

Post-Settlement Economic Initiatives

Opportunities for Self-Reliance under Peace





Context and background

Afghanistan's dual development imperatives

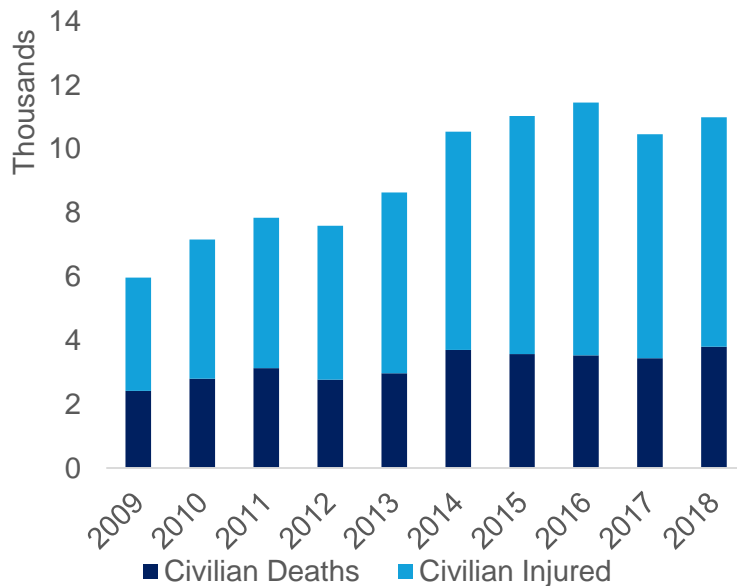


Afghanistan's dual development imperatives

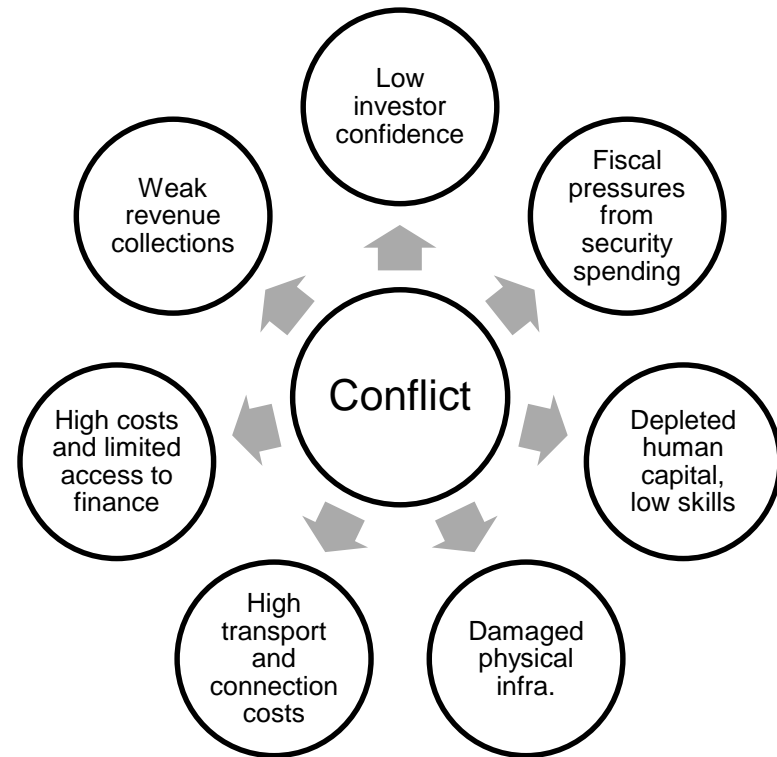
Insecurity significantly constrains development

- ▶ Insecurity and violence remain the major constraint to Afghanistan's economic and social development
- ▶ Aside from direct human costs, violence and insecurity undermine economic development through several important channels

Civilian casualties by year



Source: UNAMA



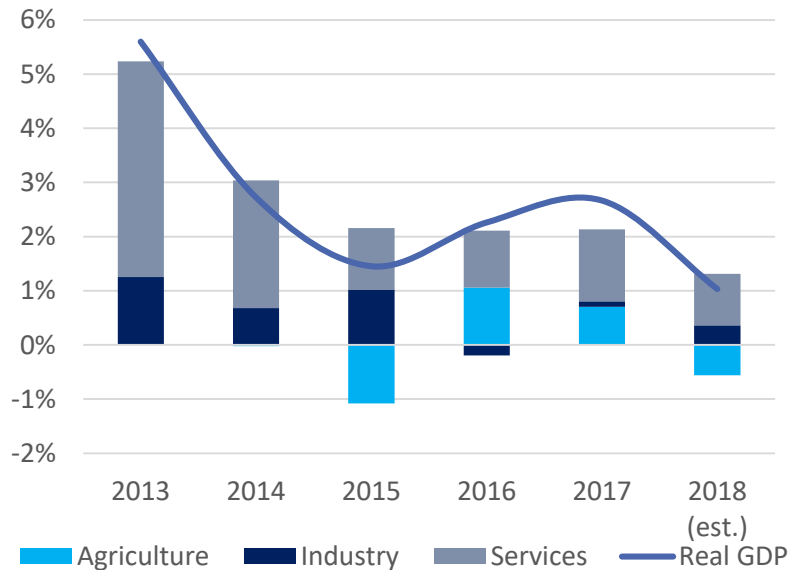


Afghanistan's dual development imperatives

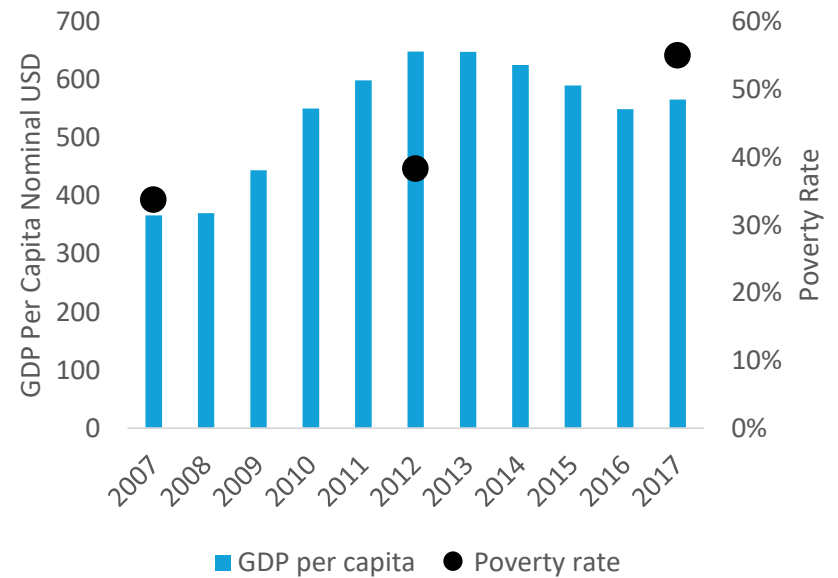
Poverty has increased as economic growth has slowed

- ▶ Growth in 2018 is estimated at just 1.8 percent - reflects political uncertainty, increasing insecurity, and drought
- ▶ With slow growth over recent years, poverty has increased rapidly - most Afghans are poor

Real GDP growth by sector (%)



GDP per capita and poverty rate



Source: World Bank, NSIA

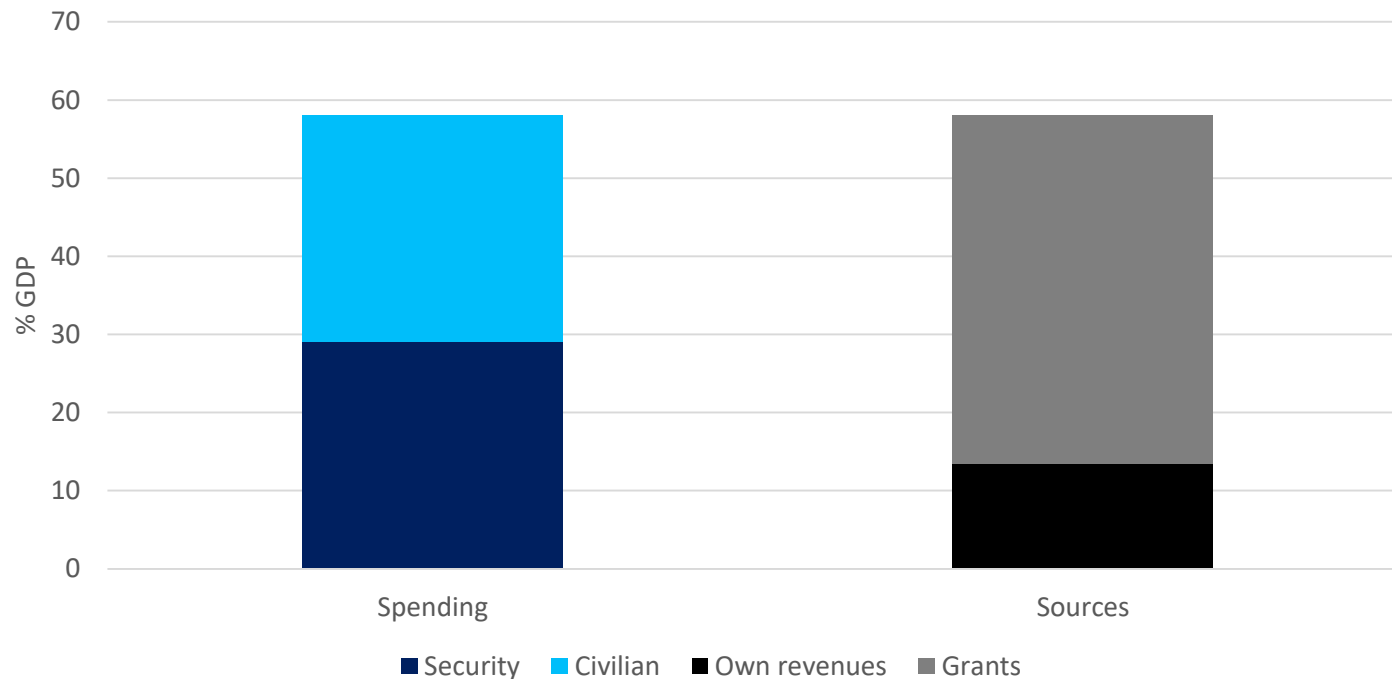
Source: World Bank, ALCS data



Afghanistan's dual development imperatives

The fiscal situation remains unsustainable

- ▶ High financing needs are partly driven by an unsustainably large security expenditure requirements—around 30 percent of GDP
- ▶ ...and by the need to invest in the foundations for long-term inclusive growth
- ▶ Despite recent revenue growth, grant assistance still finances around 75 percent of total public expenditures





Afghanistan's dual development imperatives

Two interlinked and overlapping challenges

Achieving self-reliance by realizing Afghanistan's potential for broad-based growth



Securing and sustaining peace

- ▶ Create jobs, invest in human capital, and reduce poverty - livelihoods for the poor and opportunities for the 400,000 young Afghans entering labor market every year
- ▶ Close the external financing gap: boost exports and increase domestic value-added
- ▶ Generate revenues: reduce dependence on grant assistance

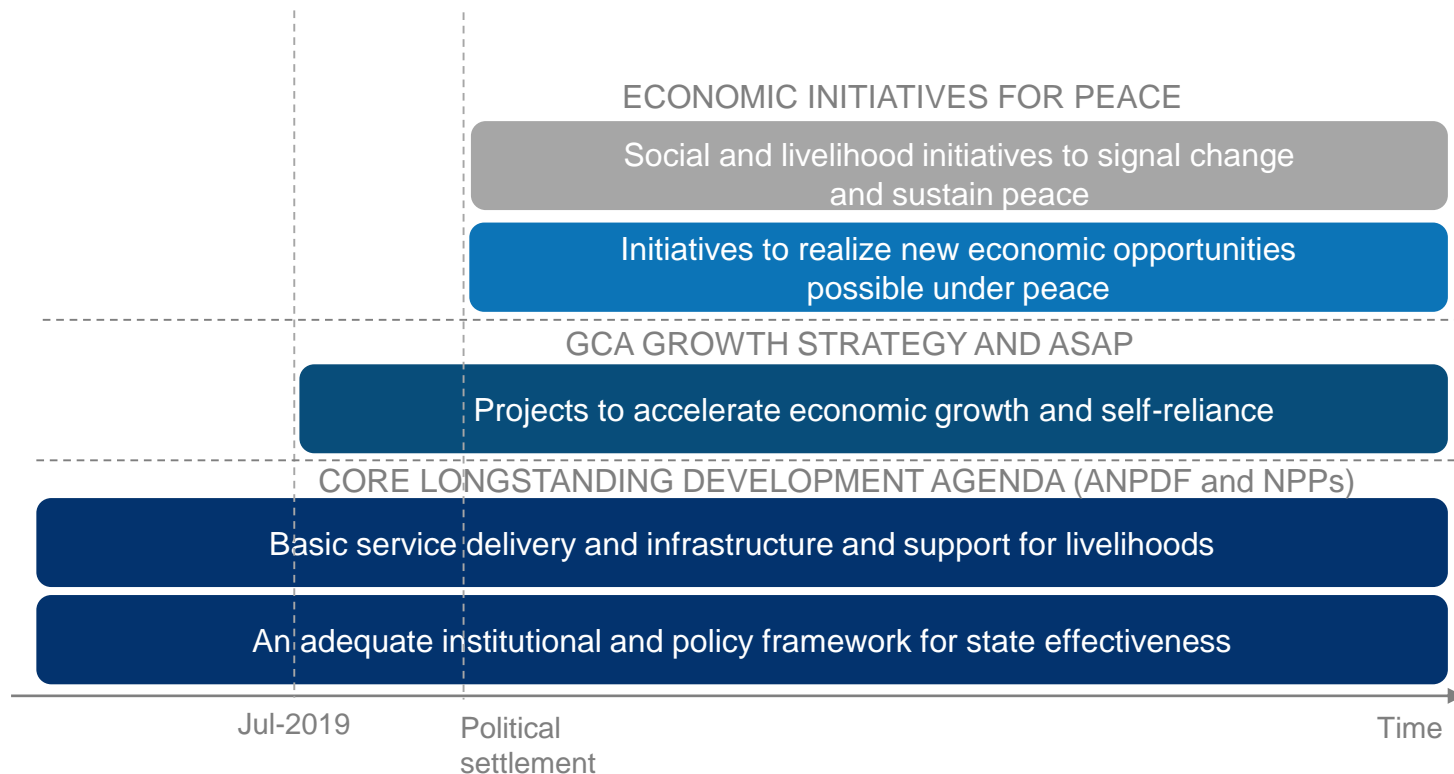
- ▶ Signal change through tangible improvements following peace
- ▶ Take advantage of new opportunities for economic development under reduced violence
- ▶ Move incentives away from violence at the level of potential combatants and powerbrokers



Investment needs reflect dual imperatives

The foundations of development cannot be neglected following peace

- ▶ Grant financing underpins core state functions
- ▶ Additional priorities will emerge following a peace settlement – but base needs will remain and cannot be neglected





Post-Settlement Economic Initiatives

Origins and Principles



Post-Settlement Economic Initiatives

Geneva Ministerial Conference

Paragraph 15 of the Geneva Ministerial Conference on Afghanistan called on the international community to develop:

...a specific action plan, consistent with fundamental values and existing frameworks, in support of broad-based program of economic initiatives which would advance: a post-settlement return of Afghan capital; increased Afghan and foreign investment; job creation; and, enhanced regional economic integration.

Objectives

- Articulate potential economic benefits of peace to all parties
- Support a common understanding of potential priorities following a political settlement
- Provide an input to planning processes



Post-Settlement Economic Initiatives

Principles

Signaling change

Supporting equity and
inclusion

Ensuring sustainability



Post-Settlement Economic Initiatives

Principles

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Short-term impact

but without undermining longer-term economic
development or existing institutions



Use of existing implementation platforms

to facilitate rapid scale-up and support coordination and
alignment



Post-Settlement Economic Initiatives

Principles

Signaling change

Supporting equity and
inclusion

Ensuring sustainability



Needs-based approaches

rather than providing unfair benefits to those previously participating in armed groups



Addressing position of women and youth

to reflect their particular needs and importance to a sustainable and peaceful development process



Conflict sensitivity

to address risks that assistance fuels conflict at the level of programs



Post-Settlement Economic Initiatives

Principles

Signaling change

Supporting equity and
inclusion

Ensuring sustainability



Building on existing work

no need to reinvent the wheel – initiatives should build on existing plans and programs



Mobilizing private investment

as the only sustainable source of long-term growth and the only means of growing revenues and exports



Coordination and alignment

to avoid wastage and ensure that aid does not feed into political fragmentation



Post-Settlement Economic Initiatives

Possible Themes



Post-Settlement Economic Initiatives

Possible Themes

Protecting and
investing in
people

Improving rural
livelihoods

Securing and
attracting
investment

Strengthening
international
linkages

Post-Settlement Economic Initiatives

Possible Themes



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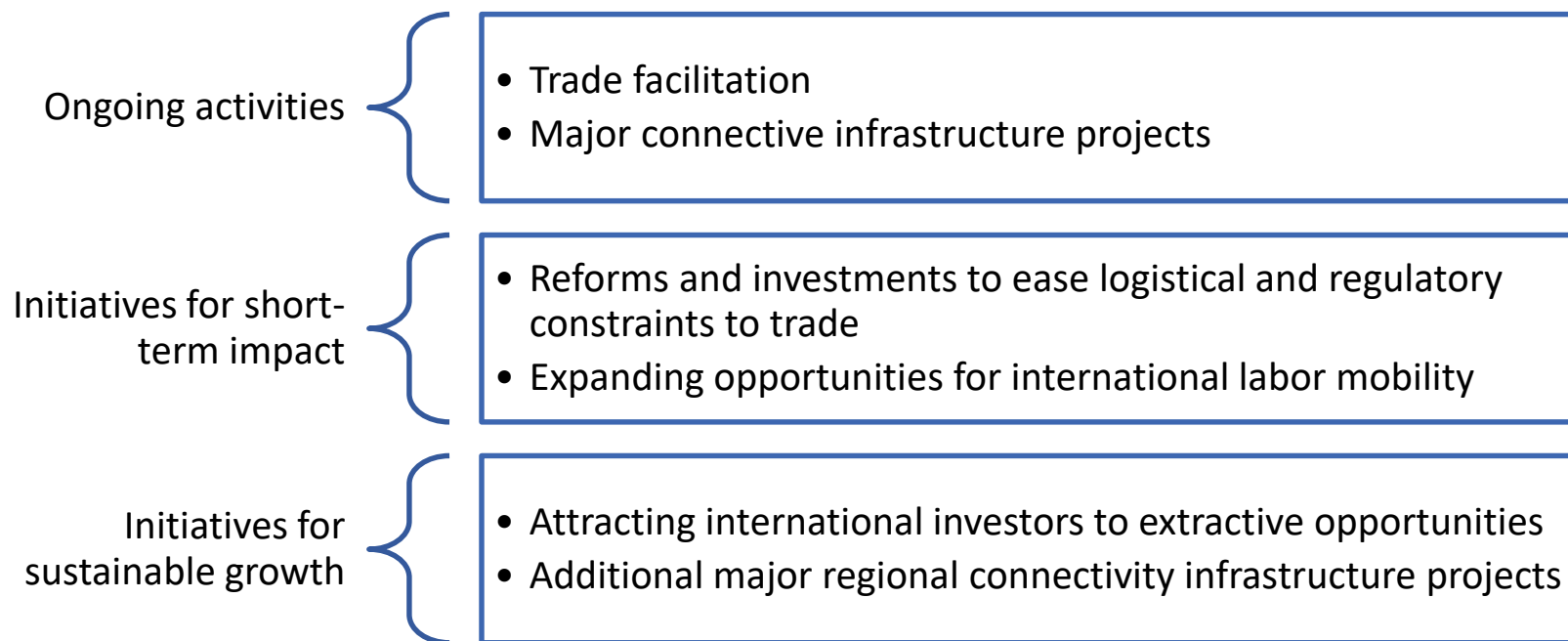
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Possible Themes



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Possible Themes





Questions for discussion



Post-Settlement Economic Initiatives

Questions for discussion

- ▶ How can economic development best sustain peace and what role can the international community play?
- ▶ Do our principles reflect your priorities for sustaining peace and supporting long-term growth?
- ▶ Do the four themes cover the main priorities?
- ▶ Do you have additional ideas for themes, goals, or initiatives?