**Afghanistan peace deal must be followed by economic integration**

[Shakeel Ahmad Ramay](https://dailytimes.com.pk/writer/shakeel-ahmad-ramaya/)

March 3, 2020

Finally, “Afghan Peace Deal” is matured and signed. A sign of relief and comfort emerged on faces of negotiators and people. Although it is great step toward peaceful and prosper Afghanistan but still a lot of work is needed to be done on two fronts. First, to implement the agreed points of deal and second would be wellbeing of common citizen. Well-being of people would be akey factor in decisivefor the future of peace deal and its relevance for people. Therefore, we tried to look into the ways and means for achieving well-being of people.

It has been mentioned and suggested by numerous studies that regional economic integration in this region will help Afghanistan to sustain growth and achieve sustainable development. The reason of this belief is that Afghanistan is situated at a place where it can facilitate linkages between South Asia, Central Asia and beyond. This belief has strong footing in facts and figures derived from the needs and demand of surrounding regions. For example, South Asia is energy hungry region. The demand of energy is increasing with every passing day. Pakistan and India are two major consumers of energy in region. However, both countries have to rely on imported energy. On contrary Central Asian region is energy abundant region. It can provide and take care of substantial part of energy requirements of South Asia.

Second element of belief is demand of textile products, commodities, services, especially in the fields of IT and finance etc. are very high in Central Asia. But these countries have limited capabilities and capacities in these sectors. South Asian countries can benefit from these opportunities. It will also provide a good opportunity for South Asian countries to export labor to Central Asia, which will help South Asia to take care of its youth bulge.

A better Afghanistan with better regional connectivity will also provide opportunity to international investors to invest here and play their part in the development of country

In past both regions tried to benefit from each but could not exploit the situation in their favor. There are two major reasons which hinder the linkages, a) connectivity, b) Afghanistan conflict. The prominent example can be quoted from energy field. TAPI and CASA 1000 could not delivered the desired results due to these two factors. With Afghan Peace Deal, hope of this regional integration come back. A stable Afghanistan, free of conflict will provide excellent opportunities to South Asian and Central Asian countries to create economic linkages through Afghanistan. It is also true for other courtiers like China, Iran and Russia. In turn it will also bring multiple opportunities for Afghan people.

However, there are few things which needs to be understood before dreaming anything. First of all, all regional countries need to understand that Afghanistan is a war-torn country. Its infrastructure has destroyed due to continuous war. The capacities and capabilities have been eroded. It does not have sustained financial resources. Second, human resource is in quite bad shape. Majority of people lack basic skills to be part of economic activities. Education sector has suffered immensely. Afghanistan is ranked at 133 places on Human Capital Index.

Third, business environment is also not in good shape. Ease of Doing Business reporthighlighted few areas which need immediate attention. According to report, Afghanistan falls at 186 places for registering property. On getting electricity connection it is ranked at 173 places. Dealing with construction permit is another area of concern and Afghanistan stands at 183rd place. Paying taxes is one of major area of worry and country is ranked at 178th. The indicator of enforcing contracting also show a dismal picture and country’s raking is 181. The most important element for regional integration is facilitation at borders. Afghanistan also rank very low on this indicator. On the indicator of trading across border it stands at 177 places.

Hence, pre-requisite would be to build the capacity of country in the all these fields. Regional countries will have to come up with a clear plan and strategy for building the capacity of country and improving business environment. These plans must be supported by generous financial support. However, these all efforts must be put under one banner and resources should be pooled. It is necessary to avoid any economic proxy struggle in Afghanistan. Economic proxy war would be more dangerous than armed proxy war.

A regional fund with name of “Afghanistan Regional Economic Integration Fund (AREIF)” should be created immediately. This fund must be a joint venture between states and business community. States and business community should pool their resources under this fund. However, the management of fund should be independent. The management team must be consisting of experts and people with skills not government or business officials. AREIF should be given three major tasks, 1) improve business environment, 2) build human capital, 3) build efficient government machinery.

On business environment the fundamental area of intervention would be building infrastructure in the fields of roads, energy, housing, water, sanitation and IT etc. ARIEF should invest a portion of pooled fund and look for other resources. Build Operate and Transfer (BOT) can also be a good strategy. Second, AREIF should divert funds for education, health and skill development. It will provide the human resources for executing different assignments. Pakistan can also share its experience in the fields of education and health. As Pakistan has a history to deal with Afghan people in these two sectors. Third, invest in governance through building capacity of government officials. Better government machinery and services will also help to improve the business environment

AREIF can also look into existing opportunities, avenues and resources. For example, Belt and Route Initiatives and CPEC provides an excellent opportunity. AREIF can work with BRI and CPEC and ask these platforms to dedicate resources especially for Afghanistan. China and Pakistan would be happy to do that. Pakistan and China are already working with Afghanistan to make Afghanistan partner in these initiatives. Asian Investment and Infrastructure Bank (AIIB) can also be requested to create a dedicated window for the Afghanistan. Shanghai Cooperation Organization (SCO) platform can also be used to generate resources for ARIEF. Further, Heart of Asian countries can also be encouraged to divert resources for AREIF. Iran should be encouraged to invest through AREIF. Moreover, at some stage, USA, Qatar, Saudi Arabia, Europe, etc. can be invited to be part of it.

Through these long-term interventions and investments, regional countries can help Afghanistan to sustain peace and stand on its own feet. A peaceful Afghanistan with good business environment and human resources will be beneficial for everyone. Pakistan can create direct linkages with Central Asia. India can benefit by importing energy from Central Asia through Afghanistan and Pakistan. The initiatives like TAPI can be converted into reality. Central Asian countries would also be able to access South Asian Markets. It will also provide opportunity to Russia to create direct linkages with South Asia through Central Asia and Afghanistan. Iran can also benefit. A better Afghanistan with better regional connectivity will also provide opportunity to international investors to invest here and play their part in the development of country.

However, all partners should have to ensure that focus of ARAEIF and all efforts must be development of Afghanistan not proxy interests of countries.

*The writer is Director at China Study Center, SDPI*