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EXPLORING POVERTY AND ITS CAUSES IN AFGHANISTAN OVER THE PAST THREE YEARS



Weekly Analysis is one of the CSRS publications analyzing significant weekly political, social, economic, and security events in Afghanistan and the region. The prime motive behind this is to provide strategic insights and policy solutions to decision-making institutions and individuals in order to help them design better policies. Weekly Analysis is published in Pashto, Dari, English and Arabic languages.



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Center for Strategic and Regional Studies (CSRS)



EXPLORING POVERTY AND ITS CAUSES IN AFGHANISTAN OVER THE PAST THREE YEARS

Introduction

Poverty is a major challenge that many societies face, especially post-war countries like Afghanistan. It's a serious issue that draws attention both nationally and internationally. Poverty means not being able to meet basic needs like food, housing, health, and education. It has many negative effects on people's lives, leading to social inequality, mental and physical health problems, and fewer job and education opportunities.

Experts generally divide poverty into two categories. **Absolute Poverty** is when a person or family cannot meet their basic needs such as food, clothing, housing, and healthcare. The World Bank defines absolute poverty as living on less than \$2.15 per day. On the other hand, **Relative Poverty** occurs when people have a lower standard of living compared to others in their society. They might be able to meet their basic needs but still have a lower quality of life than those around them.

When we talk about poverty in low-income or developing countries, we usually mean absolute poverty.

This article looks at poverty indicators in Afghanistan, how poverty has changed since the Islamic Emirate came back to power, and what has caused poverty to worsen during this time.

FACTORS OF POVERTY IN AFGHANISTAN

Poverty indicators can vary across different societies and systems, depending on the capacities of each community. Afghanistan is no exception, and in many ways, it exemplifies these challenges. Here are some key indicators of poverty in Afghanistan:

Lack of Job Security: Job security is a fundamental human right and an essential part of human dignity. Economic efficiency or political considerations should not undermine this core right. However, in Afghanistan, various challenges, especially the lack of political and economic stability, have consistently deprived workers of job security. For instance, every time a political regime starts building something, it often falls before completion, and the new regime does not accept the former



regime's plans. They dismantle the old and start anew. This repeated cycle leads to job destruction, and many people become unemployed until new jobs are created. After the Islamic Emirate came to power again, employees in some government departments were dismissed for various reasons, and new employees were appointed. Ramin Behzad, the head of the International Labor Organization in Afghanistan, and members of the Afghan Workers' Union have stated that the Afghan labor market still lacks job security. On average, about 400,000 people enter the job market in Afghanistan annually. Given the country's unstable economic and political situation in recent years, managing this number can be alarming.

Food Insecurity in Afghanistan: Food insecurity is another significant indicator of poverty in Afghanistan, resulting from various economic, political, and climate-related factors. This issue poses a serious threat to the Afghan population. According to the latest World Bank report on food security in Afghanistan, the country is facing a severe food crisis. About 11.6 million people, which is 25% of the population, are experiencing food insecurity and struggling to access sufficient food.

The World Food Program reported that between November 2023 and March 2024, 15.8 million people in Afghanistan faced severe food insecurity. Among them, around four million people, including 3.2 million children under the age of five, suffer from acute malnutrition. According to this report, more than 40% of Afghanistan's population is experiencing severe food insecurity.

A recent report from this organization indicates that over three-quarters of the Afghan population cannot afford a diet that prevents malnutrition. Additionally, it was reported that around 15 million people in Afghanistan are unsure where their next meal will come from. Given these reports, it is clear that a significant portion of the Afghan population is facing acute food insecurity.

Climate Change: One of the main causes of the food crisis in Afghanistan is climate change, due to ongoing droughts and unusual rainfall. These have severely impacted agriculture and livestock farming in the country. For instance, in early 1403 (2024), catastrophic floods in the provinces of Baghlan, Badakhshan, and Takhar destroyed homes, farmlands, and livestock, even causing deaths



and injuries. According to a World Bank report, Afghanistan ranks fourth among countries at risk of climate change-related crises, and it has the seventh least capacity to deal with these challenges. The frequency of droughts in Afghanistan has increased from once every three years between 1986 and 2012 to once every year between 2013 and 2023. Rapid climate change disrupts supply chains and raises food prices.

Housing Shortages: Housing shortages are another indicator of poverty in Afghanistan, particularly affecting those who return from distant provinces or from migration abroad. Due to unemployment and lack of access to healthcare and education services, these individuals move to major cities and are forced to rent homes for small tasks while being unable to afford the rent. Moreover, with rent prices rising uncontrollably and being set according to the whims of landlords, most of these families cannot afford enough food to prevent malnutrition, worsening their food insecurity. For example, a report by Salam Watandar, based on interviews with 30 tenants in Kabul, delves into various aspects of this issue.

Negative Inflation Rate: According to a report from the World Food Program, the inflation rate in Afghanistan decreased to 6.6% in July 2024, down from 10.2% in January of the same year. This means that inflation in the second half of 2024 was lower than in the first half. While a decrease in inflation is generally seen as a positive development globally, officials from the Islamic Emirate attribute this decline to their efforts. However, in low-income countries, a rapid decrease in inflation often indicates that people's purchasing power has decreased, and they are not buying goods and services. Over the past couple of years, the Afghan currency, despite its fluctuations, has remained relatively stable. However, reports from international organizations about food insecurity and unemployment in the country suggest that the reduction in Afghanistan's inflation rate might not be entirely positive.

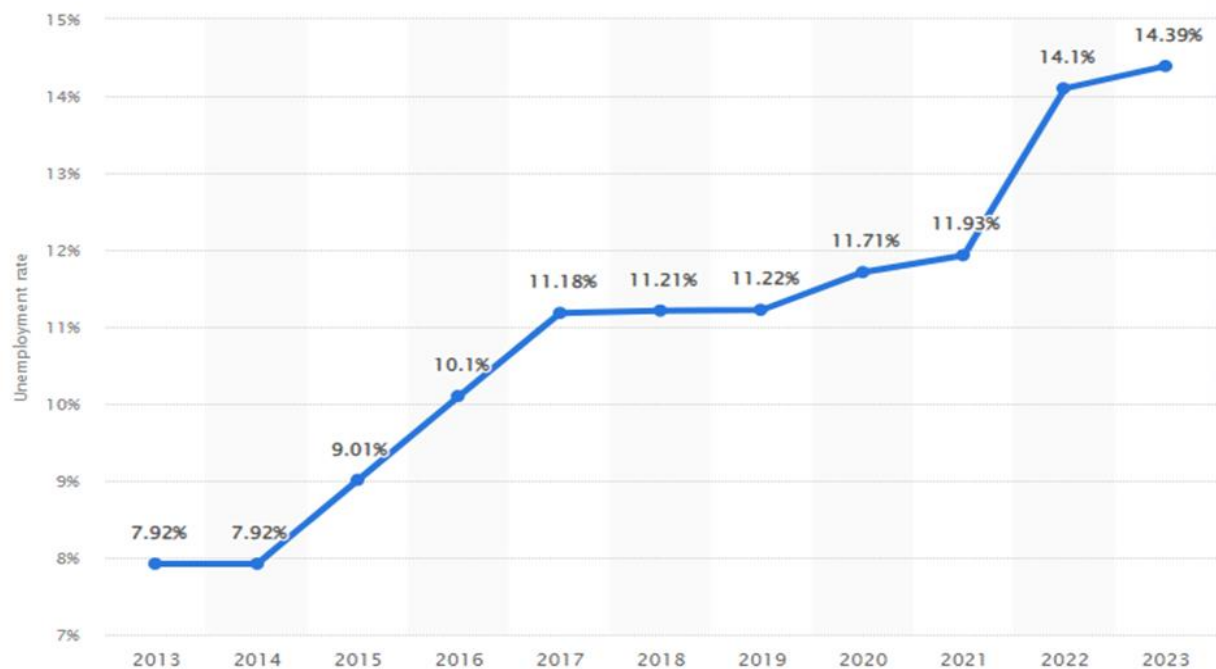
Impact of War and Insecurity: One of the key indicators of poverty is the impact of war and insecurity. Poverty and its increase are closely linked to the adverse effects of war. Afghanistan has endured nearly four decades of war and insecurity, placing its people in various states of poverty and



hardship. Although the re-establishment of the Islamic Emirate has brought relative security to Afghanistan, the shadow of poverty still looms over the nation due to the long-lasting effects of continuous wars in the past.

High Unemployment Rate: Unemployment is one of the major social issues threatening the world alongside other crises. The latest statistics from the International Labor Organization show that the global unemployment rate was 5.1% in 2023 and could increase to 5.2% in 2024. In Afghanistan, unemployment is a significant social problem and a key indicator of poverty that has affected the people for many years.

According to the table below, the unemployment rate in Afghanistan has been increasing over the years, with the percentage growing annually. If we calculate the average unemployment rate from 2021 to 2023, we find it to be 13.47%. Similarly, the average unemployment rate from 2018 to 2020 was 11.38%. This indicates that the unemployment rate in the past three years has increased by more than 2% compared to the previous three years.



THE LEVEL OF POVERTY AFTER THE RISE OF THE ISLAMIC EMIRATE:

Although the people of Afghanistan have been suffering from poverty for years, the extent of poverty has varied across different governments due to various economic, political, and social challenges. Each government faced its own unique set of factors. To understand the current level of poverty, we need to look at some key figures and statistics from the recent years of the previous government (the Republic) and compare them to the current situation.

According to the provided data, the unemployment rate in Afghanistan under the Islamic Emirate reached 14.39% in 2023. In comparison, the International Labor Organization (ILO) reported that the unemployment rate was 11.22% in 2019 and 11.7% in 2020. Furthermore, the ILO stated that the unemployment rate in Afghanistan increased by about 50% after the fall of the Republic in 2021.

Similarly, the latest World Bank report on food security in Afghanistan indicated that about 11.6 million people, or 25% of the population, are experiencing food insecurity. The World Food Program reported that 15.8 million people in Afghanistan were facing food insecurity. In 2019 and 2020, the World Food

Program reported that around 13 million people in Afghanistan were struggling to secure sufficient food.

Given these statistics, alongside rapid climate change and lack of job security, it appears that despite the relative security provided by the Islamic Emirate and the opportunities for trade and private business, the level of poverty has increased compared to previous years.

FACTORS EXACERBATING POVERTY UNDER THE ISLAMIC EMIRATE

Job Losses: Various events in Afghanistan have impacted people's work and lives. In recent years, thousands of jobs have been lost due to various reasons, leading to widespread unemployment. For instance, the dissolution of certain departments, like teacher training institutions and the Ministry of Women's Affairs, resulted in thousands of employees losing their jobs. About 60% of the staff were men, and the rest were women. Many of these workers became unemployed because they couldn't



find suitable jobs. In the non-governmental sector, examples include the closure of some private universities and the Swedish Committee for Afghanistan, which stopped its activities due to the Quran burning incident in Sweden and the lack of an apology from Swedish officials. This committee had offices in provinces like Kabul, Mazar-e-Sharif, Jalalabad, Taloqan, Wardak, Ghazni, and Parwan, with 2,488 employees in 2022. The closure of this organization left all its employees jobless.

Reduction in Positions: After the Islamic Emirate regained power, hundreds of positions in various departments were reduced. According to media reports, aside from the brain drain from Kabul University, about 250 professors and staff members lost their jobs. This trend applies to several other departments, causing hundreds of Afghan citizens to become unemployed.

Reduction in Aid: Amidst Afghanistan's unemployment and economic crisis, international aid has decreased. Rosa Otunbayeva, the head of the United Nations Assistance Mission in Afghanistan, mentioned in her speech to the UN Security Council that in 2024, only 30% of the required aid for Afghanistan was met, with a deficit of over \$2 billion.

Sanctions: One of the major factors exacerbating poverty in Afghanistan is the ongoing sanctions against the Islamic Emirate, such as the freezing of Afghanistan's assets, banking restrictions, and limited international interactions. The UN Security Council recently extended the mandate of the Sanctions Monitoring Committee against the Islamic Emirate for another 14 months with Resolution 2763. These sanctions impose pressure on the Afghan people, leading to increased poverty and hardship.

STRATEGIES FOR POVERTY ALLEVIATION IN AFGHANISTAN

To combat and reduce poverty in Afghanistan, comprehensive and effective strategies at both the national and international levels are needed. These strategies include various economic, social, political, and cultural approaches to improve people's living conditions and reduce poverty. Below are some detailed strategies for poverty alleviation in Afghanistan:



1. Sustainable Economic Development: Sustainable economic development means using natural and economic resources wisely and for the long term, meeting current needs while also creating better conditions for future generations. To achieve this, economic diversification is essential. Relying heavily on one or two sectors makes the economy vulnerable to global market fluctuations. Developing various economic sectors, such as the construction industry, textile and clothing factories, and investing in technology and new innovations, can contribute to sustainable development.

2. Infrastructure Development: This includes expanding transportation networks through building roads and railways, improving water resource management and supply systems to enhance people's quality of life, and developing energy infrastructure to ensure stable and accessible electricity. This can stimulate economic growth by enabling factories to operate and improving overall living standards.

3. Support for Agriculture: Agriculture is a vital sector for Afghanistan's economy, with most rural people relying on it as a source of livelihood. Supporting agriculture by increasing production and efficiency through modern technologies, protecting farmers from natural disasters, and developing supply chains and markets through creating suitable markets and facilitating the export of agricultural products can help farmers withstand crises.

4. Job Creation: As mentioned earlier, high unemployment and lack of job security are major challenges in Afghanistan. Creating job opportunities in various economic sectors, encouraging the employment of vulnerable groups such as migrants, earthquake survivors, and flood victims, and supporting entrepreneurs and small and medium-sized businesses can boost employment in Afghanistan.

5. Facilitating Technical and Vocational Skills Training: Establishing and facilitating programs for technical and vocational skills training, such as masonry, carpentry, tailoring, and other technical jobs, supporting entrepreneurs to grow small and medium-sized businesses, and promoting online



education opportunities can help increase access to technical and vocational training, enabling people to compete in the job market.

6. Strengthening International Institutions: International cooperation in economic, political, and social areas through attracting more international aid via active diplomacy and negotiations can bring more financial and technical support from countries and international organizations. Strengthening trade relations with neighboring and other countries through trade agreements and facilitating commerce can create new job opportunities and more income. Finally, reinforcing government and private institutions in collaboration with international organizations can aid in economic development.

CONCLUSION

Based on the above discussion, we conclude that the indicators of poverty in Afghanistan are numerous and have continually threatened the people from various angles. According to international reports, the people of Afghanistan are currently facing high levels of poverty and serious livelihood challenges, needing significant support. The unemployment rate in Afghanistan is nearly three times the global average, which poses a severe risk to the country's future. Additionally, global sanctions and restrictions on the Islamic Emirate are tightening the living conditions for Afghans, exacerbating their problems compared to previous years.

Therefore, to overcome this issue, a comprehensive strategy encompassing various political, economic, cultural, and social solutions is essential. As detailed above, by implementing medium and long-term programs in collaboration with the international community, especially neighboring countries, and aligning with the people and investors, this crisis can be minimized in the near future.

RECOMMENDATIONS

- Strengthen infrastructure and support small and medium-sized industries to avoid dependency on one or a few economic sectors by adopting comprehensive and diverse economic policies.



- Provide serious support for entrepreneurs and entrepreneurship processes to create sustainable jobs and reduce the unemployment rate in the country.
- Implement training and professional skills programs in collaboration with international organizations to empower the youth and save people from poverty.
- The international community needs to assess the sanctions on the Islamic Emirate and their effects on the lives of people in Afghanistan, lifting sanctions such as the freezing of Afghanistan's assets that make the population vulnerable.

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