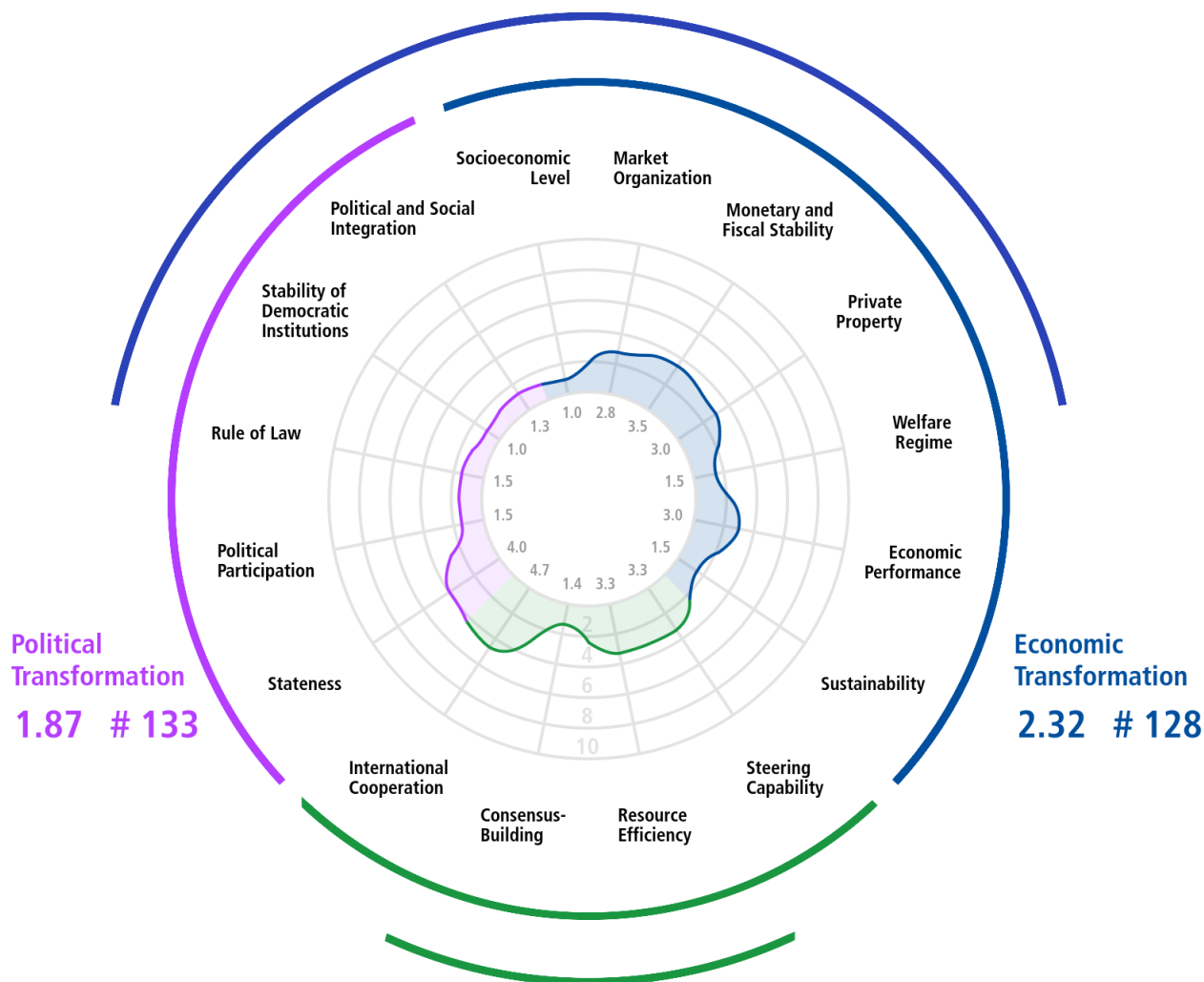


Afghanistan

Status Index

2.09 # 130

on 1-10 scale out of 137



Governance Index

3.13 # 114

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. 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	41.1	HDI	0.478	GDP p.c., PPP \$	-
Pop. growth ¹	% p.a.	2.5	HDI rank of 189	180	Gini Index	-
Life expectancy	years	62.0	UN Education Index	0.385	Poverty ³	% -
Urban population	%	26.6	Gender inequality ²	0.678	Aid per capita \$	116.1

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

On August 15, 2021, following a 20-year conflict with the international coalition in Afghanistan, the Taliban took over the National Unity Government (NUG) in the wake of international troops' withdrawal from the country. Despite the West's military and economic assistance, the NUG could not overcome the Taliban's pressure and maintain authority. President Ashraf Ghani and his government fled Afghanistan before the Taliban attacked Kabul. The so-called Doha Agreement, agreed upon by the United States and the Taliban in February 2020, could not unfold its intended effect, namely, to pave the way for peace talks between the incumbent government and the Taliban. Insecurity and warfare had developed in numerous areas of Afghanistan by July 2021, posing an existential threat to the government. Thus, one province after another was conquered by the Taliban, culminating in the takeover of Kabul in mid-August.

As the Taliban advanced in 2021, many political opponents fled the nation, and any uprising during the first several months of their rule was militarily suppressed. Consequently, they are now "the only game in town" because no credible competition remains.

The Taliban established a new political system by referring to Afghanistan as an Islamic Emirate (IEA). Leading the IEA is Prime Minister Mullah Hasan Akhund, who also serves as the head of Kabul's cabinet. The highest-ranking decision-maker in the IEA is the Emir, Mullah Hibatullah Akhundzada, who leads Kandahar's Ulema Shura (Scholars' Council) and regularly holds meetings with government and societal figures (counsel). Since the takeover, he has not appeared in public and has never entered the Arg, Kabul's presidential palace. While domestic security, stability, and the fight against corruption have shown improvement, Afghanistan remains isolated on the international stage, as no nation has officially recognized the IEA thus far. Additionally, democratic norms and civil rights are being undermined in comparison to the NUG.

In addition to restricting women's working conditions, the current administration prohibits girls from pursuing secondary and higher education until further notice. Additionally, they have implemented new laws and regulations on the media and on local and international non-governmental groups, thereby restricting their operations and drawing significant condemnation from outside observers. All political activities have been forbidden, and most oppositional political leaders have fled the country. The Taliban's takeover has exacerbated this grievance even further, as participation in Afghan politics had already been limited for many individuals beforehand.

Economically, the humanitarian crisis remains a significant concern in the country. According to the International Rescue Committee, 97% of Afghans are poor, with over half relying on humanitarian aid. The IEA denies the existence of this humanitarian catastrophe in Afghanistan, countering the allegations made by international organizations.

According to Trending Economics, Afghanistan's annual inflation rate declined to 3.6% in January 2023, signifying a decrease from 5.2% in December 2022. This decrease marks the lowest level of inflation since June 20, 2021. The World Bank reports that the Afghan currency, the Afghan Afghani, maintained its strength against the U.S. dollar (USD) and the Euro, with a modest increase of 0.8% and 0.2% respectively. Furthermore, the World Bank states that export growth has been strong, with exports totaling \$0.3 billion in the first two months of 2023. This represents a 16% increase compared to the same period in 2022. However, the political isolation of the IEA, due to concerns regarding political participation, women's rights, and minority rights, has had an impact on the government's performance and, more broadly, on the Afghan population.

History and Characteristics of Transformation

In 1973, after 40 years of rule by King Zahir Shah, his cousin and brother-in-law Sardar Daoud Khan seized power in a coup d'état, declaring Afghanistan a republic and abolishing the monarchy. However, he was later killed in a coup by the Marxist-Leninist People's Democratic Party of Afghanistan (PDPA) in 1978. As a result of the Soviet invasion in 1979, Afghanistan's political landscape became ideologically divided between Marxist-Leninist groups on one hand and Islamic groups on the other. During the reign of the PDPA with Soviet support, the concept of democracy was discredited. Many people opposed the PDPA leadership's policies, leading the Soviet Union to mobilize younger generations of Islamist activists. The country experienced intense warfare and a prolonged battle between the Afghan regime sponsored by the Soviet Union and the Afghan resistance Mujahideen, supported by the United States.S. and regional countries. In 1992, the Mujahideen overthrew the Kabul administration, but their lack of agreement and cooperation on how to govern the country resulted in another civil war. In 1996, the Taliban, a newly emerged organization from Kandahar in 1994, seized control of nearly 90% of Afghanistan's territory, effectively taking control of most of the country. Under their administration, strict Islamic rules based on Shariah law were implemented, leading to complaints from activists advocating for women's and religious minority rights about systematic discrimination. After the September 11, 2001, terrorist attacks against the United States, the U.S. military invaded Afghanistan, arguing

that the Taliban, who had given sanctuary to al-Qaeda, were equally responsible. The mission aimed to combat the Taliban and rebuild the government based on modern and constitutional principles. Hamid Karzai led the country's interim administration from 2001 to 2002 after being appointed by an emergency Loya Jirga (Grand Council). He was later elected as president in 2004 and 2009. Former rebel organizations were allowed to participate in the state-building process on the condition that they opposed the Taliban. Thus, parties such as Hezb-e Islami and the Taliban itself were excluded from the 2001 peace negotiations in Bonn, Germany. Major positions in the new government were given to the Northern Alliance, which had previously fought against the Taliban regime. Significant amounts of money were allocated to Afghanistan as part of the state-building process, primarily aimed at reconstruction and institution-building. The establishment of formal democratic institutions and the adoption of a democratic constitution occurred in 2004. Since then, elections have become an integral part of the country's political life.

Since the spring of 2006 until their victory on August 15, 2021, the Taliban have consistently fought against the U.S.-backed central governments. In 2019, as a result of the Doha accord, the then-incumbent Afghan National Unity Government (NUG) escalated its internal crises. In this situation, neither the remaining U.S. forces nor the Afghan national army could maintain their positions or withstand the Taliban's advance. Within a few weeks, the Taliban entered Kabul and installed the IEA as their transitional government, commanded by Mullah Hasan Akhund. In the meantime, in Northern Afghanistan, disorganized and uncoordinated factions sought to fight the Taliban but were relentlessly battled and crushed by Taliban forces. As of this writing, there is no indication of systematic or scattered combat in the country.

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 Taliban government – which has proclaimed Afghanistan as the Islamic Emirate of Afghanistan (IEA) – controls the entire territory. A small, disorganized insurrection known as the National Resistant Front (NRF) emerged in parts of the Panjshir and Baghlan provinces during the early months of the Taliban government. In the Balkhab region of Sar-e Pul, Mawlawi Mehdi Mujahid rebelled against the Taliban after being dismissed as intelligence chief in Bamiyan Province. The IEA’s swift and effective military response to these rebellions demonstrates their military strength in Afghanistan. Additionally, it underscores the Taliban’s ideological stance of not allowing any other political force to challenge its control. All of the country’s power brokers have fled and now oppose the Taliban through online forums, such as social networks. However, in reality, these actions have no impact on the ground.

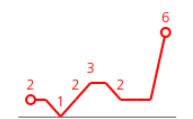
In addition, the IS-Khorasan (IS-K) terrorist organization currently operates in Afghanistan, drawing inspiration from the Islamic State organization in Iraq and Syria. In response to the IEA’s declaration of war against them, IS-K has recently launched attacks on Taliban leaders, while primarily targeting religious minorities, including the Shia and Hindu communities. On March 3, 2023, Balkh’s governor, Mohammad Dawood Muzammil, was killed in his office in a suicide attack claimed by IS-K. According to Human Rights Watch (HRW), IS-K has claimed responsibility for at least 700 deaths and injuries in thirteen 13 attacks on Hazaras. In contrast, the IEA has taken an aggressive stance against IS-K, killing and detaining numerous leaders and fighters. The Taliban sources indicate that IS-K does not possess any established territory in Afghanistan, and their attacks are planned and carried out through a network that crosses territorial boundaries.

Question
Score

Monopoly on the
use of force

6

'06 '24 10



State identity in Afghanistan is shaped by ethnic, cultural, and linguistic diversity, which has fueled numerous conflicts in the past. Currently, two general perspectives exist on the state of Afghanistan, irrespective of ethnicity. Firstly, the Taliban and their supporters govern the country, considering themselves legitimate power holders. Secondly, oppositional forces raise doubts about the form and legitimacy of the present government. These forces consist of various resistance groups, but they lack robust cooperation among one another.

The incumbent Taliban are fundamentalist Islamic nationalists. In contrast to other Islamic organizations in Afghanistan, the Taliban notably lack international Islamist objectives. Political exclusion is practiced by the Taliban's leadership, which directly or indirectly opposes pluralism in the political arena. The international community and Afghan political parties that have abandoned their call for an inclusive administration share this concern. Moreover, the Taliban have rejected all foreign and national initiatives in this area. In contrast, the IEA relies on its own definition of inclusiveness, which excludes all political parties and actors who backed NATO's presence in Afghanistan and participated in the struggle during the past four decades.

Given the Pashtun majority and their political influence in the IEA, Pashtun ethnicity is usually associated with the Taliban. Some political groups in exile, who do not identify as "Pashtun," have criticized the Taliban's ethnic bias following their takeover. During the reporting period, there are no indications of armed force revolts other than defense against the IS-K terror acts. While the Taliban as a party has deficient internal cohesiveness and frequent disagreements, the oppositional forces they are facing experience organizational weakness and a leadership crisis. Despite the Taliban's tolerance of minorities, religious minorities have suffered greatly and have been denied autonomy. Minorities in the IEA, such as Sikhs, Hindus, and Shia Muslims, increasingly feel insecure, driving them to emigrate. In addition to repression by the Taliban, they are threatened by the IS-K, a religious extremist group that targets their places of worship and communities. Sikhs and Hindus experience pervasive social discrimination and are usually not considered Afghan. Similarly, travelers and nomad communities, such as the Jogi and Chori Frosh, remain socially and politically marginalized. Their struggles were never adequately addressed by previous governments, leaving them in a precarious position still today. The Taliban government has been accused of excluding other political parties and elites based on their ethnicity. This has not led to a questioning of the state's identity; rather, the Taliban government's ideology and preferential treatment of ethnic groups have been criticized.

State identity

6



1

The IEA has suspended the previous constitution of the Islamic Republic of Afghanistan and announced a compliance check of existing Afghan laws with Shariah. Currently, it has yet to adopt a constitution and largely operates as a caretaker government with no formal policies regarding political institutions. Regarding the legal order, Shariah, or Islamic law, serves as the backbone of the Taliban-determined social order. According to the Taliban, the government cannot implement laws or policies that contradict Islam. Accordingly, the Taliban itself states that it cannot implement laws or policies contradicting Islam.

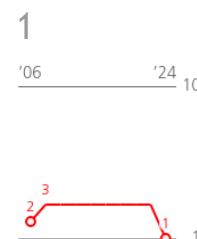
All political and social choices are based on Islamic law, or at least their compatibility with it is assessed. With the rise of the Taliban to power, religious leaders are given a prominent position within the state apparatus by the IEA. Furthermore, the government has established a Shura-e ulema (Council of Religious Scholars) at the provincial level to provide significant guidance and advice to the IEA on religious matters. Before making decisions, the Taliban Emir typically consults with the ulema based in Kandahar, who come from all over the country and adhere to a very strict Islamic doctrine. There is also a Shia Ulema Council, which has advocated for an inclusive government that includes representation for Shia Muslims and respects the rights of all minorities. The government has been negotiating and engaging with religious scholars from various backgrounds, but disagreements persist regarding their inclusion.

The administrative performance of the Islamic Emirate of Afghanistan (IEA) has shown signs of improvement during the period of review. However, despite progress in some areas, it is still confronted with severe obstacles as a result of international sanctions and the U.S. government's freeze of \$7 billion in assets, which has significantly aggravated the economic situation. Unlike past administrations, the IEA is not threatened by a growing number of insurgents who can possibly threaten its very survival. In addition, due to the strictly hierarchical character of government, decisions are made from the top down without any internal constraints. Consequently, agendas and policies pertaining to core fundamental issues are swiftly determined and executed despite low resources.

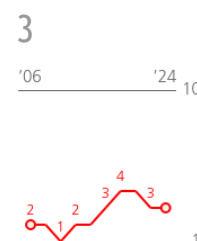
The efficiency of all public agencies is jeopardized in several ways, including a limited administrative infrastructure, a lack of professionalism, and the absence of formal recognition of the IEA by the international community. A lack of skilled employees, female staff, modern action plans, and financial resources has a detrimental impact on the performance, accountability, and objectives of governmental organizations. Inadequate public administrative institutions continue to plague the nation despite improvements in exports and efforts to curb corruption.

Since the Taliban takeover, all administrative institutions have undergone a challenging structural transformation process. The education system in Afghanistan has been the most affected. Infrastructure, educational materials, and instructional methods are all underdeveloped. The Ministry of Higher Education has indefinitely

No interference of religious dogmas



Basic administration



suspended women's higher education until fundamental issues of the existing educational system, which do not align with cultural and religious norms and beliefs, are addressed. It has also postponed the return of girls older than 12 to secondary education. According to a current World Bank study (2023), approximately 80% of school-aged girls and young women (about 2.5 million) are not enrolled in school, and nearly 30% of females have never attended basic school.

According to the International Labor Organization (ILO), limits on women's employment have contributed to a significant decrease in the share of women in the labor force.

In terms of access to essential items, the Taliban are resolved to serve all provinces equally, if possible. Notable is the Taliban's expansion into isolated regions, such as the Wakhan corridor, which has never had access to essential utilities in the preceding four decades.

According to international media reports, 75.1% of Afghans have access to a basic water source, while 50.5% are equipped with basic sanitation. Electricity is provided for 97.7% of the population; however, power shortages are said to be a frequent occurrence in the country. Additionally, municipal management is either inadequate or nonexistent, and the country lacks a fundamental public transit system.

2 | Political Participation

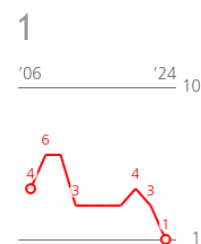
In August 2021, when the Taliban retook control of large parts of the country, their ideology significantly altered the entire de facto and de jure political structure. Upon renaming the Islamic Republic of Afghanistan (IRA) as the Islamic Emirate of Afghanistan (IEA), the Taliban abolished all democratic institutions, including the Independent Election Commission (IEC). Consequently, all electoral institutions constructed as part of the post-2001 state-building process have been abolished.

In the recent past, elections in the country have been contentious and manipulated due to the precarious security situation, often leading to contested election outcomes.

In addition, there were suspicions of deceit. Politicians and national election monitors routinely accused the Independent Election Commission (IEC) of colluding with the government. Among the Afghan population, this diminished the IEC's credibility and its status as an independent institution.

The Taliban, however, does not rely on democratic institutions. Currently, there is no electoral mechanism for political participation.

Free and fair elections



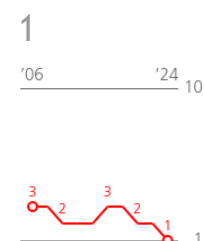
Hibatullah Akhundzada, the Emir of the IEA, oversees all state and societal matters. The Taliban have declared an interim administration under the format of the NUG, including the dissolution of the Ministries of Women's Affairs and Parliamentary Affairs. The vast majority of appointed ministers in the IEA's cabinet are – or at least were – top Taliban leaders and are ethnic Pashtun. No women are part of the cabinet led by Prime Minister Mullah Hasan Akhund. Due to his religious position, which is thought to be bestowed by God, the Emir has the right to override the government's decisions on significant political and social problems. Since August 2021, the Emir of Kandahar has issued hundreds of decrees implementing policy.

Consequently, the role of governmental institutions such as the legislature and the ministries has significantly diminished. The Emir, who regularly seeks the counsel of religious scholars, has not been accused of power abuse or systemic corruption. The Taliban government has improved the security situation in Afghanistan by implementing policies against insurrections, resulting in a direct impact on Afghans' perceptions of the state and its responsibility.

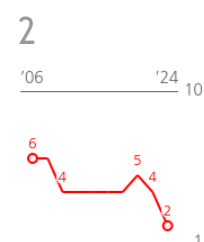
Since 2021, when the Taliban seized power, the right to association and assembly has been severely restricted. The 3,053 social organizations and the 2,091 international and national NGOs registered with the Ministry of Justice (MoJ) under previous administrations have become subject to stringent laws and restrictions. For instance, it is now unlawful for political parties to engage in political activity. Due to the newly imposed restrictions, their leaders either fled the country or were denied the opportunity to convene and engage in party activities. These limits were observable for all political parties, regardless of their ideology. For instance, Afghanistan's oldest Islamic party, Hezb-e Islami of Afghanistan (HIA), which, like the Taliban, opposed NATO incursion, was subject to the same limitations as groups with a more positive stance toward the international coalition. For example, the HIA's founder and head, Gulbuddin Hekmatyar, has recently been prohibited from making public appearances. This suggests that the legislation aims to cement the Taliban's sole hegemony over the political system.

In addition, democratic assemblies were tightly constrained, subject to constraints imposed by the government. Almost all social groups and civic organizations that made democratic demands were prohibited. There has been a general suppression of civil society, observable as of late. Since the Taliban regained power, the ability of Afghans to organize and participate in demonstrations has drastically diminished. The new laws and restrictions implemented by the Islamic Emirate of Afghanistan (IEA) have made it more difficult for residents to gather in public spaces. Nonetheless, social groups and organizations with ideological ties to the Taliban, or those openly supporting them, were able to obtain exemptions from these prohibitions and regulations. In certain cases, the government resorted to police force to disperse protests advocating for women's rights and education. However, there are no restrictions on public gatherings that are not politically motivated. Consequently, in all provinces, traditional poetry events have continued to be held on a regular basis.

Effective power to govern



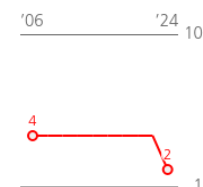
Association / assembly rights



Freedom of expression, a major accomplishment of the previous government, has gradually been undermined by the new government. In this aspect, freedom of expression is severely compromised, and breaches of the newly introduced media legislation are faced with far-reaching legal consequences. According to Reporters Without Borders, 43% of Afghan media outlet establishments have disappeared since the Taliban's takeover in 2021. Additionally, their research shows that only 4,360 of the 10,780 individuals employed in Afghan newsrooms at the beginning of August 2021 were still employed in December. Amidst these layoffs, women have been disproportionately affected, with more than four out of five women losing their jobs. This has had a significant impact on the media landscape, as well as the style and quality of reporting. Consequently, some outlets have moved their broadcasting activities outside of Afghanistan. Prior to 2021, most TV stations and FM radio in Afghanistan were supported by international state-builders to promote democracy. However, the Taliban are skeptical of these international entities and prefer to establish their own Shariah-based media landscape, which includes female TV presenters being obligated to conceal their faces while broadcasting. The corresponding law also mandates that female employees work in separate facilities. Additionally, dozens of provincial radio stations have been shut down, and civil society activities have nearly vanished.

Freedom of expression

2

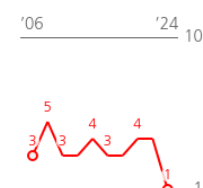


3 | Rule of Law

The IEA dissolved the two houses of the National Assembly, the Wolesi Jirga and the Meshrano Jirga. The Kandahar-based Emir Hibatullah Akhundzada implemented considerable acts through decrees, while other policy fields were governed by cabinet decisions and ministerial instructions. Compared to the preceding government, the IEA is highly centralized and lacks checks and balances.

Separation of powers

1



The distribution of crucial positions among senior Taliban leaders remains unclear due to a lack of transparency. To date, however, there has at least not been any overt power struggle among Taliban commanders. It appears that all members accepted and respected the decision made by the Emir and his advisers in Kandahar, regardless of their diverging views on issues such as the education of girls. In Afghanistan's existing political structure, the Emir is the sole decision-maker. However, relevant ministries have opposed certain national and international matters, such as bilateral contacts or agreements. This partly reinvigorated the Ministries of Foreign Affairs, Finance, and Internal Affairs by giving them a strong, independent voice. The Taliban de facto abolished the previous government's judicial system by suspending the constitution of 2004, dismissing all judges, and stripping the Attorney General's office of its vital position. Party members hold most court positions. According to a U.N. assessment, instead of an independent judicial system, the country now has an exclusively male and politically determined judiciary enforcing the Taliban's version of Shariah law. Thus, being an unelected government with no formal political system, there is no institution guaranteeing a separation of powers in a democratic sense.

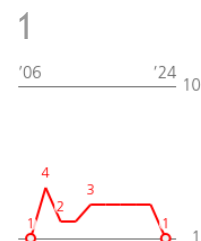
During the period of review, the Taliban takeover largely undermined judicial independence. Religious scholars, jurists in Islamic law, and individuals with personal ties to the Taliban have replaced judges, resulting in a judiciary that is determined by political considerations and cannot be considered independent. These individuals, who hold titles such as Akhund, Shaykh, Mufti, and Maulvi, possess knowledge of the prophetic heritage and Islamic jurisprudence. They provide advice to the Taliban on various political and judicial matters. In addition to individuals not aligned with the Taliban's stance, women are also completely banned from working in the judicial system. Despite a lack of professionalism in the judiciary, as well as deficiencies in its organization and systematic procedures, the judicial system of the IEA is seen as efficient and swift. Consequently, it is the expeditious nature of judicial proceedings that has garnered popularity among the general public, given that previous court cases were protracted and tiring processes.

The legal system of the Islamic Emirate of Afghanistan (IEA) was found to be unable to rely on the republic's legislation in court. Instead, a committee was constituted to examine the Shariah compliance of all Afghan laws. In the meantime, the Taliban courts relied heavily on *Majallah*, a code-like compendium of Hanafi jurisprudence of Islam compiled by Hanafi jurists during the Ottoman Empire. A U.N. study states that lawyers, judges, prosecutors, and other participants in the judicial system prior to 2022 faced considerable threats to their lives. The majority of them were men who were assassinated by unknown individuals in Kabul and other provinces; most of them stayed in hiding. The Taliban have refuted allegations of responsibility for these killings, claiming they were the outcome of domestic rivalry and struggle.

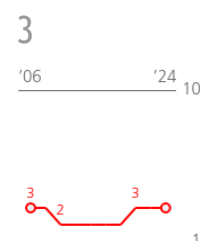
According to the yearly statistics of the IEA Ministry of Justice, the ministry "(...) registered and addressed 97,700 legal complaints throughout the country in 2022, including 33,700 property petitions, 57,000 commercial loan petitions, and 7,000 family petitions."

Despite efforts by the Taliban to eliminate abuse of public office, prosecution – for example, for involvement in corruption – remains a difficulty in Afghanistan. The pre-2021 regimes relied on pre-existing power structures to boost legitimacy and effectively deliver public benefits. Thus, a close connection between the Afghan governmental structure and the traditional actors with strong local links existed. Acts of patronage and patterns of clientelist politics by local strongmen thwarted the administrative organization of the state accordingly. Since the Taliban reclaimed power in August 2021, the political system, exercise of power, and the institution of checks and balances have undergone drastic changes. Stringent administrative and public service regulations have been implemented. They tackled corruption, the legal prosecution of officeholders, and party positions on purpose, as these were causes of delegitimization under the previous administration.

Independent judiciary



Prosecution of office abuse



Given the hierarchical character of the IEA political system, power was highly centralized, making it nearly impossible for ideological resistance to the actions of the Emir and the cabinet. Incumbent officeholders have not faced any charges of corruption or misuse of authority so far, but there have been questions raised about the theocratic and dictatorial nature of their government.

Most mechanisms for civil rights protection have been abolished by the Taliban since they came to power. The Taliban has imposed numerous rules and policies that violate a wide range of fundamental rights of women and girls, particularly their rights to education and work. Women and girls no longer have equal social opportunities under the law. The Taliban proclaim that, as an Islamic government, all rights and laws should be in accordance with Shariah (Islamic law). This is condemned and criticized internationally as a violation of human rights.

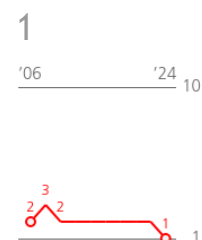
Arbitrary detentions, torture, and summary executions of officials associated with the previous government have cast doubt on the civil rights situation under Taliban rule.

The actions of the new Afghan government also have significant implications for international actors present in Afghanistan. In March 2022, organizations including Freedom House, Human Rights Watch, and Amnesty International came together and established the so-called “Alliance for Human Rights in Afghanistan.” The alliance’s primary objective is to increase awareness of ongoing human rights issues in Afghanistan, which may otherwise not reach beyond Afghan borders due to limited transparency. Additionally, it aims to foster collaboration on joint advocacy and research efforts.

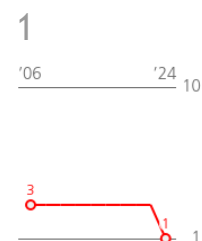
4 | Stability of Democratic Institutions

Democracy is not an objective of the government, which is why existing institutions in the country are undemocratic and cannot be rated with regard to their democratic performance. The current regime in Afghanistan, which is unelected and unrecognized by the international community, is neither democratic nor willing to promote a Western concept of democracy. The government is led by a 33-member caretaker cabinet, all of whom are male and former or current Taliban officials or allies. Haibatullah Akhunzada is the supreme leader of the IEA. In a strictly centralized and hierarchical procedure, his decrees are swiftly implemented by the Taliban cabinet without any checks along the implementation process. Moreover, Akhunzada has signaled to the international community that his Islamic government is going to be based on Shariah law and their national interests. Additionally, he has expressed criticism of interference in domestic issues by western democracies.

Civil rights

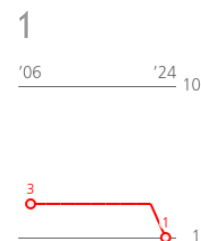


Performance of democratic institutions



During the previous government, many political actors who claimed to be loyal to democracy were present in the country. As a consequence of the Taliban takeover, these actors were either forced to flee the nation or hold no political power in the current political system. In contrast, the incumbent Taliban rulers considered elections fundamentally incompatible with their ideology and suspended the electoral commissions in 2021. Under the previous government, all political parties participated in presidential, parliamentary, and provincial council elections. However, their dedication to democratic institutions, as opposed to mere participation in elections, remained unclear. Uncertainty also persists regarding the commitment to democratic institutions by the population. For example, voter turnout in the 2009 national elections was estimated to be less than 20%. Due to the absence of democratic elections under the new government, changes to this figure cannot be assessed. Since the Taliban's takeover in 2021, political decisions have been made in accordance with Shariah and what the Taliban believe to be Afghan customs. The Taliban has not indicated any inclination to favor democratic government under the current political system.

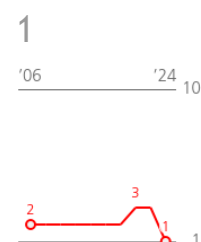
Commitment to democratic institutions



5 | Political and Social Integration

The criteria for a vital party system are not fulfilled by Afghanistan. Not only have the Taliban argued against multiparty elections, but their rise to power has seen the ban or voluntary exile of all political parties present in the country. Furthermore, the government dissolved the Department of Political Parties in the Ministry of Justice. Although certain individuals from political parties continue to be represented in the media, their party activities are severely restricted.

Party system

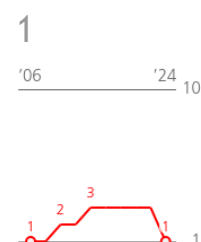


The Islamic Emirate has responded to the formation of new political parties outside Afghanistan by stating that they are not a solution for the problems faced by the country.

However, the present government is making attempts to pave the way for the return of exiled Afghan political leaders. To accomplish this goal, they have formed the Commission of Contact with Afghan Leaders and Their Repatriation. Party officials have welcomed this initiative, but they are currently considering their options before deciding to return.

Historically, informal ethnic and regional jirga (assembly of leaders, primarily Pashtuns) or shura (community councils) have played representative roles in controlling communal life and resolving problems at the provincial level. However, these institutions and political parties lack adequate representation of religious minorities, such as Hindus and Sikhs, thereby placing them at a structural disadvantage within the political and social landscape. Despite the wide social and geographical emergence of civil society organizations, their operating sphere has been significantly limited.

Interest groups



Being unelected and lacking democratic legitimacy, the current government fails to address the rights of all interest groups in the country. The only groups that remain are international NGOs and humanitarian aid organizations. Afghan women have been marginalized in both political and social spheres and confront significant obstacles. Religious figures and jurists have assumed prominent positions and are having their interests prioritized. As a result of the Taliban's strict interpretation of Islam, LGBT rights are deemed incompatible and consequently limited.

The current political structure in Afghanistan does not qualify as democratic. The IEA is dedicated to establishing Shariah, as interpreted by Taliban-affiliated Hanafi Ulema, as the prevailing law and the cornerstone of society. Alternative political and social systems were seen as not Islamic enough. Moreover, the Taliban never formalized their selected political structure, the Islamic Emirate, leaving it highly unclear and poorly conceptualized. Due to the absence of democratic institutions, there are no democratic actions from which to gauge the population's approval and evaluate democratic performance.

Afghanistan is an ethnically and linguistically diverse nation with robust traditional and community-based structures. Afghans have been able to cope with poor governance and a lack of official institutions because of the informal arrangements dominating everyday life. This includes traditional jirgas, councils, and religious networks that maintain a significant influence on the social landscape of the country. They resolve problems within and between communities and are informally chosen by tribes or ethnic groups. They have been an indispensable part of Afghan society for a long time and remain strongly rooted in Afghan society at present.

During the post-2001 state-building process, the number of associations and non-governmental organizations (NGOs) active in many socioeconomic fields declined drastically, as did their activity. This was especially observable for organizations in the civic community. During the liberation process, Afghan civil societies were prioritized alongside political institutions to promote and enhance democracy. Following the collapse of the previous government, the Taliban imposed stringent limitations on these organizations, and the money that had been at the heart of their operations ceased to flow.

Furthermore, the hegemonic structure of the Taliban, as a Pashtun-dominated group, discourages trust among other Afghan ethnic groups – minority groups in particular. On the other hand, the Taliban has taken measures to close the gap between citizens and the state. To increase the legitimacy of the Islamic Emirate of Afghanistan (IEA), various small- and large-scale projects were implemented, including in non-Pashtun-dominated regions. For instance, the Qosh Tepa Canal (QTC) project in Balkh province was the country's largest undertaking in the preceding half century. According to IEA officials, it spans 285 kilometers and is 100 meters wide, mainly assisting in irrigating 550,000 hectares (1.35 million acres or 5,500 square kilometers) of land in the provinces of Balkh, Jozjan and Faryab. To establish

Approval of
democracy

n/a

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Social capital

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confidence, government activities are required to target desires, conflicts, and disputes within communities. The Taliban utilizes the public supply of fundamental common goods as a means to create legitimacy. However, the IEA's political isolation and lack of financial resources have exacerbated the situation.

II. Economic Transformation

6 | Level of Socioeconomic Development

The collapse of the previous government and natural disasters in Afghanistan have had devastating economic effects. Household hardships in 2021 were mainly due to COVID-19 and violence, which then led to drought, climate shocks, and economic shortcomings in 2022 and 2023. Afghanistan remains heavily dependent on foreign aid. According to OCHA estimates for 2023, 28.3 million people, or two-thirds of the population, will require humanitarian aid to survive, with 14.7 million in serious need (severity 4). An IRC report in 2023 states that 97% of Afghanistan's population is at risk of poverty, with over 50% dependent on humanitarian assistance. In 2021, approximately 90% of the Afghan population lived below the poverty line, which was set at \$2 per day, according to Afghan media. By mid-2022, two-thirds of Afghan households were unable to afford food and essential non-food items, forcing many individuals to engage in low-productivity jobs to increase their income. In the Human Development Index of 2022, Afghanistan ranked 170th out of all observed countries, with a score of 0.496. This rating indicates that Afghanistan falls below the average (0.504) for countries with low human development. Data on gross national income (GNI) per capita and unemployment figures were not available. Women and girls in Afghanistan face widespread discrimination and human rights abuses. In the IRC's 2023 rankings of women's inclusion, justice, and security, Afghanistan ranked last out of 170 nations. Additionally, women and girls are denied fundamental rights such as access to secondary school, higher education, and employment in non-governmental organizations. According to UNESCO, 80% of Afghan girls and young women of school age, or 2.5 million individuals, are unable to attend school. Afghanistan has the highest rate of maternal mortality in the world. Taking all these indicators into account, the country faces significant challenges in terms of development, resulting in limited social mobility for marginalized groups such as women and those living in severe poverty.

Question
Score

Socioeconomic
barriers

1

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Economic indicators		2019	2020	2021	2022
GDP	\$ M	18904.5	20143.5	14583.1	-
GDP growth	%	3.9	-2.4	-20.7	-
Inflation (CPI)	%	2.3	-	-	-
Unemployment	%	11.1	11.7	-	-
Foreign direct investment	% of GDP	0.1	0.1	0.1	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-3791.9	-3136.7	-	-
Public debt	% of GDP	6.1	7.4	-	-
External debt	\$ M	2661.7	3040.1	3530.8	-
Total debt service	\$ M	55.6	45.9	26.1	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	0.5	1.2	0.6	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.2	1.4	1.8	-

Sources (as of December 2023): 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

Since the Taliban regime has not formally instituted a constitution, most decisions were made within the framework of the previous constitution. In this context, a legislative framework for domestic and international market competition was still in place, as guaranteed in Article 2 of the Afghan Private Investment Law. It prescribes that the state be dedicated to maximizing local and foreign private investment. All registered businesses supposedly have equal access to the market and are treated equally under the law, unless explicitly stated otherwise. However, due to the sanctions imposed on Afghanistan after the Taliban takeover and the lack of foreign donor money, the IEA strategically concentrated on the market to stabilize the country's economy. International businesses and investors were the principal targets of this campaign. According to Afghan media, the IEA organized a consortium of corporations, including those from Russia, Iran, and Pakistan, to design an investment strategy centered on energy, mining, and infrastructure.

Despite considerable security gains since the end of the war in 2021, enterprises in Afghanistan face numerous economic risks due to the political situation and sanctions. International sanctions against the Taliban have an impact on economic confidence and foreign investment in Afghanistan, as well as on conducting business in Afghanistan. Nevertheless, insecurity, corruption and political crimes have decreased under the Taliban, which can be considered an improvement in conditions for economic operations in the country and must be contrasted with the economic impact of the sanctions. The lower levels of corruption and political interference leave domestic market competition relatively intact. Although the Taliban administration has primacy over the market and its centralized governing structure suggests a capability for efficient and quick decisions, the country's infrastructural, personnel, and financial limitations remain difficult to overcome, and state agencies have proven unsuccessful at controlling the market. Additionally, the Taliban amassed substantial funds by taxing the mining and reconstruction industries, which helped consolidate the state budget but burdened the respective economic sectors. According to the 2023 World Bank Report, revenue collection remained stable, reaching \$1.54 billion between March and December 2022. The study also indicates that Afghanistan exported \$1.7 billion worth of goods in 2021, signifying an increase of around 90% from the previous year.

Market
organization

3

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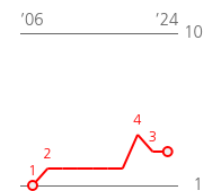
The Law on Private Investment (LPI) introduced by the previous government is still in effect and promotes fair competition, monitors unfair legislation that impedes competition, and develops a strict anti-monopoly policy to alleviate competition concerns. Paragraph 2 of the LPI emphasizes the importance of both local and foreign private investment to the nation's economy. The Taliban government was particularly eager to ensure investment in all sectors unless expressly forbidden.

It was unclear, however, how the investment was technically governed in terms of Taliban government sanction. According to paragraph 4 of the LPI, under the NUG, any investment exceeding \$3 million required the approval of the High Commission on Investment (HCI), which was responsible for all actions touching on competition. To attract the attention of international investors, the present government was willing to concentrate on creating many long-term business strategies, such as the consortium and special economic zones. In addition, the government's economic measures intended to wean the nation off international assistance and to increase fiscal autonomy. According to the Minister of Finance, 100 national development projects were assessed and authorized by the IEA in 2022. However, no information was available on foreign investments. Compared to the previous government, the Taliban's hierarchical structure appeared to have enhanced the legal system. There is no suggestion that the IEA favors or negotiates with foreign investors for publicity purposes. To maintain transparency and fairness, national projects, including the Qosh Tepa Canal, were subcontracted to almost 200 local businesses.

The liberalization of foreign trade proves to be a challenge for the incumbent government due to international sanctions. Human rights issues and the political system prevented the international community from recognizing the Taliban regime, harming the IEA's connections with large parts of the international community. Despite this, the Taliban successfully strengthened ties with some regional nations, which are likely to facilitate trade relations with regional nations. For instance, the IEA wanted to enhance trade with China through the Trans-Afghan Railway Line, which connects Afghanistan and Uzbekistan, as well as Central and South Asia. While imports in 2022 (USD 6.3 billion) were modest, in line with patterns from 2019 to 2021, imports in the first two months of 2023 reached a value of USD 1.16 billion, signifying an increase of 40% over the same time in 2022. In contrast, exports were substantial in 2022, at USD 1.9 billion, compared to an average of USD 0.8 billion from 2019 to 2021. According to the World Bank, exports climbed during the first two months of 2023, reaching USD 0.3 billion, a 16% rise compared to the same time period in 2022. The Taliban advocates that only a robust economy, supported by increasing international investment and regional trade, can assist Afghanistan in overcoming its current political and economic challenges. However, trade sanctions and difficulties in the banking sector significantly impeded the emancipation and transnational liberalization of commerce and business.

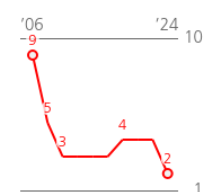
Competition policy

3



Liberalization of foreign trade

2



Following the Taliban takeover in August 2021, the U.S. government decided to deny the Afghan central bank (Da Afghanistan Bank, DAB) access to foreign exchange reserves, resulting in severe challenges for the Afghan banking sector and population. Despite the presence of 12 banks in Afghanistan, both commercial and government-owned, their access to international markets is limited. Furthermore, these banks are underdeveloped and inefficient in terms of customer service and process-control systems at the domestic level. In numerous districts, there are no agencies or cash machines.

Afghanistan's banking sector faced serious hurdles in satisfying international standards due to political instability and the DAB's \$7 billion in frozen assets. Additionally, there were technological and regulatory problems that hindered the sector's ability to provide financial services in rural areas, along with a lack of a solid national communication infrastructure. As a result, ordinary Afghans have extremely limited access to banking structures and resources. Furthermore, according to Reuters (2022), international organizations such as the International Committee paid roughly 10,000 doctors and nurses through the informal 'hawala' money transfer system due to the insufficiency of banking services.

The DAB is authorized to issue or register licenses and to regulate and monitor banks, foreign exchange dealers, and money service providers. Despite ineffective management of liquidity, inflation, and deflation rates, the national currency, the Afghan Afghani (AFN), has maintained its value relative to other major currencies. Foreign currency injections, notably U.S. dollars and euros, were the sole means of reacquiring Afghani currency. The World Bank's most recent ratio of bank capital to assets is from 2018. It decreased from 11.688% in 2017 to 11.437% in 2016, reaching 11.084%. Likewise, according to The Global Economy, the most recent value for nonperforming loans was 8.89% in 2018. This marked a decrease of nearly two percent (22.02%) since 2017. There are no current statistics on the loan-to-asset ratio of the sector. In 2018, it was less than 15%, and the loan portfolio was less than 3.5% of \$1.2 million in assets. Additionally, the bank capital adequacy ratio remained low in 2018 at 25.9%. Compared to 2017, this reflected a decrease of 13.3%. The financial sector has not observed a credit crisis since the Taliban's control.

8 | Monetary and fiscal stability

As stated in Article 12 of the Afghanistan Constitution (2004) and Article 3.3 of the Central Bank Law, the DAB was formerly entirely independent in achieving its objectives. However, under the Taliban administration, its status as an independent entity has become unclear. The primary aim of the DAB is to establish and maintain control over domestic prices. Additionally, it supports the government's monetary policy and strives to enhance monetary stability. Since the Taliban's takeover, the DAB has successfully increased the value of the Afghani (AFN). According to

Banking system

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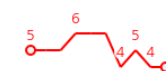
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Monetary stability

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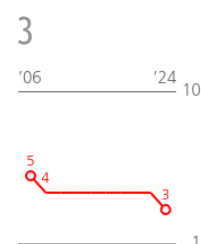


official DAB announcements, the value of the Afghani rose by 1.01% in the previous solar year, 1401 (March 21, 2022, to March 20, 2023). Furthermore, the DAB increased its income collection by 59.5% in solar year 1401, totaling approximately \$8.68 billion.

The DAB used open market operations to influence liquidity on the money market. However, no consistent monetary policy exists, which makes it surprising that the inflation rate remained stable. According to *The Economist*, the inflation rate declined from 5.2% in December 2022 to 3.6% in January 2023, which is the lowest among neighboring nations such as Pakistan and Iran. The consumer price index (CPI) dropped to 144.40 in January 2023 from 144.70 in December 2018. The CPI in 2019 was 149.9 points. After the collapse of the U.S.-installed government, the devaluation of the Afghan currency was crucial but overshadowed by the effects of sanctions and frozen assets. It declined from AFN 77.225 per dollar in 2020 to AFN 86.51 per dollar in 2023. Since 2014, the value of the Afghani has decreased rapidly by more than 25%. This indicates that the situation has deteriorated steadily over the past few years. In addition to the aforementioned structural trade imbalances, international sanctions, frozen assets and political restraints on the current government are the primary elements that have contributed to this development. Moreover, foreign commerce and large-scale projects are frequently denoted in U.S. dollars, further devaluing the Afghan currency. It should be mentioned that illegal and informal economic actions, which presumably make up the majority of traded goods and services, circumvent official controls and have a negative impact on the national currency. Addressing this, the DAB has announced that this issue will be resolved soon.

A variety of problems impeded the Afghan financial services industry. In addition to its dependency on foreign aid and large fiscal deficit, the country is plagued by instability and a weak fiscal framework. According to the World Bank, Afghanistan's gross domestic product (GDP) was valued at \$19.291 billion in 2019. For the review period, it decreased by 20.7% in 2021 due to rising unemployment and economic distress in light of the U.S. withdrawal. There are no public debt statistics for the previous two years. The last value was published in 2020 by the IMF, which estimates that the share of public debt-to-GDP was 8.5%. However, because the IEA is subject to international sanctions, it is possible that the IEA has no external debt at the time of speaking. All IEA expenditures are funded by domestic sources. Comparatively, \$11 billion of the previous administration's (2019) spending came from foreign partners. According to the World Bank, government revenues at the time only funded approximately \$2.5 billion of total expenditures. The IEA's income collection in the fiscal year 2022/23, according to the World Bank's most recent report, was estimated to be AFN 173.9 billion (\$1.9 billion), or roughly 87% of the fiscal year's increased budget objective of AFN 198.7 billion (2023).

Fiscal stability



The IEA's interim government announced its first annual budget in May 2022 and stated that it would be exclusively funded by domestic revenues. It faces a fiscal deficit of 44 billion Afghanis, which translates to an estimated \$500 million.

In 2022, Afghanistan ranked 146th (out of 146) on the Global Gender Gap Index due to the employment ban imposed on women in numerous economic sectors and the restrictions placed on education for young girls. Afghanistan's reserves, comprising gold among other assets, were projected to reach \$9.5 billion in 2021. However, after the Taliban assumed control, the U.S. government froze \$7 billion of this amount, which had been deposited with the Federal Reserve Bank of New York. This action significantly altered the potential of the \$9.5 billion.

9 | Private Property

The national legislation lacks the means to recognize communal ownership, which is prevalent in many regions of the country. The existing land recognition framework is founded on customary law. At least 80% of families lack official documents proving ownership rights, whether for held lands, public lands, or holdings of the Kuchi, who are a nomadic tribe. This results in tremendous ownership issues. In recent years, Kuchis and the Hazara minority have lodged property rights disputes in order to tackle the deficiencies concerning their property rights.

According to the Afghanistan Investment Support Agency (AISA), direct or indirect land ownership by foreign investors is prohibited. During the previous administration, private landowners lacked statutory protection when their holdings were encroached upon by the land mafia, usually consisting of warlords and their clients, or when they feared land-grabbing. In major cities such as Kabul, Kandahar, and Mazar-e Sharif, land mafias and powerful elites grabbed thousands of acres of land hassle-free. According to official claims, the IEA created a commission to combat land-grabbing in November 2022, reclaiming approximately 500,000 acres of land and hundreds of other properties.

Many Afghans abandoned their homes and property after the Taliban takeover, and it will again become a protracted challenge for the government and the Afghans to reclaim their property in the ensuing years. According to reports, the Taliban take this topic seriously since it lends them local credibility. Another aspect to consider is that property rights and regulations on land acquisition, benefits, use, and sale are currently subject to Shariah law. This implies that illegal infringements are consistently implemented and enforced.

Property rights

2

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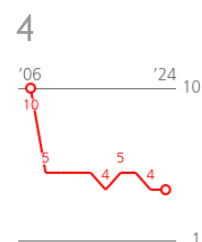
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To escape international sanctions and achieve economic independence, the Taliban strategically prioritized local and regional economic objectives. According to the Ministry of Industry and Commerce, Afghanistan currently has joint chambers of commerce with several countries in the region, including Iran, Pakistan, Russia, Tajikistan, and Uzbekistan. These chambers of commerce aim to expand trade between the IEA and its partners (MoIC). Unless explicitly prohibited, there are no legal restrictions on foreign investment in Afghanistan. National law mandates that the government must maximize local and international private investment in the economy.

A decisive structural disadvantage for private enterprise is the electricity supply. Most of Afghanistan’s electricity is imported from neighboring countries, leading to high dependence on and exposure to the will of foreign countries. Furthermore, the majority of Afghanistan’s 34 industrial parks and individual businesses lack access to power.

Investment in Afghanistan is subject to registration requirements. The Afghanistan Investment Support Agency (AISA) or affiliated ministries grant licenses. In January 2023, the Ministry of Industry and Commerce stated that 150 foreign investors had been awarded licenses in the preceding 15 months, with some already in operation. For example, in April 2023, the Chinese enterprise Gochin expressed interest in investing \$10 billion in Afghanistan’s lithium reserves. Additionally, in April 2023, the deputy prime minister of Kazakhstan visited Kabul and committed to increasing trade and commerce to a volume of \$3 billion annually, as well as investing in Afghanistan’s mineral resources. At the national level, the IEA has made significant contributions to the Afghanistan Women’s Chamber of Commerce and Industry (AWCCI). Officials report that approximately 7,000 women have obtained business permits, and hundreds of women are involved in commercial enterprises. Lastly, the current security improvements have positively impacted Afghan private firms.

Private enterprise



10 | Welfare Regime

The current socioeconomic crisis has had a far-reaching and crippling effect on the Afghan people’s safety nets. They face an uncertain future since many public service sectors are on the verge of collapse, often because public servants are not getting paid. Approximately 19.9 million people are identified as food-insecure due to the political changes in the country. Most importantly, malnutrition is of particular concern for women, children, displaced people, and others. The World Food Programme is assisting Afghan communities in surviving climate shocks and natural disasters by providing food assistance.

Social safety nets



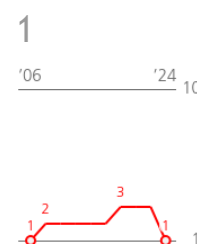
Presently, UNICEF offers cash transfers to families who direly need them to purchase food, clothing, transportation, and health care. Public support services and cash transfers are both means of providing an at least partly developed social safety net – a noncontributory form of income support that aims to reduce poverty among the most vulnerable. It aims to address the underlying causes of poverty and to help build up a safety net against emergencies that may affect their financial resources.

Gender-sensitive cash transfers are also being provided by UNICEF to facilitate women’s access to health facilities and help them deal with exploitation and abuse.

Afghanistan is a diverse nation where different ethnic groups coexist, speaking distinct dialects and adhering to a range of religions. Nomadic communities, such as the Kuchi, Jogi, and Chori Frosh, endure severe discrimination in terms of equal access to fundamental public commodities. Additionally, religious minorities, including Hindu and Sikh, face an existential threat, exemplified by violent acts committed by IS-K. Although there is no indication of a deliberate exclusion of Shia minorities, their political representatives do not feel secure under Taliban rule and consequently live in exile. In remote rural regions like the Wakhan Corridor, small ethnic groups lack access to basic commodities and equitable opportunities. These challenging living conditions align with a 2022 estimate from the IOM, which claims that nearly five million internally displaced persons (IDPs) struggled to subsist in 2022.

Starting on August 15, 2021, the Taliban has been steadily banning women from working in virtually all public sectors, including universities. No women currently hold political offices, and girls are prohibited from attending secondary education. However, the IEA has, on the other hand, developed employment opportunities for women in commercial enterprises. According to the AWCCI, more than 7,000 women have been issued business licenses. It should not be forgotten that the district level may provide a dismal picture. Lastly, equal opportunity for all actors has decreased in the party system. As a hegemonic party, the Taliban has barred all political parties and opponents from participating in political activity. Additionally, freedom of expression has been severely curtailed, which is an obstacle to equal opportunity.

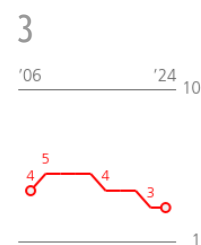
Equal opportunity



11 | Economic Performance

There have been some encouraging developments in Afghanistan despite the fact that its economy has been seriously damaged by continuous political and environmental issues that have had a major impact on consumption, exports, and domestic trade. The IEA did not rely on foreign aid, unlike the previous administration, which can be explained by the interruption of donor transfers to the country during international sanctions. The businesses were also performing well. The gross domestic product (GDP) and GDP per capita were unavailable in Afghanistan. The IEA's domestic revenues performed admirably in 2022 and 2023. The collection of AFN 1,739.9 billion in revenue during fiscal years 2022/23 represented 87% of the fiscal year's amended budget target of AFN 198.7 billion. According to research by the World Bank (2023), exports were substantial in 2022, at \$1.9 billion, compared to an average of approximately \$0.8 billion during the period from 2019 to 2021. Based on the World Bank's report, export performance in the first two months of 2023 remained robust, reaching \$0.3 billion, a 16% increase over the same period in 2022. The Trading Economics report indicates that the inflation rate in January 2023 was 3.6%, the lowest since June 2021, when it was 5.2%. Afghanistan has no government statistics on unemployment. The lack of international involvement affected Afghanistan's trade deficit. Political unpredictability hindered private sector confidence and international expansion. Due to political concerns and a severe shortage of skilled personnel, international direct investment remained low. Foreign direct investment in Afghanistan has no expiration date.

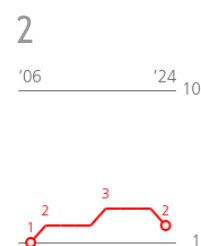
Output strength



12 | Sustainability

During the period of review, Afghanistan has been facing severe humanitarian and environmental disasters. In 2022, natural calamities endangered the lives of tens of thousands of Afghan families in numerous areas across the country. The National Disaster Management Authority (NDMA) of Afghanistan reported that in March 2023, strong rains and flooding caused the destruction of over one thousand houses, resulting in the creation of more than eight thousand internally displaced persons (IDPs). Without a systematic strategy, the Islamic Emirate of Afghanistan (IEA) engaged in environmental and social effect assessment, as well as pollution control. Severe environmental problems, such as soil degradation, air and water pollution, and drought, are observable in Afghanistan but are still not addressed by the IEA. Even though air pollution is believed to cause tens of thousands of fatalities annually, at least indirectly, especially in Kabul, no clear policy for prevention has been presented. In contrast to the previous administration, the IEA took significant measures in 2022 to minimize the usage of air-polluting equipment in Kabul. With a PM2.5 score of 58.80 g/m³ in 2019, the Air Quality Index placed Kabul in the unhealthy category. Nearly half of the population lacks access to clean, safe water, with large cities being the most affected. The disposal of solid waste is an additional formidable obstacle for Afghanistan's big cities, where economic activity is robust.

Environmental policy

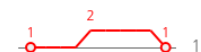


Since the Taliban returned to power, the education system in Afghanistan has faced significant restructuring. The system comprises primary, secondary, higher, vocational, and religious education, along with teacher training. Free education services are still provided to all residents, but the education of girls in secondary schools has currently been halted. In addition, the IEA has imposed stringent restrictions on women's access to higher education, ultimately leading to their exclusion from universities due to a strict dress code and unsuitable environments.

Apparently, the IEA reviewed the education system, with a particular emphasis on religious topics. However, Afghanistan's educational system has long been plagued by structural and quality issues due to the country's protracted conflict. Thus, the challenges faced by the education system extend beyond the religiously motivated bans on women and girls from receiving an education. As the World Bank does not presently provide education sector data for Afghanistan, local and official reports are of utmost importance. Afghanistan ranked 169th out of 187 nations on the HDI (2020) Education Index, achieving a score of 0.414. According to a UNICEF report, the literacy rate among citizens aged 15 and above was 43.0%, and approximately 3.7 million children were not enrolled in school. Furthermore, remote areas often lack school buildings, trained teachers, and suitable transportation, and limited internet access hinders individuals in online learning. Afghanistan does not have a substantial research and development sector, and the restrictions imposed by the Taliban have not only affected state institutions but also the private education industry.

Education policy /
R&D

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'06 _____ '24 10



Governance

I. Level of Difficulty

The state and politics of Afghanistan face challenges from international sanctions and long-standing structural problems. In 2022/23, the poverty rate climbed dramatically due to political instability and the withholding of donor-provided financial aid designated for the previous government. Many professionals and academics fled the country when the Taliban seized power, leading to a brain drain that significantly impacted the labor market. This brain drain exacerbated an existing shortage of skilled workers. The country lacks social safety nets, and most assistance for families in need comes from international actors such as the World Bank or UNICEF. Women in Afghanistan have higher unemployment rates than their male counterparts across all age groups and education levels. Structural constraints on the international level have been observed. Consequently, the IEA has maintained friendly and more harmonious relations with neighboring countries, distinguishing itself from the previous government. This can be seen as part of a strategy in which the IEA sought to leverage Afghanistan's geographic location as a bridge between Central Asia and South Asia to revive the economy. To improve market conditions, the IEA explored the possibility of establishing a cooperative chamber of commerce with Iran, Pakistan, and Uzbekistan. Similarly, Kabul sought to expand its economic and diplomatic ties with the Central Asian region, particularly with Uzbekistan and Turkmenistan. The future dynamics of these arrangements will determine whether Afghanistan can overcome some of its structural constraints.

While family, clan, and ethnicity-based mutual support networks can be seen as informal civil society traditions, they have never aspired to a larger social scope or worked toward consensus and representation of interests in relation to the state or the public in general. Instead, these networks operate by excluding other groups and are seen as selective, operating along ethnic, religious, or political divisions. Consequently, we can analyze the long-standing traditions of individual groups, but the existence of a truly unified civil society with shared goals has been largely absent.

Between 2001 and 2021, there were 3,053 active civil society groups (CSOs) in Afghanistan, addressing various social issues. According to the Pajhwok News Agency, Kabul alone had 21 CSOs focused on peacebuilding and 30 CSOs dedicated to democratization. Given that their activities were predominantly driven by donor funding and external financial resources, the perception of their operations by the public was tainted with unease and distrust. It is also important to note that the

Structural
constraints

10



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Civil society
traditions

10



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activities of foreign NGOs cannot be considered part of prewar Afghan civil society traditions. Under Taliban rule, all CSO activities were prohibited, and their external financial supporters were unable to identify them. Consequently, restrictions targeting these CSOs also had humanitarian consequences, as some of them were involved in providing aid.

Following the Taliban's assumption of power, several well-known activists fled the country, while others were prohibited from engaging in discussions on democracy or exerting influence on the policies of the Islamic Emirate of Afghanistan (IEA).

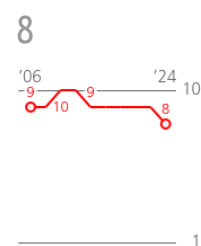
Afghan society is extremely diverse, and decades of warfare have left it severely fragmented. In previous power hierarchies, ethnic and linguistic diversity were crucial components that allowed numerous organizations to operate based on ethnic divisions and geographical ties. Under Taliban rule, any ethnic or regional identification is prohibited, as they aim to construct a purely Islamic system in which all ethnic groups must unify under their flag. Large ethnic groupings, such as the Pashtuns or Tajiks, are themselves divided along conflict lines determined by regional adherence and proximity to clans that pursue their interests.

Ninety-nine point seven percent (99.7%) of Afghans are Muslims, with Sunni Muslims comprising between 84.7% and 89.7% and Shi'a Muslims making up the remaining 10% to 15%. The majority of Shi'a Muslims are Hazara, who are both an ethnic and religious minority and speak Dari.

Currently, Islamist terrorists such as IS-Khurasan target religious minorities in Afghanistan, including the Hazara community, as well as Hindus and Sikhs. An example of IS-Khurasan's targeting occurred in October 2021, when nearly 100 Afghan Shiite Muslims were killed in attacks on mosques. According to Human Rights Watch (HRW), IS-Khurasan has claimed responsibility for 13 attacks against the Hazara community since 2021, resulting in at least 700 deaths and injuries.

Other than attacks committed by IS-K, the withdrawal of international troops in August 2021, on balance, marked the end of violent hostilities. Except for minor unorganized combat, there has not been a significant violent intrastate conflict remaining. No explicitly violent discrimination against specific minority groups could be observed, but signs of resistance and dissent are present. For instance, there were some modest rallies for women's rights and education, but they were quelled by state regulation and repression. Ethnic cleavages are still highly salient, but they do not manifest in violence as frequently as they used to.

Conflict intensity



II. Governance Performance

14 | Steering Capability

Since the Taliban takeover in August 2021, the Islamic Emirate of Afghanistan's main strategic objectives have remained constant: ruling over the entire territory by all means, seeking international recognition, maintaining a balance in regional affairs, and lastly, enhancing the Afghan economy through regional connections. Other goals include the establishment of Islamic law, the reformation of the previous government's institutional structures, investment in the national army, and the construction of infrastructure. The IEA's capacity to prioritize appears to be growing. While the Taliban were able to prioritize some of their internal and regional objectives, they were unable to achieve their primary objective, which was international recognition. The IEA has not yet been recognized by a single nation, hampering efforts to connect with incumbent world leaders.

Nevertheless, as the humanitarian and economic situation deteriorated, the IEA appears to have prioritized regional connectivity and economic growth. They also focused on the construction of a ca. 150,000-person army to ensure national security and stability and on reducing the impact of international sanctions over the last year.

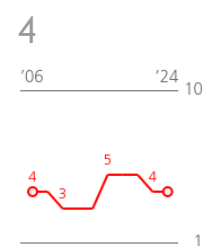
In 2022, however, two-thirds of Afghan households were impoverished, mostly due to the lack of international participation and environmental issues. Last year, international trade and exchanges were robust, which had a beneficial effect on Afghanistan's underdeveloped markets. Similarly, the anti-corruption initiatives and integrity reforms carried out by the IEA are commendable, although women's participation in politics has declined significantly.

During the review period, the IEA faced two significant obstacles to the implementation of its policies: a lack of international recognition and inadequate political structures. The increasing poverty and environmental crises had a negative impact on the state's goals and priorities. Consequently, the IEA's promises to undertake reforms were never fully realized. The education sector was one of the country's most vulnerable institutions.

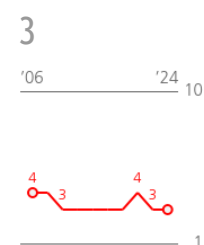
The IEA signed new economic contracts and created new objectives, but the implementation pace appeared poor in light of the international sanctions in place. Similarly, one of its primary objectives was to train their foot soldiers to become professional soldiers. The electricity problem remained unaddressed, although commerce under the Taliban strengthened. Since the Taliban's takeover of Afghanistan in 2021, the World Bank has not estimated the country's economic

Question
Score

Prioritization



Implementation



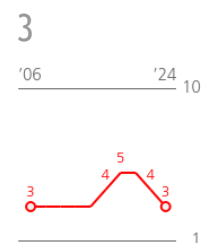
development. However, inflation remained moderate at 3.6% in 2023, and the Taliban’s income collection of more than AFN 173.9 billion (\$1.95 billion) in fiscal year 2022/23 showed significant capabilities. Nevertheless, the Taliban have already asked Qatar and the United Arab Emirates for financial aid in 2022. Afghanistan’s ranking on the Corruption Perception Index (CPI) improved from 174th (out of 180) in 2021 to 150th (out of 180) in 2023. Though the Taliban, due to ideological reasons, insist that corruption does not exist under their rule, the improved index value can likely be explained by the breakdown of the old, corruption-ridden administrative system when the Taliban took over, so new corruption networks and practices are yet to emerge in the still-young political system of the IEA. In the short term, this is likely to result in a decreased perception of corruption. Additionally, with the country’s improving security, it is safe to assert that security sector changes were executed properly. Furthermore, large-scale economic projects such as QTC are currently underway. However, the IEA received heavy criticism for its inability to implement its education reforms and for being biased in its cooperation deals. Alongside women’s rights and inclusivity, combating poverty remained one of the most pressing challenges in Afghanistan, but there was no clear long-term strategy for doing so.

The IEA pursues Islamic ideology and aims to ensure compliance with Shariah law. Their inspiration and education are derived from religious beliefs, and they explore innovation and learning within the broader Islamic context. They strive to enhance their relations with neighboring countries despite the legal obstacles posed by the issue of recognition. Their current fiscal policy shows some improvement compared to their initial governance, indicating that they have learned from past governance mistakes.

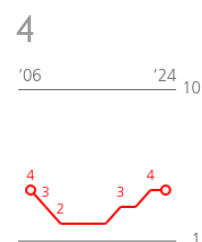
15 | Resource Efficiency

For the first time in 20 years, Afghanistan’s national budget was supported exclusively by domestic earnings. For the fiscal year 2022/23, the IEA’s national budget of 231 billion AFN did not rely on foreign funding, despite the significant elimination of available financial resources after international aid to Afghanistan had been frozen. In contrast, the budget of the previous administration, with decisive assistance from the International Monetary Fund, exceeded 473 billion AFN (about \$6 billion), of which only 216 billion AFN (\$2.8 billion) came from domestic Afghan resources – the remainder was declared as international help. The budget for the fiscal year 2022/23 was allocated with permission from the “Council of Ministers” and the Emir, Mullah Hibatullah Akhundzada. Unlike previous administrations, there was no structural impediment to monitoring or opposing the IEA budget. However, the budget was indistinguishable. The IEA did not explain how the difference between estimated expenditures of 231 billion AFN and anticipated receipts of 187 billion AFN will be closed, which is likely to pose financial constraints on the country in the near future if no strategy is applied.

Policy learning



Efficient use of assets



During their administration, the Taliban dissolved the Independent Election Commission (IEC), the Human Rights Commission, the Ministry of Peace, and the Ministry of Parliamentary Affairs. According to IEA officials, these government agencies were unnecessary under the new political system. All incumbent ministers in the government are senior leaders within the Taliban. Except for the intelligence agency, the state departments of the IEA claimed to have hired thousands of former government employees in state institutions, including in the civil service and security sectors. Many Afghan civil servants had fled the country, but the majority have returned to work. The Taliban are still overhauling the government, mainly utilizing domestic human resources. Lastly, the exclusion of women from many tiers of society is a major impediment to an efficient use of resources. Regardless of skill, education, and other competencies, around half of the population is denied access to state jobs based on gender. Instead, the government distributes state resources and jobs to its own members.

Unlike the previous administration, the IEA is structured hierarchically and governed by a single group instead of a power-sharing coalition. Consequently, the cabinet is unified, and its members hold similar views on policymaking and administration. Despite opposition from senior Taliban party members over the Emir's decision to restrict girls' access to education, no party member has yet publicly contested the decision. Similarly, Taliban fighters were skeptical of the Emir's 2021 announcement of a general amnesty for former government officials and political groups that supported the U.S.-backed government. Nonetheless, all party members are ideologically obligated to obey the Emir's choices, so the aforementioned minor acts of dissent did not result in concrete actions. Still in 2021, the IEA has established the Ranks Clearing Commission (RCC). It aims to eliminate exploiters, profiteers, and incompetents from the ranks of the Taliban, and is authorized to act in all state agencies.

The general directorate of the Office of the First Vice Prime Minister for Economic Affairs, led by Mullah Baradar Akhund, served as a conduit between procurement and all other government sectors. This gave Mullah Baradar the authority to decide on significant economic initiatives, such as the Qosh Tepa Canal. The lack of transparency, however, makes it increasingly difficult to evaluate their interministerial task.

In contrast to the previous government, corruption declined considerably under the Taliban leadership. This can also partly be explained by the Taliban's ideological attitude of zero tolerance toward corruption. Afghanistan's ranking in the Corruption Perception Index improved from 174th (out of 180) in 2021 to 150th (out of 180) in 2023 due to the IEA's anti-corruption reforms and initiatives (CPI). Reacting to the CPI publication, the Taliban asserted that the CPI ranking is wrong and that there is now no corruption, or at least not systemically, in Afghanistan. Meanwhile, international observers applauded the decline in corruption in Afghanistan while

Policy
coordination

3

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Anti-corruption
policy

3

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demanding greater openness. A possible explanation for the decrease in corruption is the abolition of financial aid flows from international partners, which were most often the source of corruption. Furthermore, the improvement of the index value can be explained by the breakdown of the old, corruption-ridden administrative system upon the Taliban's takeover, so that new corruption networks and practices are yet to emerge in the IEA's still-young political system.

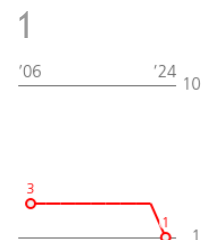
Given the growth of corruption during the pre-IEA period, which was fostered by international aid inflows during the state-building process, it was difficult to address corruption in all official structures. However, the Taliban deemed corruption in the public sector a crime punishable by Shariah law. Similarly, the IEA lacked transparency regarding the diversion of public funds or government actions. Recently, Taliban regulations issued by the Emir firmly prohibited nepotistic nominations to public positions and the misuse of official authority. No senior Taliban members faced corruption charges. As a result, the IEA's anti-corruption efforts seem steadfast.

16 | Consensus-Building

In August 2021, the Taliban established the Islamic Emirate of Afghanistan (IEA), excluding all former political parties and liberal players in the country. The ideology of the IEA is based on Islamic laws that undermine democratic and liberal government, which is why the Taliban openly opposed democracy and suspended all Election Commissions and democratic institutions. None of the stakeholders seemed to believe that democratic governance is compatible with Islamic beliefs and Afghan customs.

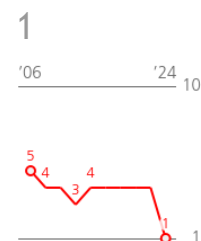
Regarding a market economy, social players applaud the IEA's economic activities, despite the Taliban's exclusion of non-Taliban political actors from political engagement. The IEA sought to achieve its economic goals through regional cooperation and trade agreements. Politicians and businesspeople view this as an opportunity to further their economic interests. There was no political opposition or influential individuals to hinder or obstruct the IEA's economic programs and changes. As the sole dominant political player, the Taliban dictated economic strategies and policies for the government.

Consensus on goals



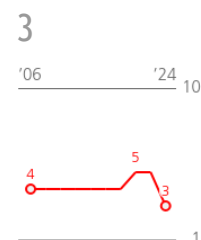
The current administration of Afghanistan, known as the IEA, has rejected any democratic orientation. In accordance with Afghan culture, it adheres to a strictly Islamic system, as articulated by the Taliban. The governing structure of the IEA is anti-democratic. So far, attempts by international entities to establish an inclusive administration in Afghanistan have been unsuccessful.

Anti-democratic actors



Concerning cleavages and the management of intra-societal conflicts, the incumbent Taliban claims that under its administration, ethnicity does not play a significant role in the political culture of Afghanistan. For instance, the Taliban has persistently rejected all power-sharing plans for an ethnicity-based arrangement proposed by national and international actors. However, this does not imply equal opportunities regardless of ethnicity and other characteristics, which is why these statements distort the reality in the country. The Taliban’s version of inclusion only encompasses individuals who share their ideals and primarily benefits Pashtuns. Still, the Pashtun-dominated IEA cabinet included representatives from all ethnic groups in Afghanistan (Tajiks, Uzbeks, and Hazaras), granting them representation but in disproportionate numbers compared to the demographics. In line with this, the Taliban is accused of favoring ethno-national preferences and allocating political offices among their supporters.

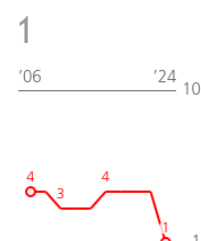
Cleavage / conflict management



Another important cleavage is religious affiliation. In light of this, the minority Shia-Muslim Hazara community often faces attacks, primarily carried out by IS-K, that specifically target Shia mosques. Lastly, a significant cleavage that cannot be overlooked is the economic disparity between urban and rural populations.

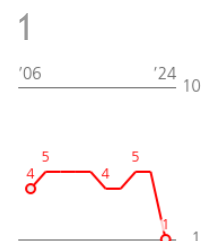
The IEA categorically denied the importance of consulting civil society organizations in organizing policies and reforms. Civil society was effectively excluded from all political and social processes, as it was well-known that the Taliban rejected all democratic institutions and organizations. Due to CSOs’ dependency on foreign money, they were often accused of being “external figures” who ignored the country’s essential needs. Additionally, the majority of notable CSO public leaders fled the nation in 2021 when the Taliban gained authority.

Public consultation



Since 2021, the Taliban and international players have engaged in numerous discussions with the aim of building an inclusive government in Afghanistan. Throughout the Taliban’s assumption of power, there have never been direct inter-Afghan talks between the Taliban and exiled former power holders. External pressure on the Taliban to establish an inclusive government has proven ineffective. Consequently, this has created a division within the political landscape of Afghanistan: the Taliban, who fought against the government supported by the United States and foreign armies and consider themselves the rightful powerholders

Reconciliation



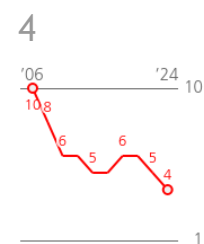
in Afghanistan. The official Taliban narrative emphasizes their role as victims of the international community's presence in Afghanistan. However, this limited perspective overlooks the atrocities committed by the Taliban between 1978 and 2001, despite various reconciliation attempts made during that period. As of 2023, with past perpetrators returning to power, there are no signs of reconciliation with the Taliban's opponents or any acknowledgment of their past misdeeds. Numerous political parties and influential figures on the opposing side feel discriminated against and completely disregarded by the Taliban. Additionally, alongside the NATO operation in Afghanistan, various other factors, such as the legacy of war, have had a significant impact on the formation of this political landscape. The IEA (Islamic Emirate of Afghanistan) has shown no willingness to negotiate or share power with other political forces in Afghanistan. Notably, in May 2022, the Taliban established a commission to facilitate the repatriation of former Afghan officials living abroad. Consequently, some officials and politicians have since returned to Afghanistan.

17 | International Cooperation

Afghanistan endured a severe political crisis following the world's longest state-building process, which culminated in the Taliban's takeover in August 2021. The international community does not recognize the present Afghan government, the Islamic Emirate of Afghanistan (IEA). In the meantime, in light of the present global political order, the Taliban were able to develop diplomatic ties with regional nations. Except for Tajikistan, all neighboring countries handed their Afghan embassies to the Taliban, although they refuse to recognize the Taliban's authority. The Taliban refer to this process as "silent recognition," which does not disturb them. Unlike the previous administration, the IEA has not received international donor funding. For instance, international donors paid \$12 billion in support to the former Afghan government in 2020 to maintain the state apparatus. The most overtly communicated goal of the Taliban is the establishment of the IEA, with a society based on Shariah law. In contrast to these societal objectives, it is less clear what developmental goals the group has in the short term, as well as in the long term. Due to the establishment of basic infrastructure and a stable middle class during two decades of U.S. rule in the country, the regime can only safeguard its legitimacy if it can maintain the standard of living.

The IEA was able to effectively utilize domestic resources despite being unrecognized by the international community and lacking external aid in administrative capacity-building and economic development. The Taliban have strengthened their ties with all regional countries, notably India, which had actually been a staunch supporter of the former government. Recently, the Taliban asserted their intention to retake the Afghan embassy in India.

Effective use of support



In its foreign policy, the Taliban employed a balanced approach, utilizing Afghanistan as a transition point between Central Asia and the South in order to stimulate the Afghan economy. In the short term, the government seemed to be effective in reducing international sanctions with regional support.

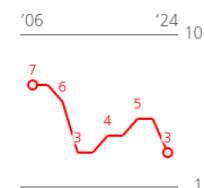
The Taliban do not have official diplomatic ties with the international community but have enlisted de facto diplomatic support from neighboring countries. Moreover, political powers such as the People's Republic of China and the Russian Federation are cooperating with the IEA to work out new economic ventures. Politically, the Chinese are seeking economic solidarity with the Taliban through mining mineral resources and bilateral trade. China has signed a 25-year, multimillion-dollar contract with the Taliban to extract oil. Russia is willing to do business with the Taliban in the field of imports and exports. This reflects that, despite their lack of recognition, they are partly viewed as credible partners. However, the curb on women working in international or national NGOs indicates that the Taliban strategically want to exclude women from their activities, despite being the main service providers. Many organizations have suspended their activities in response to the Taliban's restrictive policies.

Under Taliban leadership, regional cooperation with neighboring countries remained an integral component of Afghanistan's foreign policy. Afghanistan generally pursued two objectives in regional cooperation: economic interchange and regional security stabilization. Regional cooperation enabled Afghanistan to play a significant role in various transnational agreements and projects, despite international sanctions. For example, in December 2022, Pakistan and Uzbekistan reached an agreement to enhance transit commerce through Afghanistan.

Nevertheless, relations with Pakistan remained tense. Multiple transborder skirmishes have impacted bilateral trade. Afghanistan sought to serve as a link between Central and South Asia. It is envisaged that significant regional projects, such as the 2015-launched TAPI (Turkmenistan, Afghanistan, Pakistan, and India) Pipeline, which had been impeded by local and international disputes, will resume. Since 2021, India has shipped thousands of metric tons of wheat through Iran's Chabahar Port, which is located between India, Iran, and Afghanistan and was opened in 2018. Concurrently, new projects were initiated. For instance, the Chinese business Gochin showed interest in spending \$10 billion on Afghanistan's lithium reserves in April 2023.

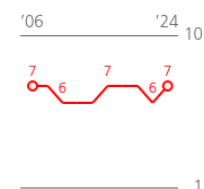
Credibility

3



Regional cooperation

7



Strategic Outlook

After nearly two years of Taliban control, the international community has not yet recognized the Islamic Emirate of Afghanistan (IEA) as the legitimate government. The new government faces two major challenges: increasing poverty and international sanctions, which hinder the effective implementation of its policies. No political movement or rebel organization has posed a significant threat to the Taliban, allowing them to maintain uncontested control. The Russia-Ukraine conflict has brought about new political dynamics, leading to a gradual acceptance of the Taliban as a credible regional partner for two reasons. First, Afghanistan is surrounded by autocratic regimes that criticize the previous democratic government, particularly due to its association with the United States' influence. Second, the Taliban has a long history of fighting against the Soviet Union, making them a suitable option in a region where democracy and U.S. political dominance are viewed as significant threats. Conversely, the Taliban have managed to maintain security and stability in Afghanistan, demonstrating their determination by combating IS-K. This has led regional countries to believe that a secure and stable Afghanistan can contribute to the region's economy, given its connectivity between Central Asia and the Global South. Additionally, this connectivity positions the country as a strategic asset. Furthermore, the Taliban's successful fight against their adversary, IS-K, has revealed their exceptional capabilities. IS-K aims to expand its network throughout the region by recruiting militants, particularly from Central Asian nations. In general, neighboring countries, including China and Russia, have supported any actions taken by the Taliban against IS-K.

Nonetheless, acceptance of the IEA by the international community is crucial, a situation that still applies to the vast majority of countries. The Taliban rejected ideas such as the formation of an inclusive government, and as a result, intra-Afghan peace discussions did not begin. In the future, these new dynamics will significantly impact Afghanistan's political makeup. To maintain long-term peace and stability, it is vital that all opposition groups within the Afghan state participate in the peace negotiations. Underestimating this trend by the IEA or foreign actors could have irrevocable consequences for Afghanistan's future. Given the ideological conflict between the Taliban and other political groups, considerations about the state's shape beyond 2021 are of great importance. To enhance its reputation in the eyes of the international community and the Afghan public, it is suggested that the IEA swiftly and decisively address inclusive government, women's rights, education, poverty alleviation, and climate change.

The worsening situation in Afghanistan is underscored by an increase in poverty and political isolation. Despite having efficient state control, the government never fully gained public support, which raises questions about its domestic legitimacy. The exclusion of girls and women from education has garnered significant criticism from the West and international NGOs. Given the current poverty and environmental crises, it would be catastrophic for the government and the population to alienate the global community. In recent years, climate change has affected the lives of Afghans, leading to internal displacement and an uptick in poverty. However, little attention has been given to this issue thus far. While providing basic food distribution to those in need is a temporary solution, long-term strategies are needed to combat poverty, as emphasized by the IEA.