

TRADE AND LIVELIHOODS IN THE AFGHANISTAN- PAKISTAN BORDERLANDS



Securing borders and regulating cross-border trade is a key challenge for the Afghan State. Border security is inseparable from the larger war effort: insurgents continue to move easily across borders, taking advantage of terrain, ineffective border controls and tribal connections. In border areas, a vast share of the local population makes a living from both licit and illicit trade, much of which evades taxation. In order to deliver services, assure security and shore up its legitimacy, the Afghan state would have to improve its capacity to deny entry to militants and collect customs duties and taxes. However, taming corruption and enforcing stricter border controls in conflict-affected areas are daunting tasks. Restricting cross-

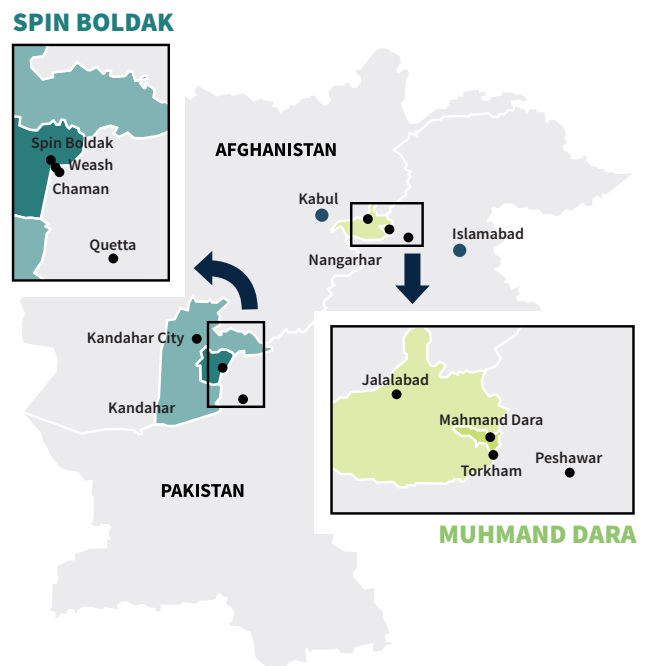
border movement would also affect the livelihoods of millions of Afghans in some of the country's most contested regions, potentially undermining efforts to restore peace.

In June 2016, Pakistani authorities started enforcing stricter controls along the border, ostensibly in response to insurgent attacks in Pakistan. Incoming Afghans must now present a valid passport and visa at official border crossings. In addition, Pakistan is fencing the border: as of January 2019, approximately 900 km had been completed. Pakistan has on occasion shut down the border for several days or weeks at a stretch.

OBJECTIVES AND SCOPE

The Asia Foundation commissioned an initial study of the importance of cross-border trade for livelihoods and the economy of districts bordering the Durand Line. This work was the first step in a five-year research agenda focusing on the borders of Afghanistan and Pakistan and related policy challenges. The study sought to provide empirical evidence of the reliance of border settlements on cross-border trade (licit and illicit); it also sought to assess the security and economic impact of stricter border controls implemented by Pakistan. It serves as a resource for government, policy makers, the international community and other stakeholders with interests in supporting peace and security for communities in the Afghanistan/Pakistan border region.

The research was conducted in the districts of Spin Boldak in Kandahar province and Muhmand Dara in Nangarhar province, focusing on the two busiest official crossing points between Afghanistan and Pakistan: Torkham (Muhmand Dara district), linking Kabul and Jalalabad to Peshawar via the Khyber Pass; and Wesh/Chaman (Spin Boldak district), connecting Kandahar with Quetta through the Khojak Pass. Both sites are major entry points for wholesale goods that are distributed to retail markets across Afghanistan. Hundreds of secondary and informal crossing points are also used along this highly porous border. However, Torkham and Wesh/Chaman are the only two crossings with relatively effective security, immigration and customs controls. This initial research focused on Muhmand Dara and Spin Boldak as the two districts most exposed to the effects of recent changes in Pakistani border management.¹



1. According to a 2017 report by the International Organization for Migration, Pakistani controls in Torkham reduced the traffic from over 20,000 persons per day before June 2016 to approximately 2,000-2,500 in 2017. In contrast, controls were less drastic at Spin Boldak/Chaman, where 25,000-30,000 people were still crossing the border daily as of 2017. IOM (2017) *Assessment of Incoming Afghan Nationals (Torkham Border)*. International Organization for Migration, Islamabad. Accessible here: https://www.iom.int/sites/default/files/situation_reports/file/IOMPakistan_0617_AssessmentofIncomingAfghanNationals%28Torkham%20Border%29.pdf

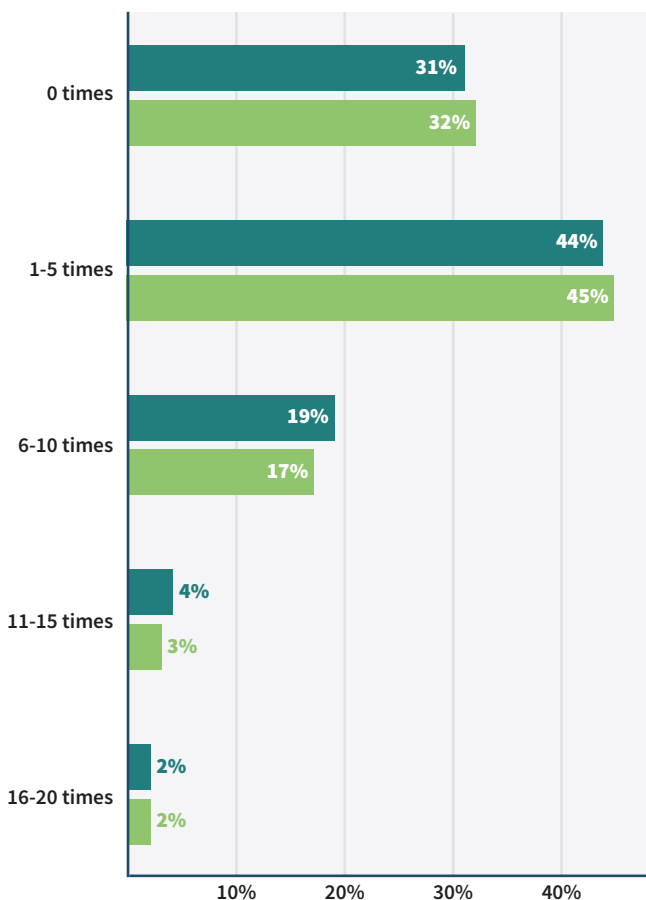
CROSSING THE BORDER

Local residents are crossing the border frequently.

68.5% of 1525 survey respondents reported crossing the border at least once in the past year: 44.5% crossed it up to five times; 18% six to ten times; and 6% more than 10 times.

Frequency of travel across the border in the past year

Spin Boldak (n=820) Muhmand Dara (n=705)



“

We go in the morning and come back in the evening with merchandise. In other provinces, borders are far away. We are happy because the border is near. The government also takes taxes from those people [in other provinces], but we are free of tax

- Businessman, Muhmand Dara

”

Reasons for crossing the border: business, medical treatment and family ties.

Survey respondents reported that an average of two crossings per year were for business purposes, and an average of four were for personal reasons such as visiting relatives. Interviews with officials, businessmen and community leaders indicated that trade, medical treatment and visits to relatives were the three main reasons why residents of Muhmand Dara and Spin Boldak districts cross the Durand Line.



An average of **2** crossings per year were for business purposes (n=925)



An average of **4** crossings per year were for personal reasons (n=925)

Cross-border kinship networks. Over half of the survey respondents (53%) reported having close relatives living in Pakistan. These connections generate business opportunities and facilitate cross-border movement through the provision of accommodation and other forms of support.

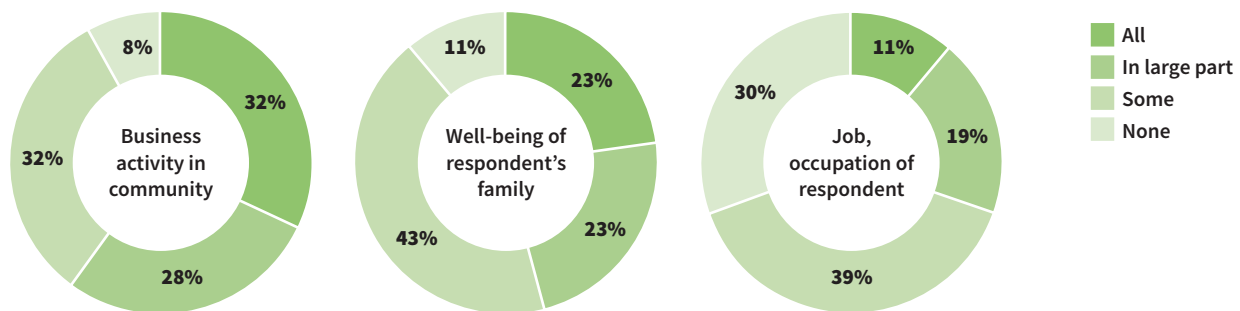
METHODOLOGY

- **Survey of 1525 randomly selected respondents** from Spin Boldak district (820 respondents) and Muhmand Dara district (705 respondents). The samples were representative of the overall population of each district.
- **Gender-matched interviews** with 783 men and 742 women.
- **Villages selected by Simple Random Selection.** Households selected by random walk. Individuals within households selected by Kish grid, a method for randomly selecting survey respondents that accounts for selection bias. 100 intercept interviews in Spin Boldak due to accessibility issues for some villages. All interviews conducted in person.
- **26 Key Informant Interviews** with officials, members of the business community, academics and community leaders.
- Survey and interviews were **implemented by the Afghan Center for Socio-Economic and Opinion Research (ACSOR).**

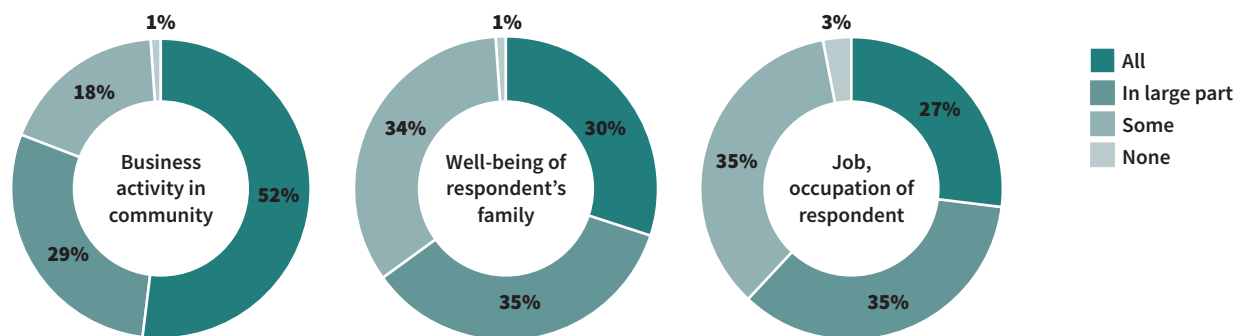
BORDER TRADE AND LIVELIHOODS

An economy dependent on cross-border trade. 71% of survey respondents reported that business activity in their community depends entirely or mainly on cross-border trade. 56% indicated that the well-being of their household is largely dependent on the trade. Just under half (47%) reported being dependent on trade for their own job or professional occupation. This aligns with the unanimous view of key informants that cross-border trade is the primary source of local economic activity and opportunity in what are otherwise poor and underdeveloped regions. Cross-border trade makes border settlements an attractive destination: around half (48%) of survey respondents have lived in their present settlement for less than 20 years; of these, 73% moved there to seek better employment or business opportunities. 68% of all respondents regarded the cross-border trade as ‘mostly a good thing’ for their family.

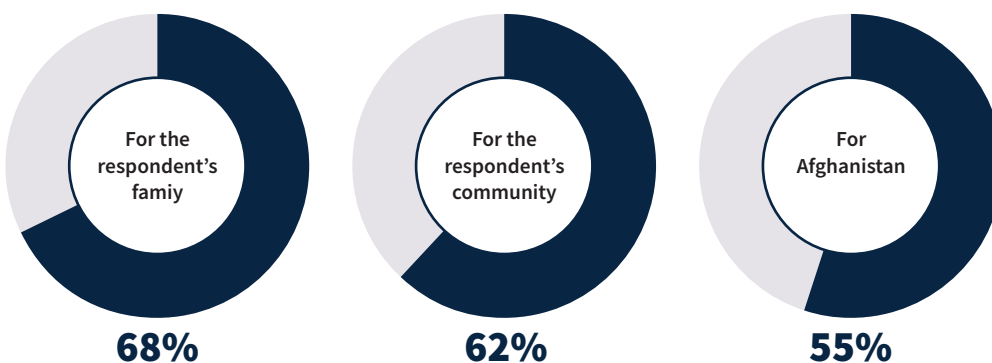
Dependence on cross-border trade (Muhmand Dara, n=705)



Dependence on cross-border trade (Spin Boldak, n=820)



Trade is ‘mostly a good thing’... (N=1525)



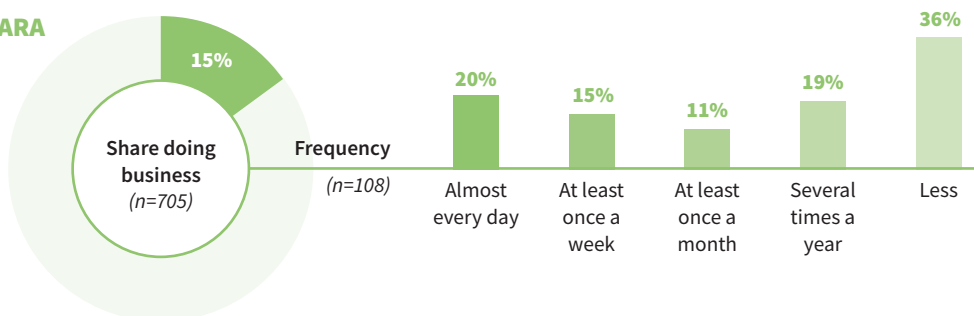
Direct and indirect benefits of the cross-border trade.

15.5% of respondents who have relatives in Pakistan conduct business with their kin on a monthly basis. Besides, nearly one survey respondent in five (18%) reported doing business with Pakistan residents other than relatives; of those, 40% conduct business transactions monthly or more frequently.² 19% of respondents listed cross-border trade as a direct source of household income in the past year. A considerably higher share of respondents cited wage labour as a source of income (64%). However, key informants stressed that much of the available wage

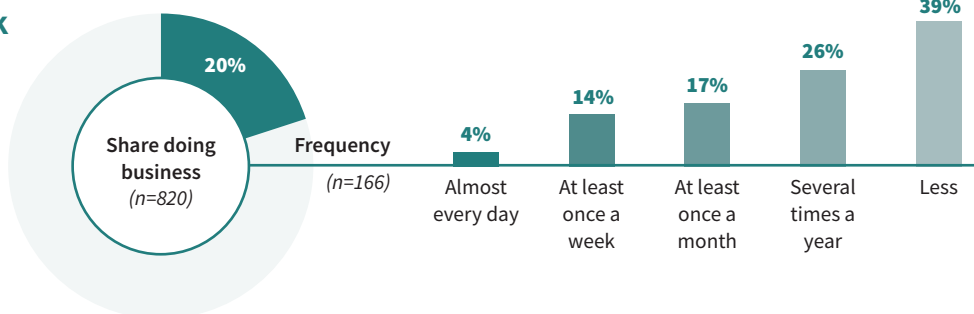
labour in both districts depends on the cross-border trade, which generates employment as drivers, cargo handlers etc. Some informants suggested that people of different socio-economic status benefit from the trade in different ways: poor people engage in small-time smuggling or work for larger traders and smugglers who capture most of the profit. In the words of one informant: “common people [...] are exploited by wealthy persons who are involved in illicit trade and smuggling. [They] are exploited by the rich and wealthy because they cannot find other work to meet the basic needs and requirements of their families”.

Share and frequency of doing business with Pakistan

MUHMAND DARA

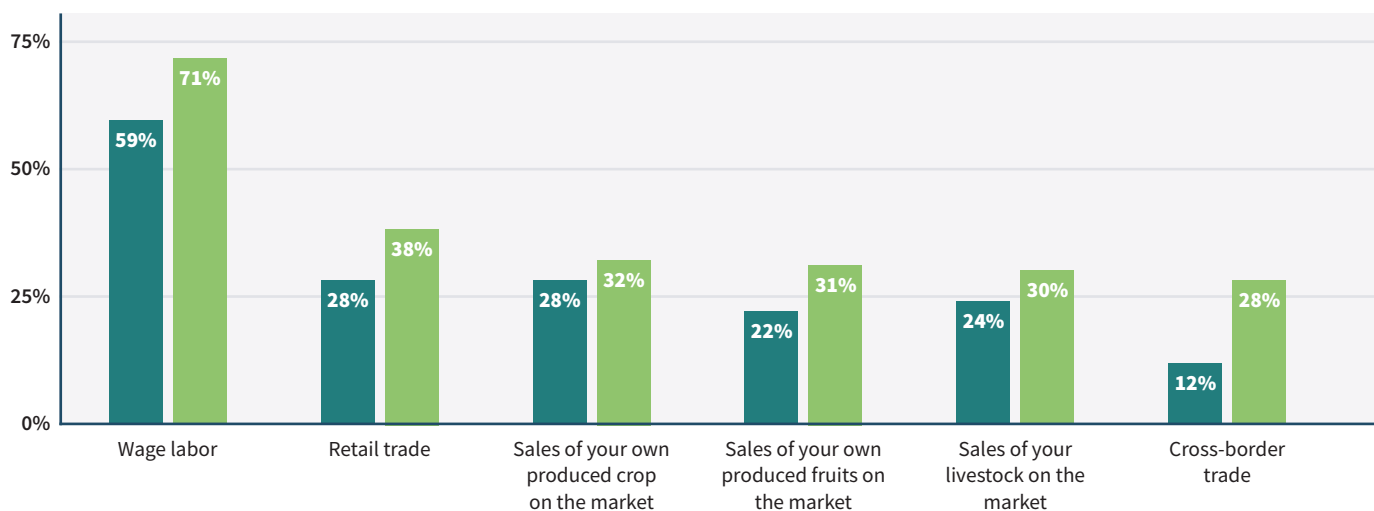


SPIN BOLDAK



Sources of household income (multiple answers allowed)

Spin Boldak (n=820) Muhmand Dara (n=705)



2. In the context of this study, 'doing business' includes selling or buying goods and services, money transfers etc.

Smuggling is a large part of the cross-border trade.

Some key informants – officials and businessmen – denied or downplayed the importance of illicit trade to the local economy. However, most agreed that smuggling represents a large share of cross-border trade and a major source of income for the population of border settlements.³ In fact, many informants did not differentiate between licit and illicit trade, highlighting that much of the trade operates in

a semi-legal or informal grey area. Opinions diverged on the value of greater enforcement of customs regulations. Some interviewees argued that stronger regulation would lead to greater benefits both locally and nationwide. Others noted that weak law enforcement is the defining characteristic of the border economy and the reason why it generates opportunities for so many people, suggesting that more regulation would hurt livelihoods.

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Smuggling plays an important role in the economy of the border because this is how people earn a living. If the official border is closed, then local people carry goods through illegal routes, and this is their main source of income

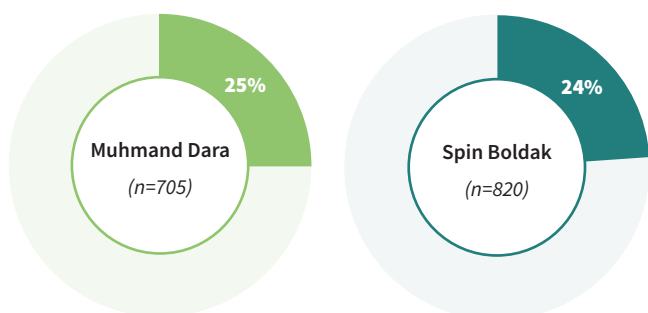
- Businessman, Muhmand Dara

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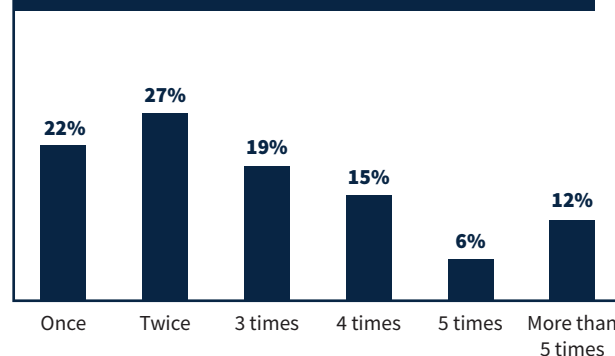
IMPACT OF BORDER CLOSURES

Border closures and stricter controls on the Pakistani side frequently prevent people from travelling. Pakistani authorities started enforcing stricter border controls in June 2016, in particular at the larger official crossing sites such as Torkham and Wesh/Chaman. The requirement for incoming Afghans to present a valid passport and visa is an issue for the residents of the two districts: only 30% of survey respondents declared possessing a passport. The border is also frequently closed by Pakistani authorities. One out of four respondents (25%) reported that they were prevented from travelling to Pakistan at least once in the past year because of the temporary closure of the border by Pakistani authorities.⁴ Of these, 82% were turned back between one and four times in the past year, and 75% claimed that the most recent closure they experienced lasted one week or less (50% reported it lasted between one and three days).

Prevented from going to Pakistan by border closures in past year



How many times prevented from going to Pakistan in past year (both districts, n=376)



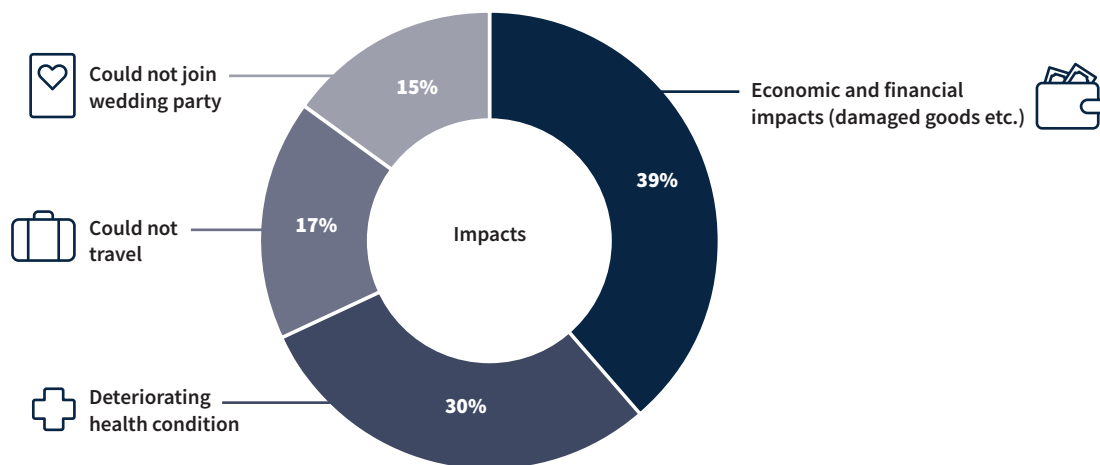
Border closures generate economic losses, local problems. Over a third of respondents (35%) consider that closing the nearest official border crossing for a single day results in major problems for their community (this increases to 48% if asked about a one-week closure). Asked about the impacts of being prevented from travelling to Pakistan, a plurality of respondents (39%) cited economic and financial consequences such as loss of income or rotting produce. Another 30%, likely travelling for healthcare, mentioned a deteriorating condition. Others deplored missing weddings or funerals. Officials, academics, businessmen and tribal leaders all emphasized the impacts of economic changes such as fluctuations in market prices and currency exchange.⁵

3. 'Smuggling' is defined as the act of intentionally bringing an item into a country without declaring it to customs officials and paying the associated duties or taxes, or of bringing a prohibited item into a country. Quantifying the share of the cross-border trade that is illicit was not an objective of this research.

4. In 2017, a previously cited IOM assessment noted that controls were enforced considerably more strictly in Torkham than in Wesh/Chaman. Data from this study indicates that border closures are as frequent in both sites. IOM (2017) *op. cit.*

5. Following the suicide bombing of a shrine in Sindh province in February 2017, Pakistan sealed the border for two weeks. Economic consequences were felt everywhere in Afghanistan. The price of fruits and vegetables in Kabul markets more than doubled. Officials estimated daily losses in trade at US\$ 3 million. Zabihullah Ghazi, "Closed Pakistan-Afghan Border Causes Pain, Trade Losses". *Voice of America*, 02/28/2017. Accessible here: <https://www.voanews.com/east-asia-pacific/closed-pakistan-afghan-border-causes-pain-trade-losses>

Impact of border closures (n=376)



Alternative routes into Pakistan mitigate the impact of border closures. However strongly people feel about the negative consequences of border closures and stricter border controls, the impact is mitigated by the existence of other routes into Pakistan. Besides Torkham and Wesh/Chaman, there are at least 18 other motorable crossing points along the Durand Line where controls are poor or inexistent. There are also hundreds of non-motorable trails only known to locals.⁶ When asked what alternative routes exist when official border crossings are closed, 78% of respondents were able to indicate another way. 38% of all respondents considered that most or all crossings in their area are done outside of official sites. 69.5% believed that the existence of informal routes into Pakistan is somewhat important or very important for livelihoods in their community.



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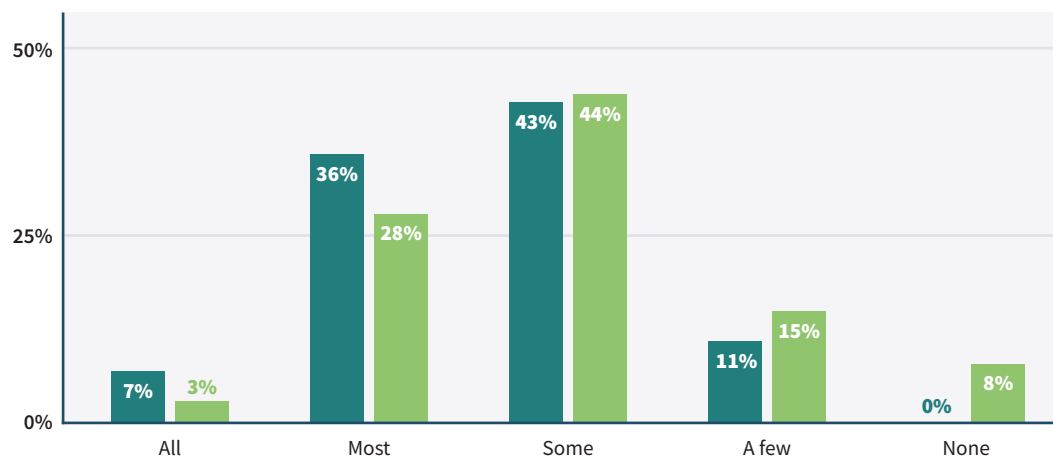
When the security gets worse and the border is closed, goods like fresh fruit get spoiled and traders face losses.

- Female Member of Parliament, Kabul



Share of border crossings made through non-official routes, in the respondents' area

Spin Boldak (n=820) Muhmand Dara (n=705)



6. Borhan Osman and Fazal Muzhary (2017) op. cit.

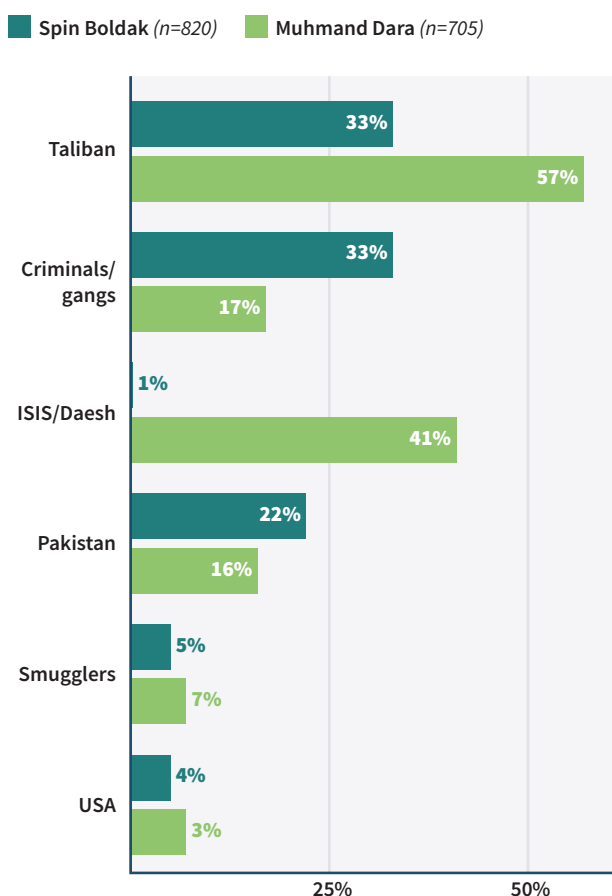
SECURITY

Security and border closures as main threats to livelihoods. Pakistani authorities typically close the border in response to specific security incidents or deteriorating security conditions. 35% of Muhmand Dara respondents and 28% of Spin Boldak respondents



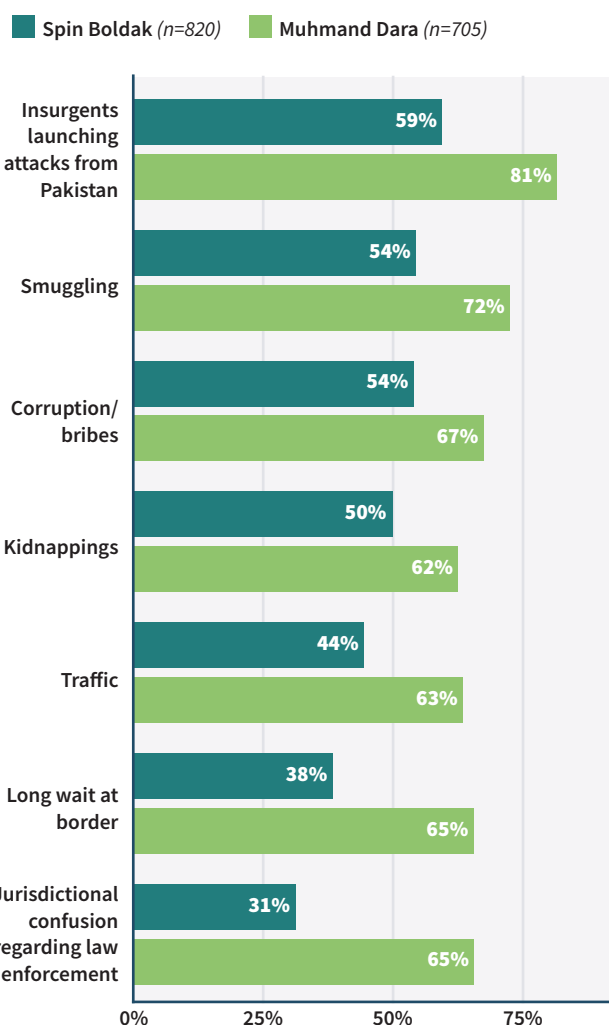
35% of Muhmand Dara and **28%** of Spin Boldak respondents reported that they always or often fear for the safety of their family.

Views on security threats in the area (total of two mentions)



reported that they always or often fear for the safety of their family. However, these two figures are slightly lower than the national average of 38% reported in 2018 by the Survey of the Afghan People.⁷ Asked about actors that represent a security threat in their area, respondents from both areas placed Taliban and criminal gangs at the top of their list. In Muhmand Dara, ISIS/Daesh was the second most frequent answer. Only 6% of respondents cited smuggling networks.

Views on major problems related to the border



Security and travel within Afghanistan. 32% of Muhmand Dara respondents, and 14% in Spin Boldak, reported at least one instance when they were prevented from travelling due to insecurity (most recalled between one and four such instances, and say they were prevented from travelling for up to four days). The frequency and duration of these interruptions are similar to the frequency and duration of interrupted travel due to border closures (see above).

A porous border is not seen locally as a security risk. 73.5% of respondents in Spin Boldak, and 64% in Muhmand Dara, said they would feel safe crossing the border. Respondents did recognize the role that a porous border plays in enabling conflict: 69% categorized insurgents launching attacks in Afghanistan from safe havens in Pakistan as a major problem. However, a large majority of respondents (71% in Spin Boldak; 62% in Muhmand Dara) did not consider that the proximity of the border had an impact on their own security. Among those who agreed that border proximity has an impact, most said that the impact was positive (Spin Boldak: 56%; Muhmand Dara: 66%).

7. The Asia Foundation (2018) *A Survey of the Afghan People: Afghanistan in 2018*. Accessible here: <https://asiafoundation.org/where-we-work/afghanistan/survey/>

CONCLUSIONS

Results from this initial research highlight a complex policy trade-off: can stricter controls be enforced at the border without hurting local livelihoods and fuelling local grievances? The Afghan State does not officially recognize the Durand Line. However, if ongoing efforts at negotiating a path toward peace are successful, securing the border will surely become a critical policy issue: stronger borders will be needed to prevent spoilers from moving freely between countries, and to improve tax revenue.

From the perspective of local residents, the Durand Line is an artificial boundary that divides families while at the same time generating employment and economic opportunity. The weakness of border controls makes separation tolerable, because local residents can still travel fairly easily into Pakistan to meet their relatives. It makes trade profitable as traders and smugglers take advantage of lax controls to evade taxation, while residents of border settlements find work as drivers, cargo handlers or make a living smuggling goods through local trails. While local people dislike insecurity, they do not see a porous border as a threat to their own safety. Instead, they regard stricter border controls as a threat to their livelihoods. Occasional border closures by Pakistan, and stricter administrative requirements, are sources of concern for people living around official border crossings, even though they know of other more informal routes to cross the Durand Line.

Fully securing the border is simply not achievable: the border is too long, the terrain too difficult, and issues of capacity and corruption too endemic. It will likely remain porous even in the best of times. It follows that improved border controls are unlikely to have a major impact on the complex security concerns of the border area that affect both Pakistan and Afghanistan. However, this research indicates that even some modest success in enforcing stronger controls at key crossing sites might have significant impacts on the livelihoods of local residents. Changes in the policy environment at the border would need to take this into account and be accompanied by efforts to credibly and durably improve development and livelihoods opportunities.

In the next few years, The Asia Foundation will continue monitoring social, economic and security dynamics at a broader range of sites along the Durand Line and across Afghanistan's other borders, and assessing their implications for policy-making and prospects for peace. Research will also benefit from being expanded to include areas on the Pakistani side of the Durand Line, in order to inform a comprehensive understanding of cross border dynamics. Further research will use surveys and other methods to produce actionable policy recommendations on pressing contemporary issues.

THE X-BORDER LOCAL RESEARCH NETWORK



In Asia, the Middle East and Africa, conflict and instability endure in contested border regions where local tensions connect with regional and global dynamics. With the establishment of the X-Border Local Research Network, The Asia Foundation, the Carnegie Middle East Center, the Rift Valley Institute and their local research partners are working together to improve our understanding of political, economic and social dynamics in the conflict-affected borderlands of Asia, the Middle East and the Horn of Africa, and the flows of people, goods and ideas that connect them. This five-year program, initiated in 2018, produces research to inform more effective policymaking and programming. It builds, maintains and expands local research networks in some of the most remote and difficult conflict-affected regions. Finally, it supports improvements in local research methods and capacity. The X-Border Local Research Network is supported by the UK Department for International Development.



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