



**DAWAM Consortium**

# Assessment of Economic Conditions in Afghanistan

**January 2022**

# DAWAM

# CONSORTIUM

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**IRS Employer Identification Number (EIN):**

87-3410841

## The Situation:

According to the Global Hunger Index, Afghanistan is ranked 103<sup>rd</sup> out of 116 countries. With a score of 28.3, Afghanistan is considered a country with a serious level of hunger. According to the United Nations, this situation has further deteriorated in the last few months of 2021, so that more than 22.8 million people out of a population of 34 million (ca. 70%) are expected to face potentially life-threatening levels of food insecurity. Out of these, around 8.7 million (ca. 40%) people are nearing famine – the worst stage of food crisis, according to WFP.

According to the World Bank, because of global sanctions, collapse of the banking system and lack of adequate government services, Afghanistan is facing the biggest economic collapse ever recorded in history. Exacerbated by years of drought, Afghan farmers expect to have wheat harvest around 25% of average levels. In some cases, many of the country's farmers, who are part of the more than 70% of the population of the country that live in rural areas, have given up cultivating their land (NYT, Dec 5, 2021).

The United Nations reports that as many as one million children under the age of 5 are at risk of dying from starvation. "Conditions are so bad that some hospitals, without money for fuel, have resorted to cutting down trees to heat patients' rooms, and aid groups warn the situation will only get worse if the international community doesn't act now." "The vast majority of Afghans rely on agriculture for their livelihoods, but the country has lost 40% of its harvest this year to the drought, according to the World Food Program (WFP). As food supplies dwindle, the cost of staples like wheat and bread have skyrocketed." (CNN, December 23, 2021).

The implication of collapse of the banking system and the consequent collapse of the economic system in the country has also affected other types of service delivery systems, including, healthcare. Education, income generation, social services, human rights related activities and others. Hence the country is moving at free-fall-like speeds towards complete collapse and destruction of all the infrastructure and service delivery system that has been created in the past twenty years. Government employees are not being paid, new project and programs are on hold, existing programs have been stopped and older programs are losing their effectiveness.

The most recent Licenses issued by the US Treasury Department, which reduces some of the effects of sanctions on Afghanistan will go a long way to enable NGOs and UN agencies to deliver services to various sectors and groups of people in Afghanistan. However, since the private sector is still not exempted from sanctions, sustainability of such service delivery is questionable, thus causing ineffective use of resources, and potentially significant levels of waste and abuse.

## **Effective Use of Aid in Emergencies:**

The aid community has realized that to enhance effectiveness of aid delivery it is not sufficient to focus on emergency relief alone. Hence, in 2015, the Agency Standing Committee/IASC came up with the concept of Triple Nexus, which describes the intersection of humanitarian, development, and peace (HDP) initiatives when delivering international assistance. It has established that humanitarian aid is not followed by development assistance and then peace building initiatives but rather all three occur simultaneously and as such must be addressed at the same time. Many donors, including the European Union and most EU member

countries, have expressed their commitment to the HDP nexus and have undertaken activities to ensure that humanitarian, development, and peace related activities are simultaneously funded and undertaken and their sustainability in emergency aid is maintained through coherent approach to solving the problems of a country. Afghanistan has always been part of this initiative and has been able to benefit from this comprehensive approach.

For some reason, the most recent commitments for aid, which followed the takeover of power by the Taliban in Afghanistan has pushed the HDP nexus approach to the sidelines and is focusing purely on emergency relief, mostly distribution of cash and food items. As a result, dependencies are created, social networks are damaged and many sustainability mechanisms that have been created by the NGO community and the Government over the past more than twenty years are potentially destroyed by the efforts of UN agencies and other international players, who are keep delivering immediate assistance.

## **DAWAM, the Afghan NGO Consortium:**

The Afghan NGO Consortium named DAWAM or Continuity and Sustainability, was created around May 2021, prior to Taliban government takeover, with the intent to ensure that sustainable development is achieved through sustainable institutions, deeply rooted in the Afghan culture and society. Members of DAWAM are between 10 and more than 30-years old and operate in 30 out of 34 provinces of the country (appendix I). They cover a vast array of sectors, including humanitarian assistance, education, healthcare, income generation, agriculture, WASH, livelihoods, infrastructure development, private sector development, good governance, peace building and others (appendix II).

**DAWAM's member organizations include the following:**





## The Economic Assessment:

To understand the economic condition of the people in Afghanistan and the type of assistance people primarily prefer and find supportive of their economic and social sustainability, During the second half of December 2021, the consortium members undertook a detailed survey of 442 persons in 28 out of 34 provinces of Afghanistan. Around 30% of the respondents were female, while 70% were male. Around 41% were unemployed, 18% employed with NGOs, 14% were working with government agencies, 13% were engaged in the private sector, with 14% engaged in agriculture. Around 46% of the interviewees were university graduates, 19% were high school graduate, 15% have attended some school and around 20% have attended no school at all.

When asked if they considered their financial and economic condition to be dangerously bad, 76% responded with yes, 17% with somewhat yes and 7% with no. In total 93% of the respondents considered their financial situation as either absolutely or somewhat dangerous. This finding is aligned with the global assessment that the financial condition of the population is at a dangerous level. Given the fact that around 46% of the respondents are university graduates, it also indicates that a higher educated individuals with access to urban lifestyle are just as badly affected by this crisis as rural population with lower access to job opportunities.

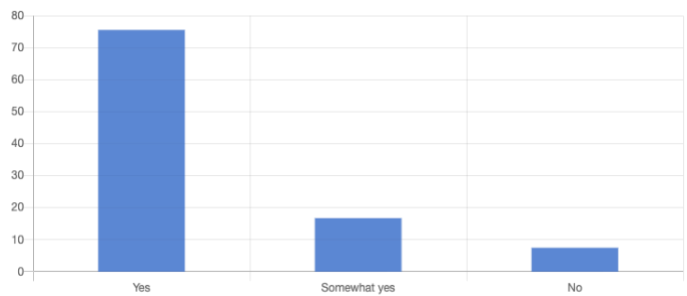


Figure 1 - Economic condition of respondents is dangerously bad (in %)



When asked what their most urgent need at present was, with multiple responses allowed, 55% stated cash, 51% food, 27% employment opportunities, 18% peace and stability, 14.5% access to education, 17% access to healthcare and 10% access to shelter as their most urgent need. It appears that even though peace and stability is important but making a decent livelihood and feeding their family is more important to the respondents. With cash, food, and employment as the three most critical responses, self-sufficiency and financial survivability seem to be most critical for the respondents.

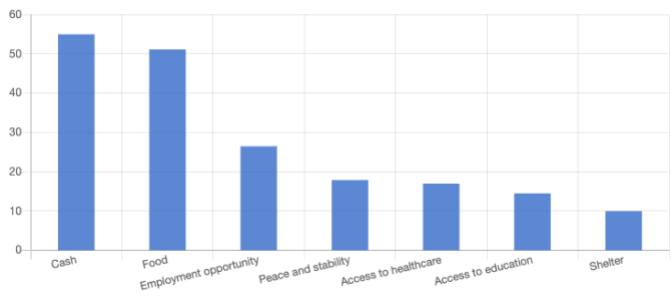


Figure 2 - Most urgent needs (in %)

When asked how long they expect their financial emergency to last, just under 20% of the respondents estimate that it will last longer than 12 months, with around 56% expecting that it will last between 4 and 12 months. Only around 18% considered their emergency to be short term with around 1 to 3 months. Around 26% were not able to respond to this question. This response implies that most respondents are not very optimistic about a solution to their problem and expect their financial emergency to continue for a long or relatively long period of time.



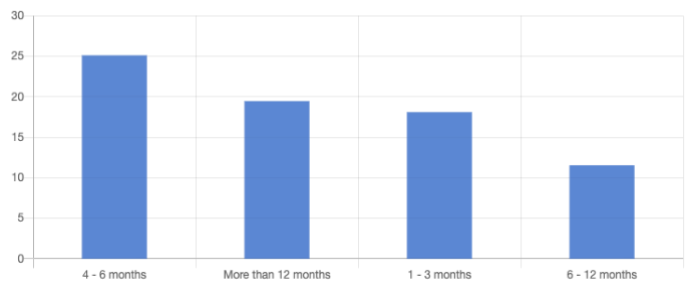


Figure 3 - Expected duration of emergency (in %)

When asked how they consider the economic condition of their neighbors or villagers and neighborhood residents, 75% responded with bad or very bad and 22% with not good. Thus around 97% consider the economic condition of their community to be not good, bad, or very bad. Only around 3% responded with reasonably good. So, the economic condition of not only the respondents but also of their neighbors is in serious condition.

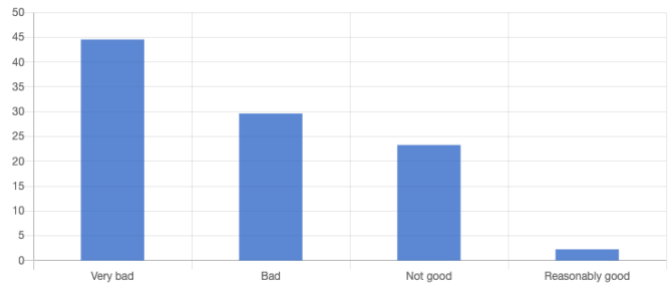


Figure 4 - Assumed economic condition of neighbors and villagers (in %)

When asked if they preferred help that took care of their needs or could help them to permanently stand on their own feet, 37% stated that they needed help them now, while 46% stated that they needed help now and wanted such help to enable them to stand on their own feet. Around 16% wanted the socio-economic condition of their people to improve.

When asked if the respondent or their neighbors have received any assistance from NGOs, UN agencies or any other sources, 71% stated they had not received any support. Around 29% had received some sort of

assistance. Of those that had received assistance, (multiple responses possible), 60% percent responded with food aid, 22% with cash-aid, 9% in form of winter clothing, 5% in the form of energy or heating assistance and 5% in other forms, which included WASH, agriculture packages and protection walls.

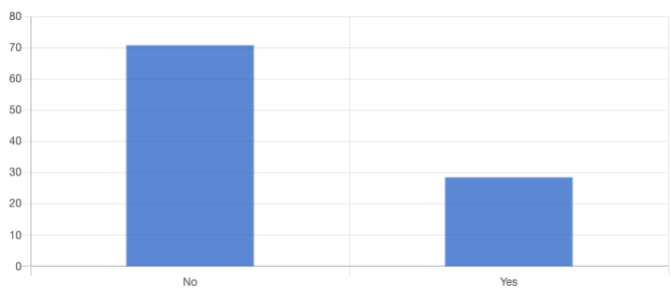


Figure 5 - Assistance received from aid agencies (in %)

80% of those that had received some assistance, considered this assistance to be effective or somewhat effective, while 20% considered it ineffective. Among those that considered the assistance to be not effective, the majority believed that they created dependency and did not help to take care of the real needs of the beneficiaries.

When asked if through free handouts to the respondents and their neighbors a positive contribution would be made towards peace and stability in their region, 86% responded that it might or would contribute, while 14% believed that it would not.

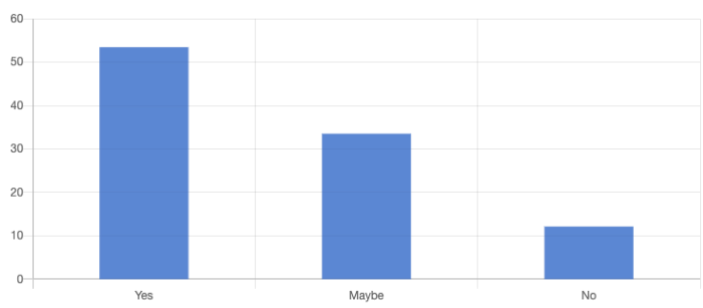
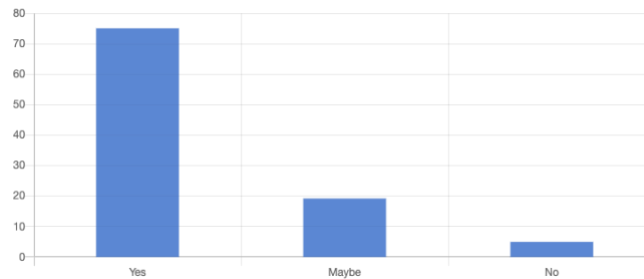


Figure 6 - Contribution of free handouts (in %)

Finally, when asked if through provision of employment and income generation opportunities for them and their neighbors a positive contribution would be made to peace and stability in their region, 95% responded with maybe or yes, while only 5% responding with no? This response implies that by far most of the persons surveyed believe that sustainable assistance that helps them stand on their own feet is more valuable than one-time assistance in cash or food form, even though one-time assistance is also helpful.



*Figure 7 - Contribution of employment and income generation to peace and stability (in %)*

## Conclusion:

The assessment of the economic needs of the population shows that the needs of the population are very dire, the expected duration of emergency is assumed to be protracted and the amount of aid provided to the population is still fairly small compared to the needs at hand. The assessment further shows that most respondents prefer assistance that can help them to stand on their own feet, rather than to receive a one-time assistance that will render them in-need after the initial inrush of assistance.

The survey findings imply that pure emergency will not result in sustainable support for communities. Hence, it is critical that any assistance provided today must fully take into consideration the socio-economic conditions of the beneficiaries as well as the beneficiary communities, so that the emergency can be resolved, and economic development can build on cessation of armed conflict to sustainably meet the emergency and humanitarian needs of the population. To achieve this, it is critical that the donor supported Humanitarian-Development-Peace Nexus be part of this stage of emergency relief for Afghanistan.



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