

# WEEKLY ANALYSIS

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## AFGHANISTAN'S STRUGGLE WITH UNEMPLOYMENT: CAUSES AND CONSEQUENCES



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

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Center for Strategic and Regional Studies (CSRS)

# AFGHANISTAN'S STRUGGLE WITH UNEMPLOYMENT: CAUSES AND CONSEQUENCES

## INTRODUCTION

According to Afghanistan's National Statistics and Information Authority (NSIA), 49.7% of the country's 34.4 million population are eligible for employment; however, the high unemployment rates have always been a significant challenge in Afghanistan and have only gotten worse recently, especially after the political change in August 2021.

The Islamic Emirate of Afghanistan (IEA) has not yet released any statistics on unemployment, but the International Organization for Migration (IOM) estimated 72% unemployment in 2020. According to International Labor Organization (ILO), nearly 900,000 people will be unemployed until June of this year and that , at least 538,000 people experienced unemployment in the first three months of 2022 after the re-establishment of IEA. As a result, particularly in the context of the restriction on working women, we can assert that unemployment rates only has increased in the second half of this year.

Unemployment is a major challenge of the third world countries. Afghanistan is no exception, and is struggling with high unemployment rates with an ascending curve. Unemployment is an issue that affects almost every country in the globe, but it has become a huge economic burden in Afghanistan, removing of which requires more expertise, resources, and work than what already exists. On the other hand, because unemployment breeds more issues on its own, it is detrimental to the development of a fragile country like Afghanistan.

IEA officials has recently talked about their commitment and efforts to generate jobs and reduce the unemployment rates. According to the deputy Minister of Labor and Social Affairs (MoLSA) Mawlavi Abdul Salam Saadat, mining projects at Qoush Tepa, gas extraction in Sare Pul, Kabul New City, and Ainak Copper Mine will each create 30,000, 20,000, 35,000, and 30,000 jobs respectively. .

In this analysis, we discuss the root causes of unemployment in the country and ways to reduce it. Also, we talk about the economic and social consequences of unemployment.



## UNEMPLOYMENT FACTORS IN AFGHANISTAN:

The phenomenon of unemployment has multiple factors in Afghanistan and identifying these factors is the first step towards solving the issue.

**Economic Dependency:** Afghanistan has a long history of economic dependency and it has been unable to achieve a substantial economy. The failure to implement successful economic programs is one of the major causes of the country's rising unemployment rate.

**Lack of focus on the livestock and agricultural sectors:** Approximately 80% of Afghans work in agriculture and livestock, either directly or indirectly. Many people have quit agriculture and look for other means of breadwinning as a result of the lack of support to the advancement and development of these sectors.

**Failure to empower the private sector:** Other countries, especially industrialized nations, have found that the private sector is a stronger magnet for attracting workers than the public sector. Unfortunately, this industry in Afghanistan has not developed to the point where it can rely upon to reduce the unemployment rates.

**Suspension of the work of the development organizations :** After 2001, numerous international institutions considerably intensified their development activities. This made it possible for a large number of people to work. After the IEA returned, development organizations ceased their funds, which caused a mass loss of jobs and a raise of unemployment rates nationwide.

**Stoppage of international aid:** A portion of the regular budget and the entire development budget were funded by foreign sources in the previous government, in addition to aids that entered Afghanistan through other channels. After the collapse of the Republic, these aids which in some ways supported the Afghan economy were immediately cut off, which led to the collapse of the country's economy and an increase in unemployment.

**Capital flight:** Due to extensive corruption and security concerns in previous government, a significant amount of capital departed Afghanistan and this has happened currently as a result of lack of security. A raise in the unemployment rates is a natural result of this capital flight.

**Population growth and a shortage of labor:** One of the causes of the country's high unemployment rates can be attributed to the country's rising population on the one side and declining labor demand on the other. Although estimates suggest that Afghanistan has enough natural resources to support 300 million people, there is no doubt that the country's broken economy and limits on resource utilization make the country's increasing population one of the major contributors to unemployment.



**Migration to cities:** For people who live in villages, adopting large urban life is particularly attractive due to its conveniences. Due to this attraction, many villagers move to the city, and the urban labor force is not able to handle all of these rural migrants. The rise in the number of unemployed people in the cities is a natural outcome of this. In addition to the comforts and shiny colors of urban life, the underdevelopment of the nation's villages is another major factor in why people move from the village to the city.

**Education degrees in demand:** The youth these days are paying more attention to getting degrees while they are neglecting the employment market demands, which leave them unemployed.

For example, no matter how many lawyers and politicians the Afghan economy needs, the interest for "law and political science" is intense in various universities, especially in private institutions. Numerous legal and political science students are discouraged from working on projects that are unrelated to their fields of study as a result of this subject. This can be summarized as "Afghanistan's educational system is not meeting the requirements of the market" and is one of the causes of unemployment, particularly among young people.

### **ECONOMIC AND SOCIAL CONSEQUENCES OF UNEMPLOYMENT:**

There is no doubt that unemployment has a huge negative impact on young peoples' lives. Among the most significant ones are the rise in the rate of poverty, the decline in standard of living, brain drain, the rise in public discontent, political crises, and economic stagnation. The effects of youth unemployment are briefly covered here:

1. High unemployment causes poverty. According to the United Nations Organization for the Coordination of Humanitarian Affairs (UN-OCHA), 97 percent of Afghanistan's population is currently impoverished or hungry.
2. Afghanistan has lost a large number of skilled workers due to unemployment. This topic can be approached from two perspectives. First, Afghanistan will lose the abilities and energies of this specialized workforce, and second, this specialized labor force, which was obtained only at great expense, will be converted into ordinary workers in other countries in the majority of cases.
3. The level of people's well-being declines as a result of unemployment since it reduces society's ability to purchase goods and services. Many people in Afghanistan are currently on the edge of death.
4. General dissatisfaction with the government is increased by unemployment, and the state may experience worse political crises as a result of the economy's decline and the hardships people are facing.



5. Due to the significant economic and financial difficulties that unemployment imposes on people who are unemployed, it might raise crime, and other social problems.
6. Country experiences high unemployment, which would be followed by economic instability. Unemployment strains the economy in two different ways: One, because unused energy is not put to use in the direction of economic growth. Others: The younger members of the economy take on the majority of the cost of living. These two factors make unemployment a prime mover in the stagnation of the economy.

### **RECOMMENDATIONS:**

- Adaptation of sensible measures, detailed policies, and desirable programs that result in the establishment of long-term employment is directly related to lowering the unemployment rate. Country has a lot of potential capacity and opportunities that can be a bright possibility for the hope and well-being of Afghans given the country's abundance of natural resources and advantageous position. Therefore, the government will realistically plan and implement short, medium, and long term plans to reduce unemployment.
- One of the fundamental elements in the fight against unemployment and poverty which are closely related to the growth of industry is strengthening the economy. It is necessary to provide favorable conditions and an environment for private sector investments in order to accomplish this goal, as the Afghan government hasn't yet been effective in doing so.
- Afghanistan is a developing agriculture based country, and its economy is largely based on agriculture. The agriculture sector can expand economically and play a significant role in the fight against unemployment, if the government pays attention to agricultural products in terms of transportation, finding suitable markets, raising the quality, processing and packaging, distributing chemical fertilizers and improved agricultural seeds to farmers, and taking steps to support domestic production.
- In addition, the possibility of sending laborers to other nations should be taken into account. This is mostly related to developments in the Islamic Emirate's interaction and political relations with other countries.
- In the field of adapting the education and training system of youth to the needs of the market, attention must also be given and academic and skill training should be coordinated with the conditions of the youth market.

The End





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The population of Afghanistan is more than 34 million

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