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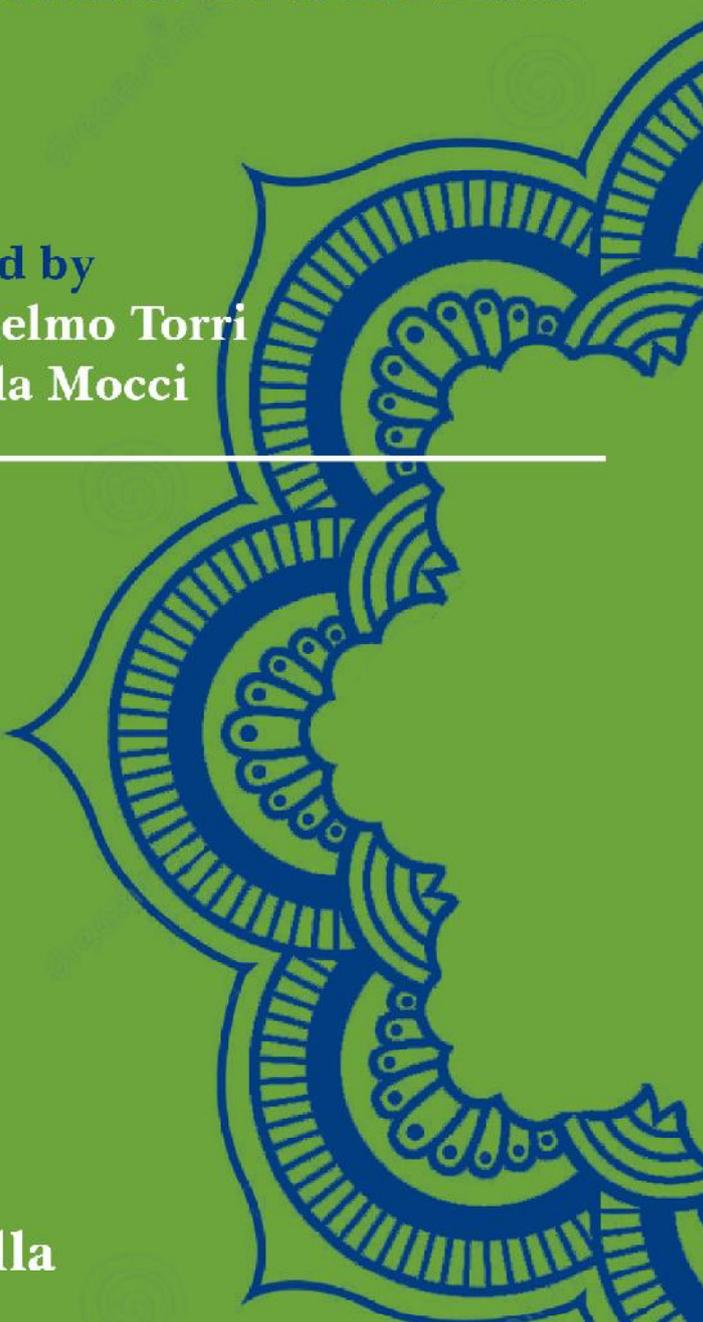
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The End of the Obama Era in Asia

Edited by
Michelguglielmo Torri
and Nicola Mocci

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This Asia Maior issue is dedicated to Asia Maiorano, who came to this world while the volume was in the process of being finalised thanks also to the active participation of her father.

FOREWORD: ASIA MAIOR IN 2016

ASIA AT THE END OF THE OBAMA ERA: THE RISE OF CHINA, THE ASIAN RULING CLASSES' SEARCH FOR LEGITIMATION AND POWER, THE THREAT OF RADICAL ISLAM

The second and final four-year mandate of US President Barack Obama came to an end on Friday 20 January 2017, making of 2016, the year under review in this volume, the concluding one of what can be defined the Obama Era. The end of the Obama era was related not so much to the conclusion of the second and last Obama presidency as to the political personality and programme of his successor. The unexpected election of Donald Trump as the new US president, on 8 November 2016, brought to power a politician whose programme, although lacking in clarity and coherence, appeared to have as its polar star the objective of undoing most if not all of the major policies and reforms carried out by his predecessor. As far as Asia is concerned, Donald Trump's election had an immediate and major consequence, represented by the President-elect's announcement, on 21 November 2016, that he would withdraw from the Trans-Pacific Partnership (TPP) «from day one» of his presidency. By taking this decision, Donald Trump demolished one of the twin pillars on which the Obama administration's foreign policy in the Asia-Pacific region had been based (the other being the «pivot to Asia», namely the redeployment of much of the US military strength in the Asia-Pacific region). Trump's decision, by the way – notwithstanding Japan's Prime Minister Shinzō Abe warning that the TPP would be «meaningless» without US participation – did not mean either the end of the Trans Pacific Partnership or its reduction to irrelevance. On the contrary, Trump's decision meant, quite simply, that the US was giving up its role of leadership in what still remained potentially the most important free-trade pact of the 21st century. By so doing, the US President-elect opened the way to China joining and, eventually, playing a leadership role in the TPP.

Trump's decision to withdraw from an economic pact that had been so actively pursued by his predecessor and was so central to his policies highlighted a clear-cut and decisive hiatus in the US foreign policy and, in a way, epitomised the end of the Obama era in Asia. However, momentous as they were, and bound to decisively affect the next future of Asia, Trump's election and his decision to abandon the TPP came too late in the year 2016 to really play a decisive role in the political and economic evolution characterising that year in Asia Maior (namely that part of Asia that the Asia Maior think tank defines as delimited in the north by the Caucasus and the Siberian southern border, in the west by Turkey and the Arab countries and

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Afghanistan's political and economic scene in 2016 was largely conditioned by the on-going war. The uneasy balance between Afghan National Security Forces and the insurgents has shown a tendency to shift in favour of the latter. US air support has increasingly emerged as the government forces' only element of military superiority over the Taliban. This led to the international coalition postponing the planned withdrawal of military assistance to 2017. The year 2016 was also marked by the killing of the Taliban amir Mullah Akhtar Mansour in a US drone strike, and by his replacement with Maulvi Hibatullah Akhundzada. At the same time, the year has also confirmed the Taliban's tendency to evolve their own organization towards greater professionalization and centralization. Moreover, the Afghan scene has also been marked by indications that the Islamic State's branch in Afghanistan – Wilayat Khorasan – is taking firm roots in the country, as it has in Pakistan. Wilayat Khorasan was also increasingly competing with the Taliban, who have tried unsuccessfully to halt its spread. On the other hand, a positive development for Kabul has been the signing of a peace agreement between the government and Hezb-i-Islami Gulbuddin, one of the main insurgent groups. In the field of internal politics, the government has struggled to maintain the promises of reform made at the time of the National Unity Government's appointment. Only in the second half of the year, did President Ghani obtain approval for a new electoral law, which should open the way to parliamentary and district councils elections in 2017. Economic indicators have shown moderate growth over the preceding year, which was favoured by an unexpectedly good harvest. Other important developments include approval of the International Monetary Fund's program of Extended Credit Facility, the opening of a new train connection with China, and the signing of a tripartite agreement with Iran and India for the development of the Iranian port of Chabahar.

1. Introduction

2016 has been another difficult year for Afghanistan. The hopes that the inception of the National Unity Government (NUG) would bring a breakthrough for the war-torn country have largely been unfulfilled. In the military field, the difficulties of the Afghan National Security Forces (ANSF) have once again been highlighted by the Taliban offensive. This led the international coalition to postpone the planned withdrawal of military assistance to 2017. The year has also been marked by important developments

in the insurgency. The first has been a change in the Taliban leadership, following the killing of their *amir* Mullah Akhtar Mansour in an Unmanned Aerial Vehicle (UAV) strike in May 2016, and his replacement with Maulvi Hibatullah Akhundzada. The Taliban strategy has continued along the line of attempting to conquer important cities and engaging the ANSF in open battle. The strategy has resulted in more civilian casualties, as well as in large numbers of Afghans leaving their homes in search of shelter. 2016 has been a record year for the number of Internally Displaced Persons (IDPs).

The year has also confirmed the tendency of the Taliban to evolve their own organization towards greater professionalization and centralization. This process has entailed changes in the balance of power between various factions within the insurgency. Moreover, the Afghan scene has registered increasing military activity by the Afghan branch of the Islamic State (IS), Wilayat Khorasan (WK), which has claimed responsibility for several attacks. WK has also emerged as a competitor for the Taliban, who have unsuccessfully tried to halt the spread of this organization. From the point of view of domestic politics, the government has hardly been able to maintain its promises of institutional reform and transparency. Only in the second half of the year, did President Ghani obtain approval for the long-awaited new electoral law, which should open the way to Parliamentary and district council elections in 2017. However, the preparation of the legislation has once again emphasised the lack of coordination between institutional actors, especially the NUG and Parliament. Finally, as explained in the final part of this article, the economic situation in 2016 has been characterised by both positive and negative indicators.

2. Military stalemate and the extension of Resolute Support Mission

The war has largely conditioned Afghanistan's political developments in 2016, as during the previous year.¹ The uneasy balance between the ANSF and the insurgents has tended to shift in favour of the Taliban. This situation was partly expected, as a result of the decision of the US and NATO partners to shift the role of their troops from active fighting to advising and training. During 2016, it became increasingly clear from field reports, that the conflict was moving from a state of military balance to one in which the initiative was in the hands of the insurgents. At the same time, the difficulties of the ANSF in facing this challenge without the active support of the international forces became clear. From a strategic point of view, the strategy followed by the Taliban was to attempt the occupation of provincial capitals. This indicates that the Taliban conquest – although very

1. Diego Abenante, 'Afghanistan 2015: the National Unity Government at work. Reforms, war, and the search for stability', *Asia Maior 2015*, pp. 461-63.

brief – of Kunduz city in September 2015, was not an isolated initiative, but a well-planned strategy. In 2016, the Taliban attacked provincial capitals in almost all the regions, including Kunduz, Farah, Maymana, Lashkargah and Tarin Kot.² While, before 2014, the Taliban could not attack urban areas because of the cover provided by international air forces, the withdrawal of the International Security Assistance Force (ISAF) changed the balance. The Taliban have increasingly replaced the use of Improvised Explosive Devices (IED) with more ambitious and sophisticated military offensives. The fact that all of these attacks ultimately were repelled by the ANSF, must not lead to underestimations of their importance. In each attack, the failure of the offensive was not caused by the Kabul defence forces, but rather by the intervention of US air power.

The Taliban have also shown the ability to resort to more complex strategies in order to put the ANSF under strain; for example, they have attacked more cities at once, making it increasingly difficult for the Kabul troops and the allies to repel them. Another new tactic used by the Taliban has been that of trying to cut supply lines, in order to isolate provincial cities from Kabul.³ The insurgents have not altogether abandoned the tactic of launching attacks against government buildings or places popular with foreigners: on 1 January, a bomb blast near a French restaurant in Kabul killed two people and injured fifteen; on 19 April, a suicide bombing targeted a government compound, killing thirty people and injuring hundreds; according to media sources, this has been the single deadliest year for Taliban attacks since 2011.⁴

The insurgents' increasing military capability has led the Kabul government to blame Pakistan for its alleged support to the Taliban. In December 2016, President Ghani has stated that the Taliban «would not last a month without Pakistan's support».⁵ These developments have also thrown light on the ambiguous nature of the international military presence in Afghanistan. According to the terms of the Resolute Support Mission – which replaced Enduring Freedom on 1 January 2015 – the allies were expected to provide only advisory and training support to the ANSF.⁶ However, it was also decided that the US would maintain the presence of Special Units for counter-terrorism against the international jihadists operating in Afghani-

2. Antonio Giustozzi & Silab Mangal, 'An Assessment of the 2016 Fighting Season of the Taliban', *Jane's Terrorism & Insurgency Monitor*, 6 October 2016, pp. 1-6.

3. *Ibid.*, pp. 1-3, 8. On the problems of the Afghan army see also Antonio Giustozzi & Ali Mohammad Ali, 'The Afghan National Army after ISAF', *Afghanistan Research and Evaluation Unit*, Briefing Paper Series, March 2016.

4. 'Afghanistan Bombing: 30 Dead After Taliban Suicide Attack in Kabul', *The Telegraph*, 19 April 2016.

5. Sanjeev Miglani, 'Afghan President Says Taliban Wouldn't Last a Month Without Pakistan Support', *Reuters*, 4 December 2016.

6. NATO/OTAN, 'Resolute Support Mission in Afghanistan', 13 October 2016, http://www.nato.int/cps/en/natohq/topics_113694.htm.

stan. It should be noted, however, that the definition of «jihadist» given at that time – and followed until 2016 – had focused on *al Qaeda*, IS and the international terrorist network. The Taliban, on the other side, were normally referred to as «insurgents». The main reason for this nuanced terminology was to allow Kabul to carry on with the so-called «Afghan-led» peace process.⁷ Now, in the light of the increasing difficulties of the ANSF, the category of terrorist has become broader to justify US interventions to stop the Taliban. This has forced the US to once again step into the frontline of the war, contradicting its efforts to present the war as an Afghan «affair» that should be solved only by Afghans. The continued US and international role in the war has also made it increasingly difficult for Kabul to carry on with the peace dialogue. The main argument given by the insurgents against their participation in peace negotiations with Kabul has been exactly the presence of foreign troops in the country. After 2016, it became more difficult for Kabul to say that international troops do not play a leading role in the conflict.⁸

It is not only the difficulties of the ANSF that have forced the US to take the leading role in the war. They also caused the coalition to rethink its overall strategy for Afghanistan. In March 2015, during his first visit to Washington, President Ghani formally asked the US administration to freeze the withdrawal of the troops; a request that Barak Obama accepted.⁹ On 20 May 2016, the Foreign Ministers of the countries of the Resolute Support Mission announced their decision to «sustain the NATO-led mission in Afghanistan beyond 2016».¹⁰ At the following meeting in Warsaw in July, and at the Brussels donors conference in October 2016, the coalition confirmed financial support for the Afghan military with a payment of US\$15 billion through 2020.¹¹ While these steps confirmed that the international community did not intend to leave Afghanistan alone, they also reflected the deep concern that US and NATO experts have been voicing about the increasing military capacity of the Taliban. According to media sources, the US commander in Afghanistan, General John Nicholson, submitted his three-month report on the situation to Washington in June 2016. Although the

7. However, individual Taliban leaders have been included in the US list of terrorists and targeted as such.

8. Borhan Osman, 'Taleban in Transition: How Mansour's Death and Haibatullah's Ascension May Affect the War (and Peace)', *Afghanistan Analysts Network*, 27 May 2016, p. 11.

9. Diego Abenante, 'Afghanistan 2015: The National Unity Government at Work. Reforms, War, and the Search for Stability', *Asia Maior 2015*, p. 463.

10. NATO/OTAN, 'Foreign Ministers Agree to Sustain NATO-led Mission in Afghanistan Beyond 2016', 20 May 2016, (http://www.nato.int/cps/en/natohq/news_131378.htm?selectedLocale=en).

11. NATO/OTAN, 'NATO Stands Resolute towards a Secure and Stable Afghanistan', 9 July 2016, (http://www.nato.int/cps/en/natohq/news_133805.htm?selectedLocale=en).

details have remained secret, the report must have played a decisive role in making the US administration revise its strategy on Afghanistan. On 6 July, Barack Obama admitted that the situation in Afghanistan was «precarious» and that, therefore, the number of US troops in the country had to remain as it was until the end of his administration; that is, at 8,400, not reduced to 5,500 as previously announced. In the same statement, the US President repeated that the role of the US in Afghanistan remained «unchanged», being that of advising and training, while admitting that their mission was also one of «counterterrorism [...] against the Taliban and other groups». ¹²

3. The renewal of the Peace Process and the Taliban response

Besides the military initiative, the year has seen the international community take new steps to revive the peace process. However, international strategy did not focus on bilateral talks between Kabul and Islamabad, in the hope that Pakistan would «force» the Taliban to sit and negotiate as had often been the case in the past. The initiative has been led by the Quadrilateral Coordination Group (QCG), established in 2015 by Afghanistan, Pakistan, the US, and China. The QCG met five times during 2016. However, it has failed so far to convince the Taliban to engage in direct negotiations. In fact, the lack of response on the part of the Taliban seemed to be increasingly frustrating for QCG representatives. During its fourth meeting, in February 2016, the QCG issued an «invitation» to «the Taliban and other groups» to participate in the next meeting scheduled in March. However, the harsh tone of the invitation was apparent in the speech by the Afghan Foreign Minister Salahuddin Rabbani, who said that «the armed groups who continue to refuse to join the peace talks [...] must realise that...our brave security forces will not hesitate in their resolve to fight them resolutely [...]». ¹³ In fact, the feeling was that the QCG was issuing an ultimatum to the Taliban. Apparently, the initiative did not produce any effect; the Taliban political office in Qatar issued a statement on 24 February, stating that the movement was «unaware of plans for talks» and summarised its conditions for joining the peace process: the withdrawal of all foreign troops; official recognition of the Qatar office; the removal of the Taliban from the UN's list of designated terrorist groups; cessation of the campaign of «arrest and elimination»; the release of Taliban fighters from

12. 'Obama, in Shift, Says He Will Keep 8,400 U.S. Troops in Afghanistan Until 2017', *Reuters*, 6 July 2016; 'U.S. Commander in Afghanistan Submits his 3-month Take on War', *The Washington Times*, 16 June 2016.

13. Thomas Ruttig, 'In Search of a Peace Process: A 'new' HPC and an Ultimatum for the Taleban', *Afghanistan Analysts Network*, 26 February 2016, p. 2.

prison; and the end of what they called «poisonous propaganda».¹⁴ While the Taliban had already submitted most of these conditions in the past, the inclusion of new requests, such as the UN list seemed to show a hardening of their position.¹⁵ On the other hand, it was interesting to note the absence of references to the role of the *sharīʿa* in Afghanistan, which had been included in previous statements.

The reaction by the government and the international coalition seemed to follow a double strategy. First, to exploit the existing divisions among the Taliban, and, secondly, to increase military pressure on the commanders less inclined to negotiate. From the first point of view, the coalition chose not to focus on the QCG, rather on the Afghan High Peace Council (HPC), a body established by former President Karzai in 2010, charged with negotiating with the insurgency. This strategy was clearly aimed at strengthening the public image of the process as «Afghan-led». At the same time, Kabul decided on a renewal of the structure of the HPC: Pir Sayed Ahmad Gailani was appointed in February as its new chairman.¹⁶ Gailani is highly respected in the country, as a veteran leader of the *jihad* against the Soviets and because of his position as head of the Qadiriyya Sufi order in Afghanistan. Other changes in the HPC composition included a reduction in the number of members from 70 to 50, and the appointment of new Deputy Heads and members of the Executive Board of Advisors. Interestingly enough, the changes indicated the political will of the NUG to maintain certain political lines for the peace process. In particular, according to many observers, the appointment of two Hazaras and three women signalled that the Kabul government was not ready to negotiate at the cost of minority and civil rights.¹⁷ On the other hand, the decision to carry on two parallel peace initiatives – the QCG and the HPC – confirmed the ambiguity surrounding the peace negotiation. It was easy, for some critical voices to suggest that the «real» process was in fact the one of the QCG, while the HPC was only a façade, aimed at giving credibility to the peace process.¹⁸ In any case, the new impetus seemed to produce some results. On 18 May, a draft peace agreement was announced between the HPC and the Hezb-i-Islami Gulbuddin (HIG), one of the main insurgent factions, although lately autonomous from the Taliban.¹⁹ The draft was formally signed by President

14. *Ibid.*, p. 4; 'Afghan Taliban 'Unaware' of Peace Talk Plans, Says Precondition Remains', *Radio Free Europe/Radio Liberty*, 24 February 2016.

15. Thomas Ruttig, 'In Search of a Peace Process', p. 4.

16. 'Gilani Formally Assumes Charge of the Afghan High Peace Council', *Khaama Press*, 23 February 2016.

17. Thomas Ruttig, 'In Search of a Peace Process', p. 7.

18. 'Is the High Peace Council Sidelined?', *Daily Outlook Afghanistan*, 24 February 2016.

19. Thomas Ruttig, 'Almost Signed? The Peace Agreement with Hezb-e Islami', *Afghanistan Analysts Network*, 21 May 2016.

Ghani and Gulbuddin Hekmatyar on 29 September.²⁰ The deal with HIG was certainly an important result: HIG was one of the oldest militant factions in Afghanistan, which had been active since the 1970s. In fact, the negotiations between the government and Hekmatyar have been ongoing since at least the period of Hamid Karzai. This said, the importance of the event should not be overemphasised. Although influential, and led by a charismatic leader, the HIG has a history of changing sides. Since 2001, the group has shifted alliances more than once. Moreover, a section of the party, led by Abdul Hadi Arghandiwal left the insurgency in 2008, and legally entered Parliament. Finally, HIG's leader Hekmatyar was an aging man, said to be in poor health. He might, therefore, have accepted the deal in order to be granted permission to return to his country.²¹

The details of the deal are also delicate. According to media sources, HIG has agreed to abandon the insurgency in exchange for their removal from the list of terrorist organizations, and permission to act as a political party in Afghanistan.²² Moreover, the agreement would have paved the way for the participation of the party in government institutions and electoral reform.²³ This latter point was of particular interest, since the group – like most former jihadist organizations – was in favour of a proportional electoral system. The legalization of the HIG, therefore, might be a factor favouring reform of the electoral system according to that pattern. Some independent observers have also criticised the deal for granting immunity to HIG for its actions during the civil war of the 1990s. This group – together with Shah Ahmad Massoud's and Burhanuddin Rabbani's Jamiat-i-Islami and Rashid Dostum's Jumbesh – was considered responsible for some of the bloodiest battles in the country after the withdrawal of the Soviets, particularly in the city of Kabul.²⁴

4. *The killing of Akhtar Mansour*

The second aspect of the coalition's strategy – targeting hard-line Taliban commanders – led on 21 May to the killing of the Taliban supreme leader, Akhtar Muhammad Mansour in a US drone strike. After the attack, both the US and Afghan governments stated that the killing of Mansour had been brought about by his refusal to accept the peace process.²⁵ It was

20. 'Ghani, Hekmatyar Sign Peace Deal', *Al Jazeera*, 29 September 2016.

21. Thomas Ruttig, 'Almost Signed?', p. 10.

22. 'Afghanistan Signs Deal with Militant Hekmatyar', *BBC News*, 22 September 2016.

23. Thomas Ruttig, 'Almost Signed?', pp. 4-5.

24. *Ibid.*, p. 9.

25. 'US drone strike in Pakistan kills Taliban leader Mullah Mansoor', *The Guardian*, 22 May 2016,.

evident that Kabul and its international allies wanted to send a signal to all insurgency participants about the consequences of refusing to negotiate. The agreement with Hekmatyar and the killing of Mansour have thus ended up playing an important symbolic role in government propaganda. Somehow, they represented two alternatives for the insurgency. Not surprisingly, the ceremony in which Ghani and Hekmatyar signed the agreement was broadcast live on the Afghan television. During the event, President Ghani urged other insurgency groups to join the process: «This is a chance», Ghani declared, «for the Taliban and other militant groups to show what their decision is: to be with people and join the respected caravan of peace, like Hezb-i Islami, or confront the people and continue the bloodshed».²⁶

5. *The consequences of Mansour's death*

The loss of Muhammad Mansour should have been, at least in theory, a serious blow for the Taliban. They had lost two leaders within the space of one year, given that Mansour had replaced Muhammad Omar in mid-2015. However, the crisis turned out to be less serious than expected for two reasons. The first was that Mansour, though a skilled military commander who had considerably strengthened the movement, had also been a divisive figure. The second was that, over the past few years, the Taliban had undergone a process of institutionalization and centralization, which had made the movement less vulnerable to the killing of its commanders. From the first point of view, it should be noted that Muhammad Mansour's appointment as *amir* had been met with strong resistance from the beginning from some Taliban commanders. This was mainly due to his reputation for being too involved in the narcotics trade, not only for the benefit of the movement, but also for his own.²⁷ Moreover, he was considered too «mundane», especially when compared to the sober personality of Mullah Muhammad Omar. Finally, some militants thought that Mansour had a too close relationship with Pakistan.²⁸ The allegations against Mansour even led to the emergence of a parallel structure led by Mullah Rasool. Though this rebellion became marginal in 2016, the mere fact that parts of the Taliban had rebelled against the *amir*; showed the divisive character of Mansour, as well as the change in the Taliban leadership after the death of the charismatic Mullah Omar. It is likely no Taliban leader after Omar will be able to get the unquestioning obedience of the movement. The fact that Mansour was killed in Pakistani territory, and that his relations with Islamabad had apparently worsened in the last months have led some Taliban members to

26. 'Ghani, Hekmatyar Sign Peace Deal', *Al Jazeera*, 29 September 2016.

27. Borhan Osman, 'Taleban in Transition', pp. 1-5.

28. *Ibid.*

suggest a Pakistani involvement in the killing. However, the role played by Pakistan in the Taliban's change of leadership – assuming there was one – is difficult to assess given the lack of objective evidence.²⁹

The new *amir*, Mawlawi Hibatullah Akhundzada is a very different figure from Mansour. First, he is a religious, rather than a political or military leader. In his youth, he studied religious sciences achieving the titles of *shaikh al hadith* and *shaikh al tafsir*. He has also taught many Taliban fighters, which has obviously increased his personal influence. Apart from his teaching, Akhundzada had served as a judge for the Taliban in various provincial courts, before being appointed chief justice by Mullah Omar around 2008. In 2015, he was chosen as a deputy to Mansour. Well-informed sources describe him as a modest, serious person, who was also very conservative on adherence to Islamic law.³⁰ Overall, the appointment of Akhundzada had a unifying effect on the movement. Some observers have even suggested that the choice of a universally respected leader as Akhundzada was motivated by the desire to avoid the divisions of the past.³¹

6. *The reorganization of the Taliban*

The change in the insurgency leadership highlights the transformation experienced by the Taliban in recent years. Since 2001, the Taliban had gone through a process of institutionalization and centralization. This means that the Taliban have appeared to be able to weather important changes in the leadership without significantly losing their strategic direction. Originally, the Taliban had a kind of federated structure.³² The movement was a galaxy of militias organised in shuras (assemblies). The main groups – all operating from Pakistani territory – were the shuras of Quetta, Peshawar, and Miran Shah (also known as the Haqqani Group). Below this level, there was a collection of many local groups, which followed the directives of one of the three main shuras. This structure was largely informal, based more on tribal and regional considerations than on ideology. Since the regrouping after defeat in 2001 – particularly after 2009 – the Taliban structure has undergone a process of institutionalization.³³ The change was

29. *Ibid.*, p. 2.

30. *Ibid.*

31. 'Who is Haibatullah Akhundzada, the New Taliban Leader?', *The Telegraph*, 25 May 2016.

32. Antonio Giustozzi, 'The Taliban and the «Pakistan reservoir». On the Importance of the Afghan Community in Pakistan for the Taliban's Military Effort', in Shaun Gregory (ed.), *Democratic Transition and Security in Pakistan*, London: Routledge, 2015, pp. 127-136.

33. Claudio Franco & Antonio Giustozzi, 'Revolution in the Counter-Revolution: Efforts to Centralize the Taliban's Military Leadership', *Central Asian Affairs*, Vol. 3, Issue 3, 2016, pp. 249-86.

motivated mainly by the aim to make the movement into a stronger political force, which could credibly replace the government in Kabul.

Institutionalization was also intended as an attempt by the more politically-minded commanders to take the lead over hardliners. One important step towards this end, was the issue of the Taliban code of conduct or *Layha* in 2010. The code was issued with the declared aim of disciplining fighter behaviour toward the civilian population, and strengthening the Taliban's image as a future governing force.³⁴ Although opinions differ among the analysts on how deep the change has affected the Taliban «DNA», there is a consensus that the insurgency now has a predefined strategy that, at least in the short term, could be implemented even in the absence of a recognised guide. Furthermore, their power structure, which was once decentralised and informal, has become a well-organised pyramidal chain of command. This is currently led by the Quetta Shura (also called Rahbari Shura or Guiding Assembly), which directs the other territorial commissions. After several regroupings within local bodies, the Taliban under the Rahbari Shura in 2016, was believed to consist of the Haqqani Network – whose main base is at Miran Shah, in Pakistan's Federally Administered Tribal Areas – and by the Mashad Office, which organises the Taliban in the Western districts near the Iranian border. The Peshawar Shura apparently fragmented into two factions in late 2016, one of which amalgamated with the Quetta Shura, while the second formed a new group, called the Shura of the North.³⁵

7. *The emergence of Wilayat Khorasan*

The year 2016 was also marked by the advance of IS into Afghanistan and the Aft-Pak frontier region, through its local organization, Wilayat Khorasan (WK).³⁶ This group began to take root in Afghanistan in 2014, although only in January 2015 did IS announce its foundation. The spread of WK in Afghanistan, however, has not followed a smooth course because of their competition with the Taliban. Between 2015 and 2016, the organization has been able to settle in different areas of Afghanistan. At the end of 2016, it was present – although with different levels of strength – in the south (Zabul), east (Konar), and in the north and northeast of the coun-

34. Kate Clark, 'The Layha. Calling the Taleban to Account', *Afghanistan Analysts Network*, 4 July 2011.

35. Antonio Giustozzi & Silab Mangal, 'An Assessment of the 2016 Fighting Season of the Taliban', pp. 5-10.

36. «Wilayat Khorasan» means «Khorasan province». The term Khorasan historically refers to a region comprising parts of today's Iran, Afghanistan, Tajikistan, Uzbekistan, and Turkmenistan.

try (Badakhshan, Sar-e-Pol, Faryab and Badghis).³⁷ The expansive ability of WK is based on three main elements: first, its capacity to provide an alternative to those fighters who were dissatisfied with the Taliban leadership. In fact, the greatest expansion of WK coincided with the internal split within the Taliban caused by the appointment of Mansour. Secondly, its financial strength: according to one source, the wages of WK fighters in 2016 amounted to approximately \$500 per month, which was considerably higher than the pay of an average Taliban. It is no coincidence that in the second half of 2016, WK had recruited many members from the Peshawar Shura, when the latter had financial problems.³⁸

Despite, or maybe because of its growing influence in Afghanistan, the relations between WK and the Taliban have been difficult.³⁹ Originally, the Taliban – as they had done in the past with other organizations such as *al-Qa'ida* – had agreed to ally with the WK as they considered IS a useful ally.⁴⁰ Moreover, IS had not sent Arab commanders to negotiate with the Taliban, rather Afghans who had fought in Syria and Iraq. However, relations between the two groups broke down, when WK began recruiting in Afghanistan and building a network of contacts with the local tribes, without the authorization of the Taliban.⁴¹ The rift involved all the various Taliban shuras with one major difference: the greatest opposition to WK's penetration came from the Qandahar Shura, which, by and large, represents the «heart» of the Pashtun Taliban, which is the custodian of its tribal tradition. Instead, the militias of the eastern provinces, where the tribal bonds are less strong, and where ideology, conversely, is more influential, have been more reluctant to clash with WK. This applies, for example, to the Haqqani Network.⁴² Some elements suggest that religious and ideological differences between WK and the Taliban were also significant enough to prevent a merger between the two movements. From the religious point of view, it is important to remember that while IS is a Salafist movement, the Taliban are inspired by the school of Deoband. This means that the Taliban – though very conservative in matter of Islamic law – do not share the total opposition of IS to the *shī'a* and the cult of Sufi saints. In an interesting video released in December 2015, a representative of IS accused the Taliban of having «deviated» from the right path

37. Antonio Giustozzi & Silab Mangal, 'Back on the Offensive-Wilayat Khorasan Reasserts itself in Afghanistan', *Jane's Terrorism and Insurgency Monitor*, 13 December 2016, pp. 1-5.

38. Antonio Giustozzi & Silab Mangal, 'Wilayat Khorasan Unleashes New Wave of Violence but Loses Leader', *Jane's Terrorism and Insurgency Monitor*, 6 September 2016, pp. 7-8.

39. Dawood Azami, 'Why Taliban Special Forces are Fighting Islamic State', *BBC News*, 18 December 2015.

40. Antonio Giustozzi, 'Jihadists Compete along Aft-Pak Border', *Jane's Terrorism and Insurgency Monitor*, 27 September 2016, pp. 1-9.

41. *Ibid.*

42. *Ibid.*, pp. 5-9.

because of their cooperation with Pakistan and for protecting the tombs of saints.⁴³ It is also interesting to note that the leaders of IS and the Taliban – al Baghdadi and Akhundzada – have received the same Islamic title of *amir al muminin* (Commander of the Faithful). Although the title, in itself, does not necessarily imply a claim to the position of Caliph, the use of the same title by the two leaders makes an act of submission by the Taliban leader to al Baghdadi less likely. Another important factor is the growing Iranian influence on the Taliban, particularly in the western districts. The connections between the Taliban and Iran have grown recently, as the former have tried to counterbalance the pervasive influence of Pakistan. For obvious reasons, Iranian authorities have exercised considerable pressure on the Taliban to discourage the alliance between the latter and IS.⁴⁴ Finally, from the ideological point of view, various well-informed sources have emphasised that WK opposes the Taliban's continued adherence to a national political agenda for Afghanistan, in accordance with IS' opposition to nation-states.⁴⁵

8. Electoral reform and the anti-corruption agenda

The activity of the NUG in 2016 has again been dominated by the issue of institutional reform, in particular that of electoral law. After the highly contested 2014 presidential election and the formation of the NUG, Ashraf Ghani and Abdullah Abdullah agreed on a compelling agenda of reforms. Nevertheless, since then almost nothing has been achieved. In theory, the parliamentary and district elections were to have taken place in 2015, but were finally postponed to October 2016 by presidential decree. However, in the end, this deadline was also cancelled, causing critical comments on the part of the donor countries. This said, in 2016, the government took two important steps: in September, the new election law was approved, and secondly, in November, the new commissions charged with the supervision of the upcoming elections – the Independent Electoral Commission (IEC) and the Independent Electoral Complaints Commission (IECC) – were appointed. Some important innovations introduced to halt the electoral frauds of the past include a new voters' register, new rules for the formation of polling sta-

43. 'ISIS releases new video calling Afghan Taliban a deviant group', *Khaama Press*, 8 December 2015 (<http://www.khaama.com/wp-content/uploads/2015/07/isis-deputy-leader-killed-in-Afghanistan.jpg>); it is worth noting, however, that in late 2016, WK seemed to make a particular effort to win local support through a «Salafi-jihadism tailored to local preferences». On this refer to Borhan Osman, 'ISKP's Battle for Minds: What are its Main Messages and Who they Attract?', *Afghanistan Analysts Network*, 12 December 2016, pp. 1-11.

44. Antonio Giustozzi & Silab Mangal, 'Wilayat Khorasan Unleashes New Wave of Violence but Loses Leader', pp. 8-9.

45. Borhan Osman, 'ISKP's Battle for Minds', pp. 5-6.

tions, and new and more stringent laws against electoral crime. Moreover, the law also introduced a system of reserved seats for religious minorities (Hindus and Sikhs) and women.⁴⁶ However, the measure that caused the most heated controversy is the government directive to the IEC to decide on electoral constituencies. President Ghani and Chief Executive Officer (CEO) Abdullah have taken this step in the absence of a consensus among the various political forces on the constituency system that the State should adopt. The fundamental reason for the disagreement is that the constituencies will in the future affect the choice of the electoral system. While almost all political actors agreed on the necessity to change the current electoral system – the «single non-transferable vote» or SNTV – there has been no consensus so far on whether to introduce a majoritarian or a proportional system.⁴⁷ The importance of the issue is understandable, given that the next parliamentary and district elections will elect 660 out of 762 delegates of the future Constitutional *Loya Jirga*, which will decide on the future Constitution. Therefore, all political forces have been active in trying to influence future elections as much as possible.⁴⁸ Although passage of the law was certainly a positive development for the reform agenda, Ghani and Abdullah have been criticised for choosing to pass it through government and not the parliament.⁴⁹ Besides causing a further controversy, the NUG's decision has illustrated the lack of consensus between the most important state institutions on the future direction of the reforms.

The capacity of the NUG to bring important reforms to the public sector was again placed under serious scrutiny in October 2016, when the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) issued a tough report on the Kabul Bank scandal.⁵⁰ Although at its very inception, the NUG had decided to address the scandal by reopening the case, since then not much has been done. The MEC's report has openly criticised the government for its inactivity. It has emphasised that only a limited percentage of «buddy loans» had been recovered, and cited a «lack of cooperation and coordination among national entities and lack of transparency in the conduct of the involved institutions».⁵¹

46. Ali Yawar Adili, 'Update on Afghanistan's Electoral Process: Electoral Deadlock Broken - For Now', *Afghanistan Analysts Network*, 18 December 2016, pp. 5-6.

47. *Ibid.*, pp. 3-4.

48. *Ibid.*, p. 10.

49. *Ibid.*, pp. 3-4.

50. Diego Abenante, 'L'Afghanistan. Il difficile cammino verso la transizione politica', *Asia Maior*, 2011, p. 100.

51. Independent Joint Anti-Corruption Monitoring and Evaluation Committee, 'Update on Kabul Bank. What has been Achieved so far?', 3 October 2016, pp. 1, 4 ([http://www.mec.af/files/2016_10_02_Kabul_Bank_Scandal_Update_\(English\).pdf](http://www.mec.af/files/2016_10_02_Kabul_Bank_Scandal_Update_(English).pdf)); 'Thematic Dossier XIII: Still (not) Dealing with the Kabul Bank Scandal', *Afghanistan Analysts Network*, 3 October 2016, pp. 1-2. The expression «buddy loan» refers to the practice by a bank to grant loans based on the political or social influence of the beneficiary, even without, or with scarce guarantee of repayment.

9. *The state of Afghanistan's economy*

The economic situation of the country in 2016 has offered both positive and negative signals. The most important factor influencing the economy, as in previous years, was the issue of security. From this perspective, economic operators have shown appreciation for NUG efforts to tackle violence, although the military situation remained a major source of uncertainty. Economic indicators showed, in the first half of 2016, moderate growth over the preceding year. The GDP increased from 1.5 to 2.0 in mid-2016. This was reinforced by the unexpectedly good harvest, due to rainfall at the end of winter.⁵² The rate of inflation has been rising after a long period of deflation. This was caused by depreciation of the currency and subsequent price increases for imported goods. A further important development has been the approval of a three-year Extended Credit Facility by the International Monetary Fund. This was aimed at supporting structural reforms for the development of the private sector and improving fiscal stability to reduce the country's dependence on donor aid.⁵³ Another positive step has been the opening of a new train connection with the port of Nantong in China in September. The Afghan government also signed an important tripartite agreement in May with the Iranian and Indian authorities, for the development of the port of Chabahar, in Iran, into a transit hub.⁵⁴ As regards domestic revenue, mid-2016 data registered a 35% increase, mainly due to tax increases and the positive effect of fiscal reform.⁵⁵ However, negative developments came in the field of opium production. The 2016 Survey highlighted the serious consequences of the Taliban's advance into various provinces, which led to a 10% increase in poppy cultivation and a dramatic 91% reduction in the eradication of poppy fields.⁵⁶

52. 'Asian Development Outlook, 2016 Update', *Asian Development Bank*, 2016, p. 138.

53. International Monetary Fund, *IMF Reaches Staff Level Agreement with Islamic Republic of Afghanistan on an Arrangement under the Extended Credit Facility*, 2 July 2016 (<http://www.imf.org/external/np/sec/pr/2016/pr16317.htm>).

54. 'India, Iran and Afghanistan Sign Trade Corridor Deal', *Al Jazeera*, 24 May 2016 (<http://www.aljazeera.com/news/2016/05/indian-iran-afghanistan-sign-trade-corridor-deal-160523193709946.html>).

55. 'Asian Development Outlook, 2016 Update', p. 138.

56. United Nations Office on Drugs and Crime, *Afghanistan Opium Survey 2016. Executive Summary*, pp. 4-9. (<https://www.unodc.org/documents/press/releases/AfghanistanOpiumSurvey2016.pdf>).