



Decline and Stagnation: Why Rural Afghans are Staying Poor

AREU Research Leader Paula Kantor Outlines Rural Livelihoods Study Findings

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- *Livelihood insecurity for many rural Afghans is getting worse, not better*
- *Efforts to tackle rural poverty must focus on reducing the risk and negative effects of failed harvests, ill-health and crippling marriage costs*
- *Policy conversation must ensure that reducing poverty reduction and meeting the basic needs of Afghans remains a key priority*

Rural communities across large parts of Afghanistan are getting poorer. Despite a decade of development aid that has seen tangible improvements in education, healthcare and electricity, many rural households in drought-hit Northern provinces are still struggling to put food on the table, educate their children, and cope with the rising cost of marriages. This is especially true in rural areas where the ban on opium poppy cultivation coincided with a prolonged drought. The global financial crisis worsened the situation, pushing up prices of basic goods just when many families could least afford it. As a result, the livelihoods of many people in these areas are even less secure now than they were at the start of this decade.

A recent AREU study conducted in Kandahar, Badakhshan and Sar-i-Pul investigates how rural livelihood security has changed between 2003 and 2009. Drawing on in-depth interviews with male and female representatives of 64 households in eight villages, it examines the risks and opportunities they have encountered, how they dealt with them, and the impact this had on their lives. In the end, 45 of these households experienced declines in their livelihood security, including all 24 in Sar-i-Pul and 18 of the 24 in Badakhshan. This experience was not limited to poorer households—even relatively wealthy families reported being worse off.

The study's findings emphasise the importance of rural poverty reduction at a time when it is losing ground to the promotion of economic growth on the policy agenda. This shift risks alienating poor Afghans, who are unlikely to benefit from growth if poverty is not addressed. As Paula Kantor notes, "The struggles that many rural Afghans face to feed their families and prepare their children for the future cannot be ignored. Policies focused primarily on growth and markets, which do not consider who will benefit and how, are unlikely to reach the most poor or fulfil their needs." Findings from AREU's rural livelihoods research show that efforts to tackle rural poverty must focus on reducing the shocks of failed harvests and ill health, along with the crippling cost of marriages.

Failed Harvests

A lack of irrigation infrastructure made the prolonged drought afflicting Northern Afghanistan difficult to cope with for many households in Badakhshan and Sar-i-Pul. Declining land production threatened the food security of land owners, sharecroppers and agricultural labourers alike. As a result, many were forced to sell livestock or borrow cash to buy food, depleting herds and building substantial debts.

Such dry spells are far from unusual in Afghanistan, leaving rural households faced with the ongoing threat of crop loss or failure. This reality must be urgently addressed in a way that takes both subsistence farmers and market producers into account. Limited land availability and a fear of relying on the market for basic food supplies means many farm households prioritise subsistence production. Data from the 2007/08 National Risk and Vulnerability Assessment (NRVA) supports this—44 percent of rural Afghans rely on agriculture as a primary source of income and of these 54 percent farm for household consumption. This raises questions about the current focus of agriculture policy on improving production for markets. Farmers may resist rapid moves to market production if they feel it could jeopardise food production, especially in more remote mountainous areas where margins of livelihood security are thin to begin with.

Policies should work first and foremost to reduce the impact of harvest losses on food security and income levels. One way to do this is through crop insurance mechanisms. The country's financial services sector is predominantly focused on delivering credit and currently offers no insurance products. The government's social protection sector strategy recognizes this gap and recommends developing community based savings and insurance schemes to guard against such losses. However, legal barriers and capacity constraints limit existing microfinance institutions from developing these products. Addressing these challenges must be a priority to improve the sector's ability to respond to people's needs and make agriculture a more viable livelihood choice.

Ill Health

While health expenditures placed considerable financial strain on households across different wealth groups, they hit the poor particularly hard. Major health crises often led to high debts and asset sales, and in a few cases families were refused treatment because they could not afford it. The ill health of a male worker in particular drove a number of households into poverty or ensured that they stayed poor. Healthcare costs were sometimes higher than necessary because concerns about the quality of government-run treatment led households to use private facilities. Data from a 2006 Ministry of Public Health survey demonstrates a nationwide preference for private care—54 percent of respondents used some form of private care as a first resort, compared to the 40 percent that relied on government facilities. The same survey also highlights the burden that healthcare place on household budgets, estimating that a family of seven spends an average of \$252 a year on health costs. Overall, these findings show that the current cost of treatment leaves people highly vulnerable to poverty.

The Ministry of Public Health's sector strategy acknowledges this problem. However, while it has piloted a community based health financing programme (with mixed success), it offers no direct targets for reducing healthcare costs. One way to manage healthcare spending is to prevent people from getting ill in the first place, something which will require improvements in the accessibility and quality of government health facilities. In addition, more work is needed to develop community-run insurance schemes that can help prevent major medical crises from driving households into poverty.

Cost of Marriage

Social events like marriages are an important way for households to strengthen social relationships and demonstrate their membership within village communities. However, the cost of such events can be extremely high—and can jeopardise future livelihood security. In many instances, financing a wedding led households to mount considerable debts and sell off productive assets. Some poorer households were unable to marry their sons at all due to prohibitively high bride prices. The burden these expenses generate means it is vital to find an appropriate way to manage spending levels. Simply imposing spending limits from outside will not work. To properly counter the pressures of competition, conformity and pride that push bride prices higher, a local consensus on the benefits of spending limits must be built. Finding ways to share the experiences of villages where limits have already been successfully implemented is one way forward, as are public outreach campaigns which promote the acceptability of change.

Political expedience is driving the policy agenda in Afghanistan. In too many cases, this has led to programmes and strategies that are largely divorced from the interests and experiences of ordinary Afghans. The study's results show that meaningful, targeted action to reduce rural poverty is needed. Only when the poor can reap the benefits of gains in growth and security will Afghanistan move any closer to a sustainable peace and lasting economic security.

The Afghanistan Research and Evaluation Unit (AREU) is an independent research organisation based in Kabul. AREU'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. AREU was established in 2002 by the assistance community working in Afghanistan and has a board of directors with representation from donors, the United Nations and other multilateral agencies, and non-governmental organisations.