



# Barely Above Water

## Challenges of National and Local NGOs Navigating Humanitarian Space In the New Afghan Context

ACBAR Briefing Paper  
March 2022



## BARELY ABOVE WATER

# Challenges of National and Local NGOs Navigating Humanitarian Space In the New Afghan Context

ACBAR Briefing Paper, March 2022

### Executive Summary

This Briefing Paper is developed by ACBAR and draws on the discussions in ACBAR's Advocacy Working Group (AWG), feedback received from ACBAR members in the development of two Position Papers (*Overcoming Challenges in Humanitarian and Development Operations in Afghanistan*; and *Critical Humanitarian Needs and Recommendations*) by the AWG, NGO Roundtables conducted by ACBAR at the provincial level, two online surveys (*Survey on Impact of Freezing Afghan Assets on National NGOs* and *AWG Survey on Challenges Faced by NNGOs in Afghanistan*); and an online consultation conducted solely with 72 Local/National NGOs<sup>1</sup> to map their challenges and seek recommendations to facilitate a principled response. Common challenges echoed in consultations broadly fall into three main areas: 1) Grave concerns regarding financial access and liquidity challenges; 2) Bureaucratic access and impediments along with operational challenges linked to funding constraints, political instability, and governance; 3) Women's mobility and participation challenges in the work force.

### Recommendations and Key Asks for International Community and other Entities to Address the Challenges Faced by the NGO Community in Afghanistan

1. Continue funding and providing long-term project support to NGOs while engaging the *de facto* authorities to influence attitudes towards NGOs, for better policy and civic space in Afghanistan.
2. Adopt flexible regulations and funds transfer modalities to include Informal Funding Transactions (IFTs), such as the use of *Hawalas*, and build in additional costs related to such alternative payment channels in budget plans.
3. Advocate with the World Bank and other donors to transfer project installments through similar funding modalities as that of the UN, in which money is transferred to banks through a mutual agreement so that larger amounts can be withdrawn in a single transaction and are not subject to the current five percent withdrawal limitations.<sup>2</sup>
4. Increase engagement with the *de facto* authorities and related entities to solve the challenges for NGOs in Afghanistan, in close consultation with civil society.
5. Promote the agenda of localization and strengthen NGOs in Afghanistan through making civil society an integral part of the discourse in the country. Support L/NNGOs through including them in the design, planning, and implementation of humanitarian funds and projects in Afghanistan.
6. Facilitate the L/NNGOs through continued financial support and increased funding for investment in staff professional development to counter the lack of funding stability required to retain capacity and specialization in particular fields. Invest in current and newly hired staffs to address the brain drain in the sector because of the number of senior experienced staffs that have left the country.
7. Engage in collective joint advocacy with the *de facto* authorities to ensure that all staff members, regardless of gender, ethnicity, race or religion, are able to work in a free, unhindered, and unrestricted manner that respects basic rights and humanitarian principles. Advocate with the *de facto* authorities to develop a unified policy for women's equal participation in the work force that should be uniformly implemented and consistently enforced at all levels – community/district, provincial, and national.

1. National NGO is defined as an organization operating in the country in which they are headquartered, working in multiple subnational regions. Local NGO is defined as an organization operating in a specific, geographically defined, subnational area of a country.

2. Because of shortages of cash in country, the Da Afghanistan Central Bank limits cash withdrawals for business bank accounts, which is five percent of one bank account balance per month – but up to 25,000 USD.

## Top Priority Challenges of L/NNGOs post 15 August, 2021



In response to questions about their top challenges in operating in Afghanistan, L/NNGOs during the mapping session as well as 62.4 percent (16/24) of respondents of the follow-up online survey mark financial access, liquidity and banking challenges as their top concern, followed by bureaucratic impediments, interference of *de facto* authorities in programming, NGO staff assets safety and security issues; shrinking humanitarian space, challenges in women participation in programming, and suspension of programmes because of non-payments for the former large national programmes (e.g., Citizens' Charter, EZ-KAR).

***"It is not the lack of funding, but the uncertainty, as we don't know whether to focus, shrink, or expand our operations."*** Country Director NNGO, Afghanistan.

## Financial Access, Liquidity, and Banking Challenges and their Impact on Operations and Programme Implementation

### Staff salaries, procurement of goods, and payments to vendors

Liquidity and banking challenges remain the key concern of all NGOs, especially the L/NNGOs facing considerable delays in payments to vendors, staff salaries, and procurement of goods in addition to struggling with meeting other operational costs of programming. A number of suppliers, on the other hand, only accept payments in cash – refusing to accept checks or bank transfers. NGOs have lost qualified teachers as part of their education projects because of the non-payment of salaries; meanwhile, others report complete suspension of key activities because of budget limitations. NGOs are concerned with increasingly demotivated employees and a lack of trust in the community from delays in paying vendors and limited procurement of supplies. NNGOs are in a constant flux of change that is driven by grant opportunities and donor policies and loss of staff to better opportunities with INGOs and UN, particularly at a time when it is crucial that they are able to offer job stability and other benefits for their staff members.

### Access to funds, withdrawal limit set by local banks and money transfers

Access to cash and NGO funds are considerably affected by the withdrawal limit set by banks for NGOs and their staff – causing significant delays and bottlenecks in programme implementation. NGOs report various challenges in banking, from standing in long queues for hours to enforced limitations of 5 percent of one bank account balance per month, and lack of cash availability in banks. Transactions of larger amounts are sometimes not possible through banks and alternate money transfer facilities – such as through *Hawala*<sup>3</sup> systems – have to be used, which incur additional costs. The challenge is not just the transfer of money to Afghanistan, but the ability of L/NNGOs to even access their own funds already in their accounts. Many NNGOs report they are unable to transfer money to different provinces because the process is both tedious (in terms of paper work and follow-up challenges) and limited regarding the amount of funds that can be transferred. Moreover, banks are giving out very old bank notes that are not accepted by shops/vendors and money changers charge extra to for new notes.

3. Hawala is an informal method of transferring money without any physical money actually moving. It is described as a "money transfer without money movement".

*“The bank we use has abruptly shut down its provincial branch and we owe salaries to our employees, and are going through a very hard time accessing our own funds. Staying in Kabul and being able to withdraw only 400 USD per week is very challenging as a Country Director of an organization. The bank has not declared bankruptcy and there is no way we can access our money. In addition to that, they are not allowing any other signatory to be added to the account – which means that the signatory has to stand for hours just waiting for his/he turn. The individual banks are hoarding money right now and not doing what they should be doing.”* Country Director NNGO, Afghanistan.

### **Withdrawal of donors**

L/NNGOs report withdrawal of donors, severe lack of a pipeline of grant opportunities, and lack of donor support for sustainable development projects as one of the major challenges they are currently facing. One NNGO, for example, reported a decrease of 65 percent in its budget, causing a reduction in staffs’ salaries and closure of some projects.

### **Donor support in L/NNGO access to cash and IFTs such as *Hawala***

The majority of respondents at 67 percent stated that access to cash or limited cash withdrawal from the bank is the greatest challenge that they are currently facing. Few NGOs reported receiving funds through a combination of cash, bank transfer, and *Hawala* from donors. Most donors provide funding through transferring the installments to designated banks accounts, and avoid providing cash. One L/NNGO reported that it is struggling to receive even the first donor installment since October 2021.

### **Challenges in the use of *Hawala* system for money transfer**

High interest rates of *Hawala* – ranging from 5 to 10 percent – and in other cases even up to 15 percent is a huge deterrent because these high rates noticeably increase project costs. In addition to this, it is considered a riskier option (because of the lack of credibility as a legal money transfer mechanism); and there is a general lack of trust for *Hawalas* in donors. Therefore, some donors are wary of using it to transfer funds to implementing partners. On the other hand, some *Hawalas* are registered with banks and are more credible, well-established, and reputable. Despite this, national NGOs report that it is not a sustainable means of money transfer as *Hawalas* are known to increase interest/commission percentage from what was initially agreed upon with NGOs.

*“Our experience with Hawala is that it is the most resilient form of money transfer in Afghanistan. We didn’t come to a halting crash (post 15 August, 2021) because we had some kind of relation with Hawala system. It saved our immediate lack of access to money and we were able to connect some of the Hawalas to our banks. It is not sustainable, but for immediate purposes it serves well.”* Country Director NNGO, Afghanistan.

### **Alternate Digital Payment Channel**

Some organizations are using the services of Afghan Holding Group to transfer salaries and other payments to remote provinces of Afghanistan. The consultancy firm offers e-payment solutions through its service Hesab Pay, which provides facility of e-taxation, payroll, and bill payments through web or mobile applications. One NNGO reported that the group has an agreement with the Da Afghanistan Bank (DAB) or Central Bank, and so it can transfer money to remote provinces in the western region, such as Ghoryan district in Herat. Moreover, the charges are less than that of *Hawala* and banks.” -Managing Director NNGO, Afghanistan.

### **Other challenges**

Fluctuation and loss of the Afghan currency value against the United States Dollar and high inflation rates have adversely impacted all activities. Moreover, L/NNGOs are particularly concerned with safety issues related to

keeping large amount of cash for staff salaries and other payments in the office because of the potential threat of raids by armed groups.

**Exemption through the General Licenses in September and December for humanitarian work issued by the US Treasury Department**

Half of the NNGO survey respondents (50 percent) stated that the relaxations in financial transactions for humanitarian assistance have helped them. Others believe that the benefits will arrive very late because some of the grants that fall under the humanitarian sphere will not be resumed any time soon. They named the disruption of the financial system and the banking sector and resulting strict limits on access to cash as key factors.

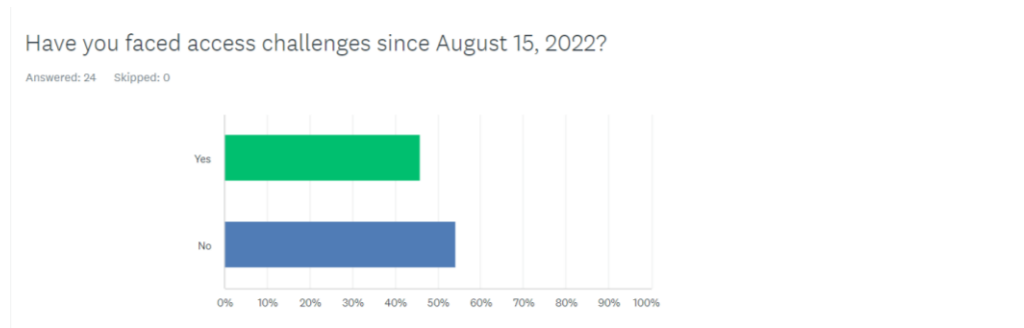
**Impact of non-payments of former large national programs in the country/ suspension of programmes**

The World Bank (WB) non-payment issue for national programmes prior to August 2021 remains unresolved – despite the WB agreeing to release \$280 million for the Afghanistan Reconstruction Fund (ARTF) in late December 2021. In some cases, NNGOs had completed 80-95 percent of the projects when the WB halted its installments and projects are still suspended; as a consequence, staffs’ salaries, for example, are past due for many months. This is primarily because of two factors: 1) in the case of INGOs, payments will be transferred to their bank accounts outside Afghanistan, which is unfortunately not the case for L/NNGOs. Therefore, even if WB payment installments are transferred to national NGO bank accounts, funds will be still be largely inaccessible because of the Central Bank’s limits on withdrawals; 2) Third Party Monitors (TPM) recruited by WB is deducting steep evaluation costs from project payments, which vary from around 30-40 percent of the project cost. NGOs report that project activities are suspended and in addition to that, experienced staffs have left the country. Delay in WB payments has left NNGOs unable to pay staff and suppliers; they are struggling to maintain operations at minimal capacity and accruing liabilities.

**Shrinking Humanitarian Space and Access Challenges**

More than half (54 percent) of the L/NNGOs reported that access has significantly expanded. This is largely because rural remote communities were often inaccessible for the past decades because of insecurity. NGOs have more access to roads and more freedom of movement because of the recession of violence, but the real issue is the lack of funding and resources at their disposal in the new context. Many L/NNGOs are stretching existing funding to buy enough time to be barely operational until funding issues are addressed and resolved.

*“We are unable to enter a village without going through an extensive communication with authorities. Finding the right focal persons in the de facto authorities, engaging with them, and then waiting for them to transfer instructions within the chain of command is very time consuming but crucial in order to safely access communities without triggering any form of reaction from authorities, which is usually violently enforced.”- Country Director NNGO, Afghanistan.*



### Women's Participation in Programming and Challenges with the *Mahram* Condition

L/NGOs report various incidences of authorities enforcing strict instructions and denying participation of women in programmes. In one incident in February 2022, for example, authorities entered one of the NGO compounds and assaulted the NGO staffs for recruitment and presence of women colleagues in the office. In others, there have been reports of authorities not allowing women on staff to join offices as well as women not commuting to work because of the fear and the threat of authorities' reaction if they are found travelling alone.

*"One of the key concerns for women's participation in projects and humanitarian work is a criterion that has been recently discovered – safety of women in the work place. We define it in a way that it wasn't before. Therefore, now in an office, the same room cannot be shared, and in some cases not even the same office because of the condition of mahram (male chaperon) and related instructions that mahram cannot occupy the same room. In the new context, for women to be able to go to work, there has to be exclusive spaces for them. It's a prevention of contact – men and women being in the same space – that is the biggest concern and is something that organizations can ensure. But it's the exclusion and separation and making sure there is no contact between male and female employees which is too much of an operational burden on any organization in the current circumstances." Country Director NNGO, Afghanistan.*

In some provinces there are instructions that there should be separate compounds for men and women, but if they are in the same room or the same floor, then each woman should be accompanied by a *mahram*. In one of the districts, after negotiations with NGOs, the District Administrator agreed on women's participation without *mahram*. There is a lack of coherence in the policy and its implementation, which varies from province to province and even district to district because of gaps in communication in the chain of command at the national and sub-national levels. Because of this gap in coordination between the authorities and the officers on ground, it seems that they are neither aware nor willing to abide by those decisions. For instance, participation of women is allowed with proper hijab, but on the ground level, officers are preventing participation of women despite them wearing hijab and following other instructions. NGOs report incidences where women are travelling less than 40 miles to project sites without *mahram*, as per instructions, but are still not allowed.

This has posed numerous challenges for organizations who want and need to hire women, with 54 percent saying that it has caused additional problems: 1) hiring qualified staff that also has a *mahram* willing to travel to work space or districts is nearly impossible; 2) it incurs additional cost to travelling and operations; 3) some project activities like field surveys with women and children have been suspended/delayed; 4) women's access to health facilities has been tremendously affected because *mahrams* are not available at all times; 5) organizations have not budgeted the cost of *mahrams* in projects that were approved before 15 August, 2021; 6) not all women have a *mahram*, and 7) some donors do not accept *mahram* costs. Organizations note that the condition of *mahram* has put additional strain on operational costs, has severely limited women's mobility, and they fear losing key staff. Of note, 46 percent of the respondents stated that they are not facing difficulties with the *mahram* condition, such as in WASH and Education projects.

### Bureaucratic Impediments and their Impacts

Organizations report facing delays in receiving project completion certificates for projects that were initiated prior to 15 August, 2021. At times authorities ask for beneficiary details in order to proceed, which violates humanitarian principles, data sharing protocols, and is not authorized by donors. One of the recent concerns is the Ministry of Economy's draft Monitoring and Control Plan of NGOs Activities for Distribution of Urgent Humanitarian Assistance Food Stuffs and Non-Food Stuffs. The proposed mechanisms in the plan violate NGOs' operational independence as a non-governmental agency; the humanitarian principles of neutrality and impartiality; and the Joint Operating Principles. Organizations fear that if it is implemented, NGOs will face severe challenges and bottlenecks in project design, approval, implementation, and diversion.

Nearly half (48 percent) of the respondents in the survey stated that they have no significant influence over the policies, programmes, and projects of the provincial government and believe that engagement is the key. There is a dire need to educate and create the space for NGOs because the current administrative structure at the sub-national level does not have the capacity, understanding nor skills to develop policies in consultation with civil society. More than half (52 percent) of the respondents note that they have influence over policies at the provincial level, with one organization reporting that they are implementing large educational programmes in Kunduz and Kandahar and have successfully engaged with the Department of Education.

### Impact of New Restrictions on Programmes related to Women and Children post 15 August, 2021

NNGOs report many incidences to support evidence that new authorities have discontinued many projects focused on gender, women empowerment, and Gender-Based Violence (GBV). One NNGO facilitating a consortium of legal clinics in Afghanistan to provide free legal services to women and children who are GBV survivors reports suspension of its clinics. Because the *de facto* authorities invalidated the 2004 Constitution, it has lost the capacity to provide any free legal assistance based on constitutional law. The funding for the programme has subsequently been withdrawn. Moreover, the freedom to monitor public sessions of the appellate court that the organization specialized in the past three years is also lost. A review request sent on a recent GBV case decision that involved children was denied permission. Children's and women's rights and GBV are the sectors massively impacted by the recent changes. Hundreds and thousands of women and children are too scared to reach out to the lawyer-on-call services. One NNGO reported that the authorities forcibly closed down women empowerment projects in 16 provinces in August 2021. A project on access to justice for women funded by USAID was suspended in Balkh province. Closure of high schools for girls impacted more than 50 percent of operations of one NNGO.

### Third-party Interferences in Programme Implementation

Lack of awareness regarding humanitarian principles and International Humanitarian Law is cited as the leading cause of interference of *de facto* authorities in programme implementation activities such as recruitment and beneficiary selection. It is a practice that varies from province to province. Some NGOs cite it as a chronic problem in Afghanistan, only getting more forceful after the new regime took over. NNGOs have received requests to increase the coverage of the project, share beneficiary lists, and follow hiring requests in current projects.

### NGO Safety and Security Challenges

The majority (79 percent) of respondents report that they have not faced any safety and security issue. A smaller number, however, (21 percent) of the organizations are concerned with security issues. In one such incident, an NNGO's three provincial offices were robbed by armed groups. In Nangarhar and Balkh provinces, armed actors raided NGO offices and seized vehicles, laptops, and other equipment. NGOs also report that in some cases there is a security threat from employees (who have not been paid salaries for more than seven months because of the pending WB payments) who took possession of office equipment by force. There is also the threat to the security of female staffs because of restrictions and misperceptions, rising criminality, and threat from armed groups in the country.



Agency Coordinating Body for Afghan Relief and Development (ACBAR)

Published March, 2022

Website: [www.acbar.org](http://www.acbar.org)

Cover Photo: World Vision International

For more information, contact our Manager Advocacy & Communications

at: [advocacymanager@acbar.org](mailto:advocacymanager@acbar.org)