

Case Study Series

**INFORMAL CREDIT PRACTICES
IN RURAL AFGHANISTAN**

**Case Study 3:
Ghor**



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Glossary*

<i>Afs</i>	Afghan unit of currency; approximately 50 Afghanis = US\$1
<i>diwalch</i>	a group of people described as having no family support and are unable to work
<i>gerawi</i>	mortgage in which the owner's rights to use the land pass to the mortgagee
<i>hawaldar</i>	a person who facilitates money transfer between different locations
<i>jerib</i>	unit of land measurement; approximately one-fifth of a hectare
<i>lalmi</i>	rainfed crop production
<i>mazdur</i>	daily labour
<i>naim roya</i>	a form of in-kind credit exchange (e.g. sheep for bride price) practiced among the wealthy and the top end of the middle ranking group
<i>qarz</i>	credit
<i>qarz-i-hasana</i>	credit on good terms, with no interest
<i>qarz-i-sarzak</i>	a credit form similar to <i>salaam</i> where an advance is provided in cash, repaid within a fixed time in wheat or grass but for double the value
<i>salaam</i>	a well-known form of advanced payment where an advance is provided for a future harvest at an already fixed (low) price
<i>sari sawaz</i>	(another name for <i>qarz-i-sarzak</i>)
<i>shora</i>	group of elders
<i>sudh</i>	credit with interest

* Transliterations in this glossary, as well as in the text, are spelled according to AREU's editorial policy and do not reflect the opinion of the author(s).

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1. Introduction

This report presents the findings from fieldwork conducted in Ghor Province as part of a credit and debt study undertaken by the Afghanistan Research and Evaluation Unit (AREU). The other field sites visited were villages in Kapisa and Herat Provinces.¹

There were two motivating factors behind this study: first, a growing recognition of the importance of informal credit for rural livelihoods in general; and second, the development of fast-growing micro-credit initiatives in Afghanistan and concern about how these external credit sources may affect existing credit relations. Both of these issues suggested the need to develop an in-depth understanding of how informal credit practices work in rural Afghanistan, which would lead to recommendations on which practices of informal credit to support and which to change. It has also led to complementary research AREU is currently conducting on the effects of micro-credit on rural livelihoods, which will provide insight into how micro-credit intersects with and affects informal credit practices.²

Given the limited impact of formal banking and finance systems introduced into Afghanistan in the 1960s and 70s, and the absence or lack of functioning of formal credit systems over the last three decades, the “informal” system has been for many if not all Afghans the only credit system.³ However, little is known about existing credit practices in Afghanistan, limiting the ability of policymakers and practitioners to develop effective pro-poor policies and programmes. In order to understand the role credit plays in different livelihood strategies, as well as to provide better insight into how formal and informal credit might interact when micro-credit initiatives are implemented, it is important to approach credit “the Afghan way,” from the perspective of those using the informal credit systems and understand that it is more than a financial transaction. Just as important is understanding how the socio-economic context, its changes over time, and access to and use of credit, link different households in different ways and what results from such linkages.

This study aims to provide deeper insight into current informal credit practices and to understand their role in rural livelihoods. Key questions guiding the study include:

1. How is credit used by households to pursue different livelihood strategies such as coping, stabilising and accumulating?
2. What place does credit occupy in inter-household relations, and how does this

Box 1. Livelihood strategies

Accumulating livelihood strategies seek to increase income flows and assets. Households with accumulating livelihood strategies own assets with which they accumulate surplus in food, goods, or cash which they in turn use to accumulate more.

Stabilising livelihood strategies seek to secure existing asset portfolios through diversifying income, accessing more resources and strengthening social networks.

Coping livelihood strategies seek to provide for sufficient household requirements on a daily basis. Food security and daily survival are the main concerns.

¹ To protect respondents’ privacy, the actual names of the villages studied and respondents interviewed are not used in this report.

² AREU is currently conducting research on the effects of micro credit on household livelihoods, local economies and informal credit practices.

³ In this study “informal credit” refers to local or indigenous credit forms and systems which have not been initiated by the central state or an assistance agency.

- vary across livelihood strategies?
3. What role does credit play in the livelihoods of vulnerable households facing chronic indebtedness?

The basic unit of research was the household, defined in this case as a group of people living and eating together. Using in-depth interviews, attempts were made to understand the livelihoods of each household, dynamics within the household over time, and the role credit plays in their livelihood strategies. Equally important was gaining an understanding of relationships between households (relative or non-relative) within or outside the village, and how these relationships affect access to credit and securing livelihoods.

2. Methodology

2.1 Village and respondent selection

Three villages with three different economies were selected. The Herat village was selected for its Ghor village market-based economy and the Ghor village was chosen for its subsistence-based economy. The village in Kapisa was selected initially for its market-based economy, however, after fieldwork commenced it became clear that the rural production was primarily for subsistence requirements and that the market was important to the village economy as a source of daily labour opportunities.⁴

The following criteria were used in selecting the three villages:

1. All villages needed to be 30 minutes from a main marketplace. This criterion was chosen to allow comparison between the three villages, even if they differed on predominantly subsistence- or market-based production. If the distance or accessibility to the markets was not similar, it would be difficult to establish if the differences in credit practices were related to physical distance or variations in livelihoods.
2. Villages needed to be average in size and representative of ethnicity and livelihood activities within their district; and
3. The three locations needed to represent both more affluent, relatively urbanised communities producing for the market, and more impoverished, rural communities exhibiting a predominantly subsistence economy.

In each study location the research team was facilitated by a development organisation already working in the area.⁵ In consultation with these partners, a village in each province was selected based on the above criteria. The staff of the assisting organisations initially introduced the research team to village representatives and asked their permission for the research to take place. Following this, group discussions were held with both men and women, often *shora* members. The aims of the research were explained, and the teams set out to get a sense of the general context of the village and its credit practices. In-depth interviews were then conducted with male and female representatives of households. At first, respondents who served as village representatives (that is, on the *shora*) were selected, but the team gradually moved away from interviewing families related to or associated with village representatives.

For the selection of respondents within the villages, quota sampling was used in order to distribute respondents across socio-economic status categories. The criteria used to differentiate respondents included: ownership of land (landlords versus the landless); shopkeepers; households dependent on charity; and households dependent on casual labour. Researchers monitored the number of households interviewed each day in each socio-economic status category, aiming for equal representation in the low-, middle- and high-income groups. The interview teams also targeted specific respondents, such as: female-headed households; working women; women known to

⁴ After the case studies were conducted it became clear the distinction between market-based and subsistence-based village economies was incorrect. Besides the Herat village, the villages in Ghor and Kapisa were not predominantly producing for the market. Agriculture was mainly for subsistence usage and the majority of households needed to find additional income sources like casual labour to supplement the household's food needs.

⁵ Coordination of Humanitarian Assistance (CHA) in Herat; UN Habitat in Kapisa; and Oxfam GB in Ghor.

have had experience with micro-credit; and educated people. This was not a fixed list of respondents; some flexibility was applied based on the village context.

The selection method meant that researchers often arrived in the village and initially selected villagers at random. When they had a better understanding of the village's livelihoods and the diversity of the households, they then targeted more specific respondents. When the results of an interview with a household member were of particular interest, the interview team sent another team to interview other members of the household to collect alternative points of view. For example, the female research team would recommend interviewing the husband of a certain household, or the male interview team would recommend interviewing the wife of a respondent. In addition, the teams sometimes returned to households for follow-up interviews to gain further insight into an issue raised earlier by a respondent.

2.2 Interviews

This study is qualitative in nature. Rather than provide quantitative information on credit practices across Afghanistan, it aims to understand the role credit plays in rural livelihoods. In the three villages studied, an average of 32 interviews was conducted per village with both men and women, based on an open-ended question checklist. The open-ended questions that were asked depended greatly on the interviewees, their specific livelihood situation and the dynamics of the discussion. The research team discussed and analysed results on a daily basis, comparing information gathered and understanding the reasons for the differences and similarities between households and their credit practices. This ongoing process of field analysis was fed back into subsequent interviews so that new and emerging issues could be addressed.

The fieldwork was undertaken by two teams: one female and one male. Both teams comprised two Afghan research assistants, one interviewer and one notetaker. The female expatriate researcher joined both the male and female teams, conducting interviews and taking notes.

Respondents were generally enthusiastic to participate fully in the interviews, offering insights and information with little prompting. Although some of them were slightly wary initially, the unstructured style of the interview helped: men and women and respondents across wealth groups felt appreciated for their opinion.

2.3 Household wealth categories

From the beginning of the field research through data analysis, a detailed and refined categorisation of respondents by asset emerged: wealthy, middle ranking and poor. This grouping was an ongoing consideration throughout the study, although it was also clear that it could change based on new insights found.

It should be noted that the study was designed with flexibility, avoiding the use of a fixed, predetermined list of solely productive assets, such as land and livestock. This is to ensure that the importance of social assets, as well as the dynamics of household livelihood strategies, is taken into account in characterising a household as wealthy, middle ranking, or poor.

After analysing each family's economic status in detail, as well as household dynamics and the depth and breath of social relations and credit practices, a final grouping, specific to each studied village, was made. Access to land was examined,

especially in terms of the extent a household could rely on it for food security. Household size and the quality and quantity of additional income sources were taken into account as well. In addition, there were specific situations included as an indicator of a household's wealth status, for example, how families married off their sons, or how they were able to build a house, as well as their access to credit.

2.4 Ghor respondents

A total of 32 respondents were interviewed in a village in the Lal wa Sarjangal district of Ghor. In addition, interviews were conducted with 13 shopkeepers in the Lal bazaar to get the "shopkeeper's perspective" on informal credit practices, given that they are a primary source of credit. Subsequent discussions were held with two Oxfam staff originating from the area to better understand the context of the Ghor village.

Three of the studied households in the village were identified as wealthy based on the surplus they derive from land and livestock. The middle ranking wealth group (N=22) were households that had access to relatively stable and/or diverse income sources. The group has achieved food security by using access to credit to handle seasonal lean periods, and their current priority is to strengthen social networks, secure more assets and secure their livelihoods. Households in the poor category (N=7) struggled with acquiring their needs on a daily basis and were highly dependent on others for assistance.

In the Ghor village there was a mentally disabled man who "had come wandering into the village one day" and who had no home or work. He was solely dependent on the assistance and charity of the villagers, sleeping in turns in their sheep pens. Following Semple, who conducted a livelihoods analysis of the Hazara in neighbouring districts in 1998, this man would belong to the *diwalch*,⁶ a group of people described as having no family support and are unable to work.

Household composition

The majority of people from the study village (23 households out of 32) live as nuclear families comprised of a husband, wife, and their children. Eight households are made up of extended families: married sons and their families live together with their parents in one compound. All eight extended families mentioned that they lived as one economic unit. The remaining family, a couple who did not have children, had formed a joint household with a non-relative family that functioned as a single economic unit⁷. In this study, nuclear families, extended families, and the joint household functioning as one economic unit, are referred to as "households". This does not imply that these households have totally independent livelihoods. Although day-to-day expenses are separate, often there is economic assistance and mutual support in times of need between the households.

Four of the 32 households interviewed were female-headed households, of which two were considered poor, and two fell in the middle ranking wealth group. Two of these households were female-headed temporarily while their

Box 2. Female-headed household

A female-headed household is one that is run by a female member; she makes all major decisions and has the main responsibility of supporting the household in its daily needs. No able-bodied adult male (husband, father, brother, son) is available to support her.

⁶ Semple 1998; 27.

⁷ According to Mousavi (1998; 46) joint households are not an uncommon practice among Hazara.

husbands were away. One husband was in Iran, but not remitting money on a regular basis. The other one worked as a shepherd in the mountains for most of the summer. One other female respondent was abandoned by her husband, but she lived with income-earning adult sons. This household was not considered a female-headed household in this study.

2.5 Location

The village studied in Lal wa Sarjangal district is located 17 kilometres (half an hour by car) from the Lal bazaar in the district centre. Lal wa Sarjangal is the only district in Ghor province which is Hazara. Because the name Lal wa Sarjangal is coined from the area's two main valleys, it is not uncommon to come across the word Lal separate from Sarjangal, referring to the individual valley. In this study, reference will be made to Lal when referring to the Lal main valley, as well as the bazaar. A larger geographical name for the area where the Hazaras live is Hazarajat. This name is also used in this study, especially when information collected from secondary sources refer to Hazarajat in general instead of specifically to Lal wa Sarjangal or Daisangi.

The village is situated in a side valley of the main Lal valley. Agricultural land is mainly rainfed (approximately 500 *jeribs*), but the village has 16 *jeribs* of irrigated land located in the valley floor/river bed. The grazing ground beyond the village is divided between households which do not own the land but have user rights to it. The village is located where three rivers join. The poor households of the village live closer to the river bed, while the majority of other houses are situated higher up against the mountain side. There is one mosque located in the centre of the village. Around 150 households live in the village, containing both Hazara and Sayyed families. A small hamlet with three households, located a kilometre lower in the valley of the village, was also included in this study. The valley where the village is located is from one clan, sub-divided between lineages. Winter, which usually lasts for five months in the area, offers practically no work opportunities other than clearing snow.

There are no shops in the village. A non-governmental organisation (NGO) had built several water pumps in the past and the Ministry of Refugees and Repatriation had provided several returnee families with building material. The community-driven development programme of the National Solidarity Programme (NSP) is being implemented. Both male and female *shora's* have been established through an implementing partner of the NSP. The community has used the NSP fund to build a road to connect the village with the main road. A school has recently been established in the main valley. In the Lal district centre, there is a clinic run by an NGO. From the Ghor village to the Lal bazaar is a three to four hour walk. The Lal bazaar contains approximately 300 shops. Four shopkeepers are from the study village. The shops in the Lal bazaar sell basic food items, agricultural inputs, and non-food items. There are also stalls for clothing, cosmetics, and other luxurious goods, such as stationery, blankets, etc. The bazaar has a *hawaladar* (someone who facilitates money transfer between different locations).

3. Research Setting

3.1 Villagers and their backgrounds

The village in Ghor was established around 100 years ago. According to oral history, during the time of Abdul Rahman, an extended family came from Daikundi and settled there. Their descendants formed this village. A second flow of inhabitants arrived from Daikundi in the beginning of the 1930s and some were able to buy land in the village. Both stories of movement are consistent with the "Pashtunisation" efforts in Daikundi instigated by Abdul Rahman (1890s) and Nadir Khan (late 1920s, early 1930s).⁸ Over the last 100 years there has been an ongoing sale of landholdings by villagers to newcomers from Daikundi, including those of Sayyed, Hazara, and Kuchi descent.

The presence of Kuchis and the nature of the relationship between Kuchis and Hazaras in Lal is a controversial topic as in other districts of Hazarajat, which indicates a potential insecurity for the future (see Box 3).⁹ Before 1978, the Kuchi provided the same credit services that are provided now; these include delayed payment, advance payment, cash and in-kind loans, and mortgage. Contradictory views were found in the village and the Lal bazaar on credit provision by the Kuchis. Below is one example:

Villagers were mainly supplied by Kuchis who were taking commodities from Kabul and selling it on credit to the people in the villages. They were also selling lamb on credit to the people for double the price. Sometimes Kuchis sell commodities on credit by force and make huge profits. When the credit had accumulated over many years, the Kuchis would ask the people to repay, but they couldn't. Then the Kuchis would simply buy the people's land for a cheap price.

Haji Al Haq, old shopkeeper Lal bazaar

Another villager had a slightly different description of the situation:

Twenty five years ago, the bazaar in Lal was not good. There were not a lot of goods. Kuchi came and gave goods on credit. The goods were from Pakistan and often tea, matches, clothes, and sugar. The people had to pay the goods after harvest time in animal oil or in cash. At that time it was very hard to find money. If they could not pay, it was often made qarz-i-hasana for next year. Kuchis were different in different places. Here, they had a good attitude. Some people still have debts with them, but they do not ask it back yet. If they come people will repay. The debts are somewhere between: 1,000, to 2,000 to 5,000 Afs (20 - 40 - 100 USD).

Ahmad Hussein, middle ranking farmer, two sons mazdur

Although there were many negative stories in relation to how the Kuchi traded and provided credit, many respondents also claimed that their dealings with Kuchis were not so troublesome. However, even amongst these respondents, there was a fear of possible conflict which could result from Kuchis returning. It needs to be emphasised that during the time of the Kuchis, wealthy landowners in the villages also provided similar types of credit to the people, although this is not as well documented as the practice between Hazaras and Kuchis.

⁸ Ferdinand, 1959;19 and 1962; 123-129.

⁹ A detailed historical account of the relation between the Kuchis and Hazaras can be found in Alden Wily, 2004; 50-58.

Box 3. Land disputes between Kuchi and Hazara

Kuchis started expanding their summer migrations into Lal wa Sarjangal after receiving land grants from Abdul Rahman as a reward for their role in subjugating the Hazaras in 1892. Besides livestock breeding, Kuchis were active in trading, subsequently providing credit to the local population. At that time there was no bazaar in the area and the Kuchis were the ones providing the villagers with tea, sugar, clothes and other items. Kuchis also owned large tracts of both grazing and agricultural land, and assets like mills and trees obtained through purchase as well as through debt repayment. Communities in Lal wa Sarjangal, in comparison to other districts in Hazarajat, have large livestock holdings which created competition with the Kuchis over access to grazing land (Ferdinand; 1962; 129, Johnson, 2000; 58).

The yearly migrations of Kuchis into the Central highlands of Afghanistan abruptly came to an end with the communist take over in 1978. In the 1980s they attempted to return to the area but were halted by armed Hazaras. Since then, old debts with the Kuchis has remained unpaid. And people started using the Kuchis' land calling it their own or started cultivating grazing land claimed by the Kuchis.

In May 1999 several armed Kuchis came to Panjao in Bamyan province demanding repayment of outstanding loans or payment for the use of land for the past 12 years. Also in Lal a small group of Kuchis came but in a peaceful manner. They collected their money and products from the people after which many sold the land "back" to the people. In Panjao the Kuchis were eventually forced by the Taliban to leave again, but the fear of them coming back demanding repayment of still outstanding debts (between 1,000 and 15,000 current Afs –between 20 and 250 USD) and rent for the last 20 years of use of their land is high; also in Lal.

From the 1960s onwards – but mainly by the late 1970s – the Kuchi trade dwindled, following a drought and the government's establishment of permanent bazaars in the district centres.¹⁰ Aside from agricultural activities, there were very few labour opportunities in the area. And as the infrastructure improved and access in and out of the area improved, the seasonal migration of Hazaras to Kabul increased. Money was still rare and many transactions were done through barter.

Lal wa Sarjangal, as in most districts in Hazarajat and in Ghor province, has a grain deficit and there has been a shortage of land relative to the population recorded as early as the 1890s by the British Afghanistan Boundary Commission.¹¹ Five major famines due to climate and local insecurity have been reported over the last 100 years.¹²

Conflict years: "the time when I became indebted"

Throughout years of conflict, Hazarajat was virtually autonomous until 1998. Although rivalry between different armed groups started in the eighties in Hazarajat, the villagers in Lal mentioned that the conflict only affected them during the 1990s when groups of Mujahidin roamed through the countryside demanding food and shelter from the villagers. For many respondents, their indebtedness began during this period when they were forced to slaughter their stock. The fighting between the different Mujahidin factions and later against the Taliban in the Lal district continued through the fall of the Taliban regime in 2001. Although the Taliban were said to have only succeeded in taking over the Lal valley once for one month, the overall security, characterised by fighting and general lawlessness,

¹⁰ Wily, 2004; 58.

¹¹ Semple, 1998; 17.

¹² Semple, 1998; 45.

adversely affected livelihoods. During this period of insecurity, trade dropped to a minimum. Villagers said that those who stayed had to flee to other villages when the conflict came too close. Several houses had been destroyed.

What was perhaps even more devastating than the fighting was the blockade the Taliban imposed on Hazarajat between 1997 and 1998, to force them to surrender. No food, including humanitarian distributions, was allowed to enter Hazarajat and food smuggled in was sold at high prices. Fortunately for Lal wa Sarjangal, a district 70 percent reliant on rainfed agriculture, it had a good wheat harvest in 1998. As a result households were able to recover¹³ more rapidly than expected, although in the following year a drought that would last until 2002 struck the entire country.

Drought years: "we lost one third of our ..."

The insecurity in the area through most of the 1990s, followed by the Taliban blockade and drought, caused severe deprivation. During the drought cultivation of rainfed land collapsed. The small plots of irrigated land in the river bed had low yields. Making matters worse, many households in this study depleted most, if not all, their livestock, which had always supplemented seasonal grain deficits and functioned as a capital reserve in times of need. At present, livestock numbers in the district are at an historic low.¹⁴

All households interviewed were severely affected by the drought, losing livestock, agricultural land, or access to their own land. As a consequence, they have been accumulating debt with shopkeepers and have become more reliant on casual labour. Credit has been an important mechanism to cope with seasonal food shortages caused by the drought.¹⁵ Twenty-three of the 32 households have outstanding debts. Out of the 23 households, 15 stated that their debts date back to the time of the drought.

At the time of the research, households interviewed from the middle ranking and wealthy income groups were recouping their previous losses; livestock numbers were on the rise. Middle ranking households, for their part, were using casual labour to supplement seasonal food shortages, while poor households were in constant pursuit of job opportunities for a more secure future. The poorest households, in a state of unrepayable debt, were engaged in "bonded labour" (see Box 4).

3.2 Current village economy

Currently, the household economies in the village are largely based on agricultural production for subsistence, livestock breeding and casual labour found in and outside the village. As agricultural production still leaves most households with a grain deficit and livestock numbers remain low, casual labour (daily labour in the main valley and contract labour within the village) serves as an important income source, especially for families in the middle ranking and poor groups.

¹³ Johnson, 2000; 35 -58.

¹⁴ Johnson, 2000; 24, and Semple, 1998; 63.

¹⁵ Also reported in the areas covered by Semple (1998; 8) and Johnson (2000; 25) in Hazarajat. Afghan Aid reported, before the drought in 1998, that 81 and 92% of the households interviewed in three districts in the Ghor province, dealt with seasonal food shortages and were doing so through cash credit, buying on credit and taking a loan in grain(1998; 79-81, 85-86).

Box 4. A household economy of "bonded labour"

Gulbakht and Ahmad Ali have six daughters and three sons. Two daughters are married. They live in the little hamlet lower in the valley of the Ghor village. Ahmad Ali is old and cannot work anymore and their three sons are still too young to work. Gulbakht is spinning wool and earns some money from that.

"My three daughters work as mazdur in other villages. Two years ago my husband took an advance on his wage for harvesting but he could not work. It is two years now that my daughter is working in the house of that landowner to repay my husbands debt". The daughter is working in a village in the main valley for the owner of the land. He is also the owner of the house they live in. "The rent of this house is 5.000 Afs (US\$ 100) per year; so my daughter is also working to repay the house rent."

"Another daughter is working as mazdur in the doctor's house in the Lal bazaar. She receives some money for her work. And another daughter is working in a Sayyed's house in another village. He gave us goods, like wheat, rice and oil in credit so my daughter is now repaying that loan."

"We are very poor, my daughters work very hard in other villages and only in the winter do they come back. We are in debt from shopkeepers in the Lal bazaar for 10.000 Afs (US\$ 200) from the last three years for goods we bought on credit. When I last went to the bazaar they asked their money back but I told them "I will try to make money for you". That Gulbakht will be able to do so is highly unlikely as she just recently asked for more credit. "One week ago I went to the Sayyed's house where my daughter is working and asked for wheat, he gave me some wheat as an advance for my daughters work."

Gulbakht's household economy is characterised by an ongoing taking of credit which further puts claims on their resources; the work of her three daughters.

Below is a description of the three main income sources: land ownership (patterns), livestock holdings, and casual labour, followed by a brief look at other income sources: labour migration and trade.

Patterns of land ownership

The Ghor village has around 15 wealthy households with large landholdings of more than five *jeribs* of rainfed land, as well as small stretches of irrigated land (from half a *jerib* upwards) and large livestock holdings of over 20 sheep. In general, they use contract labourers to work on the land, herd their livestock, and to collect fuel and fodder from the mountains. However, due to the loss in assets during the drought, households at the poorer end of this wealth group also have members working themselves on the land. The Ghor village has many small landowners. Some 18 households of the 22 in the middle ranking group have small landholdings between one and five *jerib* of *lalmi* land. Six of the 32 families interviewed (five from the middle ranking wealth group and one from the wealthy) lease land. Three middle ranking households lease extra land to cultivate, one landless household from the same wealth group leases land, while none of the poor households is able to lease land.

The price for leasing land is equivalent to the amount of wheat seed sown. Those leasing out land are either large landowners or households with not enough adults to cultivate it. Sharecropping was not found in the village.¹⁶

¹⁶ Sharecroppers were not found to be working in the Ghor village studied. Some respondents did mention having worked as sharecroppers in other villages. Semple's study (1998) reports how sharecroppers are similar to *mazdur* the most dependent and vulnerable group. An exception to this is a son of a wealthy family who had sharecropped *abi* land in the main valley cultivating poppy.

Table 1. Share of households interviewed and their access to land and livestock by wealth group

Productive Assets		Wealthy	Middle ranking	Poor
Land	Irrigated	33%	5%	0%
	Rainfed, more than five <i>jerib</i>	100%	0%	0%
	Rainfed, less than five <i>jerib</i>	0%	82%	0%
Livestock	Sheep/goats, more than 10	100%	0%	0%
	Sheep/goats, less than 10	0%	54%	0%
	Cattle, 3 - 4	100%	0%	0%
	Cattle, 1 - 2	0%	50%	14%
	Donkey	100%	64%	14%
<i>Total number of households</i>		<i>3</i>	<i>22</i>	<i>7</i>

The income activities of the seven poor households who did not own land was mainly concentrated on contract labour (one household's main income source was in the form of "bonded labour"; see Box 4), herding animals for other households and handicrafts (i.e. women were hired (*kera iy*) to make a carpet. In the middle ranking wealth group four households were landless, one leased land to cultivate, while another sharecropped irrigated land in another village. One household's income was entirely based on contract labour and another family relied on the earnings of the head of the family, who worked as a mullah and teacher. Even though the majority of households had access to land or its produce (contract labourers are often paid in wheat), practically all households had to buy, barter, or borrow extra wheat to feed their families.

Livestock

Although livestock until the drought was used by many to supplement food shortages, numbers have dropped to such a low level that there are no surplus to sell. Nevertheless, participants of a male group discussion were confident that within four to five years, livestock numbers would be back to normal. Among the respondents in the Ghor village, 14 households owned sheep ranging from two to 50 with an average of four per household, and 15 households owned between one and four cattle. Most sheep were herded by a shepherd who took them to the higher mountain pastures. The three shepherds interviewed (of which one was female) had different herd sizes; one herded for a large livestock owner in the village who owned 200 sheep, the two other shepherds herded around 50 sheep that were from different families.

The grazing area that belongs to the village is also used for collecting bushes for fuel and grass for the animals for the winter. A crucial element of livestock breeding in the Ghor village was the need to collect fodder for the long winters. This, together with stocking up bushes and dung for fuel is a time consuming activity, which makes a significant demand on a household's labour. Many households have reserved one household member for this activity and it could be undertaken by men, women or children, or contract labourers.

Table 2. Share of households interviewed reporting a worker in each income-generating activity (both men and women), by wealth group

Income activity	Wealthy	Middle ranking	Poor
Agriculture (leasing land and farming own land)	100%	59%	0%
Contract labour (farm and non-farm)	33%	77%	100%
Daily labour	33%	41%	0%
Labour in Iran	33%	5%	0%
Shepherds	0%	9%	14%
Teachers	0%	9%	0%
Mullah	0%	9%	0%
Handicrafts	0%	23%	14%
<i>Total number of households</i>	<i>3</i>	<i>22</i>	<i>7</i>
<i>Average number of income sources</i>	<i>2</i>	<i>3</i>	<i>3</i>

On and off farm labour

The majority of households had a member working as casual labourer (N=24). In the Ghor village, casual labour was divided into contract labour and daily labour, both referred to by respondents as *mazdur*. Daily labour is found in the Lal bazaar or in the main valley for example with the construction of a school. Since 2003, the daily labour opportunities in the area have increased, initially with the assistance programmes Food for Work and Cash for Work and more recently with construction work on roads and schools. However, daily labour opportunities remain limited.

A contract labourer usually works on the land to collect fuel and fodder in the mountains, or as a domestic servant, or a combination of both. Contract labour has two contractual forms: first, for a certain pre-agreed period of time the worker can be set to work in and around the house, collect fuel and fodder in the mountains or work on the land where the household hiring sees fit; or second, as “payment” for an outstanding debt where the time of work equals the debt or repayment. Men, women and boys work as contract labourers. Contract labour can be both short- and long-term. Men and boys often work for a contract term of eight months, as well as for shorter contract labour agreements. Women are hired for shorter periods to do work related to harvesting or handicrafts.¹⁷ Young, unmarried girls and boys were generally found to be performing bonded labour. Sayyed Ali Yawar, a middle ranking farmer and *mazdur* himself, talked about how much a contract labourer earns in eight months:

If you are a super man, active, powerful and young, you can get 20,000 Afs (400 USD), but the normal wage is between 10,000 and 12,000 Afs (200 - 240 USD). His son got 15,000 (300 USD). The money is always given partly in advance: like from the 10,000 mostly 4,000 is given in advance, then another portion in the middle and the rest in the end. Wealthy people take mazdur for eight months/one year; the less wealthy for 20 days.

¹⁷ Women hired to make handicrafts for another household is *kara-iy* which means renting.

The rates mentioned by Sayyed Ali Yawar are for a contract labourer working for eight months, who also receives one set of clothes and food. Calculating the cash equivalent, this would work out as a daily wage rate of between 42 Afs and 83 Afs (.82 and 1.66 USD). This rate is likely to be less, when contract labour is used to repay debts. The daily wage rate is 150 Afs per day. However, taking into account the total amount for eight months of contract labour (as in the case of Sayyed Ali Yawar's son, who receives 15,000 Afs), it would require 100 days as daily labourer to earn the same amount of money. Given that daily labour opportunities are not abundant, contract labour can be a secure option for households. As several respondents reported there seems to be no scarcity of contract labour opportunities. Sayyed Ali Yawar confirmed this:

There is never a shortage of contract labour. Landlords need people, and otherwise I can do work in Lal or in other villages. Wealthy people always want people to work for them as mazdur because daily labour is more expensive than hiring someone for a certain period of time.

To make a distinction between the labour agreements when referring to *mazdur*, this study will make individual references to daily labour and contract labour, and refer to both these types of work as casual labour.

Five of the six poor households had members working as contract labourers. In the sixth poor household, the wife used to work as a contract labourer until she had a child. Seven of the 23 middle ranking households had a member working as a contract labourer. The three wealthy households, on the other hand, had a family member working as a contract labourer. Daily labour was found less often than contract labour. Nine of the 22 middle ranking households and one of the three wealthy households were engaged in daily labour activities. Poor households were solely reliant on contract labour for their income, paid in kind. For the middle ranking and wealthy households, contract and daily labour were used to supplement seasonal food shortages or as an alternative income source for debt repayment (see Chapter 4).

Labour migration and remittances

Migration is a known component of livelihood strategies in Hazarajat and Ghor province.¹⁸ However, it does not seem to be widely practiced in the Ghor village studied, or even in the Lal wa Sarjangal district over the years. Interestingly, of all the districts in Hazarajat, Lal had the least out-migration.¹⁹ This supports findings in the study village where only two respondents had a household member who migrated out (from the middle ranking and wealthy income groups), however, seven households (from the same wealth groups) reported having had a household member working in Iran. Only one respondent reported receiving remittances. The low inflow of remittances was confirmed by the *hawaladar* in Lal bazaar.

Besides labour migration to Iran, no households were reported to have gone to other locations for labour opportunities. Some households had relatives who had moved to Herat but permanently as whole families. One interviewed household (middle ranking) had actually decided to move to Herat and had sold all their assets, repaid their debts and were planning to leave the village the day after the interview. From the poor households, two mentioned that they considered migrating out with the

¹⁸ Afghan Aid, 1998; 85, Semple, 1998; 8, and Johnson, 2000; 23-24.

¹⁹ Johnson, 2004; 23. Districts covered were Yakawlang, Panjao, Dai Kundi, Waras, Sharistan and Lal wa Sarjangal.

whole family or even just for an individual member. But in the end, there was not enough money for transportation.

Trade

There were no shops in the village itself. One woman was earning extra money or food through tailoring. Women were engaged in *gelim* and carpet weaving, or making *kurut* (dried cheese), socks and bowls of wool, all used for income generation. The items were sold to or bartered with villagers, itinerant traders or in the Lal bazaar. Although all transactions of labour, goods and debt are in cash values, little cash is actually used. The Ghor village has a largely barter economy.

4. Credit practices

Credit is an integral part of livelihood strategies in Hazarajat, and has reportedly been so for the last hundred years.²⁰ Credit is used by the majority of households in the Ghor village to ride through lean periods, but also to pay for life cycle events, and for times of sudden need. In Table 3, a summary is presented with all the different types of credit transactions found in the Ghor village. In contrast to the villages in Kapisa and Herat, the credit transactions found in Ghor had a greater diversity of items borrowed on credit and had extended possibilities of repayment. Barter is used frequently in credit transactions in the Ghor village which was not found elsewhere. Credit taken in cash, goods, and labour were often repaid in goods or labour.

The different types of credit transactions and the variety of ways used to repay debt highlight a range of credit practices. These have been categorised as follows: delayed payment, advance payment, and credit with a third party. Delayed payment, according to the source of credit, can be divided between buying on credit from a shopkeeper and delayed payment of goods and services among villagers. Credit with a third party can be divided as well between credit in cash, credit in-kind, and mortgage, which is different from cash credit in that land is used as a collateral. Before placing credit practices into the broader picture of household livelihood strategies in the next chapter, each credit type found will be described below.

Table 3. Diverse ways of credit transactions

Credit Item	Repayment Form
wheat, fuel, fodder	wheat, fuel, fodder money labour
sheep	sheep
food items i.e. tea, sugar, soap, eggs, flour	same food items
food items bought	money <i>korut</i> , eggs labour
labour/ service	wheat & clothes money labour
money	money wheat labour (land)

Table 4. Share of households engaged in different credit practices, by wealth group

Credit practice	Wealthy	Middle-ranking	Poor
Buying on credit from shopkeeper	100%	95%	71%
Delayed payment	0%	27%	43%
Advance payment	0%	0%	86%
In-kind loans	67%	23%	43%
Cash loans	100%	18%	0%
Mortgage	0%	45%	0%
<i>Total number of households</i>	<i>3</i>	<i>22</i>	<i>7</i>

²⁰ Ferdinand (1962) and Alden Wily (2004) describe credit practices between Kuchi and Hazara going back to when the Kuchi expanded their migration roots into the Central Highlands since 1890s.

Buying on credit

The main reason why households engage in practices of delayed payment is for consumption smoothing and responding to seasonal food shortages. The majority of households are often unable to stock up enough food, fuel, and fodder to last through the winter and early spring. The most common form of delayed payment is buying goods on credit with shopkeepers. Twenty-nine out of 32 households interviewed buy on credit – five households from the seven poor households, 22 out of 23 from the middle-ranking group, and all households from the wealthy group (see Table 4). Most households buy on credit from shopkeepers in the Lal bazaar who are from the village. Obtaining access to credit from shopkeepers depended on a wide criteria of “coming from the same village,” or those “known to one another.” It is a customer’s repayment practice that most affects access to credit and the height of the accepted debt ceiling. Regular repayments ensure ongoing access to credit, as well as keeping prices low (more irregular repayments over a longer term lead to higher prices and lower ceilings of accumulated debts). Both wealthy and middle ranking households all buy on credit, except for one household from the latter wealth group, headed by a *mullah*, who mentioned he provided credit instead of taking credit. Four of the six poor households reported having accessed buying on credit. Shopkeepers in the bazaar and respondents from the Ghor village both mentioned that although the poor can buy on credit, their access is limited in that they can only access small amounts and less frequently compared to households from the middle ranking and wealthy income groups. Two of the seven poor households had previously been able to access products on credit but have recently not been allowed further borrowing in this form “because they know we cannot repay.” Other households from both the poor and middle ranking income group buy on credit with the understanding or possibility that they will pay back in labour during the next season.

Costs for buying on credit

Respondents referred to the “double pricing” of goods bought on credit. Although some respondents mentioned a 100 to 200 percent price increase when buying on credit, others mentioned a more subtle difference in price which does increase the longer the debt is outstanding. Zamen Ali is a farmer (middle ranking income group) and every year at the end of winter he needs to buy food on credit. He describes how the prices of the goods become more expensive the longer he waits to repay:

When we cannot repay within one year we have to pay back double price. When we want to buy something for 5 Afs, and we do not have money to pay for it, they write down 10 Afs instead. For one year it is 100 percent, more than one year it is 200 percent or more.

When asking Zamen Ali what his total outstanding debt is to the shopkeepers he does not know: “... only shopkeepers write it down.” Even though he can read and write, Zamen Ali never records how much he buys on credit. He explains: “We need to take credit; if we do not agree with the shopkeeper, he will tell us to go somewhere else.” Sayyed Ali Yawar, who has a similar household economy as Zamen Ali, admitted that he also does not keep track of his debts with shopkeepers: “If we write it down ourselves they will not give us goods on credit anymore.” Mohammed Ali, a middle ranking farmer, mentioned how hiked up loans were justified by the shopkeepers by saying: “My money is with you, if you had paid in cash I could have done something else with that money.”

In order to stay in business, shopkeepers need to restock; they need to find a balanced clientele between those who pay directly in cash, those who repay their debts every month and those with more irregular repayments (longer than one or two months). Semple provides this description of the practice: “The high interest

rates applied to much of the consumption borrowing reflect both the general shortage of purchasing power in the local economy and high risk of default (1998; 38).” He adds: “... whether high informal sector interest rates indicate the presence of exploitative money lenders and middle men (...) or whether the interest rates indicate the high risks and costs of providing credit in a context where the risk of default is extremely high (...). The high level of indebtedness and numbers of households unable to service their loans suggest that informal sector lenders are probably not making as much money as is suggested by the high interest rates (1998; 41).”

In the Ghor village, practically all households had large outstanding debts of between 2,000 and 20,000 Afs (40 and 400 USD) with the shopkeepers in the bazaar, accumulated from the time of the drought. The value of the outstanding debt was not reported to be increasing, though marked up prices may originally have been included in the amount lent.

Given the extent of long-term accumulated debts, shopkeepers have been carrying a high burden for their customers. Still, these indebted households continued to be able to buy on credit. They obtained access by repaying current debts, thereby earning more credit and avoiding excessively marked up charges. For instance, Zainab’s household (CS7-G) has an outstanding debt with shopkeepers from the time of the conflict and drought. However, her husband buys on credit every winter which he often repays with livestock products. Thus, households seemed to have two running debts with a shopkeeper: one high outstanding debt that seemed to be “put on hold” and one active one.

4.1 Buying wheat on credit

When households face major food shortages for instance at the end of the winter and during spring, they resort to borrowing large quantities of wheat from relatives or wealthy villagers. Four households reported borrowing wheat during lean periods which they have to repay in cash at a fixed price during the next harvest. This was often taken from relatives or from wealthy landowners they work for as contract labourers. This type of credit is used besides buying goods on credit from shopkeepers – both forms of delayed payment. However, buying wheat on credit is taken with an agreed upon higher price for the wheat, repaid in cash and at a fixed time. Reza, a farmer from the middle ranking income group, shares his experience. Last spring he did not have enough wheat in stock to feed his small family, his wife and two small children.

I got wheat from my in-laws five to six months ago [during the winter] on credit. But I have to pay back in cash not in kind. I have to repay the current price. In spring when I borrowed it, one ser of wheat [seven kg] was 70 Afs [1.40 USD] now it is 100 Afs [2 USD]. On asking why they made this agreement Reza replied “Because they know I do not have enough wheat. I am now waiting for my harvest, if I have surplus I will sell it and repay back my relatives. If it is not enough then I will sell livestock or work for them.

When asked if by selling his surplus wheat he will have enough for next winter, he replied; I think I will not have enough for this winter too. If so I will ask my in-laws again for wheat or ask from my sisters who are living with their families in another village and Iran.

Reza, farmer, middle ranking household

This credit form was common between Hazaras and Kuchis in the 1950s and 60s and is well documented by Ferdinand.²¹ He describes what happens when someone

²¹ Ferdinand; 1959 and 1962.

defaults on credit: "When a Hazara cannot provide wheat the following harvest as it officially already belongs to the Kuchi, he needs to buy it back for a higher price or transfer it to the next year (1962; 132)". This was not part of the findings from this field study. All debts were repaid if not in the agreed cash value, then later in contract labour. No accumulated debts of this credit form were reported by respondents. An explanation for this could be that the credit sources today are relatives or wealthy households from within the village, whereas in the 1950s or 60s it was between Kuchis and Hazaras. Relatives or wealthier neighbours might be more inclined to assist—by allowing repayment through contract labour — than outsiders.

4.2 Delayed payment of wages

A less common practice is delayed payment of salary or "paying wages on credit." There were four cases in the Ghor village whereby wages were paid the following harvest or year. In essence this is "service provision on credit." One example was provided by a household headed temporarily by a female. The family hired a young boy as *mazdur* to work for them for eight months (see Box 5). As the household did not have the means to pay for his service upon completion, the young boy's family had to wait until the next season for payment of his wage.

This example seems to be an exception; however, it does illustrate how delayed payment can transfer to insecure income sources from one household to another. A second more common practice of delayed wage payment is with builders or shepherds. In the Ghor village three households had paid the salaries of the builders or shepherds late. It is unclear if this was agreed upon when they were hired and if their paid salary was higher to compensate for the delay comparable to the practice of shopkeepers.

4.3 Advance payment

The most known form of advance payment in Afghanistan is the practice of *salaam* where an advance is provided for a future harvest with an already fixed (low) price. One respondent mentioned a credit form similar to *salaam* called *qarzi-sarzak* or *sari sawaz*, where an advance is provided in cash which is repaid within a fixed time in

Box 5. Contract labour on credit

Nikbakht lives with her mother in-law and two daughters in the village. Her husband left for Iran to work. Nikbakht's household cannot cope alone and have hired a mazdur, a young boy, to work for them through out the year. "He brings grass for us, and stays with us during the night because we are alone. We pay his family 13,000 Afs (260 USD) per year. He has been working with us for one year now but we do not have the money to pay him. His mother comes to our house many times asking for his money but we do not have money to give her.

Besides not being able to pay for the wage of the mazdur, the household also does not have enough food and have also been borrowing wheat from the neighbours. Nikbakht: "I told them that my husband will repay them as soon as he returns." The household also still has access to buying goods on credit from the shopkeepers in Lal bazaar. "As they know my husband is in Iran and when he will come back he will bring money."

In the past year Nikbakht's husband has only once sent her remittances from Iran worth of 4,000 Afs (80 USD). "When my husband sent us money my mother in-law's sister was still living with us. But she died and we had to use all the money for the funeral."

However, debts are mounting and more insecurity lies ahead as Nikbakht's mother in-law is sick. "I called my husband to ask him to come back because if something happens to to my mother in-law I will be alone with my daughters. If my mother in-law cannot work anymore I would have to bring wood and grass from the mountains with the help of that little boy," pointing at the little boy who is working as mazdur for them.

Although this household is increasingly falling into debt, their inability to pay for wages of the mazdur has transferred their insecure income to the household of the mazdur. Commonly paid in instalments of three with the first installment or sometimes the total amount of the wage paid as an advance, the household of the mazdur now has to cope with missing out 13,000 Afs (260 USD) for that year.

wheat or grass but for double the value. However, no respondents actually mentioned practising this form of advance. Advances here were given for future labour on a *mazdur* agreement, thus an advance is provided for a certain period of work to be provided in the future. This credit form seems to be the same as delayed payment described above. However, with an advance, “what is bought is provided later” and was only found with contract labour, whereas with delayed payment “what is bought is paid for later” and found with daily labour. The difference lies especially in the price of labour. For example a builder provides his service while being paid later at a daily wage rate of 150 Afs (3 USD), whereas a contract labourer receives cash or an in-kind advance at a rate less than the daily wage rate. No data was collected on wage scale when used for debt repayment and if wage rates decrease or the amount of days needed to work increases for the the value of the advance. However, given that contract labour (calculated from an eight-month contract labour agreement) is between 42 Afs - 83 Afs (see Section 3.2), providing an advance is a means to accessing cheaper labour.

4.4 In-kind loans

In-kind loans can range from borrowing a cup of sugar from the neighbours, to a household borrowing 20 sheep for a bride price. In all cases the commodity borrowed is repaid in the same unit. Nine households spread over all wealth groups reported taking in-kind loans (see Table 5). Items used for in-kind loans are wheat/flour, eggs, rice, oil, tea and sugar, sheep, animal dung, bushes for fuel and grass for fodder. Virtually every household engages in small in-kind loans with neighbours and relatives living nearby and is often reciprocal in character. Small in-kind credits are often conducted by women who repay the exact goods and amount within five to seven days. An occasion when in-kind loans are often requested and provided between women is when the itinerant trader comes to the village. Women then lend each other eggs in order to barter goods with the trader.

A second common in-kind credit exchange among the wealthy and the top end of the middle ranking group in the Ghor village is a custom called *naim roya*. When a groom’s family needs to provide a large number of sheep as part of the bride price, relatives provide one sheep each as a loan. In essence, when debt is repaid in the same commodity as credit taken, no extra costs are required for payment.

4.5 Cash loans

Cash loans also vary in the range they are given: from as low as 10 Afs to as high as 50,000 Afs (1,000 USD). Compared to the case studies in Kapisa and Herat, households in the Ghor village did not often exchange cost-free cash credits. Only seven households reported taking cash loans (see Table 5). All wealthy households accessed cash loans, whereas among the middle ranking households only four out of 23 accessed cash loans. Poor households reported having no access to cash loans at all. Lending each other small amounts of money – up to 500 Afs (10 USD) – for consumption smoothing or unexpected minor costs was only done when the borrower was known to be able to repay.

Two wealthy households mentioned accessing larger cash credits of 50,000 and 80,000 Afs (1,000 and 1,600 USD), loaned by relatives from outside the village but from within Lal (who had either acquired the amount as bride price or had recently returned from Iran with savings). The loans were subsequently used for a wedding and *hajj*. Large cash loans were also reported as being used for building houses. Respondents also mentioned families using cash loans for purchasing agricultural

inputs, such as seeds and fertilisers, or purchasing livestock, although none of the respondents themselves had done so. All reported cash credits were referred to as *qarz-i-hasana*, which is characterised by good will (no interest and flexible repayment). It is often, though not always, small in size due to the limited funds available among those willing to offer it, and also as a reflection of the favourable terms. Access to it depends on the borrowing household's economy and the extend of relations between the families.

When asked specifically about cash loans or *qarz-i-hasana*, respondents often referred to how this type of credit was commonly used before the conflict and drought but not anymore because nowadays, "no one trusts people here to give it back" (Mohammed Ali, wealthy farmer). There was also a reference to this change in the male group interview:

The credit situation was better before the drought. People had money and were borrowing money from each other but now it has changed and people don't have money to lend.

When Ahmad Hussain, a middle ranking farmer who mortgaged his land out, was asked whether *sudh* is still practised in the village, he replied: "Now there is no *sudghor* in the village but also no *qarz-i-hasana*." He added: "It depends on the people, if my relatives know I have the ability to repay the credit they will give it to me. If they know I have no ability to repay, they will not give money, even if I die from hunger or poverty." One main reason for this is the limited funds available to many households in the village, as well as households having more trust when credit is provided with a guarantee, i.e. mortgage. However, this practice has recently undergone changes as elaborated in the next section.

4.6 *Gerawi* (mortgage)

Gerawi (mortgaging of land in which the owner's usage rights pass to the mortgagee) is a common practice in the Ghor village. This source of credit is only available to those who own land, and the ability to repay the mortgage depends on the household's remaining productive and non-productive assets and income sources.

Nine of the 21 households owning land were currently mortgaging out their land. All households were from the middle ranking wealth group. Eight households were mortgaging out *lalmi* land and one household had mortgaged out their *abi* land. Another household had mortgaged their *lalmi* land but was able to retrieve it. The mortgages were taken over a period of time: the most recent was one year ago, while the longest one was taken as far back as 25 years ago. The households giving mortgage on other people's land were all, besides one case of Kuchis 25 years ago, from within the village and were generally referred to by the respondents as "the rich." Two of these mortgage providers were members of the *shora*.

Looking at all the mortgage cases among the respondents in the Ghor village, mortgage appears to be taken for two reasons: first, when money is needed in times of need; or second, when a household wants to marry a son and needs money to pay for the bride price and wedding ceremony. Three households used mortgage as a way to repay accumulated debts or for household expenses in times of food shortages, either during the years of conflict or drought. However, six households reported taking a mortgage to use the money for a wedding, four of which took place during the conflict and drought.

Reza encountered a dramatic experience after three of his close family members died and he was left on his own. He mortgaged his rainfed land to pay for the bride price to marry Khadija, his second wife. The land has been in mortgage for five years now. However, with the change of currency in 2002 and the increasing value of land, he transferred his mortgage to another mortgager. He took an advance from the new mortgager to repay the outstanding mortgage, after which he mortgaged it out again for which he had received an advance from a new mortgager. As the land value had risen, he was able to mortgage less land for the same amount of money. At present, he is still unable to repay his mortgage but has more land to use for his own consumption.

Another household in the Ghor village was able to retrieve all its mortgaged land. Yet another family interviewed now has an outstanding mortgage but mentioned it had mortgaged and retrieved its land four times before. These examples illustrate how some households are able to retrieve their mortgaged land.

When a mortgage is settled, the mortgagee and mortgager define a repayment timeframe which is often around three years. After the initial repayment timeframe has lapsed, a new agreement is usually negotiated. However, according to respondents, land would be sold to the mortgager after five to 10 years and the land is sold for its actual value. Reza, a farmer from a middle ranking household, describes below how for some landowners, mortgage has resulted in sale. Reza himself has mortgaged a part of his land. Three years ago, he had been able to reschedule the mortgage with a new mortgager for the same price but for less land.

People do not sell their land, they give it in mortgage. But some families are forced to sell their land to the one who they mortgaged it to. For example my paternal uncle sold his land to the one who he mortgaged it to because he did not have money to give back to him. He then received extra money as well, because the initial mortgaged amount was less than the value of the land. Land is more expensive now. My uncle then left for Herat and is now working as a shoemaker there.

Mohammed Ali, a wealthy farmer, talked about the recent changes in this practice:

This practice of selling land to pay off debts used to happen more often, now it does not happen so much. Twenty years ago there was not much money, mazdur was for wheat. Now there are lots of labour possibilities out of the village. But it also depends on the number of household members; a daily wage is not enough if it has to feed eight members.

Generally people often referred to mortgage as *sudh* when asked, however in practice secrecy does not apply to mortgages, including the identity of who has taken and provided them. Mortgaging seemed to exemplify a status; those mortgaging their land out were referred to as "the poor" which seems to relate to poorer landowners in contrast to the landless poor.

When asking why people mortgage their land, a frequently used answer in the Ghor village was that they did not have access to *qarz-i-hasana*. As described in the section on cash loans, respondents in relation to mortgage mentioned the decline of giving and taking of *qarz-i-hasana*. Respondents mentioned that nowadays, fewer households resort to mortgage because of the increase in labour opportunities in the Ghor village and the surrounding areas.

4.7 Repayment strategies

As mentioned earlier, credit is mainly used for consumption smoothing and to deal with seasonal lean periods. Often households will try to repay their debts the following season. For those households with livestock, income from its products like *korut* (dried milk), wool and socks are also used to repay debts with shopkeepers. Repayment was also found through labour. Ten households (eight from the middle ranking wealth group and two from the poor) mentioned that if they could not repay their debts in cash or kind they would work for the shopkeeper instead. Respondents were confident they could resort to this alternative repayment strategy:

If my husband cannot make money and provide food for the winter we should again take credit from shopkeepers, then in the summer my husband will work to repay it.

Gul Bahar, wife of middle ranking farmer

I bring goods from the bazaar. If I have money I pay in cash if I don't, I take them in credit from the shopkeepers. After a few months I will repay them. If I can't I will work for the shopkeeper as mazdur.

Reza, farmer, middle ranking household

These are not agreed-upon repayment terms between client and shopkeeper or between debtor and creditor, but are expressions of confidence they will be able to repay. However, though Reza, for example, is able to repay his debts (delayed payment of wheat) every season through labour, he also reported how he will need to take new credits the following winter and spring. Repayment of debts through labour does ensure that they do not accumulate. But it also creates the need for perpetual credit as the labour they can provide each season is reserved for repayment. As a result, households are unable to work to save money for food and other needs for the coming winter and spring.

5. Wealth groups and credit usage

All households were involved in credit practices. In comparison with the practices found in the other villages studied, *qarz-i-hasana*, an interest free loan, is hardly practised in the Ghor village. Subsequently, reciprocal credit between households from the same wealth group is only found in in-kind credit and between wealthier families providing each other with cash credit or sheep for bride prices – both free of cost. This chapter attempts to provide an understanding of how in the Ghor village credit is used by households from different wealth groups and the outcomes of this practice.

5.1 Credit use among the poor

Poor households predominantly use credit forms with the added time dimension of either paying later or by being paid earlier (buying on credit, delayed payment and advances). The in-kind loans poor households access are often small portions of food which one borrows from the neighbour. No poor households reported accessing cash loans that are repaid in cash as they have no possibility to repay in cash, let alone reciprocate the credit provision. Practically all credit is repaid by labour.

All seven of the poor households depend on contract labour as their main source of income. The main income activity of Safar, working as a contract labourer (described in Box 6) is largely derived from delayed payments made at different points during the year: delayed payment of goods from shopkeepers repaid in labour; delayed payment of wages for the builders, which are repaid in labour; and borrowed wheat received from the neighbours, repaid through labour. As the payment is always made in labour, no money is used in the transactions. For many credit sources, like the shopkeeper, providing this credit form is a way to assist as well as a source of cheap labour (see Section 3.2).

However, households face the risk of prolonging outstanding debts which claim future resources and may eventually exceed the value of physical labour that is possible to provide within one season. The effect is accumulated debt just gets rolled over to the following working season. This was experienced by Safar when working to repay the wages of the labourers who fixed his house two years ago. The household of Gulbakht (see Box 4) is an example where indebtedness has led to long-term bonded labour. Gulbakht's daughter is working as a contract labourer to repay the advance her father had received two years ago but failed to pay through labour when he fell sick. For this household there appears to be no way out of the bondage and the dependency the household has with its debtors.

Ferdinand reported a similar pattern of indebtedness in the 1960s, but added some households take up debts with the aim to enjoy a "sheltered

Box 6. An economy of advance and delayed payment

Safar and Hawa have three small daughters. They own no land or animals, but they do own their house. Safar works as *mazdur* in houses and on the land of families in the village. Now he is harvesting for Haji Khaliq Dad on his land and sometimes works for him in and around his house. He will receive his salary in wheat.

Hawa: "We are indebted from last spring when we received 20 ser of wheat from our neighbour because we did not have anything to eat. Now my husband is working for our neighbour to repay them. We also had not paid for the rent of the builder who built our house two years ago, so my husband worked on his land to repay that. Sometimes my husband borrows things from the shopkeeper we know. After that he works for the shopkeeper to repay the debt back by working."

Safar wants to go to Bamyan, Kabul or Herat to work and earn money but he does not have the money to pay the rent of a car to get there.

existence of the subordinate.”²² Although it is unknown how far households actually seek this dependency relation, advances on future labour tend to provide poor households with food in times of need, as well as ensure future labour opportunities. As mentioned in Section 3.2, although contract labour wages are estimated to be one-third less than daily labour, it can eventually provide more income than daily labour, given the guaranteed length of work it provides.

When comparing the households of Safar (Box 6) and Gulbakht (Box 4), there is a difference between taking credit mainly as delayed payment or as an advance. Although both put claims on future resources, the household taking credit as an advance has no control anymore on how to use future income. With delayed payment there is still an element of control, if only to decide which shopkeeper to repay, for instance.

These two credit forms, delayed payment and advances, do place households in a more vulnerable state in that they have little room for manoeuvre, especially when unexpected emergencies requiring additional costs strike: a household member’s illness or death, for example. Crisis can place households dependent on advances on future labour in a difficult situation, as illustrated by the case of Gulbakht’s daughter, who is bonded to repay the advance her father took two years ago and failed to repay in labour due to illness.

The household providing a contract labourer for Nikbakht, described in Box 5, face vulnerability to insecure income sources related to credit practices in another way. The wage of a boy who had worked as a contract labourer for eight months has been delayed due to insufficient income sources from the household hiring him. This has transferred the condition of insecure income sources from one household to another. As a result, the boy’s household also face income shortages and will most likely not be able to repay their debts and will need more credit to overcome food shortages. Households connected through credit can lead to risks being passed on from one household to another.

5.2 Credit use in middle ranking households

While households in the lower end of the wealth group are engaged more in delayed payments and advances, middle ranking households use a wider range of credit forms. In contrast, three households from the top end of the wealth group are currently taking mortgages as a means to access credit to pay for the costs of marriages and building houses. However, during the drought many households from this wealth group have accumulated debts with shopkeepers and through mortgages. The extent to which households are able to repay these debts depends on household composition relative to income sources and levels. For example, a mortgage of 10,000 Afs (200 USD) could be paid by one season of contract labour, if enough income is provided by other household members or productive assets could cover food needs. However, no households were found to be repaying their mortgages at the time of research.

Zamen Ali (a farmer in the middle ranking group) mortgaged a part of his 20 *jerib* of rainfed land to a wealthy man in the village to pay for his brother’s bride price. He also has an outstanding debt with shopkeepers in the Lal bazaar from the time of the drought. Though he did not mention how much both debts cost, when explaining

²² 1962; 134.

how his brother works for eight months as a contract labourer in exchange for an advance wage of 10,000 Afs (200 USD), he reported how the money was used.

We used this money to buy food, tea and clothes for the children. But we knew this was not enough for this winter, we needed more credit for food. So we also used the money to repay the bills with the shopkeepers so we can get more credit in the future. This is better than repaying our mortgage to get our land back. If NGOs start working here again, I can start repaying my mortgage. I prefer to repay both shopkeeper and the one who mortgaged my land but if I have less money available I would rather repay old bills from the shopkeeper so I can get more credit.

The first priority of most households is to provide for daily needs as well as secure access to credit to make up for food shortages during the winter and early spring. It is only when they achieve food security and gain more labour opportunities that they start repaying their outstanding debts. With the majority of middle ranking households – such as Zamen Ali's – still engaged in securing access to food and credit, this could explain why there is little effort toward retrieving mortgaged land.

The main difference between households in the middle ranking and poor groups, besides the degree of access to larger cash credits through mortgage, is that the former know or have the confidence that they will have the resources in the future to repay debts. Although they need to reserve future resources for repayment, they still have control over who to repay first. On the other hand, when a poor family manages to access credit, it is usually provided with a claim on future resources and the household, in essence, loses control over its own resources, mainly labour.

5.3 Credit use among the wealthy

There was not much detailed information collected from the wealthy group on their household economy and their credit practices, particularly their role as sources of credit and contractor of labour. Only one respondent from a wealthy household provided detailed information on how they found the money to pay for their son's marriage (see Box 7). Apart from outstanding debts dating from the drought, the household had considerably increased its indebtedness with the marriage of their son. At the time of the interview, the household had a debt of 80,000 Afs to Zainab's brother-in-law, 40,000 Afs for the remaining bride price to their son's father-in-law, and 20 sheep to different relatives outside the village. When asked how the family will repay such enormous debts, Zainab replied: "We don't know. I have a 20-year old daughter, of marrying age, but the

Box 7. Investing in new relations

The household of Zainab and Khaliq Dad is wealthy. They have 50 ser (25 jerib) of lalmi land, three cows, one donkey, 15 sheep and a motorbike. Their second son, Safar, is going daily to Lal to go to school. He wants to become a doctor or teacher later. Recently Safar got married to the daughter of a wealthy landowner from the main valley.

Zainab explains how this came to be: "My son fell in love with the daughter of this big landowner. He asked his father to marry him to that girl. At first the landowner did not want my son to marry his daughter, so he set up a high price thinking we could not pay it. But we were able to pay it. The bride price was 120,000 Afs (1,400 USD) including 20 ser wheat, 30 ser rice, 8 ser oil and 20 sheep. To acquire all these things my husband borrowed 80,000 from my brother-in-law who just received a bride price for his daughter. The credit is qarz-i-hasana. We still need to repay the remaining 40,000 Afs for the bride price to our daughter-in-law's family. We are also 20 sheep in debt. From last year's surplus we saved to pay for the wheat, rice and oil. We gave it all to the bride's family."

But Zainab says that after giving the food items for the bride price she is not sure they will have enough food for this winter. "We will wait and see and otherwise sell some livestock. And if that is not enough we will buy some food on credit."

price is very low: between 70,000 to 80,000 Afs.” The bride price is actually nearly the same amount as the loan she took from her brother in-law. Although Zainab did not mention it, it is possible that her daughter might be married off to her brother in-law’s son as a way of repaying debt. With a herd of 15 sheep the household will most probably have no problem repaying the sheep to relatives over the course of two to three years. This leaves the debt of 40,000 Afs to the father of the son’s bride. Although this is pure speculation, it is not far-fetched for this marriage to be beneficial to both parties. Zainab’s son is continuing his education after the wedding and is planning to become a teacher or doctor. If he succeeds, the income he would generate for the household, as well as the assistance or status he could bring to his in-laws, might somehow compensate for the remaining 40,000 Afs.

What is also interesting about this account is that, aside from increasing outstanding debts, the household also used surplus food to pay for the bride price, after which it is likely to engage in further credit to make up for the expected lean period. Despite this situation, the planned indebtedness is worth the new social relations gained by Zainab’s family through marriage.

Based on information collected from those households using credit provided by the wealthy, credit practices of the wealthy households are used for the following:

- Consumption smoothing, similar to the other wealth groups
- Assisting the poor by providing advances, thereby obtaining cheap labour
- Using credit, *qarz-i-hasana*, as a means to invest in social relations

Little is known as to whether wealthy households, by providing credit to their neighbours, are able to increase their political status within the community. It is not clear what other assets creditors could gain—apart from cheap labour—by fostering dependency relations through credit.

6. Credit and changing socio-economic relations

When comparing credit practices and the role it plays in household livelihood strategies in the Ghor village with the two other case studies conducted in Herat and Kapisa, two major differences are evident. The first is that the local economy in the Ghor village is still largely a barter economy. Many credit practices, though expressed in cash value, never use cash. And secondly, the importance of labour exceeds the role of income activity and seems to have become a commodity of exchange. Without understanding how the local village economy works, one cannot fully understand all dimensions and complexities of credit practised in the Ghor village. This case study has, however, not been able to answer all questions or present the entire picture of credit practices and how they are intertwined with the dynamics of socio-economic relations within the village. More research is necessary.

This chapter will present a possible understanding of how the socio-economic context, its changes over time, and access to and use of credit interact in different ways for different households. Understanding household livelihoods and the role credit plays in them in Ghor cannot be done without acknowledging that households are recovering from a severe drought. The first section will try to recapture the conditions of the pre-drought village economy and different household livelihoods; the following section will go into more depth on the drought itself. How did households overcome the chronic food shortage and what role did credit play? The last section will summarise the findings of the previous chapter, reviewing the current state of the local economy and credit practices but from a village perspective in order to understand the dimension of inter-household dynamics.

6.1 Pre-drought socio-economic situation

Although not enough data is collected to provide a detailed sketch of the pre-drought conditions in the Ghor village, accounts from respondents and secondary literature can provide a rough understanding of the socio-economic relationships between households from different wealth groups, and how credit plays a role in these relationships.²³ Looking at the asset base on which households from the different wealth groups are based, the following inter-relationships are identified.²⁴

- Wealthy households (large landowners with large livestock holdings) have surplus grain and livestock. The wealthy use their surplus to pay contract labourers to work their land, often paying them in advance. Other credit practices are between relatives (including from outside the village), who provide each other credit under *qarz-i-hasana* terms. The loan is usually used for productive investments and in social relations or obligations, i.e. assisting in providing the bride price.
- Middle ranking households (small landowners, small livestock holdings, often cultivating additional leased land) have grain deficit, supplemented through livestock products and sale and leasing additional land. Savings in livestock and informal credit (first, delayed payment; later mortgage) are used in times of need. The degree of access to *qarz-i-hasana* depends on the household's wealth or livelihood security.

²³ Semple conducted a study in 1998 in neighbouring districts of Lal wa Sarjangan in Hazarajat, and Johnson conducted a baseline survey in 2000 in Lal wa Sarjangan as well as neighbouring districts in Hazarajat.

²⁴ Confirmed by Semple, 1998; 21.

- Poor households (no land, or no/ small livestock holdings) are entirely reliant on contract labour, working on the land of the wealthy in long-term contracts and for the middle ranking households on a short-term contract basis. They are either paid in wheat after work is done or are paid in advance in wheat for future labour. Food insecurity drives poor households to take advances on their labour. Semple mentions how the livelihoods of poor households are highly dependent on their access to “claims” on the assistance of other households.²⁵

The middle ranking households predominantly engage in credit practices and assist each other, and in cases of need, resort to credit from wealthier households. The wealthy and poor households, on the other hand, are in a constant “partnership” of credit provision – with the former assisting and obtaining cheap labour, and the latter providing labour and achieving income smoothing.

6.2 Blockade and drought

This section describes the changes in village economy and household livelihoods resulting from the blockade and drought.

With the blockade pushing livestock prices down and the price of wheat up, poor and middle ranking households suffered. Families in these wealth groups depleted their livestock to make up for the low prices, and needed to pay more money for wheat.

The drought led to low yields and depletion of livestock to supplement the increased food deficit. As a result, more households from the middle ranking group were increasingly falling back on labour to supplement the growing food deficit. In the meantime, the wealthy, also facing losses with the low yields, had less demand for labour, creating a surplus which led to a drop in labour prices.²⁶

When looking at the asset base of the households per wealth group and the inter-linkages between households through credit, the following changes were found.

- Wealthy households had less agricultural yields and livestock surplus, thus needing less contract labourers.²⁷ The fewer workers employed needed more assistance often in the form of advances on future labour. Subsequently, the wealthiest were able to extend their credit to those in the middle ranking in need by mortgaging their land, or providing credit in the form of “delayed payment of wheat” (where they can earn money/wheat). Often, accumulated debts were transferred into mortgages and, in some cases, the land mortgaged was bought.

²⁵ Semple, 1998; 21.

²⁶ When comparing the current rates of contract labour and daily labour in Lal wa Sarjantal with other sources from after the blockade and during the drought, the prices were very low. An Afghan Aid report on a neighbouring district in Ghor province mentions a daily wage in 1998 of (re-calculated in current Afghani's) as 20 Afs per day (1998; 84). Johnson (2000; 24) reported in Daikundi casual labour rates per eight months of between 3,000 and 4,000 Afs for an adult, which is compared to current rates in the village of between 10,000 and 20,000 Afs; a massive difference.

²⁷ This might clarify the findings of Semple who mentions contract labourers are highly mobile, in looking for work they move from village to village. This was not found in the Ghor village, which might imply that poor households successful in putting “claims” on the assistance/ needed labour of the wealthy stayed, where as the others moved from village to village. It is unclear what eventually happened with these households moving from village to village. In the Ghor village no villagers were found to have recently settled.

Little is known about assistance through *qarz-i-hasana* during this period, or if households were still investing large amounts of money in building on social relations. Data does suggest that their livelihoods were also somewhat threatened, with families in the lower end of the wealthy group also accumulating debts with shopkeepers to overcome food shortages. Some wealthy households could not cope with the outcome of the drought, losing their cushion of surplus and access to assistance. As a result, they dropped down to the middle ranking category.

- Middle ranking households had depleted livestock, stopped leasing land, faced severe grain deficits, and as a consequence, sought more credit to make up for their losses. With accumulating debts and reduced savings (from depletion of livestock), many resorted to selling assets, mortgaging land, and occasionally selling land. *Qarz-i-hasana* was not practiced given that households had no money to lend and no confidence that credit will be repaid in the near future. Many households accumulated large debts with shopkeepers and started taking up contract labour agreements to make up for grain deficits (which used to be alleviated by selling livestock). Labour scarcity was likely the impetus for households from the middle ranking wealth group to move to Herat or Iran.
- Poor households, already dependent on the wealthy households for labour and credit for income smoothing, had to compete more and more with middle ranking households who were trying to claim contract labour. Labour scarcity most likely resulted in households moving away to other villages.²⁸ For those able to claim and access labour, indebtedness became highly unsustainable, with contract labour shifting to bonded labour in some cases.

The outcome of social ranking sessions with villagers in Semple's study in 1998 – just after the blockade and at the beginning of the drought – provided a categorisation in wealth groups with the following characteristics; those who can still assist others, those who are just surviving, and those who are begging.²⁹ He clarifies the difference between those who are “just surviving” and “begging” as follows;

... there is a fine distinction between “virtual begging” and “just surviving” (many in the “just surviving” category were dependent on consumption loans, and there was a subtle distinction between those who borrowed with some hope of being able to repay – middle/“just surviving” – and those who were provided grain out of pity – “poorest/“virtual begging” (1998; 33).

Compared to the pre-drought credit practices, the outcome of the blockade and drought was one where there were more inter-linkages through credit between households of all wealth groups, though these were through advances on contract labour and mortgage, versus *qarz-i-hasana*. As a result, there has been a change in land relations within the community: there are fewer small landowners and the wealthy landowners have obtained more land. Practically all households have outstanding debts with shopkeepers.

6.3 Current socio-economic situation

Currently, households are recovering from the blockade and drought or dealing with its impact on their household economies. As mentioned in the last section the

²⁸ See note 27.

²⁹ 1998; 27.

outcome of both “famines” – man-made and natural – was changing land tenure patterns: the wealthy households have more land, there are fewer small landowners and less leasing of land, and more contract labour supply. In Table 5 an outline is given on tenure relationships presently found in the Ghor village and the characteristics of the household livelihoods.

Table 5. Land tenure patterns and characteristics of household livelihoods in each wealth group

Wealth group	Land tenure patterns	Characteristics of household livelihoods
Wealthy	<ul style="list-style-type: none"> ▪ Big land and livestock holdings - “<i>zamindar</i>” ▪ Medium landholdings added with leased land and livestock holdings 	<p>Surplus agricultural products and livestock</p> <p>Land cultivated by themselves and tenants through contract labourers</p> <p>Able to provide credit to middle ranking and poor households</p> <p>Access to credit from relatives</p>
Middle ranking	<ul style="list-style-type: none"> ▪ Owner cultivator - “<i>dekhan-i-khud</i>” ▪ Farmer who leases - “<i>ejaradar</i>” ▪ Combination of both ▪ All three with livestock holdings 	<p>Seasonal food shortages</p> <p>Supplement income through contract labour and daily labour; and sale of livestock products</p> <p>Access to credit from relatives and wealthy households</p>
Poor	<p>Landless, work as “<i>mazdur</i>”</p> <ul style="list-style-type: none"> ▪ daily labour ▪ contract labour ▪ bonded labour 	<p>Temporary labouring</p> <p>Do not own their own house</p> <p>Highly dependent on assistance from others</p> <p>Main access to credit through advances on future contract labour</p> <p>With bonded labour indebtedness exceeds monetary (asset or/and income) value</p>

The situation today, compared to the pre blockade and drought period is similar, although there are several striking differences. The wealthy have more land due to buying and mortgaging land; the middle ranking households have less land (mortgaged out); leasing is practised but less than before the blockade and drought (because households of the middle ranking wealth group still have little reserves to invest in the rent for leasing); livestock, if not completely depleted, is still insufficient to supplement middle ranking households for the experienced grain deficit; and there is a large supply of casual labour.

The recent years have also seen an increase in daily labour demands due to increased activity in the bazaar and in construction sites in the area. Within the village, respondents mentioned that long-term contract labour is scarce but that temporary contract work is in abundance. Besides building houses, many households use short-term contract labourers to collect fuel and fodder, which has always been an important activity but which is increasingly becoming difficult due to the scarcity of the bushes. Thus, different forms of casual labour have been identified. However, different households have varying degrees of access to the many forms of casual labour, related to their household composition and livelihoods.

Looking at access to labour, this study has identified the following patterns:

- Daily labour is accessed by the middle ranking and wealthy groups, the poor do not access it because their labour time is reserved on account of advance payments they had already claimed.
- Contract labour (short-term) is accessed by both the poor and middle ranking groups. This labour is used for harvest, collecting fuel and fodder (all year round), snow clearing, and handicrafts.
- Contract labour (short-term) is also found as an alternative repayment method by the middle ranking and poor; although for the poor, this option can be more difficult, particularly for households who had taken advances and reserved future labour.
- Contract labour (long-term), when available, is accessed by both poor and middle ranking groups. This type of labour, however, is scarce and it appeared that poor households have more access to this form of labour contract than the middle ranking.
- Bonded labour tends to be between the wealthy and poor groups. Often, when a household has outstanding debts that have not been repaid over many years, it sends a boy or unmarried woman to permanently live in the house of the wealthy creditor (forming a joint household) to repay old debts. The case of Gulbakht's family (see Box 4) exemplifies this labour access pattern. The family already had one daughter working in bonded labour, yet it continues taking credit from the lending household when faced with food shortages, thereby reinforcing their state of chronic indebtedness and extending the daughter's bonded labour. Although this creates a dependency relation, it also provides a sense of security, with the wealthy household being generally obliged to provide credit to those dependent on them.

Credit practices in the Ghor village have played a major role in how households have been able to overcome the drastic famine conditions caused by the blockade and the drought. As a result, land tenure patterns have changed and the interdependency of households within the community have increased.

7. Conclusion

This study has described the different credit forms used by the interviewed households from the studied village in Ghor. General trends found were:

- All households access credit; cost-free credit *qarz-i-hasana* is mainly provided and used by the wealthy, middle ranking households tend to access credit with costs related to the credit form, whereas poor households mainly use advances on future labour.
- Whereas sale of livestock used to be a means to supplement grain deficits, contract labour has taken over that role often through credit, such as advances taken on future labour, labour as an alternative repayment practice, or by working as a casual labourer to repay debts with shopkeepers.
- Advances being used for consumption smoothing are also used as a way to improve or guarantee access to casual labour. Although casual labour is usually at a lower wage rate compared to daily labour, people engaged in the former say that casual labour provides the security of knowing one has work.

Credit forms, the specific practice and role in a family's livelihoods strategy and how it has changed over time illustrate how credit is an important cohesive link between households of different wealth groups within the village. Looking at the changing credit practices, as well as socio-economic relations within the village from before the drought, during and after the drought provides insight into how credit practices link households. From the household perspective, credit is a means to spread resources available to a household over time. From the community perspective, credit practices are a means to spread resources over households in times of need. This last process does, however, result in changing socio-economic relations within families and within the community due to a changing state of dependency.

All credit forms used in the Ghor village entail degrees of dependency with a cash loan provided as *qarz-i-hasana* on one end of the scope, and with taking advances on future labour on the other end. The dependency related to providing and using *qarz-i-hasana* is the "requirement" of reciprocity when others in the same network are in need. Dependency through using advances is related to binding one household to another household for future work, which can lead to a state of "indebtedness," which has as the outcome of bonded labour. Credit forms are used by all groups to cover different needs in different household contexts and from different sources and they change over time.

The main difference between the wealth groups in the Ghor village is that the wealthy households have a known and assured cushion of available resources already in hand, and engage in large cash credits in order to invest in social relations through marriage. Households from the middle ranking wealth group have a relatively lower income as well as access to credit that they could rely on to obtain resources. However, there is always the possibility that these credit sources will not be able to supply needed resources. Thus, this group faces more uncertainty than the wealthy in times of need. Poor households, on the other hand, are chronically resource poor and highly dependent on accessing credit in order to spread income sources over time. Consequently, the credit practices they are able to engage in are characterised by an increased dependency on benefactors, changing the nature of their employment into bonded labour.

Appendix 1: Ghor Province locator map



Appendix 2: Asset portfolios of respondents in Ghor

Household case study number	Household members	Working household members	Land (jeribs)	Livestock	Agriculture/ Livestock breeding	Shopkeeping/ Trading/ Business	Daily labour	Contract labour	Labour migration	Regular contract labour	Handicrafts	Other	Wealth group
CS63-G	11	2	25 R	19	X		X		X				W
CS64-G	8	2	10 R O, 2 I	6	X			X					W
CS65-G	2	1	25 R	54	X								W
CS66-G	8	6	1,4 R	5	X			X			X		MR
CS67-G	2	1		2	X								MR
CS68-G	7	1	0,7 R	1	X			X					MR
CS69-G	8	4	2 R	7	X			X					MR
CS70-G	14	2	2,8 R	4	X			X					MR
CS71-G	11	3	3,5 R, 2 I	6	X			X					MR
CS72-G	5	2	2,8 R	4	X			X					MR
CS73-G	6	2	1,4 R		X			X					MR
CS74-G	5	1	1,4 R		X			X					MR
CS75-G	7	3	2 R	3	X			X					MR
CS76-G	5	1	1,4 R	6	X			X					MR
CS77-G	4	2	0,9	1	X				X				MR
CS78-G	9	2	2,8	13	X			X			X		MR
CS79-G	10	5	0,9 R	7	X		X	X					MR
CS80-G	10	5	0,9 R	8	X			X		X	X		MR
CS81-G	3	2	2 R	5	X						X		MR
CS82-G	7	2	1,7 R		X		X				X		MR
CS83-G	5	1			X			X					MR
CS84-G	9	4		2	X		X	X					MR
CS85-G	5	3	4,3 R		X		X	X					MR
CS86-G	10	1	3,5 R	10						X			MR
CS87-G	8	1			X					X			MR
CS88-G	3	3			X			X					P
CS89-G	7	2									X		P
CS90-G	9	1						X					P
CS91-G	9	3		1				X					P
CS92-G	11	2		1				X				X	P
CS93-G	6	1			X			X					P
CS94-G	5	1						X					P

I = irrigated land

R = rain-fed land

W = wealthy household

MR = middle ranking household

P = poor household

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