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## Preface

2015 was a very problematic year for Afghanistan. Afghan Security Forces provided security in this year and the peace negotiations between Afghan government and armed opposition wasn't successful. On the other, some changes occurred in the top hierarchy of the Taliban and besides that, the ISIS group also began its activities in Afghanistan. Hence, the country's security situation was too bad compare to the past 14 years. For the first time, a province became under the control of the Taliban for two weeks and the war extended to the North of the country.

In this year, the National Unity Government (NUG) was involved in its internal disputes, which caused the country to face various challenges. Due to these disputes, the leaders of NUG were not able to fulfill their promises. Although, these disputes had influenced the country's foreign policy, but still the government had some achievements in this field.

Due to poor economic situation and unemployment, tens of thousands of Afghans had to flee the country and the condition of Afghan refugees was not good in the foreign countries, either.

In this issue of the Weekly Analysis, you are reading the analysis and researches of Center for Strategic and Regional Studies (CSRS) on the situation of Afghanistan during 2015.

## Afghanistan in 2015: Economy, Corruption and Foreign Policy



In 2015, Afghanistan faced many problems in different fields. Beside the deterioration of security situation, the economic situation also became worse compare to the past fourteen years. In this year Afghani, unprecedentedly, lost its value, unemployment reached its high levels, investment decreased and these factors all together forced a number of educated youth to leave the country.

In this year, a number of afghan immigrants also returned to the country from the neighboring countries and their number was greater compare to the past six years. Moreover, the government also made efforts to eliminate corruption, where most of its steps were contradictory to each other.

On the other hand, Afghanistan's foreign policy was far different than compared to the past fourteen years, and it had achievements in some fields, but, in some others, it faced challenges and failures.

How was the general economic situation of the country in 2015, how was the immigration of Afghans from the country and their return from the neighborhood countries, what has the government done against corruption, and what was the direction of the country in foreign policy? All of these things is analyzed in this issue.

## **Economic situation**

According to the statistics of the Asian Development Bank (ADB), in 2015, the growth rate of Afghanistan's GDP (Gross Domestic Products) was 2.5 %, which shows a 1.3 % increase compare to 2015<sup>1</sup>. However, the according to World Bank, the GDP growth was 1.9 %<sup>2</sup>. Industrial products also increased compared to the last year. In addition, due to political and security instabilities, people and investors lose confidence in the government, and the National Unity Government also did not bring its promised reforms.

## **The value of Afghani**

In 2015, Afghani's value decreased very much against US dollar. From the formation of National Unity Government to the end of 2014, Afghani's value against US dollar was approximately 58.18. In the first two months of the 2015, Afghani's value against US dollar became improved. In January, one US dollar was equal to 57.76 Afghanis and then in February it decreased to 57.4 Afghanis against US dollar.

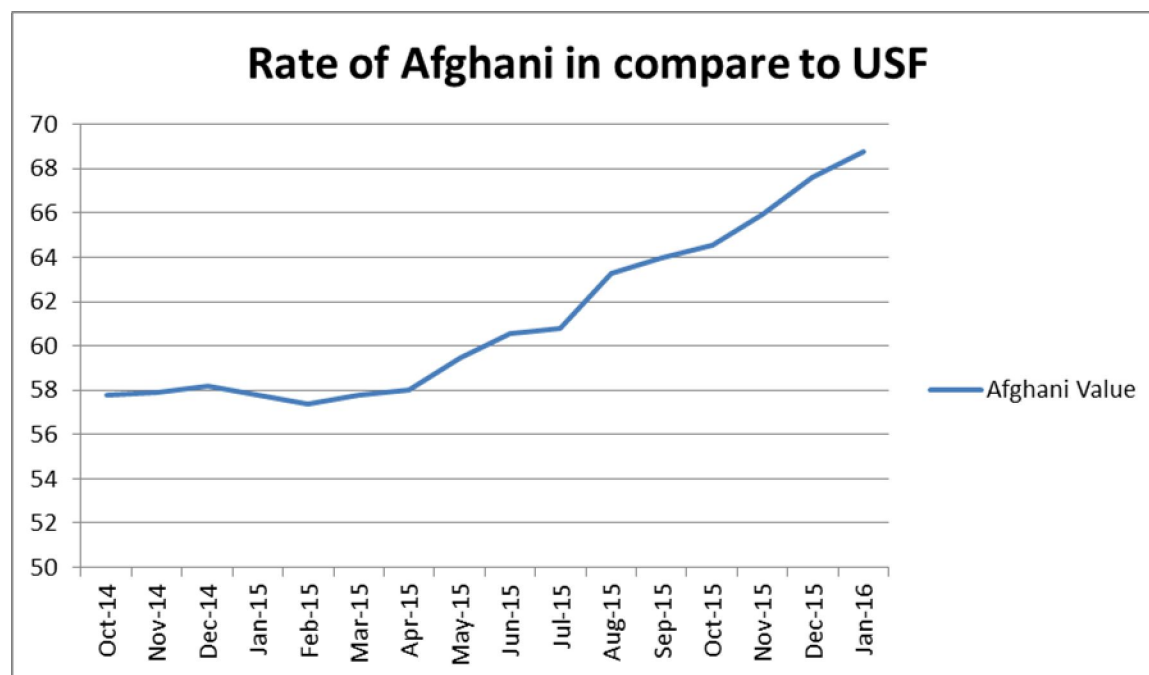
In the first two months of the New Year, the value of Afghani decreased very much against US dollar and still it is decreasing and now (in the first week on 2016) the value of Afghani against US dollar was 68.78. For further description see the following figure.

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<sup>1</sup> See online: <http://www.adb.org/countries/afghanistan/economy>

<sup>2</sup> See online: <http://www.worldbank.org/en/news/feature/2015/10/30/afghanistan-development-update-afghanistan-sluggish-growth-against-the-backdrop-of-deteriorating-security>

**Figure A: Rate of Afghani in 2015 (Monthly Average Statistics)**



Monthly Statistics are average of entire days. Source: The Central Bank of Afghanistan (Da Afghanistan Bank) <http://dab.gov.af/en/DAB/currency>

### Investment

According to the Afghanistan Investment Support Agency (AISA), the amount of investment was decreased by 26% in the first 9 months of 2015 compare to the first 9 months of 2014. In the first 9 months of 2014, \$611 million was invested; however, in the first 9 months of 2015, \$448 million was invested.

The amount of investment in the construction field decreased by \$83 million in the first 9 months of 2015 compare to \$200M in 2014, which shows a decrease of 58%. Moreover, investment in the fields of industry, agriculture and services was also decreased by 25, 12 and 9.63 percent accordingly.

### Corruption

The National Unity Government (NUG), in its first months, had made a lot of promises related to tackling corruption. Some of its efforts on tackling corruption were made in 2015, however, the government’s policy in this regard was so rustic and sometimes, its positions were contradictory.

The NUG's most successful action was establishing National Procurement Commission, which has caused the government to save a lot of money in the contracts.

The government received some amount of money from the Kabul Bank's debtors during 2015. The Afghan minister of Finance in the SOM Conference said that they have received \$228M of debts.

Although, in general, the government did not have one position in struggling against corruption; and due to this reason, the mistake of releasing a key culprit "Khalilullah Ferozi" and signing the contract of building a city took place.

### **Narcotics**

For the first time, cultivation and products of narcotics became decreased in 2015 compared to the past years. According to UNODC's 2015 annual report, poppy were cultivated in 183000 hectares, which show a decrease of 19% compare to 2014. In addition, the poppy production was 3300 tons which shows a decrease of 48% compare to 2014.

Most of the poppy was cultivated in insecure places; the amount of poppy cultivation was high in Helmand, Farah, Kandahar and Badghis provinces, only 14 Afghan provinces were poppy free and the in the remaining 20 provinces poppy was cultivated.

Decreasing of poppy cultivation was not the policy of the National Unity Government (NUG), but according to a survey of UN, decrease in the poppy production was due to bad harvest.

### **Refugees**

At the end of 2014, Pakistani insurgents attacked on a military school in Peshawar; as a result Pakistani anti-terrorism policy was changed, with deeply impacted Afghan refugees in Pakistan. Therefore, 95042 unregistered Afghan

refugees have repatriated since January of 2015 through Torkham port<sup>3</sup>. But with the passage of time, repatriation of Afghan refugees from Pakistan decreased. On the other hand, roundabout 50000 registered Afghan refugees have repatriated since January of 2015.

Tens of thousands of Afghan youths have also crossed into Europe through dangerous routes in 2015 due to insecurity and unemployment; however, the real number of Afghan refugees which went to Europe in 2015 is unknown, but according to UN estimation, among one million immigrants which went to Europe through crossing the Mediterranean sea, 19% of them were Afghans, which makes about 200000 persons.

### **Foreign Policy**

The Principles of Kabul's foreign policy in 2015 were economic integration, maintenance of peace and economic development of the country. In the field of economic integration, CASA-1000 and TAPI projects were initiated in 2015. In the field of transit, the government tried to start the Lapis Lazuli route and Chabahar port that is why the governmental officials went to Azerbaijan, Turkmenistan, Iran and Turkey; the government was successful in this field.

Except for the statement about supporting Saudi Arabia's position in the issue of Yemen and ups and downs in relations with Pakistan, Kabul had good ties with entire neighbors in 2015. Meanwhile, its relations were good with regional countries including Turkey, India and Saudi Arabia.

The Afghan government, however, had not got any remarkable achievements regarding peace, but due to change in Kabul's foreign policy, the Afghan government and the Taliban had a face to face meeting in Murree, near Islamabad; and after the ties between Kabul and Islamabad deteriorated, China and America, then, were trying to make these two neighbors to normalize their relations. Due to these efforts, hopes for reviving the stalled peace process are once again grown.

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<sup>3</sup> See online:

[https://afghanistan.iom.int/sites/default/files/Reports/return\\_of\\_undocumented\\_afghans\\_from\\_pakistan\\_-\\_update\\_as\\_of\\_30\\_nov\\_2015.pdf](https://afghanistan.iom.int/sites/default/files/Reports/return_of_undocumented_afghans_from_pakistan_-_update_as_of_30_nov_2015.pdf)



## Afghanistan in 2015: Peace, Security and Internal disputes



2015 was a difficult year for Afghanistan in terms of security, and the war between the government and armed oppositions was intensified compared to the previous years. In 2015, the war extended to the areas which were previously rather safer, and Taliban's war tactics were also changed. Taliban, for the first time, used the method of seizing regions and preserving their domination instead of guerrilla wars. For this reason, a number of districts and one of the country's major and strategic cities fell into the hands of the Taliban.

The peace process with the armed oppositions, through its various stages, was accompanied with hopes and disappointments. The first meeting of direct negotiation between the Taliban and the government of Afghanistan was held in "Murree", close to Islamabad; however, after the disclosure of the death news of Mullah Mohammad Omar, this process also became postponed to an indefinite future.

Beside the bad security situation and the deadlock of peace talks in this year, the National Unity Government (NUG) faced domestic problems and disputes and still the heads of NUG, in some fundamental cases, disagree with each other.



## Security situation of the country

After the formation of the National Unity Government (NUG), the security situation has passed through three stages:

**The first stage:** after signing the bilateral security agreement with the United States of America (BSA), the security situation deteriorated in the country and several bloody explosions happened only in Kabul;

**The second stage:** The president Ghani's visit to Pakistan and efforts to bring peace with the help of Pakistan;

**The third stage:** after disclosure of the death news of Mullah Mohammad Omer.

Since we have talk about 2015, we will begin with the second stage.

### Second stage:

#### President Ghani's visit to Pakistan

President Ghani went to Pakistan on 14 November 2014 and talked with Pakistani officials about the revival of peace negotiations. Ashraf Ghani provided Pakistan with a lot of privileges in order to encourage Islamabad to cooperate sincerely in peace negotiations. Ghani's visit to Pakistan aggravated Taliban's operations in early 2015, because Taliban have repeatedly said that they are not under the influence of Pakistan and to prove this claim, they began their operations under the name of "Azem" "Determination", with more intensity.

#### The emergence of ISIS

ISIS, under the leadership of Abu Bakr-al Baghdadi, announced "Caliphate" in Syria and Iraq on 29 June 2014, and then in the tribal areas of Afghanistan and Pakistan some people welcomed it and some others announced their allegiance to the group. Therefore, countries in the region particularly Central Asia and the Russian Federation expressed their concerns of ISIS's influence in Afghanistan.

At first, however, most of the news about the presence of ISIS in Afghanistan was due to the propagandas of the media and practically their activities were not visible, but after a while particularly in early 2015, Afghan government for the first time confirmed the presence of ISIS fighters in Afghanistan. In January, ISIS appointed Hafiz Saeed Khan from the tribal region of Orakzai Agency, as “Amir” “Governor” and Abdul Rawof Khadem the member of military commission of Taliban as “Deputy Governor” of “Khorasan” province.

After official announcement of the governor and the deputy governor of “Khorasan” province more people joined the group; but still it is not clear that how many Afghans and Pakistanis have joined the group.

At this stage the conflict between Taliban and ISIS intensified and the Taliban sent a letter to Abu Bakr al Baghdadi the leader of ISIS, but ISIS was harsh in response to the letter and gradually some clashes between these two groups also took place.

### **Expansion of War in the North of the Country**

National Unity Government was formed at the beginning of the winter and it was expected that in this season the intensity of the war would decrease, but it did not happen, and the severity of the war increased day-by-day and the scope of the war expanded.

Taliban, for the first time, proved their presence in the north and from Badakhshan to Faryab; they collapsed a number of districts, as this situation then paved the ground to collapse of Kunduz.

**Third stage:**

### **The death of Mullah Omar**

The third stage of insecurity in Afghanistan began with the announcement of the death of Mullah Omar. At this stage, not only the scope of the war expanded but the war tactics of Taliban also changed for the first time. Only in Kabul, several

deadly attacks occurred whose one was the bloody attack of Shah Shaheed. However, the Taliban denied responsibility for the attack.

Unfortunate security situations also shed its shadow over foreign policy of NUG and for the first time Ghani's position toward Pakistan changed. At a press conference, Ashraf Ghani said that Pakistan is engaged in an undeclared war with Afghanistan and that firstly the peace should be made with Pakistan.

At this stage, the activities of ISIS also intensified in Afghanistan. The group began hostage-takings, beheadings, and killings.

### **The fall of Kunduz**

On September 28, 2015, Kunduz, one of the major cities of Afghanistan fell in the hands of the Taliban. The news was widely reflected in the national and international media and the collapse of the city was raised as a serious threat.

The fall of Kunduz was thought to be the beginning of new tactic of the Taliban to seize even more territories and the Taliban leadership also ordered to its fighters to preserve their seized areas.

The Afghan government launched a massive operation to recapture the city of Kunduz, but still the reclamation of the city lasted 15 days. Since the overthrow of Taliban regime in 2001, this was the first time the group seized a city and confronted security forces in a city in Afghanistan.

## **Peace Strategy**

Ashraf Ghani and Dr. Abdullah, during their campaign, had made great promises to bring peace in the country. After the formation of the NUG, Ashraf Ghani in order to achieve peace, firstly headed to china and then for the same purpose tried to improve relations between Kabul and Islamabad and gave some privileges to Pakistan that Pakistan even did not expect it.

After improving relations between Kabul and Islamabad, Pakistan also made some promises to Afghan authorities and determined the March to hold the first sessions of peace talks. But Pakistan failed to bring the Taliban to the negotiation table in this month. After March in which Pakistan failed to bring the Taliban to the negotiation table, the doubts about the sincerity of Pakistan were growing.

## **Murree Talks and Fate of the Peace Process**

The first session of peace talks with the mediation of Pakistan, was held on 18 July 2015, in Murree, Islamabad and the Taliban as a result of pressures by Pakistan were forced to send their representative to the Murree Talks. Thus, representatives of the Afghan government for the first time faced official and face to face talks with the Taliban. Representatives of China and America also attended the meeting as observers.

Official representatives of the Taliban attending the direct peace talks with the Afghan government also left a deep impact on the Taliban. That's why between the head of the Taliban's political office in Qatar Tayyib Agha and Mullah Akhtar Mohammad Mansour, disputes took place and finally because of hiding the death of Mullah Omar and selecting Mullah Akhtar Mohammad Mansoor as leader of the Taliban within Pakistan, Tayyib Agha, the Chief of Qatar's Office resigned.

Peace talks between the Afghan government and the Taliban became stopped after the death of Mullah Mohammad Omar announced and the change occurred in the leadership of the Taliban; a new wave of insecurity began in the country in

the meantime, the bloody incident of Shah Shaheed caused the Kabul-Islamabad relations to become deteriorate again.

From November on, regional and global diplomacy, including China, the United States of America and United Nations, started moving in order to start the peace process of Afghanistan and encouraged Afghanistan and Pakistan to revive the stalled peace process. On the other hand, after the incident of Shah Shaheed, military and political leaders of Pakistan have several times spoken of Islamabad's readiness about the starting of the peace process with the Taliban. But the Afghan government did not respond to them. Eventually, during a visit of Pakistani Pashtun Parties' leaders to Kabul, the diplomacy of "language" was used to improve relations between the two countries, and to start the peace process. Pashtun Parties' leaders brought with them the message of Prime Minister Nawaz Sharif which contained request of meeting Ashraf Ghani at the sidelines of the Paris Conference.

Ashraf Ghani met Nawaz Sharif in the Paris Conference on Climate Change and Nawaz Sharif invited him to participate in the Heart of Asia Conference in Islamabad, and he also mentioned the proposal of quadrilateral peace talks, after that General Raheel Sharif, Pakistan's chief of army staff, in a video conference, also promised Ashraf Ghani to cooperate in the peace process of Afghanistan and invited him to participate in the Heart of Asia Conference.

In meetings of Ashraf Ghani with the Prime minister and Chief of army staff of Pakistan on the sidelines of the Heart of Asia Conference, they became agreed on the plan of quadrilateral talks for peace. According to this plan, the first quadrilateral meeting of Afghanistan, Pakistan, the United States of America and China will be held in Islamabad from 10 to 15 January.

Whether how much will this quadrilateral meeting be fruitful, is a question whose answer will become cleared in the next few months. But there is no doubt that the real representatives of the Taliban would not participate and the result will be the same as the result of Geneva Talks on the withdrawal of Soviet troops from Afghanistan.

## Internal Disputes of the Government

The heads of the NUG in this year had deep disputes on various issues and as a result the cabinet is still incomplete and many governors serve as supervisors. The dispute over the Electoral Commission still remains and the distribution of the Electronic IDs are yet to be allowed. In addition, domestic disputes of NUG have had deep impacts over foreign policy of Afghanistan.

The End

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### Contact Us:

Email: [info@csrskabul.com](mailto:info@csrskabul.com) - [csrskabul@gmail.com](mailto:csrskabul@gmail.com)

Website: [www.csrskabul.com](http://www.csrskabul.com) - [www.csrskabul.net](http://www.csrskabul.net)

Office: (+93) 784089590

### Contact with Officials:

Dr. AbdulBaqi Amin, General Director of CSRS: (+93) 789316120 [abdulbaqi123@hotmail.com](mailto:abdulbaqi123@hotmail.com)

Hekmatullah Zaland, Research and Publication Manager: (+93) 775454048 [hekmat.zaland@gmail.com](mailto:hekmat.zaland@gmail.com)

**Note:** Please let us know your feedback and suggestions for the improvement of Weekly analysis.

