

ISSUE BRIEF

South Asia midyear pause: Taking stock of 2021

AUGUST 2021

FAHIM AHMAD, AREEBA ATIQUE, EMILY CARLL,
AYRA KHAN, CAPUCINE QUERENET, HARRIS SAMAD,
KAVERI SARKAR

INTRODUCTION

Though 2021 offers a glimmer of hope that the end of the COVID-19 pandemic is near, South Asia will contend with this wicked killer for far longer than the United States and its allies. In particular, given the region's strained health-care systems, geopolitical tensions, and economic slowdowns, it will likely experience the medium- and long-term ramifications of this unprecedented crisis for at least the next decade. Though we can and should be optimistic about the increasing availability of vaccines across South Asia, a parallel effect continues to take hold—particularly in the “big three” states (Bangladesh, India, and Pakistan)—as authoritarian figures and entrenched powers use the pandemic to justify heavy-handedness in suppressing media, free speech, religious diversity, and other pillars of democracy. Moreover, COVID-19 has exacerbated existing socioeconomic inequality across South Asia to the detriment of hundreds of millions of livelihoods. None of these issues are new, but the pandemic has made them far worse.

Intersecting with COVID-19, other crucial issues also confront South Asia in the remainder of 2021. How will the US withdrawal from Afghanistan impact human security, regional stability, and economic prosperity for that beleaguered nation? Will the Biden administration continue to treat Pakistan as a key ally? Can India really be the China counterweight that Washington desires? Will Bangladesh—until recently a leader of economic growth and vibrant democracy in the region—resist creeping authoritarianism? What about the existential threat of climate change that affects the whole of South Asia, but especially countries such as Nepal, in the foothills of the mighty Himalayas, or

The **South Asia Center** is the Atlantic Council's focal point for work on greater South Asia and the relations between its countries, neighboring regions, the United States, and Europe. It seeks to foster partnerships with key institutions in the region to serve as a forum for dialogues between decision makers in South Asia and the United States. Areas of focus include governance, trade and development, international migratory flows, traditional and non-traditional security, climate sustainability, energy, and other issues. The Center is committed to partnering with experts and stakeholders from both the region and the United States to offer critical analyses and practicable recommendations for policymakers.



A general view shows houses decorated with lanterns and lights during the Tihar festival, also called Diwali, the Hindu festival of lights in Kathmandu, Nepal, October 27, 2019. REUTERS/Navesh Chitrakar

Sri Lanka and Maldives, a-sea in the vast Indian Ocean? As before, we do not presume to have the answers but hope our analyses provide a framework for understanding South Asia's prospects in what remains of 2021.

[Click here](#) to read the South Asia Center's 2021 road ahead analysis to explore the broader context of these issues.

—Harris Samad

AFGHANISTAN

The decision by US President Joe Biden's administration and its NATO allies to withdraw all troops from Afghanistan by August 31, 2021, will test the young republic's sustainability as the Kabul government is already struggling to fend off Taliban insurgents' aggressive spring offensive with the objective to protect the budding democracy. [Attacks](#) on Afghanistan National Defense and Security Forces (ANDSF) and civilians have increased drastically—including targeted killings of minorities and [children](#)—making hopes for a durable peace grim and far from reachable. Many fear that gains made in the last twenty years, particularly regarding [women's rights](#), could be at risk. Afghanistan faces a multitude of challenges including improving the deteriorated

security situation across the country, tackling the COVID-19 pandemic, and boosting a struggling economy heavily reliant on foreign aid.

Taliban insurgents do not seek peace

The peace negotiation in Doha between the Taliban insurgents and Afghan government is at a stalemate, with the Afghan side pressing the Taliban delegation to agree to a ceasefire. However, the Taliban group seems to be [pursuing an all-out victory](#) and is [not adhering](#) to the initial commitments of the [Doha agreement](#) with the United States, those being a reduction of violence and agreeing to a



Afghanistan Chief Executive Abdullah Abdullah, Afghanistan President Ashraf Ghani, U.S. Vice-President Joe Biden, and U.S. Secretary of Defense Ash Carter attend ceremonies before Ghani and Abdullah place a wreath at the Tomb of the Unknowns in Arlington National Cemetery in Virginia March 24, 2015. Ghani will meet with U.S. President Barack Obama later today. REUTERS/Gary Cameron

political settlement. The current situation reveals that the group is mainly exerting violence as a strategy to gain territorial and political control, which has ultimately led to the Doha deal and the US and NATO withdrawal. To reinvent itself and clean its public image, the group has appeared on international media, promised reforms, and claimed that they are no longer the Taliban of the 1990s; however, such promises are merely used as a manipulative tool to gain international legitimacy and media coverage, ease international sanctions, and gain the ability to travel freely. The somewhat moderate group of Taliban in Doha will continue to persuade the hardliners on the ground to continue their fight by promising that victory is within reach. Any peace negotiation starts with a short-to-long-term ceasefire that helps the process kick-start and run smoothly; however, the Taliban fears that agreeing to a ceasefire would slow the fighting machine on the ground and ultimately cost them the upper hand at the negotiation table. Current efforts will not result in long-term peace since they will merely result in a peace *deal* rather than a peace *process*. In reality, only the latter is sustainable.

Creating and supporting militia groups is a flawed policy

The Afghan government is recruiting [local militias](#) and supporting former ethnic warlords to fight against Taliban advancement, a move that represents a strategic blunder and only a short-term solution to its security-sector shortcomings. Historically, Afghanistan has not had a pleasant experience with ethnic militias having access to weapons, such as the mujahideen who commenced a bloody civil war after [Soviet troops left Afghanistan](#); and history has shown that rebel groups with ethnic and political affiliations have been manipulated both by domestic and foreign actors for specific motives. The mujahideen, who have enjoyed enormous power in the last twenty years, have consistently undermined the central government when their demands have not been met. This has led to fundamental institutional reforms not taking place, including but not limited to transitional justice, anti-corruption and counter-narcotics efforts, and election reforms. The Kabul administration needs to enlist these “volunteer” military supplements with proper identification to ensure future accountability for their actions and avoid a repeat of history, namely human rights abuses along ethnic lines.

Continued support for Afghan democracy

To turn the page on four decades of war and avoid another military intervention, the United States and its NATO allies should continue to stand with the republic and the current

government to preserve the gains made in the last twenty years. Grave risks will persist should Washington not make clear its intentions to support Kabul and back them up with robust assistance.

Top Pentagon leaders have warned that [terrorist groups such as al-Qaeda](#) may have the potential to regroup and use Afghanistan as a breeding ground to pose a threat to other countries—including the United States—as quickly as two years post-withdrawal. To prevent such a scenario, the ANDSF requires continued military and financial support from the United States and its NATO allies to stop the emergence of terrorist groups. As of January 2021, the total number of ANDSF personnel was at [307,000](#) and [the US Congress has approved a little over \\$3 billion](#) to support the forces for 2021, its lowest appropriation to fund the force since 2008. The ANDSF will undoubtedly rely on continued [military aid](#) beyond 2024, deeming security assistance crucial to prevent a full-scale civil war. Post-US withdrawal, the ANDSF will be responsible for all military operations. For it to be able to sustain itself and maintain security, there is a dire need for funding and modern military equipment. The United States and NATO should continue to train and equip the Afghan military, including by upgrading its [underdeveloped air force](#). Moreover, the international community should use foreign aid as leverage to encourage anti-corruption and other reform efforts within the security sector.

Despite the delicate situation, the Biden administration—if it plays its cards right for the remainder of the year—can strengthen the military and political partnership with the Afghan government to achieve strategic goals including national security priorities and promoting and strengthening republicanism and democracy abroad.

Economic growth

The COVID-19 pandemic coupled with political unrest hit the Afghan economy hard in 2020, resulting in [decreased trade and decreased revenue](#). The unemployment rate was reported to be [11.73 percent](#) in 2020 compared with 10.98 percent in 2019; however, Afghanistan is expected to see an increase in gross domestic product (GDP) [from 3 percent in 2021 to 4 percent in 2022](#). The question remains whether the country will be able to sustain and even exponentially increase growth. Afghanistan is a landlocked country that relies heavily on imports and has not diversified its products. With its current rate of growth and lack of diversification, the economy will not be able to generate revenue and ensure long-term economic sustainability.

Inflation is forecast to be 5 percent in 2021 and 4 percent in 2022, according to the [Asian Development Bank](#), and a slight disruption or delay in imports can cause food prices to spike even further in the market, making it difficult for consumers to adjust to increased prices, and further pushing those vulnerable into poverty. The balance of trade is currently a negative value of more than [\\$5 billion](#), resulting in reduced wages for domestic workers and an overall reduction in national savings. Import-oriented economies tend to face challenges including high inflation rates and re-

duced consumer buying power. Hence, the country should focus on diversifying its economy including by investing in human capital, which would result in a higher employment rate and a reduction in poverty. Moreover, corruption is a major issue impeding economic growth. [Afghanistan](#) should make an ample effort to tackle corruption as part of international best practices and strategies.

—*Fahim Ahmad*

BANGLADESH

Fifty years after independence, Bangladesh has caught up to its South Asian neighbors in terms of economic indicators, such as [per capita income](#) and [GDP growth](#), and [social indicators](#). Challenges persist as it transitions from an agriculture-based economy to an industrial and service-oriented one. The COVID-19 global pandemic has exacerbated pressure on healthcare facilities and exposed social inequalities. Likewise, climate change must also be confronted, and Dhaka must navigate changing regional political dynamics adroitly to avoid setbacks.

Vaccines—diplomatic opportunity or a path toward conflict?

Early in 2021, Bangladesh had begun to show signs of recovery from the COVID-19 pandemic with [reduced restrictions](#) and [increased trade](#). However, as of June 2021, a second wave has led daily infections to reach new highs, with cases rising [sharply](#).

In response to the [continuously developing COVID-19](#) situation, obtaining vaccines is high on Bangladesh's agenda. Though the country promised to purchase [thirty million vaccine doses](#) in a deal with the Serum Institute of India in November 2020 and received promises to get vaccines from other wealthy countries, the severity of India's COVID-19 crisis and vaccine export ban, coupled with slow delivery and broken pledges, left Bangladesh [unable to procure enough vaccines](#). As a result, Bangladesh has sought new suppliers to meet its demand, including [China](#) and the [United States](#). Interestingly, these developments in vaccine acquisition occur behind a tense political backdrop for Bangladesh. China has recently [begun to expand](#) its scope in the region, with vaccines offering a unique opportunity to extend a helping hand. Similarly, China had expressed [concern](#) over the possibility of Bangladesh joining the [Quad](#), a strategic partnership among the United States, Australia, India, and Japan. As Bangladesh's economic outlook rises, its role as a strategic player is also [emerging](#). Will vaccine diplomacy enable its ambitions by providing life-saving shots or thwart those ambitions by rendering the country a pawn sacrificed in great power politics?

Domestic shortcomings: What can Bangladesh do next?

COVID-19's political and social implications have extended beyond foreign relations. The pandemic raises troubling questions about the state of the health system and its ability to serve underprivileged groups. Healthcare is a signifi-

cantly [underfunded sector](#), with only “5.14 percent of the total [fiscal year 2021] budget,” or “less than 1 percent of GDP,” allocated to it. The ongoing pandemic has exposed the need for crisis relief measures, adequate healthcare, and inclusive health support, which together require far greater outlays of expenditure.

The pandemic has also provided a revealing glimpse into the mechanisms of Bangladeshi institutions. In response to concerns raised about “[disparities in healthcare access](#),” the government “[silenced healthcare workers](#),” and [government employees](#). Such actions add to concerns raised by organizations such as [Human Rights Watch](#) about growing censorship enabled by new laws such as the [Digital Security Act of Bangladesh](#). However, in spite of the devastation caused by COVID-19 and a return to a [stringent lockdown](#), there are reasons for optimism for Bangladesh's future. Though Bangladesh has fully vaccinated less than [3 percent](#) of its population, it has approved [seven vaccines](#) and resumed [mass vaccination in July](#). Bangladesh has also created a [new digital platform](#) to coordinate and enable vaccine access. Before the second wave of coronavirus, there had been a [positive rebound](#) within various industries. With the rising availability of vaccines, hope for a return to normalcy grows. But as is true worldwide, there is also the realization that the previous normal did not work for all. For marginalized groups who were and continue to be disproportionately affected by the pandemic, such as women, particularly those employed by [export-based industries](#), or [refugees in Cox's Bazar](#), the recovery has been riddled with inequality. For example, [income distribution](#) remains more unequal for low-income families, and [women continue to lag](#) in reaching pre-COVID employment levels. Overall, new policies and efforts must be inclusive of underprivileged groups to create meaningful and long-lasting recovery.

Climate change: What is next?

Bangladesh ranks sixth on the [Global Climate Risk Index](#) and continues to be among [the most vulnerable countries to climate change](#) due to its [physical topography](#) and social factors, including [poverty and population density](#). Cyclone Yaas, which [caused intense damage](#) to the area, is the most recent in a long list of climate-related disasters to afflict the country. While Bangladesh's crisis response to climate-related incidents has [improved over the years](#), much remains to be done to support “[resilient coastal communities](#).” Aside from more technical efforts such as



People board an overcrowded ferry as they go home a day before a nationwide lockdown is imposed, in Munshiganj, outskirts of Dhaka, Bangladesh, June 30, 2021. REUTERS/Mohammad Ponir Hossain

shelters and disaster management programs, Bangladesh must redesign its climate response to prepare for long-term change. Bangladesh is a member of various global initiatives, including [Partnering for Green Growth and the Global Goals 2030 \(P4G\)](#) and the [Leaders' Summit on Climate](#), the latter convened by the United States in the spring of 2021. However, beyond such programs, Bangladesh must take concrete steps to contribute to global sustainability measures. These steps can include reducing its carbon footprint by decreasing the production of fast fashion. Moving away from such practices would [help mitigate](#) long-term ecolog-

ical damage and reduce the threatening work conditions in this industry. Likewise, the scope for a [blue](#), resilient economy is ever-present and becoming more evident. By supporting efforts to reduce the impacts of climate change and encourage sustainability, Bangladesh can support its growing economy as well as marginalized groups that are more vulnerable to climate shocks including the Rohingya refugees, who are [disproportionately affected](#) by monsoon-related disasters and the shortage of facilities, and [women](#).

—Ayra Khan

BHUTAN

To date, just two people have died of COVID-19 in Bhutan. That said, the fact that Bhutan sits in between two countries that have suffered major COVID-19 outbreaks illustrates a highly delicate situation. Moreover, its reliance on regional hegemony to secure access to vaccines has put it in a precarious position. The struggles and effects of COVID-19 are far from over in Bhutan. Meanwhile, establishing itself on the international stage and furthering global partnerships will be a challenging yet critical opportunity. With continued restrictions and isolation due to the pandemic, Bhutan will need to be creative in its diplomacy but use its newfound inclusion and leadership roles to be a driving voice on key issues such as climate change. Going into 2022 Bhutan may also be forced to end its strategic silence to manage Chinese expansionism depending on the progress of talks between the countries to settle border disputes. Finally, it

will be important to see how Bhutan will navigate its climate vulnerability after learning lessons from the COVID-19 pandemic.

Managing COVID-19

Going forward in 2021, Bhutan will be at the whims of geopolitical giants for fair vaccine distribution. As studies continue to lower the eligible vaccination age bracket, and the Delta variant continues to permeate its southern border, Bhutan will need vaccines for younger individuals. India's Vaccine Maitri initiative remains suspended with no resumption in sight due to the continued crisis there, while Bhutan barely avoided a situation that could have led to the collapse of its healthcare system. After obtaining second-dose vaccines from Denmark—with only two weeks



Houses stand in the capital city of Thimphu, Bhutan, December 11, 2017. REUTERS/Cathal McNaughton

remaining before the efficacy of the vaccine expired for the more than 93 percent of Bhutan's eligible adults who had already gotten their first shots—Bhutan will have to ensure that it has reliable partners going forward.

Growing international presence

Now included in platforms such as the P4G Summit and holding the presidency of the seventy-fourth World Health Assembly, Bhutan has the opportunity to raise awareness of issues that disproportionately impact smaller countries. Bhutan can seriously engage multilateral and bilateral fora on climate change discussions and solutions and should consider doing so before it is too late. In the first half of 2021, Bhutan used its international contacts to address this issue, signing a memorandum of understanding for cooperation on climate change and waste management with India and participating in the P4G Summit where world leaders addressed climate change and progress toward the 2030 Sustainable Development Goals. Seeking to increase its international presence and build partnerships with countries in the region despite the pandemic, Bhutan will need to emerge from isolation and further engage the greater region and world. In June, Bhutan's National Assembly adopted a preferential trade agreement between Bhutan and Bangladesh, a necessary step to begin integrating its economy into the region. Yet to successfully engage the greater region and world, Bhutan could use both its vaccination needs and the potential of the remote-work world to engage in creative diplomacy and forge partnerships with countries it may not otherwise engage.

Managing Chinese expansionism

While Thimphu has avoided aggravating its larger neighbor—particularly when Bhutan needed Chinese aid to control the pandemic—the country can maintain its strategic

silence for only so long before current tensions come to a head. China is slowly pushing boundaries and limits along the China-Bhutan border, which it claims were never delineated. In April, China and Bhutan agreed to resume talks to come to a peace agreement, but China has allegedly taken things into its own hands and has started building infrastructure and buildings in rural Bhutan, a land-grabbing strategy similar to what it is doing in the South China Sea. While there has not yet been a direct conflict and exchange of gunfire, such as has happened in the China-India border conflict, the China-Bhutan border dispute is worth keeping an eye on.

Addressing climate change post-pandemic

Coming out of the pandemic, Bhutan is more vulnerable than ever to climate change. If the international community reverts to the normal actionless talks on climate change, Bhutan stands to be devastated by its effects. Its economy is reliant on climate-sensitive sectors including hydropower, agriculture, and environmental tourism, necessitating the need for climate resilience. Bhutan must invest in climate resilience and collaborate with regional partners on education and training surrounding natural disaster response while continuing to advocate in forums such as the P4G, the United Nations Climate Change Conference of the Parties, and others about the impacts of climate change and how to build climate resilience. Bhutan disproportionately feels the effects of climate change as landslides and flash floods have become a common occurrence, especially due to glacial melting and glacial lake outburst floods. It will be important to see if Bhutan and the international community will translate lessons learned about the importance of preparedness and resilience from the COVID-19 pandemic to mitigate climate vulnerability.

—Emily Carll

INDIA

For India's massive 1.3 billion population, 2021 offers no respite from COVID-19. With over **thirty-one million** confirmed cases, overwhelmed health infrastructures, and a crumbling democracy, the country once considered an economic powerhouse positioned to overtake China is faltering with yet more formidable challenges ahead. Post-pandemic reconstruction will require a concerted and collective effort by domestic and international actors to restore India's vibrant economy, while public tensions over the government's mishandling of a second coronavirus wave test the country's political landscape.

A humanitarian crisis

The Bharatiya Janata Party (BJP)'s February 2021 declaration of victory in the fight against COVID-19 was premature. Loosened restrictions and public complacency, coupled with a slow government response to highly contagious variants, catalyzed a horrific second wave as infections soared to record the **highest single-day figure globally**. At the peak of the second wave, India was reporting an average of **four hundred thousand cases per day**, though **evidence** of underreporting suggests a much higher case count and death toll than even these gaudy numbers suggest. Overtaxed hospitals, still reeling from the first wave,



Angurbala Kamila, 45, a villager, receives a dose of COVISHIELD vaccine, a coronavirus disease (COVID-19) vaccine manufactured by Serum Institute of India, on a boat during "Vaccination on boat" programme in Gosaba Island in the eastern state of West Bengal, India, July 12, 2021. REUTERS/Rupak De Chowdhuri

were brought to their knees by the second wave and even today are **forced to turn away patients**, some of whom have desperately resorted to the **black market**, while those lucky enough to secure a bed scramble to find oxygen tanks and COVID-19 medications. Families vie for space at cremation grounds, even erupting into physical fights as emotions run high. Though official numbers as of mid-June show signs of easing—Delhi in fact **lifted restrictions on manufacturing and construction** in late May—the virus remains active and the government’s slow vaccination drive leaves room for variants to develop. Countering a third wave requires swift government action; however, **many argue** the latter has yet to materialize.

Critics of Prime Minister Narendra Modi’s response largely cite his dismissal of expert warnings and blatant disregard of reality in favor of misleading optimism. As hospitals and crematoriums struggled to keep pace, critics argue that the prime minister showed greater concern for the future of his political fortunes than the health of the Indian population by **allowing maskless religious and political gatherings** and avoiding announcing the restrictions required to stem the rampaging virus. Such decisions worsened the crisis, which is predicted to knock off **2.8 percentage points** from GDP growth in fiscal year 2022 and has pushed news outlets to become **increasingly critical** of current leadership. While vaccines offer a path forward, shortages, complicated policies, misinformation, and vaccine hesitancy have undermined the government’s vaccination drive with only **7.2 percent** of the population fully immunized. Though the government launched **a new policy** offering free vaccinations to eligible adults, the social and economic impacts of

COVID-19 are significant and require a reimagined government response to facilitate post-pandemic reconstruction.

An erosion of democracy

Separate reports published in May 2021 by Freedom House and the Varieties of Democracy (V-Dem) measuring the state of democracy downgraded India in rankings to a **“flawed democracy.”** V-Dem even labeled India an **“electoral autocracy,”** citing increased pressures on human rights groups, curbs on media freedoms, and attacks on Muslims as the primary indicators of eroded political and civil liberties in the country.

Censorship efforts by the national government and its state allies are increasingly routine with laws on sedition, defamation, and counterterrorism used widely to silence critics. In early 2021, a farmer protest in Delhi **led to** dozens of police complaints against farm leaders, journalist arrests, suspensions of Twitter accounts, and loss of electricity, water, and internet. Later, in April, about one hundred Facebook, Instagram, and Twitter posts criticizing Modi’s COVID-19 response **were removed at the BJP’s request.** Just last year, sixty-seven **journalists** were arrested, detained, and/or questioned for their work. Siding with the government offers protection and business, while critics face court battles, blackouts, jail, and more. The government’s legislative and regulatory actions against media and civil liberties will have a lasting impact on India’s democratic credentials for years to come.

—*Capucine Querenet*

MALDIVES

In June, Maldivian Foreign Minister Abdulla Shahid was [elected president](#) of the United Nations (UN) General Assembly, outperforming his Afghan rival and capping a relatively successful first half of 2021 through which the island nation maintained its reputation as a must-travel destination in spite of the pandemic.

Maldives fights to remain a top travel location, despite the global pandemic

Maldives' tourism-oriented economy took a severe blow in 2020, losing almost [67.4 percent of its tourists in early 2020](#), creating a vacuum in growth resulting from a [loss of jobs and foreign exchange receipts](#). In July 2020, however, Maldives saw a resurgence, [with tourist numbers surpassing predicted levels](#). These prospects continued well into 2021, an unexpected success [credited to various factors](#), including its unique geographical advantages, well-adapted tourism infrastructure, and strict health requirements. Creative efforts, such as the [3V](#) program, aimed to attract

tourists looking to “visit, vaccinate, [and] vacation,” were also introduced in early 2021. However, despite its successes, Maldives has been placed in a difficult position as neighboring countries such as India have seen a surge in coronavirus infections. As a result, Maldives was forced to [suspend](#) tourism from South Asian countries, which is worrisome since this sector contributes to [over 28 percent of the nation's GDP](#). However, Maldives' COVID-related outlook remains positive with continuously [falling case numbers](#) and a steady rate of vaccination (Maldives [has enough doses](#) to vaccinate around 54 percent of its population). A reopening of borders seems possible as early as [July 2021](#), with restrictions already being [reduced](#).

As climate concerns rise, does Maldives have the chance to shine?

Climate change poses an existential challenge for Maldives. Raised by various leaders at multiple platforms, Maldives' stance on sustainability remains positive and firm. Shahid has [promised](#) to encourage green, sustainable growth and also tackle the issue of climate change. This is of growing



Malé, Male, Maldives. UNSPLASH/Ishan

concern as rising [sea levels](#), in particular, place Maldives in a highly [vulnerable](#) position. To respond to the looming threat, in collaboration with the Asian Development Bank, Maldives has established a comprehensive [road map](#) for its energy sector for 2020-2030. This plan underscores the [critical role](#) renewable energy investment has played and will continue to play in sustaining long-term growth in the country. In particular, [solar, wind, tidal, and biomass energy sources](#) remain unexplored and undercultivated, offering Maldives a unique opportunity to showcase climate-oriented innovation. Likewise, Maldives has a novel opportunity to lead the world in becoming a “[blue economy](#).” Overall, climate change efforts offer a unique chance for Maldives to play a leadership role in enabling global collaboration with the help of [investors, knowledge sharing](#), and interest from various stakeholders.

Political uncertainty and the pursuit of justice

Maldives is a young and learning democracy, having chosen its first freely elected president [only in 2008](#). While over a decade has passed, the reality remains that Maldives is still discovering its path to creating a free, just, and democratic nation. This year has thus far been concerning amid recent

political unravelings, including the [attack in May on former President Mohamed Nasheed](#), attributed to [religious extremism and political differences](#). Furthermore, Maldives scores relatively low on political freedom, scoring only [40 out of 100 points](#) on Freedom House’s rankings in 2021. Areas for improvement include stronger measures against corruption and improved civil liberties, including freedom of the press and freedom of religion. A bright spot is Maldives’ introduction of the [Transitional Justice Act](#) and institution of the Office of Ombudsperson for Transitional Justice. The act [is described](#) as aiming to “[sanction] investigations into past wrongdoings by state authorities, heads of agencies, or individuals in power, which resulted in human rights violations.” While this is a step in the right direction, critics point out the disconnect between the intended and actual outcomes of the bill. In particular, they raise questions regarding the [adequate enforcement](#) of the bill, [the ability to ensure accountability despite massive power imbalances](#), and the [proper protection of the privacy and safety of victims](#). Will this bill serve the people who have suffered or will it only act on a performative level? The answer will set the tone for the future of Maldives’ fabric as a nation and its relationships with its citizens.

—Ayra Khan

NEPAL

This year offers Nepal little reassurance as the country dives headfirst into a severe political and healthcare crisis catalyzed by a second coronavirus wave. Unprepared leadership has left overwhelmed hospitals to fend for themselves as medical supplies, beds, and healthcare workers run scarce, while pandemic-related disruptions disproportionately affect the poor and threaten to push more below the national poverty line. Women's safety, too, remains at stake with new legislative frameworks that offer more harm than help and highlight the country's recession of human rights. Overall, Nepal paints a bleak picture for the remain-

der of 2021 on intersectional issues related to corruption, coercion, and its COVID-19 pandemic response.

A healthcare catastrophe

Like much of South Asia, Nepal's already under-resourced public health system has been further debilitated by COVID-19. With fewer than [two thousand intensive care unit beds](#) and [six hundred ventilators](#) for a population of thirty million, a humanitarian crisis is unfolding with far-ranging political and economic repercussions mirroring



Supporters of caretaker Prime Minister K.P. Sharma Oli protest against the reinstatement of parliament by the Supreme Court, in Kathmandu, Nepal July 12, 2021. REUTERS/Navesh Chitrakar

those of Nepal's [2015 post-disaster recovery](#). To date, institutional incompetence and dysfunctional governance have sidelined marginalized communities while medical supply shortages exacerbate death tolls. Though [medical supplies from China](#) recently arrived, extra resources will prove futile without adequate government response or a strong vaccination campaign, both of which seem unlikely.

In late February, [Minister for Health and Population Hridayesh Tripathi](#) expressed optimism about receiving Oxford-AstraZeneca vaccines from the Serum Institute of India, though this promise was short-lived. A spat between the Nepali government and Hukam Distribution and Logistics Private Limited—the agency in charge of supplying vaccines—leaves only [2.5 percent](#) of the population fully immunized and threatens a third wave worse than India's second surge. Mitigating this requires states to work collaboratively in [supporting global mechanisms such as COVAX](#), yet whether such a policy materializes is uncertain and will be a crucial area to watch moving forward in Nepal.

Gender-based rampage

Recent legislation depriving women of self-determination and freedom garnered significant [backlash](#) for its skewed and myopic priorities that highlight leadership's paternalistic views. [Under the amendment](#), women under the age of forty must obtain approval from families and local wards to travel abroad and cannot seek employment outside the country. Though this is said to be intended to mitigate human trafficking and violence toward women and girls, it is a distinct example of victim-blaming and discriminatory legislation. The proposal objectifies women—first, by denying their autonomy in lieu of empowerment and capacity-building efforts; second, by doing so without female decision-making authority; and third, by regulating women rather than associated agencies and institutions.

Given that vulnerable populations have systematically been sidelined throughout the pandemic, repealing the current proposal and implementing smarter strategies is imperative to ensure women's and girls' safety. The Nepali government should [work collectively with other nations](#) to enact protection programs and should better regulate recruitment agencies to prevent gender-based abuses. Critically, however, many more women are needed at the decision-making level.

Political turmoil after Parliament's disbandment

Tandem to Nepal's health and human rights crises, its troublesome political landscape does not inspire confidence; however, fresh leadership may open a new chapter. Former Prime Minister K.P. Sharma Oli's [assaults on the country's constitution and democratic endeavors](#) led to his demise when the Supreme Court ousted Oli in mid-July to instate President of the Nepali Congress Sher Bahadur Deuba for an eighteen-month position—his [fifth stint](#) in leadership. Though Deuba's appointment is a welcome change for many, [fissures are already emerging](#) and the new prime minister's history of ill governance practices may indicate future failure to end Nepal's political chaos. As the country grapples with COVID-19 repercussions, notably a faltering economy and a public-health crisis, decisive and efficient leadership tending to the population's needs rather than those of political parties is critical. But thus far, unnecessary political maneuvers from both the formerly ruling Nepal Communist Party and its opposition overshadowed efforts necessary to combat COVID-19 and projected a long, tedious road to recovery. Whether Deuba will navigate the current crisis appropriately and smartly remains to be seen; however, continued political infighting and inefficient governance bode ill for the country's future.

—Harris Samad, Capucine Querenet, and Areeba Atique

PAKISTAN

This year presents a multitude of challenges for cash-strapped Pakistan. The economy remains in trouble, domestic political instability continues, vaccination centers face [shortages](#), the situation in neighboring Afghanistan crumbles further, and Islamabad's geoeconomic ambitions remain far from being realized. The remainder of 2021 will require Pakistan to concentrate its efforts to tackle the ongoing third and a [possible fourth wave](#) of the pandemic, articulate a cohesive economic strategy, and engage its neighbors responsibly.

The US military withdrawal from Afghanistan puts the spotlight on Pakistan

With Pakistan descending [lower](#) on Washington's priority list in 2021, the US withdrawal from Afghanistan further threatens to unmoor Pakistan's relevance to the United States. The imminent [military withdrawal](#) also brings Pakistan's approach to Afghanistan into the limelight on the international stage. A regional consensus for Afghan peace is imperative yet currently lacking, and Pakistan stands to lose in many ways if the Taliban regains power. While the Pakistani leadership has pledged its [support](#) for and commitment to the intra-Afghan peace negotiations—powered by Prime Minister Imran Khan's [visit](#) to Kabul last November—Islamabad will need to substantiate this rhetorical commitment with meaningful action. In 2021, it is in Pakistan's national interests to leverage its [long-standing ties](#) with the Taliban to help negotiate a peace deal, along with weeding out Taliban strongholds [within](#) its own borders. If it does not, it stands to suffer from an influx of Afghan refugees, increased Taliban influence on militants housed within its own borders, and the evaporation of its economic and regional connectivity goals. Unfortunately for Pakistan's international image, the recent [abduction](#) of the Afghan Ambassador's daughter in Islamabad followed by Pakistan's [denial](#) of the incident has led both countries to [retract](#) their diplomats—thereby exposing cracks in the already tense Pakistan-Afghanistan relationship—and conjured a diplomatic disaster for Islamabad. While marring the country's dismal reputation regarding internal security, this abduction and the [murder](#) of a former Pakistani diplomat's daughter also raise questions on the safety of women and [gender-based violence](#) more broadly.

Geoeconomic ambitions or delusions?

In 2021, Foreign Minister [Shah Mahmood Qureshi](#) and Chief of Army Staff General [Qamar Javed Bajwa](#) elucidated

Pakistan's aim to move from a geopolitical state to a geoeconomic one, a goal central to the country's [2025 vision](#). This shift in goals is positive, but there are mounting concerns about Islamabad's ability to realize these geoeconomic ambitions.

Pakistan's debt to China now amounts to \$24.7 billion, a phenomenon that Western analysts brand "[debt-trap diplomacy](#)." Pakistan has cited waning US interest in Pakistan as having [catalyzed](#) Chinese involvement and [deepened](#) a seventy-year bilateral friendship; however, several factors deter foreign investment from the United States and other nations to Pakistan. Though it boasts [more open](#) foreign direct investment laws, the country's Financial Action Task Force [Grey List rating](#); incoherent governmental policies such as the [TikTok ban](#), which was issued late last year and later rescinded; and a confused economic policy are unattractive, especially for e-commerce businesses. The [recent addition](#) to Amazon's seller list, however, is a welcome update as it will likely lead to an increase in employment and exports, and make gracious use of the startup ecosystem in Pakistan.

On the other hand, the economic conversation taking place in the country remains limited to [gas and power subsidies](#), lacks creativity and [investment](#) in research and development, and struggles to compete with the [manufacturing sectors](#) of other developing countries, all while textile and [agricultural patronages](#) dominate and [inflation](#) cripples the less privileged sectors of society. Adding to these woes, environmental sustainability continues to be the missing piece in Pakistan's geoeconomic puzzle. Taking stock of the [environmental ramifications](#) of the China-Pakistan Economic Corridor project and hazards like [air pollution](#) and [extreme heat](#) should be an indispensable component of the leadership's focus.

Pakistan has struggled to preserve old economic partners and runs into a brick wall when considering new ones. Last August saw tensions sprout when Qureshi, in an audacious move, [challenged](#) Islamabad's support for Riyadh if Saudi Arabia did not take a firm stand on Kashmir. This resulted in Saudi Arabia—which has moved away from an Islamic foreign policy to one guided by economic interests—[canceling](#) a \$3 billion loan to Pakistan. Khan's May 2021 [visit](#) to Riyadh—undertaken in hopes of resuscitating Pakistan's strained relations with its erstwhile economic patron—along with the [repayment](#) of a \$1 billion loan made possible through Chinese assistance—seems to have done some much-needed [damage control, for now](#).



Residents with their registration cards gather at a counter to receive a dose of coronavirus disease (COVID-19) vaccine at a vaccination center in Karachi, Pakistan June 9, 2021. REUTERS/Akhtar Soomro

Closer to home, Pakistan, in a moment of clarity, reconsidered lifting the ban on importing two commodities—sugar and cotton—from India in April of this year. Such a move would have broadened Pakistan’s trading options, reduced prices, and further integrated Pakistan economically in the region, and yet the opportunity was sacrificed to its preoccupation with [Kashmir](#). Prime Minister Khan punctured speculations of a “[thaw](#)” in India-Pakistan relations by [re-marking](#) that trade relations would not come at the expense of Kashmir. To truly realize its geoeconomic potential, Pakistan must de-link its economic outlook from its geopolitical and security whims, and protest issues of geopolitical significance in a way that does not hurt its economic prospects and further feed its aid dependency. To Pakistan’s credit, the [ceasefire](#) announced in February by India and Pakistan after decades of border skirmishes is a step in the

right direction, especially as the ceasefire remains unviolated since then.

Domestic turmoil bubbles to the surface and threatens all else

Before Pakistan has a chance to flex its [potential](#) diplomatic muscles or set its geoeconomic aspirations in motion, Islamabad must contend with ongoing political and social issues—[women’s rights](#), [elitism](#), crackdowns on [media freedom](#), political instability, [religious extremism](#)—that undermine its progress. Most recently, the [torture](#) of a vlogger—who had criticized the government and military—added another black mark to Pakistan’s poor [reputation](#) regarding threats to journalism and media freedom. Meanwhile, 2021 has also been privy to the [ban](#) of the ex-

tremist outfit Tehreek-e-Labbaik Pakistan following violent protests; a [brawl](#) that broke out in the National Assembly; and the opprobrium inflicted upon the [2021 women's march](#), not to mention the prime minister's [problematic comments](#) on women's clothing choices that left many appalled.

All of the above, coupled with the persistent political [opposition](#) faced by the Pakistan Tehreek-e-Insaf government,

cast doubt on Pakistan's capacity to tackle the economic depredations of the pandemic and societal tumults in a competent way. If the recent [privatization](#) of vaccines—which would deepen existing socioeconomic fissures—is any indication, domestic strife is likely to subsist throughout the year.

—*Kaveri Sarkar*

SRI LANKA

Halfway through 2021, Sri Lanka's democratic backsliding shows no signs of abating, and restrictions on religious freedom and human rights continue to grow. Not only is the government emboldened by the lack of any meaningful attention to its abuses from international actors—most of whom are distracted by COVID-19—but the pandemic has increased the country's reliance on foreign borrowing, tipping the fragile balance of Sri Lanka's dependence on China. Looking ahead, economic and environmental recovery will be both a difficult and slow process.

Democratic backsliding in human rights, political freedom, and accountability

Throughout 2021, Prime Minister Mahinda Rajapaksa's government has continued to use the pandemic and national security to justify its human rights abuses and increase restrictions on religious freedom with no signs of slowing down. In February, forced cremations of Muslims who had died due to COVID-19 were deemed a matter of "public safety" as the government [argued](#) that burials of COVID-19 victims would contaminate the groundwater. This ceased after Sri Lanka was met with international criticism, particularly from [Pakistan](#). The government's alternative [solution](#), however, was to bury the dead on a remote island in the Gulf of Mannar, around three hundred kilometers from Colombo. In a further move to restrict religious freedom, the already problematic Prevention of Terrorism Act (PTA)—which [disproportionately](#) imprisons Muslims and Tamils—was strengthened in March when the Rajapaksa government introduced a [burqa ban](#), arguing it necessary as a matter of "national security." In the latest erosion of Sri Lanka's "democracy," President Gotabaya Rajapaksa [pardoned](#) political ally Duminda Silva, who was convicted and sentenced to death for the murder of a political rival and three of his supporters. The lack of accountability for human rights abuses in Sri Lanka allows a convicted murderer to walk free while many remain imprisoned on false and baseless charges under the PTA. These developments indicate that such regressive policies are only accelerating to the detriment of Sri Lanka's struggling democracy and should be closely monitored for the remainder of 2021.

A glimmer of hope

If the European Parliament is true to its [word](#) and demands actual accountability from Sri Lanka by leveraging their bilateral trade relationship, the Rajapaksa government may

be forced to tamp down its human rights crackdowns, even if reforming only the most blatant offenses. International pressure began to mount against Sri Lanka in March of this year, when twenty-two [countries](#) in the United Nations Human Rights Council voted to pass a [resolution](#) against Sri Lanka. According to Human Rights Watch, they [established](#) "a powerful new accountability process to collect, analyze, and preserve evidence of international crimes committed in Sri Lanka for use in future prosecutions." Since the resolution in March, the European Parliament also issued a [statement](#) in June warning the Rajapaksa government that its worsening human rights record will jeopardize its bilateral and trade relations with the European Union (EU).

The EU is Sri Lanka's second-largest [trading](#) partner and second-largest [export](#) destination. To appease the EU, the Rajapaksa government [released](#) sixteen individuals imprisoned under the PTA. The statement from the EU also triggered a response from Sri Lankan Justice Minister Ali Sabry, who [said](#), "The PTA will be either revised or repealed depending on a report by two committees appointed by the Cabinet." This is the longest the international spotlight has been on Sri Lanka and its human rights abuses. As such, while a vote against Sri Lanka by the United Nations Security Council would never pass due to China's and Russia's veto power, this is a step in the right direction.

Debt burden and foreign policy: The balancing act

Unless India and the other [Quad members](#) provide assistance to Sri Lanka to counterbalance its dependence on Beijing, China will likely have an uncontested hand in influencing Sri Lanka's foreign policy as it recovers from the pandemic. With India failing to deliver on its vaccine promises, Sri Lanka accepted [help](#) from China in the form of vaccines, financial assistance, oxygen, personal protective equipment, and more. In addition, Sri Lanka [inaugurated](#) the China-Sri Lanka Association for Trade and Economic Cooperation, creating a platform for increased Chinese economic influence in the region. Most recently, Sri Lanka showed its loyalties as it [issued](#) a golden coin as "an accolade for long-standing friendship and mutual trust" between the two countries.

This and increased Chinese engagement in Sri Lanka have certainly unnerved India and the other Quad powers. Increased Chinese engagement will also lead to the prioritization of Chinese interests at the expense of Sri Lanka's. With a default risk of [27.9 percent](#)—the highest in the Asia-



Members of Sri Lankan police patrol ride with a drone camera (not pictured) to find quarantine regulation violators in a highly populated residential area, during a lockdown due to the increasing numbers of daily coronavirus disease (COVID-19) cases, in Colombo, Sri Lanka May 23, 2021. REUTERS/Dinuka Liyanawatte

Pacific—Sri Lanka may be walking into another [Hambantota Port](#) situation.

Recovery from the pandemic and an environmental disaster

Sri Lanka will spend the rest of 2021 attempting to recover from both the COVID-19 pandemic and concurrent crises. [Specifically, managing](#) its increasing debt will be one of the crucial pillars of Sri Lanka's economic recovery. Sri Lanka's high default risk also makes it likely that the country will

go further into debt to repay its existing debts, potentially needing to turn to the International Monetary Fund for financial assistance.

To complicate recovery efforts, a recent [fire on the MV X-Press Pearl cargo ship](#) off the coast of Sri Lanka devastated beaches and fisheries with toxic chemicals, plastics, and waste. This unprecedented disaster in Sri Lanka will slow economic recovery due to the country's reliance on the environment for food and tourism while adding environmental recovery to Sri Lanka's growing list of priorities for

2021. Scientists predict that this incident will likely lead to years of [ecological damage](#) to Sri Lanka and its surrounding environment. With fishermen now out of jobs and people hesitant to eat seafood, immediate recovery efforts will be necessary to restimulate the economy. Finally, if not for the environment itself, tourism will be a driver of the envi-

ronmental relief efforts as Sri Lanka's [third-largest](#) foreign exchange earner. The country will be targeting efforts to curb the impacts of the disaster in hopes of setting tourism back on track and stimulating its economy.

—*Emily Carll*

About the Authors

Fahim Ahmad is a project assistant at the Atlantic Council's South Asia Center.

Areeba Atique is a fellow with the American Pakistan Foundation.

Emily Carll is a project assistant at the Atlantic Council's South Asia Center.

Ayra Khan is a research assistant at the Atlantic Council's South Asia Center.

Capucine Querenet is a project assistant with the Atlantic Council's South Asia Center.

Harris Samad is assistant director of the Atlantic Council's South Asia Center.

Kaveri Sarkar was a project assistant with the Atlantic Council's South Asia Center.



CHAIRMAN

*John F.W. Rogers

EXECUTIVE CHAIRMAN EMERITUS

*James L. Jones

PRESIDENT AND CEO

*Frederick Kempe

EXECUTIVE VICE CHAIRS

*Adrienne Arsht

*Stephen J. Hadley

VICE CHAIRS

*Robert J. Abernethy

*Richard W. Edelman

*C. Boyden Gray

*Alexander V. Mirtchev

*John J. Studzinski

TREASURER

*George Lund

DIRECTORS

Stéphane Abrial

Todd Achilles

*Peter Ackerman

Timothy D. Adams

*Michael Andersson

David D. Aufhauser

Barbara Barrett

Colleen Bell

Stephen Biegun

*Rafic A. Bizri

*Linden P. Blue

Adam Boehler

Philip M. Breedlove

Myron Brilliant

*Esther Brimmer

R. Nicholas Burns

*Richard R. Burt

Teresa Carlson

James E. Cartwright

John E. Chapoton

Ahmed Charai

Melanie Chen

Michael Chertoff

*George Chopivsky

Wesley K. Clark

Beth Connaughty

*Helima Croft

Ralph D. Crosby, Jr.

*Ankit N. Desai

Dario Deste

*Paula J. Dobriansky

Joseph F. Dunford, Jr.

Thomas J. Egan, Jr.

Stuart E. Eizenstat

Thomas R. Eldridge

Mark T. Esper

*Alan H. Fleischmann

Jendayi E. Frazer

Courtney Geduldig

Meg Gentle

Thomas H. Glöcer

John B. Goodman

*Sherri W. Goodman

Murathan Günal

Amir A. Handjani

Frank Haun

Michael V. Hayden

Amos Hochstein

Tim Holt

*Karl V. Hopkins

Andrew Hove

Mary L. Howell

Ian Ilnatowycz

Wolfgang F. Ischinger

Deborah Lee James

Joia M. Johnson

*Maria Pica Karp

Andre Kelleners

Henry A. Kissinger

*C. Jeffrey Knittel

Franklin D. Kramer

Laura Lane

Jan M. Lodal

Douglas Lute

Jane Holl Lute

William J. Lynn

Mark Machin

Mian M. Mansha

Marco Margheri

Michael Margolis

Chris Marlin

William Marron

Gerardo Mato

Timothy McBride

Erin McGrain

John M. McHugh

Eric D.K. Melby

*Judith A. Miller

Dariusz Mioduski

*Michael J. Morell

*Richard Morningstar

Georgette Mosbacher

Dambisa F. Moyo

Virginia A. Mulberger

Mary Claire Murphy

Edward J. Newberry

Thomas R. Nides

Franco Nuschese

Joseph S. Nye

Ahmet M. Ören

Sally A. Painter

Ana I. Palacio

*Kostas Pantazopoulos

Alan Pellegrini

David H. Petraeus

W. DeVier Pierson

Lisa Pollina

Daniel B. Poneman

*Dina H. Powell McCormick

Ashraf Qazi

Robert Rangel

Thomas J. Ridge

Gary Rieschel

Lawrence Di Rita

Michael J. Rogers

Charles O. Rossotti

Harry Sachinis

C. Michael Scaparrotti

Ivan A. Schlager

Rajiv Shah

Kris Singh

Walter Slocombe

Christopher Smith

Clifford M. Sobel

James G. Stavridis

Michael S. Steele

Richard J.A. Steele

Mary Streett

*Frances M. Townsend

Clyde C. Tuggle

Melanne Vermeer

Charles F. Wald

Michael F. Walsh

Ronald Weiser

Olin Wethington

Maciej Witucki

Neal S. Wolin

*Jenny Wood

Guang Yang

Mary C. Yates

Dov S. Zakheim

HONORARY DIRECTORS

James A. Baker, III

Ashton B. Carter

Robert M. Gates

James N. Mattis

Michael G. Mullen

Leon E. Panetta

William J. Perry

Colin L. Powell

Condoleezza Rice

Horst Teltschik

William H. Webster

**Executive Committee
Members*

List as of July 13, 2021



The Atlantic Council is a nonpartisan organization that promotes constructive US leadership and engagement in international affairs based on the central role of the Atlantic community in meeting today's global challenges.

© 2021 The Atlantic Council of the United States. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the Atlantic Council, except in the case of brief quotations in news articles, critical articles, or reviews. Please direct inquiries to:

Atlantic Council

1030 15th Street, NW, 12th Floor,
Washington, DC 20005

(202) 463-7226, www.AtlanticCouncil.org