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Challenges of Rural Economy and Women Economic Empowerment in Afghanistan: A Concept Note

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Preface and Abstract

This research paper has been developed with the intention of shedding light over the major challenges and remedies of rural economy in Afghanistan and also discussing explicitly about the women economic empowerment considering Afghanistan's context. This paper has been prepared in two parts, where part one will be specifically and thoroughly encompassing the major challenges and remedies of rural economy in Afghanistan, however, the second part will be explicitly covering the issues related to women economic empowerment in Afghanistan. General topics and contents under each part of this paper are based on author's findings and does not preferably follow a report or other person's view, except secondary data sources which are quoted properly.

Objective of this concept papers was to briefly discuss about the major and pivotal issues related to rural economy and how women economic empowerment can aid to it. Indeed, women contribution to economic activities in the rural area of Afghanistan is very rare, and thus, a great chunk of the human capital is not used toward inclusive growth. Author has given a thoughtful attention to women economic empowerment and thus discussed this issue on a separate section with respect to Afghanistan's ground level realities as per common social norms and practices.

This concept paper will be entirely based on academic and nonacademic secondary data from authentic sources. Moreover, at the end of each part, researcher's recommendations and solutions will also be added for corrective action taking by the government and competent organizations in Afghanistan. As a whole, issues discussed in this paper will be concise and direct to the point. It's very welcome by the author of this paper that any prospective researcher or an organization can expand the scope of this topic and discusses the major challenges and remedies with a vast set of knowledge, information, and ground level presence.

Part One

Challenges And Remedies of Rural Economy in Afghanistan

Despite, insecurity is always the pivotal challenge for economic development and inclusive growth in Afghanistan, but there are still some considerable problems than insecurity, which are affecting the overall and yet specifically rural economy in the country. One of the greatest challenge threatening rural economy in Afghanistan is perceived to be ongoing drought and climatic changes. During the year 2017, however, Afghanistan's agriculture sector grew by 3.8% due to fruits and vegetables export through air corridor with India and other neighboring countries, but climatic changes and ongoing drought on the other hand has significantly decreased the production and cultivation of wheat in northern and eastern parts of the country.

Under part one of this paper, author has summarized some of the major challenges hampering and threatening the rural economic development in Afghanistan. Every effort is given by the author to incorporate secondary data from authentic sources with an assurance of cross checking.

1.1 Lack of Access to Finance and Entrepreneurial Mindset:

Entrepreneurial activities and initiatives have been identified for so long in the rural areas of Afghanistan, however, majority of them has either been ineffective or not lucky enough to reach to the implementation stages. As such, some of the great challenges and obstacles ahead of entrepreneurial initiatives is lack of incubation centers, low access to finances, curtail of private investment, and bank loans (conventional or Islamic) for new startups.¹ Unfortunately, neither government and nor private sector or NGO sector has been able to provide adequate financial and technical support for the local residents of rural areas in Afghanistan for the establishment of new businesses or expansion of the existing enterprises. According to The World Bank Global Financial Inclusion (Global Findex) database, as of the year 2017 access to financial services in Afghanistan were only at 11%.

As a matter of fact, in rural areas of Afghanistan majority of the citizens are owning huge farming lands and are often busy with the cultivation and cattle caring; thus, access to finance and agricultural loans are very crucial for the expansion of their production and modernization of farming with the help of machineries, basic accessories, pesticides, and insecticides. In addition, its equally important that the government of Afghanistan come up with some national programs to

¹ <https://www.worldbank.org/en/country/afghanistan/overview>

empower young citizens in the rural areas for new startups and bringing innovations into the conventional manner of agricultural goods production and reproduction.

1.2 Conventional Agribusiness and Lack of Government Subsidies:

According to The Global Economy database, during the year 2016 an average of 71% labor force of Afghanistan were busy in the agriculture sector, however, the total contribution of agriculture sector to the overall GDP of Afghanistan was merely 21 percent, which is a very low figure as compared to the number of laborers engaged in the sector.² This huge gap between human resources input and agribusiness output shows the inefficiency of Afghanistan's agriculture sector and lack of government support to enhance the potentials of this sector. Moreover, due to lack of entrepreneurial mindset, low access to finances, and absence of advanced machineries, citizens tend to rely on conventional manner of farming to satisfy their own family needs through agricultural products and discharge a very low quantity of their products into the local markets, let alone to export the surplus amount into the international markets. Withal that, Afghan government has very recently started to export fresh fruit, dry fruit, saffron, handicrafts, and medical plants to its neighboring countries through air cargo corridor with the financial support of USAID and partnering countries—which caused a 3.8% increase in the agriculture sector growth index during the year 2017.³

1.3 Scarcity of Energy, Advanced Machinery, and Water Canals:

Availability of energy, advanced machineries, and water canals are very crucial for production of goods at a farm or factory. Unfortunately, the Afghan government for the past two golden decades was not able to adequately provide the above mentioned facilities for majority of the provinces. During the past few years and still, some of the main challenges in far flung rural areas of Afghanistan are knowingly constant insecurity and huge demand for energy, water canals, and tech-based machineries. However, water management is in the hands of Afghan government and can be effectively managed under a long term strategic planning and political will, but acquisition of energy and advanced tech-based machineries are the matter of imports and should be carried out through public-private partnerships and financial support of aiding agencies such as USAID, DFID, DANIDA, and others who are helping Afghanistan's economic growth component under their strategic agreements.

² https://www.theglobaleconomy.com/Afghanistan/Share_of_agriculture/

³ <https://www.tolonews.com/business/afghanistan-looks-increase-air-cargo-exports-kazakhstan>

1.4 Inadequacy of Infrastructural Facilities and Low Private Investment:

After Soviet Union withdrawal and decades of consecutive domestic wars, majority of Afghanistan's infrastructural facilities were badly damaged or left devastated. However, after the entrance of U.S. forces and their NATO allies into Afghanistan, a huge amount of aid was allocated to rebuild the infrastructural facilities, but until now it seems like those supports were either not sufficient or not allocated efficiently by the government of Afghanistan. As a matter of fact, insecurity was also one of the great challenge for the government to reach every corner of the country and rebuild its vital infrastructural facilities. Thus, due to lack of infrastructural facilities and insecurity, very low private investments were made in Afghanistan and majority of the investors focused on urban and central provincial areas rather than rural.

1.5 Illiteracy, Unskilled Labor Force, and Unemployment:

According to The World Bank annual report for the year 2017, Afghanistan is having a 10.9 million labor force, a huge figure ever, for over the past three decades. Withal, according to Literacy Department of Ministry of Education, the illiteracy rate stands at 64 percent in Afghanistan.⁴ As it can be seen, illiteracy is one of the major cause that Afghan laborer remain uneducated and are thus unemployed. In order to decrease the unemployment in Afghanistan, apart from private sector development and new jobs creation, it's also equally important to equip the Afghan labor force with the necessary skills and expertise in order to compete for a job and get accepted into a seasonal work at a farm, warehouse, or production plant. According to 2018 statistics of Human Development Index, Afghanistan's HDI ranking is assumed to be 0.498, which is below the average of 0.50. Currently Afghanistan stands at 168th in HDI ranking out of 189 countries.⁵

1.6 Climatic Change and Its Potential Threats for Agriculture Sector:

Climatic change and its potential threats are nowadays perceived as a hot debating topic among the politician, economist, civil society activists and almost every citizen on earth. Afghanistan as a landlock and dry country is expose to extreme ongoing drought, low rainfalls, and sometimes disastrous floods due to heavy spring rainfalls or snow meltdowns. During the past four years, its well recorded and observed that underground fresh water is keep shrinking and citizens in the Kabul city are digging their wells beyond 200 meters. According to The World Bank annual review for 2017 depicted that the cultivation of wheat has decreased by 3.8% in the northern and eastern parts of Afghanistan due to ongoing drought and weak water management. Such evidences indicate that

⁴ <https://www.tolonews.com/afghanistan/literacy-programs-fail-least-60-afghans-illiterate>

⁵ http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/AFG.pdf

Afghan government should put climatic issues on the top of their agenda for the National Strategic Plans. Moreover, water management is very crucial for sustainability of agriculture sector and meeting demand of the Afghan citizens for fresh water. According to statistical facts, more than 60% of Afghan labor force is busy in the agriculture sector—preferably doing farming and taking care of livestock.⁶

1.7 Other Social and Common Challenges:

Apart from major challenges discussed above, there are also some other social issues such as lack of access to basic health facilities, unremarkable engagement of women in economic activities, lack of professional academic institutions, weak presence of government & NGOs in rural areas, and other similar issues which are deemed as challenges for the rural economy in Afghanistan.

Solutions and Recommendations:

Given above discussions about the common and major challenges ahead of rural economy in Afghanistan, author will propose some strategic solutions and recommendations on how those challenges can be well addressed holistically. Author is of the belief that a collective work is required among the private, public, and NGO sectors all together at their own specific parts in order to effectively overcome the above mentioned challenges one after another.

a) Private Sector Obligations and Support (Public-Private Partnerships):

Private investments are very crucial for healthiness and improvement of economic situation in the rural areas of Afghanistan. From one end it will reduce the unemployment sharply and from the other end it will expand the domestic production which will lead to more and more economic activities. Private led economic markets all over the world are perceived to be the gates of success for expansion of government revenue and meeting socioeconomic demand of the citizens. As a matter of fact that Afghan government at its fragile stance is currently dealing with numerous socioeconomic and sociopolitical issues, thus, private sectors contribution towards economic activities is very crucial and noticeable side by side with the government. As such, a strong public-private partnership will add a significant value towards the betterment of socioeconomic situation in Afghanistan. More and more domestic investments coming from private sector will lead to increase in production, employment, consumption, and saving; which will in return increases the investment, government revenue, and trade. Indeed, it's the private sector and entrepreneurs establishing new ventures and helping the economic ecosystem in a country.

⁶ https://postconflict.unep.ch/publications/Afghanistan/Afg_CC_RuralLivelihoodsFoodSecurity_Nov2016.pdf

b) NGO Sector and Civil Society Obligations and Support:

Non-Government Organizations are playing a pivotal role for social and humanitarian services all over Afghanistan and especially in the rural areas where government presence is insignificant. To that end, they can be great players to support the public-private partnership momentum and extend their services for basic social and humanitarian needs. In addition, local and international NGOs can also extend their technical support for Afghan government in terms of conducting field studies and figuring out the ground level opportunities and obstacles ahead of rural economy in Afghanistan. However, conducting field studies have been a great part of NGOs work in Afghanistan, but sometimes less engagement with the government and private sector has caused to its failure or ignorance. Thus, a close coordination is required among the NGOs and Public-Private Partnerships, so that build upon work can be carried out.

Establishment of parallel economic analysis think thank organizations are also important for conducting researches and identifying opportunities which can underpin the socioeconomic status of Afghan citizens. Local NGOs and civil society organizations can play a significant role in this regard and their findings can further be a gateway for the Afghan government to implement them. Possession of think thank organizations doing field study and research are very common around the globe and countries in south Asia, however, there is a sever need for such organizations in Afghanistan, too.

c) Government Obligations and Support:

After-all, government is the ultimate body responsible for bringing reforms and uplifting the socioeconomic situation in a country. The very prior responsibility and obligation of Afghan government is to establish a strong institutional framework for carrying out different economic activities at different layers. At the moment, there is no unique bureau or a diverse program other than the Citizen Charter, which can focus on provincial level economic opportunities and inclusive growth. As it's evident and author's belief, insecurity and corruption are the two major reasons why government cannot achieve above mentioned milestones to integrate economic activities and untap those opportunities not yet explored.

Author recommend establishment of an Economic Integration Bureau, which function as a central hub among the different stakeholders such as think thank organizations doing research and private sector interested in investments. Establishment of such an organization will bring coordination closer and pave the ground for private investors to pour their money into new ventures and opportunities.

Part Two

Women Economic Empowerment in The Context of Afghanistan

According to the United Nations agenda 2030 and Millennial Development Goals, every UN member country is responsible for achievement of 17 Sustainable Development Goals (SDGs) to eradicate poverty and bring prosperity into the lives of earthlings. In order to achieve these goals, gender equality and women contribution toward economic activities are perceived to be of a high value. Without bringing gender equality and integrating women into the economic activities, a great chunk of human capital will remain deprived, as a result of which agenda 2030 will not be achieved holistically. From that end, women economic empowerment is very crucial and Afghan government should give adequate attention for this issue. Integration of women human capital will add a significant value to production cycle and economic growth in the country. Thus, Afghan government with the support of NGOs should embark a national program which can target entrepreneur women in every corner of Afghanistan and give them the opportunity to expand their networking, raise their business related concerns, and have the opportunity to learn new skills from one another. In addition, a great deal of attention should also be given to those women who are having a business idea, but not being able to launch it due to lack of finances or potential skills and knowledge.

Despite, women economic empowerment can be seen as single holistic approach, but it totally differs based on the circumstances to know whether a specific group of women are educated or uneducated, and that whether they live in rural area or urban area. It's also equally importantly to know what are the social norms and commonly accepted practices in that specific community where we want to empower women for economic activities. It's very crucial and prerequisite to have such an understanding before launching a special program or a strategic plan for empowering Afghan women to play an active role in the economic activities. Moreover, it's also important that based on potential knowledge, skills, and abilities of women a program should be developed to ensure attainment of solid results at the end.

Considering the above arguments and justifications, author propose two different approaches in order to empower women for economic activities.

2.1 Educated Women Economic Empowerment:

As a matter of fact, educated women will already have a profound understanding of their fundamental civil rights, working potentials, and social influence over their personal lives and communities where they live in. Thus, for empowerment of such women it's very important to bring

them together under a single platform and train them with the contemporary soft and hard skills that can uplift their potentials and abilities for taking corrective actions toward economic activities. A good start up can be establishment of Women Economic Empowerment Forum to be held twice an year in the central zones of major cities and a great deal of attention to be given for those women already running their new startups or having a business idea. Such a forum will not only bestow learning opportunities for women, but also give them a sense of ownership and responsibility against their communities. Moreover, this forum will also be a great opportunity for women entrepreneurs to discuss about the common challenges they face in the market and how effectively they can be resolved by the competent public agencies supporting economic growth in the country. In addition, for those women who want to excel in their professional careers at an organization, there is a need for a separate program which can explicitly focus on job advancement and leadership. Such a program will be a great opportunity for mid-career professionals to fill their knowledge gap and carrying forward toward leading roles.

2.2 Uneducated Women Economic Empowerment:

First and foremost, its' very important to teach uneducated Afghan women about their basic civil rights in the society and that how can their economic activities uplift their household socioeconomic status. Beyond that, it's very important to classify these women into two different clusters 1) uneducated women in rural areas of Afghanistan with potential interest in agriculture related activities and 2) uneducated women in urban areas with potential interest in handmade garments production. The very reason behind segregation of women into two different groups is due to the contextual realities and available opportunities at different parts of the country with different characteristics. As emphasized earlier, a successful women economic empowerment program depends on contextual realities, available opportunities, and socially accepted norms. In addition to that, the geographical location and availability of certain resources is also equally important to be considered while trying to economically empower women.

2.3 Synergy and Cohesion for Women Economic Empowerment:

Another great initiative toward women economic empowerment is to bring together the women entrepreneurs, mid-career practitioners, and field workers under a single platform at least once in a year and provide them with the opportunity to communicate with one another about the common and mutual activities they perform and how their activities can be linked with one another for a greater economic impact in Afghanistan. In addition, women economic integration is very crucial for development of certain industries and products like cosmetics, handicrafts, and homemade

agricultural products. Indeed, such a program needs a thorough mapping study and background study.