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Afghanistan's Poppy Production:

Counting Things and Things that Count

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List of Acronyms

AIDS	Acquired Immune Deficiency Syndrome
AKF	Agha Khan Foundation
ALP	Alternative Livelihoods Programme
ANF	Anti – Narcotics Force
ANP	Afghan National Police
CIA	Central Investigation Agency
CPEF	Central Poppy Eradication Force
DEA	Drug Enforcement Administration
DDR	Disarmament, Demobilization, and Reintegration
DFID	Department for International Development
DNE	Colombia's National Narcotics Directorate
DOD	Department of Defence
EMP	Environmental Management Plan
FARC	Revolutionary Armed Forces of Colombia)
GDP	Gross Domestic Product
GNP	Gross National Product
HIV	Human Immunodeficiency Virus
HVT	High – Value Targets
ICARDA	International Center for Agricultural Research in Dry Areas
IDE	Illicit Drug Economy
IMF	International Monetary Fund
INCSR	International Counter – Narcotics Strategy Report
MAVDT	Colombia's Ministry of Environment, Housing, and Land Development
MCI	Mercy Corp International
N.W.F.P	North Western Frontier Province
NATO	North Atlantic Treaty Organization
NDCS	National Drugs Control Strategy
NRVA	The National Risk and Vulnerability Assessment
PDPA	People's Democratic Party of Afghanistan)
PPP	Purchasing Power Parity
TNI	Transnational Institute
UK	United Kingdom
UN	United Nations
UNAMA	United Nations Assistance Mission in Afghanistan
UNDCP	United Nations International Drug Control Program
UNDP	United Nations Development Programme
UNHCHR	UN High Commissioner for Human Rights

UNICEF	United Nations Children's Fund (formerly United Nations International Children's Emergency Fund)
UNODC	United Nations Office on Drugs and Crime
US	United States
USAID	US Agency for International Development
USD	United States Dollar
WB	The World Bank
WDR	World Drug Report

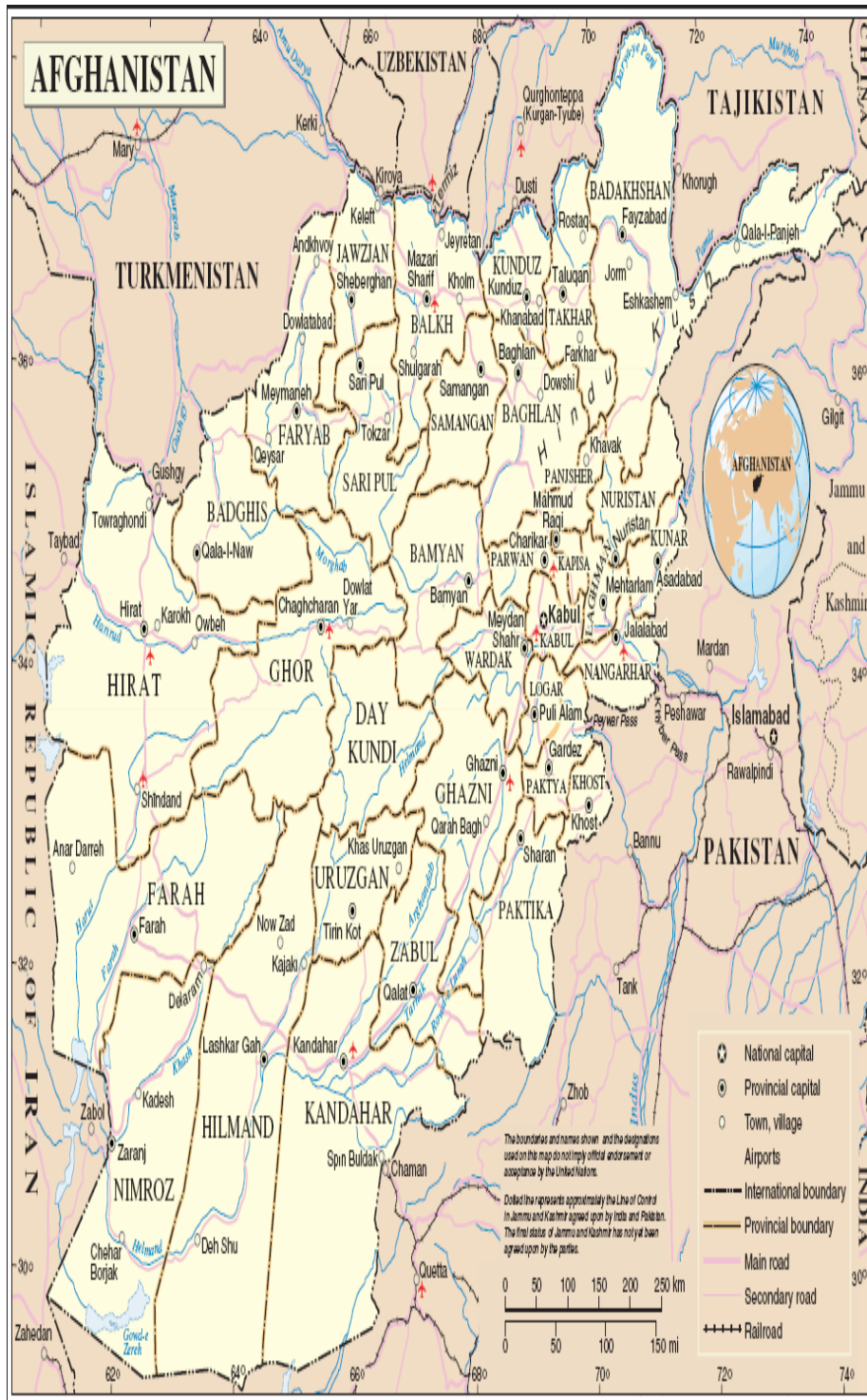
Dedication

I dedicate my effort to my father, an inspiration for me, who passed away during summer; my mother who has been praying for me; to my wife and my son who have sacrificed their precious time which I owe to them.

Keywords

Afghanistan, Poppy Cultivation, drugs, Narco - Economy

Map 1
Afghanistan – Administrative Divisions



Chapter 1 Afghanistan's Poppy Problem

“None of the crops fetch even one third the price of what we receive from poppy. How can the US ask us to stop poppy cultivation? Have we ever asked them not to produce guns, tanks and bombs, which also kill people? We prefer to die fighting, rather than to die from hunger”. *A Poppy Farmer*¹

Afghanistan has been the world's one of the main producing country of illicit opium since 1991, when it exceeded Burma (Myanmar) in total annual production. The Taliban regime and the Karzai government inherited an illicit drug economy that has been aroused by two decades of war but that also fuelled the country's war economy. Nevertheless, the Taliban regime successfully prohibited opium production in 2000, bringing opium production from 3,300 tonnes in 2000 to 185 tonnes in 2001. Taliban, regime was overthrown by the U.S. military intervention in response to the September 11 terrorist attacks. Then, in a rather muddled Afghanistan, opium production resumed and grew back to normal in a matter of only one year (3,400 tonnes in 2002). Afterwards, despite national and international pledges, eradication threats, bargain deals with opium farmers, and international development aid, Hamid Karzai's new democratic Afghanistan has failed to restrain or even stabilize opium production. On the contrary, after six years of peace-building, state-building, and economic growth, Afghanistan broke two successive all time records of opium production, in 2006 (6,100 tonnes) and again in 2007 (8,200 tonnes) (Chouvy 2008). The utter size and illegal nature of opium economy means that it permeates and seriously affects Afghanistan's economy, state, society and politics. The opium economy by all accounts is a major source of corruption and weakens public institutions. (Buddenberg and Byrd 2006).

The opium economy is one of the many problems Afghanistan is facing now days. It is intertwined in a complex manner not only to the economic growth, development and poverty, but also to counter – insurgency, security, the political stability, governance and state – building. The strategic integration of all these issues in fundamental for Afghanistan's considerable and continued progress in a multifaceted and inter – linked set of development challenges (Byrd 2008). To address problems like poppy cultivation, opium processing into heroin and trafficking many strategies have been adopted. These strategies are eradication, interdiction and alternative development. But whether these have proved successful or not is still questionable. The question arises why is poppy cultivation sustainable despite of efforts made by Afghan government and International Community? What are the drivers of sustainable poppy cultivation and drugs production in Afghanistan? Why drugs controls strategies have proved ineffective so far in Afghanistan? What is the way forward to tackle this deteriorating situation? If these questions are not thoroughly

¹ Asad, A.Z. and Harris R. (2003), p. 45.

explored and addressed current state of chaos will continue which is not desirable by Afghanistan and International Community as a whole.

The research starts with political economy of Afghanistan and how Afghanistan descent into chaotic situation. In the chapter 3 actors in Narco economy, opportunity cost of poppy cultivation, its macroeconomic impacts and trend of poppy opium cultivation and production in Afghanistan have been discussed. Chapter 4 deals with structure of Afghanistan's economy, poverty, drivers of poppy cultivation and drugs trafficking in Afghanistan. Chapter 5 deals with drugs control strategies, and their comparison in various drugs producing countries and reasons for their failures. Chapter 6 suggests way forward for Afghanistan.

Chapter 2 Political Economy of Afghanistan

2.1 Introduction

The Kings of the ancient world believed that Afghanistan, as a region, was the center of the world. This view about Afghanistan persisted to modern times. The famous Indian Poet Allama Mohammad Iqbal described Afghanistan as “the heart of Asia”. Lord Curzon, the early twentieth – century British Viceroy of India coined, “the cockpit of Asia” for Afghanistan. There are few countries in the world that their geography determines history, politics and the nature of the people. Afghanistan’s geo – strategic location even makes it more important. Afghanistan’s rough, rugged, deserted and arid terrain has produced some of the famous and best fighters in the world, while its stunning sceneries and lush green valleys with fruit – laden trees have proved to be an inspiration to poets. “Afghanistan” in the original sense is denoted to the areas where the Pashtuns are settled and the word “Afghan is used for Pashtun tribes (Parvanta 2002: 18). Therefore Afghanistan is predominantly a Pashtun country having ethnic links with its neighbours like Pakistan and Iran.

2.2 From Foundation to Independence

Ahmed Shah Durrani, the founder of the Durrani Empire and the modern state of Afghanistan, established his rule in Kandhar in 1747. Ahmed Shah, a Pashtun from Abdali clan, was elected King in a Loya Jirga. His rule extended from Mashhad in the west to Kashmir and Dehli in the east and from Amu Darya River in the north to the Arabian Sea in the south (Dupree 1977 and Rasanayagam 2003). Collision between the expanding British and Russian Empires significantly influenced during the 19th century and it was termed “The Great Game”. The First Anglo–Afghan War lasted from 1839 to 1842. The second Anglo-Afghan war (1878-1880) was sparked by Amir Shir Ali's refusal to accept a British mission in Kabul. In 1919, Amanullah, became king of Afghanistan's and launched the Third Anglo-Afghan war with an attack on India in the same year. During the ensuing conflict, the war-weary British relinquished their control over Afghan foreign affairs by signing the Treaty of Rawalpindi in August 1919. In commemoration of this event, Afghans celebrate August 19 as their Independence Day (Vogelsang 2002).

Amanullah's rapid modernization policies limited the rule of Islamic law, which angered rural tribal leaders and mullahs, who ran the king out of the country after 10 years. The country's first constitution, ratified under his rule in 1923, included an article proclaiming that "all subjects of Afghanistan are endowed with personal liberty." Amanullah introduced some press freedoms and market privatization, and he decreed mandatory and co-educational schooling for Afghan children.

2.3 Descent into Chaos²

During the reign of King Shah, he was mostly assisted by Musahiban i.e. his uncles and cousins. It was a period when Afghanistan entered into treaties and organizations like League of Nations and United Nations. However, it was a period in which state sovereignty was challenged internally and externally. Actually it was a period when Afghanistan started to plunge into a status of a failed state. Because a key indicator of failed state is a replacement of the loyalty previously afforded to an anonymous state structure, by tribal, ethnic or religious ties (Noelle – Karimi 2002: 6). Another important sign of a development from a state to a tribe is the failure of modernization which can be seen during this very period.

On 27 April 1978 the PDPA (People's Democratic Party of Afghanistan), led by Nur Mohammad Taraki, Babrak Karmal and Amin overthrew the regime of Mohammad Daoud, who was killed along with his family. In 1979, with the Afghan army unable to cope with the large number of violent incidents, the Soviet Union sent troops to crush the uprising, install a pro-Moscow government, and support the new government.

This was the starting point of the Soviet occupation of Afghanistan and the Soviet war in Afghanistan, which ended only in 1989 with a full withdrawal of Soviet troops under the Geneva Accords reached in 1988 between Afghanistan and Pakistan. The Soviet Union withdrew its troops in February 1989, but continued to aid the government, led by Mohammed Najibullah. After the collapse of the Soviet Union, the Najibullah government was overthrown on April 18, 1992 when Abdul Rashid Dostum mutinied, and allied himself with Ahmed Shah Massoud, to take control of Kabul and declare the Islamic State of Afghanistan. When the victorious mujahedeen entered Kabul to assume control over the city and the central government, internecine fighting began between the various militias, which had coexisted only uneasily during the Soviet occupation. With the demise of their common enemy, the militias' ethnic, clan, religious, and personality differences surfaced, and civil war continued. Fighting among rival factions intensified.

In reaction to the anarchy and warlordism prevalent in the country, and the lack of Pashtun representation in the Kabul government, the Taliban took control of approximately 95% of the country by the end of 2000. The significance of Afghanistan was only realized when on 11 September 2001 on sunny morning in New York people watched two planes flew into the twin towers of World Trade Center. The US and its Western Allies followed up their devastating attack on the Taliban and Al' Qaida and bringing about secular rule. The question was whether there would be strategy to support an Afghan government, that could handle the alienation and economic crisis that had helped to set fire on extremism and terrorism. (Rashid 2001: xiv)

² Borrowed from the title of Ahmed Rashid's book, "Descent into Chaos".

2.4 Sovereignty Gap

In their book “Fixing Failed States” while defining the context, Ghani and Lockhart (2008) sketch how course of events takes place in New York City and Washington in September every year on the occasion of United Nations (UN) General Assembly and annual meetings of The World Bank (WB) and the International Monetary Fund (IMF). How the public resources many small and debt – ridden states is spent on limousines and lavish entertainment which otherwise could be spent to improve lives of the people, most of whom are desperately poor. Actually more distressed and smaller states are, the more these need dazzling TV lights of Washington and New York to broadcast the video highlights of these meetings to local news studios in Central America and Caribbean, Africa, Asia, and former Soviet Union so as to prove that these states have a place on global stage along with states like United States, United Kingdom, France, Russia and China. Ghani and Lockhart coined these activities as the ‘*rituals of sovereignty*’.

While ordinary citizen gave up hope to receive basic amenities of life i.e. health, education and security services from either their own country’s government or international aid programmes. Although huge amount of money is spent on building armies and army related infrastructure but still people are uncertain about their own security.

Millions of people are just moving to cities in search of jobs. Many of these people have put their money into building for which they don’t have titles. These people have valuable assets in the form of property and businesses but they have to hold those outside the law. It results in “dead capital” because despite of successful businesses this money can’t be used for good of people and country. This dead capital is useless as collateral for securing loans which are needed to ascend out of poverty (Hindley, 1998).

Those lucky one in these states who are persistent to enter into a legal system face severe difficulties. They have elaborated this by examples from Afghanistan and Sierra Leone. In Afghanistan in 2002, a citizen has to pay \$8 (half of his monthly income) as bribe to get some 20 signs on a pile of documents for paying a custom fee of \$ 2. Millions of people in impoverished countries don’t have access to identity. High cost of dealing with government put them into a legal midpoint. They don’t have rights to buy or sell property, divide labour among themselves, or to gain access to markets.

Ghani and Lockhart (2008) has described that these powerless, speechless and landless people are victim to what they call the “*Sovereignty Gap*”. They have explained this sovereignty gap as – “the disjunction between the de jure assumptions that all states are “sovereign” regardless of their performance in practice – and de facto reality that many are malfunctioning or collapsed states, incapable of providing their citizens with even more basic services, and where the reciprocal set of rights and obligations are not a reality”. This is exactly what is currently prevailing in Afghanistan.

Chapter 3 **Afghanistan: A Narco – Economy**

Faisal Islam (2002) in one of his article writes, “Forget for one minute that drugs are illegal. Forget the pain, addiction and social consequences of drug production, selling and use. For those with a different perspective, forget the highs, the leisure and the pleasure value. Adopt instead the mindset of businessmen in conventional legal industries. Adopt the profit motive. The global narcotics industry makes enough money, and employs enough people; to stimulate the appetite of the most respected industrialist or management consultant”.

The drugs supply chain from Golden Crescent and Triangle of Asia and Amazonian jungles of South America to most street corners of the western cities. This industry is unique in a sense that it does not advertise and market its produce but faces interdiction at each and every step. According to United Nations Office on Drugs and Crime, in its World Drug Report 2005, estimates illegal drugs value at retail level at USD 322 billion, at wholesale level at USD 94 billion, at the production level at USD 13 billions. So it comprises of 8 percent of whole world trade. Drugs trade alone is more than the total trade of textiles, iron, clothing, and steel (Islam 2002). Therefore very few legal economies can compete with the Illicit Drug Economy (IDE).

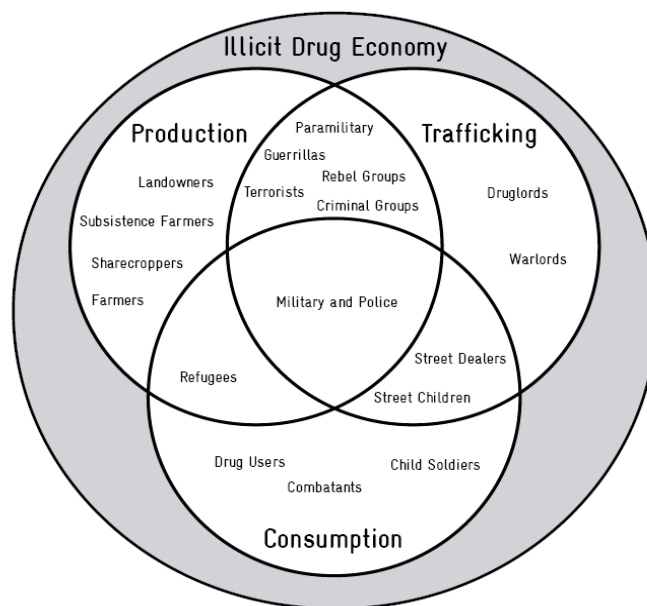
“The value, measured at retail prices, is higher than the GDP of 88% of the countries in the world and equivalent to about three-quarters of Sub-Saharan Africa’s combined GDP. [...] Exports of wine (US\$ 17.4 billion) and beer (US\$ 6.7 billion) are equivalent to just a quarter of the wholesale value of illicit drugs.”³

3.1 Actors in Narco – Economy or Illicit Drug Economy

Profit is what makes drugs one of the most lucrative businesses in the world. This expectation for profit drags attention of many people with profit motives in short span of time and with little efforts. So many actors are involved in this industry right from producers in the remotest areas of Afghanistan, Colombia, Myanmar, and Bolivia to consumers in urban settlements of United States and Europe. Although production, trafficking and consumption are different function and to some extent specialized one, but there are certain actor in IDE whose role are overlapping in drugs industry. For example, landlords, warlords, rebel and criminal groups, government and anti – drugs officials are involved both in the production and trafficking activities. These establish a *‘patron – client’* relationship with poor growers, provide them access to land, credit and security. Diagram given below illustrates beautifully how various actors are working in illicit drug economy.

³ United Nations Office on Drugs and Crimes (2005), World Drug Report 2005. Vienna: UNODC, pp. 127-128.

Figure 1.1
Actors in Illicit Drug Economy



Source: Cornelius Graubner (2007).

3.2 Opportunity Cost of Poppy Cultivation

Looking at data over period of time it is obvious that opium cultivation trends are fluctuating and changing although incr. In this situation question arises if poppy cultivation is that profitable then every farmer in Afghanistan doesn't cultivate poppy? There are many factors, while analysing diversity, for opium cultivation in Afghanistan. Mansfield (2002a) concisely explains, 'Social and religious norms, as well as perception of morality, inform households in their decision to plant poppy. Access to land, water, and in particular, unremunerated and low paid labour, are important determinants in level of poppy cultivation. The role of opium as a source of financial credit is also a particularly important motivation for its cultivation'. Since the efforts to eradicate poppy has been introduced these have become a new variable while making decisions to grow poppy cultivation (Macdonald 2007).

In deeply conservative and religious rural areas of the country it is considered that cultivation, production, trafficking and consumption of intoxicants like opium is forbidden, traditionally called *haram*. This is one of the main factor in weighing pros and cons of growing poppy. Some farmers try to obey government decree not to grow while others resist against any effort to eradicate their crop. Another factor is cost associated with factors of productions like labour, seeds, fertilizers, farm power, land and water. If these are not properly used then very purpose of growing poppy is failed (Ibid 2007).

Poppy opium has become an exchangeable commodity due to its non – perishable, light weight, high value characteristics. Therefore, it not only serves as source for food but a source for food security by proving resource poor

people with access to land for agricultural land and credit during time of food scarcity. For landlords poppy is an opportunity to expand asset base while for sharecroppers it is an opportunity for family survival. By cultivating poppy a sharecropper is able to get credit for household survival during acute winter season when food scarcity is at peak (Mansfield 2002a). But sometimes this system of credit can trap sharecropper into vicious circle of debt and payment which can continue generation after generation. Growing poppy works both ways i.e. access to land, credit and ensuring food security and being trapped into vicious debt circle. It is worthy to note here survival mentioned doesn't only refer to food, housing, land and payment of existing loans but also to other basic necessities of life like healthcare which otherwise is hard to imagine. According to Macdonald (2007), such evidence suggests that a significant number of poppy farmers in Afghanistan are balanced on a knife – edge of profit and survival on one hand and debt and impoverishment on the other.

Moreover, the insecurity context in which poppy farmers live is central determinant of their behaviour. This behaviour raises profound questions about the very notion of legality. The proponents of eradication led poppy control strategy have been arguing that by increasing the perception of risk to destroy the crops will refrain from poppy cultivation. This assumption based on economics model of individual profit maximization has been proved flawed. Rather after many years of eradication farmers have continued growing poppy. In certain case area under poppy cultivation increased of offset effects of eradication (Mansfield 2006a). Question arises what other crop options they have and where are those options? Research shows that economic superiority of opium in term of returns is unquestionable. While legal options available for farm and non farm income are also limited. So if farmers grow wheat instead of poppy their families will go hungry. If their poppy crop is destroyed again their family will go hungry. So the opportunity cost of cultivation poppy is very low. By opting not to cultivate poppy means a farmer forgoes favoured access to credit in advance payment of their future crop, also called *salaam*. When a sharecropper refrains from growing poppy he shall not be able to access land. In this way sharecropper's coping strategy will be disturbed as well as his ability to settle existing loans will be impaired (Mellor, 2005).

Keeping in view above facts, despite of being an illegal crop its offers opportunities to farmers in Afghanistan. There are ongoing efforts to control poppy opium. These efforts pose threat to each and every step from poppy cultivation to trafficking. Initially while working at farm is a risk because anytime either drugs enforcement officials can raid and cause threats even to lives of farmers while some factions in drug business can also do the same. Once poppy is produced, it is either sold at farm gate or taken to opium bazaars. They have to bribe either local warlords or to grease palm of government officials. Then transforming poppy opium into heroin is just another step to which involved lots of risk. Because only in Shinwar, Khogiani and Achin districts drugs control officials have destroyed 16, 3 and 35 heroin factories respectively in 2003 to 2005 (Macdonald 2007). Then again transportation of heroin within and outside Afghanistan involves both risk and bribe. Some government officials allow their own cars to be used for a fee. In other cases they protect traffickers. Above all, due to lack of viable on farm,

off farm and economic alternatives, the opportunity cost of cultivating, processing and trafficking of poppy cultivation is low.

Rubin (2003) elaborates what characteristics a crop should have to be an alternative to poppy opium. In order to provide a realistic alternative to the benefits of poppy cultivation, a substitute crop must provide the following:

- A significant cash income to the cultivators.
- A source of credit from futures markets or other sources.
- A reliable international market.
- High value in a small volume and ability to retain value during delays, poor storage, high temperatures, and so on, so that the product can be profitably marketed under the existing transport conditions of Afghanistan.
- Cash jobs for at least seasonal casual labourers, thousands of whom now earn \$15 per day from the opium harvest in a country where many government employees earn \$30 per month.

Above factors shows that wheat is not a rational crop substitute for opium poppy, especially while international food aid reduces the price of the crop. Contrary to statements by some Afghan government officials, Afghanistan does not need to be self-sufficient in wheat. This sounds like pre-Ricardian economics. Afghanistan needs to produce sufficient goods in which it has a comparative advantage. In this way, it can import what it needs but does not produce. It now exports poppy and imports wheat and other items like weapons, terrorism, addiction, and, eventually, HIV/AIDS (Ibid 2003).

Afghanistan's is rich in natural resources. According to British Geological Survey (2007) project funded by UK Department for International Development (DFID, Afghanistan is endowed with copper, gold, iron ore and gemstones. The United States Geological Survey (2006) and Afghan Ministry of Mines and Industry after completion of first ever assessment of Afghanistan's undiscovered petroleum resources has said that resource base is significantly greater than previously understood. But Afghanistan is a land locked country, bordering Turkmenistan, Uzbekistan and Tajikistan to the east north, Iran to the west and Pakistan to the east and south. Exploiting these natural resources is not an easy task due to very poor state apparatus and governance. According to Paul Collier (2007), conflict is one of four 'poverty traps' that the bottom billion will be unable to escape. The other three are being landlocked, especially when the neighbouring countries are also poor; abundant natural resources; and bad governance. Switzerland is landlocked, but it has the giant markets of Germany and Italy on its doorstep and is able to sell goods to their rich consumers. Uganda, by contrast, has as neighbours, among others, war-torn Sudan and the failed state of Somalia. Abundant natural resources sound like an economic boon. But instead of bringing wealth trickling down to the poorest, the discovery of oil, copper or diamonds encourages corrupt politicians to seize power in order to divide the spoils and makes economies vulnerable to see-sawing world commodity prices. Upon keen analysis, it becomes evident that Afghanistan has all what it takes to be a poor country.

Based on above discussion it becomes even more clear that cultivation of poppy despite of its illegal nature has low opportunity cost in a country where poverty is wide spread, state apparatus is very weak, conflict is rampant, and neighbours are bad. While opportunity cost of growing poppy is high when there are viable economic alternatives, state has a writ, peace and security are intact.

3.3 Macroeconomic Impacts of Poppy Opium

It is also important to assess the role of opium in macro economy of Afghanistan. Illicit economy contributes both ways i.e. constructive and destructive. But negatives of illicit drugs outweigh the positives. Below is a table representing total GDP by year, export value opium and percentage of export value of opium to licit GDP. This value was estimated on the basis of: (a) the physical transformation ratio of opium to heroin (6–7kg to 1kg); (b) the share of the opium production converted into heroin in Afghanistan (this share has increased steadily over the last ten years, from 41 percent in 1995 to an average of 72 percent in 2002–04 reflecting primarily counternarcotics efforts in neighbouring countries and lingering insecurity in Afghanistan); (c) the estimated distribution of opium and heroin exports by neighbouring countries (based on seizures in these countries); and (d) the opium and heroin prices observed in the main markets in the neighbouring countries' border regions with Afghanistan (Martin and Symansky 2006).

The share of the opium in the overall Afghan economy has declined gradually over the last few years. It reflects sustained growth in the licit economy rather than a decline in exports of illegal drugs, as these exports have remained mainly unaffected. The potential export value of opium attracts most attention; it is only one among many factors defining the macroeconomic impact of the opium economy on the Afghan economy as a whole. The impact on the real sector will in exacting depend on which share of this export value actually enters the economy. How this share is divided between the different actors, and how these different actors allocate their income between consumption, investment, and savings. The drug economy, which is excluded from reported GDP, adds to the demand for domestic products through the demand it generates. Although not recorded in official balance of payments data, it also has a net positive impact on the balance of payments (Ibid 2006).

Table 2.1
Afghanistan's licit GDP compared with revenues from Poppy Opium

Year	GDP (billion \$)	Export Value of Opium (billion \$)	%age of GDP
2004	4.7	2.8	60
2005	5.2	2.7	52
2006	6.7	3.1	46
2007	7.5	4	53
2008	10.2	*	*

*Data not available

Source: UNODC Afghanistan Opium Survey 2005,2006,2007,2008.

Opium is the main cash crop, in contrast with other crops which are cultivated primarily to meet subsistence requirements. Given the limited financial investment opportunities for savings, it is generally assumed that farmers spend almost all of their income. Therefore, opium-related income contributes primarily to increasing consumption, in particular of non-subsistence goods, including imported goods (Mansfield, 2004). In the absence of reliable data, it is generally assumed that processors and traffickers save a large part of their income.⁴ Opium-related demand causes, in addition to aid-related inflows, Dutch disease. It is important to note that while donor aid inflows, through the demand for goods and labour they induce, also contribute to Dutch disease; their impact on the competitiveness of the licit economy is partly offset by the associated increase in productivity. Drug-related activities also hinder investment. This negative impact manifests itself mainly through protracted insecurity; the sustained growth of informal activities; very high levels of corruption, particularly at the provincial and district levels (Martin and Symansky 2006). Opium economy also affects the balance of payments and has impact on fiscal side of economy.

In above discussion we have mentioned that how illicit economy have negative impacts on Afghanistan's economy. But it has certain positive impacts as well. When there is decrease in poppy opium economy it can affect licit GDP growth, the balance of payments, and government revenue. The comparative magnitude of shock to real GDP would be less enunciated to the extent that the burden falls on traffickers due to their low propensity to spend in Afghanistan. While large capital outflows and imports content associated with drug income suggest that impact on balance of payment will be less than the total decrease in drug income. This slow down in growth and the decline in imports will in turn have an adverse effects on government revenues (ibid 2006).

3.4 Is Afghanistan a Narco – state?

US president George W. Bush in 2004 said that the people of Afghanistan are now free.⁵ While president brags, opium industry, which fosters terrorism, violence, debt, organized crimes and conflicts, has expanded to a level that it could mar the entire U.S and international effort. Burnett (2004) has written in her article that ambassador Zalmay Khalilzad admitted, "[r]ather than getting better, it's gotten worse. There is potential for drugs overwhelming the institutions – a sort of a Narco – state."

Print and electronic media have been casting reports on the incomparable profit generated through coca and poppy and quote it as the sole reason for farmer's decision to grow poppy and coca, despite keeping in view above discussion. However this offers very little justification for phenomena of poppy cultivation in Afghanistan or elsewhere in the world. Poppy is rarely

⁴ This is consistent with the findings of UNDCP (1994) in the case of Pakistan.

⁵ George W. Bush, President of United States, remarks on education, Springfield, Ohio, 27 September, 2004.

mono cropped and is cultivated on the fraction of arable land in Afghanistan despite of very fact that agricultural conditions are favourable across country to grow it. In source regions there are crops if grown can be equally profitable to that of poppy. Moreover upon introduction of viable income generation opportunities can shift farmer preference significantly. Above all, the question about the profitability of poppy is impossible to dispute (Mansfield 2002 and Byrd 2008).

The simplest and widely perceived view about growing poppy is of economist's rationalist concept of profit maximization. According to which its profit maximization that leads farmer's decision making to grow poppy in Afghanistan. It is also considered that poppy farmers have same set of socio – economic, financial and natural and human resources. While reality is quite opposite because there is great diversity in cropping pattern, land tenure system, access to credit, governance and markets of various regions involved in poppy growing. Moreover, poppy cultivation is a mean of survival for most of the households because it provides them with access to land and credit critical for their survival in winter season (Mansfield 2002).

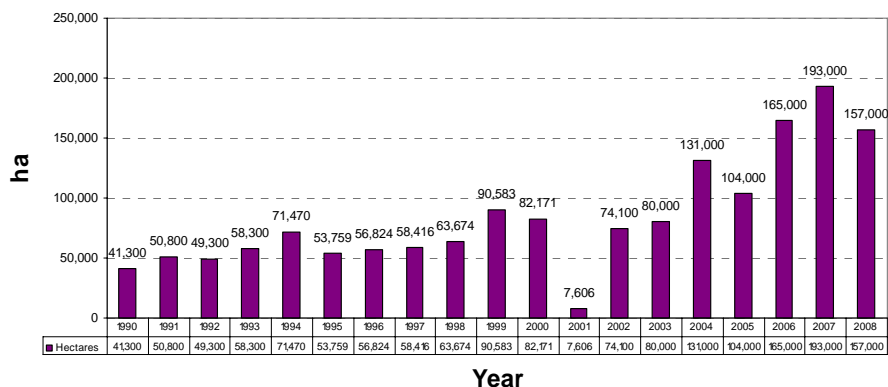
3.5 Poppy Cultivation and Opium Production

Prior to discuss the current condition of opium cultivation in Afghanistan we shall briefly look at how favourable circumstance developed for poppy opium and it took roots. First, Islamic Revolution of Iran prompted effective interdiction and in Pakistan General Zia's ban on poppy production and consumption. In 1979 bumper poppy harvest destroyed the farm gate prices and area under poppy cultivation was substantially reduced⁶. Secondly, opium supply in 1970s from Burma, Thailand and Myanmar decreased due to severe drought. Finally, the Russian invasion in 1979 resulted into fragmentation of Afghanistan. Center lost its control and regions were administered by local warlords and commanders. The price of opium increased due to these very factors. Pakistan and Iran previously producers of opium were importer, consumers and traders of Afghan opium. South – East Asian chemists came to Pakistan to transform opium into heroin for export. All these developments and increase in demand in Europe made Afghanistan largest opium producer in 1991 (Favre 2005).

According to UNODC, The area under opium poppy cultivation in Afghanistan decreased by 19% in 2008, from 193,000 ha in 2007 to 157,000 ha, 98% of which is confined to seven provinces in the south and the west. Although, UNODC appreciates that it is because of successful counter narcotics operation. However, this decline was also a result of unfavourable weather conditions that caused extreme drought and crop failure in some provinces, especially those in which agriculture is rain-fed.

⁶ UNDCP (1994) 'The Illicit Opiate Industry of Pakistan'. Unpublished Report.

Figure 2.1
Area under Poppy Cultivation in Afghanistan during 1990 – 2008



Source: UNODC Afghan Opium Surveys 1994 – 2008.

According to UNODC (2008) eighteen provinces have been found to be free of poppy and cultivation. In eastern and Northern provinces cultivation was reduced to negligible levels. The province of Nangarhar, which was once the top producing province, has become poppy free for the first time since the systematic monitoring of opium started in Afghanistan in the early 1990s. 2008 also presents a stark contrast because Nangarhar cultivated as much as 18,739 ha only last year.

The regional divide of opium cultivation between the south and rest of the country continued to sharpen in 2008. Most of the opium cultivation is confined to the south and the west, which are dominated by insurgency and organized criminal networks. This corresponds to the sharper polarization of the security situation between the lawless south and relatively stable north. Hilmand still remains the dominant opium cultivating province (103,500 ha) followed by Kandahar, Uruzgan, Farah and Nimroz. A major difference in the regional distribution of 2007 and 2008 cultivation is that cultivation in the east (Nangarhar, Kunar and Laghman) has dropped to insignificant levels in 2008. Compared to a total of 19,746 ha of opium cultivation in 2007, in 2008 the eastern region is estimated to have cultivated only 1,150 ha (UNODC 2008).

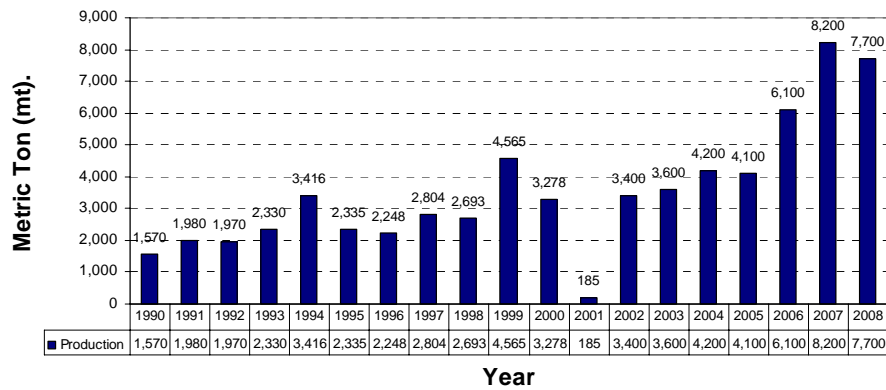
UNODC (2008) says “the drought in 2008 affected not only opium cultivation but other agricultural production as well. In particular, it caused the failure of the rain-fed wheat crop, which resulted in serious difficulties for farmers. As a consequence, food prices have escalated in Afghanistan. If emergency food aid and massive development aid are not extended to the northern, central and eastern parts of the country (especially Nangarhar), there is a serious risk of a backlash next year. Many farmers are losing the cash income they used to receive from opium, and at the same time they have to buy wheat and other food items at very high prices. This poses considerable challenges in keeping the region poppy free in the near future”.

Nevertheless, the levels of poppy cultivation change and reasons for these changes are not well understood. Various reasons are given for this rise and fall, political commitment of provinces, role of local authorities and well

structured and effective campaigns are few to name. While economic reasons responsible or drive these changes are often least understood. To understand it better we need to understand the multifunctional role of opium poppy cultivation in the livelihoods of rural Afghan families. Rural people in Afghanistan are facing acute risk and insecurity while they obtain welfare and security through informal means. Poppy has been declared by many experts as a low risk crop in a high risk environment. It provides a mechanism by which many households in Afghanistan are getting welfare and security. Nevertheless this provision of welfare and security ties poor poppy farmers into a deep patron – client relationship. Hierarchy and power inequality are very characteristics of this relationship. The power holders manipulate the poppy production, either by increasing or decreasing, using various means like coercion, deals with local power brokers and traders and false promises of development support (Mansfield and Pain 2007).

Moreover, Afghanistan has favourable conditions for poppy cultivation not only in agronomic terms but also socio – economically. Although the characteristics like weak governance, insecurity and lack of viable legal livelihoods prevail in most parts of the country. But poppy cultivation only occupies very small agricultural land i.e. 4%. While it has been already mentioned the production patterns are also not uniform across the country. Afghanistan is a country with great diversity in language, culture, terrain, climate and culture. Especially political set up, viable economic opportunities and livelihood strategies are highly localised. That's why to assume that farmers from all these diverse background will responds in the same way to the opportunities that poppy cultivation and opium production might offer to them (Mansfield 2006).

Figure 2.2
Opium Production in Afghanistan (1990 – 2008)



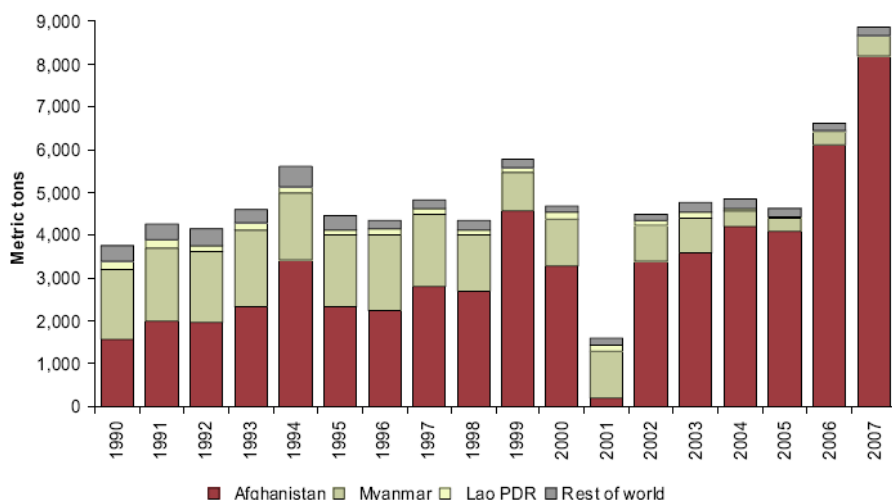
Source: UNODC Afghanistan Opium Surveys (1994 – 2008).

According to UNODC data, the average yield for Afghanistan in 2008 was 48.8 kg/ha compared to 42.5 kg/ha in 2007. This is the highest average yield estimated for Afghanistan since 2000. The yield per hectare in the southern region is normally considerably higher than the rest of the country. In 2008, the region that accounted for 98% of the total national cultivation is the one with the highest yield. Although the weather conditions were unfavourable for a second crop (spring cultivation) throughout the whole country, the first crop (fall cultivation) in south and south-west received adequate irrigation. These conditions naturally led to a reduced level of cultivation in 2008 and lower yields in the central and eastern regions, but they did not affect the yield in the south, where most of the cultivation was concentrated and where the yield actually increased. Given the different distribution of the cultivation and yield, the 19% total decrease in cultivation resulted in a smaller 6% decrease in potential opium production which is estimated in 2008 at 7,700 mt. If all the opium is converted into heroin and using a 7:1 ratio, as reported in previous studies, this would amount to 1,100 mt of heroin.⁷

The global opium production in 2007 reached its highest point since 1990: more than 8,800 metric tons. The Afghanistan's share in global opium production increased from 92% to about 93% in 2007.

⁷ It is estimated that the actual production of morphine and heroin in Afghanistan is about 30 to 40% less than the total 1,100 mt, since a significant amount of opium is exported to other countries without being processed in Afghanistan.

Figure 2.3
Global Opium Production (1990 – 2007)



Source: Afghanistan Opium Survey 2007. UNODC

UNODC, while reflecting the distribution of the cultivation, estimates that almost 98% of the potential opium production took place in the south and south-west of Afghanistan in 2008. The opium production in Hilmand alone (5,397 mt) was higher than Afghanistan's total production in 2005 (4,100 mt). Potential opium production in the southern region of Afghanistan increased in 2008 by 20% reaching 6,917 mt, which is equivalent to 90% of the production in the whole country. In western regions, potential opium production decreased by 32% to 655 mt. Opium production decreased by 82% in the northern region, by 97% in the north-east and by 96% in the eastern region. The total amount of production in north, north-east and east was only 93 mt, which is just over 1% of the total potential opium production of the country.

Table 2.2
Average opium yields in Afghanistan by region, 2007-2008

Region	2007 Average yield (kg/ha)	2008 Average yield (kg/ha)	Change
Central (Parwan, Paktya, Wardak, Khost, Kabul, Logar, Ghazni, Paktika, Panjshir)	51.9	36.2	-30%
East (Nangarhar, Kunar, Laghman, Nuristan, Kapisa)	45.2	39.3	-13%
North-east (Badakhshan, Takhar, Kunduz)	40.7	31.4	-23%
North (Bamyan, Jawzjan, Sari Pul, Baghlan, Faryab, Balkh, Samangan)	49.7	54.6	10%
South (Hilmand, Uruzgan, Kandahar, Zabol, Day Kundi)	42.2	52.1	23%
West (Ghor, Hirat, Farah, Nimroz, Badghis)	28.8	29.7	3%
Weighted national average	42.5	48.8	15%

Source: UNODC Afghanistan Opium Survey 2008

Chapter 4 Economics of Poppy Cultivation

Afghanistan's economy has been desolated and destroyed by war, conflicts and droughts. Afghanistan remains a poor country in the world and conditions like low food consumption by its people, loss of assets, lack of social services like health and education, disempowerment and insecurity aggravate the situation. In this chapter we shall look at macro economy, poverty and household factors that lead to cultivation of poppy opium in Afghanistan.

4.1 Afghanistan's Economy

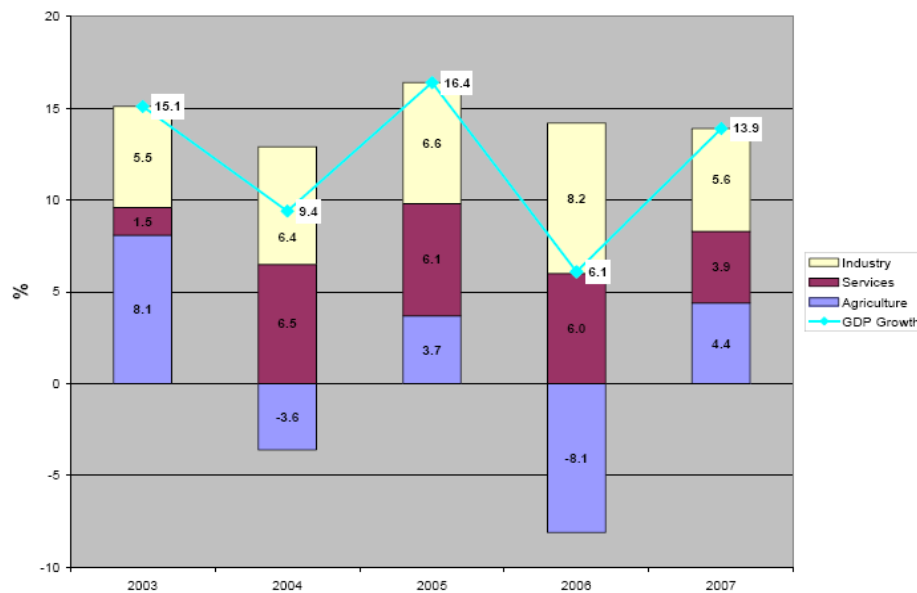
After the end of Taliban regime, Afghanistan's economy was in a state of collapse. Prolonged drought resulted in famine. The ban on opium production and massive migration and displacement of people exhausted the coping capacity of household and society as whole. To date, the key economic institutions of State i.e. central bank, treasury, tax collections, statistics, civil service, law and order, judicial system are weak. Afghanistan has always been at the bottom of poverty and social indicators. Before war about 85% of Afghan population lived in rural areas. Most of the people were engaged in agriculture, livestock and making handicrafts. The more than two decades of war has exacerbated poverty (Byrd and Wall 2001).

Due to more than two decades of war and prolonged droughts, large and increasing number of people has lost their means of livelihoods thereby displaced and migrated to neighbouring countries. Many people lost their lives due to starvation and malnutrition. The after effects of drought have been aggravated by continuing conflict and civil war in the country and run – down condition of irrigation system and agricultural infrastructure. In short, Afghanistan's economy structure has been weakened, crooked, and made extremely vulnerable after war and conflicts.

4.2 Structure of Economy

Agriculture, even after devastation of irrigation and agriculture infrastructure, is among the main contributor towards GDP. It constitutes 38 per cent of total GDP (excluding opium production) while share of industry and services is 24 per cent and 38 percent respectively. The average annual GDP growth rate is slightly above 12 per cent. The estimated volume of GDP (PPP) for 2007 was \$ 35 billion while GDP real growth rate was 11.5%. GDP per capita (PPP) estimates for year 2007 were \$ 1000. Unemployment rate is 40% while population under poverty line is 53%. Brookings Afghanistan Index (October 2008) shows that population living below the poverty line is 42% , 20% people are slightly above the poverty line while 45% of the population is facing food poverty. Labour force distribution in agriculture, industry and services is 80 percent, 10 percent and 10 percent respectively (The CIA Fact book 2008).

Figure 3.1
GDP growth and Sector Contribution to Growth 2003 - 2007⁸



*Data for 2007 are estimated.

Source: Afghanistan Index published by Brookings(<http://www.brookings.edu/afghanistanindex>)

Despite of the growth in Afghanistan's economy in recent years, Afghanistan is still very poor. It is heavily dependent on foreign aid and trade with neighbouring countries. Security, stability, rule of law and governance are the issues Afghan government is struggling with and these are posing serious threats and challenges to Afghan economy. Although International community has pledged \$ 24 billion for Afghanistan's development but still Kabul has to cope with challenges like illicit economy, reconstruction, budget sustainability, governance and stability of political system.

⁸ Mohammad Ishaque Sarwari, "Development Outlook 2008: Islamic Republic of Afghanistan", Asian Development Bank. Accessed at: <http://www.adb.org/Documents/Books/ADO/2008/AFG.pdf>

Table 3.1
Social Indicators⁹

Indicator	Rural	Urban	National
Survival			
Infant mortality (# of deaths per 1,000 infants under 1 year)	121	97	115
Under five mortality (# of deaths per 1,000 children under 5 years)	183	142	172
Morbidity (%)			
Diarrhea (children under 5 reporting incidence in past 15 days)	30	30	30
Increased fluid and continued feeding given during diarrhea	54	51	53
Acute Respiratory Infection (children under 5 reporting incidence in past 15 days)	19	19	19
Advice or treatment sought from hospital/HC during ARI	27	32	28
Malnutrition (%)			
Children that have not received timely complimentary feeding (6–9 months)	73	66	71
Households consuming non-iodized salt	90	74	85
Pregnancy (%)			
Births not taking place in health facility	96	68	89
Married women (<49 years) who have not heard of a method to delay pregnancy	78	55	72
Married women (<49 years) not currently using a method to delay pregnancy	94	79	90
Disability and Orphanage (%)			
Children 1–4 years that are disabled	2	3	3
Children 7–17 years that are disabled	3	4	3
Children with both parents dead	6	6	6
Preventive Health (%)			
Children 12–23 months that have received DPT 3 immunization	23	48	30
Children 12–23 months that have received Polio 3+ immunization	43	71	51
Children 9–59 months that have received Measles immunization	73	84	76
Children under 5 that have received BCG immunization	55	73	60
Access to Sanitation and Water (%)			
Households with drinking water from pump/protected spring	31	61	40
Households having a flush or pit toilet	59	87	67
Households with water source and latrine within 15 meters	77	60	67
Education			
Illiteracy rate: Male (% of pop. aged 15 and over)	64	40	57
Illiteracy rate: Female (% of pop. aged 15 and over)	92	72	86
Primary school net enrolment rate (% of 7 to 13 year olds) Male	61	81	67
Primary school net enrolment rate (% of 7 to 13 year olds) Female	30	63	40

Source: A World Bank Country Study: Afghanistan – State Building, Sustaining Growth and Reducing Poverty (2005).

⁹ UNICEF and Central Statistics Office (2003).

4.3 Poverty in Afghanistan

While looking at various measures like social indicators, per capita income, Human Development Index and other social indicators we shall come to know that Afghanistan is one of the poorest countries in the world. Afghanistan was very poor country but the quarter century war put it even far behind. Recent positive trends in growth and development have not changed the situation. More than two decades of conflicts, earthquakes and droughts had severe impacts on Afghanistan especially the poor segments of society. These impacts were: first, continuous conflicts resulted in insecurity, second these conflicts destroyed physical capital of Afghanistan and third the lack of an effective state led to collapse of services offered by government (WB 2005).

After the end of Taliban regime economic growth has got pace but Afghanistan is ranked very low for many social indicators. Infant's mortality rate is highest in the world and situation is even worse in rural areas where basic health facilities and access to medicines is very low or non – existent. Same hold good for maternal mortality rate as well which is again highest in the world. Improper guidance during pregnancy and unavailability of trained birth attendants and health infrastructure are few to mention reasons. Morbidity rates are so high resulting in diarrhoea and respiratory diseases. Malnutrition is so prevalent that more than 70 percent of children don't get complementary feeding.

High illiteracy rates are present in Afghanistan i.e. 57% of male and eighty six percent of females above age of fifteen are illiterate. Again illiteracy is high in rural areas as compared to urban centres. Net enrolment ratio is as high as 80 percent in cities while its only 47 percent in rural areas. It is well established fact that missing out on primary education has very dire consequences on various capabilities and well being of a child. There are very serious gender disparities which are not only an indication of long conflicts but also reflect cultural and historical patterns. King Aman Ullah introduced reforms during his period but those were reversed. Gender issue has been highly politicized and it has been detracted somehow or the other efforts to improve poor and gender biased social indicators. Other social indicator like availability of preventive health, immunization, accessibility to doctors and health facilities including medicines are also very poor and contributing to unacceptable and undesirable public health situation in Afghanistan.

4.4 Poppy and Poverty

From above discussion it is crystal clear that Afghanistan is a poor country by any standards. More than two decades of destruction by Soviet invasion and civil war have caused great hardships for the Afghan population. The World Bank (2005) estimates that around 3.5 million rural Afghans are extremely poor, another 10.5 million are vulnerable to extreme poverty, and the remaining 3.5 million people, while less poor, are vulnerable to poverty. Afghanistan has one of the lowest human development indicators in the world. According to the 2004 UNDP Human Development Index; Afghanistan was

above only Burundi, Mali, Burkina Faso, Niger and Sierra Leone¹⁰. This reports clearly highlights that majority of population in Afghanistan can be classified as poor, while as already described more than 50 percent of population lives below the poverty line.

United Nations Office on Drugs and Crimes (UNODC) has been trying to convince that there is no relation between poverty and growing poppies. UNODC (2005) claimed that: “While poverty remains a key factor for poppy cultivation at the farm level, there is no causal relationship between poverty and cultivation”. In the executive summary of Afghanistan Opium Survey 2006 UNODC again quoted that, “The largest opium poppy cultivation provinces are not the poorest. Village survey data on income in the previous year show that the average annual income of opium poppy growing households in 2005 was 36 per cent higher than non-growing households”. UNODC (2008) again tried to prove that there is no casual relationship between poverty and poppy cultivation rather the province where poppy cultivation is prevalent are better off as compared to provinces where poppy cultivation is not that widespread. This analysis has been made based on the socio – economic data available in The National Risk and Vulnerability Assessment (NRVA) report of 2005.

Table 3.2
Comparison of the perceived overall economic situation of households in 2005 with respect to the situation one year earlier in Helmand and in Afghanistan

	Comparison of economic situation on a year earlier					Total
	Much worse	Slightly worse	Stable	Slightly better	Much better	
Helmand	7%	16%	34%	35%	9%	100%
National average	11%	27%	36%	24%	3%	100%

Source: Ministry of Rural Rehabilitation and Development and the Central Statistics Office, *The National Risk and Vulnerability Assessment 2005*, Kabul, June 2007

While arguing that there is no link between poverty and poppy cultivation, they have taken the example of Helmand province. UNODC said economic condition in Helmand shows poverty is not driving the expansion. Arable land under poppy cultivation was 6.7% in 2005 which rose to 25.9% in 2007 which is the largest expansion in whole the country. Further to their argument they have said that Helmand is less poor than other provinces in Afghanistan. According to NRVA 2005, economic conditions were improving compared to the rest of the country. In Helmand province 44% of households responded that their economic situation has improved during a year time, compared to 27% households at national level. In UNODC Afghanistan’s poverty paper (2008), it has been assumed making use of asset data, correlation between wealth indicators and changes in opium poppy cultivation was found positive. This leads to conclusion that increases in poppy cultivation is taking place in areas where, by Afghan standards, better socio – economic conditions exist. Even Antonio Maria Costa, chief of UNODC on the occasion of launch of

¹⁰ UNDP, Afghanistan; National Human Development Report 2004; Security with a Human Face: Challenges and Responsibilities.

Afghan Opium Survey 2006 repeated the frequently quoted claim that there is no relationship between poverty and poppy cultivation.

Are being wealthy, holding assets and income the sole indicators to categorize population into poor and non-poor? Following this line of thinking by UNODC, poverty has been simply seen as a function of income. These definitions of poverty are hopelessly outdated. Latest definitions of poverty include a whole range of socio-economic and security related factors that define the ability of people to live with dignity.

UNDP National Human Development Report (2004) for Afghanistan explains Human Poverty as, "a multidimensional problem that includes inequalities in access to productive assets and social services; poor health, education and nutrition status; weak social protection system; vulnerability to macro and micro level risks; human displacement, gender inequities and political marginalisation".¹¹

The Office of the UN High Commissioner for Human Rights (UNHCHR) defined poverty as, "Economic deprivation – lack of income – is a standard feature of most definitions of poverty. But this in itself does not take account of the myriad of social, cultural and political aspects of the phenomenon. Poverty is not only deprivation of economic or material resources but a violation of human dignity too".¹²

The United Nations Committee on Economic, Social and Cultural Rights (2001) defined poverty as "a human condition characterized by the sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights."¹³ World Bank (2005) in its report defines, "Poverty in Afghanistan is multidimensional, involving a complex interplay between low assets (physical, financial and human), years of insecurity and drought, indebtedness, poor infrastructure and public services, traditional roles and other factors."

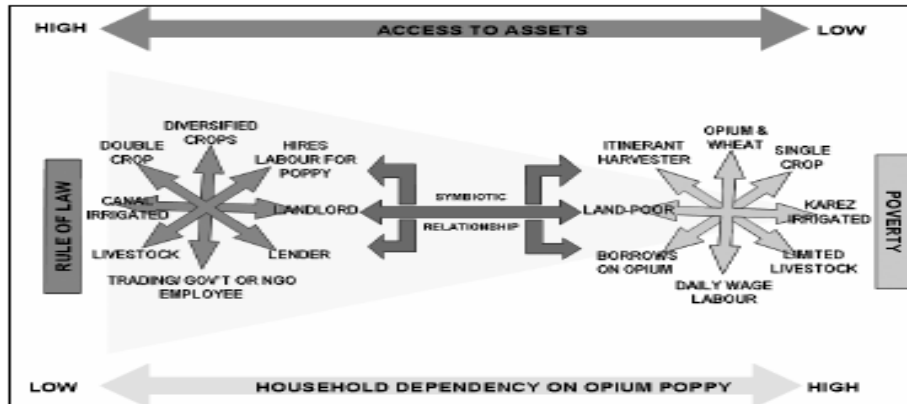
However, there may be some poppy growing households that have a relatively higher income than non-growing households, because of economic superiority of poppy opium to other crops; these would still be classified as being poor because of a whole range of other factors. Below diagram by Mansfield and Pain, best describes how farmers make decision to grow poppy and how the symbiotic relationship is established between resource poor and resource rich population in poppy growing areas due to several other factors including income obviously.

¹¹ UNDP, Op.cit. p 4.

¹² Office of the United Nations High Commissioner for Human Rights, *What is Poverty? Human Rights in Development*, <http://www.unhchr.ch/development/poverty-02.html>

¹³ United Nations Committee on Economic, Social and Cultural Rights (2001). *Poverty and the International Covenant on Economic, Social and Cultural Rights*, 10 May 2001.

Figure 3.2
Access to Assets and Dependency on Opium



Source: Mansfield and Pain 2005.

There is an inverse relationship between household access to assets and dependency on opium cultivation as shown in this diagram. This diagram also explains the diversity in assets that different households have at their disposal. It also shows dependency of these households on opium cultivation as a source to meet their basic needs. How a symbiotic relationship works has also been described and it also shows the role of opium as a medium of exchange between different resource groups (Byrd and Buddenberg 2006).

4.5 Poppy Cultivation: Need or Greed

There is a clear divide of opinion about what leads Afghan farmers to grow poppy; need or greed. To reach at any conclusion few questions are necessary to ask. Is it the profit which makes Afghan farmers to grow poppy? What other factors leads toward farmer's decision to grow poppy?

After the end of Taliban regime, Afghanistan opium production, driven by war, poverty and chaos, dramatically increased and it appeared to be the only way of making living by many Afghans. In a war stricken country with damaged infrastructure and irrigation system the commercial production of opium has been the only mean of making their living for farmers in various parts of Afghanistan. Many years of droughts have made things even worst (Chouvy 2003).

Is it only the profit which makes farmers to grow poppy opium? Whatever the gross returns are on the poppy produce a farmer, after deduction of Usher i.e. 10% agricultural tax levied against all agricultural commodities, usually gets one sixth or one fifth of total crop. So the actual net returns to sharecropper are substantially lower than the landlord. Usually the majority of sharecroppers sell their crop in advance at rates that are half the price at the time of harvest. While landowners can store poppy opium till prices are as high as 100 percent. Poppy cultivation is labour intensive crop (1 ha wheat requires 41 person days while for same area poppy needs 350 person days) so major cost is in the form of labour while capital costs are born by landlord. These costs are very

marginal as very less fertilizers and farm power is used in poppy cultivation (Mansfield 2001 and Macdonald 2007:64).

On average a landlord gets a net return equivalent of US \$ 1,957.5 per hectare compared to just US \$ 212.75 per hectare for sharecropper. The difference in returns is astounding. Poppy opium constitute 95 percent of sharecroppers household income even if farm gate prices of opium become double, these returns can't meet the basic needs of poor poppy farmer's household of size 13 members on average. If family labour is calculated then poppy cultivation is nothing but loss to these households (Ibid 2001).

The macro level state of affairs is not different rather more disappointing. According to UNODC (2005), licit GDP of Afghanistan was UD \$ 5.2 billions. The revenues from opium industry were equivalent to 52% of total GDP. Poppy farmers were generating income only 11% of total GDP while traffickers were earning 41% of GDP (Oliver 2006). While considering total income generated through poppy opium at global level, it is estimated that only 1% of total profit went to farmers, 2.5% remained with drug dealers in Afghanistan and Pakistan, 5% is spent in countries through which heroin is passed, while rest of the profit i.e. 91.5% goes to drugs dealers in United States and Europe (von der Schulenburg, 2002 and Rashid 2008).

The Afghan people consider that poppy cultivation is objectionable. But on the other hand in the situation of dire poverty and insecurity it is inevitable where there are no alternate sources of on and off farm income. Poppy cultivation is the result of insecurity not the reason. Afghan farmers grow poppies because it is the only way to supplement their subsistence farming with income to meet their basic needs i.e. food, shelter and social security after more than two decades of conflict caused inflation and damage of rural livelihoods (Rubin and Sherman 2008).

Eradication and enforced reduction have major price effects that affect the cultivation decision (Rubin and Sherman, 2008). Poppy cultivation ban in Taliban regime in 2001 resulted in an enormous increase of prices in short run. This phenomenon sent a very strong message to areas where ban was not effective. Household assets play an important role while making cultivation decision (Mansfield 2006, 2007a). These assets include able bodied men and their labour skills, agricultural land, water, salaried jobs, proximity to labour markets and physical assets. Household with narrow base of assets have limited viable alternatives to poppy opium cultivation or engaging labour in poppy opium economy. On the other hand, households with broader asset base have more choices and better opportunities for licit livelihoods therefore less dependent on opium economy (Byrd 2008).

Access to commodity market is also viewed as an asset which lessens household dependence on opium. A good example of this fact is Nangarhar province where reduction in poppy cultivation was sustainable because of improved access to vegetable market in Jalalabad. This also holds goods for areas near provincial capitals, cities and roads. Another type of asset, which is relevant to locality rather than households individually, is security of people and their property. That security should be sufficient enough to enable individuals to carry out their non – farm activities and transport their agricultural produce to markets (Ibid 2008). Mansfield (2007c) clearly described

this fact for Helmand province where expansion in poppy cultivation took place when Taliban insurgency was severe and also gave other examples that demonstrate linkages between insecurity and sustainable growth in poppy cultivation.

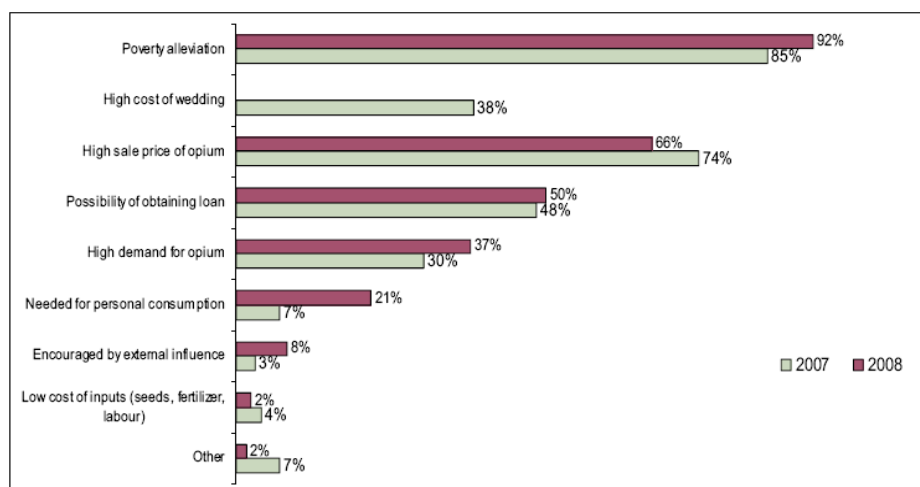
Household and localities, which lie on the lower side of asset spectrum, which has been forced to forgo cultivating poppy has led to severe coping responses like migration and sale of assets. This phenomenon increases their dependence on poppy opium rather decreasing this dependency. Keeping in view narrow asset base of these household and localities the opportunity cost of being engaged in poppy opium cultivation is very low. Therefore their decisions to grow poppy are not affected by law enforcement actions and government pressures.

Pain (2007) argues that historical and social factor also play an important role in poppy cultivation decisions. Social position of an individual within a locality like ethnicity and socio – economic position, intermediary factors like institutions, markets, behaviour and community and basic structures i.e. agriculture, ecology, history and ethnicity of a locality are the factors which influence decision whether or not to cultivate poppy. Other factors that play an important role in decision making to cultivate poppy are informal market regulations and ethnic or other linkages. For example ethnic Pashtuns were relocated to Balkh decades earlier. But they have ethnic ties with their tribes and ethnic group in southern opium cultivated areas. This factor facilitated to spread poppy cultivation in Balkh (Pain, 2006a). Connections with networks for other goods also played an important role in spreading poppy cultivation and opium trade i.e. livestock trade. Ghor province has traders which previously were dealing in livestock but now opium (Pain 2006b).

What farmers think why do they grow poppy? Every year United Nations office on Drugs and Crime (UNODC) carries out a survey in poppy growing areas to know farmer's intentions to grow poppy. In a similar survey carried out in 2008, one of the reasons reported by the majority of farmers for cultivating opium across the regions was 'poverty alleviation' (92% of farmers). Among the most common additional reasons provided were 'high sale price of opium' (66% of farmers) and 'possibility of obtaining loans' (50% of farmers). In southern and western provinces, high sale price and poverty alleviation were the dominant reasons for opium cultivation while in the eastern region it was poverty alleviation.

Figure 3.3
Reasons for opium poppy cultivation in 2008 (n=718 in 2007; n=508 in 2008)¹⁴

¹⁴ The percentages add to more 100 because farmers reported more than one reason. The presentation of the data differs from previous years. This year the percentage of each reported reason is presented as percentage of total number of farmers. Previous years data were reported as percentage of total number of responses (total number of responses were higher than the number of farmers because farmers reported more than one response).



Source: Afghanistan Opium Survey 2008, UNODC
http://www.unodc.org/documents/publications/Afghanistan_Opium_Survey_2008.pdf

4.6 Poppy Opium versus Other Crops

In Afghanistan poppy opium is cultivated only on 4% of arable land while revenue from poppy opium is some 7% of GDP (at farm gate price of poppy opium). While the export value of poppy opium in 2007 was 53% of licit GDP of Afghanistan (UNODC 2008). From these figures economic superiority of poppy opium is quite clear. However looking at the cost benefit analysis of growing or forego poppy cultivation becomes more interesting by looking at following analysis done by International Center for Agricultural Research in Dry Areas (ICARDA). Keeping in view the following facts, what would be farmer's choice as coping or surviving strategy in war torn, poverty stricken, instable and insecure country like Afghanistan?

Table 3.4
Average Yield and Comparative Gross Income of Horticulture Crops as Compared to Other Crops

Crop	Average yield (Kg/ha)	Average gross income (USD/ha)	Comparative income wheat = 100
Wheat	2170	440	100
Maize	3360	517	118
Rice	2275	792	180
Cotton	1645	642	146
Almonds	2415	3179	723
Apple	10325	1814	412
Apricot	8890	1423	323
Grape	9065	1628	370
Pomegranate	9730	1424	324
Melon	11690	725	165
Onion	12845	1109	252
Potato	14175	1943	442
Tomato	10710	1024	233
Watermelon	14350	792	180
Opium poppy	70	3535	803

Source: ICARDA 2003

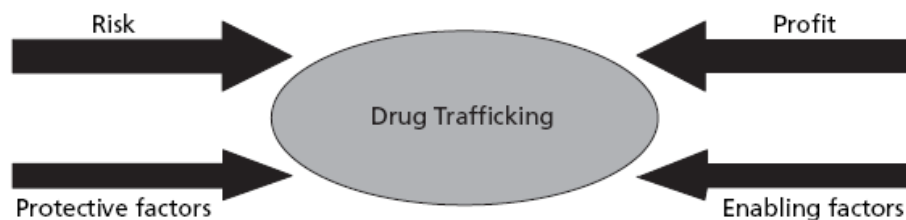
In addition to above cost – benefit analysis, farmers cultivating opium poppy found that the agronomic returns of opium poppy cultivation could be profitably exploited. The poppy crop in some parts of the country (e.g. eastern Afghanistan), can be harvested several weeks earlier than wheat. Therefore it is possible to sow maize and thus obtain a grain crop, rather than just a fodder crop for livestock if they had planted wheat. By cultivating poppy, farmers thus achieved a double crop, raising overall profitability. Other advantages cited by farmers were that opium poppy is a more reliable and weather resistant crop. It can be easily stored, transported and sold, therefore, indirectly affecting the crop's profitability.¹⁵

Moreover, problems associated with growing licit crops are transportation, access to market and infrastructure. Due to Soviet invasion and later civil war caused irreparable losses to above mentioned factors. While we have clearly seen in case of Nangarhar that due to access to market in the form of Jalalabad, there was a sustainable decrease in poppy cultivation.

4.7 Trafficking: The Heart of the Drug Business

Drugs Trafficking can be analysed by two factors namely profit and risk. In addition to these, there are some enabling and protective factors which keep this phenomenon moving throughout the world. Protective factors fall under the umbrella of 'social capital' i.e. community cohesion, usually fostered by local traditions, culture, religion and local employment opportunities. While enabling factors are ethnic Diaspora, marginalization, unemployment, inequality, lack of government writ and civil wars (Pietschmann 2004).

Figure 3.4
Dynamics of Drugs Trafficking



Source: Thomas Pietschmann (2004), 'Price – setting behaviour in the Heroin Markets'.

Profit is the main motivation to participate in the drugs business. Because here high returns are expected with little work and in short period of time.

¹⁵ UNDCP, Afghanistan, Strategic Study #8, The Role of Opium as a Livelihood Strategy for Returnees, December 2000, p. 26 & 30.

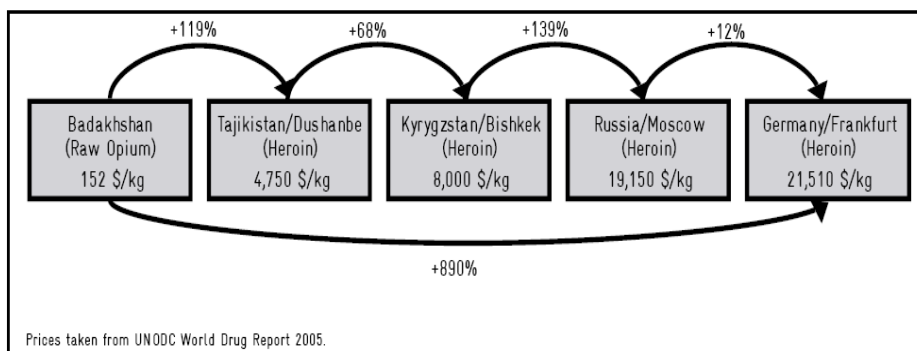
Higher the expectation the more people will be in the trafficking business. But returns on efforts and investment as per expectations are met or not is the key question. When it comes to limiting factors, risk is at the top. The higher the risk less trafficking will take place, provided other things are kept constant. Risk again is perceived differently by different people and societies. Risk can be a driving force for some people while can be a limiting factor for others. The level of 'perceived risk' is more important than 'actual risk'. When there is equilibrium between risk and expectation drugs trafficking will continue and be stable (Ibid 2004).

The rise in production of drugs not only increases supply but also customer's access to new supply sources. In this way efforts to search are lowered thereby decreasing prices of drugs. Along with proliferation of supply sources engaging in lower – order competition for customers, prices will fall until demand is further invigorated. So the whole cycle is recovered in this way. As demand increases the prices for drugs also increase. This makes business more profitable. In this situation trafficking organizations seek to extract as much profits as they can get from the market. The bigger the profit ratio, the faster the supply for drugs is expected (Fuentes, 1999).

Further explaining the dynamics of drugs industry Fuentes (1999) says the economic dynamic of industry creates what Skolnick (n.d.) calls "Darwinian Trafficker dilemma". In other words we can call it as survival of the fittest. Governments and antidrug agencies develop more sophisticated tactics against trafficking; only trafficker with ability to cope with those tactics can survive. The weaker members of trafficker community are eliminated as a result of enforcement by governments. Those who are left are more organized with wide distribution networks and ensure drugs supply to consumers (Ibid, 1999). If the interdiction is carried out vigorously the result would be increase in prices because there is increase in risk to transport drugs. As a result drug business becomes more lucrative because increase in prices is born by consumers. This will increase entry of more people in the drugs market and sometimes drugs barons and cartel withheld supply to increase prices (Fuentes, 1998).

Moreover severe interdiction can also result into change in the trafficking routes used by traffickers and trafficking organizations. The purpose of giving this background was to illustrate how trafficking industry works and how different factor influence its actors and their actions. Rules are not different in Afghanistan. When there is increase in demand for poppy opium the prices increase. It can be observed from the ban of 2001, when poppy cultivation dropped dramatically but demand was still there so poppy opium prices increased manifolds. In this demand and supply mechanism, the role of traffickers is very pivotal. Actually these are the people who are moving the drug business and this trafficking is the heart of drug industry. At every step of drugs value chain the price of drugs increases. Upon analysing it becomes evident that farmers get very less share of profit in this business. Below diagram best describes how prices are increasing at every level of value chain:

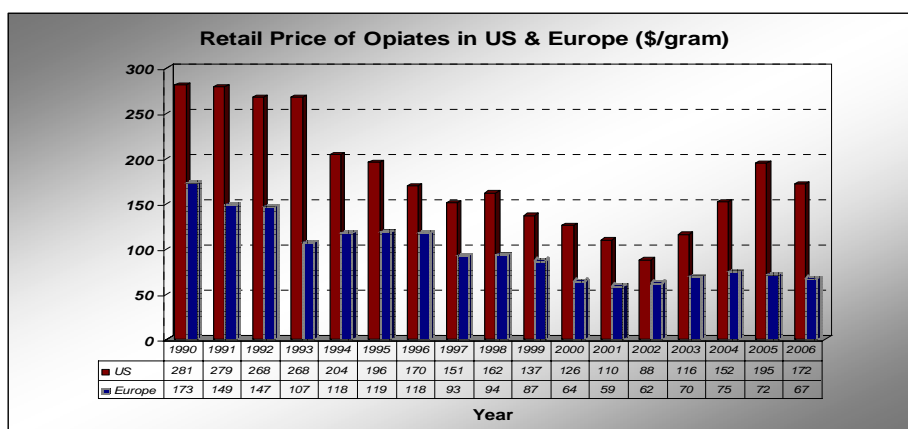
Figure 3.5
Drugs Value – Added Chain



Source: Cornelius Graubner (2007).

Therefore, apart from demand and supply mechanism of drugs trade, trafficking contributes towards price setting of these drugs. That's why due to ever increasing poppy opium production the prices of heroin have not slashed in proportion to the increase in opium production. Reason is that more novel and improved interdiction and enforcement means are used to prohibit drug trafficking which incurs high cost on trafficking. This fact is confirmed by looking at retail price trend in US and Europe markets. Looking at prices from 2002 and onward, when there is enormous and gradual increase in poppy opium production, it is clear that prices are gradually increasing. This price increase can be attributed to increased interdiction and enforcement thereby increased trafficking cost in the end.

Figure 3.6
Trends in Drugs Retail Prices in United States and Europe



Source: World Drugs Reports 2008.

Afghan traders can make profits of around 100% by smuggling heroin just across the border to Tajikistan or Pakistan. This is less than traders could gain from smuggling heroin across the border to Iran. However, if traders did not stop at the border but smuggled the heroin on to Kazakhstan (via Kyrgyzstan, or via Uzbekistan) or to northern Turkmenistan (via Uzbekistan), they could expect a gross profitability of more than 900% in 2001. It is clearly exceeding the profitability of smuggling heroin to Iran (around 400%). Even destinations for such as Kyrgyzstan or Uzbekistan could yield profitability ratios that were slightly above those of Iran. While profitability ratios that could be obtained by sending heroin to Karachi (Pakistan) for further shipment to Europe were only slightly smaller than those encountered in Iran in 2001 (UNODC 2003).

Moreover, the Central Asian states and Pakistan have emerged as lucrative alternative outlets for Afghan heroin providing better profit/risk ratios than those existing in Iran. Current information on actual heroin trafficking activities confirms that heroin traffickers took these market signals seriously and acted accordingly. Especially, there are indications that larger-scale heroin traffickers shifted their smuggling activities to Central Asia, notably Tajikistan.

Table 3.4
Gross Profit out of Heroin Trafficking from Northern Afghanistan

	Heroin wholesale prices per kilogram			Gross trafficking profits per kilogram	Profitability in % of prices in northern Afghanistan
	minimum	maximum	average		
Quetta*	\$1,648	\$2,674	\$2,119	\$1,329	168%
Karachi*	\$2,312	\$5,335	\$3,433	\$2,643	335%
Iran					
Tehran*	\$1,500	\$5,550	\$3,881	\$3,091	391%
Turkmenistan					
Ashgabad	\$7,500	\$8,000	\$7,750	\$6,960	881%
northern Turkmenistan	\$7,500	\$8,500	\$8,000	\$7,210	913%

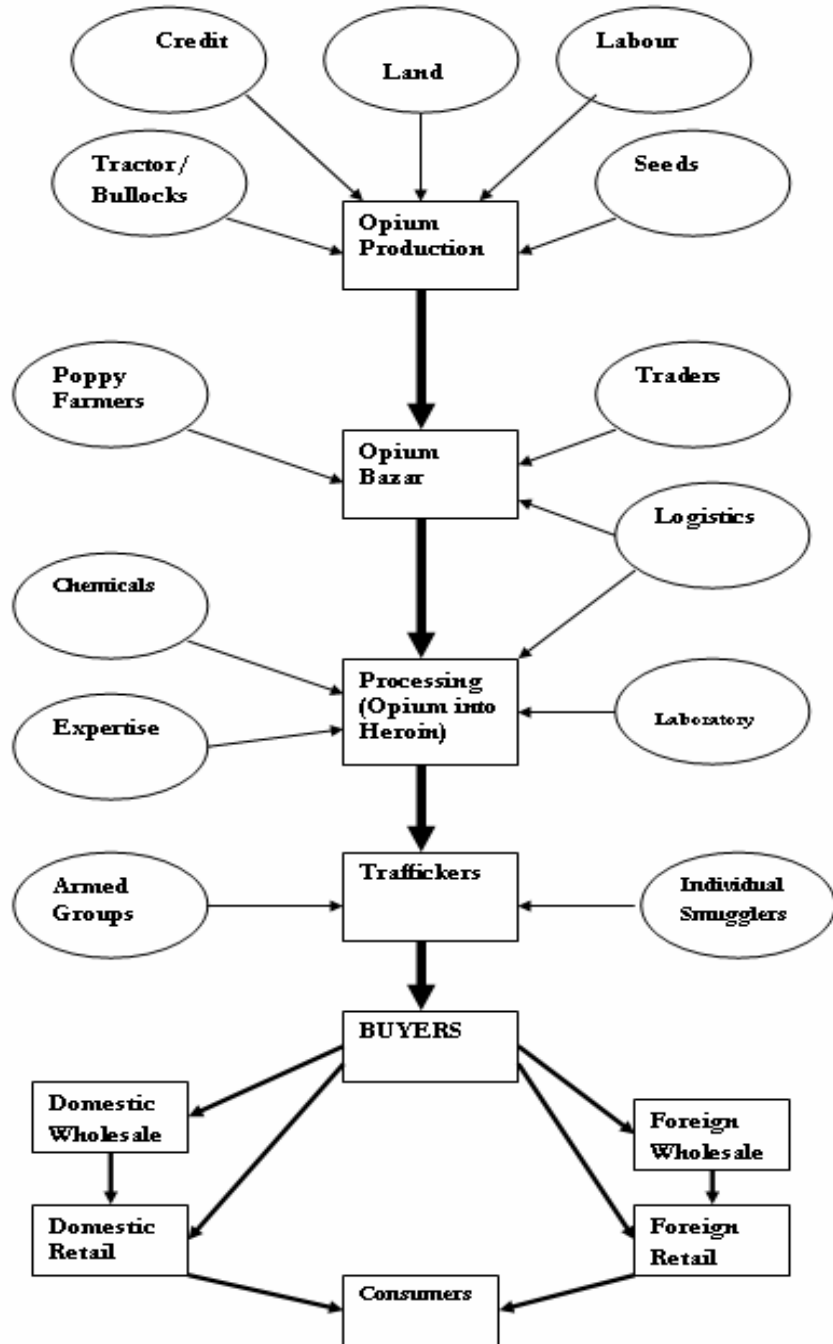
Minimum and Maximum data for Iran and Pakistan refers to monthly averages.

Source: The Opium Economy in Afghanistan, UNODC (2003).

Although many factors played a role in the involvement of Afghan traders in the opium trade, the dominant factor is the large profit to be made in the opium trade, in heroin manufacture and trafficking. Keeping in view the magnitude of these profits, it is obvious that licit income alternatives cannot replace them while considering the state of affairs especially economy and economic condition in Afghanistan. Therefore, the authorities will face significant opposition in restraining drug trafficking as significant income for a not negligible number of Afghan people, who in some cases are even part of the local elite, is at stake. Markedly warlords and local commanders, involved in the drug trade, can be expected to defend their worth while business operations by all means. The drugs traders form the crucial connection between demand for drugs outside Afghanistan and the opium poppy farmers within Afghanistan. As long as these trafficking networks operate, incentives

will exist for farmers to grow opium poppy, and as long as farmers grow opium poppy traders will continue to sell this commodity abroad and feed global opiates markets (Ibid 2003).

Figure 3.7
Drugs Value Chain in Afghanistan



Chapter 5 Drugs Control Strategies

Nations affected heavily from drug consumption have invested in drug control in the world. So Afghanistan was among those countries where drug control efforts have been in progress since the end of the Taliban regime. But it is also a well-established fact that these efforts have not been proved successful as they were envisaged when started. Enforcement and interdiction of international drug efforts on international drug shipments have raised the risk associated with drugs, increased prices, and interrupted supply.

National Drug Control Strategy (NDCS) has been started since 2003 in Afghanistan to tackle the drug problem. The objective for this drug control strategy has been proposed, “To secure a sustainable decrease in cultivation, production, trafficking and consumption of illicit drugs with a view to complete and sustainable elimination”. The Government of Afghanistan has chosen its NDCS’s goals for a number of reasons. First, it was to emphasize on all aspects of the ‘opium’ economy – including the production and trafficking of drugs as well as the cultivation of opium poppy. Second to emphasize that the long term goal is the complete elimination of the trade. This is in line with the Constitution of Afghanistan and the Law on Narcotics which states that the cultivation, production, trafficking and consumption of illicit drugs, including opium, are illegal activities. Those who engage in illegal activities are liable to be prosecuted and if farmers are engaged in production activities their crops or produce should be eradicated¹⁶.

Priorities have been set in National Drug Control Strategy (NDCS) which are as under:

Priority One: Disrupting the drug trade by targeting traffickers and their backers and eliminating the basis for the trade.

Priority Two: Strengthening and diversifying legal rural livelihoods.

Priority Three: Reducing the demand for illicit drugs and treatment of problem drug users.

Priority Four: Strengthening state institutions both at the centre and in the provinces¹⁷.

Based on these priorities eight pillars were defined: public awareness; international and regional cooperation; alternative livelihoods; demand reduction; law enforcement; criminal justice; eradication; and institutional building. It has been argued that NDCS offers a wish list rather than a well-defined and organized strategy. Prioritization and sequencing of these goals has also been a problem. This reflects disagreements between Afghanistan’s government and international community on how to deal with drug problems.

¹⁶ Islamic Republic of Afghanistan, Ministry of Counter Narcotics ‘National Drug Control Strategy: An updated Five Year Strategy for Tackling the Illicit Drug Problem’. Kabul, January 2006.

¹⁷ Ibid.

Another problem with this NDCS is lack of ownership of decision making on drugs policies by the Afghan government.

In the following part of this discussion we shall see what kind of drug control strategies has been used in Afghanistan and to what extent those have been proved effective.

5.1 Alternative Livelihoods

Alternative development is now days called as alternative livelihoods development in drug control strategies. It is associated with reductions in drugs crops cultivation at local level. Keeping in view the extent of poppy cultivation and its reason to cultivate, and its comparison with East Asian and Latin American countries, the idea of alternative development in drugs producing areas is not going to contribute towards NDCS in Afghanistan. This approach has emerged as an attempt to address the causes of opium poppy cultivation and to create links with wider state building agenda. The term alternative livelihood development in drugs growing areas itself is profoundly unsatisfactory. According to Mansfield and Pain (2005), “there are unrealistic expectations of how and when alternative livelihoods can be developed, and the concept remains a virtual one as the results of this approach are yet to be seen. The push by authorities for a sharp decline in opium-cultivated area is in danger of establishing a *quid pro quo*, with an expectation of funding for alternative livelihoods on the basis of achievements in decreasing opium poppy area. This puts the cart before the horse”.

The concept of alternative livelihoods is confusing because it is not well understood whether it is a goal or mean. From the developments taking place so far, it has been considered as mean for achieving national drugs control strategy. It is evolving as a sector to fetch funding. Alternative development and alternative livelihoods mean different to different people. For many in development community alternative livelihoods mean rural livelihoods. It is assumed that by enhancing licit livelihood opportunities, cultivation of opium poppy will automatically contract. Evidences from other poppy cultivation countries of Golden Triangle and Latin American Countries suggest that it is not always the case. Poor design of livelihoods activities, implementation and weak governance have created licit livelihood opportunities in poppy growing areas but illicit crops cultivation have continued parallel either in same vicinity or have relocated somewhere else (Mansfield and Pain 2005).

It is worthy to mention that currently alternative development is lacking a clear and coherent strategy. Alternative development has failed to recognise the different motivations and factors that influence household's decisions to cultivate illicit drug crops and ignored the fact that these motivations and factors differ across households from different socio-economic groups in different areas of Afghanistan. Poppy Growers and opium producers have been treated as a homogenous group and little consideration has been given to the multi-functional role that drug crops play in livelihood strategies in source areas, providing access to land, labour and credit. Poppy crop also provides an

important source of off-farm income opportunities for those with insufficient land to satisfy household basic needs¹⁸ (Mansfield 2002).

A lack or absence of micro – level analysis leads to an inadequate understanding of how the specific composition of activities designed in alternative development projects will influence farmer's decision whether to cultivate poppy or not¹⁹. Interventions have not been targeted to address the specific reasons why particular socio-economic groups engage in poppy cultivation but have taken a more ordinary approach. A standard package is offered in the form of alternative development activities considering what has been understood about the poppy growers and problem (Ibid 2002).

Therefore, as the Afghanistan experience highlights²⁰, it has typically been the resource rich members of communities, who are less dependent on opium as a means of accessing resources, which have benefited disproportionately from alternative development projects. While resource poor members of these societies are still struggling with making their living and waiting to benefit from these alternative development programmes. This phenomenon has had an impact not only on the achievement of both drug control objectives, because of the relocation of more marginal drug crop producers to neighbouring areas,²¹ but also the broader development goals, such as equity (Ibid 2002).²²

Moreover, another problem with implementation of alternative development programmes continue to face is its relationship with eradication and law enforcement or interdiction. There is really no sense of the timing and boundary between alternative development and eradication. Among analysts

¹⁸ UNDCP's Afghanistan Strategic Studies Series.

¹⁹ The First Phase Evaluation of the Drug Control and Development Project, Wa Region of the Shan State, Myanmar (AD/RAS/96/C25), April 2000, p.12.

²⁰ A fact finding mission to Dir District Development Project, Pakistan in December 2000 reported that '...despite the important role that opium poppy plays in providing access to credit and off-farm income opportunities to the poor, the priorities of both phases of DDDP have been with improving on-farm income opportunities. Indeed, there is no provision for credit in the DDDP project and less than 1% of the total budget was allocated to vocational training for the poor. As such, it would seem that as with the cultivation of opium poppy, poorer households have derived fewer benefits from the interventions of DDDP and have in fact been further marginalised by the elimination of opium poppy.' DFID Unpublished Report.

²¹ *Alternative Development: The Modern Thrust of Supply Side Policy* by David Mansfield in the United Nations Bulletin on Narcotics, Vol. LI, Nos. 1 and 2, 1999. Footnote 35 and 36.

²² In Myanmar, a UN mission to the eastern Shan state in 1991 stated that 'in the visited villages under the poppy eradication programme the mission got the impression that most households were facing extreme poverty and starvation. In the first year of the programme, they were able to survive with the relief grain distribution and by selling their livestock. In the second year they do not know how they will survive. This situation affects all households but especially the lower stratum of families. One of the consequences of the lack of income is that it makes more difficult the purchase of fertiliser for the rainy seasons food crops, accelerating the downward spiral of impoverishment'. Cited in Gtz (1998) *Drugs and Development in Asia: A background and discussion paper*. Gtz:Eschborn.

there is lack of clarity when to start eradication efforts i.e. before alternative development activities have been initiated or after or simultaneously both activities should be carried out. However, in countries like Bolivia and Peru eradication is only initiated after development assistance has been provided.²³

Consequently, there is need to understand better the drivers of poppy cultivation and how can this strategy i.e. alternative livelihoods development be best utilized keeping counter narcotics lens and how best this can be integrated in overall counternarcotics strategy of Afghanistan.

5.2 Interdiction and Law Enforcement

Interdiction deals with curbing trafficker's activities and destroying laboratories processing opium into heroin. While law enforcement includes measures to enforce current laws and increase the capacity of officials involved in police and justice efforts to increase overall rule of law.

Afghanistan government with assistance from U.S Drug Enforcement Administration (DEA), Department of Defence (DOD), and international allies is trying to disrupt and dismantle drug trafficking organizations. This is being done through arrest and prosecution of people working in these drugs trafficking organization.²⁴ This strategy has been devised to target large scale traffickers moving drugs and money shipments through the northern border of Afghanistan and into Tajikistan and Uzbekistan.²⁵ DEA is continuously trying to identify, targeting and dismantling drug high – value targets (HVTs) operating throughout Nangarhar province. These HVTs are directly associated with Taliban Terrorist activities and are being supported by drug barons. These drugs HVTs are operating dominantly in southern parts of Afghanistan like Kandahar, Nimruz, and Helmand provinces.

But results of interdiction and law enforcement are not that successful as these were envisaged. Because looking at seizures amount within and at the borders of Afghanistan is not significant as compared to production of poppy opium and heroin.

²³ The initial design of the Poppy Reduction Project (C28) in Afghanistan also required opium poppy to be eradicated prior to the provision of development assistance. However, this was subsequently changed due to the concerns of some of the donors.

²⁴ Anne W. Patterson, Assistant Secretary for International Narcotics and Law Enforcement Affairs, Testimony before the House Committee on Appropriations Subcommittee on Foreign Operations, Export Financing and Related Programs. Washington, DC, September 12, 2006.

²⁵ US Counter Narcotics strategy for Afghanistan, compiled by Coordinator for Counternarcotics and Justice Reforms Ambassador Thomas A. Schweich, U.S Department of State, August 2007.

**Table 4.1
Highest Ranking Countries for Seizures of Cocaine and Opiates in 2004
(by Percent of World Total)**

Cocaine		Opiates (Heroin, Morphine, and Opium) in heroin equivalents	
Colombia	32%	Iran	29%
United States	28%	Pakistan	21%
Spain	6%	Turkey	12%
Venezuela	5%	China	9%
Mexico	5%	Afghanistan	4%
Peru	2%	Tajkistan	4%
Netherlands	2%	Russian Federation	3%
Netherlands Antilles	2%	Other countries	18%
Boliva	2%		
Other countries	16%		
Total (% of estimated consumption)	356 tons (61)	Total	120 tons (32)

Source: UNODC World Drug Report 2006 & Reuter 2008.

From the above table it can be seen that maximum seizures are at borders of countries either producing drugs or bordering the drug producing countries. Seizures can be driven by many factors like production, consumption at local level and transshipments. Countries with huge seizures but neither large producers nor consumers are likely to be involved in trafficking of drugs to other countries (Reuter 2008). But the point to note is that percentage of drugs seized as a result of interdiction is far less than actual production which is a clear indication that interdiction activities are not effective.

In drugs producing countries one of the major problem contributing to the failure of interdiction activities is involvement of government officials in drugs trade and drugs barons are part of government. In a statement by Christian Gynna Oguz, country director for the U.N. Office on Drugs and Crime, said the Afghan government should target big drug traffickers — some with links to government officials — who are fuelling the country's multibillion-dollar illicit drug trade, which has reached unprecedented levels. "Powerful individuals are able to compromise the justice system through bribes and corruption, as well as implicit and explicit threats," she said in a statement. "Such situations can no longer be tolerated if Afghans are to have the type of judicial system and functioning institutional structures that they deserve. Gynna Oguz also called on the government to stamp out "telephone justice, in which powerful individuals, inside or outside the government, improperly intervene in this process with a simple phone call. There are telephone calls being made to release suspects that have been arrested, and this 'telephone justice' ... is

unacceptable because it undermines the trust in the government and its institutions and it must be stopped," she said.²⁶

This failure in law enforcement, involvement and patronizing of government officials in drugs trade could be problematic for both eradication and interdiction. Current legal framework is vague and institutional responsibilities i.e. of ANF, ANP, and law department, are confusing and implementation capacities of these agencies is in its initial stages. National Drugs Control Strategy (NDCS) exclusively mentions action against production, processing and trafficking. But, unfortunately, there has been no description of priority of these actions. It is also quite unclear that limited law enforcement capability should either be directed to either eradication or interdiction (WB 2005).

5.3 Eradication

Mansfield and Pain (2006) say eradication is a powerful word – it implies action, force and control and has both military and medical meanings. When it comes to poppy eradication refers to crop destruction by force. While further explaining they ask a question what's harm in using eradication as a counter narcotics strategy? The question can be elaborated in two ways. First is to take it as a response to those who claim it works and for those who claim there are evidences that it doesn't work. Second, it can be implied that eradication as a strategy is not achieving its goal i.e. sustainable reduction in the area under poppy cultivation.

In Afghanistan eradication is responsibility of Afghan government in collaboration with US – controlled Central Poppy Eradication Force (CPEF) and Afghan National Police (ANP). Afghan President Hamid Karzai has advised provincial governors to reduce and eliminate poppy in their respective province and they have further delegated the task to district authorities.

The National Drug Control Strategy (NDCS) while explaining the reasons for decline in poppy cultivation area said that eradication is not the only source of poppy reduction but it has only been possible "once farmers have access to sufficient legal livelihoods".²⁷ So eradication should be only seen as an intervention among a portfolio of intervention to control poppy cultivation including interdiction and alternative livelihoods development. NDCS plans to inject threat or insecurity in the drugs trading system either in the form of interdiction or enforcement along with introducing alternative livelihoods at the same time (Ibid 2006).

²⁶ "Afghanistan should target big drug traffickers with links to the government, UN says" IHT, March 5, 2008. (<http://www.iht.com/articles/ap/2008/03/05/asia/AS-GEN-Afghan-Drugs.php>)

²⁷ Islamic Republic of Afghanistan, Ministry of Counter Narcotics, National Drugs Control Strategy, Kabul: January 2006, www.fco.gov.uk/Files/kfiles/NDCS%20-%20Final%20PDF%20version.pdf.

4.3.1 Comparing Eradication Efforts in Other Parts of World

Eradication as a counter narcotics strategy has been used in many drug infected countries of the world especially in Golden Triangle, Andean regions and Golden Crescent. At some places it has been taken as an end to counter narcotics while at other places it was used as one of the component of counter narcotics strategy. In the former case the results were undesirable while in the later case significant success has been reported.

For example in Pakistan, 13 people were dead in 1987 during an eradication campaign in Gadoon Amazai of N.W.F.P (North Western Frontier Province). As a result government and anti narcotics force (ANF) became more cautious to take such an action again. Later on in District Dir of NWFP eradication was carried out as a component of overall efforts to control poppy cultivation and was done in stages. District Dir Development Programme was launched in which a package of assistance was devised as assistance to poppy farmers. When government of Pakistan came to know that some of the farmers are solely growing poppy to get assistance a stern action in the form of eradication was done. It took 15 years in district Dir to get rid of poppy from the area (Oliver 2006).

Thailand adopted a very pragmatic approach regarding counternarcotics strategy. In 1970 the draconian eradication drove the rural population in the hands of Thai Communist Party. They stopped the eradication until the government established it writ to remote highland areas. In 1984, eradication was reintroduced only in those areas where people can make decent living without depending on poppy opium (Mansfield and Pain 2006).

In Myanmar the military governments announced a 15 – year ban on poppy opium cultivation in 1999. It consisted three different regions and in three different periods. This campaign will last till 2014. The government reported that it has eradicated 3600 ha of opium fields during the 2006-07 poppy seasons.²⁸ However the credibility of this data is still questioned. TNI (Transnational Institute) has confirmed that opium cultivation takes place in conflict areas, no matter which party has control. Be it is Burma army units, cease – fire groups, groups still fighting or any other militia, all tax opium farmers (Jelsma and Kramer 2008).

Plan Colombia

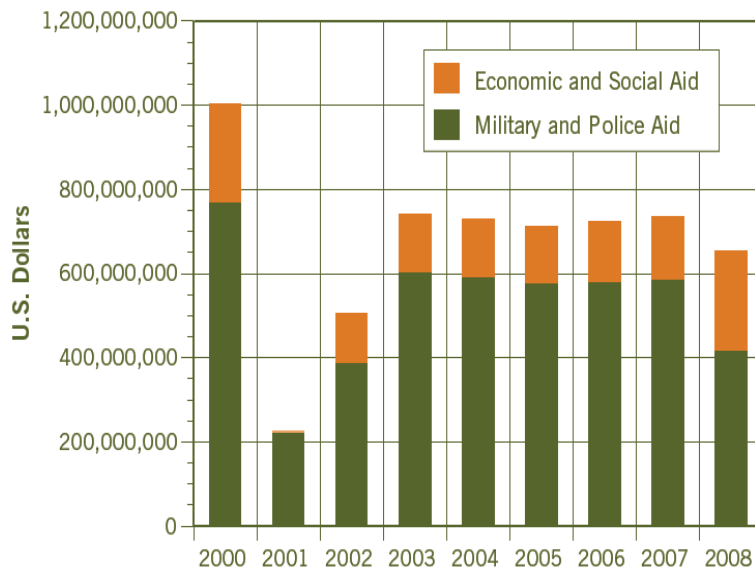
The Government of Colombia in collaboration with US government developed "Plan Colombia" as an integrated strategy to address the most pressing challenges confronting Colombian government today i.e. promoting the peace process, combating the narcotics industry, reviving the Colombian economy, and strengthening the democratic foundations of Colombian society. Plan Colombia is a \$7.5 billion program. President Pastrana pledged \$4 billion of Colombian resources and called on the international community to provide the remaining \$3.5 billion to assist this effort.

²⁸ UNODC 2007:88 and 91.

The program was started in 2000 to strengthen anti-drug and counter-guerilla operations in Colombia. As of 2003, the United States had contributed more than \$3 billion; 80% was directed to the police and armed forces, while less than 20% was designated for socio-economic aid. However a complete analysis of aid break up can be seen in the following graph which clearly shows out of total aid how much has been spent on militarization and on social and economic development of Colombia.

The United States has provided Colombia \$4.8 billion in military and police aid since 2000, the majority of which goes to the “War on Drugs.” The focal point of U.S. drug policy in the Andes, including Colombia, has been the effort to eradicate coca bushes through coercive manners, the crop that impoverished rural farmers sell to drug traffickers. They subsequently process it into cocaine. Under Plan Colombia, the forced eradication effort is mostly carried out by U.S.-funded aircraft that spray herbicides over coca-growing zones, a “solution” that does not even require Colombia’s state to have a presence on the ground. The United States has allocated significant, but far smaller, amounts of aid and resources to the interdiction of drugs while trafficking; the arrest of leading drug traffickers; and the improvement of governance and provision of alternative and licit economic opportunities in rural areas (Haugaard et al. 2008).

Figure 4.1
US Aid to Colombia during 2000 – 2008 (USD 6.03 Billions)



Source: Haugaard et al (2008) Also available at (<http://justf.org/Country?country=Colombia>)

The Illicit Crops Aerial Eradication Program has been part of Plan Colombia, and is the program under which aerial fumigations has been carried out. The program has been implemented by the U.S. Department of State and Colombia's National Narcotics Directorate (DNE). Spraying has been carried

out in the departments of Antioquia, Bolívar, Boyacá, Cauca, Caquetá, Cesar, Córdoba, Guaviare, Huila, Nariño, Norte de Santander, Putumayo, Santander, Tolima, and Vichada, among others (AIDA 2008).

The aerial eradication program must comply with the Environmental Management Plan (EMP), a set of criteria established by Colombia's Ministry of Environment, Housing, and Land Development (MAVDT) to protect people and the environment from harms caused by glyphosate spraying. In June 2003, the MAVDT sanctioned the DNE for failing to comply with the Environmental Management Plan. In addition to that Colombian courts many times gave ruling that while doing Ariel spraying EMP conditionalities has not been complied with but were ignored both by Colombian and US government (Ibid 2008).

The Colombia Plan led to counter measures by the guerrillas, in particular, a demand that everyone with assets of more than \$1 million have to pay a “revolutionary tax” or face the threat of kidnapping and jailing. James Wilson (2000) explained this motivation in the London Financial Times: “In the FARC eyes, financing is required to fight fire with fire. The government is seeking \$1.3 [billion] in military aid from the US, ostensibly for counter-drugs operations: the FARC believe the new weapons will be trained on them. They appear ready to arm themselves for battle”. This phenomenon will lead to military escalation and undermining of the fragile but ongoing peace negotiations.²⁹

House Democrats have increasingly argued that there is no quick fix for the complex challenges facing Colombia but that military aid and aerial fumigation have made things worse. After Plan Colombia, on average nineteen people have been killed daily for political reasons as compared with an average of fifteen each day before Plan Colombia. The number of internal refugees increased sharply, with some estimates showing nearly a million people fleeing their homes during the three years of Plan Colombia (Clark 2003).

Efforts to combat drugs at the source have only managed to shift coca to new regions and back to old ones, as the law of supply and demand has kept total coca cultivation in the Andean region at around 200,000 hectares (540,000 acres) for fifteen years. One of the most unfortunate aspects of the aerial spraying campaign is that it has destroyed thousands of acres of legal crops along with the coca. That has threatened the livelihood of peasants in the affected areas, and in some cases created the specter of famine (Carpenter 2001).

Under the “Plan Colombia” eradication was done for coca fields. It has been reported that 566,995 ha of coca were destroyed between 1999 and 2004 at a cost of USD 453 million. In 2005, it was estimated that further 139,400 ha were sprayed and 30,000 ha were eradicated manually. It is interesting to note here that when Plan Colombia started in 1999 the area under coca cultivation was 122,500 ha and by the end of 2005 it was 144,000, an increase of 18 percent. So it can be concluded that over this period of time the pace of

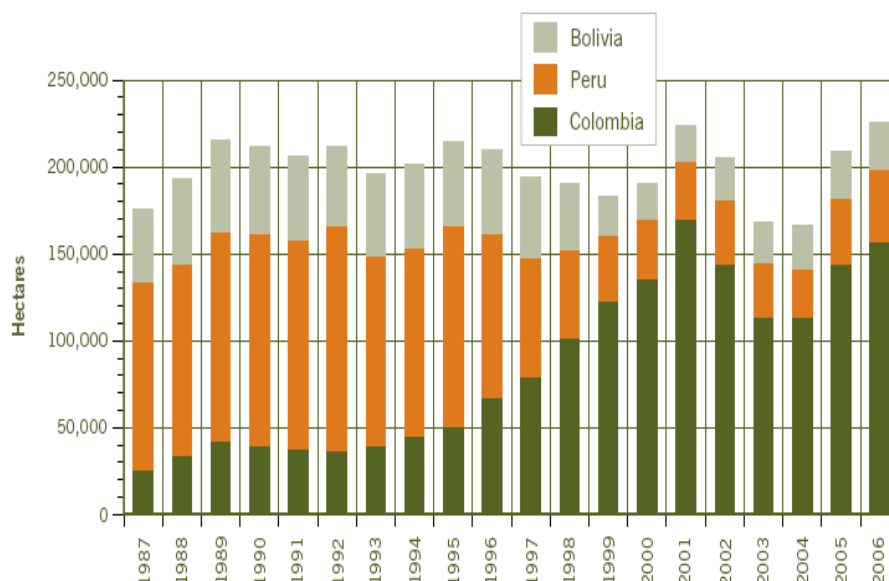
²⁹ James Wilson (2000) ‘Rebels tax plan outrages Colombia’. *Financial Times*, 28 April 2000.

expansion of coca cultivation was slowed down but over all area increased (Mansfield and Pain 2006).

The unintended results of eradication in Colombia include the shift of coca growing from one country to another. As a result of Ariel eradication from US and Colombian government some farmers grew coca elsewhere, some entered in Ecuador and some joined guerrillas. The coca production moved into deep Amazonian jungles with little or no decrease in total coca cultivation (Sharp 2006; Lee 2002).

Plan Colombia has not been effectual in achieving its stated objectives and even counter productive. It has also produced a number of highly undesirable side effects. The harsh reality is that, as long as drugs are illegal, there will be a huge black-market premium i.e. a remunerative potential profit that will attract producers. Plan Colombia cannot revoke the economic laws of supply and demand. In an attempt to do so, the US is creating even more trouble for an already troubled neighbour (Carpenter 2001).

Figure 4.2
Coca Cultivation in the Andes (US Government Estimate)



Source: Haugaard et al. (2008)

El Plan Dignidad

Bolivia is a small developing country of 8.5 million people with USD 1,000 in GDP per capita in 2002. Bolivia is one of the poorest countries in Latin America having poverty indexes similar to sub-Saharan Africa (SSA). Gross domestic product growth from 1990 to 2000 averaged 3.5%. Sluggish economic growth continued in 2001 and 2002 (1.2% and 2.5%, respectively)³⁰.

The Bolivian government argues that the Plan Dignidad was implemented only after a national dialogue convened in October 1997. Four points national action plan consisted of following points: opportunities for employment and income, poverty alleviation, legal reforms and the fight against corruption and dignity (drugs control efforts). This national dialogue was presided over by then Vice President Jorge Quiroga, representatives from political parties, labour unions, academics and the church participated in the dialogue. In December 1997 the “Strategy for the Fight against Drug Trafficking 1998 – 2002” was launched. Main objectives to be achieved through this programme were to completely eradicate 35,000 ha of coca by the end of 2002, to provide 35,000 households with alternate and licit sources of income currently depending on coca production, to enforce interdiction for five year period (Gamarra 2006).

³⁰ Statistics are drawn from the World Bank *World Development Indicators 2003*, *Human Development Report 2003*, United Nations Development Program, and “Bolivia – Country Profile 2003, *The Economist Intelligence Unit*.”

Whether coca eradication has been successful or not depends on who you ask this question. The Bolivian government announced that number of acres under coca cultivation has been reduced from 127,000 ha in 1997 to about 5000 ha by the end of 2002. While many people believe that these claims are inaccurate and coca production has even increased (Chande 2002). However the success of Plan Dignidad was well received and praised internationally. The appreciations for Bolivia were for its success of alternative development programmes, a decline in coca production, seizure of cocaine and assets. The 2000 International Counter – Narcotics Strategy Report (INCSR) mentioned that: “Bolivia continues to be the model for coca eradication in the region. An extremely and effective eradication programme in Chapare, previously Bolivia’s principle coca growing region has reduced the number of hectares of coca fewer than 600” (Gamarra 2006).

Heartened by the success of eradication programme in Chapare, Bolivian government decide to enter into Yungas region. It is still mystery who gave order to send military in Yungas region because both US and Bolivian government blame each other. The Yungas intervention rather adventure regardless who lead the charge was totally catastrophic. Eradication forces were surrounded by coca growers. As opposed to US official’s expectations, Bolivian government signed an agreement with coca growers that government will never forcefully eradicate coca in The Yungas. In reminiscence, government agreement averted bloodshed in the Yungas. Nevertheless, this incident changed the tide of Plan Dignidad which eventually would have effects on the Chapare success (Ibid 2006).

What has been the price of this Plan Dignidad to Bolivia? Instead of a gradual eradication backed by alternate and licit sources of income, US trained antinarcotics police took very severe action against coca farmers in the Chapare region. The immediate problem appeared from the expended action of antinarcotics police or militarization resulted in gradual encroachment of civil liberties (Arganaras 1999). Since the start of eradication campaign till 2002, at least 39 Bolivian farmers and antinarcotics personnel have been killed. Human Right’s watch said: “bolivian government has engaged in serious human rights abuses such as excessive use of force, arbitrary detention, and the suppression of peaceful demonstration..... Unfortunately, the United States has failed to ensure that effective protection of human rights is a condition of US counternarcotics support” (Chande 2002).

In short, the initial success of the Dignidad Programme surprised both supporters and critics. Coca fields were substantially decreased in Chapare valley. But loss of income sources, unavailability of alternative sources of income and struggling to make living the coca grower stood up to fight back against eradication campaign. Protests, roadblocks and violence became a daily phenomenon in Chapare region .The year 2000 proved to be a year of re – emergence of coca because till 2004 area under coca production increased from 14,600 ha to 27,700 ha. ³¹ The overall policy has been counter productive, as Kathryn Ledebur (2005) mentions: “US counterdrug policy in Bolivia is

³¹ UNODC (2005), World Drug Report 2005. Vienna: UNODC

destabilizing the country's fragile democracy and empowering the very forces that Washington is seeking to combat. [...] Continued US pressure on [Bolivian] President Sanchez de Lozada, in spite of widespread social upheaval, impeded his efforts to reach negotiated solutions with the coca growers. As a result, coca producers and other groups, increasingly frustrated with attempted to change policy through the existing party system, relied on direct protest as a way of articulating their interests”.

4.3.2 Eradication in Afghanistan

The counternarcotics policy by US and NATO forces has evolved from not dealing with drugs at all to emphasis on the most counterproductive counternarcotics strategy i.e. eradication. In 2002 Pentagon decided that U.S forces will not participate in eradication and interdiction activities because they are diverting from their primary anti – Al Qaeda and Anti Taliban missions³². The counternarcotics efforts were assigned to U.K. while police and judicial reforms were delegated to Germany and Italy respectively according to the UNAMA framework. Since then British have tried every possible mean to control drug production and trade but they have failed to get the desirable results.

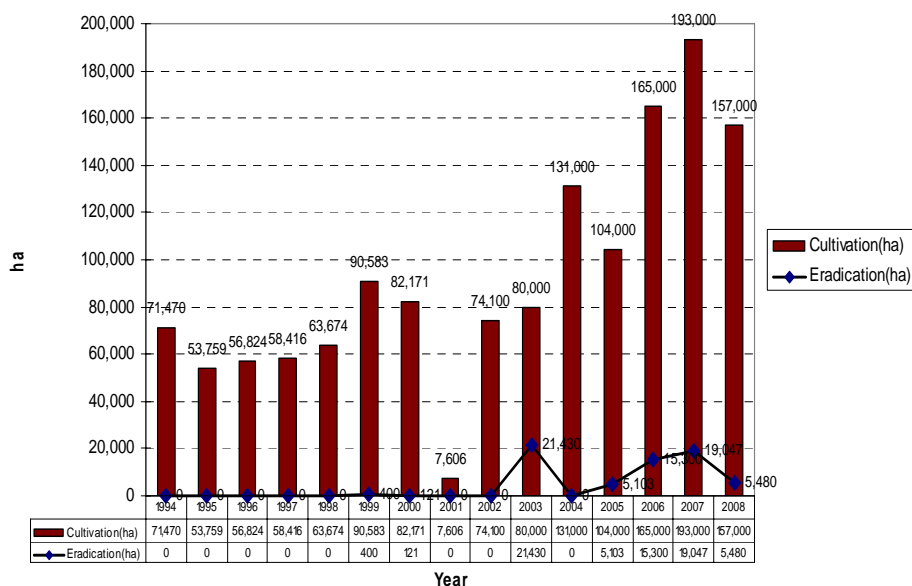
Many forms of eradication have been used in Afghanistan. In 2000 Taliban imposed a simple ban on poppy cultivation and it was implemented in such a successful manner that poppy production fell to a negligible level. However, they did not ban opium trade. Due to this reason, opium price at border and farm gate shot up. However this campaign pauperized many farmers because heavy debts incurred on farmers which they are still paying. Poppy cultivation shifted to northern areas and opium trade also made a new of trafficking towards Tajikistan.

Soon after the end of Taliban regime, transition government also banned cultivation, production, processing and trafficking of poppy opium. Area of about 17,500 ha was eradicated with a promise for compensation. But only one tenth farmers got compensation. This eradication was also a display of local power because one faction tried to destroy the crop of other faction. This failure of keeping and honouring the promise impoverished indebted farmers and put question mark on credibility of programme (WB 2005: 121-122).

In the following year i.e. 2003, eradication campaign was again started with a promise of support in the form of reconstruction. But farmers were again disappointed because promises were not fulfilled. There was growing resentment among farmers against local and provincial authorities because they banned poppy cultivation. But they did not provide development aid and other income opportunities to compensate the loss they incurred for not growing poppy. This again resulted into increase of opium prices and shifting of poppy cultivation to new areas (Jelsma et al. 2006).

³² Eric Schmitt, “U.S. to Add Forces in Horn of Africa”, *New York Times*, October 30, 2002, p. 16.

Figure 4.3
Comparison between Poppy Cultivation & Eradication



Source: World Drug Report and Afghanistan Opium Surveys by UNODC.

* About 2004 UNODC says that eradication was carried out but wasn't officially reported so figures for this year are not available.

According to UNODC (2008), “eradication activities in 2008 were severely affected by resistance from insurgents. Since most of the poppy cultivation remains confined to the south and south-west region dominated by strong insurgency, eradication operations may in the future become even more challenging. Security incidents associated with eradication activities in Hilmand, Kandahar, Hirat, Nimroz, Kapisa, Kabul and Nangarhar provinces included shooting and mine explosions resulting in the death of at least 78 people, most of whom were policemen. This is an increase of about 75% if compared to the 19 deaths in 2007. The major incidents were in Nangarhar and Nimroz provinces”.³³

Aerial Spraying is also a form of Eradication. This is an option for which US government is exercising pressure to implement in Afghanistan. This is the same proposal which has been tried and it has failed in other parts of the world. The salvaging of an already used policy for Afghanistan is beginning. However, Karzai government is asking for establishing an international committee of scientists to check whether glyphosate is safe or not. In western countries this has already been started since it was first proposed in case of Colombia. It is a debate in which US government argues that using glyphosate is harmless. While scientists working in independent universities and research institutions that glyphosate used in Aerial spraying operations is harmful to

³³ Afghanistan Opium Survey 2008, UNODC Afghanistan, August 2008, p. 19 – 20.

environmental and human health. Glyphosate will be sprayed even concerns raised by Afghan government. Due to the loads of funding allocated for other projects, Afghan government may pose that Glyphosate is not that toxic, same as the Colombian government did in the past (TNI 2007).

5.4 Why Drug Control Policies Fail?

Betral et al (1996) describe that drug control policies fail because of two main reasons i.e. the hydra effect and the profit paradox. Further explaining these two effects they say anywhere U.S intercepts illicit drugs, prices of drugs increase (Rubin and Sherman 2008). Government thinks by intercepting drugs prices will increase and less people will use drugs while in this phenomenon more and more people come into trafficking business due to high profit margin. Thus profit paradox explains one of the reason why interdiction does not disrupts drug markets. However it results in a guaranteed market while keeping profits high by agency or government doing interdiction. Moreover explaining hydra effect they explain that drug industry has ability to self – reproduce. Every time any government will try to eliminate drug production, processing and smuggling, the traffickers will tap alternative sources of supply. So even if government are successful against some drug cartel or baron, new trafficking routes will open and a new group of trafficker will gain more of the market share.

Moreover Betral et al also explain government’s behaviour while dealing with drugs problems. Many foreign governments rely on the drug trade to increase their revenues, causing their government officials to disregard any pressure to prosecute drug traffickers. For example, approximately 20% of the Bolivian workforce is involved with drug producing and trafficking, resulting in 70% of the country’s gross national product (GNP). If this market was eliminated from the country, there would be widespread unemployment and violence; therefore, the Bolivian government will not assist the United States in capturing any drug dealers. UNODC estimates show that 2.3 million Afghans in rural areas were now engaged in cultivation which is 14 percent of population. In 2004, the opium economy was worth USD 2.8 billion, equal to 60 percent of country’s legal economy, which was calculated at USD 4.5 billions.³⁴

The complexity of the drug problem in Afghanistan demands a balanced counternarcotics approach that melds enforcement and economic development assistance. In the coming years, there is need to provide additional support to the Government of Afghanistan in creating both incentives for opium growers to participate in licit livelihoods through the provision of additional assistance, while simultaneously strengthening the disincentives to participation in the narcotics industry through increased interdiction, eradication, and other law enforcement efforts.

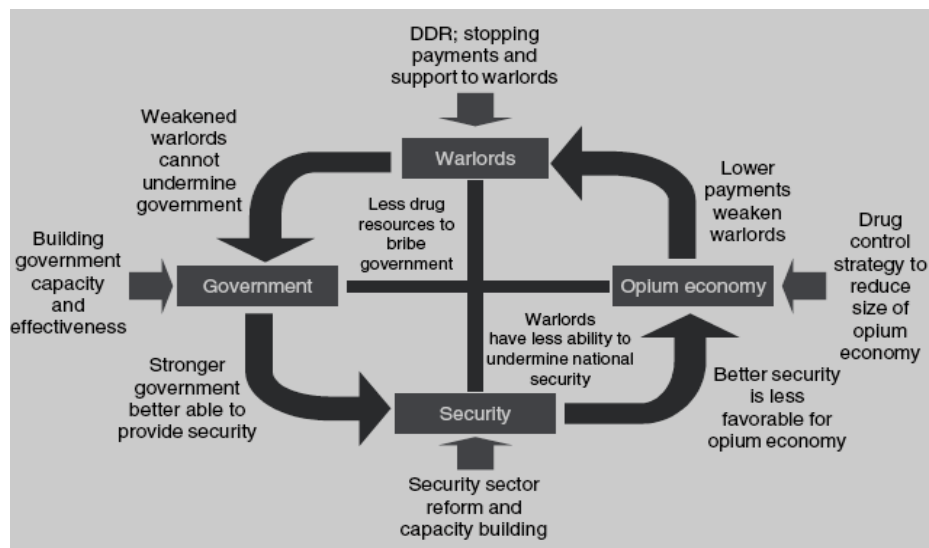
³⁴ Barnett Rubin et al., ‘Too Early to Declare Success: Counter Narcotic Policy in Afghanistan’, Afghanistan Policy Brief by CARE International and the Center on International Cooperation, March 24, 2004.

Chapter 6 Way Forward

To break the vicious circle of drugs, warlords, instability and insecurity a multi-pronged approach is needed. Drug control measures alone will not be effectual. Therefore the response to the drug economy should occur within a strategic framework including state building and improving security as well as curbing warlords. This framework should include (1) curbing warlords' power by stopping payments and other support to them; (2) building state ability and resources; and (3) security sector reform and capacity-building. All this needs to happen in an environment of rapid economic growth which allows the drug economy and other forms of illegal activity to be eventually replaced by legitimate economic activities (World Bank, 2008).

Figure 6.1

Strategic Framework for Breaking the Vicious Circle



Source: The World Bank 2005.

Eradication, inflicted cultivation reductions and hasty and fragmented alternative livelihoods projects, have been major elements of the counter-narcotics effort in Afghanistan so far. Evidences show that these are problematic instruments that result in significant adverse side effects. Strategically, there is no substitute for effective rural development. There is need to thoroughly work out the design, time horizon, time profile of funding, and sequencing of activities to contribute to counter-narcotics objectives. Interdiction needs to be more effective. The precursor chemicals used to convert poppy opium to heroin should be intercepted (Byrd, 2008).

There are certain proposals which are not, though, silver bullets but can be thought of as solutions. First is poppy licensing which have been proposed keeping in view example of Turkey, India, France and Australia. However there is need to evaluate whether in conditions like Afghanistan this will work or not. Second proposal is support price to crops grown instead of poppy

opium. But a serious consideration in this regard is how long could the international community credibly commit to providing blanket subsidies or financing price supports? Apart from above question there is also a point which crops can truly serve as the substitute for poppy opium. Above all there is need to work out how state building, security and stability of Afghanistan can be established and sustained because everything else would be meaningless until and unless these very pillars of Afghanistan are not strengthened.

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Map 2
Main Problem Drugs

