



After the Aid Axe: Charting a Path to Self-reliance in Afghanistan

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Principal Findings

What's new? The U.S. and other major donors are cutting aid to Afghanistan. Sharp reductions in funding leave the Taliban with greater responsibility for the country's economy, but the regime is struggling to address widespread poverty. The harshest consequences fall upon the most vulnerable, including women and girls.

Why does it matter? It may not matter a lot to world powers, because the Taliban are maintaining stability. But the exit of humanitarian organisations – combined with sanctions and other punishments imposed on the Taliban – could further unsettle a region that historically exported terrorism. Economic stagnation risks forcing Afghans to migrate, including toward Europe.

What should be done? U.S. aid cuts are not likely to be reversed, so European and regional states should protect their interests by slowing the drawdown and mitigating its effects on Afghan livelihoods. Donors should urgently accelerate talks with Taliban about economic recovery, allowing for exit strategies that preserve basic services.

Executive Summary

Afghanistan is sinking deeper into poverty as the U.S. and other major donors slash the humanitarian funding that has kept the country afloat – if listing badly – since the Taliban takeover in 2021. Since seizing power, the regime has struggled to revive an economy devastated by war, post-war isolation and sanctions enforced by Western states. The retreat of donors now places a heavy burden on vulnerable Afghans, especially women and girls, who suffer the most from deteriorating public services. European states and countries in Afghanistan’s neighbourhood should cooperate in looking for ways to scale down aid while preserving people’s livelihoods. By relaxing the chokehold on the Afghan economy, they should aim to help the country overcome its dependence on foreign assistance and achieve self-reliance. Failure to do so might not debilitate the Taliban, who have long proven their resilience. But unlocking the gates to economic growth would curb the tremendous material hardships afflicting Afghanistan’s poorest and reduce the risks that could re-emerge from the country, such as terrorism and migration surges.

The Afghan economy’s collapse in the months following the Taliban’s return to power ranked among the world’s gravest humanitarian emergencies at the time. Development aid halted overnight, and the central bank lost access to its foreign reserves. The economy shrank by 20 per cent, the local currency plunged in value and 55 per cent of Afghans suffered acute food insecurity. Jobs tied to the previous U.S.-backed government vanished, hitting urban dwellers especially hard. Warnings of mass starvation may have been exaggerated, but most Afghans had difficulty covering their basic needs in the new regime’s tumultuous early days.

Donors responded with a record-breaking relief effort, peaking at \$3.8 billion in 2022, a 415 per cent increase over 2020. The UN began flying bricks of cash into Kabul to circumvent banks hobbled by sanctions. This emergency assistance, combined with hidden income from remittances and the drug trade, helped stabilise the currency and prevent famine. Still, those involved with the aid juggernaut often overstated its benefits; more importantly, donations did not entirely offset the dire effects of sanctions and other punishments imposed on the Taliban by the same foreign governments. A “new normal” emerged as the economy reached a low plateau, with business activity depressed but hunger easing as assistance poured in.

This balance started to wobble as donors’ fatigue grew. In 2024, humanitarian support fell by more than 58 per cent from its peak, a decline that accelerated abruptly when President Donald Trump stopped U.S. aid programs in early 2025. The grim consequences

include hundreds of health facilities suspending services, water systems failing without maintenance and programs aimed at helping the most vulnerable Afghans shutting down. Women and girls have suffered the most, partly because the Taliban's draconian restrictions on their basic rights make it harder for them to cope without essential services. Some buffers exist, including the steady growth of remittances and the persistence of the informal and illicit economies. Still, the sudden end of humanitarian programs combined with continued economic isolation risk pushing millions of people into penury.

International approaches toward the Afghan economy have oscillated between emergency relief and vague promises of supporting economic revival, without addressing questions about how to engage a regime that remains a pariah. Donors are trapped between their desire to prevent instability and their refusal to condone Taliban rule. Foreign governments still impose an array of sanctions, banks often avoid transactions with Afghanistan and even regional governments with material interests in cross-border trade are investing only cautiously. The previous U.S. administration of President Joe Biden held secretive economic talks with the Taliban, but these failed to produce results. Multilateral efforts by the UN to negotiate with Kabul have inched along, hampered by disagreements among member states. Chief among those is a lack of consensus about whether to help shore up the Afghan economy even as the Taliban rebuff outside calls for a more inclusive government that respects women's rights.

The Taliban stubbornly reject foreigners' advice about social policy, but they are much more open to hearing about international standards for running a modern economy. The former insurgents want to reduce aid dependence by pursuing a five-year economic plan. They promise to enact new commercial laws, follow international banking rules and create opportunities for women entrepreneurs. That said, Taliban officials acknowledge that their regime is held back by its lack of transparency; the more pragmatic among them even admit that Afghanistan will remain economically stunted so long as religious leaders block girls and women from education. But they question whether the country would need help at all if Western countries were to unfreeze the state's assets, lift sanctions, remove trade barriers and take other steps to let Afghans fend for themselves.

With the U.S. out of the picture, European, Middle Eastern and Asian states should lead support for economic revival in Afghanistan. UN-led talks should pick up pace with the aim of finding exit strategies that would allow foreign aid workers to go home without leaving a catastrophe in their wake. Provided it is accompanied by loosening of sanctions and banking restrictions, phasing out assistance in an organised manner could preserve basic services while fostering self-reliance. All countries should mirror U.S. exemptions from sanctions

for development work and help Afghanistan reconnect with international financial systems. Donors should not hold the country's recovery hostage to the political demands of distant capitals, since inflicting economic pain will only hurt the most vulnerable people. Conversely, undoing the fetters on the Afghan economy and funding development projects would give donors a degree of influence, albeit small, which they could use to help women and girls. Regional players should also play a more active role, by expanding trade, investments and labour migration.

These prescriptions may require too much concentrated diplomatic effort in a world distracted by other crises. Afghanistan will remain near the bottom of international priorities unless the country once again exports terrorism or surges of migrants. But continued neglect would be a tragedy for many Afghans, whose crushing poverty deserves far greater attention. Many lives depend upon compromises between the Taliban and the rest of the world.

Kabul/Brussels, 2 October 2025

After the Aid Axe: Charting a Path to Self-reliance in Afghanistan

I. Introduction

Since the Taliban returned to power in 2021, poverty in Afghanistan has deepened into one of the world's largest humanitarian emergencies.¹ The tragedy is exacerbated by the fact that much of it is externally imposed.

Deprivation is a recurring theme in Afghan history. Since the 1700s, when the Afghan state was founded, most of the country's inhabitants have relied on agriculture for subsistence, leaving them vulnerable to losses of crops and livestock. Drought and famine struck several times in the 18th and 19th centuries; more recently, a dry spell from 1969 to 1972 killed as many as 500,000 people.² Successive wars since 1979 damaged the agrarian sector and left millions destitute.³ In 2001, with an estimated 60 to 80 per cent of the population living on less than a dollar a day, the country was one of the poorest in the world.⁴

The intervention of U.S. and other foreign troops from 2001 to 2021 did little to ease poverty. Afghans remained plagued by scarcity during the post-2001 war with the Taliban, which grew into the deadliest on the planet, even as donors spent billions to build up the Afghan state and economy.⁵ World Bank studies found that poverty declined at first, in part due to wartime industries, but rebounded in the conflict's later years: the poverty rate rose from 34 per cent in 2007 to 47 per cent by 2019.⁶ Foreign aid distorted the economy, fuelled corruption

¹ For earlier coverage of Afghanistan's economic and humanitarian crises, see Crisis Group Asia Report N°317, *Beyond Emergency Relief: Averting Afghanistan's Humanitarian Catastrophe*, 6 December 2021; and Asia Report N°329, *Taliban Restrictions on Women's Rights Deepen Afghanistan's Crisis*, 23 February 2023.

² See Angelo Rasanayagam, *Afghanistan: A Modern History* (New York, 2003), pp. 56-57; and Jonathan L. Lee, *Afghanistan: A History from 1260 to the Present* (London, 2018), p. 572.

³ Between 1980 and 1996, Afghans' average daily food intake fell from 2,186 calories to 1,710, below minimum requirements. "The State of Food Insecurity in the World", Food and Agriculture Organization, 1999.

⁴ Hafizullah Emadi, *Dynamics of Political Development in Afghanistan: The British, Russian and American Invasions* (New York, 2010), p. 226.

⁵ "Human Rights Dimension of Poverty in Afghanistan", UN Office of the High Commissioner for Human Rights, March 2010. The number of battle deaths in Afghanistan exceeded the toll from any other conflict worldwide in 2011, 2018 and 2019. Shawn Davies et al., "Organized Violence, 1989-2023, and the Prevalence of Organized Crime Groups", *Journal of Peace Research*, vol. 61, no. 4 (2024).

⁶ Tobias Haque, Nigel Roberts and Atiqullah Ahmadzai, "Tackling Fragility and Building Institutions: Lessons from Afghanistan", World Bank, 2023, p. 10.

and enriched Afghan elites rather than fostering broad-based growth. The war was a bonanza for those Afghans who oversaw construction, logistics and security. But in the rural areas where most of the population lives, the economy stagnated.

The war's end in 2021 brought no relief, as the Taliban's return caused widespread panic. Development aid, which had covered about 75 per cent of the previous government's budget, was cut off overnight and the central bank no longer had access to its foreign assets. The economy shrank by 20 per cent, depositors raced to crippled banks to withdraw cash and the local currency lost 28 per cent of its value. Within a few months, some 55 per cent of Afghans were facing acute food insecurity. The resulting humanitarian crisis loomed large in policy discussions in foreign states and international institutions. Donors responded, if fitfully. An avalanche of emergency funds swept in from 2022 to 2023, helping reduce the proportion of Afghans suffering the worst food insecurity to 20 per cent by 2025.⁷ But in the last two years, the assistance has melted away.

This report examines Afghans' post-war economic struggles and the debates among Western policymakers about how to support peace and stability despite Taliban misrule. Looking past the initial shocks to the Afghan economy in 2021, it describes the grim equilibrium that emerged, characterised by low growth and widespread unemployment. The report goes on to assess the Taliban's talks with foreign envoys about economic matters and the conditions under which sanctions might be lifted. Lastly, it offers ideas for the future of Taliban negotiations with the outside world. It is based on interviews with diplomats, Taliban officials, aid workers, businesspeople, private-sector employees, health care staff and others. Women were represented in all of these cohorts with the exception of the Taliban officials. Research was conducted in Kabul, Herat, Oslo, Brussels, Istanbul, Dubai and Washington from 2022 to 2025.

⁷ Crisis Group Report, *Beyond Emergency Relief: Averting Afghanistan's Humanitarian Catastrophe*, op. cit. See also Integrated Food Security Phase Classification reports, Afghanistan, 2021-2025.

II. **Shifting International Policy on the Afghan Economy**

Supporting the Afghan economy poses acute dilemmas for foreign powers. It means enlarging the Taliban's tax base and thus bolstering their unrecognised regime. It also implies giving up a degree of presumed leverage over the Taliban. Western states have been willing to send humanitarian aid to keep Afghans from starving. Otherwise, they have decided to pursue a policy of economic coercion, hoping to push the Taliban to form an "inclusive" government that respects women's rights and Kabul's obligations under international treaties and conventions.⁸ But that strategy has inflicted great pain on the very Afghan people the West wishes to help.

A. *Suffocating the Economy and Saving the People*

Hindering Afghanistan's post-war recovery was an easy choice in the aftermath of the Taliban takeover because it required few decisions by policymakers, beyond the move to shut down development aid. Sanctions against the country's new rulers were already in place, and the refusal to formally recognise the Taliban was enough to deprive the Afghan state of its assets and cut it off from the world. The UN maintained its sanctions regime, with carveouts for humanitarian aid. The U.S. kept terrorist designations in force, despite allowing broad general licences for aid and trade. A lack of diplomatic recognition also meant that Kabul could not look for support from global financial institutions such as the International Monetary Fund. Nobody at the new regime held the credentials needed to make withdrawals from Afghanistan's overseas accounts in the U.S., Europe and the Middle East.⁹

Aid agencies were in principle entitled to continue work under the Taliban regime, but many of them found that doing so could be illegal. The U.S. made exceptions from sanctions to allow development projects, but not all countries followed suit.¹⁰ The UK, Australia and New Zealand introduced measures that allowed humanitarian work and support for basic needs, but imposed restrictions on development aid. Canada waited until June 2023 to pass a bill that set up a bifurcated system of exemptions for life-saving activities alongside a process for

⁸ Definitions of "inclusivity" have varied among and within governments. "It's just been a reflexive talking point, without much strategic thought behind it", a senior Western official said. Crisis Group interview, 2 February 2022.

⁹ Martin Weiss, Clayton Thomas and Jennifer Elsea, "Afghanistan Central Bank Reserves", U.S. Congressional Research Service, 13 March 2023.

¹⁰ "Afghanistan-Related Sanctions", U.S. Office of Foreign Assets Control, 25 February 2022.

permitting work to meet the Afghan people's basic needs. A year later, Ottawa had not issued one authorisation.¹¹

The system of narrowly defined exemptions to sanctions has had a huge chilling effect. Public and private investors looked nervously at these legal requirements, worried that temporary permissions could snap back toward more restrictive interpretations of sanctions in the future.¹² These concerns constrained the behaviour of banks, traders and investors. International banks stopped dealing with Afghanistan as soon as the Taliban took power, even refusing to work with regional banks that did business with the country. This “derisking” meant that Afghan firms struggled to make international payments, with some transactions taking weeks or months.¹³ An Afghan bank executive explained how he tried for years to send \$3 million to a U.S. software company for updates; after finding itself unable to transfer money via regular channels, the bank resorted to currency smuggling to pay for the service.¹⁴

These restrictions quickly proved effective, so much so that they became deeply unsettling for the governments that imposed them. A deep chill was cast over Afghanistan's economy straight after the takeover, starting to bite in the winter of 2021. Increasing numbers of Afghans were resorting to extreme measures to make a living: child labour, child marriage, even sale of kidneys.¹⁵ Prominent figures called on donors to relax their economic chokehold on Afghanistan for the sake of its people. The top UN humanitarian official at the time complained that “there has been a paucity of progress on restarting urgently needed development initiatives”.¹⁶ Speaking off the record, a senior U.S. official said the logical next step would be moving toward collaboration with the Taliban to offer basic services, provided that they kept their promises to allow girls of all ages to go to school.¹⁷

Though largely unspoken, this quid pro quo – girls in Afghan school, foreign help for the economy – became the grail of Western donors. The possibility of this tradeoff underpinned the Taliban's visit to the Norwegian capital Oslo soon after. During the trip, the Taliban assured donors of their willingness to reopen secondary schools and

¹¹ Asma Faizi, “Challenges and Consequences: The Impact of Bill C-41 on Aid Delivery in Afghanistan”, Canadian Council of Muslim Women, August 2024.

¹² See, for example, “Burchett bill to stop Taliban from getting U.S. tax dollars passes House”, press release, Office of U.S. Congressman Tim Burchett, 25 June 2024.

¹³ A European bank reported needing 40 to 50 staff to handle the legal paperwork for a single transaction.

¹⁴ Crisis Group interview, Afghan bank executive, Kabul, April 2024.

¹⁵ Sune Engel Rasmussen, “‘No father wants to sell his son's kidney’: Afghans pushed to desperate measures to survive”, *The Wall Street Journal*, 19 April 2022.

¹⁶ “Statement for the Security Council Briefing on the Humanitarian Situation in Afghanistan”, UN OCHA, 20 December 2022.

¹⁷ Crisis Group interview, December 2021.

universities to girls and women. At the same January 2022 meetings, U.S. and European envoys for the first time discussed ways of easing restrictions on the financial sector and allowing the central bank in Kabul to recover billions of dollars frozen overseas. It was amid such optimism that Western donors published the sole statement describing their aims with regard to the Afghan economy, expressing a commitment after negotiations in Oslo to “supporting the revival of Afghanistan’s economy”.¹⁸ But the pledge was soon to be abandoned.

B. *Extreme Caution*

The mood soured later in 2022 after the Taliban broke their promise to reopen the girls’ secondary schools. The regime’s relations with the world continued worsening over the next two years as the Taliban tightened other restrictions on the rights of girls and women.¹⁹ These measures hurt the Taliban’s position on the world stage but pleased many of their followers, who saw rejection of foreign influence as the paramount reason for their sacrifices during the long insurgency that brought the movement back to power. Another impediment to international relations stemmed from Western officials’ reluctance to treat their former enemies as counterparts. “The West is still licking its wounds after losing the war”, a UN official in Kabul said.²⁰ As a result, Afghanistan found itself increasingly isolated.

Some policymakers sought to strike a precarious balance in their approach, imposing conditions that would prevent them from contributing to the budget of a “rogue” state while offering just enough aid that Afghanistan would not collapse. Others said such a strategic calculus was unnecessary because the regime would fall apart within months.²¹ As months turned into years, however, the lack of support beyond humanitarian relief became a nagging problem. Aid workers called economic growth “the only sustainable way” to meet the population’s basic requirements.²²

As mentioned above, words such as “growth” and “development” remained taboo among international officials, who remained strictly concerned with humanitarian aid.²³ Humanitarian funding rocketed to

¹⁸ “U.S.-Europe Joint Statement on Afghanistan”, U.S. Department of State, 27 January 2022. Crisis Group interviews, Oslo, January 2022.

¹⁹ Crisis Group Report, *Taliban Restrictions on Women’s Rights Deepen Afghanistan’s Crisis*, op. cit.

²⁰ Crisis Group interview, UN official, Kabul, August 2024.

²¹ Crisis Group interviews, Western officials, 2021-2025.

²² “Two Years In Review: Changes in Afghan Economy, Households and Cross-Cutting Sectors”, UNDP, December 2023.

²³ One example was USAID, which released a series of confused statements: after 2021, the agency rewrote the Afghanistan-related text on its website in the past tense, saying the U.S. had supported economic growth in previous decades, but more recently had narrowed its focus to reducing suffering. (The site disappeared

\$3.82 billion in 2022, a world record at the time.²⁴ Most of the donations came from Western capitals that had deployed troops to Afghanistan in previous years and now wanted to prevent famine and destitution in the war's aftermath.²⁵ To get around a financial system broken by sanctions, the UN started flying cash into Kabul in December 2021. These airlifts injected liquidity, stabilising the afghani and providing the hard currency for private importers to bring in wheat, oil and other staples. UN food aid also supplied roughly 30 per cent of Afghans' caloric requirements in 2022. But donor governments were playing dual roles as firefighters and arsonists: restrictions on the Taliban were throttling the economy, and emergency relief was replacing only a small part of the annual \$8 billion in security and development aid chopped in 2021.²⁶

A few donors such as Japan and Norway recognised that Afghanistan needed more than humanitarian aid, but they still avoided the word "development" and eschewed collaboration with the Taliban on national projects. Any help with infrastructure work, such as rural electrification or road maintenance, was limited to small-scale projects that addressed "basic needs", a term that UN and NGO officials used to describe a grey zone between humanitarian and development efforts, bridging the gap between what donors would pay for (humanitarian aid) and what the country needed (development assistance).²⁷ By 2024, about half of all foreign aid fell into the broad category of "basic needs", with the other half classified as strictly humanitarian.²⁸

But the fuzziness of terms such as "basic needs" caused mistrust. Officials in Western capitals became suspicious of grant recipients inside Afghanistan. In private meetings, donors accused UN and NGO staff of being "Taliban sympathisers".²⁹ For their part, aid workers complained that politics in the West raised more barriers to Afghans' wellbeing than the Taliban's heavy regulations.³⁰

after the Trump administration shut down the agency in early 2025, but old versions of USAID web pages are saved at web.archive.org.)

²⁴ UN OCHA Financial Tracking Service data.

²⁵ Among the top twenty donors, only China and Saudi Arabia had not participated in the war with the Taliban. "International Security Assistance Force: Key Facts and Figures", NATO, 7 November 2014.

²⁶ The World Food Programme (WFP) distributed over 1.14 million metric tonnes of food and \$327 million in cash to Afghans in 2022, a 50 per cent increase in assistance over the previous year. Crisis Group calculations, 2024. See also "Afghanistan: Annual Country Report 2022", WFP, February 2023.

²⁷ See, for example, "Japan and UNDP Launch New Community Resilience Programme to Support Alternative Livelihoods in Afghanistan", UNDP, 23 December 2024.

²⁸ Basic needs funding reached \$1.6 billion in 2024, equalling the amount of humanitarian aid. Roza Otunbayeva, "Briefing to the United Nations Security Council by the Secretary-General's Special Representative for Afghanistan", 10 March 2025.

²⁹ Crisis Group interviews, 2022-2024.

³⁰ Crisis Group interviews, Kabul, 2023 and 2024.

Countries close to Afghanistan were more disposed to engage with the Taliban due to their geographic proximity and economic ties, but they were reluctant to invest money in a post-war state and quick to blame Western restrictions for their failure to boost trade.³¹ Diplomats from China, Russia and Central Asian states said NATO had destroyed many roads, bridges and canals; therefore, they added, the U.S. and its allies should pay for fixing Afghanistan's infrastructure. Neighbouring states also argued that the West was blocking post-war recovery: "When they lift the sanctions, we will invest", said a regional diplomat in Kabul.³²

Still, nearby countries did make investments. In April 2023, China took the unusual step of publishing a paper on "the Afghan issue", pledging to help with trade.³³ The Taliban's track record of securing highways in the country also began to revive hopes for regional commerce. In 2023, for the first time, customs harmonisation allowed trucks to haul goods overland from China to Afghanistan, via Pakistan, in ten days.³⁴ Further improvements to the trucking routes were expected to cut the delivery times between Tashkent, Uzbekistan and the Chinese port of Shenzhen to six or seven days, finally making the Afghan roads a viable way for merchants in Central Asia to reach global markets.³⁵

Overall, however, the neighbours remained cautious. Rising tensions between Afghanistan and Pakistan, which accused each other of fomenting militancy along their disputed border, cast doubt on prospects for improved regional connectivity.³⁶ China, Uzbekistan and other regional states announced major projects in Afghanistan – two proposed rail corridors from Central Asia to Pakistan, and a long-awaited gold and copper mine at Mes Aynak in the south east – but the Taliban complained that work was proceeding too slowly.³⁷ Progress halted altogether at China's \$540 million oil project in Afghanistan's north west in 2025, when the Taliban evicted Chinese workers at gunpoint.³⁸

³¹ Crisis Group Asia Report N°337, *The Taliban's Neighbourhood: Regional Diplomacy with Afghanistan*, 30 January 2024.

³² Crisis Group interview, regional ambassador, Kabul, April 2024.

³³ "China's Position on the Afghan Issue", Ministry of Foreign Affairs of the People's Republic of China, 12 April 2023.

³⁴ "New TIR trade route opens connecting China to Pakistan and Afghanistan", International Road Transport Union, 6 September 2023.

³⁵ "21st Transport Sector Coordinating Committee Meeting", Central Asia Regional Economic Cooperation Program, 22 April 2024.

³⁶ "Pakistan-Afghanistan: Tempering the Deportation Drive", Crisis Group Commentary, 22 May 2025.

³⁷ Crisis Group interviews, Taliban and Afghan business owners, Kabul, 2023 and 2024.

³⁸ Anthony Kuhn and Vincent Ni, "Contract breach or banditry? Inside the collapse of the Taliban's oil deal with China", NPR, 29 August 2025.

C. *Biden's Negotiations*

A quieter aspect of economic policy toward Afghanistan came in the shape of the Biden administration's talks with the Taliban. U.S. officials started face-to-face conversations with Taliban economic experts in January 2022. Holding the bulk of Afghan central bank reserves and enforcing the most consequential sanctions, the U.S. had leverage over Kabul. The U.S. negotiators asked the Taliban to comply with banking standards such as safeguards on financing of terrorism and money laundering.³⁹ The Taliban agreed, welcoming Washington's hired auditors to Kabul. But the U.S. also wanted the Taliban to get rid of the loyalists they had installed to lead the central bank, some of whom remained listed as terrorists.⁴⁰ For their part, the Taliban expressed scepticism about taking advice from their former enemy, pointing out that many countries ignore global standards on the independence of central banks, which are not well defined.⁴¹

Stuck on the question of the central bank's leadership, U.S.-Taliban negotiations broke down. Tensions between the two sides rose in September 2022, when the Biden administration unilaterally decided to transfer half of the \$7 billion in Afghan state reserves in the U.S. into a trust fund in Switzerland.⁴² Board members at the new fund hoped that moving the money outside the U.S. would put it at arm's length from U.S. politics – and beyond the reach of 9/11 victims' families who claimed it. Their intention was to break the diplomatic logjam, allowing for more conversations between the Taliban and technical experts about reviving the Afghan financial sector.⁴³ The Taliban nevertheless complained that the U.S. was taking decisions about money that belonged to Afghanistan. They refused to acknowledge the Swiss fund's legitimacy. The result was a standoff

³⁹ Crisis Group interviews, Oslo and Kabul, 2022.

⁴⁰ For example, UN terrorist lists include the head of the central bank, Noor Ahmad Agha (also known as Ahmad Zia Agha). "Ahmad Zia Agha", UN Security Council, 1988 Sanctions Committee, 6 January 2012.

⁴¹ Crisis Group interviews, U.S. and Taliban officials, 2022 and 2023. No central bank has ever lost access to hard currency reserves and the global financial system because it was judged to lack independence. See Ed Balls, James Howat and Anna Stansbury, "Central Bank Independence Revisited", Harvard Kennedy School, April 2018.

⁴² William Byrd, "U.S. to Move Afghanistan's Frozen Central Bank Reserves to New Swiss Fund", U.S. Institute of Peace, 28 September 2022.

⁴³ Graeme Smith, "Afghanistan's central bank needs its assets back", *The Economist*, 12 October 2022. Victims claim the Afghan state assets as compensation for the 9/11 attacks, despite court rulings that the central bank was not related to the terrorist acts. Further appeals remain possible. Jonathan Stempel, "September 11, embassy bombing victims cannot seize Afghan bank assets, US appeals court rules", Reuters, 26 August 2025.

between the Afghan central bank and the parties with the best mechanism for reviving it.⁴⁴

Negotiations between the Taliban and U.S. economic officials limped ahead over the following years. At one point, the Taliban offered to replace the central bank's leadership if Washington would allow the return of Afghan assets. In public, the U.S. insisted that its refusal to give back Afghanistan's reserves remained a technical matter related to banking standards – maintaining the line that it and other donors were doing everything they could to alleviate Afghans' suffering. In private, however, U.S. officials acknowledged that political considerations played a decisive role. "If we try to move on banking, the first question from my boss will be, 'What are the Taliban doing on girls' schools?'" confided a U.S. negotiator.⁴⁵ President Biden himself told his staff to keep decisions about Afghanistan off his desk unless they concerned hostages.⁴⁶ In their final meeting during Biden's tenure, in September 2024, the two sides agreed on nothing but the need for more talks.⁴⁷

No such talks have occurred since Donald Trump's return to the White House. The new president, who views most foreign aid as a waste of money, is especially sceptical of aid for Afghanistan, fearing that donations would fall into the Taliban's hands. Figures around Trump, including his former adviser Elon Musk, criticised the UN cash flights, claiming incorrectly that the U.S. was delivering funds to the Taliban.⁴⁸ Within weeks of retaking office, Trump decided to shut off assistance to Afghanistan entirely, and shortly afterward, several U.S. allies also reduced their aid budgets.⁴⁹

D. *The Doha Process*

As years passed without decisive U.S. leadership on the issue, other states started to express frustration about the stalemate over the Afghan economy and seek a breakthrough. One of these was the United Arab Emirates, which views the prosperity of trading partners as a national interest.⁵⁰ In 2023, after taking the co-penholder role

⁴⁴ Jeff Rigsby, "The Fund for the Afghan People", unpublished manuscript, 19 June 2024.

⁴⁵ Crisis Group interview, Washington, June 2023.

⁴⁶ Ibid. As of September, the U.S. still had not shared the results of its audit of the Afghan central bank with its international partners.

⁴⁷ Crisis Group interviews, U.S. and UN officials, 2024.

⁴⁸ "Are we really sending US taxpayer money to the Taliban?", X post by Elon Musk, @elonmusk, 2:13am, 7 January 2025.

⁴⁹ Donors who cut back included Belgium, France, Germany, the Netherlands, Sweden, Switzerland and the UK. "Afghanistan: Crippling aid cuts threaten lives and wellbeing of the most vulnerable", Norwegian Refugee Council, 25 March 2025.

⁵⁰ A firm based in Abu Dhabi runs Afghanistan's major airports, and for decades the UAE served as a financial centre for Afghan business. See Giorgio Cafiero, "The UAE's Complicated Taliban Outreach", Gulf International Forum, 9 June 2024.

(with Japan) for issues related to Afghanistan at the UN Security Council, the UAE proposed a review of international engagement with the country. The Council voted unanimously in favour that March. It was the first UN resolution since the Taliban takeover calling for a rethink of international approaches – toward not only aid delivery, but also economic growth and poverty reduction.⁵¹

The UN appointed a special coordinator, former Turkish foreign minister Feridun Sinirlioğlu, to lead a review of unprecedented scope.⁵² The Turkish diplomat delivered a report in November 2023 containing a self-styled “roadmap” for normalisation of the Taliban regime on the world stage. Separately, the report also featured a list of ways that donors could “immediately” help the Afghan economy. Sinirlioğlu called for a shift away from “politically driven” aid by replacing stopgap assistance with development, including resuming work on infrastructure projects started before August 2021. He also suggested steps to restore transit, trade and connectivity, including better airport capacity, and called for overhauling sanctions on the Taliban, as well as rehabilitating the central bank.⁵³

The Security Council “took positive note” of the report in December 2023.⁵⁴ Some international officials misrepresented its findings, claiming that the review had set conditions that the Taliban had to satisfy before getting support in reviving the Afghan economy.⁵⁵ Still, officials at the World Bank said the UN review encouraged the Bank’s board to approve its “approach 3.0” to Afghanistan the following February, restarting construction of an electricity corridor that would connect Central and South Asia, bringing power to Afghanistan along the way. The Bank’s new approach also unlocked about \$100 million in annual development funding, while calling for greater engagement with the Taliban on economic issues.⁵⁶

The task of hosting talks between the Taliban and international envoys fell to the UN, which found it daunting. The Taliban balked at meeting with UN Secretary-General António Guterres in February 2024, when he tried to host a variety of Afghan men and women in the Qatari capital Doha, because the Taliban insisted on serving as the country’s sole representatives.⁵⁷ Conversely, the UN persuaded the Taliban to

⁵¹ UN Security Council Resolution 2679, 16 March 2023.

⁵² For background on UN reviews, see Daniel Forti, “Independent Reviews of UN Peace Operations: A Study of Politics and Practice”, International Peace Institute, October 2021.

⁵³ Untitled letter from the Secretary-General, 8 November 2023.

⁵⁴ UN Security Council Resolution 2721 (2023), 29 December 2023.

⁵⁵ Crisis Group interviews, London, Oslo and Brussels, 2024.

⁵⁶ “Approach Paper 3.0: The Next Phase of Support to the People of Afghanistan”, unpublished paper, World Bank, 5 February 2024.

⁵⁷ Graeme Smith, “Rethinking Talks with the Taliban”, Crisis Group Commentary, 18 April 2024.

attend a meeting with senior officials from more than 25 countries and organisations in June 2024, largely by relegating other Afghans, including women, to the sidelines. Major donors then complained that the UN was caving in to Taliban demands.⁵⁸ Before the meeting, the UN and the Taliban agreed on an agenda for talks focused on the economy and counter-narcotics, but donors threatened to pull out over the role allotted to civil society representatives.⁵⁹

Despite their misgivings, all the major donors sent their special envoys to attend the meetings, in late June and early July 2024, giving them the opportunity to discuss economic matters with the Taliban at the highest level yet. Some participants hoped that, at a minimum, the conclave would produce the kind of declaration issued in Norway two years earlier, committing all sides to help with “economic revival”. Such generic statements carried no legal weight, but UN officials argued that a clear signal from the envoys could encourage public and private investments. The meetings, however, ended without a joint communiqué.⁶⁰

The diplomats promised to keep talking in two “Doha process” working groups focused on the economy and counter-narcotics, but preparations dragged on for months due to questions about the terms of reference. A draft circulated in late 2024 proposed negotiations to “address the challenges in the area of private-sector development” but alluded to conditions such as a “step-for-step approach” and Afghanistan’s “international obligations”.⁶¹ It was unclear, furthermore, which steps might depend on which obligations: for example, the talks could have stalled had the Taliban’s interlocutors told them they had to fulfil the promises of previous Afghan governments regarding the rights of women and girls.⁶²

Preparatory meetings for the economic working group eventually went ahead in January 2025, expanding into a three-hour virtual summit the next month. Alongside UN diplomats, Taliban representatives and economic experts, the UN hosts invited women’s rights advocates and women business owners to speak about the private sector’s needs, including banking, electricity and access to markets. The organisers proposed to follow up with dedicated meetings on topics such as

⁵⁸ Andrew Watkins, “What’s Next for the UN’s Doha Process on Afghanistan?”, U.S. Institute of Peace, 16 July 2024.

⁵⁹ The G7+ group of donors wrote to the UN organisers to complain of insufficient regard for Afghan civil society: “We are asking for their involvement at Doha so that they too feel legitimate and valued”. Unpublished letter to the UN Department of Political and Peacebuilding Affairs, 14 June 2024. On file with Crisis Group. Civil society members, including women, participated in side events.

⁶⁰ Crisis Group interviews, Western and Taliban officials, 2024.

⁶¹ “Terms of Reference: Working Group on Private Sector”, November 2024.

⁶² Afghanistan is a signatory to the 2003 Convention on the Elimination of All Forms of Discrimination Against Women, among other agreements.

helping Afghans get loans, register companies and sell products abroad. Most of the proposals were modest – for example, credit programs for women’s businesses – but they were intended to show that the Taliban and international actors could collaborate on economic matters (including in meetings with Afghan women).⁶³ More ambitiously, the conveners also called for steps aimed at fixing Afghanistan’s financial system.

But a gap persisted between the ideas offered by the economic experts consulted as part of the Doha process and the notes of caution from speakers on behalf of Western states and institutions. Donors said loosening economic constraints and extending help with recovery would require the Taliban to reverse their draconian gender policies.⁶⁴ This stance contrasted with the slides presented by UN officials, which called for the rights of girls and women to be “cross-cutting themes” as all sides went ahead with immediate steps that would bring improvements to their economic lives – even though the Taliban deny them other rights.⁶⁵ Some donors suggested, in private, that the Doha process be abandoned because they viewed the talks as a channel for the Taliban to present “wish lists” of requests that cannot be granted under current political circumstances.⁶⁶ The process continued in June and July with further meetings of the two working groups, but wrapped up without any announced progress.⁶⁷

⁶³ Crisis Group interviews, UN, Taliban and Western officials, February 2025.

⁶⁴ Crisis Group interviews, Western officials, February 2025.

⁶⁵ “Doha Process Private Sector Working Group: First Meeting”, UN, 13 February 2025.

⁶⁶ Crisis Group interviews, Private Sector Working Group participants, February 2025.

⁶⁷ “UN Convenes Working Group Meetings on Counter-Narcotics, Private Sector”, UN Assistance Mission in Afghanistan, 1 July 2025.

III. Taliban Responses

A. *The Regime's Economic Plan*

The Taliban claim to be pursuing their own vision for prosperity: a five-year development plan, completed in April.⁶⁸ They have not published the plan, but many of its reported eleven components are reminiscent of their talking points in meetings with foreign diplomats. They promise to improve living standards, expand Afghanistan's economic relations around the world, protect the environment and manage mineral resources, as well as modernise industry and commerce. But some of the plan's other pillars – preserving religious values, upholding Islamic law and maintaining security – seem more like Taliban doctrine than an economic roadmap. Commentators have also noted that the so-called strategy does not specify how it will be financed.⁶⁹

There is no doubt that the Taliban's economic planners face internal constraints. All the laws, rules and regulations inherited from previous governments have been under review since 2021 by religious scholars, for compliance with Islamic precepts. Finance officials also keep the state budget secret, parcelling out information to ministries as required, and numbers showing the central bank's depleted cash reserves remain closely guarded. A Taliban official confided that the emir himself holds back the bureaucracy from preparing for contingencies: for example, a ministry sent a multi-year plan to the emir's office for approval, and the document came back to Kabul stripped of operational details, leaving only religious platitudes that rendered the plan useless.⁷⁰

Such ambiguity gives the emir more latitude to make decisions on the fly and concentrates power at his offices in Kandahar rather than the ministries in Kabul. Apart from spreading doubts among foreign interlocutors, the uncertainty surrounding the Taliban's economic strategy frightens businesses. One wealthy Afghan expatriate said the regime offered him generous mining concessions but he turned them down, feeling that he could not risk investing in a place where laws depend on the leader's whims.⁷¹ Another business owner said legal rulings in Kabul are not enforced in the provinces, as local authorities make their own interpretations of Islamic law; as a result, he had to close some of his provincial offices and hire intermediaries to help with reopening them.⁷²

⁶⁸ "Economic Commission Approves Five-Year Draft of National Development Strategy", Islamic Emirate of Afghanistan, 16 April 2025.

⁶⁹ Habib Mohammadi, "Taliban approve national development strategy amid shrinking international aid", Amu TV, 15 April 2025.

⁷⁰ Crisis Group interviews, Taliban officials, 2022-2024.

⁷¹ Crisis Group interview, Afghan business owner, October 2024.

⁷² Crisis Group interview, Afghan executive, Kabul, April 2024.

Another downside of the Taliban's lack of transparency is a growing perception of corruption. Afghan businesses say the Taliban rulers are much less corrupt than previous governments, but they report a trend toward dirty deals, particularly pressure from Taliban to make "voluntary" contributions to state coffers unrelated to the heavy taxes they already pay.⁷³ Charity can turn into coercion when firms depend heavily upon the regime's good-will.

B. *Differences over Transparency*

Faced with uncertainty about the Taliban regime's inner workings, many foreign states and institutions say they cannot engage more deeply without greater transparency. Taliban officials admit to shortcomings in this regard, citing the lack of legal and regulatory frameworks as a barrier to economic recovery.⁷⁴ But the Taliban view transparency as a matter of accountability to Afghan citizens and businesses, not to foreign governments. Taliban officials often say there is no need to explain their finances to the countries that were fighting the movement until 2021, especially as those states are keeping sanctions in place and making unilateral decisions to cut aid. They note that neighbouring countries are not fully transparent about government budgets, either.⁷⁵

Still, other secretive governments in Central Asia and South Asia tend to pay their own bills for services such as health care and education, whereas the Taliban inherited a state reliant on external support.⁷⁶ Donors complain that the Afghan regime spends too little on social services and too much on security, which by one estimate amounted to 50 per cent of state expenditures in fiscal year 2022/2023.⁷⁷ Spending on the military, police and intelligence services may well have swollen since then. The Taliban respond that they have established greater peace and stability than any government since the 1970s, adding that they require large forces under arms to ward off the local branch of the Islamic State and other threats.⁷⁸ Their spending on security does appear higher than the average for fragile and conflict-affected states, but such an emphasis is not unprecedented.⁷⁹

⁷³ Crisis Group interviews, Afghan business figures, 2023-2024.

⁷⁴ Crisis Group interviews, Taliban officials, 2023-2025.

⁷⁵ Crisis Group interview, Taliban economic official, Kabul, April 2024.

⁷⁶ The largest item is the health care system. The Taliban allocate about \$20 to \$25 million for public health, compared with \$300 to \$400 million from foreign donors for basic health services. Crisis Group interview, Doha, February 2025.

⁷⁷ Salma Alokozai and Khalid Payenda, "Analysing Taliban's Budget Expenditures and Revenues: Understanding the Regime's Policies and Priorities", Afghanistan Research Network, June 2023.

⁷⁸ Crisis Group interviews, Taliban officials, 2024.

⁷⁹ For example, Somalia has spent up to 50 per cent of its budget on security in recent years. "Somalia Security and Justice Public Expenditure Review", UN Assistance Mission in Somalia/World Bank, January 2017.

More to the point, the Taliban ask what gives any foreigner the right to peer into their budgeting. They note that the hundreds of billions of dollars in international aid spent over the last two decades failed to stabilise the country, and they do not accept the portrayal of Afghanistan teetering on the brink of collapse or famine. During face-to-face meetings, officials often look amused when foreigners tell them to undertake state reform for the sake of stability.⁸⁰ Some Taliban felt so confident about not needing foreign help that, in late 2024, leaders in Kandahar gave serious consideration to kicking all foreign NGOs out of the country. That drastic step was averted, but some Taliban ask whether the UN Assistance Mission in Afghanistan, a political outpost that coordinates international support, still has a role to play. The Taliban consider the mission anachronistic and want Afghanistan to be treated as a “normal” country.⁸¹

C. *The Taliban in the Doha Process*

The Taliban often fail to understand the degree to which their own policies condemn them to staying on the fringes of global politics, instead blaming “discrimination” or strong emotions left over from the war.⁸² But they do grasp the fact that many countries do not like their regime. As a result, during their preparations for Doha process talks in the summer of 2024, they avoided the broad questions related to political normalisation and tried to focus on practical goals. They wanted to talk about the Afghan economy, not because they hoped to persuade donors to take a greater role in easing poverty – but, on the contrary, because they sought ways of reaching self-sufficiency. This agenda also reflected the World Bank’s stated approach, which calls for dialogue with the Taliban on how to shift responsibility for financing and delivering services from donors to the Afghan state, gradually weaning the country off assistance.⁸³

When that dialogue got started in Doha, however, donors on the other side of the table complained that the Taliban were still aiming too high. The Taliban reiterated demands for the unfreezing of billions of dollars in central bank assets held abroad, restoring international banking links and resuming halted infrastructure projects – or at least settling accounts with unpaid contractors for work that had stopped

⁸⁰ Crisis Group interviews, Western and Taliban officials, Kabul, 2022-2024. For more on the Islamic State branch, see Crisis Group Asia Briefing N°183, *The Islamic State in Afghanistan: A Jihadist Threat on the Wane?*, 16 July 2025; and Crisis Group Asia Report N°326, *Afghanistan’s Security Challenges under the Taliban*, 12 August 2022.

⁸¹ Not all Taliban agree; some admire the UN mission. Crisis Group interviews, 2024 and 2025.

⁸² Crisis Group interviews, Taliban officials, 2024.

⁸³ “Approach Paper 3.0: The Next Phase of Support to the People of Afghanistan”, op. cit.

in 2021. They did make a new proposal with their offer to rejoin the World Trade Organisation, a move that would entail a duty to comply with global standards.⁸⁴ But the barriers to the Taliban sitting at WTO meetings are expected to remain formidable as long as the regime lacks recognition.⁸⁵

Frustrated by the lack of results from that first meeting in June 2024, the Taliban tried to develop more technical suggestions as part of the follow-up to the Doha talks in the working group on economic matters. They returned to the table the next February with a deck of slides focusing on their own responsibility for the economy, promising to pass new laws on commercial disputes, intellectual property and land allocation, among other pledges. They also committed to adhering to safeguards against money laundering and financing terrorism, calling for resumed monitoring by international auditors. “We want to follow the rules, but you blocked the ways to check our progress”, noted a Taliban official.⁸⁶

The Taliban also highlighted the benefits of economic growth for Afghan women, claiming that the number of women holding business licences has increased by 359 per cent since they returned to power.⁸⁷ Support for women entrepreneurs featured in the Taliban’s requests from donors, with projects focused on women-owned business at the top of their list for infrastructure works that could benefit from international support, including an industrial park for women-owned factories and support centres for women’s small and medium enterprises. More generally, the Taliban asked for help with building dry ports, export processing centres, cold storage facilities and energy infrastructure. They called for simplification of visa procedures for Afghan traders and industrialists, and expanded market access for Afghan products, particularly in Europe, as well as help with digital payments.⁸⁸

⁸⁴ “3rd Doha Meeting – Development of the Private Sector”, briefing slides, Ministry of Industry and Commerce (Afghanistan), June 2024.

⁸⁵ Afghanistan joined the WTO in 2016 but has not participated in meetings since the Taliban takeover. Consent from all members is needed to give the Taliban a seat, which is unlikely given that Afghanistan’s seat at the UN remains taken by a representative from the previous government. Crisis Group interviews, Western officials, 2024.

⁸⁶ In particular, Afghanistan wants to reactivate its membership in the Asia/Pacific Group on Money Laundering (APG), a regional body affiliated with the Financial Action Task Force. The APG relegated Afghanistan’s status to “inactive” in 2022. Crisis Group interviews, Taliban officials, 2025.

⁸⁷ The Taliban said the number of women holding business licences rose from 2,957 in 2021 to 13,565 in July 2025. Crisis Group interviews, Taliban officials, Kabul, August 2025.

⁸⁸ “Private Sector Technical Working Group”, briefing slides, Islamic Emirate of Afghanistan, February 2025.

Some of these proposals raised eyebrows among Western officials, who wanted the Taliban to offer bigger concessions – for example, reopening girls’ schools – in exchange for such economic support. But the Taliban considered they had already stretched their own remit by participating in talks along with Afghan women representing business groups. They also viewed themselves as offering a generous degree of openness: for example, inviting another audit of the central bank if the U.S. continued to refuse sharing the one it had conducted (see Section II.C).

IV. Breaking the Deadlock

The U.S. has been the most important outside power over the last few decades of Afghan history, but its 2021 troop withdrawal and Trump's funding cuts have left a vacuum. Despite their own aid reductions, European donors now provide the largest amount of humanitarian assistance and count on an EU diplomatic mission in Kabul, meaning they are well positioned to take a leading role in supporting the country's stability as it lessens its reliance on foreign aid. Neighbouring countries should also demonstrate more leadership, as their proximity exposes them to risks from Afghanistan while their economies would benefit from better regional connectivity. Recent efforts by China and Pakistan to take control of the penholder role on Afghanistan at the UN Security Council have already signalled a rising level of concern among these countries.⁸⁹

A. *The Risks of the Aid Cutoff*

The most plausible scenario for the Afghan economy is that it will remain largely marooned from the rest of the world. Much of the problem rests with the Taliban leaders in Kandahar. At the strategic level, the top clerics want less, not more, openness to other countries. That poses difficulties for a poor, landlocked country that needs to curry international favour for the sake of boosting trade, earning recognition and shaking off sanctions. Yet so far, there is no sign that the Taliban see economic challenges as a reason to change their overall approach to governance. The Taliban's insularity has only deepened, as illustrated by the September shutdown of internet services across the country.⁹⁰

Nor do foreign powers have compelling reasons to reach out to the Taliban. Trump has abandoned the U.S. demands on human rights that impeded any thaw in relations under Biden, but the new administration has raised other concerns: Trump has demanded the return of U.S. weapons left behind in 2021 and mused about restoring a U.S. base in Afghanistan.⁹¹ The Taliban say these requests would be hard to accommodate, though they want good relations with all countries and insist that U.S. mining and energy companies are welcome to invest in Afghanistan.⁹² Meanwhile, European and other donors are

⁸⁹ Richard Gowan, "US-China standoff on who runs the Afghanistan file at UN signals greater tensions ahead", *Just Security*, 14 February 2025.

⁹⁰ Nasratullah Taban, "Internet shutdown in Afghanistan threatens women's education and media freedom", *The Diplomat*, 17 September 2025.

⁹¹ "Remarks by President Trump before Cabinet Meeting", White House, 26 February 2025.

⁹² Crisis Group interviews, Taliban officials, 2025. See also "The Taliban reject Trump's bid to retake Bagram air base in Afghanistan", Associated Press, 21 September 2025.

also cutting programs in Afghanistan. Donors held emergency meetings to direct diminishing funds toward essential services such as health care, but they gave no indication that the funding crisis had provoked fresh thinking about Afghan self-reliance.⁹³

It seems likely that aid operations in the country will shrink to a fraction of their previous size even as the economy remains hobbled by sanctions and isolation. European donors do not seem poised to fill the U.S. void. Nor is it likely that neighbouring or nearby countries will invest rapidly enough to stave off worsening poverty. Major donors may not be worried by this turn of events. Many international officials do not believe that financial strain will erode the Taliban's capacity to maintain security; after all, the regime is stabilising the country and combating the local branch of the Islamic State, the main jihadist menace to Europe.⁹⁴ The other major threat perceived by Europeans – surging migration – may not correlate with poverty levels in countries such as Afghanistan. Studies have hinted that more migrants pay smugglers to get across borders when incomes are rising, rather than when they are falling.⁹⁵

Yet inaction carries risks. The Taliban are already warning donors that an abrupt end to aid could prompt a surge of migration, and such cautionary notes should be taken seriously from a regime that does not usually express self-doubt.⁹⁶ In addition to risks related to migration and terrorism, some Taliban also predict that economic pressures could weaken their ban on opium and other drugs, renewing flows of smuggled narcotics around much of the world.⁹⁷ The regime holds an iron grip, but widespread hardship could, in theory, breed instability.

What is in far less doubt is the terrible pain already being felt following aid reductions. At least 422 health facilities have suspended services in 2025 to date, cutting off more than three million people.⁹⁸ The burden of the aid shutdowns has fallen most heavily on impoverished women: Afghanistan is one of the deadliest countries in the world to give birth, with a pregnant woman dying of preventable complications every two hours. In 2025, almost 440,000 women are expected to lose access to

⁹³ Crisis Group interviews, Western officials, 2025.

⁹⁴ Crisis Group interviews, Taliban and Western officials, 2024 and 2025. See Crisis Group Briefing, *The Islamic State in Afghanistan: A Jihadist Threat on the Wane?*, op. cit.

⁹⁵ Hein de Haas, "Turning the Tide? Why Development Will Not Stop Migration", *Development and Change*, vol. 38, no. 5 (2007).

⁹⁶ Afghanistan has been the second-largest source of asylum claimants in Europe in recent years. EUAA Early Warning and Preparedness System data.

⁹⁷ Crisis Group interview, Taliban official, 13 February 2025. See also Crisis Group Asia Report N°340, *Trouble in Afghanistan's Opium Fields: The Taliban War on Drugs*, 12 September 2024.

⁹⁸ "Over 400 health centers shut down in Afghanistan following US aid suspension", Ariana News, 15 June 2025.

sexual and reproductive health services that providers had managed to design to comply with Taliban edicts.⁹⁹ Women are also the most dependent on other services that are being defunded, such as in the domains of water, sanitation, hygiene and agriculture.¹⁰⁰ The Taliban have started paying for some of these services from the national budget in recent years, but major gaps remain in essential areas such as public health (96 per cent funded by donors) and education (44 per cent).¹⁰¹

Failure to plug gaping holes in basic services would seem like a recipe for disaster. “A lot of people will die”, said an aid worker.¹⁰² That said, the extent of the emergency is hard to foretell. For example, the impact of shuttered public clinics will depend on the capacity of the fast-growing private health sector. The World Bank said international funding cuts would hurt the economy but still predicted growth of about 2.5 per cent as a baseline scenario for the coming years. That would be just enough to prevent a slide into deeper poverty, despite a surging population, with the Bank predicting per capita incomes rising at an average rate of 0.57 per cent annually from 2022 to 2027.¹⁰³

The Bank warned of “increased downside risks” due to aid cuts, but observers noted that this analysis failed to include potential upsides. The most important item, not published but much discussed among international officials, was the soaring value of remittances sent back to Afghanistan via formal banking channels: \$3.5 billion in 2024, by one estimate, equivalent to more than twice the amount of humanitarian aid that year.¹⁰⁴ Remittances could grow further as international funding cuts worsen, softening the blow of aid drawdowns.¹⁰⁵ Another buffer against aid shocks is the size of the grey and black markets, which account for much of the country’s economic activity.¹⁰⁶

⁹⁹ “Impacts of the Trump Administration’s actions for IPPF”, International Planned Parenthood Federation, April 2025.

¹⁰⁰ “Lives on the Line: The Human Impact of US Foreign Aid Shifts”, ICVA, March 2025.

¹⁰¹ “Afghanistan Resilience Trust Fund SG Meeting: Macroeconomic Update”, World Bank Group, February 2025.

¹⁰² Crisis Group interview, aid worker, Kabul, February 2025.

¹⁰³ “Afghanistan Resilience Trust Fund SG Meeting: Macroeconomic Update”, op. cit.

¹⁰⁴ Crisis Group interview, Western official, Kabul, 2025. This figure includes the gifts that overseas Afghans sent home, along with capital that businesses moved back into the country.

¹⁰⁵ Personal remittances may be offset by investors’ increased caution during a period of uncertainty, however. Jamal Bouoiyour, Refk Selmi and Amal Miftah, “The Relationship between Remittances and Macroeconomic Variables during Tunisia’s Arab Spring”, arXiv preprint, 2017.

¹⁰⁶ David Mansfield and Graeme Smith, “War Gains: How the Economic Benefits of the Conflict are Distributed in Afghanistan and the Implications for Peace”, ODI, August 2021.

In other words, the consequences of doing nothing to ease Afghan poverty may not be a televised famine or state collapse. Many of the tragedies would be private affairs in the country's most hard-up locales, endured behind the mud walls of houses far away from journalists and researchers. The Taliban restrain the media from spreading bad news, and several programs for assessing the welfare of Afghans have been discontinued.¹⁰⁷ Families would likely pull girls out of primary school to fetch water and help with other chores; the number of child marriages would rise; maternal mortality would increase; and disease and malnutrition would spread. Indeed, such trends are already emerging as basic services retreat and villagers travel farther to seek help.¹⁰⁸

B. *A Life after Aid*

Through a careful relaxation of controls and restrictions, countries with the most at stake in Afghanistan's future should aim to give its economy an opportunity to grow without depending on foreign assistance. Ideally, the United States would have a part to play, since U.S. sanctions, U.S. banking rules and Washington's veto power at the World Bank and the UN Security Council make it the most powerful gatekeeper blocking the Taliban regime from establishing better relations with other countries and more fluid connections with the global economy. Even after the aid cuts, Trump's preference for a transactional foreign policy should make it logical for his administration to explore deals that would give the U.S. access to Afghanistan's estimated \$1 trillion in mineral deposits.¹⁰⁹

1. Support the economy

The shock of U.S. aid cuts gives other donors a pause in which to reconsider their approach. They should revert to the language used by U.S. and European envoys in early 2022, giving support to the "revival" of Afghanistan's economy. Such a statement of intent would foster trust with the Taliban, who often accuse foreign governments of building systems in parallel to state institutions to keep them dependent on foreign aid. It would also gain the backing of states in the region, which suspect that Western governments deliberately left a mess in Afghanistan to cause them trouble.¹¹⁰

¹⁰⁷ The World Bank's Afghanistan Welfare Monitoring Survey, the Famine Early Warning Systems Network and iMMAP, Inc. have all stopped or reduced monitoring in recent years. See Christopher Newton and Delaney Simon, "U.S. Aid Cuts Make Famine More Likely and Easier to Hide", Crisis Group Commentary, 28 February 2025.

¹⁰⁸ Yogita Limaye, "My wife died giving birth after Trump cut funding to our clinic", BBC, 14 September 2025.

¹⁰⁹ Alex Gendler, "Greenland and Afghanistan: Frontiers in race for critical minerals", VOA, 7 March 2025.

¹¹⁰ Crisis Group interviews, regional officials, Kabul, Doha and Istanbul, 2023-2025.

Such a declaration from regional and international actors would give reassurance to banks, insurers and other firms. Banking relationships have recovered since the Taliban takeover, and wire transfers have started to get through to Afghanistan, but they are precarious and susceptible to bad news. Needless to say, the Taliban invite isolation with their own misrule, generating a stream of hostile publicity world-wide with attacks on women's rights and other fundamental values.

Foreign governments and institutions cannot, and should not, protect the regime from the consequences of its own policies. But it would be helpful for foreign governments to spell out exactly what they are trying to achieve and how far their restrictions reach. Businesses need to know if powerful states are intent on continuing to block commerce with Afghanistan. As noted above (see Section II.A), sanctions exemptions exist in theory, but Western politicians still raise concerns about the payment of taxes, duties and other ordinary fees to the Afghan regime, sending confusing signals to private companies.¹¹¹ As a Western official put it: "Europeans and the regional states should get together and say ... 'We want to trade with Afghanistan'".¹¹²

The Taliban will inevitably benefit from economic growth, a truth that is painful for many Western states to admit. The theocrats who control the state apparatus would be pleased to see their budgets expanding as the economy gets back on its feet, and anything that comforts the regime will discomfit its former enemies. Still, it is important to recognise that humanitarian aid did not manage to circumvent Afghanistan's de facto authorities, either. Host governments always collect taxes and other fees. "We have to get over this crazy narrative that the Taliban cannot benefit at all", admitted an aid worker. "We're just lying".¹¹³

2. Negotiate exit strategies

Greater economic support should be paired with a gradual phasing-out of emergency aid. Donors must take seriously the task of developing exit strategies, with the aim of buttressing stability while not venturing into the details of economic planning. The Taliban, who do not want to make their regime a laboratory for Western policy, would not allow foreigners into strategic deliberations.¹¹⁴ Still, they do want technical discussions about how to steady the economy. After the February

¹¹¹ The Special Inspector General for Afghanistan Reconstruction (SIGAR) reported in 2024 that U.S. partners had paid almost \$11 million in taxes and other fees to the Taliban-controlled government since August 2021, a finding that Representative Michael McCaul, a Republican from Texas, called "unacceptable". "Chairman McCaul Issues Statement on SIGAR Finding U.S. Dollars Funnelled to Taliban", press release, U.S. House of Representatives Foreign Affairs Committee, 21 May 2024.

¹¹² Crisis Group interview, Western official, Kabul, February 2025.

¹¹³ Crisis Group interview, Kabul, April 2024.

¹¹⁴ Crisis Group interviews, Taliban officials, 2024 and 2025.

meeting of the private-sector working group in Doha, Taliban representatives expressed disappointment that, in their view, they had talked specifics but the foreign diplomats present offered only generalities.¹¹⁵ Now that aid cutoffs are rattling the economy, it is time for donors to be more forthright about how they can contribute to the Doha process.¹¹⁶ They should send senior officials to look for ways of collaborating with the Taliban on job creation and entrepreneurship; access to markets and market integration; private banking and financial infrastructure; and availability of finance. Such action would further donors' interests by promoting regional stability.

Donors should continue to insist that women are able to influence negotiations and benefit from economic progress, ensuring that steps are taken to create jobs for women and improve women entrepreneurs' access to markets and finance. They should not, however, hold up economic talks in the hope of reversing all the Taliban's gender-related policies. The UN special coordinator made the same argument in 2023, and UN staff have pursued this idea in subsequent years, making the rights of women and girls part of the "mosaic" of issues that require simultaneous action.¹¹⁷ Aid agencies have made similar arguments, calling for "a realistic exit strategy" that cleaves to humanitarian principles and avoids the overly political use of aid.¹¹⁸

3. Loosen policy

A number of initiatives would have no price tag, or a very small one, but they would require devoting staff hours to loosening the policies that restrict the Afghan economy. The easiest tasks could easily be copied from elsewhere: for example, all countries should mirror the broad exemptions to sanctions set out by U.S. General License 20 (see Section II.A). No one should have to apply for permission to build a girls' primary school or fix an electrical pylon. All donors should permit development work and ordinary business should be allowed, while maintaining the existing prohibitions on payments to designated Taliban officials. If made correctly, this change could reduce the need for foreign aid, easing the transition toward a self-reliant Afghanistan without recognising the regime.

Countries and institutions that follow the template of UN sanctions against the Taliban should go beyond the UN's own carveouts for humanitarian efforts and add exemptions for development and

¹¹⁵ Crisis Group interviews, Taliban officials, February 2025.

¹¹⁶ Crisis Group interviews, 2025.

¹¹⁷ "Presentation to the Doha Format Countries", UN, February 2025.

¹¹⁸ "Delivering on Protection Commitments to Afghans: Joint INGO Recommendations Ahead of the Senior Official Meeting", unpublished letter from major NGOs, June 2024. On file with Crisis Group.

business in the style of U.S. licences.¹¹⁹ The most consequential example is the European Union, which enforces UN sanctions.¹²⁰ EU officials need not wait for the Security Council to take action; Brussels could adjust its interpretation of UN sanctions to allow for development projects, infrastructure repair, ordinary business and banking services.¹²¹ Such easing would give comfort to the few European banks that have quietly resumed transactions with Afghanistan. Those banking relationships have gained importance in recent months because they offer an economic lifeline at a time when dwindling cash shipments are squeezing supplies of hard currency.¹²²

Of course, such exemptions are no substitute for updating the sanctions. At present, UN sanctions are so out-of-date that the Security Council can no longer use them to change the Taliban's behaviour. The sanctions resolution contains obsolete provisions, such as requiring members of the Taliban to make peace with the former government in Kabul (which no longer exists) to be considered for delisting.¹²³ As there is no realistic way for targets to get off the sanctions list, the penalties are of little use for encouraging changes in behaviour.

The countries most affected by Afghanistan's economic crisis should start a conversation in New York about updating the UN sanctions. The UN special coordinator opened the door to sanctions reform in his 2023 report, but there has been no follow-up since.¹²⁴ The Council should start discussions, formal or informal, about how to make the sanctions fit for purpose. For example, the Council could mandate a periodic review of designations (similar to the triennial review of the UN's al-Qaeda/ISIS regime), to ensure that they are updated more regularly.¹²⁵

Given the geopolitical landscape, however, reaching agreement on significant mandate changes at the Council could take years, while the aid cuts are inflicting pain that demands speedy remedies. The most pressing chokepoint is central banking. Da Afghanistan Bank, the central bank, remains cut off from billions of dollars in overseas reserves and banned from the SWIFT system of transactions. European and regional actors should object to any effort by the Trump admin-

¹¹⁹ The UN's exemptions allow humanitarian aid, but General License 20 is broader. UN Security Council Resolution 2664, 9 December 2022.

¹²⁰ After the UN separated the Taliban and al-Qaeda listings in 2011, the EU established Afghanistan-specific sanctions that freeze Taliban assets and prohibit making funds or resources available to Taliban-associated individuals. EU Council Regulation 753/2011.

¹²¹ The EU Council, acting on a proposal from the EU high representative for foreign affairs and security policy, could amend EU Council Regulation 753/2011.

¹²² Crisis Group interviews, bank executives and Western officials, 2024 and 2025.

¹²³ UN Security Council Resolution 1988 (2011), 17 June 2011.

¹²⁴ Updating UNSC resolution 1988 (2011) would "make the sanctions regime more relevant to current realities", the report said. Untitled letter from the Secretary-General, 8 November 2023.

¹²⁵ UN Charter, Chapter V, Article 24.

istration to seize the Afghan state assets now sitting in Switzerland, as some U.S. observers suggest it might try to do.¹²⁶ For their part, European and Middle Eastern states holding the remaining Afghan reserves should deposit them with the fund in Switzerland in exchange for seats on the board.¹²⁷ Those stakes would give clout to the countries most interested in deploying the fund for monetary stability.¹²⁸

Any such effort to expand the Swiss fund and mobilise it to strengthen the Afghan economy would require the Taliban's approval. But the regime remains sceptical of any solution other than shrink-wrapped pallets of dollar bills returned to its vaults. That said, faced with instability in the local currency markets in the days after Trump declared aid cuts, the Taliban may be more amenable to finding a way of working with the Swiss trust fund.¹²⁹ A deal that recognises ownership by the Taliban-controlled bank could unlock portions of this fund, perhaps the interest on reserves, to slowly recapitalise Da Afghanistan Bank for the limited purpose of currency auctions and other steps related to monetary policy. The Taliban would need to follow the banking laws and regulations written under the previous government, as they have promised, and provide far greater transparency. Most obviously, if the world is going to replenish the central bank, the Taliban will have to publish its audits.¹³⁰

Taliban officials have promised such compliance steps, and donors should leap at the chance to bind them to international rules. European states could help Afghanistan reconnect with the Egmont Group, a global network of financial intelligence units, by supporting technical assistance to strengthen anti-money laundering systems. Similarly, the Taliban should fully submit themselves to the scrutiny of the Financial Action Task Force (FATF).¹³¹ The local officials who would be dealing with Afghanistan's re-entry to the international financial system might need technical training. The Taliban have asked for help in this respect through resuming international cooperation with institutions such as Afghanistan Payments System

¹²⁶ "Quarterly Report", SIGAR, 30 January 2025.

¹²⁷ Germany, the UK and the UAE are among the countries holding Afghan state assets. Crisis Group interviews, current and former Afghan central bankers, 2024.

¹²⁸ The UN Security Council supported action by the Swiss fund with a resolution that called for "efforts to restore the banking and financial systems and to enable the use of assets belonging to Afghanistan's Central Bank for the benefit of the Afghan people". UN Security Council Resolution 2777, S/RES/2739, 17 March 2025.

¹²⁹ Crisis Group interviews, Taliban officials, 2025.

¹³⁰ The central bank's most recent audit was heavily qualified. "Independent Auditor's Report to the Supreme Council of Da Afghanistan Bank", UHY Shafiq Umar Daraz & Co., March 2023.

¹³¹ Afghan financial systems have been outside the FATF since 2022, when the Asia/Pacific Group on Money Laundering, the regional body associated with the FATF, moved Afghanistan to "inactive" membership. In practice, this classification means Afghan-related bank transfers are treated as high-risk. "Afghanistan", *op. cit.*

and the Afghanistan Institute of Banking and Finance. Technical assistance along these lines would be especially useful if provided by regional states with expertise on Islamic banking.¹³²

European countries could take other steps to reduce the risks of doing business in Afghanistan. Investors have floated a variety of ideas for insurance against risks, underwritten by donor states, multilateral institutions, or even the Swiss fund.¹³³ Regional and European actors should also lobby the U.S. to renew the sanctions exemptions that until recently permitted Afghan trade via Chabahar, an Iranian port, although that might be a tall order at present.¹³⁴ European officials should also be more forthcoming in consulting Afghan businesses and chambers of commerce, which have plenty of creative ideas.

C. *China and the Region: Making Good on Promises*

China has reacted with caution to the latest upheavals in Afghanistan, as it has traditionally regarded Central Asia as a security threat. Beijing has also had a recent bitter experience with its misadventures next door in Pakistan, where an economic corridor and port project suffer from chronic delays and separatist insurgent attacks.¹³⁵ But the region's economic future depends on connectivity: roads and electrical grids, followed by railways and pipelines. Instability disrupts those fragile connections, which are essential for China's Belt and Road Initiative, meaning it is in Beijing's long-term interests to invest in Afghanistan's stability.

The most important way that China could help the Afghan economy would be to strengthen mediation between Afghanistan and Pakistan, as tensions on those two countries' disputed border are threatening trade.¹³⁶ Part of the fragile détente could be greater predictability of commerce, which is interrupted by closures of land crossings with Pakistan.

¹³² Crisis Group interviews, bank executives in Kabul, 2024.

¹³³ A precedent existed in the Afghanistan Investment Guarantee Facility, set up in 2005 as part of the World Bank's Multilateral Investment Guarantee Agency, which played a key role in bringing a telecommunications firm to Afghanistan. Rigsby, "The Fund for the Afghan People", *op. cit.*

¹³⁴ Chabahar, a critical port for Afghan trade, received U.S. exemptions until 2025. "Imposing Maximum Pressure on the Government of the Islamic Republic of Iran, Denying Iran All Paths to a Nuclear Weapon, and Countering Iran's Malign Influence", White House, 4 February 2025.

¹³⁵ Tom Hussein, "Project woes spotlight reliability of Pakistan as an 'all-weather' partner for China", *South China Morning Post*, 10 August 2024.

¹³⁶ China hosted talks between the Afghan and Pakistani foreign ministers in May. Rick Noack, Christian Shepherd, Haq Nawaz Khan and Shaiq Hussain, "As Afghanistan and Pakistan mend ties, China could be the real winner", *Washington Post*, 5 June 2025.

More practically, China could ease Afghanistan's economic crisis by making good on its pledges to develop mines and energy reserves, along with roads, railways and power plants.¹³⁷ The Taliban, who are frustrated by empty promises, reportedly cancelled a major oil deal with a Chinese firm due to the company's alleged failure to meet commitments.¹³⁸ Beijing should accelerate efforts to open its markets to Afghanistan by reducing tariffs, establishing industrial zones and promoting yuan-based trade to ease dollar shortages. Multilaterally, China could also advocate for Afghanistan's inclusion in regional groupings, such as the Shanghai Cooperation Organisation, and encourage Asian Development Bank support for infrastructure.¹³⁹

Other regional players should also lean into Afghan markets. The most assertive has been Uzbekistan, already the country's largest electricity supplier, which would have much to gain in moving ahead with plans for a new transmission line into Afghanistan. Tashkent also dreams of constructing trans-Afghan railways linking Uzbekistan to Pakistan via Afghanistan; this project seems ambitious, but local analysts say it would be worthwhile as part of Tashkent's strategy of forging ties for the sake of regional stability.¹⁴⁰ Moscow has offered help with the railways.¹⁴¹ Russia, which in July became the first country to formally recognise the Taliban government, has also expanded trade with Afghanistan, but could go further with its longstanding plans for overland routes to India and the Gulf.¹⁴² For its part, Turkmenistan should accelerate its efforts to supply energy through a gas pipeline and electricity transmission lines. Finally, a number of states in the region could also offer regulated labour migration programs for Afghan workers, thereby reducing unemployment and boosting remittances.¹⁴³

¹³⁷ These projects are discussed in Crisis Group Report, *The Taliban's Neighbourhood: Regional Diplomacy with Afghanistan*, op. cit.

¹³⁸ "Taliban terminates major oil extraction deal with Chinese firm", *Kabul Now*, 17 June 2025.

¹³⁹ Hamayun Khan, "Charting Afghanistan's Economic Future: Recommendations for Reform", Stimson Center, 12 June 2024.

¹⁴⁰ Crisis Group interviews, regional analysts, Doha, February 2025.

¹⁴¹ "Russia and Uzbekistan expand cooperation in the Trans-Afghan Railway project". Russian Ministry of Transport, 8 April 2025 [Russian].

¹⁴² Ibraheem Bahiss, "Russia Becomes First State to Recognise Taliban as Rightful Afghan Government", Crisis Group Analyst's Notebook, 4 July 2025.

¹⁴³ "Labour Migration for Decent Work in Afghanistan", ILO, 2013.

V. **Conclusion**

From the day the Taliban sauntered into the presidential palace in 2021 and found the coffers empty, the former insurgents have been striving to reconnect with the global economy. In response, they have received vague answers from foreign powers outraged by the Taliban's draconian policies, particularly regarding women's rights. The failure to negotiate a more functional economic relationship between Kabul and the outside world did not have catastrophic results, at first, because of the huge scale of emergency aid. But that assistance is now drying up, leaving questions about how Afghanistan will support itself.

Foreign donors cannot, and should not, have all of the answers. But the time is right for a more realistic yet principled approach that prizes the well-being of Afghans over political aims that presently appear unachievable. Cost-effective ways to ease poverty include drawing down aid programs in an organised fashion that preserves basic services; fostering job creation and women's economic participation; and unblocking trade, finance and infrastructure projects. At a minimum, donors should ease the legal and policy restrictions that stifle Afghanistan's economic recovery. At best, countries that impose sanctions should rethink why those penalties are inflicted on Afghanistan and offer ways of ending the economic punishment. Doing so would save the livelihoods of countless people, and it might also reduce the chances – however remote it may be for now – of the crisis in Afghanistan spreading across borders.

Kabul/Brussels, 2 October 2025

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The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes CrisisWatch, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 80 situations of conflict or potential conflict around the world.

Crisis Group's reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is co-chaired by President & CEO of the Fiore Group and Founder of the Radcliffe Foundation, Frank Giustra, as well as by former Foreign Minister of Argentina and Chef de Cabinet to the United Nations Secretary-General, Susana Malcorra.

Comfort Ero was appointed Crisis Group's President & CEO in December 2021. She first joined Crisis Group as West Africa Project Director in 2001 and later rose to become Africa Program Director in 2011 and then Interim Vice President. In between her two tenures at Crisis Group, she worked for the International Centre for Transitional Justice and the Special Representative of the UN Secretary-General in Liberia.

Crisis Group's international headquarters is in Brussels, and the organisation has offices in seven other locations: Bogotá, Dakar, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Addis Ababa, Bahrain, Baku, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Jerusalem, Johannesburg, Juba, Kabul, Kyiv, Manila, Mexico City, Moscow, Seoul, Tbilisi, Toronto, Tripoli, Tunis, and Yangon.

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