POLITICAL AND ECONOMIC DYNAMICS OF HERAT

Jolyon Leslie

UNITED STATES INSTITUTE OF PEACE
About the Report
Building on a broader program of study by the United States Institute of Peace (USIP) on the intersection of political, economic, and conflict dynamics in Afghanistan, this report examines the political economy of Herat Province and its capital city. It both identifies trends over the past decade that have affected many major Afghan cities and examines Herat’s unique context as an international trading hub on Afghanistan’s western border. Field research was conducted in Herat between April and September 2014 with assistance from Rafi Rahmani and Khalil Islamzada.

About the Author
Trained as an architect, Jolyon Leslie worked in the Middle East before moving to Afghanistan in 1989, where he has since lived, working for the United Nations, nongovernmental organizations, and the government, as well as undertaking research. He is the coauthor with Chris Johnson of Afghanistan: The Mirage of Peace—an examination of the political transition—and is currently researching Kabul’s development through history.

Cover photo: Street market for vegetables near Darb al Malik in the old city of Herat, with the minarets of the main congregational mosque in the background. TOC photo: View to the north-west over the rooftops of a residential neighbourhood of Herat, with the minarets of the complex and the mausoleum of Gawharshad (which date from the 15th century) behind. Photos by Jolyon Leslie.

The views expressed in this report are those of the author alone. They do not necessarily reflect the views of the United States Institute of Peace.

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Herat’s impressive economic growth over the past decade, as elsewhere in Afghanistan, has slowed in the wake of the postelection political impasse and continued insecurity. The province is a key trading hub, and its recovery is inextricably linked to that of the national economy, which remains fragile.
Summary

- Herat’s impressive economic growth over the past decade, as elsewhere in Afghanistan, has slowed in the wake of the postelection political impasse and continued insecurity. The province is a key trading hub, and its recovery is inextricably linked to that of the national economy, which remains fragile.

- Herat’s full potential will remain out of reach until provincial governance undergoes reform. Greater delegation of authority by the central government to provinces such as Herat might encourage citizens to engage more in the political process so that their interests are better reflected in national policies and investment priorities.

- Concerted political will in Herat and Kabul are critical both to deterring local power brokers from continuing to use local government institutions as a platform for patronage and to eliminating the corruption that permeates the provincial administration and saps its effectiveness.

- Official systems of urban planning and management, judging by the haphazard growth under way, are inadequate in addressing the rapid urbanization in Herat and other cities. Failure to formulate a coherent national urban strategy and a regulatory framework that responds to this phenomenon could jeopardize the contribution that urban centers could make to national economic growth and development.

- The drawdown of foreign military contingents and reduction in external aid has, given the limited scale of investments, had less of an impact in Herat than in other areas of the country but risks compounding the problem of unemployment and possibly affecting access to public services in the short term.
Introduction

The city of Herat today illustrates in equal measure the dynamism and the fragility of Afghanistan’s provincial centers. On the one hand, the business acumen and aspirations of the local population have contributed to a process of recovery that puts Herat in the vanguard of the country’s economic and social development. On the other hand, like certain other parts of the country, Herat remains hostage to the culture of patronage and corruption that prevailed after 1992 and continues to afflict political and business life in the province (see map 1).

Map 1. Herat Provincial Map

This report examines a key provincial center at a time when the nature of the international community’s engagement in Afghanistan is changing. What emerges is a mixed picture: Many people’s lives have changed for the better even though the way in which they are governed does not seem to be keeping pace with their aspirations, especially among the young. Although arguably more effective than that of other provinces, the local government in Herat in many ways seems rooted in the past—with Kabul still calling many of the shots and local officials seeing it as their duty to primarily serve the interests of a small elite.
As in other Afghan cities, private investment has transformed Herat’s urban landscape, which has become increasingly cosmopolitan in the past decade with the return of refugees and internal migration. The uncontrolled urbanization taking place to accommodate the fast-growing population, however, is unsustainable and requires an effective strategy to guide development. Existing procedures for urban planning are unfit for purpose, and processes of regulation are ineffective, as the spread of informal satellite towns illustrates. As things stand, urban management seems to serve the interests of developers more than those of the wider population.

Investment in industry and real estate in Herat, which the press often portrays as the powerhouse of the Afghan economy, has been significant. The potential of the province was set out in an ambitious strategy for economic development prepared by a group of local professionals in 2011. Herat’s historic role as a trade hub persists, and a significant proportion of imports destined for elsewhere in the country transits its customs house, generating considerable revenue for the national budget. Despite this link to the central government, the attitude of the local business community remains generally insular, many regarding Kabul with a mix of condescension and mistrust. The postelection impasse in Kabul in 2014 had a serious economic impact on Herat and deepened the sense of marginalization. Yet the tendency to blame Kabul for the host of challenges Herat faces—from insecurity to corruption—rings hollow without any willingness to engage more actively on the national level to promote the interests of the western region. As things stand, elected members of parliament and civil servants from Herat assigned to Kabul tend to pursue personal agendas rather than the interests of the province.

Against a backdrop of an ambitious subnational governance policy, progress on provincial government reform has been limited, patronage and misuse of public funds posing as much of a challenge as lack of funding or purported lack of capacity. In large part, this is due to government and aid agency focus on technical quick fixes rather than on concerted and sustained political action to address the grip that certain power brokers continue to wield over the local administration. Support for a more effective approach will be a key test of the administration in Kabul, which will find considerable support among the Herat public for a more robust approach to reform.

Access to public services in Herat is better than in some other provinces, but serious local concerns remain about quality, particularly about health care and education. The corporatization of service providers, such as the water utility, demonstrates how more effective management can improve performance and build public confidence, even if financial sustainability is not yet achieved.

External assistance is a relatively modest component in Herat’s economy, so a reduction in aid may have a less dramatic effect than in other parts of the country. On the other hand, loss of employment as a result of fewer internationally funded contracts, along with reduced private sector investments, is affecting the livelihoods of the many urban residents and has the potential to become a focus of discontent if not properly addressed.

Deteriorating security adds a sense of immediacy to the vulnerability the people of Herat feel. The scaled back international support for Afghan forces has enabled armed groups and criminal elements to assert themselves, adding to the anxiety in a population that in recent years has seen on a regular basis kidnappings and murders in which it is widely believed that elements of the security forces are complicit. As they have done in the past, local power brokers seem to be exploiting this climate of fear for their own ends. The agreement on a national unity government reached in Kabul may go some way toward restoring public confidence, but the prospect of a constitutional loya jirga and elections to district councils seems to have spawned new uncertainties.
Population and Urban Development

The significant numbers of returning refugees and internal migrants have social and economic implications for Herat, as does the manner in which urban growth continues to be shaped by local politics.

The development of urban areas in Herat was confined to within the city’s historic defensive walls until the 1940s, when suburbs were laid out to the north and east, following a plan prepared by a German university (Technische Universität Braunschweig) in 1936. This was a time of significant public investment, under Governor Abdullah Malikyar, and the city continued to grow apace until 1979, when the population was reported to be 140,000.¹

A subsequent master plan, drawn up in 1963 by the Central Authority for Housing and Town Planning in Kabul, envisaged a fourfold increase in the size of Herat and provided for expansion on three sides of the historic core and construction of a perimeter ring road. However, none of this was realized, and, as in other Afghan cities, growth is largely ad hoc rather than according to the official master plan (see map 2). Development continued primarily to the north of the city until the March 1979 uprising, which affected the growth and the demography of Herat as western neighborhoods, and peri-urban villages were infiltrated by resistance fighters (mujahideen). The ensuing conflict saw significant numbers of urban communities displaced; some resettled in government-controlled areas further east, but most fled to Iran.

Map 2. Phases of Urban Growth in Herat

Legend:

- Historic Core
- Up to 1938
- Up to 1964
- Up to 1978
- Up to 2000
- After 2000

Source: Prepared by Timor Qayoomi
Because investments were confined to safer northern and eastern districts of the city, a distorted pattern of urbanization prevailed until the fall of the Najibullah government in Kabul in 1992, after which the mujahideen occupied Herat, where the extent of resettlement or investment in reconstruction remained limited. The growth that occurred between 1992 and 1994 was largely ad hoc given that the reach of the central government barely extended beyond Kabul. Following the Taliban’s occupation of Herat in 1994, public or private investment in the city was negligible until they were overthrown in late 2001.

**Ethnic Transformation**

The official population of Herat Province as a whole was 1,871,000 in 2011–12, of which more than a quarter lived in urban areas, reflecting the rapid rate of urbanization in the country. The legacy of conflict continued to affect Herat’s recovery until 2006, when the urban population was estimated at 250,000, but a combination of natural population growth, return of refugees, migration, and displacement caused that figure to double by 2011 (see table 1).

<table>
<thead>
<tr>
<th></th>
<th>1979</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>National urban</td>
<td>1,963,000</td>
<td>4,759,000</td>
<td>24,988,000</td>
</tr>
<tr>
<td>Percentage urban to total, national</td>
<td>15</td>
<td>22</td>
<td>24</td>
</tr>
<tr>
<td>Herat provincial</td>
<td>793,000</td>
<td>1,545,000</td>
<td>1,871,000</td>
</tr>
<tr>
<td>Herat urban</td>
<td>140,000</td>
<td>250,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Percentage urban to total, province</td>
<td>18</td>
<td>16</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Central Statistics Office

Given that nearly three-quarters of Herat’s residents are younger than twenty-six, levels of natural population growth are high, and the number of urban inhabitants is expected to more than double in twenty years to 1.14 million.

Historically, Herat city has been a Tajik-dominated enclave in a Pashtun-majority province that includes sizeable Hazara and Aimaq minorities. Nearly a third of the Afghan population has moved within the country during their lifetimes, however, and Herat’s ethnic configuration is changing as well. Some consider the resulting demographic diversity a positive phenomenon, though derogatory comments are not uncommon about outsiders, who are blamed for social tensions. In some cases, ethnic groups tend to inhabit specific quarters for ease of social interaction and, when required, to offer mutual protection. As in some other urban centers, the degree of ethnic segregation in Herat today is pronounced, and neighborhoods like Jebrael (west of the city) are now home to a minority population of some sixty thousand, predominantly Hazaras, whose cause was championed by Sayed Hussain Anwari during his tenure as governor of Herat between 2006 and 2008. The long-term implications of such ethnic enclaves are unclear, but such segregation could in time heighten the contest over space and services.

As was true of Afghan migrant workers who flocked to Iran during the 1970s oil boom and back afterward, the more recent returnees from Iran have had a significant economic and social impact on Herat and the region. While in exile, Afghans generally benefited from better education and health care or gained skills they then brought back home, where they...
made investments and are thought to generally enjoy (at least in urban centers) higher average incomes than the wider population—though this differential may have narrowed over time. Not all returnee communities have done well, however: Many who did not originate from the province, for example, have not prospered in an environment where they lack assets and established social networks. Some observers believe that returnees have helped foster an open-mindedness and acceptance of ethnic or religious differences, but others resent what they perceive to be a promotion of Iranian values. Just under a million Afghan refugees remain in Iran, along with perhaps another million migrant workers (only a fraction of whom are legal), which suggests the likelihood of cross-border social interaction for the foreseeable future.

Along with other urban centers, Herat continues to absorb migrants from within the province and from farther afield in Afghanistan. Those who resettle from other provinces come in search of security, services, livelihoods, or business opportunities or are displaced due to conflict, drought, or poverty. Since the 1990s, the most vulnerable displaced families have settled on vacant government or private land, though the extent of this squatting is far less than in many other urban centers. All but a handful of internally displaced persons’ (IDP) settlements in Herat have been removed or regularized; the largest remaining enclave at Maslakh extends for 264 hectares and is home to at least eighteen thousand people. Efforts are being made to integrate the residents—nearly half of whom were born in the settlement—by providing a limited form of title rights to occupied land and basic services yet allowing for densification to absorb new arrivals. The ability of other displaced communities, such as those at Shaida'e to the east of the city, to resist efforts by the municipality to relocate them sheds light on how “street power” can at times prevail even among the vulnerable. Whatever influence some of them might have, displaced households in Herat rely primarily on daily wage labor for their livelihoods and, as competition for employment intensifies, may struggle to survive.

**Current Landscape**

The footprint of Herat city, which now extends for nearly 4,200 hectares (approximately 42 square kilometers), has absorbed previously rural settlements and agricultural land. Most of the expansion since 2002 has been in the west and northwest, the density of settlement in central neighborhoods increasing to the extent that as many as two hundred inhabitants per hectare are now reported as living in some quarters in the old city. The average urban density is a relatively high eighty-five inhabitants per hectare, but newer areas are inhabited by between fifty and seventy-five inhabitants per hectare. Recent studies suggest that no more than 175,000 additional residents can realistically be absorbed into the existing urban fabric without additional or higher-density development, indicating that alternative strategies will need to be found for continued expansion.

Nearly two-thirds of surveyed residential buildings in Herat have been erected in the last decade, and one in five has been substantially altered or extended in that time, illustrating the level of recent investment in urban real estate. Attracted by the healthy returns that could be made on speculative construction, most of Herat’s business community has significant stakes in urban real estate. Following the 2004 to 2008 property boom, values flattened out significantly and by 2011 began to fall as demand slowed. As a result, new construction in the city is said to have decreased by two-thirds in 2014, when prices for city-center real estate dropped by 20 to 30 percent and properties elsewhere dropped by more than 50 percent. Dealers now report that little property is changing hands and that demand for premises on the perimeter is nonexistent because security there is deemed poor. In Herat, as elsewhere, some of those who invested in speculative property face substantial financial losses. Those able to wait out the

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slump may be investing the proceeds from the narcotics industry, details of which are impossible to establish. In the words of an Afghan economist in Herat, “As our key national export, narcotics are a vital stabilizing factor in the value of the Afghani…creating an economic stability that, although false, we disrupt at our peril.”

Compared with other Afghan cities, Herat is unusual both in how little squatting by homeless families on public or private land has taken place and for the relatively high proportion of residential owner-occupiers. In a context where most urban construction does not conform to the official master plan, the landscape in Herat city remains tightly regulated. Rather than municipal officials, however, it is members of the business community who informally call the shots on urban development. Local officials also report that developers have presented them with waivers issued by senior politicians in Kabul, whose authority they do not feel able to question. Formal regulations remain weak, however, and tend to be ignored by developers who see them as standing in the way of their commercial interests.

The absence of a clear strategy for urban growth is cause for concern among professionals in Herat. The Ministry of Urban Development in Kabul is responsible both for developing national urban policy and preparing master plans but has neither the capacity nor the baseline information essential for effective planning. Instead, the ministry issues diagrammatic urban designs that, being detached from reality, are of little use to those trying to manage urban growth. To address this situation, a collaboration between the universities of Herat and Florence (Italy) in 2010 and 2011 led to the Herat strategic master plan that, based on a comprehensive analysis of the situation in the city, made a number of recommendations for managing future urban growth. This initiative seems to have been perceived initially by planners in Kabul as a threat, and it took more than a year and a half for the plan to be approved—an example of how institutional politics within central government can at times trump local initiatives. According to one of those involved in the master plan exercise, the delay in its formal approval enabled developers in Herat to continue to build at will—while paying off municipal staff to turn a blind eye to their activities.

Politics and Property

Since the “liberation” in 1992 by the mujahideen of Afghanistan’s cities, which had in the preceding fourteen years become enclaves controlled by the Soviet-backed regime, the urban landscape has been an arena of intense contest. In Herat, this has revolved primarily around the control of urban property that until very recently has steadily increased in value. Some of the property confiscated after 1978 by the leftist regime from absentee owners was in turn redistributed among the victorious mujahideen as a form of booty, and others took advantage of the confusion to forge title deeds and claim ownership. Property-owning families, many of whom live in the diaspora, were powerless to protect their land, homes, and commercial buildings in the face of outright theft and fraud. To a large extent, the pattern of property ownership in Herat today reflects the post-2001 distribution of political and economic power in the city.

As in other cities, the occupation in Herat of both public and private property by powerful individuals with evident impunity undermines the credibility of local and central government. After years of hand-wringing by senior officials in Kabul who seemed unwilling to act, a parliamentary commission—on which Herat member of parliament (MP) Mohammad Saleh Saljoqi sat—was set up in late 2012 and found evidence of widespread land-grabbing by power brokers, officials, and others, but few names were made public and few prosecutions brought. Instead, allies of those cited as land-grabbers criticized the media for defaming the reputation of “popular and honest” mujahideen.
Another dimension of the contest over Herat’s urban landscape is religion. Migration has brought both significant changes in the size of certain religious groups and intense rivalries in some neighborhoods. In recent years, this has played out in the old city, where an Iranian-funded Shia seminary complex has steadily expanded to swallow up adjoining historic buildings as study rooms and prayer halls are added and at whose center now rises a massive concrete dome. Not to be outdone, a wealthy Sunni businessman tore down a traditional neighborhood mosque nearby and replaced it with a huge madrasa-cum-shopping center with an even larger concrete dome, laying waste to yet more of the historic fabric of this part of the city (see box 1).

Box 1. Destruction of an Architectural Heritage

Most Heratis are proud of their rich history and cultural heritage. Not only did many iconic monuments survive, but the old city was also one of few extant examples in the region of traditional urban fabric. In recent years, however, this fabric has been irrevocably transformed by the demolition of important historic property to make way for new commercial development. In the face of international pressure to do more to safeguard the old city, the Herat authorities signed an agreement in 2006 to impose stricter controls. This agreement, however, has had little impact on the pace of destruction. The authorities have failed to take effective action but continue to ask donors for funds to safeguard their built heritage, and it has been left to international organizations to undertake restoration and upgrading. With the traditional fabric in the old city fast being replaced by modern concrete structures, the next generation of Heratis may have little of their built heritage of which to be proud.

Satellite Townships

The 2013 Herat Strategic Master Plan proposes a series of three satellite towns to absorb the growing urban population, far enough away to be autonomous but encroaching only minimally on agricultural land (see map 3). Part of a long-term strategy for the city’s growth, these proposed satellite towns are distinct from the residential enclaves (shahrak) that have developed around Herat in recent years. Among these is the Shahr-e Malemeen, a government project to provide housing for teachers. The majority of shahrak, however, are speculative commercial ventures with investments by local businessmen, including Haji Yasin, who is reportedly a partner with the Qatali family in several large developments, including Shahr-e Aria and Shahrak Kahdestani, south of Shaida’e.

Whoever is investing in these shahrak, the legality of all but a handful of them is questionable. In 2013, an internal report by the Department of Urban Development Affairs in Herat identified twenty-five shahrak that had been surveyed of which only two had the requisite permissions. It is not clear from the report neither why such extensive development—the largest extends more than 900 hectares—had not been detected or regulated nor why it was impossible to identify the developers. The report does, however, highlight how in some cases permits for projects had been obtained from the Ministry of Urban Development Affairs in Kabul but even then the developers failed to conform to whatever provisions applied and erected buildings at a higher density or failed to invest adequately in infrastructure for the township. In other cases, developers are said to portray private townships as what they call growing villages, obviating the need for formal permission. Whatever tactics developers use, it is widely believed that officials in Kabul and Herat are paid off to ensure that they do not interfere in the establishment of more shahrak around the city.
Economy

Herat is routinely portrayed as an economic powerhouse but has, along with other provinces, seen a significant slowdown in the wake of the postelection political impasse and reduced international investments, both through assistance programs and by foreign military forces.

The potential for economic development was set out in a study commissioned in 2011 by then governor Daoud Sabah, suggesting that streamlining administrative systems and improving infrastructure could as much as double the province’s current $1.2 billion in annual output to $2.4 billion and generate more than a half a million jobs, primarily in agriculture, mining, and light industry. Such a prospect is clearly quite ambitious in the current circumstances, where political uncertainty and insecurity have eroded the confidence of the business community and where there is little to show for the reforms that have been attempted.

Herat Province’s annual output in 2011 was estimated at $1.2 billion (some 7 percent of the national total)—$325 million in agriculture, $465 million in the service sector, and $425 million in industrial enterprises (including mining). As is true elsewhere in the country, however,
Herat’s economy is affected by insecurity and—of late—political uncertainty. In the context of a slowdown in national economic growth from 14.4 percent in 2012 to 3.6 percent in 2013, private investment in Herat has dropped markedly. This is manifest in the many incomplete construction sites in the city, whose returns are now expected to be meager. As a real estate agent explained, “There’s no money to be made in construction—anyone who wants a return is putting their money into goods, which can be stored or sold.” Herat’s business community, for which the dividends of the foreign military presence or aid are less significant than elsewhere, is for the time being hedging bets, which has a negative impact on both trade and employment.

About 30 percent of the provincial output is derived from agriculture, but the sector employs some 70 percent of the working population. One of twelve Afghan provinces that maintains a wheat surplus, Herat also cultivates crops such as pulses, oil seeds, and vegetables—and saffron is growing in importance. Key to the agricultural prosperity is the Hari Rud River, which rises in Ghor Province to the east and flows across Herat Province to form part of the frontier with Iran. Only 40 percent of the river’s flow (and 25 percent of ground water) is used within Afghan territory, indicating the possibility of further water resources development. The ongoing Salma and Pashdan projects could help realize this potential by together improving irrigation to 42,000 hectares of existing agriculture and enabling an additional 40,000 hectares to be irrigated and 44 megawatts of hydropower to be generated.

Given the considerable agricultural infrastructure in place, the sector has the potential to add up to $125 million in annual output over the next ten years. Agricultural produce and food to the value of some $285 million was imported through Herat (mainly from Iran) between 2009 and 2011 alone, leaving scope for import substitution if local production could be enhanced. There is no shortage of entrepreneurial skills in Herat’s private sector to achieve this were appropriate policies in place to encourage investment.

In terms of value, the most important licit exports through Herat are carpets, dried fruits, animal skins, and wool. Some $30 million of Afghan goods were reported by the Herat customs house to have been exported in 2011, primarily to Iran, though Turkey and the United Arab Emirates are increasingly important. As well as bureaucratic obstacles, lack of investments in infrastructure and production facilities—such as for processing saffron—seem to be the primary constraints to the expansion of exports, which have fluctuated significantly in value in recent years (see table 2).

Table 2. Afghan Exports Through Herat Customs House (US$ millions)

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<tr>
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<tbody>
<tr>
<td>Iran</td>
<td>32</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>Turkey</td>
<td>35</td>
<td>11</td>
<td>29</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>6</td>
<td>3</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Afghanistan Statistical Yearbook 2012–2013

**Iran and Turkmenistan**

Herat’s history is entwined with that of Iran, and Iran continues to exert its influence over western Afghanistan. Up to one in four of the urban population are now Shia Hazara, many of whom spent time in exile in Iran, where they were exposed to specific religious and cultural values that some continue to espouse on their return. Many of Herat’s residents avail themselves of the material benefits that their more advanced neighbor offers in terms of health care,
higher education, and business opportunities, but others are open in their ambivalence toward Iran’s influence in the social, economic, and religious life of Herat.

Reports of the scale of bilateral trade between Iran and Afghanistan differ widely, but it is generally agreed that the flow is firmly in Tehran’s favor (see table 3).39

Table 3. Value of Trade Between Afghanistan and Iran (US$ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003–04</td>
<td>108</td>
<td>2</td>
</tr>
<tr>
<td>2004–05</td>
<td>123</td>
<td>4</td>
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<tr>
<td>2005–06</td>
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<td>2006–07</td>
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<td>2010–11</td>
<td>386</td>
<td>32</td>
</tr>
<tr>
<td>2011–12</td>
<td>582</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Central Statistics Office, Herat 2014

Iran has in recent years created what is in effect an economic buffer zone in western Afghanistan. Previously perceived as a poor neighbor, the Herat region is now a useful source of foreign exchange at a time when Iran’s opportunities for trade are constrained by international sanctions.40 In this context, the agreement signed in 2011 to supply Afghanistan with a million tons of Iranian fuel annually, mostly shipped through Islam Qala, takes on new significance and creates dependence; when shipments were halted in 2011, in part on the basis of Iranian suspicions that fuel was being supplied to the U.S. military, fuel prices in Herat reportedly increased by 60 percent overnight.

The economic interdependence has been further cemented by a bilateral agreement providing preferential tariffs for Afghan goods shipped through the port of Chabahar, development of which has been partly funded by India. This has been complemented with Iranian investments in road links to the Persian Gulf and a planned 176-kilometer railway linking Khaf to Herat. The rail link is important also for India, which needs a route to transport iron ore from the Hajigak mine in central Afghanistan and to gain access to central Asian markets.

Iran is also active in providing development assistance to Afghanistan, having between 2002 and 2011 reportedly invested nearly $370 million, primarily on infrastructure, of an overall pledge of $560 million.41 In addition to improved road and rail links inside Iran, investments were made in 2004 in upgrading the road between Herat and Islam Qala, construction of the northern section of the ring road east of Herat toward Maimana, and in power transmission lines between Torbat–e Jam in Iran and Herat. In 2012, two thousand private Iranian firms were reportedly operating in Afghanistan, implementing projects with an overall value of $360 million.42 A memorandum of agreement between the Herat Chamber of Commerce and Iranian investors provides for technical assistance and machinery for the mining sector, including the Pahlavan coal mine, as well as rehabilitation of the 1980s Czech-built cement factory west of Herat.43
Some in Herat see Iran's involvement in the education and the media as a way to promote its ideological and religious objectives. Support is reportedly provided to media outlets in Herat and elsewhere that promote a Shia perspective—including Tamadon TV (established by Shia cleric Ayatollah Mohseni), Noor TV, and the weekly newspaper Ensaf. The experience of Ali Asghar Yaghobi—a local radio presenter who questioned on-air the conservative influence of Iran, was shot on his way to work in February 2013, and subsequently fled the country—suggests a limited tolerance of those who question the collaboration. On the other hand, some consider Iran's role beneficial, especially those who receive humanitarian assistance, those who pray at Iranian-funded mosques or study at religious seminaries—such as the huge Sadeqiyah complex—and those who accept scholarships to study in Iran. It is also widely believed that Iran has funded certain provincial council and parliamentary candidates.

Iran's engagement in trade and rehabilitation is linked to its wider strategic interests, which remain centered on promoting stability in Afghanistan, combatting trafficking of narcotics (35 percent of Afghan heroin is consumed in or transits through Iran), encouraging the return of Afghan refugees, and ensuring a more orderly system of labor migration. The reduction in numbers of U.S. forces along the Afghan-Iranian border may help ease tensions, but concerns remain that the Shindand air base south of Herat might continue to be used for CIA drone flights. Also of concern is the Indian-funded construction of the Salma dam southeast of Herat, which has been beset by insecurity in which Iran is widely believed to have a hand, given that it affects downstream flows into Iran's territory.

The scale of imports from Turkmenistan is fairly modest, valued at only $76 million in 2011, but the supply of electricity by the state-run utility TurkmenEnergo is critical for Herat (20 megawatts are imported annually). In 2007, a two-kilometer stretch of cross-border railway between Kushk and Turgundi was put back in service by the Turkmen authorities and has the potential to boost trade. It remains to be seen what the economic implications might be for Herat—if the project is ever realized—of the proposed TAPI gas pipeline project linking Turkmenistan, Afghanistan, Pakistan, and India.

Local Interests

The business community in Herat has long shaped local politics. During his periods of rule, for example, the mujahideen leader-turned-politician Ismail Khan actively promoted the commercial interests of his protégés. Many of today's prominent political figures, whether ex-mujahideen figures, MPs, or members of the provincial council, thus have significant interests in trade, manufacturing, and services. Some businessmen from Herat, on the other hand, steer clear of local politics to the extent possible and instead maintain networks in Kabul through which to pursue their interests.

Trade

Given that more than a billion dollars' worth of goods (22 percent of the national total) are imported annually through Herat, trade is a key component of the local economy. Disaggregated information on the types and volume of commercial commodities imported through Islam Qala is unavailable (customs officials claim it is classified), but national figures suggest that fuel is the single most valuable import, followed by foodstuffs, machinery, construction materials, and vehicles. It is difficult to determine from the declared data what volume of goods are destined for Herat and what is transshipped elsewhere in Afghanistan. What is clear is that the import of legal commodities (especially vehicles) in some cases makes use of the proceeds of
illicit export of narcotics, which in 2005 allegedly accounted for 30 percent of funds transferred through the informal money market in Herat (see box 2).  

Acknowledging the importance of trade through Herat in the national economy, then candidate Ashraf Ghani promised at an election rally in March 2014 to construct a trade port on the frontier with Turkmenistan and to transform Herat airport into “a hub for international trade and transit.” As the Afghan economy stagnates, however, and demand for imported goods lessens, it is likely that the volume of trade will decrease significantly. If it does, it will without question have a negative impact on employment and services in Herat.

Box 2. The Dark Side of Cross-Border Trade

In late 2013, a controversy regarding the illegal import of adulterated fuel oil through Herat shed some light on the murky reality of Afghanistan’s public-private partnerships. In response to concerns about substandard fuel products being imported—some one hundred tankers crossing the frontier with Iran each day—the Herat provincial governor asked the International Security Assistance Force (ISAF) to carry out tests, which confirmed that some imports were indeed substandard. It was alleged that officials had been colluding with the company subcontracted by the Afghan National Standards Authority (ANSA) to carry out tests to allow inferior fuel to be imported and sold in the country. ANSA in turn claimed that an oil mafia operating in league with local politicians and officials had made the allegations of corruption after some of their trucks were refused entry at the frontier and an illegal facility for recycling used engine oil had been closed down. As with other scandals, allegations of corruption were met with counter-allegations, and the distinction between public and private interests seemed to be lost in the war of words.

Note: Based on, among other sources, “Cloud Over Oil Imports to Herat,” a report by Shoaib Tanha and Hamed Kohistani for Killid.

Among the key players in trade in Herat are the family of Sufi Qodus, who own and manage the Safi Group (headed by son Abdul Rahim Safi), which imports foodstuffs and construction materials from Iran and operates Safi Airways. The family are among those said to be less engaged in local politics, tending to rely instead on influence they can exert at the most senior levels in Kabul and abroad, particularly in the Gulf.

By contrast, the Qatali family has used its close connections to Ismail Khan—the scion, “General” Abdul Wahab Qatali, served as Khan’s chief of staff—to build the Faizi group of companies. Formed in 2003, the group, through Arya Security, has won lucrative contracts with NATO/ISAF to provide security for its convoys on the road to Qandahar, where they were able to operate long after the Afghan Public Protection Force was meant to assume this responsibility. The Faizi group also imports construction materials and foodstuffs, as well as providing transport services and vehicle leasing. In addition to their commercial clout, members of the Qatali family have entered politics. One of Abdul Wahab’s sons, Sayed Wahid Qatali, for example, until recently chaired the Herat Provincial Council and, it is reported, intends to stand in the parliamentary election in 2015.

Haji Esmatullah Wardak, whose family lives in Dubai, is a major player in the import of construction materials (through Herat Nut and Bolt Company) and owns a small steel mill (Kabul Folad). He acknowledges Ismail Khan’s role in ensuring stability but is said to no longer be part of Khan’s inner circle, though members of his family are apparently shareholders in Khan’s companies. He has been outspoken on what he claims is Kabul’s lack of effective support for the business community after delays in issuing visas for Turkish and Indian specialists involved in his enterprises. Among the lesser players in local trade, Farhad Majidi, an MP, and Haji Lal Mohammed Farahi are importers of LPG gas from Iran to Herat.
Industry

Since its establishment in Herat in 2006, the Afghanistan Investment Support Agency (AISA) reports having registered some two thousand companies. Of these companies, six hundred engaged in construction are said in 2012–13 to have invested more than $6 million; the seven hundred industrial and manufacturing enterprises, $13 million (a significantly higher proportion than investments in the sector nationally); and the just less than five hundred registered service providers, $3.5 million.

Since 2001, Herat has reportedly attracted $350 million in private investment for industry—more than any other Afghan city, according to AISA. The output of industrial concerns in the province in 2010 was reported to be $335 million, generating an estimated seventy thousand jobs in the sector. The highest-profile manufacturing initiative in Herat is the flagship industrial park set up in 2003 as a private initiative on 770 hectares of land south of the city. Comprising some two hundred enterprises that employed up to ten thousand people, their products range from food and beverages, plastic and rubber components, and construction materials, as well as assembly of motorbikes and cold storage facilities. One of the spin-offs from the industrial park has been a proliferation of residential townships nearby (Super Cola Town, Haji Zahir Plastic Town, and others) to house employees. Other than Haji Esmatullah Wardak, major investors in the industrial park include Ahmad Shah Faqiri (production of beverages) and Haji Shir (manufacturer of PVC pipes).

Despite the initial optimism surrounding the industrial park, several of the enterprises have struggled to survive, and only a third were reportedly operational by 2013. Some owners claim that locally manufactured products are being undercut by imports from Iran that enjoy preferential customs duties. Others have formed joint ventures with Iranian investors to import machinery and raw materials and provide technical and managerial expertise.

Along with other manufacturing enterprises such as Haji Abdullah Faizi’s health supply and pharmaceutical group Afghan Pharma and carpet weaving, industry has the potential to incrementally contribute $515 million to the Herat economy (40 percent of the provincial output) and to create an additional thirty-five thousand jobs over the next ten years, according to analysis undertaken in 2011.

Mining

Known mineral resources in Herat Province include coal, limestone, iron, lithium, barite, and marble, which have been exploited to varying degrees, with other mineralized areas still to be surveyed and assessed for their commercial potential. The current annual volume of production from mining in the province is presented in table 4.

<table>
<thead>
<tr>
<th>Resource</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gypsum</td>
<td>252,000 tons</td>
</tr>
<tr>
<td>Marble stone</td>
<td>53,000 tons (nineteen enterprises, mainly close to Chisht-e Sharif)</td>
</tr>
<tr>
<td>Limestone</td>
<td>2,400 tons (estimated reserves of one billion tons)</td>
</tr>
<tr>
<td>Coal</td>
<td>40,000 tons (20 percent of national production)</td>
</tr>
<tr>
<td>Building stone</td>
<td>30,000 cubic meters</td>
</tr>
<tr>
<td>Salt</td>
<td>22,000 tons</td>
</tr>
</tbody>
</table>

Source: Herat Strategic Plan 2011

Since 2001, Herat has reportedly attracted $350 million in private investment for industry—more than any other Afghan city, according to AISA.
The Afghan marble industry, which has grown significantly since 2008 and now is reportedly worth $105 million nationally (0.6 percent of the gross domestic product), generates $15 million in exports. It is believed that, with improved production methods, Afghan marble has the potential to earn up to $370 million in exports by 2016 but will struggle to compete in price with Pakistani marble, which presently meets 85 percent of Afghan demand.62

The principal source of marble in Herat Province is near Chisht-e Sharif, where nineteen registered mines operate with an annual turnover of some $4 million, generating around five thousand jobs, and are reported to have the potential to generate up to $30 million annually and generate eighteen hundred jobs.63 This output, however, would require major improvements in production methods and infrastructure, including a rail link to Iranian ports. Efforts have been made, with international support (specifically the U.S. Agency for International Development [USAID] and Italy through the Afghan Marble Association), to address critical technical and production challenges, but insecurity on the roads in the area remains a key constraint. To address this problem, marble-for-security deals have reportedly been struck with mine owners who provide marble to the government in exchange for security guarantees. Portrayed by NATO as a success story, these arrangements are reminiscent of how factions and militias predated on legitimate businesses during the 1990s to raise revenue either by requiring payments at check posts through which commodities had to pass or by extorting protection money from business owners to “maintain security.”64

The largest operator at Chisht, Equality Capital Management, attracted foreign capital to invest in machinery and technical assistance to improve the efficiency and quality of outputs, but in 2013, its joint owner sold his share in the company and emigrated in frustration at the bureaucracy and corruption.65 Two MPs from Herat, Farhad Majidi and Mohammed Reza Khushak (Watandost), both have interests in the marble industry. The latter was the subject of allegations in late 2013 of both failing to declare revenue from his mines and using destructive extraction methods.66

Other minerals in Herat that could be further exploited include coal, barite, gypsum, gold, copper, granite, oil and natural gas, tin lithium, and iron ore. None of these minerals, however, can realistically be exploited without better infrastructure—the current cost of transporting material to a seaport in Iran is $115 per ton (based on a calculation of 1,100 kilometers from Herat to the nearest seaport on the Persian Gulf), which is prohibitively expensive for any low-value commodity.67 Of more immediate viability is the extraction of limestone, which could supply the Ghori cement plant, now under rehabilitation by a consortium that includes the Safi Group and Iranian investors.

Service Sector
In response to demand from a fast-growing urban population, Herat’s major investors have in recent years tapped the service sector, primarily in logistics to complement their involvement in trade. Significant players in the logistics sector beyond those mentioned earlier are Basir Ahmad (Said Amani Company) and Haji Mohammad Jan (Arai Hamid Logistics Services).68

As elsewhere across Afghanistan, electricity in Herat is provided by a corporatized service utility, Da Afghanistan Breshna Sherkat (DABS), formed from a state monopoly. DABS manages distribution of electricity purchased from Iran (currently 80 megawatts and plans for 275 megawatts) and Turkmenistan (20 megawatts). In early 2013, it also took over three power plants built by Iran in Tarakhel, west of Herat city.69 The supply of electricity takes place on the basis of bilateral agreement between governments, but technical support and components are
also provided by Liberty Corporation (owned by the family of MP Nasir Ghoryani), which developed its business when Ghoryani’s brother was head of the Herat Power Department. The reported turnover in 2013 was $2 million.

Herat is one of the few cities in the country to have contracted private collection of solid waste. Afghan Tanzim Company employs 170 people, operates twenty-seven vehicles, and collects solid waste from 6,500 households in fifteen municipal districts on payment of a fee of 30 Afghanis per week. It is unclear whether the operation is regulated by the municipality or whether the contractor invests in the upkeep of the landfill where the waste is disposed. Another private contractor, under the supervision of the provincial Department of Public Health, collects and disposes of clinical waste from private clinics.

**Employment and Livelihoods**

An absence of reliable data makes an assessment of trends in employment in Afghanistan difficult. Estimates of total employment in Herat Province range from 400,000 to 580,000, nearly 26,000 of whom work in local government.70 As in other cities, the young age structure means that a relatively small number of people in the economically most productive age group (fifteen to sixty-four years) have to provide for a very large number of people in the dependent ages below fifteen years.71 This reality imposes a heavy burden on the working population, half of whom in Herat city are day laborers, with as many as three-quarters of urban households reliant on casual labor or clerical work for a primary livelihood (see tables 5 and 6).72 These households are particularly vulnerable to the vagaries of the labor market, in a context where they usually need cash to pay for housing and living expenses. This vulnerability is borne out by the fact that nearly six out of ten urban households across the country are indebted and bear twice the amount of debt than rural households.73 Informal employment is not only irregular but also provides low wages, requiring vulnerable households to engage more members in work to make up for a high degree of uncertainty.74

<table>
<thead>
<tr>
<th>Table 5. Working-Age Population by Labor Force Indicators (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Participation rate*</td>
</tr>
<tr>
<td>Proportion of working-age population employed</td>
</tr>
<tr>
<td>Underemployment rate</td>
</tr>
<tr>
<td>Unemployment rate</td>
</tr>
<tr>
<td>Not gainfully employed rate</td>
</tr>
</tbody>
</table>

Source: NRVA 2011–2012

* Proportion of the actual labor force in the working-age (fourteen +) population

Nearly six out of ten urban households across the country are indebted and bear twice the amount of debt than rural households.

The numbers of women and children from vulnerable families engaged in informal employment in Herat illustrates how they struggle to survive. Research in 2006 indicated that as many as one in four women in the surveyed vulnerable urban households worked, either in home-based production or as domestic help, even though the monetary returns were paltry.75 The proportion of women engaged in wage labor in Herat is higher than that recorded among urban communities elsewhere, where destitution also is not uncommon.
The official national unemployment rate is 8.2 percent. If the underemployed are taken into account, however, 18 percent of the urban population of working age can be considered unable to find adequate work.

### Table 6. Employed Population

<table>
<thead>
<tr>
<th></th>
<th>Herat</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day laborer</td>
<td>187,000 47%</td>
<td>1,279,000 19%</td>
</tr>
<tr>
<td>Salaried worker</td>
<td>31,000 8%</td>
<td>1,181,000 17%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>168,000 43%</td>
<td>3,013,000 46,000</td>
</tr>
<tr>
<td>Employer</td>
<td>1,000 0.3%</td>
<td>59,000 7%</td>
</tr>
<tr>
<td>Unpaid family worker</td>
<td>7,000 0.7%</td>
<td>832,000 11%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>394,000</strong></td>
<td><strong>6,364,000</strong></td>
</tr>
</tbody>
</table>

Source: NRVA 2011–2012

**Unemployment**

The official national unemployment rate is 8.2 percent. If the underemployed (who rely on several forms of employment for a livelihood) are taken into account, however, 18 percent of the urban population of working age can be considered unable to find adequate work. This information suggests—when applied to the urban population of working age in Herat, assuming that only a quarter of women might be actively seeking work—that some thirty thousand people may be in need of employment. Given fewer private investments and less external assistance, competition for jobs is likely to increase for the foreseeable future. Although it is difficult to draw a direct correlation, many Heratis attribute the rising levels of criminality, particularly petty theft, to the rising level of unemployment.

**Labor Migration**

Given the proximity to the frontier with Iran, many in Herat and neighboring provinces have sought opportunities as labor migrants, their remittances contributing to the local economy. Up to a million Afghan migrant workers are reportedly in Iran, some 1.89 percent of Iran’s labor force, most undocumented and the focus of periodic deportation campaigns. More than forty-two thousand Afghans, mainly single males, were deported from Iran via Islam Qala in 2014. In addition to stated concerns over unemployment, crime, national security, and border controls, these periodic deportations provide Tehran with useful leverage over Kabul. At the same time, Iran has tried to promote legal labor migration by encouraging Iran-based Afghan families—who would relinquish their refugee status and the protection it provides—to repatriate in exchange for valid time-bound, renewable work permits for the employed members of households. Two thousand official work visas were reportedly issued to Afghans in the first half of 2014 by the Iranian consulate in Herat.

Despite the challenges, and increasingly driven by a lack of opportunities at home, Afghans continue to use well-established smuggling networks to enter or return to Iran, usually in search of work. Their earnings, however, have been eroded by inflation and a sharp reduction in the value of Iranian currency, which is in part a result of international sanctions. With less of an economic incentive for working-age Afghan males to seek employment in Iran, it might be that this is now an option of last resort among those fleeing hardship and insecurity in Afghanistan.
Governance

Key to understanding the current state of governance in Herat is the system of patronage that has pervaded the local administration for the past twenty years and that continues to largely elude efforts at reform. As elsewhere in the country, the local administration is in many respects disempowered by centralized governance in Kabul, where few senior figures advocate for the interests of Herat Province. As a result, the perception among many in Herat is both that their voice is not heard at the center and that government spending and international assistance for the province is inadequate—that they are effectively being penalized for their relative self-sufficiency and dynamism. Although the extent of corruption within the local government is acknowledged (and lamented by many) in Herat, it is not always clear that its negative impact on the availability and quality of public services is understood. Because it has greater autonomy than other government bodies, Herat municipality is an example of the multiple challenges that face local institutions and the limited progress made by a succession of reform programs.

A study of urban governance in 2005 noted that “there is much to be done before Afghan ownership of the reform process is perceived to prevail, or actually achieved.” This is still very much the case today in Herat, where attempts at reform face significant challenges. Not least among these is the need to reconcile the reality of a “government of relationships”—webs of overlapping interests within and between local institutions—with a “technical” approach to reform of highly centralized institutions. As a Herati professional perceptively put it, “Local government is like a forest: The branches and leaves that you see on the trees rely on an invisible network of roots that stretch far underground.”

The extent to which efforts at reform have adequately taken account of the complex “root systems” of local institutions in Herat is unclear. Few of the externally funded governance initiatives seem to acknowledge the interlinked nature of politics, justice, and service provision in the eyes of the local population. Instead, a succession of programs have employed largely technical remedies, such as the training and mentoring of civil servants. No doubt this has the potential to contribute to improving administrative systems and enhancing management and clerical skills, but in the absence of more radical—and essentially political—measures, the impact of these programs will remain negligible. Passive resistance to reforms, such as that exercised by municipal staff and explained in the following section, bears this out.

Structure

The government apparatus in Herat province comprises fifty-one departments and entities linked to thirty-two central government ministries or agencies in Kabul. Staff assigned to provincial and district-level departments formally answer to line managers in Kabul to whom many may owe their appointments and who are also their paymasters.

Herat Governorate

The governor of Herat is the delegated representative of central government in the province but has only limited official authority—though this has not prevented some governors from exercising significant influence over the local administration (Atta Muhammad Nur of Balkh Province, for example). The role of governors incorporates a systemic contradiction: On the one hand, governors require local support in the province to function effectively, but on the other hand, they need to reconcile local priorities or concerns with the interests of the central govern-
ment. Herat is no exception. Since 2002, appointments of governors have included assertive local power brokers to technocrats to outsiders who strive to rise above local power politics.

Whatever their abilities or origins, those who served as governor after Ismail Khan have in some way had to contend with his legacy. Rising from ordinary soldier (until 1979) to mujahid (until 1992) to governor and self-styled Amir of the West (from 1992 to 1994 and again from 2002 to 2004) to government minister and eventually vice presidential candidate in 2014, Ismail Khan has consistently used patronage and coercion to centralize power around himself. Long suspicious of the educated elite, he dismantled the administrative system he inherited in 1992 and replaced it with a structure that, with loyalists in key positions and controlling public revenue, was used to dispense largesse for Khan’s political ends. This change arguably laid the ground for the widespread corruption that prevails in Herat’s local government to this day. His lack of tolerance of dissent reemerged when, after a period of detention under the Taliban, he was reappointed governor in early 2002 under the newly established transitional administration. By 2004, Khan’s behavior proved incompatible with Kabul’s efforts to extend its writ to the provinces, and he was replaced. Appointed minister for power and energy in Kabul, he continues to exert significant influence over local government in Herat even though his political fortunes seem to be on the wane.

Ismail Khan’s immediate successor was Sayed Khairullah Khairkhwa, who was probably selected in the belief that his having worked with Khan in the resistance before 1992 reduced the risk of Khan’s acting as a spoiler. Khairkhwa was replaced the following year, in 2005, by Sayed Hussain Anwari, an outsider from Parwan Province, who is seen as having championed the interests of the Hazara community in Herat in the face of opposition from the local Sunni elite. Perhaps to address worsening security in Herat, Anwari was replaced in 2009 by Ahmad Yussef Nuristani, a U.S.-educated anthropologist who had previously been governor of his native Nuristan. Nuristani’s appointment to Herat seems to have been part of a move by Kabul to involve technocrats in local government reform.

Herati technocrat Daoud Sabah succeeded Nuristani in 2010, but his attempts at reform seem to have threatened certain local vested interests, and he resigned in June 2013. His successor, Fazlullah Wahidi, previously governor of Kunar, was summarily dismissed by President Ghani during a visit to Herat in late December 2014, allegedly as a result of Wahidi’s perceived interference in the appointment of district governors, some of whom Wahidi accused of corruption and incompetence. The dismissal indicates how narrow a path governors need to tread—and how little support they might expect from Kabul in the end, for their reform or any other efforts.

Members of Parliament

Just as expectations of their governor are modest, so are the views of citizens in Herat of their representatives in parliament. Most feel that their MPs are preoccupied with their own interest or their sponsors’ interests rather than those of their constituents. Among candidates who stood for election in 2010, the influence of the old guard seems to have gradually eroded since 2005. Those who champion conservative, populist causes remain, however. These include Qazi Nazir Ahmad Hanafi, who lobbied hard for the female quota for provincial council (PC) membership to be scrapped, as well as several others said to have Ismail Khan’s blessing—among them Rahima Jami, Abdul Hadi Jamshedi, Nasir Ghoryani, and Haji Arif Tayeb.
Among the MPs from Herat who seem more associated with Kabul than with the local political scene are Masuda Karkhi (a protégé of former foreign minister and Karzai ally Rangin Spanta), Ghulam Farooq Majrooh (also said to be close to Karzai), and Ahmed Bihzad (a vocal critic of the Karzai government and, at times, of Iran). The more independent voices are those of Nahed Ahmadi Farid and Muhammad Saleh Saljoqi. Most of the rest seem preoccupied with their business interests. Whatever the MPs’ individual allegiances, common ground between them seems scant, and they rarely act in unison in the interests of their constituents in Herat.

Provincial Council

Since being established in 2005, provincial council elections—from a province-wide constituency—have arguably provided a platform for council members' broad engagement in local politics, despite initial doubts about their effectiveness and confusion over their responsibilities, which one former member described in an interview as tokenistic. Although candidates are at pains to stress their commitment to public service in their campaigns, the statement is met with widespread skepticism among the voting public. It is no secret that these and the presidential elections were profitable for community representatives who exacted cash payments or other benefits in return for delivering votes. Likewise, the enthusiasm with which youth groups campaigned might have been motivated as much by material gain as by political conviction.

One unsuccessful candidate spoke of his disillusionment at the levels of fraud in the recent provincial council election, suggesting that he would instead work through the professional shura to achieve what he’d hoped to by serving on the council. Established more than a decade ago by a group of independent professionals, the Herat Professional Shura enjoys significant public support in its championing of local causes, demonstrating how grassroots efforts can in certain circumstances effectively confront vested interests.

In Herat as elsewhere, provincial councils have become an arena in which local power brokers promote their interests or networks. Of the five members reelected to the Herat council in 2014, Jahantab Tahiri is the sister of Rangin Spanta, arguably the most influential Herati on the Kabul political scene, and Basir Ghoryani is the wealthy brother of MP Nasir Ghoryani, mujahideen commander turned businessman and a close ally of Ismail Khan. The extent to which interest groups are prepared to assert themselves through the council was evident in 2009, when the election for chairmanship was rigged to ensure that Sayed Wahid Qatali, whose family is also closely associated with Ismail Khan, replaced an incumbent who proved to be less compliant. This situation, among other factors, led to Daoud Sabah’s resignation as governor in 2013.

Provincial Development Council

Although not constitutionally mandated, the Provincial Development Council brings together local heads of line departments and development agencies who, through a number of sectoral working groups, contribute to the formulation of the Provincial Development Plan (PDP). Opinions in Herat as to the usefulness of the PDPs differ; some see a dialogue locally about development issues as a positive step. Others dismiss the process as little more than a shopping list of projects driven by the agendas of international donors. Certainly, establishing priorities seems difficult. For example, of the nine hundred projects in the 2014 Herat plan, 126 are deemed urgent. It is unclear, furthermore, how the priorities identified at the provincial
level—if any account is taken of them—are reconciled with the top-down planning process that still prevails within most line ministries in Kabul.

**Municipality**

Since 2010, Herat and other provincial municipalities have reported to the General Directorate of Municipal Affairs (GDMA) of the Independent Directorate for Local Government (IDLG), established in 2007 as part of the reform of local governance. In addition to the provision in the 2004 Afghan constitution for the election of municipal officials—which has not yet taken place—the legislative framework for the work of municipalities includes the 2000 municipal law, presently under review, and a 2003 electoral law for municipalities. The GDMA has made some progress in helping some of the thirty-four provincial municipalities (and a further 120 district municipalities for which it has a mandated responsibility) become more effective, but without key elements of the regulatory framework in place and in the face of continuing resistance to reforms, significant challenges remain.\(^\text{105}\)

Among these challenges is the disconnect between the reality in provinces and existing instruments, such as the 2010 Sub-National Governance Policy, the scope of which is highly ambitious. Of more immediate relevance to provincial municipalities are two of the national priority programs formulated in 2012 as part of a planning exercise that grouped programs into thematic clusters. The programs that have a direct bearing on Herat’s urban development are one (in a governance cluster) that addresses local governance and another (in an infrastructure cluster) that addresses services for urban populations.

Herat municipality presently employs 227 people on a permanent basis and has seven hundred additional personnel under contract (ajir) working in three units—engineering and services, monitoring and evaluation, and administration and finance—each headed by a deputy, reporting to the mayor, who is appointed by the GDMA. As in other provincial centers, control over the allocation of valuable urban land and other assets is important. The mayor remains a key appointment—and one traditionally the prerogative of Ismail Khan, even after his removal as governor.\(^\text{106}\)

The process by which municipal budgets are prepared provides insight into the interdependence of local government institutions in Herat. Municipal staff submit a draft budget for review by the Provincial Administrative Council (PAC), which includes provincial representatives of the Ministry of Finance (including the revenue office, or Mostofiat) among others. Once cleared by the PAC, the budget is endorsed by the governor and passed to the IDLG in Kabul, which assesses and certifies it before passing it to the Ministry of Finance. This process can take up to three months, and subsequent delays in disbursements are said to be common.\(^\text{107}\)

Along with other provincial municipalities, Herat has received support through a number of externally funded programs in recent years, including the USAID-funded Regional Afghan Municipalities Program for Urban Populations (RAMP-UP). The United Nations Development Programme’s Afghanistan Sub-National Governance Programme (ASGP) includes technical specialists assigned to the GDMA in Kabul and works with nineteen provincial and district municipalities to which it assigns national specialists to contribute to developing governance capacity, administration, revenue collection, and service delivery.\(^\text{108}\) As argued, the ASGP’s technical approach, like those of its predecessors, has meant that its contribution to reform is negligible. It remains to be seen whether the Community-Based Municipal Support Programme being implemented by UN Habitat in Herat, under which block grants are made available to community development councils and support provided to municipal advisory boards, will fare any better.
Revenue

Given that nearly half of the Afghan government’s revenue is currently derived from customs duties, the border crossings close to Herat—at Islam Qala with Iran and at Turghundi with Turkmenistan—are of significance well beyond the region and together accounted for more than 20 percent of national imports in 2009–10 (see table 7). Control of customs revenue from these crossings was an issue behind the standoff between Kabul and then governor Ismail Khan in 2004 and ultimately led to his removal. At the time, declared customs revenue from Islam Qala was $57 million, though actual revenue is more likely to have been in the region of $100 million, some of which was invested in public works as Ismail Khan tried to consolidate his position in the province. When Kabul regained control of customs revenue collection in 2005, nearly $70 million was remitted to the Ministry of Finance. Levels subsequently increased steadily to a peak of just over $344 million in 2011, when tariffs were raised, before dropping by more than almost $100 million by 2013.

Table 7. Total Government Revenue, Herat (US$ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Customs</th>
<th>Municipal</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003–04</td>
<td>97.26</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2004–05</td>
<td>142.46</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td>2005–06</td>
<td>149.43</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<td>2006–07</td>
<td>113.49</td>
<td>–</td>
<td>–</td>
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<tr>
<td>2007–08</td>
<td>135.99</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2008–09</td>
<td>236.99</td>
<td>210.92</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2009–10</td>
<td>329.04</td>
<td>290.72</td>
<td>5.35</td>
<td>32.97</td>
</tr>
<tr>
<td>2010–11</td>
<td>388.12</td>
<td>344.01</td>
<td>17.47</td>
<td>26.63</td>
</tr>
<tr>
<td>2011–12</td>
<td>256.59</td>
<td>217.34</td>
<td>5.33</td>
<td>33.89</td>
</tr>
<tr>
<td>2012–13</td>
<td>276.43</td>
<td>221.10</td>
<td>7.45</td>
<td>47.88</td>
</tr>
</tbody>
</table>

Source: Herat Customs House; Department of Economy; General Directorate for Municipal Affairs
Note: Amounts adjusted to average annual exchange rate.

The official explanation for reduced customs revenue—national revenue targets for customs revenue were missed by 12 percent in 2012–13—is the decline in the volume of imports as demand slows. This decline may well be the case, but other factors are also probably in play. Reports abound of malpractice at the Herat customs house, for example, and senior jobs there still command a premium, suggesting that the returns are high. A recent Special Inspector General for Afghanistan Reconstruction (SIGAR) report suggests that a crackdown on corruption in the customs process nationally “could potentially double customs revenues.” In Herat and other customs houses, international support is being provided for introduction of an automated system for customs data and enhanced monitoring of operations; it remains to be seen whether the political will to rigorously implement such measures exists.

A similar pattern of predation—albeit on a much smaller scale—prevails in Herat municipality, where revenue has gradually increased but reserves have been used to cover operating costs in the past two years. An average of around $35 million has been collected in Herat annually in other taxes. A significant spike in this revenue in 2013 was due, local officials claim, to
enhanced collection.\footnote{The example of taxation on property shown in box 3, however, suggests that many loopholes in the system remain.}

Box 3. Property Taxation in Herat

To buy, sell, or transfer ownership of a property, both buyer and vendor are required to pay 1 percent commission on the value to the property dealer if one is involved, who in turn is liable to 6 percent tax on the income. The vendor is also liable for 1 percent of the value of the property in tax, and the buyer must pay a 12 percent fee to register the property in his name—though this is said to be negotiable if those undertaking the valuation (wakil-e gozar and municipal and court officials) receive a consideration. Even with the option to deliberately undervalue a property to reduce the liability, many owners choose not to make a formal transfer, which adds to the confusion about actual ownership and arguably increases the potential for disputes, in turn providing a useful additional source of revenue for court officials.

Municipalities are unusual in being one of the few institutions with the authority to raise and spend revenue and (with the exception of Kabul) do not receive financial support from the central government, except via donor-funded national programs. As a rule of thumb, 45 percent of municipal revenue is allocated for ordinary (operational) expenses and 55 percent for development. In reality, however, operational costs (which include salaries) consume the bulk of revenue, mayors relying on donors to fund most development. Municipalities are entitled to impose around ninety levies—from property transfer to a tax on cinema tickets—from taxes and fees set and regulated by the Ministry of Finance. The primary sources of revenue, however, are safayi (municipal cleaning), property tax, and tax on both vehicle registration and trucks leaving Herat, levied at 0.3 percent of the assessed value of residential and 0.75 percent of commercial property.

Both revenue and expenditure in Herat have fluctuated significantly in recent years (see table 8). This fluctuation is explained in part by the municipality’s inability to meet its costs over the past two years and having to draw down reserves generated from the sale of property, which accounts for the spike in revenue in 2010–11. That municipal expenditure in 2013 was less than half of the planned budget raises questions about systems of financial planning, especially given that this has been the focus of training under both RAMP-UP and the ASGP. Relatedly, the IDLG reported in 2013 that the Ministry of Finance was developing a provincial budgeting policy.

<table>
<thead>
<tr>
<th>Table 8. Herat Municipality: Revenue and Expenditures (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure</strong></td>
</tr>
<tr>
<td><strong>Projected</strong></td>
</tr>
<tr>
<td>2009–10</td>
</tr>
<tr>
<td>2010–11</td>
</tr>
<tr>
<td>2011–12</td>
</tr>
<tr>
<td>2012–13</td>
</tr>
</tbody>
</table>

Source: General Directorate for Municipal Affairs, IDLG 2014

* Of which, 28 percent was vehicle/border tax, 18 percent safayi fee, 16 percent property tax, and 0.5 percent building permits.
If Herat municipality is to sustain itself, given that it will not be possible to continually sell assets to meet budget shortfalls, staff practices and attitudes will need to change. For example, despite instructions from the GDMA in Kabul to track safayi fee assessments and payments electronically, staff persist in manual entry, presumably because it offers opportunities for them to supplement their official salaries. This predation is a relatively minor loss to the municipal purse but exposes how even the most petty transactions are the focus of corruption and helps explain why the public does not trust officials.

**Expenditure**

Provincial government spending in Herat has increased more than tenfold in the past nine years, from $16 million in 2004 to $188 million in 2013, according to the Herat Department of Finance. Despite significant discrepancies in figures from different sources, of the reported expenditure of nearly $188 million in 2011–12, $52.5 million was earmarked for development in the 2012–13 Afghan statistical yearbook. That this is only 2.6 percent of the 2011–12 national development budget lends weight to claims by local officials that Kabul is making too few resources available to meet the province’s needs. The perception of being deliberately held back by Kabul’s failure to invest and adopt appropriate policies is a familiar refrain. On the other hand, were the resources allocated used more effectively and were corruption by local officials curbed, they might well be sufficient. Table 9 offers a snapshot of the official record of the relatively modest development budget and assistance to Herat in 2011–12.

<table>
<thead>
<tr>
<th>Province</th>
<th>Budget (US$ Million)</th>
<th>Percent of National Budget</th>
<th>External Assistance (US$ Million)</th>
<th>Population (Thousands)</th>
<th>Per Capita Assistance (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herat</td>
<td>52.5</td>
<td>2.6</td>
<td>40.9</td>
<td>1,871</td>
<td>49.91</td>
</tr>
<tr>
<td>Balkh</td>
<td>74.2</td>
<td>3.7</td>
<td>43.4</td>
<td>1,219</td>
<td>96.47</td>
</tr>
<tr>
<td>Nangarhar</td>
<td>37.4</td>
<td>1.8</td>
<td>69.4</td>
<td>1,436</td>
<td>74.37</td>
</tr>
<tr>
<td>Qandahar</td>
<td>15.0</td>
<td>0.7</td>
<td>181.3</td>
<td>1,151</td>
<td>170.54</td>
</tr>
<tr>
<td>Bamiyan</td>
<td>96.1</td>
<td>4.7</td>
<td>46.3</td>
<td>426</td>
<td>334.27</td>
</tr>
</tbody>
</table>

Sources: Ministry of Finance, Development Cooperation Report 2012; CSO Statistical Yearbook 2012–2013

**Education**

Access to education has emerged as a key benchmark by which the international community measures the success of its engagement in Afghanistan. As might be expected in a province whose population has long prided itself on its erudition, the sector seems to have performed fairly well in Herat. The provincial education department currently employs 19,400 people—13,150 of whom (47 percent female) are teachers. The role of the department is primarily to monitor the operation of government schools, most planning and analysis being undertaken by ministry staff in Kabul. A breakdown of staffing and pupils is presented in table 10.
Table 10. Government Education in Herat

<table>
<thead>
<tr>
<th></th>
<th>Schools</th>
<th>Pupils</th>
<th>Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Boys</td>
<td>Girls</td>
<td>Boys</td>
</tr>
<tr>
<td>Primary</td>
<td>151</td>
<td>145</td>
<td>251,872</td>
</tr>
<tr>
<td>Secondary</td>
<td>135</td>
<td>133</td>
<td>63,000</td>
</tr>
<tr>
<td>High</td>
<td>105</td>
<td>101</td>
<td>19,761</td>
</tr>
<tr>
<td>Subtotal</td>
<td>391</td>
<td>379</td>
<td>334,633</td>
</tr>
<tr>
<td>Total</td>
<td>770</td>
<td>620,357</td>
<td>13,150</td>
</tr>
</tbody>
</table>

Source: CSO Statistical Yearbook 2011–2012

The provincial over-fifteen literacy rate—24.3 percent, 29.4 percent for men and 19.3 percent for women—is lower than the national average. The school enrollment rate of six- to twelve-year-olds, however, is a relatively high 53.5 percent—58 percent for boys and 49 percent for girls. Both literacy and school enrollment rates for females in Herat are higher than the national average, perhaps as a consequence of access to education for females in families who lived in Iran. The overall student–teacher ratio in the province is 43:1, according to the 2012–13 statistical yearbook, versus 38:1 in Kabul, 41:1 in Balkh, and 36:1 in Qandahar. As elsewhere in the country, however, local concerns are about the quality of instruction given that many teachers reportedly do not have the appropriate qualifications. This situation has been exacerbated by increased enrollment over the past decade and a reported shortfall of as many as forty to fifty thousand qualified teachers nationally, despite efforts to accelerate teacher training.

As in other sectors, a further challenge is the prevalence of patronage; permanent teachers’ appointments are made (some allege sold) by ministry staff in Kabul, and those recruited at the provincial level only have fixed-term contracts. Efforts to reform a sector described in 2007 as “beset by corruption and nepotism, and the presence on the payroll of ‘ghost’ employees” have been half-hearted, despite the leverage that donors could have applied to the ministry. Reports of serious misuse of public resources are credible: Staff in the provincial education department in Herat were reportedly instructed by the ministry in Kabul just before the presidential election to transfer a significant amount of funds from the departmental budget to a local power broker—which temporarily compromised educational activities.

Within the context of a reported provincial development budget of $188 million, the operational and development budgets for education for 2012 through 2014 indicate the scale of spending (particularly on salaries) in the sector (see table 11).

Table 11. Herat Provincial Education Department Budgets

<table>
<thead>
<tr>
<th>Year</th>
<th>Source</th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational</td>
<td>Government and donors</td>
<td>37.5</td>
</tr>
<tr>
<td>Development</td>
<td>Government</td>
<td>1.69</td>
</tr>
<tr>
<td></td>
<td>Donors</td>
<td>1.43</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40.62</td>
</tr>
</tbody>
</table>

Source: Herat Finance Department July 2014
Note: Operational budget includes salaries and administrative costs.
Growth in private education in Herat, as in other urban centers, has been significant—some thirty thousand pupils are reportedly now enrolled in roughly seventy private schools. For the most part, private education remains the preserve of the wealthy. The poor standards of tuition in public schools, however, is prompting increasing numbers of middle-class parents to enroll their children in private schools, despite the high fees and limited official oversight. The prospect of better salaries and working conditions is likely to attract skilled teachers who currently work in public schools. In addition, reportedly more than thirty thousand students—five thousand of whom are female—enrolled in madrasas in Herat.

Founded in 1988, Herat University currently has more than eleven thousand students—37 percent female, 70 percent from outside the province—in eleven faculties. Teaching staff number 374 of nearly 600 employees, according to information on the tabkīl made available by the Herat governorate in July 2014. The impressive campus, still unfinished, is one example of customs revenue generated at Islam Qala and invested in public facilities. Now reliant mainly on the central government for funding, Herat University has also been supported by the local business community, which has invested some $5 million in its facilities. As elsewhere in the country, pressure on the higher education system is immense, and internal corruption is as much of a challenge as the lack of resources and shortage of academic staff. This situation was evident in early 2014, when Herat University was the focus of allegations of cheating and corruption related to entrance exams and of political interference.

Herat is also home to some seven private universities, but concerns have been expressed about their low standards of teaching and about the absence of both an effective institutional framework and proper oversight. In Herat, as elsewhere, political and religious groups are reportedly building support bases among students at government and private higher education institutions.

**Health**

Due in large measure to sustained support from the international community, mainly nongovernmental organization (NGOs), since the 1980s, the health sector has both performed well and seems more amenable to reform than other sectors. Key to this situation was the introduction in 2005 by the Ministry of Public Health of a system of performance-based contracting with NGOs—in many cases those with considerable experience in Afghanistan who had previously received donor funds directly—that designated the government as responsible for managing grants.

| Table 12. Key Indicators of Health Care in Herat (percentages) |
|---------------------------------|-----------------|-----------------|
| **Herat**                        | **National**    |
| Immunization among infants (twelve to twenty-three months old) | 42.1            | 36.7            |
| Access to antenatal care         | 41.1            | 36.7            |
| Births attended by skilled assistants | 25.1            | 25.0            |

*Source: NRVA 2007–2008 figures cited by World Bank*

Relative to national indicators, the population of Herat appears to enjoy adequate levels of and access to health care: The province has thirty-nine basic health centers, twenty-five comprehensive health centers, and five government hospitals—one provincial and four district, with 970 beds in all. Just over one thousand staff are on the payroll of the Provincial Health Department. An estimated 505 doctors and 993 health associate professionals practice in the province, some in private clinics.
Public health facilities are said to suffer from shortages of trained personnel and struggle to cope with the high demand for free care. As in the education sector, the risk of fast-track training is a two-tiered system, which has serious implications for the quality of care. A 2007 study recorded concern among some practitioners in Herat about the general sense of complacency in the sector, one doctor observing, “The health sector may be doing much better than before when it practically didn’t exist, but this doesn’t mean that we should be pleased about how well we have done. We need to do a lot better.”

Table 13. Herat Provincial Public Health Department Budgets

<table>
<thead>
<tr>
<th>Year</th>
<th>Source</th>
<th>US$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012–13</td>
<td>Government and donors</td>
<td>0.47</td>
</tr>
<tr>
<td>2013–14</td>
<td>Government and Donors</td>
<td>2.47</td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>6.10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>9.04</td>
</tr>
</tbody>
</table>

Source: Herat Finance Department, July 2014
Note: Operational budget includes salaries and administration.

Herat reportedly has as many as forty-seven private clinics, suggesting a high level of demand, but standards of care vary widely. Moreover, most government doctors engage in private practice after-hours that, though it reduces pressure on public health services, is costly for most.

Urban Services

Urban areas of Herat are generally well serviced: 72 percent of the urban population reported having access to safe water and 32 percent to improved sanitation. In contrast to the described institutional inertia, the experience of the transformation of a key service provider is cause for hope (see box 4).

In addition to the private collection of solid waste in urban neighborhoods, Herat municipality collects 170 tons of unsorted solid waste daily, using twenty trucks provided by Italy and India. Revenue from the safayi fee is, however, not enough to cover the cost of collection and disposal of waste, which the GDMA reports consumes on average 30 percent of municipal operational budgets, but in Herat is closer to 20 percent (0.3 percent of assessed value of residential and 0.75 percent of commercial property). This relatively low proportion of spending is due largely to the involvement of private contractors, who recover their costs directly from customers. Of an estimated 325 tons of solid waste generated daily, only 70 percent is currently collected, the rest disposed of in public places. Collected waste is transported to a 30-hectare unprotected disposal site thirty kilometers south of the city, where industrial and construction waste also is dumped, posing environmental problems.

Nearly all of Herat city has electricity, supplied from both Iran (via a two-hundred kilometer, 132-kilovolt transmission line from Asta Khurasan) and Turkmenistan (via a 120-kilometer, 220 kilovolt transmission line from Turghundi); rural coverage, however, is only 12 percent. A hydro power facility at Chalwarcha, built in the 1950s with a generating capacity of 85 kilowatts, is not operational, making the province entirely dependent on imported electricity. This, however, at a cost of 2.4c/kW (currency units per kilowatt) from Iran (1.2 Afghans, with a .25 unit subsidy) and 2c/kW (1 Afghani) from Turkmenistan, is very affordable. On the other
hand, this level of dependence can—at times of perceived deficiencies in supply—take on a political edge. As well as the 44 megawatts of power that could be produced by the Salma dam, the extension of the 220 kilovolt line between Qandahar and Herat along the southern ring road should contribute to diversifying sources of supply for the western region at a time when demand is likely to grow.

The national electricity provider—Da Afghanistan Breshna Sherkat—was corporatized in 2008 and now operates as an independent state-owned utility. With a customer base of 210,000 (208,000 domestic, 318 industrial, 540 commercial, and 822 government), it employs 577 people in Herat Province. The transition from a system that relied on significant subsidies to a more sustainable model has not been an easy one, however, even with a significant increase in tariffs and a reduction in illegal connections said to have been reduced from 7 percent to 1 percent over the past three years.

As in other sectors, collection of revenue presents a major challenge—especially from government institutions and powerful political figures—despite upgraded meters and computerized billing systems to reduce opportunities for corruption. A 2014 report by a joint watchdog body, the Monitoring and Evaluation Committee, alleged that DABS management had tried to write off $33 million of unpaid dues from 2009 through 2011—mainly owed by government entities, private companies, and powerful individuals—of an overall revenue of $430 million for the period. Despite these difficulties, DABS reported that national revenue increased from $141 million in 2009–10 to $172 million in 2010–11, though the increase was not enough to meet operational costs. For the time being, therefore, a significant proportion of investments in upgrading and extending the network come from external donors.

### Box 4. What Is Possible: The Case of AUWSSC Herat

The Herat branch of the Afghan Urban Water Supply and Sewerage Corporation (AUWSSC) illustrates what is possible to achieve in transforming a local service provider. The key to this transformation seems to be a commitment by senior managers to prioritize the interests of customers—rather than corrupt staff, some of whom owed their jobs to local power brokers—and to improve operational efficiency. The branch in Herat is one of the strategic business units set up in 2008 as part of a transition from a state-managed monopoly to a limited liability company, the shares of which are government owned.

As with other local institutions, the urban water supply department in Herat was chronically inefficient and corrupt, having been used until 2008 as a base of patronage in the form of corruption and jobs. Not a single qualified engineer was on its staff, three-quarters of whom were illiterate. Government bureaucracy posed a challenge to professionalism of the 153 staff members, who now seem motivated and determined to ensure that the department becomes more efficient. Not only are internal systems being improved (and the process of billing automated) so as to deter fraud, but staff are also reaching out to forty-seven thousand customers—nearly one in seven of the urban population—through public awareness campaigns. By increasing tariffs, billing more accurately, installing meters, and removing illegal connections, AUWSSC’s revenue in Herat increased to more than $1 million in 2013, enabling it to more than cover its operating costs. Long-standing arrears incurred by other local government departments have also been fully paid. With external support from Germany ($7 million) and the World Bank, the extension of the water supply network in Herat has been modest, with only 6.6 kilometers laid in recent years. In a context where expectations of the performance of local institutions tend to be low, AUWSSC illustrates what is possible with committed leadership responding to the needs of its customers. As the current director explained, “Heratis are prepared to pay for services if they are reliable—what they object to is poor service.”

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a In 2004, fewer than 10 percent of local officials in Herat were qualified for their posts. Giustozzi, Empires of Mud.
External Assistance and Security

Providing services and access to infrastructure is increasingly perceived by international actors—both military and nonmilitary—as a way to win hearts and minds and thereby improve security for Afghans in areas affected by the insurgency (see box 5).

Herat has received less external aid than other provinces, and the impact of what has been delivered—whether aimed at stabilization or at improving Afghans’ perceptions of their government—is generally considered to be modest. This is due not only to the limited size of investments but also to the fact that many projects pay little heed to the complexities of the situation on the ground. The consequences of the ongoing drawdown of international military forces on employment and contracting is therefore likely to have greater immediate significance than reduced levels of aid. Of more immediate concern to the people of Herat is their security, many believing that elements within the security forces are complicit with criminal elements and, in some cases, antigovernmental groups. Judging by the continuing insecurity in and around the city, however, the new government in Kabul has still to find a way to effectively tackle the situation.

Civilian Assistance

International civilian assistance to Herat Province between 2002 and 2011 is reported to have been just over $670 million, including direct investments and technical assistance.\(^1\) It is difficult to establish the precise annual aid expenditure, but on average $75 million was disbursed in Herat every year between 2002 and 2010—equivalent to $42 per capita for the provincial population. An indication of the reduction in aid is provided by figures for 2011, when only $23 per capita (a total of $41 million) reportedly was disbursed in the province.\(^2\) As elsewhere in the country, a significant proportion of donor funds pledged for Herat may not in fact have been spent in the province. A reduction in the comparatively modest levels of international assistance is therefore likely to be less keenly felt than in less secure provinces where spending on stabilization has resulted in significantly higher levels of per capita aid, as can be seen from the 2011–12 data.

Italy has been a key donor to western Afghanistan and, from an overall pledge to the country of €645 million, €589 million had reportedly been disbursed by 2012.\(^3\) The average annual contribution by Italy to “civilian cooperation” has been $50 million (€40 million), of which a total of $100 million had by 2010 been earmarked for Herat, with a focus on governance (justice, budget support, local elections, and public administration), rural and agricultural development (including microcredit), and infrastructure (roads and Herat airport). Representatives of the Italian government stress their commitment to continue support for Herat’s economic development, particularly in marble and textile production, as well as food processing.\(^4\)

Between 2002 and 2014, USAID reported spending $312 million in western Afghanistan.\(^5\) Among the programs funded was the Regional Afghan Municipalities Program for Urban Populations, which aimed to improve municipal governance and invest in priority urban services and infrastructure.

As part of the Good Performers Initiative, the U.S. government announced a contribution to Herat of $500,000 in 2014 in recognition of efforts to reduce poppy cultivation in the province.\(^6\) This, follows a 2013 UN projection that cultivation in Herat would decrease—the only province in the country where this was reported to be the case.\(^7\)
**Box 5. Views on the Effectiveness of Assistance to Herat**

Among observations by Heratis when discussing external assistance are how meager the outcomes often are for the investments made and how unrealistic time frames and objectives of projects can be. In military infrastructure projects, fixed-rate contracting used by the U.S. Department of Defense is said to almost guarantee poor quality work because contractors cut corners to make up for the lack of flexibility when having to meet unrealistic schedules. As one contractor put it, “The commander who lays the foundation stone wants to ‘deliver’ the project before the end of his six-month posting; then we’d start the cycle all over again with another contingent.” Perhaps the most damaging aspect of military contracting, whether for infrastructure or services, has been the corruption that has been allowed to prevail at all stages: short-listing, bid assessment, negotiation of contracts and supervision.

Initiatives aimed at improving local governance, through the governorate or provincial council (ASGP) or the municipality (RAMP-UP and the Community-Base Municipal Support Program) also elicit mixed views. Some feel that a technical approach to reforming local institutions is of limited use without addressing the underlying factors—lack of engagement by Kabul, patronage, and corruption—that afflict the administration in Herat. So too with the focus on short-term deliverables, especially for programs intended to develop capacity among civil servants, who claim to have rarely been consulted in advance about such programs. They felt that the endless workshops they were expected to attend were of limited relevance and that follow-up was usually inadequate. As a senior municipal official put it, “We’ve been left with half-trained staff without the means to put whatever skills they might have gained to practical use.”

Similar workshop fatigue affected the stabilization in key areas (SIKA) program for which USAID committed $47 million for quick delivery infrastructure and employment-generation initiatives. Intended to “expand Afghan provincial government authority and legitimacy” to address local sources of instability, SIKA was meant to work through existing local structures and undertake community contracting. Instead, district stabilization committees were established, adding an extraneous layer and disempowering local authorities and community structures. A 2013 SIGAR report concluded that, by failing to involve the Afghan government and making negligible investments in concrete projects on the ground, SIKA had in fact risked deepening the disaffection felt by communities it was meant to serve, thereby destabilizing these key areas even further.∗

∗ Special Inspector General for Afghanistan Reconstruction (SIGAR) Audit 13-16 Stability in Key Areas, July 2013

Sixty-four Afghan and forty-two international NGOs were reportedly active across a range of sectors in Herat Province in 2012. Table 14, derived from official government records, gives an indication of the scale of reduction in development spending over the past year.

<table>
<thead>
<tr>
<th></th>
<th>2011–12</th>
<th>2012–13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>2.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Health</td>
<td>5.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>16.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Other</td>
<td>48.3</td>
<td>13.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>73.2</strong></td>
<td><strong>20.6</strong></td>
</tr>
</tbody>
</table>

*Source: Ministry of Economy cited in Statistical Yearbook 2012–2013*
The scale of assistance provided directly or otherwise by UN technical agencies (fourteen of which have a total of forty international and 270 national staff in Herat) is modest: UNICEF investing $2.6 million in health and $1.1 million in education annually, and the World Health Organization investing $11.6 million through joint initiatives with government and NGOs. United Nations Assistance Mission in Afghanistan field staff report that they are funding half the number of projects in 2014 then over the previous year, but it is not clear whether this is due simply to a lack of resources or other considerations.

Military Assistance

Italy took command of the provincial reconstruction team in Herat in 2005 and in the following year reportedly funded “quick impact” projects (mainly for infrastructure) to a value of $7 million (€5.3 million). An additional $50 million was reportedly disbursed in the province between 2002 and 2010 through the U.S. military’s Commanders Emergency Response Program, and another $34 million disbursed in 2011 and $21.4 million in 2012, mainly invested in transport and agricultural infrastructure. Judging by the limited number of contracts offered for bidding in 2013, spending has declined significantly since then.

The impact of the closure or transfer of the thirteen international military facilities in the western region is difficult to determine. Given that some sixteen hundred Italian troops are still reportedly deployed in 2014 under NATO Regional Command-West (as well as U.S. Task Force “Nightmare”), it is likely that at least several hundred Afghans remain employed, either directly or through contractors involved in maintenance or providing services or supplies for bases. When the Italian contingent leaves in 2015, as planned, the bulk of these jobs in Herat are likely to be lost unless international support is extended to Afghan subcontractors to support Afghan National Security Forces operations. This is certainly likely at Shindand, an important airbase to the south where the U.S. military invested $500 million during 2010, suggesting that it might be one of the nine bases where they intend to retain a presence under the provisions of the October 2014 Bilateral Security Agreement.

Public Security

Insecurity is a major preoccupation today among Heratis of all walks of life. Kidnappings for ransom by criminal gangs, who primarily target members of wealthy or prominent families, continue to be a problem. They, along with murders and robbery, have fostered a climate of fear and mistrust, even middle-class families taking extra precautions. Some neighborhoods are now patrolled at night by youth militias from the communities who are concerned for their safety. Those who can afford to have retreated into gated enclaves.

The kidnapping and murder in 2013 of Ali Sena Nawruz, the nine-year-old son of a local businessman, was a tipping point that prompted public protest that paralyzed the city. Anger was directed in particular at the police, who many allege collude with criminal elements to profit from what is clearly a lucrative activity. As in other cities, links are alleged between parts of the business and criminal communities in Herat, the latter ensuring a continued demand for protection services on which many businessmen and their families rely.

Recent reports assert a threefold increase in antigovernment activity in the city over 2013, citing a spate of drive-by killings of members of the security forces occurring, primarily in western districts of the city. The reported rearming of militias in and around the city is likely to further complicate a situation that some argue serves the interests of those who wish to demonstrate their indispensable role in ensuring law and order. The target of three assassination
attempts, Ismail Khan has repeatedly claimed that international support for Afghan security forces is ineffective and that only his mujahideen can ensure stability in Herat—a view widely shared among the public given the patchy performance of the police. Rather than protecting the public, however, the rearming of militias is primarily aimed at safeguarding the fixed assets of assorted ex-commanders, politicians, and businessmen. In Herat as in other cities, urban security has become a direct function of urban wealth.\textsuperscript{158}

The hinterland around Herat provides a useful sanctuary for criminal gangs, whose activities often overlap with groups opposed to the central government. The security landscape around the city is not unlike that after the 1979 uprising: a fluid cast of antigovernment groups—some driven by religious fervor, others by criminal intent—laying siege to the city, which is itself the target of periodic attacks. As they did then, such groups make their presence felt along the roads to the west (to Islam Qala) and the south (toward Shindand), where the international military have recruited local militias—initially private companies but now para-militaries nominally managed by the government—to protect their convoys and installations as well as those of the Afghan security forces.

Antigovernment activity reportedly increased significantly in rural districts around Herat in 2014, primarily attacks on political and military interests or those perceived to be associated with the government.\textsuperscript{159} This intensification might in part be explained by the wish to disrupt the 2014 elections, but the occupation of Charsada district in Ghor in July suggests a concerted move by opposition groups to gain territory.\textsuperscript{160} As international support is scaled back, Afghan security forces are likely to consolidate in urban enclaves or bases, leaving the low-level conflict in rural areas to be dealt with by proxies, primarily government-funded militias, whose loyalty will depend on continued funding, as in the 1980s. Some communities and security sector elements are reportedly adapting to the changed environment by establishing accommodations between insurgents and elements of the security forces. On the other hand, some local power brokers seem to be reasserting themselves, making heightened levels of violence more likely. For these reasons, security in and around Herat is likely to remain quite fragile for the foreseeable future.

\section*{Conclusion}

Herat is an example not only of what has been possible for some Afghans over the past decade in terms of economic growth and social development but also of the challenges ahead. That the spirit of enterprise among the population will ensure that Herat’s economy rebounds as the new government establishes itself in Kabul and gets to grips with persistent insecurity does not seem in doubt. Given the significance of trade, however, Herat’s recovery is inextricably linked to that of the national economy, which is likely to remain fragile for some time.

The ad hoc process of urban growth that now prevails, though highly profitable for some, risks compromising sustainable development of housing and services for a fast-growing population. Neither the government nor its donors can afford to continue investing in urban infrastructure without a coherent national strategy to frame and guide urban development.

Many of those interviewed identified external factors contributing to their present predicament. As well as making allegations about Iran’s meddling, they lay much of the blame for their problems at Kabul’s door. Inadequate allocations from the national budget and lack of consultation about provincial priorities or appointments of officials were among the complaints. By contrast, few in Herat seem willing to acknowledge that they may need to engage more effectively on the national stage to ensure that their voice is heard and that the interests of the province are reflected adequately in government policies and investment priorities.
The provincial government in Herat arguably functions more effectively than others in the country do, but reforms have generally been half-hearted: Powerful individuals are still able to exploit institutions for their personal ends, and civil servants are in a position to skim resources from the public purse with impunity. A key challenge for the new government will be to pursue reforms with more political will than has been evident previously, to overcome resistance to change among local officials, and to address dysfunction in many institutions.

Ordinary citizens in Herat pay a high price for the corruption that pervades the provincial government. In addition to bribes that seem necessary to complete almost any official transaction, diversion of resources intended for public services has a direct impact on their availability and quality. Although some in Herat do speak out about corruption, the tendency is to portray it as a phenomenon beyond control. It remains to be seen whether the new president will be able to deliver on his campaign commitment to eliminate corruption.

Economic recovery, urban development, reform, and efforts to curtail corruption will, however, all hinge on an improvement in security in the province. If satisfactory arrangements for the national unity government can be found, maintaining a modicum of security in urban areas should be possible. The risk, however, is that Herat remains an enclave in an unstable landscape that offers arterial routes to other provincial centers vulnerable to insecurity and disruption—unless the government is able to begin to resolve the many dimensions of conflict.
Notes

1. The 1979 census, though not completed, is widely used as a benchmark.
2. These population figures are based on surveys, the absence of reliable quantitative data affects analysis of demographic and other trends. At 4.6 percent, Afghanistan has one of the highest urban population growth rates in Asia. UNHabitat, “Discussion Paper on Urban Growth,” 2014, available from the author.
3. Based on a household survey in 2011–12 in preparation for the Herat Strategic Plan 2013. This is a 16 percent increase on official Central Statistics Organization estimates (423,300, excluding District 12) for 2012.
5. The Hazara and Aimaq are Sunni tribal groups, both nomadic and settled, found mainly in Badghis and Ghor provinces and thought to make up about 5 percent of the national population.
7. Interview with civil society activist, Herat, July 2014.
8. Hazaras traditionally inhabited a quarter in the old city of Herat.
9. The UN High Commissioner for Refugees (UNHCR) reports 161,500 returnees to Herat from Iran since March 2002, but the flow has slowed significantly in recent years. Numbers reflect only those who receive assistance, not all of whom may have repatriated.
10. Until the 1990s, Tehran provided subsidized education and health care, among other benefits, but not formal refugee status.
11. Up to a third of returnees surveyed in Herat—including those from Bamiyan, Daikundi, and Uruzgan Provinces, where opportunities for education or employment are limited and security in some areas is poor—are estimated as not doing well. Eric Davin, Riffat Manasia, Nicolas Pasquelle, Yama Torabi, and Abdullah Kakkar, Integration of Returnees in the Afghan Labour Market: An Empirical Study (Kabul: International Labour Organization/UNHCR, 2006), http://www.unhcr.org/45333f202.pdf.
12. Interview with Herati academic, August 2014.
15. UNHCR reports that nearly four thousand people were displaced to Herat because of conflict in Ghor and Badghis Provinces between October and December 2013 alone.
18. Ibid.
19. The purchase cost of urban commercial space in 2014 ranges from $150 to $600 per square meter depending on location, standard of construction, and state of repair. Developers report that this is about 30 percent less than commercial property values in 2008.
20. Interview with property developer, Herat, June 2014.
21. Interview with economist, Herat, June 2014.
22. In 2011, 70 percent of urban households in Herat owned the home they inhabited; the remaining 30 percent rented or were still paying off a mortgage. Herat Strategic Plan 2013.
23. The implementation of master plans is the responsibility of municipalities, whose staff are rarely consulted during their formulation.
24. The strategic master plan still awaits approval by the president—another example of the extraordinary centralization that prevails.
25. The theft and redistribution among cabinet members and other powerful individuals of valuable government-owned land in Sherpur in central Kabul in 2004 was widely condemned, but no action was taken against the perpetrators, some of whom claimed it as their right for having fought the jihad.
26. Press reports, including one on Killid Radio by Esmaullah Mayar on January 7, 2013, allege that powerful political figures in Herat illegally occupy property and land, both public and private.


28. Unlike other cities, most private shahrak in Herat have been laid out on land acquired legally, even though the subsequent development often contravened planning regulations.

29. Haji Yasin is the son of Ismail Khan, former governor of Herat Province, a key member of Jamiat-e Islami, and current minister of water and energy, who rose to power during the Soviet war in Afghanistan.

30. Private townships with development permits from the Ministry of Urban Development Affairs in Kabul are distinguished from those that are entirely illegal (see map 3).


32. Ibid.

33. This analysis of the local economy is constrained by the lack of consistent and reliable quantitative data, which should be treated as indicative.


36. Interview with water resources specialist, Kabul, July 2014.


38. Long part of the eastern Iranian province of Khorasan that straddled the modern frontier, it was not until 1857 that the Qajar dynasty in Tehran ceded Herat to Afghanistan.


42. It is not clear which projects were funded by the Iranian government or won by Iranian enterprises bidding on Afghan government contracts—they are barred from bidding for U.S.-funded projects.


50. The head of Herat Customs claims that volume in the first half of 2014 was down almost a quarter as compared to the previous year, but detailed figures are not yet available.

51. Interview with businessman, Herat, August 2014.


53. The agency was established in Kabul in 2003 to promote private sector investment in Afghanistan.

55. Strategy for Herat’s Economic Development 2011. In the absence of reliable data on economic activity at the provincial level, it is difficult to determine how this figure compares with the 16 percent that industry was reported, according to World Bank figures, to contribute to the national gross domestic product in 2012, according to World Bank figures.


57. Interview with Herat Governorate representative, July 2014.


59. Interview with economist, Herat University, June 2014.


63. Herat Strategic Plan 2013.


65. Interview with member of Herat Professional Shura, July 2014.


68. Interview with AISA official, Herat, September 2014.

69. Interview with DABS director, Herat, August 2014.


73. NRVA 2011–2012.

74. The average monthly household income in urban areas in 2013 was $183 (10,290 Afs), but there are, as is to be expected, wide differentials.

75. The national level of female engagement in nonagricultural wage labor is only 11 percent (NRVA 2011–2012). Stefan Schütte, “Poverty Amid Prosperity.” The same study found that 55 percent of children in vulnerable households worked, thereby probably losing out on their education.

76. The caveat about the reliability of employment data mentioned earlier applies here.

77. The National Risk and Vulnerability Assessment indicates 9 percent unemployed and 8.6 percent underemployed nationally, against significantly higher figures of 10.5 percent and 21.5 percent recorded in 2007–08.


79. UNHCR reports that up to a million undocumented Afghans were repatriated between 2002 and 2007, 223,000—mainly single males—in 2013 alone. In 2006, Iran defined no-go areas, where access by foreigners is restricted, in twenty-two of its provinces. Davin et al., Integration of Returnees.


82. Department of Labor and Social Affairs, Herat, May 2014.
83. In the first ten months of 2012, the Iranian rial lost 80 percent of its exchange value, dramatically reducing the earnings of Afghan migrant workers.
85. Interview with Herati academic, June 2014.
88. Ismail Khan is reported to have said that “one obedient non-educated person is worth a hundred disobedient intellectuals.” Quoted in Antonio Giustozzi, Empires of Mud: War and Warlords in Afghanistan (London: Hurst, 2009).
89. The presidential campaign to which he aligned himself received only 14 percent of the first-round vote in Herat in 2014.
90. Sabah refused in late 2012 to sign a contract for 40 kilometers of urban road upgrading, alleging corruption on the part of Salim Taraki, then mayor and close associate of Ismail Khan.
91. Fifteen police chiefs, eight district governors, five border police commanders, the Herat appellate court prosecutor, the head of the electrical utility, and the petroleum, education, and customs chiefs were also sacked during this visit.
93. In the 2005 election, eight of seventeen MPs elected in Herat were linked to Ismail Khan or Jamiat, winning less than 25 percent of the local vote. In 2010, five of eighteen had such affiliations. Giustozzi, Empires of Mud.
94. The voting system does not guarantee representation from all districts in a province.
97. Interview with youth activist, Herat, June 2014.
98. Several unsuccessful candidates are presently spending significant time after the election in Kabul lobbying for a seat on the PC.
101. Nasir Ghoryani’s Liberty Corporation has interests in importing electricity from Iran. His brother Haji Shir served as director of the Herat Power Department under Ismail Khan.
102. Provincial Development Council’s (PDCs) report to the Ministry of Economy in Kabul. The role of elected provincial council members in the PDC remains unclear.
103. Interview with the governor of Herat, July 2014
104. Funding was pledged to only fifty-six of these projects, according to the Department of Economy.
106. The standoff in 2013 between Governor Daoud Sabah and then mayor Salim Taraki demonstrated how the authority of both positions continues to be contested.
107. Interview with municipal official, Herat, July 2014.
110. For a more detailed account of customs revenue at the time, see Giustozzi, Empires of Mud, 234.
113. Herat mostofiat reports that 3,733 registered corporations and 32,652 individuals paid taxes in 2013, as did the owners of nearly 120,000 vehicles.
114. Interview with UNHabitat staff, July 2014
116. Ministry of Education figures cited in the 2011–12 statistical yearbook indicate that the national average for female literacy is 17 percent, and 45 percent—for girls up to twelve years old enrolled in school. See http://www.af.undp.org/content/dam/afghanistan/docs/MDGs/NRVA%20REPORT-rev-5%202013.pdf.
118. Ibid.
119. Interview with civil society activist, Herat, June 2014.
120. Fees reportedly range between $100 and $1,500 per annum for each student. Education officials in Herat report that private schools are required to have classroom space for between twenty and thirty students, a library, a laboratory, and teachers with three years of experience.
121. Sarto, Kohi, and Mihran, “Sector Reform.”
122. Herat Strategic Plan 2013.
123. In 2014, 250,000 applicants sat the entrance exams for 57,000 university places.
126. Including Hizb ut-Tahrir, a transnational Islamist group opposed to the international military presence, and Jamiat-e Islah, a social organization that espouses the cause of the Muslim Brotherhood. Interview with lecturer at Herat University, June 2014.
127. A partial process of subcontracting started as early as 2002, followed by performance-based grants on a larger scale a year later, with the Ministry of Public Health assuming responsibility for managing grants in 2006, when funding began being channeled through the government budget.
129. Unless otherwise stated, all figures from the Ministry of Public Health are cited in the *Afghanistan Statistical Yearbook 2012–2013*.
130. In the tashkil of the Provincial Health Department, 126 posts remain unfilled.
131. Sarto, Kohi, and Mihran, “Sector Reform.”
132. Not all private health facilities are registered with the Ministry of Public Health, which is responsible for regulation.
134. Popal, “Municipalities in Afghanistan.”
138. Residential use is charged according to consumption, with a basic rate of 3.4 Afs/KW; industrial customers are charged 6Afs/KW, and commercial/government customers are charged 7.4Afs/KW. Interview with DABS Herat director, 2014
141. Afghanistan Ministry of Finance, Development Cooperation Reports 2010 and 2012. The latter includes Herat as one of the "least impacted provinces" by international assistance.

142. To put this in context, overall per capita assistance to Afghanistan in 2012–13 was $103, according to the Afghanistan Statistical Yearbook. Samadi, “Energy Consumption.”

143. Ibid.

144. Interview with the representatives of Italian Embassy/Cooperation, Kabul, May 2014.

145. Megan Minnion, presentation to UN Country Team, Kabul, December 2012.

146. Launched in 2007, the Good Performers Initiative (led by U.S. Department of State’s Bureau of International Narcotics and Law Enforcement Affairs) has granted more than $147 million to Afghan provinces under this initiative for infrastructure and local employment, as well as recognizing provincial governors who demonstrate strong leadership in reducing and eliminating poppy cultivation.


148. Department of Rural Development and Rehabilitation figures cited in “National Area Based Development Program: Herat Provincial Profile,” 2012. Ministry of Economy figures cited in the 2013 statistical yearbook, however, indicate seventy-nine Afghan and nine international NGOs active in Herat.


151. CENTCOM Combined Information Data Network Exchange spreadsheet 2010–2011; Minnion, presentation to UN Country Team, December 2012.

152. Interview with private contractor, Herat, June 2014.

153. ISAF’s claim in an internal 2011 report (Information Dominance Center Point Paper on Economic Impact of Transition) that a quarter of the provincial population (443,000 people) benefited directly from income derived from military-related employment or from projects seems highly implausible. Afghans have been mainly involved in catering, force protection, maintenance, and cleaning, as well as translators, interpreters, and advisors.

154. The International NGO Security Office (INSO) reports an increase in the ratio of homicide amongst total security incidents in Herat in the first six months of 2014 to 64 percent, compared to 42 percent in the corresponding period in 2013.


157. INSO quarterly report June 2014.


159. INSO reported a 70 percent increase in incidents in the region over the same period in the previous year.

160. Possibly involving Mullah Mustafa, who operates lucrative checkpoints on the road to Obeh and is said to maintain cordial relations with certain power brokers in Herat.
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A major trading hub and the largest city in Afghanistan’s westernmost province, Herat city is an example of both the possibilities for economic growth and social development and of the challenges that lie ahead. Economic recovery, urban development, reform, and efforts to curtail corruption all hinge on improved security. If satisfactory arrangements for the national unity government can be found, maintaining a modicum of security in urban areas should be possible. The risk if it does not is that Herat remains an enclave in an unstable landscape.

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