

AFGHANISTAN SEED AND CROP IMPROVEMENT SITUATION ASSESSMENT

Table 38
Some Pros and Cons of a Rural Economic Stimulus Package

	Pros	Cons
1	Provides significant economic grants to all rural households	Risk of inflationary impacts, especially if provided on one-time, lump-sum basis
2	Promotes equal development, reduces likelihood of socially unstable gap developing between “haves and have nots”	Ambitious size and scope of project and scarcity of well-trained administrative cadre raises likelihood that RESP would “spawn corruption.”
3	Promotes Keynesian “multiplier effects” resulting in job creation and economic growth	Households lacking experience in managing money or aid-in-kind might not recognize many longer-term benefits unless funds were paid out slowly or held in trust in savings accounts
4	Reduces adverse impacts that would be associated with “landless masses” attempting to carve out rural livelihoods in marginal areas, e.g., stripping of natural plant biomass to sell as fuel material	Relatively large payments to landless households in the absence of farming or other entrepreneurial activities might create a disincentive to enter the labor market or otherwise “become productive.”
5	Reduces rural to urban migration, keeping population where it is more likely to be productive	Without a complimentary stimulus package for urban households, the RESP might actually trigger disruptive urban to rural migration or instances of falsely claimed rural residence.
6	With sufficient administrative capacity, a conditional component of RESP grants could be used to create incentives to comply with government policies relating to various areas such as vaccinations of children and livestock, voter registration, education of girls (and boys), rental rates for agricultural land, adoption of birth spacing and other family planning objectives, regulations regarding placement and utilization of privately owned wells.	Official sanction for withholding a portion of RESP grants due to non-compliance with new and poorly understood policies, is likely to create a) greater wiggle room for corruption among RESP administrators, and b) could generate difficult to manage resentments when conditional portions of grants are withheld due to non-compliance or alleged non-compliance. The setting up of “grievance committees” could become burdensome and difficult to manage.
7	The resultant need to register all households could provide a good opportunity to conduct a national census	The administration burden of any nationwide project could become a burden to the new administration.
8	The equalitarian nature of the RESP is politically neutral, falling midway between a regressive trickle down approach of “focusing on agricultural rehabilitation in the irrigated areas” and the progressive approach of focusing aid on those areas most in need	Providing monetary grants to households in areas known to be producing opium or known to be sympathetic to anti-government forces could be controversial especially if conditions were lacking or difficult to monitor.