

# Trust Fund for Environmentally and Socially Sustainable Development: Mobilizing Rural Institutions for Sustainable Livelihoods and Equitable Development

Proposal for Afghanistan Country Study  
Afghanistan Research and Evaluation Unit

## Background and Rationale

The proposed country study forms part of a five country research programme on rural local institutions initiated by the Agriculture and Rural Development Department (ARD) and the Social Development Department (SDV) of the World Bank to assess and build on the potential of rural institutions to augment access to public and private services to the rural poor and improve sustainable livelihoods outcomes. This study will draw from and build on Afghanistan Research and Evaluation Unit's (AREU) previous and ongoing work on governance, livelihoods and vulnerability, gender, natural resource management, and political economy and markets.

In Afghanistan, a range of existing rural local institutions (RLIs) influence the livelihoods of rural populations. To date, most work on these institutions has been confined to specific functional areas, or has not been well connected to knowledge of livelihoods generated from the household level. Learning more about the institutional context in Afghanistan's rural areas in an integrated way can make a considerable contribution to improving programming that either attempts to engage with such institutions or introduce new institutions and organizations. This study will therefore integrate ongoing research on local institutions with the generation of new knowledge about their inter-relationships with each other and their role in the creation of sustainable livelihoods.

The study will focus on existing rural institutions as a resource – a form of organizational capital – that may have the potential to adopt new functions in order to facilitate access and mediate between the rural poor and public or private goods and services that connect to improved livelihoods. Firstly, it will address the problem of understanding the nature of the range of RLIs that exist and their relationships to each other. Secondly, it will address how this network is linked to rural livelihoods and might be linked to new institutions locally, and higher-level institutions at the district, provincial and national levels. This second goal will involve incorporating aspects of innovation systems frameworks, which emphasize institutions and the relationships among them in creating innovation. Policy recommendations concerning the connection of local institutional realities to a national innovation systems form part of this goal.

The immediate outcome will be country-specific policy recommendations on measures to increase the ability of rural residents to effectively utilize rural institutions through better access to information, technologies, services and markets. These recommendations can also be used to explore the development of a benchmarking tool for guiding investment in sustainable agricultural innovation systems, and improving the current and potential roles in agricultural innovation of existing and new rural local institutions. In combination with other country studies, lessons can be drawn which will have broader relevance to rural livelihoods in developing countries.

### *Afghanistan Research and Evaluation Unit*

AREU is an independent, Afghanistan-based research organisation. Its primary purpose is to conduct high quality research that informs and influences policy and practice in order to increase the efficacy and impact of aid-related programmes in Afghanistan, and to improve Afghan lives. AREU's current major research areas include governance, political economy, livelihoods, gender, natural resource management, health, and education. More information on AREU is available on AREU's website: [www.areu.org.af](http://www.areu.org.af).

As a locally-based organization with ongoing work in each of these areas, AREU is particularly well-suited to the requirements of this study. The breadth and reach of AREU's programmes mean that it is generating knowledge in rural settings about institutions in a range of thematic areas that all touch on the livelihoods of rural people, including customary conflict resolution, community decision-making, natural resource management, security, agricultural production and marketing, participation by disadvantaged groups especially women, and others. The range of AREU's programmes means that it can bring data from some 12 provinces as well as nomadic populations to bear on the research objectives. In addition, AREU's positive relationships with participating rural communities and institutional knowledge about research in the Afghan context, combined with partnerships with organizations involved in institutional development at all levels, provide considerable leverage for integrating, contextualizing, and generating knowledge about rural local institutions. AREU is therefore in a unique position to take an integrated approach to understanding the universe of RLIs that affect rural livelihoods.

**Objectives and Research Questions**

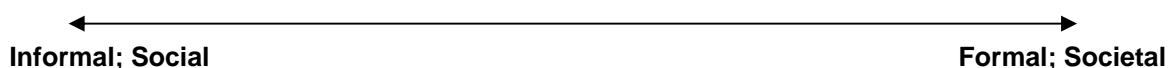
The study will focus on two broad objectives each with a number of associated research questions:

1. Understanding better the universe of RLIs through typing and mapping them
  - a. What kind and how many rural local institutions connected to livelihoods exist in Afghanistan?
  - b. What are the functions these institutions perform?
  - c. How effectively do they perform these functions?
  - d. How has the role of RLIs evolved over time? To what extent and how effectively have rural institutions been utilized as agents of service delivery, local adjudication, or enforcement by government authorities in Afghanistan over time?
  - e. Who can access these institutions and how are their benefits distributed?
  - f. How are these institutions related to each other, to new institutions, and to other levels of institutional activity?
  - g. How do these factors vary spatially?

Consistent with Uphoff and Buck (2006), Perrin et al. (2006), and Parto (2005) this research will employ a notion of institutions as formal and informal structures which collectively organize a community. As such, institutions have relative permanency and longevity (Hodgson 1988, Parto 2005, Uphoff and Buck 2006) and are manifest as a continuous spectrum consisting of formal, tangible entities (e.g., banks, government agencies, courts) at one end and less formal, intangible phenomena (e.g., customs, norms, and values) at the other. The full spectrum may be depicted as in Figure 1.

**Figure 1. Characteristics and Manifestations of Institutions**

<p><b>Behavioural</b> Institutions as standardized (recognizable) social habits – manifest in instinctive behaviour of individuals and groups as reflections of social norms</p>	<p><b>Cognitive</b> Institutions as mental models and constructs or definitions, based on values and embedded in culture – aspired to by individuals and groups</p>	<p><b>Associative</b> Institutions as mechanisms facilitating prescribed or privileged interaction among different private and public interests – manifest in activities of groups of individuals</p>	<p><b>Regulative</b> Institutions as prescriptions and proscriptions – manifest as the immediate boundaries of action by individuals and groups</p>	<p><b>Constitutive</b> Institutions setting the bounds of social relations – manifest as the ultimate boundaries of action by individuals and groups</p>
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Source: Parto (2006)

The typology in Figure 1 will be used to identify and map the formal and informal institutions that structure rural livelihoods and act as the foundation for rural innovation systems in selected areas of Afghanistan. A full inventory will be taken of the *constitutive*, *regulative*, and *associative* institutions based on reviews of secondary data and interviews with key informants. Preliminary information on the *cognitive* and *behavioural* institutions will also be collected through interviews recognizing, however, that accurate data on these two latter institution types will need to come from household surveys of representative household samples, a task which falls beyond the current scope of this research.

Field research will pay particular attention to the institutions through which rural community affairs have been traditionally governed. Despite a general weakening of their role and influence, traditional community-based governance structures such as jirgas and mirabs continue to play key organizing roles in many Afghan rural communities. This research will identify and document the role of mirabs, jirgas, and other traditional community forms as *Local Rural Institutions* through which governance is exercised and how these institutions have evolved temporally across political regimes in Afghanistan. In addition, the research will closely examine the interface between these traditional forms and the newly formed CDCs for complementarities and tensions. The findings from this research will be the basis for a series of recommendations for closer working between the new (CDCs) and the traditional (Jirgas, etc.) institutions. Identification and categorization of institutions in this manner will be a central feature of the research objective to identify and map rural innovation systems.

2. Assessing the prospects of these RLIs to improve rural sustainable livelihoods and contribute to future national innovation systems.
  - a. To what extent can these institutions be utilized or adapted to engage with development interventions?
  - b. To what extent can development interventions take into consideration the characteristics of RLIs?
  - c. How can these institutions interact with new institutions, particularly those introduced under the National Solidarity Programme?
  - d. To what extent can these institutions, through upward linkages, contribute to a system of sustainable agricultural innovation, including an assessment of the current innovation systems?

The second research objective will draw on innovation systems approach which emphasizes the importance of relationships and networks among institutions in the public, private and civil society spheres. The systems of innovation literature conceptualizes innovation as an evolutionary and social process (Edquist 2004). Innovation is stimulated and influenced by many actors and factors, both internal and external to the innovating entity, be it a firm or a farm. Innovation is a locally embedded process (Storper 1997, Malmberg and Maskell 1997). That is to say, proximity (i.e., the benefits deriving from localization advantages and spatial concentration) and territoriality (i.e., prevailing sets of rules, conventions and norms through which the process of knowledge creation and dissemination occurs) play significant roles in the process of innovation (Kirat and Lung 1999). An innovation system is characterized by cooperation between enterprises and knowledge creating and diffusing organizations including universities, training organizations, R&D institutes, development aid agencies, and so forth. There are, in addition, innovation-supportive, locally specific factors that collectively support a symbiotic relationship between the enterprises and knowledge creating organizations.

Institutions play a central role in shaping the processes critical to innovation: linking and learning. However, much of the discussion on institutions remains focused on definitional issues with few serious attempts to operationalize what is already known of institutions in socio-economic analyses (Parto 2005a, 2005b). The innovation system framework goes much further than formalized economic analysis in recognizing the role of formal and informal institutions in the innovation process (Lundvall et al. 2002). Institutions are understood as the

sets of common habits, routines, practices, rules or laws that regulate the relations and interactions between individuals and groups (Edquist 1997). The institutional context has significant bearing on the propensity of actors and organizations to innovate.

In contrast to most economic frameworks that focus on production output, the innovation system framework focuses on the processes that lead to innovation in generating outputs. This focus is not to be confused with research as measured in terms of scientific or technical outputs. The framework stresses that innovation is not merely research or science and technology, but rather the application of knowledge (of all types) in production to achieve desired social or economic outcomes. This knowledge is acquired by learning through research or experience. However, unless this knowledge is applied, it cannot be considered as innovation. While this knowledge can be branded as “new”, innovation often involves the reworking and contextualization of the existing stock of knowledge, making new combinations, or finding new uses.

In some agricultural sectors farmers now need assistance with accessing new markets, not just new technology. The innovation systems framework recognizes that:

- A broad spectrum of public and private actors play increasingly important roles in rural production systems
- As circumstances change and as actors learn, roles evolve, new institutions can emerge while older institutional can undergo transformation
- The relative importance of different actors is context-specific and changes during the innovation process: actors can play multiple roles – sometimes as a source of knowledge, sometimes as a seeker of knowledge, and sometimes as a coordinator of linkages between different actors (Hall 2004, Mytelka 2004)

The innovation system approach recognizes that as circumstances change, roles evolve and new institutions can emerge while older institutions can undergo transformation. The approach further recognizes that the relative importance of different actors is context-specific and can undergo transformation subject to institutional change. In the Afghan context, the innovation system approach will require modification in three main areas: i) reframing the role of various actors from an innovation systems perspective, due in particular to the relative absence of firms as an organizational form in a rural context; ii) the high degree of international influence in knowledge and technology transfer in Afghanistan potentially modifies innovation systems analysis which is focused primarily at the national and regional scales of analysis; and iii) the need to clarify and investigate where and how policies oriented to innovation actually might be developed in a heavily aid-dependent context with severe national capacity limitations.

To ensure effective application of these frameworks and other theoretical tools, the first output of the study will be a conceptual paper outlining the application of these approaches to the Afghan context, and presenting a template for usefully categorizing and describing rural local institutions and their relationships.

#### *Thematic Areas and Cross-Cutting Issues*

The study will focus on these objectives across the following three broad thematic areas corresponding to AREU's areas of expertise and relating to the cross-cutting issues identified in the country case study template:

- Natural resource management and agricultural production;
- Livelihoods and markets; and,
- Governance, conflict resolution and regulation.

In each of these three broad thematic areas, the research will focus on a number of cross-cutting issues identified for the multi-country study in the “Proposed Template for Country case Studies”. Final determination of cross-cutting issues will take place during the initial analysis of existing data and the development of the conceptual framework, but will ensure complementarity with the other country studies. The following are some of the potential cross-cutting issues which may be explored in each of the three broad, thematic areas.

- Local governance and conducive environment (4a)
  - Legal frameworks and administrative capacity
  - Conflict resolution/management, with a specific focus on local leadership and physical facilities.
- Business environment and provision of private goods (4b)
  - Informal and formal credit institutions
  - Facilitation of commerce
- Design issues (4c)
  - How can forms of rural local institutional development that supports sustainable livelihoods be supported? What kinds of institutions (new or existing, multi-sectoral or sectoral) should be supported in given contexts?
  - How can the context of RLIs be improved to support sustainable livelihoods)?
- Transformation and adaptability of RLIs (4d)
  - Identification of needs and opportunities and the suitability of existing (formal and informal) institutions in facilitating moves toward sustainable rural livelihoods, with particular attention to the availability of information (including technologies) and learning.
  - Relationships among RLIs and with new institutions
  - Governance of RLIs, including participation, process and accountability
- Supply chain (4e)
  - How do RLIs support value-chain development and what is their potential for improvement?
  - What does the community know about its productive capabilities and market opportunities?
  - How can the community “measure” its performance, given the capabilities and opportunities?
- Inclusion (4g)
  - How do RLIs perform on inclusion of marginalized groups and what is their potential for improvement ? Attention will be paid to how RLIs facilitate or curtail the inclusion of women and youth.

## Methodology

The research methodology for this study involves four broad activities. These should not be viewed as strictly sequential, but rather will be iterated as the conceptual development and data collection, collation and analysis interact.

1. Adaptation and clarification of conceptual frameworks and development of an RLI database;
2. Integration and analysis of data already collected and to be collected on RLIs across the above thematic areas through AREU’s research in governance, political economy, livelihoods and gender;
3. New research to supplement this with information on relationships between RLIs and among them and other institutions, and to verify findings drawn from integrating information from the three thematic areas identified above in a range of local settings;
4. Investigation of the role of RLIs in improving or generating a system of agricultural innovation in Afghanistan.

The first step involves integrating and adapting the RLI and innovation frameworks to those currently in use by the various research programmes at AREU, and the development of a methodology to classify and describe relationships among RLIs. This conceptual work will result in the production of a concept paper describing the methodology and considerations for applying it in the Afghan context. The methodology will be reviewed and modified after an initial period of data collection, collation and analysis.

The study of RLIs addressing research objective 1 above will be based upon data collected and studies undertaken by AREU in up to 12 provinces of the country. Selection of provincial and sub-provincial locations to be used will comprise a representative distribution of ethnicity, governance situations, agro-ecological zones, livelihood activities and socio-economic status, and will leverage AREU's existing relationships with communities and development organizations in local contexts. This will provide an extremely rich store of information on a range of institutions in different functional areas relevant to rural livelihoods. The data collected in the template will answer the research questions on the types, forms and functions of existing institutions, who can access them and what other institutions they interact with.

Much of the data utilised for this part of the study will be secondary (the product of earlier and ongoing AREU research), but will be supplemented by additional interviews with local key informants and small group meetings using participatory learning methods to qualitatively explore the community dynamics underlying institutional function. There may also be a need for limited additional household socio-economic data through modifications to existing structured data collection instruments. Field observations and direct measurements of resource conditions (e.g., availability of water or pasture) can, in some circumstances, also be used to evaluate the impact of institutions. Final determination of methods for any additional data collection will follow the preliminary assessment of currently held information.

After the initial development of the conceptual framework and review of the existing data, a small workshop will be held with representatives of key institutions to solicit their input on the framework and on further development of the methodology.

With this knowledge, appropriate research tools will be selected for the third component of the research methodology. Here, the general findings of the preliminary assessment and resulting institutional typology will be tested and explored in greater detail through more focused in-depth supplementary case studies in selected areas. In addition, institutional relationships between local and other levels, and flows of information, will be explored to support the application of an innovation system framework to the complex of RLIs and institutions at other levels.

Finally, this information may be supplemented by the final methodological element, a limited review of the national and provincial frameworks that influence RLIs, and that may currently or potentially play a role in agricultural innovation in Afghanistan. This component provides the linkages between the complex reality of RLIs at the local level, and the challenges faced in linking this to a system of innovation that may better support sustainable livelihoods in the future.

### *Organization and Responsibilities*

The study will be coordinated and led at AREU by the Senior Researcher (Political Economy and Governance) who will be responsible for project design and implementation, including organizing meetings, developing a workplan, and facilitating the development of the methodology and any technical tools. The lead researcher will be supported by a steering committee comprising members of the governance and political economy, gender and livelihoods, and natural resource management teams of AREU. The basic structure for the study implementation will involve monthly multi-sector meetings across AREU's research areas to review findings and data. This analysis will focus on answering the research questions under objectives one and two, while developing a common framework for RLIs. Additional research needs and tools corresponding to methodological element 3 will be developed collaboratively by all involved teams, and applied where needed by existing research teams, but supplemented by dedicated field staff where necessary, and drawing expertise from multiple research teams.

AREU may draw on the expertise and experience of its consultants in developing the methodology or technical tools, or in providing corroboration through analysis of other field sites.

### **Outputs and Communications and Advocacy Strategy**

AREU will produce the following outputs:

1. Concept paper outlining the analytical framework for the study and presenting a template for the compilation of data on RLIs across thematic areas;
2. Country Case Study of Afghanistan's RLIs in format of five-country study, focusing on their potential to augment access to public and private services to the rural poor and improve sustainable livelihoods outcomes;
3. Briefing Paper (in AREU format focusing on analysis and recommendations for Afghanistan; and,
4. Dissemination meeting to present results and discuss with key local-level and national-level actors with roles in rural innovation systems

### **Workplan and Implementation Schedule**

See attached implementation schedule.

Mobilizing Rural Institutions for Sustainable Livelihoods and Equitable Development

Proposed Project Implementation Schedule

Actions	2007												2008	
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	
Develop conceptual framework														
Existing data review														
Development of template														
Supplementary fieldwork														
Workshop														
Consolidation of findings														
Country case study														
<b>OUTPUTS:</b>														
Output 1: Concept Paper		X												
Output 2: Country Case Study											X			
Output 3: Briefing Paper												X		
Output 4: Dissemination meeting												X		