



IPS INSIGHTS

Perspectives On the Issues Shaping Policy

Five Years On: Assessing Governance, Stability and Foreign Relations under Taliban Rule¹

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The five-year mark of the Taliban's return to power (2021–2026) offers a stark, multi-dimensional view of an administration that has defied many initial expectations — negative or positive. It has not collapsed internally in five years but remains fundamentally constrained by ideological rigidity, economic isolation, and regional friction.

The transition from an insurgent force to a de facto state authority over the past half-decade reveals a complex picture of consolidated domestic control, economic survival amidst crises, and deep diplomatic gridlock. Between 2021 and 2026, academic and policy debates surrounding Afghanistan shifted mostly from predicting state failure to analyzing the mechanisms through which the regime maintains internal cohesion and fiscal control despite non-recognition by the international community.

1. Governance and Political Consolidation

The internal political landscape of the Islamic Emirate has been characterized by absolute centralization under Ameer Hibatullah Akhundzada, operating out of Kandahar. While there are some reports of fractures between the more pragmatic Kabul-based ministries and the ideological purists in Kandahar, the leadership seems to have maintained organizational cohesion

so far. Nonetheless, the tussle between the Haqqani Network and the Kandhari Group remains part of the present political structure and friction between the two factions persists in one way or another.

The pre-Taliban legal system has been thrown out and control of the courts has been handed over to religious scholars who are supposed to enforce a strict traditional and tribal version of Islam with interpretations according to the *Hanafi* school of thought. But the reports that Taliban *ulema* are exempted from punishment are unfortunate, shocking and do not in any way reconciled with any version of Islam.

Armed domestic resistance, such as the National Resistance Front (NRF) in Panjshir, was largely contained, establishing a level of domestic stability unseen during the previous two decades. However, this came at the cost of total political closure, the outlawing of political parties, systemic crackdowns on protests, and extensive self-censorship within domestic media. Nonetheless, there are recent reports that the National Resistance Front (NRF) and the Afghanistan Freedom Front, both anti-Taliban resistance groups, are now carrying out their activities in Herat, Badakhshan, and some other parts of the country. Meanwhile, the famous Afghan journalist Bilal Sarwary has reported that the

¹ This IPS Insight is a practitioner's perspective on Taliban's five years in power.

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United Front led by former Afghan General Sami Sadat has opened a new front near Kandahar by striking Taliban forces on 30 July 2026.³

2. Economic Survival

When the US-led foreign forces withdrew in August 2021, the immediate cutoff of official development assistance—which previously funded 75% of the public budget—drove the economy into a 26–30% contraction. However, the Taliban have managed a degree of macroeconomic stabilization that surprised international financial institutions.

- **Revenue Generation:** By aggressively targeting corruption at border customs points, regularizing tax collection, and exploiting natural resources (particularly coal, iron, and copper mining), the Taliban regime has maintained a functional state budget.

Meanwhile there are reports that weekly cash shipments of roughly US\$40 million are flown into Kabul, ostensibly for humanitarian aid in Afghanistan. While the funds are said to be managed and disbursed by the United Nations to support basic needs and stabilize the local economy, critics and congressional reports note that the Taliban indirectly benefit by taxing aid groups, converting currency through the central bank, and using incoming liquidity.

- **The Humanitarian Burden:** Despite microeconomic management and currency stability, the macroeconomic picture remains grim. Over half the population (roughly 23 million people) relies on humanitarian food aid. The crisis has been compounded by severe aid fatigue from international donors and the return of nearly two million Afghan refugees from Pakistan and Iran.

3. The Socio-Cultural Domain and Restrictions against Women

The most defining and internationally condemned aspect of the Taliban's rule remains its systemic erasure of women

from public life. What began as scattered, localized decrees has solidified into an institutionalized legal framework. The prohibition on girls' secondary education and the ban on women attending or teaching at universities remain strictly enforced. Women are barred from most government jobs, public spaces, and even employment with international non-governmental organizations (NGOs) and the UN.

4. Refuge for Regional Militant Groups

There have been substantial reports that most of the regional militant groups have found refuge in Afghanistan. Such groups include Tehreek-e-Taliban Pakistan (TTP), East Turkistan Islamic Movement (ETIM), Uzbekistan Islamic Movement (UIM), Ansarullah (a Tajik militia) and many others. Although Kabul denies such reports, there are many confirmed accounts contrary to the Taliban's claim, confirming that the leadership of all these groups lives in Afghanistan under the protection and patronage of the Taliban regime.

Another important phenomenon is the presence of Islamic State Khorasan Province (ISKP) in Afghanistan. A number of people from the above-mentioned militant groups are sympathizers of ISKP and the latter also seems to be in consonance with these groups.

5. Regional Geopolitics and Foreign Policy

No foreign state except Russia has officially recognized the Islamic Emirate of Afghanistan. The international community remains locked in a strategy of selective engagement combined with sanctions and asset freezes.

In the absence of Western recognition, Kabul has leaned heavily on regional diplomacy. China, Russia, Iran, and the Central Asian republics maintain active diplomatic missions in Kabul. Beijing, in particular, has pursued deeper economic ties, accepting a Taliban ambassador and eyeing long-term extraction projects.

³ Bilal Sarwary(@bsarwary) on X

6. Friction with Pakistan

Relations between Kabul and Islamabad have severely deteriorated over the 2021–2026 period. The primary catalyst is the sanctuary enjoyed by the Tehrik-e-Taliban Pakistan (TTP) on Afghan soil. Despite Chinese-mediated peace talks, cross-border skirmishes and aerial strikes have punctuated the border dynamic, highlighting the limits of ideological solidarity between the regional neighbors.

Initially optimistic about the Taliban's return, Pakistan's stance quickly shifted as the Afghan Taliban provided safe haven for the Tehrik-e-Taliban Pakistan (TTP). This resulted in unprecedented cross-border violence, mass deportations of Afghan refugees by Pakistan, trade restrictions, and direct military conflict that has destabilized the border region.

Key developments and drivers of the breakdown:

- **The TTP Factor:** Pakistan repeatedly urges Kabul to prevent the TTP from using Afghan territory to carry out cross-border terrorist attacks—a demand that the Afghan Taliban refuse to accept, insisting it is Pakistan's internal issue.
- **Military Escalations:** Border skirmishes worsened into direct “open war”. The two sides have engaged in direct airstrikes inside each other's territories, including strikes in urban centers like Kabul and Kandahar, leading to significant casualties.
- **Border & Trade Disputes:** Afghanistan, despite signing an agreement in 1893 and subsequently endorsing it several times, pretends, for reasons of domestic politics, not to recognize the Durand Line as the international border. This has led intermittently to frequent clashes over border management and fencing. Meanwhile, Pakistan enforced stricter visa policies, enacted trade restrictions, and moved to expel hundreds of thousands of undocumented Afghan migrants.
- **Diplomatic Interventions:** Following the severe escalation of violence, international

mediators like China, Saudi Arabia, Qatar, and Turkey stepped in to arrange temporary ceasefires and host trilateral dialogues, but none of the long-term peace agreements has been sustained.

A Comparative Analysis of Taliban 1.0 and Taliban 2.0

The resurgence of the Taliban in August 2021 marked the re-establishment of the Islamic Emirate of Afghanistan (IEA). Observers instantly questioned whether the movement had evolved or merely adopted modern public relations tactics. Comparing the Taliban 1.0 (1996–2001) and the Taliban 2.0 (2021–Present) across ideological, administrative, economic, and geopolitical lines reveals a critical reality: while the core ideological DNA remains largely unchanged, the group's governance, tactical adaptation, and regional diplomatic strategies have transformed significantly.

1. Political Architecture and State Machinery

In the late 1990s, the Taliban had come to power after five years of chaos and civil war in Afghanistan; there were no institutions, no bureaucracy, no army and no administrative mechanics of statecraft. Mullah Mohammad Omar ruled by decree from Kandahar. Formal ministries in Kabul were hollow shells managed largely by combat commanders.

While ultimate authority still rests with the Supreme Leader () in Kandahar, Taliban 2.0 inherited a modern, albeit fragile, institutional framework built during the 20-year Republic era. Rather than destroying state machinery, the Taliban purged top political appointees while retaining technical civil servants in lower-to-middle tiers to manage state apparatuses (finance, health, and public works). They operate a structured government featuring a formal cabinet, institutional budgets, and a disciplined security and intelligence infrastructure.

2. Social Framework, Ideology, and Rights

Before seizing Kabul in 2021, Taliban spokesmen promised an “inclusive government” and respect for women's rights “within the framework of Sharia.” However,

over the past five years, the social reality has closely converged with the 1990s baseline:

- **Taliban 1.0** banned girls from school and stripped women of employment. Taliban 2.0 initially permitted primary education for girls, but progressively codified bans on secondary and university education, and prohibited women from working for NGOs or the UN.
- Both regimes restored strict Hanafi jurisprudence, stressing and enforcing public corporal punishments. However, Taliban 2.0 utilizes formal decrees via the Ministry for the Propagation of Virtue and the Prevention of Vice rather than purely arbitrary, street-level beatings by individual fighters.

3. Financial Survival and Economic Management

Taliban 1.0 presided over a bankrupt state plagued by civil war, hyperinflation, and deep dependence on foreign handouts and allegedly illicit opium production. Conversely, Taliban 2.0 was cut off from international foreign aid (which had funded 75% of the former Republic's budget) and faced severe central bank asset freezes. Despite this, as stated earlier, the regime demonstrated macroeconomic management by enhancing customs revenue at key border crossings (such as Spin Boldak and Islam Qala); mining contracts (coal, iron, lithium, copper) awarded directly to regional buyers (particularly Chinese entities) to generate cash flow; and strict capital controls and cracking down on currency smuggling to help stabilize the value of the *Afghani*.

4. Regional Geopolitics and External Dynamics

The contrast between the two eras is most pronounced in external relations. Taliban 1.0 was close to Pakistan while Taliban 2.0 is trying to engage with regional countries other than Pakistan.

- **Taliban 1.0:** Islamabad was the primary patron of the Taliban government in the 1990s, serving as one of only three countries to grant formal diplomatic recognition.

- **Taliban 2.0:** The relationship has fractured significantly. Post-2021, the Afghan Taliban refused to dismantle or hand over the *Tehrik-e- Taliban Pakistan* (TTP), viewing them as ideological brethren.

China:

- **Taliban 1.0:** Did not have any anti-China policies but Beijing maintained distance, fearful that the Taliban's pan-Islamist ideology would incite Uyghur militancy in Xinjiang.
- **Taliban 2.0:** They had good relations with Beijing even before coming to power. China emerged as their most important major- power partner. In exchange for security assurances regarding the East Turkestan Islamic Movement (ETIM), Beijing accepted a Taliban ambassador, opened trade corridors, and signed multi-million-dollar extraction contracts.

Iran:

- **Taliban 1.0:** After capturing Mazar-e-Sharif, the Taliban assassinated nine Iranian diplomats in 1998 working in the Iranian Consulate there. Tehran reacted strongly and almost went to war. The relationship remained strained throughout the first period of Taliban rule.
- **Taliban 2.0:** By and large, the Taliban 2.0 has maintained good neighborly relations with Iran. Tehran also adopted a pragmatic policy, handing over the Afghan embassy in Tehran to Taliban diplomats to secure trade corridors, manage refugee flows, and protect the Shia Hazara minority. Occasional skirmishes over Helmand River water rights occur, but broader diplomatic relations remain intact.

India:

- **Taliban 1.0:** Mulla Umar and his team viewed Pakistan as a key ally. So New Delhi viewed them as an extension of Pakistani security interests and hence, actively funded the anti-Taliban Northern Alliance.
- **Taliban 2.0:** Ignoring Indian opposition to the Taliban for more than 20 years i.e. till 2021, Taliban 2.0 allowed it to

open a “technical mission” in Kabul, engaging directly with their leadership. Unfortunately, the Taliban 2.0 leadership considers India as a friend while India only wants to use Afghan soil for anti-Pakistan activities.

Conclusion

Taliban 2.0 is neither a reformed, liberal movement nor a chaotic, medieval militia. Rather, it represents a pragmatic, technologically savvy, and administratively capable authoritarian state that has successfully decoupled ideological fundamentalism from administrative incompetence.

While their socio-religious stance on human rights remains almost indistinguishable from their 1996 incarnation, their capacity to extract domestic revenue, project regional diplomacy, and maintain internal security makes Taliban 2.0 a far more complex regional actor than its predecessor. Yet, their absolute refusal to cease support for the regional militant groups only ensures that Afghanistan remains isolated, economically structurally broken, and heavily dependent on an unstable regional security matrix.

From Pakistan’s point of view, five years under the Taliban regime have proven that ideological ties do not guarantee

state-level security cooperation; good sentiments are not always reciprocated; and high expectations can lead to crushing disappointment. The hope-filled strategic opening in 2021 has been transformed into one of the most volatile western-border security challenges.

However, there is still a ray of hope if both sides agree to develop state-to-state relations, moving from perpetual crisis management toward stability and institutionalized coexistence. The relationship needs a pragmatic reorientation- one that departs from zero-sum strategic calculations and focuses on core sovereign interests.

A proposed path forward may include: joint border coordination, strict non-interference, and verifiable counter-terrorism measures; insulated transit trade; prioritizing regional projects (TAPI, CASA 1000, and Trans-Afghan Railway); avoid inflammatory rhetoric, activate state to state channels and engage in diplomacy.

Ultimately, Pakistan and Afghanistan must realize that their geographic destinies are inextricably linked; only by replacing strategic mistrust with institutionalized security and economic cooperation can both nations transform a historically volatile border into a bridge toward shared regional prosperity.

