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SPECIAL REPORT

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ABOUT THE REPORT

Recent estimates of deposits in Afghanistan indicate that mineral extraction could contribute to the economic growth the country needs to sustain its efforts in peacebuilding and development after 2014. This report argues that integrating social accountability measures into governance of the extractive industry can help alleviate violent conflict by ensuring a more equitable distribution of the benefits as well as facilitate greater confidence in the state and a molding of the social contract. The U.S. Institute of Peace is working with Integrity Watch Afghanistan in testing some of the concepts in this report through a project to help support social accountability in Afghanistan's mining sector.

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Sadaf Lakhani

Extractive Industries and Peacebuilding in Afghanistan

The Role of Social Accountability

Summary

- While Afghanistan's economy has experienced strong growth in the past decade, declining levels of overseas development assistance beginning in 2014 are expected to substantially reduce the country's economic growth rate, with attendant political implications.
- Commercially exploitable mineral deposits in Afghanistan could generate billions of dollars in income and be an engine of growth of the future economy.
- Extractive industries in fragile countries often undermine statebuilding by either sparking, sustaining, or contributing to a relapse of violent conflict. In Afghanistan, while mineral extraction has not contributed significantly to the formal economy, minerals have historically been linked to various forms of conflict.
- A weak and deteriorating formal governance environment in Afghanistan—with weak regulation capacity, poor compliance monitoring, and pervasive corruption—may mean that local communities are more susceptible to the negative social and environmental effects of mining operations, as well as to real or perceived perceptions of injustices in the distribution of benefits.
- The issues associated with the extractive industry in Afghanistan may be addressed through social accountability mechanisms, whereby people can hold the government accountable for its promises and actions, and the government can respond in a fair and appropriate manner to the needs and concerns of the population. Social accountability mechanisms—usually facilitated through organized civil society—involve empowering local communities with information and creating effective spaces for dialogue, consultation, and the management of expectations.

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- Mining companies can benefit from social accountability mechanisms, which can be used to address unmanaged expectations and tensions that may compromise security and operations. In addition, social accountability mechanisms that focus on transparency and mediating grievances before they become acute and turn violent can also help manage tensions that arise between social groups and that can lead to sectarian conflict.
- Social accountability in the mining sector in Afghanistan can also help restore citizens' trust in the government and thus contribute to the country's broader governance and peacebuilding goals.

Introduction

The international military drawdown in Afghanistan and the projected decline in civilian aid¹ beginning in 2014 will significantly affect the country's politics and economy. The international community and the U.S. strategic framework for Afghanistan currently emphasize the three pillars of governance—rule of law, and social and economic development—underpinned by durable security and stability.² Yet despite unprecedented levels of aid flowing into the country since 2005³ and some important development successes,⁴ progress in Afghanistan has often been challenging and disappointing. Conflict and insecurity continue in large parts of the country⁵ and an inclusive and resilient political system has yet to be established to resolve conflicts and project stability. High aid volumes, but poor aid management,⁶ have fueled rent-seeking behavior, corruption, and the entrenchment of patronage networks among powerful Afghans. All of these factors have undermined the internationally backed and government-centered statebuilding effort.⁷

As levels of international aid to Afghanistan begin to decline, the Afghan state must increasingly raise its own revenues. One of Afghanistan's successes over the past decade has been consistently high rates of economic growth since 2001.⁸ This has, unfortunately, not significantly undermined support for the insurgency, nor has it increased political stability.⁹ Evidence from around the globe suggests that economic growth does not generate stability by itself;¹⁰ growth must be broad-based—that is, not dependent on a single industry or resource—and provide benefits across society if it is to contribute to peacebuilding. This principle is recognized in the Tokyo Framework, agreed to between the Afghan government and the international community in July 2012, laying out both post-2014 aid commitments and government responsibilities.¹¹ How such growth and stability may be achieved is the multimillion-dollar question.

Afghanistan's mineral reserves are a major potential source of wealth. Extracting these reserves could contribute billions to government revenue through taxes and royalties. The sector could also provide some employment in mining areas and help boost investment in services and infrastructure across the country. However, mining could generate conflict in what is already a fragile and complex political and social environment.¹² Evidence from other countries shows that significant natural resource extraction can contribute directly to initiating or sustaining conflict. Parties to the conflict may compete—sometimes violently—for control over resource-rich territory. The revenues from extractive resources can also fuel violent conflict: Peace processes often falter as powerful individuals or groups refuse to give up what they regard as their fair share of the spoils. Finally, sustainable peace may be difficult to achieve when groups most affected by the conflict and living close to natural resources, or even participating in their extraction, feel aggrieved because they are either not benefiting directly from extraction or are suffering from negative effects, such as water scarcity, environmental pollution, or displacement without adequate compensation and support for resettlement.

The ways in which access to and the allocation of benefits from natural resources are managed, which are functions of governance, can be a defining factor in whether mineral extraction contributes to peacebuilding or to further instability and violent conflict in Afghanistan.¹³ Moreover, the role of the Afghan Ministry of Mines and Petroleum in ensuring good governance can be crucial to strengthening the social contract and rebuilding Afghans' confidence in the formal state. This report explores the link between mineral extraction in Afghanistan and violent conflict, asking what can be done to harness the country's mineral wealth so that governance is strengthened. Social accountability mechanisms in the extractive industry are proposed as one way to strengthen governance, build the legitimacy of the Afghan government, and reduce the likelihood of violent conflict.

Mineral Extraction and the Economy: A Double-Edged Sword

Afghanistan has a few very large, world-class mineral deposits, along with medium-sized and smaller deposits found across the country.¹⁴ The contract awarded to the Metallurgical Corporation of China (MCC) to develop the Mes Aynak copper mine was the first such major contract to be concluded.¹⁵ The negotiation process provided a learning experience for the government about maximizing the positive economic effects of a growing extractive industry, minimizing the negative effects, and managing societal expectations of the country's mineral wealth.

Actual government revenue from extraction in Afghanistan is currently negligible, but the total value of mineral deposits is estimated to be between US\$1 trillion and US\$3 trillion.¹⁶ Operations at Aynak and Hajigak are expected to start in the next five years, and revenue from mining¹⁷ is projected to continue rising slowly thereafter. With growth in the economy likely to slow during the same period owing to the effects of transition, the extractive sector offers an opportunity to boost growth rates by two to three percentage points.¹⁸ Earnings from the extractive industries are likely to constitute a significant and important source of government revenue after 2014, particularly in light of the drop in aid levels and a large financing gap between government revenue and expenditures of approximately 25 percent projected for 2021–22. This adverse development in Afghanistan's budget¹⁹ carries the strong likelihood of political consequences as well. Revenue projections from mineral extraction, however, are often difficult to make with any accuracy. Price fluctuations affect the final value of the product, and there is no guarantee that identified resources can all be extracted, or generate revenue. The security situation will strongly affect whether the full potential of mining can be realized.

In Afghanistan, the copper in Aynak is the first of the mineral reserves to be contracted out for commercial exploitation. It is the country's first direct experience of large-scale commercial exploitation of solid minerals.²⁰ Experience from around the world—as well as the recent delays at Aynak in moving forward with operations—illustrates that political and social factors can impinge upon mining operations and easily prevent, disrupt, or halt them. As estimates of revenue generation before exploitation are often overstated, public expectations based on these estimates, as well as a lack of understanding regarding the difference between revenue and wealth, may also be premature. The long gestation period from the discovery of deposits to the first realization of revenues—often ten to twenty years—further distorts public expectations. In fragile countries, failure to meet expectations alone can prove destabilizing.

The experiences of postconflict countries such as Cambodia and Congo-Brazzaville illustrate that the existence of mineral wealth does not easily translate into strong economic growth. Positive downstream and upstream effects of extractive industries on the economy

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can be difficult to generate, particularly in developing countries. Governments often find it difficult to maximize long-term fiscal revenues, and it is a common occurrence that revenues, when they are produced, are not reinvested in sustainable development but instead are treated as political windfalls. Managing a sudden and relatively short-lived influx of large revenues presents significant governance challenges in weak institutional settings and often further weakens many state institutions and deepens corruption. Even where mining remains an enclave industry, operating largely separate from the rest of the economy, its contribution to development can still be significant—through fiscal revenues and the building of nondedicated infrastructure that can benefit other forms of economic activity—if the sector is managed well.

Mineral Extraction, Governance, and Violent Conflict

Mining can contribute to violent conflict in Afghanistan in a number of interrelated ways beyond economic effects, such as by generating finances for armed nonstate actors, exacerbating tensions between and within social groups, and challenging the legitimacy of the government when it cannot effectively deliver benefits and mediate mining-related disputes.

Challenges to state legitimacy have persistently undermined the achievement of security and development in Afghanistan. Extraction activities, while providing resources that could strengthen the state in the long term, disrupt social relations and generate tension and conflict in the short term. Settling these conflicts tests the ability of an already weak state; failure to settle them deepens the lack of confidence in the state, encouraging cycles of violence and depriving the state of the potential long-term benefits of extraction.

Various actors exploit minerals and routinely use violence in pursuit of their interests.²² These actors include local smuggling networks, warlords, and other power brokers, as well as insurgent groups such as the Taliban and the Haqqani network. Existing small-scale mineral exploitation is already contributing to patronage systems, criminal activities, corruption, and violence in Afghanistan's highly complex and entrenched war economy. Local mining helped finance anti-Taliban groups within the Northern Alliance in the 1990s, and as late as 2005—four years after the establishment of the post-Taliban government—nearly 80 percent of all Afghan mines were reported to be controlled by armed nonstate actors.²³

When informally controlled resources are transferred to formal state-recognized entities as part of the statebuilding process, the loss of informal actors' access to revenues can generate resentment and retaliation. In several recent cases in Afghanistan, the local population has supported nonstate actors in these disputes, rather than the state-licensed companies. The Aynak site in Logar province, which the state has licensed to Chinese-owned MCC, has been subject to attacks by local insurgent groups as well as growing dissatisfaction on the part of the local population.²⁴ Communities are displeased with the MCC's limited employment opportunities, the effect of drilling on water levels in wells, and the resettlement compensation the Ministry of Mines and Petroleum has offered. Existing tensions between local communities, returning displaced persons, and resettled households over land and water have been exacerbated by the resettlement of approximately 117 households from five villages directly affected by the mine site. Disputes over access to agricultural and grazing land and water—both crucial issues already creating conflict in Afghanistan—are likely to grow as the extractives sector develops;²⁵ these complaints have already emerged, even though mining operations have not yet

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commenced.²⁶ Similarly, conflict has emerged in Bamyan province, where the government concluded another contract with MCC to mine the province's coal reserves. Local communities that depended on informal artisanal and noncommercial mining of the coal reserves²⁷ there are finding that they have few other options for income generation. The state's inability to address their grievances has led them to support insurgent groups.²⁸

Logar and Bamyan provinces offer lessons and warnings for Afghanistan as it develops its natural resource strategy. Logar already saw high levels of contestation and violence before the mining contracts were issued, and the extraction activities can be understood as exacerbating existing conflicts. Bamyan has been one of the most peaceful provinces in Afghanistan over the past decade; there, the link between government inability to address grievances resulting from the mining contract and the initiation of violence is clear. State capacities to mitigate the negative effects of mining operations, provide economic opportunities for local residents, and deliver services financed by extraction can be powerful mechanisms for undermining allegiances to illegal, nonstate armed groups. Creating alternative incentives for actors that challenge the state could complement efforts to extend security across the country and help rebuild citizens' trust in the state.²⁹ For weak states, however, there are significant obstacles to turning this theory into practice.

The government of Afghanistan has demonstrated a formal commitment to good governance in the extractive sector by joining the global Extractive Industries Transparency Initiative (EITI).³⁰ It also has published almost all mining contracts it has issued (with the notable exception of the Aynak contract), implemented a resettlement action plan, and developed a social policy to support communities that have been dislocated by the Aynak mining operation (similar plans are being developed for Hajigak). The steps taken in instituting transparent tendering processes, overseeing revenue flows to the government budget, and applying social safeguards move Afghanistan toward establishing good governance in the extractives industry. This commitment should be deepened by investing in social accountability mechanisms.

Social accountability is a form of civic engagement whereby ordinary citizens directly or indirectly hold their government to account for its actions. It is different from and complementary to formal political accountability as exercised through traditional vertical channels, such as elections, and horizontal channels, such as legislatures and institutional checks and balances. Social accountability mechanisms can take many forms, but most commonly they appear as nongovernmental organizations (NGOs) or other civil society organizations that help connect citizens and the state, building accountability through community mobilization, training, dialogue, and collective action. These organizations call on state agencies and individual public officials to inform stakeholders and to justify their behavior, actions, and results. Social accountability mechanisms can be particularly useful in fragile and conflict-affected contexts, in which the majority of citizens cannot access formal political channels of accountability, highly localized political situations exist, and the social contract is still weak. Perhaps paradoxically, it is also in fragile states that social accountability mechanisms are most difficult to put in place.

Social accountability in Afghanistan must go beyond transparency in tendering and revenue flows; it must involve understanding and responding to the needs of Afghans affected by these operations and ensuring that governance processes work toward more equitably distributing wealth and effectively managing grievances to avoid violent conflict.³¹ If weak governance is one of the drivers of conflict in Afghanistan, social accountability mechanisms can help manage potential conflict related to extraction and strengthen governance and peacebuilding goals more broadly.

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Strengthening Governance through Social Accountability

Violent conflict, as mentioned above, often emerges where grievances on the part of segments of society are not addressed satisfactorily through governance processes. The exclusion of particular social groups from access to services or from economic benefits often coincides with deep, historical cultural inequalities between elite groups in power and groups that lack political opportunities for redress.³² Strong, effective governance is central to the transition from violent conflict to peace, and building responsive and accountable institutions is a key element of strengthening governance in fragile contexts.³³ In Afghanistan, the government does not have a monopoly on the use of force and does not deliver core services to many of its citizens.

Events in Afghanistan since 1978 have severely compromised the government's authority, capacity, and legitimacy at central and provincial levels. In addition to ongoing ethnic tensions and outright civil conflict, which continue to undermine stability in the country, in recent years the Taliban have increased their attacks on the government and international forces. Insurgents have steadily extended control over parts of the country. Other armed nonstate actors also threaten—or substitute for—the government. Many parts of the country remain under the control of local military commanders, tribal leaders, traffickers, criminal networks, and petty criminals,³⁴ who, as well as commanding some level of loyalty from their followers, also use violence to coerce local communities. Some threaten peace and security.³⁵ Others provide local communities with sufficient security and limited services more effectively than the state does. In return, they expect loyalty from the local population.

The key to the government's ability to strengthen its authority and legitimacy is “its ability to maintain the confidence of, and provide basic services to the Afghan People.”³⁶ In the delivery of services, the Afghan administration and political system must be seen as responsive to different segments of society. Citizens should view the state as exercising authority in a way that does not consistently or illegitimately benefit one or a few groups—ethnic, economic, or political—over the needs of others. In Afghanistan, however, ethnicity and patronage networks continue to dominate politics, fueling co-optation of the formal political system and undermining attempts to ensure state autonomy, professionalization, and diversification.³⁷

The manner in which services are planned and delivered also directly affects the authority and legitimacy of the state. If service delivery is transparent, responsive, and fair, the social contract can be redeemed and legitimized. If not, state authority will continue to be fought over by competing groups whose allegiance is to themselves and their self-identified constituents rather than to the project of building an effective state.

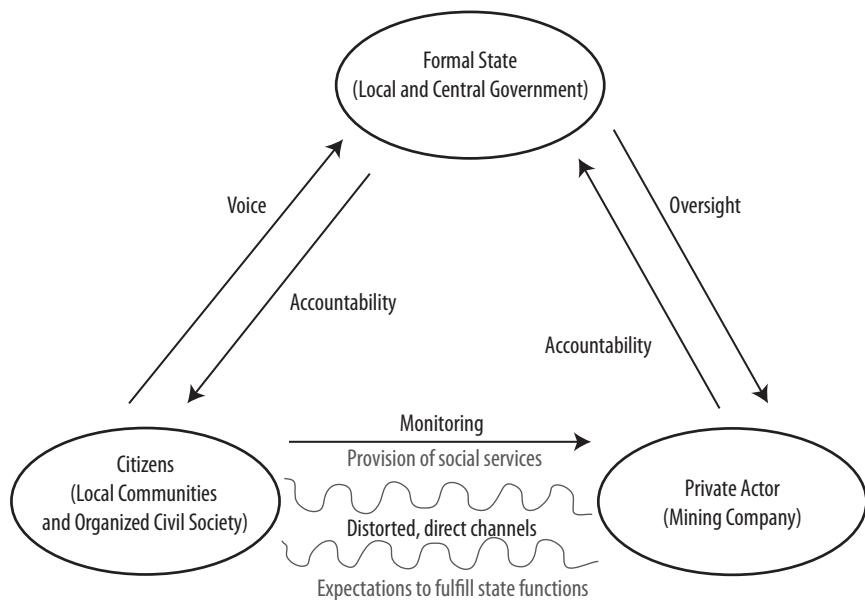
Challenges to Accountability: The Community–Mining Company Relationship³⁸

Mining companies contracted to extract Afghanistan's mineral wealth...are likely to find themselves, however unwillingly, as significant actors in the political framework of the country.

Mining companies contracted to extract Afghanistan's mineral wealth currently have to operate in a complex institutional and political context, and they are likely to find themselves, however unwillingly, as significant actors in the political framework of the country. Their role, along with those of other nonstate actors, may well become distorted (see figure 1).³⁹ With Afghanistan's relatively weak formal state institutions, effective social accountability mechanisms are more difficult to put in place,⁴⁰ creating a vicious cycle of state dysfunction.

Company-community relations become more complex, and more important, when there are few effective state mechanisms to monitor companies' actions and manage grievances concerning the companies' operations. Attitudes on the part of local populations toward the mining company may be contradictory. On the one hand, local citizens may resent the

Figure 1: Social accountability through empowered citizens



presence of the mining company. On the other hand, communities may expect the mining company to perform functions that the formal state is unable (or unwilling) to perform, such as providing health and education services and maintaining or building new roads or other transport infrastructure. In some cases, such company actions fall within its contractual obligations. In other cases, the situation arises because the state has poorly managed citizens' expectations. State and company transparency toward the community about a mining company's contractual obligations and how the government will oversee their implementation is to the benefit of all three actors and can create a social license—the go-ahead from citizens to operate.

The Afghan security context raises an additional challenge in instituting social accountability. The government is contractually responsible for ensuring a secure operating environment at the mining sites. The Mines Protection Unit, a 1,500-personnel special unit of the Afghan National Police, is already in place at Aynak. The reality, or simply the perception, that an area is insecure can contribute to a view among company staff that local people themselves are a risk to be avoided. As is the case in Aynak,⁴¹ this view can lead companies to opt for a strong and highly visible security presence at operations sites—heavily armed guards, high-walled compounds, barbed wire—and a reluctance to employ local staff. This undermines the development of a constructive and respectful relationship between companies and local communities, setting the terms for distrust and missed opportunities in the long term. Moreover, the risk of human rights violations by company or state-provided security agents can be high. Communities may blame mining companies for the actions of both insurgent groups and private or public security personnel, believing that local violence would be less acute if the company were not conducting operations there.

Contractual compliance is an important aspect of good governance of extractive industries. But the negative effects of mining operations often lie beyond the scope of contractual obligations. Such effects arise from the dynamics of the ongoing relationships between the company, the government, and the communities (see figure 1). How the company and government act is often as important—if not more—than what they

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actually do. The number of local residents who receive jobs, for example, can be less important than who gets them, how hiring decisions are made, and whether the criteria for those decisions are transparent and understood in the community. In the same vein, a measured security response to community protests may be just as important in managing conflict and tensions as, say, containing pollution from mining operations.⁴² It is impossible at the start of a mining project to predict these actions or the effects they will have. Mitigating risks involves more than simply offsetting negative effects that can be predicted; emergent and unforeseeable community concerns must also be addressed through close project monitoring and open and regular communication with communities.

Challenges to Social Accountability: Connecting State and Citizens

Responsive and accountable governance requires that both government and civil society have the capacity to play their roles.⁴³ In Afghanistan, as in many fragile states and other low-income developing countries, the paucity of avenues through which citizens can interact with formal state processes and decision making constitutes a kind of disenfranchisement.⁴⁴ This separation of state and citizen results in low expectations and thus little demand for accountability from citizens or civil society.

The role of citizens in responsible and accountable governance entails having an understanding of the functioning of the state and its apparatus and being organized and able to mobilize for collective action. Weak civil society capacity, barriers to civil society access to political authorities, and civil society agendas that tend to be driven by donors⁴⁵ present challenges to civil society legitimately representing citizens' interests. As more than a third of the Afghan population lives below the poverty line, more than half are at serious risk of falling into poverty, and three-quarters are illiterate,⁴⁶ instituting social accountability is extremely challenging.

The state should be present and visible, and state agencies require clear roles along with dedicated resources to fulfill these. State institutions also should be accessible and able to communicate with citizens. The reality, however, is that of a weak and compromised formal state in Afghanistan. Problems of overlapping mandates and lack of resources are exacerbated by internal discord in some state agencies. Formal state institutions compete with traditional mechanisms used for governance and are often unable to manage the tensions that result from mining operations. The political settlement that exists is weak and not reflective of the social diversity found in Afghanistan, and as such, it does not have broad popular appeal. This further undermines the legitimacy of formal state institutions. In some parts of the country, the presence of local government is viewed as foreign, corrupt, and lacking in local accountability.⁴⁷ In other parts, the absence of effective local government continues to prove a challenge to working toward responsive and accountable governance that connects the formal state and citizens.

Deficits in formal governance, however, do not mean that there is no governance at all. As in many fragile and conflict environments, Afghanistan is characterized by hybrid political orders—that is, multiple and sometimes competing sets of rules and claims to power, often from traditional informal actors. Alongside formal governance, traditional, community-based governing mechanisms continue to function with some legitimacy in many parts of the country; in many insurgent-controlled areas, the Taliban effectively provide justice.⁴⁸ But insurgent groups are just one of many armed nonstate actors and challengers to the formal political order.⁴⁹ Powerful families and other local power brokers are also involved in local-level governance, including dispute resolution. Even formal state entities, such as provincial governments, often act with greater autonomy than expected under the constitutional framework, as they have

come under the control of strongmen who use the state's formal authority to enhance their personal prestige. Simply because the state is not present at the local level does not, however, mean that mining in Afghanistan is not in some way controlled; it is just that this control is not exerted by the state. Nonindustrial mining takes place all over the country, by organized criminal networks as well as individuals, often with links to insurgent groups. The challenge is in ensuring that governance in the extractive sector and beyond works toward reconciliation, peace, and development.

Conclusion

Much of the current attention to Afghanistan's extractive industry relates to transparency in tendering, contracting, and revenue management. Multistakeholder discussions have been convened in Kabul within the context of the EITI principles to identify mechanisms to enhance revenue transparency at all levels. The international community is using these principles, which focus on the flow of funds, as the benchmark for contract effectiveness in Afghanistan's mining sector. While these and the other steps taken by the Afghan government represent welcome progress in governance, issues relating to socioeconomic progress and environmental management of mining have received relatively little attention.⁵⁰ Yet experience has taught us that it is very often these governance issues that, if not managed well, are conflict triggers and flashpoints for violence.⁵¹

The likelihood of violent conflict can be reduced, and the social contract strengthened in Afghanistan, through social accountability measures that will strengthen governance in the extractive sector. Support for social accountability should address two interrelated aims. The first is technical support to help affected communities develop the skills and tools to understand and monitor both contractual compliance and the effects of mines and mining operations. This would apply to communities well beyond those identified in the Ministry of Mines Resettlement Action Plan (RAP), as the sphere of influence of extractive operations most often extends well beyond the mine site itself.

However, the above understanding and even technical data on compliance and effects are not sufficient for facilitating social accountability. Communities and legitimate representative groups require support for greater participation in governance. This entails a framework for information sharing, consultation, and feedback. Facilitating access by communities, together with government and, in the relevant forms, mining companies, means that expectations, concerns, and emergent problems can be managed. In addition, with clarity and agreement on the roles of the three actors concerned, there is the potential for grievances on the part of communities to be better managed before they become acute and turn to violent conflict.

Social accountability measures that manage expectations in such ways, and that involve fair and appropriate response on the part of government, can contribute to restoring trust in the Afghan central government. Tensions among social groups—at the level of regions, provinces, and ethnic groups—over perceptions of injustices in the distribution of benefits derived from the extractive sector can also be managed through such mechanisms if they are perceived as transparent and fair. In this way, the extractive industry in Afghanistan could contribute to broader peacebuilding and governance goals as well as to strong economic growth. Without such mechanisms to promote some degree of social accountability, the pattern seen elsewhere, of mineral extraction becoming a driver of violent conflict, may become a reality in Afghanistan.

Notes

1. It is estimated that aid financing to Afghanistan will drop off significantly as international attention shifts elsewhere and aid budgets in many Organization for Economic Cooperation and Development (OECD) countries come under increasing fiscal pressure.
2. Development agencies agree that there are a handful of key areas of work in supporting a country moving from violent conflict to durable peace. These commonly include security, governance, social and economic development, and justice or rule of law. See, e.g., U.S. Department of State, *Post Conflict Reconstruction Essential Tasks Matrix* (Washington, DC: U.S. Department of State, Office of the Coordinator for Reconstruction, 2005).
3. Support for the Afghan National Security Forces and civilian aid together totaled approximately \$15.7 billion in 2010–11, close to Afghanistan’s GDP for the same period. Civilian aid is estimated at approximately \$6 billion a year, or nearly 40 percent of GDP. Such a high level of aid dependency has only been experienced in much smaller countries, such as Liberia and the Occupied Palestinian Territories, and only for limited period of time.
4. There has been year-by-year improvement in some human development indicators related to education and health.
5. Insurgent groups have been expanding their influence over the territory, particularly in the strongholds of Kandahar and Helmand, but also in more stable areas of the north and west. See Freedom House, “Freedom in the World 2012, Afghanistan,” available at <http://www.freedomhouse.org/report/freedom-world/2012/afghanistan> (accessed September 16, 2013).
6. World Bank, *Afghanistan in Transition: Looking beyond 2014, Volume 1: Overview* (Washington, DC: World Bank, 2012).
7. Afghanistan has a low and declining rating for political stability in the Worldwide Governance Indicators consolidated and produced by the World Bank; see World Bank, *Afghanistan in Transition*.
8. A very strong overall growth trend has been marked by fluctuations caused by volatility in the agricultural sector due to variable precipitation. Growth in recent years has been concentrated in services linked to the aid economy.
9. There was a significant increase in the number of Afghan civilian casualties in 2011, with most of the deaths attributed to the actions of armed nonstate actors. The United Nations reported 1,462 documented Afghan civilian deaths from January to June 2011, a 15 percent increase over the same period in 2010. See United Nations Assistance Mission in Afghanistan–Office of the High Commissioner for Human Rights (UNAMA-OHCHR), *Annual Report on Protection of Civilians in Armed Conflict* (Kabul: UNAMA-OHCHR, 2012).
10. See, e.g., World Bank, *Angola : Oil, Broad-Based Growth, and Equity* (Washington, DC: World Bank, 2007); M. Ross, “How Does Mineral Wealth Affect the Poor?,” unpublished paper, Department of Political Science, University of California, Los Angeles, April 4, 2003, available at <http://www.sscnet.ucla.edu/polisci/faculty/ross/minpoor.pdf> (accessed September 16, 2013); and M. Vandemoortele and H. Leturque, “Country Evidence from Country Experience,” presentation given at U.S. Agency for International Development Evidence Summit, “Promoting Broad-based Economic Growth,” 2010, available at <http://transition.usaid.gov/press/evidence/bbg/> (accessed September 16, 2013).
11. The Tokyo Framework notes among its principles inclusive economic growth and the importance of “monitoring of development and governance benchmarks … to enable accountability to the Afghan People.” The governance priorities of the strategy also emphasize combating corruption through accountable governance (Fourth Governance Priority). See “Annex: Tokyo Accountability Framework” (Tokyo Framework), July 8, 2012, Tokyo, available at <http://www.usaid.gov/tokyoconference/framework> (accessed September 16, 2013).
12. V. Boege and D. Franks, “Re-Opening and Developing Mines in Post-Conflict Situations: Scoping the Challenges for Company-Community Relations,” in P. Lujala and S. A. Rustad, eds., *High Value Natural Resources and Peacebuilding* (Washington, DC: Taylor and Francis, 2011).
13. See C. Webersik and M. Levy, “The Role of Natural Resource Management in Reducing the Risk of Conflict Recurrence,” in C. Bruch, C. Muffet, and S. Nichols, eds., *Natural Resource Management and Post-Conflict Peacebuilding* (Washington, DC: EarthScan, forthcoming). They review the evidence from eight countries in Africa and Asia.
14. Copper, iron oxide, gold, marble, and gemstones are the main exploitable minerals found in Afghanistan. Further exploration is likely to yield further exploitable reserves.
15. Contracting for exploitation of the iron ore deposits at Hajigak and Bamyan province and of gold in Qara Zaghan were concluded in 2011.
16. The U.S. Geological Survey in 2010 released a report estimating Afghanistan’s exploitable mineral wealth to be worth \$1 trillion. See S. G. Peters, T. V. V. King, T. J. Mack, and M. P. Chornack, “Summaries of Important Areas for Mineral Investment and Production Opportunities of Nonfuel Minerals in Afghanistan,” U.S. Geological Survey, September 29, 2011. Wahidullah Shahrani, the Afghan minister for mines, has stated that other geological assessments and industry reports place Afghanistan’s mineral wealth at \$3 trillion or more. See D. Reichman and A. Shah, “Afghan Mineral Wealth May Be At Least \$3 Trillion,” Associated Press, June 17, 2010.
17. Revenues from mining accrue to government mainly through royalties, and to a lesser extent, taxes. The revenue generated is not equal to the estimated value of the mineral wealth.
18. The World Bank estimates that investment in mining could take growth from the projected 4.8 percent to 6.9 percent by 2025. See World Bank, “Afghanistan, From Transition to Transformation II,” Senior Officials Meeting, Kabul, July 2, 2013.

19. The U.S. government identified slow development of extractives and less than projected revenues as a strategic risk to implementation of its strategy in Afghanistan. See Embassy of the United States of America, Kabul, and U.S. Forces, Afghanistan, "US Civil-Military Strategic Framework for Afghanistan," revision 1, Kabul, October 12, 2012.
20. Afghanistan, however, does have experience with extracting substantial volumes of natural gas and, to a lesser extent, oil.
21. Operations at Mes Aynak have yet to commence, despite being contracted in May 2008 between the Afghan government and a Chinese consortium of the MCC and Jiangxi Copper Company. Delays are attributed in part to slow progress in resettlement and dissatisfaction from affected communities, as well as to renegotiation of elements of the contract. See Global Witness, "Copper-Bottomed: Bolstering the Aynak Contract. Afghanistan's First Major Mining Deal," London, November 2012.
22. See M. DuPee, "Afghanistan's Conflict Minerals: The Crime-State-Insurgent Nexus," Combating Terrorism Center Sentinel, February 16, 2012, available at <http://www.ctc.usma.edu/posts/afghanistans-conflict-minerals-the-crime-state-insurgent-nexus> (accessed September 16, 2013).
23. DuPee, "Conflict Minerals."
24. Global Witness, "Copper-Bottomed."
25. R. Sexton, "Natural Resources and Conflict in Afghanistan: Seven Case Studies, Major Trends, and Implications for the Transition," *Afghanistan Watch*, July 2012, available at http://www.watchafghanistan.org/files/Natural_Resources_and_Conflict_in_Afghanistan/Natural_Resources_and_Conflict_in_Afghanistan_Full_Report_English.pdf (accessed September 16, 2013).
26. Sexton, "Natural Resources," and Integrity Watch Afghanistan, "Socioeconomic Baseline-Hajigak," unpublished report, forthcoming (draft on file with author).
27. The coal that is mined in Bamyan is intended to fuel the power plant required for the exploitation of Aynak.
28. "Delays at Chinese Run Afghan Mines Raise Security Fears," *Wall Street Journal*, December 14, 2012, available at <http://online.wsj.com/article/SB10001424127887323330604578143251594500058.html> (accessed September 16, 2013).
29. The U.S. civil-military framework for Afghanistan notes that the security foundation of the framework will focus support for Afghan counternarcotics efforts to "bolster security and deprive the insurgency of resources." Reducing armed illegal actors' control over minerals would complement efforts to stem access to other illicit economies. See U.S. Embassy and U.S. Forces, "US Civil-Military Strategic Framework," 2.
30. Afghanistan joined the EITI in 2010. The initiative aims to ensure transparency and accountability during mineral exploitation, specifically regarding revenue generation.
31. See also W. Byrd, "Political Economy and Conflict Dimensions of Afghanistan's Mineral Resources: A Preliminary Exploration," USIP Peace Brief, December 2012, available at <http://www.usip.org/files/resources/PB-137.pdf> (accessed September 16, 2013).
32. See, e.g., K. Schock, "A Conjectural Model of Political Conflict: The Impact of Political Opportunities on the Relationship between Economic Inequalities and Violent Political Conflict," *Journal of Conflict Resolution*, 40, no. 1 (March 1996), 98–133, and F. Stewart, "A Review of CRISE Findings on A Background Note for the World Development Report 2011," World Bank, Washington, DC, 2011.
33. UN Development Programme (UNDP), *Governance for Peace: Securing the Social Contract* (Geneva: UNDP, 2012); World Bank, *World Development Report 2011: Conflict, Security and Development* (Washington, DC: World Bank, 2012).
34. Freedom House, "Freedom in the World."
35. Regular attacks take place against government officials at all levels, including assassination attempts on the president. Freedom House notes that high-level victims of attacks in 2011 included the provincial council chairman, deputy governor, mayor, and provincial police chief of Kandahar; the former governor of Uruzgan; the police chief for a nine-province zone in the north; and the chief peace negotiator, a former president. See Freedom House, "Freedom in the World."
36. U.S. Embassy and U.S. Forces, "UN Civil-Military Strategic Framework," 11
37. C. Wadham, "Managing Afghanistan's Political Transition between Now and 2014," Center for American Progress, January 7, 2012, available at <http://www.americanprogress.org/issues/security/news/2013/01/07/49079/managing-the-political-transition-between-now-and-2014/> (accessed September 16, 2013).
38. This section of the report draws from the Corporate Engagement Project of CDA, "Community-Based Monitoring of Extractives in Afghanistan: Position Paper," written for a USIP technical workshop, Dubai, March 13–15, 2011.
39. This diagram draws on social accountability models developed by the UNDP, the World Bank, and others to illustrate the way in which, in the absence of effective state governance institutions, the roles of private actors such as mining companies can become distorted, further undermining state legitimacy. See UNDP, "Fostering Social Accountability. From Principles to Practice: A Guidance Note," Oslo, August 2010, and World Bank, "Making Services Work for Poor People," in *World Development Report 2004* (Washington, DC: World Bank, 2004).
40. Afghanistan has already witnessed this type of role distortion because of the high volumes of aid.
41. See Islamic Republic of Afghanistan Mineral Tenders, "Frequently Asked Questions," available at <http://www.afghanmineraltenders.com/frequently-asked-questions/> (accessed September 16, 2013).

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42. Boege and Franks, "Re-Opening and Developing Mines."
43. Ashraf Ghani and Clare Lockhart stated in 2008 that "the central question of sustainable development is going to be finding a balance between the state, the market and civil society." This is even more true today given the role the extractive industry can play in both economic development and violent conflict. See A. Ghani and C. Lockhart, *Fixing Failed States: A Framework for Rebuilding a Fractured World* (New York: Oxford University Press, 2008).
44. See, e.g., A. Giustozzi, "Justice and State-Building in Afghanistan: State vs. Society vs. Taliban," Occasional Paper no. 16, Asia Foundation, August 2012, available at <http://asiafoundation.org/resources/pdfs/FNLjusticechapterOccasionalPaper16Aug21.pdf> (accessed September 16, 2013).
45. An active and organized civil society often indicates a functioning and democratic state, yet also requires adequate space and resources to hold government to account. High-volume aid environments tend to significantly affect the growth and direction of civil society, often driven by donor interests rather than legitimate representation of a grassroots constituency.
46. World Bank, *Afghanistan in Transition*.
47. F. Z. Brown, "The U.S. Surge and Local Governance: Lessons for Transition," Special Report no. 316, U.S. Institute of Peace, Washington, DC, September 2012.
48. See, e.g., S. Q. Sinha, "Traditional Dispute Resolution and Afghanistan's Women," Peace Brief no. 117, U.S. Institute of Peace, Washington, DC, December 2011, and N. Coburn, "Informal Justice and the International Community in Afghanistan," Peaceworks no. 84, U.S. Institute of Peace, Washington, DC, April 2013.
49. Boege and Franks, "Re-Opening and Developing Mines."
50. Afghan civil society organizations identified this gap in attention by the international community and the Afghan administration during the EITI multistakeholder dialogue in Kabul in 2011, as did several mining communities interviewed by a USIP project partner between 2008 and 2010. During this time, community uncertainties and misconceptions were already contributing to mistrust and simmering hostility toward both the government and the mining company that had recently been awarded the Aynak contract.
51. The UN Interagency Framework Team for Preventative Action identified six drivers of extractive industry conflict. Two of these are excessive effect on the economy, society, and environment, and poor engagement of communities and stakeholders. See Alex Grzybowski, "Toolkit and Guidance for Preventing and Managing Land Natural Resources Conflict," United Nations Interagency Framework Team for Preventative Action, New York, 2012, available at http://postconflict.unep.ch/publications/GN_Extractive_Consultation.pdf (accessed September 16, 2013).

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