



Improving Efforts to Achieve Equitable Growth and Reduce Poverty

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Paula Kantor

Introduction

The poverty reduction agenda in Afghanistan has reached a critical stage. It continues to be at risk of being enacted in response to a simplistic and apolitical understanding of poverty as an individual material condition. It pays no attention to the societal factors that make and keep people poor. The Afghanistan National Development Strategy (ANDS) exemplifies this through a poverty analysis that mainly describes the condition of poverty instead of understanding how the different risks and insecurities households face—including those associated with how institutions work and who can access them—create and sustain poverty.¹ A more recent concern is the seeming co-optation of the poverty reduction agenda by a focus on economic growth and job creation with no attention to how the poor will benefit. The 2010 London Conference communiqué, the Government of Afghanistan's London Conference paper on economic development, and the recent Afghanistan Rural Enterprise Development Program (AREDP) launch announcement all signal this shift, and the quote below shows how some documents go on to link these outcomes to enhancing stability.

Sustainable economic growth, with particular attention to the creation of a large number of new jobs in the private sector, is a key priority for the GoIRA. Providing economic opportunities and sustainable livelihoods for all Afghans is critical to counter the appeal of insurgency, and reduce instability.²

The problem with this change in focus is the emphasis on economic policy and delivery of resources with no complementary attention to how social systems influence who benefits from growth, job creation or resource access, or to how institutions such as markets and the state may work in favour of some groups over others. The assumptions seem to be

that all will benefit from growth, that job creation will automatically follow, and that there is no need to specify the type of growth required to ensure the poor benefit or to act intentionally to achieve it. Furthermore, the assumption that stability will follow economic growth and job creation lacks evidence to back it and may be less likely if distributional issues are not addressed.

These limitations lead to technically oriented interventions focusing on delivering access to resources without understanding if they are accessible to all or sufficient to address the problem at hand, given the realities of the sociocultural context. Microcredit is a case in point. Many microfinance institutions in Afghanistan operate under the assumption that access to loans will be sufficient to alleviate poverty and generate economic development. This argument does not look beyond credit to the barriers to its productive investment that, for example, lack of infrastructure or gender norms may pose. The approach of the AREDP is similarly lacking. It too focuses on providing rural entrepreneurs access to credit, business skills, technical knowledge, etc, without a concurrent focus on addressing the structural factors that may

About the Author

Dr Paula Kantor is the Director of AREU, where she has managed a research portfolio that has included studies on microfinance, informal credit, poppy production and credit relations, household decision-making on child labour, family dynamics and family violence, and refugee and return experiences of second-generation Afghans.

About AREU

The Afghanistan Research and Evaluation Unit's mission is to inform and influence policy and practice through conducting high-quality, policy-relevant research and actively disseminating the results, and to promote a culture of research and learning.

Flower Street (Corner of Street 2), Shahr-i-Naw, Kabul
www.areu.org.af / areu@areu.org.af
Tel. +93 (0) 799 608 548

¹ Paula Kantor, Adam Pain et al, "Delivering on Poverty Reduction: Focusing ANDS Implementation on Pro-Poor Outcomes" (Kabul: AREU, 2009).

² London Conference on Afghanistan, "An Integrated Plan for Economic Development" (2010), p. 32.

limit the ability of these individuals to use the resources to their full capacity.

Policies informed by narrow understandings of poverty or with a focus primarily on access to economic resources have so far failed to deliver sustained improvements to livelihoods and well being. This is illustrated by the increase in Afghanistan's Human Poverty Index, which went from 59.3 to 59.8 percent between 2003 and 2007.³ This policy note seeks to identify the larger societal risks and insecurities missing from these approaches. It draws from AREU's portfolio of natural resource management and livelihoods research to examine the risks prevalent in Afghanistan and the ways households adapt to them. Through providing grounding in the lived realities of rural Afghans, it adds needed complexity to the debate on how to achieve sustainable and equitable growth.

Risks and insecurity

Many of the risks facing rural households in their efforts to access and use resources to secure their livelihoods are rooted in existing systems and structures, and associated with predictable life cycle events and geographic location. If development policy in Afghanistan cannot grapple with these risks then it will only assist households to cope with their current conditions and not to improve their socioeconomic positions. Some of the main sources of these risks are:

- **Living in remote or marginal areas:** More remote or mountainous areas—labelled “low potential” in some policy documents—face constraints in terms of agro-ecology and market access. Many rural households struggle to produce enough for subsistence given natural resource constraints, and if they produce for markets—whether crops, crafts or labour—are constrained by challenges in reaching markets (e.g. poor roads or weather) or the limited potential of local markets.
- **Chronic drought risk:** The effects of drought on agricultural productivity are especially severe for those cultivating rainfed land, but drought also affects those with irrigated lands if irrigation infrastructure has not been repaired or maintained or water is inequitably distributed. Climatic conditions, intensified by dysfunctional

resource management institutions, therefore limit the viability of agriculture-based livelihoods for many, leading to diversification into off-farm and nonfarm work.

- **Increasing land fragmentation:** Large household sizes and inheritance practices where land holdings are shared out among siblings lead to land fragmentation. Shrinking landholdings reduce the feasibility of households supporting consumption through their own production and may push them into market production. For households in more remote areas and in areas with water deficits, opium poppy cultivation may be the “best option” to support survival.
- **Limited access to land:** For the landless, accessing land for pasture or cultivation can be a source of insecurity. The politics of land ownership, at times linked to ethnic divisions, and the complexity of land registration systems over the years can lead to conflict that bars access to pasture to pursue a livestock-based livelihood. Sharecrop arrangements provide landless or land-poor farmers with access to land and often credit, but these arrangements can shift the considerable risks associated with low returns to the farmer and may be withdrawn without notice. These relationships can provide immediate security but can also sustain poverty.⁴
- **Physical insecurity** affects livelihoods by directly imposing financial costs such as *oshr*⁵ payments to buy security, and by limiting mobility and therefore the ability to do one's business, whether that is accessing lands or travelling to markets to sell produce or purchase inputs. Insecurity can also limit access to schools and health services, reducing investments in human resources.
- **Unequal market power:** Rural residents view markets as sources of risk because they perceive themselves as disadvantaged by the need to access them through representatives, traders or contractors, or due to the monopolisation of some markets in the interests of local power holders. Markets are also risky because of their volatility, with poorer rural residents disadvantaged by the

³ UNDP Afghanistan Human Development Reports, 2004 and 2007. The Human Poverty Index is composed of the following indicators: probability at birth of not surviving to age 40; adult illiteracy rate; and the combined indicator of percent of people not using improved water sources and percent of children under five who are underweight.

⁴ The National Risk and Vulnerability Assessment 2007/08 (Government of Afghanistan, 2009) confirms this, with the highest poverty rate (42%) found among Afghans who only cultivate land and do not own it—even compared to those without access to land (32%).

⁵ *Oshr* is an obligatory charitable land-based tax in Islam; however, in this case it is used to mean a payment made to non-government groups in insecure areas. Non-payment may put a household at risk of violence; therefore, paying it provides a measure of security.

need to sell goods when prices are low and buy when they are high, saturated labour markets, and by declines in global markets (such as in the carpet sector). Rural households work hard to avoid relying on markets to meet food needs due to fluctuating prices, most recently experienced in the 2008 rise in the cost of basic foodstuffs.

- **Household composition and gender norms:** The household has been a base of economic security for Afghans due to mistrust of the market's ability to provide this and the inability of the state to provide social protection. However, the composition of the household determines how well it can deliver this security. Gender norms influence who works, the types of work available and their related returns. These norms mean adult male labour is necessary for the greatest economic security and that households depending on one earner or with no male labour are highly vulnerable.
- **The high cost of marriage:** Children's marriages are expected events and represent important investments in social resources and household reproduction, but the associated economic costs are high. Better-off families can prepare for the costs but poorer households sacrifice to meet them in order to maintain their place in the community. There can be consequences to this, such as the use of exchange marriages to reduce costs, long engagements to raise the required funds, the sale of assets and rising debt levels.

Coping responses

These risks create an environment of chronic livelihood stress with which rural residents cope with varying degrees of success. The capacity to respond varies across households and communities by the resources they have and how well they can use them. For those with limited resources and ability to use them, responses are often reactive ways of maintaining limited physical and socioeconomic security; they may require sacrificing longer term livelihood improvements for immediate survival. Those with greater ability to use their resources may do better in protecting themselves from the effects of downturns, or be able to use their power to gain from the insecurity of others. However, long-term livelihood stress, such as extended drought, can deteriorate the ability of the better resourced to provide security for themselves and those dependent on them. Some of the ways that rural respondents in AREU's research have coped with livelihood stress are described below. Efforts to reduce poverty and achieve equitable growth need to be aware of the long-term

effects of these actions to build from, strengthen or reduce reliance on them, as appropriate.

- **Social resources** are vital to household livelihoods among the poor and nonpoor, though in different ways and with varied outcomes. Among the better resourced, links to the politically powerful serve as a means to consolidate and expand economic and social position; links to patrons such as landholders, subcontractors or local commanders among the less well-off may be unequal but deliver immediate sources of economic security, such as land to sharecrop, credit or help with marriage costs. Reciprocal relationships with relatives and those in wider *qawm*⁶ networks are particularly important for access to credit and support for life cycle events. Charitable relations provide a safety net for the destitute. These social resources, along with the household unit, have formed the backbone of social protection systems for rural Afghans during the conflict years and do so today because formal systems were or are not available or are considered less useful.
- **Asset sales**, including of land and distress sales of livestock, form a more negative means of coping with livelihood stress. This might be a response to extended drought, physical insecurity, or to pressures to raise funds to marry a son.
- **Diversification and intensification of economic activities** are other means of coping with livelihood stress for those with the necessary labour resources. For the better resourced these strategies may be accumulative while for the resource poor they may only be a means to survive. Diversification in rural areas often involves moving some available workers into off-farm and nonfarm work.
 - * **Internal and international migration** has long been a component of livelihood diversification strategies for Afghans. Internal migration to rural and urban areas is often seasonal but has recently intensified in northern fieldsites in terms of numbers migrating and duration of stay, in response to long-term drought. International labour migration has also increased, particularly to Iran. Limited employment opportunities in Afghanistan, drought and high bride prices make the risks of being smuggled into Iran worth it for households with the male labour resources to make migration feasible.

⁶ A *qawm* is a broad term for a subtribe or extended family network that can vary considerably in size.

- * **Reliance on women's income generation**, including carpet weaving, wool spinning or embroidery, increases in times of livelihood stress, such as drought or physical insecurity. These activities may not provide large incomes, but they are often the only way available to access cash. They can also tide a family over while waiting for remittances from migrant male members.
- Families also **reduce the quality and variety of food consumed** to cope with events such as drought or opium cultivation bans, with consequences for nutritional and health status.
- They may also **remove children from school** to reduce related expenses and put them into work, increasing the risk of intergenerational transmission of poverty.

Adding complexity – reflecting reality

Social norms, inequalities in power, ecological constraints, remoteness and weak state and market institutions limit economic growth and the equitable distribution of its benefits. Therefore, interventions informed by an understanding that poverty is an individual condition and that economic development can be achieved by filling gaps in access to resources or improving the regulatory environment will not succeed if broader contextual factors are not addressed. Some guiding principles for better designed policy and programmes aimed at enhancing equitable economic growth and reducing poverty include:

- **Invest in social processes:** Investing in social processes, such as group formation and social mobilisation, as ends in themselves instead of means to other ends (i.e. credit delivery or local development) can support the creation of organisations able to address the sources of social inequality that limit equitable development. Development actors must design and fund programmes with longer time horizons to enable this.
- **Avoid presumptions:** Policy language associated with economic growth is often full of presumptions about the follow-on benefits of growth. This is dangerous because it precludes careful thought and public debate about how the desired benefits of growth, such as job creation or poverty reduction, will actually be achieved and distributed. More attention must be given by all policy actors to creating the conditions for the type of growth that can provide benefits to all Afghans, and particularly the poor. This

means understanding how the social and political context interacts with economic growth to affect the equitable distribution of its benefits.

- **Question how institutions operate:** Institutions such as markets, local government structures, the family, and community structures like CDCs cannot be taken at face value and assumed to operate the same way for all people. People's characteristics (gender, ethnicity, *qawm*, etc), who they know and what they have can all affect what they get from these institutions. Efforts to enhance growth and reduce poverty that rely on these institutions must work to improve their transparency, equity and accountability.
- **Prioritise strategic impact and scale:** The need to show positive results quickly drives development actors to be project-oriented and satisfied with improved outputs. This can mean the strategic orientation and scale of development interventions do not match needs, leading to a piecemeal short-term approach enhancing immediate welfare but not improving long-term socioeconomic status. An example is cash-for-work programmes compared to investments in social and economic infrastructure, such as farmer organisations, that facilitate improved market power for marginalised groups.
- **Understand existing informal systems:** Development interventions must take into account the presence of existing informal support systems (i.e. informal credit, charitable relations), as well as their strengths and weaknesses, to avoid imposing new systems that may weaken existing social relationships without replacement, raising risks for the resource poor. This involves neither categorically maligning patron-client relations as exploitative nor romanticising existing reciprocal relations of support. Social relationships must be understood for what they can deliver and at what cost so they can be improved, removed or supported as evidence suggests.

The 2010 Kabul Conference and ongoing efforts to implement the ANDS represent opportunities to integrate the complexities of the sociocultural context into arguments around economic growth, to focus on the types of growth and distributional systems needed to ensure that the poor benefit. Not taking advantage of these opportunities risks continuing to fail to meet the expectations of Afghan citizens for improvement in their basic living standards, with consequences for the legitimacy of the Afghan state and international community.