

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

AFGHANISTAN

Eurasia

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Kabul	Capital and largest market; seat of the Taliban administration; main banking and trade hub	Trade, limited financial services, construction
Logar Province (Mes Aynak)	World's second-largest undeveloped copper deposit (~11.5M tonnes ore); China Metallurgical Group Corporation (MCC) holds mining rights	Copper mining, related infrastructure
Kunduz Province	Site of a recently signed gold-extraction contract; northern agricultural and trade region near Central Asian borders	Gold mining, agriculture
Torkham / Spin Boldak border crossings	Principal land-trade gateways with Pakistan; repeatedly closed during 2026 border conflict	Cross-border trade, logistics (currently severely disrupted)
Herat	Western commercial hub near the Iranian border; historically a relatively more stable trade center	Trade, agriculture, light industry
Mazar-i-Sharif	Northern hub with rail links toward Uzbekistan; regional trade and energy transit potential	Trade, energy transit, agriculture
Aynak-to-Kabul and Kabul-to-Peshawar corridors	Proposed regional connectivity routes linking Afghan resources to South and Central Asian markets	Transport infrastructure (largely unbuilt)

INVESTOR ENTRY ROUTES

- Afghan Ministry of Mines and Petroleum tenders and direct contract negotiation for mining rights (as used for the Mes Aynak and Kunduz gold deals)
- Direct government-to-government and state-owned-enterprise arrangements, the primary channel used by China and other engaged states to date
- Da Afghanistan Bank (central bank) oversight of any banking-sector activity, though the formal financial system remains severely constrained
- No functioning bilateral investment treaty network with Western capital-exporting countries; most Western governments maintain sanctions regimes that bar the large majority of conventional investment
- UN and NGO humanitarian and early-recovery channels for development-oriented engagement, distinct from commercial investment
- Regional connectivity and transit frameworks (China, Russia, Central Asian states) rather than Western multilateral development-finance channels

MARKET-ENTRY OBSERVATION

Afghanistan in October 2026 sits in the most severe risk tier the Waverley Investment Gateway series tracks, alongside North Korea and Myanmar, and this briefing is written accordingly: it is a reference document for monitoring and understanding the environment, not a conventional market-entry guide, and Waverley does not recommend conventional commercial capital deployment into

Afghanistan at this time. The Taliban administration, which has governed since August 2021 without broad international recognition, has actively courted foreign investment, telling the Financial Times it is "absolutely" open to US investment in mining, infrastructure, agriculture and trade, and citing US Geological Survey estimates of roughly \$1 trillion in untapped mineral wealth. In July 2024, after a sixteen-year delay caused by war and security concerns, China's state-owned China Metallurgical Group Corporation broke ground on the long-dormant \$3 billion Mes Aynak copper project, one of the world's largest undeveloped copper deposits, and smaller gold-extraction contracts have since been signed in Kunduz province. Russia became the first country to formally recognize the Taliban government in July 2025, with China and others engaging commercially without full diplomatic recognition.

This limited opening, however, sits against a vastly more severe set of countervailing conditions. Since February 2026, Afghanistan has been in open, sustained armed conflict with Pakistan, triggered by cross-border militant attacks and Pakistani airstrikes, with both governments' defense establishments describing the situation as war; the conflict has displaced over 100,000 people inside Afghanistan, closed the critical Torkham border crossing for extended periods, and destroyed hundreds of shops in border trade zones. Simultaneously, the UN projects nearly 22 million Afghans, roughly half the population, will need humanitarian assistance in 2026, with 17.4 million people food insecure and severe aid-funding shortfalls forcing the closure of over 300 nutrition points and 422 health facilities in 2025 alone. Rural incomes have fallen 48% following a third year of opium-cultivation bans, and since September 2026 female UN national staff have been barred from UN premises nationwide, further constraining humanitarian operations.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Active armed conflict with Pakistan	Open, sustained border war since February 2026 involving airstrikes, ground clashes, and major civilian and trade disruption, including extended Torkham crossing closures	Waverley advises against conventional capital deployment; monitor conflict status closely before any engagement
Comprehensive international sanctions and non-recognition	Most Western governments maintain sanctions regimes and withhold diplomatic recognition, barring the large majority of conventional investment and banking channels	Any engagement requires specialist sanctions-compliance counsel; conventional Western capital routes are effectively closed
Humanitarian and economic crisis	Nearly half the population needs aid in 2026; 17.4 million food insecure; GDP per capita falling despite modest headline GDP growth	Treat as a humanitarian-engagement environment, not a conventional commercial one, for any involvement
Severe restrictions on women and girls	Secondary and higher education for girls banned for a fourth consecutive year; women systematically excluded from public life and, since Sept 2026, barred from UN premises	Factor governance and reputational risk into any engagement decision; coordinate with humanitarian actors on access constraints
Weak and informal financial infrastructure	World Bank cites unreliable electricity, extremely limited access to finance, and widespread economic informality	Project financing must be structured around severe infrastructure and banking-system limitations
Security risk to personnel and assets	ISIS-K attacks on foreign nationals and workers remain an active threat, including at mining and infrastructure sites	Any physical presence requires specialized security provision; most conventional investors should avoid direct site presence
Opaque contracting and rule-of-law environment	Mining and resource contracts are negotiated directly with the Taliban administration outside conventional international legal frameworks	Treat existing contracts (Mes Aynak, Kunduz gold) as illustrative of state-to-state dealmaking, not a template for conventional private investment

INVESTOR RISK NOTE

Afghanistan represents the most severe risk category in this series. Waverley's assessment is that Afghanistan is not currently suitable for conventional commercial capital deployment by Western or internationally-oriented investors, given the combination of active armed conflict with Pakistan, comprehensive sanctions and non-recognition by most Western governments, a humanitarian crisis affecting roughly half the population, and severe, systematic restrictions on women's participation in public and economic life. The engagement that is occurring, chiefly Chinese state-owned enterprise investment in mining following Russia's 2025 recognition of the Taliban government, reflects a distinct category of state-to-state and geopolitically-motivated capital that operates outside the frameworks most Western institutional and corporate investors rely on. Organizations with a humanitarian, development, or purely strategic-monitoring interest in Afghanistan should engage through UN and NGO channels rather than conventional investment structures; this briefing is intended to support situational awareness for that purpose rather than to recommend a path to market entry.

MARKET ACCESS

Afghanistan has no meaningful access to Western markets through conventional trade or investment frameworks; most Western governments maintain sanctions regimes that restrict financial transactions, and Afghanistan is not a functioning participant in international capital markets. Regional trade runs primarily through Pakistan (currently severely disrupted by the 2026 border conflict) and, to a lesser extent, Iran and the Central Asian states via Herat and Mazar-i-Sharif. China has emerged as the most significant external economic partner for resource extraction, operating through direct state-to-state arrangements rather than conventional trade agreements. The South Asian Association for Regional Cooperation (SAARC) membership remains largely dormant given the country's broader isolation. Any international organization or company considering engagement should assume minimal access to conventional banking, insurance, or trade-finance infrastructure.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Taliban administration (Kabul)	De facto governing authority since August 2021, not broadly internationally recognized	Direct engagement limited to specialist state, NGO, or humanitarian actors; not a conventional investment counterpart for most organizations
Ministry of Mines and Petroleum	Negotiates and issues mining contracts (Mes Aynak, Kunduz gold, ongoing tenders)	Primary channel for the narrow category of resource-extraction engagement occurring
China Metallurgical Group Corporation (MCC)	Holds Mes Aynak copper mining rights; most significant active foreign commercial presence in the country	Illustrative of the state-backed investment model currently operating in Afghanistan
United Nations Assistance Mission in Afghanistan (UNAMA) and UN agencies	Primary international presence; coordinates humanitarian response amid severe funding shortfalls and access restrictions	Essential channel for any humanitarian or development-oriented engagement
Da Afghanistan Bank (central bank)	Nominal financial-sector regulator operating within a severely constrained formal banking system	Limited practical relevance for conventional investment given sanctions and informality
Russia and allied states (limited recognition bloc)	Russia formally recognized the Taliban government in July 2025; a small number of states are engaging diplomatically	Relevant to understanding the narrow diplomatic opening some investors may reference
Pakistan military and government	Counterparty in the active 2026 border conflict; airstrikes and border closures directly affect Afghan trade and security conditions	Monitor Pakistan-Afghanistan conflict developments as a primary driver of near-term country risk

CURRENT INTERNATIONAL BUSINESS CHANNELS

Conventional business chambers and multilateral development-finance institutions that feature elsewhere in this series are largely absent or inactive in Afghanistan: the World Bank and IMF maintain only limited technical engagement given non-recognition, and most bilateral chambers of commerce from Western countries do not operate in-country. The UN's humanitarian coordination architecture (OCHA, UNHCR, UNICEF, WFP) represents the most substantial and active international institutional presence. Chinese state-owned enterprises and a small number of regional (Uzbek, Russian) commercial delegations represent the primary active foreign commercial engagement. Any organization considering involvement should expect to work through specialist humanitarian, security, or geopolitical-risk advisory channels rather than conventional business-development networks.

INVESTOR PROFILE BEST SUITED

Afghanistan is not a suitable destination for conventional institutional, corporate, or portfolio capital at this time. The narrow category of entities currently engaging, principally Chinese state-owned mining enterprises operating under direct government-to-government arrangements, reflects strategic and geopolitical considerations rather than conventional risk-adjusted investment logic, and is not a model available to most Western investors given sanctions constraints. Organizations with a legitimate interest in Afghanistan today are predominantly humanitarian and development actors (UN agencies, international NGOs) operating through dedicated aid channels, and specialist geopolitical-risk or security firms monitoring the country for strategic-intelligence purposes. Waverley's role for clients with an interest in Afghanistan is to provide situational monitoring and risk assessment, not to facilitate market entry.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Treat Afghanistan as a monitoring case, not an entry case

For the vast majority of investors, the appropriate action is ongoing situational monitoring rather than active market-entry planning, given the current conflict, sanctions, and humanitarian conditions.

STEP 2: Verify sanctions exposure before any engagement

Any contemplated involvement, however limited, requires specialist sanctions-compliance review given the comprehensive restrictions most Western jurisdictions maintain.

STEP 3: Distinguish humanitarian from commercial engagement

Organizations wishing to support Afghanistan's population should engage through established UN and NGO humanitarian channels rather than attempting conventional commercial structures.

STEP 4: Track the Pakistan-Afghanistan conflict as a leading indicator

The trajectory of the 2026 border conflict, including border-crossing status and ceasefire durability, is a primary variable for any future reassessment of the risk environment.

STEP 5: Reassess only on material change

A durable ceasefire with Pakistan, meaningful sanctions relief, or a shift in international recognition would each represent a material change warranting a fresh assessment; none of these conditions currently holds.

WAVERLEY'S ROLE

- Ongoing situational monitoring of Afghanistan's conflict, sanctions, and humanitarian status for clients with strategic or regional interests
- Sanctions-exposure and compliance-risk screening for any organization considering even limited engagement
- Clear-eyed advisory distinguishing humanitarian engagement channels from conventional commercial investment, for clients who wish to understand the difference
- Early notification to clients if conditions materially change (ceasefire, sanctions relief, recognition shifts) that would warrant revisiting this assessment

INVESTOR CALL TO ACTION

Engage Waverley for ongoing monitoring of Afghanistan's conflict and sanctions environment rather than for market-entry facilitation, which Waverley does not currently recommend.

Contact Waverley if your organization is considering humanitarian or development-channel engagement in Afghanistan and needs help distinguishing that pathway from conventional investment.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Waverley identifies no conventional investment opportunity pipeline for Afghanistan at this time. The activity that exists, Chinese state-backed copper and gold mining investment, operates through a government-to-government model unavailable to most Western investors and is itself subject to significant execution risk given the security environment, with first copper production from Mes Aynak not expected for at least two years from the 2024 groundbreaking even absent further disruption. Any future opportunity pipeline would depend on a durable resolution of the Pakistan border conflict, meaningful progress on international recognition and sanctions relief, and a stabilized humanitarian situation; none of these conditions is imminent as of October 2026.

POSITIONING

Waverley's position on Afghanistan is deliberately conservative: this briefing exists to help clients understand and monitor an extreme-risk environment, not to encourage capital deployment into it. The combination of active war with Pakistan, comprehensive Western sanctions, a humanitarian crisis affecting half the population, and severe restrictions on women's participation in public life places Afghanistan outside the range of markets Waverley can responsibly recommend for conventional investment.

For clients with a genuine strategic, humanitarian, or geopolitical-monitoring interest in Afghanistan, Waverley offers ongoing situational awareness and will flag any material shift, a durable ceasefire, sanctions relief, or international recognition, that would warrant revisiting this assessment. Until such a shift occurs, Waverley's guidance is to observe rather than engage commercially.

SELECTED SOURCES

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