

Speech to the Senate Standing Committee on Defence, Foreign Affairs and Trade on Australia's overseas development program in Afghanistan

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Mr. Chair and distinguished Senators, I will start off with an opening statement.

Over the course of history Afghans have demonstrated a strong reputation for confronting the challenges of their era such as the occupation of the Soviet Red Army and the threat of terrorism. However, they have largely remained constrained in building on their success because war and armed conflicts have gravely devastated their economy and public institutions. When the international community engaged in the post-2001 Afghanistan reconstruction, after the fall of the Taliban regime, the government treasury was almost empty. Foreign aid therefore remained a major financial source for state building and stabilization efforts in Afghanistan.

Since then, the international community in general and Australia in particular have participated in efforts “to stabilise Afghanistan and prevent the country from again becoming a safe haven for terrorists” (AusAid, 2012:1). This has included a combination of military action, development and diplomatic measures. Some significant improvements have been made in the area of governance, security and development. However, these gains remain fragile and unsustainable unless the Afghan government, the national and international actors adopt appropriate strategies. It will be

especially important then for the international community to provide a sizable package of international assistance to support Afghanistan's continued democratisation and development in the aftermath of the allies military withdrawal.

The success of the transition and transformation decade (2014-2024) will largely depend on the availability of financial resources for Afghanistan and the durability and legitimacy of the Afghan state, which in turn depends upon the extent to which it can provide security and other basic services to its citizens. In this context, the size and duration, delivery channels and conditionality of Australian assistance remains important.

I conclude with the following recommendations:

1. The goal of the Australian overseas development programs to Afghanistan should focus on a small number of sectors such as education, agriculture, mining and Public Financial Management. In particular it could focus on some attainable objectives in these sectors such as building the Afghan tax system which is essential for a successful exit strategy of donors from Afghanistan.
2. The effectiveness of the Australian taxpayers' contribution to development and stabilization of Afghanistan will greatly depend on aid delivery channels. The focus and orientation of aid should be modified according to the needs of the transition period and beyond to bolster national ownership and local capacity building. Hence, it will be important that Australian assistance works through Afghan government

systems. It should be as on-budget mechanisms by using the jointly managed Trust Funds and the government budget.

3. It must be recognised security and development are closely linked. Building the capacity of the Afghan national security forces cannot be done in isolation from social and economic development and poverty reduction. As well as training Afghan security personnel, Australia could focus on designing programmes which contribute to national security forces by improving the quality of education and health and expanding a programme of training “trainers of trainers” who work in areas such as agriculture and mine development. Already some national priority programs have been designed in these areas and Australia should support these.

4. Furthermore, it is essential that the Australian government attach some firm conditions to its assistance to the Afghan government for continuation of reforms

- Some such conditions could be the holding of a credible Presidential election in 2014, transparency in public expenditure, inclusion of women and youth in political and economic activities, and promotion of meritocracy in public administration.

5. Australia should join other major donors to Afghanistan to put diplomatic pressure on Pakistan to cease its financial and logistic support for the Taliban and the Haqani Network.

- The United Nations (UN) broadly, and the UN Security Council in particular, are important platforms to put diplomatic pressure on Pakistan.
6. An increase in Australia's development assistance to Afghanistan, adjusting of its delivery mode as discussed above, and a prolonged financial commitment are imperative for two reasons:
- To mitigate the negative multiplier impact of rapid decline in international military expenditures beyond 2014 on the economy, and
 - To prevent the disintegration of Afghan state institutions.

Mr. Chair,

I hope that these recommendations may contribute in improving the administration, management and effectiveness of the Australia's overseas development program to Afghanistan.