Reshaping U.S. Aid to Afghanistan: The Challenge of Lasting Progress

By Anthony H. Cordesman

February 23, 2022

Please provide comments to acordesman@gmail.com

Photo: WAKIL KOHSAR/AFP via Getty Images
**Reshaping U.S. Aid to Afghanistan: The Challenge of Lasting Progress**

**Anthony H. Cordesman**

So far, the U.S. has reacted to the Taliban’s victory – and the collapse of the Afghan central government – by focusing on the plight of the Afghans who did not make it onto a flight headed to the United States during the collapse and of the Afghans who are now threatened by the Taliban due to their direct support of the U.S. during the fight against the Taliban or from their ties to the Afghans who did.

At the same time, the U.S. has taken measures that have affected virtually all of the 37 million Afghans who will remain in Afghanistan. It has suspended the infrastructure projects and other forms of aid granted by the U.S. through USAID, the World Bank, IMF and the Asian Development Bank. It has also frozen the Afghan government’s reserves held in U.S. bank accounts.

The central bank of Afghanistan’s reserve assets are reported to have totaled $9.4 billion as of April 2021, according to the International Monetary Fund. This total equaled roughly one-third of Afghanistan’s annual economic output in April 2021, and some $7 billion were held in the United States when the U.S. government froze the assets. President Biden then signed an executive order creating the possibility of splitting $7 billion in frozen Afghan funds held in the United States to potentially allot half for humanitarian aid to the country while keeping the other half available for possible seizure by victims of the September 11 attacks.¹

The end result is that the U.S. now has frozen aid money in ways that have crippled the Afghan economy and banking system, making the Afghan immediate economic crisis far worse – at a time when the Afghan people face massive needs for emergency aid for food and basic services. Coupled to the actions of other countries and to the Taliban’s lack of progress in creating an effective system of governance, the result is a potential humanitarian disaster that is several orders of magnitude larger than the potential fate of the Afghans still attempting to leave the country.

These immediate challenges, however, are only part of the problem. The most serious challenge is finding some way to create an effective structure of Afghan governance and economic development in the face of some two decades of failure from 2001 to the defeat and collapse of the Afghan central government in August 2021.

Urgent as the immediate humanitarian challenge may be, no amount of humanitarian aid can substitute for the creation of some form of effective government and an Afghan economy that can eventually be self-sustaining, rather than one that is dependent on massive flows of outside aid or the perpetuations of the prolonged suffering of the Afghan people.

The practical problem for the U.S., however, is what level of aid it should provide now that the central government has been decisively defeated by the Taliban, what terms – if any – it can impose on the Taliban for using this aid, and who should administrate the flow of such aid and ensure that proper use is made of U.S. and other funds.

**The Immediate Humanitarian Crisis**

It is important to stress that the exact scale of the present humanitarian crisis is uncertain, and the estimates published by humanitarian aid groups and media sources are also highly uncertain. The
rise of the Taliban from 2004 onwards slowly created a situation where the UN and other aid workers ceased to be able to measure the effectiveness of the Afghan government and the effectiveness of the aid to that government in a steadily growing number of districts from at least 2011 onwards.

The U.S. government and other sources stopped issuing public reporting on the progress in the improvement of governance and development by District around some point in 2014. The UN also stopped public reporting on what areas were safe for aid workers. Both the Afghan government and aid donors never developed effective systems for controlling the flow of aid money, countering waste and corruption, and reporting on the overall effectiveness of aid and development projects in many areas.

The estimates of the present humanitarian crisis have been issued without any public explanation on the sources of data, their credibility and levels of uncertainty, and the areas where there is an adequate outside presence to actually collect and verify the necessary data. They almost certainly are “guesstimates” and have the worst-case bias that is a necessary part of mobilizing adequate aid flows in a crisis.

Most such estimates also grossly oversimplify the problem of estimating and actually allocating such aid. They give a figure for the entire nation, although the actual problems are usually far worse in some areas than others, and/or they have very different impacts on given elements of the population, different sectors of the economy, and different income groups.

Nevertheless, it is clear that the main source of income for the modern sector of the economy was dependent on the flow of aid for some 75% of government funds and possibly accounted for over 40% of the GDP when measured in monetary terms. It is equally clear that the U.S. alone has taken measures that have crippled Afghan institutions like the Afghan central bank.

Moreover, it is clear from a wide variety of media sources that the Taliban has not been able to create the equivalent of a new government at the national, regional, or local level – nor does it have the ability to create a system of efficiently paying its own fighters. On-the-scene media reporting makes it equally clear that many important aspects of the Afghan government like medical services, education, infrastructure projects, banking, and other activities are not being funded, and workers are not being paid. Even Taliban fighters generally receive supplies but do not have a salary, and many government workers have not been paid for weeks or even months.

Respected sources like the UN, USAID, and the Special Inspector General for Afghan Reconstruction (SIGAR) may have to issue estimates that are partly guesses, but they all have years of active presence in Afghanistan – and they warn that there may well be what SIGAR calls a “Tsunami of hunger and the widespread risk of famine in Afghanistan this winter and spring.” Key warnings include:

1. The United Nations Development Program and the International Monetary Fund estimated the Afghan economy, as measured by GDP, will have contracted by 20–30% in 2021.
2. As of December 2021, the UN World Food Program estimated that 22.8 million Afghans face acute malnutrition, 8.7 millions of whom are nearing famine. The World Health Organization estimate that one million Afghan children are at risk of dying from starvation this winter.
3. Hospitals nationwide have little to no money for salaries, equipment, medicines, or supplies. According to WHO, only 17% of the Afghanistan’s clinics and health facilities were fully functioning in September 2021. Starting in October and November, USAID and other international donors provided bridge funding in the short term, averting a complete collapse of the public health system. USAID told SIGAR that longer-term
solutions are being discussed and will be key for maintaining the health sector achievements of the past 20 years.

- The health-system crisis comes amid a record crisis of food insecurity, with nearly four million Afghans estimated to “need acute malnutrition treatment services in 2021, including one million children under five with severe acute malnutrition, 2.2 million children under five with moderate acute malnutrition, and 700,000 pregnant and lactating women with acute malnutrition.” A November WHO estimate foresaw at least one million children at risk of dying from severe malnutrition if they do not receive immediate treatment.

**Over $8 Billion in Immediate Crisis Funding**

As might be expected, these problems have also led to calls for massive amounts of new humanitarian aid from the U.S. and other donors at a time when many countries have cut or suspended aid – or even reprogrammed aid funds. SIGAR noted in its January 2022 report that,

- The UN’s Office for the Coordination of Humanitarian Affairs reported that donors contributed $1.67 billion for Afghanistan humanitarian assistance programs in 2021. The United States contributed the largest amount, over $425 million. These amounts far exceeded previous years’ humanitarian assistance.

- …On December 22, the Treasury Department broadened the types of activities authorized under U.S. licenses, and the UN Security Council established a UN sanctions exemption to facilitate the delivery of humanitarian and other forms of aid to Afghanistan.

- On January 11, 2022, the White House announced an additional $308 million in U.S. humanitarian aid for Afghanistan. On that same day, the UN launched a $5 billion funding appeal for its 2022 Afghanistan Humanitarian Response Plan, the largest single-country aid appeal in UN history.

- On January 26, the UN announced an additional appeal for $3.6 billion as part of its Transitional Engagement Framework. In total, the framework calls for more than $8 billion in humanitarian and other aid for Afghanistan.

No one can really estimate what is really required at this point or what arrangements the U.S. and other outside powers can make to allocate such aid to the Taliban or any other successor government, but the current outlook of estimates – that are even as high as $8.6 billion – seem to ignore several critical aspects of the financing of the past Afghan central government and the impact of its spending on the Afghan people before it was defeated and collapsed.

- Some 75% of all Afghan government spending came from aid. As SIGAR notes, “prior to the collapse of the Islamic Republic, international aid contributed to around 40% of Afghanistan’s GDP and 75% of public expenditures.” Total government spending financed most of the modern sector of the Afghan economy except for hard currency earnings from the export of narcotics.

- For political reasons, much of the economic data on Afghanistan did not include narcotics exports. However, UNDOC estimates that, “the gross output of the Afghan opiate economy was between $1.8 and $2.7 billion in 2021, comprising the equivalent of 9–14% of Afghanistan’s GDP and exceeding the value of all of Afghanistan’s officially recorded licit exports for 2020 (estimated at 9% of GDP).”

- While military air and spending went to the now defeated and disbanded Afghan National Army and the Afghan Security Forces Fund, this spending still accounted for a large portion of the total money available for salaries, and many civil activities like construction. None of the current estimates of aid requirements seem to take the need to replace a large portion of this spending into account.

- Humanitarian aid is extremely difficult to allocate and manage effectively even when a country had a working structure of governance. Large scale efforts are even harder to control and audit for effectiveness, fairness, and fiscal responsibility than normal government spending.

- Some past sources of outside income are no longer functioning. The World Bank reports that, “As the Afghan economy has struggled to find areas of sustainable economic growth in recent years, the country has
increasingly relied on remittances from Afghans working abroad, especially in neighboring Iran. By 2019, remittances accounted for the equivalent of 4.3% of Afghanistan’s annual GDP, an increase from 1.2% in 2014, according to World Bank data. However, officials from the UN’s International Organization for Migration estimate this figure could have been as high as 15–20%, given that many remittances are sent through the informal hawala money-transfer system. In 2020, remittances to Afghanistan dropped by 10%... 

Aside from agriculture, most of the real-world Afghan economy in the modern, urban, and monetary sectors was financed by the equivalent of foreign grant aid. If humanitarian aid is substituted for this past funding, the existing Afghan economy would suffer massive damages – damages made worse by cuts in the past flow of such aid.

And, Aid That Only Buys Time and Fails to Produce Lasting Benefits

Previous aid amounted to vast sums at the best of times, and the Taliban is anything but a popular recipient of aid. Furthermore, there are major problems in actually administering such aid and ensuring it can have any lasting impact.

The Taliban has not yet shown it can actually organize effective governance or administrate such aid, and many countries – including the United States – have already cut or halted their flow of aid or reprogrammed it. The Taliban seems divided over how to proceed in forming a government. Many foreign aid teams have already left Afghanistan, and it is highly unlikely that donors will contribute anything like the levels of humanitarian aid the UN is seeking.

Equally important, most humanitarian aid normally only buys time and deals with immediate humanitarian needs. It assumes that there will either be a natural recovery or additional aid to solve the underlying problems that create the crisis. For example, humanitarian aid might fund a bridge in the case of a famine caused by drought, but it is not intended to develop the economy; it is not intended to be a lasting substitute for adequate economic development; and it is not normally allocated in ways designed to develop an effective structure of governance and support the basic infrastructure of health, education, and vital human services.

Humanitarian aid often relies heavily on foreign staff that normally rotate on a relatively short-term basis. The aid, itself, needs to be rushed into the field or to those who need it. It is hard to manage effectively at the best of times by even the best government, and it is delivered in ways that make its allocation vulnerable to waste and corruption. Moreover, in a deeply divided country like Afghanistan – where the central government never really had unified leadership – success can sometimes depend on shifting resources from the resisting power structure to those affected by a given humanitarian crisis, creating new political challenges in the process.

The Longer-Term Needs Growing Out of Twenty Years of Failed and Corrupt Governance and Development

These are critical issues in a country like Afghanistan that must deal with a very real immediate humanitarian crisis and requires the Taliban to credibly create a new government and sources of foreign support under even the most optimistic assumptions. However, the Taliban and any other successor government – as well as foreign donors – face the additional challenge that some twenty years of efforts in nation building from 2001 to 2021 only made limited nationwide progress in one of the most undeveloped countries in the world. Moreover, the aid attempted to resolve the challenge, not of “reconstruction,” but rather of the need to develop and construct a functioning modern government and economy for the first time.
Twenty Largely Wasted Years

Afghanistan is a country that has not had a stable political structure for half a century, following the collapse of the Afghan monarchy in 1973. It is also a country where the scale of its need for effective development and governance is illustrated by the fact that the U.S. Census Bureau estimates that the population rose from only 13.6 million in 1990 to 22.5 million in 2001 and to 37.5 million in 2021 – nearly three times larger than the estimate in 1990.8

While there are no reliable data on the changes in the structure of its economy and urbanization, its dependence on a monetary urban sector – and on service and industrial jobs – that probably increased by some 50% during the period between 1990 and 2020 and very well may have doubled.9 As the Taliban may have to learn the hard way, Afghanistan cannot function by regressing into subsistence agriculture or into a social and economic structure based heavily on an extreme form of religious ideology.

The previous Afghan government failed to come to grips with these challenges during both decades of its existence, as did the Taliban during the period it governed in the late 1990s and the governments sponsored by Russia in the 1970s. In spite of some economic progress in the period between 2001 and 2011, and in selected areas like education and the role of women, the overall economy steadily deteriorated in the face of the growing fighting with the Taliban from at least 2013 onwards.

Failed Governance and Nation Building

The World Bank estimates that the Afghan GDP per capita peaked in 2013 at only $569 constant U.S. dollars in 2015, and it dropped to only $530 in 2020 – before the defeat and collapse of the Afghan central government in 2021.10 These figures, however, ignore income distribution that became skewed heavily in favor of officials, the military, contractors, and a small group of elites – and as is discussed shortly, extraordinary levels of inadequate civil governance and corruption.

If one ignores the favorable reporting and spin issues by some Afghan and U.S. spokespersons and public affairs officers, there was far too little success in creating a viable Afghan economy. SIGAR reported in January 2022 that,11

- Annual per capita income is estimated to have fallen from $650 in 2012 to $500 in 2020, and is expected to drop to $350 by 2022.79 According to UNDP, male unemployment in Afghanistan may nearly double from 15.2% in 2019 to 29% by 2022.
- In the worst-case scenario modeled by the Asian Development Bank, unemployment could increase by more than 40% in the short run and household consumption could contract by 44%.
- The devaluation of the afghani has also impacted the Afghan economy and further diminished Afghan households’ ability to purchase food and other necessary items, because much foreign trade was settled in U.S. dollars. Since August 2021, the afghani has depreciated against the U.S. dollar, from approximately 77 afghani to the dollar to around 105 as of January 2, 2022.
- UNDP estimates that imports from Pakistan fell by 40% between August and November 2021.117 Total imports may have fallen by almost half ($3.2 billion) by the end of 2021, further exacerbating food and energy shortages. The total value of Afghanistan’s exports is estimated to be one-fifth of the imports total, comprising mostly agricultural goods.

Work, done by SIGAR in analyzing U.S. efforts to aid the civil side of Afghan reconstruction and by a wide range of other sources in evaluating Afghanistan’s real-world economic progress after the new central government was established in 2001-2002, shows that the reconstruction effort
and various development plans failed. Far too many efforts failed in the face of a corrupt and incompetent mix of the central government in Kabul and various regional power brokers. The same warnings emerged in the work by the field teams of the World Bank and many other analysts.

The World Bank reported in October 2021, well before the growing scale of the immediate crisis in Afghanistan was fully clear, that, 12

Recent political developments have pushed Afghanistan into economic crisis. In August, the Taliban assumed power in Afghanistan, with immediate repercussions across an economy already facing daunting development challenges. Rapid reduction in international grant support, loss of access to offshore assets, and disruption to financial linkages are expected to lead to a major contraction of the economy, increasing poverty, and macroeconomic instability.

Even before the collapse of government, Afghanistan was facing daunting economic and development challenges. Afghanistan’s economic growth was slow up to August 2021, reflecting weak confidence amid a rapidly worsening security situation, and severe drought conditions negatively affecting agricultural production. In addition, Afghanistan experienced a third COVID-19 wave starting in April. Infection rates have reached record highs, with less than five percent of the population fully vaccinated. Output is expected to have contracted sharply since the Taliban takeover due to the combined impacts of a sudden stop in donor and government expenditure, disruptions to trade, and dysfunction of the banking sector.

Inflation accelerated gradually over the first half of 2021. Energy prices increased by 12 percent in the first half of the year in line with global trends. Prices for basic household goods, including food and fuel, increased substantially as the Taliban captured border posts and key transit hubs, disrupting supply chains. Inflation further accelerated following the Taliban takeover, reflecting depreciation, hoarding, and disruptions to international trade.

Government revenues fell short of budgeted levels throughout 2021, reflecting excessively optimistic revenue targets. Since mid-July, revenue performance worsened as the Taliban captured major border crossings. Budget execution faltered in the context of deteriorating security conditions for project implementation (the development budget execution rate was 28.4 percent at end-July, compared to 32.1 percent in 2020, and slowed sharply thereafter). By early August, the Taliban had gained control of customs points accounting for around 57 percent of total customs collections, equivalent to roughly 27 percent of total government revenue collection. In the Mid-Year Budget Review, government revised down revenue targets by 26 percent and slashed allocations to development projects and other discretionary expenditures by 45 percent (or US$ 0.5 billion). Limited information is available regarding fiscal performance since the Taliban takeover. The interim Taliban government has resumed centralized customs collections, with daily collections equal to around 50-60 percent of the 2020 average.

The financial sector, already facing important constraints, has been pushed into crisis. Liquidity of both commercial banks and the central bank were substantially eroded in the lead-up to the Taliban takeover, due to a high volume of cash withdrawals from commercial banks and intensified US dollar auctions. Banks ceased operating immediately following the Taliban takeover, and since reopening have faced major difficulties in processing international transactions due to the central bank’s restrictions on capital outflows and reluctance of offshore corresponding banks’ to engage in transactions due to concerns associated with sanctions. Firms and households have been unable to access bank deposits, with strict limits imposed by the central bank on the withdrawal of US dollars and local currency. Constrained ability to process international transactions has undermined formal sector international trade, with firms unable to transfer funds overseas to pay for imports.

Severe uncertainty and anticipated lower donor inflows placed pressure on the exchange rate through the first half of 2021 with the Afghani depreciating by around four percent against the US dollar. The central bank responded through increased US dollar interventions leading to a slight depletion of international reserves. Money market fragmentation and sporadic Taliban efforts to control rates offered by traders preclude any accurate assessment of exchange rate movements since the Taliban takeover.

The economic and development outlook is stark. Sharp reductions in international aid are driving a collapse in basic health and education services. The sudden loss of public sector activity will have impacts throughout the economy, especially in the service and construction sectors (which account for 58 percent of GDP).
Declining grants combined with a loss of access to foreign exchange is expected to result in a balance of payments crisis, with Afghanistan historically reliant on grant inflows to finance its very large trade deficit (28 percent of GDP in 2020). On the current trajectory, Afghanistan is likely to face depreciation of the Afghani, inflation, and shortages of critical household goods, including food and fuel (around 80 percent of electricity, between 20-40 percent of wheat, and nearly all fuel oil is imported).

A substantial share of the population is expected to move below the poverty line reflecting negative impacts through employment and price channels. Ten million Afghans are vulnerable to falling into poverty, living with incomes between one and 1.5 times the poverty line (US$0.94 per person per day). The food security situation will also deteriorate, with potential long-term negative impacts given Afghanistan’s young population.

The CIA has not updated the unclassified analysis in its World Factbook to deal with the Taliban’s victory and the collapse of the central government, and its text badly needs updating. Even so, the CIA reported that,

\[13\]

... political instability, expiring international financial commitments, and the COVID-19 pandemic have wrought significant adversity on the Afghan economy, with a projected 5% contraction.

Current political parties’ power-sharing agreement following the September 2019 presidential elections as well as ongoing Taliban attacks and peace talks have led to Afghan economic instability. This instability, coupled with expiring international grant and assistance, endangers recent fiscal gains and has led to more internally displaced persons. In November 2020, Afghanistan secured $12 billion in additional international aid for 2021-2025, much of which is conditional upon Taliban peace progress. Additionally, Afghanistan continues to experience influxes of repatriating Afghanis, mostly from Iran, significantly straining economic and security institutions.

Afghanistan’s trade deficit remains at approximately 31% of GDP and is highly dependent on financing through grants and aid. While Afghan agricultural growth remains consistent, recent industrial and services growth have been enormously impacted by COVID-19 lockdowns and trade cessations. While trade with the People’s Republic of China has rapidly expanded in recent years, Afghanistan still relies heavily upon India and Pakistan as export partners but is more diverse in its import partners. Furthermore, Afghanistan still struggles to effectively enforce business contracts, facilitate easy tax collection, and enable greater international trade for domestic enterprises.

The CIA also reports that Afghanistan maintains one of the lowest real GDP per capita incomes in the world (204th), made little progress in industrial output, maintained one of the world’s highest unemployment rates (23.9%) even in 2017, sustained one of the highest budget deficits, and oversaw a poverty rate than had risen to nearly 55% as early as 2016.

**Paying for War Instead of Civil Progress**

Work by SIGAR and other analysts shows that far too much of the aid money the U.S. and its partners spent on nation building and in funding the Afghan government – spent under the misnomer of “reconstruction” – was actually spent on operating costs or construction for the first time. It was spent on unrealistic and grossly over-optimistic projects like creating a “new silk road.” As noted earlier, it also had little – if any major – impact on the Afghan economy, military forces, or failed civil efforts like “counternarcotics.”

At the same time, the U.S. and other donors spent far more on Afghan military forces than on even nominal efforts to create a stable Afghanistan and a working economy. SIGAR reporting makes it brutally clear that the U.S. government and other donors totally failed to hold the previous Afghan government accountable for its corruption, theft, and waste.
Once again, SIGAR and other reporting do show that Afghanistan made some progress in limited areas. However, they also show that Afghanistan failed to move toward effective national development.

**Figure One** shows how little money the U.S. spent on national civil reconstruction efforts after FY2013, and SIGAR reports that DOD’s latest *Cost of War Report*, dated June 30, 2021, said the cumulative obligations for Afghanistan, including U.S. warfighting and reconstruction, had then reached $839.8 billion. The cumulative civil reconstruction and related obligation spending reported by State, USAID, and other civilian agencies only reached $49.7 billion, or 5.9% of this total.

If one accepts the far higher cost estimates Brown University makes of the fighting – which use a methodology that would also vastly increase the cost of U.S. entitlement programs if it were applied to the entire U.S. budget – the total cost of the Afghan War to the U.S. would have amounted to $2.31 trillion, including Veterans and other out-of-country spending, and this spending on civil reconstruction aid would then only account for 2.2%.14

The end result was that larger and larger percentages of a steadily dropping U.S. and international civil aid effort before the defeat and collapse of the Afghan central government went to simply keeping the government working or to humanitarian aid – aid that that usually is meant to buy time by relieving immediate human suffering but does nothing to create an effective overall structure of government or a viable and stable economy.
Figure One: The Cost of the Afghan War and Reconstruction: Annual and Cumulative Obligations: FY2002 to FY2021 Q3

A Grim Heritage of Failed and Corrupt Central Governance

As virtually all examinations of how this money was actually spent show, this spending also involved various levels of corruption and waste. Transparency International, the World Bank, SIGAR, and other sources have also shown that far too much of the aid the Afghan central government received between the years of 2001 and 2021 was wasted or stolen by the Afghan government and contractors, or it was spent on creating a large central government apparatus that promised to support development plans that the Karzai and Ghani governments never really executed.

The Transparency International’s Corruption Index for 2021 shows such levels of corruption for the entire decade it covers. It also rates Afghanistan as the seventh most corrupt nation in the world during its last year in 2021. The detailed warnings from the Fund for Peace and its Fragile States Index are equally clear and rank Afghanistan as having the ninth worst government in the world before the defeat and collapse of the Afghan central government by the Taliban. Moreover, at the time the Afghan government collapsed, SIGAR had 65 open investigations into corruption and bribery, procurement and contract fraud, theft, money laundering, and other miscellaneous misuses of aid funds.

As for the World Bank, Figure Two shows that its governance indicators warn that the favorable hype issued by the U.S. and other governments effectively lied about the progress being made by the Afghan central government between 2001 and 2022. In practice, aid and development efforts never created a period of effective governance, and such efforts remained dismally corrupt and incompetent, regardless of leader and regime from 1996 onwards.

In contrast, the official managers of the aid efforts failed to either act effectively or honestly address the issues involved. Like many aspects of the reporting on the growing success of the Taliban in the fighting, the U.S. and other donors effectively chose to lie by omission and allowed much of the funding to be stolen or wasted. From the start, however, it is clear that the now defeated Afghan central government was one of the most ineffective and corrupt governments in the world.

In many ways, the Afghan central government was a government whose leader controlled most funds and the central government’s appointments without any effective checks and balances, transparency and public review, or any real supervision by the Afghan legislature. In practice, its president used aid spending to build his own power base and buy the support of local power brokers while tolerating extraordinary levels of corruption.

Moreover, power brokers ruled in many areas outside the capital, and the Taliban effectively controlled a steadily growing number of rural areas and Districts from 2004 onwards. The fact that such local power brokers then took or wasted large amount of money – often focusing the spending on their own power base – meant that the central government was often more the government of “Kabulstan” than the nation. This also applied to the the steady increase in the de facto Taliban control of rural areas and Districts.
Figure Two: World Bank Ratings of Key Indicators of Afghan Governance and Corruption 1996-2020 – Part One

Afghanistan: All - Corruption, effectiveness, rule of law, stability and violence, Voice and Accountability, and regulatory quality

The solid blue line shows the selected country’s percentile rank on each of the six aggregate indicators. The grey-shaded region indicates the margin of error.
Figure Two: World Bank Ratings of Key Indicators of Afghan Governance and Corruption 1996-2020 – Part Two

Hard Choices Between U.S. Strategic Neglect and New Approaches to Aid

The practical question for the U.S. is what can be done to deal with the combined impact of this legacy of urgent humanitarian needs and failed governance and development. It seems unlikely that any credible combination of donors will meet the immediate humanitarian goals described earlier, and it seems equally unlikely that the Taliban will have organized an effective government to use such aid in the coming year and whether its present leaders can at the very least survive, let alone set meaningful goals for both humanitarian aid and development.

At this point in time, there is no way to know when or whether the Taliban can even be as effective as the former Afghan central government, how it will adapt to Afghanistan’s real-world needs, and when or if there will be sufficient aid to support both immediate humanitarian needs and some credible model of development. In practice, it seems likely that Afghanistan will be an unstable crisis state for at least the next two years.

It is equally unclear that any present organization or country exists outside of Afghanistan to manage either humanitarian aid or development – particularly one the Taliban would trust and agree to work alongside. The development plans created by aid agencies and donor conferences during 2001-2021 bordered on being political and economic fantasies in terms of cost, time, and effectiveness – and in dealing with Afghanistan’s deep political, ethnic, sectarian, tribal, and functional divisions and problems in governance and politics.

These are issues that are even more critical now that the more effective elements of the central government and most power broker-dominated elements of regional governance are gone. Worse, they make it even more likely that many forms of humanitarian aid may simply be wasted money, prolonging Afghanistan’s economic and governance problems rather than solving them.

This is especially likely given the fact that there is no clear indication of when or if the Taliban will become an effective government – or what levels of aid and spending will actually take place from 2022 onwards. This makes it all too likely that most near-term aid will have to be spent on helping the Afghan people to survive the country’s structural economic crisis even if there are no further droughts, and that the little money remaining will be spent on any of the development and governance efforts needed to create sustained progress and to support a nation that can fund its own government and economy.

Moreover, one needs to be grimly realistic about the Taliban even if it can gradually form a real national government. It not only is an ideologically extremist movement that seeks to live in a mythical religious past, but it also seems to lack both a strong charismatic leader and the unity necessary to create a more effective and unified replacement.

The history of such revolutionary ideological movements is anything but reassuring. They tend to either come under the leadership of a warlord or authoritarian figure that places staying in power a far higher priority than serving the people, or they divide into a dysfunctional and unstable mess. This seems especially likely, given the fact that the Taliban has effectively inherited the wind from the previous central government.

At the same time, there are severe limits to the role the U.S. can credibly play. The U.S. may have financial leverage, but it has remained the Taliban’s main enemy for two decades, shares none of
the Taliban’s more extreme values, has many higher competing strategic priorities, and is unlikely to achieve major domestic political support for any massive aid effort to Afghanistan.

If anything, if the U.S. did attempt to lead an outside aid effort, the end result might well become the equivalent of a “Humpty Dumpty” option. Instead of helping, this effort might only succeed in alienating the Taliban, creating competition with neighboring powers like Russia and China, and failing to sustain a meaningful effort in the face of a lack of support from Congress and the American public. Put bluntly, all the President’s economists and all the President’s men have already proved to be unable to put Afghanistan together again.

Accordingly, the U.S. may well be limited to the following real-world options:

- **Strategic Neglect:** Do what is necessary to expedite the movement of Afghans still in Afghanistan that supported the U.S. government to travel to the United States. Leave the problems in Afghanistan to others – providing limited aid if necessary for political purposes but shifting the bulk of the burden to regional powers that are scarcely America’s strategic partners but that will be forced to act because of the threat posed by Afghanistan’s regional instability in their own neighborhood. Effectively shift responsibility to Russia, China, Iran, and Pakistan. From a purely selfish perspective, this might well be the best U.S. policy option.

- **Indirect Support:** A more positive option – but one still likely to have limited success – would be to encourage an aid consortium led by a relatively neutral state or body with a strong background in both humanitarian aid and development like Sweden, Switzerland, or an international consortium of donors.

  The U.S. could then work with other donor states to try to ensure that outside aid was tied to clear conditions that both required effective humanitarian and development activity as well as limited Taliban domestic extremism – or that set similar conditions on aid to any other emerging government. Such U.S. participation would need to be careful to avoid polarizing aid support in ways that would exclude or appear to threaten Russia, China, Iran, and Pakistan. It would also have to show the U.S. Congress and American people that the U.S. portion of such aid would be affordable and effective, and the U.S. would have to work quietly with other donors to insist on real conditionality without appearing to dominate the effort.

  The problem with this option is the difficulty in creating any kind of collective effort that produced an effective impact. Relying on UN and consortium efforts to press hard for effective management, fiscal control, and conditionality has generally proven to be uncertain in the past. The U.S. should only choose such an option if it can decisively avoid the past lack of real-world conditionality and would need to make it clear that the U.S. would not only halt aid under such conditions but would openly and fully explain its reasons for doing so in order to put leverage on both the emerging Afghan government and the managers of the outside aid effort.

- **Open Support:** Over time, the U.S. could play a more open and larger U.S. role in such a consortium effort while letting other countries take the lead. In theory, this could be more effective, but it is unclear how the Taliban or other successor governments would react, that any aid consortium will take effective action, and that the U.S. would have sufficient domestic political support to increase its role over time.
Grim as it is to say, the previous analysis of the scale of the challenges involved in humanitarian aid, in creating effective governance, and in creating a practical economic development effort all warns that it may well be too late for the U.S. to act in ways that have more than limited effectiveness. The scale and timing of Afghan needs may well be too demanding. Put more simply, the road to hell has already been paved with too many good intentions.

For a good summary description of the impact of U.S. decisions, see Mohsin Amin, “Americans nurtured Afghanistan’s economy, now they’re gutting it,” Washington Post, February 20, 2022, p. 3.


SIGAR, Quarterly Report to the U.S. Congress, January 30, 2022, p. 39.


The most recent United Nations Office on Drugs and Crime (UNODC) report, Drug Situation in Afghanistan 2021 estimated opium production in 2021 increased 8% over 2020 figures, to 6,800 tons—even though the area under opium-poppy cultivation contracted 21% … This was the fifth consecutive year in which production exceeded 6,000 tons.


Author’s guesstimate.


SIGAR, Quarterly Report to the U.S. Congress, January 30, 2022, p. 33, 95-98, 102, 119.


SIGAR, Quarterly Report to the U.S. Congress, January 30, 2022, p. 39.