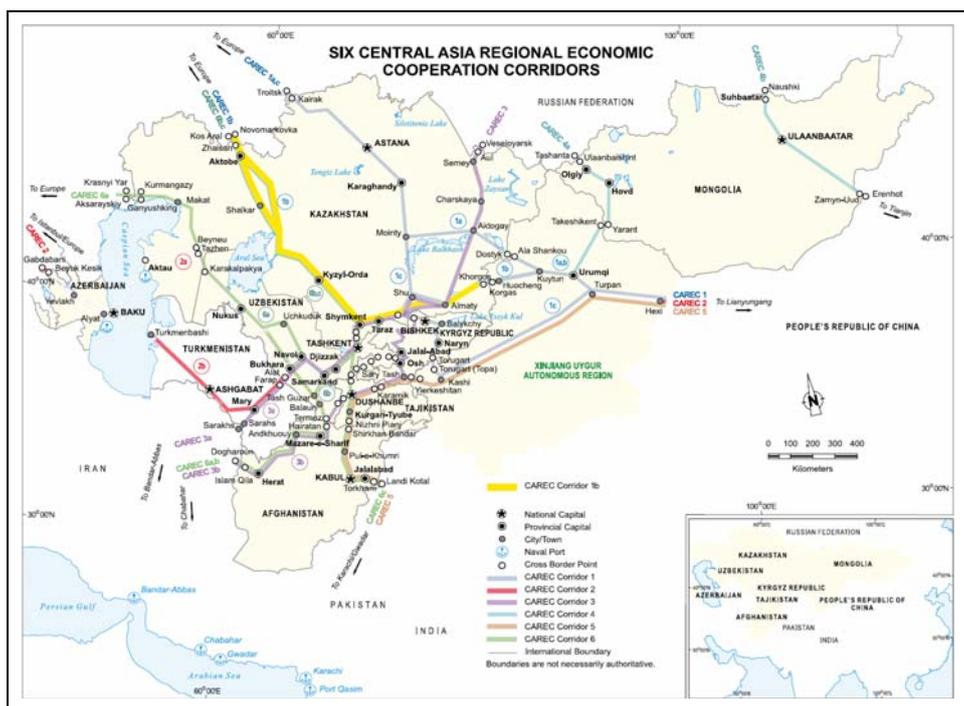


Figure 1-4 CAREC Six Cooperation Corridors

Sources : ADB

### 1.6.2 SAARC

Japan has been an observer of SAARC, and represented in summit meetings. It is necessary for Japan to use its experience and knowledge in past assistance to the region in order to strengthen its cooperative relationship with this network in its assistance to SAARC’s focal points (infectious diseases, environment, and security). For security issues, in particular, SAARC held a ministerial meeting in February 2009, adopting a resolution on regional cooperation towards the eradication of terrorist activities. Such measures would not be effective unless they were not matched by collective regional cooperation from Afghanistan and Pakistan. In the past, SAARC had no project implementing or technical assistance agency, but rather served as an agenda-setting agency enhancing awareness among experts from member countries about common issues. However, the SAARC summit held in Colombo in August 2008 confirmed its new role in project implementation in such areas as infectious disease, environment, capacity building and training, as well as in the establishment of the SAARC Development Fund, and Japan needs to renew its relationship with SAARC with these changes in mind.

Moreover, in order to strengthen its regional ties, SAARC’s membership is expected to be extended to include Central Asia and Iran. In this way, tariff benefits applied to SAARC could be extended to ECO member countries.

### **1.6.3 ECO**

Due to its financial constraints, ECO has implemented no major projects other than its limited secretarial roles of arranging regional tariff agreements and annual summits. ECO has an even more limited role than SAARC and has served mainly as a political forum in the region. Moreover, its headquarters in Tehran, Iran has been inaccessible for most Western donors and aid agencies. However, although the amount is rather limited, there have been some co-financing projects with EU and other international organizations in recent years, and there is room for Japan to cooperate with ECO in infrastructure, drug, and refugee related projects. Furthermore, the possibility of utilizing ECO for realizing cross-border infrastructure projects should be explored.

### **1.6.4 SCO**

China and Russia play a central role in SCO, which has increased its presence in Central Asia. In March 2009, SCO hosted a conference in Moscow regarding assistance for Afghan reconstruction. The foreign ministerial conference, held in 15 May, 2009, adopted a declaration on regional cooperation in security and counter narcotics. Closer attention to SCO will be necessary in order to understand how China or Russia will approach Afghan issues, although, in the past, the SCO has not been so actively involved in this regard since Afghanistan has no membership or observer status within SCO. Nevertheless, the SCO has not been in close contact with Western countries, donor institutions or Japan, and SCO related information has not been disclosed, thus making it difficult for outsiders to understand SCO activities.

## Chapter 2 Recommendations for Afghanistan

### 2.1 Vision and Goals of the Assistance Policy

Even after the collapse of the Taliban regime and the election of a democratic president, most of the Afghan population, especially rural residents, remains in extreme poverty with their “human security” in constant jeopardy. A lack of employment opportunities outside of agriculture production has increased people’s dependency on poppy cultivation, and a disillusionment with the current administration is strengthening people’s support of anti-government forces. The difficulties of returning refugees, who have been deported from Pakistan and Iran, have only exacerbated this situation with issues arising with their social integration into local communities. Moreover, Afghanistan’s security condition, poppy cultivation and refugee issues, all of which are strongly linked with poverty, are severely burdening neighboring countries with the peace and prosperity of these countries being highly dependent upon the situation in Afghanistan. Poverty in Afghanistan is caused by a multitude of intertwining factors with the deteriorating security situation not only threatening human life but also significantly increasing investment risks thereby hampering export/import and transit trade. These factors in turn severely constrain private sector activities. Most private businesses are undertaken informally, thus keeping the nation’s tax and custom revenues well below potential levels. This, coupled with the Government’s limited capacity to collect taxes, all but guarantees that fiscal sustainability cannot be achieved in the near future. The following chart provides an overview of the inter-relationship of internal and external problems of Afghanistan.

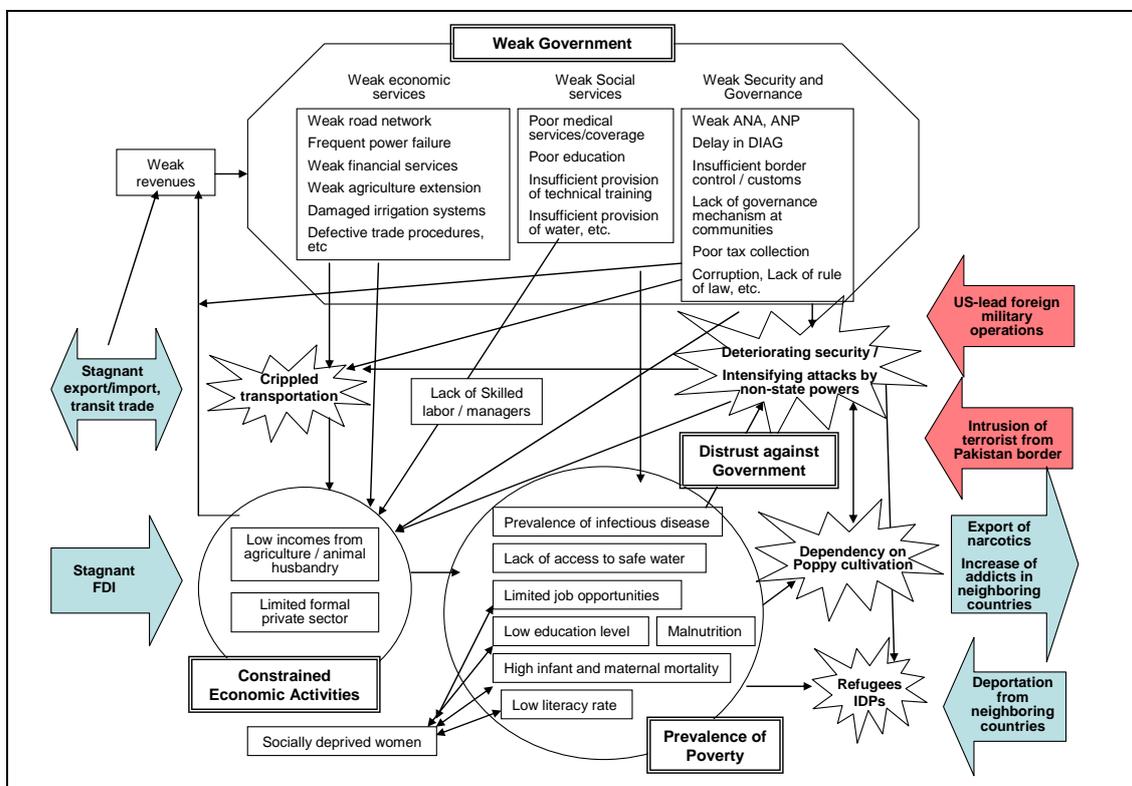


Figure 2-1 Inter-relations of Problems in Afghanistan

As the above chart demonstrates, all government functions, including the provision of economic and social services, security regime and governance, are extremely weak, compounding the worsening security and public order situation as well as the economic stagnation. This break down in security as well as the dilapidated road network is impeding transportation and the distribution of goods, while the nation's low education level fail to provide skilled workers and managers to the domestic labor market. As a result, Afghanistan's competitiveness remains the lowest in the global economy. Poverty is prevalent throughout the country due to the presence of a variety of factors including the insufficient provision of primary and secondary education, prevalence of infectious diseases, high maternal mortality due to women's poor access to medical services, high infant mortality due to malnutrition and poor access to safe drinking water, low literacy rates and insufficient employment opportunities. Very few farmers have access to modern agriculture technologies since the Government's agriculture extension services are practically nonexistent. Owing to a delay in rehabilitating irrigation systems as well as a lack of irrigation water, farmers are highly vulnerable to dry weather. Every year a large number of rural residents flee to neighboring countries or are internally displaced due to drought or security issues. The coerced closure of opium poppy cultivation carried out without providing rural residents with alternative income opportunities, the influx of refugees deported from neighboring countries and the increase in the civilian victims killed by foreign military operations have altogether amplified the distrust of the Afghan Government and increasing support to anti-government armed forces. This, in turn, has further worsened the security situation in and around Afghanistan.

Japan's "Medium-term Policy on ODA" formulated in February 2005 defines human security to mean *"focusing on individual people and building societies in which everyone can live with dignity by protecting and empowering individuals and communities that are exposed to actual or potential threats."* Most of the population in Afghanistan is currently exposed to threats that jeopardize their *life with dignity*. Based on Japan's assistance policy that *"addresses the four priority issues of poverty reduction, sustainable growth, addressing global issues, and peace building, bearing in mind the perspective of human security, in order to reduce the vulnerabilities faced by people, communities and countries"*, JICA and the Japanese Government have been supporting Afghanistan in its efforts to proceed from "reconstruction" to "development". "Peace process", "domestic security" and "reconstruction and humanitarian assistance" are the Japanese assistance's three essential pillars in achieving a "Consolidation of Peace" in Afghanistan (Figure 2-2).

In the Afghanistan context, "Consolidation of Peace" and "Human Security" form two sides of the same coin through which people's *"life with dignity"* is achieved. To attain this goal, it is imperative that a holistic approach is taken. This report discusses the approaches and actions to be undertaken in order to achieve "Human Security" in Afghanistan with a special focus on the utilization of regional resources, while also highlighting the inter-relationships between each of the development issues.

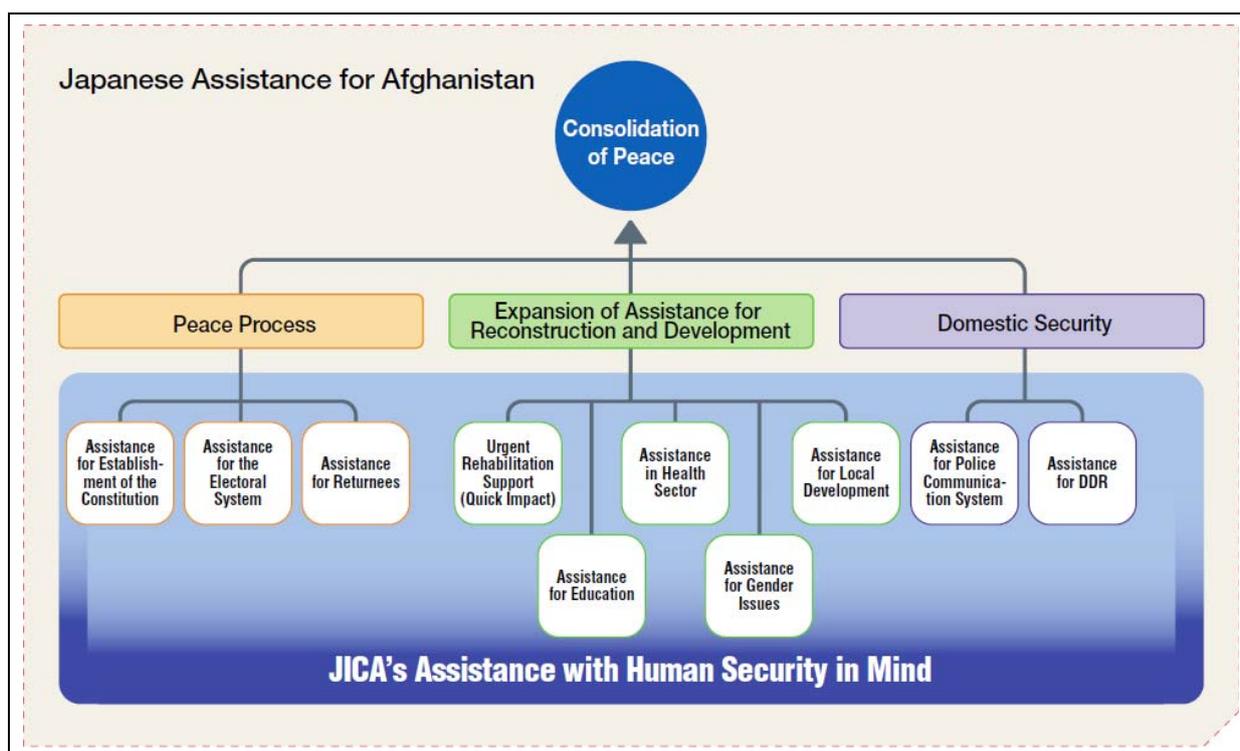


Figure 2-2 Japan's Assistance to Afghanistan

Source: JICA(2004)"Afghanistan Assistance: from Reconstruction to Development

## 2.2 Poverty Reduction and Growth by a Holistic Approach

“Support to the Integrated Rural Development (rural and agriculture development)”, “Support to the Basic Human Needs (health and basic, vocational and technical education)” and “Support to the Maintenance of Infrastructure (urban development and transportation)” are JICA’s three pillars of Afghanistan assistance with the Japanese Government also financing initiatives in areas of democracy and governance (election assistance, etc.), security (Disarmament, Demobilization, Reintegration (DDR), Disbandment of Illegal Armed Groups (DIAG), police reform, border management, etc.) and reconstruction (roads, airport terminal, etc.). All of this support has been aimed at attaining consolidation of peace, poverty reduction and growth though it is extremely difficult to attain poverty reduction with the current security conditions in Afghanistan. The Afghan Government will only be able to gain support from the population and eradicate anti-government armed forces by tackling poverty issues and producing tangible results. Poverty reduction and a consolidation of peace cannot be achieved separately in Afghanistan since realization of those two goals is tightly linked. Growth of the private sector, including agriculture and animal husbandry, is indispensable to the sustainable development of the country as a whole, while secure transit trade and import/export will ensure customs revenues thus allowing the Government to provide social and economic services to the population. These require long-term investment in both institutions and infrastructure.

The U.S. President Obama announced the United States’ new strategy in “White Paper of the Interagency Policy Group’s Report on U.S. Policy toward Afghanistan and Pakistan” on March 27, 2009. This strategy claims that development of self-reliant security forces and a more capable,

accountable and effective Afghanistan government are indispensable to the stability of both Pakistan and Afghanistan. Although the primary goal of this strategy is to ensure U.S. national security, it should be noted that the U.S. Government has shifted its policy from the mere suppression of anti-government forces via military operations to a more realistic approach which includes integrating of reconcilable insurgents. This implies that a shift in the direction of peace building within the region has begun, providing Afghanistan with a unique opportunity to achieve “human security” and “poverty reduction” for the first time in its history.

Based on the above recognition, it is recommended that the Japanese Government and JICA commit themselves to achieving “poverty reduction and growth in a holistic approach” in Afghanistan with a target year of 2020, the same year as that of the long-term goal of “Vision of Afghanistan” indicated in ANDS. The aim of the holistic approach is to achieve both poverty reduction and growth through programs and projects by strengthening the five human capabilities that constitute JICA’s *“four core dimensions of poverty reduction”*, namely: (i) meeting basic human needs (human capabilities); (ii) reducing external threats (protective capabilities); (iii) building long-term industries / income sources (economic capabilities); and (iv) building institutional capacity (political and socio-cultural capabilities). The fourth dimension is related to each of the first three dimensions. In particular, “Strengthening Government functions” will be an indispensable component for creating a conducive environment involving security, border management and infrastructure. Implementation of activities towards these objectives will lead to societal stability and the development of a self-reliant economy accompanied with an increase in Government revenues as a result of which the mechanisms of an operational society and economy will come into action leading to the achievement of human security. Accelerating border trade, eradicating of opium cultivation and the illegal drug trade, and the returning and integrating of Afghan refugees’ into their own communities will bring about stability and prosperity to the neighboring countries in the region while promoting Afghanistan’s integration into the regional economy.

The Japanese Government and JICA will support Afghanistan in its endeavor to achieve its ANDS objectives through financial assistance and capacity development. It should be noted that “meeting basic human needs”, “reducing external threats” “security” and “border management” are urgent issues to be addressed (within the next five years), while the longer-term outlook (at least ten years) will be considered in achieving “building long-term industries and income sources”, “building institutional capacity” and “provision of infrastructure”.

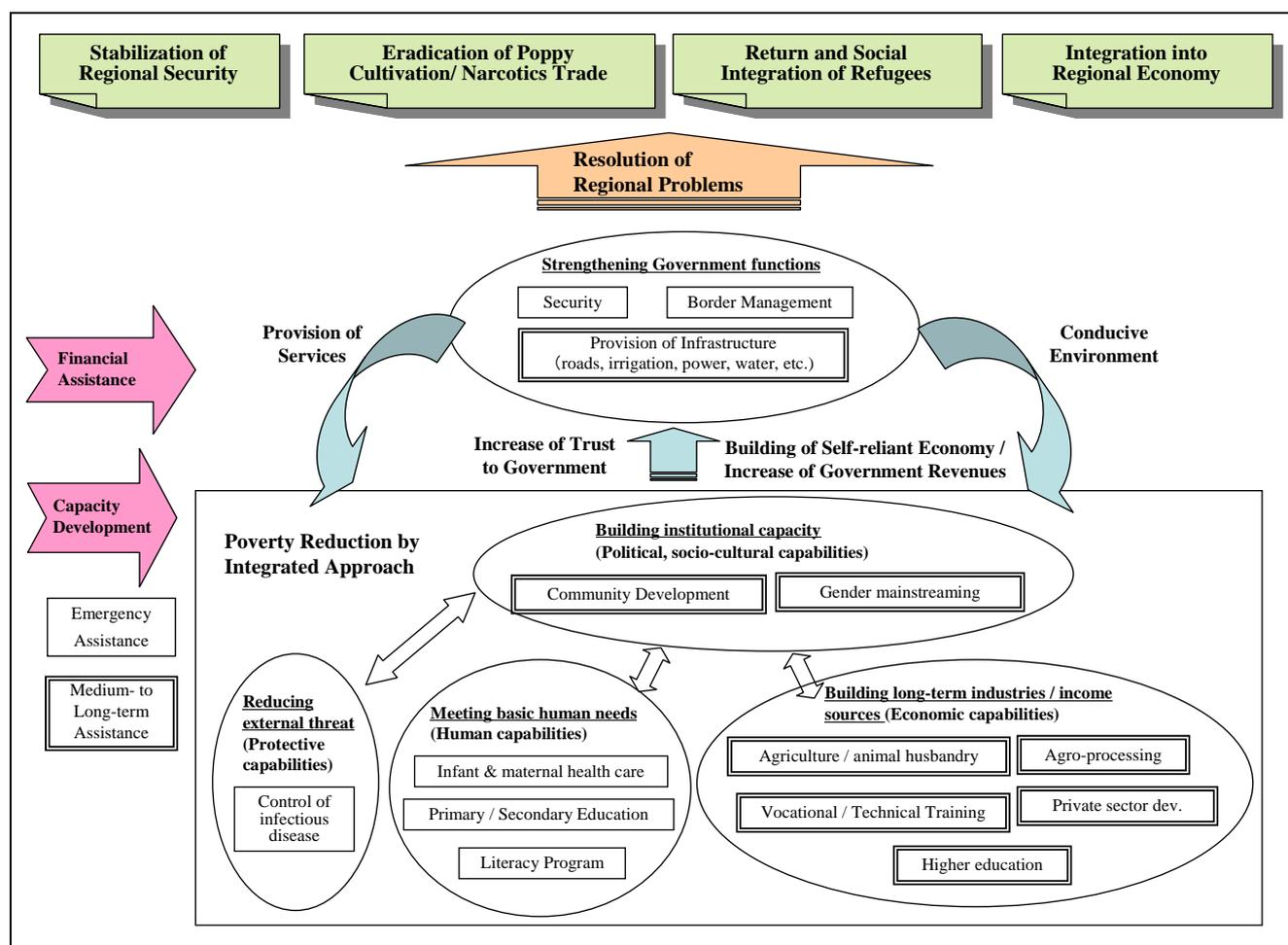


Figure 2-3 Proposal of Japan's Assistance for Human Security in Afghanistan

### 2.2.1 Meeting Basic Human Needs (Human capabilities)

Living a healthy life is a fundamental right, which enhances an individual's basic ability to improve his or her own life. In light of this fact, the basic services of education and health care must be delivered to the entire population of Afghanistan as a first step. Within this section recommendations for Japanese assistance are presented relating to the health sector including maternal and infant health care, as well as the education sector (primary and secondary education), and literacy programs.

#### 2.2.1.1 Health Sector

Under the support of the donor community, the Ministry of Public Health (MOPH) in Afghanistan conducted basic surveys to collect health-related indicators and to understand the status of medical resources in the country. Based on the results of the surveys, the national program to provide "Basic Package for Health Services" (BPHS) was prepared and has now been implemented with the objective of improving the quality of health and medical services and the population's access to them. There had been no prior standard for medical facilities and services in Afghanistan. However, under the BPHS,

all medical facilities were classified into four categories– health post, basic health center (BHC), Comprehensive Health Center (CHC) and District Hospital – based on the size of the population they are specified to serve with standard services, human resources and medical equipment/tools being determined for each of these categories, and capital investment and training being provided to these facilities so that they are able to take on their respective roles.

With the support of the World Bank, United States Agency for International Development (USAID) and EU, BPHS has been expanded across the country. As a result, the service level has significantly improved and maternal and infant mortality rates have continued to decline with sixty percent of the population currently said to have access to a medical facility within two hours. Within a short period of time BPHS has also been successful in expanding the health care services across nation that has been in a devastated condition. While it is necessary to continue increasing the BPHS's coverage, there remain two significant issues, specifically the fact that areas which are difficult to access, such as mountainous areas, are still not covered and that the number of female medical practitioners is still small and, thus, women's access to medical facilities remains limited.

Another issue with BPHS is that since the contracted NGOs provide health services directly to the population, the capacity of the MOPH's staff has not been built up, jeopardizing the sustainability and self-reliance of the program. Moreover, the contracted NGOs are directly reporting their activities' progress to the MOPH headquarters, bypassing local departments of the Ministry. It is imperative that the capacity of the staff of MOPH's local departments be strengthened so that they will be able to at least monitor and evaluate the quality of the services provided by NGOs, which is the first step toward sustainability.

While BPHS's primary objective is the provision of health services in rural areas, JICA's contribution to BPHS has been limited to urban areas due to the geographic restriction of the Japanese experts' activities. JICA has concentrated its resources to fields that other donor agencies have not sufficiently covered, such as development of capacity for technical and administrative staff engaged in reproductive health in MOPH and in provincial Governments, establishment of a training mechanism in an obstetric hospital in Kabul City, and strengthening of reproductive health's networks between hospitals in Kabul Province. As for JICA's future endeavors, it is recommended that JICA continue concentrating its resources to human resource development, such as: (i) capacity development of the staff of MOPH's local departments through the development of a mechanism to conduct monitoring, evaluation and reporting relating to NGOs' service delivery; (ii) development of administrative capacity for the networking (referral system) of medical facilities (Note: Clarification on the roles of primary, secondary and tertiary medical facilities will be necessary, taking into consideration the public sector's limited capital budget, O & M budget and technical capacity.); (iii) technical assistance for the monitoring of and follow-up on the placement and working conditions of female medical practitioners; (iv) improvement of health literacy through women's education; and (v) improvement of men's understanding of reproductive health through information campaigns by the Ministry of Women's Affairs.

There have been few initiatives in the implementation of JICA's public health projects to proactively utilize regional resources though there are institutions that provide high quality medical services and training for medical practitioners in Iran, Pakistan and India. It must be noted that these countries have advantages for Afghan trainees due to similarities in language, geography and culture. It is recommended that: (i) experts in medical practices or hospital management be recruited in these countries and sent to medical institutions or schools in Afghanistan to conduct technology transfer; (ii) Afghan medical practitioners or administrators be sent to these countries for training ("third country training"); (iii) preparation of training materials to be used in Afghanistan be outsourced to training institutes such as medical schools in these countries; and (iv) the same medical equipment being used in said countries be used in Afghanistan so that maintenance services are available from dealers in those countries. In light of these facts, a list of prospective partner medical institutes in said countries should be compiled beforehand, and they should be involved in JICA's projects in the early stages. Moreover, past experiences in the utilizing of human resources in the framework of JICA's "South-South cooperation" should be compiled to be utilized for future planning.

#### **2.2.1.2 Education Sector**

With the collapse of the Taliban regime, the Afghan Government began reforming the education system with the support of the international community. The "Back to School" campaign, conducted by the Afghanistan Interim Government backed by donor agencies, has successfully enabled the return of 3 million children and 70,000 teachers to schools. Owing to this continuous support, the number of students in "general education" (primary and secondary education) has increased to 6.4 million in 2008. Female students, very few of whom were present in schools in 2002, currently account for approximately 35 % of the students in general education. However, half of the children of school age still do not attend school, and the number of illiterates within the population remains at an estimated 11 million.

This increase in the number of students has, in turn, underscored the lack of teachers within the system. In order to increase the number of teachers and improve the quality of education, many donors have supported teacher training, including in-service training, since 2002. Teacher training colleges (TTC) has been established in all of the 38 provinces in Afghanistan and new curricula have been prepared. As a result, the number of teachers has increased from 11,000 under the Taliban regime to 150,000 under the current administration. However, the percentage of teachers who have completed 14 grades (a minimum requirement to become a formal teacher) still remains at a low of around 22%. Most teachers are concentrated in urban areas with a large gap existing between urban and rural areas in terms of the number and quality of teachers. Female teachers represent only 28% of the total number of teachers, and the scarcity of female teachers in rural areas is more prominent than that of male teachers.

The World Bank and USAID are supporting teacher training in all provinces within the framework of INSET (In-service Education Training). JICA has supported the development and dissemination of teacher's guides for primary education while strengthening the capacity of the staff of the Compilation

and Translation Department of the Ministry of Education (MOE). In the field of literacy education, JICA has supported the capacity building of MOE's Vital Literacy Department staff (i.e. planning of literacy education, management of data and materials, and improvement of supervisors' capacity, as well as the expansion of literacy classes through contracted NGOs). The further provision of literacy classes in rural areas through United Nations Educational, Scientific and Cultural Organization (UNESCO) in 2009 is also under consideration. With regard to further teacher training assistance, it is advisable that, in order to maximize the effectiveness and impact of the assistance, JICA concentrate its limited resources to some specific areas for which it has accumulated experience, such as developing teacher's guides for secondary education or implementing projects (developing tools) utilizing a combination of literacy education and vocational training since these two activities supplement each other.

The Government of Iran is supporting Afghanistan in constructing TTC, training teachers, and establishing an information management system at the Planning Department of the MOE, while the Government of India has supported the drafting of teacher's guides and conducted teacher training in India. JICA should utilize the knowledge and resources of these countries, and explore opportunities to conduct "third country training" in these countries for such areas as capacity building for curriculum development and administration.

### **2.2.1.3 Reducing External Threats (Protective Capabilities)**

People in poverty are vulnerable to external threats and easily affected by changes in environment. Natural disasters, conflicts, economic crises, and infectious diseases are primary examples of such external threats. This section will discuss recommended measures to prevent infectious diseases, while measures to limit conflicts and economic crises will be discussed in the proceeding sections concerning "strengthening Government functions", and "building long-term industries / income sources (economic capabilities)". Infectious diseases are a common threat in the region with the issue of appropriate measures for preventing infectious diseases in Afghanistan also being of great importance to neighboring countries.

The prevention of the three major infectious diseases, tuberculosis, malaria and HIV/AIDS, is included in BPHS and the three major donors of BPHS have made significant progress in improving diagnosis and treatment along with improving access. It can be said that the basic infectious diseases diagnosis and treatment system is on the way to being established. However, since most of medical facilities are operated by contracted NGOs, the budget to sustain the entire system needs to be ensured over the long run. Other remaining challenges would be the establishment of a surveyance system, which would include the strengthening of laboratory capacity in order to promptly cope with infectious diseases, and the establishment of a reference hospital in Kabul, which can provide intensive care to critical patients and function as a center to prevent the spread of infectious diseases. Construction of a hospital specializing in infectious diseases by JICA is currently under consideration, and a basic design study is scheduled in 2009. In determining the scope of the support, it is important to assess the appropriate capacity for both human resources and facilities necessary to conduct diagnosis and

treatment.

Taking it into consideration that disease prevention is a common challenge in the region and that JICA will not be able to be permanently engaged in technical support in this field, it is recommended that a network be established between the above-mentioned new hospital in Kabul and hospitals of the same nature in neighboring countries so that the former can receive technical support from the latter whenever necessary. The first step in establishing the network would be for JICA to arrange training courses in relevant institutions in Pakistan or Iran, or to recruit Pakistani or Iranian experts in infectious diseases to be sent to Afghanistan.

#### **2.2.1.4 Building Long-term Industries / Income Sources (Economic Capabilities)**

As people in poverty do not have a means to improve their lives, Afghanistan must establish sustainable industries that provide employment opportunities, and which will also equip the nation with the economic capabilities necessary to cope with external, abrupt economic shocks. Establishment of stable income sources would decrease rural poor's dependency on poppy cultivation, which would in turn contribute to the security improvements by shutting down the funding sources of illegal armed forces and criminals in addition to reducing the level of illicit drug trafficking across the borders. Vocational training would also play a vital role in reducing Afghan refugees migration into neighboring countries. In this section, recommendations will be made regarding the agriculture and animal husbandry sectors (including agro-processing) that account for over 80% of the Afghan labor force as well as vocational and technical training, higher education, and private sector development.

##### **(1) Agriculture, Animal Husbandry, and Agro-processing**

Since 85% of the Afghan population lives within rural areas and agriculture accounts for half of the GDP, stable agriculture production, food security, and improvement of farmers' income is paramount to Afghanistan's social and economic stability.

##### **(a) Transfer of agricultural technology through regional cooperation**

The annual precipitation of a half of Afghanistan's territory is between 100mm and 300mm, while that of the rest of the country for which the altitude is over 2,000m is between 300mm and 800mm. Thus, the amount of water that can be used for agriculture purposes is quite limited even if all irrigation facilities in the country were to be rehabilitated and/or expanded. Despite such limitations, the amount of surface water per capita in Afghanistan (2,480 m<sup>3</sup> / year) is still larger than that in Iran (1,430 m<sup>3</sup> / year), and the possibility of transferring some of Iranian agricultural technologies to Afghanistan should be explored. After a thorough examination, if Iranian technologies are proven to be applicable in the Afghanistan context, the training of Afghan trainers could be conducted in Iran or Iranian irrigation experts could be recruited and sent to Afghanistan. Dissemination materials could be developed and distributed, and demonstrations could be conducted at pilot farms.

(b) Implementation of integrated agriculture projects, including commercialization of agricultural products

One of the weaknesses of the agriculture system in Afghanistan is its fragmented production and distribution. The development of an extension service mechanism to improve farming technologies and the establishment of a production and distribution network, such as farmers' cooperatives, would be critical to achieving the improvements in agricultural production and the resulting increase in agriculture incomes. In order to establish a network of production and distribution to realize an economy of scale, traders would need to be organized and trained toward that end since farmers in many Afghanistan regions are not accustomed to collective activities. Though long-term perspectives are required to achieve these objectives, sufficient resources have not been commanded to attain these goals and there have not been sufficient initiative efforts towards implementing capacity development for extension workers or for the development and/or distribution of user-friendly extension materials. Moreover, most of the beneficiaries of donor projects have been limited to farmers who have a certain scale of production means, such as land and orchards, and the most vulnerable poor people are often excluded from these projects. The projects that benefit these vulnerable people, including landless farmers, may require vocational training elements for off-farm activities.

Since multiple challenges need to be addressed in order to increase incomes and reduce poverty in the rural areas of Afghanistan, a long-term, holistic approach that includes the support of the whole value chain from production to the distribution of agriculture products must be undertaken. The Ministry of Rural Rehabilitation and Development's (MRRD) Agriculture Rural Enterprise Development Program (AREDP) advocates the value chain approach, while USAID's programs (ASAP and ALP) and ADB's Agriculture Market Infrastructure Project also promote the commercialization of agriculture. It is recommended that JICA's approach include the following elements:

- (a) Many of the donor projects target farmers who have production means such as a certain size of land, and as a result landless farmers are often excluded from the benefits. Projects should be designed to include the components that benefit this vulnerable population, such as the protecting of melons from fruit flies by using plastic bags, or the primary processing of fruits and nuts at farms.
- (b) JICA has conducted a project to demonstrate and disseminate rice cultivation techniques in Nangarhar. Very few donors are supporting rice cultivation in Afghanistan although rice is cultivated in a wide range of areas in northern Afghanistan. JICA is currently exploring the possibility of supporting rice cultivation in the North-East region (Kunduz and Tahar) of Afghanistan with a security verification mission having been completed in April 2009. It is recommended that, in preparing the project, not only the condition of the irrigation systems and their operational capacity (it is possible to include rehabilitation of irrigation systems or establishment of irrigation management systems in the project), but also challenges in

procurement of inputs (seeds, fertilizer, etc.) and the entire supply chain (production, collection, distribution, and sale of produce) be thoroughly examined.

## **(2) Vocational and Technical Training**

The active labor population in Afghanistan is said to be 7.6 million as of 2008, increasing 265,000 annually on average. This growth includes not only natural increases in the population, but also returning refugees and demobilized soldiers. The unemployment rate in Afghanistan is approximately 40 % according to the ANDS. Although there have been a variety of labor demands from reconstruction activities of Official Development Assistance and Non-Governmental Organizations and from private businesses, skilled labor is so scarce that a large number of engineers, technicians, and administrators have been recruited from foreign countries. This has led to a drain of aid money and the government budget to foreign countries. As such, the upgrading of Afghan worker skills is urgently needed in order to ensure the long-term development of the country. The informal sector, which includes micro and small-sized enterprises and individual farmers, is estimated to represent 80 to 90% of the Afghanistan economy. In order for them to improve productivity and escape their vulnerable situation, they have to at least obtain basic skills in numeracy and literacy. In Afghanistan all levels of vocational or technical training are needed from numeracy and literacy for labor-intensive jobs to high-level skills necessary for commanding modern technologies.

Based on this observation, the National Skills Development Program (NSDP) was launched in 2004 under Ministry of Labor, Social Affairs, Martyrs and Disabilities (MoLSAMD). With the support of the donor community, NSDP is making substantial progress through its 6 regional offices and 100 staff. Although NSDP is successfully utilizing the private sector and NGOs as trainers, there remains a large gap between the demand for and supply of training, and as such NSDP needs to be strengthened further in order to ensure its sustainability. It is recommended that JICA support NSDP in the following areas:

### **(a) Training of trainers using regional resources**

It is necessary to upgrade the quantity and quality of vocational training programs in order to meet the varied needs of Afghanistan nation in its transition from the reconstruction to development phase. The country has been mostly dependent on other countries for its supply of trainers. In order to ensure sustainability of NSDP and increase the outreach of the program, there is an imminent need for increasing the number of Afghan trainers. Since there is no equivalent of TTC in the fields of vocational training and technical education, MoLSAMD wishes to establish an institute to systematically train master trainers. It is recommended that JICA assist the establishment and management of this institute.

The Training of Trainers (TOT) in Afghanistan does not have to supply all types of training. The JICA project in vocational training already has experience in cooperating with an Iranian vocational training institute, dispatching trainees, and inviting trainers. It is recommended that an in-country TOT should

focus on the areas of high need while foreign institutes should be utilized for TOT in other specific areas.

(b) Vocational training of women in new areas

A large number of vocational training initiatives are being implemented for the economic empowerment of Afghan women under the support of donor agencies and NGOs. However, mostly analogous types of activities, such as carpet weaving, tailoring, embroidery, bee-keeping, and poultry farming, have been encouraged, and not many of them are actually contributing to any increases in household or women's income. A survey conducted by NSDP has identified 22 areas of skills that can be obtained and utilized by women. Even in the construction of infrastructure, there are various jobs that women can assume better than men. Economic empowerment of women should be recognized as an important element in realizing development in the country. It is recommended that JICA strengthen the Afghan Government's capacity to: (i) identify new areas of vocations that can be undertaken by women; (ii) identify and devise appropriate facilities and equipment/tools to promote women's actual engagement in those vocations; and (iii) share the knowledge relating to these new vocational areas for women with various institutions for the purpose of maximizing its utilization.

(c) Financial assistance to NSDP

(a) and (b) above are activities meant to enhance the quality of vocational training and ensure its sustainability. On the other hand, it should also be noted that the Afghan Government's fiscal capacity is not sufficient to implement all the training required in NSDP. Among other things, it is imperative for the stability of the Afghan society that vocational training opportunities be provided to returning refugees and socially vulnerable people. The Japanese Government has approved the utilization of a counterpart fund (100 million Yen) of non-project type grant aid to finance NSDP's operational costs, and the JICA expert dispatched to MoLSAMD is expected to monitor its management. It is also proposed that Japan's Grand Aid for Conflict Prevention and Peace Building be applied to NSDP in the future.

**(3) Higher Education**

Filling the human resource gap in the government and private sector in Afghanistan is indispensable to the country in achieving a self-reliant economy, and consequently, there is an imminent need to improve higher education. Although the World Bank and USAID are engaging in lecturers' training and improvement of curriculum in higher education, the number and quality of lecturers are still not sufficient for coping with the prospective increase in the number of students. Japan has not been involved much with higher education in Afghanistan. It is recommended that Japan use regional resources in supporting improvements in higher education, while support should also be given to increasing opportunities for Afghan women to learn at universities since the country needs more women in leadership positions in both the government and the private sector.

(a) Improvements in higher education using regional resources

Many Afghan students are studying at universities in Iran and India. India is also giving scholarships to many Afghan students who study at Indian universities. In order to improve the quality of higher education in Afghanistan, it is advisable that Japan support Afghan university lecturers in obtaining master or doctoral degrees at universities in these countries, or arrange for the implementation of training courses in these countries which could include lectures for teaching methodologies and development of curriculum and textbooks.

(b) Support for women's higher education

In order for Afghan society to achieve more participation by women, many female leaders need to be nurtured through higher education. Most scholarships for women are currently only available for teacher training. It would be possible for Japan to select several students from each province and provide them with financial support, including scholarships, so that they can study at universities and become societal leaders in the future.

**(4) Private Sector Development**

In order for Afghanistan to attain sustainable economic development along with poverty reduction, it must build a self-reliant economy through the promotion of the private sector and employment generating investments. Development of the private sector in Afghanistan will bring about active trade with neighboring countries. Many of Afghan people are entrepreneurs by nature and, thus, it is highly likely that the Afghan economy will grow exponentially once a conducive environment is established. The high demand in the construction sector during the reconstruction period after the collapse of the Taliban regime stimulated private sector activities due to the increased need for goods, services and human resources, and this stimulated domestic investment. However, the deteriorating security of last years due to the resurgence of illegal armed forces has significantly discouraged private investment. Corruption and limited administrative capacity in customs and other local administrations have increased the risks and costs of transportation, hindering the movement of goods within the country and across its borders. On top of these detrimental factors, a delay in the rehabilitation/development of basic infrastructure including roads, water, and power is causing a loss in the international competitiveness of Afghan products.

Development of the private sector requires not only the promotion of direct investment but also the establishment of a conducive environment. Towards this end, infrastructure to ensure a smooth transit of goods (e.g. border management facilities including customs offices) as well as administrative capacity (police officers and customs officers, measures against corruptions) must be improved. Japan's support in this area will be discussed in Section 2.1.2 "Strengthening government functions".

In terms of the promotion of the private sector, as discussed in "1.4.5 Trade and Investment", Japan would be able to co-finance construction of special economic zones, possibly with capacity building for FTA, as well as provide technical assistance (with experts and training) by teaching Japanese

production and management skills to company executives within the Industrial Park. “Japan Centers” operating in Uzbekistan and Kyrgyz can be utilized for this purpose.

### **2.2.1.5 Building Institutional Capacity (Political and Socio-Cultural Capabilities)**

Political and socio-cultural capabilities, which ensure the social participation of people and safeguarding of human rights, are basic elements relating to all the sectors mentioned above. Enhancing these capabilities in people in poverty, namely their capacity to tackle their own problems through the planning and implementation of projects, is indispensable to achieving poverty reduction. From this perspective, this section provides recommendations for community development and women’s empowerment.

#### **(1) Community Development**

Deterioration and destruction of communities during the long-lasting civil war have hindered the building of Afghanistan as well as the reestablishment of security. Rural development programs focusing on the re-building of rural communities, including the National Solidarity Program (NSP), were initiated in 2003 and are making noticeable progress. More than 30,000 Community Development Councils (CDCs) have been established, and a substantial number of development projects have been implemented at the community level throughout the country. District Development Assemblies (DDAs) have also been established. A bottom-up approach has been applied in establishing these community-based organizations, which required the participation of communities and partnerships with NGOs. CDCs and DDAs constitute a mechanism to reflect the voices of the people in the development planning and implementation process, with these organizations having a good potential to function as community-level platforms in the implementation of development projects.

JICA has implemented “JICA Support Programme for Reintegration and Community Development Project” (JSPR) through which, knowledge about participatory community development approaches have been transferred to key players (MRRD staff, CDC members, NGO staff, etc.), and based on the project’s experiences a model for the strengthening of communities through utilization of local resources was created. Moreover, in “Inter-communal Rural Development Project” (IRDP) the capacity of MRRD’s staff in the central and provincial offices has been strengthened through the training in planning, implementation, monitoring, and schedule controls for sub-projects. These projects are aimed at not only supporting small-scale infrastructure construction and income generation activities at the CDC and CDC cluster levels, but also strengthening the capacities of development agents including the staff of MRRD (central and provincial offices) and CDC members. Among other things, the capacity for problem resolution by the communities has been strengthened.

Afghanistan is a multi-ethnic country, and trust between different ethnic groups is not easily achieved. There is an imminent need to facilitate the integration of IDPs and returning refugees, who are put in a socially vulnerable position, into local communities by strengthening their political and social capabilities. Achieving their social integration is indispensable to promoting the return of refugees

whose presence has been a burden upon neighboring countries. Rehabilitation of infrastructure, such as that of irrigation systems, would be necessary to increase the productivity of the land to which these refugees will be returning. Areas that have some social problems often need support in strengthening the capacity of community members and local government staff; this is the area for which JICA will be able to intervene based on its own experiences. Projects in rural areas should be designed by combining infrastructure rehabilitation, agriculture extension, micro-finance, vocational training, and community development in such a manner that sources of income are secured for returning refugees and their integration into society is made easier.

## **(2) Gender Mainstreaming**

Afghanistan has experienced over 20 years of conflict with a series of “gender apartheid” and the Taliban rule which implemented various measures criticized by the international community. Under such circumstances, women were politically, socially, and economically placed in difficult situations. After the Bonn Agreement of December 2001, various measures have been taken in relation to issues concerning women’s health, education and livelihood. However, the situation that surrounds Afghan women today remains severe. In gender development index, which takes into account the average life expectancy, education and living standard of women, Afghanistan places as one of the worst in the world. Since 2003, with the goal of gender mainstreaming in policy-making and institution building, JICA has provided assistance with a focus on capacity building in the Ministry of Women’s Affairs (MOWA) including organizational capacity and policy-making. Through JICA’s “enhancing women’s economic empowerment” project, the knowledge base and information needed to promote the economic empowerment of women have begun to be accumulated and analyzed at MOWA. Furthermore, the roles and responsibilities of officers within MOWA who have the responsibility of utilizing that information have been clarified. Moreover, the basic mechanisms required to implement future programs have begun to be put in place. Based on these facts, it is recommended that the JICA’s future activities focus on the following areas.

### **(a) Capacity building of MOWA**

With the aim of reducing poverty among Afghan women, JICA's assistance so far has resulted in the creation of basic mechanisms for the economic empowerment of women and the collection of basic data. Going forward, it is important for MOWA to make concrete recommendations to other ministries by making full use of the mechanisms in place and its accumulated knowledge and data. In addition, based on the ANDS, it is becoming increasingly important to support the expansion of activities that contribute to the actual reduction of poverty among Afghan women.

The policies developed under the leadership of MOWA had been primarily based on macro information and developed mostly by foreign experts. Consequently, those policies were not created based on detailed data collected, or a thorough analysis conducted in provinces. Moreover, a series of recent gender related policies and strategies, as represented in “National Action Plan for the Women of Afghanistan (NAPWA),” had been ambitiously created based on the global standard with many

policies and strategies not necessarily reflecting the reality of women in Afghanistan during the reconstruction phase. Going forward, in order for MOWA to more substantially contribute to the improvement of women's livelihood, it is important to gather information on the reality of gender issues in various provinces and sectors, possibilities of economic empowerment of women, and detailed data on women's needs and to provide the information to each of the implementing ministries. In order to do this, there is a need for cooperation among various ministries and conducting information-sharing, joint-monitoring, and joint-evaluation activities. However, since it is difficult for Afghan ministries to work together across different lines because of a lack of an effective coordination mechanism, it is recommended that this be initiated with a small scale joint pilot project.

In the 2008 fiscal year, the Government of Afghanistan sought assistance from JICA for the implementation of a MOWA capacity building project with the purpose of achieving “poverty reduction among Afghan women”. The project is being implemented from January 2009 to January 2013. This new project will continue to provide technical assistance to a series of operations undertaken by policy coordination officers of MOWA including data collection regarding poor women, identification of issues and challenges, and policy recommendations. The project also aims to support the strengthening of cooperation between MOWA and other ministries, and the alignment of MOWA’s activities with National Programs, which contribute to the comprehensive actions toward poverty reduction among women in Afghanistan.

(b) Increase of benefits to be achieved by JICA projects by facilitating cross-sectoral cooperation

The status and poverty of women are complex issues involving a multitude of factors. Sustainable improvement of women's status cannot be attained if activities are to be undertaken based only on an individual issue within one sector. In order to assist poor women, there is a need to build a strategy for implementing comprehensive and crosscutting projects and programs with a long-term vision that covers not only the economic sector but also other sectors including education and health. The first step in this direction is to build a database on poverty reduction and the economic empowerment of women, and to create an information-sharing mechanism among relevant ministries. In order for this to be done, the development of a common format would need to be achieved, as one example among many. Such a format would be a useful tool for data collection which would make it possible development partners and ministries to grasp the reality of gender issues on the ground. The data to be collected may include variables like women’s education levels, health status, income levels, number of family members per household, and women’s access to land and assets. It is also important to establish a system in which the knowledge accumulated through the operation of projects is compiled and fed back into new activities.

Furthermore, with the implementation of projects aiming at women’s empowerment, it is important to incorporate the following assistance: (i) basic vocational training; (ii) business development services; (iii) the provision of education, health and legal services; and (iv) assistance to community group activities such as CDC and self-help groups, given that all of these are important tools for reducing poverty among women. It is also important to accumulate data on successful and unsuccessful cases of

the assistance provided.

## **2.2.2 Strengthening Government Functions**

The above discussion has covered the support of activities directly addressing the poverty issues in the country, however, it is crucial that the Government ensure security and construct and maintain infrastructure including roads, irrigation systems, power, and water in order to enable those micro-level activities to take place, and more so for the achievement of Afghanistan's integration into the regional economy. Among other factors, improvement of the security situation in Afghanistan is a prerequisite to the attainment of regional security, while smooth road transport in Afghanistan would bring about extensive economic benefits to surrounding countries. In this section, recommendations for supporting the areas of security, infrastructure construction / maintenance and other government functions will be discussed.

### **2.2.2.1 Security and Governance**

After the fall of the Taliban Regime in 2001, Afghanistan's security situation had been stable; however, since 2006 the situation has been increasingly deteriorating. The 2008-year recorded the worst security incidents since the fall of Taliban with anti-government activities and terrorism acts having increased by 31% compared with 2007. According to United Nations' Assistance Mission to Afghanistan (UNAMA), there were 2,118 civilian casualties in 2008, a 40% increase from the previous year. Such casualties were mostly concentrated in the South, Southeast, and East regions of Afghanistan where the security situation has been worsening. Among all the casualties reported, 55% was as a result of the anti-government activities such as terrorist attacks, while 39% was due to the collateral damage caused by foreign military operations including US-led operations. The collateral damage is not only subject to severe criticisms from the international community but also is responsible for inciting anti-American sentiments among Afghan citizens, strengthening the support base for the Taliban.

So far Japan has provided various types of assistance in the security and governance sectors of Afghanistan. They include: anti-mining operations assistance through a UN agency; financial support and the role of a lead nation for DDR and DIAG operations; and financial support for the strengthening of ammunition controls, the construction of border police and customs facilities, the provision of salaries of the ANP, and the establishment of a process of the drafting and adoption of the constitution and of the presidential election. While winning stability through the military means is becoming increasingly difficult, the possibility is not small for Japan, a country without a military troop's presence in Afghanistan, to contribute to the establishment of security and stability through a non-military means. In the current situation with anti-government elements having fewer incentives to engage in dialogue with the US and the Karzai Government which they see as a puppet of the US, one example of such potential assistance would be for Japan to facilitate the dialogue and reconciliation among and between the anti-government elements, the Karzai Government, and the US by utilizing its neutral position. Alternatively, from a long-term and economic perspective, it is possible for Japan to

contribute to the security and stability of Afghanistan by providing assistance in the Reconstruction Opportunity Zones (ROZs), which the US is planning to support in the Pakistan - Afghanistan border regions. The possibilities for assistance in ROZs may include: investments in related infrastructure; provision of technical and vocational training as well as business and management courses which would help to develop the creation of industries; and tax exemption on exports to Japan.

Amid a situation where a deterioration in security is anticipated for the upcoming elections, the foremost agenda of the foreign troops as well as ANA is to train and deploy the Afghan security forces as quickly as possible while maintaining sufficient quality and morale on the ground. As a nation which shoulders part of the ANP salaries and bears accountability to the Japanese people in this regard, Japan should consider providing more involved assistance to the Afghanistan security sector. The capacity building in the Ministry of Interiors (MOI) through the monitoring of corruption, police screenings, and the development of a salary management system with long-term experts in public management is one example. Furthermore, amid the current controversial situation where the training of armed protection forces comprised of tribesmen is being piloted by the US, there is an increasing need for Japan to consider various risks inherent in this pilot project as well as its consistency with the DIAG process, which is now being implemented with the financial support of Japan. Bearing these incompatible issues in mind, there is a need for Japan to rethink the continuation of the financial support to DIAG as well as the DIAG implementation framework itself. Should there be a consensus that the DIAG efforts should be continued, Japan may need to facilitate DIAG more proactively through, for example, sending civilian personnel directly to the operations.

Measures targeted towards security and governance in provincial areas, albeit under the responsibility of MOI, had not been addressed proactively by MOI. In response to this situation, in August 2007, President Karzai set up an Independent Directorate for Local Governance (IDLG) for the purposes of combating corruption, strengthening local governance in provinces, recovering the trust of the government and expanding its support base to the provinces. More particularly, the Social Outreach Program (SOP) of IDLG is designed as a part of the counter-insurgency efforts led by the government and foreign troops. In this program, the aim is to empower people in communities, and mobilize them to participate in security and governance of their communities through the setting up a Social Outreach Council (SOC). Considering the possibilities of Japan contributing to security issues at the provincial level, it is important that Japan continue to closely monitor the conditions of IDLG's potential project sites as well as IDLG's framework and methods of implementation.

#### **2.2.2.2 Provision of Infrastructure**

The rehabilitation and paving of all regional roads in Afghanistan are expected to be completed by 2010, while 61% (2,855km) of the national roads are left to be rehabilitated with the total financial requirement being USD 1.67 billion. Japan has provided grant aid to rehabilitate/construct major roads including the ring road as well as local roads. While more time and money will be needed to improve provincial and local roads, another challenge that Afghan Government is facing is the financing of road maintenance expenses since annual maintenance costs for regional roads alone has amounted to

USD 6 million in 2007, which will increase to USD 25 million in 2012. Revenue from road-use fees is only USD 3 million as of 2005; ensuring maintenance of the constructed roads will become a major problem for the Afghan Government. In light of this, JICA's grant aid and technical cooperation for strengthening the facilities and human resources of the Kabul Road Technology Center is in direct response to the imminent needs of the Government. It is expected that the Japanese Government will continue its support of investment in the road network and border management facilities, as well as its assistance to human resource development for the maintenance of roads.

Central Asian countries are a potential energy supply center for Pakistan and India, as well as a large market for their products. In spite of the worsening security situation, Afghanistan's transit trade is increasing considerably year by year. Increases in transit trade lead to economic expansion in neighboring countries, which in turn brings about an increase in Government revenues from road-user fees as well as from customs revenues. Therefore, the economic impact of improvements to customs office facilities and equipment, which would contribute to a smooth transit of goods, would be significant. Support will be needed for capital investments in facilities, promotion of transit trade agreements, and improvements in the export/import system including the adoption of standards. Japan has supported improvement to the customs office in Tahar Province, and it is recommended that Japan provide further support in the infrastructure construction and human resources development necessary for trade facilitation. The Government of Afghanistan is planning to build a Customs Academy, which the United States, the World Bank, and EU are expressing intentions of supporting. JICA has experience in conducting training for Afghanistan's customs officers in Japan, with further support in human resource development being expected.

Small-scale irrigation systems have been rehabilitated across the country, especially in the northern region, with the support of donor agencies including the World Bank and ADB. In their support, priority has been given to relatively advantageous areas that have good management capacity and cost-effectiveness, without any conflicts in water use or environment resulting in those areas that have management problems or physical disadvantages being left behind. Although JICA has not had projects in irrigation due to the fact that its activities have been mostly restricted to urban areas for security reasons, it is currently exploring the possibility of starting agriculture projects in northern Afghanistan. It is recommended that JICA implement agriculture projects in areas that have some disadvantages, taking a community development approach in which irrigation systems are improved/rehabilitated while human resources or organizational capacity is strengthened.

Several donors have been engaged in the water sector in Afghanistan with water supply systems in Kabul and other major cities improving in line with AUWSSC's management reforms. On the other hand, water supply systems in relatively small cities are still under review. Future investment needs will be clarified shortly by the related donors. Kabul City does not have sufficient ground water to support its entire population, with utilization of surface water being currently under consideration in the framework of JICA's feasibility study of a new Kabul City. There are a variety of assistance needs in the rural water sector, and continuous investment by donors is necessary in the rural water sector in

order to improve people's access to clean water, which would have a significant impact on the infant mortality rate.

Despite Afghanistan's power sector having difficulties with the management and rehabilitation/expansion of facilities, electricity conditions in large and medium-sized cities are expected to improve, and a self-reliant power supply will be achieved as a result of power supply's corporatization supported by the donor community. The power supply in small cities will continue to be a problem in the future due to the need of capital investment and human resource development. In terms of power generation, rehabilitation/expansion of domestic thermal power plants is more costly than importing electricity. Electricity imports from Tajikistan, Uzbekistan, Turkmenistan, and Iran currently account for 26% of the total power supply of Afghanistan. Support should be provided to power transmission facilities in Afghanistan and its neighboring countries in order to encourage power trade between these countries.

### **2.2.2.3 Human Resource Development in the Government**

The Afghan people have been deprived of opportunities for education and employment during the long-lasting civil war. JICA's technical cooperation projects require a deep involvement of counterpart personnel in the management of the projects, although most of counterpart personnel have minimal experience in collecting and analyzing information, expressing and sharing their views in writing, and preparing a plan of their activities. Human resource development is, in most cases, a key component of JICA's projects. When JICA experts conduct project activities, they clearly explain the objectives of each activity to their counterparts so that the latter understand the roles that they are requested to play in their organization as well as the organization's mission and its relation to their activities.

JICA's capacity development projects also emphasize a process-oriented approach, which is somewhat different from other donors' approach; that approach being the result-oriented approach. Even when NGOs or local consultants are used in the implementation of the projects, JICA projects request government officials to be deeply involved in the planning, monitoring and evaluation of the projects.

The current Afghanistan Government is composed of two types of personnel: (i) contractual personnel who can speak English fluently and are receiving a high salary / top-up from donor agencies; and (ii) permanent personnel who do not speak English and are receiving a minimum salary that barely covers their living expenses. The Government will eventually have to be managed by the latter since the former will leave the Government once donors' support is terminated. However, these low-level officials have often been excluded from decision-making in their respective ministries and they have had only limited opportunities to strengthen their capacity. The capacity development of these officials is indispensable to ensuring the sustainability of the Afghanistan Government; therefore, it is highly recommended that any JICA project include capacity development components to train those permanent employees of the Government.

## **Chapter 3 Recommendations for the Areas of Pakistan Bordering Afghanistan**

### **3.1 Vision and Goals of the Assistance Policy**

Since the achievement of peace and public order in Pakistan is a prerequisite to the stability and prosperity of Afghanistan and its neighboring countries, it is imperative that the international society extends a concerted effort to address the complex issues that Pakistan is facing. The most imminent challenge to be tackled is the elimination of the anti-government armed forces that are expanding their influence in the areas of Pakistan bordering Afghanistan.

This region has remained in the eye of storm since the Cold War, during which the region became a playground for rival forces vying to extend their sphere of influence owing to its geo-strategic location. As soon as Soviet forces retreated from Afghanistan in 1989, the region faded into oblivion only to bounce back into the global consciousness after the 9/11 terrorist attacks in 2001 in the USA and the subsequent “War on Terror”. Following the overthrow of the Taliban government from Afghanistan in 2001, militants moved into the areas of Pakistan bordering Afghanistan and initiated cross-border attacks on international and Afghan forces in Afghanistan causing the region to once again become a flashpoint with security implications not only for the region, but also for the rest of Pakistan, Afghanistan, India, and outlying regions.

The international community is very much concerned with cross-border attacks on international and Afghan forces in Afghanistan from the areas of Pakistan bordering Afghanistan as well as on the growing militancy and extremism in Pakistan. With this in mind, the international community is assisting Pakistan in: (i) controlling or, if possible, eliminating militants from areas of Pakistan bordering Afghanistan; (ii) combating the growing militancy and extremism in Pakistan; and (iii) addressing difficult challenges such as economic and social issues. The Friends of Democratic Pakistan Ministerial Meeting and the Pakistan Donors Conference, both of which were held in Tokyo on 17 April, 2009, were another step in this direction with 31 countries and 18 organizations participating in the conferences.

The Friends of Democratic Pakistan Group Ministerial Meeting was held with the aim of serving as a platform for the international community to demonstrate its concerted stance toward assisting the Government of Pakistan (GOP) in addressing difficult challenges, such as economic issues and counterterrorism measures, and the Pakistan Donors Conference conveyed strong international support to the GOP in its development strategies, particularly the Poverty Reduction Strategy Paper (PRSP). Both conferences were held in line with the comprehensive strategy for Afghanistan and Pakistan as announced by the Obama administration on March 27, 2009, the international conference on Afghanistan held in The Hague on March 31, 2009, and the NATO summit meeting on April 3 and 4,

2009.<sup>8</sup> All three of these previous meetings stressed a regional approach identifying Afghanistan and Pakistan as one theater. In this context, both the Friends of Democratic Pakistan Ministerial Meeting and Pakistan Donors Conference in Tokyo helped intensify global efforts to support Pakistan. These conferences also provided Pakistan with the opportunity to develop a close political coordination with the USA and other friendly countries that share its idea of a regional approach.

The Friends of Democratic Pakistan Ministerial Meeting acknowledged the important role of Pakistan and the great sacrifices that the Pakistani people have made in confronting the menace of terrorism and extremism as well as Pakistan's strong commitment to becoming an anchor of stability and peace in the region.<sup>9</sup> Additionally, the meeting recognized with appreciation the resolve of the government and people of Pakistan to promote peace, security, stability, and prosperity within the region and to work with the international community constructively to promote these goals at the global level. The participants of the Pakistan Donors Conference pledged over USD 5 billion of support over the next two years to be used for social safety nets and human resource development, as well as to provide additional support for poverty reduction efforts as stated in the Pakistan Donors Conference co-chair's statement. The government of Japan, the host country, itself announced USD 1 billion in assistance for Pakistan, an amount equaling that announced by the USA.

There is no doubt that the Tokyo Conference is another good step in the right direction, however, the strife that keeps the areas of Pakistan bordering Afghanistan simmering has various dimensions with its roots lying in the absence of an integrated and sustainable development policy to solve the political, economic, and social problems in the region, thus perpetuating the state of poverty, exclusion, militancy, and extremism.

A large segment of population in the areas of Pakistan bordering Afghanistan does not support militancy and extremism. The population, particularly the youth segments, is forcibly exploited by militants to take part in cross-border attacks on international and Afghan forces in Afghanistan as well as against the Pakistan military operating in the region in order to earn a livelihood since they do not have alternative safe employment opportunities. Due to low education levels and poverty, the youth in the areas of Pakistan bordering Afghanistan are not fully aware of the importance of peace and, therefore, are easily convinced by militants to participate in militancy and extremism in order to earn a livelihood. There is a need to provide them with knowledge regarding the importance of peace through appropriate peace education campaigns. The International Crisis Group's report identified two kinds of militants: (i) ideologically committed militants to the Al-Qaeda and Taliban; and (ii) non-ideological militants.<sup>10</sup> The report further states that non-ideological militants can be separated from ideologically committed militants by providing them with safe employment opportunities. However, there are many opinions regarding whether non-ideological militants can be separated from

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<sup>8</sup> Government of Japan, Ministry of Foreign Affairs. April 2009. "Friends of Democratic Pakistan Ministerial Meeting and Pakistan Donors Conference Outline and Evaluation". Tokyo. Japan.

<sup>9</sup> Government of Japan. MoFA. April 2009. "Chair's Statement at the Ministerial Meeting of the Friends of Democratic Pakistan". Tokyo. Japan.

<sup>10</sup> ICG. 11 December 2006. "Pakistan's Tribal Areas: Appeasing the Militants". Asia Report No. 125. Islamabad/Brussels.

the ideological militants committed to Al-Qaeda and the Taliban. Moreover, there is no specific method available for this kind of separation and, therefore, the separation of non-ideologically committed militants from ideological militants would seem a difficult task.

Another important area is the providing of assistance to the IDPs. Due to the extensive military operations by the Pakistan military against the militants in the Malakand region, including Swat and FATA, in early May 2009, a large number of local people have left their homes and took refuge in refugee camps within the nearby large cities of NWFP, particularly in Peshawar, Mardan, Mansahra and Abbottabad. A number of IDPs are living with relatives or friends. It is said that this is the largest migration of people in Pakistan since the migration of people from India to Pakistan at Pakistan's independence. Providing urgent emergency relief to these IDPs is crucial, followed by assistance in the reconstruction of their damaged houses upon their safe return. It is widely recognized that if the GOP fails to provide proper urgent emergency relief and then fails to help in the reconstruction of damaged houses and the rehabilitation of IDPs upon their safe return, there is a risk that some of the IDPs, particularly the youth, may join the militants.

The Pakistan military and the international and Afghan forces from Afghanistan are fervently attempting to combat militancy and extremism in the areas of Pakistan bordering Afghanistan, however, military operations alone cannot produce the desired result of combating militancy and extremism in the region. While the military operations are a vital element to the combating of militancy and extremism, the military operations must be an aspect of a wider development policy.

The Japan's assistance policy for the areas of Pakistan bordering Afghanistan should consider the short-term as well as the long-term development of the region concurrently. The "Emergency Relief to the IDPs" and "Reconstruction and Rehabilitation of Damaged Houses of the IDPs" are recommended as activities for short-term development, and the "Vocational and Technical Training", "Small Medium Enterprises Promotion", "Peace Education", and "Infrastructure Improvement" are recommended as activities for the long-term development. The "Emergency Relief to the IDPs", "Reconstruction and Rehabilitation of Damaged Houses of the IDPs", "Small and Medium Enterprises Promotion", and "Peace Education" are based on the idea of human security. The proposed Japanese assistance policy to solve various issues in the areas of Pakistan bordering Afghanistan is described in the following chart:

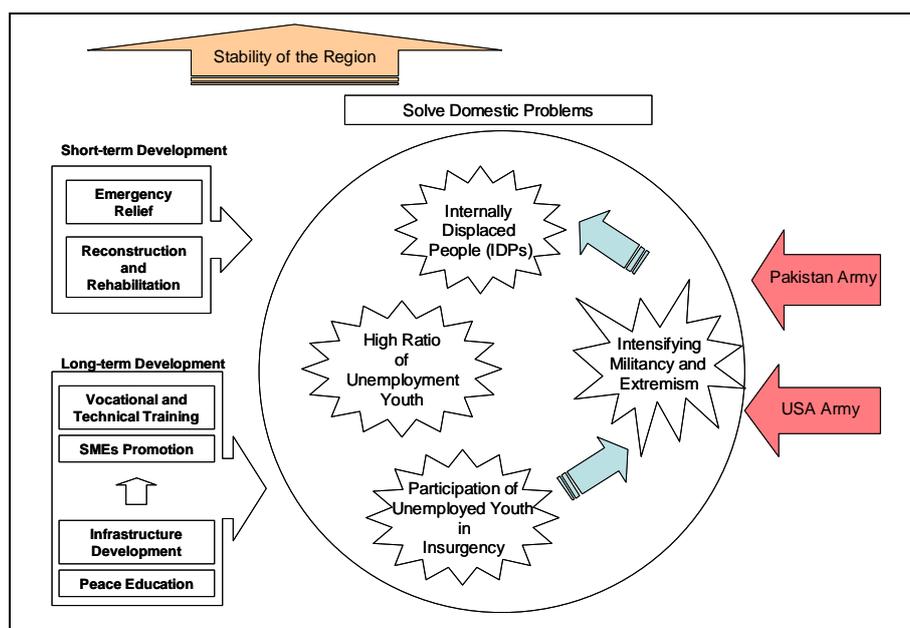


Figure 3-1 Proposal of Japan’s Assistance for the Areas of Pakistan Bordering Afghanistan

Source: Study Team

It is highly recommended that the Japanese assistance policy for the region align all activities with the national development plans of Pakistan, such as the Medium Term Development Framework (MTDF), PRSP, and Vision 2030. Furthermore, the assistance policy of Japan for the region should also consider the deteriorating security conditions and the unique society and culture of the region explained in Chapter 3 of the main report of this Study for all its activities other than the general cross-cutting issues of good governance, environmental protection and gender development.

### 3.2 Recommendations for Human Security

Japan’s “Medium-term Policy on ODA” formulated in February 2005 defines human security to mean “*focusing on individual people and building societies in which everyone can live with dignity by protecting and empowering individuals and communities that are exposed to actual or potential threats.*” Keeping this concept of the human security in view, it is recommended that the Japanese assistance policy for the areas of Pakistan bordering Afghanistan implement the following short- and long-term development activities concurrently.

#### 3.2.1 Short-term Development

It has been reported that extensive military operations against the militants in the Malakand region, including Swat district and FATA, have caused more than 2 million people to flee their homes and take refuge in the refugee camps or live with relatives or friends in safe areas of Pakistan. The GOP has announced that it will not be able to provide the needed support for such a large number of IDPs and has appealed to the international community for assistance.

The Government of Japan was quick to respond to this appeal, and in June 2009, Japan pledged a total of USD 10 million in Emergency Grant Aid assistance for IDPs. The Emergency Grant Aid will be implemented through the World Food Program (WFP), UNHCR, and the United Nations Children's Fund (UNICEF).

The GOP has announced a two-step assistance policy for the IDPs that includes urgent emergency relief assistance and the reconstructing and rehabilitating of damaged houses of the IDPs upon their safe return. Therefore, it is recommended that the Government of Japan should also follow this two-step policy not only by providing emergency grant aid for emergency relief, but by also providing assistance in the reconstructing and rehabilitating of damaged houses of the IDPs upon their safe return.

### **(1) Emergency Relief**

There is an urgent need to provide food, water, clothes, tents, emergency medical services, and other essential items to the IDPs in the refugee camps. Due to bad sanitation conditions in a few refugee camps, outbreaks of diseases, such as diarrhea, cholera, and skin diseases, have already been reported especially in women and children. The GOP has already provided electricity in most refugee camps. The announced emergency grant of USD 10 million by the Government of Japan for the assisting of IDPs may not be enough in relation to the needs of the IDPs, and, therefore, it is recommended that further urgently needed emergency relief assistance to the IDPs be provided.

### **(2) Reconstruction and Rehabilitation**

It is reported that a large number of IDPs' houses have damaged due to militants utilizing vacant houses of IDPs in fighting the Pakistan military. Therefore, it is necessary to consider the reconstructing and rehabilitating of damaged houses of the IDPs in order to provide them with better living conditions upon their safe return. It was the harvesting season in the Malakand region and FATA when the IDPs left their homes, and, having been unable to harvest their crops, IDPs are facing immense financial problems. It is necessary to consider providing financial assistance through agricultural credits to farmers upon their safe return. Due to the long instability and military operations in the area, small and medium enterprises are suffering the most. Hence, there is a future need to consider providing financial assistance through low-interest or non-interest micro-credit loans to small entrepreneurs upon their safe return. It is highly recommended that Aga Khan Development Network (AKDN) in Pakistan be incorporated into efforts to provide help in the reconstructing and rehabilitating of damaged homes.

For example, AKDN Pakistan is a famous NGO network having extensive experience in working in almost all development sectors in the northern territories of Pakistan, especially in Malakand region including Swat district, Chitral and Federally Administered Northern Areas (FANA). Moreover, through its past extensive experience, AKDN Pakistan has developed a strong relationship with the local people. AKDN Pakistan is a group of development organizations mainly working in health, disaster management, education, microfinance, SME development, rural development and

revitalization of historic cities. It would be difficult for JICA to work directly with the AKDN Pakistan as JICA is to work with the GOP. However, JICA could propose the inclusion of the AKDN Pakistan as an implementing agency during negotiations with the GOP. The AKDN Pakistan has very close relations with the GOP and is working as the implementing agency for several government developmental projects, especially in the northern territories of Pakistan.

### **3.2.2 Long-term Development**

The assistance policy of Japan for the areas of Pakistan bordering Afghanistan should consider the long-term development of the region by providing vocational and technical training, promoting SMEs and providing peace education, particularly to the youth. Through this assistance, it would be possible to not only reduce the unemployment rate and the participation of people, particularly youth, in militancy and extremism, but it would also be possible to develop the pride of the local people and to build a society in which everyone can live with dignity.

#### **(1) Vocational and Technical Training**

Most of the youth in the areas of Pakistan bordering Afghanistan are unskilled or possess unmarketable skills. It is recommended that employment opportunities be created through an appropriate skills development training program for underemployed and unemployed youths in the region. However, in implementing the appropriate skills development training program there is a need to consider two matters. First, whether the region has the capacity to provide the skills development training program and, second, which skills may be selected for the skills development training program.

Regarding the first matter of regional capacity for delivering the skills development training program, it is encouraging that the region has sufficient institutions to effectively and efficiently deliver the skills development training program. For example, the Skill Development Centers (SDCs) under the supervision of Ministry of Labor, Manpower and Overseas Pakistanis has been set up in Peshawar, the capital city of NWFP, and Quetta, the capital city of Balochistan. Other training institutes working under the federal and provincial governments are also available (e.g. Staff Training Institute for Vocational Teacher Training in Quetta and Federal Teacher Training College in Peshawar).

Regarding the second matter of the nature of skills to be provided to the youth, the above-noted institutes have already identified areas like electrical engineering, electronic engineering, mechanical engineering, welding, plumbing, carpentry and woodwork as applicable to local needs.

The Government of Japan and JICA already has extensive experience in providing assistance in general and vocational education sectors in Balochistan, NWFP and FATA. Since there are already established institutes with abundant experience of providing training, cooperation with these institutes in the implementing of skills development training programs is recommended. To implement the skills development training program, it is important to consider the necessity of: (i) improving the existing curriculum, building, equipment, and the capacity of trainers; and (ii) providing the vocational training

in combination with formal education (education up to middle school level) to uneducated or under-educated trainees.

Working in cooperation with experienced NGOs, such as the AKDN Pakistan, to implement the skills development training program is also recommended.

## **(2) SMEs Promotion**

There are some small industries such as mining (marble, granite, emerald, copper, gold, etc), stone-processing, fruit-processing, carpet, furniture, textile, and dairy in the areas of Pakistan bordering Afghanistan. The Small and Medium Enterprises Development Authority (SMEDA) is providing different services to promote SMEs across Pakistan, including Afghanistan border region. SMEDA has been involved in developing several projects for SMEs development in Balochistan and NWFP such as:

- Fruit processing facilities in Balochistan
- Fruit processing facilities in NWFP
- Plans to operate new marble mines in Balochistan and NWFP
- Plans to export marble from Balochistan and NWFP to other countries, especially to the middle east countries

It is recommended to work in cooperation with SMEDA in promoting SMEs in the region. JICA already has extensive experience in working in collaboration with SMEDA. For example, JICA dispatched an SME Promotion Adviser and several Japanese senior volunteers having high-level skills and experience to SMEDA to provide training in improving the skills, quality and productivity of private enterprises in light industry, especially the textile industry. JICA's plan is to continue maintaining and strengthening its relationship with SMEDA. Continuation of these activities will definitely contribute to promoting SMEs in the region.

The Pakistan Poverty Alleviation Fund (PPAF) and Khushali Bank are providing micro-credit to SMEs throughout Pakistan, including the areas of Pakistan bordering Afghanistan. It should be noted that there are various forms of assistance provided in the area of micro-finance by other donors and financial institutions. After carefully reviewing the remaining needs of entrepreneurs including he finance, management and technologies, it is recommended that JICA provide support to both existing and new SMEs in the region in cooperation with the PPAF and Khushali Bank.

## **(3) Peace Education**

As stated above, it is often said that due to the low education levels, many people, especially youth, in regions of Pakistan bordering Afghanistan have less understanding regarding the importance of peace and, therefore, are easily convinced by the militants to take part in militancy to earn a livelihood. Therefore, providing sustained and systematic peace education to the people, particularly to the youth, in order to minimize their participation in militancy and extremism is recommended.

A culture of peace can be achieved when the population, especially the youth, understand the importance of peace; have the skills to resolve their own conflicts constructively; know and live by international standards of human rights, gender and equality; and respect each other's personal dignity. Such learning cannot be achieved without sustained and systematic peace education via continuous and regular peace education campaigns.

The idea of peace education is not new as the urgency and necessity of such education was acknowledged by the member states of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 1974<sup>11</sup> and reaffirmed in 1995<sup>12</sup>. In order to meet the challenges posed by the militants, the people in general, and youth in particular, need skills and knowledge to create and maintain peace in their communities. Peace education is a participatory process that includes training for and about the importance of peace, disarmament, human security, human rights, justice, gender, and equality. Peace education encourages critical thinking, cooperation and responsible actions by the community. It is based on the values of dignity, equality and mutual respect.

To design and implement the peace education campaigns, it is recommended to: (i) prepare the appropriate tools for peace education with participatory methods; (ii) develop standard tools for awareness campaigns; (iii) train peace promoters/trainers as peer educators among youth; (iv) develop peace relevant IEC materials in local languages according to local needs; and (v) organize regular peace training and workshops inviting youth and disseminating the IEC materials. Besides the standard awareness communication techniques, the local media and other locally appropriate means of communication can be used for the peace education campaigns.

Peace education campaigns should work in a networking style and be dependent on the support and collaboration of local people, local government, youth activists, young political leaders, and young religious leaders committed to peace in their communities. Those active in the peace education campaigns should design the curricula for the peace education campaigns; organize workshops and conferences; train and inspire youth to educate for peace in their communities; and create forums, working groups, and delegations to meet with relevant government officials.

The idea of peace education is not new in the region. For example, the AKDN Pakistan is running peace education campaigns in FANA that are said to be helping to combat the growing militancy and extremism in the region. When examining assistance in this region, it is worthwhile to consider working in cooperation with local NGOs that already have trusting relationships with local community, in order to utilize their vital experience of implementing the peace education campaigns.

### **3.3 Recommendations for Infrastructure Development**

Amid the worsening security situations throughout Pakistan due to the fragile situation in the border area, the main objective of the assistance policy of Japan for the areas of Pakistan bordering

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<sup>11</sup> <http://www.peace.ca/unesco1974recommendation.htm>

<sup>12</sup> <http://www.peace.ca/unesco1994declaration.htm>

Afghanistan is to achieve Pakistan's stability through the development of the areas of Pakistan bordering Afghanistan. The development of the border area is also beneficial to Afghanistan, and, thus, it is important in a mid- to long-term perspective to provide assistance beneficial to both Afghanistan and Pakistan. For this purpose, there is a need to increase the existing trade between Pakistan and Afghanistan, which would require the improving of road and railroad networks between Pakistan and Afghanistan. Recently, road and railroad networks in other areas of Pakistan have significantly improved, but road and railroad networks in areas of Pakistan bordering Afghanistan have not improved mainly due to the mountainous terrain in the region. If road and railroad networks between the areas of Pakistan bordering Afghanistan and across Afghanistan are improved, it will not only increase trade between the areas of Pakistan bordering Afghanistan and across Afghanistan, but will also help in increasing the overall bilateral trade between Pakistan and Afghanistan. Moreover, infrastructure development is crucial in promoting SMEs mentioned in "3.2.2 Long-term Development" since it will reduce transport costs in the procurement of materials and shipment of finished goods, improving access to the markets.

The USA has proposed the establishment of Reconstruction Opportunity Zones (ROZs) to not only decrease militancy and extremism, but also to improve the economic condition of people living in the areas of Pakistan bordering Afghanistan and across Afghanistan. The participants of the 3rd RECCA put forth a proposal to extend financing at concessionary mark-up rates to investors in ROZs under the credit line of international financial institutions. The ROZs are supposed to promote economic development by increasing trade between areas of Pakistan bordering Afghanistan and across Afghanistan. However, without improving road or railroad networks, the idea of the economic development of people living in areas of Pakistan bordering Afghanistan and across Afghanistan through ROZs would be useless. Therefore, the development of road and railroad networks between the areas of Pakistan bordering Afghanistan and across Afghanistan is urgently needed in order to increase not only trade between the areas of Pakistan bordering Afghanistan, but also for bilateral trade between Pakistan and Afghanistan.

Iran is also ambitiously seeking to develop a network from Iran to Afghanistan via Pakistan and then on to Central Asian Countries via Afghanistan in order to increase its trade with those nations. Pakistan and Iran are linked by a railroad, however, it may be difficult to construct a railroad from Iran to Afghanistan via Pakistan and then on to Central Asian Countries via Afghanistan before the restoration of security in the areas of Pakistan bordering Afghanistan as well as in Afghanistan itself.

JICA already has extensive experience in working to improve the road network in Pakistan, including Balochistan and NWFP. JICA is also implementing the "Transport Planning Study" and "Technical Cooperation for Highway Research and Training Centre (HR&TC)" to establish a research and training system for the construction and maintenance of road networks and to train researchers and technicians. The National Highway Authority (NHA) is responsible for the development and maintenance of the road network and the Ministry of Railways is responsible for the development and maintenance of the railroad network throughout Pakistan including the areas of Pakistan bordering

Afghanistan. It is essential to discuss the development of specific road and railroad networks with these institutions.

The main objective of Japanese assistance for the areas bordering Afghanistan is to provide benefit to both Afghanistan and Pakistan through the development of the border region. Assistance for the energy (power, oil, gas) sector could contribute to this purpose. The Vision 2030 of Pakistan stated that Pakistan is building a major North-South energy corridor along both banks of the Indus River, but primarily on its Western bank, for linking the Arabian Sea with China, Afghanistan and Central Asia in the North. Oil and gas pipelines and storage hubs along the route are being invested in. Transmission of electricity from Central Asian Countries via Afghanistan to Pakistan is also being discussed as well as a gas pipeline from Iran to Pakistan and then to India. Pakistan and Iran have already agreed on a gas pipeline from Iran to Pakistan, however, India has shown some hesitations in participating in the project.

The Vision 2030 further stated that the gas and oil pipelines from Iran and Central Asia into Pakistan, and then to India and China are important. Japanese technology and capital could play a crucial role in realizing these projects. It would be risky for Japan to participate in these mega projects at a time when Pakistan is having severe financial difficulties, however, these mega projects would not only be beneficial for Pakistan but also for Afghanistan, Central Asia, China, and India, and, therefore, exploring the opportunities to realize these mega projects is recommended.

Another area for providing benefit to Afghanistan through the development of the areas of Pakistan bordering Afghanistan could be agriculture promotion through irrigation development. Agriculture is the lifeline of the people of the areas of Pakistan bordering Afghanistan with the soil and climatic conditions favoring the cultivation of fruits and vegetables with the dominant crops being apples, apricots, grapes, peaches, persimmons, plums, pomegranates, figs, walnuts, potatoes, tomatoes, and onions. Other major crops are cereals like wheat, barley, maize, and rice, which are also grown but at a subsistence level. Small landholders, who make up the majority of farmers, practice agriculture mainly at the subsistence level, characterized by the underutilization of land and cultivation of low input crops.

Agricultural productivity is very low due mainly to inadequate irrigation systems. While a small amount of area is irrigated, the remaining farmland relies exclusively on rainfall. In irrigated areas, water is provided through a combination of delivery systems, including tube wells, dug wells, lift pumps and traditional communal canals. Properly constructed irrigation networks could make more water available for agriculture resulting in higher agricultural productivity. Despite efforts to improve irrigation network, water conveyance has remained inefficient and there is a need to promote the agriculture sector through irrigation development by introducing efficient water use technologies and constructing small dams, ponds, and reservoirs.

Opportunities exist in the shift from subsistence agriculture towards market-oriented production, especially for high-value crops along with possibilities of accessing markets in Afghanistan and

Central Asia. Promoting agriculture through irrigation development could have a direct and drastic impact on poverty reduction in the areas of Pakistan bordering Afghanistan, which will contribute to the stability of the region through increased employment and income opportunities.

In 2007, the City District Government of Karachi (CDGK) prepared the master plan for Karachi. The concept of rejuvenating Karachi is included in the master plan under the vision called the “Cosmopolitan Gate City of Pakistan.” The former Japan Bank for International Cooperation Institute (JBICI) also conducted a study entitled “Scenario for Rejuvenation of Karachi<sup>13</sup>”. The Country Study for Japan’s Official Development Assistance to Pakistan formulated in February 2005 places significant importance on the rejuvenation of Karachi. The rejuvenation of Karachi, home to 12 million people and the biggest city and the business hub of Pakistan, is not only important for the economic development and social stability of Pakistan, but also for the development of Afghanistan and the border areas as the majority of import and export of landlocked Afghanistan pass through the two ports (Karachi and Qasim Ports) in Karachi. Furthermore, the rejuvenation provides both direct and indirect benefits to the stability of the border areas and Afghanistan through an increase in the livelihood of 3.5 million Karachi residents. To provide benefit to Quetta and Kandahar and Peshawar and Kabul through rejuvenation of Karachi, the road and railroad network between Karachi and Quetta and Karachi and Peshawar should be further improved. It is also needed to construct the railroads between Chaman and Kandahar and Peshawar and Kabul. Furthermore, the roads and railroads between Karachi and Quetta and Karachi and Peshawar are poorly maintained and, therefore, it is needed to strengthen the existing maintenance system.

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<sup>13</sup> JICA (Ex-Japan Bank for International Cooperation Institute). September 2005. Japan Bank for International Cooperation Magazine – Scenario for Rejuvenation of Karachi.

## Appendix 1 List of Recommendations

Recommendations for Regional Cooperation			
Item	Major Problems	Areas for Japan's Assistance	Areas for Regional Cooperation
Assistance Strategies for Neighboring Countries			
Pakistan	<ul style="list-style-type: none"> <li>The Afghan problem is inseparable from Pakistan</li> <li>Security, particularly with regard to extremist movements</li> <li>FATA, NWFP and Balochistan</li> </ul>	<ul style="list-style-type: none"> <li>Improvement and expansion of transport and related infrastructure (such as ports)</li> </ul>	<ul style="list-style-type: none"> <li>Regional arrangements in order to reduce transportation costs from Afghanistan or Central Asian countries to India (by deregulating truck traffic, for example)</li> </ul>
Iran	<ul style="list-style-type: none"> <li>Post Presidential Election Situation and US diplomacy</li> </ul>	<ul style="list-style-type: none"> <li>Provision of incentives for refugees (including economic refugees) to return home (through vocational training and cash allowance)</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of drug trafficking through enhanced border security</li> <li>Increasing access to external markets (including Iran and India via western Afghan border of Herat) through improved infrastructure (i.e. roads and ports)</li> <li>Improvement of trade related institutions (i.e. customs clearance and transit trade).</li> </ul>
India	<ul style="list-style-type: none"> <li>Indo-Pakistani relations</li> <li>Natural resources (especially oil and natural gas) in Central Asia</li> </ul>	<ul style="list-style-type: none"> <li>TAPI/IPI gas pipeline projects</li> </ul>	<ul style="list-style-type: none"> <li>TAPI/IPI gas pipeline projects</li> </ul>
Central Asian Countries	<ul style="list-style-type: none"> <li>Strategic focal point for Afghan assistance</li> <li>Strengthening of the connectivity of the North-South Corridor</li> </ul>	<ul style="list-style-type: none"> <li>“Central Asia and Japan” forum</li> </ul>	<ul style="list-style-type: none"> <li>Regional cooperation in the areas of illegal drugs, terrorism, environmental issues, energy, water, transportation, and trade and investment</li> </ul>
Long-term Regional Cooperation in Human Security			
Security	<ul style="list-style-type: none"> <li>Security in AF-PAK region</li> </ul>	<ul style="list-style-type: none"> <li>Taking initiatives in the mediating process with opposition parties as one of the impartial mediators.</li> </ul>	<ul style="list-style-type: none"> <li>Continued efforts towards border security and strengthened cooperation with other regional networks, such as ECO and SCO, very actively involved in this area.</li> </ul>
Counter-Narcotics Policies	<ul style="list-style-type: none"> <li>A major financial source for terrorists, and are closely linked to security</li> </ul>	<ul style="list-style-type: none"> <li>Assistance for justice, training of administrators, and workshops</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of information and know-how among concerned countries</li> </ul>
Integration with Regional Economy	<ul style="list-style-type: none"> <li>Social costs of Afghan economic refugees in adjacent countries</li> </ul>	<ul style="list-style-type: none"> <li>Skill training programs</li> <li>Support to financial market reforms by sending experts or providing training</li> </ul>	<ul style="list-style-type: none"> <li>On-the-job training (OJT) in Pakistan and Iran</li> <li>Regional or bilateral agreements on labor mobility</li> </ul>
Refugees	<ul style="list-style-type: none"> <li>Afghan economic refugees</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of vocational training</li> <li>Provision of incentives for refugees (including</li> </ul>	<ul style="list-style-type: none"> <li>Assistance for neighboring countries to reduce costs of refugees and other bilateral and regional</li> </ul>

			<p>economic refugees) to return home (through vocational training and cash allowance)</p> <ul style="list-style-type: none"> <li>Support to the communities that have accepted refugees</li> </ul>	arrangements
	Trade and Investment	<ul style="list-style-type: none"> <li>Disadvantages of landlocked country</li> </ul>	<ul style="list-style-type: none"> <li>Co-financing to the construction of special economic zones</li> <li>Technical assistance (with experts and training) for the two countries by teaching Japanese production and management skills for company executives within the Industrial Park, utilizing know-how accumulated at Japan Centers in Uzbekistan or Kyrgyz Republic.</li> </ul>	<ul style="list-style-type: none"> <li>Afghanistan-Pakistan Free Trade Agreement</li> <li>Creation of Special Economic Zones in border areas</li> </ul>
	Education	<ul style="list-style-type: none"> <li>Insufficiency of academic and cultural exchange between Central and South Asian scholars</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of academic and cultural exchange between Central and South Asian scholars</li> <li>Scholarships for the study abroad program</li> <li>Usage of India and Iranian experience in basic education</li> </ul>	(Expansion of academic and cultural exchange)
	Medical Cooperation and Infectious Diseases	<ul style="list-style-type: none"> <li>Lack of qualified medical personnel</li> </ul>	<ul style="list-style-type: none"> <li>Assistance in regional cooperation in infectious diseases</li> <li>Afghan medical staff to be trained in Pakistan or Iran, or even trained by Pakistani or Iranian medical experts in Afghanistan</li> </ul>	(Strengthening of regional cooperation to tackle infectious diseases)
<b>Long-term Cooperation in Regional Infrastructure</b>				
	Road	<ul style="list-style-type: none"> <li>Lack of cross-border connectivity</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation among various aid modalities (loan, grant and technical assistance)</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of a wider regional infrastructure with similar economic objectives (e.g. port terminals)</li> </ul>
	Railways	<ul style="list-style-type: none"> <li>Lack of rail networks in Afghanistan</li> <li>Potential contribution to domestic industry (such as mineral resources)</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance for rail sector reforms</li> <li>Rail wagon yen loans for Pakistan, Iran and Central Asia</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of regional rail networks</li> </ul>
	Electricity	<ul style="list-style-type: none"> <li>Supply shortage of electricity generated in Afghanistan</li> </ul>	(Cooperation among various aid modalities (loan, grant and technical assistance))	<ul style="list-style-type: none"> <li>CASA1000 Plan</li> </ul>
	Natural Gas	<ul style="list-style-type: none"> <li>Pipelines going through the most insecure areas</li> </ul>	<ul style="list-style-type: none"> <li>Exploring the possibility of different modalities (private investment, ODA, OOF)</li> </ul>	<ul style="list-style-type: none"> <li>TAPI/IPI Project</li> </ul>
	International River Management	<ul style="list-style-type: none"> <li>International management of Am Darya River</li> </ul>	<ul style="list-style-type: none"> <li>Data collection</li> </ul>	<ul style="list-style-type: none"> <li>International River Management Treaty</li> <li>Usage of SAARC network</li> </ul>
<b>Directions for Assistance Using Regional Networks</b>				
	CAREC	<ul style="list-style-type: none"> <li>Expansion towards South Asian countries</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of infrastructure connecting Afghan border</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of Six Economic Cooperation Corridors (esp. those transiting Afghanistan)</li> </ul>

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SAARC	<ul style="list-style-type: none"><li>Expansion towards Central Asian countries and Iran</li></ul>	<ul style="list-style-type: none"><li>Assistance for infectious diseases, environment, and security problems</li></ul>	<ul style="list-style-type: none"><li>Customs cooperation with ECO countries</li></ul>
ECO	<ul style="list-style-type: none"><li>Limited Function</li></ul>	<ul style="list-style-type: none"><li>Infrastructure, counter-narcotics, and refugees projects through ECO</li></ul>	<ul style="list-style-type: none"><li>Customs cooperation with SAARC countries</li></ul>
SCO	<ul style="list-style-type: none"><li>China and Russia playing the central roles</li></ul>	<ul style="list-style-type: none"><li>Limited relationship with Japan</li></ul>	<ul style="list-style-type: none"><li>Regional cooperation in security</li></ul>

Recommendations for Afghanistan			
Item	Major Problems	Areas for Japan's Assistance	Areas for Regional Cooperation
Poverty Reduction and Growth by Holistic Approach			
Meeting Basic Human Needs (Human capabilities)			
Health Sector	<ul style="list-style-type: none"> <li>Insufficient number and quality of female medical practitioners</li> <li>Low service level of health centers and hospitals</li> <li>Low monitoring and supervising capacity of the Ministry of Public Health</li> <li>Low medical access in mountains and remote areas</li> <li>Low sustainability of health sector management due to low capacity of government officials in the provinces</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building of Department of Public Health's officials in provinces</li> <li>Capacity building for the strengthening of referral system</li> <li>Improvement of health literacy, raising of men's awareness in cooperation with MOWA</li> </ul>	(Iran, Pakistan, India) <ul style="list-style-type: none"> <li>Dispatch of medical experts of surrounding countries to Afghanistan</li> <li>Third Country Training of Afghan medical practitioners in surrounding countries</li> <li>Provision of medical equipment and their maintenance in cooperation with training institutes and hospitals in surrounding countries</li> </ul>
Education Sector	<ul style="list-style-type: none"> <li>Insufficient number and quality of teachers (particularly secondary school)</li> <li>Insufficient understanding of the importance of literacy</li> </ul>	<ul style="list-style-type: none"> <li>Development of teaching guidelines for secondary school teachers</li> <li>Literacy education in combination with vocational training</li> </ul>	(Iran, India) <ul style="list-style-type: none"> <li>Teacher training by trainers dispatched from surrounding countries</li> <li>Third Country Training for capacity building for curriculum development and education administration</li> </ul>
Reducing External Threats (Protective Capabilities)			
Infectious Diseases	<ul style="list-style-type: none"> <li>Insufficient budget to maintain medical facilities</li> <li>Insufficient inspection and surveillance systems</li> <li>Lack of a reference hospital for infectious diseases</li> </ul>	<ul style="list-style-type: none"> <li>Construction of a reference hospital in Kabul and provision of technical support</li> </ul>	(Pakistan, Iran) <ul style="list-style-type: none"> <li>Establishment of a support system by hospitals in surrounding countries</li> <li>Third Country Training, dispatch of experts from surrounding countries</li> </ul>
Building Long-term Industries / Income Sources (Economic Capabilities)			
Agriculture, Animal Husbandry, and Agro-processing	<ul style="list-style-type: none"> <li>Insufficient extension system of agricultural techniques</li> <li>Insufficient marketing and distribution of agricultural product</li> <li>Lack of networks of farmers</li> <li>Insufficient support to landless farmers</li> </ul>	<ul style="list-style-type: none"> <li>Creation of employment opportunities for landless farmers</li> <li>Support for rice cultivation in combination with development of supply chain and community development</li> </ul>	(Iran) <ul style="list-style-type: none"> <li>Study on the possibility to transfer agricultural techniques in dry areas (disseminate, if proved to be effective)</li> </ul>
Vocational and Technical Training	<ul style="list-style-type: none"> <li>Lack of trainers of vocational training</li> <li>Insufficient development of new areas for</li> </ul>	<ul style="list-style-type: none"> <li>Training of vocational training trainers</li> <li>Support for women's vocational training</li> </ul>	(Iran) <ul style="list-style-type: none"> <li>Dispatch of trainers from Iran</li> </ul>

A-5		vocational training for women	<ul style="list-style-type: none"> <li>Financial support for NSDP</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of TOT at Iranian institutes for vocational training</li> </ul>	
		Higher Education	<ul style="list-style-type: none"> <li>Low quality of curriculum and teaching materials for higher education</li> <li>Low female enrollment in higher education, insufficient number of women's leaders</li> </ul>	<ul style="list-style-type: none"> <li>Development of women's leaders through provision of higher education (scholarship, etc.)</li> </ul>	(Iran, India) <ul style="list-style-type: none"> <li>Provision of scholarships for master and doctor degrees for university lecturers</li> <li>Third Country Training for the development of curriculum and teaching materials</li> </ul>
		Private Sector Development	<ul style="list-style-type: none"> <li>Lack of trade / customs/ transit treaties with surrounding countries</li> <li>Hindrance of transport due to lack of customs facilities and bonded warehouses</li> <li>Deteriorated business environment due to low administrative capacity (lack of capacity and corruptions of police and customs officers)</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building for FTA understanding and negotiations (training in Japan)</li> <li>Construction of customs offices and bonded warehouses at borders</li> <li>Co-financing to support the construction of ROZs</li> <li>Capacity building of customs officers (training in Japan)</li> </ul>	(Uzbekistan, Kyrgyz) <ul style="list-style-type: none"> <li>Training of company executives in Afghan industrial zones at Japan Centers in surrounding countries</li> </ul>
	<b>Building Institutional Capacity (Political and Socio-Cultural Capabilities)</b>				
		Community Development	<ul style="list-style-type: none"> <li>Difficulty of returning refugees in integrating into communities</li> <li>Insufficient governance and sustainability of CDC</li> </ul>	<ul style="list-style-type: none"> <li>Facilitation of returning refugees' integration into communities (holistic approach by combining community development, capacity building of human resources and vocational training)</li> <li>Capacity building of local administrators engaging in community development</li> </ul>	
		Gender Mainstreaming	<ul style="list-style-type: none"> <li>Lack of basic administrative capacity</li> <li>Government officers' insufficient understanding of on gender issues</li> <li>Insufficient capacity of government officers in provinces</li> <li>Limited variety of vocational training for women</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of collaboration between MOWA and other government agencies / national programs</li> <li>Accumulation and sharing of knowledge on successes and failures</li> <li>Identification of new areas for women's vocational training</li> </ul>	
	<b>Strengthening Government Functions</b>				
	Security and Governance	<ul style="list-style-type: none"> <li>Low quality and morale of police officers</li> <li>Insufficient organizational and managerial capacity of police</li> <li>Necessity of training for expanded ANA</li> <li>Limited progress of DIAG</li> </ul>	<ul style="list-style-type: none"> <li>Facilitation of dialogue and mediating process between anti-government forces and the Afghan government (and US)</li> <li>Capacity building of the Ministry of Interior in the monitoring for anti-corruption, screening of police officers and management of salary payment system</li> </ul>	(Pakistan borders) <ul style="list-style-type: none"> <li>Investment in infrastructure, vocational training, business training and trade facilitation (e.g. exemption of duties) in ROZs</li> </ul>	

		<ul style="list-style-type: none"> <li>• Review of the support for DIAG</li> </ul>	
Provision of Infrastructure	<ul style="list-style-type: none"> <li>• Necessity in investment in roads construction / rehabilitation</li> <li>• Insufficient budget and human resources for road maintenance</li> <li>• Insufficient investment in irrigation rehabilitation in disadvantaged areas</li> <li>• Insufficient investment in water systems in local cities</li> <li>• Insufficient groundwater of Kabul City</li> <li>• Insufficient capacity of power supply in small cities</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in road construction / rehabilitation</li> <li>• Strengthening of facilities/equipment of Kabul Road Technology Center and human resource development</li> <li>• Training of government officials engaging in trade</li> <li>• Construction of trade-related infrastructure</li> <li>• Implementation of community development projects including rehabilitation of irrigation schemes</li> <li>• Improvement of rural water in collaboration with NGOs</li> <li>• Support to the new capital city based on the recommendations of the feasibility study</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in road construction that improves connectivity with surrounding countries</li> </ul> <p>(Uzbekistan and Tajikistan)</p> <ul style="list-style-type: none"> <li>• Facilitation of electricity trade</li> </ul>
Human Resource Development in the Government	<ul style="list-style-type: none"> <li>• Insufficient support to capacity development of human resources in the government</li> <li>• Provision of high salaries or top-ups to some of government officials</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of activities with a process-oriented perspective</li> <li>• Capacity building of permanent government officials</li> </ul>	

**Recommendations for Pakistan**

Item	Major Problems	Areas for Japan's Assistance	Areas for Regional Cooperation
Short-term Development / Human Security			
Emergency Relief	<ul style="list-style-type: none"> <li>Deterioration of nutrition and hygienic situation</li> </ul>	<ul style="list-style-type: none"> <li>Distribution of food and essential items</li> <li>Provision of emergency medical services</li> </ul>	
Reconstruction and Rehabilitation	<ul style="list-style-type: none"> <li>Damages of houses</li> <li>Economic damages due to the failure to harvest crops</li> </ul>	<ul style="list-style-type: none"> <li>Provision of micro-credit through micro-credit institutions (agriculture etc.)</li> </ul>	
Short-term Development / Human Security			
Vocational and Technical Training	<ul style="list-style-type: none"> <li>Many jobless youths without specific technical skills</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of vocational training through institutes with training institutes (curriculum development, improvement of facilities and equipment, increase of trainers, combination of literacy education and vocational training)</li> </ul>	
SMEs Promotion	<ul style="list-style-type: none"> <li>Insufficient employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>SME promotion (mining, stone-processing, fruit-processing, carpet, furniture, textile, and dairy) in collaboration with SMEDA</li> <li>Provision of micro-credit through micro-credit institutions</li> </ul>	
Peace Education	<ul style="list-style-type: none"> <li>Youths' participation in militants due to lack of understanding of the importance of peace</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of "peace education" in collaboration with an experienced local organization.</li> </ul>	
Infrastructure Development			
Transport	<ul style="list-style-type: none"> <li>Loss of trade opportunities due to insufficient infrastructure for road and railway transport</li> </ul>	<ul style="list-style-type: none"> <li>Initiation of discussion on the construction of road and railway infrastructure</li> <li>Support to the rejuvenation of Karachi</li> </ul>	<ul style="list-style-type: none"> <li>Development of a road network from Iran to Afghanistan via Pakistan and then on to Central Asian Countries via Afghanistan (implementation would be difficult until the security in the region is improved)</li> </ul>
Energy	<ul style="list-style-type: none"> <li>Increase in demand of gas and electricity</li> </ul>		<ul style="list-style-type: none"> <li>Initiation of discussion on the construction of the gas and oil pipelines from Iran and Central Asia into Pakistan, and then to India and China</li> </ul>
Irrigation	<ul style="list-style-type: none"> <li>Low agriculture productivity due to insufficient irrigation facilities</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of agriculture through the development of irrigation facilities (tube wells, dug wells, lift pumps, traditional communal canals, etc.)</li> </ul>	

## **Appendix 2 List of Interviewees**

### 1. Afghanistan

#### (1) Government of Afghanistan

Mr. Abdul Rahim Wardak	Director of National Skills Development Program, MoLSAMD
Mr. Najibullah Patan	President of Central Authority for Water Supply and Sewerage
Mr. Mahmoud Saikal	Senior Advisor and CEO of Dehsabz City Development Authority (Former Vice-Minister of the Ministry of Foreign Affairs)
Mr. Wafid Waici	Ministry of Finance (MoF MoEC Joint Secretariat for ANDS)
Dr. Nemutullah Bizhan	Ministry of Economy (MoF MoEC Joint Secretariat for ANDS)
Mr. Saifullah Abid	Regional Economic Cooperation Coordinator, Ministry of Finance
Mr. Abdul Hameed Bahir	Director of Planning Department, Ministry of Urban Development
Dr. Bashir Noormal	Afghanistan Public Health Institute, Ministry of Public Health

#### (2) Multilateral and Bilateral Donors

Mr. Muhammad Raza Jawad	Regional Economic Cooperation Coordinator, ADB (CAREC)
Mr. Allan T. Kelly	Principal Rural Development Economist, Agriculture, Environment, and Natural Resources Division, Central and West Asia Department, ADB
Mr. Mohammad Hanif Ayubi	Project implementation Officer, Natural Resources Management, ADB Afghanistan Resident Mission
Mr. Michael O'Leary	Team Leader, Improvement of Water Supply in Afghanistan Programme, GTZ/RODECO
Mr. N. Schumacher	Improvement of Water Supply in Afghanistan Programme, GTZ/RODECO
Dr. Wadir Safi	Senior Legal Advisor, International Development Law Organization
Mr. Yukitoshi Matsumoto	Programme Coordinator, UNESCO Kabul Office
Ms. Calister Mtalo	Education section, UNICEF
Mr. Brando Co	Health Section Chief, UNICEF
Ms. Homa Sabri	Institutional Capacity Development Manager, UNIFEM
Mr. Yvan Sturm	Senior Field Coordinator, UNHCR
Mr. Randolph Augusti	Water Sector, USAID
Mr. Gul Afghan Saleh	Program Manager, Water, Power & Energy, OIEE, USAID Afghanistan
Ms. Annie Begum	Reproductive Health, WHO
Mr. Mostaeen Jouya	Education Sector, World Bank
Mr. Ibrahim	Skills Development Project, World Bank
Mr. Amer Z. Durrani	Senior Transport Sector Specialist, Sustainable Development Unit, World Bank
Mr. Yoichiro Ishihara	Senior Economist World Bank
Mr. Usman Qamar	Senior Rural Development Specialist, World Bank
Dr. Kees Kostermans	Lead Public Health Specialist, World Bank
Dr. Emanuele Capo Bianco	Health Specialist, World Bank
Dr. Dastageer Sayed	Health Specialist, World Bank Afghanistan

#### (3) NGO

Ms. Palwasha Hassan	Rights & Democracy Country Director Kabul-Afghanistan
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(4) JICA Office / Projects

Senichi Kimura	Resident Representative, JICA Afghanistan Office
Naoyuki Kobayashi	Deputy Resident Representative, JICA Afghanistan Office
Hitoshi Aoyagi	JICA Afghanistan Office
Kota Omiya	JICA Afghanistan Office
Rumiko Nomura	JICA Afghanistan Office
Junko Taguchi	JICA Afghanistan Office
Hideki Yukihira	JICA Afghanistan Office
Takahiro Suzuki	JICA Afghanistan Office
Daijiro Kato	JICA Afghanistan Office
Ryoichi Kawasaki	Sanyu Consultant
Takumi Koide	Advisor to the Ministry of Education
Isao Tojo	Advisor to the Ministry of Women's Affairs

2. Pakistan

(1) Government of Pakistan

Mr. Sajjad Shaikh	Deputy Secretary/Chief Monitor of PRSP, Ministry of Finance
Dr. M. Aslam Khan	Chief Economist/Director of SAARC Center for Human Capital, Planning Commission
Mr. Syed Irtiqah Ahmed Zaidi	Project Director, Ministry of Commerce

(2) Multilateral and Bilateral Donors

Mr. Safdar Pervaiz	Country Economist/In-charge of Country Partnership Strategy for Pakistan, ADB
Ms. Farzana	ADB
Mr. Hanid Mukhtar	Senior Economist/In-charge of Country Assistance Strategy (CAS) for Pakistan, World Bank
Dr. Akhtar Bhatti	Representative, Islamic Development Bank

(3) JICA Office

Mr. Tomoharu Otake	Chief Representative, JICA Pakistan Office
Mr. Tsutomu Shimizu	Senior Representative, JICA Pakistan Office
Mr. Hajime Nabeta	Senior Representative, JICA Pakistan Office
Mr. Akihiro Takashima	Representative, JICA Pakistan Office
Mr. Hiroshi Yoshida	Country Officer, JICA Pakistan Office
Mr. Mitsuru Ohno	Health Administrator, JICA Pakistan Office

3. Others

(1) Regional Cooperation Framework / Network

Mr. David Kruger	Head / CAREC Unit (ADB Manila)
Mr. Ushio Tashibu	Regional Cooperation Specialist / CAREC Unit (ADB Manila)
Mr. Hassan Taherian	Deputy Secretary General / ECO (Iran)
Mr. V.V. Lakshmi	SAARC India Office (India)
P. G. Dhar Chakrabarti	Director, Disaster Management Center, SAARC India Office (India)

Mr. Ubaydullayev Nuriddin      Economic Section Officer / SCO (China)  
Mr. Yu Chun Li                      Grade I Expert /SCO (China)

(2) Governmental Research Institutes

Mr. J. Kalantari                      Director for Asian Studies / Institute for Political and International Studies  
(India)  
Mr. Vishal Chandra                  Associate Fellow / Institute for Defence Studies and Analyses (India)

(3) Universities, Researchers

Prof. Sawaran Singh                  School of International Studies / J. Nehru University (India)  
Prof. Madhu Bhalla                    Head, Department of East Asian Studies / Delhi University (India)  
Prof. Carol Lancaster                  Director, Murtara Center for International Studies / Georgetown University  
(USA)  
Prof. Pooya Alaedi                      Department of Social Planning / University of Tehran (India)  
Gu Linsheng                              Urban Planning & Design Institute Tsinghua University (China)  
Liu Naihao                                Center of Public Safety Planning and Research Tsinghua University (China)  
Li Huongquan                            Office of International Relations, Peking University (China)

(4) JICA Office

Mr. Daimin Hanadate                  Assistant Resident Representative (Iran)  
Ms. Natsuko Ozawa                    Project Formulation Advisor (Iran)  
Ms. Naeyereh Mashayekhi            Program Officer (Iran)

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