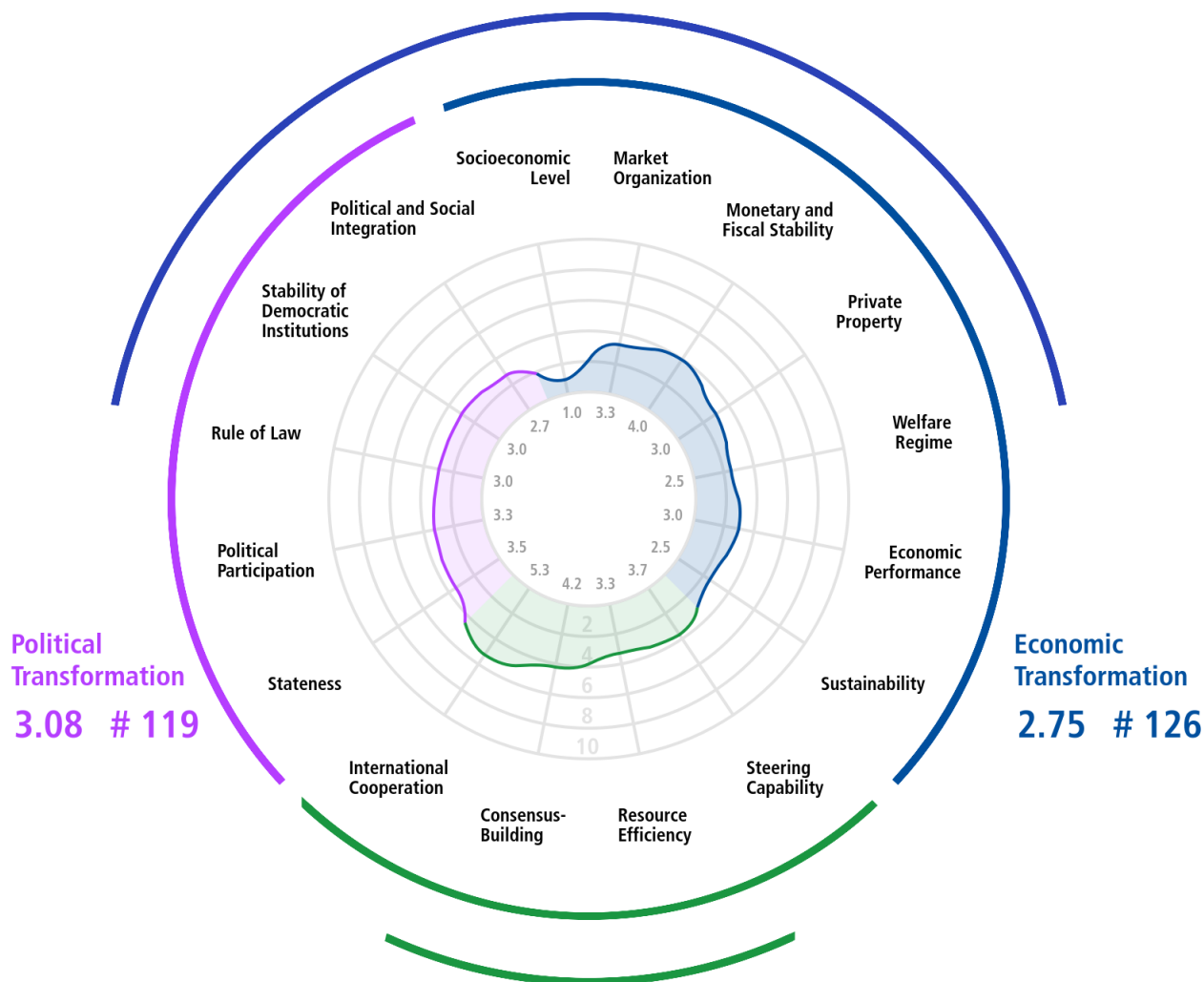


# Afghanistan

## Status Index

**2.92 # 126**

on 1-10 scale out of 137



## Governance Index

**4.02 # 92**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>38.9</b>	HDI	<b>0.511</b>	GDP p.c., PPP \$	<b>2088</b>
Pop. growth <sup>1</sup>	% p.a.	<b>2.3</b>	HDI rank of 189	<b>169</b>	Gini Index	-
Life expectancy	years	<b>64.8</b>	UN Education Index	<b>0.414</b>	Poverty <sup>3</sup>	% -
Urban population	%	<b>26.0</b>	Gender inequality <sup>2</sup>	<b>0.655</b>	Aid per capita \$	<b>112.6</b>

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

The National Unity Government (NUG), which existed from 2014 to 2019, survived despite numerous challenges, including a weak economy, rampant corruption, power struggles and increasing insurgency. International assistance played a significant role in its survival. Challenges continue, however, under the current state leaders, President Ashraf Ghani and Chief Executive Officer Abdullah Abdullah.

Parliamentary and presidential elections were held in 2018 and 2019, respectively. Both were criticized as being fraught with “mismanagement and electoral fraud,” according to the Afghanistan Analysts Network. The latter election led to months of political gridlock as Abdullah denied Ghani’s victory and accused him of having sabotaged the results and misusing his authority when declaring himself a winner. On March 9, 2020, the two rival presidents held parallel inaugurations in Kabul. The political tension between the two parties increased dramatically. Once again, international mediators were required to resolve conflict in Afghanistan. After months of political uncertainty, and with the help of external mediation, particularly from the United States, on May 17, 2020, Ghani and Abdullah signed a power-sharing deal: Ghani as president and Abdullah this time as the Head of the High Council for National Reconciliation.

After 18 months of negotiations, the U.S.-Taliban deal was signed in February 2020 in Doha, Qatar. It paved the way for intra-Afghan peace talks between Kabul and the Taliban in September 2020. In this context, the United States has announced that it would reduce its force to 2,500 troops by January 2021. Subsequently, insecurity and violence increased, challenging the Afghan government in several ways. At the time of reporting, fighting between the Taliban and government forces had spread over 22 (out of 34) provinces, while peace talks in Doha were not going smoothly.

Security remains a significant problem in the country, which in turn affects the sociopolitical situation drastically. According to Afghan officials, almost 90% of Afghans live below the poverty rate (of \$2 per day), as a result of growing insecurity, economic and environmental crisis and the ongoing COVID-19 pandemic. However, with the first confirmed cases of COVID-19 in February 2020, the Afghan government responded quickly. This was particularly the case in Herat and Nangarhar Provinces, where local governments gradually tightened containment measures, including the introduction of screening at ports of entry and quarantine for infected people. Later in March 2020, a countrywide lockdown and restrictions were imposed. Despite its relatively weak social protection system and the public's response to virus restrictions, Afghanistan has been less affected by the pandemic in comparison to other countries in the world. However, the global crisis, border closures and containment restrictions have immensely affected the country's economy and social lives. The World Bank estimates that Afghanistan's overall poverty level rose from 55% to 72% in 2020, as a result of economic contraction.

## History and Characteristics of Transformation

After 40 years of rule by King Zahir Shah, his cousin and brother-in-law, Daoud Khan, came to power in 1973 following a coup d'état. Khan declared a republic and then suppressed a coup attempt in 1978 by the People's Democratic Party of Afghanistan (PDPA), a Marxist-Leninist party, during the so-called Saur Revolution. As a result, the Afghan political landscape became ideologically divided between the Marxist-Leninist parties and the Islamic parties. The country's political problems worsened in the wake of the 1979 Soviet invasion. During the Soviet-backed rule of the PDPA, the concept of democracy was discredited. The popular resistance against the policies of the PDPA regime and the Soviet Union mobilized younger generations of activists along Islamist lines. The country saw intense fighting and a protracted conflict waged between the Soviet-backed Afghan regime and the Afghan resistance-Mujahedeen, who were supported by the regional countries and the West, especially the United States. The Mujahedeen were the main force in overthrowing the Kabul regime in 1992.

However, there was a lack of consensus and coordination among the Mujahedeen regarding how the country ought to be governed, which led to interethnic civil war. In 1996, the Taliban, a new force that had emerged in 1994 in Kandahar, took over (about 90%) territorial control in Afghanistan. Under the rule of the Taliban, radical Islamic laws were applied. Women and religious minority rights' activists (e.g., the Shi'ites) complained of systematic discrimination. After September 11, 2001, the U.S. military intervened in Afghanistan, with the justification that the Taliban had provided sanctuary to al-Qaeda, and, as such, were responsible for the attacks on U.S. soil. The U.S.-led mission was both military and political. The idea was to fight the Taliban and reconstruct the state system on modern and constitutional lines. Hamid Karzai led the country's interim administration (2001-2002), after he had been selected through an emergency Loya Jirga (Grand Council) as head of the Transitional Administration. He was also elected twice as president, in 2004 and 2009. Former rebel parties were included in the state-building process,

with the requirement that such parties had been opposed to the Taliban. Thus, groups like the Taliban themselves and Hezb-e Islami were excluded from the peace negotiations in Bonn, Germany, in 2001. The Northern Alliance, which had previously fought against the Taliban regime, was given key positions in the new government.

As part of the state-building process, large sums of money poured into Afghanistan, with reconstruction and institution-building being central goals. The country established formal democratic institutions and adopted a democratic constitution in 2004. Presidential elections were held in 2004, 2009, 2014, and 2019; parliamentary elections in 2005, 2010 and 2018. Provincial council elections took place in 2004, 2009, and 2014. However, the Taliban have steadily regained power since the spring of 2006, a trend that is ongoing. The international community's strategy in combating terrorism and its engagement in Afghanistan have also changed over time. The Obama administration decided in 2010 to reduce U.S. troop levels in Afghanistan. Since 2011, responsibility for security has been gradually transitioned from NATO to the Afghan National Security Forces (ANSF), which took over the sole responsibility for security by the end of 2014. Subsequently, the NATO-led International Security Assistance Force (ISAF) mission was disbanded. Afterwards, the National Unity Government (NUG) faced major challenges with regard to the economy, the military and the security. However, despite the Taliban's growing influence, the government was able to maintain its authority over all major cities in the 34 provinces. Additionally, there was a growing tendency for peace talks with the Taliban and other insurgent groups, such as Hezb-e Islami led by Gulbaddin Hekmatyar. As a result, a peace deal was signed between the two parties in September 2016. Nevertheless, reconciliation efforts with the Taliban, as a major threat to the state's existence, have not been accomplished so far.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Currently, the Afghan government faces massive challenges. On the one hand, the United States has drastically reduced its forces and ordered a further withdrawal of troops (leaving 2,500) by January 2021, which has led to a considerable security gap. On the other hand, the Taliban's twofold strategy – negotiation and military pressure on the ground – has delegitimized the government in the eyes of many ordinary Afghans, with rapidly growing insecurity and instability.

The Taliban strategically launched a military offensive in several parts of the country. In addition, inspired by the Islamic State group in Iraq and Syria, the IS-Khorasan (IS-K) operates alongside 20 other terrorist groups in Afghanistan today. Thus, the decision by the U.S. administration under Donald Trump to withdraw forces, soon after concluding a peace deal between the Taliban and U.S. government in February 2019, immensely weakened state authority. Simultaneously, fighting between the Taliban and the Afghan government has spread across 22 provinces (out of 34), with dramatic consequences.

The U.N. Assistance Mission in Afghanistan (UNAMA) reported that the number of civilian casualties in 2020 increased dramatically. As UNAMA notes, nearly 8,000 civilians were killed or injured in 2020 due to increasing conflict. Additionally, the IS-K appeared as a threat in 2020. In 2020, the group claimed responsibility for numerous attacks in Kabul, including one that targeted the Kawsar-e Danish Educational Center in October, where nearly 80 people were killed and injured, and the attack on Kabul University in November, where 24 students were killed and dozens injured.

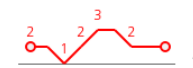
Furthermore, the Taliban have gone on the offensive, particularly after the peace talk efforts by the United States in Doha in 2019. The Taliban have carried out high-profile attacks across the country, with some significant advances in territorial gains. According to a Foundation for the Defense of Democracy's Long War Journal report,

Question  
Score

Monopoly on the  
use of force

2

'06 '22 10



in 2020 the Afghan government controlled approximately 30% of Afghanistan's 407 districts. Some 20% of them are in the hands of the Taliban, and the rest are contested. According to the national media, the current Afghan government, compared to 2018 and 2019, faced massive armed attacks and insecurity. It is estimated that in 2020, the Taliban controlled more territory than at any other time since its fall in 2001.

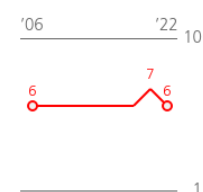
In general, all ethnic groups regard the state of Afghanistan as legitimate. It is rather the form of government that they question. The Islamic parties have nationalist sentiments and transnational Islamist agendas. Furthermore, decades of conflict have promoted regionalism. At the same time, given the high number of Pashtun citizens and their historical influence, being an Afghan is generally equated with being Pashtun. In a recent dispute, some segments of society who do not identify as "Pashtun" rejected the label "Afghan" on their new electronic identity cards. However, a decision by the Supreme Court paved the way for all citizens to state their ethnicity on their ID cards. As a result, the distribution of these cards is proceeding.

The power struggle between President Ghani and other stakeholders continues. Religious minorities have been suffering significantly. Minorities such as Sikhs and Hindus haven't received enough government protection, causing their emigration. They face threats from radical religious insurgents, who target their places of worship and their communities. They also face broad social discrimination and are often not considered "fully Afghan." Similarly, traveler and nomadic communities remain socially and politically marginalized, e.g., the Jogi and Chori Frosh. Although, their concerns were recognized by the government and included in National Internally Displaced Person polices in 2014, the full implementation of such reforms remains a challenge. In recent years, President Ghani has often been accused of preferring the Pashtuns and excluding certain political elites on the basis of their ethnic identity. This has not meant that state identity and legitimacy were in question, rather it is government policies and preferential treatment of certain ethnic groups that have been criticized.

The constitution of the Islamic Republic of Afghanistan is based on Islamic law. Therefore, Islam plays a particularly important role in public and political discourse. According to the Afghan constitution, the government cannot adopt any laws or policies that are contrary to Islam. Political Islam plays a significant role in political decisions. With the increasing pressure from the Taliban, the state gives religious and former jihadi leaders significant attention in order to bolster its legitimacy. Thus, the Arg (Presidential Palace) frequently seeks the advice of the Religious Scholars' Council during critical times. The state attempts to respect and accommodate concerns of various Islamic schools of thoughts (e.g., Deobandi interpretation of Hanafi fiqh, Wahhabism, Twelver Shi'a) in order to reduce the political influence of insurgents (Taliban and the IS-K), who counter state narratives using Islamic ethical and political language. In December 2020, the Ministry of Education in a controversial statement stated that it will move grades one to three of primary school

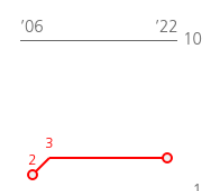
#### State identity

6



#### No interference of religious dogmas

3



education to mosques. This sparked an intense discussion among civil society and ordinary Afghans, who blamed the government for using places of worship for political purposes.

There were some improvements in administrative structures during the NUG period between 2014 and 2019. However, in the last two years, the government has faced massive challenges due to, first, a crisis in the presidential election and, second, growing threats from insurgents who call into question the very existence of the government. Therefore, agendas and policies with regard to basic fundamental issues remain unsolved and unimplemented. The efficiency of all public agencies is jeopardized by a number of factors, including a weak administrative infrastructure, corruption, a lack of professionalism and the absence of the rule of law. Public agencies are plagued by intransparency, nepotism and clientelist politics, all of which have a negative impact on their performance and accountability. In spite of the gradual improvement in the performance of some institutions (particularly in the civil service commission), the country is still suffering from inefficient public administrative institutions. Particularly at the district level, the Taliban is highly influential and block central government decisions.

Despite numerous casualties and allegations of “ghost soldiers” in the Afghan military, the Afghan National Army remained perhaps the only national institution seen to operate along national lines, (i.e., without ethnic, regional, and sectarian divisions). Unfortunately, like all other institutions, the army also suffered from poor governance and lack of structural development.

Overall, the Afghan education system is low quality. Educational infrastructure, schooling materials and teaching methods are underdeveloped. According to UNICEF (2020), around 3.7 million children are not in school in Afghanistan, most of them in remote areas. “Insecurity, shortages of school buildings and textbooks, rural access issues, poor data reliability, and the alleged appointment of teachers on the basis of cronyism and bribery” are the reasons for this gap, as reported by the Special Inspector General for Afghanistan Reconstruction (SIGAR). At the university level, similar obstacles exist.

Although the Ministry of Public Health took a few preliminary steps in 2018, such as increasing the number of female health employees and facilitating a 5% increase in the number of health centers, its performance in 2020 was affected by systematic corruption, weak leadership and in-fighting regarding the COVID-19 pandemic. Not all provinces have equal access to basic goods. Administrative differences between the so-called first-degree provinces, such as Kabul, Balkh, Herat and Nangahar, and the other 30 provinces are considerable. Moreover, the departments of public administration are scattered, and both central and provincial authorities lack systematic communication and coordination.

Basic  
administration

3

'06 '22 10





The majority of Afghans suffer from a lack of water, sanitation and hygiene. As reported by the UNAMA, only about 27% of the population have access to safe drinking water. Additionally, municipal waste management is underdeveloped or simply does not exist. Afghanistan also suffers from extremely poor strategies with regard to electric power. The vast majority of the population, especially in rural areas, has limited access to electricity. These observations are even true for the capital of the country, Kabul. The country also lacks a basic public transportation system.

There is no clear evidence that COVID-19 has limited or disrupted basic infrastructure services in Afghanistan, as it has in other countries in the region. Therefore, the real impact of the pandemic may be minor due to the relatively short period of lockdowns and the fact that public administration services were rarely closed to the public.

## 2 | Political Participation

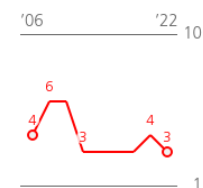
In recent years, the Afghan electoral process has been marred by serious problems. Despite universal suffrage, general elections have not been held on time. Elections in Afghanistan have not been deemed free, fair and transparent. As a result, candidates have almost always disputed the results in both presidential and parliamentary polls. The latest presidential election took place in 2019. After a delay of almost three years, parliamentary elections took place in 2018. The latter are not yet fully completed. Due to the security situation and controversial election results in the past, elections in the Ghazni Province were postponed. These elections were, like others that came before, highly controversial and manipulated. They were accompanied by accusations of fraud. In particular there were accusations that presidential election was manipulated and mismanaged. Consequently, the two leading candidates, Ashraf Ghani and Abdullah Abdullah, entered a deadlock because both claimed victory and accused the other of electoral fraud.

Aside from organizational failures, another factor influencing the perceived illegitimacy of elections is the Independent Election Commission (IEC). The IEC has been often accused by politicians and national election observers of cooperating with the government. This causes damage to its reputation as an independent institution among many ordinary Afghans. The IEC's mismanagement caused the provincial council elections, which were originally planned to take place along with the presidential election in 2019, to be delayed.

Afghanistan's voter turnout has been steadily declining. According to the IEC, out of over 9 million registered voters, a total of 1,824,401 votes were cast in 2019. This is an extremely low turnout rate, compared to the previous elections in 2014, 2009 and 2005. During the last election, many potential voters faced systematic and institutional issues, such as incomplete voter lists, a newly introduced, deficient biometric identification system and biased election workers. However, despite all the institutional failures and underperformance, there is no evidence of biased sidelining of parties or political actors based on religious or political ideologies.

Free and fair elections

3



The NUG, after months of crisis, ended up in a power-sharing agreement in 2020, with the same protagonists as before: Ghani as president and Abdullah as head of the High Council for National Reconciliation. According to the new agreement, both men will choose an equal number of ministers. President Ghani is often accused of deliberately disregarding procedures that are democratically required. Since 2014, Ghani has implemented policies through hundreds of decrees. As a result, the role of state bodies such as the legislature or ministries are severely undermined. The Arg and its network have been repeatedly accused of misuse of power, systematic corruption, and blackmailing civil society and political activists, which undermines their effectiveness and democratic procedures.

Due to increasing insecurity, the state is continuously losing center-periphery political connections, especially at the district level. As reported by Radio Liberty, only 30% of Afghanistan's districts (133 out of 407) are in government hands. The rest are controlled by the Taliban or contested. In addition, the Taliban-United States deal in February 2020 in Doha gave the Taliban huge military and political legitimacy that directly affects the existence and perception of the state.

The constitution guarantees association and assembly rights. There are 3,053 social organizations registered with the Ministry of Justice and 2,091 international and national NGOs in the country, according to the Ministry of Economy. However, strict restrictions regulate assemblies before elections.

A major obstacle to the various societal groups and civic associations is the security situation and the influence of non-state actors. Afghans' ability to hold protests has deteriorated in recent years. Threatened by insurgent groups, both the government and citizens are wary of gathering in public places. As a result, social and political events are either heavily guarded or simply discouraged by the government. In some cases, the government has employed excessive police force to disperse protests.

Despite some harsh policies adopted by the government toward demonstrators, it is not possible to speak of general state repression of the civil society. For instance, the Hezbe-Islami Party, peace activists and left-wing protesters demonstrated a number of times in 2019 and 2020. However, since 2019, President Ghani and his team have been blamed by several political activists and by opposition elites of blackmailing and threatening them. The former chief of staff of President Karzai, Karim Khuram, has directly accused the government of targeted killings, after publicist and government critic Waheed Mojda was executed in front of his house in Kabul on November 20, 2019.

In insurgency areas, associations and assemblies lack rights in a meaningful sense, and the Taliban and local IS act viciously against groups or citizens who try to make use of their constitutional rights. Furthermore, the government has imposed restrictions on public gatherings due to the COVID-19 pandemic. These restrictions were just a formality, however. For instance, the restrictions never applied to mosques.

Effective power to govern

2

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Association / assembly rights

4

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One of the greatest achievements in the post-Taliban period is freedom of expression. This can be better understood when we compare not only the period when the Taliban were in power but also the situation in neighboring countries such as Iran, Pakistan or Tajikistan. Furthermore, media, TV channels, radios and newspapers are freely accessible to all ethnic groups. There are a number of TV channels broadcasting across the country. In addition, over 170 FM radio stations are also in operation.

The government under President Ghani has maintained a different kind of interactions with the media compared to previous governments. The ruling class and, above all, the president himself are under heavy criticism from the media. For instance, in October 2020, when Ghani visited Paktika Province, journalists were banned from attending the conference. Media, as sign of protest, refused to cover government activities in this province, according to the Nai (Supporting Open Media in Afghanistan Organization).

While journalists do not experience open state repression, the government has failed to protect them. The year 2020 has been the deadliest year for Afghan journalist and political activists. The targeted killing of journalists has risen rapidly since last year. Between November 15 and December 11, four journalists were killed in different provinces. Several civil society members openly accused the government of failing to provide adequate protection. Moreover, due to growing threats from unknown persons and regional insecurity, dozens of provincial radio stations were shut down in the last two years. A fundamental threat to the media comes from the Taliban. Thus, despite relatively guaranteed freedom of speech, Afghanistan remains one of the most dangerous countries in the world for journalists.

### 3 | Rule of Law

Afghanistan has a presidential system. However, the governments since 2014 have been arranged through power-sharing between Ghani and Abdullah. Both governments were created after months of deadlock between the two presidential candidates. As a result, both parties divide institutions between themselves. However, there is an understanding that the balance of power favors President Ghani, who is increasingly willing to determine and control key political decisions. The parliament has accused the Arg of being autocratic and corrupt, not providing transparency in the decision-making process. Most significant national and international affairs such as bilateral relations or agreements are fully reserved for the Arg. This, in turn, undermines the role of the Ministries of Foreign, Finance, and Home Affairs.

The judiciary in the Afghan constitution is clearly defined. Nevertheless, at the national level, the judiciary is still unable to subject government power to the rule of law. Generally, the judicial system suffers from a lack of public trust due to corruption and extremely slow dispensational processes. At the local level, ordinary Afghans tend to use Taliban Shariah courts, which are quick and cheap. Taliban

Freedom of expression

4

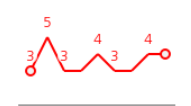
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Separation of powers

4

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courts operate in most districts in the areas controlled by them. However, according to the Norwegian Refugee Council, because of their fairness and accessibility, Taliban courts hear cases from both Taliban- and government-controlled areas.

No state of emergency was declared with the outbreak of COVID-19. Rather, containment measures have been gradually enhanced by the government. First, screening at entry ports, a quarantine for infected persons, the closure of public spaces, a bread distribution program and, on March 28, a nationwide lockdown were introduced. Second, President Ghani introduced a food relief plan, also known as the National Dining Table. In both cases, the Afghan parliament raised concerns about the fairness and transparency of the programs.

Article 116 of the Afghan constitution provides for the judiciary as an independent body of the political system, which is divided into the Supreme Court, the Appeal Court and the Primary Court. Due to structural problems and deficiencies in policy and professionalism, the judiciary is extremely burdened. This is especially true at the provincial and district levels. The judiciary lacks professionalism, which affects its performance and acceptance. Local power brokers also influence the legal process.

With the state judicial system perceived as corrupt, inefficient and slow, Afghanistan is a country where informal justice mechanisms predominate, especially at the local level. Local jirgas and the Taliban use this gap by resolving cases quickly and efficiently. Insurgents are left with plenty of room to promote their ideas of justice and to present Shariah courts as being a sensible and efficient alternative.

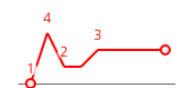
The government has made some efforts to improve the judicial situation. However, due to the security situation, access for everyone to judicial centers remains difficult, particularly with regard to the primary courts. A 2020 UNAMA report finds that only half of documented cases of violence against women and girls reported to the justice system reached a primary court. The fact that several high-class politicians still have not been legally charged, despite being accused of criminal actions, has sparked strong debate about the independence of the judicial system.

The post-Taliban governments have drawn on existing power setups in order to bolster legitimacy and deliver public goods effectively. Thus, a strong nexus between the Afghan state structure and the traditional stakeholders with strong local ties exists. The patronage and clientelist politics of local strongmen accordingly affect the state's administrative structure. Since 2014 the new ruling elite has formally introduced some reforms in the area of administration and public service. However, apart from high-level cases of corruption, legal prosecution of officeholders rarely takes place. In 2020, the governor and other administrators of Herat Province were charged with corruption and misuse of office. However, former First Vice President, Abdul Rashid Dostum, who was once banned from the country in 2018 for several months, was made the country's second marshal in 2020. Likewise, the president of the Afghan Football Federation (AFF), Keramuudin Karim, who has been charged with sexual

#### Independent judiciary

3

'06 '22 10



#### Prosecution of office abuse

3

'06 '22 10



assault, harassment and discrimination, was never investigated or arrested. In early 2020, Afghan Pajhwok News Agency discovered a scandal concerning a reconstruction project at the Afghan Embassy in Washington, D.C. The total cost for a 70-meter wall amounted to more than \$1.8 million. There has been no investigation or charges against the ambassador, Roya Rahmani.

The constitution guarantees civil and political rights to all Afghans. However, rights-holders need safety and security in order to meaningfully exercise those rights. In light of the current situation, the exercise of civil rights is severely limited. The COVID-19 pandemic, the growing conflict between the Afghan state and the Taliban, and the effects of climate change have led to millions of Afghans living in extreme poverty. The United Nations Office for the Coordination of Humanitarian Affairs (OCHA) reported in June 2020 that 14 million Afghans are in acute humanitarian need. In 2019, this figure was 9.4 million. In addition, heavy rains and local flash floods between April and September 2020 impacted Kunar, Laghman, Nangarhar, and Parwan Provinces, resulting in massive casualties and material damages. The state has shown limited capacity to provide assistance to the victims. Due to natural disasters, war and unemployment, the number of internally displaced persons (IDPs) is also rising. According to the annual report of the Afghan Ministry of Refugees and Repatriations, more than 600,000 Afghans were displaced from their homes in 2019. The state lacks the effective means to improve the situation and provide basic facilities.

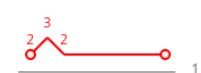
Despite the efforts of the government, religious minorities such as Hindu, Sikh or Hazara are subjected to social and political discrimination and terror attacks. On March 25, 2020, 25 people of the Sikh community were killed in Kabul. Similarly, on October 24, 2020 a suicide bomber killed around 30 Hazara students and injured over 70 others at the Kawsar-e Danish Educational Center in Kabul.

During the outbreak of the COVID-19 pandemic, the government imposed restrictions on public assemblies, but only for very short periods of time. The state has made some efforts to provide basic support to people in need. However, due to inefficiency and corruption and the intensifying conflict with insurgents, these measures have little impact.

Civil rights

2

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#### 4 | Stability of Democratic Institutions

Afghan democratic institutions faced a significant, twofold threat: an increase in insurgency and a lack of cooperation and trust among the leaders of democratic institutions. This substantially undermines the legitimacy of Afghan democratic institutions.

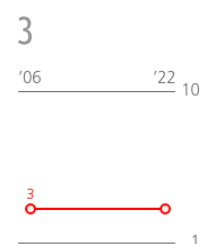
The government's performance remains questionable, especially at the local level, where political decisions frequently reflect on-the-ground political influence and the growing interests of the Taliban, which controls or contests control over almost half the country. At the central level, power contestations between President Ghani and other stakeholders overshadow democratic decision-making processes. The Arg, with its several councils and directorates, controls or influences the ministries, too. Following a dramatic surge in crime and security incidents in Kabul, First Vice President Amrullah Saleh took charge of security in Kabul in October 2020. Similarly, Ghani announced in December 2020 that he would personally manage the second wave of the COVID-19 crisis when the Ministry of Public Health was accused of corruption, mismanagement and poor performance.

The election commission is accused of being corrupt, disorganized and influenced by stakeholders. Provincial council and parliamentary elections in Ghazni Province, which were postponed in 2018 due to security issues, still need to be held. The increasing power of the Taliban greatly affects the performance and legitimacy of institutions at the local level. This has also opened space for local actors and power brokers to influence democratic decision-making processes.

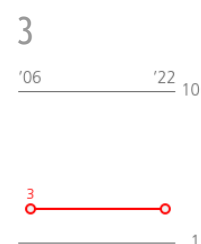
Most political actors, with the exception of local IS and the Taliban, claim to be committed to democracy. Even Islamist political parties consider elections to provide legitimacy. All political parties have participated in presidential, parliamentary and provincial council elections. However, the question remains as to how strong the commitment to democratic institutions is, as opposed to just willingness to participate in elections. The power-sharing government relies on power brokers and local strongmen, whose interests clash and who pursue those interests in undemocratic ways.

Since 2014, there have been increasing signs from President Ghani that undermine the rule of democracy. Influential figures in the Arg have been accused of corruption, sexual harassment and imposing their decisions upon ministries. These accusations have been ignored by the president. Since late 2020, there have been tensions over several issues between the executive and legislature. Between December 2020 and January 2021, parliament has twice rejected the budget plan for the fiscal year. Lawmakers have claimed that the government removed their relatives from public positions in order to put pressure on them. At the time of reporting, the issue remains unsolved.

Performance of democratic institutions



Commitment to democratic institutions



## 5 | Political and Social Integration

After the end of the Taliban regime in 2001, the rebuilding of Afghanistan's political institutions was the central aim of the international community. All political parties (except Taliban and Hezb-e Islami) were included. One side effect of this process was the impact of wartime legacies caused by including rebel parties. These parties mainly cater to traditional constituencies because of patron-client networks and thus continue to exhibit path dependencies detrimental to democratic transition. These parties often mobilize along ethnic, regional and religious lines, particularly during elections. Another side effect was that excluded parties became an existential threat to the state. The long history of the Afghan conflict affected inter-party relations. Frequently, tensions between them undermined the "rules of the game."

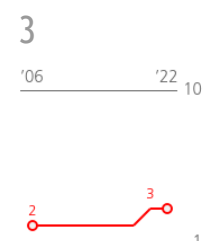
Political parties generally lack internal democratic structures and oversight over finances and budgets. There are about 70 registered parties in Afghanistan, but most lack institutionalization and the capacity (or will) to develop specific policies. In addition, political parties have no legal, formalized role within Afghanistan's political system. The electoral system does not require candidates for the parliament or provincial councils be party members. Party membership, therefore, offers no formal advantage to prospective representatives.

Traditionally, there have been informal ethnic and regional jirga (assemblies of leaders, mostly among Pashtuns) or shura (community councils) at the provincial level, which play representative roles in governing communal life and regulating conflicts. Religious minorities such as Hindus or Sikhs are barely represented in these institutions or in political parties. They have two representatives in the Afghan parliament (the Upper and the Representative House, respectively).

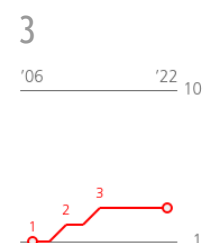
The new civil society organizations that have sprung up across the country operate in a limited manner both socially and geographically. There are hundreds of civil society organizations that target different societal and political issues. Most receive financial support through foreign aid. They have been accused of being more of a source of income than an opportunity for social change.

Still, interest groups and civic associations allow Afghan women in certain areas to be politically active and they are making their voices heard, especially in the legislative process. Women, in particular, face fundamental challenges, especially outside Kabul. The state fails to provide them with necessary protection. On December 9, 2020, Malala Maiwand, a women's rights activist and local journalist, was killed alongside her driver in Jalal Abad, Nangarhar Province. There is no organization that represents LGBTQ+ interests. One concern of these communities is that the peace process with the Taliban may lead to a rolling back of the achieved accomplishments.

Party system



Interest groups



Due to rising security concerns, existing surveys on Afghans' perceptions of democracy are not representative. In general, Afghans mistrust the current ruling class rather than the political system itself. However, the fact that democratic players are seen as incompetent and corrupt does not help in improving the image of democracy as a system. Accordingly, inter-party power struggles, coercion and contempt for democratic rules affect the confidence of the people in the system as a whole. In the latest presidential election in 2019, 1.82 million votes were cast (out of a population of ca. 37 million). This historically low turnout, which is partly due to growing instability, also signals a lack of trust in democratic institutions.

These failures also affect the perceptions in the international community, which promotes democracy in Afghanistan. Due to political rivalries and a lack of commitment to the peace process, in December 2020, alongside other donors, the United States (as a main donor), announced that it would cut its aid by \$1 billion. This will have a dramatic impact on the country's institutional performance.

During the COVID-19 outbreak, the Afghanistan government started a free distribution scheme of basic foodstuffs to the poorest members of its population. The process itself was unfair, however, and mismanagement led to small-scale protests. On May 9, 2020, six people were killed in clashes at food aid protests in Firozkoh, the capital of Ghor Province. Despite the limited number of COVID-19 cases (2,335 on May 1, 2020; 52,330 on December 30, 2020), the country's health system was immensely challenged. The government response was characterized by unfairness, corruption and poor leadership skills.

Afghanistan is an ethnically diverse country that has strong traditional and community-based structures. Through these informal structures, Afghans have been able to deal with bad governance and a lack of state institutions. These structures include traditional jirga, shura and religious networks. Unofficially elected among tribes or ethnic groups, they resolve domestic and inter-community conflicts. Going back centuries, they continue to be anchored deeply in Afghan society. To a certain degree, their existence is crucial. With the state-building process in the post-Taliban phase, numerous associations and NGOs have also sprung up, working on various socioeconomic areas.

The permanent conflict situation, however, prevents trust among Afghans at the national level. Nepotism and clientelism are widespread, particularly in the case of officials who do everything to allocate their families and friends public resources or job opportunities. Nevertheless, there is also some initiative by the Afghan government to bridge the gap between citizens and the state. For example, the Community Development Program links government officials with local communities to create trust in the government among the rural population. However, there have been no systemic government initiatives to resolve conflicts and disputes within the communities to build trust.

Approval of  
democracy

n/a

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n/a \_\_\_\_\_ 1

Social capital

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Public legitimacy crucially depends on the public provision of basic collective goods. The lack of political consensus and the growing insurgency are aggravating the situation. There is no evidence that the COVID-19 pandemic affected the sense of solidarity or self-organizational capacities of civil society. Rather it further revealed the limited capacity of the state.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

The growing political instability and insecurity in Afghanistan have dramatic consequences for the economy. Afghanistan still remains dependent on massive external aid. Afghan media report that around 90% of Afghanistan's population live below the poverty line, assuming the cutoff for poverty at \$2 per day. The outbreak of the pandemic played a significant role in this. Back in 2017, only 39% Afghans who lived below the poverty line. With a HDI score of 0.496, Afghanistan is ranked at 170th and remains below average (0.504) for countries in the low human development group. According to the World Bank, the gross national income (GNI) per capita declined from \$550 in 2018 to \$540 in 2019.

Women and girls continue to face widespread discrimination and human rights abuses. The Gender Inequality Index (GII) fell to 0.655 in 2019 from 0.673 in 2017. UNICEF reported in 2020 that the majority of an estimated 3.7 million children who are out-of-school in Afghanistan are from remote areas: 60% of them are girls. Afghanistan has the highest maternal mortality rate in the world, according to UNFPA (2020). Around 638 women die per 100,000 live births. The UNFPA counted more than 10,600 cases of gender-based violence between January and September 2020.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	18869.9	18353.9	19291.1	<b>19807.1</b>
GDP growth	%	2.6	1.2	3.9	<b>-1.9</b>
Inflation (CPI)	%	5.0	0.6	2.3	-
Unemployment	%	11.2	11.1	11.0	<b>11.7</b>

Question  
Score

Socioeconomic  
barriers

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Economic indicators		2017	2018	2019	2020
Foreign direct investment	% of GDP	0.3	0.7	0.1	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-3554.9	-3896.8	-3791.9	<b>-3136.1</b>
Public debt	% of GDP	8.0	7.4	6.1	<b>7.4</b>
External debt	\$ M	2752.0	2678.8	2661.7	<b>3036.4</b>
Total debt service	\$ M	63.6	63.3	55.6	<b>45.9</b>
Net lending/borrowing	% of GDP	0.4	-	-	-
Tax revenue	% of GDP	9.9	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	3.4	3.2	3.2	-
Public health spending	% of GDP	0.6	0.5	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.9	1.0	1.1	<b>1.4</b>

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

There is a legal framework in place for market competition, domestically and internationally. According to Article 2 of the Afghan Private Investment Law, the state is committed to maximizing private investment, both domestic and foreign. All registered enterprises have equal access to the market and are treated equally by the law, unless legislation specifically provides otherwise. However, the foreign investment process is not living up to the government's expectations. According to the World Bank's Doing Business Report (2020), Afghanistan was ranked 173rd out of 190 countries and showed a decline from 2019, when it was ranked 167th. Still, with a starting a business score of 92 out of 100 (rank 52nd out of 190), the country performed slightly better than the regional average in South Asia, which was 86.3. With a score of 36.0, Afghanistan improved protection of minority investors. Nevertheless, firms in Afghanistan face numerous business risks due to the prolonged conflict. Instability, corruption and political crimes increase business costs, undermine confidence and prevent foreign professionals from working in

Market organization

3

'06 '22 10



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Afghanistan. This also applies to the four provinces of the country where most of the industrial parks are based.

Although the Afghanistan government gives priority to the market, its infrastructural, personnel and financial limitations remain challenging and public agencies are ineffective in regulating the market. The situation has deteriorated significantly across the country. Businesses face local warlords and the Taliban. Moreover, informal businesses, run by political elites and warlords, still play a significant role in the Afghan economy. In recent years, the Taliban has gradually acquired considerable revenues by taxing the mining industry and reconstruction companies in the areas under its control and in disputed areas. An exact figure for unemployment is not available due to the security situation. The Afghanistan Living Conditions Survey only provides data on employment for 2017, saying that around 13% of the working population has decent employment.

The Law on Private Investment (LPI) ensures fair competition, monitors unfair laws that prevent competition and constructs an anti-monopoly policy to improve competition concerns. The significant role of private investment in the country's economy, both domestic and foreign, is explicitly promoted in Paragraph 2 of the LPI. Afghanistan legally ensures investment in all sectors, unless specifically prohibited. In addition, any investment over \$3 million requires the approval of the High Commission on Investment (HCI), according to Paragraph 4 of the LPI. The HCI has responsibility over all competition. Some projects require approval by the National Procurement Commission (NPC). In 2020, only 516 projects were reviewed by the NPC, compared to 813 reviewed projects in 2018. This shows a decrease in the growth of investment. Legislation remains overshadowed by political networks. The Arg has been accused of favoring certain companies and dealing with certain foreign investors just for the sake of publicity. Given the fact that every single district is under massive threat from the Taliban, these deals are often seen by citizens as purely populist.

The government has invested some effort into bolstering trade relations with countries in the region. Due to political tensions with Pakistan, air corridor programs between India, UAE and Afghanistan have been launched. The first shared railway network between Iran and Afghanistan opened in December 2020, which constitutes a gateway to Europe for Afghan trade. A railway connection from China to Hairatan (Balkh) through Uzbekistan was established in September 2016.

The Doing Business Report 2020, however, states that Afghanistan did not perform well in any of its three rated procedures – compliance with documentation, borders and domestic transport. With a score of 44.1, Afghanistan is ranked 173rd out of 190 countries, down by six spots since 2018. Similarly, Afghanistan attained a score of 30.6 out of 100 in Trading Across Borders. The regional average for South Asia is 65.3. In comparison to other countries in the region, customs regulations and procedures were extremely lax and inconsistent. Afghanistan has extremely high

#### Competition policy

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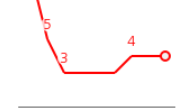
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#### Liberalization of foreign trade

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import costs. With a score of 750, border compliance time and costs are significantly higher than the regional average (472.9).

The Ministry of Industry and Commerce announced in February 2020 that the country increased its export volume to \$1 billion in the fiscal year 2019/20, and was projected to increase it to \$1.5 billion in the fiscal year 2020/21. In contrast, according to the ministry, the country's imports have decreased, dropping from \$7,864 billion in 2015/16 to \$7,407 billion in 2018/19. This represents a 5% reduction in imports over the years. The WTO does not provide data on export and import of goods for the years 2019 and 2020.

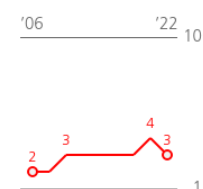
According to the Afghan central bank (Da Afghanistan Bank, DAB), currently there are 12 banks operating in Afghanistan: three state, seven private and two branches of foreign banks. Afghanistan's banking sector faces tough challenges living up to international standards. Besides technological and regulatory challenges, there is a lack of ability to provide banking to rural areas and an absence of a stable communication infrastructure nationwide. It is therefore no wonder that ordinary Afghans have dramatically low access to banking structures and resources. In January 2020, BBC News (Persian) estimated that the banking system is accessible to only 10% of the population. Most account holders are government employees or security personnel who are paid through banks. With regard to customer service and processes-control procedures, Afghan banks are poorly developed with low levels of efficiency. According to Afghan media, there are 413 agencies and 351 ATMs across the country. Private banks are extremely limited in their services as they only serve the public rather than companies. Furthermore, they lack an investment banking division. As a result, they provide no benefit to the market, and their cash is mostly deposited in foreign banks.

The DAB has the authority to issue or register licenses as well as to regulate and supervise banks, FX dealers and money services providers. Political reliance of the DAB has undermined its ability to act flexibly and to efficiently achieve its goals. The DAB lacks stable tools to measure and contribute to market liquidity. As a result, it does a poor job of managing liquidity, inflation and deflation rates. The only tool for buying back Afghani currency is foreign currency injections, specifically U.S. dollars and euros. The World Bank has blamed the DAB repeatedly over the last two years for not providing basic banking sector data. Members of the Afghan civil society and of the National Assembly have often accused the DAB of being nontransparent and violating the laws.

The latest bank-capital-to-assets ratio is from 2018, as provided by the World Bank. At 11.084%, it shows a decline when compared to 11.688% in 2017 and to 11.437% in 2016. Similarly, the latest value for non-performing loans is from 2018, 8.89%, according to the The Global Economy. This shows a decline of over two percent (12.202%) since 2017. However, in comparison to the world average (6.78%) in 2018 based on 129 countries, it is slightly high. There is no current data on the sector's loan-to-asset ratio. In 2018, it was below 15% and the loan portfolio equaled less than

Banking system

3



3.5% of \$1.2 million in assets. The Afghan media report that bank deposit amounts are around AFN 265 billion, in all 12 banks. Almost AFN 310 billion in assets have been registered in banks too. Banks have lent AFN 44 billion to 71,000 persons. However, Afghanistan scored 0 (out of eight) in the 2019 Global Economy for Credit information sharing index. In addition, bank capital adequacy ratio remains low, at 25.9% in 2018. This is 13.3% less than in 2017. No credit crisis was observed by the banking sector during the pandemic.

## 8 | Monetary and fiscal stability

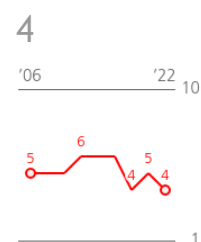
The DAB has attempted to develop monetary policies in order to support economic policies and promote sustainable economic growth in the country. As per Article 12 of the Afghanistan constitution and central bank Law Art. 3.3, the DAB is entirely independent in the pursuit of its objectives. In general, the DAB's primary objective is to achieve and maintain domestic price control. Further, it supports the government's monetary policies and aims to bolster monetary stabilization.

Since 2010, the DAB has used reserve money as the primary liquidity indicator. It also plans its precise sum based on expected growth rates, annual average inflation and changes to AFN aggregate demand over the year. In order to manage liquidity in the money market, the DAB uses open market operations. However, there is no consistent monetary policy. The inflation rate remains unstable too. According to the Economist, the inflation rate in Afghanistan decreased to 5.70% in September from 5.90% in August of 2020. However, it is higher if compared to December 2019, when it was 2.7%. The consumer price index increased to 149.9 points in 2019, from 146.5 points in 2018, according to the World Bank. The real effective exchange rate for Afghanistan is provided by neither the World Bank nor the International Monetary Fund.

The depreciation of the Afghanis was critical during the current period, overshadowed by the impact of the pandemic. It depreciated from AFN 74.59 to \$1 in 2019 to AFN 77.225 to \$1 in 2020. As reported by the Afghan media, since 2014, Afghanistan's currency has plummeted exponentially. It has lost over 23% in value. This shows that the situation has gradually deteriorated over the last few years. In the light of these facts, it is not surprising to see that neither the World Bank nor the Bank for International Settlements provide a real effective exchange rate for Afghanistan.

Apart from structural deficits in trade, instability and insecurity are the main factors that may explain this trend. In general, however, both the state and the DAB lack any control mechanisms to enforce their policies. Above all, international business and large-scale projects generally use the U.S. dollar, which further devalues the Afghan currency. It should be noted that the illegal and black markets, likely making up a major part of trade, bypass government measures and therefore have a negative effect on the national currency as well.

### Monetary stability

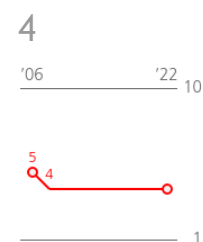


In 2019, the gross domestic product (GDP) in Afghanistan was worth \$19.291 billion, according to the World Bank. Despite conflict and drought, the economy grew by 3.2% in 2019. The account balance in 2019 was (-)19.658% of its GDP, according to the World Bank. Given the current conflict and the impact of the COVID-19 pandemic, Afghanistan is in an extremely vulnerable position and thus this figure may show a lower percentage for 2020.

In 2019, total public debt was estimated at 6.3% of GDP by the IMF. This shows a 0.5% decrease from 2018. However, there are no data on public debt for 2020 yet. Thus, the external debt distress for Afghanistan remains highly risky. At 8.5% of GDP, the external debt for 2020 is slightly lower than the total public debt, at 8.7% of GDP for 2020, as recorded by the IMF. Most of the government's spending in 2019 (\$11 billion) were inflows from the international partners. Only about \$2.5 billion of the total spending was funded by government revenues, as stated by the World Bank. However, as reported by the World Bank in 2020, with domestic revenues reaching 14.1% of GDP, its fiscal performance continued to improve in 2019.

In 2020, Afghanistan's economy was seriously affected by the COVID-19 pandemic and conflict, which opened an urgent balance of payments gap, estimated at \$857 million (4.5% of GDP), according to the IMF. In 2019, Afghanistan had \$8,498 billion in total reserves including gold, according to the World Bank. This is a slight increase from \$8.207 billion in 2018. It was expected that the economy in 2020 would contract by up to 5%. The factors attributed to this are the negative impact of the COVID-19 pandemic, insecurity, increased violence, reduction in aid flows by donors and internal displacement due to drought. Coupled with this are political and administrative problems. Likewise, the Afghan financial services sector continues to be burdened by several factors. Besides its dependency on external aid and the large fiscal gap, it suffers from instability and bad fiscal structure. The latest report by the UNDP illustrates that the government's ability to collect revenues is systematically poor, particularly from mineral resources. In recent years, these accounted for less than 2% of total government revenue – around \$42 million annually.

#### Fiscal stability



## 9 | Private Property

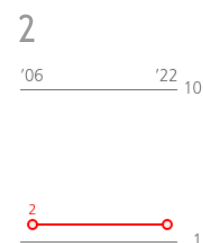
National law lacks resources with which to recognize communal ownership, which is common in many parts of the country. The current legal framework for land recognition is based on customary law. Almost about 80% of households (held lands, public lands and lands used by Kuchi (nomadic tribes)) have no formal documentation to prove ownership rights. This creates immense ownership disputes. In recent years, Kuchis and the Hazara minority have raised complaints over property rights. According to the Afghanistan Investment Support Agency (AISA), a foreign investor is not permitted to own land either directly or indirectly.

Overall, there is a lack of solid formal protection for private landowners, when holdings are encroached upon by the land mafia (often warlords or their clients) or when they confront issues of land-grabbing. Particularly in large cities (i.e., Kabul, Kandahar, or Mazar-e Sharif), thousands of acres of land have been “grabbed” by powerful elites and land mafias. It is understood that these actors are either connected to powerful individuals and groups, who again form a part of the state structure, or they are simply part of the governmental structure. Although the government announced plans to regulate and fight this issue, the issue of “grabbed land” needed to be resolved.

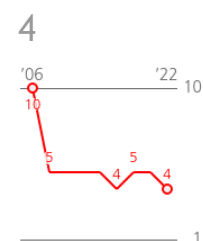
Significant efforts have been made by the government to create conditions for a more dynamic private sector. In order to streamline the implementation of business reforms, the government created the High Economic Council (HEC) and the Executive Committee on Private Sector Development (PriSEC) in 2016. The latter operates as an interministerial coordination body. According to the PriSEC, the government passed significant economic legislation in order to encourage investment. The state has a legal responsibility to maximize domestic and foreign private investment in the economy. Unless specifically prohibited, there are no official obstacles to foreign investment in Afghanistan. The HEC must approve investments in excess of \$3 million. Furthermore, investing in Afghanistan requires registration. Licenses are issued either by the Afghanistan Investment Support Agency (AISA) or related ministries. In general, the state does not have the right to confiscate or seize domestic or foreign investment without due process of law.

The size of the private sector remains difficult to assess. According to an OCED report 2019, the formal private sector contributes with 12 – 20% to the GDP, whereas the informal sector remains large. Essential conditions for working, such as electricity, are not always provided. Afghanistan covers only 20% of its electricity needs, with the remaining 80% being imported from neighboring countries. As a result, most of the 34 industrial parks (IPs) in Afghanistan are affected by electricity shortages. In August 2020, local news reported that in the Pul-e-Charkhi IP (one of three IPs in Kabul), electricity distribution had declined by 50% over the last two months. Furthermore, as reported by the OECD (2019), private enterprises in Afghanistan face credit conditions that do not meet their needs.

Property rights



Private enterprise



## 10 | Welfare Regime

According to local and international sources, up to 70% of the population in Afghanistan live on less than \$2 a day. This is a result of insecurity, environmental crises and the ongoing COVID-19 pandemic. The government, in particular during the pandemic, showed some willingness to compensate for social risks, as evidenced by the distribution of flour and cooking oil to families in need. However, the process was strongly criticized by members of parliament and civil society groups, in accusations that the government was inefficient and unfair. In 2020, several provinces endured natural disasters such as heavy flooding that destroyed thousands of houses. In October 2020, for instance, over 4,000 families were severely affected in Parwan Province. President Ghani pledged resettlement and financial support, but this commitment was not fully met by the local administration. Afghanistan's health care system has also remained weak and inaccessible. The WHO reports that in 2018 only 27 (out of 34) provinces and 84 (out of 325) districts had hospitals.

Nonetheless, the government invested some effort into delivering accountability and performance. For example, some progress was made in implementing pension reforms. According to the Pension General Directorate (PGD), this includes establishment of a Pension Management Information System, biometric registration of pensioners for proof of life and system roll-out to provinces. In 2019, the PGD was moved from the Ministry of Labor and Social Affairs to the Ministry of Finance in order to push for new reforms. However, as reported by Eitlat-e Roz News (2020), the PGD was facing serious issues such as a lack of funding and accurate statistics, as well as obstacles in providing services to retirees and loss of assets as sources of income.

Afghanistan is a diverse country, where different ethnic groups live together, speak different languages and practice a variety of religious beliefs. Afghan nomadic minorities such as Kuchi or Jogi and Chori Frosh face immense discrimination in equal access to basic public goods. Furthermore, other religious minorities, such as Hindu or Sikh, face an existential threat. Small ethnic groups living in remote areas such as the Wakhan Corridor lack access to basic goods and equal opportunities. Amnesty International reported in 2020 that nearly four million IDPs struggled to survive. There is no reliable data on non-Afghan residents.

In mid-2020, President Ghani announced the appointment of female deputy province governors for each of the 34 provinces in order to ensure gender equality and to empower women. Even though the constitution gives women the same rights as men, socially they still face structural problems. Legally, 68 seats (27%) in the Wolesi Jirga (Lower House) are reserved for women. There are women in key political positions too. However, a lack of employment opportunities for women, especially at the district level, and increasing instability and insecurity make the picture bleak. There

Social safety nets

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Equal opportunity

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is no up-to-date data available on the ratio of female-to-male labor force participation. The most recent figure is 28.9% (national estimate) for 2017, as provided by the World Bank. Given the current security situation, more than half of children (an estimated number of 3.7 million) are out of schools. According to UNICEF (2020), 60% of them are girls and 46% of children aged 12 to 23 months have not received their basic vaccines. According to the UNESCO Institute for Lifelong Learning (ILL), the literacy rate has increased from 34.8% in 2016/17 to 43% in 2020. This, however, is subject to extreme gender and regional inequalities. The ILL states that the literacy rate for men was 55% in 2020, whereas for women it was only 29.8%. Although the government claims that around 30% of the civil service employees are female, largely involved in the education and health sectors, assigning them to the local level is associated with many barriers.

## 11 | Economic Performance

Afghanistan's economy has been hard-hit by the ongoing conflict, the COVID-19 pandemic and the environmental crisis. This has profoundly impacted consumption, exports and domestic trade. The Afghan state continues to rely on foreign aid. In November 2020, foreign donors pledged a projected \$12 billion in civilian aid to Afghanistan. This was given conditionally, to force the Afghan government to deliver the aid to the right people.

The gross domestic product (GDP) in Afghanistan was \$19.10 billion in 2019, according to the Trading Economics. The Asian Development Bank (ADB) states that the Afghan economy grew by 3.9% in 2019 (2018: 1.2%). However, it contracted sharply in 2020, -5%. According to the World Bank, the GDP per capita for 2019 was estimated at 1.537%. Public debt was 6.3% of the current GDP. This was expected to rise to 8.7% for 2020 (as per the IMF). Domestic revenues collected by the government in 2019 showed an improvement. With 13.6% of GDP, revenue collection for the year 2019 was 0.5% higher than in 2018. Tax revenue was 7.7% of total government revenue in 2019.

Although inflation remained modest at 2.3% in 2019 (2018: 0.6), it rose to 5.6% in 2020 (according to the ADB). There are no official unemployment indicators for Afghanistan. Afghanistan's trade deficit remains extremely large. According to the World Bank, it is approximately 31% of GDP, financed mostly by grant inflows. Political uncertainties and growing conflicts negatively impacted private sector confidence and non-domestic growth. As a result, the amount of foreign direct investment remained minimal due to political violence, a corrupt administration and the substantial lack of a skilled workforce. In 2019, the foreign direct investment net inflow was estimated by the World Bank to be 0.121% of GDP. It showed an immense decline in comparison to 2018, when it was 0.651%. Accordingly, ranked 173rd (out of 190 countries), Afghanistan performed badly in the Doing Business report of 2020.

Output strength

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## 12 | Sustainability

Afghanistan is facing one of the world's most serious humanitarian and environmental crises, according to the United Nations Environment Program (UNEP). In 2020, tens of thousands of families in several provinces in Afghanistan were existentially threatened as a result of natural disasters. According to the Internal Displacement Monitoring Centre (IDMC), in 2019, around 117,000 new disaster displacements were recorded, triggered by flooding. The overall number of IDPs due to environmental crises amounted to around 1.2 million people, as reported by the IDMC.

Through the Afghanistan National Environmental Protection Agency (NEPA), the government addresses issues such as environmental and socio-social impact assessment, pollution control, monitoring of the national water quality policy and national waste management. In addition, the National Disasters Management Authority (NDMA) aims to combat and manage natural disasters. Its performance was questionable, however, with priority given to security issues. Due to dramatic environmental issues, e.g., soil degradation, air and water pollution, as well as drought, government efforts leave many issues untouched.

Despite air pollution that is so bad it is considered to cause tens of thousands of deaths every year, especially in Kabul, there is no clear prevention strategy. At the same time, there is no reliable and nationwide data on patients suffering from air pollution. According to the Air Quality Index (AQI), a reading above 300 AQI is a dangerous state of pollution. Kabul's air reaches over 300 AQI degrees in winter in some areas. In order to resolve this issue, in December 2020, First Vice President Saleh announced a ban on the use of air-polluting devices such as small electricity generators, especially in shops and on the streets of Kabul. Around 35% of the population have no access to safe clean water. Large cities suffer the most. Disposal of solid waste is another huge challenge for Afghanistan's major cities, where economic activity is high. Although the NEPA claimed to be solving the municipal waste management problem, due to a lack of a state disposal mechanism, especially at the provincial level, nearly all solid waste accumulates in public places.

Since the Taliban's fall in 2001, the country has made some progress in the education sector. The government provides free education to all citizens. Its education system includes primary, secondary, higher, vocational and religious education, as well as teacher training. According to the budget for the 2019 fiscal year, expenditure on education amounted to around AFN 49 billion (approx. 11%). This includes primary and secondary education. This figure is significantly lower than the security sector at 39% of the budget, but higher than other sectors.

However, education in Afghanistan suffers from structural and qualitative shortcomings. With a score of 0.414 on the Education Index, Afghanistan ranked 169th out of 187 countries in the HDI (2020). Overall, the literacy rate for adults

Environmental  
policy

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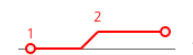
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Education policy /  
R&D

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(ages 15 and older) is 43.0%. According to the latest UNICEF report, almost 3.7 million children are out of school. As reported by USAID in 2020, over 9 million children were enrolled in school. Approximately 3.5 million of them were girls. This shows gender discrimination, especially in remote areas, which also often lack school buildings, trained teachers and sufficient transportation. In December 2020, the acting minister of education, Rangina Hamidi, announced a transfer of primary education for grades one to three to mosques, owing to a lack of educational infrastructure.

There is no meaningful R&D sector in Afghanistan. There were around 300,000 students enrolled in public and private universities. One-third of them were women, according to USAID. During the pandemic, the plans for online teaching by the minister of education were a disaster. There is no school in Afghanistan at the provincial level that has access to the internet.

## Governance

### I. Level of Difficulty

Structural problems continue to trouble the Afghan state and politics. Fragmented political structures and insecurity are noticeable. The World Bank predicts that the poverty rate increased to 72% in 2020, given the growing conflict between the state and insurgents and the outbreak of the COVID-19. The Independent Administrative Reform and Civil Service Commission (IARCSC) reported that it recruited 30,000 people to civil service positions in FY 2019. However, due to growing insecurity and worsening work conditions, a high number of academic job-seekers left the country. This, in turn, had an impact on the labor market, which was already suffering from a shortage of professional and skilled workers. According to the Asia Foundation (2019), almost a quarter of the workforce was unemployed and 20.5% of those working were underworked. In Afghanistan, there was no social safety net for the unemployed. Furthermore, across all age groups and education levels, women had significantly higher unemployment rates than men.

Geographically, Afghanistan is a landlocked country and has a complex relationship with its neighboring countries, particularly with Iran and Pakistan. The government under President Ghani tried to use the geographical position of Afghanistan as a bridge between Central Asia and South Asia, in order to rejuvenate the economy. To improve the market situation, the government discussed the construction of air corridors with key regional players like India, China and Turkey. Similarly, Kabul tried to strengthen its economic and diplomatic ties with the Central Asian region, particularly with Uzbekistan and Turkmenistan. But interaction were not always smooth as diplomatic tensions and insecurities ran high.

The COVID-19 pandemic immensely impacted Afghanistan's trading with neighboring countries, as borders were shut down. That, in turn, made the domestic market vulnerable. Due to unclear data, a well-structured government strategy for fighting the pandemic and its impact on the population was not observable. The Ministry of Public Health did not provide systematic numbers regarding COVID-19 cases. But, according to Worldometer (December 29, 2020), there were 52,3330 COVID-19 cases, 2,189 deaths and 41,801 recovered persons in Afghanistan. These figures should be taken with a grain of salt, however, as there had been no systematic COVID-19 testing implemented at the district level.

Structural  
constraints

10



1

There are almost no indigenous traditions of civil society, as it is understood by the Bertelsmann Transformation Index. At the time of writing, there were 3,053 active civil society organizations (CSO) in Afghanistan that targeted various social problems. According to the Pajhwok News Agency, in Kabul alone there were 21 CSOs working on peace-building and around 30 CSOs working on democratization. Most civil society organizations were considered selective, (i.e., they operate along per ethnic, religious, or political lines). However, they maintained their role as mediators between the state and the public. They often mobilized their own networks and collaborated to influence important policy processes. In recent months, for instance, CSOs had not only been able to mobilize within the country, they also had been able to successfully pressure both the EU and the US to maintain their roles in the ongoing Afghan peace negotiations. As their activities were mostly funded by external financial resources, a certain unease concerning their operation pervaded the public's perception.

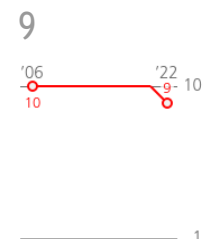
At the time of reporting, CSOs felt threatened from two sides: On the one hand, they feared that the growing power of the Taliban would affect their activities, as several members of CSOs were killed toward the end of 2020, by unknown gunmen. The government blamed the Taliban for these crimes. On the other, they felt excluded from peace talks between the Taliban and the Afghan government. Furthermore, they accused the government of being autocratic and using soft repression tactics in order to avoid accountability.

Afghan society is highly heterogeneous. Decades of fighting have left it highly fragmented. Ethnic diversity and linguistic differences are key elements of the existing power structures. Many organizations functioned along ethnic cleavages and regional affiliations. Large ethnic groups, such as Pashtuns or Tajiks are themselves divided among several regional and clan lines that pursue their sectional interests. Most Afghans (99.7%) are Muslims. Of these, 84.7% to 89.7% are Sunni and 10% to 15% are Shi'a. The majority of Shi'a belong to the Dari-speaking minority of Hazara, which makes them both an ethnic and a religious minority.

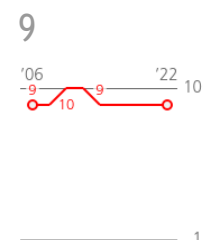
The Taliban, which is predominantly a Pashtun radical Islamic movement, also has non-Pashtun members. Radical insurgents such as the Taliban and IS-Khurasan target religious minorities, such as the Hazara, Hindus and Sikhs. Some 700 members of the Sikh community immigrated to India in late 2020. Between 2019 and 2020, minority groups were targeted numerous times, resulting in dozens of deaths. Overall, according to the UNAMA, more than 8,500 civilians were killed and injured in 2020. However, these figures may be much higher, as much of the conflict activity takes place in rural areas that are inaccessible to data collection.

The state did not discriminate against a specific minority. However, policymaking is dominated by Pashtuns and Tajiks, in cooperation with other ethnicities such as Uzbeks and Hazaras. Ethnic and religious tension are visibly reflected during the election cycles (e.g., presidential elections in 2009, 2014 and 2019). During the

#### Civil society traditions



#### Conflict intensity



COVID-19 crisis, no political or societal conflict was caused by the pandemic. However, a single demonstration took place over the unfair distribution of food aid in Firozkoh, Ghor Province. As a result, six people were killed and several others injured in a clash between police forces and the demonstrators.

## II. Governance Performance

### 14 | Steering Capability

The government's strategic objectives have not been consistent over the last two years. Its ability to prioritize is decreasing. In its Afghanistan National Peace and Development Framework (ANPDF) 2017 to 2021, the government had defined strategic priorities and aims, among them restructuring the Afghan economy; sustainable growth; establishment of the rule of law and fighting corruption and poverty; reforming the judiciary and security sectors; investing in infrastructure, human capital and technology; strengthening the health and education systems; and above all, peaceful co-existence with the country's neighbors. However, as the situation deteriorated, the government appears to have prioritized the following goals over the last two years: combating poverty and corruption, economic growth, ensuring national security and building a sustainable and transparent peace, and reducing the impact of the pandemic.

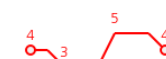
Most of these objectives have been affected by diverse factors. The growing conflict with the Taliban, the environmental crisis and the outbreak of the pandemic in 2020 are major causes that increased poverty in Afghanistan to 72% in 2020. Transnational trade and exchanges were hampered for several months as a result of COVID-19 restrictions, which had an enormous impact on Afghanistan's already poor markets. While President Ghani made a significant promise to the international community to fight corruption, the government's anti-corruption efforts and integrity reforms were not satisfactory. The UNAMA report of 2020 illustrates how anti-corruption reforms in Afghanistan slowed in 2019, with fewer legislative and strategic initiatives undertaken to fight corruption. Women's participation in politics increased. Recently, the president announced that he would appoint a woman as deputy province governor for every province in Afghanistan. However, the extent to which such decisions will reform the political landscape and strengthen women's position in politics remains to be seen.

Question  
Score

Prioritization

4

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At the time of reporting, the government was facing two major challenges to implementing its policies: the increasing power of Taliban and weak political institutions. The political tensions in the 2019 presidential election further affected the state's objectives and priorities. As a result, promises by President Ghani to implement new reforms were never fully implemented. The electoral commission was one of the most vulnerable political institutions in the country. The Arg signed several new economic contracts and established new objectives, but implementation appeared either unworkable considering the security situation or not in the best interest of the people. With less than a few hours of electricity even in Kabul per day, the electricity problems remain unresolved.

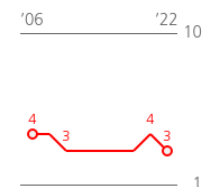
However, the Afghan government was able to achieve some results in 2019, as detailed by World Bank reports in 2020. Due to the easing of drought conditions and rapid agricultural growth, the Afghan economy grew by 3.9% in 2019. Inflation remained modest at 2.3% in 2019 but rose to 5.6% in 2020 (ADB). Similarly, revenue growth rose steadily from 11.8% of GDP in 2018 to 14.1% of GDP in 2019.

Corruption remained a major issue, affecting almost every policy implementation process. The government's anti-corruption efforts and integrity reforms were not satisfactory. A UNAMA report in 2020 illustrates how anti-corruption reforms in Afghanistan slowed in 2019, with fewer legislative and strategic initiatives undertaken to fight corruption. In addition, given the country's growing insecurity, it was safe to say that security sector reforms, which had never been fully implemented, were desperately needed. Realizing the policy priorities mentioned above and implementation of state agendas were lacking. Reforms related to substantive issues such as security, the economy and elections missed their mark and were not properly implemented. Further, large-scale economic projects such as TAPI had not been realized, due to security issues. The government was also criticized for being unable to implement its reforms and being preferential in its dealings.

At the beginning of the COVID-19 pandemic, the government imposed some restrictions and a nationwide lockdown in March 2020, but they were too short to impact policies and did not apply to all provinces. Nonetheless, the pandemic had a significant impact on Afghan economic policy and national goals in 2020 because of cross-national restrictions. This exploded the poverty rate in Afghanistan to 72%. While fighting poverty was one of the key priorities of President Ghani, there was no clear long-term strategy to fight poverty in Afghanistan.

### Implementation

3



Since 2014, President Ghani has formed a number of councils and commissions in order to ensure effective policy monitoring and evaluation. They mostly operated under the Arg's observation and their number changed repeatedly. These structures allowed Ghani to bypass his cabinet. The government failed to learn from the past in terms of uniting various political parties. Instead, the chasm between them widened, endangering the government's legitimacy and performance. The promise to reform the electoral system in 2014 did not take place. Massive fraud and mismanagement marked both the parliamentary elections (2018) and the presidential elections (2019). Corruption remained one of the fundamental challenges to the country's progress.

Occasionally, however, the government had been able to develop new policy proposals and priorities based on the failures of past policies. In addition, the government adopted certain international policy trends. At the international level, the government tried to mobilize important players to counter terrorism and boost the economy. In a similar vein, the government appreciated consultancies from all societal groups, e.g., the women's jirgas assembly, Shura-e Ulama (scholars' council) and youth groups. Furthermore, there was a notion that the government under Ashraf Ghani tended to recruit academics and experts in governmental bodies. The share of women in political structures significantly increased.

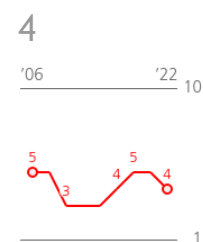
## 15 | Resource Efficiency

At the time of reporting, the Afghan parliament had rejected the fiscal year budget plan twice. Among other problems, the exclusion of 1,131 provincial projects, the allocation of AFN 13 billion (\$166 million) for an emergency budgetary unit and the allocation of AFN 2 billion (\$25.5 million) to the government's Code 91 and 92 emergency funds concerned lawmakers, according to Tolo News. The tension between the executive and legislative branches of government had been increasing since the Wolesi Jirga (Lower House) did not approve four cabinet members in November 2020.

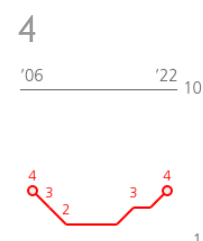
While the government provided full access to the fiscal plan to its citizens via an online platform, it was accused of not being transparent and effective in budget planning. Several government initiatives were rejected, such as Dastarkhan-e Melli, a government program intended to distribute food to people affected by the COVID-19 pandemic, or the Security Charter (Misaq-e Amniyati), designed to counter crime in major cities.

In December 2020, President Ghani dissolved the State Ministry for Human Rights Affairs, which had been established a year before. At the same time, the position of Special Representative for Economic Development and Poverty Reduction, which was held by Mohammad Yosuf Ghazanfar, was also dissolved. Both positions were created for political purposes. Almost every single key state position was either determined directly by the president's team or through other stakeholders. The IARCSC, which appointed public servants, claimed to have appointed 249,496 civil servants at the senior and lower levels.

### Policy learning



### Efficient use of assets





Beginning in 2014, President Ghani repeatedly restructured the cabinet and government. This limited the efficient use of existing human resources. The permanent changes within important power centers (e.g., ministries or independent commissions), resulted in a deceleration of implementation processes. The effective use of resources remained a challenge.

There were some interministerial task forces and working groups that ensured policy coherence. However, the government, due to its power-sharing structure, created problems of its own. As a result, the cabinet was divided into two sides that usually had different opinions regarding policymaking and governance. For instance, it was a long and rocky path for the government to establish a collective front to represent the state in the peace process with the Taliban in Doha, Qatar. In recent years, there was also a rift between the executive and the legislature. Particularly in 2020, mutual accusations of transparency and corruption intensified.

From 2014, the National Procurement Authority (NPA) provided the connection between procurement and all other sectors in government. This gave the NPA (headed by the president) the authority to make decisions concerning economic projects. According to the official website of NPA, around 4,520 contracts were approved since its establishment. The NPA was a convenient tool for the president to sidestep the ministries.

Due to a dramatic surge in crime and security incidents in Kabul, Vice President Amrullah Saleh took charge of Kabul security in October 2020. This provides evidence of the lack of performance of and trust in the security sector. Employing the anti-corruption laws enacted in 2018, the government attempted to fight against corruption. The lack of transparency also affected government initiatives in the fight against the COVID-19 crisis.

Corruption continued to be one of Afghanistan's biggest concerns. The new UNAMA anti-corruption report (2020) shows that in the last two years, the country's anti-corruption reforms and policies were slowed by two factors: First, the political tension during the parliamentary (2018) and presidential (2019) elections, and second, the outbreak of COVID-19. As a result, legislative and strategic frameworks were not fully implemented yet. In its most recent report (2020), SIGAR accused Afghanistan of a lack of determination in implementing anti-corruption policies. The Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) steadily lost staff and funding. According to the MEC, after its establishment in 2010, it issued several recommendations and vulnerability to corruption assessments (VCA) and presented these to the National Assembly and the Ministry of Interior. The UNAMA also claimed in 2019 that the High Council for Rule of Law and Anti-Corruption was unable to catalyze reforms. Despite numerous tensions between the government and CSOs, the latter continued to play an important role in monitoring anti-corruption reforms.

### Policy coordination

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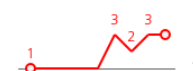


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### Anti-corruption policy

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The government launched the Afghanistan National Strategy for Combating Corruption in 2018 in order to create peaceful, stable and prosperous Afghan institutions. Nevertheless, in practice, anti-corruption policies were limited to affecting low-ranking officers. For instance, Mohammad Humayun Qayoumi, an American-Afghan citizen and former Afghan Finance Minister, was accused of embezzling AFN 1.7 billion from an emergency fund, but never faced charges. Therefore, this makes the government’s anti-corruption efforts seem half-hearted. Furthermore, there was no legal regulation of Afghan party financing.

### 16 | Consensus-Building

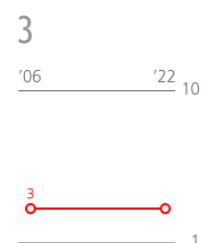
The post-Taliban government was formed by various political groups such as former rebels, Islamist parties and a few liberal actors. Previous warlords continued to play important roles. Political actors did not act openly against democracy. But there seemed to be a clear notion among the stakeholders that democratic governance should be compatible with Islamic values and Afghan traditions. Most political parties were unanimous in stating that proper electoral reforms should be introduced and implemented. Since the beginning of peace talks with the Taliban in 2019, the government appeared to be taking a strong pro-democratic stance in the ongoing negotiation process in order to build an anti-Taliban front.

With regard to a market economy, relevant actors supported the economic initiatives of the government. The government tried to achieve its economic objectives through regional cooperation and trade agreements. Political actors with economic resources considered this an opportunity to pursue their economic interests. When faced with new economic policies and reforms by the state, there was sometimes a slow loss of support from certain powerbrokers who did not benefit from such reforms. Overall, the majority of political actors agreed on governmental economic strategies, especially those that focused on regional connectivity and exchange.

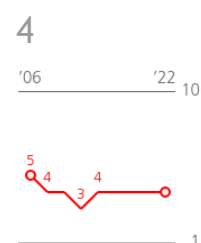
In Afghanistan’s governmental structure, former rebel and Islamist groups firmly established themselves when the state-building process began in 2001. However, the central problem that the government tried to address concerns the resurgence of oppositional groups, especially the Taliban. After almost 19 years, for the first time since the Taliban was excluded from state-building processes in 2001, official peace talks between the Afghan government and the Taliban started in September 2020 in Doha, Qatar. This was President Ghani’s second attempt to push the peace process forward. But this time, the Taliban may have been offered another negotiation dynamic than under Hekmatyar, who underperformed politically and militarily. In this regard, the Taliban clearly pushed for an Islamic form of state. This in turn may have affected the negotiations’ outcome, as the government advocated democracy.

The government initiative under President Ghani to rein in the warlords and local power brokers did not meet with much success. For instance, former Vice President Abdul Rashid Dostum was banned from entering the country in 2018 due to several

Consensus on goals



Anti-democratic actors



criminal accusations against him. However, he was promoted to the country’s highest military rank (Marshal) in 2020 and his daughter Rahela Dostum was appointed a senator in January 2021. At the same time, from time to time, the government arrested local militias involved in armed robberies, killings and drug trade. They were either linked to strongmen in the government or ethnically entrenched, making the government reluctant to apply the law for fear of conflict.

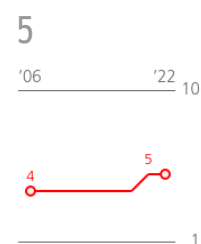
Ethnicity is important in Afghan political culture. Ethnic complexity makes Afghanistan a difficult case study due to limited data availability. One can reference a number of events, however. For example, the government at the time of writing, like its predecessor (2014 – 2019), was based on a power-sharing agreement that divided power across all ethnic groups and was led by Ashraf Ghani (a Pashtun) as president and Abdullah Abdullah (a Tajik) as head of the Peace Council. The cabinet included people from all Afghanistan’s ethnic groups (Tajiks, Uzbeks, Hazaras). President Ghani and other ethnic leaders were accused of pursuing ethno-national preferences and distributing political positions among their followers. In general, ethnic cleavages were mostly instrumentalized during power distribution phases such as presidential or parliamentary elections, in which ethnicity and regionality were used for political aims.

The role of CSOs in development and reform was fully recognized by the government. President Ghani was known to promote a strong role for civil society in essential moments such as the peace process. Therefore, the National Priority Program (NPP) launched the Citizens’ Charter Afghanistan Project (CAPP), which was a commitment of partnership between the state and communities.

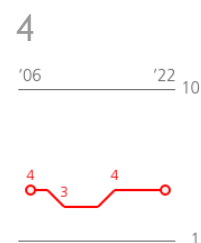
At the same time, the government was accused of sidelining CSOs in the peace talks with the Taliban. This also applied to fighting COVID-19, in which CSOs did not participate. In addition, since 2019, CSOs increasingly faced serious threats from insurgent groups, resulting in the death of some members. CSOs blamed the government for not doing enough to protect them. The government did not contribute to the financial stabilization of CSOs. At the same time, due to CSOs’ reliance on foreign aid, the perception among ordinary Afghan citizens remained critical of them. They were repeatedly blamed for being “external figures” that ignored the fundamental needs of the country.

Since September 2020, direct talks with Afghanistan’s largest and most powerful insurgent group, the Taliban, started in Qatar. It took several months of negotiation and external pressure on both sides in order to start the peace talks. More than 5,000 Taliban fighters were released in 2020 as a sign of goodwill. This divided the country: One side saw the release of the Taliban as a beneficial gesture and supported this government initiative, which actually was forced by the U.S. government. The other side, however, was clearly against this move. War criminals were also a part of the government or had a significant role in shaping political processes, so not everyone was pleased to see them in government. The government showed its willingness and

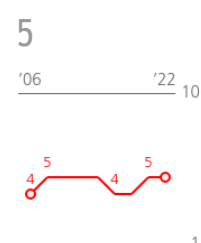
Cleavage / conflict management



Civil society participation



Reconciliation



ability to send a delegation to the peace talks, representing all political parties and influential groups. Although there was criticism regarding the delegation’s inclusivity, it was a long and difficult process for the government to select the representatives. The first round of peace talks ended in December 2020, with both parties agreeing after months of negotiation on procedural rules. However, there was no clearly defined agenda. The second round of talks officially started on January 5, 2021 in Qatar. The intra-Afghan peace talks did not yield any results.

### 17 | International Cooperation

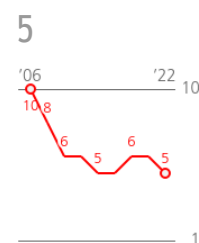
Afghanistan experienced the world’s longest state-building process. Although the international community has appreciated and subsidized President Ghani’s political agendas, some international donors became dissatisfied with the Afghan government’s performance and progress in recent years. This in turn, affected the outcome of the latest conference in November 2020, which was held virtually. Much of the \$12 billion collected was conditional in order to make sure the government remained committed to the peace process. This amount showed a drop by \$3 billion compared to the pledges at the Brussels Conference in 2016.

Despite external support in administrative capacity-building and economic development, the government struggled to make use of national resources effectively. For example, one of the country’s major issues, corruption, was still at its peak and the government’s anti-corruption approach did not satisfy international donors. According to UNAMA, the government failed to implement anti-corruption policies. It also seemed like the government failed to use international support to generate a credible electoral process. Elections were losing legitimacy, both in the domestic and the international arenas.

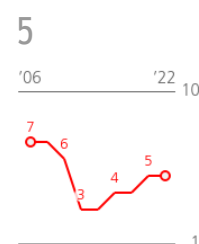
Regarding the outbreak of the COVID-19 pandemic in 2020, the government envisaged spending up to 2.9% of GDP on pandemic-related issues. Accordingly, there were some emergency pandemic responses. Besides setting up special wards to boost hospitalization and care capacity and procuring critical medical supplies, the government distributed social packages and provided financial support to those in need.

Although President Ghani was seen as a reliable partner, the government enjoyed little credibility. Factors that affected trust in the Afghan government were growing instability and insecurity, electoral mismanagement and bad performance in fighting corruption and poverty. The latest accusations of corruption and harassment against high-ranking politicians in the Arg further reduced its credibility and legitimacy among ordinary Afghans. The lack of transparency and fairness while fighting the COVID-19 pandemic in 2020 had a detrimental impact, as well.

Effective use of support



Credibility



However, President Ghani was seen as a credible partner by Central Asian countries, especially Uzbekistan and Turkmenistan, and by India and the UAE. Afghanistan joined the WTO in July 2016. Several international trade, commerce, and security-related agreements were signed. However, relations with important neighboring countries like Iran and Pakistan remained strained. Although the number of trade agreements with Central Asian and other regional countries increased, trade itself was strongly affected by the ongoing conflict and instability.

In recent years, Human Rights Watch (HRW) often accused the Afghan government of violating human rights. For example, HRW has found that, in several prisons across the country, detainees had been subjected to torture or ill-treatment. HRW also stated that in 2019 the National Security Directorate (NDS), known as “02” killed dozens of civilians. Afghanistan was a member of the International Criminal Court (ICC) since 2003 and welcomed all ICC activities in Afghanistan. Yet, according to a new report by the ICC in 2020, the Afghan government’s record on justice was poor. The report illustrated that the Afghan government failed to bring to justice senior military and police officials credibly accused of torture, rape and extrajudicial executions.

Regional cooperation was a key pillar of Afghanistan’s foreign policy under President Ghani. Accordingly, interaction with neighboring countries and regional partners were considered important. Generally, Afghanistan pursued a twofold regional cooperation aim: economic exchange and regional security stabilization. There are numerous regional agreements in which Afghanistan played a main role, e.g., the Regional Economic Cooperation Conference on Afghanistan and the Heart of Asia-Istanbul Process. Through its regional policy, the Afghan government sought to improve its relationship with neighboring countries, although the relationship with Pakistan and Iran remained strained. Transborder conflicts often affected bilateral trade. Afghanistan was also a member of the South Asian Association for Regional Cooperation (SAARC), the Economic Cooperation Organization (ECO), the Central Asia Regional Economic Cooperation (CAREC) and the Shanghai Cooperation Organization (SCO).

Afghanistan attempted to act as a bridge between Central and South Asia. However, some major regional projects, such as TAPI (Turkmenistan, Afghanistan, Pakistan and India launched in 2015) and the Chabahar Port in Iran (between India, Iran and Afghanistan launched in 2018) were affected by domestic and international conflicts, respectively. At the same time, new projects were launched. On December 10, 2020, Iran and Afghanistan inaugurated the 220-kilometer long Khaf-Herat railroad project to ensure Afghanistan’s connection to the large east-west railway corridor to China and Europe. Similarly, as part of regional connectivity programs, the railroad between Hairatan River Port (Afghanistan) and Uzbekistan launched its first cargo train which departed to China via Uzbekistan and Kazakhstan in September 2019.

#### Regional cooperation



## Strategic Outlook

After almost 19 years of state-building, the Afghan state still faced two major challenges: increasing insurgency and weak institutions. Due to these challenges, the government was unable to effectively implement many of its reforms. In recent years, the growing power of the Taliban posed a fundamental threat to the Afghan state and its democracy. Due to the Taliban's growing relevance, an agreement between the United States and the Taliban was signed in February 2020 to set the stage for U.S. troops to withdraw after almost 19 years of war. As a result of this, the Intra-Afghan peace talks started between the Taliban and the Afghan government in September 2020. These newly created dynamics will immensely shape the direction of future years of political formation in Afghanistan. It is strongly recommended that all opposition parties within the Afghan state be included in the peace talks to ensure long-term peace and stability. The Afghan government's or international actors' underestimation of this dynamic could have irreversible consequences for the peace process and Afghanistan's future. As there is an ideological clash between the Taliban's Emirate-e Islami and the Islamic Republic of Afghanistan, questions over the form of the post-deal state are essential.

In order to bolster its reputation in the eyes of the international community and the Afghan public, it is recommended that the government take determined and quick actions in the following areas: reforms in the electoral and security sectors, fighting poverty and corruption and action on climate change. The growing power of the insurgents and the prevalent insecurity pinpoint the inefficiency of the Afghan security sector. Effective state control was never fully reached and its lack prevents effective reforms in other areas. Repeated delays and mismanagement in the electoral process need to be remedied quickly, both administratively and politically. The election commission is suffering from a pronounced crisis of legitimacy and independence.

Corruption, nepotism, and clientelism have affected the capacity of state institutions. Afghanistan must fight corruption seriously. The concerns raised by the international community as a result of the unhurried fight against corruption by the Afghan government need to be addressed quickly. In light of the current political and security situation, the alienation of the international community would be fatal to the government and citizens. Therefore, the government needs to deliver public goods efficiently and effectively. This, however, requires accountability. A first step in this regard is to decrease the influence of strongmen.

In addition, climate change has affected the lives of Afghans in recent years, resulting in internal displacement and increased poverty. Little priority has so far been given to this area. Climate change and poverty need a long-term strategy, which the Afghan government unfortunately ignored. Basic food distribution to needy families is a temporary solution, but the Afghan government needs to take ambitious climate action and long-term solutions to address poverty.