



# AFGHANISTAN

## Policy Brief



March 2005

## TOO EARLY TO DECLARE SUCCESS: Counter-Narcotics Policy in Afghanistan

Opium dominates political and economic life in Afghanistan to an extent unparalleled anywhere in the world. Years of war and years of drought have created a fertile environment for poppy to thrive, as the state weakened and farmers' access to other markets collapsed. Today, the thriving opium economy - and the insecurity it breeds - are the greatest threats to building a stable, secure Afghanistan.

The impact of the Afghan opium trade is far-reaching both within Afghanistan and globally: Afghanistan currently produces 87 percent of the world's illicit opium, poppy is now cultivated in all 34 of Afghanistan's provinces and overall income from poppy cultivation and opium trafficking is more than half as large as Afghanistan's legal economy.<sup>1</sup> Within Afghanistan, the drug trade fuels corruption while financing warlords, insurgents and terrorists, creating a vicious cycle of insecurity that threatens to overwhelm the newly-elected government in Kabul.

The primary aim of counter-narcotics policy must be to address this cycle of insecurity, ensuring Afghanistan does not become the world's pre-eminent narco-state. Yet the drug trade will continue to flourish as long as the Afghan state remains weak and the rural economy is in tatters - the challenges of overcoming opium are inseparable from the broader challenges of state-building and economic development.

An effective counter-narcotics campaign must therefore place top priority on both rural development, to assure the rural population of alternative sources of income and credit (i.e. "alternative livelihoods"), and law enforcement, especially the destruction of heroin laboratories and arrest of major traffickers and warlords involved in the drug trade.

These initiatives must be phased-in before widespread eradication gets underway. Given the sheer size of the opium economy, any counter-narcotics campaign - and especially alternative livelihoods programs - must be adequately funded. It is also critical not to mistake short-term gains for long-term success. Recent UN reports indicate that the poppy harvest will probably decline in 2005.<sup>2</sup> Yet, given the pervasive poverty in rural areas and the likelihood of higher opium prices in 2006, cultivation could easily resume and increase.

## RECOMMENDATIONS

**1** Counter-narcotics programs - especially alternative livelihoods programs -- must be adequately funded over the long-term. For instance, according to former Afghan Minister of Finance Ashraf Ghani, forging an effective agricultural strategy to replace opium will cost at least \$5 billion over the next five years.<sup>3</sup>

**2** The Afghan government and international donors should ensure the phase in of rural development programs and law enforcement operations against major traffickers and warlords before launching widespread eradication efforts.

**3** Short term gains in 2005 should not be mistaken for long-term success. The implementation of sustainable alternative livelihoods programs and law enforcement initiatives must be stepped up to avoid growing disenchantment in rural areas, anti-government violence, and a possible resurgence of poppy production in the near future.

# A Drug Economy of Unprecedented Size

## WHO IS GROWING OPIUM AND WHY

Approximately 2.3 million Afghans were involved in opium cultivation in 2004 - equal to roughly 12-14 percent of the rural population.<sup>4</sup>

Opium offers landowners higher returns than any other traditional crop - for example, the average gross income from a hectare of poppy was 27 times that from a hectare of wheat in 2003, and a dozen times higher than from a hectare of wheat in 2004. Also, for many poor farmers, poppy cultivation is the only means for accessing credit and sharecropping opportunities.

## THE SIZE OF THE OPIUM ECONOMY

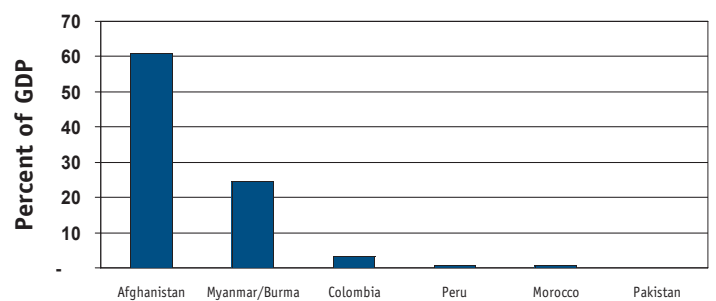
For the years 2002 to 2004, total income from the drug trade for Afghan farmers and traffickers (\$6.82 billion) was more than twice as much as the total amount of international aid dispersed for ongoing or completed projects (\$3.337 billion).<sup>5</sup>

## HOW AFGHANISTAN COMPARES



The annual opium economy (about \$2.8 billion) is more than half as large as Afghanistan's legal economy (about \$4.6 billion). By comparison, the drug trade in Myanmar (the next largest drug trade relative to GDP) is just under 25 percent of the size of the overall legal economy and the narcotics trade is now less than 5 percent the size of Colombia's legal GDP.<sup>6</sup>

**Drug Income as Percent of GDP (2003)**

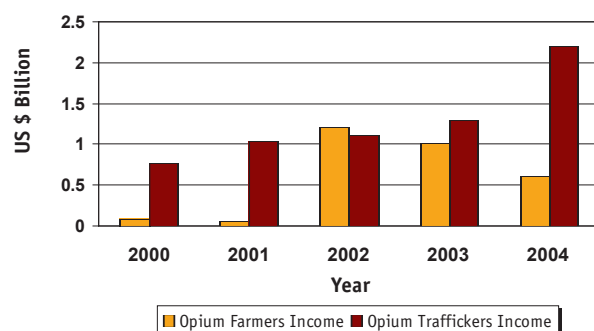


Source: Center on International Cooperation

## THE REAL THREAT OF OPIUM

It is the drug traffickers, warlords and insurgents who control the opium trade that pose the greatest threat to Afghanistan's future. Over the past few years, profits from opium have increasingly shifted from farmers to traffickers, increasing their power. The way to address this threat is through law enforcement efforts that target these groups, as well as providing alternative livelihood programs for poppy-growing farmers. Toward that end, there needs to be comprehensive indicators for success to guide the counter-narcotics campaign. Success cannot be measured by hectares of opium eradicated, but by a decrease in the income and assets of drug traffickers and warlords and strong growth of the non-opium economy.

**Who Benefits from the Afghanistan Opium Trade?**



Source: Center on International Cooperation

# Creating Alternative Livelihoods for Farmers

The term "alternative livelihoods" describes a wide range of rural development programs that seek to offer farmers and laborers alternatives to the opium economy. To succeed, these programs should be comprehensive and include: 1) access to alternative, high-yield crops; 2) alternative sources of employment and income,

including subsidies and other support for rural businesses; 3) basic rural infrastructure for access to markets, land, water and electricity; and 4) means for farmers to obtain credit without using opium crops as collateral.

Rural development programs, already desperately needed in a country devastated by almost 25 years of war, are now even more important. Poppy cultivation is an attractive option for many farmers, given its relatively high price, the plant's resistance to drought, and the additional economic opportunities available to farmers who choose poppies over traditional crops. Without meaningful sustainable income from sources other than the opium economy for the rural population, the drug economy will only continue to grow.

In many areas, poppy cultivation supports the entire rural economy. It is intertwined with all aspects of rural livelihoods - including access to land, credit and markets. Any successful approach must address the entire range of reasons that farmers choose to cultivate poppy. Beyond market value, other incentives for poppy cultivation include the need to pay seasonal and accumulated debts (often tied to opium); land-tenure and share-cropping agreements by which wealthier farmers stipulate that sharecroppers must grow opium; lack of infrastructure for irrigating, transporting and marketing other crops; and lack of alternative economic opportunities.

*"Without alternative livelihoods already in place, premature eradication can alienate the affected population and damage the environment for rural development."*<sup>7</sup>

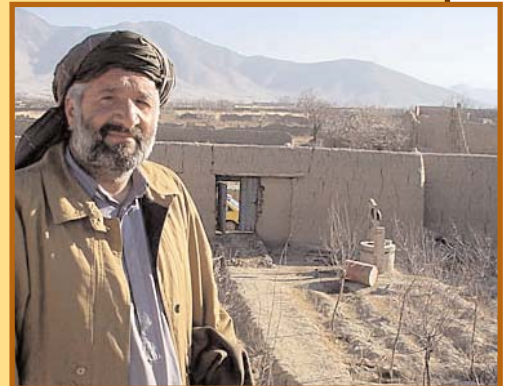
-The World Bank

## PROMISES BROKEN

As part of efforts to eradicate poppy, provincial officials in certain have areas made unrealistic promises to farmers, ranging from roads to improved irrigation to jobs. Fulfillment of such promises, however, has been uneven at best.

Unrealized and unrealistic expectations will not only undermine alternative livelihoods programs, but risk turning the rural population against the government. In Nangarhar province, for example,

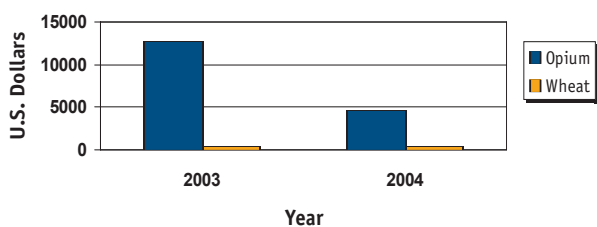
where poppy cultivation has fallen dramatically over the past year, farmers voiced both disappointment and anger that development assistance has not met their expectations. According to one farmer, "If we do not receive the assistance we were promised, we will grow poppy next year."<sup>8</sup>



Farmer - ©2002 CARE/A. John Watson \*

Programs aimed at the poorest farmers should concentrate on improving their access to those assets currently tied to opium, such as credit and sharecropping opportunities. Assistance to better-off farmers should focus on developing the skills and infrastructure necessary to cultivate and market high value commodities - such as rose petals or tree crops - as part of efforts to stimulate rural growth and to "replace" the opium economy.

**Income from a Hectare of Poppy Compared to Wheat in 2003-2004**



Source: UNODC Opium Survey 2004

## Creating Alternative Livelihoods for Farmers (cont.)

To create a sustainable rural economy, alternative livelihood approaches for farmers must be complemented by rural business development and other means of providing alternative sources of income. Short term "cash-for-work" programs can be used in some cases, but are, at best, a stop-gap measure. Given the sheer size of the opium economy, alternative livelihoods efforts must be integrated into broader, province-wide development plans that extend down to the district and village levels.

Finally, any approach based on "conditionality" should be rejected. Conditionality approaches tie development assistance to reductions in poppy cultivation. This approach has been tried before in Afghanistan and has failed.<sup>9</sup> Conditionality typically undermines long-term, sustainable development by imposing an unrealistic, inflexible time frame for reducing opium cultivation, while making it more difficult to build trust and engage in long-term planning with affected communities.

## Comparative Experience: The Importance of Prioritizing Alternative Livelihoods

The experience of two countries which succeeded in creating a long-term reduction in poppy cultivation is particularly relevant for Afghanistan. Both Thailand and Pakistan achieved a sustainable reduction in poppy by phasing in alternative livelihoods programs before widespread eradication. In both cases, alternative livelihoods paved the way for broader eradication efforts.

In Thailand, poppy cultivation decreased by 88 percent from 1980 to 1999, while poppy cultivation in Pakistan decreased by 67 percent from 1990 to 2003.<sup>10</sup> Thailand started crop substitution programs in the mid-1970s, before instituting integrated rural development programs in the 1980s. Targeted eradication did not begin until 1984.<sup>11</sup>

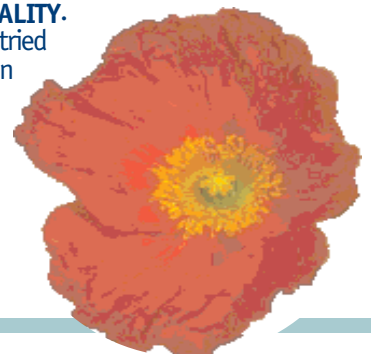
# R E C O M M E N D A T I O N S

**1 IMPLEMENT ALTERNATIVE LIVELIHOODS PROGRAMS NATIONWIDE**, within the context of provincial and national development plans. Such programs must be integrated into a broader effort to develop the rural economy and mainstreamed into existing development programs. Focusing these programs solely on poppy growing regions could result in the crop's expansion if farmers in other regions believe they can obtain assistance by entering into poppy cultivation themselves.

**2 MANAGE EXPECTATIONS** - To date, a great deal has been promised to farmers in poppy growing areas, creating potentially unrealistic expectations. Unless the Afghan government does a better job of managing rural expectations, it could lead to dissatisfaction and unrest in poppy-producing regions, and ultimately a backlash in the form of a more persistent drug economy.

**3 INCREASE FUNDING** for alternative livelihoods programs in 2005 and beyond. The United States and Great Britain have proposed to allocate roughly \$170 million towards alternative livelihoods programs in 2005, but these funds have not yet been secured.<sup>12</sup> This would be a sizable contribution, but still not enough to replace the economic impact of opium. The majority of this funding should go towards long-term, sustainable initiatives and not primarily to short-term cash-for-work projects.

**4 REJECT CONDITIONALITY.** This approach has been tried repeatedly in Afghanistan and in parts of South America. It has consistently failed, undermining essential ongoing rural development projects in the process.



# Law Enforcement: Breaking the Cycle of Insecurity

Opium poses a threat to Afghanistan because it empowers drug traffickers, warlords, insurgents and others who seek to undermine the government. Targeted law enforcement is critical in order to respond to this danger: arresting major traffickers, destroying heroin laboratories and removing corrupt government officials, particularly at the provincial and district levels where drug-related corruption is pervasive.

Beyond directly attacking the cycle of insecurity, targeted law enforcement also has ancillary benefits. Traffickers create cultivators, not the other way around. Therefore, law enforcement must be a top priority, at least initially. Unlike eradication, the economic impact of arresting major traffickers and destroying heroin laboratories does not fall most heavily on vulnerable farmers or laborers. Moreover, successful law enforcement efforts can disrupt downstream processing, potentially reducing the price of opium and making it less attractive for farmers to cultivate.

The Afghan government has made some significant strides in terms of law enforcement. Yet more is needed, especially in terms of tackling drug-related corruption - a pervasive problem

in Afghanistan - and arresting "high value targets" (i.e. major traffickers and others who help control the drug trade). Such actions will help address the current state of impunity, showing Afghan citizens that no one is above the law.

It is also important to continue targeting heroin laboratories and restricting the flow of precursor chemicals. Until recently, most opium was refined into morphine or heroin outside Afghanistan. This process is now increasingly occurring within Afghanistan itself - and may signal the increased reach of international organized crime into Afghanistan.<sup>13</sup>

As the major military force within Afghanistan, the United States must also cut its ties to senior Afghan officials, militia commanders and warlords who profit from the opium trade.<sup>14</sup> Continued support for these figures - who have often been used as allies in the "war on terror" - is increasingly dangerous, especially given the risks that opium profits will benefit insurgents and international terrorist groups.<sup>15</sup>



## R E C O M M E N D A T I O N S

**1** Greater efforts should be made to apprehend the most powerful elements in the drug trade. This will strengthen the Afghan government's counter-narcotics campaign, demonstrate that counternarcotics policy is not disproportionately targeting the poor, and help end the impunity that allows the drug trade to flourish.

**2** The Anti-Corruption Commission included in the Afghan government's 2005 Counter-Narcotics Implementation Plan should be given the mandate, funding and support to effectively target corrupt officials. The constitutional provisions requiring that high officials disclose their assets should be strictly implemented, and extended to include their families and top military commanders. Those with unexplained assets should be dismissed.

**3** The U.S.-led coalition should end all support to militia leaders who are involved in the drug trade.

**4** The international community should continue its support for Afghan law enforcement agencies, including the Special Narcotics Force and the Counter-Narcotics Police.

# Eradication: How Much, How Soon

The Afghan government is committed to a "credible, verified and targeted" eradication campaign in 2005, with substantial support from the United States. CARE and the Center on International Cooperation (CIC) are concerned that unless alternative livelihood programs are in place and powerful drug traffickers are apprehended, such a campaign could seriously undermine the remarkable progress that the Afghan state and people have made since 2002.

Specifically, eradication could raise the prices that traffickers pay farmers for opium, thus increasing incentives for further cultivation and enriching traffickers who hold large stockpiles.<sup>16</sup> Eradication without alternative livelihoods programs in place could also lead to violence and further insecurity, thereby undermining other critical development initiatives.

Evidence from other narcotics-producing countries underscores this point. In Peru, for instance, eradication efforts in the 1980s contributed to political instability, which in turn strengthened insurgent movements such as the Shining Path, forcing a change of approach in the 1990s.<sup>17</sup>

The Peruvian experience in the 1980s is particularly relevant in Afghanistan today, given both the ongoing insurgency and the challenges posed by the upcoming parliamentary elections. Afghanistan's counter-narcotics minister, Habibullah Qaderi, has expressed concerns that large-scale eradication may increase insecurity in advance of the elections.<sup>18</sup>

Further, eradication without viable alternative livelihoods and programs to minimize farmers' debts could force them to mortgage their land to traffickers. This could also jeopardize efforts to restore the rights and dignity of Afghan women, as girls have been sold to pay off opium-related debt.<sup>19</sup>

## DANGERS OF AERIAL ERADICATION

CARE and CIC strongly support the Afghan government's opposition to aerial eradication. President Karzai himself has spoken publicly against aerial eradication, on the grounds that it might harm innocent villagers.<sup>20</sup> According to General Mohammed Daud, deputy minister of the interior, "Afghans are not used to seeing this kind of thing; it could be seen as an attack on the people not just the poppy crops. That is a dangerous road to take."<sup>21</sup>

Some officials at the U.S. Agency for International Development and with the U.S. military in Afghanistan have also voiced concerns about spraying, fearing the adverse impact on poor farmers and the potential destabilizing effect it could have in advance of the parliamentary elections.<sup>22</sup>

The experience with aerial eradication in Colombia is also cause for concern. While the total amount of land cultivated with poppy has decreased, aerial eradication has undermined efforts to win rural "hearts and minds."<sup>23</sup> Given the fact that the newly-elected government in Kabul is still trying to establish its authority across the country, loss of popular support would outweigh any possible benefits of aerial eradication.

## RECOMMENDATIONS

**1 Target eradication initiatives** only to areas where alternative livelihoods programs have already delivered concrete results.

**2 Keep tight control over "provincial-led" eradication.** Previous provincial-led eradication campaigns in 2002 and 2003 were often not only ineffective but counter-productive, as provincial officials - themselves often involved in the drug trade - targeted political and business rivals.

**3 Continue the "no aerial eradication" policy.** We applaud the Afghan government's "no aerial eradication policy," and urge that it be sustained. Aerial eradication would be counter-productive in Afghanistan, and should be avoided. Any policy that incorporates aerial eradication would only further alienate and impoverish already destitute farmers by indiscriminately destroying their legal crops, increasing the potential for rural unrest and possibly undermining support for the Afghan government.

# 2005 Short Term Gains or Sustainable Success?

**I**t appears that poppy cultivation will decrease in 2005. However, it would be a mistake to assume that this trend will continue next year or beyond. Possible factors include 1) the Afghan government's renewed focus on counter-narcotics; 2) farmers' fears of eradication; 3) the relatively low price of opium in 2004 and 4) less opium cultivation being financed by traffickers, especially in regions targeted by the counter-narcotics campaign.

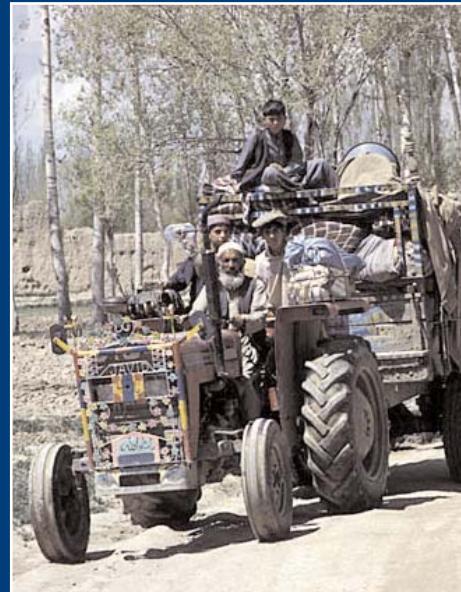
**"Because so much of the rural economy is dependent on the opium trade, a major forced eradication campaign, without the provision of viable alternatives, could destroy the already fragile Afghan economy. Rebuilding the agricultural sector and rural economy is fundamental to reducing opium poppy cultivation in Afghanistan."**<sup>24</sup>

Nonetheless, opium prices will probably rise in 2006, resulting in increased pressure for farmers to cultivate poppy in the future - especially if alternative livelihoods programs have not met expectations. At the same time, a short-term reduction in cultivation benefits those warlords and traffickers who control large opium stockpiles, the value of which will rise with the price of opium. As those stockpiles dwindle in the next few years, traffickers might once again push farmers to cultivate the crop - especially if law enforcement efforts have not been effective.

Short-term reductions in poppy cultivation should not be mistaken for long-term success. Without sustained, well-funded alternative livelihoods programs, vigorous law enforcement, anti-corruption efforts and a realistic approach to eradication, any reduction in poppy cultivation in 2005 will prove illusory.



Farmers in Nangarhar - ©2005 CARE/Michael Kleinman



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# Endnotes

1. Opium Survey 2004, (United Nations Office on Drug Control & the Government of Afghanistan, Counter-Narcotics Directorate), November 2004, p.4 [hereinafter Opium Survey]; William Byrd and Christopher Ward, Drugs and Development in Afghanistan, (World Bank Social Development Papers; Paper No. 18), December 2004, p.2 [hereinafter Drugs and Development]; Barnett Rubin, Road to Ruin: Afghanistan's Booming Opium Industry, (Center for American Progress & Center on International Cooperation), October 7, 2004, p.8 [hereinafter Road to Ruin]
2. Afghanistan Opium Rapid Assessment Survey (United Nations Office on Drug Control the Government of Afghanistan, Counter-Narcotics Ministry), March 2005, p.6
3. Ashraf Ghani, Where Democracy's Greatest Enemy is a Flower, (New York Times Op Ed), December 11, 2004
4. Opium Survey, p.62.
5. Afghanistan 2005 and Beyond: Prospects for Improved Stability - Presentation by Barnett Rubin (Center on International Cooperation) to the Royal Netherlands Embassy, Kabul, February 23, 2005
6. Road to Ruin, p.8 "Drug income is from various years (Afghanistan 2003, and the rest 2001), while GDP is for 2002. Hence, the percentages are indicative of orders of magnitude, rather than exact proportions in specific years."
7. Drugs and Development, p. 13
8. Field visit by Michael Kleinman (CARE) to Nangarhar, March 5-7, 2005

\* Farmers depicted in this policy brief are typical Afghan farmers, their inclusion in this document does not indicate that they cultivate poppy.

9. David Mansfield, Conditionality and Its Likely Effectiveness in Afghanistan, (Discussion Paper prepared for the Counter-Narcotics Directorate and UNODC Workshop on Conditionality and Mainstreaming, June 22-23, 2004), p.1-2; In particular, Mansfield cites two UNODC projects - the Afghanistan Drug Control and Rural Rehabilitation Programme from 1989-1996, and the Poppy Reduction Project from 1997-2001
10. Ronald Renard, Eliminating Opium: Lessons from Succeeding in Thailand, (prepared for the UN International Drug Control Programme Regional Centre for East Asia and the Pacific), December 2000, p.18, [hereinafter Eliminating Opium]; World Drug Report 2004 (UNODC), p.205
11. Eliminating Opium, p.7-15
12. The figure of \$170 million was arrived at through conversations with the British Department for International Development and the U.S. Agency for International Development. General Mohammad Daud, the Afghan deputy minister of the interior, has estimated total international support for alternative livelihoods projects in 2005 to be \$307 million - Mohammad Daud, Afghanistan's jihad against drugs, (Financial Times), March 3, 2005
13. Drugs and Development, p.6; Road to Ruin, p.9
14. Road to Ruin, p.10
15. Christopher Blanchard, Afghanistan: Narcotics and U.S. Policy, (Congressional Research Service Report for Congress), December 7, 2004, p.15-16
16. Pierre-Arnaud Chouvy, (Jane's Intelligence Review), Jan. 1, 2005: "In a recent interview, Doris Buddenberg, the head of UNODC in Afghanistan, said: "[E]radication usually pushes the prices up. As we have seen from the Taliban period, the one-year ban on opium poppy cultivation increased prices enormously the following

year and it became extremely attractive for farmers to cultivate poppy." Drugs and Development, p.16: The World Bank has also forecast that eradication will lead to higher farm-gate prices for opium, with substantial gains going to those who already hold large opium stockpiles, "inadvertently rewarding the actors that the counter-narcotics strategy should strive to punish."

17. "Peru: Drug Control Policy, Human Rights and Democracy" Coletta A. Yonders and Eileen Rosin eds. Drugs and Democracy in Latin America: The Impact of US Policy, Lynne Rienner Publishers, Boulder, CO 2004
18. British Agencies Afghanistan Group, Afghanistan: Monthly Review, January, 2005
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21. Halima Kazem, Crop spraying draws controversy in Afghan drug fight, (Christian Science Monitor), January 25, 2005
22. Carlotta Gall, Afghans Accuse U.S. of Secret Spraying to Kill Poppies, (New York Times), February 27, 2005; Sonni Efron, U.S. Backs Away From Afghan Aerial Spraying, (L.A. Times), January 22, 2005
23. Draft open letter to President Karzai, warning against the danger of aerial eradication in Afghanistan based on the experience in Colombia, originally dated February 21, 2005 and signed by Joy Olson, Adam Isacson, Lisa Haugaard, Sanho Tree, Laura Garcés, James Jones, Jorge Rojas, Daniel García-Peña, Ricardo Vargas, Gloria Flórez, Carlos Bula, Francisco Thoumi, María Mercedes Moreno, César Augusto Luengas,, Alberto Rueda, Anaité Vargas, Alexis Ponce, María Elena Rozas, Martin Jelsma, Mike Trace
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