



Asia and Oceania

In crisis or just lulled?

With little by way of further democratization, democratic deepening or the expansion of economic reforms, transformation processes in Asia and Oceania have stagnated, and many countries are reaching a crossroads. Given the heterogeneity of sociopolitical and economic blueprints found across the region, it's impossible to speak of a single, uniform "Asian model."

With little change in regional average scores and drastic differences between subregions, a cursory glance at the figures in the BTI 2016 might suggest a continuity in transformation trends. But a closer look at developments in Asia and Oceania since the BTI 2006 reveals five findings that, taken together, offer cause for concern.

The first finding is the contrast between routine political processes in established democracies (South Korea and Taiwan) or consolidated autocracies (China, Laos, Singapore and Vietnam) and the considerable turmoil in highly defective democracies (Bangladesh and Nepal) or unstable autocracies (Afghanistan, Cambodia, Malaysia, Pakistan, and Thailand). Here, it is above all the South Asian "crisis" states that are distinguished by greater or lesser degrees of dysfunctional

stateness, the emergence of extremist groups and internal violence. But in the aforementioned Southeast Asian countries, too, the political process is marked by persistent party-driven blockage and disputed elections. Civil society organizations in these countries are under pressure from governments and extremists, and the capacity of institutions to integrate diverse interests remains insufficient as only a select few in society have access to political representation.

The second finding is that the maintenance of sufficient state capacities and stability is the sine qua non for effective change, particularly where economic transformation is concerned. In this respect, Singapore and Vietnam enjoy far more favorable conditions than do most of the other countries. However, we should be careful not to jump

to conclusions about cause and effect here. To be sure, political stability, strong institutions and well-developed fiscal and administrative capacities are conducive to economic transformation. When in place, these properties make it easier for governments to implement measures. They also provide governments greater opportunities to steer developments in the desired direction while making efficient use of resources. The comparison of "strong" states, such as China, Taiwan, South Korea and Vietnam, with far less competent South Asian countries offers consistent and conclusive proof of this. But the reverse is also true: Socioeconomic performance has an impact on stability and the state's operational capacity. The example of North Korea additionally demonstrates that functioning stateness can only contribute to



democracy and prosperity when it is accompanied by the necessary political will.

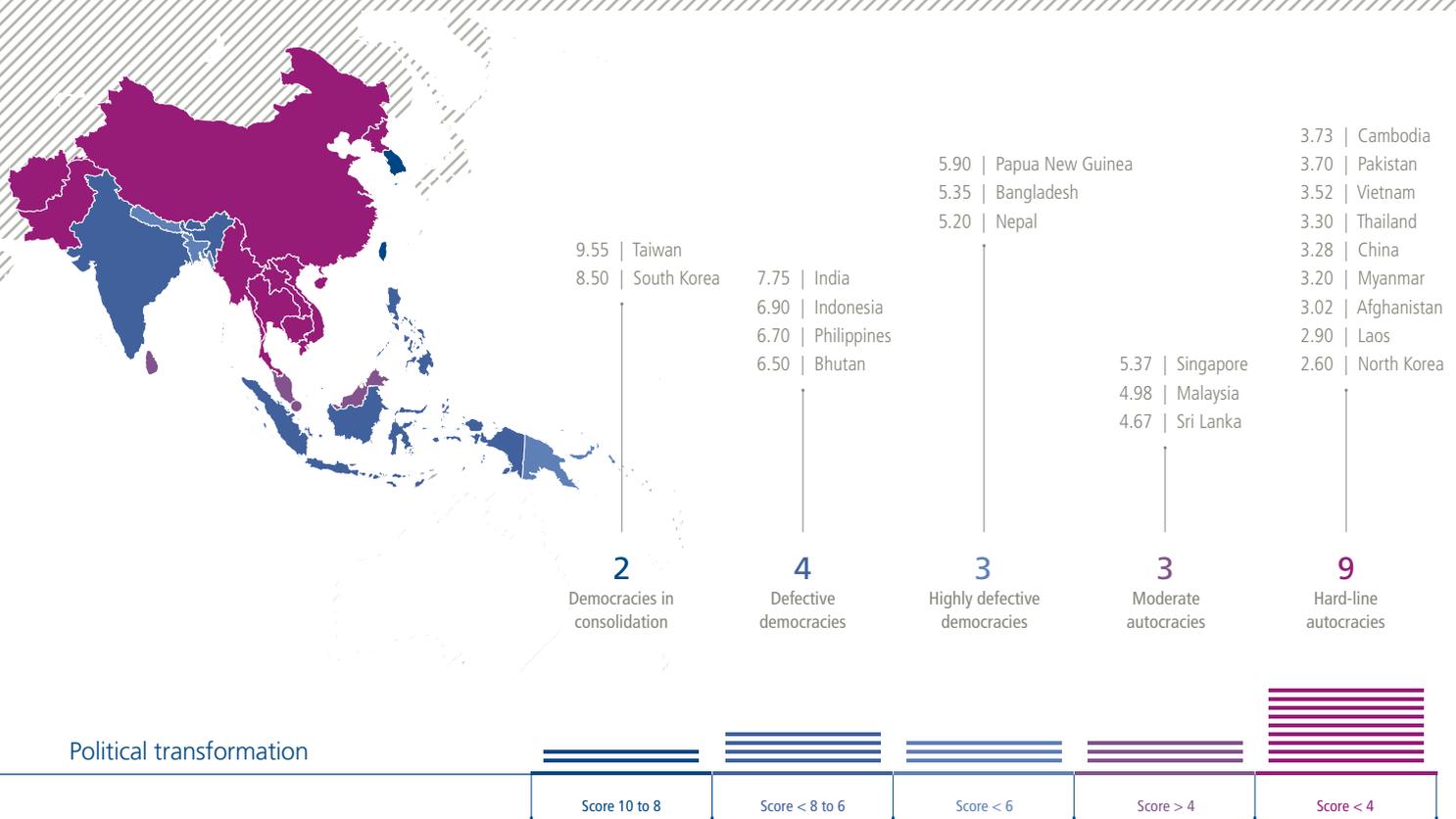
Third, differences between the various countries of Asia and Oceania are significantly greater than those in, for example, Latin America or the Middle East and North Africa. Few regions offer such dramatic contrasts in transformation performance or levels of development.

Fourth, it is still impossible to talk of a unified “Asian” model or transformation path. Instead, we see states pursuing democratic transformation alongside those undergoing authoritarian modernization. In many of the region’s countries, profound changes to political and economic systems generally occur asynchronously. India, the largest democracy in the world since gaining its independence in 1947, only recently

began transforming its socialist economic order. In Taiwan and South Korea, by contrast, democratization only emerged in the wake of modernizing dictatorships based on capitalist principles. China, Laos, Malaysia, Singapore and Vietnam are at the middle or end point of an authoritarian modernization process that is void of democratization.

The fifth and final finding: Major medium-term trends and dynamics observed in the last 10 years reveal few positive developments. Democratic transformation has stalled in most countries where the structural conditions for democratization were comparatively weak. In some countries, democratization has even been rolled back significantly. Political participation and the rule of law have been particularly hard-hit. When it comes to economic transformation, there

has been a conspicuous lack of meaningful improvements in socioeconomic levels of development, property rights, social order and sustainability. Resource efficiency is faltering in many countries. What’s more, there is a reduced capacity or will to cultivate political consensus in many places, and just five of the 21 countries have improved appreciably in steering capability, while 10 are markedly worse. Does this constitute a crisis of transformation, or does it “merely” point to persistent deadlock? At the very least, numerous indicators suggest that many countries are reaching a crossroads in their development.



Democracy on a poor footing

From dynamic democracies to Stone Age dictatorships: Political conditions in the 21 countries paint a landscape marked by extremes. Declining levels of political participation and an eroding rule of law are particularly worrying.

Asia and Oceania is a region of political extremes. The spectrum ranges from established democracies, such as Taiwan and South Korea, to an utterly fossilized autocracy, such as North Korea. This also applies to the criteria the BTI uses to assess political transformation. With the exception of statelessness (no failed states) and political and social integration (no top performers in relations with civil society), the region offers an almost complete spectrum of evaluation. Leaving aside the positive and negative outliers, it is notable that while polities in Asia are largely stable, they tend to be less politically inclusive than countries elsewhere around the globe. On average, democratic institutions as weak as those of Asia and Oceania are only seen in post-Soviet Eurasia and the Middle East and North Africa.

A glance at recent developments in individual countries confirms the impression

of greatly contrasting levels and trends. In Nepal, for instance, the constituent assembly was re-elected in November 2013 and a government answerable to parliament was formed. But, like Bangladesh, it offered nothing more than a caricature of a dynamic popular government, and it certainly bears little resemblance to the BTI's definition of democracy under the rule of law. Bhutan and Indonesia offer a counterpoint to this "facade democracy." Indeed, when it comes to Bhutan's political transformation, all that glitters is not gold. However, the Himalayan kingdom's astonishing successes since its first review, in the BTI 2008, are beyond question. Similarly, recent events have proven Indonesia's achievements to be robust and resilient.

At the same time, 12 of the 21 countries are still subject to autocratic rule, although here, too, there are significant differences,

as the elections conducted within the review period demonstrate. While alleged manipulation marred elections in Afghanistan, Cambodia and Malaysia, with contested results at times rejected by opposition parties, both the May 2013 parliamentary elections in Pakistan and the January 2015 presidential election in Sri Lanka represented positive steps.

For the first time in Pakistan's history, an incumbent government was voted out and power was transferred peacefully to the opposition. Even more significant were the election results in Sri Lanka; here, contrary to many observers' expectations, the authoritarian president, Mahinda Rajapaksa, lost out to his former health minister, Maithripala Sirisena. Half-hearted attempts to prevent the transfer of power with the assistance of state and political actors came to nothing. With all due caution, we can state that the

events of 2015 suggest that there is considerable potential for self-healing in this island country.

The opposite is true of Thailand. By staging a coup in May 2014, the military added another act to a drama that has already enjoyed a decade-long run. It's not just the BTI experts who doubt whether the putsch leader and current head of government, General Prayut Chan-ocha, can use political consolidation, top-down patriotism and exploitation of "reconciliation policies" and "constitutional reform" to cool the smoldering conflict between supporters and opponents of Thaksin Shinawatra, the head of government deposed in 2006 (also through a putsch), and bring about a durable balance between the opposing forces in Thai society.

Thailand's revival of putsch politics, meanwhile, stands in contrast to developments in Myanmar. The country's transformational dynamism has endured since the inception of the liberalization process in 2010. The process hasn't been free of negative factors, such as interreligious and inter-ethnic violence, nor has it resulted in democratization – yet. At the same time, the country's

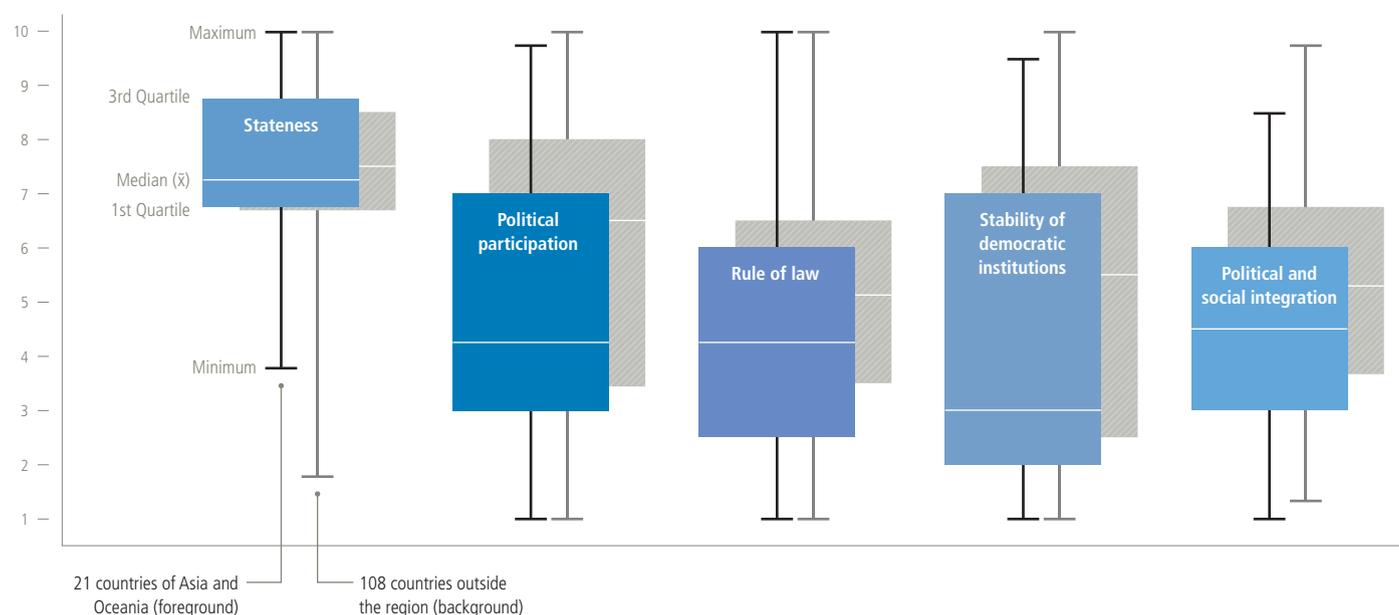
reforms are substantial and have brought appreciable change to numerous areas of life.

Beyond these obvious milestones and crossroads in transformation, it is worth investigating the more or less gradual, longer-term processes of the last decade. Particularly worrying here are the losses registered in free and fair elections, freedom of assembly and freedom of expression. In 13 of the 20 countries reviewed since the BTI 2006, there is less freedom in the core areas of political participation than there was 10 years ago. The trend toward lower voter turnouts is one facet of this phenomenon; others include restrictions of civil rights and liberties – particularly freedom of opinion and the media – as well as disputed elections. Erosion of the rule of law, a development also found in 13 countries, is almost as striking. On the other hand, the decline in stability of democratic institutions is less pronounced and now only affects Bangladesh, Sri Lanka and Thailand. In each of these countries, however, the breakdown in the functionality of democratic institutions – and the elite's commitment to them – over the last 10 years was dramatic.

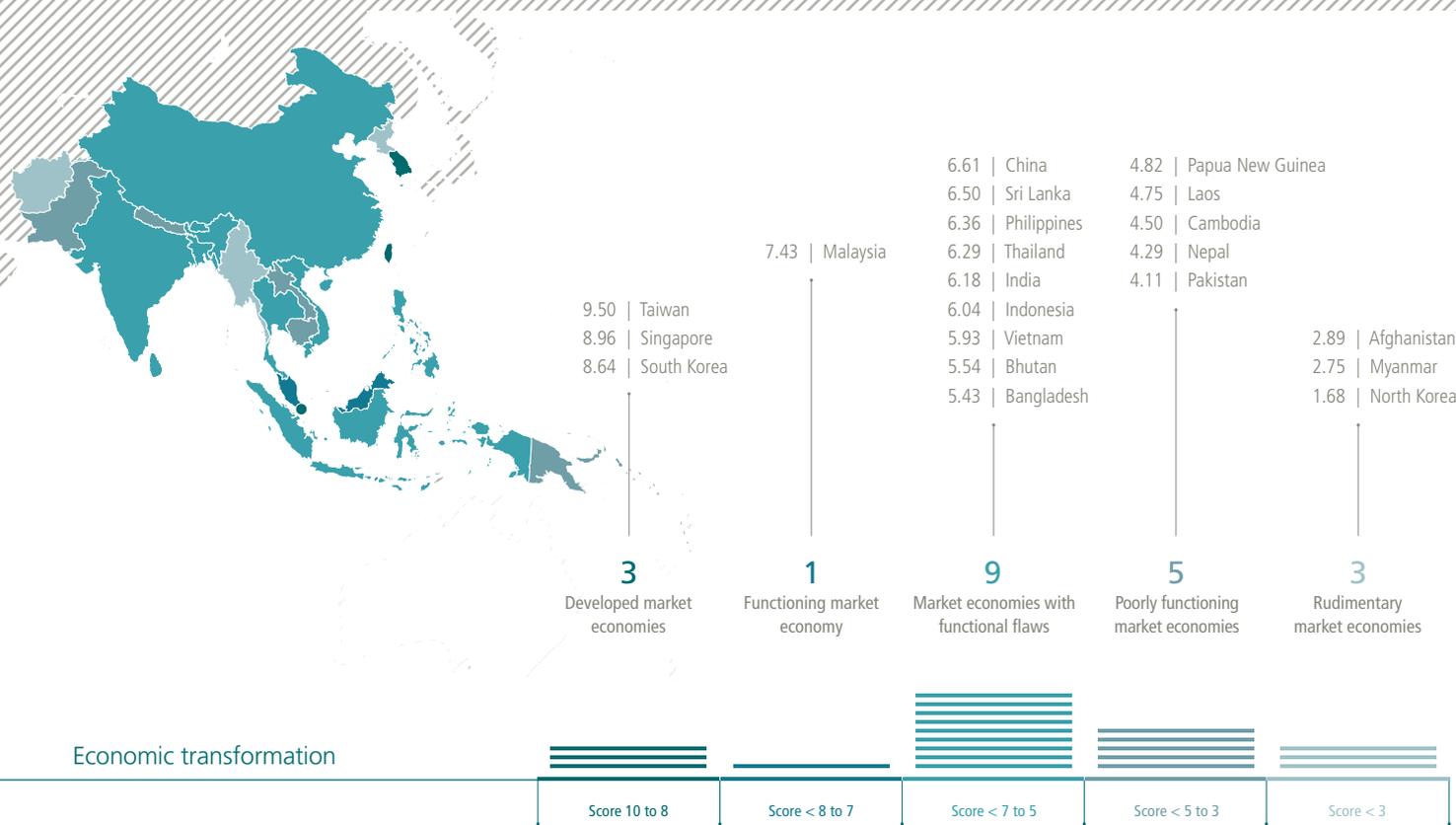
The negative changes over the last 10 years in the three named areas contrast with the (modest) improvements in stateness in nine of the 20 countries as well as the very high scores that remained unchanged in three other countries. Finally, political and social integration is the only democracy criterion in which a majority of countries showed improvement (12 out of 20).

However, this cannot be attributed to the consolidation of party systems, the rise of well-organized, assertive and pluralistic interest groups, or a surge in social capital. Rather, the gain derives from the broad consensus that the system of democracy enjoys among the citizenry – at least for now. Indeed, there are indications that liberal values and attitudes are far less pronounced in Asian societies than they are in other regions of the world. Authentic supporters of liberal-participatory democracy are usually in the minority. And the proportion of citizens who are satisfied with the functioning of government institutions is consistently far lower in the democracies of East and Southeast Asia than in autocratic China, Singapore and Vietnam.

Strong states without representative institutions



Distribution of BTI scores for the 21 countries of Asia and Oceania and the other 108 countries outside the region. The middle 50% of countries are found inside the box.



Giants face immense social challenges

Taiwan, Singapore and South Korea are setting the standards for successful economic and social policies. But unsatisfactory regulation and disregard for sustainability in the two largest economies, China and India, continue to pose a risk to the further development of the entire region. South Asia features one of the largest deficits in socioeconomic development of any subregion in the world.

As with political development, so too with economic transformation: There is a broad range of performance among the countries of Asia and Oceania. At the bottom is North Korea, where a crisis in state distribution systems has caused the socialist planned economy to drift apart into subsystems of military economy, cadre capitalism and an informal shadow economy. At the top are Taiwan, Singapore and South Korea, which occupy positions 1, 5 and 8, respectively, in economic transformation out of the 129 countries surveyed worldwide. True, the social order of these three medium-sized powers places much of the burden of protection against social risks on the individual and the family, particularly women. But demographic factors, if nothing else, have prompted an expansion of social security

systems in South Korea and Taiwan, and Singapore is likely to follow suit.

Some distance behind these three, we find the functioning market economy of Malaysia. The Malaysian economy is built on solid macroeconomic foundations and, compared to most countries in the region, it has achieved a high level of socioeconomic development. But rising levels of comparatively high private debt and a looming bubble in the domestic property market may prove just as perilous in the short term as the country's public-sector debt. The country also features structural problems arising from its high dependency on exports as well as the negative effects of falling prices for raw materials caused by a drop-off in demand in Western markets and in China. Malaysia's economy is susceptible to

disturbance, not least because of the close links between politics and business that have preserved the dominance of the Parti Perikatan (Alliance Party), between 1957 and 1973, and thereafter of its successor coalition, Barisan Nasional (National Front).

India and China exemplify the inconsistent, at times contradictory developments in the region. While development in India has slowed considerably and even reversed in the areas of sustainability and inclusive development, China has achieved considerable improvements in most areas of market economic transformation over the last decade and has proved able to maintain its already high levels of performance.

Still, it isn't just turbulence on the Shanghai Stock Exchange and the risky exchange rate policy of the summer of 2015



Population: 1,295.3 mn

Life expectancy: 66.5 years

GDP p.c. PPP: \$5,708



Economic transformation BTI 2006 – BTI 2016

which indicate that China is far from the model country it is frequently made out to be. Whether it's competition regimes or anti-monopoly policies, the banking sector or property rights, social security systems or environmental protection, in numerous areas, this economic superpower has a lot of ground to make up.

Bhutan is among the nine market economies with functional flaws and, in recent years, it has made steady improvements in basic social security for its citizens, modest advances in competition and price stability, as well as appreciable strides toward a universally accessible, modern education system while registering healthy economic growth. Transformation has been even more dynamic in Myanmar, though the base level was very limited. The reforms set in motion in 2013 have begun to yield dividends, and the economy has profited greatly from the lifting of most Western sanctions and the liberalization of foreign trade.

Of the 20 countries reviewed in the BTI 2006, 11 have deteriorated. Thailand, Pakistan, Nepal and Sri Lanka, in particular, each suffered dramatic falls following political turbulence in the immediate and recent past.

Longer-term prospects reveal a strength-and-weaknesses profile more or less typical of the region. On the one hand, it has replaced East-Central and Southeast Europe as the frontrunner in economic performance. In currency and price stability, too, the region holds up well.

On the other hand, social safety nets, equality of opportunity and social justice, anti-discrimination policies, and compatibility of environmental sustainability and economic growth continue to represent, on average, the weakest areas of development.

The South Asian countries in aggregate perform particularly poorly here. They also invest little in health and education. Although there are considerable differences

between a country like Sri Lanka, on the one hand, and Afghanistan, on the other, it is nonetheless telling that none of the seven national economies of South Asia appears in the two top categories of economic transformation. One positive result: Women in the seven Muslim-majority countries of South and Southeast Asia experience less discrimination than do their counterparts in the Middle East.

India's poor need more than growth

Following years in opposition spent practicing a policy of obstruction, India's Hindu nationalist government has enjoyed a comfortable majority since the May 2014 elections. However, the reform zeal of Prime Minister Narendra Modi and his cabinet remains conspicuous by its absence. And that includes economic and social policies, even though there is now greater scope for action thanks to an upswing in macroeconomic indices, most notably the GDP.

At the top of the prime minister's agenda are growth and the promotion of foreign direct investment. In 2013, the government passed legislation which permits expropriation for projects that benefit both the (regular) infrastructure and the "social infrastructure" – projects that India desperately needs to foster its economic development. Infringements on intellectual property rights have proven particularly problematic. Following conflicts with international pharmaceutical companies, Modi and his cabinet are now looking to put compromise proposals into action.

But Modi's government will need more than just growth promotion to master the country's greatest challenge. Growth, after all, has not resulted in any significant increase in jobs, while the socially vulnerable sector of the population is expanding. A commission set up by the previous government found that in 2011/12, over 360 million people in India lived below the national poverty threshold. The most recent estimates of the World Bank's Development Research Group indicate that, in 2011, 724 million people lived on less than \$3.10 a day. No matter which statistical method you use, India is home to more people affected by poverty than any nation on Earth.



The full country report is available at
www.bti-project.org/ind



Past feuds thwart future-oriented statecraft

Mediocre transformation management has many faces: Some governments shun necessary democratic reforms for fear of losing control; others lack efficient resource management and the capacity to steer policymaking processes; still others are mired in traditional patterns of confrontation.

In 2013 and 2014 – prior to the recent turmoil caused by Taliban attacks on Kunduz – Afghanistan made some progress in advancing transformation. The national unity government – formed in 2014 by President Ashraf Ghani and his erstwhile challenger and current prime minister, Abdullah Abdullah – has survived its first year. Beyond that achievement, the national government has also tackled a number of reforms and announced others.

But this current positive trend can't disguise the fact that Afghanistan's governance is even worse than it was 10 years ago. Overall, this sobering assessment can be applied to 10 of the 20 countries. The decline in quality is particularly pronounced in South Asia, where steering capability (Bangladesh, Pakistan) and resource use (Nepal, Pakistan)

are now less efficient, and the capacity for societal consensus (Sri Lanka) and international cooperation (Pakistan, Sri Lanka) diminished considerably. The BTI also finds management performance to be considerably poorer in Cambodia, Malaysia and South Korea than it was 10 years ago.

On the other hand, 10 countries managed to improve their quality of transformation management. Here, it is worth looking at three democracies and three autocracies separately. The former group encompasses Indonesia, the Philippines and Papua New Guinea. The autocracies in which management performance has improved include Myanmar, Vietnam and China. While the two single-party dictatorships are distinguished by highly successful economic management, in Myanmar, effective management is largely

reflected in processes of political liberalization. However, this cannot disguise the fact that, in absolute terms, management performance in nearly all the region's countries remains at best mediocre and sometimes even below average, according to the BTI's criteria.

The top performer in the region is Taiwan, which occupies third place for political management worldwide. South Korea, on the other hand, declined slightly for the third time in succession and, since the BTI 2014, now numbers among the countries with good transformation management. Other countries in this group include Singapore, which demonstrates the best political management of any autocracy in the world, followed by Malaysia. While the transformation management of these two governments certainly doesn't point toward democracy, Sin-

gapore, in particular, has long since reached a level at which its governance challenges resemble those of the core OECD countries.

The group of countries categorized as featuring moderate management typify the differing transformation paths in the region. Here, China and Vietnam prove that innovative governance that is fit for purpose, from a technocratic perspective at least, is by all means possible in an autocracy. Furthermore, these two cases prove the relative management advantages that decentralized single-party states enjoy in co-opting the elite, innovation and exploring flexible solutions. But the constant tension between the preservation of power and economic transformation remains. In addition, these national governments clearly eschew democratic reforms.

On the other hand, there is a range of countries that have weaker management performance but still fare well in ensuring democratic participation and inclusive decision-making procedures. One notable example is the government of Benigno Aquino III, which has ruled the Philippines since 2010. Despite considerable weaknesses in steering capability and resource efficiency, its management performance stands in stark contrast to that of the previous government.

Meanwhile, decision-makers in other (defective) democracies have overburdened

the political process, eroded the foundations for effective transformation management and neglected policy learning. This applies to Bangladesh, Nepal, Thailand (before the May 2014 putsch) and Sri Lanka (up to the end of the current review period). These countries are currently in the throes of major crises rife with conflict. In Bangladesh and Thailand, in particular, it is increasingly apparent that the political elites are incapable of overcoming patterns of confrontation that have shaped the political process since the beginning of the millennium.

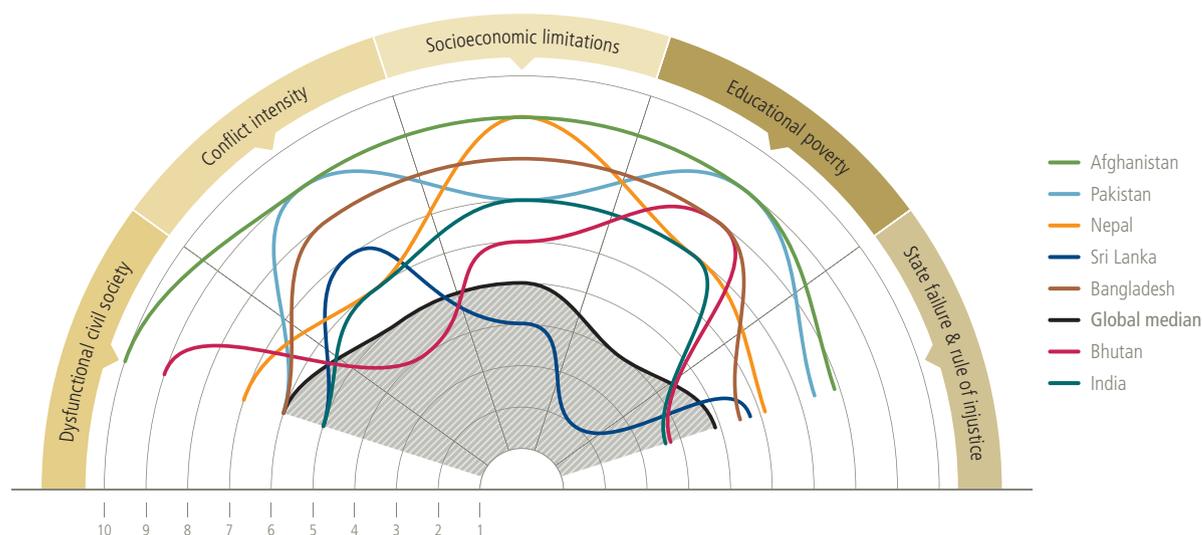
The fourth group, countries with weak transformation management, includes Myanmar, the Asian country whose management performance has shown the most improvement over the last four years. Between February 2013 and January 2015, the government of President Thein Sein managed to contain reform-averse actors in the military, advance the political consensus-building process by including the opposition and civil society groups, and open up new sources of political and material support beyond the country's borders.

North Korea still has the worst transformation management of any country. If one assumes that the North Korean dictatorship and the small group of indispensable supporters bound by familial or other close

ties acts to fulfill its objectives – chief among them being the maintenance of power – one can only conclude that its governance failures (in normative BTI terms) are rooted in the regime's logic of political survival and therefore of its own making.

In other countries, on the other hand, modest management scores cannot be divorced from specific contextual limitations on effective governance. This applies particularly to many societies in South Asia that are confronted with the legacies of civil war (Nepal, Sri Lanka) or violent conflicts which are persistent (Afghanistan) or even escalating (Pakistan). In addition, many countries suffer from a lack of civil society traditions, difficult socioeconomic conditions and educational poverty. While the countries of South Asia mostly fulfill the minimum standards for sustainable governance in stateness and rule of law, the subregion still performs well below average here, as in other areas. The results show that the degree of difficulty is significantly higher in six of the seven South Asian countries than the median of all developing and transition countries worldwide (see chart on this page). Only West and Central Africa has even less leeway in pursuing successful transformation than does South Asia.

Major hurdles for good governance in South Asia



Level of difficulty in the seven South Asian countries compared with the global median of all 129 countries under review. The five problem areas correspond with the BTI indicators 13.2–13.6 (in order). Scores for civil society traditions, conflict intensity as well as deficits in stateness and rule of law are derived from the qualitative assessments of the BTI experts. Scores for socioeconomic limitations and educational poverty are based on the scaled external indicators of GDP per capita (Source: World Bank, World Development Indicators) and the UN Education Index (Source: UNDP, Human Development Report).



No short-term solution in sight

Where is the region of Asia and Oceania heading? Leaving aside the highly contrasting levels of commitment to democracy and a market economic framework, a look at medium-term developments invites skepticism. In only a few cases has transformation proceeded in parallel with democracy under the rule of law and a market economy anchored in principles of social justice, or already achieved an advanced state. Furthermore, for the period spanning the BTI 2006 to the BTI 2016, the state of political transformation deteriorated in 10 out of 20 countries. For economic transformation, this applies to 11 countries; for transformation management, to 10.

Is transformation in Asia stuck in crisis mode, or is this just a “lull,” a “slump” brought about by external conditions, the emergence of new internal civil challenges or – in isolated cases – governments’ own actions? The BTI data suggests that considerably more countries in the region are moving away from the BTI model than moving toward it.

Does this mean we are witnessing the first signs of a (new) paradigm shift? Are autocratic models gaining the upper hand once again? Should we fear a “return of the dictators”? For the region as such, we can say with confidence: no. In countries such as Taiwan, South Korea and India, but also the Philippines and Indonesia, democracy has an almost 100% chance of survival. And the number of states in which de-

mocracy has crumbled since 2005 can be counted on one hand. These “authoritarian relapses” are offset by an equal number of “re-democratizations.” Four countries have shifted back and forth between autocracy and democracy, in some cases multiple times, over the last 10 years: Thailand, Nepal, Bhutan and Sri Lanka.

With the exception of Bhutan, these countries are in a crisis zone. Stable, functioning democracy is just as unlikely here as “balanced autocracy.” Bangladesh, too, treads a fine line between democracy and dictatorship. It is telling that the democratic-transformation scores for Nepal and Bangladesh lie below those of autocratic Singapore.

In other countries, however, transformation appears to have arrived at a crossroads that borders precarious territory in which functional disruptions represent a threat to a state’s continued existence and are expressed in persistent, latent crises. It is hardly surprising that this also has an effect on socioeconomic development, the political performance of regimes and the legitimacy of political institutions and authorities. But there are far too few realistic alternatives in sight for the majority of crisis-struck countries. Certainly, democracy as it manifests itself in countries such as Bangladesh, Papua New Guinea and Thailand is not conducive to stateness. But when it comes to economic transformation, the prospects are even worse in autocracies such as Cambodia, North Korea and Paki-

stan. Expecting these countries to adopt the principles, policies and practices of the type of successful management seen in China or Vietnam, and to yield comparable socioeconomic outcomes, even in the short term, is naive and unrealistic.

Finally, the findings of the BTI 2016 point to the challenges these high-growth economies face in processing social and political knock-on effects, whether it’s the rise in social inequality or regional disparities in development. Social imbalances also represent a burden for political stability and economic growth, especially as the authoritarian nature of the political systems of China and Vietnam means that they cannot call on democratic procedures and institutions of integration and consensus-building. In any case, the more autocracies practice rule of law (Singapore, Malaysia), preserve state order (China) and prevent rudimentary state order from collapsing completely in the most difficult economic and political contexts (Afghanistan, Pakistan), the more leniently they should be judged.



This summary is based on the Asia and Oceania regional report by Aurel Croissant, available at www.bti-project.org/aso



The full reports for each country in the region are available at www.bti-project.org/countryreports/aso



Masood Karokhail is the Director and cofounder of the the Liaison Office in Kabul, an independent nongovernmental organization and think tank with more than 160 employees and seven field offices working in the areas of civilian peacebuilding, access to justice, research and livelihoods. From 2002 to 2003, he worked with Swisspeace in setting up and running the Afghan Civil Society Forum. Masood Karokhail holds a Bachelor's degree and Master's in Business Administration from Preston University in Peshawar, Pakistan. He has been a member of the Transformation Thinkers network since 2006.



Interview

“There is too much to lose”

Masood Karokhail on the importance of elections, missed opportunities and why more faith should be placed in Afghans

With elections scheduled for spring 2014 and the withdrawal of ISAF troops later in the same year, 2014 will be decisive for Afghanistan. Yet there is no broadly supported successor to Hamid Karzai, and the list of procedural manipulations is long. What are the chances that elections will be free and fair?

Nobody expects perfect elections. But, as a fledgling democracy, it is important for Afghanistan to continue carrying out elections. Many Afghans do not fully understand how democracy works and the benefits it brings. The Afghan government is in part responsible for this, but the international community, which has undermined its own principles in supporting strongmen, is also to blame. Nonetheless, civil society is uniting around the belief that elections need to go ahead. It is encouraging voters to use their voice and shape the future of Afghanistan, while also targeting irregularities through active citizen monitoring. For many Afghans, there is simply too much to lose; they need a credible government supported by a clear majority. Most Afghans do not want a civil war or anarchy. Only a minority of strongmen and spoilers benefit from insecurity and war.

In your view, how large should the presence of Western forces – ISAF troops – remain?

ISAF may have misunderstood what Afghans wanted. It was never about a full withdrawal of international troops, but about getting them out of Afghan villages. Afghans reacted negatively to the kill-or-capture missions that put communities under pressure. If ISAF and its troops would have focused more on robust peacekeeping, they may not have felt compelled to withdraw entirely. Another reason in favor of a continued but reduced international military presence is that the Afghan National Security Forces will need at least another decade of capacity-building before they can handle a resilient insurgency and provide the necessary protections. Finally, terrorism is far from defeated. Many Afghans are puzzled by the timing of the withdrawal, especially since the insurgency is stronger than ever. Al-Qaeda and its affiliates are not gone; they could create permanent sanctuaries in Afghanistan and in Pakistan.

Afghanistan is dependent on foreign support. Some \$16 billion were earmarked last year for development assistance. Is this sufficient for a country in which a third of the population lives in poverty?

The amount of funds is not the issue. What's important is how they are spent. The international community has repeatedly made the mistake of pumping money into fragile states instead of helping build the means for

those countries to develop their own revenue sources. International assistance must ensure that funds reach the Afghan people, that they create livelihoods for rural communities, and that private-sector growth can foster inclusive economic growth beyond the development sector. Assistance that builds vocational skills and focuses on job growth will trump unsustainable development projects. The international community needs to pressure the Afghan government to deliver to its people and account for its use of international funds. International money should be based on conditionality to move forward with democracy, good governance and peace.

The BTI country report notes a “lack of optimism regarding democracy to stand on its own” and “grave concerns about the future of the country and political stability.” What are Afghans today most concerned about?

Afghanistan has suffered too much in trying quick fixes and expecting change overnight. More faith should be placed in Afghans and civil society. Many have embraced democracy, yet the voices of a few are too often the loudest, which creates fear. Nobody really wants a return of the Taliban; even conservative rural communities know that this means no development, no education and human rights violations. Yet many fear a repeat of what happened when the Soviets withdrew, which brought a bloody civil war. This yearning for peace among Afghans should be used to push the peace process, one in which Afghan civil society can play an important role. We must ensure that rights are not lost in exchange for stability. Any deal reached cannot be an elite deal; it must be acceptable to the Afghan people.

Looking at the past ten years, which opportunities were missed, and what were the West's largest strategic mistakes?

First, the Taliban were a defeated force in 2001, and its leadership was seriously interested in a peace deal. This was a missed opportunity. Pushing the remnants of the Taliban leadership and command to neighboring countries was a mistake. Second, the international community should not have made partners out of warlords who had inflicted only misery on Afghans. Strengthened by the influx of foreign funds, the warlords have engendered corruption, nepotism and weak governance, and have undermined our nascent democracy. The third mistake was made in shifting both focus and resources to the Iraq invasion. This allowed a weak insurgency and Al-Qaeda to regain a foothold, first in the border regions of Pakistan, then in Afghanistan. It took some time for the international community, in particular the United States, to refocus on Afghanistan.