



Creating Pro-Poor Agricultural Growth

Workshop Proceedings
Safi Landmark Hotel, Kabul, December 14, 2009



Overview

The Water, Opium and Livestock (WOL) research project aimed to make a significant contribution to the understanding of policymakers in the areas of rural agriculture, water management, livestock, and the opium economy. It was funded by the European Commission and designed and implemented by the Afghanistan Research and Evaluation Unit, with the Danish Committee for Aid to Afghan Refugees (DACAAR) and German Agro Action (GAA) as key implementing partners. The WOL project was conducted during a period of just over three years, with the final analysis and reports for the project being released in 2009. It has produced a substantial body of knowledge: 29 papers in English, 6 of which were also published in Dari and Pashto, all freely available from AREU's website (www.areu.org.af). In addition, the WOL project included a series of coordinating meetings with policymakers, engagement between researchers and policymakers, and capacity building activities.

This workshop, held on 14 December 2009, provided a final forum for a range of policy and programmatic actors with a stake in these areas to come together, discuss key findings and recommendations from the WOL project, and consider what these mean for policy and programming.

The event had two components: the morning consisted of a series of presentations designed to provide an overview of the WOL project and its findings, and to provide some more insight into a few of the key WOL areas. The afternoon session consisted of working group discussions around four key WOL themes: rural livelihoods, water management, the opium economy and counternarcotics policy, and livestock management.

Participants

The workshop included over 50 participants from the following organizations: ACF, ActionAid, ADA, Afghanaid, AIRD, AKF, AWECBC, CHA, CIDA, CPHD, DACAAR, DFID, EC, FEWSNET, GTZ, HLP/GTZ, ICRC, MADERA, MAIL, MRRD, Muslim Hands, Oxfam, Roots of Peace, TAMU, Terra Institute, UNDP, UNODC, USAID, WFP, World Bank, and AREU.

Morning: Presentations on the Water, Opium and Livestock study

The morning session consisted of five presentations based on or related to the WOL study, following opening remarks by Mr Berend de Groot of the Delegation of the European Union. The slides from the five presentations are available as downloadable PDFs at www.areu.org.af.

The first presentation was given by Mr Obaidullah Hidayat, who was the lead coordinator on the WOL project at implementing-partner GAA. Mr Hidayat provided an overview of the WOL study, including aims, objectives, and implementation. This was followed by a presentation by Dr Paula Kantor, Director of AREU, who highlighted the key findings and recommendations from the study, within the areas of rural livelihoods, land access, water management, the opium economy, and livestock production. These two presentations were followed by a panel question-and-answer session.

In the second series of presentations, Mr Vincent Thomas of the Aga Khan Foundation gave a presentation based on a research paper he authored, "A Historical Perspective on the Mirab System: A Case Study of the Jangharoq Canal, Baghlan," which was published under the WOL study. The paper highlights the point that the *mirab* system has been dynamic over different historic periods,

and is unlikely sufficient to address the current situation of resource scarcity and extreme inequities in water access. The study has numerous implications for proposed Water User Associations, which reinforce findings and recommendations from other WOL water management studies. Paula Kantor then gave a presentation on the opium economy, drawing from longitudinal work done by David Mansfield and Adam Pain looking at the driving factors in farmers' decisions to grow opium as well as the effects of opium bans. These works emphasise the central role that opium currently plays in the rural Afghan economy, and especially for marginal producers, suggesting that replacing opium poppy with options that will provide viable livelihoods while allowing people to stay in rural areas may be no easy feat. Finally, Mr Tom Shaw of AREU provided some preliminary findings from AREU's latest rural livelihoods study, which suggest, based mainly on data from Sar-i-pul, that rural livelihoods over the last four years have stagnated or declined, and that the informal social and economic systems for dealing with shocks and difficulties are eroding.

Afternoon: Working groups responding to WOL findings and recommendations

In the afternoon, four working groups reviewed and commented on selected findings and recommendations related to four areas: rural livelihoods, water management, livestock, and counternarcotics. The recommendations that the groups responded to and their responses are described below.

Rural Livelihoods

The group responded to the following recommendations drawn from the WOL work (and particularly from the paper "Opportunities for Pro-Poor Agricultural Growth" by Lorene Flaming and Alan Roe):

- *Recognise the value of non-market agricultural production*
WOL research indicates that most rural households, especially those on non-irrigated land and further from population centres, are unlikely to benefit from agricultural commercialisation, especially in the short term. Happily, the National Agricultural Development Framework (NADF) recognises the value of subsistence agriculture for rural food security, in contrast to the earlier agriculture and rural development (ARD) sector strategy of the Afghanistan National Development Strategy (ANDS), which did not. Policy should continue to recognise the importance of non-market agricultural production and take a more holistic view of agriculture as both a form of livelihood and a means of production.
- *Support the resource-poor to enter markets*
Very few rural Afghan households have access to sufficient land to effectively participate in markets, even assuming they first ceased cultivating food crops. Many farmers associate production for market with high risks, which they avoid. Programmes aiming to stimulate agricultural markets should offer the resource-poor preferential access to credit and other agricultural inputs and seek other means to decrease the risks associated with production for market.
- *Expand opportunities for on-farm, off-farm, and non-farm labour*
Functioning labour markets and sufficient employment opportunities at adequate wage rates are central to improving rural livelihood security. On-farm, off-farm and non-farm labour are distinct, and all play an important role in income generation.

All rural development interventions need to be designed in consideration of their impact on labour markets: labour-saving technologies, for example, may eliminate jobs. Trade-offs between job creation and objectives such as agricultural efficiency must be considered.

This is what the group had to say in response to these recommendations, giving particular attention to the issue of pro-poor rural development policy and programming:

- Importantly, the three recommendations did not fully capture the needs of the very poorest (e.g. disabled, woman-headed households), without any far-reaching local mechanisms of social protection for these groups. NSP and BPHS have had some important successes. There is need to explore similar modalities in order to create a safety net for these 'hardcore' poor in a sustained manner.
- Livelihood projects and emergency interventions need to go hand in hand with longer term rural development initiatives building on local produce—storage facilities, roads, irrigation rehabilitation, etc.
- Social mobilisation at the community level was viewed as an opportunity to support and promote access for the poor to markets—enabling them to take advantages of economies of scale, and process raw materials into higher value products (jam, dried fruit, etc) through co-operatives and producer associations.
- This was seen as the role of NGOs, and the government representative also did not feel that market access issues at the higher level for these groups was realistically within the government's remit.
- International market issues were highlighted as a macro-level constraint to pro-poor marketing: prohibitive taxation by Pakistan, fierce competition and quality of agricultural goods already available, and the problems of technological development initiatives relying on foreign technologies (China, Iran) undermining sustainability and creating dependency on these foreign sources when technology fails or needs upgrading.
- Pilot interventions to bring the market to the poor (e.g. AKDN arranging for traders to visit remote areas at a specified time to buy up local produce), have worked well.
- Regarding care and nutrition practices, the group saw scope for awareness-raising and capacity building in communities to at least improve welfare outcomes for poorest. There was some discussion on the issue of intra-household nutritional differences, since the experiences of the group members suggested that, within the household, men often take the most nutritionally rich food and women and children receive "seconds." However, initial analysis and findings from AREU's livelihoods trajectory study did not find notable intra-household differences in food security.
- One person questioned whether the conclusions of the WOL research would apply to poorer and more remote provinces, since in their opinion, the WOL study provinces are all developed and agriculturally robust.

Water Management

The group responded to the following recommendations drawn from the WOL work (and particularly from the paper "Opportunities for Pro-Poor Agricultural Growth" by Lorene Flaming and Alan Roe):

Recommendations in response to the draft Water Law:

- *Promote a flexible approach to establishing Water User Associations (WUA)*
The Water Law (Article 18) should be clarified to say that WUAs have flexibility in creating their own charters, or else risks being too rigid and will not respond to the varying situations in different places.
- *Clarify draft Water Law clauses related to groundwater extraction and urgently enforce measures to control groundwater extraction*
There appears to be little or no control over installation of new wells and groundwater extraction, and management of groundwater is not subject to community measures. There is a risk that private individuals may overextract water and lower the water table. The proposed legislation does not adequately address this gap.

- *Address gaps in the draft Water Law related to micro-hydropower plants and mills*
While such plants are likely to disrupt the availability of water to downstream users in irrigation systems, the current draft of the Water Law fails to address this issue.

The group focused particularly on two of the above issues: promoting a flexible approach to establishing Water User Associations (WUAs) and addressing gaps in the draft Water Law.

Promoting a flexible approach to establishing WUAs:

- All agreed that there are many different internal rules, practices and organizational set-up in the current « mirab system » across different canal systems in Afghanistan. Each has different levels of acceptance and performance among water users.
- Therefore, internal rules and regulations of WUAs cannot be imposed via a one-fits-all model. A long-term participatory process is required.
- As part of a WUA formation procedure there is a need to facilitate a local diagnosis/participatory research with water users and assess the strengths/weaknesses & degree of change required. Drafting of WUA internal regulations can be done with water users, on the basis of the collective diagnosis results, under the facilitation of NGOs/local government (i.e. Water Management Department or DAIL). In relation to that, capacity building is certainly required for MAIL and MEW staffs as they would be responsible to form WUAs in the future.
- The need for such participatory process should be highlighted in policy documents such as the “WUA charter” or “Regulations on WUA formation”. These documents are currently drafted at MEW level.
- At the same time, a WUA charter should provide minimum legal requirements for WUA formation. These requirements should not be constraining but should at least give a legal framework within which WUA internal regulations can be defined at local level. These guidelines can be useful to ensure that key principles (such as equity, sustainability, etc) are ensured.
- Room should be given for consultation with informally existing WUAs (from SWM projects) before the final version of the WUA charter is signed at MEW level.

Address gaps in the draft Water Law related to micro-hydropower plants and mills. While such plants are likely to disrupt the availability of water, the Water Law fails to address this issue:

- The Water Law has now been passed. Although it addresses the issue of micro-hydro power it doesn't address the issue of mills. Yet, there have been great improvements since the first draft which didn't even acknowledge the issue. Indeed, the current Water Law talks about permits which have to be obtained via the WUA and MAIL for any person planning to build a micro-hydropower facility along the canal network.
- The issue of mills and Micro-hydropower vs irrigation is typically the kind of issue which is addressed in the Water Law (even if not as comprehensively as one could wish) but which might have great difficulties to be enforced on the ground. For example, for the last two years, two WUAs in Takhar (which combine a number of 16 mills and micro-hydropower units) tried to enforce the bylaws discussed, drafted and agreed during their WUA formation process. Even though some success has been recorded in stopping a certain number of facilities to function during critical periods of the irrigation season, some unsolvable cases remain. Some powerful free-riders do not obey the recommendations of the WUA committee. Despite a written agreement by the Water Management Department (WMD) for assistance in cases of unresolved conflict and even after repeated demands for assistance the WUA could not receive the judicial support required. A clear lack of support from the WMD and the police department has been observed. Now that the Water Law is officially approved, a strong communication and awareness raising campaign is required at local level for local government agencies to feel accountable to WUA requests in resolving problems. There is urgent need to resolve the problem of free-riders as the water users who agree to

comply with the WUA committee demands might soon argue that the sanctions are not applied consistently among different categories of water users.

- More research is required to assess the limitations regarding the enforcement of the Water Law (the micro-hydropower vs irrigation issue could be an example). Findings should support the drafting of additional policy documents supporting a practical and realistic implementation of the Law.

Livestock group

The group responded to the following recommendations drawn from the WOL work (and particularly from the paper "Opportunities for Pro-Poor Agricultural Growth" by Lorene Flaming and Alan Roe):

- *Include rangeland communities in developing value chains*
These communities traditionally produce to supply the market, while development interventions have focused on more accessible river valley sites which tend to use livestock on a smaller scale for domestic consumption.
- *Increase focus on livestock husbandry*
Interventions have focused on veterinary services, but WOL research highlights weaknesses in the management, nutrition and marketing of animals, which constrains productivity.
- *Improve security of access to pastures and rangelands*
Access to pastures and rangelands is threatened by illegal cultivation, construction and land grabs. Rule-of-law and enforceable community-based land agreements need to be strengthened.
- *Provide credit services for commercial livestock producers*
Nomadic pastoralists are currently not normally eligible for credit.
- *Foster linkages between producers and finishing areas*
Rangelands offer comparative advantages for livestock production, while irrigated farms can provide supplemental feeds to finish animals for supply to market.
- *Improve feed production*
Animal nutrition and feed supply, especially over winter, has proven to be a key limitation on the production and quality of livestock, a point that is often overlooked by existing development interventions.

This group drew strongly on their own experiences, and particularly on some of the work done by the PEACE project and the Ministry of Rural Rehabilitation and Development (MRRD) with Kuchi populations, in responding to and extending the recommendations emerging from the WOL research. More specifically they discussed the following:

1. *Diversity of livelihoods*: Economic diversification is needed for income and livelihood security.
2. *Veterinary Field Units* have only focused on sedentary livestock holders, they need to find ways to reach out to nomadic people. Also, there is a lack of extension services addressing livestock management, nutrition (especially the cost of producing and storing feed), and marketing (especially addressing market opportunities at the national and international levels, and facilities).
3. *The lack of electricity* throughout rural Afghanistan means that options for processing and storing livestock products, especially milk, are limited and this also reduces market options.
4. *Poor security* is a cross-cutting issue that threatens the ability of people to further their investment in livestock rearing, especially for markets. Particular security issues include

lack of governance and criminality. Also, there is a disagreement on who should resolve issues of criminality—whether it should be done locally or by the government.

5. *Credit services*: There has been a recognised need for credit services for nomadic livestock herders, especially the Kuchi. Work by MRRD and the PEACE Project suggests that to be viable and acceptable to the cultural norms and principles of Kuchi populations, these credit services should be interest-free; they should also be community-controlled, revolving funds that are repeatedly invested into community-determined activities.

The group also acknowledged that there have been policy and programmatic gains realised as a result of AREU's research, plus the efforts of MRRD and the PEACE project's work. In particular, the establishment of the Kuchi Policy Unit, housed in the Ministry of Agriculture, Irrigation and Livestock, is a specific response to the recommendations from this work. Perhaps the principle obstacle to realising further recommendations from AREU's research is politics, especially the ethnically divisive politics of many leaders, which tends to encourage conflict and unfair distribution of resources, instead of directing attention towards mutually workable solutions.

Finally, the group recommended that future research focus on the dynamic of livestock-related value chains on specific value-added livestock products, including meat, wool and fibre, carpet, skins (Karakul and hide), and dairy, although the potential for latter is constrained by lack of electricity.

Counternarcotics

The group responded to the following recommendations drawn from the WOL work (and particularly from the paper "Opportunities for Pro-Poor Agricultural Growth" by Lorene Flaming and Alan Roe):

- *Measure success against a broader set of indicators*
"Success" in counternarcotics cannot be measured just by reduction in the area under poppy cultivation in a given year, but by a broader set of indicators that show such reduction is sustainable and does not come at an unmanageable social and economic cost. This is particularly important because poorer households are likely to be disproportionately hurt by the loss of opium poppy as an economic option, while insecurity is also a clear driver behind the choice to grow opium poppy. Broader indicators would include:
 - Social protection outcomes: Measuring the food security of households
 - Governance outcomes: Provision of basic security particularly
 - Economic development outcomes: In more remote and marginal areas, this would include sufficient labour opportunities at sufficient wages to provide household security; in areas with higher market potential, this would include evidence of accessible commodity markets.
- **Mitigate potential negative impacts of poppy reduction**
Poppy reduction or eradication is a policy goal, and yet opium poppy has unique advantages for farmers and rural communities (drought resistant, non-perishable, provides access to credit, ready market, farm gate sales, labour intensive with strong multiplier effects, etc.). Eradication targets should only be considered realistic in districts where options for licit livelihoods are adequate, based on the indicators described above.

This would also include:

- Mapping of "high potential" and "low-potential" areas within provinces and districts
- Sequencing interventions to focus on improving rural livelihood options before enforcing poppy bans: this approach will take longer but is more likely to produce sustained declines in opium poppy production.

In their discussion, the group focused primarily on the second point—seeking more holistic ways to promote rural development in a way that mitigated the negative effects of losing opium poppy as a

livelihood option, while they also suggested reassessing counternarcotics policy and rationale more broadly. Their discussion centred around three main themes: sequencing policies, economic development, and areas where further research should be done.

Sequencing policies

- The WOL recommendations in regard to sequencing are not currently in practice. Current “alternative livelihoods” approaches to rewarding reduction in opium production don’t fit with local realities: since farmers can’t wait for aid, they need to keep producing opium.
- There are also contractor policies with respect to counternarcotics. For example, National Solidarity Programme Community Development Councils are in their second phase; these clash with the Independent Directorate of Local Governance, which is saying CDCs should be dissolved.
- Aid delivery needs to be timely.

Economic development

- *Rural enterprise development*: Behind any conflict, there is an economic reason, so that is why it is important to focus on rural enterprise development, to create security as well as improve well-being. Rural enterprises that can be encouraged include small scale industry, and the creation of “cottage” jobs in value-added sectors with links to market.
- *Microcredit*: Development banks in rural areas can give loans to farmers, provide low interest, provide long repayment schedules of up to four or five years, take account of crop failures when setting repayment schedules, and respond appropriately to local needs in other ways.
- *Appropriate Technology Packages*: MRRD is currently introducing the idea of rural technology packages that will identify and promote locally appropriate technologies that can further rural economic development.

Recommended areas for new research:

- *Legalisation*: Given the huge importance of opium poppy in the rural economy, further research should be done on whether poppy should be legalised or not.
- *Protectionism and the role of subsidies*: Economic research should be done on the potential benefits of “protectionist” policy—arguably there is a need to protect agricultural markets (other than poppy) through policies that protect them from global competition and possibly provide subsidies, to develop viable economic alternatives to poppy cultivation.

Gender view: There is little information as to women’s role in the value chain and where the opportunities are for women to engage in market-related production in rural areas. Such focus can help address rural poverty, especially for vulnerable households.