



Socio-Economic Research and Applications (SERAP)

AFGHANISTAN: WHAT'S NEXT?

ONCE AGAIN AT THE CROSSROADS

This newsletter aims to highlight the development of recent events in Afghanistan in the context of the Taliban takeover. As a group of social scientists, we will continue to observe the events and propose sustainable modes of production that are susceptible to overcome shocks including climate change via measuring tools, better policies, and alternate, indigenous approaches.

Afghanistan is a country that conflicts and violence have long characterized. For decades, the country has been embroiled in armed conflicts that culminated with the fall of the Taliban in 2001, which resulted in the loss of lives, infrastructures, institutions and led to the development of illicit activities. This situation has displaced millions of people, thrown millions into the cycle of poverty and caused thousands of civilian casualties. Since then, international coalitions led by the USA have started reconstruction spending for Afghanistan akin to the Marshall Plan, contributing over \$38 billion in humanitarian and reconstruction assistance from 2001 to 2009. Conflicts have affected the country's development trajectory in terms of channels such as human capital, production, and trade, which have limited potential growth. The impact sustained by years of conflict and corruption has meant that Afghanistan remains one of the world's poorest and least developed countries despite billions spent for its development and reconstruction.

With the Taliban having seized power and U.S. troops having withdrawn, Afghanistan is again at a crossroads. The economy is likely to worsen as the country is heavily dependent on international assistance, accounting for 43% of GDP and 50% of tax revenue. Sustained financial turmoil has led to devaluation of the national currency from 1 USD to 80 Afghani some days ago, to 1 USD to 86 Afghani presently. Furthermore, customs revenue to \$57.5 million in July, a 30% drop from the amount generated in June. Early assessments predict a sharp contraction of GDP in 2021, possibly as much as 15-20%. Along the same line, the U.S. government has frozen over \$9.5 billion in the Afghan Central Bank's assets; international partners have also decided the suspension of development aid and shipment of cash. As foreign aid accounts for nearly half of the legal economy in Afghanistan, its suspension could signal a total financial collapse. Employment is concentrated in low-productivity agriculture: 60% of households get some income from farming. The country also has a large illicit economy. With the Taliban taking control of economic avenues such as central and commercial banks, custom points, and border crossings observers predict that international trade will come to a standstill, leading to a surge in smuggling. The Taliban have already dismantled the government's tax collection systems at six key transit trade points with neighboring countries. Consequently, there has been a 40% loss in state revenue generation, from an estimated AFN 7.3 billion (\$91 million) in June to 4.6 billion (\$57 million) in July.

Although the current situation is still in flux, China and Russia are considered to work with the new rulers. The opportunities presented by an alliance are substantial, as both countries share one border between them. However, security and corruption are factors that must be considered. In the immediate future, one crucial factor is women's employment and education. Indeed, compared to their first ruling period, the percentage of the female population over 15 years of age in employment has risen dramatically, though it was at 22% in 2019. The international community needs to find alternatives to populations that are suffering from these recent developments.

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Recommendations

1. Afghanistan is once again at a crossroads. This is too early to predict the future, good or bad. International community should show solidarity with the people of Afghanistan. Await, watch and act strategically at work.
2. Strategies and experiences that have worked on the post-conflict situation would need a relook, contextualization, and application in Afghanistan might help.
3. Youth, women, and girls are an essential part of Afghanistan's society, and they will play a more significant role in rebuilding.

RECENT ARTICLES AND REPORTS ON DEVELOPMENTAL ISSUES IN AFGHANISTAN



Unnerved by Taliban Gains, Central Asia Boosts Ties with Russia and China

The ongoing withdrawal of U.S. troops from Afghanistan is transforming diplomatic and security dynamics in Central Asia,

creating opportunities for Russia and China to enhance their engagement with increasingly anxious governments in the region. The resurgence of the Taliban that began in the spring—and their takeover of large swaths of Afghanistan's territory, including at least eight regional capitals so far—is unnerving senior officials in Central Asia. Russia, meanwhile, is eager to take advantage of the U.S. withdrawal by shoring up its influence in Central Asia, enhancing its security footprint, and preventing Washington from resuming military operations in any Central Asian state. China, too, is stepping up its diplomacy with Central Asia. [Read more...](#)



Deceptions and lies: What really happened in Afghanistan

Part one of an excerpt from "The Afghanistan Papers: A Secret History of the War." The suicide

bomber arrived at Bagram airbase in a Toyota Corolla late in the morning on Feb. 27, 2007. He maneuvered past the Afghan police at the first checkpoint and continued a quarter-mile down the road toward the main gate. There, the bomber approached a second checkpoint, this one staffed by U.S. soldiers. Amid mud puddles and a jumble of pedestrians and vehicle traffic, he triggered his vest of explosives. The blast killed 20 Afghan laborers who came to the base that day looking for work. [Read more...](#)



Taliban take over Afghanistan: What we know and what's next :

The Taliban have seized power in Afghanistan two weeks before the U.S. was set to complete its troop withdrawal after a costly two-decade war. Here's a look at what

happened and what comes next: WHAT IS HAPPENING IN AFGHANISTAN?

The Taliban, a militant group that ran the country in the late 1990s, retook control. The U.S.-led invasion of Afghanistan in 2001 ousted the insurgents from power, but they never left. After they blitzed across the country recently, the Western-backed government that has run the country for 20 years collapsed. Afghans, fearing for the future, raced to the airport, one of the last routes out of the country. [Read more...](#)



What is Next for Afghanistan's Economy? Afghanistan's economy is "shaped by fragility and aid dependence."

That is the troubling **overview set out by the World Bank** several months before the Taliban takeover. Economic prospects look even more precarious now, as future financial assistance is under a cloud of uncertainty.

Afghanistan does have substantial mineral resources, but the political situation has impeded their exploitation.

The aid dependency is striking. In 2019, World Bank figures show development aid was equivalent to 22% of gross national income (which is not the same as GDP, but close to it). That is a high figure, but it is down a long way from the 49% the World Bank reported ten years earlier.

[Read more...](#)



The grand illusion : Hiding the truth about the Afghanistan war's 'conclusion'

Part two of an excerpt from "The Afghanistan Papers: A Secret History of

the War." Whitlock will discuss the book during a Washington Post Live event on Aug. 31. President Barack Obama had promised to end the war, so on Dec. 28, 2014, U.S. and NATO officials held a ceremony at their headquarters in Kabul to mark the occasion. In a statement, Obama called the day "a milestone for our country" and said the United States was safer and more secure after 13 years of war. "Thanks to the extraordinary sacrifices of our men and women in uniform, our combat mission in Afghanistan is ending, and the longest war in American history is coming to a responsible conclusion," he declared. [Read more...](#)



The United States Needs a Comprehensive Protection Plan for the Forcibly Displaced in Afghanistan

The stunning pace of collapse in Afghanistan took many policymakers by surprise. However, no one should be

surprised by the impending wave of forced displacement, as desperate Afghans fleeing persecution and violence seek refuge outside their home country. The priority must be to protect those who are at immediate risk of harm. But the United States should also be preparing to help those who flee the Taliban in the months and years to come.

The protection crisis unfolding right now was entirely predictable. In July, the U.N. Refugee Agency warned that 270,000 Afghans had already been displaced this year. We know that violence and unrest will force more families to flee. More than 40 years of conflict in Afghanistan has shown us so: 2.6 million Afghans were displaced worldwide by the end of last year. [Read more...](#)



Saskia Brechenmacher: What Will Happen To Women And Girls In Afghanistan?

Since 2001, the U.S. government has invested more than \$787.4 million in promoting gender equality in

Afghanistan, including in programs focused on maternal health, girls' education, and women's political participation. In some areas, international support helped local gender equality advocates achieve important gains. Other aid programs failed to have much of an impact, and violence and insecurity—including U.S. military actions—continued to undermine women's mobility, health, and access to services. Overall, U.S. support for women's rights in Afghanistan always remained subordinated to other strategic goals. As the White House's focus shifted toward a peace agreement between the Afghan government and the Taliban, the concerns of women's rights advocates and peacebuilders were increasingly sidelined. [Read more...](#)



Why Afghanistan's economic distress may be the Taliban's biggest challenge

The Afghanistan economy that the Taliban have inherited is more urbanized and almost tripled in size since they were last in power about two decades ago. However, economic challenges remain. A failure to get their hands on funds may lead the already battered economy towards a crisis, adding to civilians' woes.

What was the state of the economy in 1996-2001? The Taliban ruled Afghanistan with an iron fist from 1996-2001, enforcing a harsh version of Islamic law before being toppled by US-led forces. Several years of civil war had utterly ravaged the economy; infrastructure was wrecked, bombings destroyed cities, and the central bank barely functioned for years. [Read more...](#)



Will the Taliban Keep Their Promises in Afghanistan? After the Afghan government's rapid collapse, how the country will be ruled day-to-day remains up in the air. How will the lives of

ordinary Afghans, particularly women and girls, change as the Taliban seize the levers of power Ghani left behind? [Read more](#)



The human cost of conflict in Afghanistan:

The Humanitarian Action at the Frontlines: Field Analysis Series is the Advanced Training Program on Humanitarian Action (ATHA) initiative at the Harvard Humanitarian Initiative. It aims to respond to the demand across the humanitarian sector for critical context analysis, dedicated case studies, and sharing of practice in humanitarian negotiation. This series is oriented toward generating an evidence base of professional approaches and reflections on current dilemmas in this area. [Read more](#)



What We Need to Learn: Lessons from Twenty Years of Afghanistan Reconstruction is the 11th lessons learned report issued by the Special Inspector General for

Afghanistan Reconstruction. The report examines the past two decades of the U.S. reconstruction effort in Afghanistan. It details how the U.S. government struggled to develop a coherent strategy, understand how long the reconstruction mission would take, ensure its projects were sustainable, staff the mission with trained professionals, account for the challenges posed by insecurity, tailor efforts to the Afghan context, and understand the impact of programs. [Read more](#)



China may 'gloat' about Afghanistan now, but the Taliban's return comes with problems, says professor:

"At one level, what is happening in Afghanistan might be considered a win for China because it suggests that the U.S. has a lot of weaknesses in terms of its intelligence ... the way it deploys its massive military arsenal and economic power, sometimes to not very productive ends," Eswar Prasad, a professor of trade policy at Cornell University in New York told CNBC. [Read more](#)



Afghanistan Study Group Final Report: A Pathway for Peace in Afghanistan: In December 2019, Congress established the Afghanistan Study Group and tasked it with identifying policy recommendations that "consider the implications of a peace settlement, or the failure to reach a settlement, on U.S. policy, resources, and commitments in Afghanistan." The Study Group's report, released on February 3, 2021, concluded that there is a real opportunity to align U.S. policies, actions, and messaging behind achieving a durable peace settlement to end four decades of violent conflict in Afghanistan. [Read more](#)



SPECIAL REPORT



2021: Afghanistan's Year of Reckoning: This joint report on Afghanistan – led

by scholars from the Observer Research Foundation (ORF), Wilson Centre (W.C.), and Primakov Institute of World Economy and International Relations – is a crystallization of some of the efforts of the three organizations engaged in an India-Russia-U.S. trilateral Track II dialogue for the past couple of years. The aim of these deliberations is to foster a frank exchange of ideas on areas of mutual interest, identifying possible convergence and divergence on global and regional issues. The focus is on developing a more nuanced understanding of each other's concerns to narrow down differences where possible and to promote avenues for joint cooperation. [Read more](#)

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