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Afghanistan financial sector-Amid pandemic and political fragility

By: Ajmal Ahmady - Afghanistan Central Bank Governor



then towards urgent Covid-19 relief. Longer-term, a key goal as Minister of Industry and Commerce was to bring reforms in both trade and industry sectors of Afghanistan. As a first step, I set out priorities as "Change Afghanistan from an importing country to exporting" with specific annual targets of \$1.00 exports in 2019, \$1.50 in 2020 and \$2.00 in 2021. As a result, Afghanistan exported more than \$1 billion worth of goods for the first time in 2019.

The COVID-19 pandemic has been a common challenge that is threatening economies around the world. Given Afghanistan's geographic location near to the epicenter, we expected a significant impact. However, the World Health Organization's (WHO) latest estimates showed that the significant percentage of population could be affected.

The Covid-19 pandemic has been a common challenge that is still threatening economies of all countries around the world. It has caused the nation to experience unprecedented monetary and fiscal support for their economies. Least Developed Economies have likewise been severely impacted. Afghanistan was no exception. Given Afghanistan's geographic location near to other affected countries, the impact of the pandemic had a proportionally less impact compared to the industrialized nations.

At first, the pandemic led to the closure of borders which had a negative impact on trade flow and transit, while a price of raw commodities, lockdown of schools, industrial parks, schools, and other social places and increased government expenditure in health and other sectors. With 66,900 confirmed by end of May 2021, the World Health Organization's (WHO) data shows that the case

have significantly dropped now compared to the same time last year. Government efforts to minimize people's exposure and more than 200,000 doses of vaccine have been administered to the Afghan population.

However, the pandemic added to the challenges Afghan economy faces. With US Treasury withdrawal, of course the US dollars crash led to a decrease. With a trade deficit of more than five billion US dollars, the withdrawal of the troops isn't a pleasing news for the economy.

Likewise, despite the ongoing political and social unrest and even with a hard Covid-19 hit, key government institutions have been able to maintain financial sector stability and a positive economic trajectory. Economic growth was approximately 7% last year - a relatively healthy achievement during the Covid-19 crisis. Inflation is currently at 4.1%, the financial sector also managed to ensure continued supply of goods to the nation and production of Covid-19 related medical supplies. I acknowledge the ministry's efforts towards Covid-19 relief, I worked with our regional trade and economic partners to keep the banks open to continue the flow of goods during the lockdowns. We also had to reconstruct the foreign exchange remittance to digital

and global markets. As of now, more than \$477 million of Afghan products were exported to more than 50 countries - representing more than 20% of total exports from Afghanistan.

The pandemic has been a year in April when I was Minister of Industry and Commerce (MoIC). During this challenging time for Afghanistan, as the ministry's job to make sure the economy stays afloat and trade continues without disruption. As the Minister, the greatest responsibility at the time was to make sure that the border closures could be managed so that citizens continued to have access to essential needs including basic food items and healthcare products.

To make sure citizens have access to essential food was possible only through strong and continued coordination among relevant entities and great leadership. Therefore, I developed a multi-stakeholder, multi-institution "Sectoral Mechanism" to ensure smooth trade flow between neighboring countries. "Sectoral Mechanism" to ensure continued supply of goods to the nation and production of Covid-19 related medical supplies. I acknowledge the ministry's efforts towards Covid-19 relief, I worked with our regional trade and economic partners to keep the banks open to continue the flow of goods during the lockdowns. We also had to reconstruct the foreign exchange remittance to digital

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Editorial

Negotiating with Pakistan key to end ongoing proxy war

National Security Advisor Hamidullah Mohib said the other day that according to available intelligence reports, the Taliban leader Mullah Habibullah has been missing for one year and Taliban militants and commanders have no information about him. NSA Mohib added during a press conference on Saturday that Mullah Habibullah has not released any statement in this period and has not addressed any occasion too.

It is interesting that existence or non-existence of leadership among Taliban has no effect on their positions and reactions. Individuals and persons who are appointed at the head of Taliban or their leader have more symbolic role and have no effective role on Taliban or their members and lower rank Taliban fighters.

Even most of the Taliban fighters and commanders don't know that whether their leader is alive or dead and if he is alive, where is he living and what is he doing? Whenever one of the Taliban leaders is killed or passing away naturally, he is immediately replaced by another one without to be known that by whom the new leader was elected and based on what mechanism?

When the news on Mullah Omar's death, the ex-Taliban leader, appeared in media, another unknown person Mullah Mansoor was picked up as the new leader of Taliban. While Mullah Omar had died one year before, in one of the Pakistan hospitals, the group lacked leader and they didn't know about the fate of their leader.

Whenever Mullah Mansoor was targeted by US air raids and was killed, immediately another person, Mullah Habibullah was picked up and appointed as Taliban leader. In all this period since his appointment, few statements were released from Habibullah address and no more his sign or picture was released.

Now too, it is not clear whether Mullah Habibullah is dead or alive and if he is alive, why he is not releasing statement, or he has not been seen or has not addressed any occasion? It is a fact that the Taliban leaders has no role in war and peace related issues. Individuals who are picked up as leader, have more symbolic role and are only appointed to maintain and protect the Taliban organizational structure.

But in fact, it's Pakistan intelligence circles who maintain Taliban course and they decide as a proxy for this group. Taliban war and peace are led by Pakistan in practice and Taliban leaders have no role in it. If we assume that Taliban leader might have been alive, he would be under the strict control of Pakistan army and ISI and can't move without their permission.

One of the reasons behind non-progress of peace talks is that the Taliban negotiating delegation in Doha has no decision-making authority. They receive order from another place, and they lack determination and authority. The Taliban militants who are involved in war in the battlefields against Afghan forces, don't know for whom they are fighting and for what purpose?

They only receive order to fight without awareness on the purpose of war. Therefore, the ongoing war in Afghanistan has external content and its roots are irrigated from abroad.

In fact, Pakistan has waged an unacknowledged war in Afghanistan and Taliban are fighting as a proxy army of Pakistan. The neighboring country wants to have another Habibullah for itself in Afghanistan in order to ensure her long-term strategic interests in our country.

It is not Afghanistan war with Taliban but it's a full-scale war of Pakistan army and ISI against the Afghan people and government. In order to conclude this devastating and bloody proxy war, direct and official talks are needed with Pakistan, not with Taliban.

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