

## Policy Brief

# Collateral Damage: The Civilian Toll of Sanctions in Afghanistan

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## Key recommendations

1. Decision-makers must ensure independent and periodic assessments of the humanitarian and human rights impacts of sanctions, along with clear accountability for both the intended and unintended consequences.
2. Decision-makers must take all necessary steps to protect humanitarian exemptions and ensure their effective implementation by establishing clear regulations, legal protections, and banking incentives, and by preventing overcompliance by financial institutions that block legitimate humanitarian and economic transactions.
3. Civil society and academic institutions should promote and conduct independent, data-driven research on the humanitarian and economic impact of sanctions. The findings should be used to advocate for sanctions regimes that are accountable, transparent, and aligned with international human rights and humanitarian law.

## Introduction

Four years after the Taliban takeover in 2021, the Islamic Emirate of Afghanistan (IEA) is officially only recognised by Russia. However, several countries, notably China, the UAE, Iran, and regional Central Asian states, have accepted Taliban-appointed diplomats and continue to maintain relations, including through significant private investments. While the IEA has succeeded in unlocking these regional relationships, several Western nations have restricted engagement with the IEA,

without any formal recognition. Afghanistan's UN General Assembly seat is still with the former, Western-backed Islamic Republic of Afghanistan, and not with the IEA. Its formal status is addressed by the Credentials Committee under the General Assembly, which decided to defer a decision on recognition in December 2021 (Ruttig, 2023).

Furthermore, Afghanistan is excluded from UN-led global processes, including the UN Framework Con-

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vention of Climate Change (UNFCCC), and thus has limited access to international climate finance, despite the dire effect of climate change on the Afghan population. However, the implications of the UN's non-recognition are ambiguous. Some countries maintain their diplomatic representations in Kabul, despite not having recognised the Taliban regime. The UN mission in Afghanistan remains active, including several of its specialised agencies conducting humanitarian and development programmes. In late 2024, the IEA was brought before the International Criminal Court (ICC) on charges of persecuting Afghan girls and women, and in early 2025, the ICC chief prosecutor announced arrest warrants for the reclusive Taliban supreme leader, Hibatullah Akhundzada, and a close associate.

International aid dropped sharply following the Taliban takeover but partially resumed several months later—mainly as humanitarian rather than development funding. In 2025, Afghanistan has seen a significant decline in aid, both humanitarian and development, with US cuts accounting for the main share, though not the only major reduction. A significant increase in returnees from Iran and Pakistan poses a further challenge to the development and stability of Afghanistan.

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International sanctions were once aimed at the Taliban as an armed terrorist group. However, they are now effectively targeting Afghanistan's rulers—and, by extension, the wider Afghan population—through over-compliant financial institutions and the regime's continued non-recognition. In this policy brief, we explore the effects of sanctions on the civilian population in Afghanistan.

## A brief introduction to international sanctions

When the broad application of UN sanctions became possible after the Cold War in the 1990s, they often proved to be a blunt instrument—failing to impact repressive leaders while disproportionately affecting civilian populations, particularly in Iraq under Saddam Hussein. Crippling economies triggered unemployment and undermined livelihoods. Bans on the import of medicaments and health equipment affected curative healthcare, and disrupted food imports led to malnourishment and hunger (Gordon, 2010). To avoid such unintended effects, the UN Security Council introduced standardised resolution language, exempting humanitarian assistance from sanctions (Debarre, 2019).

The Security Council also initiated more profound sanctions reforms through carefully targeted—or “smart”—sanctions directed at the leadership of states violating international law. Measures, such as freezing personal assets and travel bans, aimed to protect the general population from harm. A new era of sanctions was launched, finetuned to the principle of individual—rather than collective—accountability.

However, even the targeted sanctions would have unintended negative humanitarian consequences. Due to the risk of unintentionally violating sanctions through financial transfers to sanctioned countries, banks tended to over-comply by avoiding such transfers altogether—even for legitimate humanitarian purposes. This “chilling effect” of sanctions turned out to be as detrimental to humanitarian operations as the more generalised sanctions.

The development coincided with increasing tensions among major powers, and disagreements over the use of multilateral UN sanctions led individual states to increasingly impose sanctions on their own—particularly the US and regional organisations such

as the EU. The US also began using so-called secondary sanctions, targeting states or financial institutions suspected of violating US sanctions. This further increased the banks' risk aversion, leading them to avoid countries such as Afghanistan, North Korea or Syria altogether—even if humanitarian exemptions to sanctions were in place.

The challenge triggered a new reform effort. Under the Biden administration, the US and Ireland worked closely with some humanitarian organisations to design a general and permanent exception for all financial transfers, goods, and services—intended for emergency purposes and basic human needs. Thus, Security Council resolution 2664 was adopted in October 2022, and it has since been incorporated in US legislation, EU regulations and the legislation of other states, including Sweden in 2025. It remains to be seen whether the new reform will allow unimpeded humanitarian operations (Debarre, 2024).

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However, the adoption of resolution 2664 does not fully remedy the problem of sanctions. Two aspects are particularly challenging. First, the needs of populations under sanctions go beyond those that can be addressed by humanitarian assistance. The limits of humanitarian exemptions have been analysed by researchers at Uppsala University (Lundqvist & Hultman, 2022). International isolation tends to lead to reduced economic growth, more unemployment and a general decrease in the standard of living—particularly affecting the most vulnerable. These are intended and profound economic and social phenomena that cannot be alleviated by health, water and sanitation, and food aid. In this situation, humanitarian assistance—though critical—tends to address the symptoms of the crisis rather

than its causes. Another problem is that the record of sanctions actually leading to a changing behaviour of states and their leaders is mixed, at best. There are many instances where regimes under sanctions actually intensify repression and violations of human rights (Schaar, 2021). Oppressed populations can pay a high price for ineffective policies aimed at their ruthless rulers. Both of these problems are very much present in the case of Afghanistan, as the following sections show.

## Sanctions on Afghanistan

The UN, EU, UK and US are sanctioning Afghanistan, as summarised below (based on Lester & O'Kane, 2025).

**UN sanctions** were originally imposed on Afghanistan in 1999, for providing sanctuary for Usama bin Laden and other al-Qaida leaders. In 2000, sanctions consisted of travel bans and asset freezes of bin Laden and associates, and an arms embargo on Afghanistan. In 2011, the UN separated listings for the Taliban and its supporters from those for al-Qaida and Daesh, which remain under the ISIL (Daesh) and al-Qaida sanctions regime. Current UN sanctions on Afghanistan, in August 2025, consist of asset freezes, travel bans, and an arms embargo.

**EU sanctions** directly incorporate the UN sanctions listed above in EU regulatory processes and documents. The EU does currently not impose its own autonomous sanctions on Afghanistan.

**UK sanctions** came into force on 1 January 2021 at the end of the Brexit transition period. The UK regulations give effect to the UK's UN obligations and substantially have the same effect as the EU regime.

**US sanctions:** In September 2001, George W. Bush declared a national emergency in the US, related to the Taliban, and imposed sanctions on them. The

sanctions remained after the national emergency was terminated in 2002. After the Taliban takeover in 2021, the US government froze USD 7 billion belonging to the Afghan central bank, held by US financial institutions. Subsequently, half of these funds were transferred to an account in Switzerland, to be used to finance humanitarian assistance, while the other half was retained in the US for the purpose of compensating victims of the 9/11 attacks in 2001. None of these funds have been paid out, however (Lester & O’Kane, 2025).

In March 2025, the US announced that it had lifted bounties on three senior Taliban figures, including Interior Minister Sirajuddin Haqqani, in response to the Taliban’s release of a US prisoner—a win for Taliban officials wanting to break out of Afghanistan’s international isolation (The Associated Press, 2025).

## The effects of sanctions on the Afghan civilian population

While sanctions are supposedly aimed at changing the Taliban’s behaviour, there is little evidence of their effectiveness. However, there is considerable evidence of the sanctions’ negative effects on the civilian population. Examples of the effects after the Taliban’s takeover in 2021 are listed below.

Over 7 billion USD in international reserves belonging to Afghanistan’s central bank were frozen. These assets are crucial for maintaining financial stability, as well as for Afghanistan’s ability to import goods such as medical equipment and medicaments. The loss of these reserves has led to a depreciation of the Afghan currency, cash shortages, and the collapse of Afghan banks, causing hyperinflation and making basic goods unaffordable for many. This, in turn, has led to restrictions on cash withdrawals, and difficulties in accessing funds for businesses and individuals. It also caused a near-collapse in the microfinance sector, which is a financial service of special impor-

tance to poor and female borrowers (UNDP 2022, Weisbrot 2022, World Bank 2025). World Bank assessments attribute most GDP contractions to sanctions and aid cuts. As sanctions have made international transactions more difficult, or impossible, this has also impacted the flow of remittances negatively (World Bank, 2025).

International aid agencies report difficulties in accessing funds even with waivers, including resolution 2664, due to a fear of violating sanctions rather than lack of intent or logistical ability.

### Blocked by banks despite exemption

In the case of Sweden, resolution 2664 has been translated into national law, approved by the Swedish Parliament on 7 May 2025 (Lag 2025:327 om internationella sanktioner). Despite this, the Solidarity Committee for Afghanistan has experienced transaction challenges. None of the banks in Sweden with which the organisation has an account have been willing to transfer funds to the Afghan Midwifery Association—a long-standing partner of the Solidarity Committee. The banks argue that they are not willing to take the risk associated with transfers to Afghanistan, irrespective of the law stating that humanitarian and life-saving activities should be exempt from sanctions.

Overcompliance and misconceptions about the scope of international sanctions have led to severe obstacles for the Afghan business community, including for businesses that import and export food and other essential goods. Businesses’ access to financial services is restricted by banks, despite the exemptions in place. This has a negative effect on the private sector and hence the employment opportunities, which were already extremely scarce in Afghanistan. With the private sector heavily constrained, employment opportunities become even fewer. While economic activities are still allowed for women, women are the first ones to be affected when the situation worsens and are thus hit worse by the effects of sanctions (Moret, 2023).

A study shows that one European bank needed 40-50 staff members to facilitate one financial transaction to Afghanistan due to the sanctions (Moret, 2023). Money service providers such as *Hawala* have played a critical role in ensuring access to funding, for example for continued aid deliveries. They have become a lifeline when banks refuse to transfer funds to Afghanistan (UNDP, 2022).

Half a year after the Taliban resumed power, wheat prices were up to 50 percent higher than just before the takeover and the price of a food basket increased by almost 35 percent in the first year (Loy 2022, UNDP 2022). The increase in food prices affect poor people disproportionately, as they spend up to 60-70 percent of their income on food (UNDP, 2022). The economic fallout from the sanctions has deepened Afghanistan’s ongoing humanitarian crisis, with over 22 million Afghans—i.e. half of the population—facing acute food insecurity. The situation is further exacerbated by disruptions of humanitarian aid distribution, and the reluctance of international banks and aid groups to transfer funds to the country (Weisbrot 2022, World Bank 2025).

## Sanctions as one part of the puzzle

The aid flows to Afghanistan remained stable between 2017 and 2024.<sup>2</sup> Thus, one can question the efficiency of the sanctions.

Taliban policies have heavily restricted the rights and freedoms of women and girls, curtailed civil liberties, and imposed censorship and repression. In parallel, sanctions have caused liquidity crises, aid deficiencies, import failures—including medicines—and unpaid public sector salaries. It is the same people—i.e., women, girls and the most vulnerable—who take the hardest hit by both Taliban policies and Western sanctions.

<sup>2</sup> 2025 is not included since the year is not completed. However, there is a sharp decline in US and other countries’ development cooperation with Afghanistan.

## Concluding remarks

Today, Afghanistan serves as a case study of how even targeted sanctions can harm civilians without effectively pressuring authoritarian rulers. The Taliban remain politically entrenched, while women and children suffer the brunt of isolation policies. The Taliban is isolating the Afghan population from the world and, ironically, international sanctions further exacerbate the isolation.

A recalibrated strategy that balances pressure and incentives, and is backed by evidence and oversight, is urgently needed to prevent further humanitarian collapse and reignite diplomatic progress.

As Western nations maintain their stance of non-engagement, Afghanistan strengthens its regional ties. The reasons for the non-engagement and sanctions focus mainly on the lack of rights for women and girls. At the same time, neither the general international evidence on the effects of sanctions and non-engagement, nor the specific case of Afghanistan, suggest that this approach has had any positive impact on the situation for women and girls. Rather, it seems to be more about positioning and posturing for domestic audiences, where political points can be scored by claiming to take a hard stance on the Taliban regime. However, this simply amounts to yet another punishment of the Afghan population, already hit by climate change, unmet post-conflict needs and sharp declines in aid flows.

The authors have found no evidence that the sanctioning countries have conducted any evaluation or analysis assessing the impact of sanctions—whether in terms of their intended effect on the IEA or their unintended consequences for civilians. In addition, there appears to be little to no effort to ensure compliance with UNSCR 2664, as banks continue to decline legitimate financial transfers.

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