



REDEFINING POVERTY IN AFGHANISTAN



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In Afghanistan, the chaotic aftermath decades of war side lined poverty alleviation and economic development policy formulation. “[S]taggering levels of corruption, endemic elite plunder of national wealth, and the authoritarian rule by the warlords in power went unchecked almost in every state institution both at the sub-national and national level”¹ making it difficult to approach either issue coherently. This policy brief aims to initiate discussion around ways to improve the efficiency of poverty reduction efforts and to smooth the trajectory towards **Sustainable Development Goal 1 End poverty in all its forms everywhere**. The target audience for this policy brief is civil society and NGOs, Afghan policy makers and donors. Current measurements of poverty focus on cost of basic needs (CNB) approaches, where the “CNB method represents the level of per-capita consumption at which the members of a household can be expected to meet their “basic needs” in terms of both food and non-food consumption”². This is used to update the poverty line. GDP per capita is also used as a measure with Afghanistan’s GDP per capita being \$1,1951 compared to a world average of \$17,000. This reflects the standard of living in the country and ranks Afghanistan among the poorest countries in the world³. In 2018, GDP per capita was estimated at \$521, indicating a 6.36% decline from the previous year⁴. As the points below demonstrate, new approaches are required and adherence to the ‘Paris criteria’⁵ should be foremost in the mobilisation of foreign aid to tackle poverty.

The discourse on poverty reduction needs to be nuanced, cross-cutting and multi-layered, and most importantly, based on long-term commitments which go beyond the prevalent ‘grab-and-run’ mentality. Poverty reduction should be a priority for multiple government institutions. It must go beyond assumptions of an egalitarian society and the myth of ‘community’⁶. Voice and representation are critical to ensure effective participation leading to localization. The poor should not be treated as statistics or a faceless, silent, homogeneous category to be used as collateral to secure donor funding.

Tackle inequality and the structural causes of poverty, continue service provision. Address growing unemployment.

In 2018, the percentage of people living below the poverty line in Afghanistan rose to 54.5⁷, signalling a continuous decline from previous years. This has been attributed by some to widening inequality in spite of economic growth in the pre-transition period. For a young population⁸ entering a saturated labour market, access to employment is non-existent or plagued by patrimonialism and lack of access to influential predatory networks. Slow economic growth outstripped by rapid population growth⁹ also restricts employment possibilities. It is well-known that lack of education, livelihoods and access

¹ Burhani (2018) Afghanistan’s economic problems and insidious development constraints in the Foreign Policy Journal

² “The CNB approach defines a consumption bundle deemed to be adequate for meeting basic consumption needs and estimates the cost of acquiring this bundle. The consumption bundle includes goods that a person consumes (i) to be adequately nourished and (ii) to fully participate in the society he/she lives in”. For more details see: Central Statistics Organization (2018), Afghanistan Living Conditions Survey 2016-17. Kabul, CSO.

³ <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>

⁴ <https://www.macrotrends.net/countries/AFG/afghanistan/gdp-per-capita>

⁵ These include (1) Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption, (2) Alignment: Donor countries align behind these objectives and use local systems, (3) Harmonisation: Donor countries coordinate, simplify procedures and share information to avoid duplication, (4) Results: Developing countries and donors shift focus to development results and results get measured, and, (5) Mutual accountability: Donors and partners are accountable for development results.

⁶ For a detailed discussion see Katz (2017) *Community-based development in Afghanistan*. First assume a community United States Institute of Peace

⁷ The Afghanistan Living Conditions Survey released on 2 May 2018 by the Central Statistics Organization (CSO) in cooperation with the Afghan Ministry of Economy and the World Bank

⁸ 50 percent of the population is younger than 15. Reuters (2018) Afghanistan’s poverty rate rises as economy suffers

⁹ Reuters (2018) According to the IMF, projected economic growth at 2.5-3 percent in 2017-18 was too slowly to stop rising unemployment. Also 400,000 new jobs a year are required to keep pace with current rates of population growth.

to basic services, especially for women and girls¹⁰, contribute to Afghan poverty. “75.6% of poor people are illiterate. Poor people face higher unemployment (8%) and underemployment (41%) and are more likely to work in agriculture (43.6%) or in the informal sector (84.3%). Poor people are also less likely to have access to electricity (63.8 %), safe drinking water (40.3%), and sanitation (2.8%)”¹¹. In a highly discriminatory society with structural causes for poverty and exclusion, poor people’s access to government services and institutions is frequently limited by numerous factors. Very few of these, however, have been successfully tackled by the non-profit sector or by government. Poverty in Afghanistan is also a spatial issue, concentrated in rural areas¹².

Develop effective policies and action plans to deal with contributing factors

Vulnerability to shock is also a factor, reflecting lack of provision of social security and appropriate financial services for the poor. Afghanistan’s environmental policies are weak. In the case of natural disasters and slow onset environmental catastrophes such as drought the poor, especially women and children, will bear the brunt. Rural-urban migration and rapid urbanization continue to strain urban centres which are already bursting at the seams. Overall, the negative impact of these trends highlights poor policies and decision-making from the government as well as an inability to influence how donor funds are spent. A handful of NGOs and CSOs tackle such issues on a minute scale. A number of reports have found that despite some improvements, aid delivery in Afghanistan remains largely ineffective while poverty continues to rise¹³.

Design interventions for pro-poor growth and increase human capital

The discussion on poverty reduction in Afghanistan needs to go beyond a simplistic focus on ‘job creation’ and micro-employment possibilities within project and programme cycles. Evidence suggests that growth, poverty and inequality are linked, with the pace and pattern of economic growth determining how poverty reduction takes place. Some argue for a hybrid, mutually reinforcing pro-poor and pro-growth approaches, at “a pace and pattern of growth that enhances the ability of poor women and men to participate in, contribute to and benefit from growth”¹⁴. Examples from other countries demonstrate the cost-effectiveness of policies with a social content, improving human capital while reducing poverty and emphasize that the role of social policies in growth, particularly poverty reduction cannot be overlooked. Evidence from other countries shows that “agricultural growth has powerful leverage effects on the rest of the economy, but emphasises that broader rural policies, in education, transport and communications, and private sector development more generally, can help generate returns in terms of higher growth”¹⁵. Others argue, however, that economic growth does not automatically lead to poverty reduction.

Civil society and NGOs must improve their economic and political literacy. Address Afghanistan’s position on the margins of the global community and the impact of weak economic policies on the poor. Lobby in global, regional and national venues for better economic policies and for financial transparency and accountability.

The rise in poverty leads most to examine the strengths and weaknesses of current strategies, policies and processes presently in place to reach SDG 1, applied by a variety of actors in the Afghan context. Geographical location and borders impact how countries like Afghanistan are integrated into or

¹⁰ Indicators in the Afghanistan Living Conditions Survey 2016-17 show that Afghanistan has demonstrated limited progress on gender equality.

¹¹ The Afghanistan Living Conditions Survey 2018

¹² Spatial inequality manifests along the clustering of economic activity around industrial and/or urban regions. See Abdulai, A.-G. (2014) *Rethinking Spatial Inequalities in Development: The primacy of politics and power relations* (ESID Working Paper 29). Manchester: Effective States and Inclusive Development Research Centre.

¹³ [Bjelica, Jelena & Thomas Ruttig \(17 May 2018\). *The State of Aid and Poverty in 2018: A new look at aid effectiveness in Afghanistan*](#) Afghan Analysts Network

¹⁴ OECD (2007), *Promoting Pro-Poor Growth: Policy Guidance for Donors*, POVNET, DAC, Paris.

¹⁵ Dohlman, Ebba & Mikael Soderback *Economic growth versus poverty reduction: A “hollow debate”?*

excluded from the globalized economy¹⁶. Domestic economic policy is a critical factor in the poverty and inequality debate, but there are “historical cultural and structural constraints that intersect with the globalization of production in reproducing spatial inequality across an interconnected core–periphery divide”¹⁷, with Afghanistan as a fragile state placed firmly on the periphery, heavily dependent on donor priorities, which are in reality “driven by constituent tastes rather than Afghan needs and realities”¹⁸.

The near-hegemonic “corruption-causes-poverty narrative”, however, should not become so pervasive that it marginalizes policy issues from political discourse¹⁹. There are examples from other countries in the world with high levels of corruption which indicate that economic policy is a critical factor which needs to be examined. In such cases, the greater explanatory power leads to the “wrong-policy narrative”, in particular policies put in place by international institutions, rather than the corruption narrative: “The corruption-causes-poverty discourse is no doubt popular with elites and international financial institutions because it serves as a smokescreen for the structural causes of poverty, and stagnation and wrong policy choices of the more transparent technocrats”²⁰. Research has shown that landlocked countries far from industrialized economies are “more vulnerable to multidimensional poverty than spatial inequality”²¹. The state of the agriculture and informal sectors, generating the most employment for the poor, for example, are determined by government policies on trade, privatization, investment, taxation and so on.

Donor-dependency and misappropriation of funds

This has been problematic with aid dependency remaining high with roughly “66 per cent of Afghanistan’s budget in the financial year of 1396 (March 2017-February 2018) [being] funded through international donor support”²². This has led to a short-term outlook in civil society and government tied to donor funding cycles. Accountability is upward to donors and interventions are designed to deliver ‘results’ within the project timeframe. A rapid conveyor belt of international and national staff, as well as fashionable project ideas and cycles, rapidly transiting through government and NGOs means that approaches lack the longevity required to address issues which do not respond to superficial approaches. Chronic corruption, a rapacious elite focused on short-term gain and oblivious to long-term growth and disarray about donors with multiple motives has contributed to the ineffectiveness of aid. “[A] considerable amount of donor funding to Afghanistan [is] misappropriated through corruption or misallocation, despite both donor and government efforts to create accountability and transparency mechanisms”²³. Fragmentation of donor efforts impacts poverty reduction and sustainability of results²⁴. 20 billion USD bypassed the Afghan government in 2001-8. Donors cited endemic corruption in Afghan systems and better financial accountability from foreign counterparts as the rationale for this. It must be noted, however, that better alignment and coordination of aid have come through the national priority programmes (NPPs) and the strengthening of the Joint Coordination Monitoring Board (JCMB)²⁵.

Another one of the perils of aid dependency is the tendency for debates on policy issues such as poverty to be warped: “[F]unding associated with these projects lacks the precise identification of

¹⁶ Berry in Gyoh, S. (2018)

¹⁷ Gyoh, S. (2018) ‘Reframing the global poverty and inequality narrative in development education through the lens of intersectionality’ *International Journal of Development Education and Global Learning*, 10 (2): 177–189. DOI

¹⁸ [Bjelica, Jelena](#) & [Thomas Ruttig](#) (17 May 2018)

¹⁹ Bello, Walden (2010) [Does Corruption Cause Poverty? Foreign Policy in Focus](#) April 21, 2010

²⁰ *ibid*

²¹ Gyoh, S. (2018)

²² [Bjelica, Jelena](#) & [Thomas Ruttig](#) (17 May 2018)

²³ *ibid*

²⁴ Dohlman, Ebba & Mikael Soderback

²⁵ [Bjelica, Jelena](#) & [Thomas Ruttig](#) (17 May 2018)

public policy objectives, delineation of the means and resources for accomplishing them and an accurate assessment of accomplishments. The funds channelled through projects are linked to “results targets” and “log frames,” the set of qualitative and quantitative measurements that are set in project management paradigms and not budgeting and fiscal accountability paradigms, which should be the case when it comes to state-level budgeting²⁶. Government annual budgets are structured around projects and not, for example, on sub-national units like provinces or districts. NGOs have also historically been upwardly accountable to donors rather than to the communities they are linked to for the duration of project cycles, contracting organizations even more so. Both have contributed to the roll out of ‘prescriptive and supply-driven’²⁷ aid which fails to make a dent in poverty. Identical projects (e.g. small scale poultry, carpet weaving, carpentry) have been rolled out for the past three decades and passed on from NGO to donor to contractor on the conveyor belt of aid. Afghanistan has received enough sewing machines to reconstruct the Hindu Kush.

Continue the struggle against corruption and the plunder of Afghanistan’s wealth by local elites

Elite capture and impunity are pervasive issues in many developing countries. Privatization and ring-fencing by militarized and quasi-criminal elites deny people’s access to assets and productive opportunities in Afghanistan. There is no dialogue, for instance, on the vast amount of illegal extraction and export of natural resources and the government’s inability (or unwillingness) to stem the haemorrhage of wealth to the foreign bank accounts of elite Afghans. These are narratives which in part fuel the insurgency which also adds to chronic spatial poverty. The value of illegally grabbed lands is estimated at 5.4 billion US dollars, equating to 7 billion US dollars in lost revenue for the government²⁸. Lobbying and advocacy from civil society should move beyond donor-dictated topics to focus on other sectors which see large financial flows, some of which are criminalized. The discourse on practical means to tackle poverty must be a centre-piece in discussions on eliminating corruption. Dramatic arrests of individuals “to keep the donors happy”²⁹ are not enough. There should be transparency on government financial planning and funding flows.

Stop those who exploit the poor to attract and divert aid. Give the poor a voice, ensure they are active participants in planning, not recipients of externally designed aid

The majority of processes on behalf of the poor are in fact impervious to and unaccountable to ‘the poor’. Additionally, the paper aspirations, with frantic production of documentation and little in the way of concrete action, have overtaken what is needed on the ground – and the speed of policy and strategy formulation has far outstripped *actual* implementation and absorption capacity on the ground. A ‘paper policy ceiling’ separates a dominant literate, English-speaking group of influencers from a large non-English speaking and/or illiterate mass, largely unaware of what is being decided in their name and for their benefit. The same tiny group of influencers is tapped for information by the international community via different avenues. There is still a disconnect to the local level as it cannot be assumed that English speaking, urbanized influential gatekeepers represent the interests or reality of the poor. Representation does not take place in donor- funded venues and project spaces because processes, events and identities are by necessity dominated by external and foreign narratives. There is no architecture in place to take discourses on poverty reduction to subnational level and below. There is an assumption and facade of community, cohesiveness and charitable intentions ensuring equitable distribution of resources and access to public goods produced by community based development projects but this is a myth.

²⁶ *ibid*

²⁷ ATR Consulting (2018) *Aid effectiveness in Afghanistan* Commissioned by OXFAM and the Swedish Committee for Afghanistan

²⁸ Amiri (2018) *A Disappointing Afghanistan Fact: The Value Of Land Grabs Peaks Seven Billion Dollars – OpEd* in the Eurasian Review

²⁹ Author’s interview with a general in the Ministry of Interior, 2018

