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Inflation in Afghanistan: The Role of Exchange Rates and Imports

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Abstract: This study empirically investigates the extent to which exchange-rate fluctuations and import dynamics shape inflation in Afghanistan over 2000–2024, using annual macroeconomic indicators from the World Bank, Afghanistan National Statistics and Information Authority (NSIA), and the Asian Development Bank (ADB). While conventional exchange-rate pass-through (ERPT) theory predicts that currency depreciation should exert intense inflationary pressure in small, import-dependent economies, Afghanistan's structural and institutional characteristics substantially weaken this mechanism. Using descriptive statistics, Pearson correlations, and Ordinary Least Squares (OLS) regression, the analysis has not found any statistically significant effect of the official exchange rate or the import values on consumer price inflation. This is indicative of the unique economic setting in Afghanistan which is highly dollarized, is foreign-exchange buffered by donor funding, is administratively price controlled and is contrived of deep informal trade, especially of hawala and sarafi where they trade through parallel exchange rates and segmented markets. Such factors attenuate the transmission of external price shocks, resulting in muted ERPT. The findings indicate that inflation is driven predominantly by internal supply-side rigidities, market inefficiencies, and institutional frictions. Policy implications emphasize formalizing trade channels, strengthening domestic production, enhancing market integration, and strengthening coordinated policy efforts to achieve sustained price stability.

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INTRODUCTION

Among the macroeconomic issues that hold the first line in the list of a fragile characteristic that is import-dependent economy like Afghanistan is inflation. The continuing increase in the overall price level does not only wipe out the purchasing power of households but also compromises economic stability and potential long-term growth. Fluctuations in the exchange-rate and import dynamics usually form the focus of theorization of external shocks that may propagate through local price structures, yet their empirical applicability may differ markedly between fragile and institutionally adverse economies (Badr, 2025; Safi & Mashal,

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2020). A depreciating national currency increases the prices of imported commodities, creating an imported inflation which cascades straight to consumer price index (CPI). Empirical findings have demonstrated that the size of this exchange-rate pass-through is very diverse across the nations, and it depends on the structural and inflation regime along with the openness of trade (Jasova et al., 2018; Takhtamanova, 2010).

The nexus between exchange-rate movements, imports and inflation is particularly strong in the example of Afghanistan, where there is high dependence on imports, a lack of diversification in exports and frequent purchasing and selling exchange-rate changes (Jamal & Khairkhwa, 2024; Badr, 2025). The previous literature proves that the exchange rate is one of the most important determinants of prices in the long run because the country is dependent on imported food, fuel, and manufactured products (Badr, 2025). Equally, expansive empirical studies between the trade flows and domestic inflation highlight the multiplicative effect of political instability and external imbalances in incorporating the inflationary costs (Jingjing et al., 2025).

In the view of these contributions, a substantial gap is existed in the literature of relationship between exchange rate volatility and importation dynamics in inflation in Afghanistan especially on the post-2000 era characterized by constant conflict, reliance on aid and structural instability. In a bid to fill this gap, the current study is an empirical analysis of the effects of changed or varying fluctuations of the official exchange rate and import value on the inflation rate within Afghanistan between the year 2000 and the year 2024 using annual data gathered and compiled from the World Bank's World Development Indicators, Afghanistan National Statistics and Information Authority (NSIA), and the Asian Development Bank (ADB). The results have significant policy implications on the monetary policy, control of the exchange rates and control of inflation in small open economies which are prone to shock on the outside.

The main aim of the study is to empirically discuss relations between exchange-rate fluctuations, dynamics of imports and inflation in Afghanistan during the observed period. Considering the structural features of Afghan economy as well as the annual macroeconomic data, the study aims at determining the direction and strength and the statistical importance of such relationships through descriptive, correlation and regression analysis. In particular, the study is aimed at:

1. Describe the trends and variability of inflation, exchange rate, and imports in Afghanistan from 2000 to 2024 using descriptive statistical analysis.
2. Assess the strength and direction of association between exchange-rate movements, import values, and inflation through correlation analysis.
3. Estimate the combined effects of exchange-rate fluctuations and import dynamics on inflation using Ordinary Least Squares (OLS) regression.
4. Interpret the empirical findings in light of Afghanistan's institutional structure, market segmentation, and informal trade mechanisms.

These objectives are theoretically based on the fact that in small open economies like Afghanistan, exchange rate depreciation and import dependence are key external channels of passing on of inflationary pressure (Taylor, 2000; Choudhri & Hakura, 2006).

Theoretical Background

The interaction of exchange-rate fluctuations, the dynamics of imports and inflation is also based on classical and modern open- Economy macroeconomics. This nexus is conceptually based on the first Purchasing Power Parity (PPP) doctrine. It assumes that the relative price levels of exchange rates between two currencies should be equal meaning that inflation differentials should be eventually neutralized by currency adjustments (Cassel, 1918). The continuous dislocation of PPP, which is normal in the developing countries through the trade barriers, non-tradable goods, and market rigidities, creates instability in domestic prices in the country at every instance of exchange-rate incongruency (Rogoff, 1996). As a result, the exchange rate would become a major factor in the price stability of the import dependent nations.

The Monetary Approach to the Balance of Payments (MABP) and the Exchange-Rate Pass-Through (ERPT) models are based on this by providing a more detailed account of the impact of fluctuations in the currency on inflation. The MABP underlines that the exchange-rate movements are indicators of imbalance between the money supply and its demand, with the depreciation being the corrective characteristic (Dornbusch, 1976). Depreciation under the expansionary monetary conditions causes both the money-driven and the cost-push inflation. The ERPT theory measures just how much the change in nominal exchange rates is passed on to the import and consumer prices (Goldberg & Knetter, 1996). Complete pass-through means that 1 percent depreciation would cause a 1 percent increase in the domestic prices of imports, and incomplete pass-through means that the price will rise via pricing to market and competition as well as the dynamics of expectations. Empirical research indicates that, in general, the economies characterized by chronic depreciation, low P. credibility as well as high dependence on imports have higher ERPT - the features that closely resemble the economic characteristics of Afghanistan (Choudhri & Hakura, 2006; Campa & Goldberg, 2005).

Adding to these monetary school of thought, the structuralist theory of inflation explains how price rises persist by structural bottlenecks, reliance on imports and supply constraints as opposed to economic considerations alone (Olivera, 1964). Such situational factors add to the exerted cost pressures in the form of depreciation or trade restrictions that lead to an increase in the domestic price of the key inputs, which in turn induces imported inflation (Kandil & Mirzaie, 2005). The mechanism is more applicable in relation to Afghanistan where most of the basic commodities such as fuel, food, and machinery are imported and the elasticity of substitution between imported goods and local goods is low.

The open-economy models including the IS-LM model also prove that depreciation can be used to enhance balance of trade through discouragement of imports. However, in the

economies that have inelastic responses to imports this adjustment increases inflationary pressures (Mankiw, 2015). Further, the expectations-augmented Phillips Curve posits that the inflation expectations get formed as a result of recurrence of depreciation which causes firms and laborers to expect appreciation in the future prices (Friedman, 1968). This self-reinforcing inflationary process makes the growth in prices self-perpetuating even in cases where there are no direct external shocks.

These theoretical linkages are supported by the empirical evidence of the developing economies. Exchange-rate pass-through effects are strong in studies of Pakistan (Khan & Schimmelpfennig, 2006), emerging European markets (Mihaljek & Klau, 2008) and Sub-Saharan Africa (Mwase, 2006), showing that not only have the depreciation and increases in the cost of imports had significant effects but were also leading to local inflations as well. Nevertheless, it can be watered down in weak or dollarized countries, like Afghanistan, where foreign currency is widely used, donor flows are prevalent, and price controls are all in place (Muzaffari et al., 2015). Such contextual implications indicate that though theory shows a significant positive correlation between exchange rate depreciation and inflation, the institutional and structural features are capable of making this positive correlation relatively weak.

Overall, both theoretical and empirical literature identify this principle as in small, open, and import-dependent economies, exchange-rate variability is a key transmission channel of inflation. However, the high dollarization rates of Afghanistan, the weak base of production, and the rigidity of its structure can moderate this relationship, which the current research will also address based on the latest figures.

RESEARCH METHOD

This study uses a quantitative methodology that involves using annual time-series statistical data of Afghanistan between 2000 and 2024 that is provided by the World Bank, the Afghanistan National Statistics and Information Authority, as well as the Asian Development Bank (World Development Indicators, the NSIA, and the ADB). The data consists of three major variables; inflation (consumer prices, annual percentage), official exchange rate (AFN per USD, period average), and imports of goods and services (BoP, current USD, billions).

The analysis process is done in three phases. Firstly, the descriptive statistics such as the measures of central tendency and dispersion are employed to outline the overall trend and fluctuation of every variable. Second, the Pearson correlation coefficients are calculated to determine the nature and the strengths of the relationship between inflation, exchange rate and imports. Lastly, an Ordinary Least Squares (OLS) is used to estimate a multiple linear regression model that can estimate the joint effect of both exchange-rate fluctuations and import dynamics on the inflation, which is below:

$$\text{Inflation}_t = \beta_0 + \beta_1 (\text{Exchange Rate}_t) + \beta_2 (\text{Imports}_t) + \varepsilon_t$$

Where: β_0 is the intercept, β_1 and β_2 are the two coefficients of the independent variables and: ε_t is the error term. Such a small sample does not assume any causal estimates that can be used to efficiently make generalizations because the model is designed to determine the direction and statistical significance of how the variables work over the observed period.

Whereas, time-series methods like Autoregressive Distributed Lag (ARDL) or Vector Error Correction Models (VECM) are more often used to define such dynamic short-term and long-term adjustments, greater frequency of data, and stronger assumptions of the data (in terms of stationarity and cointegration) are required in implementation. Because the data is annual in nature, structural discontinuities to conflict and regime change, and the paper is concerned with average relationship, but not with the causality itself, an OLS model is used as both a descriptive and inferential instrument. This minimum invasive strategy concurs with empirical research on fragile and post-conflict economies (Khan & Schimmelpfennig, 2006; Mwase, 2006), in which data-invasiveness restricts the usefulness of more rigorous time-series analysis and the research problem is to identify directional, but not formal causality.

Ethical Considerations

Since the study uses only publicly available, aggregate-level secondary data, no human subjects are involved in the research and, thus, no institutional ethics approval of the study should be sought. Nonetheless, integrity and visibility of data were put in focus by ensuring that data source and data analysis were accurately documented.

FINDINGS

This part outlines the empirical findings of the descriptive analysis, correlation test, and multiple regression model estimate on the annual data of Afghanistan in 2000-2024. This research will also seek to establish the relationship between exchange rate changes and dynamics of imports and changes in consumer price inflation. The presentation of the results is objective and free of an interpretative comment, which is provided in the next Discussion section.

Descriptive Statistics

Table 1 is a summary of the descriptive statistics of inflation and the exchange rate, imports of goods and service in Afghanistan during the 2000 to 2024.

Table 1. *Descriptive Statistics (2000–2024)*

Inflation, consumer prices (annual %)		***Official exchange rate (LCU per US$, period average)***		***Imports of goods and services (BoP, current US$) Billions***	
Mean	5.2914	Mean	59.8045	Mean	6.0910
Standard Deviation	8.4123	Standard Deviation	13.9196	Standard Deviation	3.1391
Kurtosis	1.4433	Kurtosis	-0.7426	Kurtosis	-0.6545
Skewness	-0.0547	Skewness	0.8121	Skewness	0.2261
Minimum	-15.1000	Minimum	46.4525	Minimum	1.1759
Maximum	26.4187	Maximum	88.5300	Maximum	13.2473

Note: *Table reformatted from original data output for clarity*

The descriptive results show that the average rate of inflation in Afghanistan was 5.29 which represents moderate inflation on average but volatility at the long run. The average value of the exchange rate, AFN 59.80 / US dollar, indicates the gradual depreciation of the Afghani, which is in line with the unremovable external discrepancies and structural frailty. Imports were USD 6.09 billion on average and greatly vary, which means the shift in reliance on the outside is promoted by the conflict dynamics, the aid flows, and the disruptions in the trade. The skewness is close to zero and the dispersion is large, which depicts little price spikes, with the exchange rate displaying moderate positive skewness, which implies that there are high-plateau dispersion periods with both acquisitions in terms of fast-depreciated momentum.

Correlation Analysis

Pearson correlation coefficients were calculated to investigate the trend and the intensity of the linear relationship between the dependent variable (inflation) and the two independent variables (exchange rate and imports). Table 2 reflects the bivariate correlation table.

***Table 2**. Correlation Matrix*

Variable Pair	Correlation (r)
Inflation & Exchange Rate	-0.17
Inflation & Imports	-0.32

The correlation matrix reveals a weak negative association between inflation and the exchange rate (r = –0.17), indicating that periods of currency depreciation were not systematically accompanied by inflationary pressure over the extended period. Similarly, the moderate negative correlation between inflation and imports (r = –0.32) suggests that increases in import values were not associated with higher consumer prices, contradicting conventional imported inflation theory.

These findings contrast with prior research that documented a strong positive correlation between depreciation and inflation in developing economies such as Pakistan and Nigeria (Campa & Goldberg, 2005; Khan & Schimmelpfennig, 2006). Several structural and contextual factors help explain this divergence.

Regression Results

To evaluate the combined explanatory power of exchange rate fluctuations and import dynamics on inflation, an Ordinary Least Squares (OLS) regression model was estimated. Inflation served as the dependent variable, while the exchange rate and imports (in billions of USD) were entered as predictors. The results are summarized in Table 3.

***Table 3**. Regression Results — Determinants of Inflation in Afghanistan (2000–2024)*

Regression Statistics	
R Square	0.103
Adjusted R-Square	0.022
F-statistic	1.264
Significance F	0.3022
Observations	25

	Coefficients (β)	*Standard Error*	*t Stat*	*P-value*	*Significance*
Intercept	10.140	7.553	1.343	0.193	n.s.
Official exchange rate (LCU per US$, period average)	0.009	0.148	0.059	0.953	n.s.
Imports of goods and services (BoP, current US$) Billions	-0.882	0.656	-1.344	0.193	n.s.

Note. *n.s. = not statistically significant at the 5% level. Table reformatted from the original data output for clarity.*

The findings indicate that the exchange rate and imports have statistically insignificant impacts on the inflation ($p > 0.05$). The coefficient of the exchange rate ($\beta = 0.009$) shows statistically insignificant relationship and the coefficient of imports ($\beta = -0.882$) gives a negative, but statistically significant relationship. The small value of R^2 (0.103) means that the two external variables explain only 10 percent of the variation of inflation.

DISCUSSION

This paper aimed at evaluating the existence of exchange rate movements and import movements as significant avenues of transmission of inflation in Afghanistan during the time period 2000-2024. The empirical data gives a clear and internally consistent response: the official exchange rate and the value of imports do not have a statistically significant impact on the consumer price inflation. The estimated regression has a smaller (10.3 percent) proportion of the variance in inflation ($R^2 = 0.103$), and both explanatory variables also have economically small and statistically insignificant coefficients (exchange rate: $\beta = 0.009$, $p = 0.953$; imports: $\beta = -0.882$, $p = 0.193$). The correlation analysis supports these results with weak and negative relationships observed between the inflation and the exchange rate ($r = -0.17$) and the inflation and imports ($r = -0.32$). Combined, the results indicate that the external-sector factors, in turn, have a minor impact on the determination of the inflationary dynamics in Afghanistan throughout the period under consideration.

On the face of it, these findings seem to go against the prevailing forecasts of the open economy macro-economic theory. The classical open economy macroeconomic theory especially the exchange rate pass-through (ERPT) models assume that the depreciation of the national currency in question should lead to an increase in the local currency price of imports which in turn should cause the inflation in the country both directly and indirectly (Goldberg & Knetter, 1997; Taylor, 2000). The effect is more likely to be higher in developing and import-oriented economies with a significant proportion of imports in the consumption baskets as well as in the production inputs (Campa & Goldberg, 2005; Choudhri & Hakura, 2006). Theoretically, one would expect the positive and solid inflationary reaction by Afghanistan to the action of exchange rates because, requested by the strategy of constant depreciation, high dependence on imported fashion of consumption and low productive capacity, the country has a weak base in the production of goods. However, the fact that the exchange-rate coefficient is quantifiably non-significant in this paper ($\beta = 0.009$; $P = 0.953$) suggests that the theoretical transmission channel is dramatically dampened in the real world. The

significance of this deviation is the role that the institutional setting and market structure play in moderating classic macroeconomic correlations.

One of the main reasons behind this diminution is the dollarization of Afghanistan which is widespread and endemic. There is a high percentage of direct economic transactions especially in the wholesale trade, real estate, fuel markets, and durable goods directly in the U.S. dollars. In this kind of environment, the domestic price formation is partly not tied to the movements in the local currency (Muzaffari et al., 2015). Many retailers and importers often sell products based on dollar prices or instead of transferring the changes in the exchange rates to the end user, they use the option of adjusting the margin. This makes the nominal depreciation of the afghani not be mechanically interpreted into increased consumer prices. Quantitative evidence of this mechanism is given by the near-zero exchange-rate coefficient estimated in regression model (Table 3) and other economies in Latin America and Sub-Saharan Africa which are partly dollarized and where ERPT characteristics have long been low despite the inherent depreciation process (Mwase, 2006; Barajas & Morales, 2003). The currency movement in such situations can cause inflation through supply shocks or domestic bottlenecks.

The inflow of foreign aid undermines the connection between the external prices and internal inflation even more. During a large portion of the study period, Afghanistan was the recipient of large external aid to the extent that much of this has been used to fund a significant portion of imports to the country and even providing direct foreign exchange input into the economy. The inflows were useful in stabilizing domestic supply conditions even when there were episodes of exchange-rate volatility thus reducing the inflationary pressures that would otherwise be created by rising import costs. Essentially, aid served as a shock absorber covering foreign shocks, which was less sensitive to consumer prices and currency flows. The forcible maintenance of the provision of imported products in post-conflict economies by the aid inflows is a well-documented effect of aid-driven stabilization (S. Gupta et al., 2004) whereby high flows of foreign currencies artificially maintain the supply of imported goods even at the times of depreciation. Therefore, aid dependence in the case of Afghanistan is a structural interruption of conventional exchange rate-inflation nexus.

There is no positive correlation with imports and inflation also disapproves the traditional imported-inflation theories. According to the regression findings, the coefficient of imports is negative, but not significant (β = -0.882; P = 0.193), implying that higher levels of imports do not have an upward-looking effect on the price of consumers. Such an observation can be explained using the make-up and funding of Afghanistan imports. A big proportion is made up of necessities at high inelastic demand such as food staples, fuel, and medical supplies. Fluctuations of import amount also tend to indicate the alteration of external financing conditions or donor payments or disruption of geopolitical conditions instead of the movement of the domestic demand. Under these conditions an increase in the volume of imports can reduce supply constraints increasing the prices instead of making them more

intense and thus such an effect leads to explaining the negative correlation between imports and inflation (r = –0.32).

Informality and market segmentation are also additional disturbances of the theoretical channels of transmission of information used in the standard macroeconomic models. Much of the cross-border trade in Afghanistan is made up of an informal network and resolved in the form of hawala and sarafi networks and not by a formal banking system especially along the borders with Pakistan and Iran. Such networks are run on negotiated exchange rates or parallel exchange rate which often deviates the official AFN/USD (Maimbo, 2003; Qorchi et al., 2003). Therefore, the introduction of informal markets fails to ensure that the prices of imports in the informal markets adapt systematically to the legal exchange rate changes. This difference in the way that the formal indicators and the actual transaction prices combine makes the price-setting process broken. It undermines the statistical significance of official fluctuations of exchange rates and consumer inflation because the correlation between the two is weak (r = -0.17).

Ineffective administrative controls, informal price-monitoring mechanisms also help to make the strong statistical relationship insufficient. During the study period, Afghan governments in many cases in collaboration with international partners have put up price controls and subsidies in important commodities and specific target interventions. These measures handicapped the transmission of external shocks to consumer prices, in spite of the fact that these measures have been unevenly implemented. Other developing economies such as Egypt, Pakistan, and Nigeria have been found to have had similar dynamics where over currency volatility, exchange-rate pass-through decreases through administrative pricing and subsidies (Aron et al., 2014). Such controls can substantially reduce the effects of inflationary pressures caused by the fluctuation in the exchange rate in Afghanistan where essential goods are a major portion of household spending.

Within comparative context, the results of this paper run counter to much of the general developing country literature but are nearly identical to current Afghanistan-specific studies. Even though empirical research of emerging markets often records strong exchange-rate pass-through effects (Campa & Goldberg, 2005; Burstein & Gopinath, 2014), the recent analysis of Afghanistan highlights the prevalence of domestic supply shocks, institutional fragility and expectation-driven processes in determining inflation outcomes (Badr, 2025; Jamal & Khairkhwa, 2024). The fact that the regression model explains very little (R^2 = 0.103; Table 3) supports the fact that inflation in Afghanistan is mostly a domestic, structural phenomenon and not an externally transmitted one.

All in all, the evidence indicates that Afghanistan is a structural outlier of the commonplace small open-economy models. There are assumptions used in classical exchange rate pass-through models that are not true in a situation characterized by a dollarized setting, aid-dependence, informality, and disaggregated markets. External price signals are less important in influencing inflation than are market institutional realities, internal constraints,

and adaptive market behavior. It is crucial to acknowledge this difference in both effective empirical research and effective policy development.

Limitations of the Study

This research has a number of constraints. To begin with, the exchange-rate changes and the imports are used alone as determinants of inflation without the inclusion of the most important examination tools as concept money supply growths, fiscal imbalances, food price fluctuations and security aspects disruptions in supply. This exclusion can potentially restrict the effects of exchange rates and imports on consumer prices produced by the model in its entirety. Second, use of annual data can potentially blur short-run response to exchange-rate and trade shocks occurring at higher frequencies. Third, measurement error may be caused by data quality limitations in the weak and war-torn economies, such as Afghanistan, notably on informal trade and parallel foreign-exchange dealings. Collectively, the limitations justify the results interpretation with caution and the necessity to conduct further studies with the inclusion of more domestic variables, longer frequency data and dynamic econometrics techniques.

CONCLUSION

This research aimed to examine the empirical applicability of exchange-rate movements and import processes in the evolution of inflation in Afghanistan in the period 2000-2024. Based on annual data and a descriptive, correlation and regression-based analysis, the review measured the relevance of conventional external transmission mechanisms, as conceptually important to the open-economy inflation theory, in the Afghan setting and its macroeconomic patterns. The empirical evidence provides a clear result: neither movements in the official exchange rate nor variations in import values exert a statistically significant effect on consumer price inflation over the observed period.

The result is an opposite of the common exchange-rate pass-through (ERPT) and imported inflation models, in which it is assumed that currency depreciation, price of imports, and the domestic prices are strongly and positively related. The feebleness of these ties in the case of Afghanistan, however, is indicative of more fundamental structure. Widespread dollarization, sustained foreign-exchange inflows, a fragmented, informal markets and administrative interventions are combined to upset the price-setting mechanisms that ordinary models suppose. Consequently, domestic inflationary processes seem much shielded by the official movements in the exchange-rate, as well as by the aggregate importing patterns.

Combined, the findings indicate that inflation in Afghanistan is essentially a home based and structural phenomenon as opposed to transmitting. The experience of the country demonstrates the constraints of the application of standard small open-economy ERPT-based inflation models to vulnerable, conflict-ridden, and institutionally dismembered environments. The identification of these structural characteristics is the key to the proper

empirical interpretation, and the development of a more contextually nuanced view of inflationary processes in post-conflict economies.

Policy Implications

This study has various significant macroeconomic policy implications on Afghanistan. To begin with, the fact that the exchange rate coefficient is not empirically significant, and the model has low explanatory power shows exchange rate management cannot be regarded as the key tool of inflation control. Although the idea of exchange-rate stability to macroeconomic credibility is still topical, currency stabilization itself does not have much chance of providing significant and long-lasting inflation decreases in Afghanistan due to the structural realities it faces.

Second, the insignificant and negative correlation between imports and inflation indicates that the policies with the intention on limiting imports in order to curb price pressures can be misdirected. Since the economy is highly dependent on vital imports, it seems more probable that the situation will stabilize prices by ensuring access to extrinsic goods, especially food and energy, rather than fuel the increase in inflation. This observation aligns with what other weak economies have been going through, with import compression increasing shortages and inflation instead of keeping it down.

Third, de-dollarization should be done gradually as a long-term goal. Enhancing trust in the local currency via plausible monetary and fiscal systems and systems of payment; as well as institutional stability would promote communication of policies in the long run. As the experience of other countries has shown, effective de-dollarization should be gradual and built through credibility, but not by administrative forces.

Fourth, formalization of trade and foreign-exchange avenues may enhance integration and performance of policies in the market. Whereas informal systems like hawala bring about stability in a poor institutional context, by incorporating them in regulated systems would bring about more transparency, quality data, and monetary supervision without compromising the functional aspect of these informal systems.

Last but not least is the need to have a concerted policy effort in Afghanistan to curb inflation not just by the use of monetary tools. Enhancing domestic production potential, helping food and energy chains, and matching international support to the sustainability of structural goals are prone to provide more reliable price stability as compared to traditional exchange-rate targeting. The experience of other weak and post-war economies indicates that inflation stabilization rests eventually on structural changes as opposed to the tapered macroeconomic adjustments.

AUTHORS CONTRIBUTIONS

The research was conducted independently, and full accountability lies with the author.

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DATA AVAILABILITY STATEMENT

The data used in this study can be obtained from the author upon request.

CONFLICT OF INTEREST STATEMENT

The author declares no conflicts of interest associated with this manuscript.

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