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#### About the Authors

Paul Fishstein is a Non-Resident Fellow at New York University's Center on International Cooperation (CIC). Paul has more than 40 years of experience in research, design, and management of economic development and assistance programs, with a focus on Afghanistan and South Asia. Paul has worked as a Team Lead at the Special Inspector General for Afghanistan Reconstruction's Lessons Learned Program. Prior to that he served as Fellow at the Afghanistan-Pakistan Program at the Carr Center for Human Rights Policy at the Harvard Kennedy School; Visiting Fellow at the Feinstein International Center at Tufts University; and director of an independent, Kabul-based policy research institution. Paul previously worked for non-governmental organizations managing refugee humanitarian assistance and publichealth initiatives in Afghanistan, Bangladesh, Nepal, Pakistan, Romania, and Tanzania. Paul also worked as a researcher on food security at the World Bank. Paul holds an MS in agricultural and resource economics and a BA in English literature and education.

Aman Farahi is a Washington, D.C.-based consultant. In Afghanistan, he worked as a Country Economist at the World Bank, Senior Economist at UNDP, and Director General for Policy in the Ministry of Finance. Aman holds an MS in the economics of public policy from the Barcelona School of Economics and a Masters in international development policy specializing in Public Financial Management from Duke University.

**Please note:** This briefing paper was completed before a number of recent Taliban edicts, most notably those restricting women and girls from attending all secondary and tertiary educational institutions and from working in non-governmental organizations. These changes are, unfortunately, consistent with the paper's observations, and reinforce the need for pragmatic but principled engagement.

#### About The Center on International Cooperation

The Center on International Cooperation (CIC) is a non-profit research center housed at New York University. Our vision is to advance effective multilateral action to prevent crises and build peace, justice, and inclusion. Our mission is to strengthen cooperative approaches among national governments, international organizations, and the wider policy community to advance peace, justice, and inclusion.

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## **Executive Summary**

he August 2021 fall of the Islamic Republic of Afghanistan and its replacement by the Taliban ended a two decade chapter of economic and social development. On top of an already weak economy reeling from COVID-19 and a multi-year drought, the overnight cutoff of most Western aid, freezing of foreign reserve funds, and effective severing of Afghanistan's links with the global financial system plunged Afghanistan into multiple and overlapping humanitarian, economic, financial, and political crises of almost incomprehensible proportions. As of December 2021, 98 percent of the population lacked sufficient food and 90 percent were projected to be living in poverty. By summer 2022, the economy had shrunk by 20-30 percent.

Ramping up of donor humanitarian assistance helped avoid the predicted worst-case scenarios of major famine and widespread starvation during the winter of 2021. However, the Afghan people now face another difficult winter with no prospect of relief and with their resources more depleted than a year ago.

All agree that only a functioning economy can mitigate the need for humanitarian assistance, help hold onto some of the gains of the last 20 years, and keep the country from falling further into poverty. The Taliban have so far been effective in improving and consolidating revenue collection, in part by cracking down on bribery at customs posts. They have paid Afghanistan's debt arrears to international financial institutions and managed to keep the Afghani relatively stable. They have also significantly increased exports of coal and other minerals to Pakistan. However, the overall crisis of the economy persists.

Despite US steps to relieve some of the sanctions-imposed constraints on the banking system, significant obstacles remain in transferring funds to and from Afghanistan. The US government's recently announced Fund for the Afghan People ("Afghan Fund"), which aims to use USD 3.5 billion of Afghanistan's USD 9 billion frozen reserves for macroeconomic management independently of the de facto authorities (DFA), has yet to begin operation. Regardless, the Fund will not resolve the severe liquidity constraints, lack of confidence in the formal banking sector, and other financial issues which have kept the economy in its crippled state.

Negotiations between the West and the DFA have proceeded fitfully, set back by the Taliban's March reneging on their promise to allow all girls to attend school, the killing of al Qaeda leader Ayman al Zawahiri at a downtown Kabul residence, and the Taliban's opposition vis-à-vis the Afghan Fund. Credible reports of serious human rights violations and further restrictions on dress, female mobility, and fundamental rights and freedoms suggest that the DFA has little interest in acquiescing to the stated terms of engagement set by the international community. The West, meanwhile, faces its own domestic political constraints, which may be contributing to an inchoate, unstated set of conditions that would be difficult

for the Taliban to fulfill even if they wanted to. The key question is how this impasse will play out in coming months, and what it will mean for the Afghan people.

At present, there are no prospects that the Taliban will be uprooted. But nor has their takeover put an end to civil strife in the country. The most significant threat to security is Islamic State-Khorasan Province (ISKP), whose continued attacks have mainly targeted Shia communities. ISKP may also be attracting disaffected Taliban, which may discourage any potential concessions the Taliban could make towards inclusive government. The Taliban also risk fragmentation of local factions through disputes over proceeds from mining operations, the drug trade, or revenue collection. The Taliban are also under pressure from their regional neighbors, who worry about one or more of the militant groups currently present in Afghanistan, as well as border and water issues. Meanwhile, there are precious few signs that the DFA, even absent these fissures, intends to form a government inclusive of Afghanistan's diversity, and clear evidence of Taliban repression of minorities. These elements together

The Taliban's restrictive social policies and refusal to move towards an inclusive government and the charged political environment dictates much of what can or cannot be done by the international community

hold the potential for more widespread violence or even civil war, the nightmare scenario that was avoided during the quick Taliban takeover in August 2021.

In the absence of political and economic security, migration will continue to play a role in relations with the neighbors and with Europe, who are less willing to tolerate the presence of refugees and **migrants.** Among those who have continued to flee are many of the country's most educated classes, contributing to a debilitating brain drain. Afghanistan will likely have to absorb coerced or forcible return of Afghans from Iran, Pakistan, Turkey, and elsewhere.

In short, Afghanistan faces a daunting array of immediate security, humanitarian, and long-term development challenges. The Taliban's restrictive social policies and refusal to move towards an inclusive government and the charged political environment dictates much of what can or cannot be done by the international community. The West's central challenge is at once both moral and political: trying to walk a fine line between delivering humanitarian

and economic assistance to relieve some of the effects of sanctions and isolation and help the Afghan people, while avoiding even the appearance of endorsing or legitimizing the Taliban. Workarounds so far have included re-purposing the World Bank-administered Afghanistan Reconstruction Trust Fund, previously the main vehicle for funding Afghan government operations, to channel funding through United Nations (UN) agencies to non-governmental organizations (NGOs) to provide feeding, health, education, and other services.

Among the significant challenges for the international community are:

**Relationship management**: The relationship with the Taliban will continue to be highly fraught, and the international community needs to decide how it will react (e.g., non-engagement, confrontation, or pragmatic maneuvering) to the Taliban's inevitable transgressions of agreements or redlines. The Taliban will construct social policy largely based on internal movement dynamics and theological beliefs of the Kandahar leadership. It is unlikely that the promise of international funding will be an adequate incentive for the Taliban to make sufficient concessions.

- Working with or alongside the Taliban: Short of a complete cutoff of assistance, the West and the DFA will have to find ways of working with or alongside one another. With the split between the more conservative Kandahar theocrats and the more pragmatic administration in Kabul, as well as the lack of technical capacity, they have not shown that they are willing and/or able to deliver the type of administrative or policy coherence needed to achieve social and economic development. The reported increased interference in aid delivery is likely to continue, especially if resources become more constrained. Meaningful accountability demands more creative approaches to monitoring, beyond the type of checklist-oriented box-ticking processes common under the Republic. The Taliban appear to still be working out exactly what "Islamic governance" means in practice; there is a question of whether the Kandahar leadership even sees a role for the movement beyond bringing the country security and morality. Despite the DFA's continuing with a highly centralized model, working with some of the more NGO-positive officials at provincial and district levels is a possibility. At the same time, NGOs report struggling to understand just how to operate without running afoul of international sanctions and political constraints.
- Who performs the functions of the state? Channeling support away from the DFA and directly through the UN and NGOs can be effective for certain types of services (e.g., health, education), but this has its limits. It begs the questions of who performs complementary state functions and of the long-term sustainability of creating parallel systems that are costly, subject to donor fatigue, and possibly hard to re-integrate into the state at some future point. Having the UN and NGOs take on state functions indefinitely can also breed resentment among the population and the DFA. One key question here is how to balance and sequence, including when and how to transition to more localized approaches when opportunities arise.
- International community cohesion, coherence, and capacity: While the international presence is far less than under the Republic, in some ways the complexity is even greater. As was the case during 1996-2001, there is a potential tension between the UN's political objectives (e.g., human rights, inclusive government) and its humanitarian and development ones (which rely on access provided by the existing Taliban). Similarly, while agencies are ostensibly working towards common goals, agencies may be tempted to subordinate the larger, overall mission to their own institutional mandates. More coordination and coherence are key, but there can be diminishing returns in some cases. Also, agency competence has to be seen in relation to scale and ambition; observers have criticized some current plans for being overly ambitious. A final issue is value for money and the heavy agency footprint, which has also been criticized in the local media.

Recommendations for policy and strategy:

1. Find ways to provide Afghans with humanitarian and other assistance that is not unduly limited by the desire to avoid supporting their current rulers. To the extent that politics allow, admit and own the fact that any assistance to the Afghan

- people comes with risks. Being clear on this could inoculate Western policymakers and officials against accusations of "supporting the Taliban."
- 2. At the same time, balance criticism with engagement and assistance, and try to break the link between approval and support. Aid does not mean approval. This may require compromise, although not on core principles of human rights and humanitarian assistance. Of course, some Taliban restrictions on female participation are not only a challenge to those principles, but rather a direct threat to humanitarian service delivery and therefore to population well-being.
- 3. Agree on central core principles so that agencies don't indulge in a "race to the bottom" to fulfill their own narrow mandates—as worthy as those mandates may be. As a former UN official noted, "it is easier to have a collective strategy when the answer is 'no'." To the extent possible, responses to crossing of core principles should sanction areas and elements of programs to avoid imposing "all or nothing" national redlines and, more positively, to allow rewarding provinces and districts that support inclusive programming (e.g., for women and girls).
- 4. Strong UN leadership in Kabul should take the lead in negotiating with the Taliban on behalf of all UN agencies, funds, programs, implementing partners, and the NGO community, to mitigate the Taliban's divide-and-conquer approach. The UN should act as a platform for the views of others, not as a gatekeeper to communications. The UN should demonstrate its commitment by continuing to employ female staff in their programs and negotiating access that is inclusive for them.
- 5. Consider the long-term implications of rolling out short-term solutions in **order to avoid DFA structures.** Once entrenched, those solutions may be hard to unwind. They may be the only option at present, but thinking ahead about longer-term ramifications, and seizing opportunities to localize when they arise, can help mitigate unintended consequences.
- 6. Plan based on a realistic assessment of future Afghan resources (people and money) and political will. Recognize the limits on capacity of the DFA, UN agencies, and NGOs; "less is more" even more now than it was under the Republic. Consider what the DFA are willing to contribute from their own funds, rather than making the limit simply what resources the West is willing to provide.
- 7. Prioritize interventions that are essential and lifesaving and which could yield longer term benefits (e.g., food security, water/sanitation, health/nutrition, education, basic functioning of the banking sector). Build on this with what should be low-hanging fruit (e.g., water management, disaster preparedness/risk management, the economy) and, where principles allow, leave the more contentious issues for later. Beyond that, online education and possibly scholarships targeting girls and women could contribute, if minimally, to the next generation.
- 8. Go beyond the Afghan Fund to ensure the basic functioning of the banking sector, which affects humanitarian and development organizations as well as the Afghan private sector. This includes facilitating the return of financial assets of private individuals and firms.

9. Related, the UN and its partners should consider when, whether, and how best to integrate or separate its political mission from its humanitarian and development ones depending on the state of play on the ground (including at **subnational level).** At some moments, a more integrated approach could allow greater pressure to be exerted on contentious political and human rights issues, while at others (e.g., while political dialogue is stalled), a more purely assistance-led approach may be necessary to allow each mission's sphere to operate more robustly. The last 16 months raise questions as to whether potential economic assistance provides leverage on the political front.

Recommendations for operational matters:

- 1. As much as possible, simplify coordination. Byzantine or baroque coordination is not worth the effort.
- 2. Explore options for using the Afghan private sector in development-like activities that would be complementary to humanitarian assistance. This could include "impact financing" arrangements for the social sectors by which private firms contract for specific outputs, or else matching grants or a credit/loan facility from which the private sector can access funding.
- 3. Support monitoring and evaluation functions using creative mechanisms, including technology such as GPS-enabled smartphones (with appropriate safeguards to protect individuals) and satellite imagery. To the extent possible, avoid the types of checklist monitoring that have been shown to be ineffective. Consider bottom-up accountability (e.g., social audits using CDCs); the Afghan population is more likely to know what is happening on the ground and hold DFA officials accountable than is the international community.
- 4. Keep in mind lessons from the previous experience with negotiating and working with the Taliban, especially on flexibility and being nimble - and not overreacting when they transgress agreements or violate "red lines." This does not mean turning a blind eye, rather being clear, principled, and consistent. The dialogue with the Taliban will necessarily be difficult and contentious.
- 5. Acknowledge the immense amount of mutual mistrust, based on twenty years of fighting and on suspicions about the present and future (e.g., foreign **agendas).** The West should be aware of some of the decidedly negative connotative meanings that many Afghans hold for terms such as "democracy" and "freedom" (azadi). The West often misjudges the ways in which its articulated values (espoused but not always lived in Afghanistan), were actually interpreted by Afghans on the ground.

### Introduction

The rise, stall, and fall of the Republic: 2001 to August 2021

he August 2021 fall of the Islamic Republic of Afghanistan and its replacement by the Taliban ended a two decade chapter of economic and social development that began with the late 2001 overthrow of the same Taliban by US and international forces. Roughly the first half of that period—coming after more than two decades of intense war and conflict—saw significant economic and social gains, including a doubling of per-capita income, expansion of educational opportunities (especially for girls and women), deepening of Afghanistan's human capital pool, advances in telecommunications and connectivity, and establishment of linkages with the world—along with a striking physical transformation of the major cities. While most areas benefitted, urban areas did so more than rural ones.

Economic growth was unsustainable, however, in large part because it relied on external spending. Despite the seemingly limitless resources that poured into the country during those twenty years, economic and social development was constrained by risk and uncertainty from the political climate, violence and insecurity, poor business enabling environment (e.g., pervasive corruption and patronage), weak physical and institutional infrastructure, and self-interested policies of regional neighbors—all of which were exacerbated by the often ineffectual and conflicting security, political, and aid policies of Afghanistan's development partners, as well as the ill-defined and shifting nature of US policy goals. The liabilities of this unsustainable level of support had been long noted, as had the lack of accountability of Afghan government officials. As international military and civilian spending wound down between 2011 and 2014, economic growth stalled, erasing many of the gains made over the previous decade; in 2019, per capita income was 27 percent less than its peak in 2012 and nearly half the population was living in poverty, up from one-third in 2007.<sup>2</sup>

The human and financial costs of the inter-related military and reconstruction efforts were significant. An estimated half million Afghans were killed or wounded, and at least 3,600 international military personnel lost their lives, with many more wounded. The U.S. alone spent approximately USD 2.3 trillion.

Afghanistan was also the initial theater for the Bush administration's "Global War on Terror," during which many of the norms of humanitarian assistance eroded or broke down altogether, in part due to the incorporation of humanitarian and development assistance into US counterinsurgency strategy.3 The war fought by the Afghan government and its international backers against the Pakistan-backed Taliban insurgency was in large part the consequence of the lack of a political settlement in 2001.4

## Post-August 2021

Multiple overlapping crises: humanitarian, economic, financial, political

uring the chaos of the final US and allied military drawdown in August 2021, Afghanistan was plunged into multiple and overlapping humanitarian, economic, financial, and political crises of epic proportions. On top of an economy that hadn't recovered from the post-2014 reduction in international spending, and which was additionally reeling from COVID-19 and a multi-year drought, the Taliban takeover led to pre-existing US and UN sanctions on individual Taliban officials and on the Taliban movement as a whole becoming economic restrictions on the entire Afghan state and economy. Overnight, the US and its allies rescinded the credentials of Afghanistan's central bank (Da Afghanistan Bank, DAB), which effectively severed Afghanistan's links to the international banking system as well as to other countries' systems. The US also directed the World Bank to suspend payments to the Afghanistan Reconstruction Trust Fund (ARTF) through which government employees' salaries were paid. The International Monetary Fund and the Asian Development Bank quickly followed suit in cutting assistance.<sup>5</sup> International aid had provided over half of the government budget and 80 percent of total public expenditures; in 2018, aid was equivalent to 40 percent of GDP, having gone as high as 100 percent in 2011. The US also froze the more than USD 7 billion in Afghan government foreign

reserves that were stored in the US Federal Reserve system. The crippled banking system substantially closed off the foreign remittances coming through the banking system (although a portion of funds shifted to the hawalai system) that have been key lifelines for many Afghan households over many decades. All of this produced a severe liquidity crisis and a physical shortage of cash as the harsh winter approached.

The consequences of these converging factors were dire and almost incomprehensible.

The consequences of these converging factors were dire and almost incomprehensible. According to the World Bank, there was a nearly 50 percent reduction in overall

employment, with smaller and women-owned businesses the hardest hit,8 and 70 percent of households lacked income to meet basic needs. As of December 2021, 98 percent of the population (or 36 million people) lacked sufficient food<sup>10</sup> and 90 percent were projected to be living in poverty, with 3.5 million children experiencing acute malnutrition. Analysts began to use the phrases "universal poverty" and "mass starvation." Among the most vulnerable were the estimated 700,000 newly internally displaced citizens, bringing the total at the year's end to 4.3 million Afghans counted as internally displaced from the years of conflict.<sup>12</sup>

iHawala is an informal system for the transfer of money that relies on personal networks and trust, and which operates outside of the formal banking system.

Many more Afghans fled to Pakistan, Iran, Tajikistan, and beyond via dangerous overland routes. Credible reports circulated of desperate families marrying off young daughters or even resorting to selling organs or their children in order to survive.<sup>13</sup>

Fortunately, the predicted worst-case scenarios of major famine and widespread starvation during the winter were avoided, in part due to the ramping up of humanitarian assistance by the international community and likely an increase in informal diaspora remittances. However, that December, then-UN Special Representative for Afghanistan (SRSG), Deborah Lyons, reminded the world that this served "only to buy a little time," and that "it is imperative that we not find ourselves six months from now in the situation we faced six months ago: with millions of Afghans facing another winter of starvation and the only tool at our disposal being expensive and unsustainable humanitarian handouts." This reinforced the consensus that only a functioning economy will mitigate further humanitarian risk.

By summer 2022, the "free fall" in the economy had stopped, although only after shrinking by 20 to 30 percent since August 2021 and achieving what has been called a "famine equilibrium"—where people would starve without humanitarian help.<sup>15</sup>

#### International community's response

In December 2021, the UN Security Council passed a resolution for a one-year "humanitarian exemption" stating that "humanitarian assistance along with other activities that support basic human needs in Afghanistan" do not violate the existing sanctions regime. <sup>16</sup> With most of the main Western donor embassies, the World Bank, and the International Monetary Fund shuttered due to political and security considerations, the main in-country actors were the United Nations, a few regional embassies and the European Union, which in January 2022 re-established its presence for humanitarian assistance and limited forms of development aid, referred to as "basic human needs."

The major donors ramped up their humanitarian assistance. The international community's main articulated response was the UN's January 2022 Humanitarian Response Plan (HRP) for USD 4.4 billion (up from the USD 1.3 billion that had been estimated in May 2021), which aimed to reach 22.1 million of the 24.4 million people identified as being in need (55 percent of the population). As of late October 2022, 46 percent had been funded. The US and other bilateral donors continued to quietly fund some development activities—primarily in cash for work, livelihoods, farmer training, hygiene promotion, small business development for women, and vocational training, re-programming their portfolios and pivoting from supporting the government to directly funding NGOs and other implementing partners. A number of regional neighbors (China, Pakistan, Turkey, India) have made public statements promising humanitarian and other assistance, although the volume and value have been limited to date.

For the Biden administration, bruised from the August 2021 withdrawal debacle, the domestic political toxicity of dealing with the Taliban placed limits on how to respond to a situation that otherwise would have called for a more robust and visible response.

The US and its Western allies have been trying to walk a fine line: on the one hand, responding to intense pressure from Afghans and international activists to deliver humanitarian assistance and to relieve the effects of sanctions and isolation, while on the other, avoiding even the appearance of endorsing or legitimizing the Taliban.

To maintain at least a minimum of services while not dealing with the DFA, international agencies and the NGOs developed a number of workarounds. Most significantly, the international community re-purposed the World Bank-administered ARTF, previously the main vehicle for funding operations of the Afghan government. In December 2021, the ARTF redirected USD 180 million to the UN's World Food Programme (WFP) for scaled up food security and nutrition operations<sup>17</sup> and USD 100 million to UNICEF to continue funding for delivery of basic health services by NGOs under the Sehatmandi Project. In early March 2022, the World Bank announced that over USD 1 billion from the ARTF would be made available as grants to United Nations agencies and international NGOs to support activities in education, health, agriculture, and livelihoods, emphasizing the need for girls and women to benefit.18 In approving three projects using USD 793 million of that amount, in June 2022, the World Bank reiterated that they would be "implemented off-budget out of the interim Taliban administration's control, through United Nations agencies and non-governmental organizations."19

In March 2022, the Islamic Development Bank and the Organization of Islamic Cooperation followed suit by announcing the signing of the charter for the Afghanistan Humanitarian Trust Fund for contributions from Gulf countries; in addition to food security, the Fund has development priorities including "supporting Small and Medium Enterprises to create local employment opportunities, ensuring access to quality Education (especially for females), Women and Youth Empowerment, and Rural Electrification."20

In October 2021, the UN established the Special Trust Fund for Afghanistan (STFA) with a five-year life, intended to improve liquidity, stimulate markets and livelihoods, perform a coordination function, and contribute to financing of the "United Nations Transitional Engagement Framework (TEF) for Afghanistan," the one-year, "basic human needs"-oriented strategy launched in January 2022.<sup>21</sup> The projected cost for one year of activities was USD 667 million.<sup>22</sup> The TEF is a one-year overarching strategy with three main priorities (provide lifesaving assistance, sustain essential services, and preserve social investments and communitylevel systems) and two pillars: humanitarian assistance and the Area-based Approach for Development Emergency Initiatives Strategy (ABADEI), The UN Development Programme (UNDP)'s strategy which "aims to promote more effective and joined-up responses by strengthening the collaboration, coherence and complementarity of interventions with those covered through the Humanitarian Response Plan." In turn, ABADEI has four "thematic windows," eight joint programs, and an initial 12-24-month implementation period.<sup>23</sup>

ii Sehatmandi was created in 2018 as an "on-budget" program through which the Afghan government contracted with NGOs to deliver health services. See World Bank, "Delivering Strong and Sustained Health Gains in Afghanistan: The Sehatmandi Project," https://www.worldbank.org/  $\underline{en/results/2020/10/23/delivering\text{-}strong\text{-}and\text{-}sustained\text{-}health\text{-}gains\text{-}in\text{-}afghanistan\text{-}the\text{-}sehatmandi\text{-}project}.$ 

With development assistance to the unrecognized and sanctioned Taliban regime largely off the table, the West's framing of more substantial, broader assistance as "basic human needs" avoids the political risk of being seen to support a Taliban administration. This echoes the formulation of "humanitarian plus" used by the UN during the 1996-2001 period. The

With development assistance to the unrecognized and sanctioned Taliban regime largely off the table, the West's framing of more substantial, broader assistance as "basic human needs" avoids the political risk of being seen to support a Taliban administration

TEF's cautious language reflects the complicated political situation, trying to balance the need for "engagement" and a minimum level of communication with the DFA, while carrying out its activities through a range of non-governmental implementing partners, repeatedly emphasizing that activities "are not seen as implying any sort of political recognition to the de facto authorities."24

To try to mitigate the banking issues which were hampering humanitarian assistance and throttling the economy, between September 2021 and February 2022, the US Treasury Department issued a series of five "General Licenses" (GLs) intended to encourage international financial transactions by relaxing the sanctions-imposed constraints on the banking system. The last and most expansive of the GLs (GL 20) stated that line ministries and public institutions would be treated as entities distinct from the Haggani Network and the Taliban, which had previously not been explicitly the case. In February 2022, the White House also issued an Executive Order whose stated intent was to "preserve a substantial portion of Afghanistan's [foreign currency] reserves to support the needs of the Afghan people," but which was widely misunderstood and interpreted as making seized Afghan assets available to a

group of 9/11 families seeking compensation for the attacks.<sup>25</sup>

While banking issues had improved somewhat by spring, significant problems remain, including delays in transferring funds, lack of available cash, and denial of transfers by external banks. While the GLs were generally seen as a good thing, they have had a limited effect on the economy and specifically on transfers. Enduring problems are chiefly due to the lack of an international bank willing to perform the critical correspondent banking function and the reluctance of foreign banks and firms to conduct transactions with Afghanistan due to limited profitability and high risk, including fear of future consequences for violating sanctions. As an interim solution, the UN and its partners proposed a "Humanitarian Exchange Facility" to facilitate the transfer of cash for assistance operations, but the Taliban have withheld their cooperation. Meanwhile, organizations who have used alternative funding channels such as cash imports by specific UN agencies (USD 900 million as of early June 2022) and hawala (informal money transfer) have met with some success, but there are reports of additional financial and bureaucratic costs, donor concerns, and non-compliance with international anti-money laundering and counter-terrorism procedures.<sup>26</sup> And these workarounds largely exclude the private sector and private citizens, all of whom struggle to access their assets and transfer funds.

On September 14, 2022, the US government announced the formation of the Basel-based "Afghan Fund," which aims to use USD 3.5 billion of the frozen reserves for macroeconomic management, while operating independently of the DFA.<sup>27</sup> Precisely how the Fund will operate remains to be worked out, but it immediately drew criticism, from both the Taliban and those who oppose them, for not returning the reserves to their rightful owners. The Board of Trustees held their first meeting on November 21, 2022 to begin to operationalize the Fund. Regardless, the Fund alone will not resolve the severe liquidity constraints, lack of confidence in the formal banking sector, and other financial issues which have disabled the economy, nor will it remove the frozen funds from being the center of an ongoing dispute. In theory, the Fund is an interim measure until an agreement can be made on returning the full reserves to DAB, which would in turn allow it to resume functionality. Members of DAB's governing board and some civil society groups have advocated for the incremental release of small monthly or quarterly tranches of the frozen reserves. The use of the funds could be closely monitored, with release of additional tranches conditioned on the money being used as intended and without Taliban intervention.<sup>28</sup> The US has so far rejected this plan, however, questioning both the independence and the capacity of the central bank, 29 especially when it comes to its anti-money laundering capacity, due in part to the departure of the two senior officials in charge but also to the dominance of Taliban political officials.

#### Inflection points

In early 2022, encouraged by conciliatory Taliban gestures such as the announced amnesty for Republic officials and the promise that girls would be allowed to return to school at the start of the Afghan year on March 21, Western nations and the Taliban seemed to be warily making progress on specific issues such as humanitarian and economic assistance, movement of at-risk Afghans, and reviving of DAB. However, a series of Taliban actions, most significantly a March 23 decision to renege on their girls school promise, prompted the US and other donors to put an abrupt halt to discussions. The World Bank temporarily put on hold USD 600 million in education, health, and agriculture projects that had been marked for release and the US cancelled planned Doha meetings with the Taliban. Four months later, discussions between US State and Treasury and Taliban officials on humanitarian assistance and the use of the frozen reserves were again set back when a US drone killed al Qaeda leader Ayman al Zawahiri at a downtown residence affiliated with senior Taliban leaders.<sup>30</sup>

Further Taliban actions have removed any lingering doubts about whether "Taliban 2.0" is significantly different from the 1996-2001 version. Actions included further restrictions on dress and female mobility issued by the Ministry for the Promotion of Virtue and Prevention of Vice (re-established in the compound of the disbanded Ministry of Women's Affairs), and alleged harsh response to armed resistance in the northeast and in Balkhab district of Sar-e Pol province, especially towards those belonging to persecuted ethnic groups who have had to flee their homes. 31,32 The UN Assistance Mission in Afghanistan (UNAMA)'s July 21 report on human rights, while noting "a significant reduction in civilian harm" and DFA decrees "seemingly aimed at the protection and promotion of human rights," largely validated these and other reports of violations of human rights, including extrajudicial killings, arbitrary arrest and detention, and torture, along with the limits that have been placed on dissent and on fundamental rights and freedoms, especially of women and girls.<sup>33</sup>

The authorities' announcement of a major increase in *madrassa* education, public statements honoring those who had embraced "martyrdom operations" (suicide bombers), and the abolishing of the Afghanistan Independent Human Rights Commission did nothing to assuage fears. Supreme Leader Haibatullah Akhundzada's June speech to an all-male gathering in Kabul, followed by his Eid speech promising a "pure Islamic system,"34 quashed any Afghan and Western hopes, however faint, of a more inclusive government. The increased social restrictions underlined the dominance of the ultra-conservative Kandahar theocrats over the more pragmatic, real-world administration that dominates in Kabul. Above all else, the Taliban have "reversed the clock on individual rights."35

As the Taliban continue to consolidate control and build a state apparatus in line with their own views, talks with the West on humanitarian assistance, the frozen reserves, and the

The one partial area of alignment between the international community and the Taliban may be economic affairs

banking system resumed, although discussions on the reserves were broken off in early September by the US decision to move ahead unliterally with the Afghan Fund.

The one partial area of alignment between the international community and the Taliban may be economic affairs. The Taliban seem to have learned from the 1990s to pay government salaries, avoid hyperinflation, and collect taxes—none of which they did during their previous rule. Most importantly, by all accounts, the Taliban have improved the collection of revenue by cracking down on bribery and by eliminating most highway checkposts. The DFA has implemented the ASYCUDA automated customs system installed under the Republic but largely bypassed due to widespread corruption; the Taliban are strictly enforcing its use. Improvements in the system of revenue

collection facilitate trade and consolidate revenue in Kabul, and have the additional benefit of denying potential rogue local and regional commanders a source of revenue. This puts most of the tax burden on traders and transporters, which may not be sustainable over time.

Moreover, this signature achievement relies on a narrow definition of corruption. Reports of forced redistribution of land to ethnic brethren in Dai Kundi and other provinces and of some locally-collected taxes (e.g., ushr, zakat) not making their way to central coffers<sup>36</sup> suggest that extracting bribes at road and customs checkposts is not the only form that corruption can take.<sup>37</sup> Finally, most of the Taliban budget seems to be going for salaries, especially security forces, but the lack of transparency on where collected revenues are going has the potential to hide their misuse—an issue raised by analysts in the context of international assistance.

Beyond consolidating revenue, the DFA have also paid Afghanistan's debt arrears to international financial institutions to maintain eligibility for World Bank International Development Association loans and managed, through weekly currency auctions, to keep the Afghani relatively stable. In their proposed budgets, they have also shown a certain degree of fiscal prudence, although this may simply be a reflection of their narrow views on what the state owes its citizens and the lack of international largesse available to them.<sup>38</sup>

Their statements on the market economy and the private sector, banking, investment, and a focus on agriculture, mining, and regional trade may represent either the views of the remaining technocrats (who may not have the backing of leadership) or else some within the DFA saying what they think international purse-holders want to hear. Their emphasis on trade, however, especially on the exports of coal and other minerals to Pakistan (in response to a fortuitous crisis shortage of coal occurring simultaneously with a spike in world prices), has addressed one of their key domestic constituencies, traders. In addition, their insistence on independence aligns with the interests of the West insomuch as it fosters Afghanistan's economic self-reliance.

Regardless of their intentions, however, the DFA are vastly under-capacitated to implement policy and grasp how a modern economy works. A number of their announced economic initiatives (e.g., the state-sponsored Afghan Invest, restrictions on use of foreign currency) are poorly thought out and/or at odds with current resources and conditions. While the larger banks have opened Islamic banking windows, the possibility of a sudden edict to totally convert to Islamic banking threatens the smaller banks and the country's already tenuous relationship with the international financial system.<sup>39</sup> Most observers view skeptically either the sincerity or the wisdom of the Taliban edict prohibiting the production of and trade in opium and other illicit drugs due to its potential to economically harm much of the Taliban's rural base and thereby create unrest.

With the population's widespread weariness of war and the Republic's gross corruption, the Taliban had an opportunity to maintain and build on some of the economic and social benefits that had accrued, albeit unevenly, over the last **20 years.** Their back and forth on policies (in part due to internal rifts and disagreements) has echoes of their chaotic 1996-2001 rule: endless bargaining, mendacity, prevaricating, and obfuscating, while the international community attempts to come up with a strategy in response to the resulting chaos. Most important, the emphasis on moral issues and control over personal behavior has undermined their own credibility both inside and outside the country. Even sympathetic Afghans attribute the current mess to Taliban "self-sabotage," and blame the drying up of aid "directly linked to the Taliban's failure at meaningful international engagement and internal governance."40 In the words of one UN official, "We spent the first six months trying not to isolate Afghanistan and now Afghanistan is doing everything to isolate itself."41 This assumes, of course, that at least some elements of the Taliban wish to engage, in whatever limited way with the world rather than isolating themselves in order to cure Afghanistan of the sinful adoption of western ways over the last twenty years. On the other hand, they may simply consider isolation a worthwhile "price to pay" for their policies, a feature rather than a bug.

# Looking forward: responding to Afghanistan's needs and challenges

he Afghanistan that the Taliban now rule is not the same broken state they inherited in 1996. In 2021, the Taliban inherited the Republic's institutions, assets, and infrastructure, including billions of dollars in weapons, equipment, and infrastructure left behind by the US military and its allies. The massive infusion of international aid money during the intervening 20 years has left a mixed legacy but a decidedly altered landscape, including unprecedented development of human capital; greater integration of Afghans-both diaspora and resident in Afghanistan-into international academic and entrepreneurial networks; and raised expectations among segments of the population. However, many of the human capital gains of the last twenty years are actively being lost and there is fear that these losses will soon be irreversible, as many educated Afghans leave the country and women are prevented from full participation in society.

While Afghanistan has changed over the last 20 years, it is increasingly obvious that, contrary to predictions made over the years, the Taliban have largely not, at least not in ways that make their policies and practices more acceptable to the West and to much of the country's population, especially in urban areas. Similar to 1996, when they were largely welcomed into Kabul because they promised to end the fighting and criminality of the mujihadin groups, segments of the population (especially rural) may be giving the Taliban the benefit of the doubt because the worst forms of conflict have largely ended and due to cynicism and anger that the Republic's engrained networks of corruption seemed to ignore any commitment to improve the overall state and conditions of the country, instead enriching themselves. A key difference, of course, is that segments of the population (especially the urban educated) benefited during the last 20 years and therefore have much more to lose than was the case in 1996. Moreover, the benefit of the doubt is most likely to be time- and conditions-limited.

Political and security scenarios

#### Security dynamics

It is impossible to predict Afghanistan's political and security trajectory. A Chatham House report from May 2022 described four possible scenarios: "stuttering," "imploding," "exploding," and "progressing"—with even the last, most optimistic one highly contingent and limited.<sup>42</sup> The current consensus in the international community is that the Taliban are here to stay, at least in the short term. However, even if the nascent armed opposition in Panjshir and other parts of the northeast has little or no prospect of dislodging the Taliban, any "successes" and, perhaps more important, heavy-handed, ethnically colored Taliban response may embolden other groups who have grievances with the Taliban. The Taliban risk repeating the mistakes made by the Republic that fueled their own movement in the aftermath of their

2001 overthrow. At the same time, the ongoing *jihad* against real or imagined foreign and domestic enemies of Islam and their influences may help maintain the movement's strategic purpose and therefore cohesion. If so, the social demands of the West may actually be doing them a favor. The search for the pure Islamic state obviates the need to address and deal with

more complex issues of governance, economic and social development. Conflict also maintains the political economy from which the movement (and individual players in it) have sustained themselves.

While the depth of splits in the movement (e.g., between Kabul and Kandahar) should not be overstated, disputes over control of proceeds from mining operations or the drug trade could encourage fragmentation of local factions. The presence of al Qaeda and other militant organizations within Afghanistan's territory further complicates the Taliban's relations with the world. While the Taliban have repeatedly given assurances on controlling al Qaeda, an attack on western or other interests by one of these groups could prompt a military strike by the US, India, or Iran.

Conflict also maintains the political economy from which the movement (and individual players in it) have sustained themselves

While Islamic State-Khorasan Province (ISKP) does not currently pose an existential threat to the Taliban's rule, its continuing attacks (especially on Shia communities and Sufi clergy) undermine the DFA's claim to have imposed security, alienate those communities which are being targeted, and keep the country unsafe for foreign aid workers, diplomats, and journalists. Moreover, ISKP's continued play for Talibs who are disaffected because the movement is not sufficiently pure or because they are not materially benefitting from it, poses another threat, and may also limit the concessions the Taliban can make towards inclusive government. ISKP is portraying the Taliban's attempts to obtain assistance as evidence of their weakness, corruption and dependence on infidel foreigners, in which they include the UN and pure humanitarian organizations such as the International Committee of the Red Cross. 43 Given Afghan history, it is not difficult to see how these elements together hold the threat of more widespread violence or even full-scale civil war, the nightmare scenario that was avoided during the quick Taliban takeover in August 2021.

#### Regional dynamics

As always, Afghanistan's political, economic, and physical security depends in large part on relations with and among its neighbors, all of whom have serious economic and political challenges of their own. Each is worried about one or more of the militant groups currently present in Afghanistan: Pakistan about Tehrik-e Taliban Pakistan (TTP), Iran about ISKP, China about the East Turkestan Islamic Movement, and India about Lashkar-e Taiba and Lashkar-e Jhangvi. The Taliban have tried to balance their neighbors' concerns about these groups with the obligations the Taliban have to them through a shared ideology and as allies during the insurgency period.

While it is probably an exaggeration to say that Pakistan is now experiencing "buyer's remorse" after the years of active support which made the Taliban takeover possible, relations between the two countries will continue to be unstable due to perennial border issues, iii the presence of TTP fighters, irregular migration, and, most recently, alleged Pakistan permission for the US to use its airspace for drone flights. After initial panic, India seems to be developing a modus vivendi with the DFA, despite the Taliban's previous inflammatory statements supporting militants in Kashmir and the perceived anti-Muslim rhetoric and policies of Narendra Modi's Hindu-nationalist government.

Iran, which has historically seen itself as the protector of Afghanistan's Shia minority and nearly went to war with the previous Taliban regime, has made clear its displeasure with the current exclusionary political setup. Iran also fears the potential security threat posed by the anti-Shia ISKP and is said to be supporting thousands of trained Fatemiyoun militia members.<sup>44</sup> Iran has also lost out economically due to the re-routing of commercial activity to more Taliban-friendly Pakistan. A recent series of skirmishes on the southwestern border and historic riparian issues (e.g., the decades long dispute over the water in the Helmand River which flows into southeastern Iran) point to just two of many potential flashpoints. Iran is also distracted by the anti-regime demonstrations which broke out this past October.

China has maintained friendly relations with the Taliban, supplying humanitarian relief goods and talking up potential Chinese investment (especially in mineral extraction, including resuming activity at the long-suspended Mes Aynak copper mine), 45 while taking the opportunity to poke the US in the eye over its retreat from Afghanistan. However, most observers see China as too risk averse to make significant commitments or investments in Afghanistan where the downside risks (e.g., security, financial losses) are significant.

Russia, motivated by the need to ensure its security interests (e.g., keeping out drugs and potential terrorist threats) while reasserting its influence in Central Asia, has similarly been on a charm offensive, overseeing a trade agreement with the Russian private sector and most recently signing a trade deal to provide wheat and fuel to Afghanistan—benefitting both sanctioned countries.46

Tajikistan, currently the center of the limited political opposition, is the most concerned of Afghanistan's neighbors, with worries focused mainly about its southern border and about terrorism. Uzbekistan has encouraged the Taliban to form an inclusive government, and in late July convened a conference in Tashkent attended by more than 100 representatives of 20 countries, including the US, the European Union, China, Iran, and Russia, as well as multilateral organizations. The United Arab Emirates and Qatar will continue to play important roles as interlocutors, due to their cultural closeness and also their ability to move much more quickly than other nations. Dubai is also one of the main centers of Afghan diaspora commerce and business.

Population movements will continue to play a role in relations with the **neighbors and with Europe.** Out-migration will add to the estimated six million Afghans currently living outside the country, the majority in the neighboring countries. Between half a million and one million Afghans are believed to have departed for Iran are believed

iii An anthem referring to the Taliban emirate as extending from "Badakhshan to Attock" was reportedly played during a July 2022 Taliban gathering in Qatar. The latter place is nearly 100 miles inside Pakistan.

to have departed for Iran since the Taliban took power last August, although these should be considered minimum figures for undocumented migration.<sup>47</sup> Also, the poor state of the economy in Iran, which was already host to an estimated four million Afghans, has reduced seasonal employment opportunities and thereby negatively impacted an important source of remittances. In 2020, Afghans abroad sent remittances of more than USD 788 million (representing 4 percent of GDP)<sup>48</sup> through formal

channels, not including significant informal transfers (e.g., hawala), whose magnitude remains unmeasured.

Among those who have fled are many of the country's most educated, including mid- and senior-level government officials, entrepreneurs, and civil society leaders, as well as medical doctors, whose departure has already contributed to an increasing shortage of health services. While temporary migration for economic and social reasons has a long tradition as a safety valve for domestic pressures,<sup>49</sup> current movements consist largely of those trying to leave the country permanently, especially disadvantaged ethnic minorities who are leaving en masse. Many migrants continue to find their way to Turkey and Europe through informal means, including via human traffickers, at considerable risk to their health and safety.50

At the same time, neighboring countries are less willing to tolerate the presence of refugees and migrants. UNHCR reported that by the end of 2021, nearly 139,000 new arrivals had attempted to register with the refugee agency in the neighboring countries, although this is certainly an undercount; the number of

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unregistered Afghans in the neighboring countries now exceeds refugees. The government of Pakistan reported that between August 2021 and June 2022, approximately 250,000 Afghans had newly arrived in Pakistan.<sup>51</sup> The recently constructed border fence along the Afghan-Pakistani border symbolizes that country's determination to control access to its land.

Afghanistan will likely have to absorb the coerced or forcible return of Afghans from Iran, Pakistan, Turkey, and elsewhere. Historically, asylum acceptance rates in Europe have tended to mirror contemporary political attitudes, and previous sympathies (and high acceptance rates) for Afghan refugees from the Soviet and earlier Taliban periods eroded after 2015, when refugee and migrant arrivals in Europe surged and countries became concerned about a refugee influx and potential terrorism. Between January and early September 2022, Turkey had deported nearly 33,000 Afghans on 178 charter flights and an additional 10,000 on commercial ones.<sup>52</sup> Notwithstanding its respect for long staying refugees, Iran has for many years deported very large number of irregular migrants, sometimes apparently to exert political leverage.

#### Afghanistan's humanitarian and development needs

Afghanistan faces a daunting array of immediate humanitarian and long-term development challenges, all of which have been detailed elsewhere. Very little has changed since Afghanistan avoided the worst-case scenarios predicted before last winter. Many poor households either took out loans and/or sold off their few remaining assets, and now have no feasible livelihoods strategy to fall back on.

After optimism created by higher-than-average precipitation levels in January 2022,53 by May, observers were noting below-average precipitation, especially in the central and key northern regions, and predicting below-average production of both food crops and livestock.54 There have also been predictions of a third year of "failed wet season" in 2022-2023. The ongoing drought has been attributed to La Niña events that have also affected the southwestern US and the eastern Horn of Africa.55 The war in Ukraine will continue to affect food prices in Afghanistan.

With more than half of the population in humanitarian need, the country continues to require the type and level of humanitarian assistance identified in the January 2022 UN Humanitarian Response Plan (HRP), primarily food/feeding, agriculture, water and sanitation, health services (including polio vaccination), shelter, and purchasing power.<sup>56</sup> The June 2022 earthquake in Paktia, which killed an estimated 1,000 people,<sup>57</sup> and subsequent floods elsewhere placed additional demands on scarce resources, including the attention of the DFA and humanitarian assistance organizations, iv and underlined that Afghanistan remains highly vulnerable to the regular occurrence of such natural disasters.

All agree that only a functioning economy can mitigate the need for humanitarian assistance, especially in the long term, and help hold onto some of the gains of the last 20 years. In turn, a functioning economy requires sound policies, freedom for men and women to work, and access to the international financial system. In his June 23 briefing to the UN Security Council, the acting SRSG called the economic crisis "perhaps the single most important issue in Afghanistan," adding that "If the economy is not able to recover and grow meaningfully and sustainably, then the Afghan people will face repeated humanitarian crises; potentially spurring mass migration and making conditions ripe for radicalization and renewed armed conflict."58

On the development side, Afghanistan faces a staggering number of challenges, including shifting from warfighting to reconstruction, creating a rules-based order, rebuilding or building physical and institutional infrastructure, establishing economic policies that can mitigate risk and encourage expansion and investment, and creating jobs for the unemployed, including for the large population of internally displaced persons and the estimated 85,000 Taliban fighters who need to be demobilized. Restoring the capacity, integrity, and independence of formerly well-regarded key institutions such as the Ministry of Finance and DAB would help to build confidence. (It should be noted that while the functions of these institutions have further weakened under the DFA, degradation had also occurred in the last several years of the Republic.)<sup>59</sup> Continued uncontrolled exploitation of

iv Some observers have claimed that displacement due to fighting elsewhere was actually more significant, that the USD 110 million requested by the UN for earthquake relief were out of proportion to the actual needs, and that aid agencies were responsive in large part to ingratiate themselves with the Haqqanis.

natural resources as a short-term cash cow in the absence of other taxable economic activities runs the risk of depleting the resource base and wreaking environmental harm. Also, while Kabul has been harsh in reining in local Taliban trying to control resources, uncontrolled mining by local factions runs the risk of contributing to political fragmentation. Collecting income on minerals and trade also continues Afghanistan's history as a rentier state—one that has been sustained by international aid and military

spending and which critics say has led to corruption, inequality, lack of accountability, and other poor democratic outcomes.60

Climate change-related factors pose both an immediate and long-term, even existential, threat to Afghanistan. Poor water management, desertification, destruction or degradation of irrigation infrastructure, and depletion of aguifers through over-exploitation are amplified by some of the world's highest fertility (4.8 percent) and population growth (2.9 percent) rates. 61 Aside from the immediate threat of a continuation of the multi-year drought cycle, the "long-term" threat is not far away. Afghanistan has been identified as one of the world's 20 most serious "water-

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stressed" countries, with predictions for droughts to increasingly become the norm within the current decade and "extreme water scarcity" likely within two decades. 62

Finally, Afghanistan's role as the world's largest supplier of opiates (and its recent growth in methamphetamine production), makes the country's drug economy both a bug and a feature: creating corrosive domestic health problems and hurting relations with the international community, while at the same time creating livelihoods in rural areas without other alternatives. 63 Despite their recent pronouncements banning narcotics production and trade, it is not clear what the actual Taliban policy will be. Observers view the ban's timing skeptically, as it came after the main harvest was completed in certain poppy growing areas. The real test will be if they maintain the ban in any meaningful fashion into the coming planting seasons.<sup>64</sup> Without any meaningful alternatives for farmers, an enforced ban could send the rural economy into freefall.

## Challenges for Afghanistan and the international community

The political, humanitarian, and development challenges described above would be overwhelming enough for a "normal" country attempting to move out of conflict, but Afghanistan is burdened by a number of additional factors, both exogenous and endogenous. First, Taliban restrictive social policies and refusal to move towards an inclusive government will continue to harm both domestic stability and relations with the outside world. Second, the Taliban's lack of experience in governance and their fragmented power structure will make it difficult to reliably engage with them on either policy or implementation. Finally, and importantly, the charged political environment dictates much of what can or cannot be done by both the West and the DFA. In the absence of any significant changes on inclusivity and human rights, the West will continue to wrestle with the dilemma of how to support the Afghan people while avoiding working through or with the DFA.

Regardless, given donors' competing priorities—aside from Ukraine, the UN currently has 28 other appeals for a global need of USD 51.5 billion—and their military and political disengagement from Afghanistan, international aid will be a sliver of what it was under the Republic. The extensive literature on the waste and misuse of resources under the Republic suggests that this is not entirely a bad thing. But the immediate needs in the country are staggering and funding shortfalls could prove calamitous. Equally important is an agreement on a vision of longer-term development and realistic timeline for progress—which will both guide and be guided by the level of national and international resources and implementation capacity.

Amongst the numerous overlapping challenges, a few stand out.

Relationship management, accountability, and conditionality

With the current long list of contentious issues, the relationship between the West and the Taliban will continue to be highly fraught. The process of establishing a modus vivendi is likely to be a case of two steps forward, one step back. This is better, however, than one step forward, two steps back. The Taliban seek international diplomatic recognition (during their 1996-2001 rule they were recognized by only three nations), relief from US- and UN-imposed sanctions, release of Afghanistan's frozen foreign reserves, resumption of foreign assistance, and, more generally, an end to their isolation. The release of frozen funds has been a key demand of the DFA as well as advocates, who view their continued retention by the US and its allies as punitive and a form of collective punishment, and the main cause of the economic and humanitarian crises.

The Western "to-do list" for the Taliban is equally long: formation of an ethnically and politically inclusive government; tolerance of individual rights, including the participation of girls and women and a free media; adherence to the February 2020 US-Taliban Doha accords

commitment to cut ties with international and regional militant groups; and free movement for at-risk Afghans who wish to emigrate. The US has also insisted on transparency on DFA finances. One suspects that there is also a more inchoate, unstated set of conditions which may well be impossible for the Taliban to fulfill (even if they wanted to), and that certain groups in the US and elsewhere prefer a policy of isolation or even opposition that would nudge the Taliban towards failure, even at the cost of the country's stability. <sup>65</sup> On the other hand, while most Western states would prefer a tolerant, liberal democracy in Afghanistan, some may be resigned to an arrangement whose objectives are primarily containment of "global public bads" such as narcotics, terrorism, and uncontrolled migration. The US in particular will continue to define its Afghanistan interests narrowly (e.g., counterterrorism) and, largely for political reasons, be reluctant to make itself too visible in Afghan affairs.

Beyond this already substantial list, additional irritants will inevitably emerge over time, ost likely the production and export of narcotics<sup>v</sup> and a possible al Qaeda attack on western interests. The relationship will also become more contentious in the event that increased armed resistance causes the Taliban to wholesale target certain groups (e.g., Panjshiris) suspected of active opposition or insufficient loyalty. As in the 1990s, gender remains perhaps the major stated point of contention between the Taliban and the West. Gender and

human rights will be "redlines" for a number of Western donor nations who will withhold recognition and most development funding, instead channeling any funds to the UN and NGOs. The HRP's recurrent references to "all genders and diversities" underline the international community's concerns about the well-being of girls and women and ethnic minorities under Taliban rule.66

At some point, conditionality against the international community's "to do list" or scorecard may become even more explicit. It should be noted that conditionality under the Republic—a government that depended on extensive international support—had a very mixed record; general conditionalities were not very effective whereas specific budget support that incentivized reforms and development, disbursed based on individual commitments being met, and focused on local compliance, were much more so.<sup>67</sup>

It is unlikely, however, that the prospect of international funding will serve as an adequate incentive for the Taliban to make sufficient concessions on global norms such as human rights, universal education, and inclusivity. The Taliban will construct social policy largely on internal movement dynamics and theological beliefs of the

It is unlikely, however, that the prospect of international funding will serve as an adequate incentive for the Taliban to make sufficient concessions on global norms such as human rights, universal education, and inclusivity

Kandahar leadership, and not based on any conditionality that they see as clashing with their religious worldview; concepts such as "good governance," "participatory decision making,"

The intensity of Western concern with Afghanistan's narcotics industry has waxed and waned over the last twenty years, typically driven by larger political trends.

and "institutional reform" are literally a foreign language. Moreover, the West's couching the very public discussion in terms of "concessions" seems counterproductive as a negotiating posture.

At present, the DFA seem willing to in effect forego the welfare of the Afghan population in order to maintain their own principles and movement cohesion. The fading belief that, once in power, the Taliban would mellow or accede to demands because they needed international economic assistance has a 1990s correlative in the optimistic assumption that the Taliban were either a temporary phenomenon or else would relax their social policies over time. Moreover, expecting the Taliban to negotiate flexibly about their core beliefs and worldviews is a barrier to effective engagement with the group. After the concessions given by the US in the "peace negotiations," and their sense of being victors, the Taliban can be forgiven for thinking that the West might concede once again. Their keeping the administration "interim" or "caretaker" may be a way of avoiding international criticism and keeping the issue in play.

Building the relationship through a formal process that leads to, as with the 1990s Strategic Framework, a "mutual agreement (with clear, step-by-step, milestones) setting out a

Whatever the approach, the West needs to decide how it will react (e.g., confrontation or pragmatic maneuvering) to the Taliban's inevitable transgressions of agreements or redlines

framework with measurable, time-bound expectations that will trigger reciprocal actions"68 may sound logical, but it may simply reflect the international community's proclivity for elaborate frameworks and planning documents (viz., the Republic-era's development strategies). Rather, flexibility and plausible deniability may be more appropriate, at least in some instances. In retrospect, the fragmentation of the Taliban in the 1990s had the virtue of allowing workarounds. An analysis identified three main approaches to negotiating with the 1990s Taliban: principled, accommodationist, and "duck and weave"—with sometimes the same institution taking different approaches on different days. Reflecting on the lack of success in negotiating with Taliban in the 1990s, the author notes "the advantages of quiet diplomacy over public posturing and of 'duck-and-weave' approaches over direct confrontation."69 Some have suggested another version of conditionality in which donors would only fund specific activities (e.g., girls' education) for which the DFA have met certain conditions.

Whatever the approach, the West needs to decide how it will react (e.g., confrontation or pragmatic maneuvering) to the Taliban's inevitable transgressions of agreements or redlines. For example, if girls are tacitly allowed to attend secondary schools in the majority of provinces but without the authorities issuing a formal statement, is that acceptable? Is the focus on human rights empty when the DFA have neither the ability nor the inclination to ensure those rights? Above all else, the international community should maintain its core principles but "avoid redlines which cannot be met." 70

Finally, with decisions on the level and type of Western engagement with Afghanistan at least partly dependent on domestic politics, the competition in the global "marketplace of ideas"

is intense. Unlike during the Taliban's 1996-2001 rule, information technology connects virtually all corners of Afghanistan with all corners of the world, and there is a significant mass of highly educated and activist Afghans primarily abroad but also at home. Given the range of voices of various volumes in social media (e.g., #afghanslovetaliban vs. #bantaliban), it must be asked, who speaks for the Afghan people? Is it the diaspora Afghans, including those in the young generation who have recently been uprooted? Afghans remaining in the country who may not have the confidence or freedom to speak as they wish? Or the Taliban, who control the levers of power? And who weighs the importance of these vastly polarized worlds? While connectivity and social media have connected Afghans across the globe, they have also exacerbated the divisions between them. Women working inside Afghanistan have reported intimidation and threats from the diaspora, including through personal communication, social media attacks, and character assassination (e.g., called "Taliban apologists" or "Emirate sisters"). Analysis has also revealed what can only be called competing information operations. For example, while most appear to be regionally based, analysis of a brief period in July 2022 showed that during a spike in postings from #AfghansSupportTaliban, more than one-third came from a relatively small number of accounts that were likely located in the US, suggesting "a lot of behind-the-scenes coordination."72

#### Working with or alongside the Taliban: "off off budget"?

During the Republic, development funding was either "on-budget" (approximately 60 percent of the total non-military aid budget, administered through the government's financial system) or "off-budget" (administered by donors and their implementing partners, more or less coordinated with the Afghan state). At present, the Western states are attempting to make funding even further removed, or "off off budget." Short of a complete cutoff of assistance, however, the international community and the DFA will have to find ways of working with or alongside one another. It is hard to see how agencies can implement programs without at least consulting with the DFA.

At the central level, although the Taliban movement's more modern factions have greater interest in administering a state than was the case in the 1990s, they have not shown the willingness or ability to deliver the type of administrative or policy coherence that would be needed to stem the country's humanitarian crisis or further social and economic development. First, aside from the split between the more conservative Kandahar theocrats and the somewhat more pragmatic, "modernist," real-world Kabul administration (which are also roughly aligned with the two major Pashtun ethnic factions, broadly southern against southeastern), there are infinite cracks and fissures that complicate the prospects for coherence. While the depth of this split should not be over-estimated,73 as noted above, over time fissures based on ideology, tribal affiliation, geography, and personality have the potential to widen. Second, there is clearly insufficient technical capacity to administer a modern state. While former Republic staff have stayed on in all ministries, these holdover technocratic "pockets of competence" are limited and largely under the close supervision of Taliban loyalists.

The Taliban appear to still be in the early stages of trying to figure out exactly what "Islamic governance" means in practice, including what is and what isn't under their purview. Most

outsiders would say that the former would include social services and material well-being and the latter personal matters of behavior, but the Taliban leadership may have that exactly reversed. In fact, there is a question of whether the leadership in Kandahar even sees a role for the movement beyond bringing the country peace, security, and morality. Observers of the Taliban's previous rule noted that they were more interested in generating "righteousness" as

At the same time, there is evidence that at provincial and district levels some officials are willing to work with NGOs on service delivery and development activities, in addition to humanitarian ones a form of capital accumulation to respond to the country's economic and financial deficits than developing solid development policies, and that they viewed the decadelong drought as god's punishment for insufficiently Islamic behavior, with the proposed remedy being more and better prayer.<sup>74</sup> In sum, given the factional, technical, and ideological issues, there are real questions about whether the Taliban administration is capable of becoming capable, or ultimately even has sufficient interest in doing so.

At the same time, there is evidence that at provincial and district levels some officials are willing to work with NGOs on service delivery and development activities, in addition to humanitarian ones. As one NGO official put it, "they want to be in control and to get credit—the governor gets credit for inaugurating a new school or clinic."75 This was the case during the insurgency, when shadow administrators coopted NGO programs, and some of those relationships with NGOs endure. Quietly extracting agreements at the local level that may violate official national policy represents a de

facto decentralization and may be a corollary of the adage that it is easier to get forgiveness than permission. This is the way many agencies operated in the 1990s. However, elevating such tactics to a strategy has its own set of problems. The recent kerfuffle in Paktia, where the provincial authorities, in contradiction of national policy, decided to allow all girls to attend school, showed both the possibilities and limitations of such situations when the decision predictably blew up when it was publicized and became known in Kandahar.<sup>76</sup>

While senior Taliban officials have repeatedly reaffirmed the rights of humanitarian NGOs to operate independently, multiple sources report increasing interference in aid delivery, with governors, local authorities, and elders asking for lists of beneficiaries, choosing NGOs, and redirecting commodities. Within the ministries (e.g., Public Health), officials have tried to disqualify certain NGOs in favor of others, including "Taliban adjacent" ones. While NGOs have reported concerns, in most cases they have little ability to resist. Interference can only increase as the DFA become more established and resources more scarce. Official statements about the need for "proper coordination with authorities" have largely been seen as a way to try to steer resources to the authorities; at the same time, however, they can also be read more positively: that the Taliban see monitoring and oversight as their responsibility as a government, and wish to avoid the type and level of corruption that took place under the Republic. With all funding going through UN agencies and NGOs, it is understandable that the Taliban want to scrutinize what agencies are doing. The Ministry of Economy (MoE)'s written guidance to NGOs<sup>77</sup> is predictably focused on

enforcement and control, and reflects the long-prevailing skeptical view of NGOs as well as the UN. The UN Office for the Coordination of Humanitarian Affairs (OCHA) has pushed back on the MoE guidelines, and they have not been enforced in most areas. In sum, while officials may be sincere about reducing corruption, the risks of diversion and capture of aid by the DFA are significant, and their rhetorical commitment to responsible monitoring needs to be tested. At the same time, NGOs have also reported struggling to understand just how to operate without running afoul of international sanctions and political constraints.

Few evaluations or policy papers have ever been written that do not include an exhortation for stronger monitoring systems. Aside from ensuring that resources are distributed as intended and with equity (e.g., geographic, ethnic, and gender dimensions), the international community needs to be assured that resources are not being diverted. A key question, of course, is exactly **how** monitoring gets done, and by **whom**. To be meaningful, there has to be realism about the level of effort, resources, and permissions required to "walk the fields" effectively, including meeting with the DFA. The Afghanistan Risk Management Unit was established by the UN in 2014, quietly disappeared within a few years, but has now been re-constituted. Both UNAMA and UNDP have started to staff up their risk units. Even audit institutions have acknowledged that "a zero-risk policy is not realistic" and that a more flexible, even "learning from failure" approach is desirable.78 The contested political environment, however, may make that unfeasible, and the audit institutions don't acknowledge their own roles in fueling implementing agencies' reluctance.

## Most observers believe that meaningful accountability demands more creative approaches to monitoring, beyond the type of checklist-oriented box-ticking processes common under the Republic and during the 1980s and 1990s.

With the Taliban more likely to respond to the population than to external forces, local accountability is likely to work better than externally constructed and imposed accountability frameworks. One possibility would be a community-based monitoring approach, perhaps using Community Development Councils (CDCs), as they had performed a similar function under the Republic's flagship National Solidarity Program (NSP) and Citizen's Charter (CC). Although not a panacea, GPS-enabled smartphones (with appropriate safeguards to protect individuals) can be used to complete survey forms and to take geo-coded photographs and videos. Data collected in the field can then be supplemented and verified by satellite imagery then analyzed using GIS.

While the current arms-length relationship between the West and the DFA precludes any serious investment in governmental capacity building, strengthening some basic state functions (e.g., accounting, financial management, macroeconomic policy)vi through training of civil servants could increase functionality and accountability, and help to maintain some of the administrative gains made under the Republic. Part of the US negotiations with DAB included the possibility of capacity building by a neutral country and the placement within DAB of a third-party monitor. Those could possibly proceed to water management and other critical areas, especially if they involved use of the Taliban's own resources.

vi In 2020, in anticipation of a Taliban role in a future government, the UN had attempted to educate parts of the exiled Taliban leadership in what it would take to manage a modern economy.

#### Who performs the functions of the state?

To date, the Western nations and the UN have tried to channel support away from the DFA and put it directly in the hands of NGOs and other entities. While this can be more or less effective for certain types of services (e.g., health, education), this has its limits for others. More important, it leaves unanswered the important question of who performs the complementary and necessary state functions, including when it comes to setting priorities, allocating scarce resources, and regulating delivery methods.

For example, while NGOs can be contracted to provide health services, the policy, management, monitoring, oversight, and cross-program and sector connectivity functions are typically provided by or together with a Ministry of Public Health (as, for instance, under the Sehatmandi program). Even if they took on some of the governmental functions (e.g., coordination, salary scales, clinical standards) as they did to some extent during the 1980s and 1990s, the UN and NGOs are far less suited to provide regulatory and policy oversight. It is the responsibility of the state to set priorities and allocate resources among competing uses; in the absence of a recognized state, the assumption of these types of responsibilities by external entities (e.g., UN agencies, NGOs) can also be an important source of friction with the DFA as well as the population. While the Taliban's development priorities so far appear to be copied from the previous administration, including the completion of almost-finished infrastructure projects—all of which were part of the Afghanistan National Development Strategy and aligned with the UN's Sustainable Development Goals—it is not clear that this can endure in the medium to long term as an overarching regulatory framework.

The longer-term implications of establishing parallel systems merit concern, even if such systems are functionally necessary. NGOs have provided health, education, and even agricultural extension services since the 1979-1992 anti-Soviet jihad, when Western donors funded Pakistan-based, mainly international, NGOs to provide services in mujihadin-held areas, and the UN actively encouraged the formation of Afghan NGOs who could act as implementing partners. This yielded benefits during the 1992-1996 mujihadin and 1996-2001 Taliban rule, when the Afghan state essentially ceased to exist and service delivery was done almost exclusively by Afghan and international NGOs.

However, the government and the international community subsequently spent much of the early Republic period trying to reassert the authority of the state and incorporate into the government system NGOs who were accustomed to operating independently. Now, 20 years later, government staff are again migrating to the better-paying UN agencies and NGOs, replaying the same problems of the first 20 years: salary inflation, parallel and duplicative structures, and depletion of (nonpartisan) government capacity. DFA recently issued guidelines prohibiting civil servants from joining a UN agency for NGO for two years after leaving public service; it is unclear if and how this will be enforced. There are already indications of complaints about what some consider a costly operating model, which can undermine credibility with the population.

Moreover, the contracting or partnership model, to which the early post-2001 administration somewhat reluctantly agreed,79 succeeded in many ways but also led to tensions, with government officials resenting the NGOs for their greater access to resources and with the population, for whom services were historically considered the responsibility of the state

and who responded with verbal attacks on NGOs for being profit-making organizations.<sup>80</sup> These tensions might be repeated, especially from the more modernist Taliban factions and some segments of the population who have an interest in building the capacity of the administration and would resent being sidelined from these responsibilities (and the resources they bring). Some have suggested as a model the experience of Yemen in which the UN and the World Bank collaborated on a "humanitarian plus" approach that channeled funds through the UN but also tried to preserve institutional capacity and human capital (e.g., by channeling funds through preexisting semi-autonomous national development agencies or by contracting with existing Project Implementation Units).

The current political standoff complicates adherence to many of the first principles of development assistance, namely that of working in partnership with the state to build institutional capacity,

foster long-term sustainability, create ownership, and reduce the costs of parallel systems. Also, the government's ability to deliver services are typically seen as building citizens' trust and belief in the state. This was one of the underlying principles practiced (in theory, at least) from 2001 onwards. (The effectiveness of this approach has been widely debated, with global reviews finding little or no link between development assistance and support for national administration.)81 At present in Afghanistan, however, the argument for development aid is more about sustainable ways of achieving self-reliance or at least decreasing the level of aid dependency. Some Western officials have described this as "keeping a lid on things."

The argument for development aid is more about sustainable ways of achieving selfreliance or at least decreasing the level of aid dependency

Some have suggested that CDCs could be useful in providing a "social audit" function, similar to the monitoring function they previously played in the distribution of humanitarian

assistance, and in discouraging local Taliban from interfering too much with NGO activities. Both the NSP and CC programs made use of the approximately 36,000 locally elected CDCs, whose primary responsibility was the selection and implementation of "community-managed sub-projects comprising reconstruction and development."82 Motivated by CDCs themselves going to local Taliban officials and the Ministry of Rural Development to demand CDC-led services, the Taliban have been pushing the UN agencies to work with the CDCs. Many UN agencies are now working with CDCs, including UNICEF with its water projects, UN-Habitat in urban areas, and UN Population Fund (UNFPA) with its "Family Health Houses," as do NGOs such as Aga Khan Foundation (AKF), Dacaar, Care international, and ACTED. Donors and agencies should avoid the temptation to overload the CDCs and ask them to take on responsibilities beyond their administrative capacity, as was sometimes the case under the NSP, but responsible use of the CDCs can provide an avenue for channeling aid directly to communities.

#### International community cohesion, coherence, and capacity

Although the international presence in the Taliban 2.0 era is far less than during the height of the Republic, when nearly 40 countries and 20 UN agencies tried to coordinate a massive and sprawling development and humanitarian assistance program, in some ways its complexity is even greater. The major embassies are largely sidelined, complicating oversight and the vetting of partners (although some would argue that the international community was also not doing such a good job under the Republic). This has thrust the multilateral agencies forward as the main interlocutors with the DFA, both on the political side (UNAMA) and on the technical and humanitarian side (e.g., WFP, UNICEF, OCHA). These agencies are ostensibly working towards common goals, but a number of issues are likely to arise.

First, while the notion of "One-UN" is an attractive one, there is a potential tension between the UN's political objectives (e.g., getting the DFA to be more inclusive, honor human rights) and its humanitarian and development ones (e.g., trying to most effectively deliver supplies or services). The international community's experience with Taliban 1.0 is again relevant. While some consider the 1998 "Strategic Framework" to have been a game changer in helping the UN show unity and coherence, others view it as having not achieved one of its basic aims of using aid in a strategic manner. Critics have noted that international assistance cannot play a "social engineering" role and implored that we be aware of "the limitations and consequences of attempting to use aid as a tool of conflict resolution and social reconstruction."84 During this earlier period, agencies were tempted to subordinate the larger, overall mission to their own institutional mandates. According to a former senior UN official, "agency sovereignty still rules," largely due to their ability to raise funds independently. Another suggested that it is like "herding tigers." 85 Current evidence suggests "heavy competition" among the agencies, with each developing their own approaches to ministries and authorities.86

Observers from the earlier period have also noted that political and civil rights concerns were often loaded onto assistance actors and programs, who found them distracting or even counter-productive; the agencies often divided on the central question of whether to engage with the Taliban or to isolate them. In one notable incident in 1996, UN agencies were divided over whether a training workshop in Kandahar could go ahead if the Taliban required that male and female participants be separated. In the end, the workshop went ahead with a curtain dividing the room, and a number of UN agency staff walked out in protest. As one report noted, "in the field, the relationship between politics and aid was characterised by division and animosity, not unity."87 At the same time, Taliban policies such as the requirement for a mahram (male family member escort) and other restrictions on female mobility are not simply a human rights issue, but rather a direct threat to service delivery and therefore to population well-being.

Second, as has been observed repeatedly, during the last 20 years the traditional lines between the geopolitical and humanitarian spheres have eroded. This has been attributed in large part to the use of aid in the US global war on terror and in counterinsurgency. At this point, the notion of separating the humanitarian space to operate independently of the political seems almost archaic. It also seems likely that with respect to Afghanistan, "international community" was a more coherent concept before the US Trump

administration and when all the Western nations were, more or less, rowing together to build the Afghan state. At present, it may be more difficult to deal with those states (e.g., Russia) who were agnostic or somewhat supportive after 9/11, but who now actively oppose the West. All of this means that advancing a coherent political agenda will be more difficult. This was illustrated by the contentious Security Council discussions over the scope of UNAMA's renewed mandate in March 2022.88 This may argue for separating the political and assistance agendas if negotiations over one may impede progress on the other. At the same time, where political actors might serve as platforms to advance economic or humanitarian issues when opportunities arise, or where humanitarian or economic issues may serve as entry points for broader political dialogue, when this can be done in accordance with humanitarian principles, actors should take advantage. In other words, the situation may suggest the need for the kind of nimble, 'duck and weave' approach mentioned above. The key question here is, at a given moment, is political dialogue complementary or contradictory to humanitarian and economic discussions?

A third and related issue is the **degree and manner of coordination**. More coordination and coherence are always assumed to be a good thing, but there can be diminishing returns to imposing what a former UN senior official referred to as a "gothic coordination system." The coordination architecture currently under discussion appears to be more complex than the level of likely resources and activities would require. Here also, separation of the agendas may have advantages. Many NGOs deeply resented the amount of time—and costs—the UN's coordination system imposed on them at the time of the 1990s Strategic Framework and saw little value in participating in a process that complicated rather than enhanced aid delivery.<sup>89</sup> Again there are important tradeoffs, and a flexible approach is key.

Fourth is the question of capacity to deliver relative to the proposed scale and ambition, including taking on broader roles in compensation for the lack of a recognized counterpart state and bilateral programs. Can UN agencies and their implementing partners operate at a scale close to what the TEF proposes? As a rough point of comparison, under the Republic, approximately USD 6 billion was being spent annually, while for one year, the TEF's estimated cost was just over USD 8 billion. Additionally, total annual disbursements by all UN agencies (excluding the Law and Order Trust Fund for Afghanistan) were just over USD 700 million, far lower than the levels of current funding. Observers suggest that the UN agencies may be overwhelmed by the amount of funding, which creates a serious bottleneck. The UN agencies are not set up to replace entire ministries and deliver services at scale; to set them up with the required systems could take years and would impose unsustainable costs.

Observers have criticized the ABADEI strategy for several reasons: its activities are simply divided up between implementing NGOs and subcontractors, with little strategic coherence; there is a conflict of interest in that UNDP is both the overseer of the STFA that finances ABADEI and the implementer of some of its projects; and the projects listed under ABADEI are largely the activities from the participating UN agencies from the last 20 years with little or no changes or adaptation for the current context.

This raises the question of to what extent the TEF and ABADEI are based on a realistic and grounded appraisal of what is possible, a question underlined by the speed with which the TEF was constructed. Several former UN officials were somewhat dismissive of the TEF as primarily a fund-raising document, and, at best, "aspirational."

Finally, a related issue is value for money (economy, efficiency, effectiveness). While the specialized agencies may have programs in which the UN has a comparative and absolute advantage, the value added from new ventures into sectors duplicating other international financial institutions (or functions in the place of government counterpart institutions) is not clear. For non-core funds, additional operational overheads add up to a significant proportion of total costs. This will be especially the case if the UN takes on programming beyond its specialization and institutional strengths. A 2019 Ministry of Finance Portfolio Review of UN agencies' performance from 2016-2018 showed a great deal of variation in the percentage that went to operations costs, ranging from 5 percent to 40 percent, with an average of 23 percent (excluding trust funds). Agencies were also seen to be considerably less transparent than some of the bilateral agencies, particularly in terms of fiduciary performance.

With extreme needs and a highly charged political environment, present-day Afghanistan presents the international community, especially the Western nations, with a set of profound challenges. After twenty years of being on violently opposing sides, the international community and the Taliban have to find some way to work, if not together, at least alongside one another. The preceding has noted some of the structural and political factors that have kept these sides at an impasse. The following section draws some recommendations for beginning to mitigate this impasse to allow the Afghan people a measure of stability and prosperity.

### Conclusion and recommendations

ore than one year after the fall of the Republic and the takeover by the Taliban, Afghanistan's overwhelming humanitarian and development needs persist, as does the impasse between the de facto authorities and much of the international system. While donors continue to condition assistance on Taliban adherence to international standards for governance, human rights, and inclusivity, Taliban leadership emphasizes Afghan independence and the need to free the country of corrupting Western influences. What most of the international community views as 20 years of social gains, the Taliban leadership see as 20 years of moral corruption. The challenge the West faces is largely a political one: how to walk the tightrope of providing assistance to the Afghan people without endorsing, legitimizing, or subsidizing the Taliban.

#### Recommendations

The following are a number of recommendations, divided roughly into policy and operational considerations, for how, if not to resolve the impasse, to at least mitigate or get around it. The recommendations assume that regardless of the Taliban's distasteful policies and moral and technical shortcomings, the collapse of their rule would not be in anyone's interest. There is no one to replace them, and the chaos and fragmentation that would follow would be far worse.<sup>90</sup> Therefore, the West should continue or increase its engagement with the DFA, providing (and monitoring) humanitarian and economic assistance while supporting civil society and political actors who are pushing for more inclusive, accountable administration.

At the same time, the international community should recognize the ceiling for accomplishment under current conditions (e.g., Afghan and international resources, capacity, political limits) and doggedly pursue the challenging enough tasks of facilitating effective humanitarian assistance outcomes and modest development ones. This by no means suggests that the Afghan people are not deserving of more, only that efforts should not be over-ambitious and set up everyone for failure and put at risk those objectives that could be achieved. Wishful thinking is not a plausible strategy. Finally ending the ongoing conflict would be the most important enabler of social and economic development.

#### Recommendations for policy and strategy

1. Find ways to provide Afghans with humanitarian and other assistance that is not unnecessarily limited by the desire to avoid supporting their current rulers, using local capacity wherever possible. The need to avoid actual or perceived support to the Taliban can be justified as a principled position given their current policies towards the Afghan people and international obligations, and is also a reality of domestic politics for most donors. However, there are numerous good reasons for providing broad assistance, especially using local capacity, which could be messaged as protecting the welfare of Afghan men and women, boys and girls; avoiding a vacuum

in which other foreign powers gain geopolitical advantage and put forward the narrative of the evil US and the West more broadly; and, preventing spillovers in migration and conflict. There is also good evidence that "bypass aid" does not accord legitimacy to abusive governments; by contrast research indicates that it increases the visibility and credibility of providing foreign countries.

- 2. At the same time, whatever limited leverage on the Taliban that the West and in particular the US may have, more is gained by careful engagement (including through multilateral interlocutors) than by disengagement. This means a minimum of engagement with the DFA to communicate conditions and insist that aid reaches its intended beneficiaries. Although there is always risk of abuse, with engagement the international community is more likely to be able to identify and act on that abuse as well as on instances of human rights violations. Being clear on all of this can help inoculate Western policy makers and officials against potential incidents (which will inevitably be forthcoming) and accusations of "supporting the Taliban."
- 3. Balance engagement and assistance with criticism and try to break the link between support to Afghans and approval of the DFA. The former does not mean the latter. This may require some compromise, although not on core principles of human rights and humanitarian assistance. Of course, Taliban policies such as requiring a mahram and other restrictions on female participation are not only a challenge to those principles, but rather can pose a direct threat to humanitarian service delivery and therefore to population well-being.
- 4. Agree on central core principles so that agencies don't indulge in a "race to the bottom" to fulfill their own narrow mandates—as worthy as those mandates may be. As a former UN official noted, "it is easier to have a collective strategy when the answer is 'no" 91 It is generally better to set conditions to apply subnationally, so that when they are breached—which they will be—follow-on actions can sanction areas and elements of programs rather than imposing "all or nothing" national redlines. More positively, this allows rewarding provinces and districts that support inclusive programming (e.g., for women and girls).
- 5. Strong UN leadership in Kabul should also take the lead in negotiating with the Taliban on behalf of all UN agencies, funds, programs, implementing partners, and the broader NGO community, to mitigate the Taliban's divideand-conquer approach. This should be done so that the UN acts as a platform to bring the views of others into dialogue, not as a gatekeeper to communications. The UN should demonstrate its commitment by continuing to employ female staff in their programs and negotiating access that is inclusive for them.

- 6. Consider the long-term implications of rolling out short-term solutions intended to avoid DFA structures. Once entrenched, those solutions may be hard to unwind. The Afghanistan that emerged from the 1980s and 1990s illustrates the difficulty of unwinding parallel structures. Countries such as Yemen may offer examples of where some administrative structures have been preserved despite high levels of internal conflict. Even if parallel structures are unavoidable now, they should be designed and implemented in ways that lay a groundwork for more localized approaches in the future. Ways of approaching this include subnational approaches to reward local areas which can meet conditions with a greater role of local structures in implementation, and "shadow alignment" to match international agency programs with national administrative structures, even though funds do not pass through them.
- 7. Develop plans in accordance with a realistic assessment of future resources (e.g., people, money) and political will. Recognize the limits on capacity, both of the DFA and of the UN agencies and NGOs, as well as on absorption; less is even more now than it was under the Republic. Critically, assess what the DFA are willing to contribute from their own revenue to serving their own population, rather than making the limit simply what resources the West is willing to provide. This could also avoid giving the DFA a "humanitarian alibi" - ability to divert their own resources away from social services because the international community will cover them.
- 8. Prioritize interventions that are essential and lifesaving and which could yield longer term benefits such as food security, water and sanitation, health/nutrition, and education. Build on this with what should be low-hanging fruit, e.g., water management, disaster preparedness/risk management, economic recovery. The experience from the 1990s suggests that these practical and important issues are more achievable and may allow dialogue on other substantive but more sensitive ones (e.g., gender) that would otherwise harden opposition. To the extent possible, channel flexible, direct funding to Civil Society Organizations/NGOs (especially women-led ones), some of which initially may not be capable of navigating complex funding mechanisms. Especially if extreme restrictions on female participation continue, online education and possibly scholarships targeting girls and women could contribute, if minimally, to the next generation.

9. Go beyond the US-created Afghan Fund to ensure the basic functioning of the banking sector/payment systems, which affect humanitarian and development organizations as well as the Afghan private sector. This includes facilitating the return of financial assets of private individuals and firms in a responsible way that doesn't further damage the economy (e.g., by creating a run on the banks). Humanitarian and development actors cannot continue to bear the burden of negotiating this; it goes beyond their competence and imposes extraordinary burdens. The US should build on the DFA's expressed willingness to allow placement of neutral country technical advisors and third-party monitors within DAB and permit it to function. Related, the UN and its partners should consider how and when best to integrate, or separate, its political mission from its humanitarian and development ones depending on the state of play on the ground (including for instance where there may be subnational differences in the DFA's stance on priority issues that allow for greater alignment). At some moments, a more integrated approach could allow the UN and the West to exert greater pressure on contentious political and human rights issues and allow each mission's sphere to operate more robustly. At other times, a more purely assistance-led approach may be necessary, not least when economic or humanitarian issues are gaining traction while political dialogue is stalled. The last 16 months certainly raise questions as to whether potential economic assistance provides leverage on the political front.

#### Recommendations for operational matters

- 1. As much as possible, simplify coordination. Although hard to measure, Byzantine or baroque coordination mechanisms may not be worth the effort.
- 2. Explore options for using the Afghan private sector, including womenowned businesses, in development-like activities that are complementary to **humanitarian assistance.** This could include "impact financing" arrangements for the social sectors by which private firms contract for specific outputs, or else matching grants or a credit/loan facility from which the private sector can access funding. Such activity could have the additional benefits of stimulating the economy. However, draw on the extensive volume of reviews of the multitude of agriculture and private sector development projects attempted over the last 20 years to identify what has worked locally and could potentially be taken to scale, as well as what has repeatedly failed (e.g., value chains).
- 3. Support monitoring and evaluation using creative mechanisms that have been used in other difficult environments as well as in Afghanistan itself. Agree on a limited list of key indicators that are useful and within the capacity of the aid community to monitor. The UN should ensure that its newly reconstituted Integrated Risk Management Unit(s) have the resources and support needed to minimize the extensive risks that aid delivery entails in Afghanistan. Comprehensive and accurate understanding of needs and the extent to which they are being met requires involving females in all phases of the delivery cycle. Although not a panacea, technology such as

GPS-enabled smartphones (with appropriate safeguards to protect individuals) and satellite imagery may be helpful. Aside from the general principles of minimizing waste, fraud, and abuse, the political implications of Taliban misuse of resources are very serious. To the extent possible, avoid the types of checklist monitoring that has shown to be ineffective, placing an emphasis on forms of "bottom up accountability" (perhaps social audits through CDCs); as the population is more likely to hold the DFA accountable than is the international community, a combination of international third party monitoring (TPM) and local, civil society and community-based monitoring is likely to be more effective. TPM mechanisms should consider including analysis of human rights issues and the political economy around programs, not only narrow fiduciary issues.

- 4. Keep in mind some of the lessons from the previous experience with negotiating and working with the Taliban, especially on the need to be flexible and nimble—and not over-reacting when they transgress supposed agreements or violate "red lines." This does not mean under-reacting or turning a blind eye, but that responses should be clear, principled, and consistent. Being so may reduce the instinct to over-react. Aid agencies should be prepared to be knocked off course at any moment by the eccentricities of Taliban administration. Managing such unpredictability is a key organizational attribute.
- 5. Acknowledge the immense amount of mutual mistrust, based on the twenty years of fighting each other and on suspicions about the present and future (e.g., foreign agendas). The West should be cognizant of the connotative meanings that many Afghans hold for terms such as "democracy"—some of which are decidedly negative. The West often misjudges the ways in which its articulated values (espoused but not always lived in Afghanistan), were actually interpreted by Afghans on the ground. Finally, given the variable performance of the international community's assistance over the previous 20 years, and the added challenges it faces today, it is important that the system be reflective and modest about its plans.

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