

Public Disclosure Authorized

AFGHANISTAN:

Risk and Resilience Assessment

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1. INTRODUCTION AND PURPOSE

The Afghanistan Risk and Resilience Assessment (RRA) is intended to provide an analytical input to ongoing World Bank strategic planning processes. The RRA presents an analysis of: i) the causes of fragility, conflict, and violence (FCV), and sources of resilience; ii) likely future FCV dynamics; and iii) implications for the World Bank and Afghanistan Reconstruction Trust Fund (ARTF). The report is intended to provide practical and actionable recommendations to inform the future World Bank / ARTF portfolio and the operational and program management approaches to be taken by the World Bank in Afghanistan.

The analysis follows the World Bank's RRA methodology and is based on a combination of secondary sources and interviews. The analysis draws on the framework presented in the UN-WBG study 'Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict' (World Bank, 2020). The analysis applies a political economy lens and is grounded in recent literature on political settlements. The work began with commissioning a series of background reviews from experts to summarize relevant literature and research. A series of discussions and workshops were held virtually and in Kabul to validate initial findings, and included various experts, policy makers, World Bank staff, and members of civil society. Findings were validated through another round of consultations with the World Bank Afghanistan Country Team, follow-up discussions with relevant experts, and an expert workshop, hosted by the Overseas Development Institute.

2. FCV CONTEXT

Rapid development gains have been achieved in Afghanistan since 2001. The economy has expanded rapidly, accompanying improvements in literacy, life expectancy, infant mortality, and access to basic infrastructure. A core set of basic state institutions have been established. Macroeconomic management is broadly sound, and government revenues have risen to levels comparable with other low-income countries (Haque 2020). The position of women has significantly improved, albeit from an extremely low base, including through improved access to education and better representation within the civil service and politics.

Development gains have not translated into peace, stability, or the emergence of an effective and accountable state.¹ Corruption is ubiquitous (Asia Foundation 2019). Property rights are weak, with politically connected elites able to expropriate public and private resources with impunity (World Bank CPIA). Security and justice institutions are widely perceived as predatory and extractive (Asia Foundation 2019, World Justice Project 2020). The state faces serious constraints to its capacity to effectively develop and implement policy (World Governance Indicators). Accountability of the state to the public is weak, reflected in very low participation in elections, limited channels for public influence over sub-national government, and widespread and frequent political violence (Ruttig 2020). The weakness of state institutions is manifest in widespread violence (UNAMA 2021). Local level disputes spill over into armed conflict, while organized crime is increasingly common. The Taliban insurgency has gained momentum over recent years, increasing control over territory and intensifying attacks on Afghan security forces and prominent civilians, despite ongoing peace talks (Long War Journal 2021).

Poverty remains high, and women remain severely disadvantaged and excluded. In the context of slow recent economic growth, poverty rates remain extremely high, at around 47 percent (World Bank 2021).

¹ The term 'state' as used here refers to the formal institutions of the Afghanistan polity.

Despite some reduction in rural poverty rates over recent years as agricultural production has expanded, urban poverty rates have been increasing and are likely to have further spiked in the context of the COVID-19 crisis. Women and girls continue to face constraints to accessing services, undermining education and health outcomes (maternal mortality rates remain among the highest in the world). Women's labor force participation remains among the lowest in the world. While gradually changing, social attitudes continue to impede women's full social and economic participation (World Bank 2020).

Current economic and political conditions are exacerbating FCV challenges and risks. Conflict, corruption, uncertainty, and a very difficult business environment have led to slow growth over recent years, with real per capita incomes persistently declining. Economic conditions worsened substantially with the ongoing COVID-19 crisis (World Bank 2021). The political outlook is highly uncertain. It is unclear whether or when current or planned peace talks between the government and the Taliban will yield any agreement, and whether any agreement would translate into a sustainable reduction in violence. The impact of the impending withdrawal of international troops is not known and future levels of international financial support are uncertain. While the international community reaffirmed its commitment to Afghanistan at the 2020 Geneva Conference, substantial declines in civilian grant support are likely.

3. CAUSES AND DRIVERS OF FCV

3.1. Historical and Structural Factors

FCV in Afghanistan is driven by deep historical factors, specific characteristics of the post-2001 settlement, and mistakes made in state-building efforts.

- **Repeated international intervention has disrupted processes of institution building and state formation.** Processes of state formation require institutionalization of elite bargains over long time horizons (North, Wallis et al. 2010). In Afghanistan, this process has been periodically disrupted through external invasion or sponsorship of governments and insurgencies. Changes in foreign sponsorship have driven disruptive and often violent political shocks (Ansari 2012, Rubin 2013).
- **Power has remained fragmented across competing groups.** Afghanistan's ethnic divisions have been leveraged for political gain by internal and external actors (Rubin 1995). While Afghanistan has a long history as an independent state, statehood has never been experienced as a uniform mode of governance or a monopoly over the means of violence. Attempts to impose centralized control over peripheral areas have often been met with violent resistance (Rubin 1995, Barfield 2012).
- **Local level governance mechanisms have been eroded through decades of war.** During resistance to Soviet occupation and the subsequent protracted civil conflict, internationally sponsored resistance leaders mobilized support from tribal, ethnic, and regional bases. The dominance of strongmen disrupted traditional governance mechanisms. Warlords consolidated political power through patronage networks, combining coercive strength with access to international and illicit rents (Rubin 1995, Barma 2017).
- **The 2001 settlement reflected power realities at the expense of popular legitimacy.** The 2001 Bonn settlement established a centralized government but allocated influential positions to commanders who had played prominent roles in ousting the Taliban. Commanders leveraged their coercive power and privileged access to aid rents to dominate politics and the economy. The state became a vehicle for generating and distributing patronage between unpopular, predatory elites (Suhrike and Hakimi 2008, Sharan and Bose 2016, Barma 2017).

- **Large inflows of security-driven aid exacerbated fragmentation and conflict.** Huge aid inflows, often poorly managed through security actors, were directed towards ‘stabilization’ and counter-terrorism efforts - purchasing political allegiance from local powerbrokers (Gopal 2014, Barma 2017). Access to aid rents strengthened regional strongmen in relation to government, deepening fragmentation. Corruption and predation became normalized and ubiquitous, undermining state legitimacy and fueling insurgency (Rubin 2013, Barma 2017, Clark 2020).

3.2. Arenas of Contestation

As a direct result of recent history, everyday life in Afghanistan is today governed by a complex and contested web of overlapping formal and informal institutions. Institutional complexity and contestation manifest in ways that are deeply harmful to economic and social development. Firstly, and most importantly, contestation frequently spills over into violence. In the absence of strong state institutions able to arbitrate competition, violence (or the threat of violence) is frequently deployed by different powerful actors to extract rents, gain control of economic resources, or enforce informal rules. Secondly, dynamic systems of competing institutions lead to pervasive uncertainty. Uncertainty and contestation over property rights deters investment and drives extractive decision-making based on short time-horizons. Thirdly, many of those occupying positions of power within formal governance structures depend heavily on informal bargaining and resource distribution outside of formal systems to maintain the support of powerful actors (Barma, 2017). This manifests as endemic corruption, eroding the domestic and international legitimacy of the state.

Institutional fragility can be observed across various ‘arenas of contestation’ where bargaining and competition over access to power and resources frequently take place.

- **Power, Economics, and Governance.** The capacity to mobilize violence is critical to accessing political power and economic benefits, leaving most Afghans excluded. Political transitions reflect the outcome of elite bargains, underpinned by threats of violence (Byrd 2016, Ruttig 2020). Formal property rights are frequently violated (Saeed and Parmentier 2017). Access to economic benefits is primarily driven by proximity to political power and the ability to capture rents from aid or illicit economic activities (O'Donnell 2020). While important gains have been achieved, women remain excluded from political power and economic opportunities.
- **Security and Justice.** Insecurity and injustice drive resentment and undermine state legitimacy (ISAF 2012, Mercy Corp 2015). Security and justice institutions are embedded in patronage networks. Violence and predation on behalf of security forces is widespread. The formal justice sector is dysfunctional, slow, and captured by elites. The state has been unable to guarantee the safety of citizens in the face of rising insurgency (Clark 2019, World Justice Project 2020). Traditional justice systems continue to operate in many areas and the Taliban operates a parallel justice system across much of the country. Formal, informal, and Taliban justice institutions disadvantage women (Afghan 2020, World Bank 2020).
- **Environment, Land and Natural Resources, Climate Change.** Contestation over land and water is the primary driver of local-level conflict (UNEP 2013). Attempts at imposing centralized governance systems and the emergence of local warlords has weakened traditional governance mechanisms through decades of conflict (Wily 2003). Pressures on natural resources are increasing in the context of rapid population growth and climate change (World Bank 2020).

- **Service Delivery.** Service delivery is impeded and distorted by fragility and conflict, leading to resentments regarding uneven access to services and associated rent flows. Competing factions raise revenues through illegal taxation of services and allocate, block, or distribute service provision in pursuit of legitimacy or to demonstrate power (Hogg, O’Meally et al. 2017, Blum, Ferreiro-Rodriquez et al. 2019). Gender gaps in access to services remain, and have expanded over recent years, especially in the growing areas under Taliban control and influence (World Bank 2020).

3.3. Drivers of FCV

Afghanistan’s current fragility fundamentally reflects three primary political economy drivers, which shape the nature of the political settlement:

- **PRIMARY DRIVER 1: Continued fragmentation of power between multiple elite factions, each with access to economic resources, political power, and the means of violence.** Relationships between these powerful actors are short-term, fluid, and transactional.
- **PRIMARY DRIVER 2: High levels of weakly coordinated international aid and security support.** The ability of multiple elite factions to access aid and security rents both through and outside of the state channels contributes to fragmentation. The capacity of elites to accumulate wealth through capturing aid flows weakens incentives to invest in the productive potential of the economy and resolve the collective action problems that undermine economic development (Barma 2017, Clark 2020).
- **PRIMARY DRIVER 3: Uncertainties regarding international support and the shape of a future state incorporating the Taliban.** The durability of the current settlement depends entirely on continued financial support for developmental and security expenditures. Risks that international support will be substantially reduced or withdrawn, leading to a major reconfiguration of political power over the medium-term, magnify elite incentives for short-term extraction while weakening incentives for coordinated action around long-term objectives.

These primary drivers generate political economy dynamics that impact the functioning of the state in ways that both drive FCV and undermine the capacity of the state to effectively manage other FCV drivers. Firstly, elites compete for control over state institutions, with these contests often underpinned by threats of violence. Formal institutions do not effectively contain and structure political contestation. Rather, elites compete to gain control over state institutions, which convey access to aid rents and patronage channels, using all available means (Barma 2017, Clark 2020). Secondly, state institutions are used to extract rents and distribute patronage, rather than serve the broad public interest. Because state institutions are often captured to serve the interests of particular elites and factions, they are unable to mediate competition and contestation in ways that are perceived as fair and legitimate. Because access to the means of violence is dispersed, state institutions cannot be reliably enforced. Thirdly, civil service positions and public resources are often allocated in the service of mobilizing and maintaining political support through patronage networks. Because many critical civil service positions are allocated on the basis of patronage, turnover is high, and staff often lack required technical expertise. With public spending, including development projects and recurrent allocations, channeled towards maintenance of patronage channels, the state is unable to ensure the efficient provision of public goods (Blum, Ferreiro-Rodriquez et al. 2019).

The deleterious impact of broader political economy dynamics on state capacity and functionality increases Afghanistan’s vulnerability to four additional drivers:

- **ADDITIONAL DRIVER 1: External support to the Taliban and other anti-government groups.** Foreign governments, pursuing their own geo-strategic interests, continue to provide financing, equipment, and safe haven to anti-government groups operating within Afghanistan (Coll 2018). External support to extremist and insurgent groups magnifies violence, undermines government’s capacity to provide security, and thereby weakens state legitimacy.
- **ADDITIONAL DRIVER 2: Demographic change, internal displacement, and returnee inflows.** Afghanistan has a young and rapidly growing population, with 40 percent of the population under the age of 15 (World Development Indicators 2020). Existing demographic pressures are magnified by an ongoing displacement crisis. International evidence clearly associates the existence of a youth bulge with increased conflict pressures, especially in contexts where employment opportunities are limited (Urdal, 2006). Population growth and displacement is also leading to heightened competition for land, services, and economic opportunities. These pressures are felt intensely in urban areas where poverty rates are rising, and services are increasingly insufficient.
- **ADDITIONAL DRIVER 3: Climate shocks, natural disasters, and increased competition over natural resources.** Afghanistan is highly exposed to floods, flash floods, droughts, landslides, avalanches, and extreme heat and cold. As discussed above, conflict and contestation over natural resources is already widespread, with inadequate institutional mechanisms in place to prevent such contests spilling over into violence. With Afghanistan expected to experience more severe and higher-frequency droughts and other extreme weather events over coming years, pressures on natural resources will increase, likely leading to intensified contestation and conflict (World Bank 2020).
- **ADDITIONAL DRIVER 4: The large illicit economy—comprising smuggling, opium, and illegal mining.** Afghanistan’s illicit economy is significant, diverse, and deeply enmeshed within local political and security dynamics. The illicit economy contributes directly to fragility and conflict by generating vested interests in maintaining weak governance and helping finance anti-government groups (Byrd and Mansfield 2014, Noorani 2015, O'Donnell 2020, Watson Forthcoming).

4. SOURCES OF RESILIENCE

Several factors may play an important role in helping Afghanistan mitigate and manage FCV over the medium-term. These sources of resilience have helped Afghans mitigate conflict and its consequences in the past and / or may play an important role in future.

- **The desire for peace.** After decades of conflict, popular sentiment is strongly in favor of ending conflict through negotiated solutions (Asia Foundation 2020). There is broad support for political compromise to end violence (Asia Foundation 2020).
- **Labor mobility.** Afghans have historically been highly mobile. Today, Afghan households are heavily reliant on remittances, especially to manage economic shocks. Evidence shows that the presence of outwards migration channels allowing young men to access overseas work opportunities can help mitigate conflict risks (World Bank 2018).
- **Effective and resilient national service delivery programs.** Despite constrained government resources, insecurity, and institutional weaknesses, Afghanistan has achieved rapid improvements against social development indicators. Effective and resilient service delivery models for national programs in health, education, and community development have played a critical part in this success (Haque 2020).
- **Community risk sharing and traditional institutions.** Traditional governance mechanisms have sometimes been damaged and distorted through decades of conflict and periods of disruptive

international intervention. But community-level relationships of obligation and reciprocity provide some risk-sharing mechanisms and resilience to shocks.

- **Sense of nationhood.** With a long history of statehood, Afghans hold a strong sense of national identity. There have been no major separatist movements, and the need for national-level solutions is broadly recognized. There is precedent for a unified state that allows for local variation in governance.
- **Access to the opium economy.** While the opium economy has significant negative impacts on governance and thereby contributes to conflict pressures, it provides an important income source to many vulnerable households. Poppies are relatively drought resistant, there is an almost guaranteed market for opium, and opium traders often offer credit to producers (Byrd and Mansfield 2014). While neither desirable nor sustainable, poppy cultivation represents an important coping mechanism in contexts where alternative livelihood opportunities are scarce or unreliable.

Given widespread poverty and vulnerability, sources of resilience are overall limited and precarious, and households frequently resort to harmful coping mechanisms. Poor households are both more likely to experience negative shocks and more likely to resort to harmful coping mechanisms. The most common coping mechanisms for poor households include reducing expenditure, taking on loans, decreasing food intake and quality, and buying food on credit. Coping mechanisms can also have negative distributional consequences, especially for women and other marginalized groups (World Bank 2018).

5. PORTFOLIO REVIEW AND LESSONS LEARNED

5.1. Achievements and Limitations of International Aid Engagement

With an enormous investment of aid and security support, the international community has driven rapid development gains in Afghanistan. Through sustained support to core institutions, the international community has built basic service delivery capacity, supporting rapid improvements in development outcomes, including for women. Government capacity to raise revenue and manage resources through a basic financial system have been built. Substantial investment in capacity building has helped build a generation of capable and educated civil servants with full exposure to global norms and practices (Byrd 2015, Haque 2020).

However, overarching goals of establishing an accountable and effective state have largely not been achieved and international support has had important negative impacts on governance. Large off-budget grant flows mobilized in pursuit of security objectives have exacerbated political fragmentation and weakened the central state in relation to regional powerbrokers (Suhrke and Hakimi 2008, Barma 2017, Clark 2020). Excessive numbers of weakly coordinated civilian projects have created a fragmented, duplicative and wasteful aid environment (Waldman 2008; Kapstein, 2017; ATR Consulting 2018; Zürcher 2020; Ruttig and Bjelica 2018; Bowden and McKechnie 2020). Due to lack of consensus on geostrategic objectives, donors have sometimes proven unwilling to enforce enabling conditions in key engagement areas, such as stable and affordable staffing, consistent institutional arrangements, or compliance with fiduciary requirements (Farahi and Guggenheim 2020). Afghanistan remains dependent on international support to an unsustainable level, largely due to high security sector needs.

5.1. Achievements and Limitations of World Bank Group Engagement

The World Bank has played a critical role in establishing the basic functions of the Afghan state and achieving rapid improvements in development outcomes. The World Bank has consistently identified

drivers of fragility, conflict, and violence in Afghanistan, and has attempted to address them through its core operations and its advisory services and analytics. The ARTF continues to play a critical role in financing and establishing the core national programs and institutional functions for service delivery. Strong management, including robust fiduciary oversight arrangements, saw rapid growth of the ARTF, successfully supporting key national programs, spurring major improvements in core social outcomes, and reducing donor fragmentation and wastage. Technical assistance and policy-based support (through the ‘Incentive Program’) has played a key role in the emergence of basic state budgetary/fiscal functions (Haque and Nassif 2021). Sustained engagement over more than 15 years in education, health and community development, using focused, simple designs backed up by high-quality sectoral analysis has helped drive improved social outcomes, mitigating some of the impacts of FCV on vulnerable populations. Creative collaboration with NGOs/CSOs and private providers with strong local knowledge has enabled adequate project supervision under strained security conditions (IEG, 2012; Scanteam, 2005, 2008, 2012 and 2017; Biruni 2021).

However, with broader negative political dynamics often inadequately reflected in program designs, technocratic solutions to deep governance and institutional weaknesses have generally failed. Bank/ARTF support to on-budget programs and efforts to build accountable public finance and civil service institutions have proven ultimately insufficient to offset the impact of broader political economy drivers and patronage-based governance systems. Efforts to track the impact of Bank activities on governance, conflict, and fragility through results monitoring have been limited. Institutional incentives towards provision of new or continued support despite major governance deficits has weakened the incentive power of aid to drive improved management in the face of negative political economy incentives. Inadequate in-the-field (as opposed to in-office) presence plus rapid staff turnover has sometimes led to programming and knowledge discontinuities, and a tendency to privilege technocratic solutions over context-specific solutions that are feasible within governance and capacity constraints. Reliance on technocratic solutions and faulty political economy assumptions have weakened outcomes in non-fiscal governance reform – especially in relation to civil service and private sector reforms.

6. FUTURE TRAJECTORIES AND IMPLICATIONS

Most stakeholders consulted for the purposes of this analysis believe that Afghanistan will continue to face a difficult and dynamic governance environment over coming years. The Taliban insurgency is both a symptom and exacerbator of fragility, but it is not the fundamental cause, and fragility will not disappear when the insurgency ends. Long-running patterns of competition and bargaining between elite factions are likely to continue, whether or not a peace agreement is reached. In the absence of a peace agreement, the administration will struggle to maintain the current fractious elite alliance with declining access to aid and security rents. Intensified intra-elite bargaining, political fragmentation, and potential defection of regional powerbrokers to the Taliban will bring greater institutional weakness and uncertainty. But the signing of a political agreement is also unlikely to address fundamental drivers of Afghanistan’s fragility. While direct military conflict between the Taliban and government security forces may abate, the need to accommodate the Taliban into formal positions of state power and provide access to public sector rents will come at the cost of existing players. Disruptive reconfigurations of alliances and accommodations at the central and local level are likely, presenting continued challenges to the emergence of strong formal institutions. Increased Taliban influence within government is likely to present particular problems for women’s rights and women’s access to services.

Future FCV trajectories in Afghanistan are subject to a high degree of uncertainty. There remains some possibility that withdrawal of international security forces will create new opportunities for a political agreement, and a sustainable reduction in violence. Some interlocutors have suggested that the end of the international presence may deprive the Taliban of an important source of ideological legitimacy, weakening their support, and allowing government to maintain control over territory, including urban centers. However, most stakeholders consulted for the purposes of the RRA believe that a deterioration in security conditions is likely, and could involve:

- **Intensification of Taliban attacks.** Even in the context of peace negotiations, Taliban attacks on Afghan security forces have intensified, with more areas falling under Taliban control. The Taliban have adopted new terror tactics in their campaign, increasing targeted assassinations of civil society leaders, civil servants, and other individuals perceived as ideological enemies, including in Kabul. Violence can be expected to continue as peace talks progress, and the Taliban could resume mass civilian casualty attacks and threaten the international aid and diplomatic presence.
- **Increased predation, criminality, and extremism.** Afghanistan has seen increased rates of violent crime, including organized crime, over recent years, in part reflecting the dearth of economic opportunities and increasing urban poverty. A partial or complete ceasefire between the government and the Taliban may lead to a reduction in organized political violence but would not guarantee an improvement in local-level security conditions for all Afghans. Many young Afghan men have spent years or decades fighting, with membership of armed groups providing both a source of income and status. Without a substantial uptick in economic performance and better alternative economic opportunities, demobilized fighters from both sides could gravitate towards violent crime or join other armed groups.
- **Political fragmentation.** The fragmentation of security forces for political reasons or increased violent conflict initiated by, or between various regional militias is possible. Under continued government-Taliban conflict, the withdrawal of US/NATO troops may provoke a switching of alliances and increased defections, as occurred during the final years of the Soviet-sponsored Najibullah government when other global and regional players jostled for influence. Following a peace agreement, some powerbrokers may seek to take up arms against a Taliban-dominated government should they perceive it as hostile to their ethnic, religious, or economic interests.

Coordination among international actors will remain difficult. This is manifest both in aid management and in the international diplomatic sphere.

- **Aid coordination is likely to remain a challenge.** The government will continue to struggle with aligning often-opaque off-budget aid flows with its own policy objectives. Challenges of aid coordination and planning are unlikely to be easily addressed as donors deal with: i) increased fiscal pressures and unpredictable aid budgets in the context of the COVID-19 crisis; ii) competing political pressures to both accept compromises that support incorporation of the Taliban into government following a peace process and take hard lines on issues such as human rights, women's rights, and democratic values; and iii) increasingly negative perceptions of continued involvement in Afghanistan from political constituents in donor countries.
- **Regional actors will remain unevenly committed to Afghanistan's peace and stability.** External support to the Taliban has been a critical factor driving the insurgency. A peace agreement may lead to reconfigurations of external involvement, potentially involving external support to groups fighting

against a Taliban-dominated regime. With the geostrategic interests of the key players so misaligned, external interference and its associated deleterious impacts on governance are likely to remain potent drivers of conflict into the future.

7. RECOMMENDATIONS

Given the likelihood of a deteriorating overall governance environment, the World Bank should consolidate programming to focus on maintaining the core state functions that have been established over the past two decades.

- **Tightly focus the portfolio in ways that reflect the World Bank’s comparative advantage, help address the drivers of FCV where possible, and sustain service delivery gains under difficult governance conditions.** Maintain focus on core nationwide programs in primary health, basic education, and community development, reflecting their critical importance to development outcomes. Maintain support to core central government institutions and functions, including revenue, public finance, and moving the civil service towards sustainability. Continue engagement in agriculture, water, and land to help address resource pressures arising from displacement, population growth, and climate change. Social protection programs and measures to support rural livelihoods (including rural infrastructure such as roads) can support household resilience to security and other shocks.
- **Provide strong support to staff in ‘holding the line’ in ensuring that counterpart agencies meet basic standards of project functionality.** Under a difficult political and governance environment, the World Bank should be prepared to halt new commitments, partially or completely, or temporarily disengage from ongoing activities if conditions for effective engagement are not present.
- **Consider whether approaches to working in ‘hard to reach’ areas need to be modified.** In a context of a continuing decline in governance, more project activities are likely to take place in areas of contested control. There is a need for open discussion between the Bank, ARTF partners, and UN agencies on how the World Bank should balance difficult fiduciary and other risk considerations against the need to continue delivering essential services, including for women and girls.
- **Explore options for building flexibility into results and monitoring frameworks.** In a fluid governance environment, adjust program and project objectives in response to changing circumstances, including through modifications to project development objectives and results frameworks.
- **Implement a “conflict and governance filter”.** The adoption of a “filter” can encourage and facilitate explicit consideration of governance, conflict, and political economy issues throughout the project cycle.

The World Bank should plan how to maintain critical capacities for program supervision and oversight amid potentially rising insecurity and conflict pressures.

- **Seek to modify project and program design to increase labor intensity wherever possible.** Leveraging World Bank and ARTF resources to support employment creation is a low-risk option for mitigating conflict pressures arising from absence of economic opportunities.
- **Protect and sustain delivery through core on-budget national programs.** Continued utilization of on-budget support is critical to maintain the core capacities of the state that have been built up over the past two decades. These systems will be difficult, expensive, and time-consuming to reconstruct if allowed to collapse or atrophy.

- **Consider options for maintaining oversight if security markedly deteriorates.** ‘Normalize’ some of the COVID-19 related remote supervision and monitoring arrangements put in place to compensate for minimal staff presence in Kabul.
- **Seek to protect outcomes for women and girls under increased Taliban influence.** Seek to prevent the exclusion of women and girls from project benefits or from unintended negative consequences. In situations and areas where increasing Taliban control coincides with potential social reaction against the promotion of women’s rights, consider how to protect and promote women’s rights in ways that either mitigate or manage potential reactions that could drive conflict pressures. This might involve increased efforts around communication and new research to better understand public perceptions and sensitivities. Under a scenario where the Taliban mandate and enforce the systematic exclusion of women and girls from the benefits of development projects, either nationally or in certain areas, difficult trade-offs will need to be confronted. The World Bank and ARTF partners will need to consider whether the general welfare losses associated with a withdrawal of Bank programs for reasons of gender discrimination are justifiable or not.
- **Identify mechanisms to ensure international staff gain deep country knowledge despite movement restrictions.** This could be achieved through further strengthening engagement with embassies, CSOs, NGOs, the UN political office, academia, and thinktanks.

Due to its status as a specialized multilateral agency, the World Bank has a critical role to play in supporting effective coordination of aid support and associated policy dialogue.

- **Maintain the ARTF as a vital mechanism for delivering international aid and coordinating aid flows through government systems in support of key service delivery objectives.** Any abrupt reduction in grant support will lead to a collapse in public services, economic activity, and living standards. The ARTF has provided one of the most effective channels for aid support to Afghanistan and has demonstrated the capacity to deliver results under a wide range of security and governance conditions.
- **Continue and strengthen the World Bank’s role in mobilizing the incentive power of aid.** Given intensive engagement with government agencies at the technical level, the World Bank is uniquely placed to support effective policy dialogue and the establishment of useful aid conditionalities. This can be achieved through the Incentive Program and associated dialogue, supporting the development of new government strategies and plans, and actively supporting the Afghanistan Partnership Framework process.
- **Consider options for encouraging regional partners to support Afghanistan’s development.** Help shift regional economic incentives towards cooperation by supporting intensified economic and trade linkages, including through regional connectivity investments.
- **Renew focus on programs to encourage and facilitate labor mobility.** Such programs have unique potential to both address lack of economic opportunities as a source of conflict pressure and support household incomes and resilience even in the presence of worsening economic and security conditions.

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