



United Nations Development Programme

# AFGHANISTAN SOCIO-ECONOMIC REVIEW

FRAGILE GAINS, DEEPENING SUBSISTENCE INSECURITY, 2023–2024

April 2025



# Acknowledgments

The Afghanistan Socio-Economic Review (ASER) is an annual socio-economic update prepared by UNDP Afghanistan's Policy, Innovation and Knowledge Unit under the overall supervision and guidance of Stephen Rodriques, UNDP Resident Representative in Afghanistan. The lead authors of the report were Muhammad Nassim Attahi (Country Economist, UNDP Afghanistan) and Violetta Dalla (Senior Economist, UNDP Consultant). Peter Chaudhry, Head of the Policy, Innovation and Knowledge Unit provided substantive review, policy input and managed the report to completion. Sayed Khalid Sultani (Data Analyst, UNDP Afghanistan) provided data coordination, visualization and research assistance throughout the report preparation stages. Sayed Eshaq Fahim Maqsoodi (Programme Associate, UNDP Afghanistan) also provided research support and administrative assistance.

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# Foreword

For the first time since the onset of Afghanistan's crisis in 2021, there are tentative signs that the economy may be stabilizing, with Gross Domestic Product (GDP) registering a modest growth of 2.7 percent in 2023–2024. Significant underlying economic challenges remain but the early signs of a possible modest recovery are most welcome for the hard-pressed people of the country, who have experienced severe hardship and livelihood insecurity in the three-and-a-half years since the de facto authorities' takeover of power. If not yet a corner turned, this growth is at least an early indicator that recovery is possible.

The situation is fragile however, and signals from the economy are mixed. Revenue is being collected, particularly from cross-border trade; production in the vital agricultural sector increased in 2023–2024; and a number of reforms to taxation and the regulation of small businesses were introduced in 2024, intended to foster growth for the country's crucial micro-, small- and medium-enterprise (MSME) sector. The security situation in the country also continued to be stable, and the ban on poppy cultivation remained in place, albeit with a small upturn in production in 2024.

Countering this, the economy saw an increase in the trade deficit in 2023–2024, with imports far outstripping exports. The banking sector continues to face challenges, with deposits and bank assets both declining in 2023 and microfinance institutions (MFIs) also seeing their loan portfolios decline, alongside a reduction in the number of branches in 2024. The financial sector is therefore unable to play the catalytic role required to foster economic growth. The country also remains internationally isolated, lacking the cross-border connections so important for stimulating trade and economic development. In addition to this, there were some concerning employment trends in 2024, as salaried work declined and casual labour and self-employed production increased. Household income and expenditure declined in 2024 too, a worrying sign when GDP growth remains dependent upon household consumption. These factors all suggest that the tentative recovery of 2023–2024 is unlikely to accelerate under current conditions.

In this context, international assistance to the country remains critical. Without the vital humanitarian support provided by the United Nations and international agencies, millions of additional Afghans would be at risk of starvation and essential services, like health and education, would not be provided. Household consumption also remains heavily dependent upon international assistance. However, this assistance is no substitute for economic growth, which is needed to foster sustainable livelihoods and long-term development, and to create jobs and household income. This growth imperative is becoming more pressing too, in the current context where continued international assistance to Afghanistan is becoming more uncertain. At the Doha III round of discussions in 30 June–1 July 2024, the international community and de facto authorities (DFA) agreed to convene a Private Sector Working Group. Cooperation through this group could be critical in supporting private sector growth and creating the economic opportunities so important for Afghanistan's future.

The Afghanistan Socio-Economic Review 2024 aims to provide an objective assessment of socio-economic developments in the country in 2023–2024. To do this, the review provides updated data on UNDP's innovative Subsistence Insecurity Index (SII) which was first introduced in our 'Two Years in Review' report last year. The SII is a multidimensional measure of household deprivation and embodies UNDP's commitment to data-driven, evidence-based research and analysis.

Despite the tentative signs of economic stabilization in 2023–2024, subsistence insecurity worryingly increased to 75 percent in 2024. This shows just how precarious hard-won gains can be in the current context, with three out of four Afghans still struggling to meet their subsistence needs. Our data shows that female-headed households suffer more severe deprivation, across more aspects of their lives, than male-headed households. Rural households too continue to be more at risk of subsistence insecurity than urban households, and experience this deprivation more and to a higher extent than their urban counterparts. While almost all regions of the country saw an increase in subsistence insecurity in 2024 compared to 2023, some regions saw a greater increase than others.

The situation for women in Afghanistan remains of grave concern, as the DFA continued to tighten restrictions on the rights of women and girls in 2024. Afghanistan remains the only country in the world where girls are banned from attending secondary or tertiary education, and in August 2024 the Propagation of Virtue and Prevention of Vice (PVPV) morality law was issued, which codified and formalized many of the previous severe restrictions on women's rights and introduced further restrictive measures. These restrictions are having a devastating effect upon the health and mental well-being of women and girls, effectively excluding them from public places and from participating in social and economic life. Women report feeling increasingly unsafe in public places and are spending less and less time outside of the home. Women's participation in the labour force remains chronically low, with only 7 percent of women in the household employed, compared to 84 percent of men. Moving forward, it is clear that Afghanistan's future prospects hinge on these repressive measures being reversed, and women being able to participate fully in social and economic life.

The Afghanistan Socio-Economic Review 2024 provides evidence-based analysis and a set of recommendations to address the challenges identified. The recommendations are intended to help unlock the considerable potential of the people of Afghanistan, to drive the country's recovery and future growth. UNDP remains committed to staying and delivering for the people of Afghanistan, and I hope this report will serve as a valuable resource and catalyst for further action.



**Stephen Rodriques**  
Resident Representative  
UNDP Afghanistan

# Acronyms

<b>AFN</b>	Afghani (national currency)	<b>MoPH</b>	Df. Ministry of Public Health
<b>AMA</b>	Afghanistan Microfinance Association	<b>MPI</b>	Multidimensional Poverty Index
<b>ASER</b>	Afghanistan Socio-Economic Review	<b>MRRD</b>	Df. Ministry of Rural Rehabilitation and Development
<b>ASYCUDA</b>	Automated System for Customs Data	<b>MSME</b>	Micro-, Small- and Medium-sized Enterprise
<b>DAB</b>	Df. Da Afghanistan Bank (Central Bank)	<b>MSNA</b>	Multi-Sectoral Needs Assessment
<b>DFA</b>	De Facto Authorities	<b>NFI</b>	Non-Food Item
<b>DTM</b>	Displacement Tracking Matrix	<b>NSIA</b>	Df. National Statistics and Information Authority (Afghanistan)
<b>FCS</b>	Food Consumption Score	<b>PD</b>	Df. Police Districts
<b>FMFB</b>	First Microfinance Bank of Afghanistan	<b>PVPV</b>	Propagation of Virtue and Prevention of Vice
<b>GDP</b>	Gross Domestic Product	<b>RCSI</b>	Reduced Coping Strategy Index
<b>HH</b>	Household	<b>SEO</b>	Socio-Economic Outlook
<b>HoHH</b>	Head of Household	<b>SII</b>	Subsistence Insecurity Index
<b>IDPs</b>	Internally Displaced Persons	<b>UN</b>	United Nations
<b>ILO</b>	International Labour Organization	<b>UNDP</b>	United Nations Development Programme
<b>IOM</b>	International Organization for Migration	<b>UNICEF</b>	United Nations Children's Fund
<b>IPC</b>	Integrated Food Security Phase Classification	<b>UNOCHA</b>	United Nations Office for the Coordination of Humanitarian Affairs
<b>LCS</b>	Livelihood Coping Strategy	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>MAIL</b>	Df. Ministry of Agriculture, Irrigation and Livestock	<b>UNCTAD</b>	United Nations Trade and Development
<b>MFI</b>	Microfinance Institutions	<b>WFP</b>	World Food Programme
<b>MoEc</b>	Df. Ministry of Economy	<b>WHO</b>	World Health Organization
<b>MoEW</b>	Df. Ministry of Energy and Water		
<b>MoF</b>	Df. Ministry of Finance		
<b>MoHE</b>	Df. Ministry of Higher Education		
<b>MoIC</b>	Df. Ministry of Industry and Commerce		

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# 1.

## Executive Summary

### Tentative Signs of Stabilization; Incomplete and Fragile Recovery

After a steep 27 percentage-point contraction during 2020–2022, Afghanistan's economy showed tentative signs of stabilization, with Gross Domestic Product (GDP) growing a modest 2.7 percent in 2023–2024, the first growth since 2019. However, this growth remains weak, and the economy shows signs of stagnating in a low-growth, low-productivity equilibrium.

Shocks in 2024 have further constrained recovery. Political uncertainty, the ongoing economic crisis, shrinking international aid and climate disruptions—such as severe droughts and floods—have compounded existing vulnerabilities, limiting the economy's ability to regain momentum. The mounting trade deficit underscores a persistent structural challenge; in the first three quarters of 2024 alone, imports exceeded exports by \$6.7 billion, up from \$5.1 billion in the same period of 2023, according to the United Nations Trade and Development (UNCTAD) Automated System for Customs Data (ASYCUDA) border trade data. This highlights the economy's ongoing struggle to produce sufficient goods and services to meet domestic demand, increase exports and reduce aid dependence.

The recovery remains very fragile. It relies excessively on household consumption, which is highly dependent on international assistance, an agricultural sector susceptible to climate shocks and a resilient yet constrained private sector facing persistent structural bottlenecks. The banking sector, which saw a relative restoration of trust in 2022, reversed course in 2023, with depositors declining by 14.2 percent, deposits by 10.3 percent and overall bank assets by 10.4 percent compared to 2022.

Sustained stabilization and a more robust recovery hinges on a normalized banking system, policy and regulatory reforms to stimulate domestic and foreign private investment, increased public spending, international assistance for development priorities, and the complete reversal of the bans and restrictions on women and girls.

### Deteriorating Household Vulnerability Outcomes in the Absence of a Robust Recovery

UNDP estimates that subsistence insecurity increased in 2024, with 75 percent of the population subsistence insecure—a 6 percentage-point increase from 2023. The increase in insecurity reversed some of the improvements seen in 2023, with particularly sharp declines in housing adequacy, and the affordability of health care and essential household items, such as cooking items and winter clothing.

Economic stagnation has left households with fewer income-generating options, consistently high levels of food insecurity and a high reliance on external assistance. Both household monthly income and per capita expenditure declined in 2024, with the most significant declines among female-headed households, internally displaced persons (IDPs) and rural households.

The share of households with poor food consumption (lowest classification) declined from 26 percent in 2023 to 17 percent in 2024, probably due to targeted food aid programmes and relatively stable agricultural output. Based on the continued decline in humanitarian aid, however, future projections of food insecurity suggest this improvement will likely be short-lived, with the proportion of the population in the crisis food insecurity or above category (Integrated Food Security Phase Classification 3+) projected to increase from 25 percent in September–October 2024 to 32 percent in November 2024 to March 2025. Household debt did decrease significantly, possibly reflecting an increased allocation of income to debt repayment from 2023. However, household resilience remains weak, and many families still struggle to secure their everyday needs.

Major adverse events in 2024—ranging from economic shocks to climatic disruptions—have significantly impacted households, deepening vulnerabilities. The proportion of households impacted by economic shocks increased dramatically, moving from 65 percent in 2023 to 90 percent (97 percent for female-headed households) in 2024, reinforcing household precarity.





In addition to endogenous shocks, Afghanistan faced a major influx of returnees from Pakistan and Iran in 2024, as these neighbouring countries hardened their positions on migrants and refugees from Afghanistan. These rates are set to accelerate in 2025, with an estimated 600,000 additional returnees, which could rise to as many as 1.5 million people. A further critical exogenous shock will be the substantial reduction in international assistance from the United States, which will have a significant impact on humanitarian and basic human needs assistance and will dramatically affect the support services available to deal with the influx of returnees.

### A Deeper Crisis Beneath the Aggregates

The marginalization of women and girls has become increasingly evident across all available data indicators and a profound crisis appears to be unfolding along gender, urban-rural and regional fault lines. Female-headed households faced an 88 percent subsistence insecurity rate in 2024, compared to 74 percent for male-headed households. Female-headed households reported sharp declines in employment opportunities, food security and living conditions. Income from casual labour among female-headed households rose from 37 percent in 2023 to 57 percent in 2024, reflecting a shift towards more precarious work, as women are pushed further from mainstream economic life.

Repressive laws continue to erode women's rights, safety and access to basic services, including health care and education. In 2024, only 7 percent of women were

employed outside the household, compared to 84 percent of men. Afghanistan now ranks lowest in the Georgetown Institute's Women, Peace and Security Index, as restrictions on education and employment deepen gender inequality. Women remain banned from secondary and tertiary education, and female literacy rates will further decline as a result. Women report feeling increasingly unsafe in public places and are locked into a downward spiral of poverty and dependence that will only worsen the longer restrictions persist. Women's mental and physical health is also being severely impacted.

Urban-rural disparities also remain stark. While urban areas have seen marginal improvements in access to goods and services, rural communities—home to 71 percent of the population—continue to experience acute shortages with greater deprivation in sanitation, health care availability and heating fuel, in particular. Subsistence insecurity was 15 percent higher in rural areas than urban areas in 2024.

Regional inequalities also widened, further exacerbating vulnerabilities. Subsistence insecurity was highest in the North-Eastern and Southern regions (88 and 86 percent respectively), while the Central Highlands saw the sharpest deterioration, with insecurity rising 20 percentage points. Health care unaffordability and economic shocks were the primary drivers of these worsening regional conditions.

Without targeted interventions and the restoration of women's rights, these deepening fault lines threaten to further entrench poverty and social deprivation across the country.



## Addressing Afghanistan's Deepening Challenges Requires that Next Level of Targeted Action

To address the systemic challenges identified in this report, several key actions are recommended:

**1**

### Continue the critical international assistance

While aid is not a long-term solution, the rise in subsistence insecurity in 2024 reinforces the urgent need to continue humanitarian and basic needs assistance for the 75 percent of the population struggling to meet their daily needs. A pivot to essential investments in basic water, energy, community infrastructure, functioning local markets and 'beyond subsistence' livelihoods is key to a more sustained recovery.

**2**

### Lift Restrictions on Women and Girls

Restrictions on education and employment must be lifted to enable women and girls to participate fully in society and the economy, which will contribute to long-term sustainable growth and social stability. The continued social and economic exclusion of women is projected to result in cumulative losses to the economy of US\$920 million (5.8 percent of GDP) between 2024–2026.

**3**

### Support Livelihoods and Household-Based Enterprises that Go Beyond Subsistence

As restrictions on women's employment push economic activity indoors, targeted assistance—such as microfinance, online marketing and small business support, and micro insurance for these enterprises—can help women-led enterprises operate and grow within households and the limited public spaces that remain open to them. Enabling them to extend beyond the micro level to employ more people and generate more income should be the goal.

**4**

### Target Vulnerable Groups in Eco-Fragile Regions

Female-headed households, IDPs and returnees in the most eco-fragile regions require priority attention. Assistance should be customized to regionally specific needs that are impacted by specific microclimates, to strengthen resilience and address growing insecurities especially related to rapidly receding water resources.

**5**

### Structured Long-Term Social Protection

A structured approach is needed to address subsistence insecurity, including conditional and unconditional cash assistance, and health and disaster insurance, to provide households with a safety net in the face of persistent economic and climatic shocks. This will require cooperation and affordable finance from the business sector and commercial banks, with international assistance helping to reduce risks and the costs of different social protection modalities.

**6**

### Diversify the Regional Economy

Afghanistan's reliance on primary agricultural products across almost all regions limits its growth potential. Strategic investment in industrial diversification, human capital development, and trade facilitation based on specific commodities and capabilities in each region, is necessary to reduce local economic vulnerabilities and address structural economic challenges faced in each region.

**7**

### Incentivize and Pivot the Private Sector to Support the Above

Creating an environment where businesses can operate and grow will stabilize household incomes and accelerate local recovery. To move from fragile subsistence to economic resilience, it will be essential to support MSMEs, particularly those led by women, with affordable access to capital, skills development and business support services; invest in renewable energy, water and basic service infrastructure; and promote region-specific industry with an eye to youth job creation.

# KEY INSIGHTS IN DATA

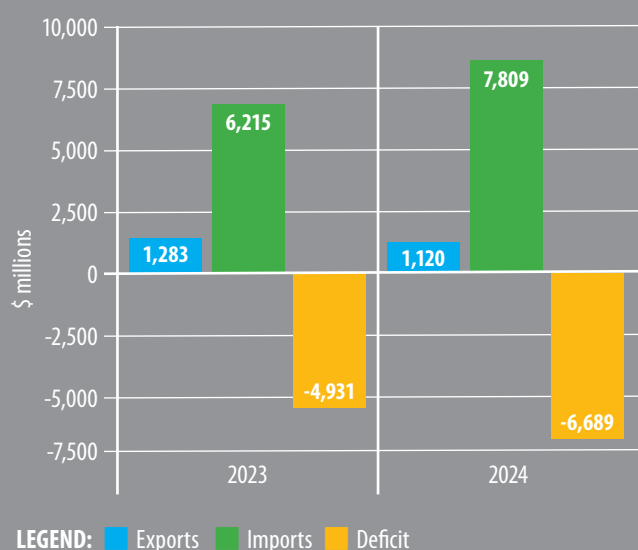
## Sectoral growth rates

GDP grew in 2023, with all sectors contributing (agriculture, services and industries constitute 94.7 percent of GDP).



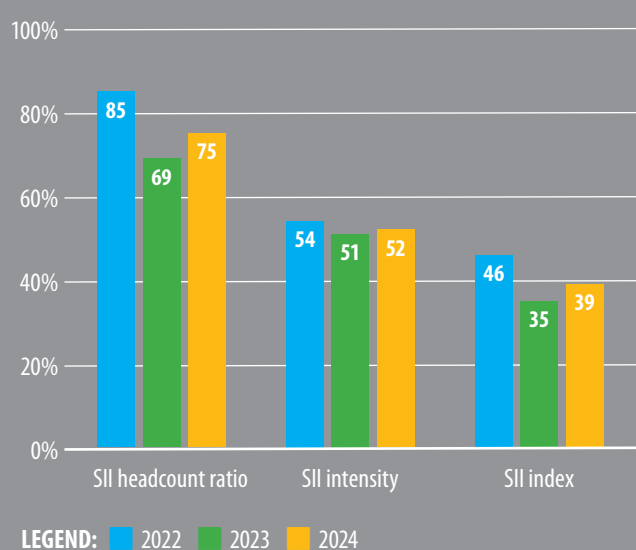
## Value of trade in goods, first three quarters of 2023 and 2024

The trade deficit continues to widen.



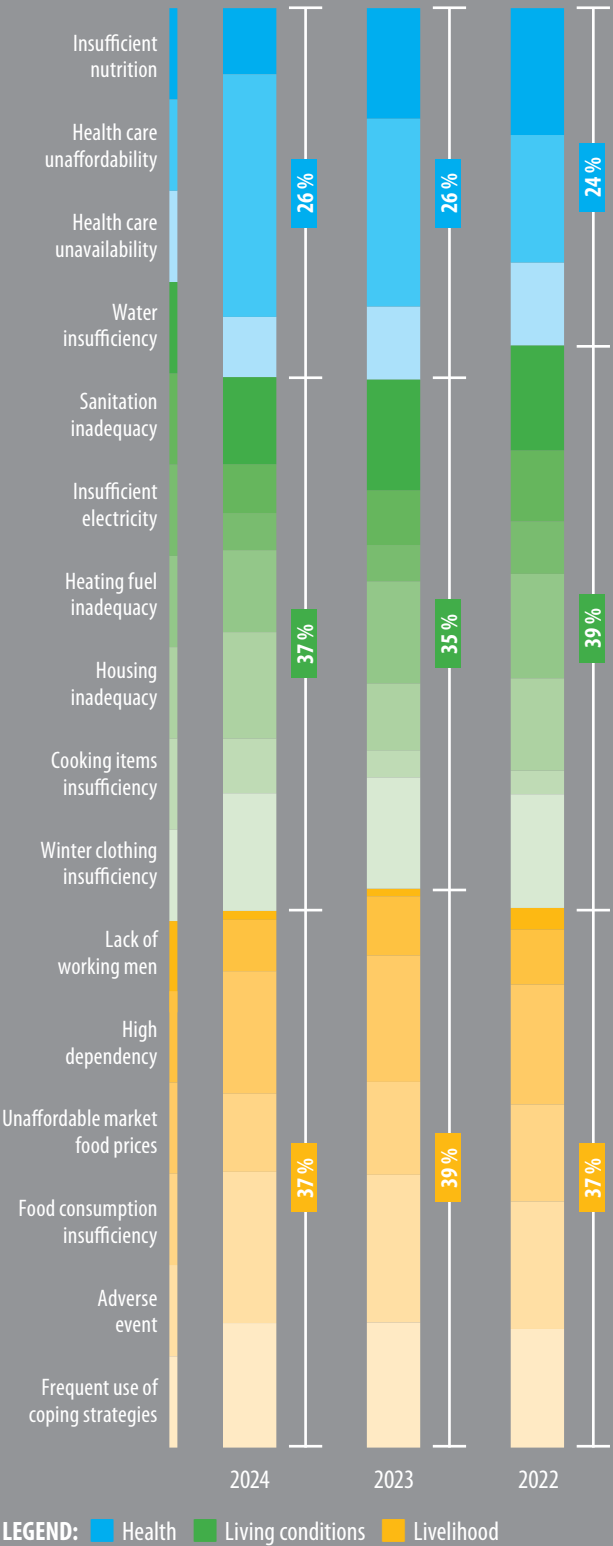
## Subsistence insecurity: headcount ratio, intensity and index

Subsistence insecurity increased in 2024 to 75 percent of the population (headcount ratio).



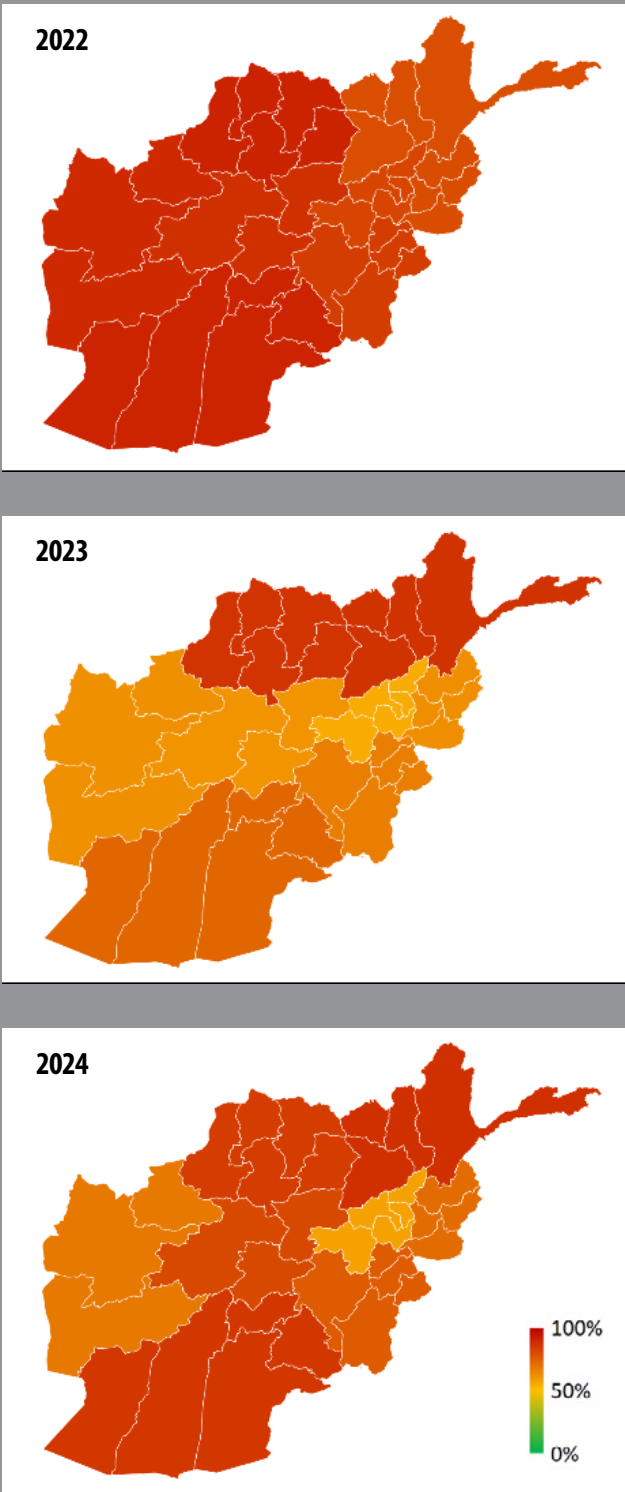
### Contribution of each dimension and each indicator to SII

Of the three dimensions of subsistence insecurity, living conditions (including water, sanitation, electricity, heating, housing, cooking items and winter clothing) and livelihoods (lack of working men, high dependency ratio, food prices, food consumption insufficiency, adverse events, use of coping strategies) were the two major contributors to overall subsistence insecurity (the third dimension being health).



### Subsistence insecurity: headcount ratio by region

Subsistence insecurity worsened across all regions in 2024, ranging from a 1 percentage point increase in the North-Eastern region to 20 percentage points in the Central Highlands, except for the Northern region where a minimal improvement of 2 percentage points occurred.

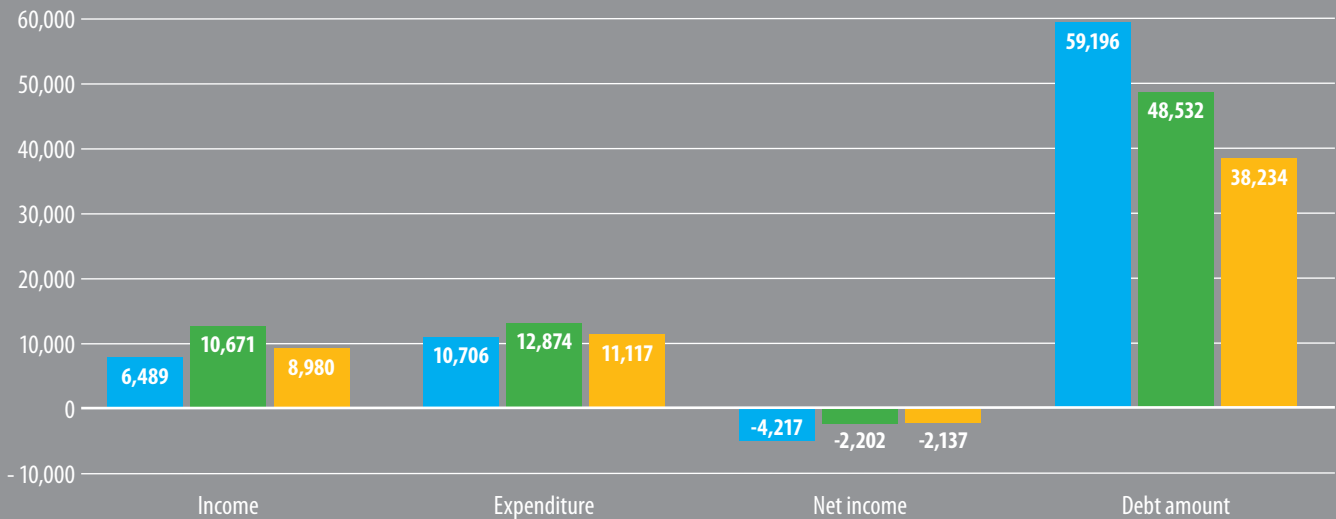




## Household monthly budget and accumulated debt (in AFN)

Household income and expenditure declined in 2024, but so did debt.

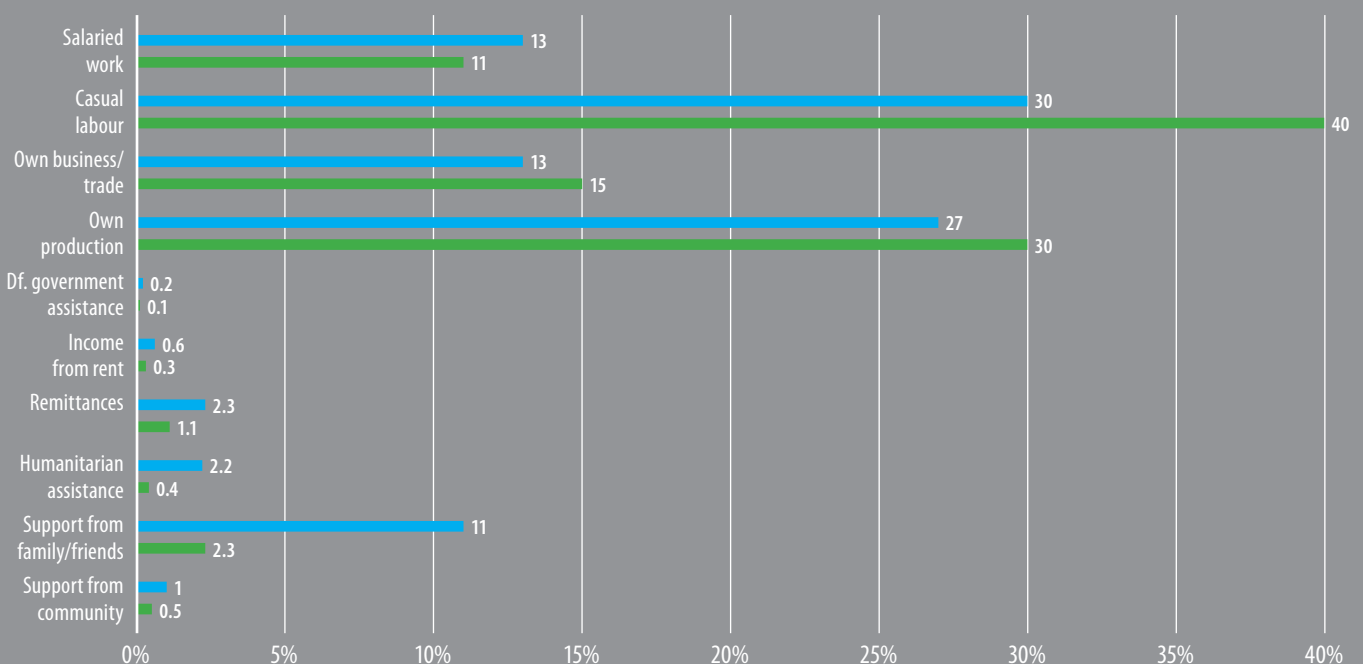
LEGEND: 2022 2023 2024



## Household income by source

Previous sources of income like salaried work and family support declined in 2024, while casual labour and own production increased.

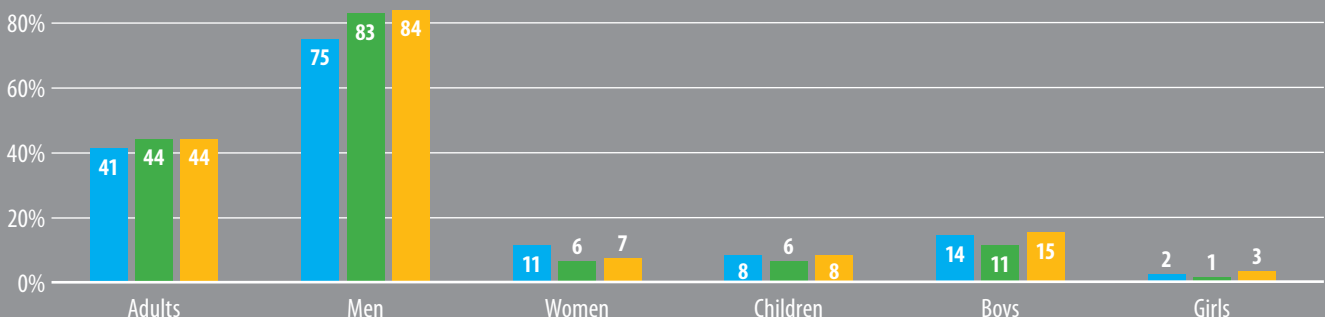
LEGEND: 2023 2024



## Household employment of adults and children

Household employment of men (84 percent) and women (only 7 percent) remained largely unchanged in 2024; boys' employment increased (15 percent) and was double that of women.

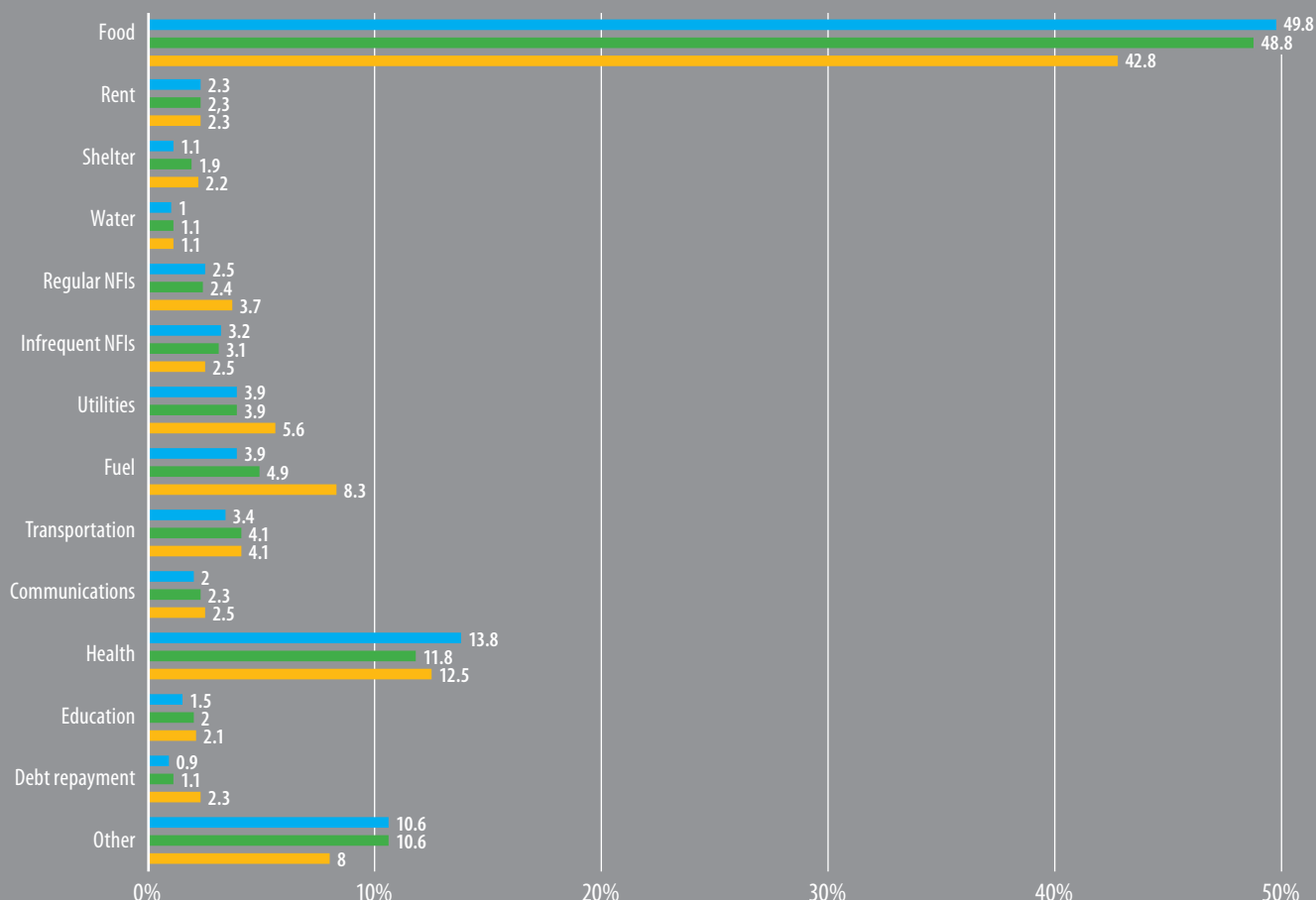
LEGEND: 2022 2023 2024



## Expenditure allocation

Food and health care expenses remain the two major expenditure items for households.

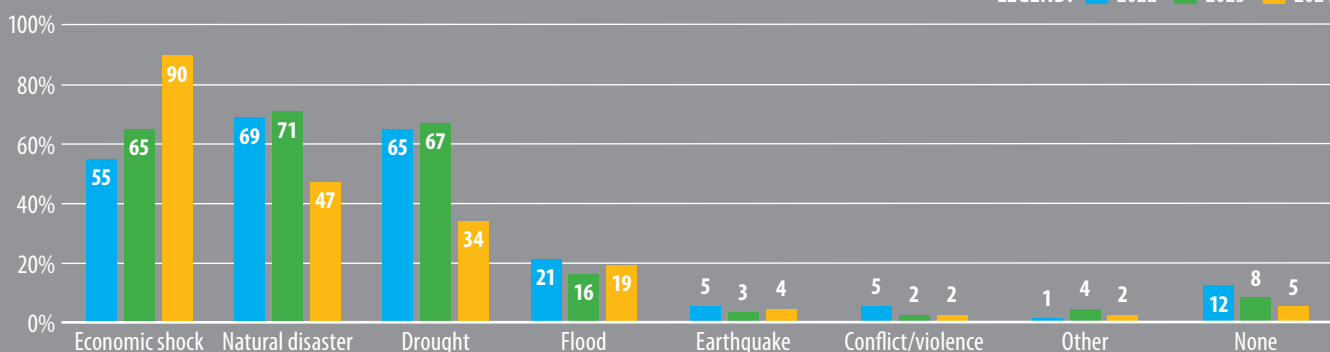
LEGEND: 2022 2023 2024



## Adverse events impacting households

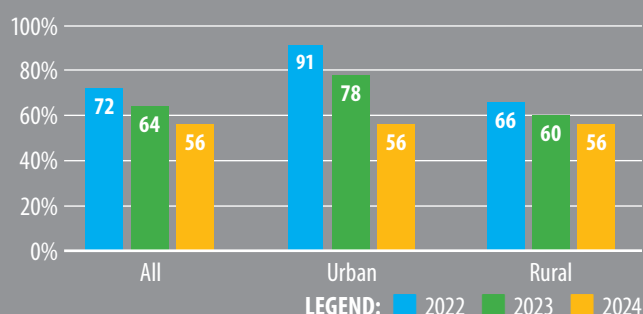
Economic shocks were the most frequent adverse event, affecting 90 percent of households in 2024, a sharp increase from 2023.

LEGEND: 2022 2023 2024



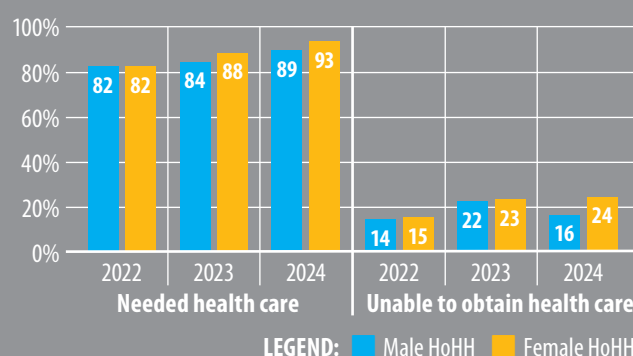
## Share of households reporting all areas safe for women and girls

The proportion of households reporting that all areas are safe for women and girls declined steadily.



## Health care needs and access by gender of head of household (HoHH)

Health care needs are rising, and women are increasingly unable to access the health care they need.



# 2.

## Introduction

**The Afghanistan Socio-Economic Review 2024 (ASER) presents data and analysis on economic and social trends for the Afghanistan Financial Year 2023–2024.<sup>1</sup>**

The data cut-off points are March 2024 for GDP, banking sector and all other data sourced from the de facto National Statistics and Information Authority (NSIA); September 2024 for trade data; and August 2024 for subsistence insecurity data. ASER is intended to be read as an update on previous UNDP socio-economic reviews, the most recent of which is the 'Two Years in Review' report, 2021–2023.<sup>2</sup>

**As with the 'Two Years in Review' report, ASER provides comprehensive analysis of subsistence insecurity for 2023–2024 using UNDP's unique Subsistence Insecurity Index (SII).** The SII was developed to overcome the lack of reliable data on poverty, livelihoods and well-being in the country, which is usually provided through representative national income, expenditure and labour force surveys conducted on a regular basis. No such survey has been conducted in Afghanistan since the Income, Expenditure and Labor Force Survey (IE-LFS) 2019–2020. Instead, the SII has been developed as a composite measure to analyse household insecurity using data from the United Nations Office for the Coordination of Humanitarian Affairs' (UNOCHA) annual Multi-Sectoral Needs Assessment (MSNA). The SII measures well-being across three domains—health, living conditions and livelihoods—and against a set of 16 indicators. The SII closely follows the Alkire-Foster methodology for calculating multidimensional poverty. Further details of the methodology used to calculate SII are provided in Box 1 (see Section 4). The report also uses data from NSIA and UN agencies, such as the International Organization for Migration's (IOM) Displacement Tracking Matrix (DTM), UNCTAD's ASYCUDA trade data and other UN agency reports.

**ASER is divided into the following five sections:**

- 1 Macroeconomic review:** This section discusses developments in Afghanistan's macroeconomy, including GDP growth and sectoral contributions to growth, trends in the exchange rate and inflation, the balance of trade, banking sector developments and poppy cultivation.
- 2 Multifaceted deprivations and adverse events:** Detailed findings from the SII are presented and discussed, including the analysis of regional differences and trends in SII for different groups. Household income and expenditure data is analysed and discussed, along with living conditions, and the impact of economic shocks and natural disasters.
- 3 Women's deteriorating socio-economic conditions:** Trends in women's employment, and access to education and health care are discussed, along with women's access to public places and the economic impacts of morality laws.
- 4 Cross-sectoral issues:** In this section, issues impacting Afghanistan's socio-economic development are discussed, including the microfinance sector, public sector institutions, the business environment and trends in population movement.
- 5 The final section of the report draws together conclusions and recommendations.**

<sup>1</sup> Because of the paucity of comprehensive, reliable data in Afghanistan, multiple data sources are used. As a result, some trends presented in the report fall outside this time-frame, though all data is clearly referenced.

<sup>2</sup> UNDP (2023). Two Years in Review. Changes in Afghan Economy, Households and Cross-Cutting Sectors (August 2021 to August 2023).



# 3.

## Macroeconomic Review: Trends and Perspectives

Section 1 of the report reviews major macroeconomic developments during the period 2022–2023, and 2024 where data is available. This includes GDP growth, exchange rate trends, inflation, and trends in trade and in the banking sector.

### 3.1 Aid-Dependent GDP Growth Recovery. But will it Last?

For the first time since 2019, the economy grew in 2023, though growth was modest and insufficient to meet the basic needs of the population in terms of employment, income and food security. The 2.7 percent GDP growth recorded in 2023 is an indication that the economy is stabilizing after the period of substantial contraction during 2020–2022 (Figure 1). The rate of growth in 2023 was similar to the years 2016 and 2017 but the economy at that time was much bigger in absolute terms, with significant international development assistance and direct budget support. Nominal GDP increased from US\$14.5 billion (US\$11.66 billion in real terms) in 2022 to US\$17.2 billion (US\$13.46 billion in real terms) in 2023, showing an 18.6 percent rate of growth in nominal terms but 2.7 percent growth in real and local currency terms. The nominal growth is driven by exchange rate fluctuations favouring the Afghan currency, which appreciated 11 percent during the Afghan fiscal year 2023, inflating the nominal US\$ GDP figure. GDP growth has raised per capita income, in nominal terms, from US\$352 in 2022 to US\$408 in 2023—a 16 percentage-point increase which is still below the 2020 per capita income of US\$512 (Figure 2).<sup>3</sup>

The share of agriculture in economic output has increased from 31.8 percent in 2020 to 35.9 percent in 2023, signalling concerns about the long-term growth trajectory in the absence of economic diversification. Services shrank from 50.7 percent to 44.4 percent over the same period, and the share of the industrial sector remained unchanged after a small increase in 2021 (Figure 3). To an extent, the growing importance of agriculture is understandable given the significant economic disruption and shrinkage that occurred in services after August 2021. The trend is further underpinned by the increase in land

Figure 1: Real GDP growth rates [Source: NSIA, 2023]

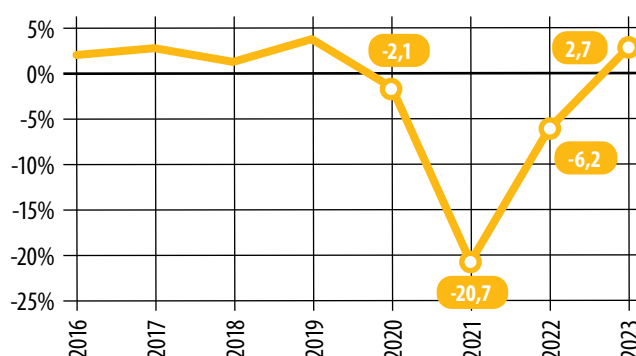
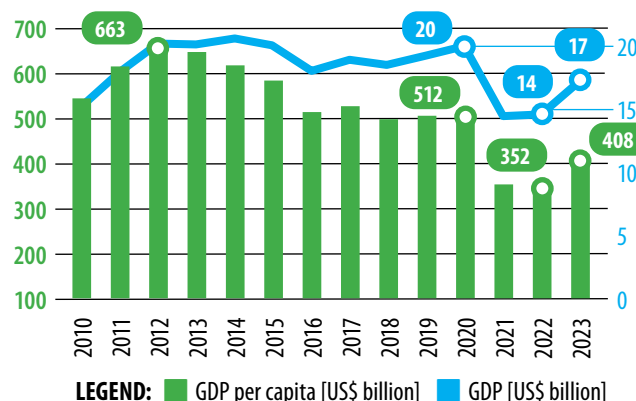
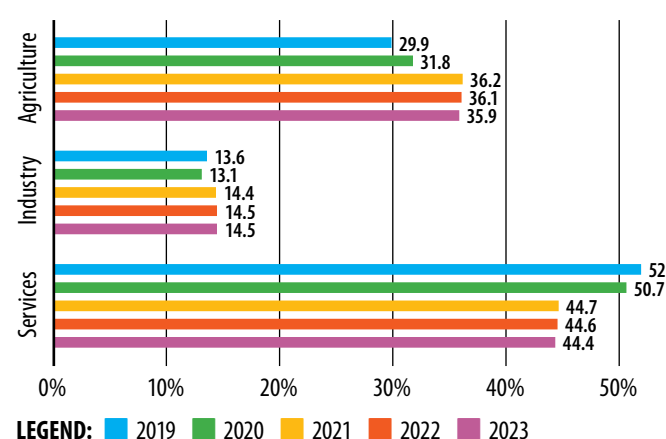


Figure 2: GDP and per capita income (nominal) [Source: NSIA, 2024]



LEGEND: ■ GDP per capita [US\$ billion] ■ GDP [US\$ billion]

Figure 3: GDP composition [Source: NSIA, 2023]



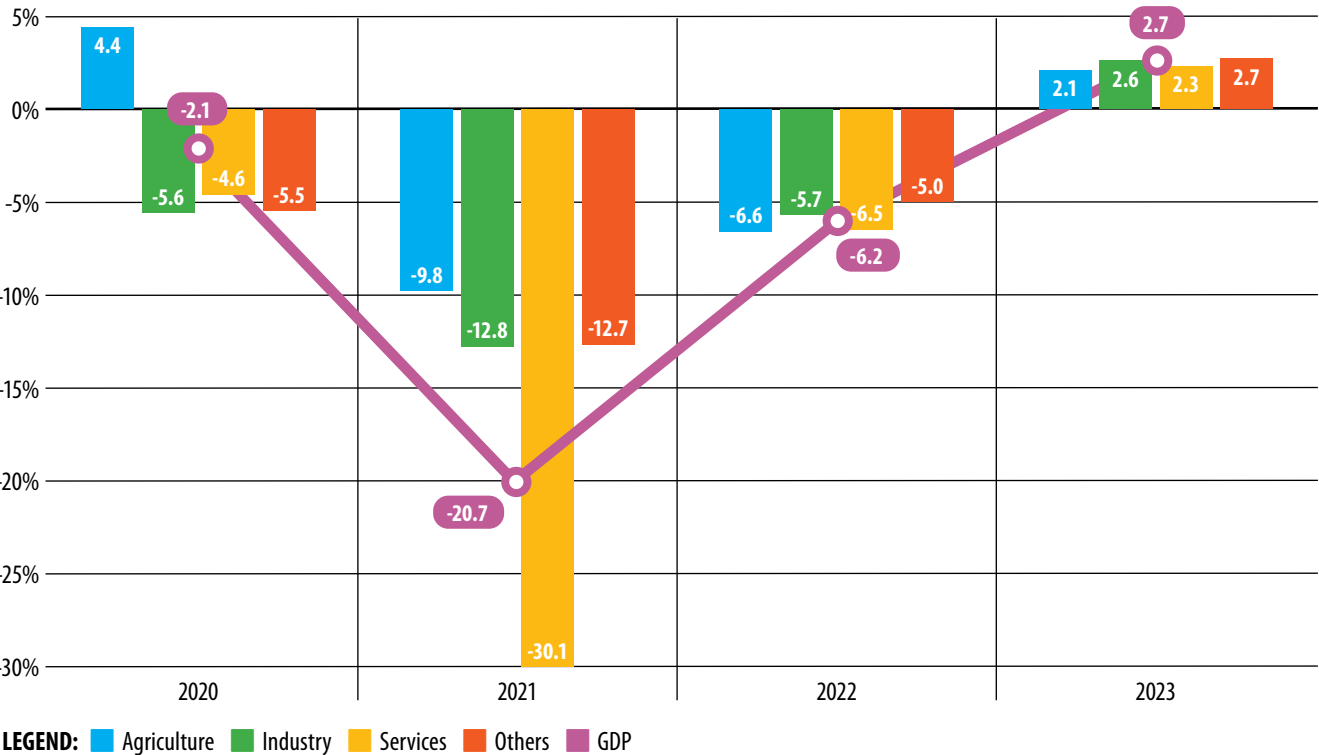
LEGEND: ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

<sup>3</sup> The per capita GDP estimate is based on the UN population estimate of 42.2 million people.

under cultivation. In US\$ terms, the share of agriculture, industry and services sectors in real GDP in 2023 were 4.83 billion, 1.95 billion and 5.97 billion respectively. These three sectors collectively accounted for 94.7 percent of total GDP in 2023 (US\$13.45 billion).

**According to NSIA data, land under cultivation increased by 7 percent in 2023 compared to 2022, primarily driven by an increase in wheat cultivation (14.4 percent) and cereal cultivation (7.2 percent).** Reduced drought impacts (as shown in Figure 42) and a dramatic reduction in the opium economy as a result of the 2022 ban on poppy cultivation might have also contributed to increased agricultural production. In 2024, poppy cultivation stood at 12,800 hectares—an 18.5 percent increase from 2023 but still 94.5 percent lower than the 233,000 hectares recorded in 2022 before the ban (UNODC, 2024).<sup>4</sup> Factors such as land, labour and assets that were previously employed in the opium economy could potentially shift to licit agricultural commodities such as wheat, cereals, high-value horticultural crops and fruits. Since the Afghan economy is heavily dependent on the agricultural sector, growth in agriculture is usually closely associated with growth in other sectors, such as industries and services (Figure 4).<sup>5</sup>

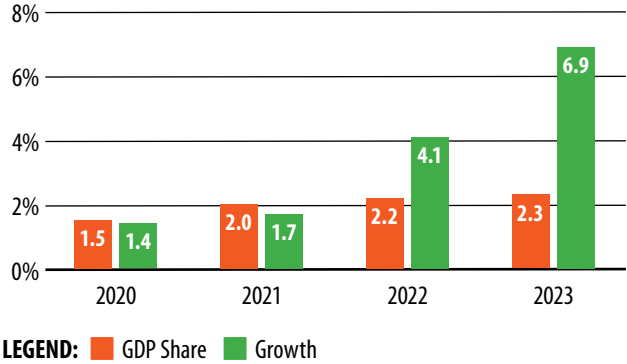
**Figure 4:** Sectoral growth rates<sup>6</sup> [Source: NSIA, 2023]



<sup>4</sup> Afghanistan Drug Insights Volume 1. UNODC, Nov 2024, <https://tinyurl.com/4rdtvct5>.  
<sup>5</sup> Sectoral growth rates contribute to the GDP growth rate relative to their shares in the GDP.  
<sup>6</sup> GDP is comprised of mining, manufacturing, construction, import duties and electricity sectors, in addition to these three traditional sectors.

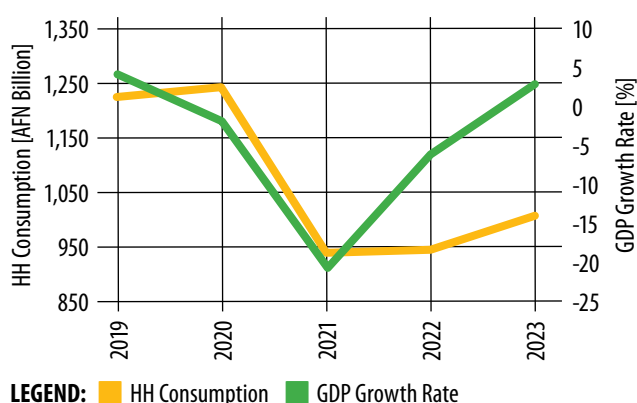
**The mining sector has seen rapid growth since 2020, with an increase in licences and contracts issued to the private sector. Despite this, its share of GDP has not expanded proportionately.** The sector grew 6.9 percent in 2023, up from 1.4 percent in 2020, but the sector’s share in real GDP increased only marginally, reflecting the impediments in implementing mining contracts and the small size of the sector relative to the traditional sectors of the economy (Figure 4 and Figure 5).

**Figure 5:** Mining sector [Source: NSIA, 2023]



**Enduring economic recovery requires essential investments in energy, functioning local markets, community infrastructure, basic water and agricultural value chains that could generate ‘beyond subsistence’ production and livelihoods.** The return to growth is largely based on higher household consumption enabled by humanitarian assistance, which is already declining; increased agricultural output, which depends on weather conditions; and a resilient private sector, which is currently incapacitated by a challenged financial sector (Figure 6). To fully recover from the significant losses of recent years, the economy needs to achieve and sustain higher growth rates for the foreseeable future and diversify sources of growth to non-agricultural sectors.

**Figure 6:** Consumption-growth nexus [Source: NSIA, 2024]

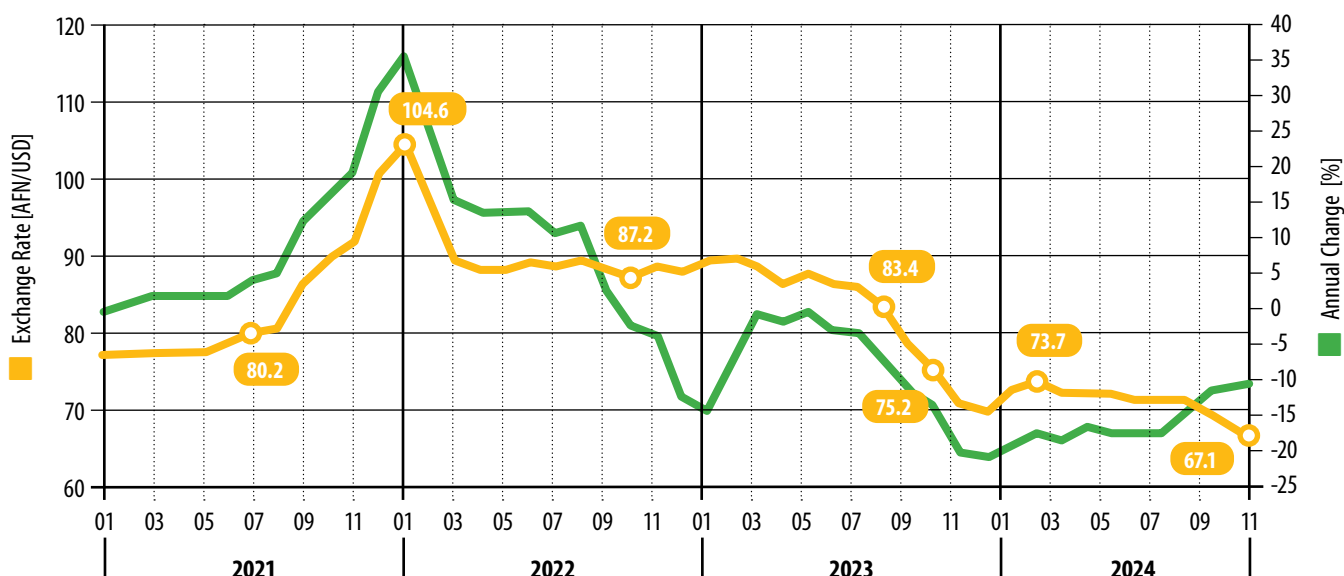


### 3.2 Exchange Rate Appreciation: A Boost for Imports

**The currency control measures that the de facto Da Afghanistan Bank (DAB) has implemented since 2022 continue to affect liquidity and exchange rates in the market.** This includes restricted deposit withdrawals, use of deposits to only finance the import of essential goods and ensuring domestic business transactions are only conducted in the AFN currency. These measures have been in effect since 2022, albeit with some relaxation of limits for transactions over time. The cash withdrawal limits and the inability of DAB to print new banknotes and replace obsolete bills have contributed to a sustained rise in the demand for the AFN currency in the market. Alongside this, Humanitarian and Basic Needs Assistance cash shipment inflows and remittances, among other factors, have contributed to a stable supply of US dollars in the market.<sup>7</sup> Further, DAB has managed the supply of dollars into the economy through currency auctions to maintain a strong AFN. As a result, AFN has been on an appreciating trend since mid-2023. The appreciation of the AFN towards the end of 2024 has contributed to the reduction in prices of food items such as wheat grain, wheat flour, pulses, rice and sugar, boosting consumers’ purchasing power.<sup>8</sup>

The AFN appreciated 10.7 percent against the US\$ in October 2024 year on year, with the AFN to US\$ rate falling from AFN 75.2 to AFN 67.1 (Figure 7).

**Figure 7:** Exchange rate (Jan 2021 to Nov 2024) [Source: DAB, 2024]

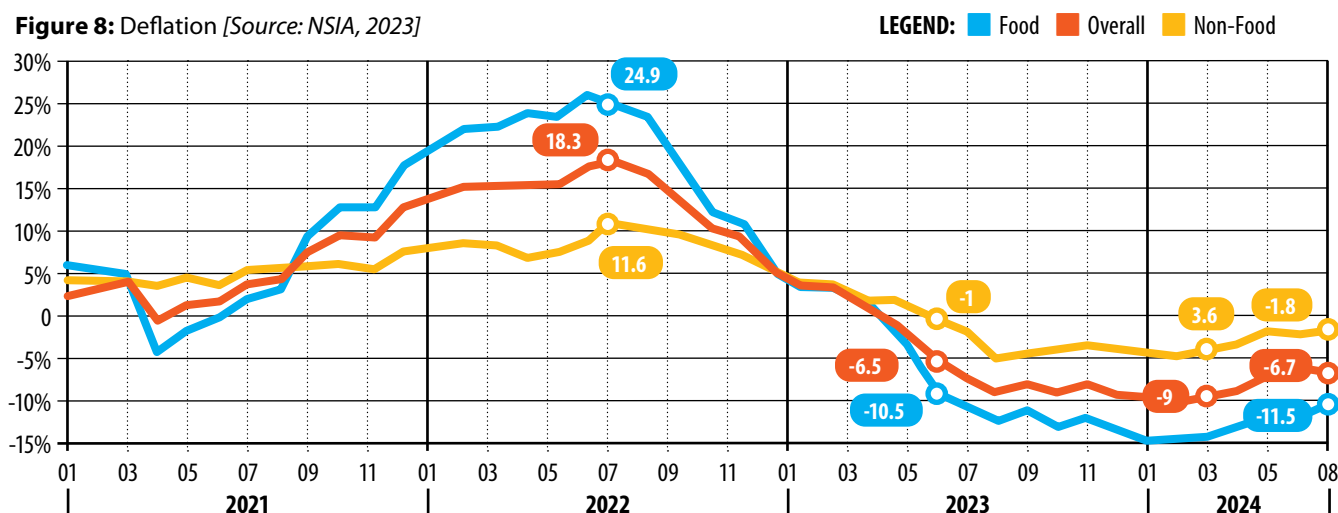


<sup>7</sup> UNDP estimates that remittances to Afghanistan in 2023 totalled of US\$320 million, or approximately 3.2 percent of GDP. Beyond Borders: How Remittances Are Reshaping Asia-Pacific Economies. UNDP Asia Pacific Perspectives 2025.

<sup>8</sup> Weekly Market Report, Issue No. 220. Week 3, October 2024. WFP.



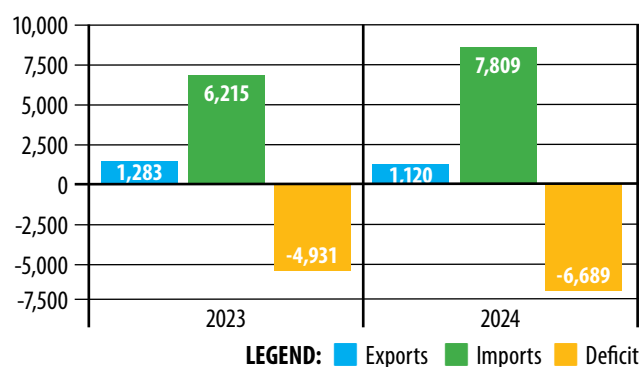
**Figure 8: Deflation** [Source: NSIA, 2023]



### 3.3 Deflation: Consumers Gain, Producers Lose Out

The economy is experiencing a sustained period of deflation, with the deflation rate at **–6.7 percent in August 2024, slightly lower than the –8 percent registered in August 2023**. Food deflation was below –10 percent with no significant changes since mid-2023 (Figure 8). The rate for non-food deflation stood at –1.8 percent as of August 2024. Possible factors driving deflation were appreciation of the AFN, declining international commodity prices, low levels of investment and anaemic economic production.<sup>9</sup> The AFN currency appreciation may potentially be short-lived because of the unfavourable underlying environment characterized by weak demand, insufficient and fragile growth, frozen foreign reserves and dwindling exports—not to mention diminishing humanitarian assistance. While a strong AFN currency boosts Afghan consumers’ purchasing power in the short run, it results in high input prices for domestic producers, makes Afghan exports less competitive internationally and disincentivises investment. It will therefore impede economic growth and recovery in the long run.

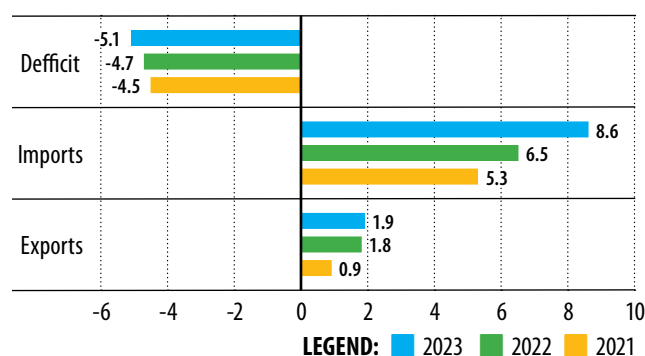
**Figure 9: Value of trade in goods, first three quarters of 2023 and 2024 (US\$ million)** [Source: ASYCUDA]



### 3.4 Trade Deficit: A Chronic Structural Challenge Unaddressed

The trade deficit continues to widen due to growing imports and stagnant exports, raising concerns for macroeconomic stability. Imports and the trade deficit increased 25.6 percent and 35.6 percent respectively, during the first nine months of 2024 when compared to the same period in 2023 (Figure 9). Conversely, exports shrunk by 12.7 percent over the same period. This has been the trend since 2021 and threatens the country’s fragile macroeconomic stability if left unaddressed. Despite sluggish economic growth, banking sector challenges such as limited international payments and transfers affecting trade transactions, and shrinking international assistance, imports grew 30 percent in 2023, reaching US\$8.6 billion (Figure 10). Exports, on the other hand, increased by a mere 5.5 percent in 2023 from US\$1.8 billion in 2022 to US\$1.9 billion in 2023.<sup>10</sup>

**Figure 10: Annual value of trade (US\$ billion)** [Source: ASYCUDA data, UNDP staff calculations]



<sup>9</sup> Commodity prices are taken from the World Bank’s Commodity Market database, providing international prices up to October 2024. <https://www.worldbank.org/en/research/commodity-markets>

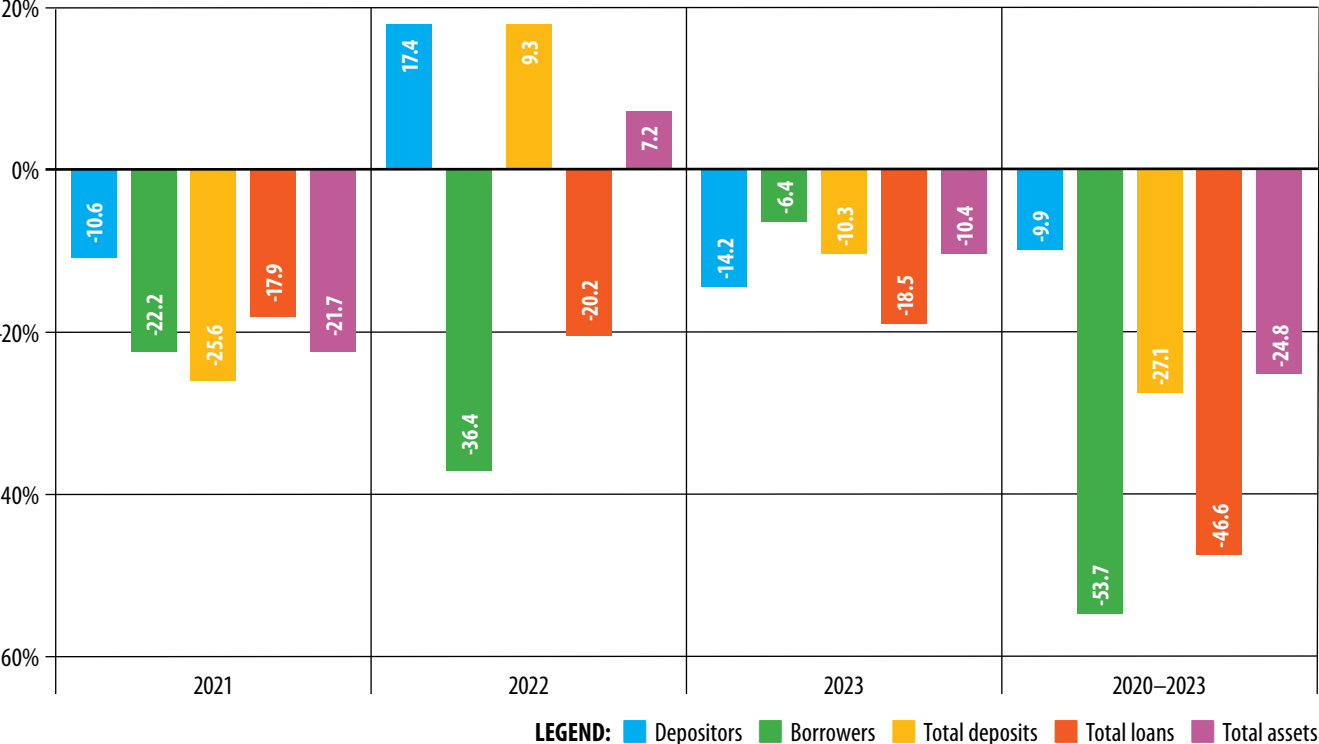
<sup>10</sup> Differences in the reporting of export data is attributable to differences in the AFN/US\$ exchange rate.

**A key factor driving the growth in imports is the stronger AFN currency in comparison to the currencies of some neighbouring trade partners.** Imports of food, fuel, and other items such as textiles and pharmaceuticals account for around US\$4.5 billion out of a total US\$8.6 billion in 2023. Rising imports also reflects the structural weaknesses in the productive sectors of the Afghanistan economy that have persisted over years, rendering the economy overly reliant on imports of goods that could be domestically produced, provided the right policies and incentives are put in place. Additionally, reduced drought impacts may have boosted agricultural production, but the gains remain limited, preventing significant import substitution of key agricultural products.

### 3.5 Banking Sector Review: Fluctuating Trust

**After a notable recovery in the banking sector in 2022, key trends reversed in 2023 and the sector shows worrying signs of decline.** In 2022, the number of bank depositors, the value of deposits and value of bank assets all increased by 17.4 percent, 9.3 percent and 7.2 percent respectively, compared to 2021. This demonstrated a level of revived trust in the banks a year after the regime change in August 2021 (Figure 11). In 2023, however, these improvements were all reversed, with the number of depositors, borrowers, value of deposits, loans and assets all declining. As a result, there has been no growth or recovery in the banking sector during the period 2022–2023.

**Figure 11:** Banking sector performance [Source: NSIA, 2024]



**There are a number of factors underlying the banking sector’s poor performance. Access to foreign currency reserves was frozen in 2021, restricting liquidity.** DAB is unable to print and distribute new banknotes, which affects money supply. Banks face high costs and a heavy administrative burden due to the requirements to convert to Islamic banking, and have been slow to roll out Islamic Finance products. These factors have all contributed to a significant lack of confidence in the banking sector and consequent poor performance, which has been compounded by the overall economic context and the sluggish economic recovery.

### 3.6 The Possible Ripple Effects of Poppy Eradication

**The DFA issued a nationwide ban on the production, processing and trade of opiates (opium, morphine and heroin) in 2022, which resulted in a 95 percent contraction in poppy production in 2023.** There was a small increase in land under poppy cultivation in 2024, from 10,800 hectares to 12,800 hectares, producing 433 tonnes of opiates, up from 333 tonnes in 2023 (Figure 12). But the area under cultivation remains a fraction (5.5 percent) of what it was before the ban—233,000 hectares in 2022 (Figure 13).

The dramatic decline in poppy cultivation has resulted in a loss of income and business opportunities in the rural areas, where hundreds of thousands of people relied on it to meet their daily needs. Unless alternative crops with relatively higher values can be found to help mitigate some of these losses, the communities will struggle to recover from the socio-economic shocks of the poppy ban.

Figure 12: Opium production prior to DFA poppy ban [Source: UNODC, 2024]

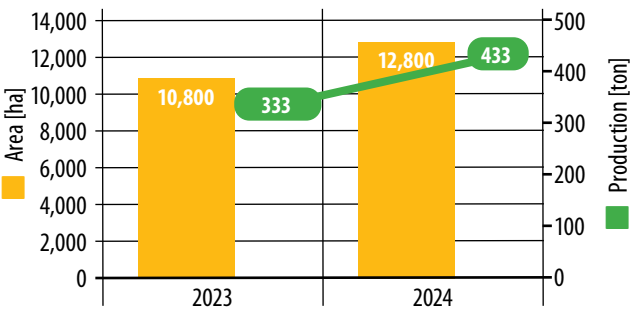
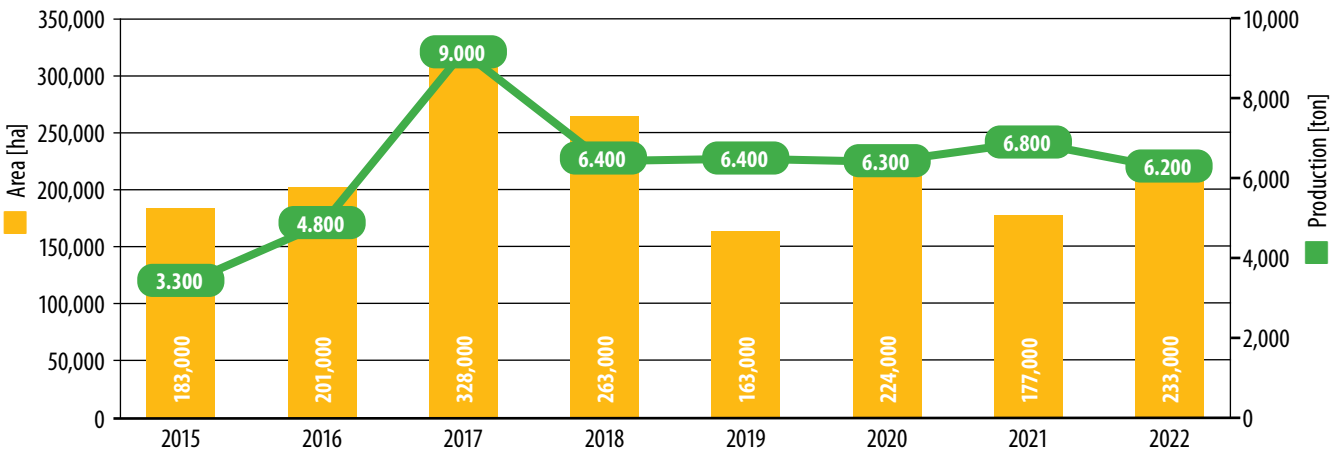


Figure 13: Opium production 2015–2022 [Source: UNODC, 2024]





# 4.

## Subsistence Insecurity: A Grave Cause for Concern

This section discusses findings from the Subsistence Insecurity Index (SII), a bespoke measure of subsistence insecurity developed by UNDP Afghanistan in 2023 for the ‘Two Years in Review’ report, updated here. The SII fills a critical gap in the absence of regular, robust poverty data for Afghanistan. A full description of the methodology is included in Box 1 below. The section discusses SII headline findings, SII findings in relation to gender and urban-rural variations, and regional SII rankings. The section then discusses household income, expenditure and living conditions, and the effects of natural disasters and economic shocks on well-being.

### BOX 1: Explanation of the Subsistence Insecurity Index

The Subsistence Insecurity Index (SII) quantifies the extent and degree of subsistence insecurity prevalent in Afghanistan, following the Alkire-Foster (AF) method for the Multidimensional Poverty Index (MPI). Using the Multi-Sectoral Needs Assessment (MSNA) 2022–2024 data, a set of 16 indicators<sup>11</sup> is selected based on relevance to subsistence, covering the dimensions of health, living conditions and livelihoods, in order to identify whether or not a household (HH) is subsistence insecure (Table 1, Annex 1), meaning whether that household has access to most basic items, opportunities and services needed to meet subsistence-level living conditions. This yields a set of 16 binary indicators for every household, each taking the value of 1 if the household is deprived and 0 otherwise. For each household, a subsistence insecurity score is constructed by taking the weighted sum of the binary indicators. The three dimensions—health, living conditions and livelihoods—are assigned an equal weight of one third and the indicators within their dimension are equally weighted. The subsistence insecurity score is compared to the cut-off value of 33 percent. Households and their members that have a subsistence insecurity score equal to or greater than this cut-off value are identified as subsistence insecure. In addition to evaluating the proportion of households and their members that are subsistence insecure (headcount ratio SII[H]), the intensity of the subsistence insecurity is also computed as the average of the subsistence insecurity score of the subsistence insecure households and their members (intensity SII[A]). The product of the headcount ratio and the intensity ( $SSI[H] \times SII[A]$ ) provides the Subsistence Insecurity Index (SII).

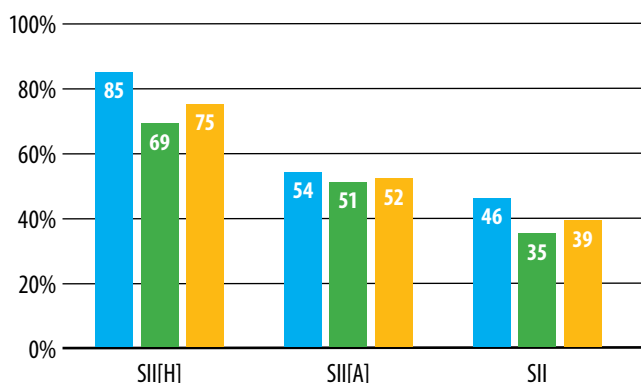
### 4.1 Deepening Subsistence Insecurity, After a Brief Improvement in 2023

**In 2024, 75 percent of people in the country were subsistence insecure, up from 69 percent in 2023. The intensity of subsistence insecurity remained about the same and the index overall increased by 4 percentage points from 2023** (Figure 14).<sup>12</sup> For the headcount ratio represented by SII[H] in Figure 14, 75 percent of people were deprived in 2024 compared to 69 percent in 2023 and 85 percent in 2022. Part of the improvement observed from 2022 to 2023 was therefore reversed in 2024. The intensity of subsistence insecurity, represented by SII[A] in Figure 14, remained approximately the same in 2024 compared to 2022–2023. For 2024, the subsistence insecure portion of the population was deprived in 52 percent of the weighted indicators. The worsening in the Subsistence Insecurity Index in 2024, represented by SII in Figure 14, was mainly driven by the increase in the headcount ratio rather than the intensity of subsistence insecurity.

<sup>11</sup> For 2022–2023, 17 indicators were used for the SII. The indicator of blankets insufficiency was not available in MSNA 2024. Moreover, the indicator of financial impact by at least one adverse event was not available in MSNA 2024 and was replaced with the indicator of impact by at least one adverse event (economic shock and/or natural disaster). The results presented here for SII 2022–2023 are based on the same 16 indicators used in SII 2024, except those in Figure 14, Figure 17, Figure 20, Figure 66 and Figure 67, where the original SII 2022–2023 values are presented.

<sup>12</sup> Using the updated version of SII 2022–2023, the headcount ratio becomes 85 and 67 percent, the intensity 55 and 52 percent and the index 46 and 35 percent, respectively for 2022 and 2023.

**Figure 14:** Subsistence insecurity: headcount ratio, intensity and index [Source: MSNA, 2022–2024]

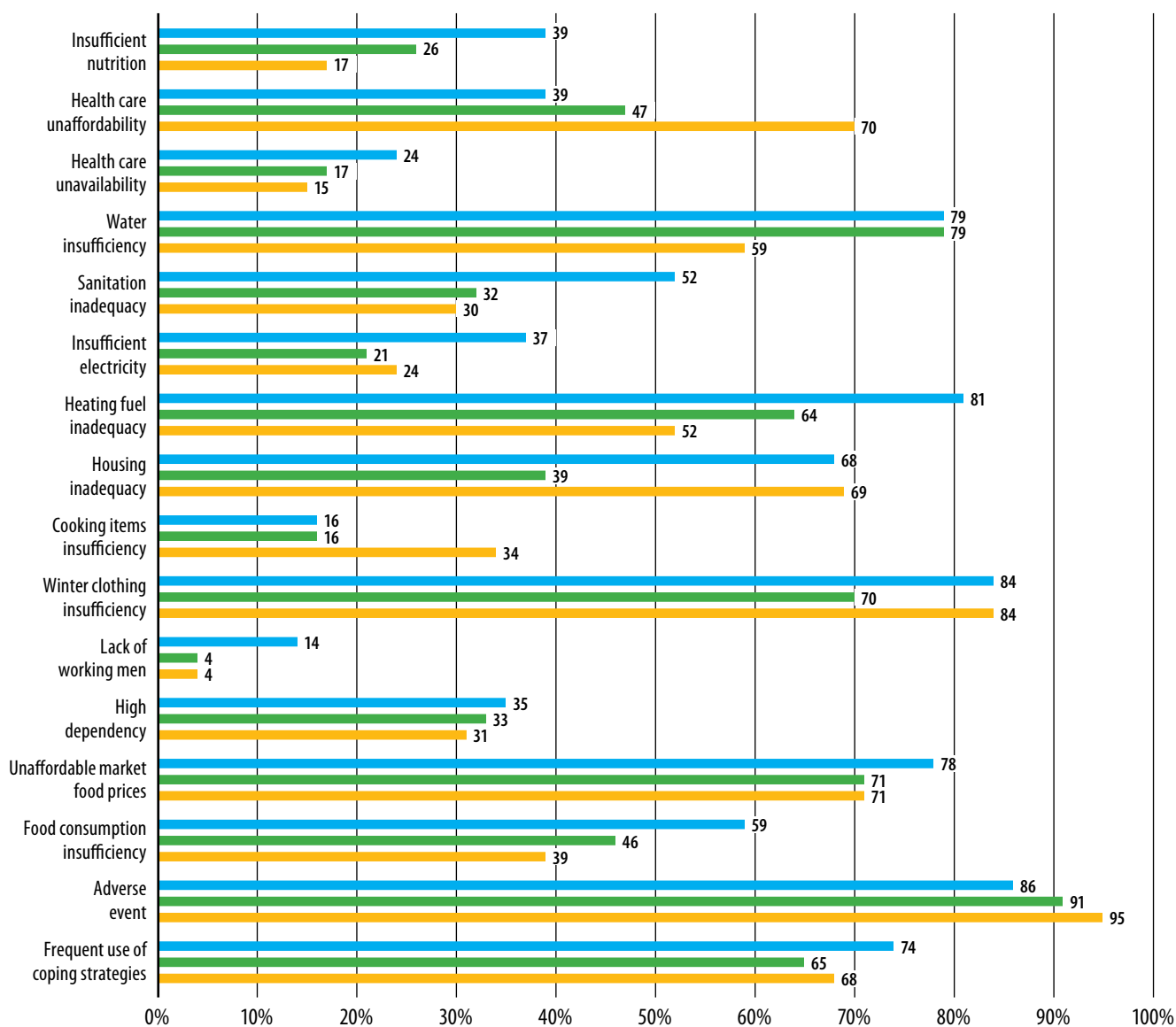


**LEGEND:** 2022 2023 2024

**In 2024, subsistence security worsened due to significant deteriorations in indicators of housing inadequacy, health care unaffordability, cooking items and winter clothing insufficiency. Adverse events, winter clothing insufficiency, high market food prices and health care unaffordability remained among the highest sources of subsistence insecurity.**

The proportions of the population that were deprived under each of the SII indicators<sup>13</sup> provides insight into the sources of subsistence insecurity (Figure 15). In 2024, a high deprivation of above 50 percent was found for the following indicators: adverse event (95 percent), winter clothing insufficiency (84 percent), high market food prices (71 percent), health care unaffordability (70 percent), housing inadequacy (69 percent), frequent use of coping strategies (68 percent), water insufficiency (59 percent) and heating fuel inadequacy (52 percent).

**Figure 15:** Subsistence insecurity by indicator: headcount ratio [Source: MSNA, 2022–2024]



**LEGEND:** 2022 2023 2024

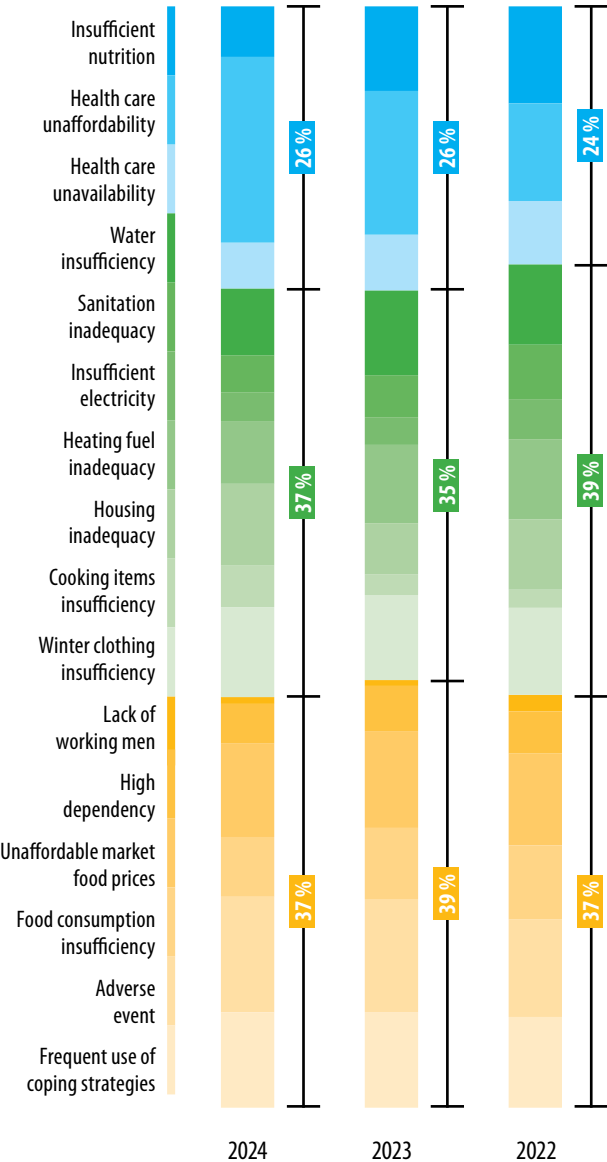
<sup>13</sup> See Table 1 in Annex 1 for a description of the SII indicators.

The indicators showed various degrees of deterioration or improvement in 2024 compared to 2023. Seven indicators worsened, seven improved and two were almost unchanged. However, the degree of improvement was smaller than the degree of deterioration, consequently resulting in a decrease of subsistence security in 2024. The worst deterioration was in housing inadequacy (from 39 percent in 2023 to 69 percent in 2024, a change of 30 percentage points), followed by health care unaffordability (from 47 percent in 2023 to 70 percent in 2024, a change of 23 percentage points), cooking items insufficiency (from 16 percent in 2023 to 34 percent in 2024, a change of 18 percentage points) and winter clothing insufficiency (from 70 percent in 2023 to 84 percent in 2024, a change of 14 percentage points). The biggest improvement was in water insufficiency (from 79 percent in 2023 to 59 percent in 2024, a change of –20 percentage points), followed by heating fuel inadequacy (from 64 percent in 2023 to 52 percent in 2024, a change of –12 percentage points). For the rest of the indicators, the changes were small (between –10 and 10 percentage points).

**Insufficient economic recovery from 2023, lower household income, higher levels of shocks experienced by households and dwindling humanitarian assistance appear to be driving the deterioration in subsistence insecurity in 2024.** The impact on households of economic shocks (such as loss of productive assets and livestock, reduced salaries and work opportunities, and a reduction of working adults in the households due probably to outmigration) increased from 65 percent in 2023 to 90 percent in 2024, driving down households’ abilities to meet their subsistence needs (Figure 42). Furthermore, the impact of floods and earthquakes also increased by 3 percentage points and 1 percentage point respectively in 2024, adding to the worsening subsistence insecurity situation for households. Household income declined by 16 percent in 2024 (Figure 26) contributing to increased insecurity, with households prioritizing expenditure on fuel, utilities, regular non-food items (NFIs) and debt repayment, and deprioritizing expenditures on health and non-regular NFIs (Figure 26 and Figure 32). The modest GDP recovery seen in 2023 was based on household consumption, which aid helped increase. A reduction in international aid (Figure 41) coupled with very high and persistent levels of household insecurities will likely weaken GDP recovery in 2024, as households will not be able to sustain adequate consumption.

**Various indicators had similar relative contributions to the Subsistence Insecurity Index in 2022–2024** (Figure 16). In 2022–2023, the top five contributing indicators (in the order of 2023) were health care unaffordability, adverse event, unaffordable market food prices, frequent use of coping strategies and insufficient nutrition (8–9 percent in 2022 and 8–13 percent in 2023). In 2024, the top five contributing indicators were health care unaffordability (17

**Figure 16:** Contribution of each dimension and each indicator to SII [Source: MSNA, 2022–2024]

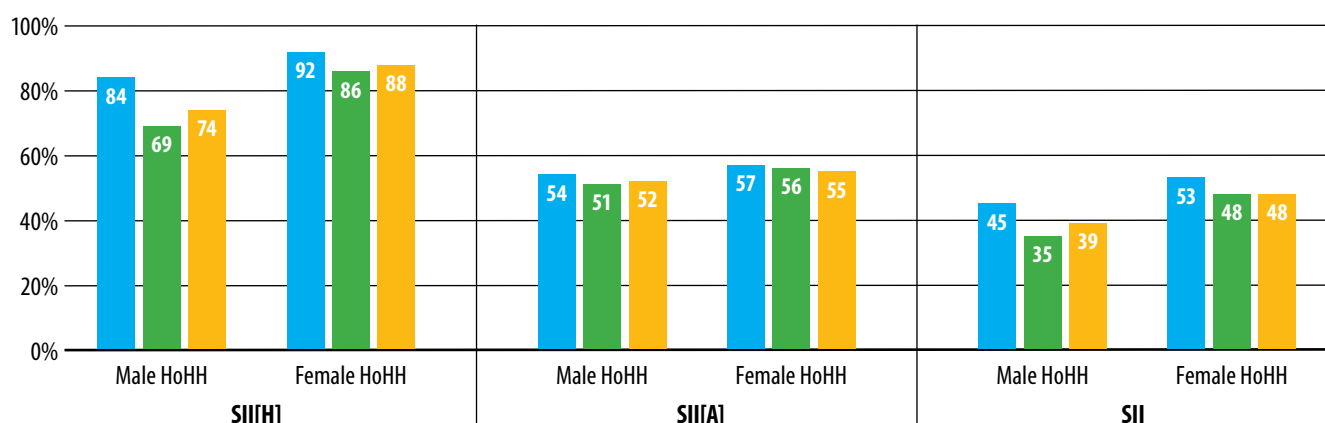


**LEGEND:** Health Living conditions Livelihood

percent), adverse event (11 percent), unaffordable market food prices (9 percent), frequent use of coping strategies (8 percent) and winter clothing insufficiency (8 percent). The dimensions of health, living conditions and livelihoods had similar contributions to the index in 2022–2024. The dimension of health had a lower contribution out of the three dimensions (24–26 percent), however it does contain one of the most significant contributing indicators—health care unaffordability. The dimensions of living conditions (35–39 percent) and livelihoods (37–39 percent) had approximately similar effects.

**Figure 17:** Subsistence insecurity: headcount ratio, intensity and index; by gender of head of household (HoHH) [Source: MSNA, 2022–2024]

LEGEND: 2022 2023 2024



## 4.2 Subsistence Insecurity Worse for Women and Other Groups, and Differs by Region

For each year from 2022 to 2024, the proportion of household members who were subsistence insecure was higher for female-headed households compared to male-headed households (Figure 17). In 2024, 74 percent of people in male-headed households and 88 percent in female-headed households were subsistence insecure. From 2023 to 2024, the increase in subsistence insecurity was more pronounced for members of male-headed households compared to female-headed households, rising by 5 percentage points from 69 percent, compared to a 2 percentage-point change for female-headed households (from 86 percent to 88 percent).<sup>14</sup> However, in all years, subsistence insecurity among female-headed households remained higher than the peak level recorded for male-headed households in 2022.

The intensity of subsistence insecurity remained largely unchanged from 2022 to 2024 for both male- and female-headed households, though female-headed households continue to face a significantly higher rate of subsistence insecurity overall. In 2024, members of female-headed households experienced a slightly higher degree of insecurity (55 percent) compared to male-headed households (52 percent). In 2024, the Subsistence Insecurity Index—evaluated as the product of the headcount ratio and the intensity—was 39 percent for male-headed households and 48 percent for female-headed households. This disparity was mainly driven by differences in the headcount ratio, intensity playing a smaller role.

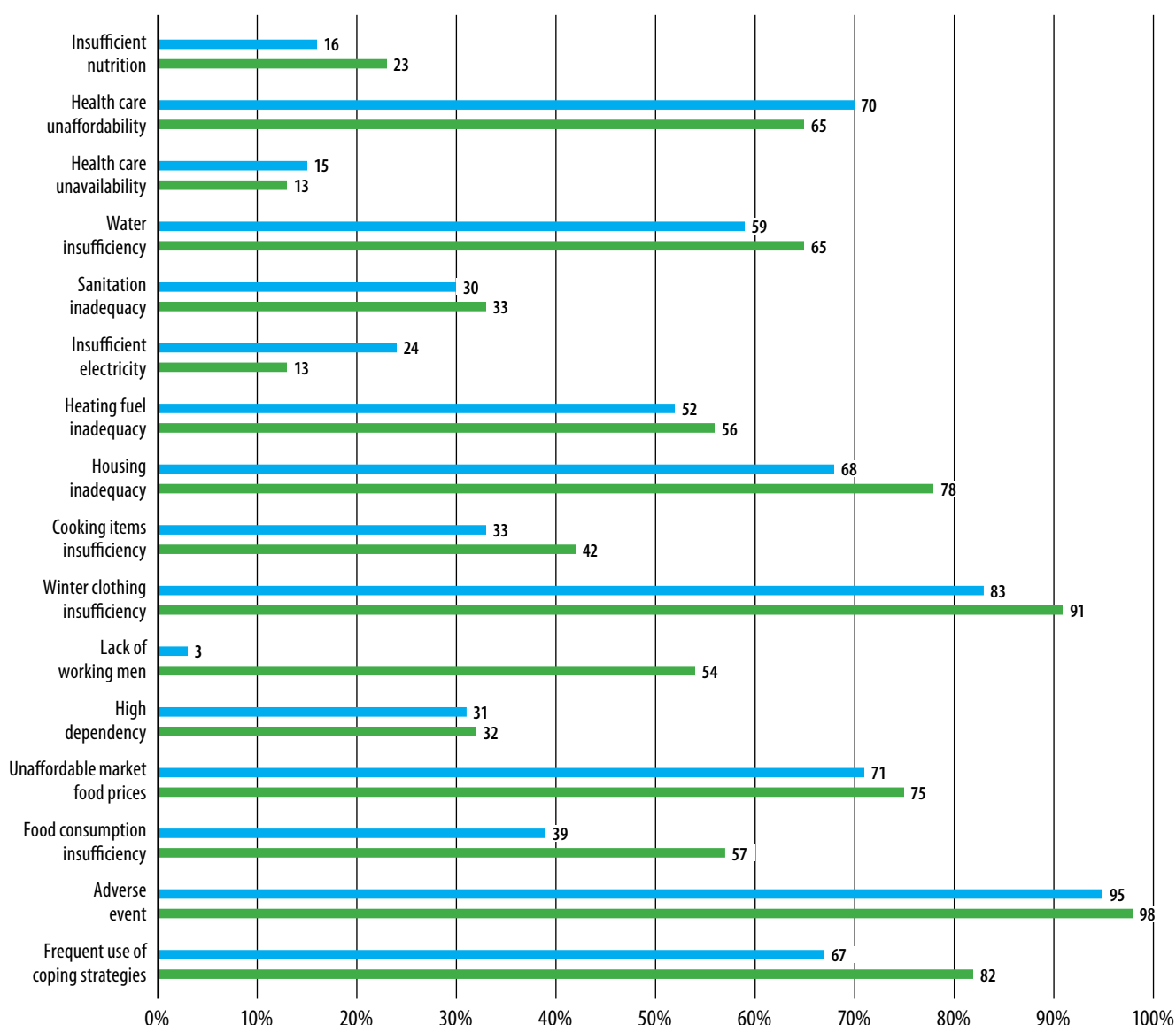
**Female-headed households suffer more severe deprivation across a broader range of indicators than male-headed households.** Examining the proportion of the population in male- and female-headed households that were deprived under the SII indicators provides insight into these differences (Figure 18). In 2024, high deprivation (above 50 percent) was observed in eight indicators for male-headed households: adverse events (95 percent), winter clothing insufficiency (83 percent), unaffordable market food prices (71 percent), health care unaffordability (70 percent), housing inadequacy (68 percent), frequent use of coping strategies (67 percent), water insufficiency (59 percent) and heating fuel inadequacy (52 percent). For female-headed households, high deprivation was identified in 10 indicators: adverse event (98 percent), winter clothing insufficiency (91 percent), frequent use of coping strategies (82 percent), housing inadequacy (78 percent), unaffordable market food prices (75 percent), health care unaffordability (65 percent), water insufficiency (65 percent), food consumption insufficiency (57 percent), heating fuel inadequacy (56 percent) and lack of working men (54 percent). Female-headed households were less deprived than male-headed households in only 3 out of 16 indicators: health care unavailability, health care unaffordability and insufficient electricity, with deprivation levels 2–11 percentage points lower. For the remaining 13 indicators, female-headed households faced greater deprivation, with differences ranging from 1 to 51 percentage points. Overall, female-headed households experienced deprivation across more indicators and at a greater intensity, resulting in a 14 percentage-point gap in the SII headcount ratio between female- and male-headed households.

<sup>14</sup> Using the updated version of SII 2022–2023, the headcount ratio becomes 83 and 67 percent for male-headed households and 92 and 83 percent for female-headed households, respectively for 2022 and 2023.



**Figure 18:** Subsistence insecurity by indicator: headcount ratio; by gender of head of household (HoHH), 2024 [Source: MSNA, 2024]

**LEGEND:** Male HoHH Female HoHH



**The various indicators had similar relative contributions to the Subsistence Insecurity Index in 2024 for both male- and female-headed households** (Figure 19). The top five contributing indicators for both types of households were: health care unaffordability (17 percent for male-headed households versus 14 percent for female-headed households), adverse events (11 percent versus 10 percent), unaffordable market food prices (9 percent versus 8 percent), frequent use of coping strategies (8 percent for both) and winter clothing insufficiency (8 percent for both). The dimensions of health, living conditions and livelihood had some differences between male- and female-headed households. For both types of households, the dimension of health had a lower contribution out of the three dimensions (26 percent for male-headed households versus 23 percent for female-headed households), however it does contain one of the

most significant contributing indicators—health care unaffordability. The dimension of living conditions had an approximately similar effect (37 percent versus 35 percent) across the gender of the head of household. The contribution of the livelihood dimension was much higher for female-headed households (42 percent) as opposed to male-headed households (37 percent), largely due to the high contribution of the indicator relating to lack of working men in the household.

**Figure 19:** Contribution of each dimension and each indicator to SII; by gender of head of household (HoHH), 2024 [Source: MSNA, 2024]

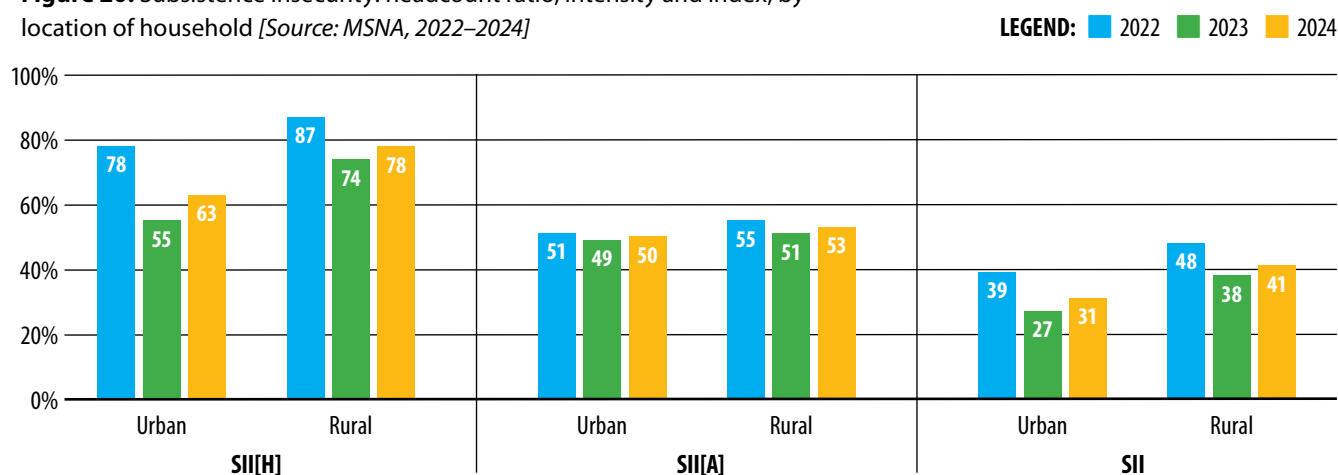


**For each year from 2022 to 2024, the proportion of household members who were subsistence insecure was higher for households residing in rural areas compared to urban areas** (Figure 20). In 2024, 63 percent of people in urban households and 78 percent of people in rural households were subsistence insecure. Between 2023 and 2024, subsistence insecurity increased more sharply in urban areas (rising by 8 percentage points from 55 to 63 percent) compared to rural households (rising by 4 percentage points from 74 to 78 percent).<sup>15</sup>

**Despite these changes in prevalence, the intensity of subsistence insecurity for both urban and rural households remained approximately the same from 2022 to 2024.** In 2024, members of rural households experienced a slightly higher degree of insecurity, with 53 percent, compared to 50 percent for urban households. In 2024, the Subsistence Insecurity Index—evaluated as the product of the headcount ratio and the intensity—was 31 percent for people in urban households and 41 percent for people in rural households. The difference in the Subsistence Insecurity Index across urban and rural households was mainly driven by the difference in the headcount ratio and to a lesser extent by differences in the intensity.

**Overall, rural households experienced greater deprivation across more indicators and to a higher extent than urban households, resulting in a difference of 15 percentage points in the SII headcount ratio between rural and urban households** (Figure 20 and Figure 21). In 2024, high deprivation (above 50 percent) was observed in seven indicators for urban households: adverse events (90 percent), winter clothing insufficiency (82 percent), health care unaffordability (78 percent), unaffordable market food prices (71 percent), water insufficiency (63 percent), housing inadequacy (62 percent) and frequent use of coping strategies (59 percent).

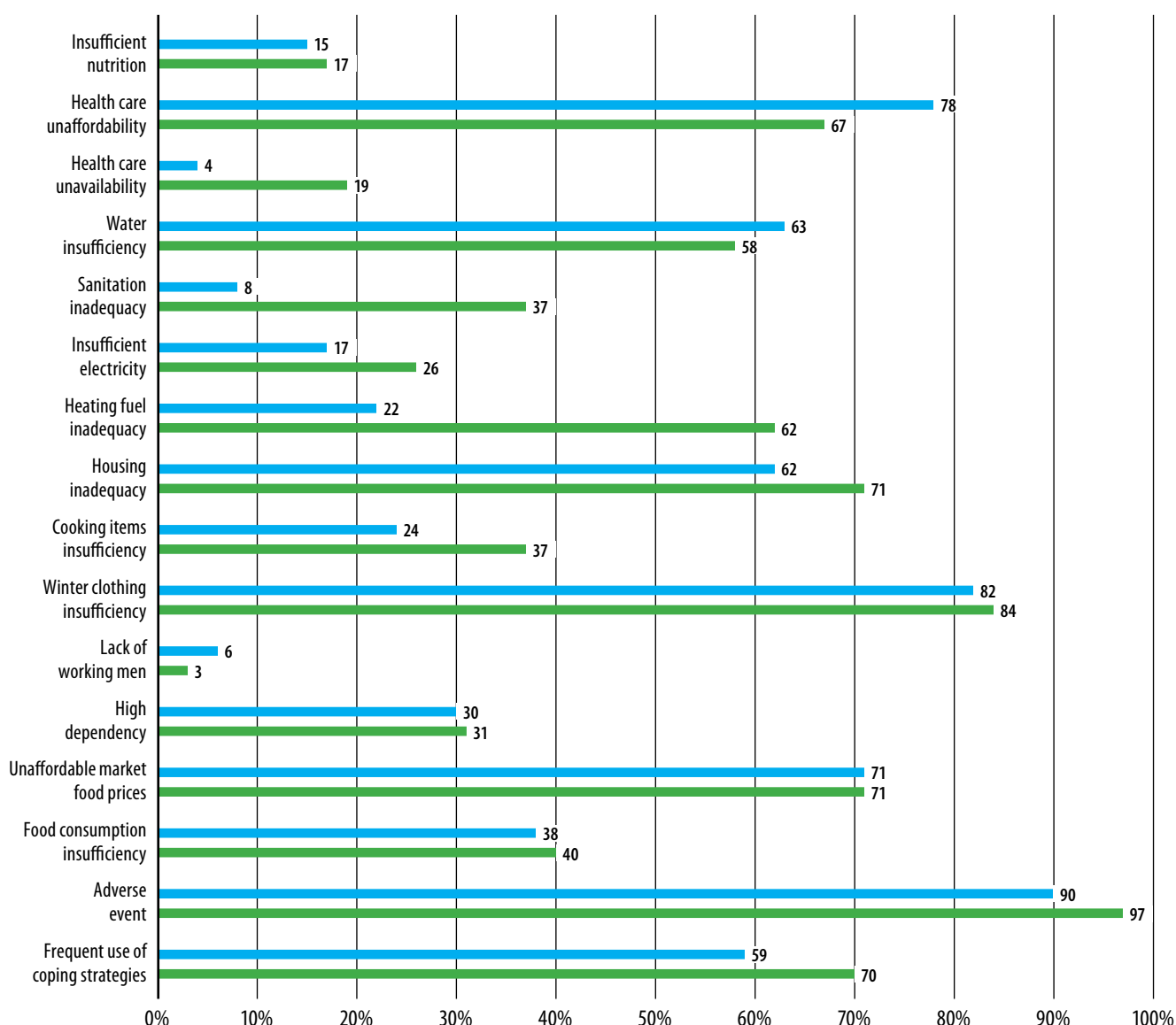
**Figure 20:** Subsistence insecurity: headcount ratio, intensity and index; by location of household [Source: MSNA, 2022–2024]



<sup>15</sup> Using the updated version of SII 2022–2023, the headcount ratio becomes 75 and 53 percent for urban households and 88 and 72 percent for rural households, respectively for 2022 and 2023.

**Figure 21:** Subsistence insecurity by indicator: headcount ratio; by location of household, 2024 [Source: MSNA, 2024]

LEGEND: Urban Rural



For rural households, high deprivation was identified in eight indicators: adverse events (97 percent), winter clothing insufficiency (84 percent), unaffordable market food prices (71 percent), housing inadequacy (71 percent), frequent use of coping strategies (70 percent), health care unaffordability (67 percent), heating fuel inadequacy (62 percent) and water insufficiency (58 percent). Rural households were better off than urban households in only 3 of the 16 indicators: lack of working men, water insufficiency and health care unaffordability, where rural households were 3 to 11 percentage points less deprived. For unaffordable market food prices, the level of insecurity was similar. For the remaining 12 indicators, rural households were worse off, with the differences ranging from 1 to 40 percentage points.

**The relative contributions of various indicators to the Subsistence Insecurity Index in 2024 were similar for both urban and rural households** (Figure

22). The top five contributing indicators for both urban and rural households were: health care unaffordability (20 percent for urban households versus 16 percent for rural households), adverse event (11 percent versus 10 percent), unaffordable market food prices (9 percent versus 8 percent), frequent use of coping strategies (9 percent versus 8 percent) and winter clothing insufficiency (9 percent versus 8 percent). The dimensions of health, living conditions and livelihood showed minor differences between urban and rural households. While the health dimension had a lower contribution compared to the other dimensions (26 percent), it contains health care unaffordability—one of the key contributing indicators to insecurity. The dimension of living conditions had a slightly lower contribution for urban households (34 percent versus 38 percent), driven mainly by indicators related to sanitation and heating fuel. The dimension of livelihood and its indicators had a slightly higher contribution for urban households (40 percent versus 36 percent).

**Figure 22:** Contribution of each dimension and each indicator to SII; by location of household, 2024 [Source: MSNA, 2024]



### 4.3 Ranking the Subsistence Insecure: Insights on Regional Disparities

**The subsistence insecurity headcount ratio, intensity and index were evaluated across Afghanistan’s eight regions, revealing significant regional disparities.** In 2024, the proportion of subsistence insecure people varied between 58 and 88 percent across different regions (Figure 23 and Figure 66 in Annex 2). The worst level of subsistence insecurity was observed in the North-Eastern region (88 percent), followed closely by the Southern region (86 percent), the Northern region (84 percent) and the Central Highlands (81 percent). The South-Eastern and Eastern regions (76 and 72 percent) were close to the national average of 75 percent. In contrast, the Western and Central regions (69 and 58 percent) had lower deprivation rates than the national level.

**All regions experienced worsening levels of deprivation in 2024 compared to 2023, except the Northern region where a minimal improvement occurred.** The increase in the share of subsistence insecure people ranged from 1 to 20 percentage points, as follows: 1 percentage point for the North-Eastern region, 3 percentage points for the Central region, 6 percentage points for the Western region, 9 percentage points for the South-Eastern region, 9 percentage points for the Eastern region, 13 percentage points for the Southern region and 20 percentage points for the Central Highlands. The Northern region experienced a small improvement of 2 percentage points, albeit in 2023 this region had the second worst subsistence insecurity.

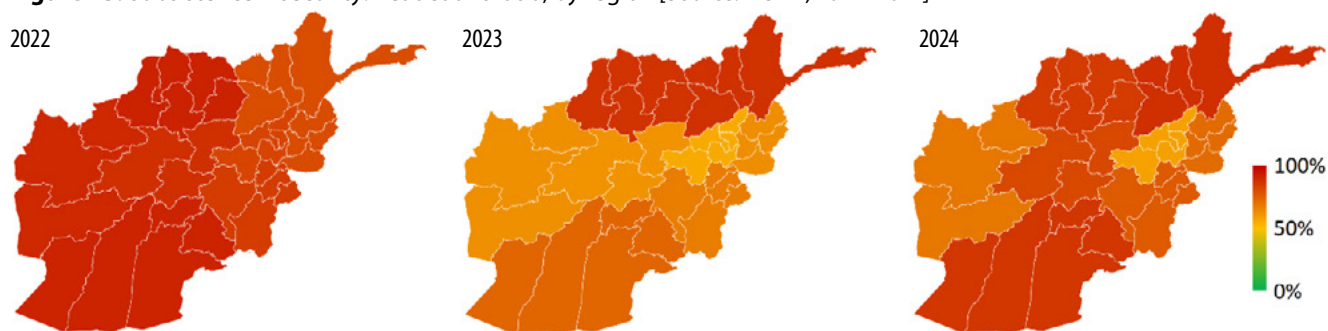
**There were differences in the intensity of subsistence insecurity regionally.** In 2024, the intensity of subsistence insecurity ranged between 48 and 58 percent (Figure 24 and Figure 67 in Annex 2). The highest intensity of subsistence insecurity was in the North-Eastern region (58 percent). The Northern region (54 percent), the Southern region (53 percent), the Central Highlands (52 percent), the Western region (51 percent) and the Eastern region (50 percent) were close to the national average of 52 percent. Only the Central and South-Eastern regions had an intensity of subsistence insecurity below 50 percent (49 and 48 percent).

**Compared to 2023, the changes in the intensity of subsistence insecurity were generally small.** Only the Northern and Western regions had a marginal improvement of 1 percentage point, while in the Central region the intensity of subsistence insecurity remained almost unchanged. For the other regions, the intensity of subsistence insecurity worsened by 3 to 4 percentage points.

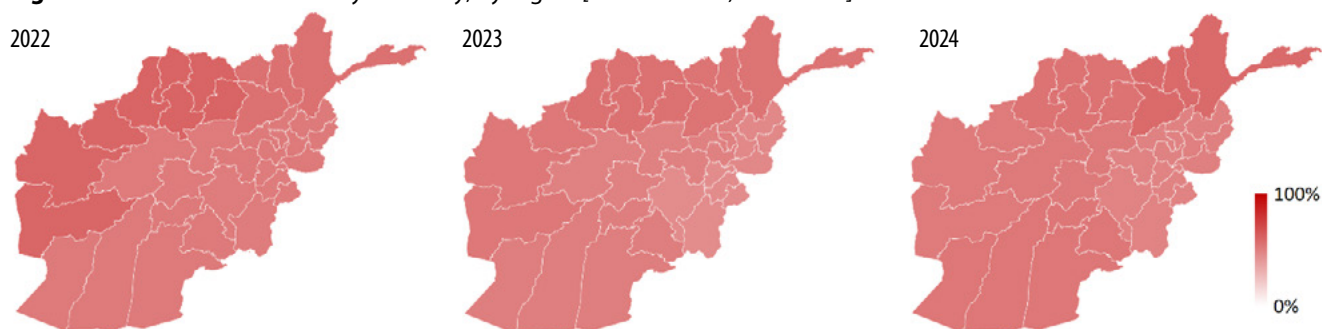
**There were no major differences in the relative contributions of various indicators to the Subsistence Insecurity Index in 2024 across the regions** (Figure 25). The top two contributing indicators were consistent across all regions, with some minor variations: health care unaffordability (ranging from 15 percent in the Central Highlands to 20 percent in the Central region) and adverse event (from 9 to 11 percent across the regions). The third contributing indicator was unaffordable market food prices (ranging from 7 to 10 percent), except in the Northern region (where frequent use of coping strategies contributed 9 percent) and the Western region (where winter clothing insufficiency contributed 8 percent). The fourth contributing indicator was frequent use of coping strategies (from 8 to 9 percent) in all but three regions: the North-Eastern, Northern and South-Eastern regions (where winter clothing insufficiency contributed 7 to 9 percent). The fifth contributing indicator varied by region: winter clothing insufficiency (8 to 9 percent) in the Southern, Central and Eastern regions; frequent use of coping strategies (8 percent) in the South-Eastern region; health



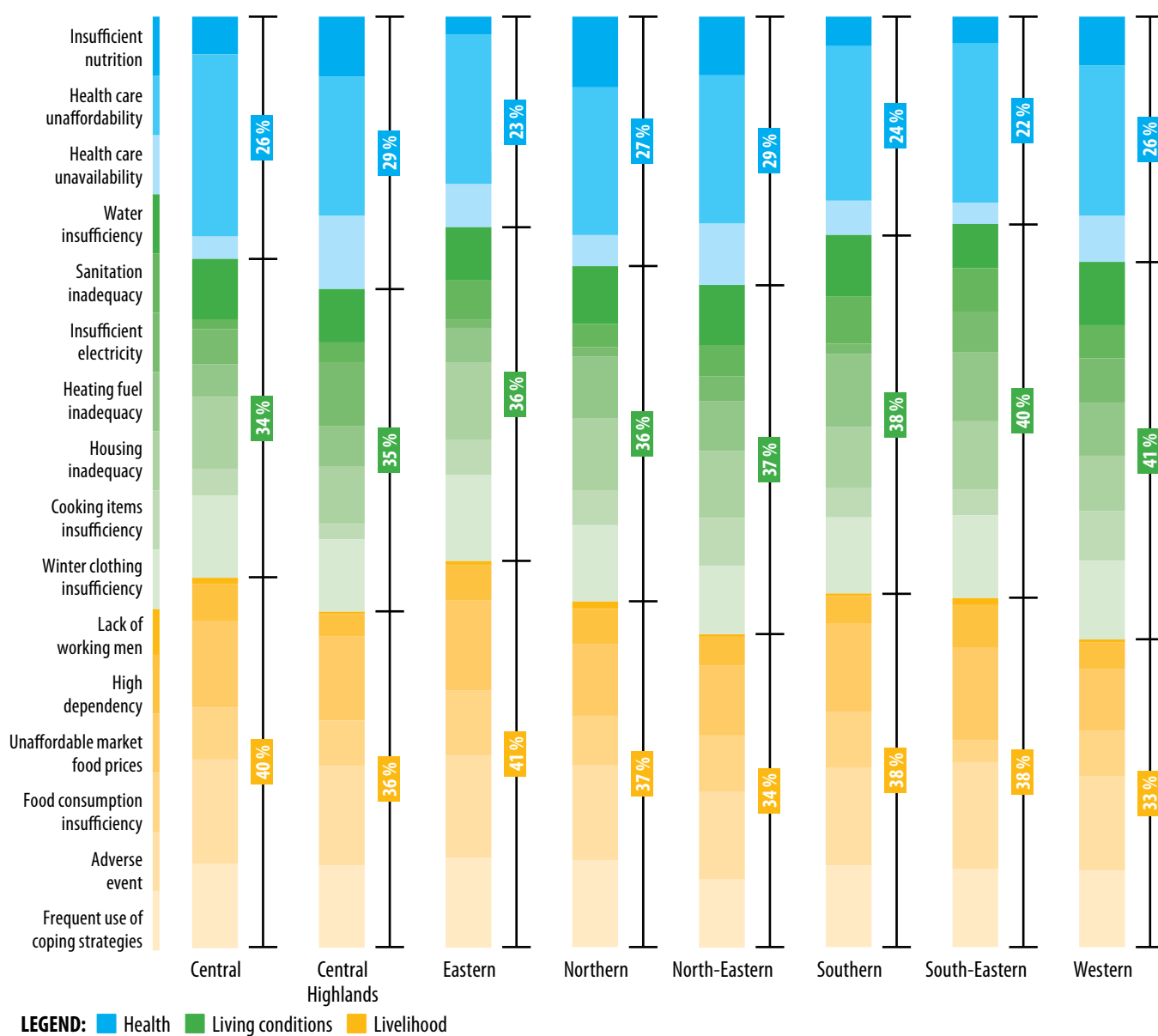
**Figure 23:** Subsistence insecurity: headcount ratio; by region [Source: MSNA, 2022–2024]



**Figure 24:** Subsistence insecurity: intensity; by region [Source: MSNA, 2022–2024]



**Figure 25:** Contribution of each dimension and each indicator to SII; by region, 2024 [Source: MSNA, 2024]



care unavailability (8 percent) in the Central Highlands region; unaffordable market food prices (8 percent) in the Northern region; housing inadequacy (7 percent) in the North-Eastern region; and water insufficiency (7 percent) in the Western region. In all regions, the health dimension had the lowest contribution (22 to 29 percent). For the Central and Eastern regions, the dimension of living conditions ranked second, lagging the livelihood dimension by 5 to 6 percentage points. In the Central Highlands, Northern, North-Eastern, Southern and South-Eastern regions, the gap between the dimensions of living conditions and livelihoods was minimal, not exceeding 3 percentage points. Only in the Western region, the living conditions dimension contributed 8 percentage points more than the livelihood dimension.

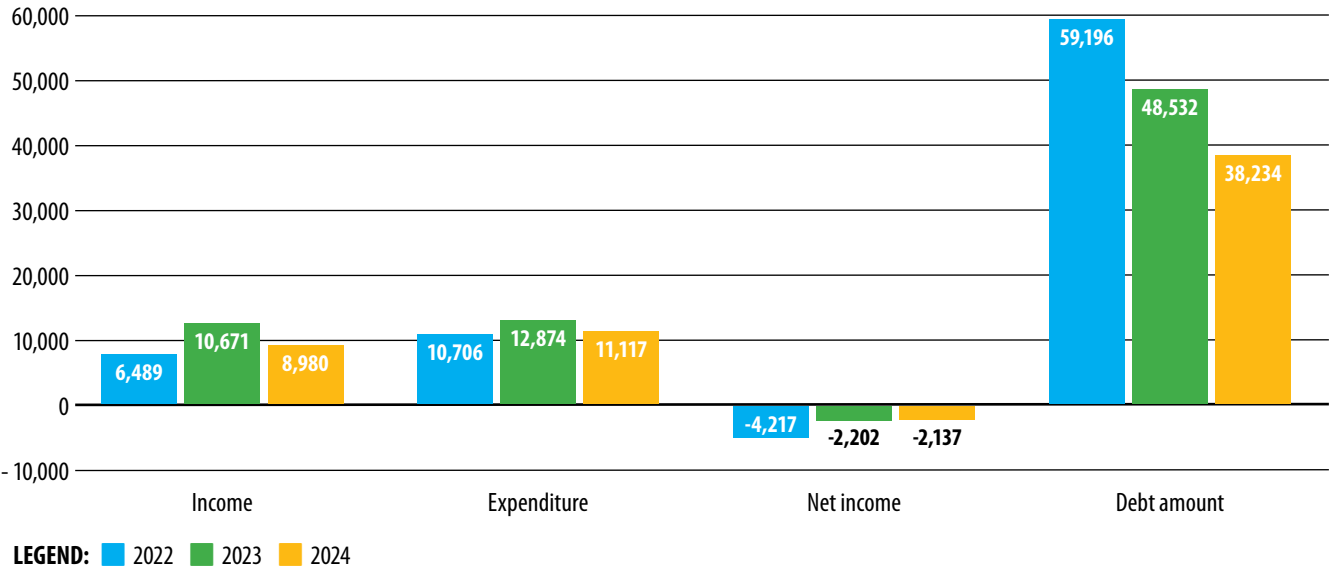
#### 4.4 Navigating Subsistence Living: Household Budgets, Employment and Living Conditions

**Household monthly income<sup>16</sup> and expenditure<sup>17</sup> declined in 2024 compared to 2023, though this decline did not fully reverse the increase observed from 2022 to 2023** (Figure 26). Household monthly income was AFN 8,980 (US\$127.38) in 2024, down from AFN 10,671 (US\$128.57) in 2023,<sup>18</sup> a nominal decline of 16 percent (10 percent decline in real terms<sup>19</sup>). Likewise, household monthly expenditure was AFN 11,117

(US\$157.69) in 2024, down from AFN 12,874 (US\$155.11) in 2023, a nominal drop of 14 percent (7 percent decline in real terms). Household income was insufficient to cover expenditures in 2024, as has been the case in previous years, with the decline in expenditure mirroring that of income. Consequently, net income in 2024 remained negative at AFN –2,137 (US\$–30.31).

**The balance of household income to expenditure, household net income balance and rate of household indebtedness all worsened in 2024, but the average rate of household debt dropped substantially.** The ratio of household expenditure to income was very high in 2024, at 145 percent, similar to 2023 (Figure 27). Moreover, less than half of households—42 percent—had a positive net income, a 5 percentage-point lower share than 2023. The proportion of households who were in debt also increased slightly to 79 percent in 2024. However, the amount of household debt dropped substantially from AFN 48,532 (US\$584.72) to AFN 38,234 (US\$462.33), suggesting that the increased income of 2023 contributed to this debt reduction. Although income declined in 2024, the reduction in debt was significant enough to lower the debt-to-income ratio by 12 percentage points, from 57 percent in 2023 to 45 percent in 2024. The rate of households engaged in home-based income<sup>20</sup> generating activities steadily increased between 2022 and 2024, with 28 percent of households engaged in such activities in 2024, possibly as a result of morality law restrictions.

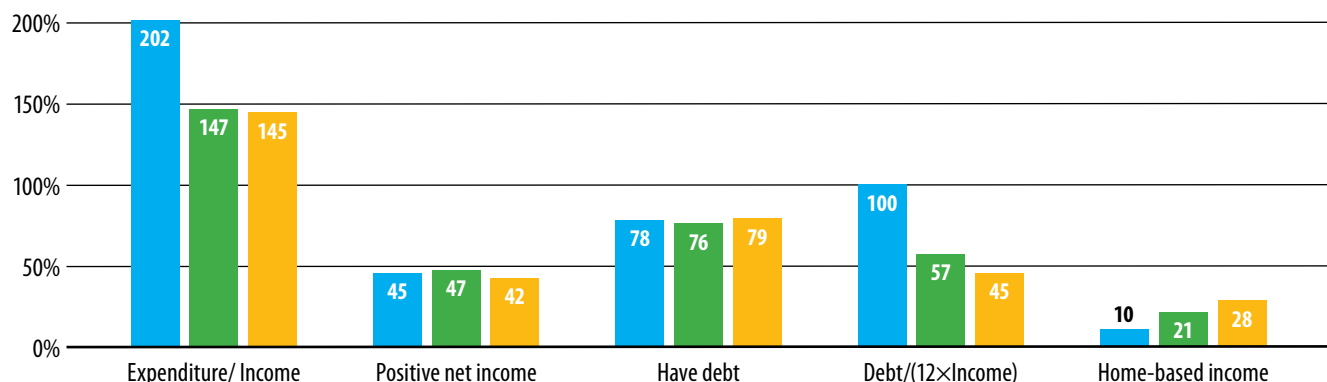
**Figure 26:** Household monthly budget and accumulated debt (in AFN) [Source: MSNA, 2022–2024]



<sup>16</sup> Income is monetary income for the 30 days prior to the survey.  
<sup>17</sup> Expenditures are monetary expenditures for the 30 days prior to the survey. In 2022–2024, expenditures do not include expenditures on durables.  
<sup>18</sup> For 2024, the exchange rate is taken to be US\$1=AFN70.5. For 2023, the exchange rate is taken to be US\$1=AFN83.  
<sup>19</sup> The real growth rate was evaluated using Consumer Price Index data for August 2023 and August 2024.  
<sup>20</sup> Home-based income is income generated from economic activities in the home in the 30 days prior to the survey.

**Figure 27: Household monthly budget and accumulated debt**  
(in percent) [Source: MSNA, 2022–2024]

LEGEND: 2022 2023 2024



**Home-based economic activities could be promising sources of job creation, income opportunities and economic growth directly benefiting households, communities and local economies.** Strengthening these households' access to microfinance, inputs supply, digital skills, online marketing platforms and business development services could enable them to be more profitable, create sustainable livelihoods and increase resilience to shocks.

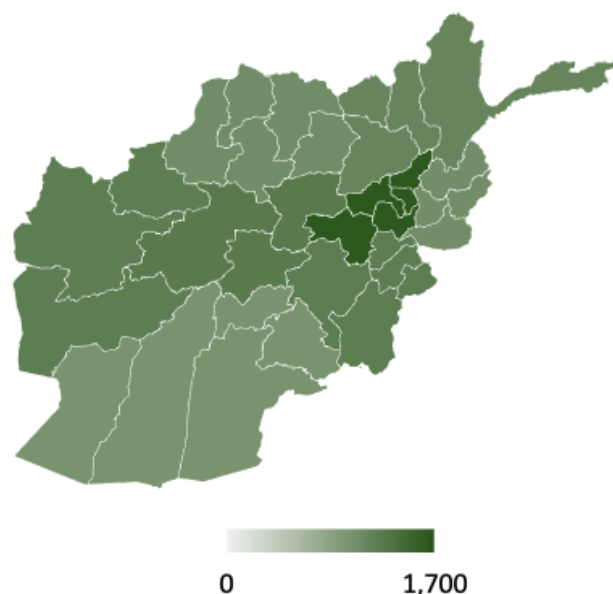
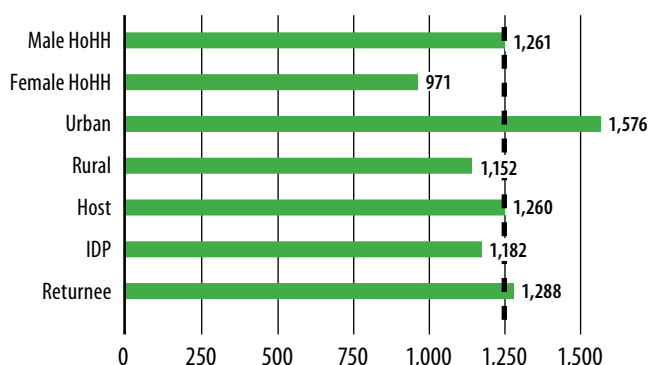
**Per capita household income declined across the board, but the decline was worst for female-headed households, IDP households and rural households.**

In per capita terms, monthly income stood at AFN 1,256 (US\$17.82) in 2024, down from AFN 1,512 (US\$18.22) in 2023, a nominal decrease of 17 percent. The largest reductions were observed for female-headed households (37 percent) and IDP households (25 percent). Urban households experienced a relatively small drop in income (5 percent), while rural households saw a much higher reduction of 21 percent. In 2024, there were substantial disparities in the per capita income across the gender of the head of household and the location of the household among population groups,<sup>21</sup> (top panel Figure 28; dashed line representing the national level). Female-headed households had monthly per capita incomes 30 percent lower than male-headed households (AFN 971 (US\$13.77) compared to AFN 1,261 (US\$17.89)). Moreover, rural households had incomes 37 percent lower than urban households (AFN 1,152 (US\$16.34) compared to AFN 1,576 (US\$22.35)).

**Significant regional variation in per capita income was also observed** (bottom panel Figure 28). The lowest per capita monthly incomes were in the Southern region at AFN 1,010 (US\$14.33), followed by the Eastern and Northern regions with AFN 1,071 (US\$15.19) and AFN 1,076 (US\$15.26), respectively. In the North-Eastern region, income was AFN 1,161 (US\$16.47), while in the Western, South-Eastern and Central Highlands regions, it ranged

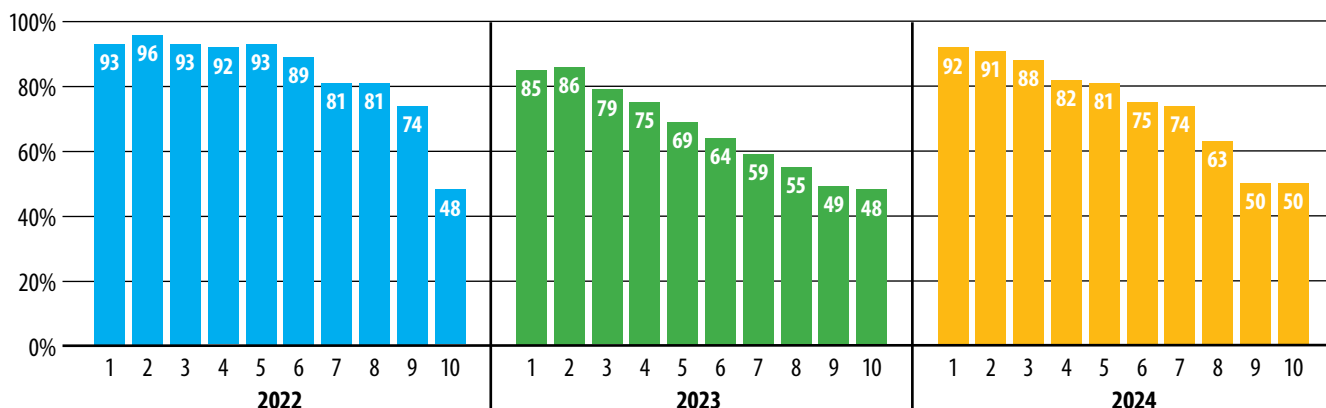
close to the national average from AFN 1,239 (US\$17.57) to AFN 1,283 (US\$18.20). The highest income was reported in the Central region (which includes Kabul) at AFN 1,647 (US\$23.36), which was also the only region with a nominal increase of 8 percent from the previous year. In all other regions, there were nominal decreases ranging from 18 percent in the Western region to 34 percent in the North-Eastern region.

**Figure 28: Income per capita (in AFN); by group and region, 2024** [Source: MSNA, 2024]



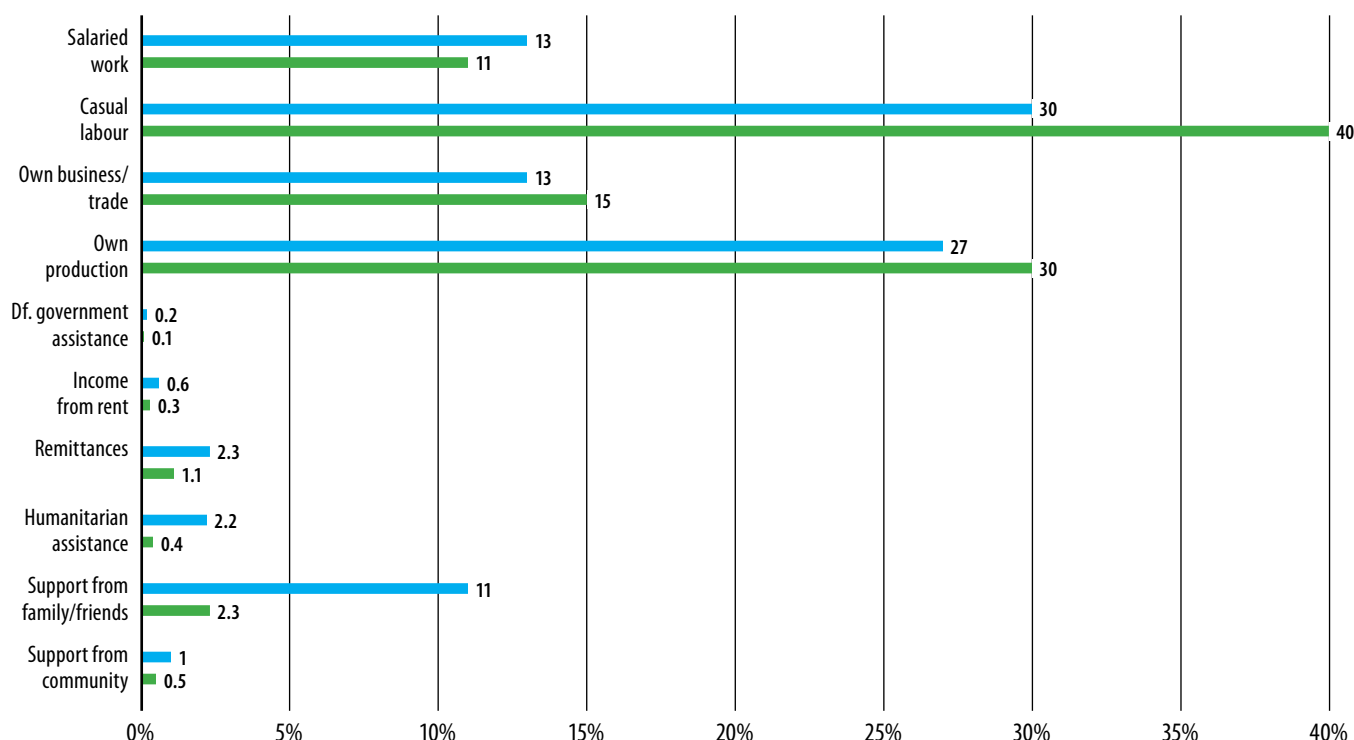
<sup>21</sup> IDPs and returnees are those displaced for up to 24 months prior to the survey.

**Figure 29:** Subsistence insecurity headcount ratio for income per capita deciles [Source: MSNA, 2022–2024]



**Figure 30:** Household income; by source [Source: MSNA, 2023–2024]

LEGEND: 2023 2024



**Per capita income was negatively related to the level of deprivation in the years from 2022 to 2024.**<sup>22</sup> This negative relationship between income and subsistence insecurity is also evident when evaluating the subsistence insecurity headcount ratio for each income per capita decile (Figure 29). For every year, the level of subsistence insecurity drops with an increase in per capita income. The vast majority of household members in the lowest 20 percent income brackets are subsistence insecure (above 90 percent in 2022 and 2024, and above 85 percent in 2023). In contrast, in 2022–2024 the top 10 percent of the richest households’ members had a subsistence insecurity headcount ratio of around 50 percent, albeit a rather high value for the highest income decile.<sup>23</sup>

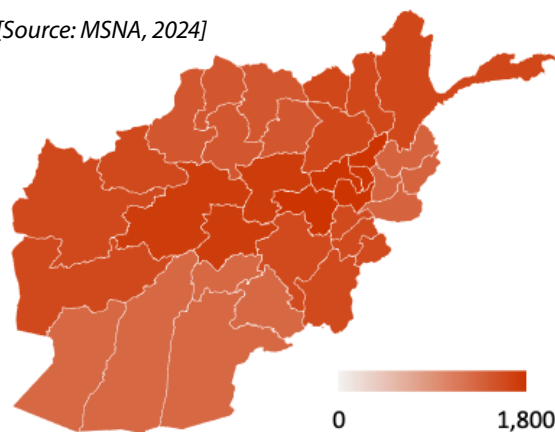
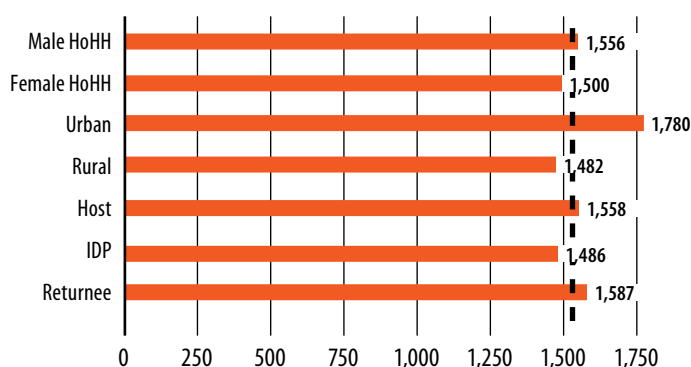
**Salaried work declined as a source of income in 2024, and casual labour and home-based or own business production increased, even as levels of employment remained consistent with previous years.** The share of income from salaried work dropped by 2 percentage points (13 to 11 percent), while income from own business and own production grew by 2 and 3 percentage points respectively (Figure 30). On the other hand, the proportion of income from casual labour increased substantially by 10 percentage points. Income per capita declined across all sources between 4 and 89 percent, depending on the source, except for casual labour where it increased by 19 percent. These declines include all income sources from external support—such as de facto government assistance,

<sup>22</sup> Evaluation of the correlation between per capita income and the subsistence insecurity score gave a correlation coefficient of  $-0.41$  in 2022,  $-0.22$  in 2023 and  $-0.32$  in 2024.

<sup>23</sup> However, the subsistence insecurity score of the top income percentile averages at 34–35 percent in 2022–2024, with the threshold to classify subsistence insecurity being 33 percent.



**Figure 31:** Expenditures per capita (in AFN); by group and region, 2024 [Source: MSNA, 2024]



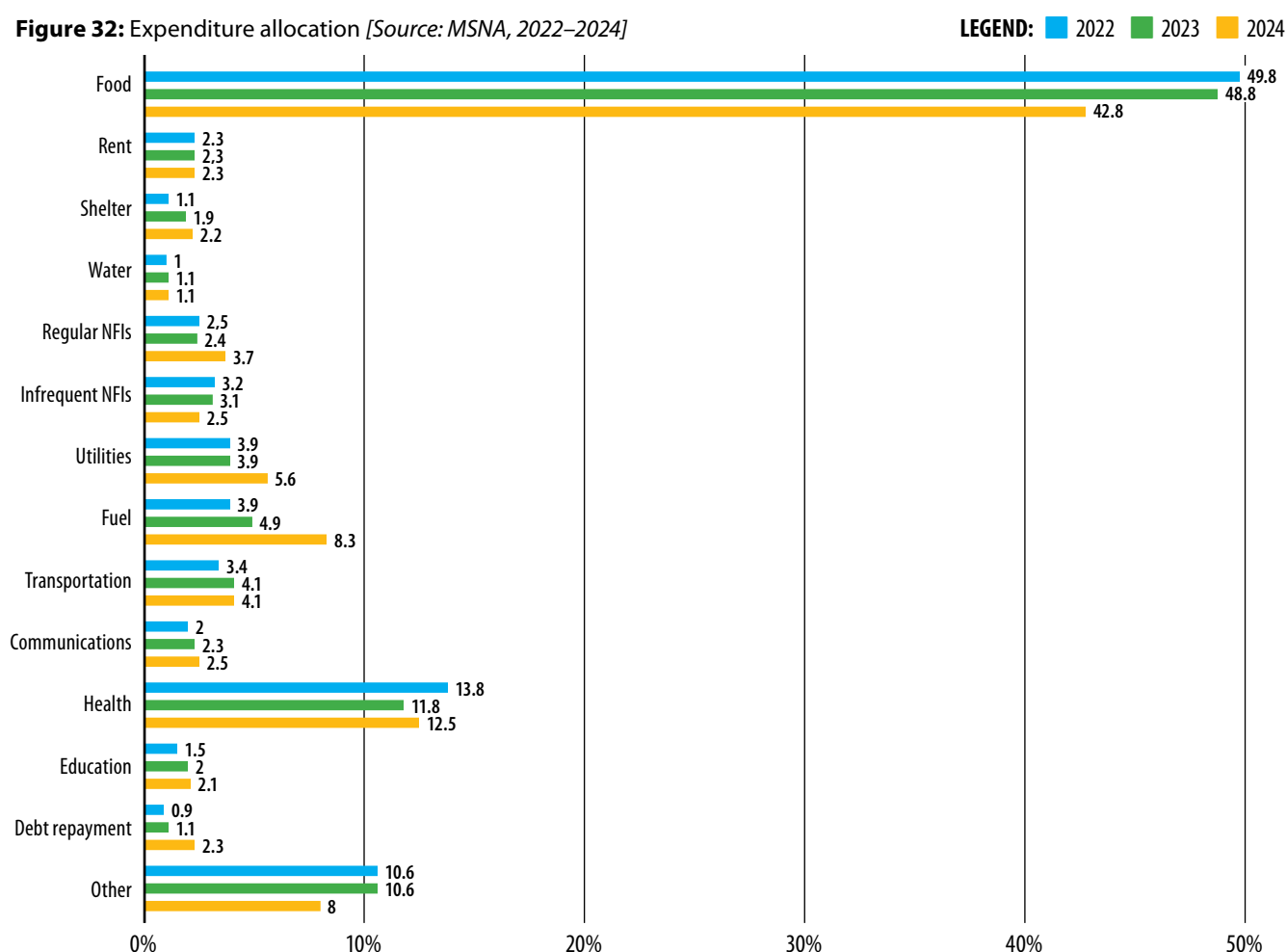
humanitarian and basic needs assistance, remittances, and support from family, friends and community—which is likely pushing households towards casual labour and own business/production. Since casual labour and home-based income generating activities tend to involve low-paid work, the combination of an increase in informal income, a decrease in formal income, reduced external support and a constant rate of employment across years explains the overall reduction in household income.

**Per capita monthly expenditures declined in 2024 too, particularly for IDP and returnee households.** Per capita monthly expenditures stood at AFN 1,555 (US\$22.06) in 2024, down from AFN 1,823 (US\$21.96) in 2023, a nominal decrease of 15 percent. The largest reductions were observed for IDP households (28 percent) and returnee households (20 percent). Households in urban and rural areas experienced similar declines in expenditures (13 and 15 percent). In 2024, among population groups, substantial differences were observed only across the location of the household (left panel Figure 31; dashed line representing the national level). Rural households had per capita expenditures 20 percent lower than urban households (AFN 1,482 (US\$21.02) compared to AFN 1,780 (US\$25.25)).

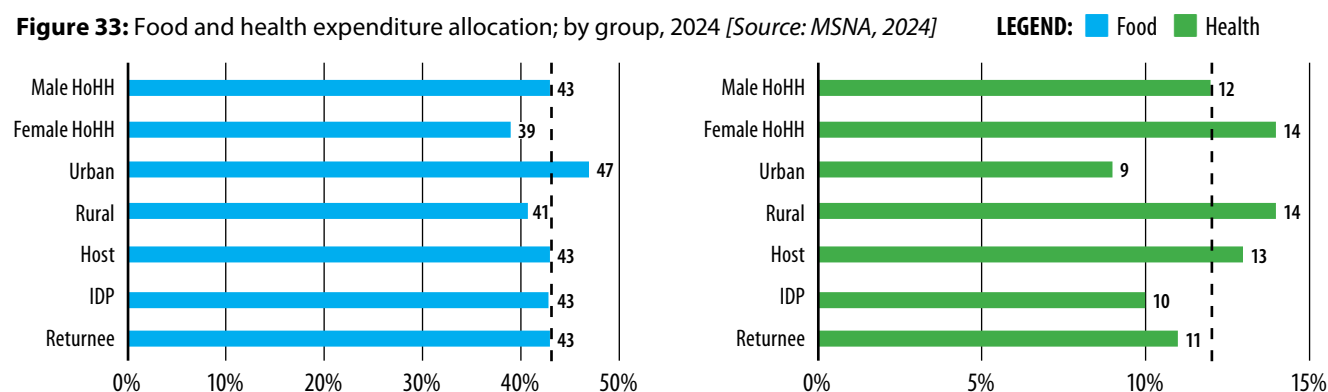
**Some moderate variation in per capita expenditures was also observed across the regions** (right panel Figure 31). The lowest per capita monthly expenditures were in the Southern region at AFN 1,294 (US\$18.35), followed by the Eastern region with AFN 1,341 (US\$19.02). In the Northern, South-Eastern, Western and North-Eastern regions, expenditures ranged close to the national level from AFN 1,452 (US\$20.60) to AFN 1,610 (US\$22.84). The highest expenditures were reported in the Central Highlands and Central regions at AFN 1,706 (US\$24.20) and AFN 1,778 (US\$25.22). In all but one region, there were nominal decreases from the previous year, ranging from 2 percent in the Central region to 28 percent in the Central Highlands and South-Eastern regions. The Western region was also the only region with a nominal increase of 5 percent from the previous year.

**By far the largest area of household expenditure in 2024 remained food, although its share declined compared to previous years** (Figure 32). In 2024, 43 percent of expenditure was allocated for food, a decline from 49 percent in 2023. The reduction in food expenditure in 2024 could be because of deflation, continued aid and increased agricultural harvest from 2023, saving households food expenses and allowing them to spend more on shelter, regular NFIs, utilities, fuel and debt repayment. The second highest expenditure category was health related, accounting for 12 percent of household expenditure, almost the same as in 2023. In monetary terms, food and health expenditure in 2024 stood at AFN 613 (US\$8.70) and AFN 219 (US\$3.11) respectively per household member, given a per capita income of AFN 1,256 (US\$17.82). In 2024, some differences in expenditure patterns were observed across population groups, particularly based on the gender of the head of household and the location (Figure 33; dashed line representing the national level). Male-headed households spent 43 percent of their expenditures on food, while female-headed households allocated 39 percent. Rural households spent 41 percent of their expenditure on food, compared to 47 percent for urban households. Urban households used 9 percent of their expenditure for health needs, in contrast with rural households that spent 14 percent.

**Figure 32:** Expenditure allocation [Source: MSNA, 2022–2024]



**Figure 33:** Food and health expenditure allocation; by group, 2024 [Source: MSNA, 2024]



### Women's employment remained extremely low in 2024 and child labour increased slightly, particularly among boys.

The share of adult working members of the household remained almost constant at 44 percent between 2023 and 2024 (Figure 34),<sup>24</sup> with 84 percent of men and only 7 percent of women employed within the household. According to UNDP estimates, continuing to restrict women's full participation in the economy will inflict a cumulative loss of US\$920 million to GDP

between 2024 and 2026.<sup>25</sup> Child labour increased by around 2 percentage points, from 6 percent in 2023 to 8 percent in 2024.<sup>26</sup> Although there was a reduction in boys' employment share in 2023 (from 14 percent in 2022 to 11 percent in 2023), the trend reversed with a 4 percentage-point increase in 2024 (from 11 percent in 2023 to 15 percent in 2024). Moreover, the share of girls working rose by 2 percentage points (from 1 percent in 2023 to 3 percent in 2024).

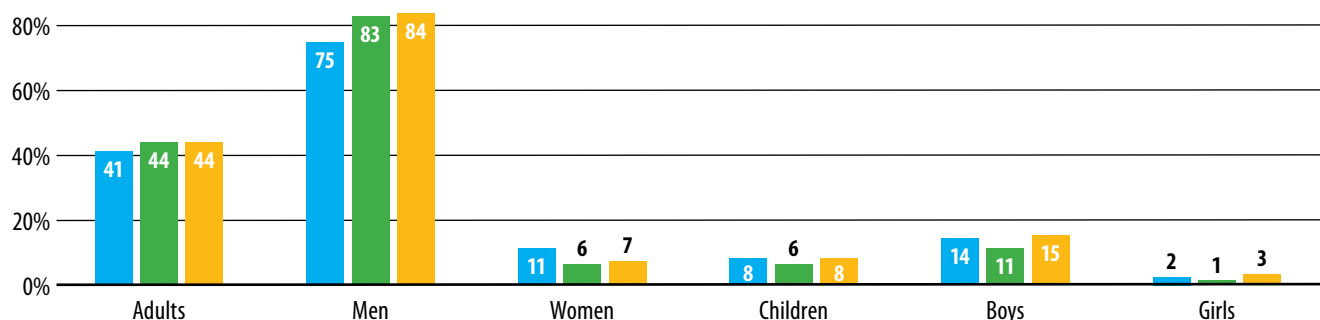
<sup>24</sup> Households' adult/men/women employment is evaluated as the number of adults/men/women working outside of the household in the 30 days prior to the survey divided by the number of adults/men/women in the household.

<sup>25</sup> Regional Socio-economic Outlook, 2025. UNDP. (Forthcoming)

<sup>26</sup> Households' children/boys/girls employment is evaluated as the number of children/boys/girls below 18 years old working outside of the household in the 30 days prior to the survey, divided by the number of children/boys/girls in the household aged 6–17.

**Figure 34:** Household employment of adults and children [Source: MSNA, 2022–2024]

**LEGEND:** 2022 2023 2024

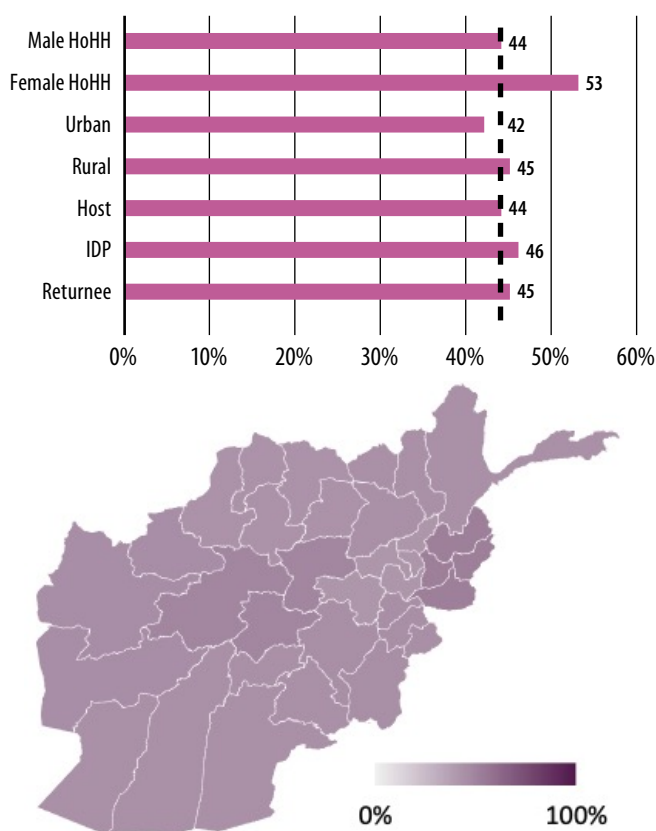


**The proportion of adult household members in employment was similar across population groups in 2024, except for female-headed households** (top panel Figure 35; dashed line representing the national level). In female-headed households, 53 percent of adults were employed, meaning that these households had to exert a higher level of effort, with more adult members employed but receiving lower per capita income compared to male-headed households. Regionally, household adult employment had moderate variations (bottom panel Figure 35). The lowest adult employment was observed in the Central region (42 percent) and the highest in the Eastern region (51 percent). Compared to the previous year, changes across all regions were around 1 to 2 percentage points in absolute terms, except for the Central Highlands, which saw a 14 percentage-point decline.

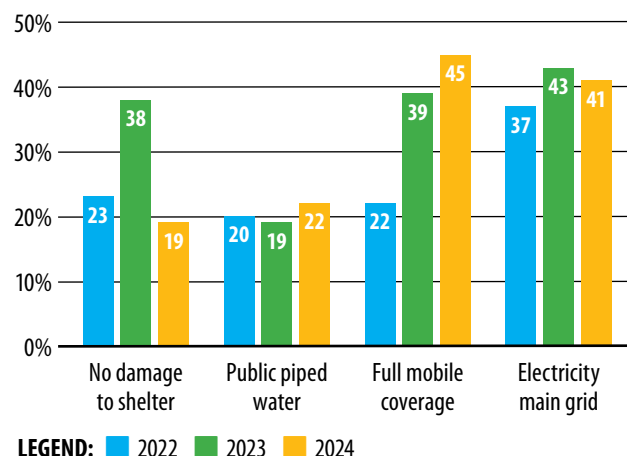
**In 2024, the proportion of households reporting no damage to their shelter halved, dropping from 38 percent in 2023 to just 19 percent** (Figure 36). Access to public piped water increased marginally by 3 percentage points (from 19 percent in 2023 to 22 percent in 2024). A notable improvement of 6 percentage points was seen in full mobile coverage (from 39 percent to 45 percent). Access to the main electricity grid dropped marginally by 2 percentage points. Overall, while household access to utilities improved, there was a sharp deterioration in shelter conditions, likely driven by the decline in household income.

**Food security is sensitive to agricultural production, humanitarian assistance, inflation and the currency exchange rate. Despite lower food prioritization among households in mid-2024, food insecurity has been increasing since late 2024.** According to the Integrated Food Security Phase Classification (IPC), food security is worsening; the proportion of the population who were in the IPC crisis food insecurity or above category (Phase 3+) was projected to increase from 25 percent in September–October 2024 to 32 percent in November 2024 to March 2025 (Figure 37).

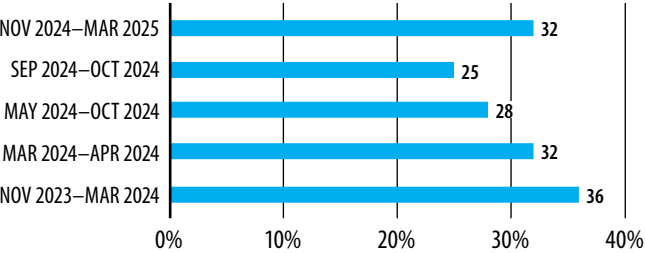
**Figure 35:** Household employment of adults; by group and region, 2024 [Source: MSNA, 2024]



**Figure 36:** Shelter and utilities for households [Source: MSNA, 2022–2024]

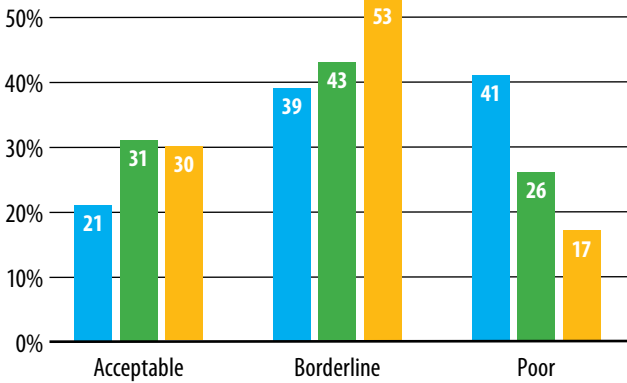


**Figure 37:** Proportion of population in IPC Phase 3+ (crisis or above) food insecurity [Source: Integrated Food Security Phase Classification IPC, 2025]



**This recent deterioration in food security reverses the improving trend in the food consumption score and the reduction in food prioritization by households achieved in the middle of 2024** (Figure 37 and Figure 38, respectively). The proportion of households in the poor food consumption category decreased from 26 percent in 2023 to 17 percent in 2024 and the share of households with borderline food consumption<sup>27</sup> increased from 43 percent in 2023 to 53 percent in 2024. Lower food prices—because of deflation, currency appreciation and increased wheat cultivation in 2024—were likely driving this improvement for households in the below acceptable categories but appear now to have reversed.

**Figure 38:** Food consumption level of households [Source: MSNA, 2022–2024]

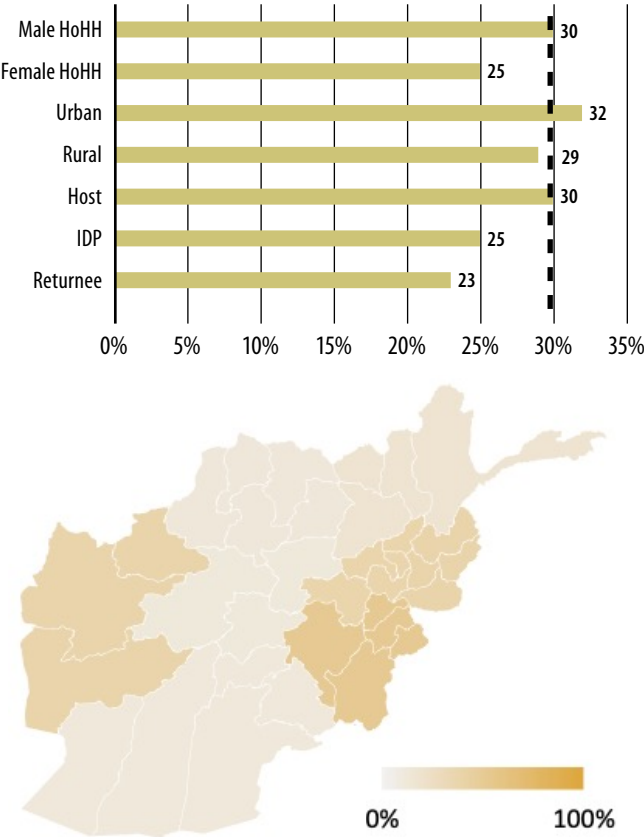


**LEGEND:** 2022 2023 2024

**There were significant differences between groups and regions in terms of food consumption.** Although the share of households at the national level with acceptable food consumption stayed at 30 percent from 2023 to 2024, this was not the case across population groups and regions. For returnee, IDP and female-headed households, it ranged from 23–25 percent in 2024 (top panel Figure 39; dashed line representing the national level). Female-headed households saw a 6 percentage-point improvement since 2023, while returnee and IDP

households dropped by 7 and 10 percentage points, respectively. A great degree of variation was observed across the regions (bottom panel Figure 39). Households in the South-Eastern region had the highest share of acceptable food consumption at 51 percent, well above the national average of 30 percent. The Central, Western and Eastern regions had 37–38 percent, while the North-Eastern region had only 18 percent. Other regions ranged from 12–13 percent, substantially below the national average. Compared to 2023, the share of households with acceptable food consumption remained almost unchanged in the Northern and Western regions, while the Eastern, Central and South-Eastern regions improved by 5–6 percentage points, and the North-Eastern, Central Highlands and Southern regions households dropped from the acceptable food consumption category, with decreases between 7 and 23 percentage points.

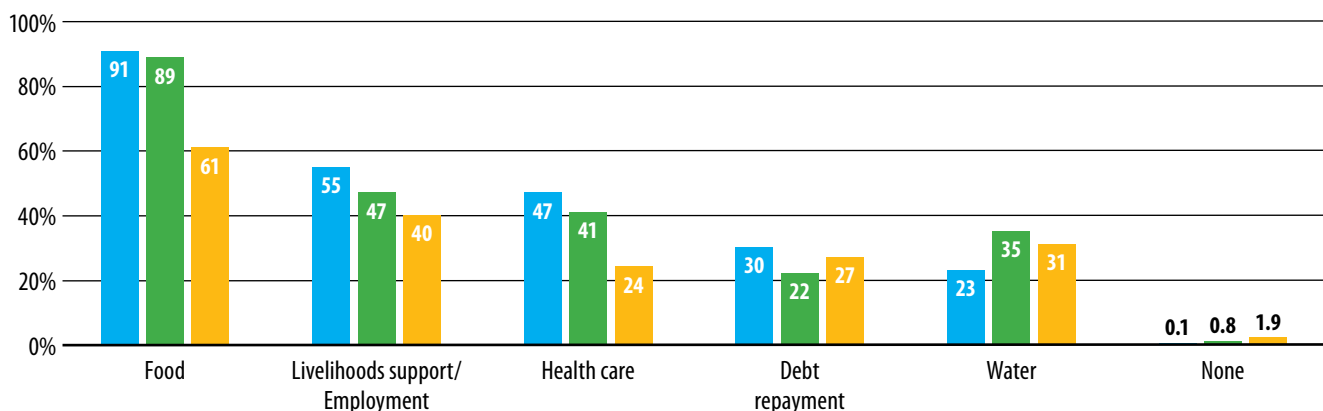
**Figure 39:** Acceptable food consumption; by group and region, 2024 [Source: MSNA, 2024]



<sup>27</sup> The food consumption score (FCS) is based on food consumption over the seven days prior to the survey. The classification is Acceptable (FCS>42), Borderline (28<FCS≤42) and Poor (FCS≤28).

**Figure 40:** Top priority needs of households [Source: MSNA, 2022–2024]

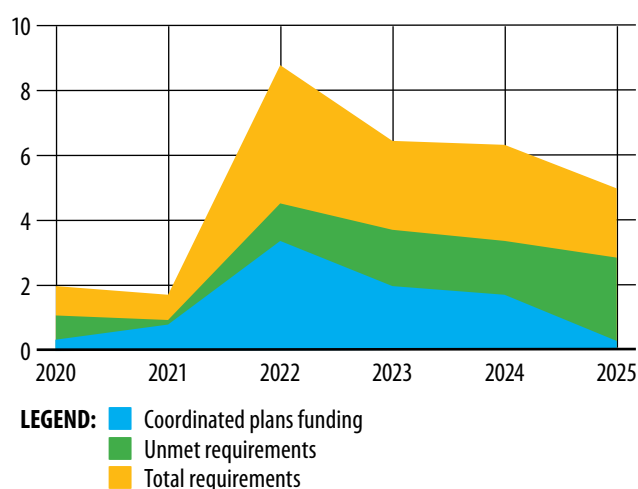
LEGEND: 2022 2023 2024



**Household priority needs largely remained the same from 2022–2024, but the relative importance of food, employment/livelihoods support and health care has declined** (Figure 40).<sup>28</sup> Food remained the top priority in 2024 (61 percent), followed by livelihoods support and employment (40 percent), and water (31 percent), which replaced health care as the third priority. The share of households prioritizing food, livelihoods support and employment, water and health care declined from 2023 to 2024.<sup>29</sup> However, other needs, such as shelter, NFIs and utilities, increased to above 10 percent in 2024. The decline in households prioritizing food, livelihoods support and employment, and health care is likely attributable to continued aid, increased agricultural production, the reduced impact of drought and private sector resilience, which collectively supported household consumption, the key driver of the modest recovery in GDP in 2023.

**Around 98 percent of households in 2024 reported that they had at least one priority need.** The households indicated what type of assistance they would need from humanitarian actors. Food (78 percent), livelihoods support and employment (50 percent), health care (35 percent), water (26 percent) and debt repayment (23 percent) were the most requested forms of assistance. Despite the urgent needs of households however, humanitarian assistance declined again in 2024 (Figure 41).<sup>30</sup> Total funding needs skyrocketed from US\$0.9 billion in 2021 to US\$4.4 billion in 2022, dropping to US\$3.1–3.2 billion in 2023–2024. However, the funding gap has widened since 2022, leaving insufficient funding available to meet needs.

**Figure 41:** UN aid (US\$ billion) [Source: UNOCHA, 2020–2025. FTS database, (2025 data is for Jan–Mar)]



**The pervasive assistance needs, very high levels of subsistence vulnerabilities and alarming food insecurity cannot be tackled sustainably in the absence of reliable social protection systems.** The most deprived households—specifically those headed by a woman and those with disabled members—need priority consideration for a comprehensive, long-term system of social protection coverage. Provisions may be in the form of conditional and unconditional cash transfers, income support, insurance for critical health care to provide households with a safety net in the face of persistent deprivations and climatic events. This will not be achieved without commercial banks and the wider private sector collaborating across the board, with international assistance helping to reduce costs and risks, and fostering sustainability.

<sup>28</sup> The question on priority needs differed across the survey years. In 2022–2023, households were asked for their top three priority needs, while in 2024 they were asked about their most significant challenges without specifying the number.

<sup>29</sup> In 2022, water was for drinking, hygiene and other purposes. In 2023–2024, water was for drinking.

<sup>30</sup> See <https://fts.unocha.org/plans/1185/summary>.



## 4.5 Weathering Turbulence: Natural Disasters and Economic Shocks

**Households were substantially affected by major adverse events in 2024** (Figure 42).<sup>31</sup> In 2024, 95 percent of households reported that they experienced at least one adverse event, up from 92 percent in 2023. Economic shocks<sup>32</sup> were the most frequent adverse event (90 percent) in 2024, a sharp increase from 2023 (65 percent). Natural disasters, in particular drought and floods, were the second most impactful adverse event (47 percent in 2024). While in 2022–2023 drought was the most prevalent adverse event, its impact subsided to 34 percent in 2024. Floods affected 19 percent of households, similar to previous years. Apart from the October 2023 Herat earthquake, seismic activity had minimal impact in 2024 (4 percent). The effects of active conflict and violence remained low in 2024, as in 2022–2023 (2–5 percent).

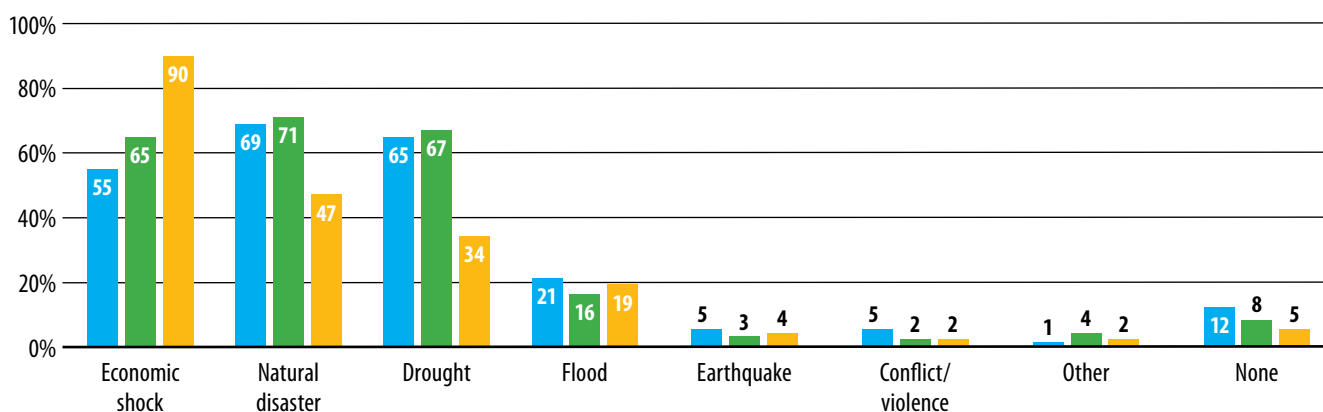
**All groups experienced a sharp rise in households reporting economic shocks in 2024 compared to 2023.** The impact was widespread across population groups,

with female-headed households (97 percent) and recent returnees (95 percent) being the most affected (Figure 43). IDP households bore the brunt of this economic strain (36 percentage points higher than in 2023), followed by urban households (34 percentage points) and female-headed households (33 percentage points). Rural, returnee, host and male-headed households also saw significant increases (23–25 percentage points).

**From a regional perspective, there was some variation in the experience of economic shocks.** In 2024, the Western region reported the lowest share of households affected by an economic shock at 61 percent, the only region with a slight improvement of 7 percentage points compared to 2023 (Figure 44). There was a significant gap compared to the neighbouring Central region, with economic shocks reported to impact 87 percent of households—26 percentage points higher than the Western region. The Northern region faced the highest impact, with nearly all households (99 percent) affected, followed by the Central Highlands (98 percent), Southern (97 percent), Eastern and South-Eastern (96 percent), and North-Eastern region (93 percent).

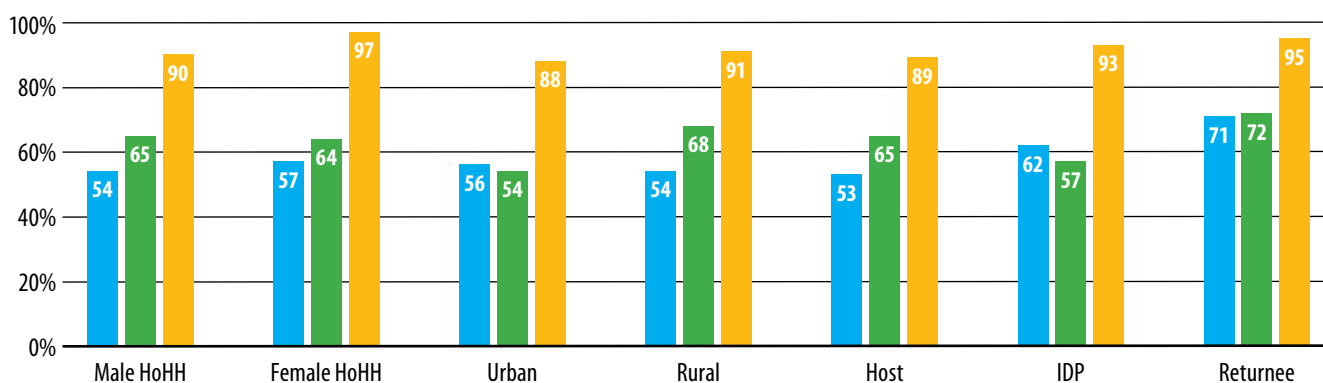
**Figure 42:** Adverse events impacting households [Source: MSNA, 2022–2024]

**LEGEND:** 2022 2023 2024



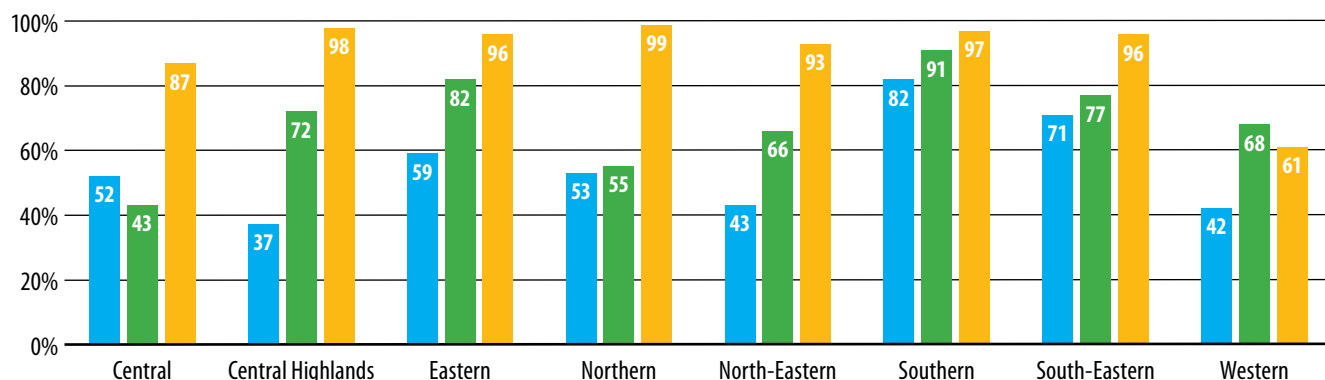
**Figure 43:** Economic shock impacting households; by group [Source: MSNA, 2022–2024]

**LEGEND:** 2022 2023 2024



<sup>31</sup> In 2023–2024, the adverse events were in the 12 months prior to the survey. In 2022, the adverse events were in the six months prior to the survey. Natural disasters include drought, flood, earthquake and avalanche/heavy snowfall. Other also includes avalanche/heavy snowfall.

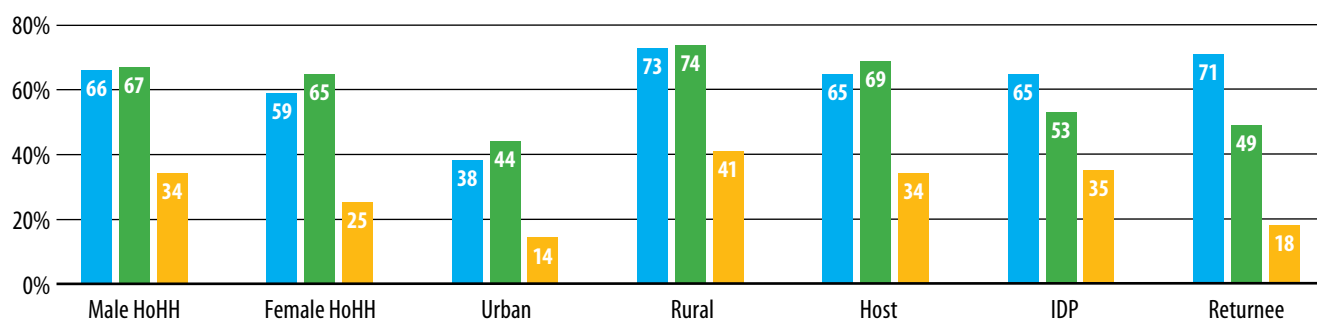
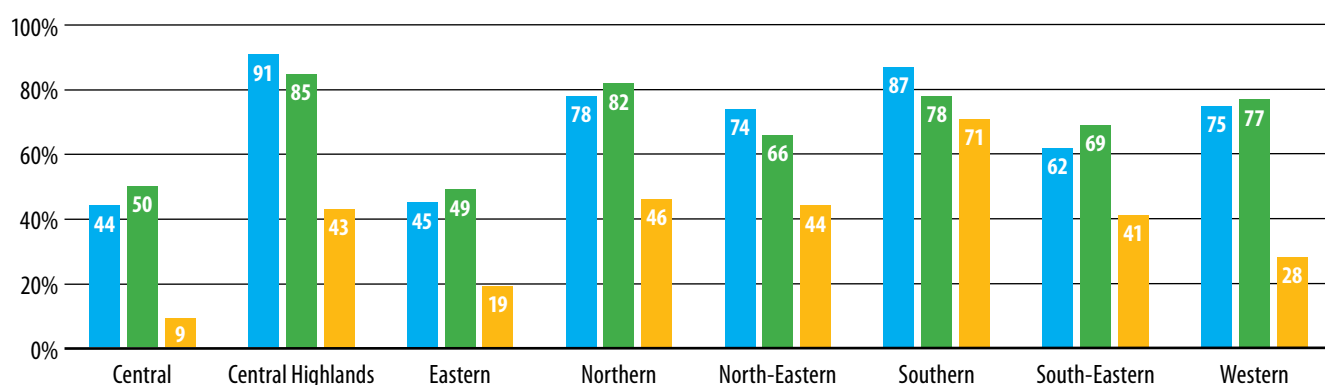
<sup>32</sup> Economic shock is any unexpected event that has a large-scale, unexpected impact on the economy of the households (e.g. loss of livestock, reduced agricultural production, reduced work opportunities, reduced salary, loss of business customers, reduction of working adults in the household).

**Figure 44: Economic shock impacting households; by region** [Source: MSNA, 2022–2024]**LEGEND:** 2022 2023 2024

**In contrast to the relative improvement in the Western region, the other regions saw substantial increases in the proportion of households affected by economic shocks in 2024.** The highest rises were recorded in the Central and Northern regions (44 percentage points). These rising figures underscore the deepening economic crisis across the country, with the Western region as the sole exception to this trend.

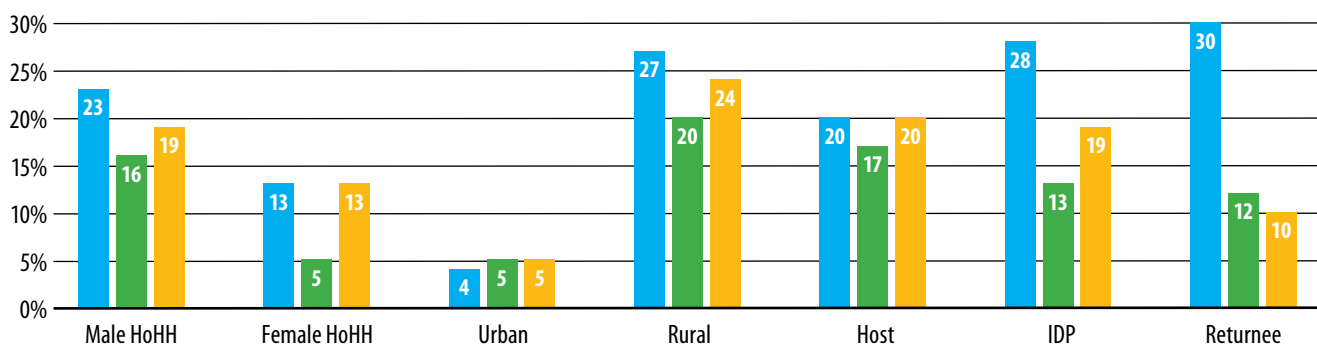
**For all population groups, the impact of drought lessened in 2024 compared to 2023** (Figure 45). The improvements were substantial (ranging from 30 to 40 percentage points) for urban, returnee, male-headed, rural, host and female-headed households. IDP households saw a more moderate improvement (18 percentage points). There was also a sharp contrast in terms of the effect of drought in 2024 between urban (14 percent) and rural areas (41 percent).

**A large variation in the experience of drought was also observed across the regions in 2024, though there was a notable decline in all regions compared to 2023** (Figure 46). The Central region was the least impacted by drought (9 percent), followed by the Eastern region (19 percent) and the Western region (28 percent). The South-Eastern, the Central Highlands, the North-Eastern and the Northern regions were similarly impacted (41–46 percent), while the effect of drought was particularly severe in the Southern region, where 71 percent of households were affected. In most regions, drought conditions eased considerably compared to 2023, with reductions ranging from 22 to 49 percentage points. However, the Southern region saw only a marginal decline of 7 percentage points, the most severely impacted at 71 percent.

**Figure 45: Drought impacting households; by group** [Source: MSNA, 2022–2024]**LEGEND:** 2022 2023 2024**Figure 46: Drought impacting households; by region** [Source: MSNA, 2022–2024]**LEGEND:** 2022 2023 2024

**Figure 47:** Floods impacting households; by group [Source: MSNA, 2022–2024]

LEGEND: 2022 2023 2024



**The impact of floods increased marginally for most groups when compared to 2023, though it was lower than 2022.** As with previous years, the effect of floods in 2024 was particularly distinct between urban (5 percent) and rural areas (24 percent) (Figure 47). Most households reported minor changes from 2023. Female-headed (8 percentage points) and IDP (6 percentage points) households faced the worse changes, while for host, male-headed and rural households the deterioration was smaller (3–4 percentage points). The impact of floods remained the same for urban households, and returnee households reported a decrease of 2 percentage points.

**Some degree of variability was also seen across the regions in terms of the impact of floods** (Figure 48). In the Central region, households were least affected by floods (4 percent). The Northern and Southern regions (14–16 percent) were slightly below the national average, while the Central Highlands and Eastern regions were slightly above (both at 21 percent). The households in the Western, North-Eastern and South-Eastern regions were most impacted by floods (28 to 32 percent).

**Compared to 2023, the South-Eastern region experienced the biggest improvement (a 26 percentage-point decline), followed by the Central region (10 percentage points) and the Southern region (4 percentage points).** For the remaining regions, the impact of floods worsened. The worst change was experienced by the Western region (25 percentage points), followed by the Central Highlands and the North-Eastern

region (both 15 percentage points), the Northern region (9 percent) and the Eastern region (7 percentage points).

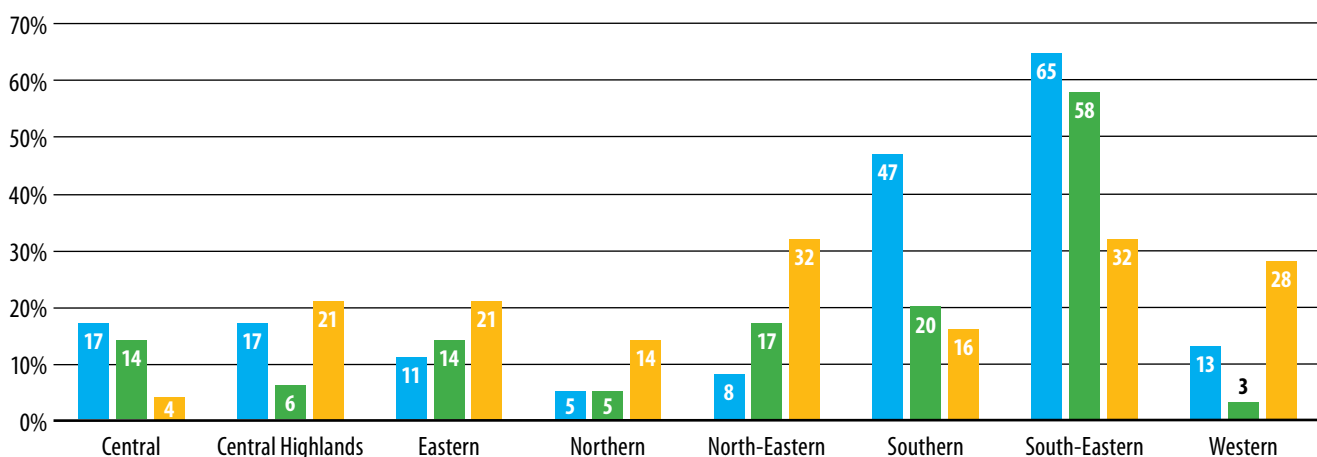
### The combination of natural disasters and economic shocks continue to impact the well-being of households and render them subsistence insecure.

While the direct impact of natural disasters may have eased in 2024, economic consequences persist. Of the 47 percent of households that reported being affected by natural disasters in 2024, 43 percent also reported experiencing an economic shock, leaving them highly vulnerable. Households unaffected by adverse events had higher per capita monthly income (AFN 1,811 or US\$25.69) and a lower degree of deprivation as measured by SII (only 20 percent were subsistence insecure). On the other hand, households affected by economic shocks and/or natural disasters had 32 percent lower per capita income (AFN 1,227 or US\$17.40) and were nearly four times more likely to experience subsistence insecurity (77 percent versus 20 percent).

**Eco-fragile regions such as the Northeast, Southeast and West have the highest proportion of households impacted by events like flood and need to be at the centre of relief efforts.** Interventions need to be tailored to the specific microclimates in these regions, with an aim to increase shock-resilience and household capacities to manage pressing subsistence insecurities such as insufficient water access, health care affordability and recurrent needs to utilize coping strategies.

**Figure 48:** Floods impacting households; by region [Source: MSNA, 2022–2024]

LEGEND: 2022 2023 2024



# 5.

## Women's Deteriorating Socio-Economic Conditions

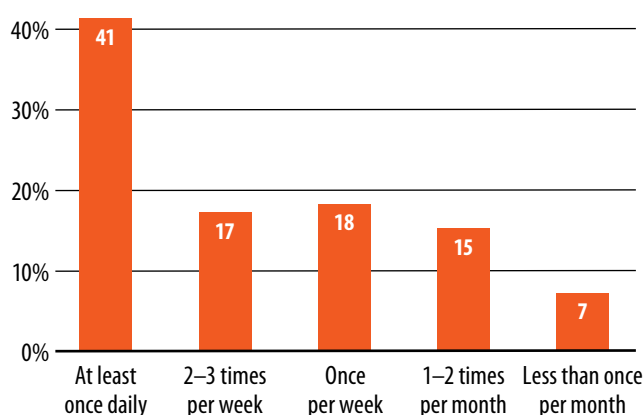
Since August 2021, the de facto authorities have imposed severe restrictions on women and girls, making Afghanistan the most repressive country for women's rights.<sup>33</sup> In 2022, Afghanistan ranked 162 out of 166 countries on the Gender Inequality Index, which measures gender inequality in reproductive health, empowerment and the labour market.<sup>34</sup> By 2023, it was the lowest-ranked country (177<sup>th</sup>) for women's inclusion, justice and security on the Women Peace and Security Index.<sup>35</sup> The restrictions placed on women and girls affect every aspect of their lives, from public access and employment to education and health (see Annex 3 for a detailed timeline of the DFA's curtailment of women's rights). Consequently, access to economic resources is increasingly limited, employment opportunities have dwindled, access to education beyond primary level has ended, and women's overall health and well-being has been severely compromised.

### 5.1 Women Increasingly Feel Unsafe and are Confined to their Homes

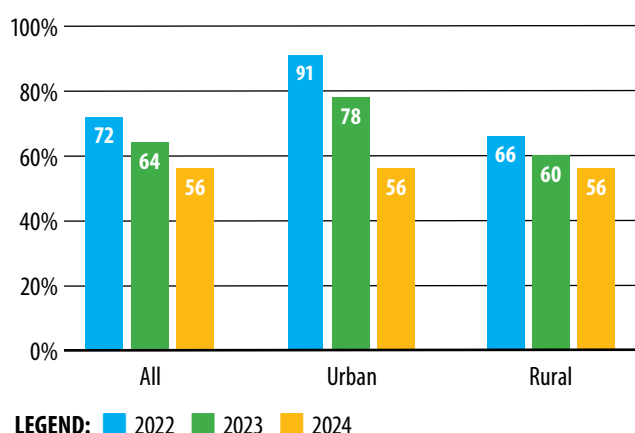
The de facto authorities have dramatically restricted women's access to public spaces, including parks, recreational areas, gyms and public baths. Women increasingly find themselves unable to leave their homes without a *mahram* (a close male relative), effectively confining them indoors. In 2024 consultations with Afghan women,<sup>36</sup> approximately 8 in 10 women (79 percent) reported being denied access to public spaces in the previous 12 months, even when accompanied by a *mahram*. About 7 in 10 women (69 percent) felt 'not at all' safe going outside alone, although this dropped to 13 percent when accompanied by a *mahram*. As a result, most women (57 percent) indicated that they leave home less than once a day, with around one in five (22 percent) leaving less than once a week (Figure 49).

According to MSNA 2022–2024 data, the proportion of households reporting that all areas are safe for women and girls declined steadily—from 72 percent in 2022 to 64 percent in 2023 and 56 percent in 2024 (Figure 50). The decline was more pronounced in urban areas. In 2022, most urban households (91 percent) did not report any area as unsafe for women, compared to around two-thirds (66 percent) of rural households. However, by 2024, this dropped to 56 percent for both urban and rural households.

**Figure 49:** Frequency of women going outside the home  
[Source: UN Women, 2024]



**Figure 50:** Share of households reporting all areas safe for women and girls  
[Source: MSNA, 2022–2024]



<sup>33</sup> See <https://press.un.org/en/2023/sc15222.doc.htm>.

<sup>34</sup> See <https://tinyurl.com/y8msadeh>.

<sup>35</sup> See <https://giwps.georgetown.edu/the-index/>.

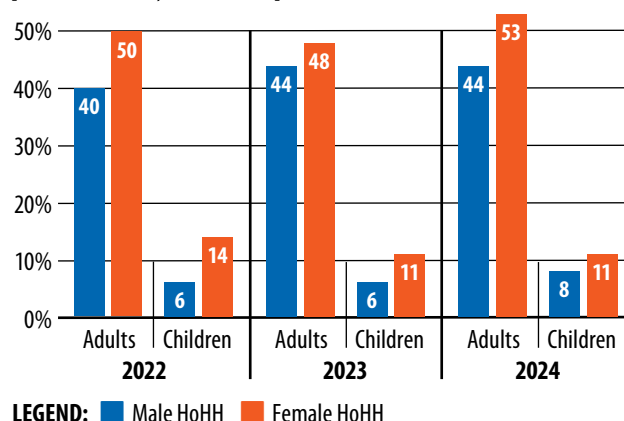
<sup>36</sup> See <https://tinyurl.com/4mes875z>.

## 5.2 Women in Work: A Diminishing Reality

In 2024, the employment situation for women in Afghanistan remained dire. The de facto authorities have systematically stripped women of their employment rights and opportunities, particularly in the formal sector. The share of women employed outside the household stagnated at around 6–7 percent in 2023–2024, while boys' employment was almost double that at 11–15 percent (Figure 34).

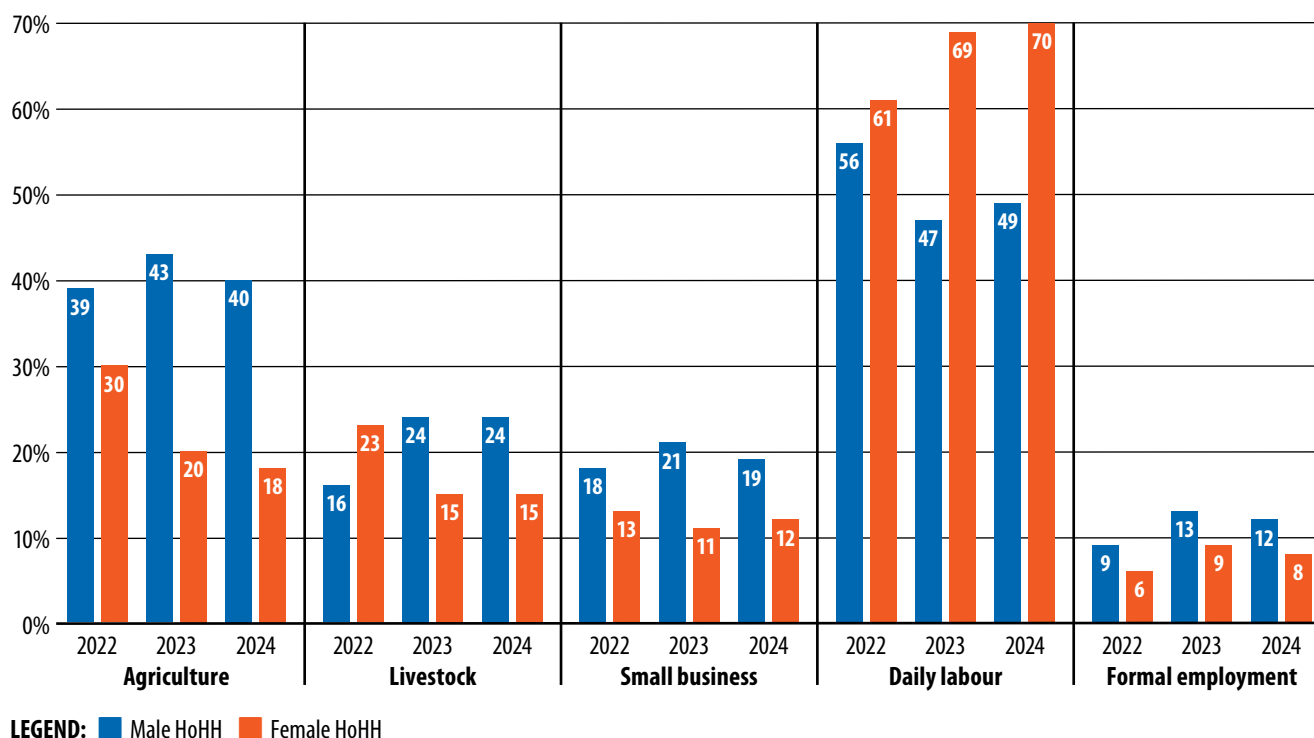
The proportion of adults employed outside the household was consistently higher in female-headed households compared to male-headed households from 2022 to 2024, with a difference of 4–10 percentage points each year (Figure 51).<sup>37</sup> Additionally, child labour was significantly more prevalent in female-headed households, nearly twice as high in 2022–2023. While the child employment rate in female-headed households remained stable in 2024, it increased in male-headed households. The exclusion of women from the labour market has forced children, particularly boys, to take on work responsibilities, even in male-headed households.

**Figure 51:** Household employment of adults and children; by gender of head of household (HoHH)  
[Source: MSNA, 2022–2024]



**Female-headed households typically have one less male adult member,<sup>38</sup> increasing the need for women in these households to work outside their homes.** In 2024, the ratio of working women to working adults in male-headed households was 5 percent, while in female-headed households it was 34 percent. However, working members of female-headed households were more often employed in informal daily labour (Figure 52)<sup>39</sup> which is inherently more precarious, unsafe and poorly paid

**Figure 52:** Types of employment of working household members; by gender of head of household (HoHH)  
[Source: MSNA, 2022–2024]



<sup>37</sup> Households' adult employment is evaluated as the number of adults working outside of the household in the 30 days prior to the survey divided by the number of adults in the household. Households' children employment is evaluated as the number of children below 18 years old working outside of the household in the 30 days prior to the survey, divided by the number of children in the household aged 6–17.

<sup>38</sup> In 2024, on average male-headed households comprised of 7.2 members, of which 3.5 were adults and 3.7 children, while female-headed households comprised of 6.2 members, of which 2.6 were adults and 3.6 children.

<sup>39</sup> For households with at least one adult man/woman working outside of the household in the 30 days prior to the survey.



compared to formal labour. The gap in daily labour participation between female- and male-headed households widened significantly—from 5 percentage points in 2022 to 22 points in 2023 and 21 points in 2024.

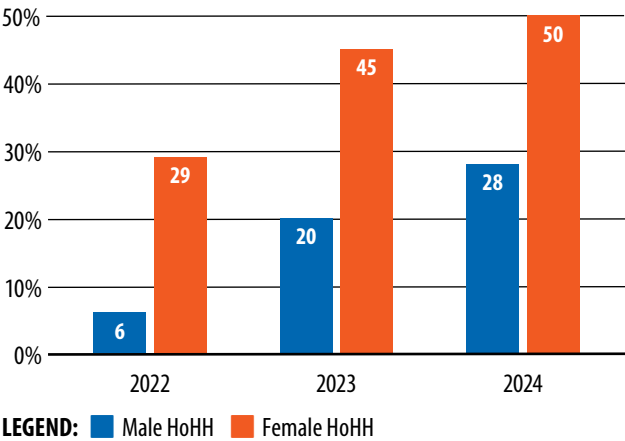
**More female-headed households are engaged in home-based income generating activities compared to male-headed households, reflecting the pressure that is forcing women from public life.** From 2022 to 2024, home-production increased for both groups (Figure 53).<sup>40</sup> In 2024, half of female-headed households relied on home-based production as opposed to around a quarter of male-headed households. Therefore, women working either in or out of their homes turned to informal employment to support their families, which—while providing some income—often lacks security and satisfactory payment as noted above.

### 5.3 Women’s Double Disadvantage: Low Access to Education and Health Care

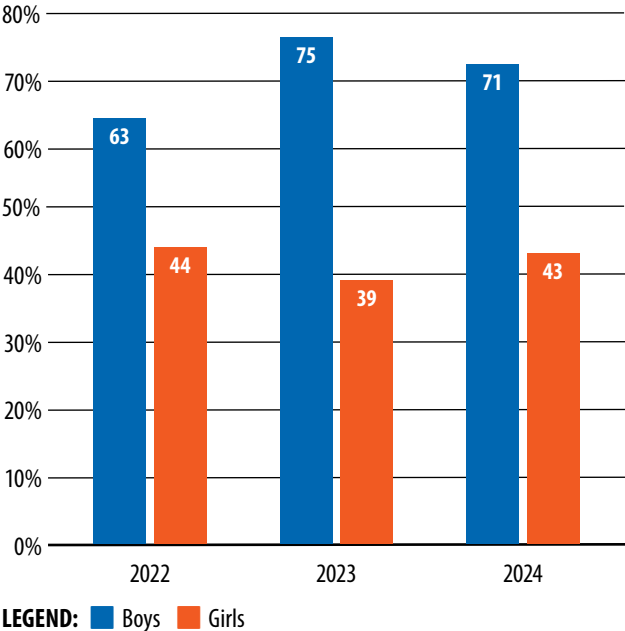
**In 2021, only 23 percent of Afghan women over 15 were literate, among the lowest rates in the world.**<sup>41</sup> This situation will get significantly worse, as Afghanistan remains the only country where girls over 12 are barred from secondary and higher education,<sup>42</sup> as de facto authorities effectively restricted access to education beyond primary school. Consequently, the literacy rate of Afghan women is expected to deteriorate further, undermining future development prospects.

**Even when schooling is permitted, girls’ attendance substantially lagged behind boys** (Figure 54).<sup>43</sup> In 2024, boys’ school attendance dropped by 4 percentage points, from 75 percent in 2023 to 71 percent (still higher than 63 percent in 2022), with a corresponding increase in boys working outside the household (Figure 34). In contrast, girls’ school attendance remained consistently low, with less than half attending school each year: 44 percent in 2022, 39 percent in 2023 and 43 percent in 2024 (Figure 54).

**Figure 53:** Share of households in home-production; by gender of head of household (HoHH)  
[Source: MSNA, 2022–2024]



**Figure 54:** Education attendance  
[Source: MSNA, 2022–2024]



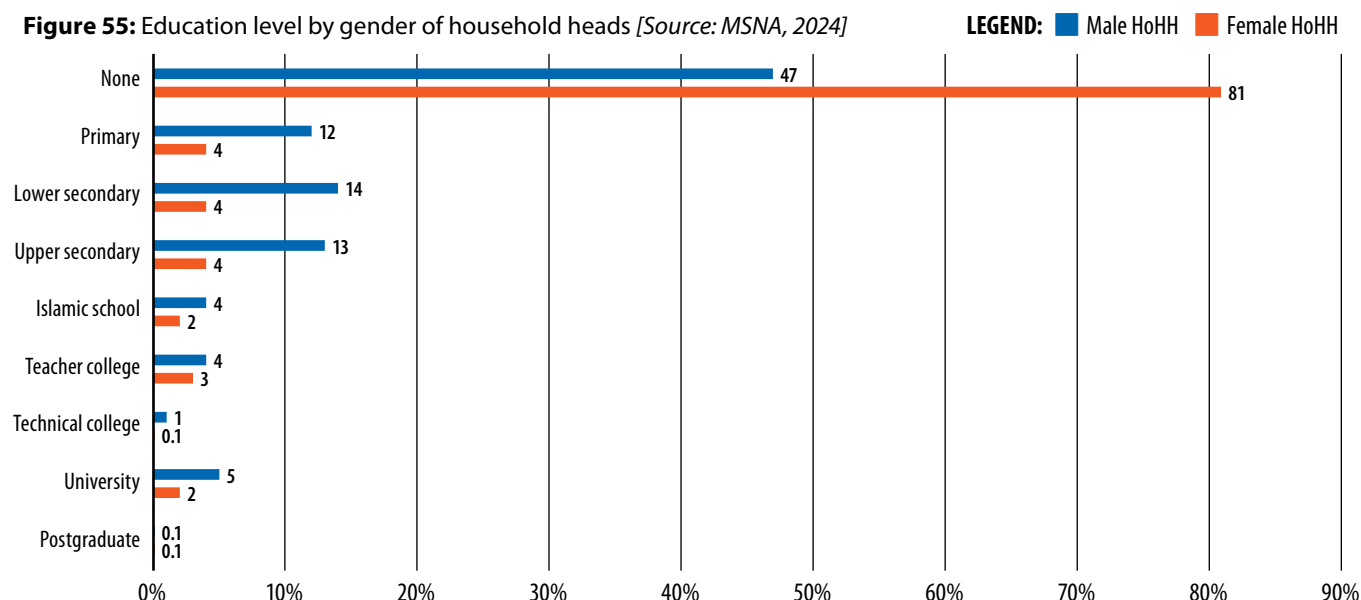
<sup>40</sup> Home-based income is in the 30 days prior to the survey.

<sup>41</sup> See <https://databank.worldbank.org/source/world-development-indicators/>.

<sup>42</sup> See <https://news.un.org/en/story/2024/08/1153191>.

<sup>43</sup> In 2022, school attendance is for children aged 6–17 and the past six months prior to the survey. In 2023, school attendance is for children aged 6–17 and the school year 2022–2023. In 2024, school attendance is for children aged 5–18 and the school year 2023–2024.

**Figure 55: Education level by gender of household heads** [Source: MSNA, 2024]



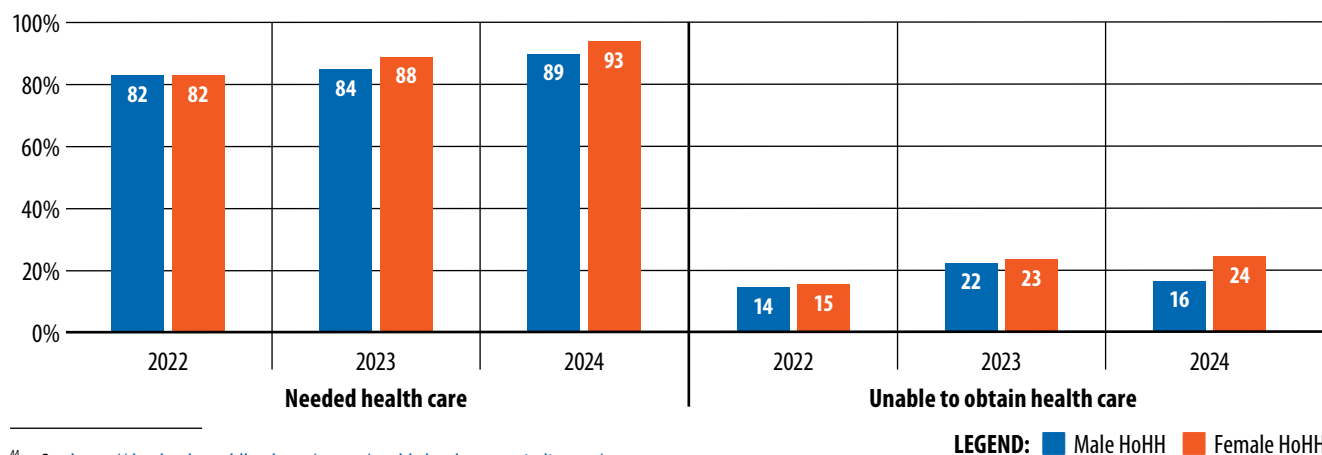
**Low education levels, particularly among women, remains a chronic challenge in Afghanistan.** In 2024, nearly half of male heads of households (47 percent) had never attended any educational institution, while a staggering 81 percent of female heads had not (Figure 55). Only 13 percent of male heads had completed upper secondary education, compared to just 4 percent of female heads. University attendance was even more limited, with only 5 percent of men and 2 percent of women heads of households having attended. The high rates of educated Afghani emigrating over the years likely contributes to the persistently low education levels among household heads.

**The health situation in Afghanistan is also critical, particularly for women.** In 2022, life expectancy at birth was 62.9 years, ranking 30<sup>th</sup> lowest among 211 countries.<sup>44</sup> Maternal mortality was estimated at 620 per 100,000 live births in 2020, the 8<sup>th</sup> highest among 185 countries.<sup>45</sup> Infant mortality was 44.8 per 1,000 live births in 2022, the 23<sup>rd</sup> highest among 196 countries.<sup>46</sup> The country

faces limited access to quality health care and high rates of preventable diseases. The situation is particularly problematic for female-headed households, which have higher health care needs and greater difficulty accessing services.

**The already high demand for health care services continued to rise in 2024, with the largest increase observed among female-headed households** (Figure 56).<sup>47</sup> In 2022, the share of male- and female-headed households requiring health care was similar (82 percent). In 2023–2024, demand grew for both, particularly among female-headed households where the increase was 4 percentage points higher. Among households that required health care, around 14–15 percent were unable to gain access in 2022, rising to 22–23 percent in 2023. However, by 2024 the gap between households widened, with 16 percent of male-headed households unable to meet their health care needs, compared to 24 percent of female-headed households.

**Figure 56: Health care needs and access; by gender of head of household (HoHH)** [Source: MSNA, 2022–2024]



<sup>44</sup> See <https://databank.worldbank.org/source/world-development-indicators/>.

<sup>45</sup> *Ibid.*

<sup>46</sup> *Ibid.*

<sup>47</sup> Health care needed and obtained is in the three months prior to the survey.

**Besides the physical health of women and girls, their mental health is also at high risk.** The repressive conditions have confined many Afghan women to their homes, reducing their opportunities for social engagement and interaction. As a result, women's mental well-being has suffered dramatically. In 2024 consultations with Afghan women,<sup>48</sup> 81 percent of women rated their mental health as 'bad' (33 percent) or 'very bad' (47 percent). According to MSNA 2024 data, just one-third of households reported that none of the women and girls in the household experienced changes in behaviour over the previous year. The most reported behavioural changes were excessive worry/hopelessness/hypervigilance (37 percent), excessive sadness (22 percent), decreased appetite/sleep (21 percent), fatigue (20 percent) and social withdrawal (12 percent).

**The discriminatory policies of the de facto authorities have had a devastating impact on women's physical and mental health.** Access to health care, particularly maternal and reproductive health services, has been severely curtailed. Women are often denied essential medical treatment, leading to increased maternal mortality rates and other health complications. The ban on women studying midwifery and nursing in December 2024 will have catastrophic consequences for the well-being of mothers and their newborns.

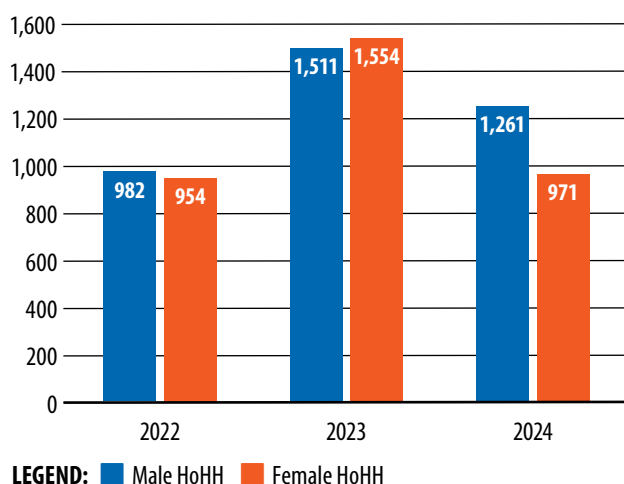
## 5.4 The Morality Law: Increasing the Gender Income Gap

**The implementation of the Law on the Propagation of Virtue and Prevention of Vice (PVPV) in August 2024 formalized many of the previously issued edicts, further exacerbating Afghanistan's socio-economic challenges.** Restrictions imposed since 2021 have severely limited women's participation in the workforce, leading to a sharp decline in women's labour force participation, which in turn has reduced household incomes. According to UNDP estimates, the loss of formal employment for women could reduce household per capita income by 48 percent.<sup>49</sup>

**All households are suffering from the impact of morality laws, but female-headed households bear the greatest impact.** In 2024, 44 percent of adults and 8 percent of children in male-headed households were working (Figure 51) and for that effort, per capita monthly income stood at AFN 1,261 (US\$17.89)<sup>50</sup> (Figure 57). In contrast, in female-headed households, 53 percent of

adults and 11 percent of children were employed and per capita monthly income stood at AFN 971 (US\$13.77). Moreover, 28 percent of male-headed households were engaged in home-based income generating activities, while 50 percent of female-headed households were involved in such activities (Figure 53). Therefore, members of female-headed households exerted greater effort only to achieve lower per capita income: 77 percent that of members of male-headed households.

**Figure 57:** Monthly income per capita (in AFN); by gender of head of household (HoHH) [Source: MSNA, 2022–2024]



**The situation deteriorated even further in 2024 compared to 2022–2023, as women were forced into low-paid and insecure informal work.** During 2022–2023, employment shares were again higher in female-headed households, but at least achieved similar per capita income to male-headed households. In 2024, although employment shares remained higher in female-headed households, their per capita income was much lower than male-headed households. This disparity was driven by the fact that many women turned to informal low-paid employment due to the marginalization of women in the labour market.

**All households are increasingly reliant on unstable or precarious sources of income, but the rate for female-headed households is far higher.** Overall, the income of female-headed households came predominantly from unstable sources (58 percent in 2023 and 65 percent in 2024). In contrast, the share of income from unstable sources in male-headed households remained lower (44 percent in 2023 and 43 percent in 2024) (Figure 58).<sup>51</sup> The contribution of casual labour to income in male-headed households increased from 30 percent in 2023 to 39

<sup>48</sup> See <https://tinyurl.com/4mes875z>.

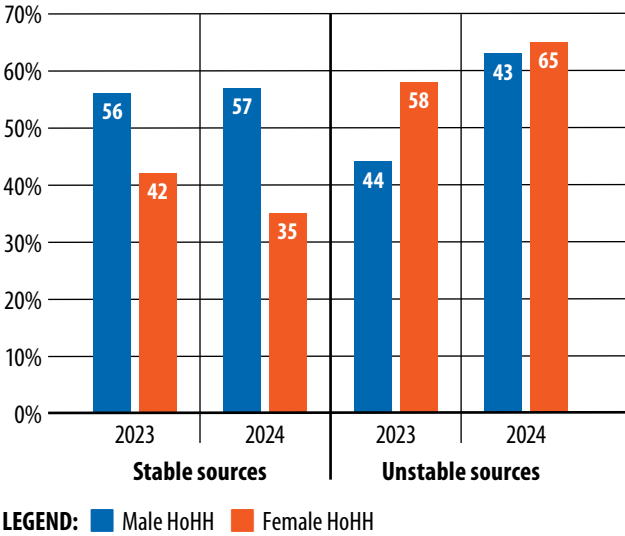
<sup>49</sup> SEO (2023), page 70.

<sup>50</sup> For 2024, the exchange rate is taken to be US\$1=AFN70.5.

<sup>51</sup> Stable income sources are salaried work, own business/trade, own production, rent, remittances. Unstable income sources are casual labour, df. government assistance, humanitarian assistance, support from family/friends and community.

percent in 2024. In contrast, the income of female-headed households from casual labour increased from 37 percent in 2023 to more than half, 57 percent, in 2024. Additionally, while both male- and female-headed households saw their income share from salaried work drop in 2024, the reduction was higher for female-headed households (from 13 percent in 2023 to 8 percent in 2024) compared to male-headed households (from 13 percent in 2023 to 11 percent in 2024).

**Figure 58:** Stable and unstable sources of household income; by gender of head of household (HoHH)  
 [Source: MSNA, 2023–2024]



**The restrictions on women’s employment perpetuate a cycle of poverty and dependence.** According to the Subsistence Insecurity Index, members of female-headed households were more deprived than those in male-headed households (Figure 17). In 2024, both types of households experienced a higher level of subsistence insecurity compared to 2023 (male-headed households rising from 69 percent in 2023 to 74 percent in 2024 and female-headed households rising from 86 percent in 2023 to 88 percent in 2024). The reduction in household incomes, partially driven by the exclusion of women from the formal labour market, has increased the level of deprivation.

**The long-term economic impacts of the morality law are likely to be profound, as the continued marginalization of women will hinder the country’s ability to achieve economic recovery.** With half of the adult population being economically underutilized and a substantial proportion of girls, as well as boys, being uneducated, the future of Afghanistan looks bleak.

# 6.

## Cross-Sectoral Updates: Tracking Trends in Microfinance and the Business Climate

### 6.1 Microfinance: A Key Catalyst for Business Development

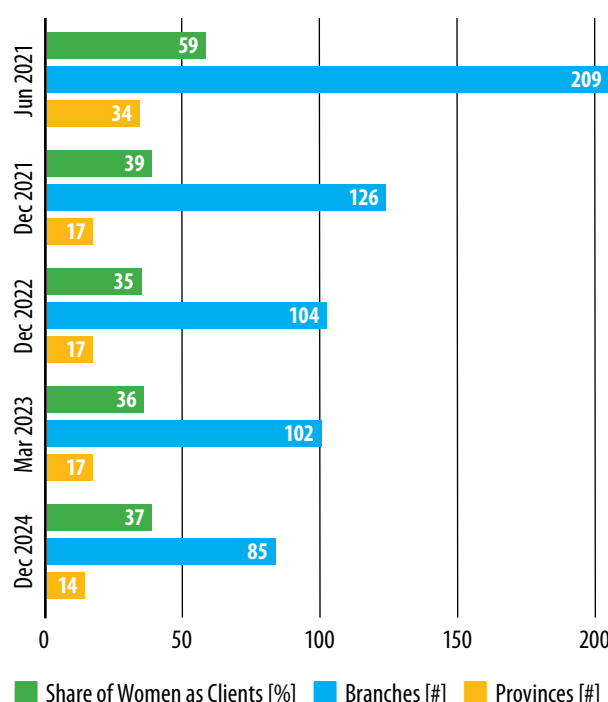
The microfinance sector is a vital enabler of micro and small enterprises in Afghanistan, resilient sources of economic activity, employment and livelihoods at the grassroots level, particularly for women. However, in 2024, the coverage of microfinance services declined, with service coverage shrinking to 14 provinces and 85 branches, compared to 17 provinces and 102 branches in early 2023 (Figure 59). The reduction in microfinance institutions' (MFIs) reach is probably driven by increased regulatory requirements due to the implementation of new microfinance regulations by the de facto Afghanistan Bank (DAB) such as stricter beneficiary selection criteria, documentation and reporting requirements, which some MFIs may find difficult to meet in certain provinces. Despite this decline, the share of women clients has remained stable at around one-third of total microfinance clients, although this is a significant decline from 59 percent before the regime change in August 2021.

The reduction in provincial coverage of microfinance services is also reflected in the total loan portfolio of MFIs. The microfinance loan portfolio was nearly AFN 10 billion in June 2021 but sharply declined to AFN 6.7 billion in the six months to December 2021, following the regime change in August 2021. A year later, it had further declined to AFN 3.5 billion and has since remained stagnant (Figure 60).

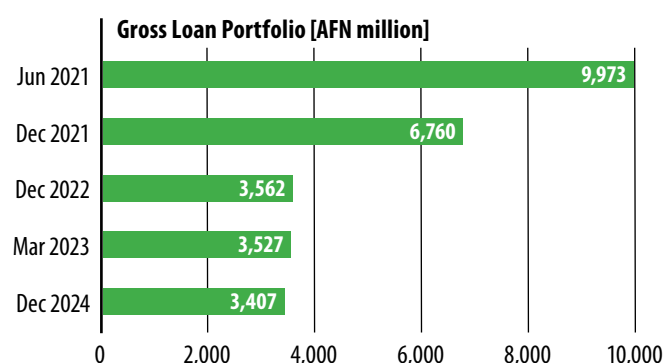
There were five active MFIs in 2024 with varying capacities and levels of provincial coverage. The First Microfinance Bank of Afghanistan (FMFB) had the highest number of branches (33) and provincial coverage (14) of all the microfinance entities but had the lowest share of female clients (24 percent). OXUS, the second largest microfinance provider, covered 10 provinces through 25 branches with over half of the clients being women (56 percent). Hand in Hand Afghanistan, however, had the lowest provincial coverage (2—Balkh and Kunduz) and number of branches (2) but serves only female clients (Figure 61).

The total number of microfinance clients (people with identified needs for microfinance services) has always been higher than the number of active borrowers able to secure loans, suggesting the demand for

**Figure 59:** Microfinance provincial coverage and share of women [Source: Afghanistan Microfinance Association (AMA)]



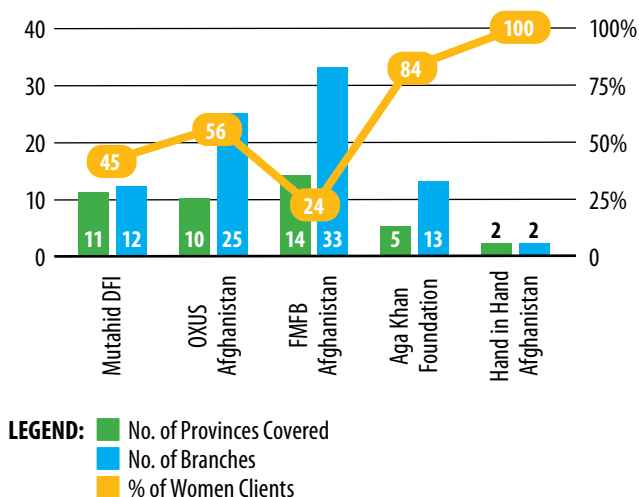
**Figure 60:** Microfinance loan portfolio [Source: Afghanistan Microfinance Association (AMA)]



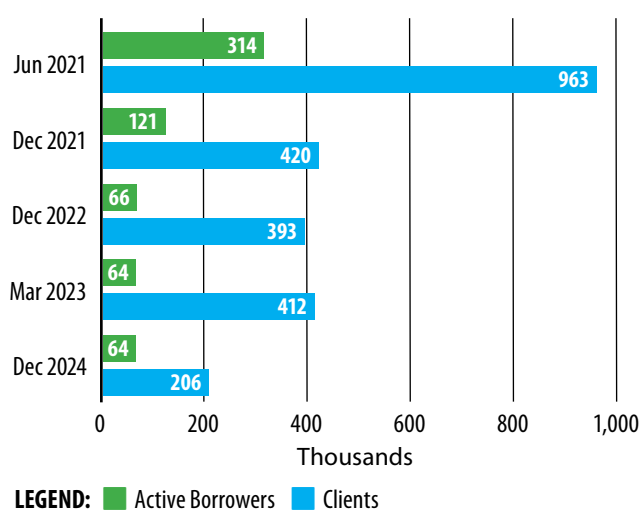
Microfinance is greater than current providers are able to meet. Improving clients' capacity to fulfil the requirements of the providers, such as business plans and necessary documentation, could help bridge this gap and expand lending opportunities. However, the number of active borrowers declined sharply following the regime change in August 2021, dropping from 314,252 in June 2021 to 121,049 in December 2021. It further plummeted to 66,675 a year later and has remained at similar levels ever since (Figure 62).



**Figure 61: Microfinance providers, provincial coverage**  
[Source: Afghanistan Microfinance Association (AMA)]



**Figure 62: Microfinance customers (thousands)**  
[Source: Afghanistan Microfinance Association (AMA)]



## 6.2 Some Changes to the Business Climate but More is Needed to Make it Investor-Friendly

**Following growth in domestic revenue, the de facto authorities announced tax waivers for the private sector.** In 2024, de facto authorities introduced procedural simplifications, regulations and tax waivers aimed at supporting private sector resilience, profitability and operations. In May 2024, the de facto Ministry of Finance announced the cancellation of fixed taxes for all traders and producers whose annual sales reach AFN 2 million (approximately US\$28,000). Additionally, the fixed sales tax for those exceeding this threshold was reduced from 0.5 percent to 0.3 percent.

**Simplified procedures introduced in the mining sector may encourage further investment.** The steps required to acquire a large-scale mining contract were reduced from 228 to 95, while the steps for small-scale mining contract awards were streamlined from 187 to 67. However, as Figure 5 shows, the mining sector share in the economy will not increase substantively until these procedural reforms are effectively and responsibly implemented, leading to the creation of an inclusive business environment and employment opportunities.

**The de facto central bank, DAB, introduced new microfinance regulations in 2024,** intended to promote transparency and increase microfinance coverage in rural areas, through encouraging new entrants to the sector. Nonetheless, the data shows a reduction in the reach of microfinance services as the number of provinces and branches declined in 2024 compared to 2023.

## 6.3 High Levels of Population Movement Reflect Subsistence Insecurity and Current Uncertainty

**Over 3.38 million inbound movements were recorded from Iran and Pakistan in 2024, compared to 2.47 million outbound movements to these countries.**

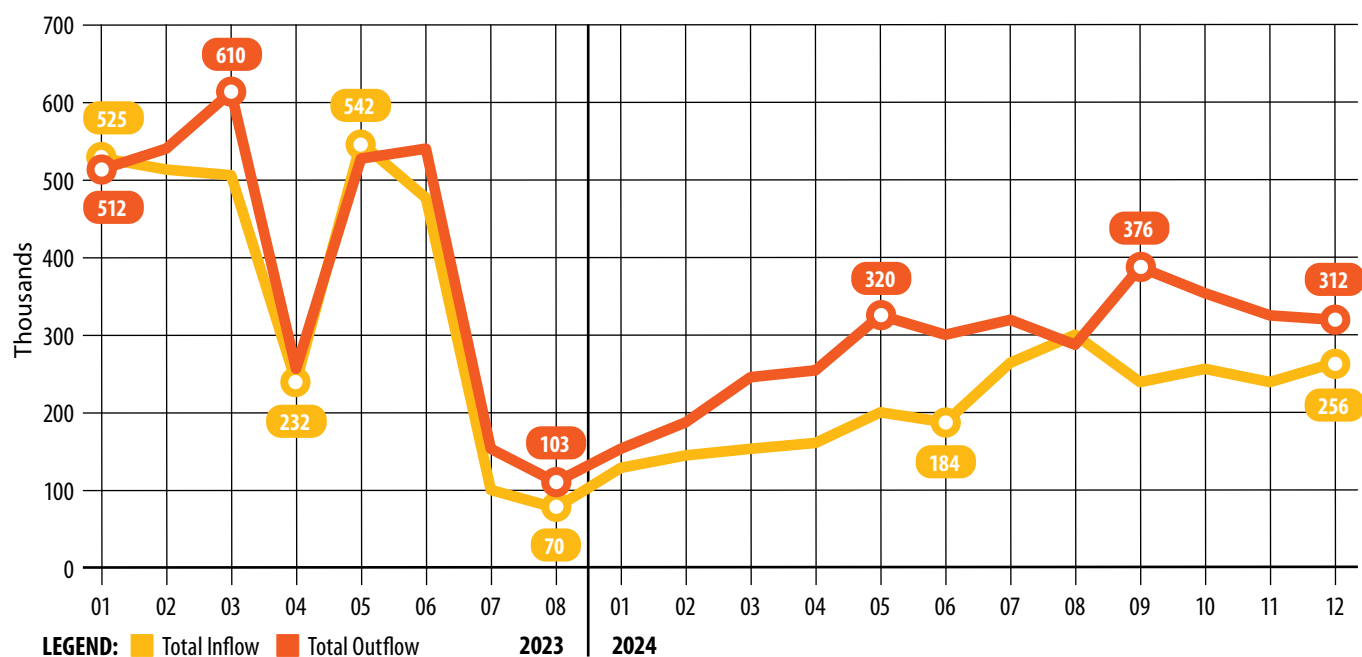
This resulted in a net inflow of nearly one million people. Except for August, monthly data showed more people entering Afghanistan from the two neighbouring countries than were leaving (Figure 63).

**The number of border crossings to and from Pakistan steadily increased in 2024.** The number of monthly inbound movements from Pakistan peaked at 133,043 in July and outbound movements peaked at 139,341 in October–November 2024, far higher than approximately 53,000 inbound and Pakistan-bound movements in January 2024 (Figure 64).

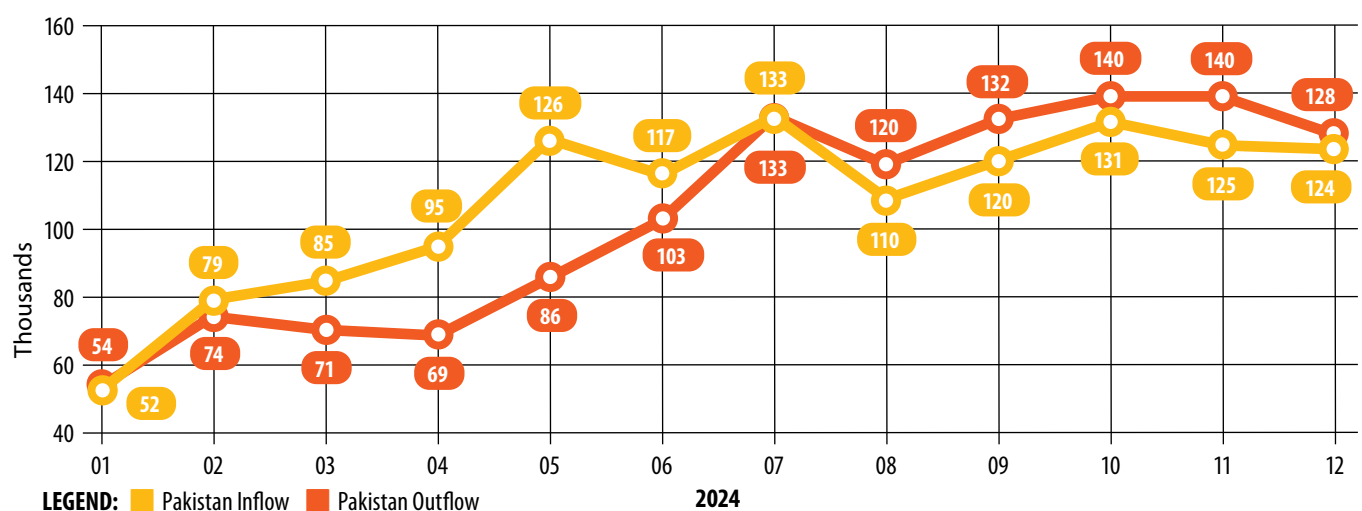
**The number of border crossings to and from Iran was also significant, with more returns than departures across the year.** Arrivals peaked in September 2024, when 255,404 inflows were registered, while the monthly peak for outflows was 172,242 in August 2024 (Figure 65).

Despite monthly fluctuations, the number of people returning to Afghanistan from neighbouring countries—even when recorded at official border points only—is very high, suggesting there will be growing pressure on livelihoods, income opportunities and access to social services in Afghanistan in the coming months.

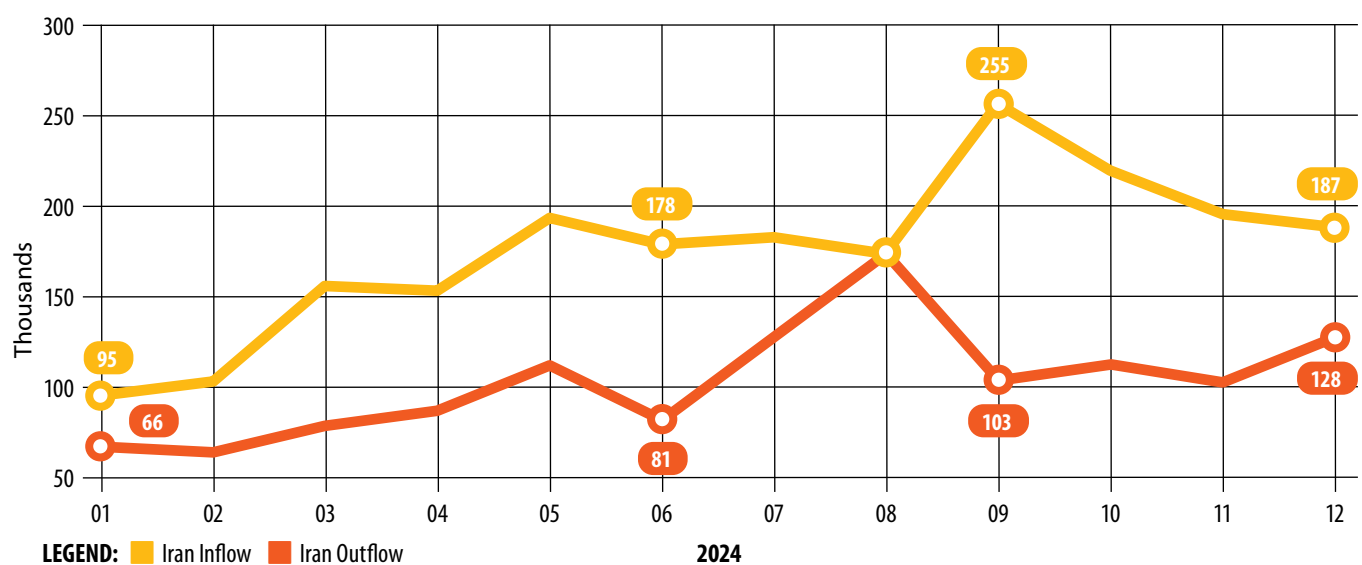
**Figure 63:** Border crossing to and from Iran and Pakistan (thousands) [Source: IOM Displacement Tracking Matrix (DTM), 2024]



**Figure 64:** Border crossing to and from Pakistan, 2024 (thousands) [Source: IOM Displacement Tracking Matrix (DTM), 2024]



**Figure 65:** Border crossings to and from Iran, 2024 (thousands) [Source: IOM Displacement Tracking Matrix (DTM), 2024]



# 7.

## Conclusions and Recommendations

### 7.1 Conclusions

**Afghanistan's return to modest GDP growth signals a possible stabilization of the economy on a low productivity, low growth equilibrium. However, the early signs of economic recovery are tentative and based on shallow foundations.** Household consumption remains heavily dependent on declining international assistance. Afghanistan's economy remains heavily reliant upon the agricultural sector, which in turn is susceptible to seasonal impacts from flood and drought events, and other climatic shocks. The private sector has demonstrated resilience over the past three years but is subject to critical restraints in terms of limited access to finance, limited opportunities for job creation and entrepreneurship, and a lack of market integration, both nationally and internationally. Without greater market integration, significant re-orientation of the economy towards technology adoption and value-added production, and the abrogation of the bans on women's rights and access to education, the economy will continue to be constrained, and structural inhibitors of growth like the growing trade deficit will not be addressed.

**Afghanistan's banks and financial infrastructure are failing to catalyse economic growth.** After encouraging signs of recovery in 2022, the banking sector performed poorly in 2023, with depositors and total deposits declining, loan issuance remaining static and total bank assets also declining. The formal banking sector is struggling to transition to Islamic Finance products and is not playing the key facilitating role for economic development that is required. Likewise, the microfinance sector is not fulfilling the crucial intermediary role required for small borrowers, particularly women, looking to grow their businesses and make the transition to formal finance. The gross loan portfolio for MFIs declined in 2024, along with the number of clients. Without access to finance for businesses, enterprise growth, job creation and economic development will remain challenging.

**Despite tentative macroeconomic stabilization in FY 2023–24, subsistence insecurity worsened in 2024.** This eroded some of the gains made since the immediate post-takeover economic and social crisis. In 2024, three in four households (75 percent) in the country were subsistence insecure, an increase of 6 percentage points from 2023. Food security saw some temporary improvement in 2024 but declined again in late 2024. The situation remains highly volatile and subject to seasonal fluctuations and declining levels of humanitarian assistance. Other factors worsened considerably, particularly housing inadequacy, the unaffordability of health care and insufficiency of cooking items and winter clothing.

**Female-headed households were far more likely to experience subsistence insecurity than male-headed households and experienced more severe deprivation across a broader range of indicators.** This continued a trend seen in previous years. In 2024, 88 percent of female-headed households were subsistence insecure, compared to 74 percent of male-headed households. Female-headed households were more likely to lag in those indicators relating to working male members in the household, the frequent use of coping strategies to address food shortages, and housing inadequacy.

**Regional disparities in subsistence insecurity widened to a degree in 2024. While all regions experienced worsening levels of deprivation, some were more significantly impacted than others. The divide between rural and urban deprivation also continued.** The severity of the increase in subsistence insecurity was greatest in the Central Highlands region, which increased by 20 percentage points to 81 percent. The Southern region (13 percentage points) and the Eastern and South-Eastern regions (9 percentage points) also experienced significant increases. In contrast the North-Eastern region (1 percentage point) and Central region (3 percentage points) experienced relatively modest increases, although the North-Eastern region retains a high rate of subsistence insecurity overall, at 88 percent. The Northern region was the only region to experience a minor improvement (2 percentage points) in subsistence insecurity, albeit it was the second most deprived region in 2023. The increase in the rate of subsistence insecurity from 2023 to 2024 was similar for urban (8 percentage points) and rural (4 percentage points) areas, but the gap between the two remained significant in 2024, with the urban rate at 63 percent, and 78 percent in rural areas.

**Households remain highly vulnerable to natural disasters and economic shocks, with almost all households (95 percent) in the country experiencing an adverse event in 2024.** Economic shocks were the most prevalent adverse event (90 percent) experienced by households in 2024, a significant increase from 2023 (65 percent). Natural disasters, in particular droughts and floods, were the second most prevalent event, affecting 47 percent of all households, though drought incidences did decline compared to previous years. Notably, all household groups experienced an increase in economic shocks, though the incidence was highest for female-headed households (97 percent) and recent returnees (95 percent). Social safety nets to provide security against precariousness are needed if this vulnerability is to be reduced.

**Continued restrictions on women's rights have deepened women's social and economic marginalization, impacted their mental health, and increased vulnerability and their susceptibility to subsistence insecurity.** The Morality Law introduced in August 2024 formalized existing restrictions on women and introduced new and more restrictive measures that are further undermining women's ability to engage in public places, and social, economic and communal life. Girls also continue to be banned from education above a primary level. Not only are these measures an affront to human rights, but the continued exclusion of women from the economic sphere is effectively negating 50 percent of the economic potential of the country. Notable consequences of this have been women's increased mental and physical stress, and a lack of feeling safe in public places, particularly in urban areas. In 2024, 44 percent of women reported not feeling safe in urban places, compared to only 9 percent in 2022.

**Women's marginalization is reflected in the worrying trend of increased labour casualization, decreased participation in the formal economy and more home-based working.** Casualization increased for all groups in 2024, but for female-headed households the increase was significantly greater than for male-headed households. In 2024, female-headed households received 57 percent of their income from casual labour, up from 37 percent in 2023, indicating an increased reliance on low-paid, insecure and often dangerous informal sector work. Both male- and female-headed households saw their share of income from formal sector employment fall, further suggesting a worrying 'hollowing out' of the formal economic sector. The increased restrictions on women are forcing them into home-based work, severing them from mainstream economic activities, and further perpetuating their economic and social marginalization.

## 7.2 Recommendations

- ① While aid is not a long-term or sustainable solution, the increase in subsistence insecurity experienced in 2024 reinforces the **continuing need for humanitarian and basic needs support** for the three in four people who struggle to meet their daily subsistence needs. In the current context where international assistance is declining, however, **a pivot is required, towards activities targeted at fostering economic growth, job creation and self-reliance on the part of the Afghan business sector, to move economic activity beyond just sustaining subsistence.** This needs to be underpinned by essential investments in basic water, energy, community infrastructure and improved functioning of local markets. Investment in creating these enabling conditions to foster growth, as well as improving women entrepreneurs' access to formal finance, banking sector and microfinance reform, trade competitiveness and access to markets will all have a long-term dividend and a multiplier effect for every dollar of international assistance spent.
- ② **The Private Sector Working Group process, established after the Doha discussions in 2024, if effectively utilized, may provide an opportunity to address some of the pressing challenges currently holding back economic development, in very practical ways.** Either through this working group or another platform, priority issues can be identified and joint task teams can be mobilized to improve the ease of doing business and build investor confidence. Support can also assist the banking sector's transition to Islamic Finance, progress targeted measures to expand microfinance coverage and access, broker access to critical regional markets and support the small business sector, particularly women-owned businesses, to expand and diversify, creating jobs and increasing household income and subsistence security.
- ③ Continuing and tightening restrictions on the social and economic participation of women and girls in everyday life is having a devastating impact on their physical and mental well-being, as this report clearly shows. **These restrictions need to be lifted urgently, and girls and young women allowed to return to secondary and tertiary education. Restrictions on women's social and economic rights also need to be lifted urgently** to allow women to engage in society and in the economy on an equal basis to men.





- 4 An increased proportion of households have shifted to home-based economic activities, particularly female-headed households. This clearly reflects the tightening restrictions on women. **Supporting women's livelihood strategies and home-based enterprises will therefore be key to sustaining women and household well-being.** Support mechanisms include microfinance, skills training, online marketing and small business assistance.
- 5 This report clearly shows that different groups and different regions are at greater risk of experiencing subsistence insecurity than others. Attention should therefore **focus on targeting resources (both international assistance and the DFA's own on-budget resources) towards improving subsistence security and resilience for the most vulnerable groups, particularly female-headed households and the most vulnerable regions.** Assistance can also be better targeted to those areas of the country that have the highest rates of subsistence insecurity, with support tailored to their needs.<sup>52</sup>
- 6 **There is a need for a long-term social protection framework that progressively addresses subsistence insecurity in a strategic manner, and establishes a foundation for income and the basic** services needed for the future. This will also provide a durable base upon which further economic activity can be built. A social protection framework would help prioritize the scarce resources available, ensure cost effectiveness and align spending around key agreed areas of need. A social protection framework would also go some way to protecting households from economic and climatic shocks, to which they are currently particularly susceptible. Pilot initiatives can target the needs of those most vulnerable and at risk of subsistence insecurity, and support them through social protection initiatives like conditional and unconditional cash transfers, health insurance and through micro insurance schemes for small enterprises.
- 7 **Diversification of regional economies is critical if structural economic restraints are to be addressed.** Regional economies are currently heavily reliant on the production of primary agricultural commodities, with little diversification or value added in production processes. Without significant investment in economic diversification, technology adoption, human capital development and better access to international markets, the trade deficit will continue to widen and there is little prospect of the tentative signs of economic recovery being sustained.

<sup>52</sup> The North-Eastern (88 percent), Southern (86 percent), Northern (84 percent) and Central Highlands (81 percent) regions all have SII headcount ratios above 80 percent.



# ANNEXES

## Annex 1: Data and Methodology

**Table 1:** Dimensions and indicators of the Subsistence Insecurity Index

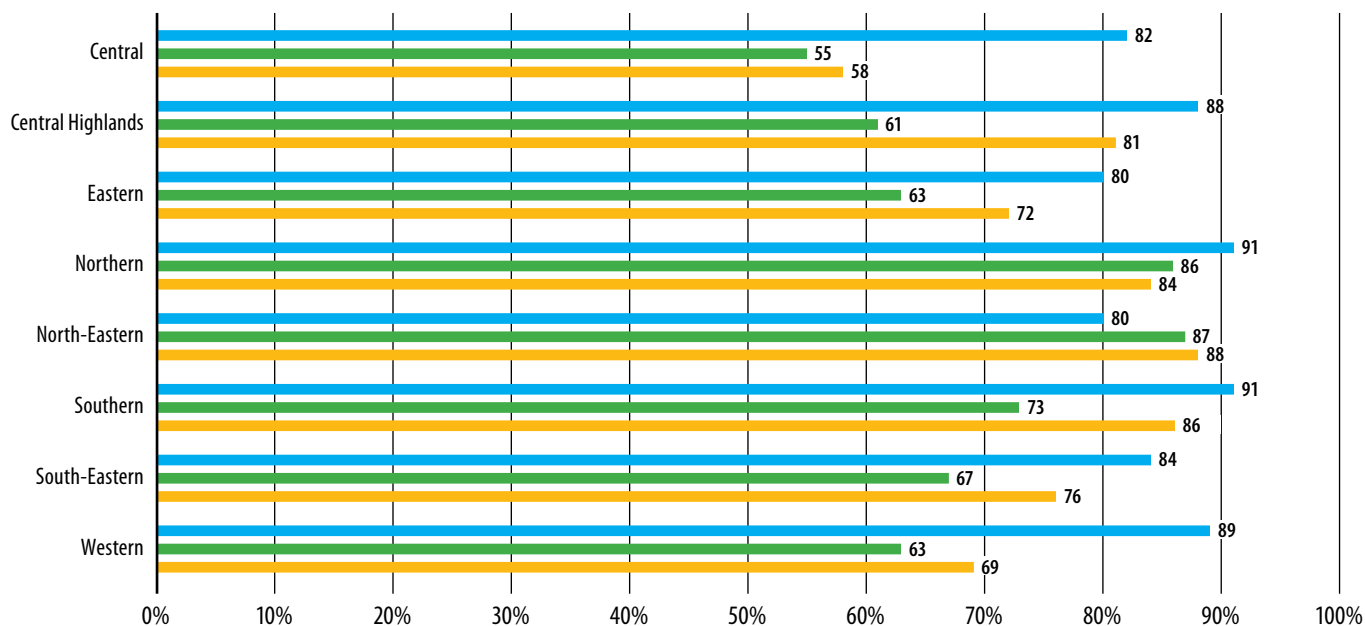
Dimension	Indicator	Household is (or people are) subsistence insecure if:	Weight
<b>Health</b>	<b>Nutrition (NU)</b>	Food Consumption Score (FCS) is poor.	1/9
	<b>Health care affordability (HF)</b>	Specific medicine, treatment or services are too expensive.	1/9
	<b>Health care availability (HV)</b>	The nearest health care centre is more than an hour away.	1/9
<b>Living conditions</b>	<b>Water (WA)</b>	Insufficient water availability.	1/21
	<b>Sanitation (SA)</b>	There are no adequate sanitation facilities.	1/21
	<b>Electricity (EL)</b>	Less than five hours of electricity per day.	1/21
	<b>Heating fuel (HT)</b>	There are no adequate heating fuel sources.	1/21
	<b>Housing (HO)</b>	Shelter has significant damage or is fully destroyed.	1/21
	<b>Cooking items (CI)</b>	No daily access or no ownership of cooking items.	1/21
	<b>Winter clothing (WC)</b>	No daily access or no ownership of winter clothing for all members.	1/21
<b>Livelihood</b>	<b>Work (WO)</b>	All male members 18+ are not working or no male member 18+.	1/18
	<b>Dependency (DE)</b>	There is less than one member who works for every six members.	1/18
	<b>Market food prices (MP)</b>	Prices are too high to afford food items at the market.	1/18
	<b>Food consumption (FC)</b>	Reduced Coping Strategy Index (rCSI) is moderately high to high.	1/18
	<b>Adverse event (AE)</b>	Impacted by at least one adverse event.	1/18
	<b>Coping (CO)</b>	At least two Livelihood Coping Strategies (LCS) used or exhausted.	1/18

- HHs that didn't answer or replied 'other' or replied 'don't know/don't want to answer' to at least one of the above questions were removed from the sample.
- For the evaluation of the SII of 2022, 99 percent of HH answered all the above questions. For the evaluation of the SII of 2023, 98 percent of HH answered all the above questions. For the evaluation of the SII of 2024, 99 percent of HH answered all the above questions.
- FCS is based on food consumption over the seven days prior to the survey and is classified as poor for values below 28, <https://tinyurl.com/3xxprwkz>.
- Time distance to closest health care centre is by interviewee's habitual mode of transport.
- Water insufficiency relates to insufficiency of water for either cooking or drinking or personal hygiene or other domestic purposes in the last four weeks prior to the survey (2023–2024) and at the time of the survey (2022).
- Adequate sanitation facilities are as those described by WHO, <https://tinyurl.com/4bs5665x>.
- Adequate heating fuel sources include electricity, LPG (liquid petroleum gas), coal/charcoal, Archa-wood. Inadequate heating fuel sources include animal dung, bush, waste paper, carton and plastics.
- Significant damage to shelter includes major damage to roof with risk of collapse, leaks during rain and lack of insulation.
- rCSI is based on food consumption reduction strategies over the seven days prior to the survey and is classified as moderately high to high for values above 10, <https://tinyurl.com/2xytcraK>.
- Adverse events are avalanche/heavy snowfall, drought, earthquake, flood, economic shock. Adverse events are for the six months or a year prior to the survey.
- The list of LCS is that in MSNA 2022, where the LCS in MSNA 2023–2024 were selected according to those in MSNA 2022. LCS are over the 30 days prior to the survey.

## Annex 2: Statistical Indicators

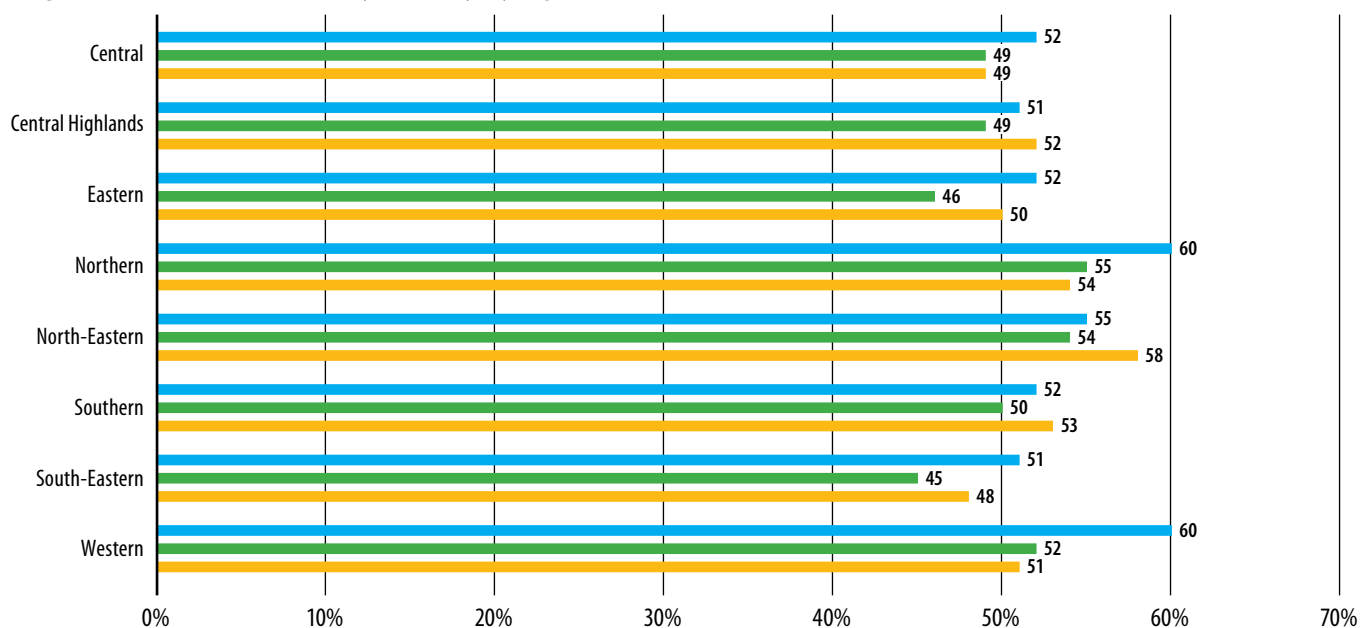
**Figure 66:** Subsistence insecurity: headcount ratio; by region [Source: MSNA, 2022–2024]

**LEGEND:** 2022 2023 2024



**Figure 67:** Subsistence insecurity: intensity; by region [Source: MSNA, 2022–2024]

**LEGEND:** 2022 2023 2024



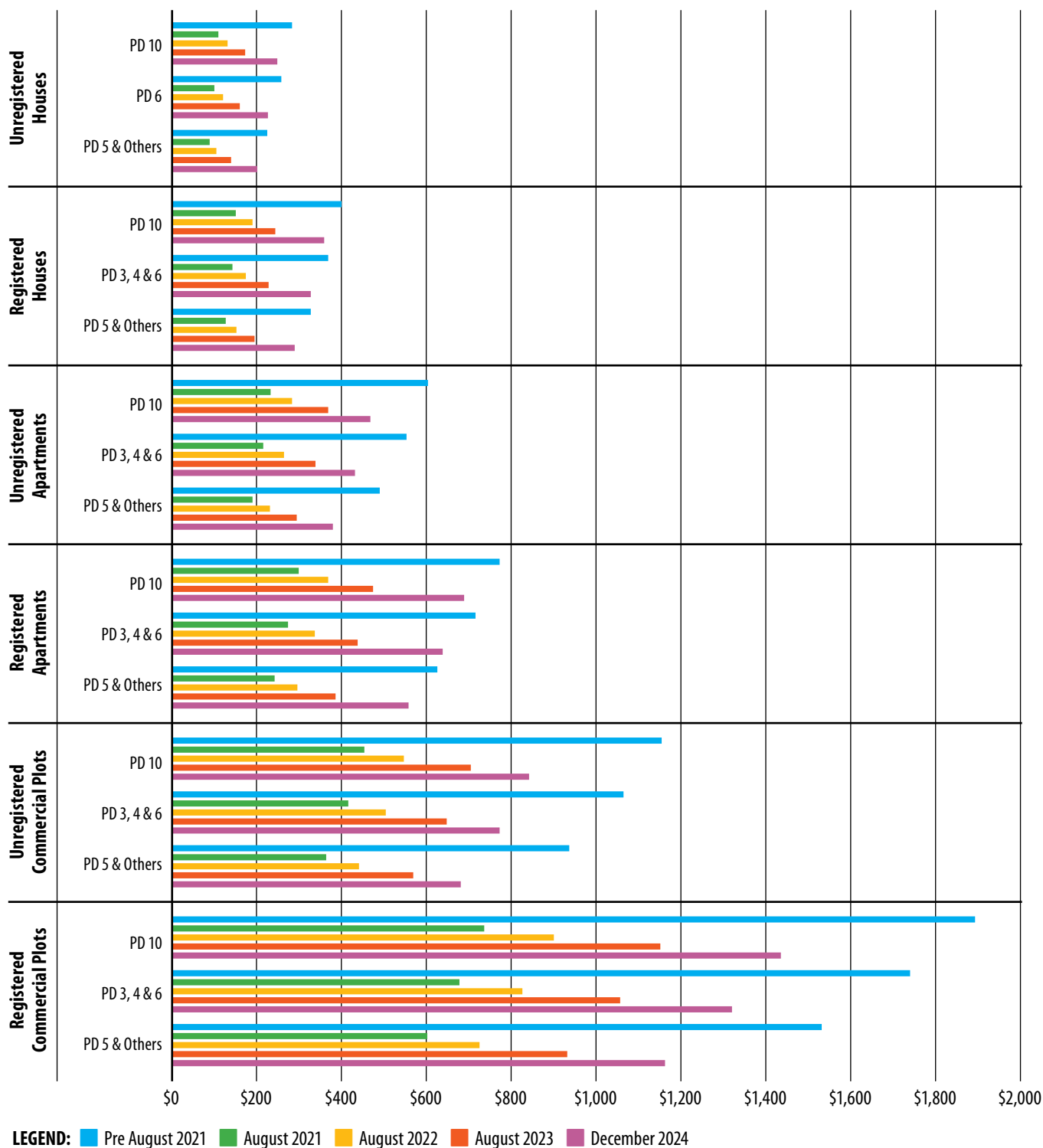
## Annex 3: Timeline of DFA Restrictions on Women



## Annex 4: Real Estate Prices, Commercial Districts of Kabul

Real estate prices in Kabul city are steadily recovering after a sharp dip following August 2021, indicating reviving demand in the construction sector and real estate investment in 2024. However, the prices remain notably lower than pre-August 2021. A rapid survey of real estate agents across different precincts of Kabul city reveals that property prices across different categories (commercial plots, houses and apartments whether registered or not) went up in 2024. For instance, one square metre of registered commercial land in Police Districts PD 3 to 6 and PD 10 in Kabul city increased from US\$923.67 in August 2023 to US\$1,150.44 in December 2024, showing an increase of 24.5 percent. Similarly, the price of one square metre of unregistered property in the same districts increased from US\$172.71 in August 2023 to US\$245.55 in December 2024, showing an increase of 42.1 percent. However, all property prices remain lower than pre-August 2021 (Figure 68).

**Figure 68:** Property prices in Kabul city US\$/m<sup>2</sup> [Source: UNDP, Rapid Survey of Property Prices in Kabul City, 2024]









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