

Effective involvement in Afghanistan: supporting the Afghan population in line with foreign policy interests

This position paper by Stichting Vluchteling / Netherlands Refugee Foundation highlights the necessity for a nuanced approach to Afghanistan, balancing immediate humanitarian needs with long-term development goals, and fostering pragmatic engagement with the Taliban to ensure stability and progress.

Introduction

Since the Taliban's takeover of power and in a context of increasing humanitarian needs, the international community, including the Netherlands, is confronted with a paradox: how to engage with a regime that imposes heavy restrictions through conservative rule that particularly affects women and minorities, but whose presence has reduced conflict and improved security situation. In power for nearly three years, the Taliban are a reality that cannot be wished away. As they have become more organized the day-to-day reality is often more nuanced than as seen from abroad, room for engagement does exist.

Economic and Humanitarian context

In the past two decades Afghanistan's economy has been heavily reliant on international aid. The suspension of largescale bilateral development cooperation from donors and international financial institutions and the freezing of the reserves of the national bank after the Taliban takeover led to an economic collapse. This collapse is exacerbated by overcompliance of the banking sector with sanctions and de-risking. Whilst no institutional sanctions exist, banks find it easier to disengage from working with Afghan banks. The absence of a functioning banking system remains the most significant barrier for business, also for women-led businesses. This is a big missed opportunity, as despite the Taliban's repressive policies, there are example areas where progress on women's participation has been made through effective engagement with the Taliban.

Humanitarian aid and development funding

The economic collapse exacerbated an already dire humanitarian crisis. In 2024, an estimated 23.7 million people – more than half of Afghanistan's population – are projected to require humanitarian assistance. The impact of climate changes or the reception of forced returnees from Pakistan are likely to increase this figure. Yet the humanitarian response plan is only funded for 47%. The lack of realistic durable solutions for returnees is not creating a conducive environment for Afghans to return to their country of origin. Development funding is needed to support the population in the long term and not keep them in a state of dependence. Investments in water management, economic development, integration of returnees or mitigating climate change could reverse some of the humanitarian needs.

Engagement

The lack of engagement of donor states with the Taliban and lack of bilateral support meant that over the last three years a parallel system was created, with access to basic services effectively dependent on delivery by UN agencies and (I)NGO's. Such parallel system is un-sustainable, for one because the Taliban – feeling excluded – might rather hinder project development. The lack of engagement with the Taliban also signifies a missed opportunity from donor states to maintain influence, with space being taken up by regional actors such as Russia or China.

Worst case

Today the Taliban is a reality which offers a degree of stability rarely seen over the last 40 years. For many Afghans the lack of active conflict is a welcome change. A potential withdrawal of the Taliban from power, in the seeming absence of any viable alternative, could precipitate a resurgence of civil war and the re-emergence of various militant groups, including the Islamic State (ISIS-K) and other factions. These groups pose a significant threat to regional stability and security. A power vacuum could lead to increased violence, cross-border terrorism, the return of poppy (the plant needed for the production of heroine)

cultivation and further destabilization of neighbouring countries. Conflict and/or economic collapse might lead to more Afghans fleeing the country, including to the Netherlands.

Recommendations

1. **Economic revitalization:** To mitigate the economic crisis, the Netherlands should advocate for the release of Afghanistan's bank reserves and promote the use of the formal banking sector. This will help reintegrate liquidity into the economy and reduce dependency on the cash-based Hawala system. Reassure foreign banks and other financial institutions to reduce de-risking behaviour and facilitate transactions for Afghan-based businesses, with specific support to women-led businesses.
2. **Emergency response capacity:** Afghanistan is highly vulnerable to the impacts of climate change, including severe droughts and flooding. These environmental challenges exacerbate the humanitarian crisis, making it imperative for the Netherlands to continue funding humanitarian aid efforts and strengthen emergency response capacities, support disaster risk reduction initiatives, innovative rapid response mechanisms and climate resilience programs to mitigate the immediate impacts of climate change and protect vulnerable communities.
3. **Balanced funding approach:** It is crucial to strike a balance between humanitarian aid and development funding to improve the conditions of those living in Afghanistan. The Netherlands must ensure that humanitarian early recovery efforts are prioritized and adequately funded with multi-year funding that complements ongoing emergency assistance that remains essential in the areas where long-term solutions remain impossible.
4. **Engagement and advocacy:** the Netherlands needs to engage with the authorities in Afghanistan with a particular focus on durable solutions. The Netherlands should leverage their expertise in agriculture and water management to invest in relevant sectors such as water infrastructure and use its influence to promote principled humanitarian action and more inclusive policies. This type of engagement will help to protect humanitarian space and ensure that every opportunity is effectively used to influence positive longer-term changes at the structural level.
5. **Focus on rural areas:** Address the needs of rural communities, which form the backbone of Taliban support. This includes providing alternative livelihoods to farmers affected by the poppy ban and improving infrastructure.
6. **Capacity building and localization:** invest in technical vocational training for NGO's and employees while also investing in technical capacity building for ministries to avoid the creation of a parallel system leading to fragmented delivery of aid and ensure sustainable development.
7. **Returnees:** the Netherlands must consider early recovery projects as part of the needed protection assistance, in line with principles of voluntary returns. The Netherlands should explore options to fund durable solutions programs to support returnees and host communities with integration, support them with access to housing, land and livelihoods in their areas of origin.

Conclusion

As the importance of economic revitalization and stability cannot be understated, we argue that the Netherlands should engage the Taliban with a more pragmatic approach in order to further contribute to stabilizing the country. Relationship-building - rather than the absence thereof - will better contribute to the implementation of effective and principled humanitarian and development aid, to improve on the situation of women, to ensure national and regional security and to prevent further migration. Trust building can start at the level of project management and with ministries that have shown more openness to dialogue. Yet in order to truly help the Afghan population resolving the banking situation would be a real game changer.