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ANKARA YILDIRIM BEYAZIT UNIVERSITY

GRADUATE SCHOOL OF SOCIAL SCIENCE

THE EFFECT OF FOREIGN AID ON THE ECONOMIC-SOCIAL GROWTH OF AFGHANISTAN: 2001-2021

Master's Thesis

Jawid RASHID

Ankara 2024

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Thesis Supervisor:

Assoc. Prof. Dr. ÖZGE GÖKBULUT ÖZDEMİR

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APPROVAL PAGE

The thesis titled "…**The Effect of Foreign Aid on the Economic-Social Growth of Afghanistan: 2001-2021**..." prepared by .....**JAWID RASHID**.....was accepted unanimously by the following jury as a master thesis in the Department of Business, Institute of Social Sciences, Ankara Yıldırım Beyazıt University.

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Thesis Defence Date: 01/ 02/ 2024

I confirm that you have met the requirements for a master's thesis in the Department of Business, Institute of Social Sciences, Ankara Yıldırım Beyazıt University.

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To my father and mother, who endured years of hardship and toil for the sake of my bright future. To my dear brothers and sisters, who supported me throughout and were always my encouragement. Additionally, to my thesis supervisor, who never hesitated to assist me and tirelessly supported me day and night in her collaborations.

ACKNOWLEDGEMENTS

This thesis was formulated with the Assoc. Prof. Dr. ÖZGE GÖKBULUT ÖZDEMİR. However, I wish to express my gratitude and acknowledge her for her unwavering support throughout this extensive research undertaking. Without her direction, accomplishing this thesis would have posed considerable challenges.

Our collaborative efforts and her insightful perspective and expertise motivated me to delve deeper into this subject. It is always a privilege to work under the mentorship of Assoc. Prof. Dr. ÖZGE GÖKBULUT ÖZDEMİR.

ÖZET

Dış Yardımın Afganistan'ın Ekonomik-Sosyal Büyümesine Etkisi: 2001-2021

2001 yılında, öncelikle Taliban'a odaklanan aşırı grupların aşıldığı ve Amerika Birleşik Devletleri öncülüğünde ilerlemiş Batılı devletlerin etkin katılımı ve önemli varlığıyla, geniş kapsamlı siyasi, askeri ve ekonomik destek sağlayan ulusların Afganistan'a katılımı, meşru ve ilerleyici bir hükümet kurma amacıyla, milyonlarca vatandaşının umutlarını yeniden canlandırmakla kalmamış, aynı zamanda ülkeye büyük miktarda finansal yardım akmasına yol açmıştır. Afganistan'a dış ulusların askeri müdahalesinin ilk aşamasında yeniden yapılanma birimlerinin oluşturulmasıyla, yirmi yıl boyunca 130 milyar doların üzerinde yardımın sağlanması, yetkin bir değerlendirme ve değerleme gerektirir. Bu değerlendirme, ekonomik yardımların Afganistan'ın ilerlemesi ve dönüşümünde etkilerini, sonuçlarını ve başarılarını ölçmeyi amaçlamaktadır.

Bu araştırmanın amacı, uluslararası yardımın Afganistan'ın ekonomik ilerlemesi üzerindeki etkisini değerlendirmektir. Bu değerlendirme, dış yardımı ana bağımsız değişken olarak ele alır ve kuramsal çerçeveler tarafından yönlendirilen ekonomik kalkınmanın anahtar göstergelerini birbirine bağlı bağımlı değişkenler olarak analiz eder. Bu çalışmanın bulgularından türetilen hipotez, GSYİH, kişi başına düşen gelir, yaşam beklentisi, eğitim, nüfus artışı ve insan gelişiminin diğer yönleri gibi değişkenler arasında dikkate değer ve olumlu bir korelasyon olduğunu öne sürmektedir. Bununla birlikte, güvenlik, istihdam, azalan uyuşturucu üretimi gibi belirli ek değişkenler arasında olumsuz bir korelasyon olmuştur. Diğer yandan, hükümetin verimsizliği nedeniyle, belirli kamu hizmetlerine erişimin artmasına rağmen, yardımın Afganistan'ın ekonomik ilerlemesi üzerindeki etkisi daha az belirgin olmuştur. Ancak, genel olarak, ekonomik ve sosyal ilerleme tatmin edici bir seviyeye ulaşmamış ve istikrarsızlık göstermiştir.

Anahtar Kelimeler: Dış Yardımlar, Ekonomik ve Sosyal Kalkınma, Hükümetin Verimliliği, Şeffaflık

ABSTRACT

THE EFFECT OF FOREIGN AID ON THE ECONOMIC-SOCIAL GROWTH OF AFGHANISTAN: 2001-2021

In 2001, with active involvement and significant presence of advanced Western nations led by the United States, the extremist factions primarily focused on the Taliban were overcome. The comprehensive engagement of nations providing political, military, and economic backing to Afghanistan with the aim of establishing a legitimate and advancing government not only rekindled the aspirations of millions of its citizens but also led to substantial financial aid pouring into the country. The formation of reconstruction units during the initial phase of foreign nations' military involvement in Afghanistan, leading to the infusion of over 130 billion dollars in assistance across a span of twenty years, necessitates a skilled assessment and appraisal. This evaluation aims to gauge the impacts, outcomes, and accomplishments of these economic aids in the advancement and transformation of Afghanistan.

The purpose of this research is to assess the influence of international assistance on Afghanistan's economic progress. This evaluation revolves around examining foreign aid as the primary independent variable and analyzing key indicators of economic development as interconnected dependent variables, guided by established theoretical frameworks. Derived from the findings of this study, the hypothesis suggests a notable and affirmative correlation between variables including GDP, per capita income, life expectancy, education, population growth, and other facets of human development. However, there has been an adverse correlation between certain additional variables like security, employment, diminishing drug production, and so forth. On the other hand, the impact of aid on Afghanistan's economic advancement has been less pronounced due to the government's inefficiency, despite an increase in access to certain public services. However, overall, economic and social progress has not reached a satisfactory level and has displayed instability.

Key Words: Foreign Aid, Economic and Social Development, Government Efficiency, Transparency

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LIST OF ABBREVIATIONS

SWW : Second World War

UNESCO : United Nations Scientific and Cultural Organization

EG : Economic Growth

GNP : Gross National Product

GDP : Gross Domestic Product

ED : Economic Development

PPP : Purchasing Power Parity

HDI : Human Development Indicators

DAC : Development Assistance Committee

OECD : Organization for Economic Cooperation and Development

EC : European Commission

NGO : Non-Governmental Organization

UN : United Nations

WB : World Bank

EDF : European Development Found

IDA : International Development Agency

IMF : International Monetary Fund

UNICEF : United Nations Children's Fund

USA : United States of America

ODA : Official Development Assistance

ODA : Official Development Aid

GE : Government Effectiveness

IDA : International Development Association

ADB : Asian Development Bank

IDB : Islamic Development Bank

JICA : Japan International Cooperation Agency

EU : European Union

IFAD : International Fund for Agricultural Development

FF : Ford Foundation

AF : Asia Foundation

SDG : Sustainable Development Goals

HAVA : Helmand Valley and Arghandab River Administration

HVA : Helmand Valley Administration

USSR : Soviet Union (Union of Soviet Socialist Republics)

WHO : World Health Organization

FAO : Food and Agriculture Organization

NATO : The North Atlantic Treaty Organization

SIGAR : Special Inspector General for Afghanistan Reconstruction

OPEC : Organization of the Petroleum Exporting Countries

AIHRC : Afghanistan Independent Human Rights Commission

NPC : National Per Capita

UNDP : United Nations Development Program

UNODC : United Nations Office on Drugs and Crime

UNAMA : United Nations Assistance Mission in Afghanistan

UNHCR : United Nations High Commissioner for Refugees

SIV : Special Immigrant Visa

VOA : Voice of America

AMDEP : Afghanistan Media Development and Empowerment Project

USAID : United States Agency for International Development

SWW : Second World War

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Introduction

The economic progress of a nation relies on crucial factors, with the accumulation or generation of capital being regarded as its primary cornerstone. Developed nations gauge their level of development based on their existing capital reserves, including domestic capital and investments from external sources. Conversely, impoverished and developing countries possess limited capital reserves and concentration, which hampers their ability to secure financial resources for economic advancement.

Hence, an international solution suggested for underdeveloped and impoverished nations without sufficient domestic capital is to acquire foreign capital through loans, credits, or grants from developed countries or international organizations that serve as intermediaries, sourcing financial credits from different channels. The impact of this capital import, commonly referred to as foreign aid, on the economic progress of countries relies on the management approach and the utilization of these financial resources.

Third world nations are keen on receiving aid, even in a restricted manner, because such assistance is seen as a significant catalyst for promoting economic progress. Official aid acts as a valuable addition to the limited resources available domestically, leading to alterations in the economic framework and enabling developing countries to transition from an economic boom phase to a state of self-sufficient and sustainable growth.

Economists engage in a debate regarding the impact of official aid. One perspective, held by "traditional economists," asserts that such aid has contributed to the economic growth of numerous developing nations. Conversely, some economists argue that official aid does not lead to accelerated growth and may even hinder it. They contend that rather than supplementing domestic savings and capital, these aids have substituted them (Todaro, 2012).

The ultimate impact of official development assistance on the local economy and economic progress relies on factors such as the government's utilization of the aid, effective debt management, favorable investment conditions, and the development policies and strategies adopted by the countries involved (Bakhtiari et al., 2011). Official development assistance does not encompass support for military endeavors and counter-terrorism initiatives. When computing official development assistance, financial transfers

directed towards private individuals, like pensions, reimbursements, and insurance payouts, are excluded. Alongside monetary transactions, this form of aid encompasses technical collaboration, expenses related to peacebuilding in countries supported by the United Nations, assistance to refugees, support to multilateral institutions such as the United Nations and its specialized agencies, and the provision of grants to multilateral development banks.

The origins of modern foreign aid, aimed at promoting economic development in countries, can be traced back to the post-World War II era. There were two significant global developments that played a key role in this. The first development was focused on a particular geographic region and time period, while the second had a broader impact across different times and places.

The initial step involved the creation of the Marshall Plan by the United States in 1947, aiming to reconstruct 87 countries located in Western and Southern Europe. These nations had suffered extensive devastation and were left in ruins during the Second World War. The Marshall Plan initially emerged with political and economic motives, aiming to enhance efficiency, promote justice, alleviate poverty, and safeguard human rights. As time progressed, particularly in the 1960s, numerous countries joined this initiative, but it eventually transformed into a mechanism for exploiting the world. Furthermore, it became evident that the plan not only failed to eradicate poverty and underdevelopment but contributed to its expansion (Elahi, 2003: 20 - 22).

The second significant development was the creation of crucial global institutions aimed at revitalizing and advancing nations. The United Nations, the World Bank for Reconstruction and Development, and the International Monetary Fund were some of the organizations that played a pivotal role in distributing foreign assistance to developing countries and setting forth the requisite criteria for receiving aid (Afshari, 2001).

Following the effective implementation of the Marshall Plan, Europe was compelled to acknowledge the significant role of foreign capital in addressing the shortage of domestic savings in Asia and Central America (McGillivray et al., 2005). This issue was recognized as crucial and subsequently put into action due to the understanding that economic progress relies on the accumulation of capital, which can only be achieved through domestic savings or a combination of domestic and foreign investments (Paldam,

2005). All economists, regardless of their school of thought or intellectual perspective, agree on the significance of concentration and capital formation as the primary factors determining economic growth and development. Capital concentration refers to the situation where a country's current productive capacities are not fully utilized to fulfill its consumption needs. Instead, a portion of the country's financial resources is allocated towards the production of goods and capital items. This allocation involves utilizing productive resources such as machinery, equipment, and production tools.

In impoverished and less developed nations, there is a limited amount of money available for spending, and the cycle of producing, demanding, and investing is inadequate. This weak economic cycle hinders the production of goods that contribute to capital growth and hampers overall economic progress. To address this incomplete and insufficient cycle, it is necessary to accumulate capital in order to boost income and employment. By concentrating capital, issues like inflation, unemployment, and imbalances in the balance of payments can be resolved, leading to a balanced and sustainable development (Lewis, 1954).

The late 1950s saw the emergence of economic development theories that focused on the significance of foreign aid. These theories were influenced by past experiences and over time, various economists presented different models in the field of economics. Among the early theoretical models addressing the impact of foreign aid on economic growth and development is the double gap model (Liew et al., 2012). Chenery and Stout put forward this theory, which suggests that the lack of development can be attributed to two main factors: limited domestic savings and a shortage of foreign exchange. Inadequate savings result in a low level of capital accumulation and restricted investment capacity. On the other hand, the absence of foreign exchange earnings hinders the importation of capital goods and advanced technology from developed nations, which is a significant consequence of underdevelopment. Supporters of this model, including Bacha (1990) and Taylor (1994), argue that developing governments require additional income or revenues to finance public investments in crucial areas such as healthcare, education, modernization, and reconstruction. These sectors play a vital role in development. However, foreign aid serves the purpose of providing extra funds to fill existing gaps and promote economic growth. Essentially, this aligns with Rostow's (1960) theory of economic growth stages.

Rostom outlines the sequential phases through which countries progress in terms of their economic growth:

1- Traditional society

2- pre-rising stage

3- Rising stage

4- Economic maturity

5- Era of mass consumption

Indeed, the provision of foreign aid will guide developing societies as they progress through various phases, transitioning from a traditional state to a pre-boom stage, then experiencing economic growth and maturity, ultimately leading to widespread consumption. This study aims to assess how foreign aid has influenced the economic development of Afghanistan over a period of two decades, starting from 2001 until 2021 when Western powers were actively involved. The primary objective of this research is to examine the broader economic pillars, such as infrastructure, the creation of employment opportunities, the impact on vulnerable groups, and the overall transformative effects on people's lives.

The strategic location of Afghanistan has made it a region of significant importance, attracting the attention of major powers. Their direct and indirect presence in the country has had extensive effects on the lives of its residents. However, foreign intervention and presence in Afghanistan began in 2001 when it became evident to the international community that the Taliban's rule had turned the country into a breeding ground for extremism. This posed a global threat to peace and security, prompting the USA to rally its allied nations. Utilizing the provisions outlined in clauses 2 and 3 of the first article of the first chapter of the UN Charter, the United States obtained permission from the Security Council to launch a military attack (UN Chart, 1945).

In 2001, the Taliban regime was toppled, al-Qaeda shelters were destroyed, and an interim government was established through the Bonn Agreement. Following this, the UN requested assistance from all its member countries to aid in the recovery and reconstruction of Afghanistan. Subsequently, over fifteen international meetings took place involving more than seventy countries and international organizations. During these meetings,

significant amounts of financial aid were pledged, and a substantial portion of it was also delivered (Arzu, 2010: 190 - 201).

Therefore, the primary objective of this study is to investigate the matter of providing financial assistance to Afghanistan from other countries and analyze its impact on the country's development. Additionally, the research aims to determine and differentiate the quantity and nature of aid (including both loans and free aid), as well as the mechanisms employed for distributing aid across various segments of society. Furthermore, the study seeks to examine the functioning of this aid and its overall effect on the recipient country.

This research will cover various aspects related to foreign aid in Afghanistan. It will delve into the nature and definition of foreign aid, comparing it to similar countries. Additionally, it aims to provide an overall description of the relevant concepts. The research will also address the reasons and methods behind the economic development resulting from foreign aid, as well as strategies for managing this aid in alignment with economic growth. Ultimately, the study seeks to examine the role of foreign aid in Afghanistan's economic development and identify the strengths and weaknesses of its effectiveness in the economic realm.

This research examines the hypothesis that foreign aid has limited impact on Afghanistan's economic progress, primarily due to inadequate human resources, ongoing conflict, and pervasive corruption. It is important to acknowledge that this study was initiated during Afghanistan's previous republican system before the Taliban's military intervention resulted in the collapse of the government backed by Western powers.

Necessity of research: The evaluation of the impact of foreign aid on Afghanistan's development requires careful consideration from two perspectives. Firstly, Afghanistan's governments have relied on foreign aid for the past two centuries, and without it, they have faced financial deficits, particularly in the development budget sector. Conversely, there is growing skepticism about the effectiveness of foreign aid in many countries that depend on such assistance. The development process in these countries has often lacked successful outcomes, and the intended development goals have not been achieved. A key contributing factor to this situation is the absence of humanitarian and development-oriented motivations from both the donor and recipient countries. As a result, aid-receiving countries are unclear about the supposed objectives, and internal factors such as corruption

and conflict hinder their ability to address governance-related needs effectively.

However, the scientific discourse and examination, along with its treatment through critical responses, have remained confined to media debates. Moreover, the research conducted on the matter has been brief, surface-level, and constrained.

The main goal of the current research was to investigate the impact of assistance on the progress of Afghanistan's development. Additionally, the research also aimed to explore secondary objectives including the quantity and type of aid, where it was utilized, and the comprehensive analysis of aid in terms of both quantitative and qualitative aspects. In this regard, main **research question of this study is "**Considering the billions of dollars of foreign aid to Afghanistan, what has been the economic and social development in this country?". In addition, there are two **sub questions:** What is the nature of foreign aid and how is it given? What has been the impact of foreign aid in the period of 2001-2021 on the growth of socio-economic development in Afghanistan?

In this regard, numerous studies have been conducted on the topic of foreign aid or official development assistance and its connection to development. Most of these studies have focused on developing countries, commonly referred to as southern countries. Below are a few instances that have been examined in relation to the situation in Afghanistan.

In 2011, Mohammad Latif Tutakhil carried out a study on the impact of German assistance on Afghanistan's development. Tutakhil's research revealed that a significant portion of Germany's aid to Afghanistan was utilized outside of the government framework. As a result, the institutions receiving aid were not adequately responsive. The research findings indicated that providing educational services to government employees did not improve their effectiveness or the departments they served in. Additionally, many government officials decided to leave their positions and join non-governmental organizations due to insufficient salaries after acquiring new skills.

(Abbasi & Ranjbardar, 2013) conducted a study on the impact of Iranian aid to Afghanistan, exploring the involvement of Iranian companies and the economic dynamics between the two nations. Their findings indicate that participating in the reconstruction efforts of another country has been a noteworthy and valuable experience. However, it should be noted that the scope of their research is confined to this aspect.

These studies had limitations in terms of the scope of donor countries' involvement and the duration of the research period. The specific indicators desired were limited and received more attention in the bilateral interactions between the donor country and Afghanistan. The current research, in contrast to previous studies, was conducted over a long period spanning the entire presence of foreign countries. It provides a comprehensive analysis by considering a wide range of variables and the extent of aid provided. In terms of evaluation, the researchers made efforts to focus on all aspects, factors, and elements related to the issue, ensuring a thorough and accurate analysis with a broad scope.

Theoretical Framework: In the past, foreign aid referred to the provision of financial, technical, or commodity assistance given to poor developing nations, often at little or no cost, with the goal of promoting their economic progress and improving their well-being. However, determining how to effectively utilize this aid for development requires a systematic approach grounded in scientific theories and informed by knowledge and experience. Over time, numerous perspectives have emerged and been proposed for expression and implementation. Many of these theories have originated in Europe, particularly in the context of post-reconstruction and post-colonial development.

One of the concepts put forward is "renovation," which draws upon the principles of capitalism and proposes the modernization of a developmental model. It suggests that this process is a lengthy and irreversible one that will persist once initiated, ultimately resulting in the convergence of societies (Azdanloo, 2005: 643). The origin of this theory can be traced back to 1950, coinciding with the rise of the United States as a superpower. It was proposed as an alternative to the "theory of growth" and laid the foundation for the competition between major powers in the developing nations, commonly referred to as the Third World (Azkia & Ghaffari; 2014: 164).

According to this theory, institutions play a crucial role in driving development by exerting their influence once humans have acquired knowledge and control over natural forces.

Another popular theory, supported by many, is Rostow’s theory of growth, which presents a framework consisting of five stages of growth. According to Rostow, the initial stage is characterized by a hierarchical and adaptable social structure, with the economy primarily relying on agriculture. The second phase, known as the "Preconditions for Take-off," requires the establishment of various financial, economic, and political institutions.

Moving into the third stage, referred to as the "Take-off Stage," cities begin to expand, industrial production increases, and urbanization becomes prominent. The fourth stage, labeled as "Maturity," witnesses the introduction of new industrial and economic techniques and practices. Finally, the fifth stage, termed "Mass Consumption," signifies an elevated position in social life, accompanied by increased investments in welfare, health, and social security. This leads to an unprecedented growth of the middle class. According to the theory of growth, developing nations must traverse through all these stages to achieve overall development. To accomplish these steps, it is crucial to have internal savings, investment, and other developmental resources, along with external assistance (Todaro, 2008: 74).

The emergence of the dependence perspective in response to growth theory represents a critique of modernization. This perspective argues that the underdevelopment of Third World countries (referred to as satellites) is caused by their interactions with capitalist nations (referred to as the Metropol). Unlike modernization theory, which focuses on examining internal obstacles to development, the dependence theory highlights external factors that hinder progress (Eliasi, 2004). The theory, pertaining to Frank, explores the notion that Rostow's ascent is an illusion. It posits that for progress to occur, there needs to be a decrease in reliance and the establishment of connections between peripheral nations and the core. Alternatively, severing those ties may be necessary. Ultimately, the theory asserts that achieving self-worth and confidence is crucial (Hines, 2014: 55 - 58). There exists another perspective that opposes these views, suggesting that external factors such as colonialism play a decisive role while internal factors serve as a contributing factor in the emergence and intensification of underdevelopment. This phenomenon is commonly referred to as the international divide (Azkia & Ghaffari, 2014: 270). However, Cardozo does not characterize dependency theory solely through the factor model. According to his perspective, the primary emphasis on developing the domestic economy is that it should also have the foundation for external tools of reinforcement, which can expedite this process. He labels these two factors as "symmetrical with dependence" as they can intersect and work in tandem (Rafi Pour, 1998: 342). Alternatively, according to the neo-Marxist perspective, economic underdevelopment is a continuous procedure characterized by the ongoing transfer of surplus economic resources to more advanced capitalist nations. This surplus refers to the gap between current or potential production and actual or necessary consumption. Consequently, underdeveloped countries have low average per

capita income while experiencing significant capital accumulation. Neo-Marxists argue that economic progress entails reinvesting at the national level, expanding domestic production, and ensuring equitable distribution of the returns (Baran & Paul, 1981).

Nevertheless, all perspectives on renovation concur those certain aspects, including the proliferation of mass media, the advancement of education, urban development, and societal engagement, are crucial areas to focus on. However, a fundamental requirement for this process is to create an environment that ensures equal opportunities, tackles poverty, and addresses obstacles to democracy, ultimately reinforcing civil society. (Sun, 2003: 317-331).

The current research is grounded in Rostow's theory of stage development. In line with this theory, the study emphasizes that foreign aid plays a crucial role in creating conditions necessary for societal progress, encompassing per capita income growth and the fulfillment of fundamental opportunities for civil society. Rather than focusing solely on economic growth and favorable circumstances, foreign aid is considered a pivotal factor in advancing development. The primary focus of this research revolves around foreign aid as the main variable, which will be utilized and assessed alongside dependent variables like per capita income, population, education, health, and other components related to economic development.

Although the introduction of the thesis outlines the time frame as 2001-2021, the completion of this thesis in early 2024 prompted a necessary examination of the socio-economic landscape in Afghanistan post the Taliban's assumption of power in August 2021. In this regard, in 2021, when the Taliban came back to power, a negative shock was inflicted on the country's economy. This shock caused a decrease in investment, a decrease in trade, a weakening of the manufacturing sector, a decrease in the services of the banking sector, a decrease in per capita income and, as a result, a decrease in the purchasing power of the people, a 30% decrease in the gross domestic product, and on the contrary, it caused an increase in poverty and unemployment[1]. For example, despite the Taliban's claims that the economic situation in Afghanistan is improving, per capita income reflects the economic situation of the Afghan people. Before the Taliban came to power, the per capita income of an Afghan was close to $550, but at the end of 2023, this figure dropped to

[1] https://8am.media/fa/a-brief-look-at-the-economic-situation-of-afghanistan-under-the-rule-of-the-taliban/

$325[1]. This means that the per capita income in Afghanistan has decreased by almost 40%[2].

Moreover, before August 2021, international aid accounted for about 19.37% of Afghanistan's gross national income[3]. However, with the cutoff of foreign aid (especially that of the United States of America), this number has decreased drastically. Official statistics show that Afghanistan's economy has stagnated by 20.7% since 2021. This figure is even larger than the size of the role of international aid in Afghanistan[4]. In addition, after the Taliban took control of Afghanistan, the US froze Afghanistan's assets, and the World Bank stopped all financial assistance to the country. The Afghan government had about $9.4 billion in capital reserves in 2021, accounting for a third of the country's total economic income in one year, according to an International Monetary Fund report[5]. These restrictions also had a negative impact on the Afghan economy as a whole and the socio-economic situation of Afghanistan.

Studies also show that in 2023, 28.3 million people (two-thirds of Afghanistan's population) needed urgent humanitarian aid for survival. The main reason for these needs was the persistent drought as well as the dire economic situation[6]. It is worth noting that, according to available data, about $40 million in humanitarian aid is received weekly by the Central Bank of Afghanistan, which is under the control of the Taliban. These appear to be signs that economic power is developing slowly and with a delicate balance. But this figure (about $3.5 billion), compared with the $9 billion in 2020, is not a significant figure[7]. However, given that two-thirds of Afghanistan's population needs humanitarian assistance, this figure has not had a significant impact on the socio-economic situation of Afghanistan. According to available data, 97 percent of Afghanistan's population lives in extreme poverty. In this regard, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) has also announced that about 97% of Afghans are at risk of

[1] https://8am.media/fa/a-brief-look-at-the-economic-situation-of-afghanistan-under-the-rule-of-the-taliban/

[2] https://www.etilaatroz.com/170446/

[3] https://www.iras.ir/?p=7861

[4] https://www.etilaatroz.com/170446/

[5] https://tolonews.com/fa/business-174277

[6] https://www.etilaatroz.com/170446/

[7] https://www.etilaatroz.com/170446/

falling below the poverty line. According to the report of this institution, including 13 million children, 24.4 million Afghan citizens need humanitarian aid[1].

In addition, after the Taliban came to power, this group has imposed many restrictions on Afghan women. In addition to being banned from education, Afghan women are also banned from working in offices and having freelance jobs. But a new order issued in July 2023 closed thousands of women's beauty salons across the country, which are often women's only source of income. The Afghan Chamber of Commerce and Industry said the Taliban's recent decision to close all women's beauty salons will result in unemployment for about 60,000 women across the country[2]. Although the role of women in the Afghan economy was not very significant in the pre-Taliban period, but the unemployment of 60,000 women will have a significant negative impact on the household economy, which ultimately indicates the deterioration of the socio-economic situation of Afghanistan.

Studies also show that Afghanistan's migration process has increased significantly after August 2021. After the Taliban came to power, thousands of Afghans, including large numbers of military and civilian employees of the previous government, employees of foreign institutions and organizations, as well as ordinary people, immigrated to different countries. Economic analysts say the migration of those who invested in Afghanistan has dealt a big blow to the country.

However, during this period of post-2021, one of the positive aspects that can be seen in the socio-economic situation of Afghanistan is the downward trend in inflation in this country. Observers believe that effective factors in this matter include the rise in the value of the local currency, the decline in household savings, the reduction in government spending, as well as the loss of income of farmers due to the ban on opium cultivation. In December 2023, headline inflation in Afghanistan reached -9.7% year-on-year (YoY), mainly driven by negative inflation in the food group (-14.5% YoY) and non-food sector -4.2 %[3]. But, despite the decline in inflation in Afghanistan, there is no improvement in the socio-economic situation of Afghanistan. Because Afghanistan's economy depends on

[1] https://www.darivoa.com/a/un-concerned-about-dramatic-collapse-of-afghan-economy/6778066.html

[2] https://www.bbc.com/persian/articles/c98e8yw3p4do

[3] https://thedocs.worldbank.org/en/doc/804528b1d98fc6a3012fb1754ba4bd45-0090012024/original/Afghanistan-Economic-Monitor-January-2024-002.pdf

foreign aid and money from workers who work in neighboring countries such as Iran and Pakistan.

Assistance from other nations can bring about both favorable and adverse outcomes for any country. Similarly, the impact of foreign aid on Afghanistan has encompassed both positive and negative consequences (SIGAR: 2022 & 8 am newspaper).

Positive Impacts:

Humanitarian Assistance: Foreign aid during this period provided crucial humanitarian assistance, addressing immediate needs such as food, shelter, and healthcare, especially in the aftermath of conflict.

Infrastructure Development: Substantial foreign aid was allocated for infrastructure projects, including the construction of roads, schools, and healthcare facilities, contributing to the overall improvement of living conditions.

Education and Health Improvements: Foreign aid supported initiatives to enhance education and healthcare services, leading to increased school enrollment and improved health outcomes for Afghans.

Capacity Building: Aid programs aimed at capacity building helped strengthen local institutions, governmental structures, and the skills of individuals, fostering better governance and administrative capabilities.

Economic Growth: Some foreign aid contributed to economic growth by promoting job creation, supporting small businesses, and investing in various economic sectors, thereby reducing poverty levels.

Negative Impacts:

Dependency Issues: Afghanistan's prolonged reliance on foreign aid during this period may have contributed to dependency, potentially hindering the development of self-sustaining economic and social systems.

Corruption Challenges: The influx of aid was associated with concerns about corruption within Afghan institutions, with reports of mismanagement and diversion of funds away from their intended purposes.

Security Concerns: Ongoing security challenges in Afghanistan affected the efficient delivery of aid, particularly in regions with active conflict. The volatile security situation also posed risks to the safety of aid workers.

Fragmentation and Coordination Issues: The presence of numerous foreign actors and organizations led to challenges in coordination and coherence of aid efforts. Fragmentation and lack of synergy may have resulted in inefficiencies and duplication of initiatives.

Limited Long-Term Impact: Despite substantial aid, achieving sustainable development in Afghanistan remained challenging, with some critics arguing that the impact of aid was often short-term and failed to address underlying systemic issues.

In summary, the foreign aid provided to Afghanistan between 2001-2021 had both positive and negative impacts. While it addressed immediate needs and contributed to certain improvements, challenges such as dependency, corruption, and security issues highlighted the complexities of aid delivery and the need for strategic, long-term planning (SIGAR: 2022 & 8 am newspaper).

Research Methodology: The original process was intended to involve the use of multiple questionnaires to gather basic data through field methods. However, due to the collapse of the previous Afghanistan government and the unavailability of primary sources and authorities to respond to these questionnaires, an alternative method called secondary analysis was employed. This method involves analyzing "nonreactive measures" derived from secondary sources, such as studying existing data in libraries. The data used in this analysis is sourced from government and non-government archives that are publicly accessible. This includes records of significant events (such as births and deaths), as well as political, judicial, social, and other data with specific and limited target audiences. The analysis relies on information from various sources, including former Afghanistan government databases, national and international non-governmental organizations, reputable media outlets, the World Bank, UN reports, and other reputable institutions. The information obtained from these sources has been collected, organized, and analyzed.

The extensive involvement of over 70 nations and international organizations in Afghanistan between 2001 and 2021 resulted in a significant financial investment, although the exact amount remains unknown. However, due to the inefficiency of the

government, widespread corruption, ongoing conflicts, and other deficiencies in Afghanistan's official institutions, the intended progress and development have not been achieved. Economic indicators in Afghanistan have experienced considerable volatility throughout the past two decades due to the absence of a stable government and a lack of control over the overall situation, including the country's economy.

Chapter I: Concepts and Generalities

As previously mentioned, this research focuses on the correlation between economic development and foreign aid. While foreign aid encompasses various objectives and encompasses numerous scenarios, the primary focus in this study pertains to a specific aspect of aid directed towards fostering economic development, commonly referred to as "official aid for development". Numerous comparable definitions have been proposed, but the research adopts the comprehensive definition provided by the World Bank, which states: "Economic development is a progressive process involving a series of transformations and fundamental modifications in economic, social, cultural, and political structures, aiming to achieve macroeconomic objectives" (World Bank, 2018).

1.1. The Concept of Development

Development is a notion that originated during a lengthy period of the evolution of the development movement and gained widespread recognition following World War II. Essentially, it can be described as the process of moving away from the conventional norms and customs of traditional society and embracing the principles and ideals of modernity. The concept of development encompasses various aspects such as values, complexity, and its association with progress and related matters, all of which have been highlighted and hold significant significance.

The concept of development involves considering various elements, including the promotion of economic progress, the decrease of inequality, and the elimination of poverty. These goals are fundamental in achieving development, which involves surpassing the current state and attaining the desired state.

Dudley Sears, the director of the Institute of Development Information at the University of Sussex, suggests that development encompasses various dimensions that bring about a comprehensive transformation in the economic and social systems. According to Sears, development involves more than just enhancing production and income; it also entails significant changes in institutional, social, and administrative structures, as well as shifts in people's perspectives. In many cases, development even

involves modifications in people's habits, customs, and beliefs. Sears argues that the three factors of poverty, unemployment, and inequality are crucial indicators for measuring the level of economic development. He emphasizes that even if per capita income increases, development cannot be claimed if one or more of these factors worsen (Seers, 1970).

Development emerged as a concept in response to the contrasting phenomenon known as underdevelopment, becoming prominent in the post-World War II era. The United Nations General Assembly's introductory statement in December 1961 designated the 1960s as the decade of development, emphasizing the need for international collaboration in achieving comprehensive economic growth. It highlighted that development was not a matter of competition but required joint efforts. In a resolution on October 24, 1970, designated as specification (xxv) 2626, the importance of achieving a more equitable distribution of wealth and income was acknowledged, and equal opportunities were emphasized.

The various dimensions of development, such as economic, social, human, and cultural aspects, are evident. Economic development is closely tied to both quantitative and qualitative measures of well-being and relies on the utilization of production resources, which significantly impact per capita income. Undoubtedly, development emerged initially within the realm of political economy, subsequently gaining attention from sociologists, political science scholars, planners, and managers. As the field of "development studies" took shape and numerous development experiences were designed, conceptual disagreements arose, leading to the development of different methods and perspectives (Azad Aramaki, 2007).

Social development is intricately tied to people's lifestyles and has a direct correlation with their standard of living. This connection is fostered by establishing favorable and ideal circumstances in areas such as poverty reduction, nutrition, healthcare, housing, employment, education, and leisure activities (Rashidi, 1996). A decade after its proposal, UNESCO introduced the concept of economic development, which holds significant importance. Similarly, political development addresses matters concerning the public sphere and encompasses various prerequisites like economic development, contemporary politics, political modernization, the performance of nation-states, economic and administrative advancements, public engagement and involvement, the establishment of democracy, consistent and stable transitions. It entails the utilization of societal

influence. Additionally, human development aims to enhance the opportunities for individuals to lead fulfilling lives (Smelser, 1997).

Sustainable development entails fostering and extending the creation of infrastructure and advancements that cater to the needs of future generations. It emphasizes that any progress and growth stemming from the establishment of essential facilities must not jeopardize the well-being of future generations. The concept of sustainable development was highlighted during the symposium held in The Hague in 1991, stating that if the purpose of development is to enhance the opportunities and quality of life for humanity, this consideration should extend not only to the present generation but also to those in the future (Ranis, 2004). On the other hand, the progress of the economy is shaped by a combination of quantitative and qualitative factors. In terms of quantity, this involves the growth of production factors such as labor, capital, technology, land, and other natural resources. As for the qualitative aspect, it encompasses enhancements in living standards and the improvement of the quality of production factors. However, economic development goes beyond these aspects and encompasses concerns regarding poverty, fairness, urbanization, immigration, unemployment, income distribution, and other social indicators.

While there may be variations in the definition of economic development, as is common with concepts in the field of human sciences, the lines encompass the fundamental and significant aspects of this concept.

Based on the provided explanation and the definition of economic development, foreign aid is viewed as a form of financial assistance in developing nations. However, there are opponents and critics of the theory that foreign aid supports development. Nevertheless, the economic aspect and its impact on post-World War II Europe are commonly acknowledged as significant factors discussed in development theories.

The absence of comparable outcomes stemming from this financial resource in terms of economic progress in other regions such as Asia and Latin America, as well as in countries commonly referred to as "southern countries," has led certain nations to view these assistance programs as originating from political motives rather than purely economic considerations. To gain a deeper understanding and provide a stronger rationale for this matter, it becomes imperative to critically examine and evaluate the concept of foreign aid, considering its origins and the political factors associated with it. It becomes

evident that relying solely on economic criteria for the provision of capital and technical expertise cannot be deemed sufficient.

1.2. Economy and Economic Growth

The economy encompasses various systems and connections that influence how financial and physical resources are distributed and allocated. It involves individuals and groups interacting with one another to utilize and trade resources such as goods, services, and money. Economics, which explores fundamental necessities like housing, food, and healthcare, encompasses instances where income and wealth are distributed, and the regulation of work and wages is established.

Here are some definitions of economics:

1. Economics involves the management of households and the administration of resources.

2. It encompasses the various tasks we undertake to ensure the well-being of ourselves and our families.

3. Economics relates to the allocation of our time and efforts, assessing the worth of our work and the value it adds.

4. It refers to the effective governance and organization of society and its inhabitants.

5. Economics explores the principles of handling money and its exchange.

6. It encompasses a system that enables the equitable distribution of resources.

The definitions continue to reflect the prevailing perception of the economy, where the general belief is that it primarily revolves around money. Consequently, any transaction that doesn't involve money is typically excluded from the discussion on what constitutes the economy. This conventional understanding views the economy as a closed loop. Consequently, many of the tasks performed by women, which lack monetary compensation, are often considered to lack economic value. As a result, men, who tend to have greater financial resources, assume the responsibility of overseeing and governing the

economy, while it is generally accepted that they should make all decisions pertaining to economic matters.

We hold the view that the global economy is interconnected with the lives of individuals worldwide. It is our belief that each person utilizes Earth's resources and infrastructure to contribute to our shared global community. Therefore, we all possess the entitlement to be knowledgeable about economic endeavors and equally have the right to voice our perspectives and actively engage in societal economic affairs.

To sustain their existence, humans require necessities such as nourishment, garments, and shelter. As these essentials are not readily available to everyone, it becomes necessary for individuals to make efforts and engage in work to meet their life's requirements.

Therefore, the field of study that examines the challenges related to meeting society's material requirements is known as economics. Economics focuses on two fundamental aspects: the ever-expanding and uncertain demands of individuals and the limitations imposed by scarce resources. In essence, economics can be defined as "the study of efficiently utilizing limited resources in order to address the extensive needs of humanity."

It is believed that Economics involves examining methods that assist individuals and society in efficiently utilizing limited resources for small-scale production, enabling the creation of various goods and their distribution among different individuals and groups. This process ultimately determines the community's future consumption choices.

Economy examines how manufacturers make choices regarding various production factors and investigates methods to determine their market prices. Mauldin aims to meet consumer demands by producing and marketing the products they desire.

1.3. Development and Economic Growth

Differentiating between "economic growth" and "economic development" is crucial. "Economic growth" represents a limited concept, whereas "economic development" encompasses qualitative aspects. In essence, economic growth refers to the increase in a country's production within a specific year as compared to a base year. At a

macro level, it is measured by the rise in GNP or GDP per year, relative to its value in the base year. To obtain an accurate measure of real growth, adjustments are made for factors such as price changes (inflation) and the depreciation of capital equipment and goods.

Different factors contribute to economic growth, such as the augmentation of resources (such as capital or labor), enhancing the overall efficiency of the economy (by improving productivity of production factors), and tapping into untapped potential within the economy.

"Economic Development" refers to the expansion of productive capacities encompassing physical, human, and social aspects. It involves not only limited growth but also entails transformations in social institutions, attitudes, continuous enhancement of the ability to utilize existing resources, and a dynamic process of ongoing innovation. Furthermore, it encompasses changes in the composition of production and the relative allocation of inputs within the production process. Development is a pervasive phenomenon that extends throughout society and cannot be confined to a single part. Unlike economic growth, which primarily focuses on quantitative aspects, development is a qualitative phenomenon that lacks precise boundaries due to its reliance on human factors and is not subject to restrictions (Hayami, 2015).

1.4. Development Indicators

Development, in all its aspects, is a cognitive and qualitative concept that necessitates a specific measure or index to determine its quantitative aspect. Over time, various indicators have been examined and analyzed to gauge development. Consequently, there is a lack of consensus on the currently existing indicators, making it challenging to establish a standardized definition. However, this study primarily concentrates on the indicators employed to assess the economic dimension of development, while acknowledging the certainty surrounding the social dimension.

Economic development indicators encompass various macroeconomic factors primarily focused on economic growth. These indicators consist of measures like GNP, GDP, per capita income at a national level, as well as economic measures such as poverty and inequality, employment and unemployment rates, and overall societal change. However, certain authors have excluded purchasing power, GDP, and demographic

changes from the compilation of these indicators. Instead, they have included factors like participation rates, access to healthcare and education facilities, and the HDI (which incorporates immigration and agricultural status) to provide a more comprehensive assessment of economic development (Todaro, 1999). Alternatively, while certain experts have been acknowledged for their contributions to healthcare, education, and the human development index, and have recognized immigration as a component of the social development index, other existing factors corroborate these findings. As a result, various indicators encompassing economic development (such as GDP, national income, employment, poverty, poverty fluctuations, and agriculture) as well as education, security, health, immigration, civil society, media, and human development will be examined and deliberated upon. These indicators are extensively emphasized in this context.

1.4.1. Economic Development Indicators

1.4.1.1. Gross Domestic Product

The concept of GDP refers to the overall worth of goods and services generated within a specific timeframe (typically one year), involving both domestic and foreign resources. It serves as a measure to assess a country's economic performance and is closely tied to factors such as unemployment, employment, and other economic indicators. When a nation's economy sees a rise in the proportion of foreign currency involvement, it consequently boosts the credibility of its GDP (Mehrgan & Padash, 2014: 158 - 159). The calculation of GDP considers the income, distribution, production, and expenses of a society, but it excludes the production of factors located outside the country.

1.4.1.2. The Per Capita Income

Per capita income is calculated by dividing a country's GNP (the total value of goods and services produced within a year) by its population. Numerous economists believe that per capita income serves as an indicator of economic growth and progress.

1.4.1.3. Poverty

Poverty can be defined as the failure of individuals or families to fulfill their basic requirements for a decent and fulfilling life, which hinders their overall development and empowerment. It implies that humans are unable to acquire essential necessities, thereby

preventing them from achieving a dignified existence. Essentially, poverty signifies the incapacity to afford the fundamental needs required to sustain life (Rashidi, 1996).

However, poverty encompasses various forms within society. Extreme poverty denotes the challenging economic circumstances individuals face, while relative poverty is characterized by incomes below the societal average. Human poverty, on the other hand, aligns with theories of human development. Additionally, capability poverty pertains to the lack of essential capabilities and the inability to safeguard privacy, preserve human dignity, and maintain self-esteem. Mental poverty primarily refers to an individual's internal perception, involving their personal understanding and assessment of their own circumstances (Khoshamadi, 2009: 120-123). The reasons behind poverty are varied, and at times the relationship between cause and effect can be altered. For instance, a corrupt government can be the root cause of poverty, while poverty itself can lead to the emergence of a corrupt government. However, it is certain that impoverished societies lack a sound and consistent framework, as well as effective mechanisms, to achieve development. Presently, it is estimated that approximately one billion individuals residing in fragile nations face both poverty and insecurity, with 340 million people experiencing an extremely dire situation. These countries frequently find themselves trapped in a cycle of poverty, violence, and insecurity, which exposes them to a multitude of crises and irreparable shocks (Brooke et al., 2015). The requirement for international assistance has been amplified as a result, turning it into a significant factor in the conditions necessary for progress.

1.4.1.4. Unemployment and Employment

Unemployment is the state in which a portion of the skilled and capable individuals within a society are unable to secure a job that matches their social standing. This matter holds significant importance as it serves as a prominent indicator of economic development, particularly in nations where a significant proportion of the urban and rural workforce is either unemployed or underemployed. The reason for its significance lies in the direct correlation between the absence or scarcity of economic, commercial, and industrial activities. The absence of viable employment opportunities leads to a rise in unemployment, as well as the proliferation of inadequate, low-paying jobs in both urban and rural areas, ultimately contributing to an increase in poverty levels. The underlying

cause can be attributed to the imbalance between the expanding population and the availability of suitable job prospects within a given society (Todaro, 2012: 239-249).

1.4.1.5. Popular Changes

The primary focus and objective of development revolve around humanity, with particular emphasis on understanding and managing the growth and regulation of the human population. Consequently, population plays a crucial role as a central factor in development policies. Its influence extends to various aspects, and its interactions with other variables are mutually impactful. (Zare, 2011: 4). The primary factors determining the demographics of underdeveloped nations are the birth rate, death rate, and life expectancy, each exhibiting distinct characteristics. The common factor shared among these countries is their significant population growth rate. The low per capita income, limited accumulation of capital, restricted livelihood opportunities, and a high proportion of children relying on parental income all contribute to the lack of development in these nations. Third world countries face greater challenges in economic development due to the increased financial burden caused by a higher percentage of dependent children, compared to developed countries. This situation has been exacerbated by the reduced mortality rates resulting from the widespread use of vaccines. As a consequence, the demand for various goods and services has risen, making it harder for these countries to compete and achieve economic growth (Qarabaghian, 2006: 43-45).

1.4.1.6. Agriculture

The shift from traditional to industrial agriculture in less developed nations is recognized as a significant factor in their development. However, there are ongoing discussions and varying opinions regarding the role of agriculture. Nevertheless, it is undeniable that agricultural progress is unavoidable and holds a definite influence on development. In fact, without advancements in agriculture, industrial development will either fail or lead to substantial internal disparities, exacerbating issues of widespread poverty, inequality, and unemployment.

1.4.2. Social Development Indicators

1.4.2.1. Education

Education stands as the foundational and paramount aspect of progress within the social sphere, primarily tasked with the vital duty of transmitting wisdom from one generation to the next. (Azdanlou, 2005: 21). The transmission of knowledge plays a crucial role in enhancing the skills, expertise, and cognitive abilities of the younger generation within a society. This process fosters greater engagement in social and economic transformations, instilling a sense of progress and development across various social strata. Concurrently, it also contributes to the establishment of institutions. In impoverished nations, education holds significant value both as an asset and a source of public revenue. In developing societies, many parents perceive their children's education as the sole path to attain economic advancement and growth. Consequently, the demand for educational resources and platforms has escalated, elevating education to a widely consumed commodity. Nonetheless, educational infrastructure is primarily established by governmental and private entities, serving as a backdrop for economic interactions while expanding and enhancing the educational system.

In addition to professional education, various factors such as the absence of traditional education systems, cultural impoverishment, illiteracy within society, and gender disparity in educational opportunities contribute significantly to underdevelopment and lack of progress. This implies that not only does the absence of education and discrimination against women hinder economic and social development, but they also reinforce social inequality.

1.4.2.2. Health

The significance of health in societal progress is substantial since the well-being of individuals' physical and mental state relies on the accessibility of healthcare services. Consequently, any community that neglects to furnish these services will experience a hindered advancement. In essence, the existence of health services and the overall health of a society are crucial indicators of its development (Taqvai & Shahyundi, 2011: 35 - 36).

Access to medical and healthcare in advanced societies is advantageous. Nonetheless, the nonexistence or insufficiency of medical infrastructure and skilled professionals in less developed nations has resulted in a scarcity or unsatisfactory condition

of these services, particularly in rural regions. The absence of healthcare services, including vaccinations against communicable diseases, will lead to an increase in mortality rates in these countries. Furthermore, it will impede the development of a healthy population capable of benefiting from optimal cognitive and physical abilities, consequently hindering progress on multiple fronts.

1.4.2.3. Security

Undoubtedly, security is a crucial element in the process of progress. Its significance extends well beyond an individual's life and encompasses various critical aspects of an individual's existence. This implies that the security of individuals, communities, nations, and the world at large plays a pivotal role in ensuring comprehensive security. Without adequately addressing these dimensions of security, any society would struggle to achieve and execute its development objectives (Azad Aramaki, 2007: 38).

Insecurity poses a significant threat and causes harm to numerous countries worldwide in the present era, extending beyond peripheral and developing nations. According to experts, the contemporary world is deeply troubled by various issues such as unemployment, apprehension about the unknown, fear of emerging technologies, perplexity regarding globalized economies, concerns about environmental degradation, and rampant corruption. Consequently, people are experiencing heightened desperation and a sense of urgency (Ramone, 2003: 11). In Western and developed nations, insecurity is primarily seen as a psychological and intellectual concern. However, in underdeveloped and peripheral societies, this issue is experienced as an actual and tangible problem that presents a significant barrier, extending beyond mere psychological considerations.

1.4.2.4. Migration

Migration is a complex occurrence that impacts both the countries accepting immigrants and the countries from which people emigrate. Consequently, it has drawn varying perspectives from thinkers regarding its effect on development. Migration is driven by the desire to tap into the economic, scientific, and political opportunities offered by developed nations, while also arising from the challenges faced in less developed countries. As a result, two theories have emerged to explain this phenomenon. Modernization theorists view migration favorably, considering it as a catalyst for the

dissemination of developmental values in developing countries. They argue that it enables economic and geographical mobility for the population, fulfilling the aspirations of individuals and leading to social advancement. On the other hand, proponents of the dependency school believe that migration reinforces underdevelopment and jeopardizes human progress. They argue that it erodes local customs, traditions, and economies of stable communities, exacerbates brain drain, and leads to a significant decline in the agricultural workforce (Vosoughi, & Hojjati, 2012: 26-28).

1.4.2.5. Civil Society

Civil society acts as a crucial link between individuals and the government, serving as an unbiased observer of government institutions. It plays a vital role in the advancement of society, like how the government is essential in this regard. Non-governmental organizations (NGOs) play a significant role in democratizing society by actively engaging in meaningful participation. They connect government actions with the interests of the people and work to prioritize societal benefits (Ahmadi & Biadullah Khani, 2013: 55). Civil societies play a crucial role in expediting the government's journey towards establishing a democratic system and facilitating broad and impactful citizen engagement.

1.4.2.6. Media

The media's impact on individuals' social lives is so extensive that it defies precise confinement to a particular area. Beyond its negative aspects, the media has the potential to contribute positively to fostering trust, promoting education, supporting law enforcement, disseminating information, and various other domains. It expands the scope of public engagement in these areas, leading to its recognition as the fourth pillar of democracy and a vital link connecting citizens and the government (Golshani & Eskandari, 2012: 17). Indeed, it plays a crucial role in achieving progress and advancement.

1.5. Barriers to Economic and Social Development

The hindrances to both economic and social progress can be broadly classified into two categories: internal and external. Internal factors encompass cultural, political, economic, social, and environmental concerns, while external obstacles arise from factors

linked to a country's geography and foreign relations. The following elements can be regarded as components of these challenges:

Table 1. Barriers to economic and social development

Title	Barriers	Explanation
Barriers to economic and social development	Lack of capital	Developing nations require the acquisition of initial funds in order to initiate and fortify their economic growth.
	Unequal distribution of goods and services	This problem results in individuals lacking equal opportunities to access the available financial resources within society, leading to economic inequality and serving as the foundation for social division.
	Disproportion growth of services	The lack of compatibility between the service sector and other economic sectors results in a high cost of capital predominantly in this domain, impeding the overall production growth within society.
	Unemployment and poverty	Unemployment manifests itself as a tangible outcome of poverty within underdeveloped societies. These countries' economies lack the capacity to engage all economically active individuals, leading to a "Vicious Circle" scenario. Insufficient capital and low per capita income contribute to this cycle. The scarcity of capital diminishes production efficiency, while income directly depends on economic efficiency. A meager income leaves no room for savings.
	Population and immigration	The elevated birth rate and population growth in underdeveloped nations not only diminish the economic potential of society but also result in heightened internal and external migration, brain

		drain, and the depletion of the society's creative and productive capacities.
	Lack of health and malnutrition	The chaotic state of healthcare facilities contributes to the proliferation of diverse illnesses, fatalities, and malnutrition. Furthermore, apart from the elevated expenses associated with treatment, this situation also diminishes the physical resilience of the society.
	Illiteracy and failure of the educational system	In underdeveloped societies, illiteracy rates are significantly elevated, effectively nullifying any development endeavors. Moreover, the inherent structural issues within the educational system render the training provided ineffective for development purposes, coupled with its high costs.
	Social gap	The disparity between the wealthy and the impoverished, coupled with the absence of a middle class, has resulted in a large portion of the population living below the poverty line. This serves as a hindrance to social dynamics and obstructs the achievement of development goals.

1.6. The Concept of Foreign Aid

As previously mentioned, the availability of financial credits in developing nations relies on various funding streams. These include revenue generation through taxation and tariffs, loans provided by the central bank, the acquisition of profits from natural resources, borrowing from foreign countries, direct investments from foreign nations, and receiving foreign aid. These factors form the foundation for attracting financial support to facilitate development (Agusty & Damayanti, 2015). However, the effective utilization of these resources is only possible when there exist appropriate and efficient mechanisms for their management. Unfortunately, in many developing and impoverished countries, the lack of sound and efficient management has rendered many of these resources incapable of

attracting credit and functioning as effective assets. For instance, mismanagement in the utilization of revenues derived from natural resources has hindered economic growth and impeded the development of human resources. Additionally, limited capacity for tax collection has resulted in tax evasion, widespread corruption, and reduced financial resources obtained through this avenue. Furthermore, the central banks of these countries often lack the ability to provide loans, and if they do, it often leads to an increase in inflation rates. Foreign investment also hinges on providing necessary conditions for financial security and capital protection, which many of these countries are unable to guarantee. Lastly, one way to foster development is by attracting official foreign aid from member countries of the DAC to guide developing nations towards their primary objectives.

When discussing development in the context of foreign aid, experts generally refer to official development assistance, which comprises monetary contributions provided by governments or official agencies. These contributions mainly originate from member nations of the OECD that belong to the DAC or are associated with institutions like the EC. These countries and organizations serve as the primary suppliers of foreign aid.

1.7. Characteristics of Foreign Aids for Development

However, for foreign aid to effectively contribute to the economic development of recipient developing countries, it must possess additional attributes. Without these characteristics, official aid alone cannot accomplish its primary goal, which is fostering economic development.

One key characteristic of such aid is its objective, which aims to enhance and stimulate capital growth while concurrently fostering the development of recipient countries. Official development aid constitutes a relatively small portion compared to the overall figures and aid provided by developed countries and international organizations to developing nations. However, the significance of these aid funds lies in their primary objective of reducing poverty and attaining economic development.

Another characteristic of such aid is its requirement to be privileged and exceptional. This means that the aid should be given as a grant and not expected to be

repaid, with its interest rate significantly lower than prevailing market rates. The interest rates for this type of aid typically range from a minimum of 10% to a maximum of 28%.

Typically, these aids are disbursed to recipient countries in the form of monetary funds, utilizing various methods and delivered at specific stages. However, if required, they can also be provided in the form of goods or services. In numerous instances, the goods and services provided are directly related to economic development, as developing countries often lack the professional expertise and necessary skills in these areas. Similarly, the goods required may encompass items consumed within the regions requiring development, and donor and developed countries possess such goods.

1.8. Financial Circulation and Amount of Aid to Developing Countries.

Over the past two decades, the volume of these aids has experienced a notable increase. The primary focus has been directed towards reducing the disparities caused by poverty and enabling developing countries to progress in tandem with their developed counterparts. From the early 2000s until the end of the decade, specifically 2010, these aids witnessed a growth of 63%, reaching a total of $128.5 billion. This amount accounted for approximately seven percent of the international financial transactions involving developing nations. Despite the economic downturn caused by the Covid-19 pandemic, the figure further rose to $152 billion in 2019, with a significant portion of the aid being contributed by the 168 member countries of the OECD (OECD.Stat". *OECD*. 2021-04-15. Retrieved 2021-03).

1.9. Channels and How to Hand over Official Development Aids

Official development assistance is frequently provided by organizations and member countries affiliated with these organizations. The terms "bilateral" and "multilateral" are employed to technically differentiate the direction of official development assistance.

Bilateral aid is typically administered by the OECD, and it involves direct assistance to the recipient developing country. This category of aid may also encompass support provided to NGOs or initiatives aimed at debt settlement in developing nations. On

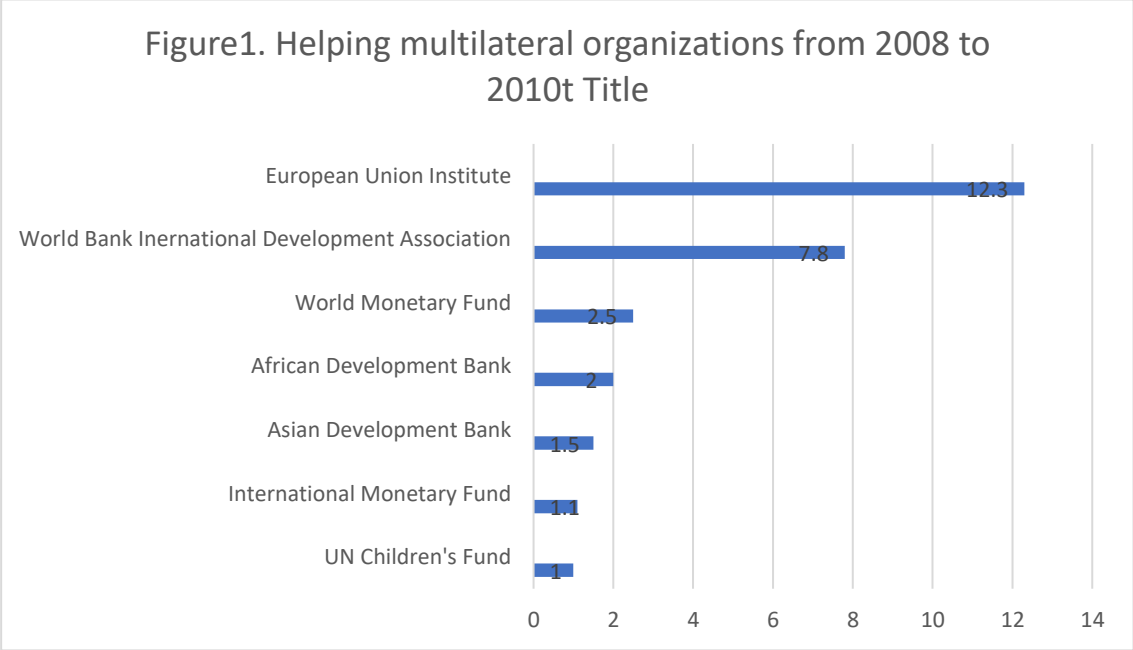
the other hand, multilateral aid is delivered through international organizations that dedicate all or part of their endeavors to promoting development or achieving development-related goals (Gulrajani, 2016).

The effectiveness of these aids in fostering development in recipient countries and the degree to which development goals are realized rely on the performance of executive institutions and government policies. In other words, the extent to which these aids achieve development objectives is contingent upon the efficiency and capacity of implementing organizations, as well as the presence of sound and appropriate government policies. Conversely, macroeconomic instability, corruption, the fragility of local institutions, and excessive dependency on foreign donors have resulted in the failure or diminished impact of development goals, or even neutralized their effects (Goldin, 2019).

As previously mentioned, official development assistance is contributed by 23 members of the OECD along with the European Commission. Among these members, the United States of America, Germany, France, Japan, and England, referred to as the five key members, have consistently provided a substantial portion of aid from the early 2000s until 2010. Additionally, it is important to note that 95% of these contributions were prepared and donated by 15 members within the organization (Tanin, 2005). The majority of these contributions were influenced by the political dynamics of the 20th century. This is due to the fact that new international circumstances assigned new responsibilities in "maintaining international peace and security" to the UN, particularly its Security Council. Consequently, Afghanistan emerged as a focal point of crisis in global discussions and actions (Adeli, 2008).

International institutions and organizations operating under the guidance of the United Nations also play a significant role in providing a substantial portion of these aids through multilateral assistance. These organizations include the WB, regional development banks like the ADB, as well as global funds, among others. Within the realm of developed countries, entities affiliated with the EU, such as the EC, the EDF, and the IDA, contribute approximately 6% of total disbursements by multilateral organizations and account for 4.16% of all development aid. Additionally, organizations such as the World Health Fund, the African and Asian Development Banks, the International Monetary Fund, and the United Nations Children's Fund (UNICEF) are among other contributors to development

aid. The graph below illustrates an example of the amount of multilateral aid provided by the IMF over a two-year period.



Source: Development Initiatives

Please note that the diagram provided above serves as an illustrative example. Since 1960, the leading contributors have consistently been the USA, Germany, England, Japan, and France. In 2019, the top 10 countries in terms of donations were the United States of America, Germany, England, France, Japan, Turkey, the Netherlands, Sweden, Canada, and Italy. It is worth mentioning that Turkey's inclusion in this list is solely due to its assistance towards Syrian refugees. For comprehensive information regarding these contributions, the reference from which the current information is derived contains detailed specifics ("OECD.Stat". OECD. Retrieved 2021-03-19).

1.10. Conclusion

Based on the information provided regarding foreign aid for development, it is evident that among the various forms of assistance provided to countries, the aid package specifically allocated for development has been a subject of controversy and has sparked numerous inquiries, leading to the formulation of various scientific theories surrounding it.

The genesis of this theory can be attributed to the predominantly economic nature of these aid packages, which also necessitates an understanding of their historical context and underlying motivations. The economic considerations associated with such aid

packages have spurred the development of economic theories seeking to identify and implement mechanisms that can influence these aids in accordance with economic standards. This notion emerged in the aftermath of the Industrial Revolution in the Western world and gained further traction following the Second World War. To this day, there is ongoing assessment regarding the extent to which foreign aid for development can bridge the gap in capital accumulation for Southern and developing countries, leading to economic prosperity and the generation of technical knowledge that aligns with economic progress.

The prevailing assumption underlying the concept of development through foreign aid is that recipient countries in Asia, Africa, and Latin America can leverage aid as a catalyst for their development, similar to how European countries utilized the Marshall Plan. However, it is important to acknowledge that the countries included in the Marshall Plan were already established industrial nations with robust systems and skilled human resources, albeit temporarily disrupted and damaged. In contrast, Asian, African, and Latin American countries may not possess such attributes and could potentially lack the essential foundations and resources required to propel the development process forward.

As a result, the skepticism of critics regarding this matter tends to be disregarded, and the underlying political motives concealed behind these aids are often overlooked. Consequently, a comprehensive assessment of the impact of foreign aid on economic development necessitates a reevaluation of public perception and an examination of the interconnectedness between economic development, social stability, democratic institutions, foreign policy, and the requisite governance capacities. These aspects will be elaborated upon in subsequent chapters. Furthermore, the economic indicators of Afghanistan and the aforementioned subject will be thoroughly explored, offering a scientific perspective for evaluation.

Chapter II: Foreign Aids and Economic Development

As previously stated, foreign aid can be regarded as a significant undertaking in contemporary foreign policy and has also gained relevance in economic analysis concerning development. However, the intricacies surrounding these aids extend beyond initial appearances. The general perception of this form of aid is that providing these resources is an inherent objective for societal progress, representing a moral and humanitarian obligation of developed nations towards less developed nations.

However, an opposing perspective challenges the notion of foreign aid's complete autonomy, raising doubts about its effectiveness in promoting economic development. This viewpoint highlights the political dimensions of foreign aid and suggests that it may have limited efficacy in driving the economic progress of recipient countries (Morgenthau, 1962). The rationale behind this theory finds support in the fact that the primary donors of such aid are predominantly major political powers or their allies. Additionally, the allocation of resources within recipient countries is often determined by these donor nations, and, in many cases, the funds are not directed towards fundamental and impactful aspects of economic development. Hans Morgenthau provides a clear example of this issue in the foreign policy of the United States of America, stating that the national debate surrounding foreign aid revolves mainly around the amount to be spent on international causes, rather than focusing on the fundamental objectives that foreign aid policies are supposed to achieve. In this context, the government attempts to persuade Congress to approve a specific amount of foreign aid, but Congress often allocates approximately ten percent less than the requested amount. Consequently, the government utilizes the approved funds as it sees fit within the authorized general categories. Only when blatant abuse and incompetence reach a critical point, such as the case of foreign aid to Laos, does the public become aware of the content of the foreign aid policy. However, even then, the focus tends to be on rectifying the abuse and inefficiency rather than actively pursuing the positive benefits of well-defined goals aligned with the nation's foreign policy objectives.

Morgenthau suggests that the USA primarily relies on military measures to pursue and fulfill its interests. Economic aid, on the other hand, is seen as a secondary option when military means fall short in achieving political objectives. Furthermore, he argues

that there is a lack of a comprehensive and coherent theory, as well as appropriate standards, for assessing and evaluating the effectiveness of this type of aid. The United States has not been successful in formulating a clear and universally accepted framework to understand the rationale behind such aid and to gauge its true worth.

Morgenthau asserts that the primary approach of the USA in pursuing its interests is through military methods. Economic aid is seen as a secondary option, employed when military strategies prove insufficient in accomplishing political objectives. However, the USA has not been successful in formulating a comprehensible theory or establishing the requisite criteria for assessing and evaluating the effectiveness of such aid.

However, the accumulation or availability of capital is a crucial and foundational aspect of economic development. Developing nations are often characterized as having limited capital or low levels of investment. In such countries, both the current capital reserves and the capacity for capital accumulation are typically insufficient. Consequently, in order to address the lack of domestic capital resources in developing countries, one proposed solution on the international level is to import capital in the form of loans, credits, and grants from developed nations. Analyzing the impact of foreign aid as a foreign financial inflow on the promotion of economic development in developing countries can guide informed decisions regarding the optimal utilization of such assistance (Emami, & Azadvar, 2014).

2.1. Prerequisites for Political Development with Foreign Aids

As previously discussed, ODA is intended to support the economic and social advancement of underprivileged and impoverished developing nations. However, the achievement of this objective undoubtedly hinges on the mindset and approach adopted by politicians and statesmen in determining the utilization and implementation of such aid (Hynes & Scott, 2013). For foreign aid to effectively contribute to economic development, certain conditions and the essential capacity to effectively utilize the aid must be in place. The potential of foreign aid to drive economic development can only be realized when the necessary prerequisites are fulfilled, and the recipient country possesses the capability to effectively adapt and utilize the assistance.

This implies that only those countries with efficient governance systems, as defined by the WB, including transparent bureaucracies, accountable executive bodies, and effective government indicators, will be able to derive benefits from foreign aid, particularly in terms of economic development. The effectiveness or efficiency of a government, as measured by GE, signifies the ability of the government to efficiently carry out assigned tasks, provide public services, maintain a high-quality administrative system, ensure competence among officials, and establish independence of government institutions from political influences and pressures. Indicators of government efficiency encompass factors such as high public participation, adherence to the rule of law, promotion of social justice, transparency, and governmental accountability (Sanyal & Pradhan, 2011). The ultimate impact of official development assistance on the domestic economy and economic growth is contingent upon the manner in which it is employed by the government, effective debt management, the investment climate, and the policies and development strategies adopted by recipient countries (Bakhtiari et al., 2012).

Government efficiency refers to the quality of delivering public and administrative services, the competence of government officials, and the extent of independence exhibited by government institutions in carrying out their responsibilities. This aspect is considered one of the six dimensions encompassing good governance. Other dimensions of good governance include the right to voice opinions and provide feedback, political stability, the efficiency of government operations, the quality of regulations, the adherence to the rule of law, and the control of corruption (Zloczysti & Knoll, 2011).

2.2. Factors of Development Failure Due to Foreign Aids

Following assessments of the current effects and outcomes of foreign aid, and its limited positive impact on the economic development of developing nations, several criticisms have been raised against foreign aid. The key criticisms include:

2.2.1. Political Motives of Foreign Aid

Beneath the surface of foreign aid lies a complex web of goals and motives, which unveils the potentially dubious intentions of donor countries. Critics argue that much of the aid provided is strongly influenced by the prevailing political environment, with political objectives often driving the decisions behind such aid (Gillis et al., 1991). The existing

evidence indicates that the United States, as well as Western nations, have engaged in actions aimed at cultivating political alliances in Southern countries such as Afghanistan, India, Pakistan, Bangladesh, Maldives, Sri Lanka, Bhutan, and Nepal. This behavior can be seen as a self-centered and morally reprehensible act. Consequently, in many instances, the aid has ended up in the hands of corrupt individuals and political officials, leading to widespread corruption and immense suffering for the populations of these nations.

The most noteworthy and regrettable aspect in this regard is that influential international economic institutions involved in this matter serve as instruments for powerful donor countries. In numerous instances, institutions like the World Bank and the International Monetary Fund are not only subject to the political influences of donor nations but also influenced by the corporations and financial markets of these countries, including Wall Street (Stiglitz, 2003).

2.2.2. Covering the Unfair Structure of the International Economy

The second criticism leveled against foreign aid is that instead of addressing the unjust structure of the global economy and striving for a more equitable administration of the economic system on a global scale, donor countries have resorted to providing aid. Consequently, their actions are criticized for not effectively tackling these underlying issues (Skidmore & Larson, 2008). Furthermore, the financial systems and economic structures are intentionally designed in a way that disadvantages Southern countries, with the control and influence primarily resting in the hands of Western nations.

2.2.3. Foreign Aid, the Cause of Corruption and Dependency

As before mentioned, foreign aid often ends up in the hands of corrupt elements, exacerbating issues of insecurity and conflict. Consequently, this situation weakens the production and export capabilities of aid recipient countries and contributes to poor governance (Moyo, 2009). Past experiences have demonstrated that, in numerous instances, domestic contractor companies that have received substantial aid have become breeding grounds for corruption and insecurity, permeating even the highest levels of government and executive branches. Moreover, the dependence on imported materials for projects, coupled with the rejection of domestic materials on grounds of inferior quality and other justifications, has rendered the domestic economy highly vulnerable and

weakened. This has led to the expansion of corruption networks and increased dependence on external sources, intensifying with each passing day.

In a recent article, William Easterly has outlined the reasons why aid to developing countries has been unsuccessful. He laments the fact that despite the West investing a staggering 2.3 trillion dollars in foreign aid over the past five decades, it has failed to provide affordable 12-cent medicines to children suffering from malaria, resulting in countless preventable deaths. Additionally, despite spending 3.2 trillion dollars, the West has not been able to allocate a mere 3 dollars to each mother in these countries to prevent the deaths of five million children. Easterly's observation highlights the immense shortcomings and inefficiencies of foreign aid efforts (Easterly, 2006).

Easterly identifies several fundamental issues that plague foreign aid. Firstly, he points out the flawed development model that revolves around filling the "financing gap," which fails to address the underlying causes of poverty and underdevelopment. Secondly, he highlights the mismanagement of aid resulting from the lack of accountability of aid agencies to the very people they are intended to assist. Considering these problems, Easterly suggests a transformation in the management of foreign aid, emphasizing the need for a shift that ensures the aid genuinely benefits the intended beneficiaries.

According to critics, among the six categories of foreign aid, which include humanitarian aid, subsistence aid, military aid, bribery or blackmail, credit aid, and development aid, only humanitarian aid can be considered inherently non-political. Such aid is typically utilized to address natural disasters like floods, earthquakes, famines, and infectious diseases. Morgenthau asserts that even agricultural aid provided by the Rockefeller Foundation to certain Latin American countries, which historically served an agricultural function, now performs a political role due to contemporary circumstances. The Ford Foundation's initiatives in India have followed a similar trajectory. Consequently, long-term humanitarian aid by a government may have political implications and expectations attached to it.

With numerous instances of foreign aid failing to contribute to the economic development of recipient countries, doubts regarding its efficacy in promoting development have increased, and its positive impact is being questioned more than ever before. Regrettably, in many cases, foreign aid has not only failed to facilitate economic and sustainable development but has also been associated with corruption, insecurity,

tyranny, organized theft, and the proliferation of mafia-like entities within official structures. Afghanistan serves as a prominent example of such circumstances. This situation has, in many instances, engendered feelings of hopelessness, disillusionment, and despair among the recipient countries, leading to anger, unrest, and political turmoil.

The African Union serves as a prime illustration of such instances. Assessment of the economic indicators within this region, which has been a recipient of foreign aid, reveals that such aid has resulted in pervasive poverty, administrative corruption, tyranny, and significant economic dependency among African countries. Despite receiving aid for several decades, per capita income in these nations has declined, and the number of individuals at risk of poverty has multiplied severalfold (Moyo, 2009).

2.3. Positive Aspects of Foreign Aids

Certainly, the preceding discussion does not encompass all aspects of foreign aid. Another perspective to consider is the positive consequences and impact of aid on economic development. Despite the criticisms, assistance from the international community continues to be regarded as a significant and influential parameter in the global political economy. This parameter, in conjunction with other influential factors, can foster growth, prosperity, and economic development. While developed nations strive to oversee the global financial system, entrusting institutions such as the World Bank and the International Monetary Fund with this responsibility, the financial systems of recipient countries also play a crucial role in aid management. In many cases, these countries direct aid in alignment with their national objectives. To further elucidate this matter and explore additional dimensions of aid, let us consider the successful case of Bangladesh in foreign aid management.

2.4. Bangladesh, A Successful Example

Bangladesh, being one of the countries in the Global South, has successfully and efficiently utilized foreign aid as a valuable resource. This can be attributed to their effective utilization of other financial resources and the strong management capabilities within the government structures under the leadership of Mrs. Sheikh Hasina. Through the

establishment of robust institutions, Bangladesh has been able to overcome challenging circumstances following its independence, characterized by militarism and numerous natural disasters. As a result, the country has made notable strides in poverty reduction and achieved significant economic growth (Mannan, 2020). Since its independence in 1971, this nation has encountered a multitude of problems and challenges over the course of the past five decades. However, it has displayed persistent progress and development throughout this period. Currently, it has reached a pivotal juncture in its history where, as recognized by the United Nations, it is on the verge of transitioning from the category of less developed countries and is expected to join the ranks of developing countries by 2026.

With a population exceeding 165 million, Bangladesh ranks as the eighth most populous country globally. Around 40 percent of its population, equivalent to approximately 64 million people in 2020, resides in urban areas. The country covers an area of 130,170 square kilometers, and the average age of its citizens is 27 years. Despite a decline in population growth from 3.2 percent in 1967 to 1 percent at present, Bangladesh remains among the most densely populated countries worldwide.

As previously stated, while foreign aid is not the sole factor driving economic growth in Bangladesh, it has played a significant role in the country's development. Since gaining independence, Bangladesh has been among the top recipients of foreign aid, and as a result, it has established a dedicated account for managing these funds. The WB, as one of Bangladesh's economic partners, has been instrumental in providing substantial financial support to the country. Through initiatives such as the IDA, Bangladesh has received more than 30 billion dollars in interest-free loans and grants from the WB (The World Bank; March 30, 2021). In recent years, this nation has emerged as one of the largest beneficiaries of the "International Development Aid" fund, receiving extensive support from various institutions. Among them, the WB takes the lead as Bangladesh's primary partner in delivering foreign aid, contributing over a quarter of the country's total aid. Additionally, numerous countries and organizations, such as the ADB, IDB, JICA, Australia, Belgium, Canada, Denmark, France, Finland, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, England, and the USA, as well as institutions like the IDA, EU, IFAD, UN agencies, FF, and AF, have been actively involved in supporting Bangladesh (Didarul Hasan, 2011).

Typically, this nation receives foreign aid across three main categories: financial aid, food aid, commodity aid, and project aid. However, due to recent achievements in achieving self-sufficiency in the food sector, the focus of aid has shifted towards equipment and development projects. It is important to note that developed countries, primarily Western nations, have provided numerous incentives and exemptions for exporting products from this country, mainly because Bangladesh is classified as a less developed country. In recent years, there has been concern among Bangladeshi authorities that these benefits will be lost once Bangladesh transitions from the list of less developed countries to the ranks of developing countries. The progress of Bangladesh over the past two decades has been remarkable, although the country still faces several challenges on its path to joining the ranks of developed nations. In 2018, the primary school enrollment rate in Bangladesh surpassed 97 percent, and high school enrollment stood at approximately 69 percent. However, the country still experiences a high dropout rate, and around 12 million young people lack education, skills, and income. The government under Sheikh Hasina is making efforts to provide suitable job opportunities to the youth by expanding informal education and basic skills training. Nevertheless, the expenditure on education in Bangladesh ranges from 2.2 to 2.4 percent of the country's GDP, which is comparatively lower than similar countries.

Bangladesh has made notable strides in achieving the Sustainable Development Goals (SDGs), particularly in areas such as healthcare, nutrition for mothers and children, and fertility rates. The country has also made significant progress in electricity production, with 97% of the population now having access to energy. However, the distribution network for electricity still faces challenges, as it struggles to meet a ten percent increase in demand.

In terms of food security, Bangladesh has experienced substantial growth, with its agricultural output increasing by 3.54% over the past two decades. The country has also made remarkable advancements in the industrial sector, attracting investments from multinational companies focused on exports. Particularly in sectors such as clothing, leather, medicine, and communication technology, Bangladesh has witnessed unprecedented growth since its independence in 1971, especially during the last two decades (Giménez et al., 2021).

However, it is worth noting that Bangladesh's economic progress and development cannot be solely attributed to foreign aid. The government's precise, effective, and decisive planning has played a crucial role in driving the country's development and growth. The implementation of five-year development programs in Bangladesh has been particularly noteworthy, achieving remarkable results. For instance, let's consider the outcomes of some of these plans. The first five-year plan (1978-1973) aimed for an annual GDP growth rate of 5.5%, and although it fell slightly short at 4%, it still showcased significant progress. Similarly, the second plan (1980-1985) targeted a growth rate of 5.4%, achieving a commendable 3.8% growth. In a similar vein, the seventh plan (2015-2020) set an ambitious goal of attaining an annual growth rate of 7.4%. This plan not only succeeded in reducing the poverty rate to below 10% but also accomplished a crucial target of a gross production of 21%. These examples illustrate the government's effective planning and determination in driving Bangladesh's development and achieving important milestones (Sieghart, & Rogers, 2015). Overall, significant accomplishments were made during these periods, leading to a remarkable increase in life expectancy from 53 years to 70 years. Additionally, the poverty rate experienced a substantial reduction, declining from 82% to 24.8% (Khatun et al., 2021).

Despite the COVID-19 pandemic, the government of Bangladesh successfully implemented various social programs and introduced incentive packages to support employers and entrepreneurs, preventing mass layoffs of factory workers. To safeguard employment in the export-oriented industries, the government allocated a package worth 50 billion taka (around 476 million euros) specifically aimed at supporting 3.5 million ready-made garment workers. Furthermore, recognizing that 64% of the population resides in rural areas, the government allocated 1 billion takas in the 2020-21 budget for the "Rural Social Services Program." This initiative aimed to stimulate the rural economy and combat poverty in rural communities, mitigating the impact of the pandemic. The government's commitment to social security was evident as well, with an allocation of 955 billion takas (over 9 billion euros) to the social security sector. This accounted for 16.83% of the total budget and 3.01% of the country's GDP. These substantial resources were dedicated to the implementation of various social programs. In the fiscal year 2019, the government of Bangladesh allocated a budget of 642 billion takas (over 6.1 billion euros), which equated to 2.5% of the GDP, demonstrating their significant investment in social programs and

initiatives (In 2019, the social safety nets in Bangladesh played a crucial role in poverty reduction and the enhancement of human capital).

An important driver of Bangladesh's economic development has been its ability to attract both domestic and foreign investments, along with providing competitive advantages such as robust port infrastructure, available land, low-cost labor, and other facilities. While the United States held the top position in investment in Bangladesh until a few years ago, China is rapidly gaining ground and surpassing the United States in terms of investment (Reza & Others, 2018: 212-223).

The young workforce in Bangladesh is a significant driving force in its economic development. The country boasts a relatively youthful population, with 34% of the population aged 15 and above, while only 5% are over the age of 65. As per the United Nations report, the estimated male population in Bangladesh in 2020 is around 83 million, while the female population is estimated to be approximately 81 million. This indicates a vibrant and active workforce with immense potential to contribute to the country's production and industry. Furthermore, the influx of migrant workers and the remittances they send back to Bangladesh play a vital role in the country's rapid economic growth. Official records indicate that temporary labor migration started in 1976, with over 7.1 million migrant workers employed abroad between 1976 and 2010. By the present year, this number has surpassed 12 million. The majority of these migrants constitute the workforce of Bangladesh. The increase in foreign currency remittances is a testament to the significance of their contribution. In 2018 alone, Bangladesh received approximately 15 billion dollars in foreign exchange remittances, a figure projected to reach around 22 billion dollars in 2020. Most of the Bangladeshi workforce finds employment in the Persian Gulf countries, with Saudi Arabia being a prominent destination. From the 1980s to 2010, the annual number of workers sent to the Persian Gulf countries increased from 25,000 to 250,000. In the span of 2005 to 2010, the Persian Gulf countries attracted over 1.5 million Bangladeshi workers, accounting for 52% of the country's total international migrant workforce. Qatar and the United Arab Emirates are also significant destinations for Bangladeshi workers after Saudi Arabia. Additionally, India, Malaysia, and Singapore are key destinations for migrant workers from Bangladesh outside of the Gulf region. The government of Bangladesh recognizes the importance of international migration and has prioritized it as a development strategy in its five-year plans. It is important to note that

while most labor migrants are medium or low-skilled workers, skilled and specialized Bangladeshi workers are predominantly found in European countries and North America (Didarul Hasan, 2011).

In addition to remittances, Bangladeshi workers contribute significantly to the country's economy in various ways. The garment industry, for instance, has attracted approximately 4 million workers and plays a crucial role, accounting for over 80% of the country's export earnings. Therefore, the economic development of Bangladesh cannot be attributed to a single factor or solely reliant on foreign aid. Instead, the country has created conditions conducive to the effective utilization of foreign aid, leveraging it as a valuable support for its economic progress.

2.5. Population Control in Bangladesh

As mentioned earlier, the demographic factor and its alignment with economic indicators are crucial in driving economic development. Bangladesh stands out as a country that has achieved notable success in this regard. Among countries in the region, Bangladesh has demonstrated effective population control measures. The key approach has been through family planning, specifically promoting spacing between pregnancies and utilizing contraception to prevent unintended pregnancies, resulting in the curbing of rapid population growth.

Bangladesh's accomplishments in reducing population growth rate have been regarded as remarkable. The average fertility rate for women decreased from six children in 1975 to over three children in 2000. By 2019, this number had further declined. This success can largely be attributed to widespread awareness campaigns carried out by dedicated women volunteers throughout the country. Additionally, the availability of free or affordable family planning services in village clinics has been instrumental in encouraging women to make use of them. Mass media has also played a significant role in creating awareness about family planning and motivating families to embrace it. Free contraceptive products and the benefits of family planning have been highlighted, further encouraging its adoption. Currently, nearly 60% of women in Bangladesh utilize some form of family planning, a substantial increase from the mere 8% reported in 1975.

It is worth mentioning that the improvement in Bangladesh's economic situation can be partly attributed to the success of the population control program. However, researchers in this field are yet to determine conclusively whether population control has directly caused economic improvement or if the economic progress has driven population control efforts (bbc.com/Persian/afghanistan-53348119).

2.6. Weaknesses of Foreign Aid in Economic Development

After assessing the current outcomes and repercussions of foreign aid and its failure to generate favorable results for the economic progress of the Southern regions, several drawbacks of this assistance have been highlighted. The key weaknesses identified are as follows:

2.6.1. Political Motives of Foreign Aid

Beneath the facade of foreign aid, intricate objectives and motives emerge, revealing the sinister intentions of donor nations. Detractors argue that a significant portion of the assistance offered is greatly influenced by the prevailing political atmosphere, and that the decisions regarding such aid have been, and continue to be, driven by political agendas (Gillis et al., 1991). The existing evidence indicates that America and Western countries have engaged in such actions to bolster their political alliances in Southern nations, including Afghanistan, India, Pakistan, Bangladesh, Maldives, Sri Lanka, Bhutan, and Nepal. This conduct can be regarded as highly self-centered and morally reprehensible. Consequently, the aid provided has often ended up in the hands of the most corrupt individuals and political officials, leading to widespread corruption and immense suffering for the populations of these countries.

One of the most intriguing and regrettable aspects of this matter is that influential international economic institutions are also instruments of powerful donor nations. For instance, in numerous instances, institutions like the World Bank and the International Monetary Fund are not only influenced by the political agendas of donor countries but also by the corporations and financial markets associated with these nations, including Wall Street (Stiglitz, 2003).

2.6.2. Covering the Unfair Structure of the International Economy

The second critique aimed at foreign aid pertains to the failure of donor countries to address the unjust structure of the global economy and establish a fair balance in its governance. Instead of implementing reforms to rectify these issues, donor countries have resorted to providing aid, thereby attracting criticism for their inaction in addressing the underlying problems (Skidmore & Larson, 2008). Simultaneously, the financial systems and economic structures are intentionally designed to disadvantage Southern countries, with Western nations holding control over their operations.

2.6.3. Foreign Aid, the Cause of Corruption and Dependency

As mentioned earlier, foreign aid often ends up in the hands of corrupt entities, exacerbating issues of insecurity, conflict, and weakening the production and export capabilities of recipient countries. Consequently, this undermines effective governance (Moyo, 2009). Previous instances have demonstrated that domestic contractor companies, which have been the primary recipients of aid in many cases, have become breeding grounds for corruption and insecurity. Their influence extends to the highest levels of government and the executive branch. Additionally, the dependence on imported materials for projects and the refusal to accept domestic materials under the pretext of low quality and other reasons have severely weakened the domestic economy. This situation has widened the scope of corruption and led to an increasing level of dependency with each passing day.

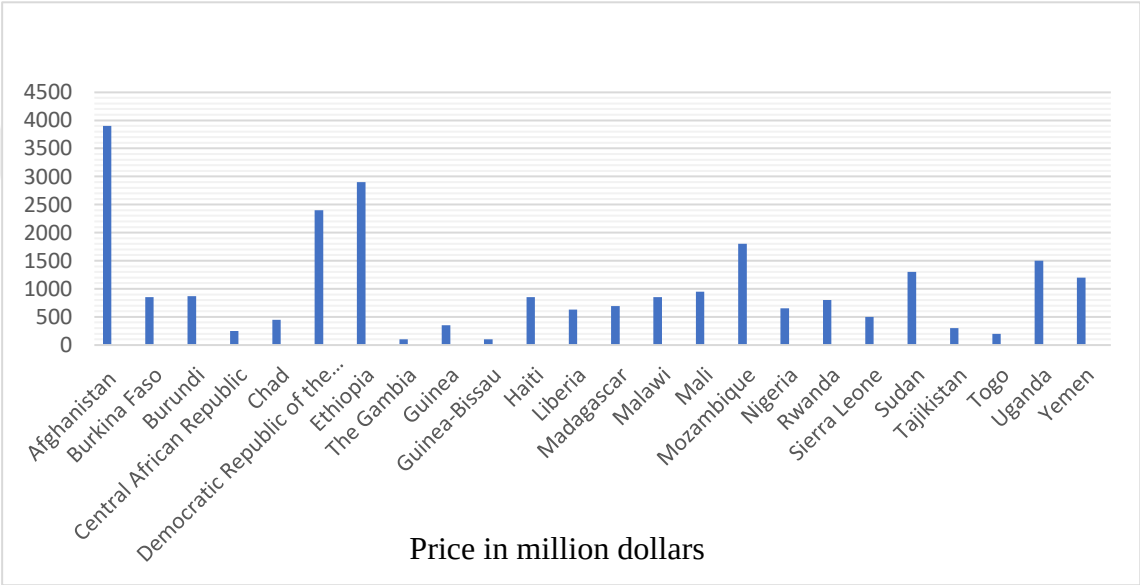
2.7. Criteria and Allocation of Aid

An essential question regarding development-oriented foreign aid is what criteria were employed to determine the allocation of these aids and how much funding will be provided?

The answer to this question lies in examining the level of countries' economic reliance on foreign aid. In simpler terms, countries with lower net income tend to exhibit a greater dependency on foreign aid. As a result, sub-Saharan African countries are among the primary recipients of foreign aid for development. An example illustrating this is the average official development assistance provided by international non-governmental

organizations from 2002 to 2018, as depicted in the figure below. According to these statistics, Afghanistan received approximately 4 billion dollars, securing the top position, followed by Ethiopia with around 3 billion dollars, and the Democratic Republic of Congo with approximately 2.5 billion dollars. On the other end of the spectrum, the country receiving the least aid during this period was noted to be at 109 million dollars. The average total official development aid among 24 less developed countries within the specified timeframe is estimated to be 1.02 billion dollars.

Figure 2. Criteria and allocation of aid

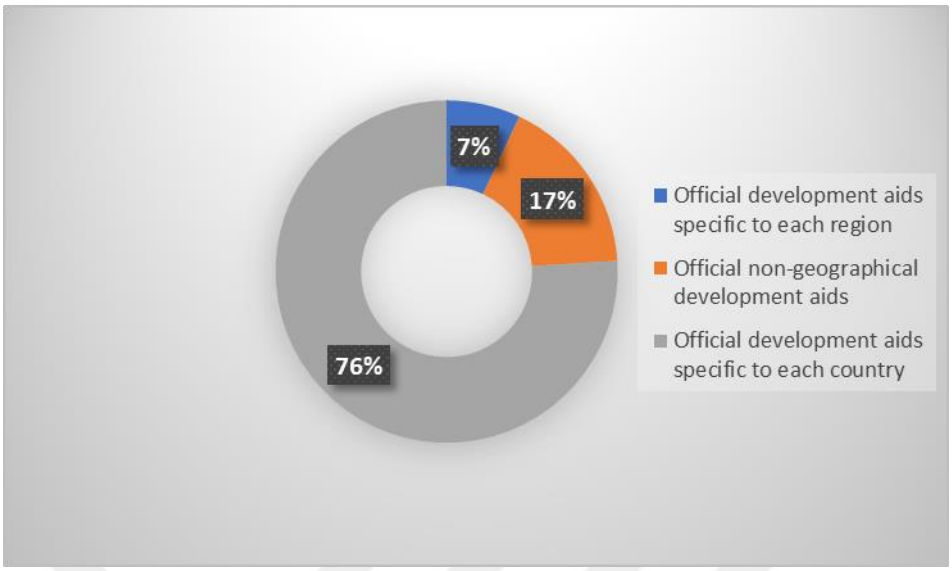


Source: World Bank

2.8. Allocation of Development Aid Based on Region and Country.

The allocation of specific development aid varies from one period to another. To illustrate this point, let's consider the example of 2010. According to the data provided in the chart below, a significant portion of the aid, accounting for over 76%, is directed towards specific countries and utilized within those countries. Some of these grants are also designated for specific regions, while a portion of them have a broader, more general focus that does not target a specific geographical area. These funds can be utilized through non-governmental organizations.

Figure 3. Allocation of development aid based on region and country



Source: Data collected by the World Bank

However, when considering a longer timeframe, a significant portion of the aid was not specifically designated for any particular geographic location. Instead, these grants were predominantly allocated to public welfare research projects through non-governmental organizations or multilateral agencies. According to data from the World Bank, over the past decade, untargeted general aid has witnessed a notable increase of 99%, representing 87% of the total official development aid provided.

2.9. The Form of Giving Aid

Official development assistance comes in various forms and encompasses multiple components. Some of these contributions are provided in the form of cash, while others are delivered as goods or food aid.

This aid can be directly given to countries and utilized for public goods such as public research. Another form of assistance involves providing loans without requiring repayment, interest, or investment. For instance, in 2010, approximately four-fifths of these grants were disbursed as interest-free loans, around 89% as low-interest guaranteed loans, and 8% as investments. It is worth noting that there has been an increasing inclination among donor countries towards concessional loans in recent years.

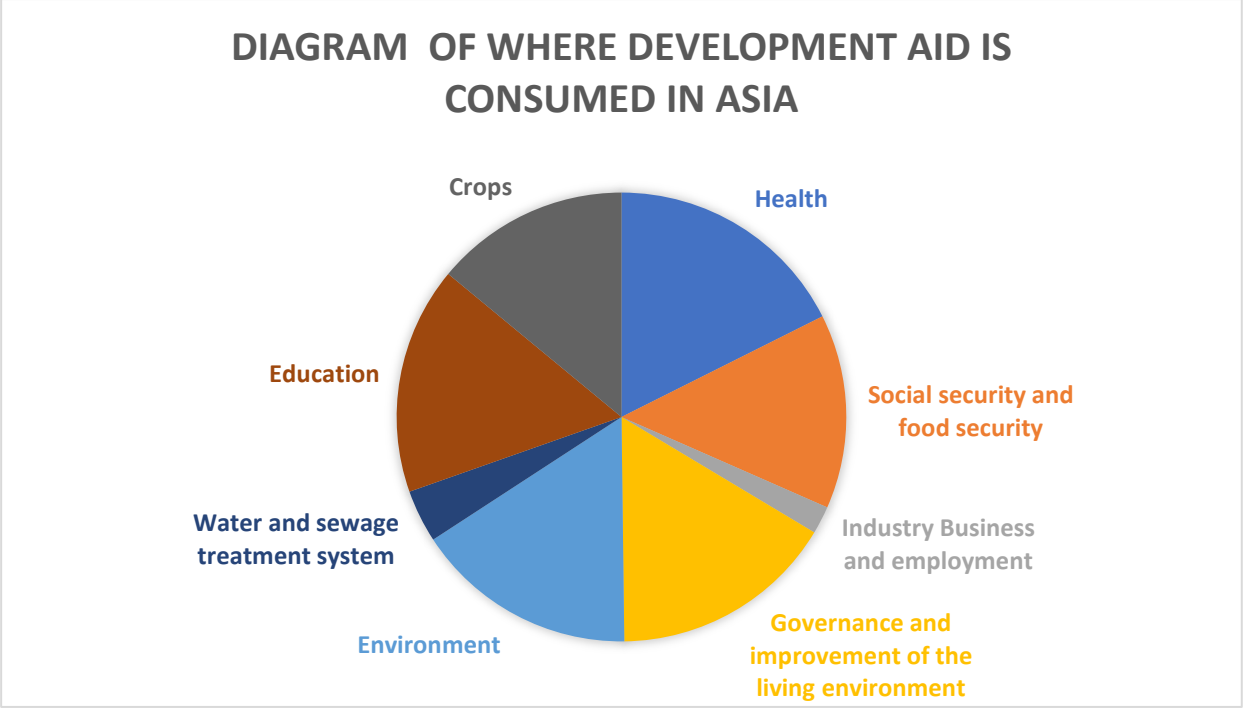
2.10. Place of Consumption of Development Aid

Development aid aims to address a broad range of objectives within recipient societies. These objectives encompass areas such as social development, economic growth, environmental improvement, better living conditions, disease prevention, conflict resolution, and other forms of support. These objectives can be further categorized into ten main sectors.

Over the past two decades, each of these sectors has witnessed growth and an increase in the level of assistance provided. Key areas of focus include improving the living environment, promoting empowerment and cooperation between the government and civil society, healthcare, and reconstruction. Aid allocated to these sectors has experienced a notable rise ranging from 10 to 18 percent. However, the environment sector (1%) and the water and sanitation sector (4%) have received relatively less development assistance.

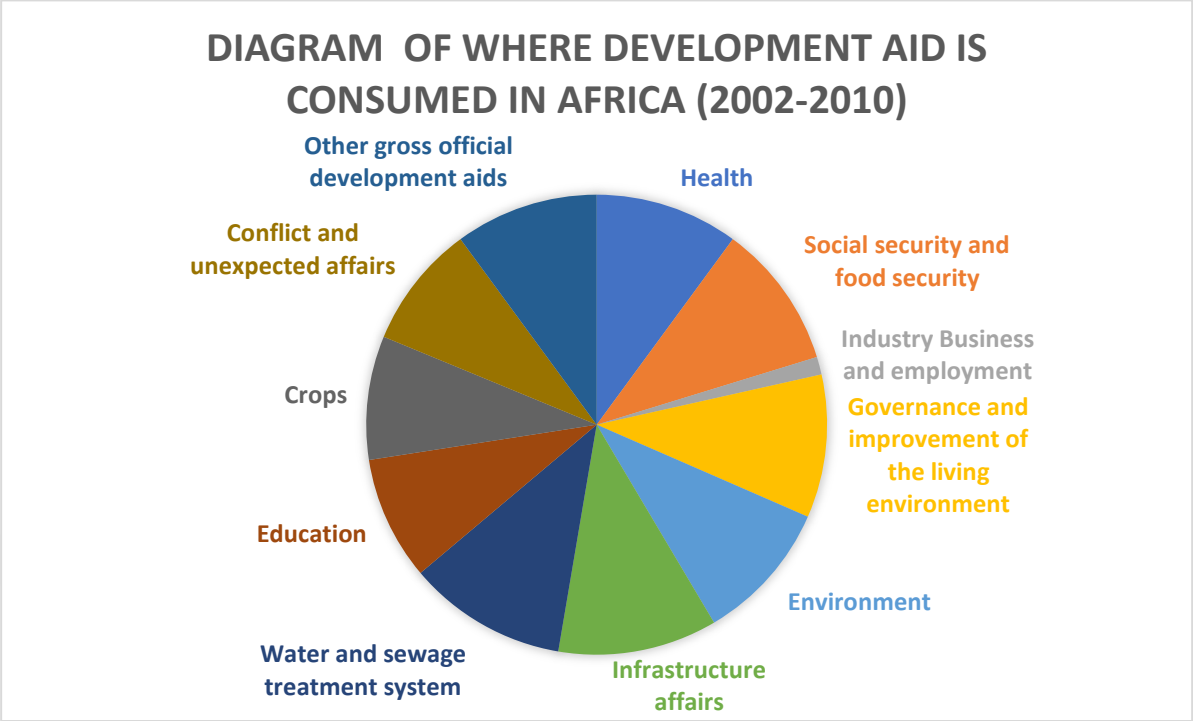
It is evident that the specific allocation of aid varies across regions based on their unique conditions and needs. For example, Asia and Africa, as recipient regions, have exhibited significant differences in terms of the specific areas of development aid.

Figure 4. Diagram of where development aid is consumed in Asia.



Source: Asian Development Bank & World Bank

Figure 5. Diagram of where development aid is consumed in Africa (2002-2010)



Source: Asian Development Bank & World Bank

As observed, enhancing the living environment holds significant importance in both regions and has received the highest amount of aid. In Asia, aid directed towards infrastructure development and conflict management holds the largest share, while in Africa, their respective shares stand at 9% and 7%, which is comparatively lower than in Asia. On the other hand, in Africa, healthcare ranks third in terms of aid allocation, governance and the improvement of the living environment.

2.11. Increase in Per Capita Income and its Relationship with Specific Development Aid.

According to the development indicators provided by the United Nations, less developed countries are identified based on their poor economic conditions and low levels of human development. However, this classification is primarily based on average income and per capita income. Consequently, a significant portion of the world's poor population resides in countries with below-average income, which are not categorized as less developed countries. The focus of donors tends to prioritize developed countries, perpetuating this distinction (Aghaei, 2015).

Applying the definition, countries like China, India, and Indonesia, which have sizable populations living in poverty, fall into the category of countries with below-average income. As a result, the level of development aid allocated to these countries has decreased.

2.12. How to Assign Development Aid

In the research introduction, it was also highlighted that aid payment and transfer occur through various methods, with two common types being bilateral and multilateral approaches.

When aid is provided based on an agreement between two countries and is facilitated through the existing channels within the institutions of both the donor and recipient, it is categorized as bilateral aid. In such cases, the two governments work together with mutual understanding to carry out the necessary steps. Approximately two-thirds of aid falls under this category, commonly known as Government-to-Government assistance (Hammer, 2007).

However, when aid is provided through international institutions, acting as intermediaries between the donor and recipient governments, it is referred to as multilateral aid. It is important to note that approximately one-third of all donations are carried out through this approach.

2.13. Type of Aid Allocation

There are various contexts in which aid allocation operates. It can either be incorporated into a country's overall development plans and budget, or it can be designated for a specific project right from the start. Consequently, development aid is typically categorized into two types of allocations:

2.13.1. General and Program Aid

This form of aid is intended to assist a country's overall development plans across multiple sectors. It implies that the aid contribution is broad in nature, but the utilization of the aid for specific projects is a decision that should be made by the responsible channels

within the recipient country (Hammer, 2007). The recipient country has the authority to determine the location of consumption, the specific field, and the intended project for this type of aid.

2.13.2. Project Aid

Project grants refer to grants that are specifically assigned to a particular project. This implies that the allocation of aid for these grants' entails determining the project's location of expenditure and its primary objective right from the outset.

The allocation of these aids is determined primarily by the policies and objectives of the donor countries, with limited or no involvement from the recipient countries. For instance, the allocation of aid from the United States of America is influenced by the foreign policies of that country. The main objective within the foreign policy framework is to expand and maintain influence by establishing dependent governments. Consequently, aid is provided with the intention of creating political, economic, and military dependency, and this objective holds significant importance in the aid provision process. Hence, the American government tends to favor program aid as it aligns better with achieving the goals (Hammer, 2007).

2.14. Purposes of Aid Consumption

In addition to the various categorizations of foreign aid, another factor contributing to its classification is the naming of aids based on their intended purposes. This further leads to the subdivision of aid into different categories. While this division was briefly mentioned earlier, it is worth providing additional clarification, particularly because development aid also emerges as a result of this categorization based on goals. Therefore, it is beneficial to provide further explanation in this regard.

The resulting outcome of this categorization is that foreign aid can be provided within the framework of economic objectives or military and security objectives. This indicates that the donor country has underlying goals when providing aid to developing and impoverished nations, which ultimately determines the type of aid being given. Moreover, the objectives of these aids also depend on whether the primary donor is a government entity or the private sector. When aid is disbursed by central governments,

central monetary institutions, local governments, or specific organizations within these sectors, it often reflects predominantly political, military, and security objectives. On the other hand, if the aid takes the form of private investments, long-term loans, commercial credits, capital investments through the acquisition and collateralization of valid shares, or other similar cases by developed countries in less developed nations, the primary focus is primarily on economic goals.

The primary objective of aid is typically not solely focused on improving the recipient country's situation. Instead, the main purpose of such aid is often to influence public opinion in favor of the donor country, foster positive relationships, and enhance the donor country's prestige.

2.15. Sources of Foreign Aid in Developed Countries

Certainly, you may have also come across protests voiced by residents of developed and donor countries against their respective governments. These protesters primarily raise concerns about why their tax contributions are being utilized for purposes that contradict their perception of human values.

Examining this viewpoint makes it clear that the main origins of international assistance stem from the national income generated by the earnings of individuals in donor nations. However, the question arises as to what extent these revenues are allocated for aid purposes directed towards poor, developing, or less developed countries?

The 1960s marked the emergence of global movements advocating for equitable development, earning it the title of the "decade of development." During this period, it was decided that developed countries should allocate 1% of their national income to assist impoverished and less developed nations. However, even at its peak, the portion of national income dedicated to such aid remained relatively small. For instance, the United States of America, the sole donor country in the 1950s, allocated less than one percent of its national income to this cause. It wasn't until 1999 that this percentage reached 1% and maintained that level until 2001.

Despite the relatively modest level of aid provided by donor countries, these assistance programs are still viewed to exert political influence (Larson & Skidmore, 2008).

The allocation of aid has been primarily influenced by historical factors and political motives, resulting in limited priority being given to poor countries in this regard. From the perspective of donor countries, trade interactions have played a greater role in determining the level of aid rather than the poverty rate of recipient nations. Japan and the United States, for instance, have been driven by political, commercial, and strategic considerations when providing aid. In recent years, this principle has become more evident as aid becomes closely intertwined with political developments. The cases of Ukraine, Afghanistan, and various Middle Eastern countries highlight the underlying goals and agendas associated with aid provision.

As a result, World Bank statistics indicate that the extent of poverty in countries does not significantly influence the amount of aid received. Despite a significant number of impoverished nations being in sub-Saharan Africa and South Asia, these regions only account for 40% of the total foreign aid. According to the United Nations classification, 32 less developed countries receive less than one-third of the overall aid, with minimal impact on their social welfare. Sectors related to social welfare, such as basic education, non-formal education, and literacy programs, still receive insufficient assistance.

2.16. Domestic Institutions and Foreign Aid

Undoubtedly, the effectiveness of development aid is heavily influenced by domestic institutions, the implementation of suitable policies for aid utilization, and the presence of robust institutions. However, the critical question arises: How can effective institutions be established, and what safeguards or measures can be put in place to prevent institutions from becoming mere formal mechanisms?

Scholars specializing in development and governance argue that democracy plays a pivotal role in establishing institutions that foster growth, development, and a solid foundation for free trade. According to thinkers like Milner and Kubota, democratic systems provide the necessary framework for promoting free trade and expanding economic interactions, unlike authoritarian, dictatorial, or individual-focused systems. The

relationship between development and democratic institutions is often depicted as an "inverted English U" by theorists. Scholars such as Barrow and Lord Acton contend that the establishment of democratic institutions guided by liberal democracy can lead to inclusive political systems and the implementation of open economic policies. Consequently, this helps eliminate the pursuit of special interests and ensures the alignment of public interests within the framework of democratic principles (Caves, 1996).

The central concern is whether institutions can effectively prevent politicians from imposing restrictions that hinder the public's attainment of their interests. The answer lies in democratic political systems that incorporate free mechanisms resulting from public voting. Such systems are capable of garnering substantial public trust, encouraging investment across various economic sectors, and providing reassurance that their interests and capital will not be squandered. In democratic systems, the presence of dictatorial politicians confiscating public assets out of personal desire is significantly reduced. This is why federal systems have implemented stringent budgetary restrictions and assigned veto powers to finance ministers in relation to budget constraints. Additionally, parliamentary representatives hold relative powers to further ensure transparency and accountability (Hallberg & Marier, 2004). An autonomous judiciary equipped with judicial review mechanisms can serve as a barrier against laws that infringe upon people's rights. However, it is worth noting that the role of the US Supreme Court in fulfilling this function has diminished significantly since the 1930s (Persson & Tapeline, 2003).

Nations reliant on natural resources or foreign aid often experience ineffective governance and institutions plagued by varying degrees of authoritarianism, corruption, and conflict. In these countries, revenues from natural resources and foreign aid are frequently directed towards ceremonial positions and patronage within the government, resulting in substantial costs for the state. Consequently, economic sectors that contribute to productivity suffer, leading to stagnation in the economic cycle.

However, this represents only one facet of the issue. The other side of the coin pertains to the interactions between developed countries and what are commonly referred to as developing countries. By shaping the nature of these interactions, developed donor countries have restricted the economic progress of developing nations, causing economic markets to deviate from their intended course. Consequently, raw materials from developing countries are often sold at undervalued prices, and citizens of impoverished

nations are compelled to import necessary goods from developed countries. Consequently, the creative potential within developing countries is effectively taken out of their hands, and the prospects for economic development and progress in these nations are hindered by external obstacles and internal deficiencies.

As skepticism surrounding the efficacy of foreign aid in fostering economic development grows, the assessment of this matter has gained greater significance. Instances of corruption, insecurity, autocracy, organized embezzlement, and network-based thefts have amplified doubts and led to widespread discontentment regarding the impact of such aid. The African Union serves as a notable example of this predicament. Despite receiving substantial aid over several decades, member countries of this union continue to grapple with pervasive poverty, administrative corruption, and authoritarian rule. Moreover, their economic dependency has further intensified. Data provided by these countries indicates that despite years of receiving foreign aid, per capita income has declined, the number of individuals living below the poverty line has multiplied, and economic reliance on external sources has significantly increased.

2.17. Conclusion

Given the perspectives, it is crucial to conduct a comprehensive investigation and evaluation of the role of foreign aid in promoting economic development in impoverished developing nations, considering its proportionality and interaction with influential factors within the recipient countries. The lingering question revolves around the manner and magnitude of the aid's impact, particularly as certain southern countries continue to experience economic poverty even after receiving assistance, potentially exacerbating their stagnation. It is important to acknowledge the undeniable positive effects of aid in certain countries such as Bangladesh. However, it is incomparable to draw parallels between impoverished nations lacking basic infrastructure and effective institutions and cases like the Marshall Plan implemented in European countries. Regardless, there are several key considerations that must be taken into account when analyzing this issue:

The first aspect to consider is the intricate political and economic motives underlying the provision of aid. This has sparked questions and generated skepticism as various claims and evidence suggest that America and Western nations often utilize foreign

aid as a means to bolster their political allies in southern countries. Many instances have surfaced where aid has intentionally been directed to the most corrupt individuals and political officials. Criticisms of international economic organizations like the World Bank and the International Monetary Fund (IMF) are also relevant in this context. These influential economic institutions are not solely influenced by the politics of donor countries but also by the interests of companies and financial markets in these nations, such as Wall Street. Consequently, foreign aid impedes the establishment of equitable and transformative structures within impoverished recipient countries, exacerbating their dependence on external assistance.

Undoubtedly, the negative consequences and outcomes associated with foreign aid represent just one aspect of the situation. On the other hand, there are positive aspects and achievements that have been witnessed in numerous countries. Economic progress resulting from foreign aid has been realized in countries possessing influential institutions that have effectively utilized these economic resources to enhance their economic conditions. Moreover, certain countries such as Jordan and Nigeria have utilized aid to prevent societal collapse.

In general, while the provision of foreign aid has been subject to significant political manipulation, and many thinkers view it as a form of bribery for politicians or a tool used by underdeveloped countries to exert influence over their societies, the underlying premise of such aid is fundamentally different. The primary objective of these aid initiatives is to support economic development through the transfer of financial resources and services.

However, the actual outcomes of these contributions can vary significantly. The practical outcomes of foreign aid have, in many cases, demonstrated a negative impact on the growth of per capita income, a key quantitative measure of economic development. This is primarily since foreign aid aims to support and implement large-scale and ambitious projects, for which the existing budget, based on these aid allocations, is insufficient to cover the expenses. Consequently, countries are compelled to inject foreign currency through national reserves or foreign loans, leading to increased inflationary pressures, disruptions in foreign payment balances, and challenges in implementing government economic policies. This has resulted in a heightened sense of economic insecurity and uncertainty within financial systems. Moreover, instead of bridging the

existing gaps between savings and investments, a significant portion of the aid is often allocated to consumption expenditures. In light of these observations, it is evident that a thorough reassessment of the utilization of foreign aid is necessary. This entails the reconstruction of executive institutions and internal channels, as well as a critical review of the prevailing perspectives on foreign aid.

Chapter III: Afghanistan and Economic Indicators

Before delving into the issues pertaining to Afghanistan's economic indicators and their relationship with development, including foreign aid, it is crucial to understand the nature of Afghanistan's economy. In the macro-theoretical dimension, economies across the world can be broadly categorized into two types: traditional economies, which predominantly rely on population and labor force and are commonly referred to as "subsistence economies," and knowledge-based economies, known as "industrial economies," which rely on production methods driven by capital and machinery.

In a subsistence economy, a larger population or family, including more children, is considered advantageous in the macro context. The means of production predominantly involve human labor, which is engaged in various sectors such as agriculture, handicrafts, fishing, and similar activities. Conversely, in an industrial economy, capital and production machinery are the main driving forces and pillars of the economy.

This dichotomy has given rise to two contrasting economic schools of thought. The first is the socialist and Marxist school, which ascribes a central role to the labor force in the economy. The second economic school is the theory of capitalism, which considers capital and wealth to be the primary drivers of economic growth. However, according to Adam Smith, often regarded as the father of economics, labor plays a vital role in economic development. The division of labor and specialization leads to increased productivity and capital accumulation. On the contrary, Malthus argues that labor productivity will decline as population grows, resulting in reduced economic efficiency. As population increases exponentially, the growth of the labor force outpaces productivity, leading to insufficient resources to sustain the growing population. Consequently, over time, the population surpasses the capacity of the labor force and production, leading to heightened poverty and resource scarcity.

Given these perspectives, it is crucial to closely examine the nature of Afghanistan's economy and its alignment with other economic indicators, including population, when analyzing its economic situation. Failing to consider this aspect would hinder the understanding of the necessary balance among the influential indicators.

3.1. Economic System of Afghanistan

From the time of Amir Amanullah Khan's rule (1919-1929) until the present, Afghanistan has operated under a traditional economic system. This system is characterized by its reliance on customs, habits, and established practices for the production, exchange, and distribution of goods and income. The traditional economic system is heavily centralized, with the government overseeing all aspects of trade, including exports, imports, and the determination of sources and destinations.

Agricultural products played a central role in trade within the traditional economy of Afghanistan. These products and their processed derivatives constituted the primary commodities for commercial exchange. In addition to meeting basic needs and food requirements, imports mainly consisted of machinery for agricultural and textile processing, as well as equipment for sugar production, footwear, leather goods, and electricity generation, among others. It is noteworthy that most of the import and export enterprises were exclusively owned by the government (Ghubar, 1967: 17-27).

The onset of war and subsequent disruptions led to the breakdown and collapse of the existing economic system. Following the establishment of a new democratic government, Afghanistan transitioned to a free-market economy based on the principles of capitalism (Crawford, 2016).

3.2. Historical Courses and Currency Economy

Throughout history, Afghanistan has used the "Afghani" as its currency. Presently, the most common banknote denominations are 1000 Afghanis as the highest and 10 Afghanis as the lowest. Additionally, there are coins in circulation with values of 1, 2, and 5 Afghanis. The value of the Afghani currency has fluctuated over the past two decades, reaching its lowest point after the fall of the previous regime. During that time, the exchange rate was more than 110 Afghanis to one US dollar. Prior to the Taliban regaining power in mid-August 2021, banking transactions in Afghanistan involved approximately 119 billion Afghanis. According to the Central Bank and the World Bank, before this period, the market received 50-60 million dollars per week. Afghanistan's fiscal year runs from December 21 to December 20 of the following year, a timeframe influenced significantly by the involvement of foreign countries in Afghanistan's financial affairs.

Afghanistan's economic history can be traced back to two distinct periods. The first period, known as the prehistoric age of plants, was characterized by primitive agricultural practices. The second period marked the emergence of barter trade, which gradually gave way to the use of coins and established a more reliable system of buying and selling. During this time, various dynasties such as the Ghaznavids, Timurids, Mughals (under Babur), and the Durrani dynasty ruled Afghanistan, each with an economy tailored to its respective era. In the 18th century, the presence of England in India and the ensuing conflicts had an impact on Afghanistan's economy. The reigns of Ahmad Shah Durrani and Timur Shah Durrani saw some improvement in economic conditions. However, internal conflicts during Shah Zaman's reign had a significantly negative effect on the Afghan economy. Throughout this historical period, agriculture and livestock formed the primary economic activities for the Afghan people. The extraction of mines and precious stones, although present, played a relatively minor role and was often conducted in an unscientific and non-standardized manner.

During the modern economic period, which encompassed the reigns of Abdul Rahman Khan (1880-1901) and Habibullah (1901-1919), the government assumed control over numerous economic transactions. However, the rulers of this era placed a significant emphasis on military development, which diverted attention from economic progress. Interactions with developed countries, including Western nations, primarily revolved around military matters such as army training, military equipment procurement, and the acquisition of weapons. As a result, economic development took a backseat to military priorities during this period (BBC News. Archived from the original on 7 August 2014).

However, a significant milestone in Afghanistan's modern era was the establishment of the HAVA, which held great potential for the country's economic development. Inspired by the Tennessee Valley Authority in the United States, this plan aimed to have primary economic significance. HAVA was located in Lashkargah city at the center of Helmand province in Afghanistan. Initially established on December 4, 1952, by the Afghan government, it was known as the HVA until its expansion in 1965. Under the supervision of the Ministry of Agriculture, Irrigation, and Livestock, HAVA covered lands in Farah, Ghazni, Helmand, Herat, and Kandahar provinces. Prior to the onset of conflicts in the late 1970s, the entire HAVA region was extensively irrigated, serving as a significant source of Afghanistan's grain and cotton production. It emerged as a major hub for the

country's foreign exports. However, between 1979 and 2002, the irrigated area experienced a significant decline, decreasing by almost half to 1,500,000 hectares. Subsequently, there was a slight increase in the irrigated area. The construction project in Afghanistan received special loans from the United States Export-Import Bank. Despite approximately 20% of the Afghan government's total expenditure during the 1950s and 1960s being allocated to the HVA and HAVA construction budget, it was still perceived as an American initiative. Historian Arnold J. Toynbee described it as “a piece that America created in the land of Afghanistan”.

They harnessed the power of the Helmand River to transform the desert into a thriving civilization, akin to an American venture in Asia."[1] However, these aspirations were shattered when Afghanistan shifted its alliances towards the East in the 1970s, leading to a confrontation between Western powers and the Soviet Union. Afghanistan became a battleground in this proxy war, facing immense challenges. The strict measures imposed by its southern neighbor, Pakistan, under the leadership of Zulfiqar Ali Bhutto, including the closure of border crossings, disrupted Afghanistan's economic stability. The direct military intervention by the Soviet Union in 1979 further exacerbated the situation, causing significant destruction and upheaval to Afghanistan's economic order. This situation persisted until the re-emergence of foreign powers, primarily led by the United States and its Western allies, in a highly disruptive and chaotic manner. Ultimately, in 2001, a new economic order known as the "market economy" replaced the traditional economic system in Afghanistan. This topic will be explored in greater detail and analyzed separately in relevant discussions.

3.3. Economic System After 2001

Before delving into the historical aspects of Afghanistan's economy and its various influencing factors, it is important to examine the officially defined economic system as

[1] Arnold Joseph Toynbee, born in 1889 and passed away in 1975, was an English historian. He served in the political department of the British Foreign Ministry during the First World War and, in 1919, represented England at the Paris Peace Conference due to his political position. He held various academic roles, including professorships in history, literature, and languages of the Byzantine Empire and modern Greek at the University of London. From 1925 onwards, he assumed the professorship of international history at the same university. Toynbee authored numerous books focusing on Greek history and their historical narratives.

outlined in Afghanistan's laws and regulations. The Constitution of Afghanistan, approved in 2003, designates the "market economy" as the official system of the country. However, in terms of practical implementation, there has been a lack of accurate interpretation of this concept. Economists well-versed in Afghanistan's economic matters assert that Article 10 of the Constitution mandates the government to solely encourage and support private sector investments based on the principles of the market economy system. It also emphasizes the need to safeguard investors' rights in accordance with the law. The primary focus of this clear article is to foster competition in investment, rather than competition in the exchange of goods or determining the prices of goods and commercial services (Hossein, 2018). However, this definition inadvertently gave rise to a state of uncontrolled chaos, primarily empowering the economic underworld that engages in the provision of goods and services. Consequently, it has led to the exploitation of legal loopholes, ultimately resulting in the exploitation and impoverishment of the less privileged individuals within the nation.

In accordance with Article 10 of the Constitution, the Afghan government extends an invitation to international investors to participate in various sectors such as mining, agriculture, large-scale industries, and education. It is expected that the government would prioritize national interests and establish competition within the global economy, where multiple bidders compete based on the rate, quality, and quantity of their investments, ultimately leading to the acceptance of the most favorable offer by the Afghan government (Khavari, Hossein, 2018). This definition implies that the benefits and outcomes of the free market should manifest in positive ways, rather than yielding negative repercussions. The emphasis should be on fostering investments and creating competition that aligns with national interests. Regrettably, neither the laws and legal provisions of Afghanistan nor the guidelines formulated in this regard explicitly address these aspects. The absence of an effective monitoring mechanism has contributed to the emergence of a quasi-anarchistic economic system. In a free market system, economic participants are motivated by their personal interests, and each economic entity strives to maximize its own gains. However, this system typically incorporates mechanisms to coordinate decisions and monitor the conditions of goods competition. In contrast, in the Afghan context, various interacting elements, including buyers and customers, enjoy a significant degree of freedom in their business transactions.

The market economic system is characterized by a wide distribution and division of economic power, where the government plays a facilitating role. Through legislation aimed at safeguarding market functioning and protecting ownership, the government avoids excessive interference in the economic system (McConnell & Bro, 1999: 77).

Numerous companies and commercial institutions joined the economic landscape under the market economic system, but it became evident that this system was not in harmony with the social realities of Afghanistan. The expectation was that competition among participants would enhance market quality and efficiency, foster innovation, and provide consumers with better options. However, due to weak government structures, inadequate control and oversight of economic enterprises, lack of security, ineffective monitoring systems, widespread corruption and embezzlement, the emergence of collusive mafias, hoarding, and the seizure of economic power by influential entities, the mechanisms of the market economy crumbled (Saikl, 2005). In many instances, rather than engaging in healthy competition, companies colluded and conspired to exploit the public. Instead of prioritizing the provision of public services, both domestic and foreign investments focused on producing consumer goods. Setting up television channels and telecommunication companies primarily aimed at profiting from the people's pockets. Consequently, criticism of the market system intensified, and pessimistic perspectives towards it grew. However, it is important to recognize that the market system is not meant to perform miracles, and every system can be influenced by its participants. It was the actions of these economic actors who sabotaged and derailed the system (Faramarz, 2008).

3.4. Afghanistan and Subsistence Economy

As previously mentioned, Afghanistan has traditionally relied on a labor-intensive economy that is predominantly based on agriculture. However, the agricultural sector still employs traditional methods and has not undergone significant development. Consequently, the role of labor in domestic farming has diminished. Factors such as climate change, drought, and the influence of foreign countries, along with mass youth migration, have further weakened the position of the labor force in the Afghanistan economy.

The theories put forth by Malthus, who believed that population control was essential to prevent poverty and economic decline, are particularly applicable to countries like Afghanistan that possess a subsistence economic system and face rapid population growth. Malthus and other thinkers' warnings prompted scientists to develop medical devices for population control, ultimately helping heavily populated nations like China and India avert population crises. China's population control policy serves as a prime example of this economic theory in action. When a country's economy grows at a rate of two to three percent while its population experiences a growth rate of five to six percent, it inevitably leads to poverty and suffering, as Malthus and his contemporaries argued.

The policy of population control and service management must ensure that essential educational, healthcare, and developmental services adequately meet the needs of the population. Otherwise, a country will experience an excessive and unskilled workforce that lacks the necessary qualifications, rendering them unproductive. Consequently, life expectancy will decrease, and per capita production will significantly decline.

According to contemporary followers of Malthus, the impact of unchecked population growth extends beyond labor force issues, reduced production, and decreased per capita income. The rise in demand for non-renewable resources such as oil and natural gas, increased air pollution, and adverse effects on climate change due to greater fossil fuel consumption will also be negative consequences of population growth in subsistence economies.

In the current global economic landscape dominated by an industrial and technology-based economy, the use of intelligent technologies and robotics is rapidly increasing, leading to a decreasing need for human labor. This trend allows for faster production and higher output of goods. Consequently, the demand for labor has diminished, posing a significant challenge and problem for governments and countries in terms of employment. Given these circumstances, it is crucial to carefully examine the growth of Afghanistan's population and its interplay with other economic indicators concerning development. This issue warrants thorough evaluation and detailed analysis.

3.5. Afghanistan, Geography, and Population

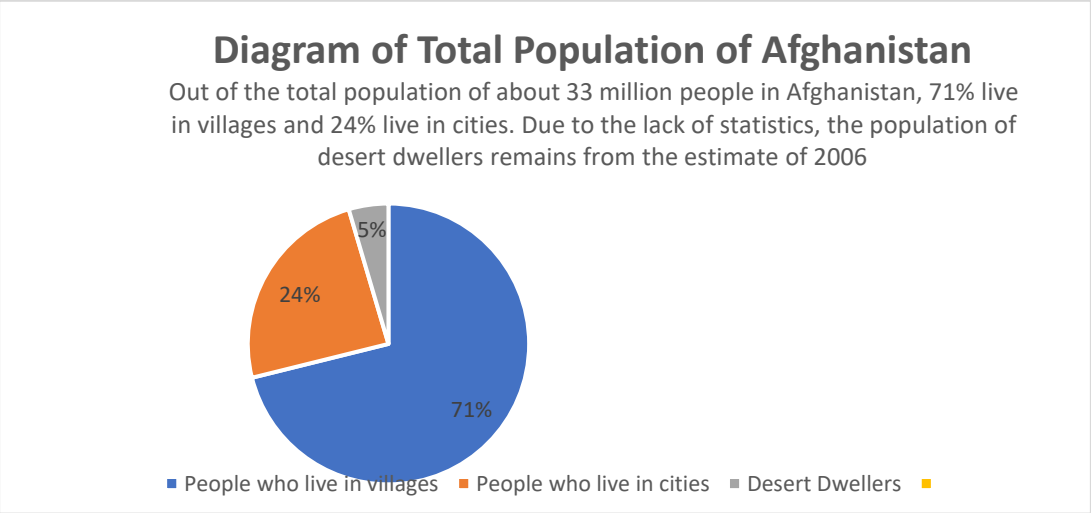
Afghanistan is a landlocked country with rugged terrain spanning approximately 256,225 square kilometers. Most of the Afghanistan's land consists of mountains and rocky areas, particularly in the northern and eastern regions. One prominent mountain range is the Hindu Kush, stretching approximately 600 kilometers in length and 100 kilometers in width. It traverses the northeastern, western, and southwestern parts of the country, essentially running through its central region. These mountains cover over half of the country's territory and hold strategic significance for cities like Kabul, Kandahar, and Herat.

When discussing economic development, especially in the case of Afghanistan, which operates under a subsistence economic system, it is crucial to evaluate factors such as population size, population growth rate, literacy rate, age distribution, and other relevant elements. These factors play a significant role in shaping the economic landscape of the country.

The population of Afghanistan has experienced rapid growth, positioning the country among the top 20 nations with a young population. The number of individuals aged 65 and above is estimated to be around 900,000, which accounts for less than three percent of the total population. According to the most recent official estimate provided by the Afghanistan National Statistics and Information Department in 2020, the country's population stands at approximately 32.9 million people. Out of this figure, around 71 percent reside in rural areas and villages, while only 24 percent, equivalent to approximately eight million individuals, live in urban centers. In March 2022, the Taliban's interim government estimated Afghanistan's population to be 34.3 million. Haseebullah Mohd, the Deputy Director of the Statistics, and Information Department, stated in a press conference that the country's population growth rate for that year was recorded at 2.14 percent. He mentioned that population growth varies across cities, with Kabul experiencing a growth rate of 3.75 percent, and other major cities such as Herat, Mazar-e-Sharif, Kandahar, Kunduz, and Jalalabad having a growth rate of 3.24 percent. Mr. Mohd further revealed that Afghanistan's population comprises 17.5 million men and 16.8 million women, with a slightly higher male-to-female ratio of 104 men for every 100 women. Approximately 70.6 percent, or 24.2 million people, reside in rural areas, while 25 percent, equivalent to 8.6 million individuals, live in urban areas. It is estimated that around 4.4

percent of the population is nomadic. The Deputy Director of the Statistics and Information Department also shared that 47.5 percent of Afghanistan's population is below the age of 15, indicating a predominantly young population. Additionally, 49.7 percent of the population falls within the working-age range.

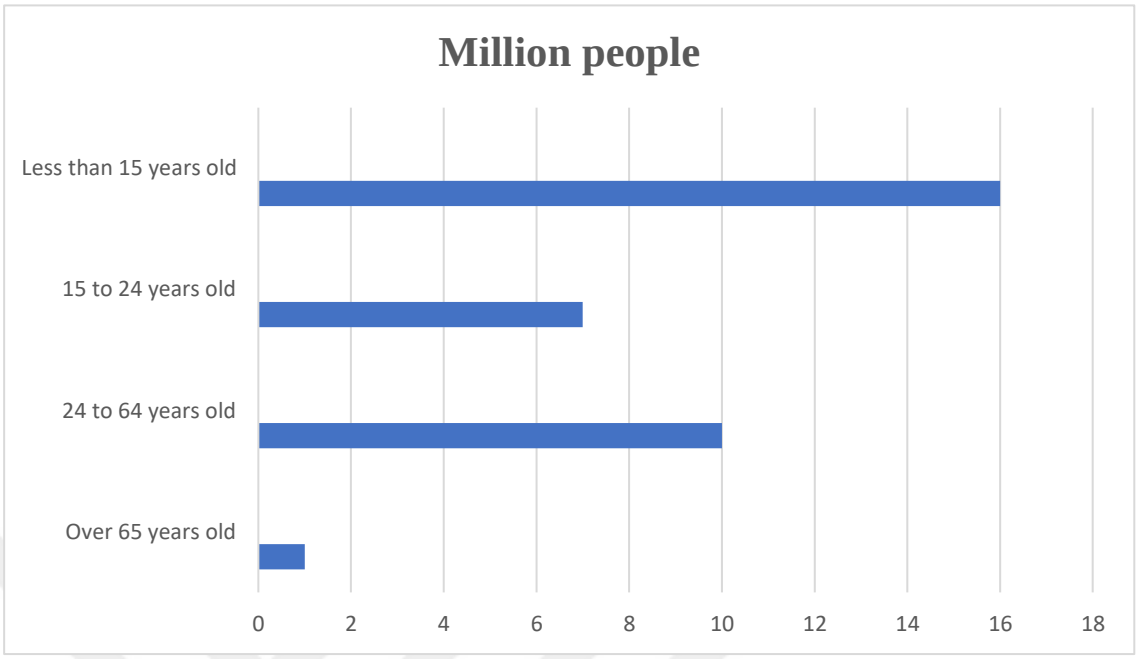
Figure 6. Total Population of Afghanistan



Source: National Department of Statistics and Information of Afghanistan (2020)

Afghanistan has a predominantly young population, with approximately 47 percent, or around 16 million individuals, being under the age of 15. Out of the total population exceeding thirty million people, approximately 20 percent, or around seven million individuals, fall within the age range of 15 to 24 years old. In contrast, the population aged 65 and above is relatively small, with only 900 thousand individuals.

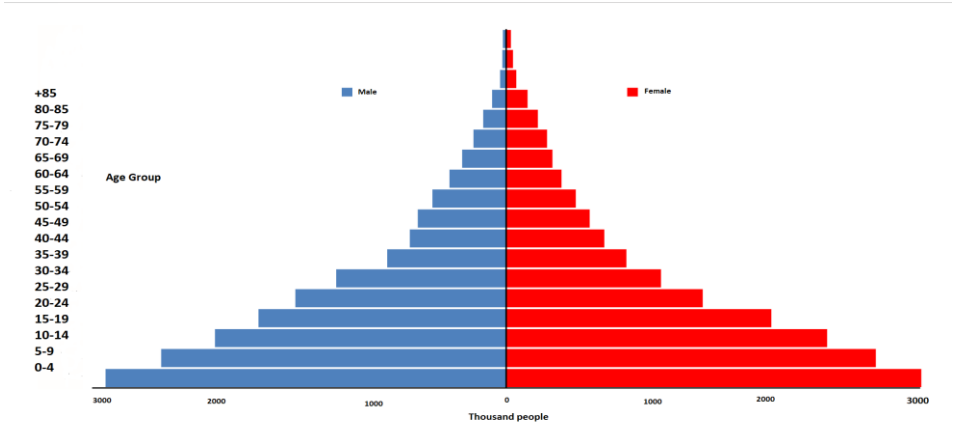
Figure 7. Age group population of Afghanistan



Source: National Department of Statistics and Information of Afghanistan (2020)

At first glance, the estimates indicate a higher total number of men compared to women in the country. However, this initial impression can be deceiving. When we consider different age groups, it becomes apparent that the population of women in the age range of 15 to 64 years exceeds that of men, with women accounting for 51 percent and men representing 49 percent. The most significant difference is observed among individuals aged 65 and above, where the male population is slightly higher by approximately one percent.

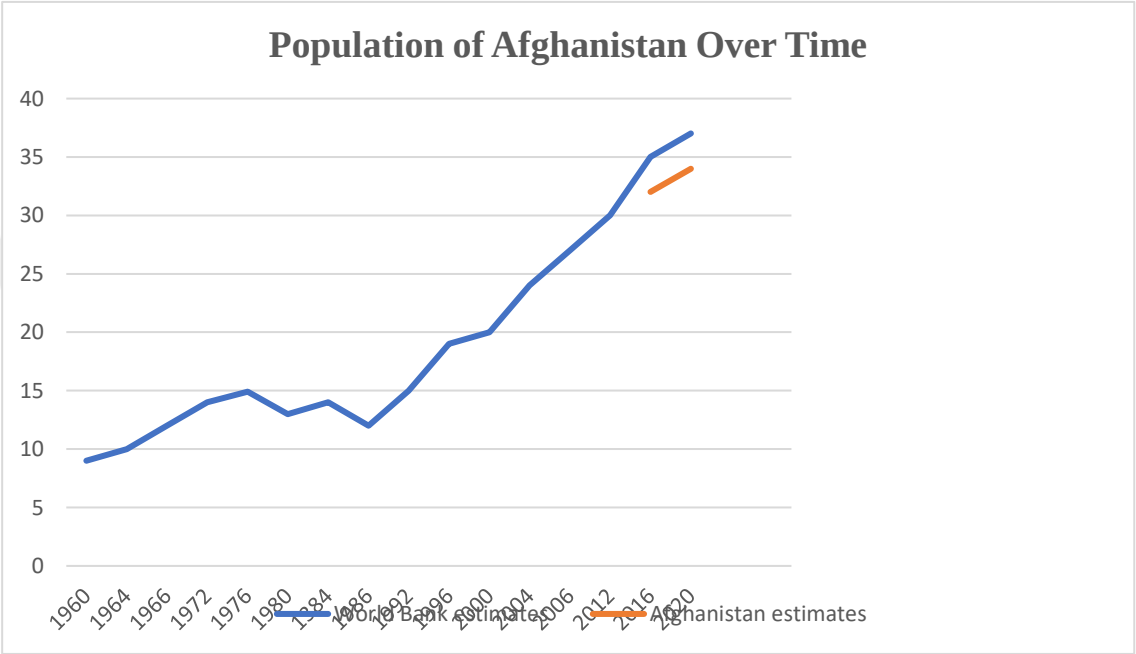
Figure 8. Gender population of Afghanistan



Source: National Department of Statistics and Information of Afghanistan (2020)

The research primarily relies on the official statistics provided by the National Statistics and Information Department of Afghanistan. However, it should be noted that there are discrepancies in population figures and statistics reported by other sources. These variations can be attributed to differences in definitions and the inclusion or exclusion of certain population groups, which may vary between different sources.

Figure 9. Population of Afghanistan Over Time



Source: National Department of Statistics and Information of Afghanistan/World Bank

Based on the statistics presented in the previous graphs, it is evident that Afghanistan's population has experienced rapid growth during the specified period. However, there has been a lack of effective organization in terms of age structures, urban-rural divisions, and other related factors, which are crucial for economic development. Although the reported literacy rate among the country's population of over 30 million was stated to be above 43% in 2020, it is doubtful whether this level meets the desired literacy standards set by UNESCO, the scientific-cultural organization. Therefore, in the subsequent chapters, it is necessary to analyze the population ratio and its relationship with economic development, the unemployment rate, population control programs, and other relevant issues.

In addition, this chapter will address other significant economic indicators and aspects specific to Afghanistan that can impact economic development. These include the

availability of water resources, natural resources, the economic system, and the banking system. These topics will be thoroughly examined and scrutinized in the upcoming sections.

3.6. Hydro Politics and Population

According to estimates, the total volume of water on Earth's surface is approximately 1650 cubic kilometers, which amounts to about 0.25 cubic kilometers per person. Unlike non-renewable resources like oil, water is a vital substance that is not easily depleted or permanently inaccessible to humans. It has a reliable natural source and undergoes continuous purification through evaporation and precipitation. However, only 3% of the world's water is freshwater and suitable for use, while most water sources are highly saline and unusable. Furthermore, available freshwater sources are limited due to natural variations. Approximately 97% of freshwater exists in the form of ice, underground water tables, and polluted water, making it inaccessible for direct use. Consequently, the availability of freshwater, which is crucial for sustaining human, animal, and plant life, is severely restricted and scarce.

Global population growth and development have created an imbalance in the demand for water, making it an increasingly crucial resource. Per capita water availability has significantly decreased over the years, dropping from 40,000 cubic meters in 1800 to 6,840 cubic meters, and it is projected to further decrease to 4,692 cubic meters by 2025. Predictions suggest that two-thirds of the world's population will face moderate to severe water scarcity pressure by that time. The distribution of population and water resources across different regions is not proportionate. For instance, the Middle East and North Africa region, which contains 5% of the global population, has less than 1% of usable water. United Nations research indicates that 60% of the world's water is concentrated in nine countries, namely Brazil, Russia, China, Canada, Indonesia, the United States of America, India, Colombia, and the Democratic Republic of Congo. These countries hold significant water resources, while the remaining countries account for only 39.9% of the world's water resources. The challenge of managing population growth and limited water resources becomes even more significant considering that about 95% of population growth occurs in developing countries in Africa, Asia, and Latin America. It is worth noting that Europe, despite having the lowest population growth rate and a moderate climate, receives

half of the world's rainfall per capita. This disparity in water availability highlights the major hydro-political challenge faced by many regions.

Water resources have created an extraordinary situation worldwide, both in terms of quantity and quality. Approximately 80% of the water is concentrated in northern regions, where the population is relatively small compared to other countries. Additionally, there are notable discrepancies in rainfall patterns between countries. For instance, countries like India experience rainfall for only four months of the year (June to September), whereas European countries have different precipitation patterns.

Meanwhile, the global population is undergoing rapid and uncontrollable growth. In just the past century, the world's population has doubled, and this accelerated trend is expected to continue until 2020. By the year 2100, it is projected that the world's population will double again. Consequently, two-thirds of the global population will face moderate water scarcity. Water pricing is another significant aspect to consider. It is noteworthy that individuals may pay exorbitant amounts, such as $1,000 per cubic meter, for water in certain establishments like restaurants, even though this water is not substantially different from ordinary drinking water.

The water issue and the resulting crisis extend beyond the provision of drinking water and irrigation for people. The increasing global population also necessitates the production of food, which, in turn, will raise the demand for fresh water by approximately 70%. When we consider this estimate in light of the projected population growth, it becomes evident that by 2025, an additional 2 to 3 billion people will require food, thereby requiring a surplus of 15-20% of water to be allocated for this purpose. Similarly, the industrial sector, which currently accounts for only 19% of water consumption, is increasingly demanding more water resources. Moreover, the transition from traditional to modern lifestyles further intensifies the demand for water compared to previous times.

Given the global water situation and the challenges it poses, governments are actively seeking to address the increasing water demands and achieve a balance between supply and demand. This is being done through the construction of large reservoir dams and the development of extensive irrigation networks. Currently, there are over 45,000 large dams in 140 countries worldwide, a significant increase from the mere 500 dams that existed until 1949. Considering the hydro politics of Afghanistan within the context of the Middle East region and its water-related tensions, it is crucial to provide a comprehensive

understanding of the hydro politics in the Middle East. By doing so, we can gain insights into the nature of the water crisis in Afghanistan and explore potential solutions. Additionally, assessing the water situation in the region reveals that Afghanistan possesses greater water resources and more favorable conditions compared to its neighboring countries, potentially enabling it to leverage these resources for mutual benefits.

3.7. Hydrology of Afghanistan

Based on the WHO's findings, it is recommended that every individual requires 20 liters of clean water daily to maintain their health and hygiene. This amount adds up to approximately 7.3 cubic meters per person annually. Over the last century, the global population has been steadily rising, leading to a sixfold increase in water consumption compared to 70 years ago (Sandra, 1994: 75). In the Middle East and Central Asia, several countries face dry and water-scarce conditions. Among them, Türkiye, Afghanistan, and Tajikistan possess significant freshwater resources. However, unlike Tajikistan, Afghanistan and Türkiye hold strategically advantageous positions regarding their water sources. The scarcity of drinking water in certain areas has resulted in a severe decline in agricultural cultivation, increased unemployment, and the depletion of wetlands. The growing and urgent demand for freshwater in Iran, Pakistan, and Afghanistan presents numerous challenges.

Considering Afghanistan's abundant water catchment basins and rivers brimming with water, along with its remote location in comparison to neighboring countries, Afghanistan enjoys a favorable geopolitical position. This advantageous position is considered a privilege for the Afghan government, as it possesses a valuable tool in relation to its surrounding political entities. The rivers that flow across borders have extended Afghanistan's sphere of influence in eastern Iran, northern Pakistan, and Central Asia, further strengthening its geopolitical position.

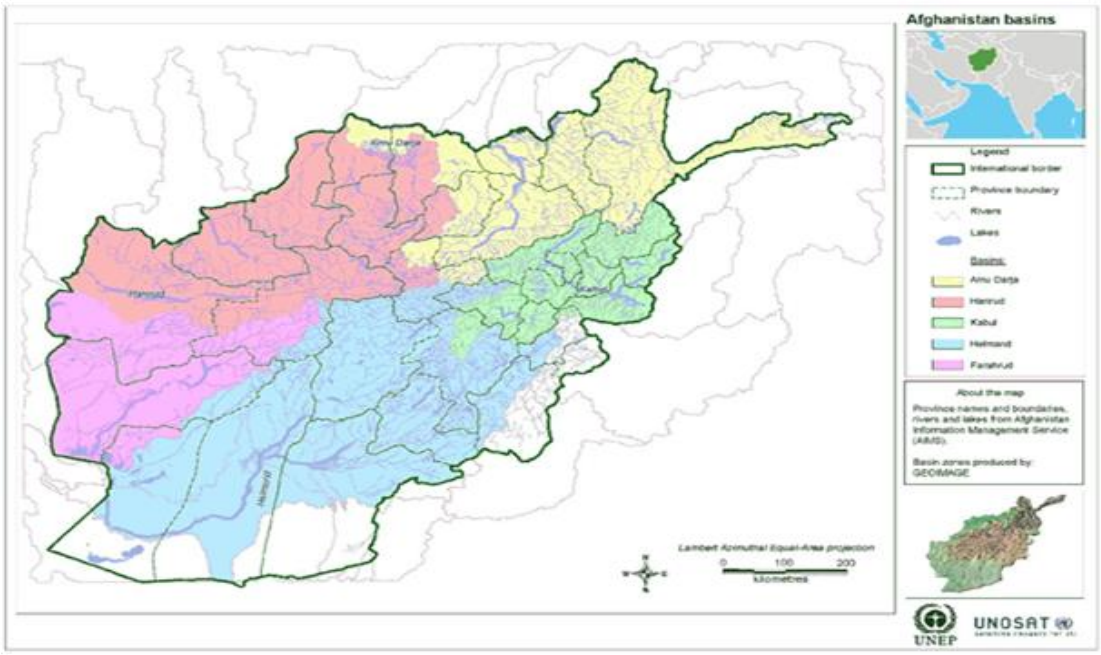
The central regions of Afghanistan are characterized by the presence of tall, imposing mountains that stretch towards the east and the Iranian side. As they progress eastward, these mountains gradually transform into lower mountains and hills. These mountain ranges reach great heights and resemble natural glaciers, with their peaks covered in snow even during the summer season. The deep and picturesque valleys nestled

among the towering Hindu Kush mountains create an ideal environment for livestock breeding and give rise to fertile areas. The numerous rivers flowing within the country are often referred to as "seas" by the locals. Originating from the central mountains and eastern regions of Afghanistan, these rivers flow westward and southward.

The towering mountains in Afghanistan, coupled with their rapid decline in height, contribute to the swift flow of several rivers. This unique geographical feature has made the country's water resources well-suited for the generation of hydroelectric power. Here are two notable rivers:

Amu Darya (Jeyhun): Originating from the Pamir mountains, this river spans approximately 1126 km along the northern borders of Afghanistan with Tajikistan, Uzbekistan, and Turkmenistan. Its swift flow is instrumental in supplying water for hydroelectric energy production.

Hirmand (Helmand): With a length of 1400 km, this river originates from the Baba mountains. The Hirmand river basin extends to the southwest of Afghanistan, forming a section of the shared border between Afghanistan and Iran. The Hirmand river serves as a vital water source for the Sistan and Baluchistan lakes as well as the northern fields. At the confluence of the Hirmand and Arghandab rivers, located around Kabul, the estimated flow rate of the river is approximately 11,600 cubic meters.



Map 1. Afghanistan Basins

The Kabul River, also known as the Kabul Sea, originates from the mountains in the eastern region of Afghanistan and traverses through the significant cities of Kabul and Jalalabad. Eventually, this river merges with the Indus River in Pakistan. The Harirod River, alternatively referred to as Tajen in the Turkmen language and Arius in Latin, flows through Afghanistan (britannica.com/eb/article).

The aftermath of the September 11 attacks resulted in the establishment of a government in Afghanistan with the assistance of the international community, particularly the United States of America. This situation presented both an opportunity to regulate the country's unpredictable water resources and a potential source of tension with neighboring nations. The management of Afghanistan's available water has heightened the sensitivity of neighboring countries and may elicit reactions from them. Some of these reactions could stem from the adverse effects caused by water scarcity and may manifest in a hostile manner. A tangible example of such tensions can be observed in the case of Herat and Iran.

3.8. Afghanistan and Hydro Political Disputes

Up until now, Afghanistan's disputes over water resources, known as hydro-political disputes, have not resulted in significant tensions with many neighboring countries. This issue is primarily a concern between Afghanistan and Iran. In terms of international law, agreements play a major role in regulating rivers, and there is no specific set of rules governing this matter. The focus of contention between Iran and Afghanistan lies primarily on two rivers: the Harirud River, which lacks a specific agreement, and the Helmand River, for which there is a specific agreement in place. As a result, the legal debate and challenges regarding the Harirud River's water are excluded, and the only significant hydro-political point for Afghanistan is the water of the Hirmand River.

The sole existing convention concerning shared rivers is the New York Convention of 1997, also known as the Convention on the Non-Navigational Use of International Watercourses. However, this convention only came into force in 2015, indicating an 18-year duration before its implementation. None of the countries neighboring Afghanistan, except Uzbekistan, has ratified this convention, including Afghanistan itself. Discussions regarding Afghanistan's accession to this convention have only recently commenced under the new government but have not concluded. The convention proposes a set of general

rules. One of its principles states that countries sharing a river should utilize its resources in a reasonable and equitable manner, while also participating in the development and protection of those resources. This principle emphasizes that unilateral use without obligations is not permissible. Additional principles include avoiding harm to water resources, sharing water-related information between countries, respecting environmental considerations, and resolving disputes peacefully. As these principles are general in nature, countries with shared water resources can employ various models and rely on the principles of fairness and compromise to resolve any disputes they may face.

There is a clear and legally established fact that Iran seeks water rights from Afghanistan, and this matter can be addressed by considering the satisfaction of internal needs. Although there was apparently an agreement between Iran and Afghanistan in 1972 to resolve this issue, various factors such as the decrease in the water level of the Hirmand River compared to previous years, insufficient data on the precise amount of water in the river, and internal requirements have led Afghanistan to consider the need for renewing the contract.

In contrast, Afghanistan's water issue is comparatively smaller in scale when compared to its neighboring countries, particularly the Central Asian republics. For instance, in Central Asia, there are instances of water networks such as the Timun network belonging to Uzbekistan yet situated within the territory of Turkmenistan. Additionally, the Andijan hydropower station, considered to be owned by Uzbekistan, has resulted in the flooding of lands in Kyrgyzstan. Moreover, the reservoir of the so-called Farhad network is owned by Tajikistan, but its hydroelectric station is in Uzbekistan. These examples illustrate the complexities and challenges surrounding water distribution and management in the region, highlighting that Afghanistan's water concerns are relatively smaller in comparison.

3.9. Transboundary Water Basins of Afghanistan

As previously mentioned, Afghanistan holds a unique position when it comes to its transboundary watersheds. The country encompasses four water basins, all of which have their origins and sources within Afghanistan's own borders. The Kabul Sea area, for instance, extends partially into Pakistan, with its source being the Chitral region. However,

due to ongoing wars, destruction, and political unrest, Afghanistan has been unable to fully capitalize on these abundant water resources. Many of Afghanistan's water sources are renewable. According to a 1996 report from the FAO, Afghanistan's annual renewable surface water volume was estimated to be around 57 billion cubic meters. However, due to climate changes and recurring droughts, this figure has now decreased to approximately 49.3 billion cubic meters. The impact of these environmental factors has led to a reduction in available water resources within the country.

Map 2. River basin map of Afghanistan

Afghanistan's transboundary water resources present both opportunities and threats to the country. In this analysis, we will address non-legal factors that pose threats, with a particular emphasis on the legal aspect or, more precisely, the legal oversight in this matter.

Regrettably, in recent years, traditional diplomacy in Afghanistan has not placed significant emphasis on the value of water. Simultaneously, regional diplomacy has not provided a conducive environment for addressing this issue. The lack of a robust system, essential stability, and foreign policy grounded in scientific principles and national interests have contributed to this diplomatic weakness. A crucial legal aspect that has been overlooked is the neglect of legal documents pertaining to water, which forms the focal point of hydro-political discussions.

3.10. Afghanistan's Attention to Hydro Politics in Strategic Documents

Afghanistan's national development strategy, aimed at achieving sustainable development, was initiated with a 5-year plan commencing in the early 2008 solar year and concluding at the end of 2012. This strategy serves as the foundation for Afghanistan's development objectives over the next 15 years. The strategy document encompasses a minimum of three overarching goals, delineated by eight pillars, and covers seventeen sectors (National Development Strategy of Afghanistan, introduction of Document; 2016).

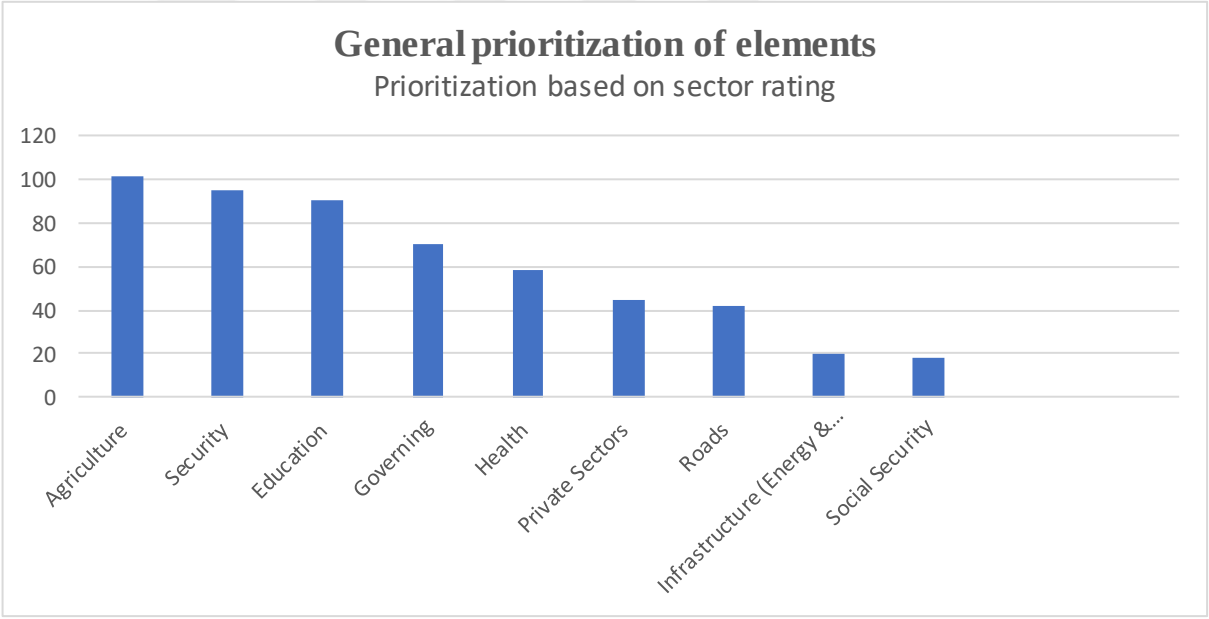
Table 2. Afghanistan's attention to hydro politics in strategic documents Page 57

Security	**Governing**	**Developmental and Economic Goals**					
Pillar1	Pillar2	Pillar3	Pillar4	Pillar5	Pillar6	Pillar7	Pillar8
Security	Healthy governance, rule of law and human rights	Infrastructure and natural resources	Education and culture	Health	Agriculture and rural development	Social security	Economic governance and private sector development
Sectors							
Security	Justice	Energy	Education	Health	Agriculture and rural development	Social security	Development of the private sector and business
	Governance, public administration reform and human rights	Transport	Culture, Medias and Youth			Immigrants, returnees, and internally displaced persons	Development of the private sector and business
		Regulation of water resources					
		Information and communication					

		technology					
		Urban Development					
		Mine					

The table presented below illustrates a shift in strategic priorities for the country's development, where the industry sector has gained greater significance compared to water resources within the framework of private sector development. Agriculture, which relies on water, has transitioned from being a primary target to becoming a pillar itself. Water resources now occupy the third segment within the third pillar and have been assigned a relatively lower rank in the prioritization list, appearing second to last.

Figure 10. Afghanistan's attention to hydro politics in strategic documents



Source: National Development Strategy of Afghanistan 2016

Despite this strategy, other priorities have been placed above agricultural projects and endeavors that require water, which is fundamental to all national initiatives. This implies that without addressing the availability of water, issues concerning migrants' situations, housing solutions, as well as other sectors like agriculture, road construction, private sector development, healthcare, and more, cannot be effectively tackled. Many of

these aspects are intertwined with social life, and water serves as their fundamental basis. The national document emphasizes economic, political, and security growth as the foundation of the country's development. It recognizes the significance of agriculture, industries associated with extractive resources, and trade in this context. However, insufficient attention has been given to water-related concerns, with even the management of water resources not being explicitly mentioned within the agriculture sector (National Development Strategy of Afghanistan, introduction of Document; 2016). In contrast, neighboring countries, and indeed other nations, have been broadening the scope of their hydro-political documents within the significant dimensions of their national strategies. They have taken steps to ensure that legal frameworks concerning water are expanded across all dimensions of their strategies, aiming for comprehensive solutions. This is happening even as Afghanistan lags in this regard.

3.11. Geopolitical Importance and Economic Development of Afghanistan

The geographical location and the degree of connectivity with neighboring regions can significantly influence a country's economic analysis, progress, and development. A country's geographical background and capacity determine its potential for economic interactions with neighboring nations, which in turn increases its prospects for economic development. However, the realization of this potential depends on the managerial, technological, and political capabilities of the entities involved in the political-economic affairs of the countries. Among the various theories that seek to explain global inequality, the theory of geography holds that the significant disparities between wealthy and impoverished nations are primarily attributed to their geographical variations. Many poor regions, such as certain countries in Africa, Central America, and South Asia, are situated within specific latitudes, specifically between Ras al-Sartain and Ras al-Jadi. In contrast, economically prosperous countries are often located in more temperate latitudes. This spatial concentration of poverty and wealth gives the geography hypothesis a surface-level appeal, serving as a starting point for theories and perspectives proposed by numerous scientists and experts in social sciences. However, it is important to note that the diversity of these viewpoints does not compensate for the shortcomings of this hypothesis (Acemoglu & others, 2016: 81).

From this perspective, Afghanistan holds a significant position as a connecting point and crossroads between Central Asia, West Asia, and South Asia. It serves as a major border region for both continental and oceanic powers, making it one of the most crucial geopolitical areas. Over the course of history, Afghanistan has been a homeland for prominent powers, further highlighting its strategic importance (Tanin, 2005: 8). Afghanistan serves as a crucial buffer point between its northern neighbors, including Turkmenistan, Tajikistan, Uzbekistan, Kazakhstan, and Kyrgyzstan, which possess abundant energy resources such as gas, electricity, oil, and raw materials. These resources are in high demand by countries in the southern region, such as India and Pakistan, which rely on them for their energy and raw material needs. Furthermore, Afghanistan's strategic position as a communication bridge linking the Indian subcontinent, Central Asia, and the Persian Gulf grants it significant geopolitical and economic importance. Some members of the international community believe that many global security and stability issues stem from the Middle East and the surrounding region that encompasses Afghanistan. Therefore, ensuring security and stability in Afghanistan is not only crucial for the Afghan people but also for the entire world. Unlike China and Russia, other countries lack direct access to the vast energy reserves of Central Asia and the Caspian Sea region. Consequently, they seek to leverage Afghanistan's potential as a pathway for constructing energy transmission infrastructure, thus enabling them to tap into these valuable resources within the framework of market economy relations (Bina & et al, 2008: 1). This situation has significantly elevated Afghanistan's geopolitical, geoeconomic, and geostrategic importance. However, due to internal challenges such as a lack of effective governance and political capacity, coupled with significant external interference, the country has been unable to effectively harness the benefits of its strategic position. Instead, the problem has had a reverse effect, exacerbating the situation, which will be further explored and analyzed.

Ethnic diversity and the uneven distribution of power among ethnic groups contribute to the ethnic divisions and hinder the proper utilization of foreign aid. This undermines the nation-building process, triggers an identity crisis, and hampers development and modernization efforts. Consequently, instability and political crises intensify because of these ethnic conflicts. Vartan Gregorian highlights the significance of the government's reliance on tribal support in Afghanistan's modernization process. The

emirs of the country have had to adapt their approach to accommodate the "Jirga," a symbol of tribal authority for some (Arvin, 2015).

3.12. Conclusion

As previously mentioned, Afghanistan's economic potential has always been based on its abundant natural resources and its strategically significant geography as a crossroads in Asia. However, the country's turbulent political conditions and its historical reliance on external actors have hindered the effective utilization of these economic resources and its advantageous location. Consequently, the Afghan people have been deprived of sufficient opportunities to benefit from these resources and their geographic position.

The presence of foreign countries and the overthrow of the Taliban regime in 2001 brought about a glimmer of hope, leading to the return of many Afghan immigrants and attracting investments from both returning immigrants and other investors. This period also witnessed unprecedented levels of economic and commercial interactions between Afghanistan and regional as well as global partners, contributing to a sense of prosperity and growth (Kakar, et al; December 29, 2018).

The economy of Afghanistan has experienced an unprecedented transformation due to significant changes. The involvement of major international organizations, along with military support from NATO, has played a crucial role in instilling confidence in the economic and investment sectors. However, despite these efforts, the country has struggled to attract major economic giants for investments. Nevertheless, these circumstances have led to an increase in Afghanistan's gross domestic product (GDP) to 70 billion Afghanis, which amounts to approximately 20 billion dollars based on the exchange rate in 2017. The GDP per capita is also expected to reach around 2000 dollars. Additionally, the country anticipates exporting dry fruits and other goods worth approximately 1 billion dollars annually, while imports are projected to exceed 6 billion dollars (The Observatory of Economic Complexity. Archived from the original on 20 October 2017. Retrieved 5 May 2018).

Nevertheless, despite Afghanistan's substantial estimated mineral reserves exceeding one trillion dollars, the country still lags behind in terms of development. Prior to the former government's collapse, the unemployment rate was already hovering around

30%, and it has since experienced a drastic increase. Over half of the country's population, which amounts to approximately thirty-six million people, live below the poverty line. The overwhelming wave of unemployment has resulted in young individuals joining terrorist and smuggling groups (TheGlobalEconomy.com. Retrieved 2019; 09-21).

Chapter IV: The Effect of Foreign Aid on the Economic-Social Growth of Afghanistan

Afghanistan has been among the countries that received significant foreign aid in the past twenty years. Following the defeat of the Taliban in 2001, the presence of NATO member countries and their allies created favorable conditions for receiving substantial aid. According to estimates, the aid allocated to Afghanistan from 2001 to 2021 amounts to approximately 130 billion dollars. This figure surpasses the financial assistance provided during the Marshall Plan for the reconstruction of Europe.

Irrespective of the various areas where aid has been allocated, the amount provided for Afghanistan's development is substantial. If effectively managed, it has the potential to yield significant outcomes for the country's economic advancement. However, research conducted on this matter indicates that the impact of this aid on Afghanistan's economic development, particularly in terms of generating employment opportunities and increasing per capita income, has been lacking positive effects. Nevertheless, the aid has contributed to improvements in certain public services such as education, healthcare, human development, and societal transformation. However, it has not effectively addressed crucial indicators of economic development, such as reducing the unemployment rate, expanding domestic production, and other key elements necessary for overall economic improvement.

The limited effectiveness of foreign aid in promoting economic development can be attributed to a range of factors and circumstances. Several significant factors, as discussed earlier in this research, have been identified by scholars and experts and have received significant attention in the context of Afghanistan. However, it is crucial to acknowledge that internal factors, specifically structural deficiencies within Afghanistan's institutions, have had a dual negative impact on the efficient and effective utilization of this aid. In the final chapter of this research, a comprehensive analysis will be conducted to examine and evaluate all aspects and intricacies of foreign economic assistance to Afghanistan, including the manner and extent of its impact.

4.1. History of Foreign Aid to Afghanistan

Throughout its history, Afghanistan has consistently relied on foreign aid due to the weakness of its leadership and human resources, rendering it unable to depend on its own economic capabilities. This economic dependence on foreign assistance has been present since the inception of Afghanistan as a nation under Ahmad Shah Durrani (Yuens, 2017: 107-214).

Since the inception of Afghanistan under Amir Amanullah, the country has faced significant challenges in financing its budget through internal revenues. Except for surpluses of eight million Afghanis in 1919 and eighteen million in 1928, Afghanistan has consistently experienced budget deficits. These deficits amounted to 34 million Afghanis in 1931, 6 million in 1942, 3.1 billion in 1953, 5 billion in 1969, and 1 billion in 1973. During the rule of the People's Party and the communist regime supported by the former Soviet Union, the deficit reached one billion Afghanis in 1979, three and a half billion in 1980, and a staggering 160 billion in 1990. This upward trend continued, culminating in a deficit of 210 billion Afghanis in 1992, with no available statistics on the budget deficit during the Taliban's rule. According to a 2010 report by the International Monetary Fund, from the late 1950s to the 1970s, 50% of foreign aid came from the Soviet Union, while 30% came from the United States. In 1965, Afghanistan's total foreign debt amounted to 500 million dollars, with 82% of it owed to the Soviet Union. Foreign aid during those years reached 220 million dollars, with 60% provided by the United States. Moreover, more than 90% of Afghanistan's development budget in the 1980s was financed by socialist governments, with 70% coming from the former Soviet Union. During times of crisis, particularly under the rule of Mujahideen and the Taliban, budget deficits were financed by printing money, leading to inflationary consequences that persist to this day. This problem continued, with a budget deficit of 21 billion Afghanis in 2003, 75 billion Afghanis in 2004, 97 billion Afghanis in 2005, and 150 billion Afghanis in 2010. These deficits have consistently been covered by foreign grants or long-term loans (Quoted from Itsar, 2011).

During British rule, the East India Company was the first foreign entity to provide economic aid to Afghanistan, marking the beginning of the country's reliance on foreign assistance. Shah Amanullah Khan later implemented a 60% tax on agricultural products in an attempt to achieve economic self-sufficiency through income tax revenue. However, over time, this tax rate was reduced to 18%, and Shah Amanullah sought external resources

to sustain his rule. In the education sector, Afghanistan's dependence on foreign aid was linked to financial assistance from France, Germany, and the United States of America. With the support of these countries, schools such as Esteghlal, Malali, Amani, and Habibiya were established in Afghanistan.

Subsequently, during Mohammad Daud's presidency in 1960, the Cold War had a significant impact on Afghanistan's economy, compelling the country's leaders to seek assistance from the United States and the Soviet Union. Factors such as drought, declining agricultural production, famine resulting from these factors, and a centralized economy further contributed to Afghanistan's growing dependence on foreign aid.

The complete dominance of the Soviet Union in 1978, as the Eastern superpower opposing the Western bloc led by the United States, limited Afghanistan's access to assistance from Western countries. Consequently, Afghanistan had to rely more on aid from the Soviet Union in the form of grants and loans, resulting in the country's debt to the Soviet Union reaching 11 billion dollars by the 1970s.

Following the fall of Dr. Najibullah's government, Afghanistan descended into political and economic anarchy, devoid of any foreign aid. Civil wars and the collapse of the political system further devastated the country's economic infrastructure. Amidst the destructive proxy conflicts since 1980, any money flowing into Afghanistan under the guise of aid was often provided by supporters of the warring factions to fuel the conflict and exacerbate the flames of war.

However, there has been limited transparency regarding the funds received by Afghanistan in the past, and the sources obtained during various historical periods are often indistinct and intertwined. Nevertheless, the following table presents a partial overview of these donations.

Table 3. The table of foreign aid to Afghanistan until the end of the 20th century.

Source of Help	**Year**	**Amount**	**Kind of Help**	**Goal**
East India Company	1857	100,000 Indian rupees (10,000 pounds) per month	Gratuitously	Defense of the government against the

		until the end of the war, plus 4,000 rifles.		attack of the Qajar government to Herat
Britain	1879	600,000 rupees annually, in addition to the promise of money and weapons in the event of a military threat to Afghanistan; Of course, as England sees fit.	Gratuitously	Advising on foreign policy and not preventing British nationals from entering the country (Gandumak Treaty)
Britain	1885	One million and 200 thousand rupees per year. Later, this amount increased to 1 million 800 thousand.	Gratuitously	Good neighborliness
East India Company	1893	One million two hundred thousand rupees annually, which was increased by six hundred thousand every year.	Gratuitously	Cessation of Chaman and water rights "Sir Kitleri" area to British India
Germany	1916	100,000 rifles, 300 cannons and some military ammunition along with 10 million pounds.	Gratuitously	Cooperation of the Afghanistan government with Central European

				allies
France	1922	The cost of building of Esteghlal High School	Gratuitously	Gift
Germany	1923	The cost of building of Amani High School	Gratuitously	Gift
Britain	1931	10.000 rifles, five million cartridges and 180 thousand pounds	Gratuitously	Dismissing Russians from the Air Force and not accepting their business delegations
Germany	1939	Joint investment with Afghanistan National Bank for the construction of Baghlan sugar and Polkhumri textile factories	Investment	Cooperation in the Second World War against British India and the promise to rejoin the cities on the other side of Durand to Afghanistan after the end of the war.
USA	1949	21 million dollars	15-year loan with an interest rate	This loan, in addition to the 20 million dollars saved

			of 3.5%	by the government from the sale of the Skin of Karakul sheep, became the cost of the water project in Helmand and Arghandab, which the United States was supposed to increase to 17 and a half million.
Soviet Union	1952	8 million dollars	Loan	Construction of oil pipes and tanks, Kabul silo and Jalalabad hospital
Soviet Union	1954	3.5 million dollars	Gratuitously	Asphalting of roads in Kabul (getting the trust of Daud Khan and away from America)

Soviet Union	1955	100 million dollars plus military aid	Gratuitously	Strengthening the army for the possible need in solving the Pashtunistan issue
Soviet Union	1978-1992	11 billion dollars	Loan	Support of the current government of Afghanistan
USA	1969	The cost of reconstruction and development of Habibie High School	Gratuitously	Gift
China	1965-1999	525 million Chinese yuan in two stages between 1965-79 and 1980-99	Gratuitously	Construction and equipping of hospitals in Kandahar, Kabul Jamhuriat Hospital and Baghlan Textiles

Source: Farhang, 1988; Ghubar, 1967; Itsar 2011; Ministry of Finance, 2010: 89

There is a lack of statistical data regarding funds paid to unofficial sources such as the Mojahedin government and its affiliated groups, the People's Party, Parkham, and the Taliban group. However, it is evident that the amount of money disbursed in the 19th and 20th centuries exceeded previous periods. Twenty percent of the initial five-year development plans spanning from 1956 to 1961 relied on foreign aid, while eighty percent

of the second five-year development plan was dependent on external assistance. The primary sources of aid during this period included the World Bank, Czechoslovakia (now divided into the Czech Republic and Slovakia), Italy, Japan, and several other countries.

4.2. Afghanistan, The Inheritor of a Failed States

The downfall of the Taliban regime in 2001 not only failed to remove Afghanistan from the attention and conflicts of various powers but also paved the way for the extensive involvement of numerous other countries. This presence coincided with Afghanistan being classified as one of the most challenging threats— a "Failed State" representing the epitome of instability. In such states, characterized by chaos, anarchy, political-economic instability, and a lack of security, a conducive environment is created for the proliferation of extremism, human trafficking, and organized crime. These factors hinder access to natural resources and impede the progress of development, leading to widespread poverty and, consequently, escalating violence that becomes increasingly difficult to control (Kaplan, 2008: 2).

The insolvent government transformed Afghanistan into a breeding ground for some of the most severe acts of violence witnessed in the 21st century, providing a fertile environment for the growth of the extremist Taliban group. This group not only propagated and perpetuated violence within Afghanistan but also extended its reach internationally, establishing extensive connections with global extremist networks. Ultimately, the shocking attacks of September 11, 2001, shook the global populace and governments, revealing the significant threat that the Taliban posed to worldwide peace and security. As a result, references to paragraphs 2 and 3 of the first article of the United Nations Charter are warranted (United Nations Charter, 1945), Governments from around the world convened with a shared focus on cooperating and engaging in economic, social, cultural, and humanitarian endeavors in Afghanistan. Seizing the moment, the United States of America leveraged this opportunity to launch a military attack on Afghanistan, once again bringing this unstable region to the forefront of global attention and drawing the involvement of major international powers. The influx of substantial international aid and their active presence in Afghanistan presented a golden opportunity for the country's economic development, instilling a sense of hope among its people. The crucial aspect to be explored

in subsequent research topics is the impact of these aids and how to effectively utilize this unprecedented platform.

4.3. Foreign Aid After 2001

By targeting fundamentalist and extremist strongholds in Afghanistan, dismantling al-Qaeda hideouts, and establishing an interim government through the Bonn Agreement in 2001, the international community was prompted to rally behind the cause of Afghanistan's reconstruction. The United Nations, in response, called upon all its member states to actively contribute to the rebuilding efforts in Afghanistan. This marked a significant turning point in the country's ability to receive foreign aid.

Following the Bonn Summit, Afghanistan became the focal point of numerous gatherings spanning two decades, with nearly 20 specifically dedicated to securing economic assistance from donor nations for Afghanistan. These meetings witnessed the participation of over seventy countries and international organizations, with pledges amounting to billions of dollars for Afghanistan's development. These financial commitments were in the form of grants, interest-free loans, or loans with low interest rates, with the overarching goal of establishing a democratic system, promoting human values, combating terrorism, eradicating drug production, ensuring security, and reconstructing vital infrastructure within the country (Arzu, 2010: 190 - 201).

Following the establishment of a democratic political system in Afghanistan post-Taliban in 2001, a series of gatherings were convened to mobilize aid for the country's reconstruction efforts. The inaugural meeting took place in Tokyo in 2002, where a substantial aid package of $16 billion was approved for Afghanistan's reconstruction. Subsequently, additional conferences were held in Berlin, London, Rome, Paris, Chicago, and Brussels, resulting in a cumulative assistance amount of $134 billion. Throughout these meetings, the United States government emerged as the leading contributor in terms of aid volume. According to the report from the United States Inspection Office for Afghanistan, or SIGAR, the total aid provided by the United States to Afghanistan from 2001 to 2018 reached $119 billion.

Out of the numerous meetings conducted over the past two decades regarding Afghanistan, the Bonn meeting in 2001 and the Tokyo meeting in 2002 have stood out as

the most significant. The Bonn meeting focused on designing the framework for the Afghan government and determining the deployment strategy for foreign troops in the country. The Tokyo meeting, on the other hand, primarily aimed at formulating a financial aid program. Subsequent meetings have built upon the outcomes and decisions made during these two pivotal gatherings, further advancing the discussions and actions surrounding Afghanistan's future.

Due to limited and accessible sources, obtaining precise statistics and figures regarding aid allocation is challenging. Moreover, the government's provided statistics indicate that only a mere 18% of the aid has been utilized through the official budget. The remaining funds have been disbursed by donor countries, who are unwilling to disclose the exact breakdown and specific details of these expenditures. Consequently, obtaining comprehensive and accurate information regarding the distribution and utilization of aid proves to be difficult (Ministry of Finance of Afghanistan, 2010: 25-27). The Afghan government's share of the annual budget primarily relies on foreign aid. To illustrate, in 2011, out of a total budget of 13 billion dollars, the Afghan government had direct control over only 1.4 billion dollars, while the remaining amount was classified as national aid. It is worth noting that in certain instances, the announced aid figures significantly differed from the actual amounts received. For instance, during the Rome meeting, a verbal pledge of 360 million dollars was made, but only 40 million dollars were ultimately delivered in practice (Ministry of Finance of Afghanistan, 2010: 13).

In the below table, the amount of aid is presented based on the breakdown of meetings.

Table 4. The amount of aid based on the breakdown of meetings.

The amount of aid in meetings based on billions of dollars								**Mutual aids**	**Total**
Tokyo	Berlin	London	Rome	Paris	Chicago	Tokyo	Brussels		
5.1	5.6	8.7	0.40	14	14	16	15.2	56	134.64

(**Source**: Ministry of Finance of Afghanistan, 2012 and BBC website 2016)

Based on the provided table, several meetings have taken place, some of which were accompanied by financial assistance while others were not. The meetings mentioned in the table were associated with financial commitments, many of which were contingent

upon conditions and obligations from Afghanistan. Most of these commitments fall under the category of bilateral aid.

According to World Bank statistics, several countries have received significant aid over the past two decades. Syria ranks first, having received 9.9 billion dollars, followed by Yemen with 7.9 billion dollars. Ethiopia received 4.9 billion dollars, Afghanistan received 3.7 billion dollars, and Nigeria received 3.3 billion dollars. Bangladesh and Jordan both received 2.5 billion dollars, while Congo, Kenya, and India received 2.5, 2.4, and 2.4 billion dollars, respectively. These countries are among the top recipients of aid. Calculating the per capita aid based on the population of these countries, Syria has received the highest amount per capita with 591 dollars, followed by Palestine with 490 dollars. Yemen received 280 dollars per capita, Jordan received 254 dollars, Montenegro received 249 dollars, Liberia received 243 dollars, Lebanon received 207 dollars, Kosovo received 187 dollars, Timor-Leste received 160 dollars, Sierra Leone received 146 dollars, South Sudan received 135 dollars, and Afghanistan received 102 dollars annually.

The assistance given to Afghanistan from 2000 to 2014 followed a generally upward trajectory, but as Western countries started withdrawing their troops from the region, the aid began to decline once again. Initially, in 2001, the aid amounted to approximately 410 million dollars. However, it increased steadily each year, reaching its peak in 2011 with around 6.74 billion dollars, and remaining high in 2012 with approximately 6.66 billion dollars. The provided table displays a portion of the aid allocated by various countries to Afghanistan, based on their commitments and payments.

4.4. Pledged and Disbursed Aid to Afghanistan

Table 5. Pledged and Disbursed Aid to Afghanistan

Countries	Commitment	Payment
America	44.356 billion	38.118 billion
Japan	3.152 billion	3.152 billion

European Commission	2.883 billion	2.594 billion
Asian Development Bank	2.269 billion	1.005 billion
United Kingdom	2.222 billion	2.222 billion
World Bank	2.137 billion	1.700 billion
Germany	2.130 billion	762 million
India	1.516 billion	759 million
Canada	1.256 billion	1.256 billion
Netherlands	1.015 billion	1.015 billion

(**Source:** Ministry of Finance of Afghanistan, 2010: 22-24, SIGAR, 2015: 213 and SIGAR, 2017: 225)

Several countries have made promises to provide financial assistance to Afghanistan, but to date, they have not fulfilled their commitments by actually transferring the pledged funds. These countries include Brazil, which pledged 3 million dollars, Croatia with 2 million dollars, Egypt with 1 million, Malta with 1 million, Oman with 11 million, Qatar with 30 million, Slovakia with 5 million, Taiwan with 33 million, and Vietnam with 3.46 million dollars. However, these promised amounts have not been disbursed in practice.

Complete statistics on the total amount of aid provided to Afghanistan are not readily available, but a significant portion of this information is presented in various reports, such as the SIGAR, commonly known as SIGAR. The aid provided by the United States has been primarily allocated to the security sector. Out of the approximately 120 billion dollars in US aid, approximately 27.68 billion dollars were allocated to the Commanders' Quick Response Program 2, 3.69 billion dollars to infrastructure matters, 0.99 billion dollars to the fight against drugs, 8.63 billion dollars to economic support, and so on (SIGAR, 2017: 65-67). The precise details of how the funds were spent and the

specific expenses incurred are not fully known, and this lack of transparency raises concerns regarding the implementation of financial obligations by donor countries. SIGAR's report indicates that each year a portion of the financial obligations from donor countries remains unpaid, as reflected in the table below, which demonstrates that a percentage of these commitments consistently goes unfulfilled. It is evident that there has been a lack of monitoring and oversight mechanisms to ensure that countries honor the financial promises they have made.

Table 6. Separation table of commitments and payments (numbers in billions of dollars)

Year	**Written commitment**	**Payment**	**Percentage**
2002	3.23	2.61	80.8
2003	3.10	2.62	84.5
2004	4.63	4.17	90
2005	6.51	6.18	94.9
2006	5.83	4.89	83.8
2007	12.20	11.79	96.6
2008	8.47	7.13	84.1
2009	8.26	6.32	76.5
2010	16.79	10.90	64.9
2011	12.93	12.93	100
2012	14.646	14.646	100
2013	9.631	9.631	100
2014	6.812	6.812	100

2015	6.352	6.352	100
2016	5.658	5.658	100
Total	125.049	112.639	90 percent

(**Source:** Ministry of Finance of Afghanistan, 2010: 22-24, SIGAR, 2015: 213 and SIGAR, 2017: 225)

As previously mentioned, the United States stands out as the largest contributor among the donor countries, providing the most significant amount of financial aid to Afghanistan. Following the United States, the top ten contributors in terms of aid to Afghanistan are Japan, the European Union, the United Kingdom, Germany, the Asian Bank, the World Bank, India, Canada, and the Netherlands. It is noteworthy that the amount of aid from the United States is approximately twenty times higher compared to the second-ranking country. Among the Islamic countries and Afghanistan's neighboring nations, Iran has been the leading donor to the Afghan government, providing a total of 399 million dollars in aid (Ministry of Finance of Afghanistan, 2012: 43-44 & Arzu, 2010: 375-376).

4.5. The Nature of Aid to Afghanistan

As previously discussed, foreign aid for development is delivered through various modalities. The significance of this aid in promoting development and economic growth is primarily attributed to the fact that a considerable portion is offered to be impoverished and developing nations as grants or with minimal interest rates. Out of the total amount of aid provided to Afghanistan by countries and international organizations, the majority has been in the form of grants. Over the span of approximately two decades, Afghanistan has only received around 1.5 billion dollars in the form of loans. Notable lenders include institutions such as the WB, ADB, IDB, IMF, as well as organizations like OPEC (Ministry of Finance of Afghanistan, 2010: 27 - 111). During this timeframe, Afghanistan did receive loans from various countries. However, some of these countries chose not to enforce repayment of their loans and instead provided them as assistance to the people of Afghanistan. Notable examples include China, Denmark, Slovakia, Germany, Russia, Saudi Arabia, the United States, Croatia, and the World Bank, all of whom waived repayment of a total loan amount

of 12.382 billion dollars that had been extended to Afghanistan (National budget, 2012: 14).

Accordingly, a significant portion of the aid received by Afghanistan was in the form of grants and interest-free assistance. This was primarily due to Afghanistan's limited capacity to repay the funds and cover the associated interest and profits, should they be required by the donors. In essence, these forms of assistance were predominantly driven by humanitarian considerations, prioritizing the country's development rather than financial gains. As a result, Afghanistan has had a highly advantageous opportunity to utilize these aids for its developmental purposes.

4.6. The Form and Place of Consumption of Aid in Afghanistan

As previously discussed, aid can take various forms such as monetary assistance, essential commodities, or weaponry. In the case of Afghanistan, the aid provided has predominantly prioritized the provision of military equipment and weapons. This emphasis on military support stems from the urgent need for security measures in the country, coupled with the underlying motivation of foreign sponsors. The primary objective of the government and its foreign partners has been to combat terrorism and address factors that pose significant threats to the security of Afghanistan and the broader world.

Based on the report provided by the Afghan government and sources of aid utilization, it can be observed that, on average, a minimum of 51% of aid has been allocated to security-related areas (Ministry of Finance of Afghanistan, 2012: 12). These expenditures have primarily focused on enhancing and equipping the military, police, and intelligence agencies, which have been crucial for ensuring security in Afghanistan. A significant portion of the aid has been allocated to the procurement of weapons, which has contributed to the escalating costs of the war over the past two decades. Moreover, a notable portion of cash aid has been channeled through relevant institutions, reaching both donors and consumption-related entities. Some of these funds have been injected into the government budget, serving purposes such as salary payments for employees, construction projects for administrative facilities, and the reconstruction of government buildings. Development initiatives that have benefited from these resources encompass the establishment of clinics, schools, roads, bridges, water reservoirs, and other pertinent

infrastructure projects, as well as the reconstruction of airfields. Additionally, these resources have facilitated the provision of office equipment and facilities, including computers, printers, consumables, airport equipment, hospital supplies, medicines, vaccines, agricultural machinery, and materials. Furthermore, the aid has supported various other initiatives such as educational assistance, scholarships, restoration efforts for historical landmarks, library equipment, the introduction of new university courses, cultural support, and other related endeavors (Ministry of Finance of Afghanistan, 2010: 57-104).

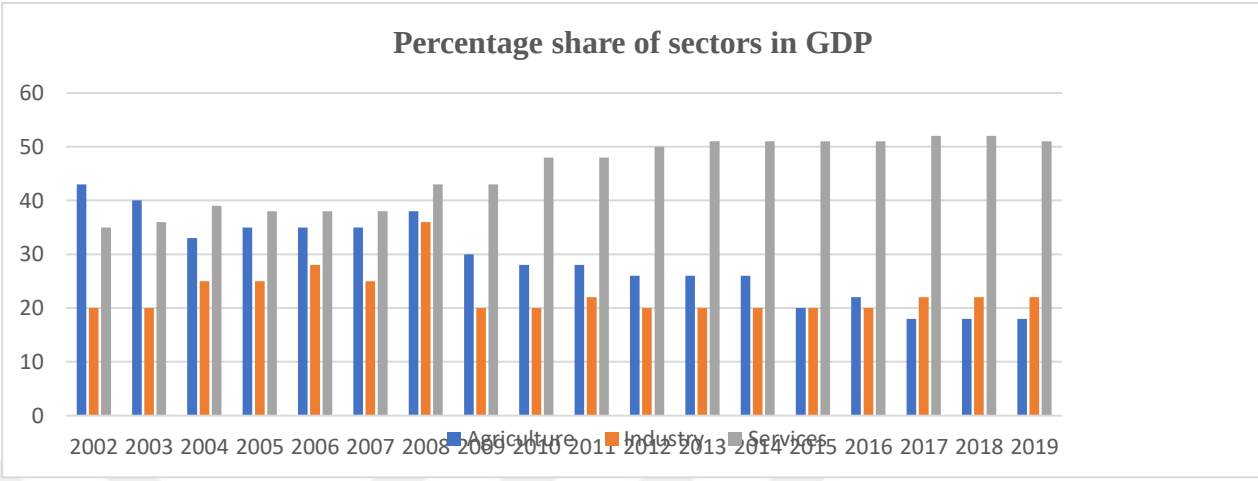
4.7. Economic Indicators and Foreign Aid

Prior to the military intervention of the former Soviet Union in Afghanistan, the country was experiencing a trajectory of economic growth comparable to its regional counterparts, albeit with limited seriousness and precise planning. Following the year 2001, Afghanistan began gas production and exportation, which generated significant revenue for the country. Fundamental economic infrastructures were established, and efforts towards human resource development were progressing positively. However, the onset of war and conflicts during the period of pro-Soviet sympathizers and the subsequent civil war inflicted extensive damage on Afghanistan's economic facilities, amounting to over 240 million dollars. The destruction of infrastructure, the dismantling of the political and social systems, and the fragmentation of the country's economic framework were among the perilous consequences of these conflicts.

However, the aftermath of the Taliban regime's downfall in 2001 marked a pivotal moment in Afghanistan's political, social, and economic landscape. This event created a favorable environment for economic revival, infrastructure reconstruction and expansion, military empowerment, and the strengthening and institutionalization of democratic values. The improvements extended to education, healthcare, and overall living conditions. Consequently, significant growth was observed in economic indicators, and there was a moderate increase in per capita income. The inflow of aid to Afghanistan opened a new chapter in Afghan politics and the economy, providing a conducive platform for the development and growth of agriculture, industry, public services, healthcare, and other essential sectors. The transformation prompted various sectors to contribute to the economy, with each sector claiming a portion of the GDP, as depicted in the figure below.

4.8. Percentage share of sectors in GDP

Figure 11. Percentage share of Sectors in GDP



Source: Afghanistan Statistics Center, World Bank

According to the depicted figure, there is a noticeable decline in the share of the agricultural sector in Afghanistan's GDP since 2002, while the role of the services sector appears more prominent. The industry sector has experienced fluctuations in its contribution to the GDP, which have persisted until 2019. For instance, in 2019, agriculture accounted for 18.8% of the GDP, while services played a significant role with a share of 52.3%.

It is important to note that the statistics provided in these reports do not include the first year of the transformation period and recent years of decline. This omission is due to the lack of significant changes in the overall situation during the initial year and limited access to information in recent years. However, in general, it can be concluded that the general situation in the years following 2019 remained relatively like previous years.

4.9. Foreign Aid and Trade

Foreign trade in Afghanistan was effectively reestablished after 2003 through the signing of trade agreements, the country's participation in global trade organizations and agreements, and the adoption of a free trade market system. Despite these efforts, Afghanistan has consistently faced a trade imbalance, with imports significantly outweighing its export items. For instance, in 2002, Afghanistan's exports amounted to

$100 million, while its imports reached $2.45 billion. This trend persisted until 2012, and thereafter, the decline in imports was attributed to the weakened purchasing power resulting from reduced foreign aid.

Over the past two decades, written trade plans were formulated and implemented by the Ministry of Industry and Trade to address Afghanistan's trade challenges. The first business plan, covering the period from 2011 to 2015, aimed to increase exports and decrease imports, fostering competition with regional and global countries. Although this program had some effectiveness, it failed to achieve the necessary and desired balance in the export-import ratio. The second business plan, developed during President Mohammad Ashraf Ghani's tenure in 2014, was part of the five-year development and growth plan (2016-2020). Its primary objectives were economic growth, reduced dependence on foreign sources, increased trade, and a decreased budget deficit. The plan focused on enhancing government revenue, raising per capita income, attracting domestic and foreign investors, supporting the private sector, and alleviating poverty. However, financial constraints and political obstacles prevented its full implementation, leaving it incomplete.

Despite the existence of trade programs, Afghanistan has been unable to achieve the necessary balance in its foreign trade over the past two decades, a trend that continues to persist. The National Bureau of Statistics and Information, under the administration of the Taliban group, reported on August 10, 2022, in the publication schedule of the 2021 statistical yearbook, that in 2020, total imports in the country amounted to $6,538 million, while total exports were valued at $777 million. According to the same department, in 2021, total imports amounted to $5,308 million, while total exports were valued at $850 million.

4.10. Economic Indicators and Foreign Aid

The arrival of aid to Afghanistan in 2001 brought about a substantial rise in the country's economic growth indicators. In 2002, Afghanistan's gross domestic product (GDP) stood at approximately five billion dollars, but by 2018, it had surpassed 20 billion dollars. In 2019, considering the income generated from opium as well, the GDP amounted to 20.10 billion dollars (National Bureau of Statistics and Information, Fiscal year calendar: 2010).

The volatility of Afghanistan's economic indicators highlights the strong influence of foreign aid on the country's economic situation. During the first decade of foreign countries and forces' presence in Afghanistan, which marked the peak of foreign aid, the Afghan economy witnessed an average growth rate of 9 percent, a trend that continued until 2013. However, with the initiation of military forces' withdrawal by donor countries in early 2014 and its resulting consequences, notably the reduction in foreign aid, Afghanistan's economic growth began to decline. For instance, while the economy experienced a growth rate of 2.9% in 2009, this figure dropped to 2.27% in 2014, 2.66% in 2017, and 2.4% in 2018. Undoubtedly, this significant decline was a consequence of the reduced foreign aid following the withdrawal of donor countries' military forces after 2014. Per capita income, a direct reflection of economic development and growth, also demonstrated a similar pattern after this event, as depicted in the table below.

4.11. Growth Indicators of Afghanistan

Table 7. Growth Indicators of Afghanistan

Afghanistan	**2002**	**2014**	**2017**	**2018**	**2019**
GDP (with a fixed price) (billion dollars)	4.3	20.6	20.8	20.9	20.10
Economic Growth	28.6	2.7	2.6	2.4	2.9
The per capita income	184	625	550	548	550

Source: World Bank

Nevertheless, the year 2020 witnessed the combination of the trend with the far-reaching impacts of the Corona virus outbreak, resulting in a severe decline in economic growth, which fell below the one percent mark. Over the past twenty years, the volatile

social and security situations in Afghanistan have further contributed to economic instability. Moreover, a significant portion of foreign assistance has been allocated to address security concerns, estimated at 51% of the total aid. Consequently, only 49% of the overall funds designated for Afghanistan have been utilized for sectors encompassing political, social, economic, cultural, and rural development.

As per the official reports presented by the Afghan government, approximately 55 billion dollars account for non-security expenditures. Out of this amount, around 33 billion dollars have been accounted for in the official records, while over 20 billion dollars remain uncertain and lack clear documentation. The reported figures include expenditures in various sectors such as good governance, healthcare, education, rural development, social security, and infrastructure, where the 33 billion dollars were allocated (Ministry of Finance of Afghanistan, 2012: 12-15 and 2010: 32 and 33).

4.12. Foreign Aid and Social Indicators

Social indicators must be considered for sustainable economic development to be achieved. This implies that when addressing economic growth and progress, it is crucial to acknowledge social indicators and human development. The notion of social development, under the framework of institutionalizing development ethics, particularly the "ethics of social development," plays a pivotal role in attaining "social solidarity" and "social justice." This, in turn, leads to an improvement in the "quality of life" and an increase in the coefficient of "social security," which is seen as a primary requirement for economic development (Azad et al., 2012). Hence, it is imperative to examine the social development and its corresponding indicators alongside the economic progress of Afghanistan over the past two decades. These indicators have been assessed under the following categories.

4.13. Education

Education plays a pivotal role as a fundamental component and significant indicator in a country's economic and social development. Afghanistan, like other sectors, has witnessed numerous challenges and fluctuations in this domain. Since its establishment in

1903-04, the modern education system in Afghanistan has exhibited two distinct characteristics: reliance on international support in terms of finances, technical expertise, and human resources, and a continual state of crisis. These persistent political disruptions and external factors have contributed significantly to the transformation of the educational system into a testing ground for the prevailing political dynamics of the respective periods.

Nearly a century has elapsed since the establishment of the first modern school in Afghanistan with assistance from foreign nations. Throughout this period, the Afghan education system endured its most challenging times following the 1978 coup. The gravest setback occurred when the fundamentalist Taliban regime seized power in the 1990s, resulting in the suppression of girls' education and a significant transformation of the education system in Afghanistan. However, this situation began to improve with the establishment of a new system aided by foreign countries in 2001, leading to substantial growth over the past two decades.

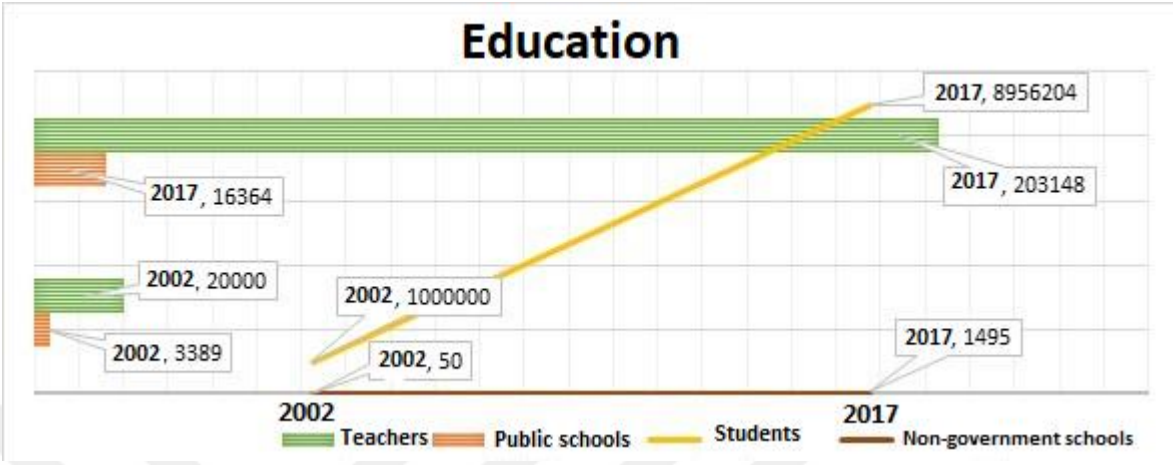
During the Taliban regime and its final years, the education system operated with limited resources. Approximately one million students and nearly 20,000 teachers were engaged in education across 3,389 schools, excluding women from participation. Nonetheless, after the fall of the regime, the educational system made significant advancements. Over the last two decades, more than 16,000 public schools were active, employing 203,000 teachers and accommodating approximately ten million students. About 38% of students and 31% of teachers were part of Afghanistan's educational system, with an estimated average student-to-teacher ratio.

During the periods characterized by the existence of an open and free environment for educational activities, the private sector played a notable role in the field of education and made substantial contributions. Available data indicates that prior to the downfall of the previous regime and the resurgence of the Taliban, there were approximately 1,500 non-governmental schools catering to over 427,000 students. Alongside the significant increase in quantitative figures, although there was not a substantial change in educational quality, there were significant transformations in the educational environment and materials compared to the past. Millions of books were reprinted, and their content and materials were updated to some extent.

According to the 2017 report from the Human Rights Commission of Afghanistan, 88% of students had access to relatively standard schools and classrooms, while the

remaining students had to rely on private houses, mosques, tents, or open spaces for their education (Afghanistan Independent Human Rights Commission, 2017: 25).

Figure 12. Education



Source: Afghanistan Independent Human Rights Commission, 2017 & World Bank

Despite the efforts and investments made to enhance the educational landscape and improve literacy rates in Afghanistan, the persistent insecurities stemming from the armed opposition against the previous government posed the primary challenge to educational activities. This resulted in the closure of thousands of schools throughout the country, particularly in the southern provinces, thereby depriving millions of students of access to education.

Regrettably, in the final year of these two decades, Afghanistan's education system once again found itself in a situation where the progress achieved over the past twenty years was jeopardized. The policymaking process witnessed a regression, bringing the education system back to square one. Afghanistan in 2022 is experiencing a replication of the experiences endured in 1992, 1996, and 2002. Presently, efforts are being made by women, civil organizations, and the international community to ensure that girls have access to secondary and higher education, treating it as a fundamental human right rather than a privilege. In this context, the discussion regarding the quality and continuity of the educational policies implemented over the past two decades is not even being raised.

4.14. The Impact of Development Aid in Afghanistan

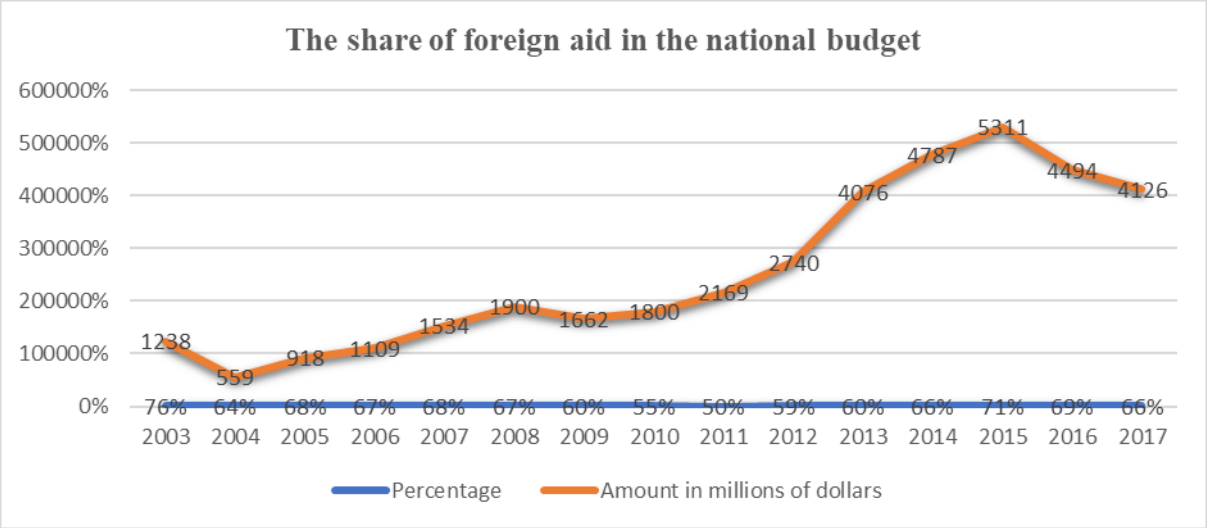
The evaluation of social and economic indicators highlights the undeniable fact that all efforts made in developing countries have an inevitable impact on achieving development. This is due to the interconnectedness and interdependence of various societal components, which necessitates the preservation and advancement of each for the overall well-being of society. It is essential to recognize that contributions in security-related areas cannot be disregarded when considering their influence on development. Any assistance aimed at improving security, governance, agriculture, rural development, education, healthcare, human rights protection, gender equality, and more, is considered part of development assistance. However, the separation of economic factors in discussions about development is done solely for the purpose of categorizing and conceptually expressing the elements of development more effectively. Each of these major elements is evaluated within its respective category, allowing for a comprehensive examination of the various facets of development.

4.15. Foreign Aid and the Growth of Economic Indicators

In terms of the economic aspect, foreign aid provided during the past two decades bolstered the foundations of governance authority and contributed to the relatively growth of the economy. This was reflected in increased tax revenues and diversification of export goods. However, until the final days of the government backed by foreign nations, the development budget relied entirely on foreign aid, accounting for approximately 100% of the total, with around 60% of the development budget being foreign aid dependent as well. A significant portion of the regular budget was allocated to government employee salaries, leaving a minimal share for infrastructure and reconstruction projects that are crucial for development (Totakhail, 2011).

4.16. The Share of Foreign Aid in the National Budget of Afghanistan

Figure 13. The Share of Foreign Aid in the National Budget of Afghanistan



Source: (Ministry of Finance of Afghanistan, 2012: 21, National Budget of Afghanistan, 2012 to 2017: 24, 28, 39, 73, 64, 57)

Although there is no specific data available for the last five years of the previous government, the provided chart indicates that the government's reliance on the budget sector averaged around 64% over the past fifteen years. However, there has been an increase in the share of government revenue, rising from 24% (amounting to $382 million) to 34% (equivalent to $167.2 billion).

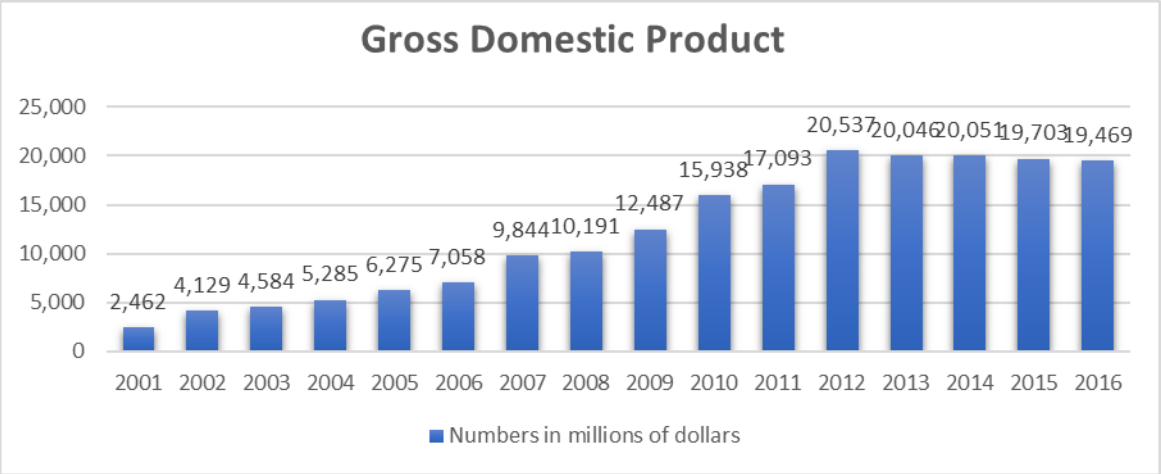
This situation implies that Afghanistan's dependency on foreign aid has not diminished rapidly or substantially, and it is unlikely to decrease significantly in the near future. Even if Afghanistan desires financial independence, it will primarily be achieved through the regular budget, while the development budget will continue to be influenced by foreign aid.

4.17. Gross Domestic Product

As previously mentioned, the GDP of a nation reflects the overall performance of companies, individuals, and other income-generating entities within the country. Over a span of ten years, various regions in Afghanistan have experienced growth in GDP, according to estimates provided by the Ministry of Finance. However, these figures

indicate a degree of instability in the growth, which is likely to face a notable decline once aid is discontinued. The accompanying graph illustrates an example of this growth pattern.

Figure 14. Gross Domestic Product of Afghanistan



Source of numbers: (World Bank, 2017)

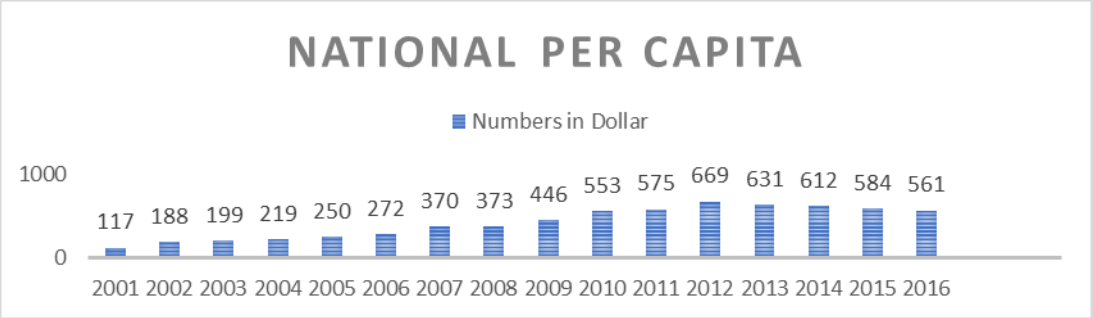
Based on the data at hand, over a period of fifteen years, Afghanistan's GDP exhibited the highest growth in the service production sector, with a rate of 52.66%, followed by agriculture with 25.06% growth. In contrast, the mining sector experienced the lowest growth rate at 0.65%, which indicates relatively limited progress in the foundational sectors (World Bank, 2016: 3-39). According to the provided data, the implementation of various agricultural initiatives has played a significant role in elevating the GDP within the agriculture sector. These initiatives include training farmers in modern farming methods, utilizing advanced agricultural tools and machinery, adopting high-quality seeds, and introducing new crops such as saffron and soy. These efforts have contributed significantly to the overall increase in agricultural GDP.

4.18. Per Capita National Income

Per capita income at the national level is obtained by dividing the GDP by the population of a country over a one-year period. An increase in this division signifies economic growth. According to the available statistics, there has been a growth of approximately five percent in per capita income. However, it is important to note that this statistic may not always reflect the complete truth and can be misleading. This is because a significant portion of the distributed revenues may originate from self-sustaining sources

rather than a genuine increase in national income. Additionally, in certain cases, foreign aid may have contributed to the growth of per capita income, but it may have resulted from direct and temporary injections of funds into specific individual incomes, lacking long-term continuity and stability (Kamal, 2014).

Figure 15. National Per Capita

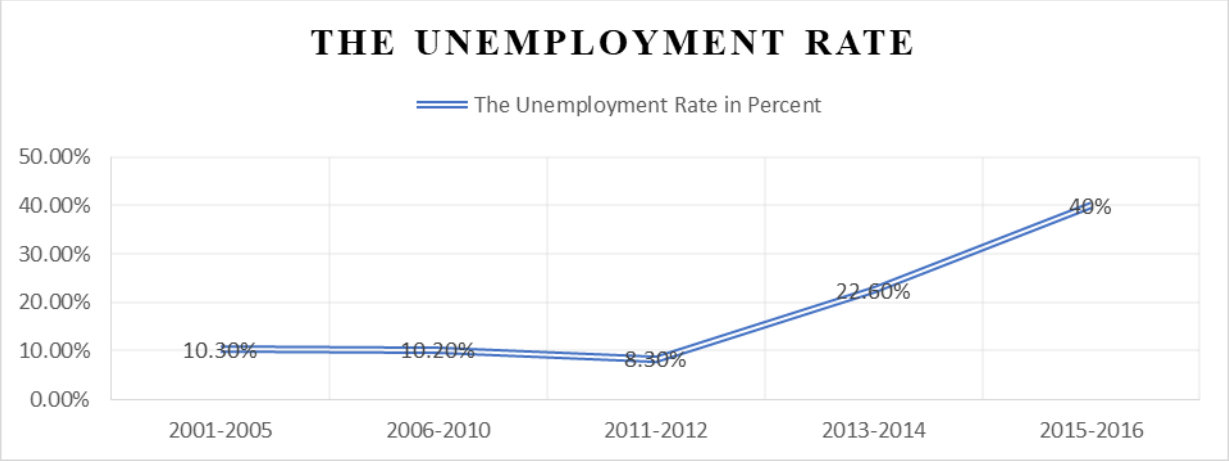


Source: Ministry of Finance of Afghanistan, 2017 & National Budget of Afghanistan 2017

4.19. Work and Employment

According to the report by the UNDP, Afghanistan's development is deemed unstable, and it suggests that envisioning a specific trajectory for the country's development is challenging. The report highlights insecurity as a primary factor contributing to the decline in employment opportunities. Additionally, it identifies the lack of foreign aid as a key reason for the reduction in people's purchasing power and the widespread issue of unemployment (UNDP, 2020). The field research conducted by the non-governmental organization Asia Foundation in 2015 similarly identified insecurity, unemployment, and administrative corruption as the primary concerns expressed by the people (The Asia Foundation, 2015: 20-23).

Figure 16. The Unemployment Rate



Source of numbers: UNDP 2015, & UNDP, 2017)

The formal definition of work and employment entails individuals aged sixteen and above engaging in at least eight hours of paid work either at their employer's location or through self-employment within a week (Ministry of Economic, 2015: 32). According to the same definition, from 2013 to 2014, only one in four individuals actively participated in the labor market, and this situation worsened in subsequent years. During those years, the number of unemployed individuals reached nearly ten million. However, as the previous government approached its downfall, particularly in the months leading up to August 2021 and afterward, this figure significantly increased to 18 million, with a notable portion being young people under the age of 25. The situation was reported to be even more critical in rural areas and among women, with the rural unemployment rate escalating from 6.8% in 2011 to 37.7% in 2014 and surpassing 60% in the subsequent years. Additionally, the unemployment rate among women in urban areas was more than twice that of men (World Bank and Ministry of Economic, 2017 and 2020). Furthermore, based on statistics from the World Bank, the population of Afghanistan has been experiencing an average growth rate of around 3%, resulting in approximately 400,000 individuals entering the labor market each year.

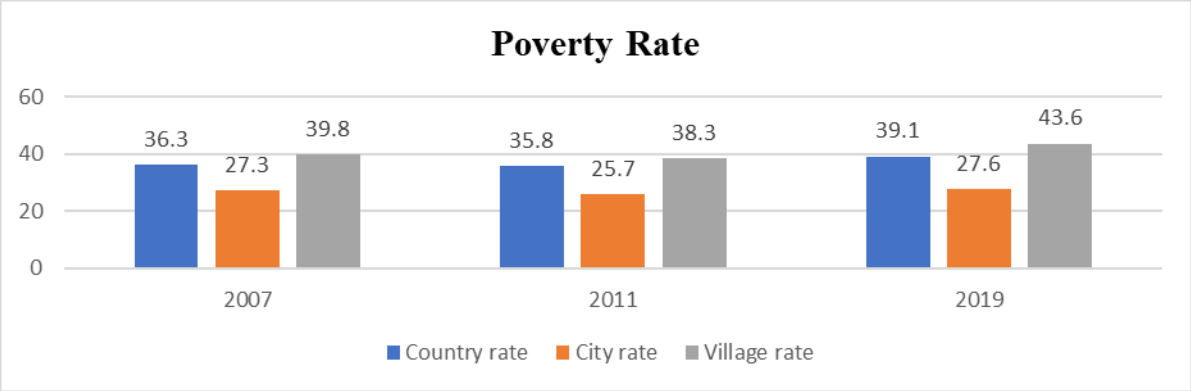
The significant decline in job opportunities and the rising unemployment rate in the country started following the Chicago conference in 2012, which led to the decision to withdraw NATO member countries' troops. This decision shifted the focus of financial assistance towards the security and military sectors, consequently reducing opportunities for work and employment in other sectors. The American Financial Inspection Agency had also predicted this outcome in their analysis of Afghanistan (SIGAR, 2015: 162). This

impact was substantial as approximately 76 percent of the population in Afghanistan relied on freelance work and were dependent on construction projects that received direct funding from foreign aid or indirectly through income sources of employees associated with affiliated institutions.

4.20. Poverty

An examination of the available statistics on Afghanistan's economic situation indicates that in the years leading up to the downfall of the previous government, the country's economic growth rate was reported to be positive, and there was an increase in national per capita income. However, despite these positive indicators, the poverty line remains high, and a significant number of people continue to live below this threshold.

Figure 17. Poverty Rate

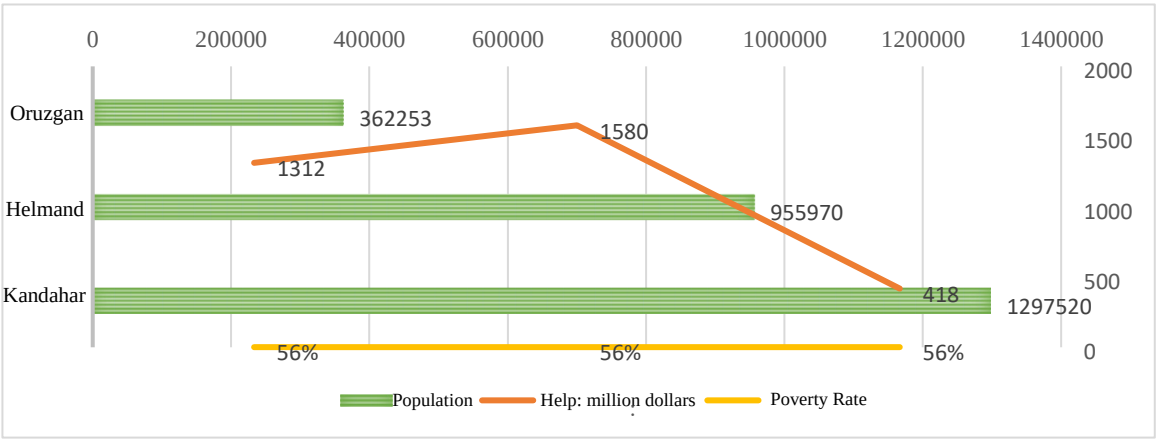


Source of numbers: (World Bank, 2017 & Asian Development Bank, 2018)

Based on the provided data, there was a partial improvement in the poverty situation in Afghanistan during the years when foreign aid was being received, with the most favorable conditions observed between 2010 and 2012. However, poverty has been steadily increasing in the years before and after this period. From 2007 to 2014, millions of people were added to the poverty line, with an estimated increase of at least three million individuals, resulting in a total of thirteen million people living in poverty. During the previous government, administrative corruption, unemployment, and insecurity were identified as the main factors contributing to this situation. However, prior to the government's fall, the number of people affected by poverty had reached twenty million.

The data suggests that foreign aid has not effectively addressed the issue of poverty and, in many instances, has exacerbated socioeconomic disparities. According to the report released by the Ministry of Economy under the previous government, 40% of the population did not experience any tangible improvement in their living expenses as a result of foreign aid. However, among the poorest 20% of individuals, there was a modest increase of 9% in per capita income (Ministry of Economy, 2015: 17). In many instances, the influx of aid has paradoxically contributed to an increase in the poverty rate, and Afghanistan's poverty levels have been higher compared to other countries despite the amount of aid received. A striking example is the provinces of Kandahar and Helmand, where the poverty rate stands at 56%, surpassing other provinces by 15%. Interestingly, these two provinces, with a combined population of approximately 5 million, have received significant amounts of foreign aid, second only to Kabul. The southwestern region of the country, comprising Helmand, Kandahar, and Uruzgan, faces the highest levels of poverty, insecurity, drug production, and other negative factors. These factors are interconnected and mutually reinforce each other, exacerbating the situation. Additionally, the region has also been affected by drought, which further compounds the challenges faced by its residents.

Figure 18. The poorest provinces of the country



Source of numbers: (Ministry of Finance, 2010-2012: 47-112, World Bank & Ministry of Economic, 2017: 14)

It is worth noting that while compiling the presented statistics, limited access to many insecure areas may have prevented a comprehensive assessment, leaving room for the possibility of an even worse situation. Nevertheless, it is important to acknowledge that

these statistics have been sourced from reputable institutions such as the Afghanistan Statistics Center, World Bank, and other similar organizations, lending credibility to their validity and reliability.

4.21. Population Changes

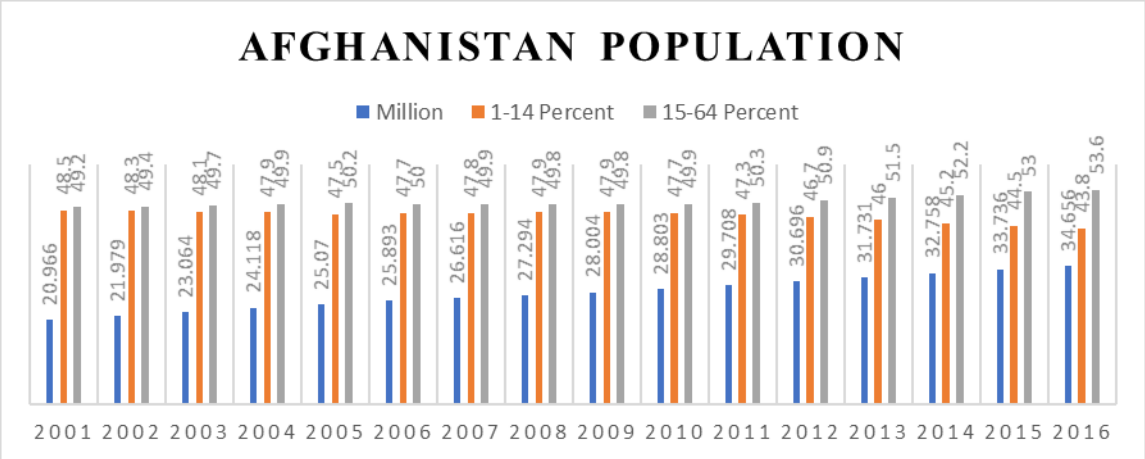
Regrettably, accurate and current statistics pertaining to demographic changes and the population of Afghanistan are lacking. This deficiency can be attributed to the absence of reliable censuses and comprehensive statistical data over the past four decades. Despite the national development strategy's intention to address this issue by 2010, numerous obstacles such as mismanagement, unstable security and political conditions, budgetary constraints, and more have hindered Afghanistan from conducting a thorough and up-to-date census. As a result, Afghanistan finds itself among the countries that lack a precise and contemporary census in their statistical records[1].

The challenges have been presented as reasons for the delay in conducting a census. However, the underlying issue extends beyond mere obstacles and largely stems from historical beliefs rooted in ethnic supremacy. It revolves around political concessions sought under the guise of minority and majority representation. Many ethnic leaders, who have assumed political leadership roles on behalf of their tribes, have been key decision-making actors in this context. They were reluctant to carry out a population census as it could potentially disrupt the prevailing mindset and alter perceptions of majority and minority groups. Conducting an accurate census would diminish the likelihood of making further claims based on majority or minority status and depict Afghanistan as a land of relatively equal population distribution among its diverse ethnic groups. Consequently, during the later years of the previous government, the marginalization of the population census issue and debates surrounding the inclusion of ethnic titles in relevant documents became contentious topics within the discourse of governance and legislation. These discussions were part of the ongoing power struggles and conflicts. Official statistics announced by governmental institutions were also based on a series of unreliable

[1] As per the report from the United Nations, out of all the countries, only eight nations, namely Lebanon, Myanmar (Burma), Togo, Djibouti, Afghanistan, Angola, Democratic Republic of the Congo, and Eritrea, have not carried out a census since 1985 (quoted from SIGAR, 01.30.2010: www.sigar.mil).

estimates. Consequently, there is a significant discrepancy between the population figures reported by the Afghanistan Central Bureau of Statistics in 2017 and those provided by the World Bank. The most recent data released by the World Bank indicates a population of over 34.6 million people in Afghanistan, representing a growth of approximately 3 percent (around 14 million individuals) over the course of two decades, including those who have returned to the country after periods of migration.

Figure 19. Afghanistan Population



Source of numbers: (World Bank, 2017)

Afghanistan is a young country, with approximately half of its population consisting of individuals under the age of 14. Over the past two decades, this proportion has decreased from 48.5% to 43.8%, but Afghanistan remains a country with a significant youth population. The sociological indicators demonstrate that population growth and composition have improved during this period, leading to increased life expectancy and reduced mortality rates. While this may seem positive in the short term, it presents challenges for a country that lacks a stable development perspective and struggles to sustain its development and stability programs. The situation can potentially lead to increased poverty and rising unemployment among the country's young workforce. While foreign aid has played a role in providing essential public services and preventing deaths, there has been a lack of comprehensive and effective planning to utilize this aid in creating sustainable job opportunities and addressing the issues of poverty, unemployment, and other negative consequences associated with population growth.

4.22. Agriculture and the Issue of Opium

According to the official statistics released by the Central Statistics and Information Department of Afghanistan, over 70% of the country's population resides in rural areas (Central Statistics and Information Department of Afghanistan, 2017: 2). Based on the location and lifestyle of a significant portion of Afghanistan's population, agriculture serves as their primary occupation. However, the presence of drought and the absence of appropriate infrastructure for advanced agricultural practices have resulted in extensive poverty among rural communities. As a result, the available data highlights that the highest levels of poverty are concentrated in southern provinces like Helmand and Kandahar. Unfortunately, this situation has given rise to additional adverse outcomes, including the cultivation of poppy plants and the production of drugs, with Helmand and Kandahar being the most prominent contributors to these issues (UNODC, 2017: 61). The statistics presented in the survey conducted by the United Nations Office for Combating Crimes and Narcotics reveal that economic poverty is identified as the primary factor and motivation behind farmers engaging in drug cultivation (UNODC, 2015: 43).

Regrettably, the cultivation of drugs, particularly poppy, has consistently been intertwined with agriculture, representing a critical issue in Afghanistan. The analysis of this problem involves multiple dimensions, with various factors influencing the planting, harvesting, and widespread distribution of this dangerous crop. Exploiting the agricultural potential in the southern provinces has transformed drug cultivation into a lucrative and thriving business, primarily benefiting international entrepreneurs. Consequently, this profitable yet deadly crop continues to be a prominent feature of Afghanistan's agricultural landscape, with the country ranking among the leading producers of opium.

The available data from the years of conflict and beyond reveals significant trends in poppy cultivation in Afghanistan. Under the Taliban regime's seven-year rule, approximately 70,000 hectares of land were dedicated to poppy cultivation annually. In 2008, the country witnessed its highest opium production, reaching 4,565 tons, with an average farm-gate price of $75 per kilogram. During the Republican period, spanning approximately two decades, an average of 152,000 hectares were cultivated, yielding nearly 5,000 tons of opium. However, these statistics do not include the year 2001, where the data was incomplete. Notably, 2016 was a particularly profitable year for the opium trade, with a harvest of 9,000 tons valued at an average price of $188 per kilogram. By

making a rough calculation, the total value of opium produced in Afghanistan over the course of nearly two decades exceeds $1.5 billion. The United Nations Office for Combating Crimes and Narcotics has indicated that this amount represents only 4% of the actual value of opium, with the remainder being funneled into the accounts of international criminal networks. It is worth mentioning that a significant portion of the United States' aid budget was allocated to combating drugs during the presence of foreign forces in Afghanistan. According to the report from the SIGAR, the United States alone spent nearly $10 billion in the fight against narcotics over the past two decades. An additional $50 million was allocated from the anti-narcotics fund for this purpose, of which only $3 billion was utilized for the establishment and training of anti-narcotics police units. Foreign countries, including the United States and England, pursued various strategies and policies to combat the drug problem, with the initial approach involving the aerial spraying of poppy fields, which consumed $700 million. However, due to opposition from local farmers, this policy was discontinued. Subsequently, the governors of Helmand and Kandahar intervened by offering incentive funds to farmers as an alternative strategy (SIGAR, Oct 2014: 4-9 & SIGAR, July 2017: 65-77 & SIGAR, Special Report, Oct 2014: 2).

As a result of these efforts, the expenses designated for anti-narcotics purposes were channeled into the accounts of the Afghan people under the guise of aid. However, rather than curbing drug cultivation and trade in Afghanistan, the impact has been quite the opposite. Over the years, there has been an average increase of 50% in drug production rates and a staggering 100% rise in poppy cultivation compared to the previous Taliban government. Astonishingly, around 65% of the total drug prices have been spent on eradication efforts. This cyclic pattern of planting, harvesting, and trading drugs in Afghanistan persists, often serving as a source of financing for armed groups both within the country and throughout the region. This phenomenon has given rise to the term "Narco-terrorism" within political and military discourse. Furthermore, research conducted by the Asia Foundation in 2015 has revealed that drug cultivation and trade have exacerbated corruption and weakened the political system in Afghanistan.

4.23. Social Development Indicators

The precarious economic situation and fragile security conditions in Afghanistan have contributed to an unstable social environment. Consequently, a significant portion of foreign aid resources (more than fifty percent) has been predominantly allocated to the security sector. Within this allocation, approximately 49% of the aid funds are directed towards social, political, economic, cultural, and rural development initiatives. The total value of this aid amounts to around $55 billion, with $33 billion being accounted for in official reports, while the remaining funds lack documented records. In terms of social development, the registered aid encompasses various projects aimed at enhancing governance, healthcare, education, rural development, social security, and infrastructure, among other areas (Ministry of Finance, 2012: 12-15 & Ministry of Finance, 2010: 32-33). These initiatives serve as vital indicators of social progress and are outlined as important components in this section.

4.23.1. Education

Education plays a crucial role in social development and is an undeniable factor in its progress. Over the course of more than a century, Afghanistan has experienced numerous challenges and advancements in establishing a modern education system. While there have been some improvements in creating structured educational institutions and achieving quantitative growth, the overall quality of education has varied. There have been periods of darkness, even leading to the complete halt of education in Afghanistan, preventing it from keeping pace with other countries. The Taliban's previous regime represents one such dark period, during which Afghan women were denied access to education. However, the downfall of the Taliban and the establishment of a new system, supported by foreign financial aid, provided an opportunity for education to thrive and witness substantial growth. Nonetheless, the education system fell short in terms of qualitative development, failing to meet the demands of the present time.

Over the past twenty years, there has been a significant increase in student enrollment. The number of students has grown from approximately one million to ten million, with women comprising 38% of this student population. Additionally, women represented 31% of the teaching staff, highlighting their important role in education. Throughout this period, the average student-to-teacher ratio was 46 students per teacher, indicating the demand for educators. The private sector also played a part in providing

educational opportunities by establishing around 1,500 schools (Independent Human Rights Commissioner, 2020: 25).

However, the security situation has had a detrimental effect on education, resulting in the closure of numerous schools in provinces that have been heavily affected by war and violence over the past two decades. These provinces were the primary battlegrounds for armed opposition against the former government. For instance, provinces like Kandahar, which account for approximately 61% of the population, have only 31% of the student population. To combat illiteracy, the Afghan government implemented a strategic plan to increase literacy rates, with the Ministry of Education's literacy project being supported by the UNESCO. The goal was to raise the number of literate individuals in Afghanistan by 60% by the year 2021. The program aimed to provide literacy education to approximately 500,000 people within a year (Afghanistan Independent Human Rights Commission, 2016: 16).

Despite the increase in the number of students in the field of education, the overall quality of education has not seen satisfactory growth over the past two decades. However, significant strides have been made in higher education, both in terms of quantity and quality. There has been an expansion of higher education institutions, accommodating many students, and progress has been made on various fronts. However, the statistics indicate only a modest growth in higher education, primarily driven by the increase in educational institutions and students supported by foreign aid in recent years.

According to the latest statistics, prior to the downfall of the previous government, the Ministry of Higher Education oversaw approximately 36 universities with 234 colleges, serving about 200,000 students and employing nearly 5,500 professors. Women accounted for 22% of the student population in this sector and 14% among the professors. The private sector also played a role, providing education to at least 130,000 students across 135 educational institutions. Furthermore, more than 20,000 students pursued their studies in foreign countries. In contrast, before 2001, only 22,000 students were enrolled in 19 public universities, with the number of colleges at 92, and there were no women or private sector involvement (Ministry of Higher Education, 2020: 2-5).

The increase in the number of applicants and the relatively improved quality of higher education can be attributed to the strong support and participation from the public and private sectors. In 2002, there were only 15,000 applicants for university enrollment.

However, by 2017, this number had significantly risen to 187,000. This growth is indicative of the growing interest and demand for higher education among the population (DW, 2011 & BBC, 2017).

4.23.2. Security

Security is a fundamental requirement for the provision of social services, and it is the responsibility of governments to ensure it. It serves as the foundation for sustainable development and economic growth. However, security in this context encompasses more than physical safety. It also includes psychological well-being and the availability of opportunities to provide comprehensive facilities. Unfortunately, true security has been scarce in the ongoing war in Afghanistan, resulting in heavy losses for the Afghan people and an overall failure to achieve lasting security. The lack of comprehensive statistical resources regarding security issues, like many other areas, has hindered the assessment of the financial and human costs associated with years of foreign aid and assistance in Afghanistan. The available statistics, provided by sources such as the United Nations and other international institutions, primarily focus on civilian casualties since 2009. According to the Watson Institute of Brown University, there have been 89,000 recorded civilian victims between 2001 and 2017. Among them, 36,000 were fatalities, and 52,000 suffered injuries (UNAMA, 2017: 9-12 & UNAMA, 2016: 16-20 & UNAMA, 2015: 17-21). The armed opposition against the former government was responsible for over 57% of the casualties, while the remaining percentage can be attributed to indiscriminate attacks by the military and foreign forces. In recent years, the presence of ruthless groups like ISIL has further escalated civilian casualties to an unprecedented level (Afghanistan Independent Human Rights Commission, 2020: 15).

The devastating consequences of the war were not limited to civilian casualties alone, as even the parties involved in the conflict were not spared from becoming victims of this monstrous war. The following table illustrates the human casualties, both in terms of overall figures and their segmented categories.

Table 8. Stats of casualties on the battlefield 2001-2016

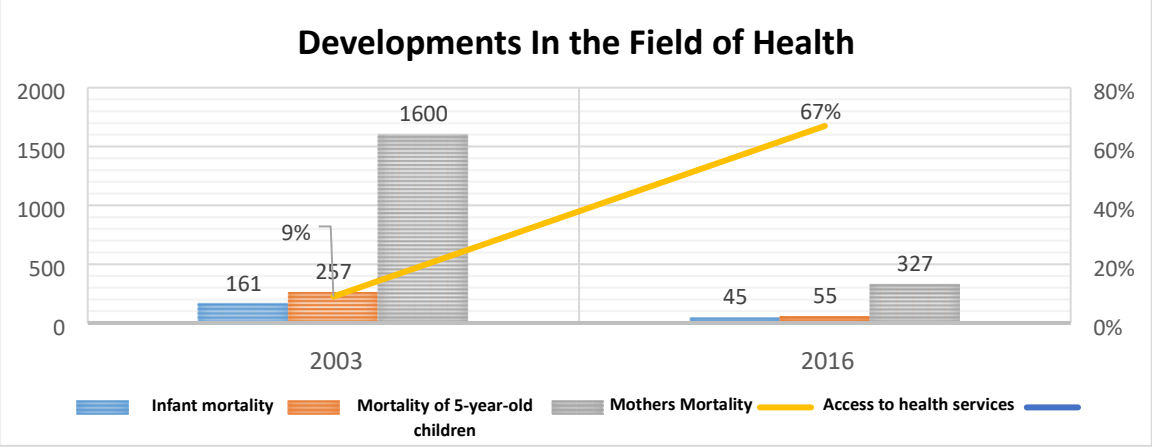
Rows	Afghan soldiers	American forces	NATO forces[2]	American contractors	Contractor	NGO employees	Journalists	Government Oppositions
Killed	30470	2371	1136	1650	1890	382	24	42100
Wounded	17000	20179	3800	15348	-	299	-	19000

Source: Crawford, 2016

4.23.3. Health and Wellness

Access to healthcare services and medical centers is a crucial aspect of social development that has received significant emphasis and attention from international organizations. The absence of access to these essential indicators in third-world countries has resulted in numerous fatalities and has posed a significant obstacle to development. Conversely, developed societies have established adequate healthcare facilities, which have played a pivotal role in promoting sustainable development in those nations.

Figure 20. Development in the Field of Health



Source: Central Statistics Office, 2017 & Ministry of Health, 2012

The provided diagram exemplifies the presence of health services during the years of foreign countries' involvement and aid in Afghanistan. The graph illustrates that 67% of the Afghan population now has access to basic healthcare and medical services, compared to only 9% prior to the foreign intervention. As of 2016, the statistics indicate the presence of 13,267 hospital beds (spread across 139 government hospitals), 2,147 comprehensive and subsidiary health centers, 8,700 doctors (including 1,723 female doctors), and approximately 200 non-government clinics and hospitals in Afghanistan. This improved access to healthcare services has had a positive impact on various health indicators. The maternal mortality rate has reduced from 1,600 deaths per 100,000 pregnancies to 327. The mortality rate of children under five years of age has decreased from 257 deaths per 1,000 children to 55. Furthermore, the infant mortality rate has significantly declined from 161 deaths per 1,000 live births to 45 cases. The percentage of births supervised by midwives and doctors has increased from 14.3% in 2012 to 56.4% in 2016, while the number of midwives has also risen from 467 to 4,600 (Central Statistics Office, 2017B: 16; Central Statistics Office; 2016B: 32; Ministry of Health, 2012: 3 - 12; Central Statistics Office, 2011: 82-89, Afghanistan Independent Human Rights Commission, 2017: 35-36).

In line with the previous information, there has been a significant decrease in the prevalence of polio among children. Prior to receiving aid, Afghanistan was among the top three countries with the highest number of polio cases. However, thanks to the widespread implementation of polio vaccines, the incidence of polio has been effectively prevented and substantially reduced. According to available statistics, the number of polio cases per year in Afghanistan has dropped to less than 50 in the years leading up to 2020. Additionally, the data shows that 64.7% of the Afghan population has access to safe water, indicating an improvement in water sanitation and accessibility (Central Statistics Office, 2017B: 16). To establish and improve these healthcare facilities, approximately 3.5% of the total foreign aid until 2019 was allocated by fifteen countries and international institutions specifically in the field of health. Among them, the United States played a prominent role with diverse contributions. The US aid has supported the costs of the polio vaccine for 95% of children, financed the construction or reconstruction of 670 health centers, facilitated the training of around 2,000 nurses and midwives, and provided essential and scarce medications (Tamanna, 2008: 180). According to the latest report from the American government, approximately one billion dollars has been allocated to support these initiatives in the healthcare sector (SIGAR, 2017: 186).

4.23.4. Migration

Migration is a complex and multi-dimensional phenomenon that has reciprocal effects on both developed and developing countries. The challenges faced in the third world and the allure of opportunities in developed nations prompt millions of individuals to migrate from one country to another each year. Factors such as war, economic difficulties, poverty, and the pursuit of a better life have contributed to the circumstances in countries like Afghanistan, placing them in the category of countries that experience significant levels of immigration. In recent years, Afghanistan has consistently ranked among the top four countries worldwide with the highest number of emigrants. Alongside countries such as Iraq, Syria, and Colombia, Afghanistan is at the forefront of nations witnessing high levels of emigration (UNHCR, 2019: 66-70). According to available statistics from relevant authorities, including the Ministry of Refugees and Returnees, nearly 10 million Afghan refugees reside across the globe, with a significant concentration in neighboring countries such as Iran and Pakistan (Ministry of Refugees and Repatriation, 2016: 19-22).

With the onset of the revolution in 2001, Afghanistan experienced a significant influx of returning immigrants, marking a new and hopeful wave. During this period, over one and a half million individuals returned to the country from Pakistan, while nearly half a million individuals returned from Iran (UNHCR: 2005). This process of repatriation continued throughout the first fifteen years following 2001, resulting in Afghanistan receiving over one million additional immigrants. The majority of returnees originated from neighboring countries, with around ten thousand individuals returning from Europe, many of whom were compelled to leave.

Following the commencement of the NATO troops' withdrawal from Afghanistan in 2014, the migration of Afghan citizens surged once more. This time, a significant number of individuals sought refuge in neighboring countries such as Iran and Pakistan, while others embarked on journeys to Europe, both through legal and illegal means, driven by challenging living conditions and circumstances in their home country (Afghanistan Independent Human Rights Commission, 2017, 72). Simultaneously, field research conducted during that period reveals that a minimum of 30% of the returning immigrants expressed dissatisfaction with their return. The primary factors contributing to their discontent were insecurity, unemployment, drought, and a lack of a clear understanding of

the political situation in Afghanistan (Independent Human Rights Commission of Afghanistan, 2017: 72). As Western countries provided opportunities and facilities for their local counterparts, the migration wave of middle-class and educated Afghans also expanded. Specifically, through the SIV process of the United States of America, 48,000 Afghans departed for the United States (VOA website, 2016, 2017, 2017B). The collapse of the Kabul government amplified this widespread wave of migration in an unprecedented manner, and the statistics of this phenomenon increased in an unpredictable manner. As of now, the precise number of individuals affected by this wave of migration has not been officially documented in research.

4.23.5. Civil Society

In this research, the term "civil society" encompasses all institutions that are oriented towards serving the people. This includes both non-governmental organizations and political parties, as they are considered important indicators of development. However, over the past two decades in Afghanistan, there has been a common perception that only non-governmental organizations receiving funding from foreign donors, alongside the government, and engaged in implementing public projects, can be referred to as civil society. This definition, however, does not align with the scholarly criteria of the concept of civil society.

Nevertheless, during the period when foreign aid was being provided to Afghanistan, non-governmental organizations experienced unprecedented growth and allocated significant financial resources. Unfortunately, due to the weak monitoring system, accurate statistics from the early years of the revolution (2001) are not available. Nonetheless, recent published data indicates that there are at least 2,100 registered non-governmental organizations operating in Afghanistan, covering various fields of work. Among these, 268 are foreign institutions, while the rest are domestic organizations.

However, the development activities carried out by these institutions extend beyond infrastructure and security issues. They encompass vital services such as healthcare, education, agriculture, and social welfare. These activities involve training nurses and midwives, administering vaccinations to children, promoting literacy, implementing modern irrigation systems, fostering beekeeping and poultry farming, distributing improved seeds, providing protection and education for homeless and street children, offering family counseling, supporting women and the disabled, ensuring access to clean

water, and facilitating capacity building and professional training (Ministry of Economic, 2016: 17-26). To finance these activities, over 70% of the financial resources of these institutions come from external sources outside the official government budget. Donor countries directly fund these initiatives, bypassing government intervention.

Another notable aspect is the significant disparity in the amount of aid allocated to foreign institutions compared to domestic ones. Although foreign institutions accounted for only around 12% of all existing institutions, they received a higher proportion of projects and financial resources. Specifically, foreign institutions were assigned 44% of the projects and received 68% of the budget in terms of funding. Furthermore, due to insecurity in the provinces, the majority of development projects were implemented through institutions based in Kabul, which hindered balanced development and equitable distribution of the budget among the entire population of the country. Statistics released by the Ministry of Economy of Afghanistan regarding the allocation of these projects over a two-year period reveal that 32% of the total budget, amounting to 529 million dollars, was distributed in Kabul alone. Assessing the fairness of this budget distribution in relation to the population, it becomes apparent that the amount spent per person in Kabul equates to 65 dollars per year, with only 10 million dollars allocated to education. In contrast, Paktika province received a mere 6 dollars per person, and Zabul province received 8.5 dollars per person. These figures highlight the unequal distribution of resources and the concentration of funds in Kabul, raising concerns about the fairness and effectiveness of development projects across the country (Ministry of Economic, 2016: 17-33).

However, a portion of civil society comprised of NGOs has deviated from its intended role as intermediaries between the government and the people, and instead, become reliant and reactive entities that depend on foreign presence and continuous financial support. Their existence has been tied to the inflow of foreign aid, and their viability has come into question as soon as the funding from foreign sources is reduced or discontinued, as has been witnessed.

Another significant component of civil society is represented by political parties, which have not played a prominent role in Afghanistan's development landscape. Official statistics from the Ministry of Justice of Afghanistan indicate that over 68 political parties have been officially registered. However, many of these parties have emerged based on ideological or traditional affiliations, such as ethnic or tribal identities. Although these

parties often adopt titles associated with concepts like Islam, the people, Afghanistan, nation, or country, their practical actions have often diverged from these principles and ideals. In political activities, political parties have frequently been marginalized and suppressed by the executive branch, preventing them from actively participating in the development process (Balkhi, 2013: 112).

Another significant component of civil society is represented by the media, which has experienced significant growth in terms of quantity over the past two decades in Afghanistan. However, the qualitative development of media functions has not met the expectations and needs of Afghan society. Nevertheless, the media has undeniably wielded influence over public opinion and various prevalent phenomena. According to official registration records, Afghanistan boasts a minimum of 200 radio stations, 72 television stations, and 25 newspapers, alongside other print media outlets that publish on a monthly, weekly, quarterly, or annual basis.

With the exception of a few government-operated networks, the majority of media outlets were privately owned. Considerable investments were made to strengthen these media platforms, aiming to expand freedom of expression and consolidate democratic values. The United States of America, through the AMDEP facilitated by the USAID, allocated a substantial portion of its aid for this purpose. The reports from the SIGAR indicate that $54 million was spent in 2010 and $32 million in 2013 towards these efforts (SIGAR, Oct 2013: 130 & SIGAR, Oct 2010: 103). This funding represents only a fraction of the total aid provided. Over the initial decade of foreign presence in Afghanistan, the United States of America established 56 radio networks and provided training for over ten thousand specialists to effectively utilize these media platforms. Additionally, substantial investments were made by the USA to equip and enhance journalism faculties, offering numerous research opportunities for professors in this field. Moreover, more than $10 million was allocated for radio system development, including the distribution of 40,000 solar-powered radio devices in villages and other related initiatives (Tamanna, 2008: 175-177). The United States of America and its allies also invested in establishing and operating radio networks in the border regions of Afghanistan and Pakistan as part of their efforts to counter the Taliban's radio activities. Considerable funding was allocated to support these initiatives. However, as foreign presence in Afghanistan diminished and their gradual withdrawal commenced, these activities experienced a significant decline. The

institutions associated with these endeavors, heavily reliant on ongoing aid, may have encountered challenges such as stagnation and potential deterioration.

4.29. Findings

Despite the broad scope of civil institutions and their diverse nature, foreign aid focused less on sectors that had a traditional presence in Afghan society. While attempts were made to involve local councils in projects implemented by non-governmental organizations and ensure their active participation and continuation, these efforts had limited success.

Given the extensive explanation and analysis provided, it is important to note that this research does not thoroughly examine the developmental impact of foreign aid on specific sectors, such as addressing gender discrimination or supporting ethnic minorities. Although the stated objective of these aids was to empower vulnerable sections of Afghan society, the distribution of aid between domestic and foreign organizations revealed that each entity's share was influenced by their level of influence and connections within power and decision-making institutions. Drawing from historical experiences such as those of England in the 19th century and the Soviet Union in the 20th century, it becomes evident that in the 21st century, the United States should recognize that achieving legitimacy of central power and ensuring security throughout Afghanistan requires respecting the foundational elements of the society's ideological framework, including its customs, ethnicity, kinship ties, and religion. Kabul should be allowed to foster unity based on traditional equations and gradually embrace modern values and institutions (Deshyar, 2008).

Conclusion

This research focuses on the impact of foreign aid on various socio-economic development indicators in Afghanistan. The study explores the relationship between foreign aid and key variables such as GDP, national per capita, life expectancy, human development index, security, civil casualties, education, population, and unemployment.

The findings reveal a temporary positive effect of foreign aid on economic development. GDP experiences a short-term increase during aid flow, but the effect diminishes when aid is discontinued. National per capita significantly rises during aid periods, while life expectancy shows a less than five percent improvement. Social development sees positive trends due to foreign aid, but the impact is not stable or sustainable (Arzoo, Abdul Ghafoor, 2010: 24).

In the human development sector, foreign aid has a temporary and short-term effect, leading to significant growth. Security, a critical factor, shows a limited five percent positive effect. Aid does not substantially impact countermeasures against foreign military presence, contributing to increased civilian casualties. The relationship between drug cultivation and production is unfavorable, with no significant impact despite substantial costs.

Foreign aid positively affects education, increasing the number of students and institutions, but the quality remains unsatisfactory. Population growth is linked to aid, and unemployment decreases as aid-dependent institutions provide job opportunities (Ministry of Finance, 2010: 53).

The limited impact of foreign aid is attributed to factors like lack of transparency, government officials' lack of commitment, an inefficient system, and the absence of a comprehensive development plan. A significant portion of aid is allocated for foreign forces and government officials, leading to inefficiencies. Coordination issues between the Afghan government and donors result in wasteful expenditure and ineffective utilization.

Between 2001 and 2021, foreign aid to Afghanistan yielded a dual impact, blending positive strides with challenges. In the realm of positivity, aid served as a lifeline for the nation's immediate post-conflict needs, offering crucial humanitarian support like food, shelter, and healthcare. Additionally, substantial financial injections into infrastructure projects, spanning the construction of roads, schools, and healthcare facilities, significantly

enhanced overall living conditions (Etilaatroz Newspaper; 2023). Education and healthcare initiatives funded by foreign aid not only bolstered these essential services but also propelled an upswing in school enrollment and improved health outcomes for the Afghan populace. Moreover, aid programs aimed at capacity building played a pivotal role in fortifying local institutions and individual skills, fostering a better administrative landscape (8 am Newspaper; 2023).

Economically, foreign aid spurred growth by facilitating job creation, supporting small businesses, and injecting investments into diverse sectors, thereby making strides in reducing poverty levels. However, the positive narrative intertwines with a complex tapestry of challenges. Afghanistan's extended dependence on foreign aid risked hindering the organic development of self-sustaining economic and social structures. The influx of aid also cast a shadow on the transparency of Afghan institutions, giving rise to concerns about corruption, mismanagement, and the diversion of funds from their intended purposes. Furthermore, ongoing security challenges in conflict-ridden regions hampered the efficient delivery of aid and posed significant risks to the safety of aid workers (SIGAR analysis of MOF; 2020-2021: 20 & 54).

The landscape of aid efforts was marred by fragmentation and coordination issues, with numerous foreign actors and organizations struggling to synchronize their initiatives. This lack of coherence led to inefficiencies and duplicated efforts. Despite substantial aid, achieving sustainable development proved elusive, with critics pointing to the short-term impact and a failure to address systemic issues at their core (The Economic Times; 2021). In essence, the foreign aid extended to Afghanistan during this period underscored the duality inherent in such efforts—delivering essential immediate relief while simultaneously navigating challenges like dependency, corruption, and security intricacies, emphasizing the imperative need for strategic, long-term planning in aid endeavors (World Bank; 2023).

The lack of progress in economic and social development is highlighted despite substantial aid, which amounts to approximately $145 billion. Donor countries, including the United States, focus on counterterrorism initially, neglecting vital infrastructure like water dams, roads, and mining necessary for sustainable development. Economic growth and social improvements are observed but prove unstable and insufficient for sustained progress (World Bank; 2022).

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