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Afghanistan at a Precipice

Humanitarian overview one year since the Taliban takeover of Afghanistan

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Afghanistan: a year on

For ordinary Afghans, the changes during just one year have been hard to bear. Hundreds of thousands have fled the country creating a new regional displacement crisis. Many are also on the move inside the country in search of jobs and livelihood opportunities as families must deal with the consequences of the shrinking economy. Many families, facing increasing pressures on their household budgets, are taking on crippling debt and going without meals. Competition over increasingly limited resources is likely to intensify as the humanitarian situation deteriorates further. This will have devastating consequences for ordinary Afghans and has already triggered new waves of instability in the country as tensions rise along pre-existing ethnic, tribal and religious divides.

Staggering levels of poverty and desperation now characterise Afghanistan one year after the takeover of the country by the Taliban in August 2021. The country is facing an unprecedented humanitarian crisis, driven primarily by the major financial and political restrictions that have been placed on the Taliban-led state by the international community and have caused widespread economic collapse. The stalled private sector, starved of investment and access to financing, is a sign of the halt to economic growth. Jobs and livelihood opportunities are rapidly diminishing. Public sector spending has plummeted – deprived of the foreign aid that was so critical to Afghanistan’s development. Prior to August 2021, international assistance constituted around 75 per cent of all public spending in the country.

International donor support to Afghanistan is limited to short term emergency humanitarian assistance, which is insufficient to address the needs of the population. Afghanistan’s new de facto government remains illegitimate in the eyes of the international community and is struggling to govern effectively. Ambiguous and inconsistent domestic policies are sowing divisions between national and local power brokers, while complex policies and bureaucratic procedures prevent the delivery of critically needed public services. Additionally, the Taliban’s continued intransigence on key international donor requirements such as education for girls, prevents political engagement from the international community.

Despite calls by NGOs and other actors, one year on little progress has been made on the economic situation and Afghanistan stands at a precipice. Yet one thing is clear: without measures to address the current economic crisis, and non-humanitarian (development) assistance restarted, there will be no improvement to the lives of ordinary Afghans. The population cannot wait for diplomatic and political engagement to happen. With Afghanistan’s current emergency appeal already failing to attract sufficient levels of funding, the outlook appears bleak. The people of Afghanistan are the ones being punished for the Taliban takeover of the country.

What has the economic collapse meant at household level? For millions of Afghans, access to essential services and livelihoods effectively disappeared overnight. Even as people spend less each month, households are taking on more debt, primarily driven by the need to purchase food amidst rising food prices¹ and shrinking incomes². High levels of unemployment are also reported³, particularly in urban areas, as many former government officials and public sector workers lost their jobs. In addition, earnings have fallen dramatically for 70 per cent of workers⁴. This is due at least in part to inconsistent salary payments⁵. The economic decline and high food prices have caused food insecurity across the country. 90 per cent of the population faces insufficient food consumption, while on average close to 90 per cent of household income is not spent on food, rising to 94 per cent for female-headed households⁶. Crisis-coping strategies are currently five-times worse than 15 August 2021, meaning that people are increasingly relying on harmful and unsustainable survival mechanisms such as child labour and debt⁷.

Economic challenges

Over the last year, Afghanistan has experienced a set of overlapping financial, trade, fiscal, and liquidity crises. Lack of access to liquidity and physical bank notes; inflation and currency exchange rate fluctuations; restrictive or confusing domestic regulations; and over compliance with international sanctions have left the Afghan economy in a state of crisis.

Risk aversion and over compliance with sanctions by international suppliers and financial institutions have heavily impacted the economy, particularly affecting the private sector⁸. Many international firms and banks no longer supply to Afghanistan for fear of non-compliance, due to the resources, or because of perceived reputational risks. This is despite the provision of the UN Security Council (UNSC) humanitarian exemption (Res 2615) which permits the processing of payments of funds, other financial assets, economic resources, and provision of goods and services needed to support humanitarian aid delivery.

Public and private domestic financial institutions have also been crippled by the lack of access to liquidity, including physical bank notes and private assets frozen by the US treasury and others. As a result, confidence in the formal financial system has been severely shaken and banks in Afghanistan have implemented cash withdrawal limits, which has meant that NGOs, private businesses, and individuals have been unable to freely access their money⁹. This has curtailed the private sector actors' ability to supply essential goods and services, which has meant that NGO procurement and construction contracts are increasingly failing as private businesses struggle to follow through on commitments.¹⁰

The combination of the challenges noted above mean that large NGOs have been forced to rely on the UN Humanitarian Financial Corridor, which provides temporary access to cash to humanitarian organisations. However, this channel is costly and unsustainable and is not available to all NGOs, particularly national NGOs.¹¹

¹ <https://reliefweb.int/report/afghanistan/world-food-programme-afghanistan-vulnerability-analysis-and-mapping-vam-11th-may>

² https://www.impact-repository.org/document/reach/36a27d95/REACH_AFG_Key-Findings-Presentation-to-ICCT_Mid-year-WoAA-2022_Share.pdf

³ <http://hdl.voced.edu.au/10707/603313>

⁴ World Bank Group Afghanistan Welfare Monitoring Survey 2022

⁵ World Bank Group Afghanistan Welfare Monitoring Survey 2022

⁶ WFP July 27, 2022 <https://reliefweb.int/report/afghanistan/afghanistan-food-security-update-round-ten-june-2022>

⁷ WFP July 27, 2022 <https://reliefweb.int/report/afghanistan/afghanistan-food-security-update-round-ten-june-2022>

⁸ NRC internal research on the impact of sanctions on the private sector in Afghanistan and the supply of essential goods and services. NRC, Erica Moret, June 2022, Impact of Afghanistan's financial and economic crisis on the trade in essential goods.

⁹ Public and private banks in country risk collapse, facing major challenges regarding access to physical bank notes, with withdrawal limits complicating matters further for NGOs <https://www.nrc.no/resources/reports/life-and-death-ngo-access-to-financial-services-in-afghanistan/>

¹⁰ <https://www.un.org/securitycouncil/content/sres26152021>

¹¹ https://www.nrc.no/globalassets/pdf/reports/life-and-death/financial-access-in-afghanistan_nrc_jan-2022.pdf

Rising needs

In the context of near economic collapse, aid agencies are playing a critical role in the delivery of basic services amid rising humanitarian needs. Yet provision of this support in the past year has become increasingly challenging due to the restrictions. The humanitarian community is currently only able to provide food assistance to roughly one third of the Afghan population, and therefore some 20 million Afghans are still experiencing high and critical levels of acute food insecurity¹². Funding for humanitarian food assistance this year is forecast to decline even further due to a lack of support from donors. Without fast action by international governments to address the funding shortfalls now, we will see some of the most vulnerable Afghan families continue to go without food. Worrying projections suggest that around just one in four of those currently eligible for emergency food will be able to continue benefiting from this critical assistance in the latter half of the year¹³. Further compounding the situation, poor harvests are also forecast due to ongoing drought and because of a lack of access to affordable fertiliser¹⁴. This raises serious concerns around food availability during the forthcoming winter period.

State infrastructure and the legal system

Emergency food and other needs are compounded by the collapse of the economy, basic services, and social safety nets. Following the Taliban takeover, withdrawal of development funding led to a widespread disruption of state-led operations and institutions in Afghanistan. Decades of gains made in improving public infrastructure through economic and capacity investment now hang in the balance. Governmental departments, public services and law courts continue to function haphazardly across the country not only due to an uncertain legal framework, but also because of resource constraints, brain drain (as professionals fled the country) and operational challenges. Since August 2021, law courts and government departments have faced staff shortages and funding gaps, as donor support needed to pay for rent, staff salaries and fundamental supplies was stopped. Even basics such as templates to produce *tazkera* (national identity cards), formal marriage certificates, title deeds and passports are in short supply, impacting on the populations' access to civil documentation¹⁵, affecting livelihoods, healthcare, education and other services, and freedom of movement around the country. This is compounded by the evolution of the legal system under the *de facto* authorities. In the year following their takeover, the Taliban have made very few formal announcements about the legal system, except to appear to reject the 2004 Constitution and to issue a series of decrees dictating social behaviour and norms¹⁶. In November 2021, the Taliban initiated a process to review existing legislation to verify compliance with Sharia law, and this continues to date, resulting in an unclear application of laws as justice actors continue to utilise a combination of pre-existing laws, Sharia and Taliban documents.¹⁷

¹² Data measured between march and May 2022, with a third of the population in Integrated Phase Classification Phases 3 and above <https://reliefweb.int/report/afghanistan/afghanistan-ipc-acute-food-insecurity-analysis-march-november-2022-issued-may>

¹³ Funding for humanitarian food assistance this year is forecast to decline even further after the month of May due to a lack of global funding, decreasing from 38% of the population receiving on average two third food ration in the current period, to 8% in the June-November projection. <https://reliefweb.int/report/afghanistan/afghanistan-ipc-acute-food-insecurity-analysis-march-november-2022-issued-may>

¹⁴ March 2022 Afghanistan Food Security Cluster Report

¹⁵ Reports obtained from NRC Information, Counselling and Legal Assistance (ICLA) staff by *de facto* governmental employees.

¹⁶ Melbourne Asia Review, *Afghanistan's laws and legal institutions under the Taliban*, 6 June 2022, available at: <https://melbourneasiareview.edu.au/afghanistans-laws-and-legal-institutions-under-the-taliban/> ("In a meeting with the Chinese Ambassador to Afghanistan, in what appears to have been an informal comment, the Taliban's caretaker minister of justice reportedly said that the Taliban had reinstated the 1964 Constitution as the country's interim constitution albeit only to the extent that its provisions do not violate Shariah... However, the value of the Taliban's acting caretaker minister's statement is often exaggerated.")

¹⁷ UNAMA right - https://unama.unmissions.org/sites/default/files/unama_human_rights_in_afghanistan_report_-_june_2022_english.pdf

Protection risks since August 2021

Whilst many of the issues faced by communities in Afghanistan are the result of actions taken by the international community, the domestic situation has also deteriorated, resulting in a range of protection challenges for different groups of Afghans.

Religious and ethnic minorities have become increasingly targeted through intimidation and physical violence due to the lack of security or protection. Schools in predominately Hazara Shi'a communities are consistently attacked, destroying schools and terrifying communities¹⁸. The pervading fear prevents access to education, congregation at mosques, and gatherings as a community. Those affiliated with the former government, press, or human rights work are denied access to aid, and suffer targeted killings and brutal harassment¹⁹.

Targeting—both of religious and ethnic minorities and of those affiliated with the former government, press, or human rights work—has caused displacement and increased negative coping mechanisms. Families displace towards areas with similar demographics or towards areas where they can achieve anonymity in urban areas or areas with a transient population. A rise in negative survival mechanisms have been noted in both targeted communities and the general population, including child marriage, accrual of debt, begging, selling of children, selling of assets and property, and child labour.

Resurgence of past conflicts under the Taliban was also reported, with individuals using the new context and uncertain legal framework as an opportunity to reopen previous disputes in their community, including in the court system. This has been particularly observed in disputes over land and property, with uneven responses and Taliban government mechanisms sometimes complicating the disputes. If no agreement or conclusion is reached, this will lead to rising tension between community members.²⁰

Displacement trends

The protection concerns described above, combined with the collapse of the economy, have forced many families to flee their homes. Between June 2021 and May 2022, one and a half million people left for Iran and almost three million people left for Pakistan²¹.

While some of those who escaped in the back of trucks or on foot when the Taliban first took over have been able to return home, others have been pushed into months of continuous cycles of displacement, both internally and abroad. Thousands are unable to return due to destroyed homes, lost livelihoods, and lost capital. Of the more than 820,000 persons internally displaced in Afghanistan since the start of 2021, only approximately 170,000 have now returned to their previous places of residence, even as the security situation improves²².

“We had to travel on our feet from our village. When we left our house on our feet, the Ghaziabad district was under Taliban control at the time. We left the area unplanned on foot because our houses had caught fire and our cattle, sheep, and goats had been wounded or killed.”

Man interviewed in Nangarhar Province

¹⁸ <https://www.amnesty.org/en/latest/news/2022/04/afghanistan-school-bombings-a-reprehensible-attack-on-religious-and-ethnic-minorities/>

¹⁹ <https://unama.unmissions.org/human-rights-monitoring-and-reporting>

²⁰ <https://reliefweb.int/report/iran-islamic-republic/afghanistan-situation-emergency-preparedness-and-response-iran-16-may-15-june-2022>

²¹ <https://www.iom.int/sites/g/files/tmzbd1486/files/documents/afg-movements-in-and-out-21-31-may-2022.pdf>

²² <https://reliefweb.int/report/iran-islamic-republic/afghanistan-situation-emergency-preparedness-and-response-iran-16-may-15-june-2022>

Overall, a mixed picture of the refugee and internal displacement situation has emerged over the last year, with both new displacements and returns being recorded. It is difficult to assess the full scale of cross-border movement due to the closure of official crossings, which pushed many Afghans into making illegal crossings. Yet the large numbers of deportations of Afghans back to Afghanistan from Iran and Pakistan occurring in recent months indicate the numbers seeking to flee over the past year have been high. Between June 2021 and May 2022, one and a half million people left for Iran and almost three million people left for Pakistan. Key push factors, which have forced people to flee the country, include the initial spike in conflict in the months leading up to the Taliban takeover, economic deprivation, and political persecution.

“The current IDPs are very different from the previous ones. People used to come to the city from districts and villages for fear of ISIS and other armed groups to save their lives. Because in the district between the previous government and the armed groups, there were always violent clashes. However, most of the current migrants come to the cities due to economic problems and continue to migrate to other countries due to poverty, because there are no job opportunities here.”

Man interviewed in Nangarhar Province

For example, economic deprivation in Afghanistan has forced men and boys to leave their homes to find employment abroad or in the cities within the country, often through risky migration routes, relying on expensive and abusive smugglers. This has also created protection challenges for women left behind who are left open to exploitation and harassment, oftentimes being held responsible for the debt accrued through smuggling fees.

However, economic challenges abroad, depleted resources and the politically hostile environments in Iran and Pakistan have also forced many Afghans to return - often referred to as ‘spontaneous’ returnees²³ ²⁴. Since March 2022 there has been a sharp increase in deportations from Iran. According to evolving estimates by the Government of Iran, approximately 500,000 to one million Afghans came to Iran in 2022. Reports on the use of violence at borders to control movement are widespread and the migration route is extremely risky. Some Afghans returning to the country also report an improvement in the security situation in Afghanistan as a key driver for their return from abroad.

“It took me 7-8 days to reach Iran. I had to illegally enter. It does of course have its own risks and problems. It usually takes between 4-6 hours on this journey, with up to 15 people crammed into small cars, everyone is crying, when we finally get out people can barely walk. Sometimes people can break their feet or hands. Sometimes when they are illegally entering, they are driving really fast, particularly when they are running away from the patrols. When someone gets shot by the police, the driver will drive for a while until they are in a safe area, then they just leave the wounded person on the side of the road for the police to collect and deport.”

Young Afghan deportee interviewed at Islam Qala border point

Within Afghanistan, ongoing disasters such as floods²⁵, earthquakes²⁶ and droughts²⁷ continue; alongside pockets of conflict-induced displacement from places such as the Panjshir valley²⁸ and Sar-i-pol, have led to new displacement within the country. Without longer term development

²³ Around 3.5 million Afghans returned to the country from Iran and Pakistan between June 2021 and May 2022 - <https://www.iom.int/sites/g/files/tmzbd1486/files/documents/afg-movements-in-and-out-21-31-may-2022.pdf>

²⁴ <https://thediplomat.com/2022/05/unwelcome-refugees-afghans-continue-to-face-pushback-and-deportation/>; also see <https://www.hrw.org/news/2013/11/20/iran-afghan-refugees-and-migrants-face-abuse>

²⁵ <https://www.nrc.no/news/2022/august/unprecedented-flash-floods-batter-rural-afghanistan/>

²⁶ <https://www.nrc.no/news/2022/june/afghanistan-devastating-earthquake-exacerbates-dire-humanitarian-crisis/>

²⁷ <https://www.nrc.no/news/2021/june/severe-drought-threatens-three-million-afghans/>

²⁸ <https://gandhara.rferl.org/a/taliban-forced-evictions-northern-afghanistan/31887719.html>

assistance, millions of Afghanistan's internally displaced people will remain stuck in limbo, living in inadequate conditions in informal settlements.

Recommendations to the International Community:

1. **Ensure the humanitarian appeal is fully funded** to enable the humanitarian response to be effective whilst the political context is resolved and normal economic arrangements and development assistance resume. This must include flexible, multiyear funding that enable humanitarian actors to respond to ongoing emergencies and provide humanitarian assistance to limit the impact of the economic collapse on the population.
2. **Donors must not withdraw from pre-existing interventions** in favour of emergency humanitarian programming. Long term projects are crucial to guarantee targeting of the most vulnerable groups and to provide some degree of hope and stability for the population.
3. **Proactively engage with and reach out to financial institutions to encourage them to provide more support to aid agencies and the private sector operating in Afghanistan:** United Nations (UN) member states should provide legal guidance and incentives to address the chilling effect of sanctions on private sector actors. This should include efforts to encourage financial institutions – including banks, payment platforms and other systems, such as SWIFT – to engage with Afghanistan.
4. **Secure mechanisms for providing technical assistance to the Afghan Central Bank (DAB):** Building DAB's capacity and independence is a necessary step toward restoring the commercial banking sector and reconnecting the Afghan economy to the global economy. Such assistance is essential in maintaining macroeconomic stability and restoring confidence in the banking system to enable the private sector to make international financial transactions. Furthermore, steps should be taken to resume the printing and circulation of Afghani bank notes – previously undertaken in Poland with donor support.



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