



Exploring the Roots of Opium and Illicit Economy in Afghanistan

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Picture Front Page

**Close-up view of a dried poppy head ready to be removed
for the seeds. Badakhshan, 1st September 2003**

Picture Back Cover

**Harvested poppy field in Badakhshan,
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SUMMARY

Exploring the root of the opium and more broadly the illicit economy in Afghanistan is an ambitious task that this paper proposes to contribute. The analysis presented in the document, built on historical, political, military, social, and economic data as well as extensive field observations by the author since 1994. The analysis unravels some of the underlying logics behind the events Afghanistan experienced over the past three decades. These logics all tends to converge towards and serve the needs of a dominating illicit economy.

The main characteristics of the Afghan opium and illicit economy are the followings:

1. The illicit economy is the mainstay of the Afghan economy and provides means of living for a substantial segment of the population.
2. Agriculture is the main licit income (absence of industry and limited service providers) generating 51% of the licit GDP. It may represent more if the multiplier effects of the illicit economy into the other sectors of the licit economy are deducted.
3. In the absence of functioning state, a “wild market economy” has developed which limits opportunities for the agriculture sector to add value in-country (insecurity prevents investments) or to access higher end foreign markets (lack of social responsibility among larger traders who can operate only in connivance with warlords). This, along with other factors, results in the absence of an agricultural surplus.
4. In the absence of a functioning state and rule of law, the intense competition between actors directly involved in the illicit economy often results in violence.
5. Monetization of the economy.
6. Destruction or degradation of infrastructure and massive losses of human capital.
7. Low technology, skills and productivity which reduce future chances for the illicit economy to convert and compete in the licit economy.
8. Afghan society has adapted to war and organized around new socio-political and economic actors (e.g. commanders), creating new types of social formation. Yet, in the absence of the rule of law, social tensions can be severe.
9. Dependence on humanitarian assistance.
10. Little savings and margins for licit businesses but large margins for illicit ones (e.g. only a few companies are allowed to do import/export and many are controlled by commanders).
11. Limited income available for the state.

Addressing the structural problems listed above in a country dominated by an illicit economy cannot be done through the micro-level approach proposed by the livelihood or alternative livelihood approaches. Furthermore, the livelihoods approach tends to over-estimate poverty and therefore to maintain an unnecessary sense of emergency when long term development work is required to address the above issues. It also diverts precious resources to a social protection function rather than promoting the development of a “licit economy”, which is crucial to break the vicious circle of the illicit economy.

From this review, 10 main underlying principles underpinning the opium and illicit economy have emerged:

1. **The opium economy is part of a wider illicit economic nexus which remains the mainstay of the Afghan economy.** This economy includes proxy wars financing warlords, terrorism, weapon trafficking, smuggling, embezzlement of aid, child and adult trafficking, exploitation of natural resources and pillaging of cultural heritage. Although today the opium economy may be an important component of the Afghan illicit economy, it is certainly not the only component.
2. **Uprooting the illicit economy in Afghanistan requires a wider analytical approach than only focusing on opium growers and traders.** Past experience has demonstrated that the Afghan illicit economy could survive and maintain the country in a situation of relative statelessness and isolation without the drug economy (up to 2000, about 90% of the opium was produced in two regions; Helmand area and Nangarhar). By considering the illicit economy as a whole, rather than only the opium economy, the debate would be re-orientated from Alternative Livelihood to a more comprehensive approach of **Alternative Licit Economy**.
3. **Some components of the illicit economy such as politically motivated foreign assistance (proxy wars) tend to simplify political structures inside the country while others such as opium poppy or pillaging indigenous resources tend to fragment these political structures.** Therefore, actions to curb illicit economy may need to consider the dynamics of each components of the illicit economy. In that sense, the opium economy tends to fragment political structures, income is directly redistributed to at least 17% of the population (excluding itinerant workers), it creates 870,000 jobs from income reinvestment. Therefore, it may not need to be confronted head-on as it does not pose an immediate threat to the government but a longer term risk to governance. Yet, fragmentation is a main issue as Afghanistan as a nation-state is only one hundred years old.
4. **The longer conflict persists, the more societies adapt to war and organize themselves around new socio-political and economic actors, creating new types of social formation.** The war in Afghanistan has reinforced the local structures and their territoriality around commanders while at the same time transnational networks were reinforced through the Afghan diaspora laying the basis of new forms of livelihood. The past 25 years have deeply rooted Afghan society around the dividends of the illicit economy.
5. **The illicit economy, as well as opium production, has taken root due to the prevailing political/military context, geographical location and the dilapidated status of physical infrastructure. These elements combined have made Afghanistan highly competitive in the efficient performance of the illicit economy. The illicit economy and, within it, the opium economy are dependant on an “accessibility/inaccessibility equilibrium”.** In other words, roads should be good enough to facilitate trade, but not too good to allow foreign or state control. Increasing the accessibility of Afghanistan through infrastructure building and establishment of the rule of law should not go faster than the development of an alternative licit economy. Recent history has shown that the equilibrium of “accessibility/inaccessibility” and the illicit/licit economy need to be balanced.

6. **Economic returns from opium poppy vary greatly, based on the farm-gate price, which varied dramatically in the past years (> 10 fold).** At higher prices, opium poppy is a highly profitable crop while, in the lower price range, the economic return is not much better than wheat, although it offers almost six times more labour opportunities. At the lower farm-gate price range, the economic return plummets below wheat when yield is reduced, which makes poppy a **risky crop for farmers**.
7. **The development of the opium poppy economy from 1979 to 2005 is not directly correlated to poverty. However it offers much needed income opportunities in rural Afghanistan.** The review of macro and micro level factors shows that poverty does not explain the development and continuation of opium poppy production in Afghanistan. Yet, reducing opium poppy production would certainly reduce potential income for much of the rural population in opium poppy producing areas. In a context of conflict and insecurity, opium poppy is one of the few cash-crops that have available markets. Therefore, poverty reduction programmes such as the livelihood approach may not have a significant impact on opium poppy production unless complemented by other interventions.
8. **Indigenous experience of banning opium poppy production shows that success depends on the capacity of rulers to:**
 - a) **Effectively control the territory.** The military commanders who are the new socio-political actors in the Afghan society and later the Taleban who established local "*shura*" to replace the commanders were the first in the Afghan history to control effectively the territory under their jurisdiction. Effective control of territory and governance are key aspects of opium poppy reduction. In Afghanistan, a key missing link in governance at the interface between State and society has been identified; existing social groups are frequently ignored in establishing administrative structures or planning national programmes.
 - b) **Securing an alternative source of income for themselves.** The existing economic actors would have to be drawn into alternative forms of economic activities from which they could realize reasonable profits that could be enjoyed more easily than the larger but illicit ones of today. Furthermore, replacing opium poppies or other segments of the illicit economy would also require alternative sources of income from the licit economy to finance and maintain a successful State. In other words, success in poppy elimination would be an excellent indicator of the progress of state building and governance in Afghanistan.
9. **Afghanistan may be the last major opium producing country in the world and therefore significant resistance to the complete elimination of opium poppy can be anticipated** as opium prices can be expected to increase in the event that interdiction/eradication campaigns show some successes.
10. **Opium poppy cultivation, trade and consumption are strongly forbidden by Islam.** Indigenous efforts to curb opium poppy cultivation have capitalized on a strong religious stance. Religion can play a key role in implementing a ban on opium poppy production as it offers opportunities for strong moral messages. However, attempts by international agencies to use religion to support their case have not proved successful as the interpretation of Islam remains with those who are effectively in charge of the country.

INTRODUCTION

Exploring the root of the opium and more broadly the illicit economy in Afghanistan is an ambitious task that this paper proposes to contribute. The purpose of this paper is to collate and analyse data in an attempt to contextualize opium poppy cultivation and other illicit activities in the current context of Afghanistan. Although, the opium economy has been relatively well documented, little is known about the Afghan illicit economy, which has taken deep root in the past quarter century, and within which opium is produced and marketed. The analysis, built on historical, political, military, social, and economic data and extensive field observations by the author since 1994, shows that the underlying logic behind the events over the past three decades tends to converge towards and serve the needs of a dominating illicit economy.

The paper includes French sources, often ignored in writings on Afghanistan and compiles other relevant literature. The findings contradict many of the sensationalist anecdotes often heard on the drug industry in Afghanistan which tend to be repeated by actors involved in the fields of counter-narcotics and alternative livelihoods. The repetition of such anecdotes often obstructs efforts to obtain a deeper understanding of the nature and effects of the opium economy, which is a prerequisite to the development of sound policies and effective programme planning.

Chapter 1 defines the terms “illicit economy”, “licit economy”, “uncivic economy”, “command economy” and “parasitical economy” and proposes a model for the classification of the post-Cold War era types of economies.

Chapters 2 and 3 discuss the background and define the nature of the illicit economy in Afghanistan, provide reference documents/literature on the topic and quantify some of the elements of this economy in Afghanistan. Chapters 4 and 5 provide an historical insight into the illicit economy in general and the opium economy, in particular. These chapters also contrast the political context with the available data on the trends within both the illicit and the opium economies. Trends in opium poppy production between 1980 and 2005 are also analyzed. Chapter 6 looks at the limitation of eradication as a means of controlling opium poppy cultivation. Chapter 7 and 8 discuss experiences gained in opium poppy eradication and, in particular, review some indigenous experiences in opium poppy interdiction and draw lessons from both successful and unsuccessful efforts. The issues of governance and territorial control are given particular attention. Chapter 9 reviews possible links between opium poppy production and rural poverty which is a key issue upon which many of the more sensationalist anecdotes are based. Chapter 10 reviews the questions of accessibility and isolation in relation to opium poppy production and presents findings on the underlying conditions which favour opium poppy cultivation. The vicious circle of illicit economy, impunity, warlords and weak State are reviewed in chapter 11. Finally, chapter 12 concludes with a discussion of the need to promote an “alternative licit economy” as a key approach, not only to end the vicious circle of the illicit economy but also as a prerequisite to future political stability of Afghanistan.

1. The Illicit Economy: Definition and Context

Richard Rose¹ developed a conceptual framework of different types of economies which can result from post-communist governments. Rose distinguishes between a communist-style command economy and a Western-style market economy. In addition to this standard distinction he distinguishes economies operating within a clear legal framework from those that operate outside the law. By combining these two dimensions, he proposed the following typology:

Figure 1
Richard Rose's typology of post-communist economies

	<i>Market</i>	<i>Non Market</i>
<i>Legal</i>	Civil	Command
<i>Non legal</i>	Uncivil	Parasitical

"The starting point for every post-communist society is the command economy, which is both non-market and legal... The command economy could run without signals of demand and supply, but it could not run without the political power needed to replace market incentives with centralized allocation by the State". That power was weakened in Afghanistan and fell with the Berlin Wall.

One alternative to the "command economy" is the "parasitical economy" which lacks both markets and legality. Goods can be allocated through seizure by force rather than through purchase. Roses note that the 'mafia' in Russia

provides an illustration of the expropriation of goods through coercion.

However, Rose considers that "For post-communist societies, the real choice is between two different kinds of market economy - "civil or uncivil" and argues that "the development of market mechanisms is a necessary but not a sufficient condition for a civil economy, which also requires individuals and firms to respect the laws of property, contract and taxation". If that does not happen, this would lead to an uncivil economy which would lack legality but would operate through market forces.

Rose's model assumes that the States of his "postcommunist societies" would prevail, although weakened with the development of an uncivil economy. However, Rose did not anticipate the possibility that a post-communist state could completely collapse, as in Afghanistan, and result in new types of economies developing in a context characterized by the absence of a state and the rule of law. According to Mani (2003), "If any word has been overused in the 23 years of war in Afghanistan, it is impunity" but he also observes that in the current context "impunity has been gambled on as the guarantor of stability at the expense of accountability and transitional justice"². Therefore, a third dimension needs to be added to Rose's model - the presence or absence of a state and/or rule of law over the national territory. By adding this dimension to Rose's typology, the proposed model covers not only the post-communist economies but, more globally, the post Cold-War economies.

¹ Richard Rose, "Problems of Postcommunism. Toward a Civil Economy", Journal of Democracy, Vol. 3, April 1992.

² Mani, Rama, "Ending Impunity and Building Justice in Afghanistan", AREU, Issue Paper Series, December 2003.

Combining these three dimensions (legality, market and state/rule of law),

results in the following typology:

Figure 2
Proposed model of post Cold-War economies

	<i>Absence of State and/or Rule of Law</i>	<i>Presence of State and Rule of Law</i>	
	<i>Market</i>	<i>Market</i>	<i>Non Market</i>
<i>Legal</i>	Licit		Command
<i>Non legal</i>	Illicit	Uncivil	Parasitical

An illicit economy operates best in the absence of a state and the rule of law. Through a review of the Afghan context, this paper argues that an illicit economy has taken root in Afghanistan in the past 25 years. The Afghan illicit economy includes economic crimes such as human trafficking or looting, economic activities which promote or facilitate crimes such as drug production and trafficking, smuggling across borders or informal money transfer (*hawala*³) and activities which have developed as a direct consequence of war and violence, such as remittances from Afghan refugees in foreign countries. However, it is not the purpose of this paper to deliberate on the different dynamics of each component of the Afghan illicit economy, as the focus is on opium.

An illicit economy is opposed to a licit economy which is authorized by the law and does not promote illicit activities, whether it is operating in the presence or absence of a state and the rule of law. An illicit economy optimizes its competitive advantages with war, political instability, statelessness, political seclusion or local rulers. The uncivil economy differs from the illicit economy in the sense that it is

operating within the rule of law compatible to international standards and/or within a functioning state. An uncivil economy tends to operate underground and to benefit from the informal sector.

The licit economy operates within the law or, in the absence of a state, would conform to any international regulatory standards. A licit economy can operate in the presence or absence of a functioning state. In Afghanistan, the annual value of the licit economy is estimated at GDP \$ 4.6 billions and consists of agriculture and forestry products (53%), followed by mining and light industry (28%), trade (8%), and construction (6%)⁴. Agriculture is therefore the mainstay of the licit Afghan economy. Agriculture exports are dominated by horticulture products (fresh and dried fruits, spices and medicinal/aromatic plants), livestock products (carpets, hides and skins and cashmere). Based on the licit economy, the UNDP Afghanistan Human Development Report for 2004 states that Afghanistan⁵ would have ranked

³ As the *hawala* cannot be easily controlled, it can be used at times by criminal organizations.

⁴ FAO/WFP, "Crop and Food Supply Assessment Mission to Afghanistan (CFSAM)", 13 August 2003. www.fao.org

⁵ UNDP, "Afghanistan, National Human Development Report 2004. Security with a Human Face: Challenges and Responsibilities", UNDP, Islamic Republic of Afghanistan, 2004.

173 out of 178 countries had it been included in the global report. Considering the licit economy only, Afghanistan is at the bottom of the world poverty list.

Little is documented on the illicit economies in various conflict regions. Jean and Rufin⁶ noted that the economic dimension is generally not considered adequately in the analyses of conflicts, largely for the following reasons:

- a) The informal and illicit nature of the economy in war is difficult to address with classical economic analysis.
- b) The underlying illicit nature of the economy of armed groups negates the political content of their struggle.

Tribal, ethnic, religious or ideological factors have all been proposed in turn to explain the internal dynamism of the Afghan conflict. Although all these factors shed useful lights on a number of military and political events, they generally failed to explain the duration of a conflict that continued for more than a decade after the collapse of the communist regime. Analyzing the economic factors the conflict may shed some new light on the chronic Afghan war.

Political leaders may speak about their political goals and may adapt their rhetoric to the changing political and military context, but their daily life is largely devoted to the acquisition of the means to defeat their allies or for their own satisfaction. In Afghanistan, the frequent changes of alliances among warlords since 1992 were largely unintelligible to external observers. But, locally their supporters always understood the “good and legitimate” reasons for the strategic choices of their leaders. Access to resources and redistribution among their allies may explain the actions of leaders in changing alliances in order to adapt in a rapidly evolving context.

⁶ Jean, François & Rufin, Jean-Christophe, *“Economies des guerres civiles”*, Ed. Hachette, 1996.

2. Background to the Illicit Economy

2.1 Prewar Political Economy

Until the 19th century, the societies that preceded today's Afghanistan were marked by extreme statelessness. Power was limited to social microcosms and was characterized by a plethora of overlapping loyalties. The fragmentation of societies was an obstacle to the establishment of institutionalized power for Indian Moghuls, Persian Safavids or Uzbek Shaibanis who shared the control of what is now Afghanistan from the 16th to 18th centuries⁷ and for the various governments of Afghanistan in more recent times⁸. Their rule was based solely on the personal loyalties they could call upon in different areas.

Afghanistan was created as a modern nation-state with a defined territory in the late 19th century by the colonial powers of British India and Russia as a "buffer zone" separating the two colonial empires⁹. Created as a "buffer state" between the "British Lion" and the "Russian Bear"¹⁰, Afghan rulers

learned to maximize political and financial benefits by manoeuvring through the political differences of the external powers.

During the early cold war period, the USA and Soviet Union competed in Afghanistan as a show-case for their respective socio-economic development models. Gilbert Etienne¹¹ estimated that, between 1950 and 1969, the amount of foreign aid amounted to more than \$1.2 billion, while the population was below 15 million in the late 1960s. This made Afghanistan one of the largest recipients of aid per capita. In the 1960s foreign aid accounted for 40% or more of the budget. The US followed the policy of giving one US Dollar for each Ruble spent by the Soviets. However, in the 1970s, the Soviet Union's support represented 70% of the total aid to Afghanistan¹². By 1973, foreign aid funded 49% of state expenditure, with domestic revenue covering just 38%, the balance coming from domestic borrowing¹³. The result was a government largely autonomous from most of the society it ruled¹⁴. However, the situation changed radically when the Soviet Union invaded Afghanistan on the 27th December 1979.

⁷ Shetter, Conrad, "Ethnoscapes, National Territorialisation, and the Afghan War", *Geopolitics* 10, p. 50-75, 2005.

⁸ See also, Favre, Raphy, "Interface between State and Society. An Approach for Afghanistan", Aizon, Kabul, January 2005a.

⁹ For an account, see Hopkirk, Peter, "The Great Game. On Secret Service in High Asia", Oxford University Press, 1990.

¹⁰ As Abder Rahman Khan delicately described the situation of Afghanistan; "like a poor goat on whom the lion and the bear have both fixed their eyes" in: Chouvy, Pierre-Arnaud, "La Production illicite d'Opium en Afghanistan dans le Contexte de l'Enclavement, de l'Isollement et de l'Isolationnisme", CEMOTI, No 35, 2003. It is interesting to note that Abder Rahman took the time to draw a large size map of Afghanistan which set national boundaries for the first time and described the nature of the neighboring empires. He himself traveled across the country exhibiting to Afghan tribes his map of Afghanistan and the implications these new realities will have on their lives. See, Edward, B. David, "The Heroes of

the Ages. Moral Fault Lines on the Afghan Frontier", University California, 1996.

¹¹ Etienne, Gilbert, "L'Afghanistan ou les aléas de la coopération", 1972, p. 273.

¹² Dorronsoro, Gille, "Les Enjeux de l'Aide Humanitaire en Afghanistan", in: "Cultures et Conflicts", No 11, p. 93-112, 1993.", 1993, p. 94.

¹³ Rubin, Barnett R., "The Fragmentation of Afghanistan: State Formation and Collapse in the International System", New Haven, CT: Yale University Press, 1995.

¹⁴ Rubin, Barnett "The Political Economy of Peace and War in Afghanistan", in: World Development, vol.28, no.10, p.1789-1803, 2000.

At that time, the rural areas of Afghanistan were very poorly developed. Since production data were first collected in the early 1960s, Afghanistan has remained a chronic food deficit country¹⁵. Moreover, in the early 1970s, rural studies highlighted the fragmentation of farms among numerous family members and the resulting in severe pressures on the labour markets. In Bagh-e Miri (near Kunduz) - a village studied in detail - 54% of the farmers owned less than two hectares of land, which was the minimum size for an economically viable farm¹⁶. “*Nafus zyāt ast, zamin kam ast*”; “too many people for the limited land” was a complaint heard in Afghanistan, encapsulating the rural situation of the country in the 1970s¹⁷. The situation was particularly severe in mountainous areas; “The considerable division of the land into plots frequently 1/5 jerib in size is the result of dividing up the estate according to traditional rights or inheritance. Today (in 1976), in small and medium sized farmers, so-called “*dehkan*”, the “*âbi*” (irrigated) land have been divided to such an extent that further division is impossible”¹⁸.

There is a general, anecdotal, consensus that in 1978, before the war and the collapse of government structures in rural areas, Afghanistan was food self-sufficient at a national level. The country was allegedly able to feed its population estimated at about 15 million at the time. However, this assumption is teasing the fact that few years earlier, in 1971-1972, due to a drought; Afghanistan faced a famine that killed an estimated 100'000 people, mostly in Hazarajat and Badakhshan¹⁹.

This famine was fortunately followed by a succession of good years that helped the achievement of self-sufficiency in the year 1978. The population in mountainous areas of Afghanistan was largely isolated. For instance, in 1977, only one road existed in the whole Central Highlands between Kabul and Herat. Today, there are few villages in upper part of valley systems which have no direct access to a dirt/gravel road.

The World Bank notes that “In the late 1970s, Afghanistan had a highly centralized system of social service delivery by government organizations, primarily for a small elite group of the urban population. Most Afghans, who lived in rural areas, were not beneficiaries of any public services. The bulk of people did not have telephones, electricity, or piped water, and most were not reached by modern education and health facilities. Afghanistan’s pre-war social indicators not surprisingly were very low, reflecting the extremely limited coverage of public services”.

The table 1 below shows that all public service and social indicators have improved as compared to the late 1970s and indeed after a quarter a century of war and conflict! There are evidently some complex economic and social mechanisms to unravel. The analysis of the illicit economy which has taken root in Afghanistan in the past 25 years will contribute to the understanding of these mechanisms.

¹⁵ Agriculture data: www.fao.org

¹⁶ Etienne, Gilbert, “*L’Afghanistan ou les aléas de la coopération*”, 1972, p. 273.

¹⁷ Etienne, Gilbert, “*Imprévisible Afghanistan*”, presses de science PO, La biblio. du citoyen, 2002.

¹⁸ Gawecki, Marek, “*The Hazara farmers of Central Afghanistan. Some Historical and Contemporary Problems*”, *Ethnologia Polona*, Vol. 6, p. 163-175, 1980, p. 170.

¹⁹ Interestingly, no famine death was reported during the 1999-2002 drought which was longer, widespread

in its coverage (regional drought) and more severe in its intensity than the 1970’s drought.

Table 1
Public Service and Social Indicators Pre-war, 1999/2000 and 2003. Source: World Bank, 2005²⁰

	Pre-war	Year	1999 or 2000 a/	2003	Target 2015
Primary education (gross enrollment %)	30	1974	15	54	100
Primary for girls (gross enrollment %)	9	1974	0 b/	40	100
Primary for boys (gross enrollment %)	51	1974	29	68	100
Access to basic health services (% population)	24.1 c/	1974	n/a	40	95
Immunization, DPT (% of children under 12 months)	4	1980	35	30	n/a
Immunization, measles (% of children under 12 months)	11	1980	40	n/a	n/a
Maternal mortality ratio (modeled estimate per 100,000 live births)	N/a		n/a	1600	205
Infant mortality rate (per,1000 live births)	190.5	1975	165	115	55
Under-5 mortality rate (per 1,000 live births)	300	1975	267	172	130
Life expectancy at birth, total (years)	39	1975	43	43	n/a
Improved water source (% of population with access)	5 d/	1977	13	13 e/	80 f/
Improved water source(, rural (% of population with access)	n/a		11	n/a	n/a
Improved water source, urban (% of population with access)	n/a		19	n/a	n/a

a/ Data quality during the conflict is weaker

b/ Some girls were enrolled in schools in areas not controlled by the Taliban and in rural areas

c/ % of population with access to Basic Health Centres

d/ % of population with potential access to public water supply systems

e/ No updated data available

f/ For Kabul

Source: World Development Indicators; UNICEF and CSO(2003); SAF report, WB staff estimate

²⁰ World Bank, "Afghanistan – State Building, Sustaining Growth, and Reducing Poverty", A World Bank Country Study, Washington DC, 2005, p. 98.

2.2 Development of the Illicit Economy

In January 1980, the US government appropriated about \$30 million to support the resistance to the Russian-backed government in Afghanistan²¹. By 1987, over 100,000 tonnes of arms had been delivered or financed by various states for transfer to Afghanistan.

The original goal of those fighting the Jihad at this time was to expel the infidel government from Afghanistan. To achieve this aim, they had to find the necessary means. The foreign supporters of the Afghan fighters supplied them with weapons and millions of dollars in cash to achieve this goal. The defeat of the communist regime, when a coalition of Massud and Dostum forces entered Kabul on the 27th April 1992 could have been the end of an ideological war. The enemy had gone and the country had the opportunity to experience peace and reconciliation. Yet, the war intensified to the consternation of the world and became unintelligible to many observers and supporters of the cause of the freedom fighters. The continuation of the war after 1992 revealed one reality of the conflict: the goal of the actors that had remained on the political scene²² had long since become the means and the means had become their personal goal. For two decades, violence, crime and destruction were rewarded with cash and arms from international/regional powers. The bloody competition between the various actors in the conflict, which continued for more than a decade, contributed to the

fragmentation of Afghanistan, both politically and socially²³.

After the collapse of the communist regime, the international community left Afghanistan to the manipulation of its self-interested neighbours. The factions receiving the greatest support from outside backers (mainly regional powers) and conducting successful warfare on the ground won control over much of the territory. They then organized illicit activity on an increasingly larger scale as more territory fell under their control. Between 1992 and 2001, the political map was simplified. In 1998, when the Taleban took Mazar-e Sharif, they controlled more than 80% of the national territory. Petty warlordism was subsumed by a larger political structure.

Gilles Dorronsoro²⁴ highlighted the simplification of political structures from a fragmented situation towards a monopoly of power by the Taleban during the 1990s. The sequence of the fragmentation-unification-fragmentation of Afghanistan observed in the past 15 years is:

- In 1989, after the withdrawal of the Soviet troops, the communist regime only controlled the main road axis and some provincial centres (Map 1). However, at night, the main roads were insecure and out of government control.

²¹ Kakar, Hasan M., "Afghanistan. The Soviet Invasion and the Afghan Response, 1979-1982", University of California Press, 1995. page 148.

²² Many military commanders indeed stopped military activities and recycled in business activities often in a foreign country.

²³ Recently an Afghan special force in Kunar reported that "the locals don't care who pays them, whether it be the Taleban, Al-Qaida or the U.S. military. They just want to earn money". Coney, Daniel, "Cash Said to Drive Afghanistan's Militia", Associated Press, http://news.yahoo.com/s/ap/20050814/ap_on_re_as/afghan_gunmen_for_rent

²⁴ Dorronsoro, Gilles, "La révolution afghane: des Communistes aux Talebani", Ed. Karthala, 2000.

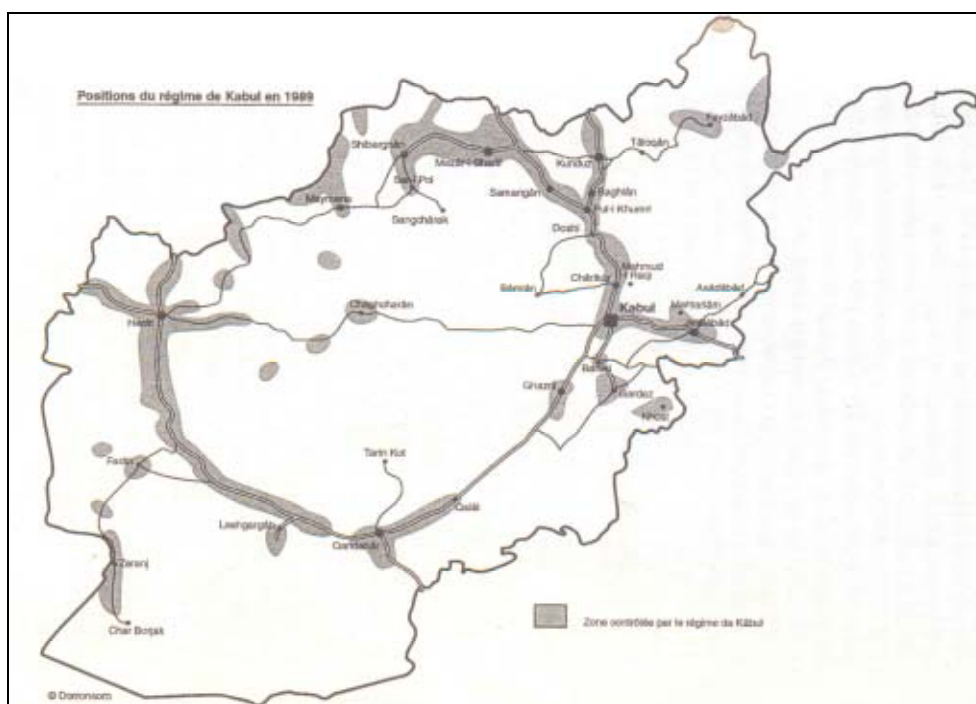
- By 1992, the seven main warring political factions controlled 30-40% of the territory while 60-70% was highly fragmented among the competing warlords (see Map 2).
- By 1996, after the Taleban captured Kabul, four political factions controlled most of the country (Map 3). These four political factions recruited mostly along ethnic lines; Pashtun with the Taleban, Tajik with the Jamiat-e Islami of Rabani (then President), Hazara with the Hezb-e Wahdat and Uzbek with the Jumbesh-e Islami. The growing ethnic dimension of the conflict resulted in increased human atrocities.
- In 2000-01, only two main factions; the Taleban and the Northern Alliance controlled the country (Map 4). After the killing of Massoud in 2001, the Taleban were about to launch an offensive to capture the remaining territory which was not under their control. "When the Taleban attempted to legitimate their power by reference to their provision of "security", with the passage of time it became clear that, as Tacitu wrote in the *Agricola*, *they had made a wilderness and called it peace*".²⁵ The Taleban seemed to be set to hold power in Afghanistan for decades; until the attack on the USA on 11th September 2001 focussed the world's attention on Afghanistan.
- In 2002, the country fragmented in the hands of warlords, in a similar fashion to 1992, but with much reduced influence from the political parties (Map 5). These warlords functioned like autonomous petty emperors over whom political parties and the central government could exercise only limited control. If we follow Braudel's²⁶ model of *longue durée* it is even possible to ask provocatively whether the hundred-year history of the Afghan nation state was only a short, artificially introduced episode of institutionalized and territorialized rule that is now already in its twilight stages.

²⁵ Maley, William, "Preface: Afghanistan and the Taliban, 1998-2001" in: *Fundamentalism Reborn? Afghanistan and the Taleban*, NY, 2001.

²⁶ Braudel, F., *The Mediterranean and the Mediterranean World in the Age of Philip II*, Los Angeles, CA: University of California Press, 1996; cited in: Shetter, Conrad, "Ethnoscapes, National Territorialisation, and the Afghan War", *Geopolitics* 10, p. 50-75, 2005.

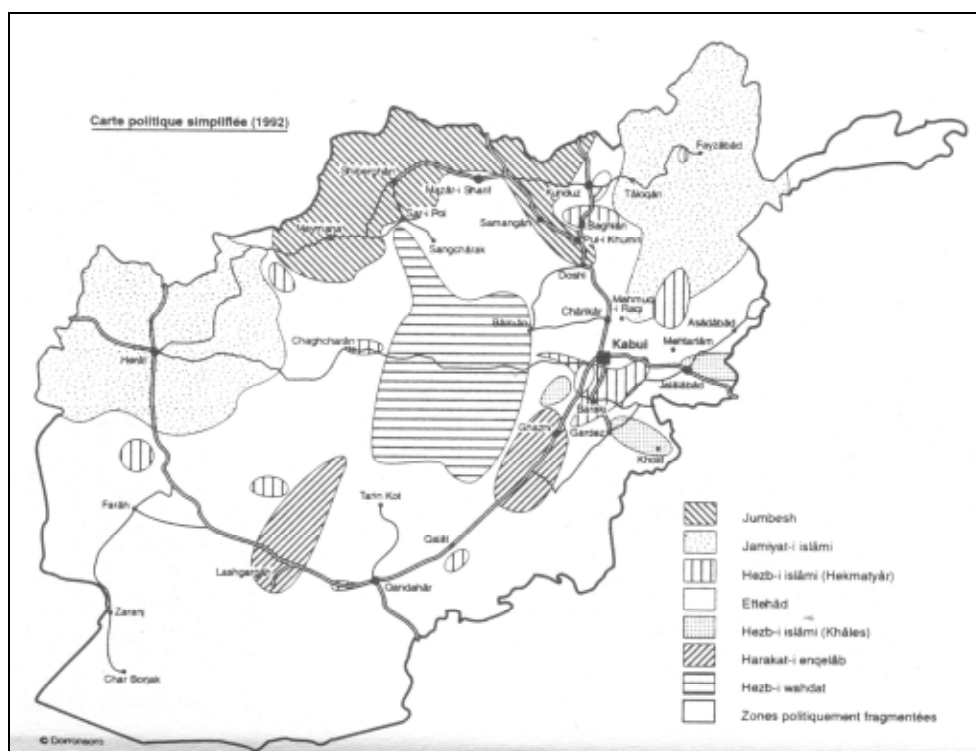
Map 1

Political Map of Afghanistan in 1989. Only the ring road and some provincial centres were still under the control of the Communist regime. At night, even these zones were out of government control. Gilles Dorronsoro, 2000

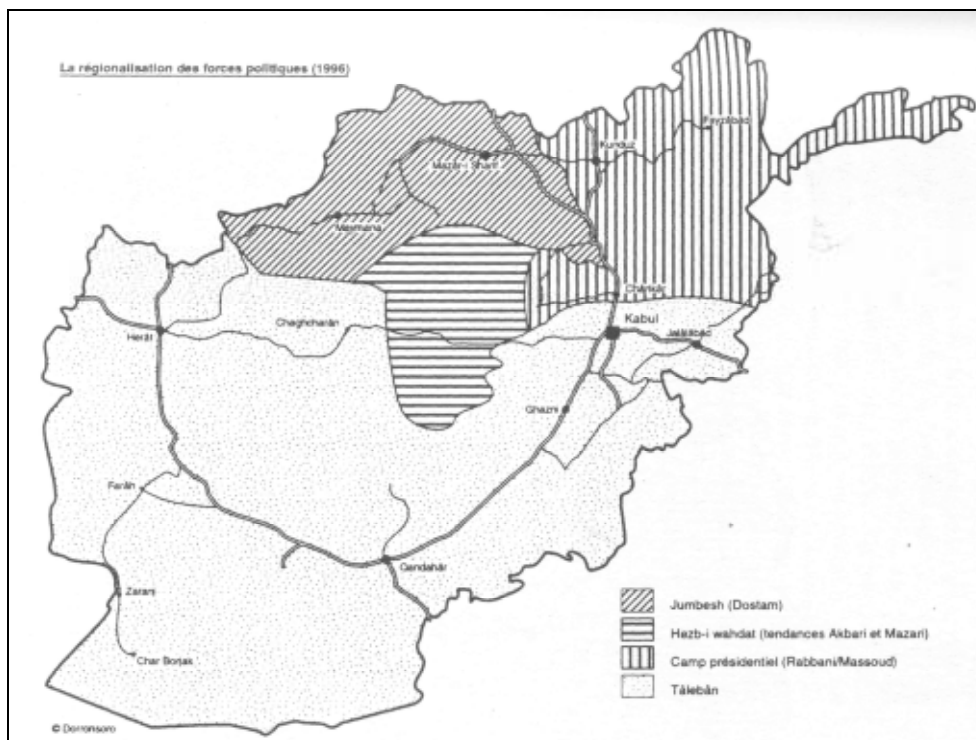


Map 2

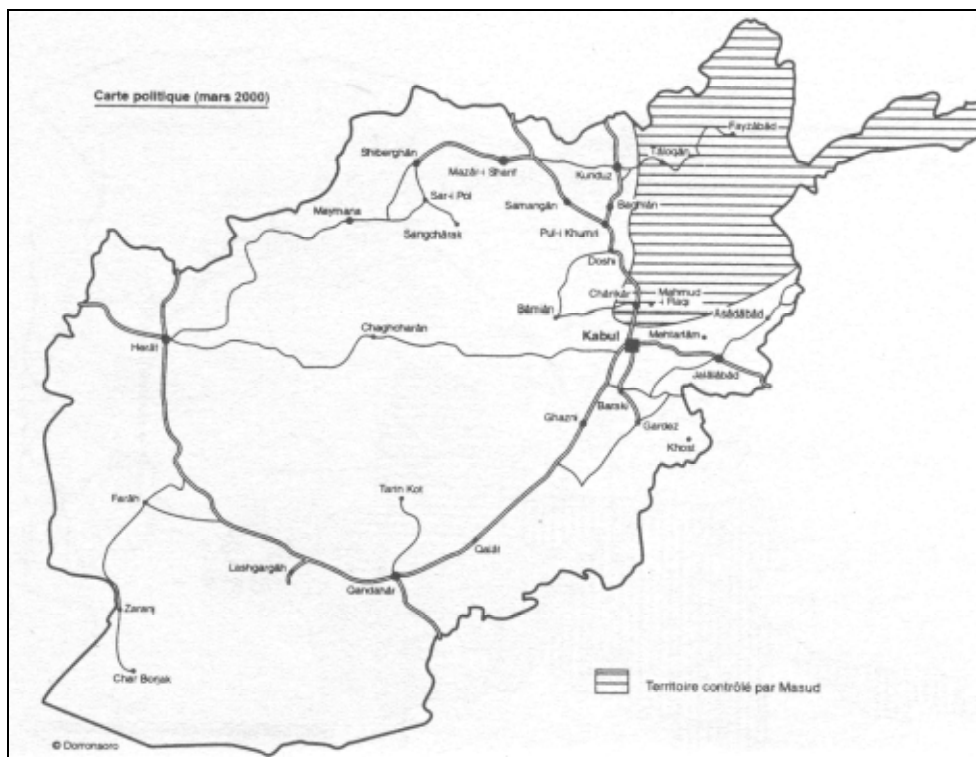
Political Map of Afghanistan in 1992. Gilles Dorronsoro, 2000



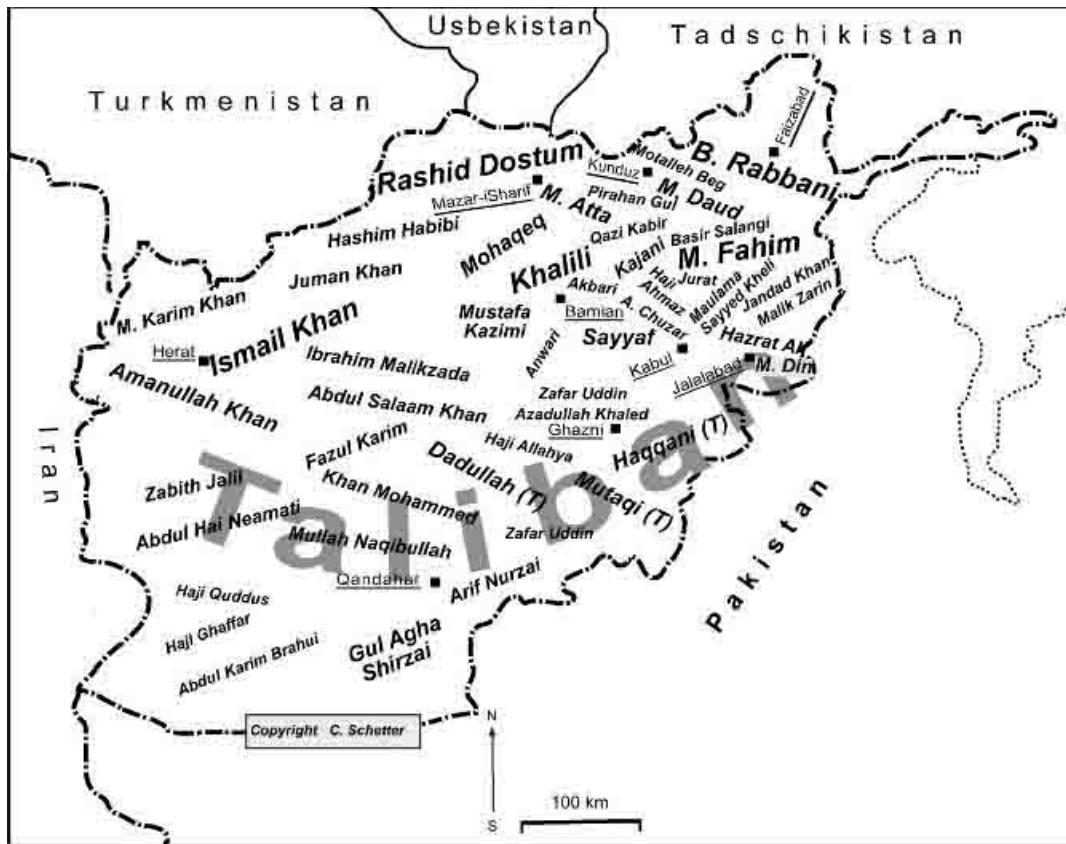
Map 3
Political Map of Afghanistan in 1996. Gilles Dorronsoro, 2000



Map 4
Political Map of Afghanistan in 2000. Approximately 80% of the territory was under Taliban control. Gilles Dorronsoro, 2000



Map 5
Political Map of Afghanistan in 2005. Conrad Shetter, 2005²⁷.
Shetter has omitted the Akhunzadas in Helmand



²⁷ Shetter, Conrad, "Ethnoscapes, National Territorialisation, and the Afghan War", *Geopolitics* 10, p. 50-75, 2005.

3. The Nature of the Illicit Economy: “*Djang Nân ast*”; “War is Our Bred”

Barnett Rubin²⁸ wrote that “during the Soviet occupation (1979-1989) the bifurcation of Afghan society and economy became even more pronounced, but a number of new phenomena also emerged:

1. dependence of competing leaders on opposing flows of politically motivated military assistance;
2. growing dependence of the population for subsistence on politically motivated humanitarian aid;
3. destruction of the rural subsistence economy through counter-insurgency;
4. rapid urbanization, including internal displacement to Afghan cities and the flight of millions of mainly rural refugees to camps and cities in Pakistan and Iran;
5. the consequent creation of refugee-warrior communities in Pakistan and Iran and of a region-wide Afghan diaspora; and
6. the rapid monetization of the economy”.

The above combination of factors resulted in the penetration of markets into the rural areas and substantial development of a secondary dirt road network supplying these markets in all corners of Afghanistan. Bazaars link rural areas to cities. “In normal economies, the penetration and development of bazaars in rural areas is made possible by farmers marketing their agriculture surplus in exchange for other necessities such as clothing, tea, sugar or construction material.

Although, in most contexts, market development pre-supposes that farmers have a surplus to sell, market development in Afghanistan has followed a different pattern²⁹. The substantial incomes from the illicit economy and competition among commanders to control trade played a central role. Furthermore, “the absence of government control over the territory in the past two decades has resulted in the establishment of the wildest ‘free market economy’ one could imagine. The only regulation of this market was (and still largely is) exercised by military commanders who enforced the allegiance of traders, and factions which associated themselves solely along kinship and neighbourhood ties. Trading is still largely done along social lines through national and transnational social networks or “*qawm*”³⁰. As a result, markets in Afghanistan are surprisingly well integrated into the international market³¹. The terminology of a “bazaar economy” borrowed from local sayings and used by Conrad Shetter³² to describe a market economy in the absence of state influence,

²⁹ Favre, Raphy, “*Market Development, Location of Bazaars and Road Network Conditions in Afghanistan*”, Aizon, January 2005b.

³⁰ The term “*qawm*” is here understood in the wider sense of social network. On the “*qawm*” concept, see Centlivres, P., Centlivres-Demont, M., “*Et si on parlait d’Afghanistan?*”, Neuchâtel, Ed. Inst. Ethnologie, Paris, 1988; Roy, O., “*Groupes de Solidarité au Moyen-Orient et en Asie centrale*”, Paris, Les cahiers du CERI, 1996, Centlivres, P., Centlivres-Demont, M., “*L’anthropologue face à l’humanitaire. Etat, Islam et tribus face aux organisations internationales. Le cas de l’Afghanistan 1978-1998*”, in Annales HSS, No4, pp.945-965, 1999 and Favre, Raphy, “*Interface between State and Society. An Approach for Afghanistan*”, Aizon, Kabul, Jan 2005a.

³¹ Favre, Raphy, 2005 b.

³² Shetter, Conrad “*The Bazaar Economy. A Comprehensive Approach*”, 2002.

²⁸ Cited in Springborg, Patricia, “*Western Republicanism and the Oriental Prince*”, Cambridge, Polity Press, 1992; in: Maley, William, “*Afghanistan Wars*”, Ed. Palgrave, 2002.

encapsulates developments in Afghanistan over recent decades. Over more than two decades of protracted war, Afghanistan's economic systems have been gradually transformed from an impoverished rural-based domestic economy to a dynamic illicit economy, through (not by order of importance):

A) War and International Rivalries

- International/regional powers competing for influence and financing proxy wars among warlords³³
- Weapon trafficking³⁴
- International terrorism networks financing operations within Afghanistan and training of militant Islamists³⁵
- Oil pipeline politics after the independence of the Central Asian States (known as the New Great Game)³⁶

³³ See Barnett Rubin, *The Fragmentation of Afghanistan*, Yale Uni., 1995. The main sponsors were on the one hand the Soviet and on the other hand the USA and Saudi Arabia.

³⁴ According to Dennis, Christian, *Disarmament, Demobilization, and Rearmament? The Effects of Disarmaments in Afghanistan*, JAAN, June 2005; the rate of rearmament in Afghanistan today range between 2-20%. Conrad Shetter notes that "It is an open secret that, after supplying certain combat units, the parties sold the bulk of foreign aid and armaments in the bazaars to obtain liquid funds in : *The Bazaar Economy of Afghanistan. A Comprehensive Approach*", 2002.

³⁵ Afghanistan became a stronghold of an international Islamic militancy (Hizb-e Islami, Harakat-e Islami-e Uzbekistan, Abu Sayaf, Al Qaida). Conrad Shetter, *Ibid*, 2002, notes that Afghanistan offered "excellent training conditions: a strictly religious daily life, possibilities of practicing war techniques by participating in the Afghan civil war and security against persecution by enemies from outside the country".

³⁶ The collapse of the Soviet Union led to a new geopolitical interest of several countries in the Central Asian State, the Russian, the Chinese and the US, known as the New Great Game. See Kleveman C. Lutz, *The New Great Game. Blood and Oil in Central Asia*, 2003 and Rashid, Ahmad; *Taleban. Militant Islam, Oil and Fundamentalism in Central Asia*, Yale University Press, 2000.

- Factional mercenaries engagement (these represents the militia men engaged with warlords)³⁷,

B) Smuggling Accross Borders

- Smuggling of consumer goods across borders (profits are made from policy-induced price differential in neighbouring countries)³⁸

³⁷ "As in some cases more than one man may be provided by a single household, it could be estimated that at least 500,000 Afghan households have something directly at stake in the warlords' armies". See Giustozzi, Antonio, *"Respectable Warlords? The Politics of State-Building in Post-Taleban Afghanistan. Working Paper No 33"*, Crisis State Program, September 2003. However, other estimates are more conservative. See Alpers, Philip; Batchelor, Peter; Ben-Nun, Gilad; Carle, Christophe; Cattaneo, Silvia; Luz, Daniel; McDonald, Glenn and Okapiec, Mariusz *"Small Arms Survey. Fewer Blanks: Global Firearm Stockpiles"*, 2003. Conrad Setter, *Ibid.*, 2002, notes that "The militia were the largest and best-paying employers".

³⁸ Optimization of smuggling trade changed the course of the Afghan History. The transport smuggling mafia based in Quetta/Pakistan which is made up largely of Pakistani but some Afghan Pashtuns drawn from the same tribes as the Taliban leadership had become increasingly frustrated by the warring warlords around Kandahar; these warlords prevented the expansion of their smuggling between Pakistan and Afghanistan further afield into Iran and Central Asia. The Quetta-Chaman mafia funded the Taliban handsomely and significantly contributed in their initial success in controlling southern Afghanistan and opening the smuggling roads. "The one-time all inclusive customs duty the Taliban charged trucks crossing Afghanistan from Pakistan became the Taliban's major source of official income", Rashid, Ahmad, *Nothing to Declare*, Far Eastern Economic Review, 11 May 1995 and Rashid, Ahmad, *"Pakistan and the Taleban"* in: William Maley, *"Fundamentalism Reborn? Afghanistan and the Taleban"*, NY, 2001. See also Rashid, Ahmad; *"Taleban. Militant Islam, Oil and Fundamentalism in Central Asia"*, Yale University Press, 2000 and World Bank, *"Afghanistan International Trade: Relations with Neighboring Countries"*, 2001: The table below (*Afghanistan Trade Estimates, 2000. In US\$ million and percent of total*) shows that as much as 67% of the estimated total imports were for re-exports of commodities (smuggling) to neighboring countries. These activities can be conducted chiefly as a result of the earlier (1950s) Afghan Transit Trade Agreement (ATTA) that enabled land-locked Afghanistan to import goods duty free into the country via Pakistan. The World Banks survey estimates that revenue losses for Pakistan of

- Opium poppy production and trafficking (see below)
- Child and adult trafficking³⁹

C) Looting, Racketing, Misappropriation and Protection

- Embezzlement of humanitarian and development aid⁴⁰
- Exploitation of natural resources such as timber, minerals and pastureland⁴¹

unofficial re-exports would range between Rs.20 billion to Rs.25 billion.

	US\$ million	% of Total
Total Imports	1,202	100
Domestic consumption	396	33
For potential re-exports	806	67
Total Exports	1,227	100
Indigenous exports	130	10
Re-exports	1,097	90

³⁹ See IOM, "Trafficking in Persons: An Analysis of Afghanistan",

www.iom.int/DOCUMENTS/PUBLICATION/EN/Afghan_trafficking.pdf and UNICEF and MLSA, "Child Trafficking in Afghanistan. Incidence and Patterns of Child Trafficking in three Regions of Afghanistan", Kabul, 2004.

⁴⁰ See in particular Dorronsoro, Gilles, "Les Enjeux de l'Aide Humanitaire en Afghanistan", in: "Cultures et Conflicts", No 11, p. 93-112, 1993; Baitenmann, Helga, "NGOs and the Afghan War: The Politization of Humanitarian Aid", in: Disaster Prevention and Management, Vol. 4, No 1, p. 21-26.; Favre, Raphy, "L'Afghanistan, La Guerre des Paysans et les Aléas de l'Aide Humanitaire", IUED, Geneva, 1996; Centlivres, Pierre et Centlivres-Demont, Micheline; "L'Anthropologue face à l'Humanitaire. Etat, Islam et Tribus face aux Organisations Internationales. Le Cas de l'Afghanistan 1978-1998", in Annales HSS, No4, pp.945-965, 1999.

⁴¹ See in particular, UNEP, "Afghanistan. Post-Conflict Environment Assessment", 2002. www.unep.org; Saba, D. S., "Afghanistan: Environmental Degradation in a fragile Ecological Setting", Int. J. Sustain. Dev. World Ecol. No 8, P. 279-289, 2001; Favre, Raphy and Monowar Golam "Watershed Atlas of Afghanistan. Working Document for Planners"; Wily, Liz, "Land Rights in Crisis: Restoring Tenure Security in Afghanistan", Issues Paper Series, AREU, March 2003; Favre, Raphy, "Grazing Land Encroachment. Joint Helicopter Mission to Dasth-i Laili. 25-27 March 2003", FAO, Kabul 23 July 2003. Barnett Rubin notes that "Ahmad Shah Massud, the 'Tajik' commander in northeast Afghanistan who built up the most extensive resistance organization inside the country, controlled the emerald and lapis lazuli mines of his native valley, Panjsher. He levied a tax on each shipment of gems". Rubin, Barnett, "The Political

- Pillaging of cultural heritage sites and historical relics trafficking⁴²
- Looting⁴³
- Control of trading routes and tolls collected along the roads (the Taleban were backed by Pakistani transport cartels to clear the Afghan main roads from road tolls⁴⁴)
- "Protection" by warlords militia of public or private organisations⁴⁵

D) Financial Malpractices

- Taxing trades on border for private use⁴⁶
- Printing of currency (now discontinued)

E) Transfers of Funds

- Remittances from the Afghan diaspora abroad through the "hawala" system⁴⁷

Economy of Peace and War in Afghanistan", in: World Development, vol.28, no.10, pp.1789-1803, 2000. It is estimated that Massud collected annually \$ 200 millions from this trade. Shetter, Conrad, *Ibid.*, 2002.

⁴² Dupree, N. Hatch, 1995. "Plunder of the past". The News, Islamabad, 21. April, p. 36.

⁴³ See Asger Christensen, "Aiding Afghanistan. The Background and Prospects for Reconstruction in a fragmented Society", 1995.

⁴⁴ See Rashid, Ahmad; "Taleban. Militant Islam, Oil and Fundamentalism in Central Asia", Yale University Press, 2000.

⁴⁵ A Report focusing on the DDR process recommended the following: "The coalition must stop its policy of hiring soldiers for local commanders and warlords"; see Dennis, Christian, "Disarmament, Demobilization, and Rearmament? The Effects of Disarmaments in Afghanistan", JAAN, June 2005. The same may apply on the policy of international organizations, private companies, NGOs who hire from local soldiers warlords to insure their security.

⁴⁶ Taxation of trade along borders seemed to have been an important source of revenue for warlords. In May 2003, Karzai insisted the regional governors remit some of their privately collected customs revenue to the central government. Twelve regional leaders did so, subsequently giving \$100 million to Kabul⁴⁶. See Katzman, Kenneth, "Afghanistan: Post-War Governance, Security and U.S. Policy", CRS Report for Congress, May 2005. The total revenue may be significantly higher.

Stateless and devastated, by conflict Afghanistan has become one of the world's largest illicit economy. It is this illicit economy rather than any sector of the licit economic that has driven the overall Afghan economy and has become the basis for the livelihoods of a substantial proportion of the population. "*Djang nân asl*", "war is our bread" was laconically articulated by Afghans met in 1997, expressing in a nut-shell the dominating role of the war/illicit economy as a source of livelihood for many people (Chapter 11 below).

In 2004, the opium economy represented 40% of the total Afghanistan GDP and perhaps more if the multiplier effects are considered. Opium poppy incomes are reinvested in the licit economy. John Mellor has estimated that for every hectare of opium poppy cultivated in 2004 as many as 6.7 jobs are created in the rural non-farm economy⁴⁸. This represents a total of approximately 870,000 jobs created from opium income reinvestment in the country. Based on studies in Hazarajat⁴⁹, it may be reasonable to assume that remittances represent between \$ 1 and 2 billions per year. In 2001, the World Bank estimated that 67% of imported commodities (mostly duty free imports under the Afghan Transit Trade Agreements) are re-exported to neighbouring countries⁵⁰. Some have estimated that half a million households directly benefit from warlord armies⁵¹. Although, information on the illicit economy is limited, it appears that it provides the mainstay of the Afghan economy.

⁴⁷ Alessandro Monsutti estimated that remittances between Iran and Hazarajat represent \$ 200 millions annually. See Monsutti, Alessandro, *Guerres et migrations: réseaux sociaux et stratégies économiques des Hazaras d'Afghanistan*, Institut d'ethnologie & Maison sc. Homme, Neuchâtel & Paris, 2004, 364 p. Nationwide, it is reasonable to assume that remittances amount between 1 and 2 billions.

⁴⁸ Mellor, John, "*Strategy and Priorities for accelerated Agricultural Growth – Afghanistan*", Paper Prepared for the Minister of Agriculture, Animal Husbandry and Food, Government of Afghanistan, May 2005.

⁴⁹ See Monsutti, Alessandro, *Guerres et migrations: réseaux sociaux et stratégies économiques des Hazaras d'Afghanistan*, Institut d'ethnologie & Maison sc. Homme, Neuchâtel & Paris, 2004, 364 p.

⁵⁰ World Bank, "*Afghanistan International Trade: Relations with Neighboring Countries*", 2001.

⁵¹ Giustozzi, Antonio, "*Respectable Warlords? The Politics of State-Building in Post-Taleban Afghanistan. Working Paper No 33*", Crisis State Program, September 2003.

4. Trends in the Illicit Economy between 1980 and 2005

The illicit economy and opium poppy production and trading have contributed to contradictory forces of fragmentation-unification (Maps 1 to 5 in Section 2.2 above). Graph 1 below

shows the opium poppy cultivation trends in Afghanistan in the past two decades, while Graph 2 shows the opium farm gate price trend since 1994.

4.1 Between 1980 and 1992 (Map 1)

The developing illicit economy was largely dependant on external support received from the Soviet Union and nations opposed to communism, supporting the rebel fighters⁵². Poppy production increased dramatically but remained concentrated largely in two areas; Helmand region and Nangarhar. It is mainly between 1987 and 1991 that production increased significantly. At the end of the communist regime, Afghanistan became the opium producer in the world. UNODC⁵³ and Alain Labrousse⁵⁴ estimated that in the late 1980s, the total opium production in Afghanistan varied between 1,000 and 1,500 MT/year. 1991 was a record year; UNODC estimated the Afghanistan opium production at 1,980 MT in that year and Afghanistan became the leading opiate producer, ahead of Myanmar⁵⁵, a leading position Afghanistan still holds in 2005.

4.2 After the fall of Kabul in 1992 to 1996 (Map 2)

During this period, the illicit economy was largely dependant on external support received from regional vested interests and on internal pillaging of national resources (including looting and arbitrary road tolls, looting of bazaars, looting of previous regime properties, excavation of historical artifacts, forest destructions). Poppy production remained stable and concentrated in the same two regions (Helmand region and Nangarhar). According to UNODC, opium production in 1996 reached 2,248 MT, slightly above the 1991 level. 1994 was a record year - with the production of 3,500 MT⁵⁶. Opium prices remained low, and averaging \$25-30/kg, and, as a result, farm gate opium income remained relatively low (totalling \$ 50-100 millions at most).

⁵² At the height of the war, the Afghan government as well as the resistance parties received armaments for their combat units and food for the people to an annual value of approximately \$ 3 billions. Barnett Rubin, *"The Fragmentation of Afghanistan"*, Yale Uni., 1995.

⁵³ UNODC, *"World Drug Report"*, 2005.

⁵⁴ Labrousse, Alain, *"Géopolitique des drogues en Afghanistan"*, 2003.

http://www.mamacoca.org/FSMT_sept_2003/fr/doc/labrousse_geopolitique_des_drogues_fr.htm#_ftn23

⁵⁵ UNODC, *"World Drug Report"*, 2005. www.unodc.org

⁵⁶ In 1994, UNODC conducted the first national opium poppy cultivation survey in Afghanistan. It is not clear to what extent the increased of production in 1994 is due to the change in methodologies to assess production inside Afghanistan.

4.3 Between 1996 and 2001 (Map 3)

The illicit economy under the Taliban was dominated largely by external support from mainly Pakistan, Saudi Arabia and Al Qaida, while pillaging of the country's resources was substantially reduced. Oil pipeline politics also played a major role in the mid/late 1990s. The key achievement of the Taliban was "security," meaning, above all, the suppression of virtually all forms of exploitation by local power-holders, including tolls, banditry, and the exaction of exorbitant tributes. From 1996 onward, the Taliban taxed opium poppy production and trade, which contributed to a second phase of expansion until the opium ban in 2001.

Between 1994 and 2000, the price of opium remained low, averaging \$ 30/kg, and therefore farm gate opium income remained relatively low; peaking at \$184 millions in 1999 when the farm gate price was \$40/kg. In comparison, the value of farm gate fruit and vegetables production in Afghanistan at that time was \$ 0.5 billion⁵⁷.

Through taxation on drug production, conversion/processing and trade, the Taliban generated a rather small annual income in the range of \$ 50 to 100 million. This was reportedly a small amount compared to the support provided by the countries which recognized the Taliban movement⁵⁸.

⁵⁷ Calculated based on the database developed by Favre, Raphy; Baudeau, Rodolphe; Tea, Hakara; Beley, Mathieu and Mercier, Violaine "Market Sector Assessment in Horticulture: Phase 1, Market and Production Research, Identification of Opportunities", UNDP, Altai Consulting, www.altaiconsulting.org

⁵⁸ Labrousse, Alain, "Géopolitique des drogues en Afghanistan", 2003. http://www.mamacoca.org/FSMT_sept_2003/fr/doc/labrousse_geopolitique_des_drogues_fr.htm#_ftn23

4.4 After 2002 (Map 4)

Stronger regional cooperation, after the signing, on December 23, 2002, of a non-interference pledge (known as the Kabul declaration) by six of Afghanistan's neighbours reduced politically motivated influences from regional powers. Therefore, the illicit economy, under the transitional government, shifted towards opium poppy cultivation, processing and trading. This shift benefited from a 10 fold increase in the opium farm gate price in 2001, following the Taliban ban on poppy cultivation (Graph 2). Farm gate opium prices remained exceptionally high in 2002 and 2003, dropping in 2004 and regaining a higher level soon after harvest. Opium poppy income increased dramatically between 2000 and 2002. In 2002, the farm-gate income of opium poppy reached \$ 1.2 billion (Graph 13). In 2004, Afghan production represented 87% of the world's illicit opium and as much as 10% of the Afghan population was involved in the cultivation. The opium economy was estimated at \$ 2.8 billions and represented 60% of the licit GDP (\$4.6 billion licit economy).

These extraordinary revenues were generated from 131,000 hectares or only 6.6% of the irrigated land⁵⁹. 356,000 farmers were involved in opium cultivation in 2004, which represents 35% of the 1.06 million farmers in the country⁶⁰. On average,

⁵⁹ FAO estimated in 2004 that 1.42 million hectares have been cultivated with cereals. Another 0.35 million hectares with pulses and other crops (2003 earlier estimates) and 0.21 million hectares with horticulture crops. Therefore, the total estimated irrigated land under cultivation in 2004 is approximately 1.98 million hectares.

⁶⁰ Maletta, Hector and Favre, Raphy, "Agriculture and Food Production in Post-war Afghanistan. A Report of the Winter Agriculture Survey 2002-2003", FAO, Kabul, August 2003, www.fao.org/world/afghanistan/.

farming households are composed of 11.4 people, representing a total farming population of 12.1 millions⁶¹ out of which an estimated 4 millions are involved in production. Using the latest CSO 2003/04 population estimates of 23.27 million inhabitants, the farming population in Afghanistan comprises 51% of the total population⁶². Therefore, the settled (farming) population involved in opium production (4 millions) represents 17% of the total population. This does not include the non-settled population groups (itinerant and migrant workers) actively participating in opium poppy production.

Ibn Balkhi, wrote that: "There is no kingdom without an army, no army without wealth, no wealth without material prosperity, and no material prosperity without justice"⁶³. William Maley⁶⁴ noted that "unfortunately, the need to deliver justice can be short-circuited by foreign support, which injects wealth for the state's or political faction's direct use". As with foreign support, lucrative income from the drug economy injects wealth for direct use by those involved. However, the former (foreign support) tends to simplify the political structure while the second (drugs) tends to fragment it.

Noor Khan, a farmer hosting the author overnight in Doshi/Tal o Barfak (Baghlan province) in summer 2003 underlined the factors that led his family and social group into the illicit economy: a) limited irrigated land inherited from their fathers had to be shared between brothers of large families and therefore, for most, agriculture land became too small to survive⁶⁵; b) alternative income was thus necessary and the absence of any alternative led to alliances and mercenaries with warring political factions receiving external support. Khan also noted that opium poppy provided new opportunities to achieve an old dream: economic and political independence for his own family and social group⁶⁶.

⁶¹ Maletta, Hector and Favre, Raphy, *Ibid.*, 2003

⁶² The agricultural survey also estimated that 20% of the village population is non-farming. This is in line with casual field observations, but the dominating view is that 80-85% of the Afghan population are directly involved in the agriculture sector. See FAO/WFP, "*Crop and Food Supply Assessment Mission to Afghanistan (CFSAM)*", 16 August 2002. www.fao.org and FAO/WFP, "*Crop and Food Supply Assessment Mission to Afghanistan (CFSAM)*", 8 September 2004. www.fao.org. The 85% figures are pre-war statistics as Afghanistan does not have reliable population data available on which firm analysis can be based. Two and half decades of war have changed the landscape of rural and urban Afghanistan.

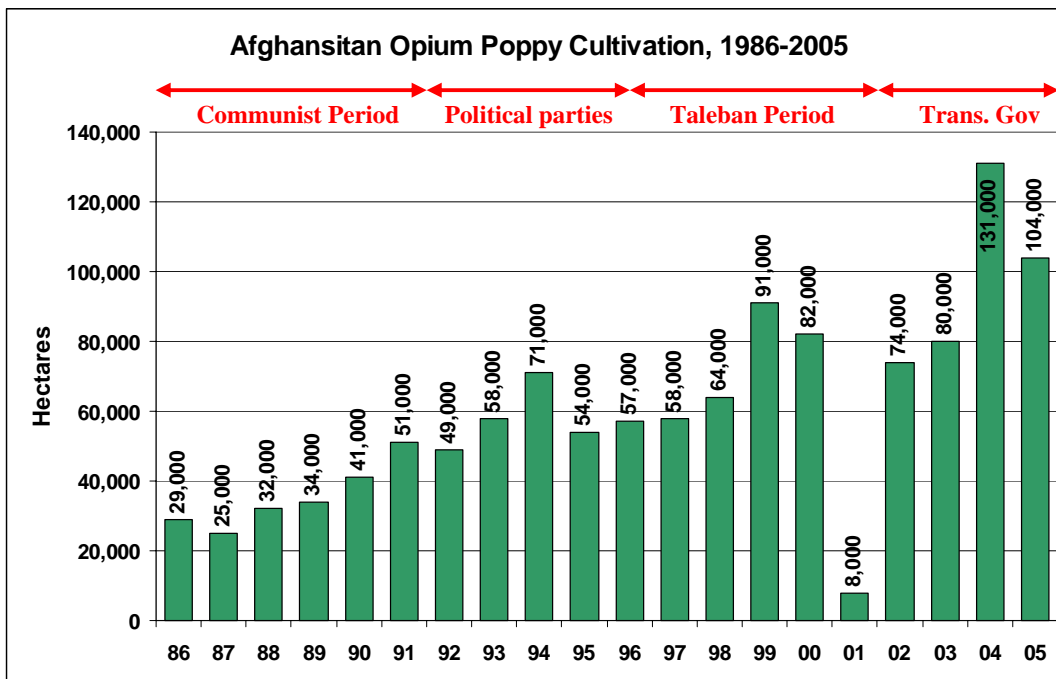
⁶³ Abu Zaid Ahmed ibn Sahl al-Balkhi was an Afghan mathematician born in Balkh province/Afghanistan who lived in the 10th century.

⁶⁴ Maley, William, "*Afghanistan Wars*", Ed. Palgrave, 2002.

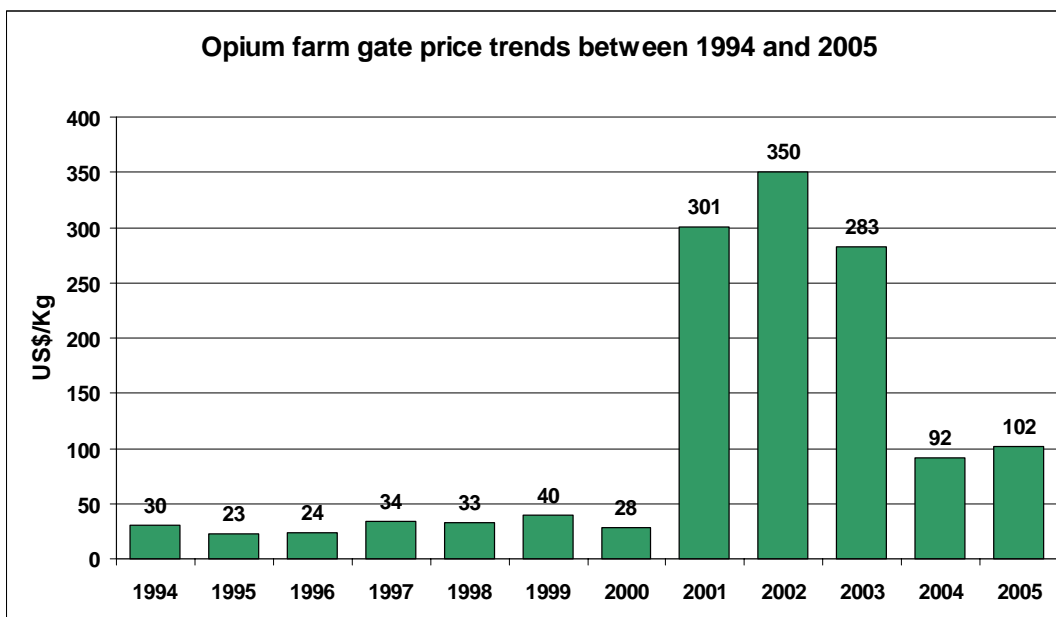
⁶⁵ Similar observations were made by Goodhand, Jonathan in Badkshshan in 1999. Goodhand, Jonathan, "*From Holy War to Opium War?: a Case Study of the Opium Economy in North Eastern Afghanistan*", Peace Building and Complex Political Emergencies. Working Paper No 5, 1999.

⁶⁶ On social groups in Afghanistan, see Raphy Favre, "*Interface between State and Society. An Approach for Afghanistan*", Aizon, Kabul, January 2005a.

Graph 1
Afghanistan opium Poppy cultivation trends from 1986 to 2005 (rounded numbers).
Adapted from UNODC, 2005⁶⁷



Graph 2
Opium farm gate price trends between 1994 and 2005. Source: UNODC, 2004⁶⁸ and 2005⁶⁹



⁶⁷ UNODC, "Statistical Annex to the Note 'The Opium Situation in Afghanistan as of 29 August 2005'", 2005.

⁶⁸ UNODC, "Afghanistan Opium Survey", Nov 2004, www.unodc.org

⁶⁹ UNODC, "Afghanistan Opium Survey", Nov 2005, www.unodc.org

5. Opium taking Root in Afghanistan: The Process

5.1 1979 to 1992 - The First Opium Boom

In 1979, an unusual combination of factors resulted in highly favourable conditions for opium poppy cultivation in Afghanistan:

- The revolution in 1979 resulted in the effective interdiction of opium poppy production in Iran.
- In February 1979, Zia ul Haq, then the Pakistani president, banned poppy production and consumption in Pakistan⁷⁰. "The record harvest in 1979 led to a crash in farmgate prices and a decrease in poppy sowing in subsequent years. Pakistan never resumed major opium poppy production"⁷¹.
- In the 1970s, opium supply in the golden triangle (Burma, Thailand and Laos) decreased due to a severe drought between 1978 and 1980⁷² (particularly in 1979).
- In December 1979, the Soviet Union invaded Afghanistan and, in subsequent years, the central government gradually lost control of rural areas. The country was increasingly taken

over by, or subcontracted to, autonomous commanders.

The opium price increased in subsequent years, resulting from the ban on opium production and consumption in both Iran and Pakistan, boosting incentives for opium poppy production in Afghanistan. Both Pakistan and Iran, previously opium exporters, were transformed into importers, consumers and traders. Furthermore, with the drought in the golden triangle and the record Pakistani harvest in 1979, conditions were favourable for South-east Asian chemists to make their way to Pakistan in the early 1980s to transform opium into heroin for export⁷³. The region, comprised of Afghanistan, Iran and Pakistan, was to be known as the "Golden Crescent" in reference to the "Golden Triangle" of South-east Asia. By 1991, Afghanistan became the largest opium producer in the world. All these developments benefited from a general increase in heroin demand internationally, particularly since the fall of the "French Connection" in 1973.

In the early 1990s, Pakistan became one of the world largest consumers of heroin with an estimated annual consumption of 70-90 tons of pure heroin equivalent (opium/pure heroin average ratio: 10/1). From 5,000 heroin users in 1980, the number exploded to 1.5 millions users in 1993⁷⁴, by which time opium production in Afghanistan

⁷⁰ Dorronsoro, Gilles, "La révolution afghane: des Communistes aux Taleban", Ed. Karthala, 2000.

⁷¹ UNDCP, "The Illicit Opiate Industry of Pakistan", Islamabad, December 1994, Unpublished report.

⁷² Asger Christensen, "Aiding Afghanistan. The Background and Prospects for Reconstruction in a fragmented Society", 1995 and Chouvy, Pierre-Arnaud, "La Production illicite d'Opium en Afghanistan dans le Contexte de l'Enclavement, de l'Isolément et de l'Isolationnismes", CEMOTI, No 35, 2003.

⁷³ Chouvy, Pierre-Arnaud, *Ibid.*, CEMOTI, No 35, 2003.

⁷⁴ UNDCP, *Ibid.*, 1994, Unpublished report, page 46.

was estimated at about 2000 MT. Production in Pakistan was in the range of 150-300 MT while no production was reported from Iran. "Most of the region's production is also consumed regionally. Exports account for 15-20% and regional consumption for 80-85% of regional production"⁷⁵.

It was, however, during the second half of the 1980s that opium poppy production boomed in Afghanistan, when significant parts of the country were freed from the communist government. The man-portable Stinger anti-aircraft missiles which were supplied to Afghan rebels beginning in late 1985⁷⁶ played a major role in freeing rural areas from the Soviet regime. Furthermore, Barnett Rubin noted that "the reduction in US subsidies (*to the Afghan rebels*), and the curtailing of US supplies to some leaders judged too extremist (*e.g. Hezb-e Islami*) impelled a search for other means to finance the ongoing power struggle"⁷⁷. However, according to John Cooley, the Russians considered that it was the National Islamic Front which controlled "the overwhelming majority of operations of the opium mafia"⁷⁸. The National Islamic Front was, in contrast judged as moderate.

From from the early 1980s, opium production was concentrated mainly in only two areas; Helmand region and Nangarhar. UNODC reports that "In the 19th century and early 20th century, one of the main opium production centres of the country was apparently Badakhshan (northern Afghanistan), known for its high-quality opium. However, the subsequent expansion of

opium production, notably in the 1980s and 1990ss took place mainly in the east and, in the 1990s, in the south of the country"⁷⁹. The Helmand region and Nangarhar represented approximately 90% of the total opium production in Afghanistan between 1994 and 2000.

These three regions had different historical backgrounds that favoured sharp increases in opium poppy production after 1979:

- The Helmand region (Helmand, Uruzgan and Kandahar provinces) represented approximately 60% of total opium production between 1994 and 2000. Only upper Helmand had a long tradition of opium poppy cultivation. Opium production was boosted by two factors; 1) the Baluch smugglers had well established trafficking routes for electronics items into Iran which could easily adapt to opium trafficking and 2) large commanders favoured production by ensuring security for the traders⁸⁰. By taxing the opium trade, these commanders secured comfortable incomes generally without getting into production themselves. "Most of the opium produced in southern and south-western Afghanistan is not processed, transported or used in Pakistan, but it is to a considerable degree processed into morphine base within Afghanistan and subsequently smuggled through Iran to Europe"⁸¹.
- Nangarhar province represented between 25 and 40% of total opium production between 1994 and 2000. Opium poppy

⁷⁵ UNDCP, *Ibid.*, 1994, Unpublished report, page 16.

⁷⁶ See Katzman, Kenneth, "Afghanistan: Post-War Governance, Security and U.S. Policy", CRS Report for Congress, May 2005.

⁷⁷ Italics from the author.

⁷⁸ Cooley, K. John, "Unholy Wars : Afghanistan, America and International Terrorism", Pluto Press, 2000. See chapter 7 "Poppy Fields, Killing Fields and Druglords".

⁷⁹ UNODC, "The Opium Economy in Afghanistan. An International Problem", NY, 2003. www.unodc.org

⁸⁰ See Dorransoro, Gilles, "La révolution afghane: des Communistes aux Taleban", Ed. Karthala, 2000.

⁸¹ UNDCP, *Ibid.*, 1994, Unpublished report, page 7.

cultivation existed before the war and was mainly oriented to export to Pakistan. Opium poppy became the main income in the province and the commanders were involved along the whole marketing chain from production and processing to marketing.

- Badakhshan is generally considered as a main production area. Yet, the production in Badakhshan remained very limited in comparison with the other two main production areas. In 1994, UNODC estimated that Badakhshan contained 2% of the total cultivated area, rising to 3% by 2000 (Graph 7 below). Badakhshan became the main production area in Afghanistan only after the Taliban ban on opium poppy in 2001. The situation in Badakhshan was rather different from the other opium producing areas. The province is chronically food insecure and is isolated from the main commodity markets. The terrain is a serious challenge to the creation of road infrastructure and the province is a traditional opium production/consumption area. Poppy production ensured the provision of opium personal consumption and provided needed cash for poor families depending mainly on rainfed cultivation.

The opium boom took place when rural Afghanistan went out of control of the central government. The regions which were previously involved in opium poppy (Nangarhar) or along established smuggling route before the Soviet invasion (Helmand region) were best positioned to take advantage of these drug business opportunities. After the collapse of the Soviet Union, the Central Asia borders became more porous and offered new opportunities for exports through Central Asian corridors, but this only boosted Badakhshan production after the opium poppy ban in 2001.

During this period, Afghanistan was controlled by military commanders who, while receiving support from political parties based in Peshawar, were largely acting independently. The *Shura-e Commandan* (council of commanders) led by Commander Abdul Haq⁸² in an attempt to form a coordinated command structure amongst themselves⁸³, independent from foreign interferences, testifies to the independence of military commanders inside Afghanistan from the political parties based in Peshawar⁸⁴. The *Shura-e Commandan* was representative of commanders inside Afghanistan but failed to coordinate their actions effectively⁸⁵.

⁸² "Abdul Haq, entered Afghanistan in October 2001 without coordination with or support from U.S. forces; he was captured and killed by the Taliban". Katzman, Kenneth, "Afghanistan: Post-War Governance, Security and U.S. Policy", CRS Report for Congress, May 2005. p. 9.

⁸³ See US Library of Congress, "Country Studies: Afghanistan", Edited by Peter R. Blood, 1995.

www.mongabay.com/reference/country_studies/afghanistan/index.htm

⁸⁴ Najib Baba, personal communication

⁸⁵ See also Najomi, Neamatollah, "The Rise of the Taliban in Afghanistan. Mass Mobilization, Civil War, and the Future of the Region", Ed. Palgrave, 2002.

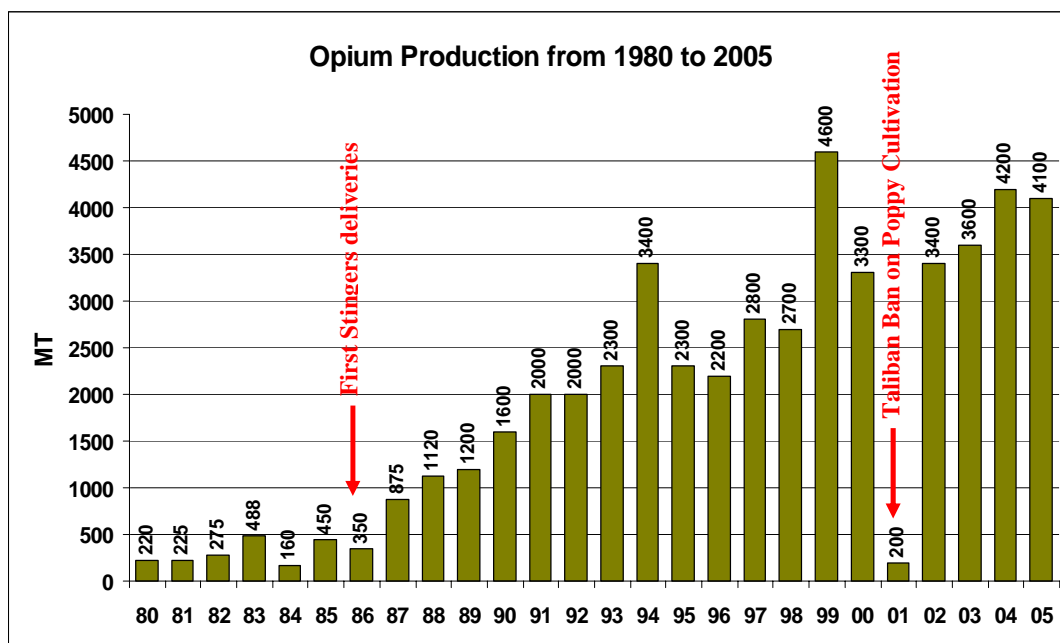
5.2 1992 to 1996 - Stabilization of Production at World's Top Producer Level

With the collapse of the communist regime in Afghanistan, military and financial assistance from anti-communist nations ceased and the political vacuum in the country resulted in aggressive looting and pillaging of resources by unscrupulous warlords. Both Washington and Moscow cut off supplies to their clients at the end of 1991 and, by April 1992, some warlords had entered Kabul and invited the political parties based in Pakistan to return. Yet, within a few years, regional powers (Pakistan, India, Iran, Central Asian Republics, Saudi Arabia) were poured resources into Afghanistan with the objective of installing a friendly Afghan government which would serve their political and economic interests.

This period also corresponded to the emergence of new opiate smuggling routes through Central Asia.

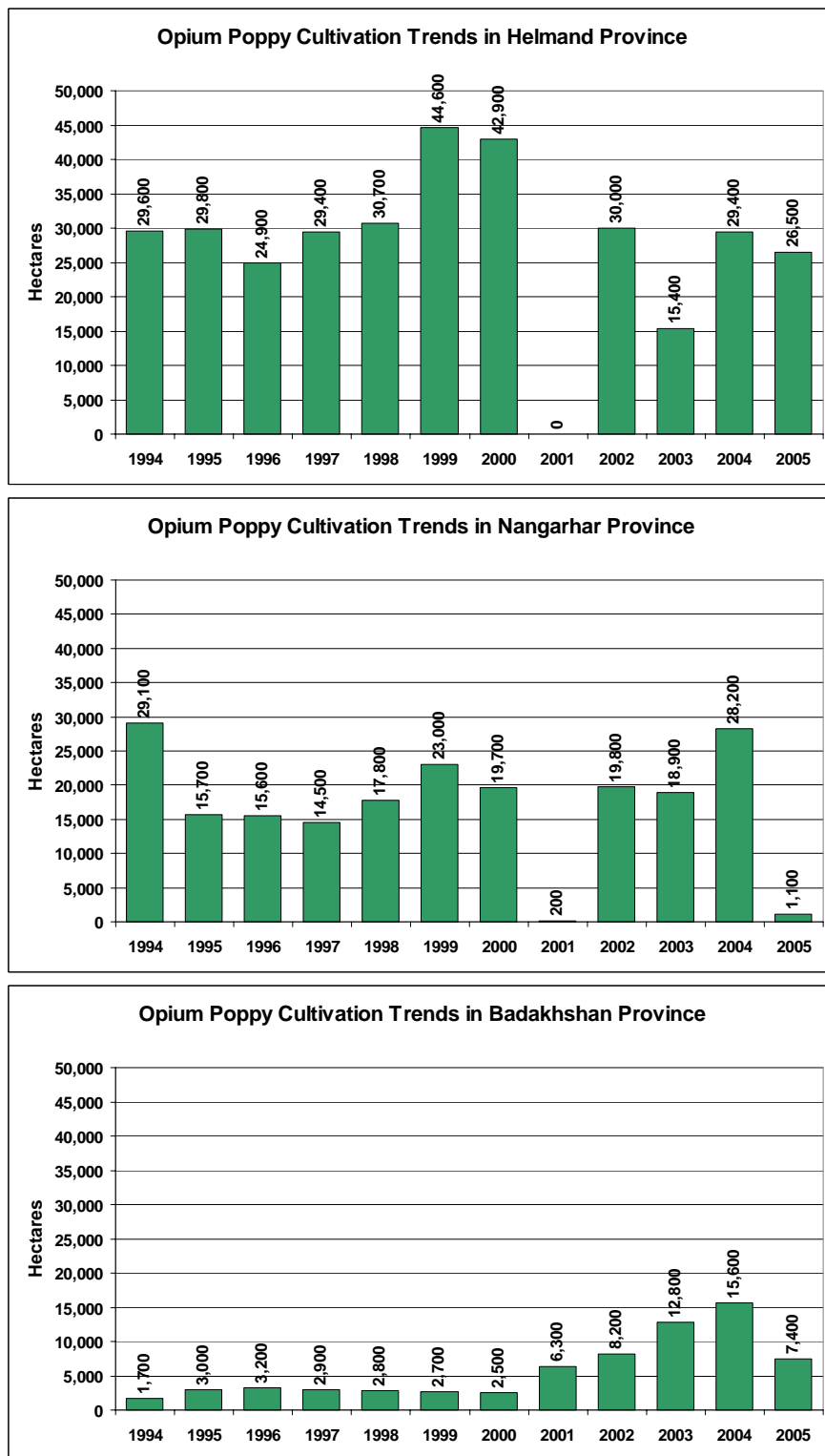
During this period, despite a peak in 1994, production between 1992 and 1996 showed a stabilization of area cultivated (Graph 1 above). The production peak of 1994 was due to an upsurge of production in Nangarhar province in that year (Graphs 4, 5 and 6), which returned to lower production levels in subsequent years. Moreover, the production remained largely concentrated in the Helmand and Nangarhar regions which accounted for about 95% of total opium poppy cultivation (Graph 7).

Graph 3
Opium Production from 1980 to 2005. Source: UNODC, 2004 and 2005⁸⁶



⁸⁶ UNODC, "Statistical Annex to the Note 'The Opium Situation in Afghanistan as of 29 August 2005'", 2005.

Graphs 4, 5 & 6
Opium poppy cultivation in Helmand, Nangarhar and Badakhshan provinces between 1994 and 2005. Source: UNODC, 2004 and 2005⁸⁷



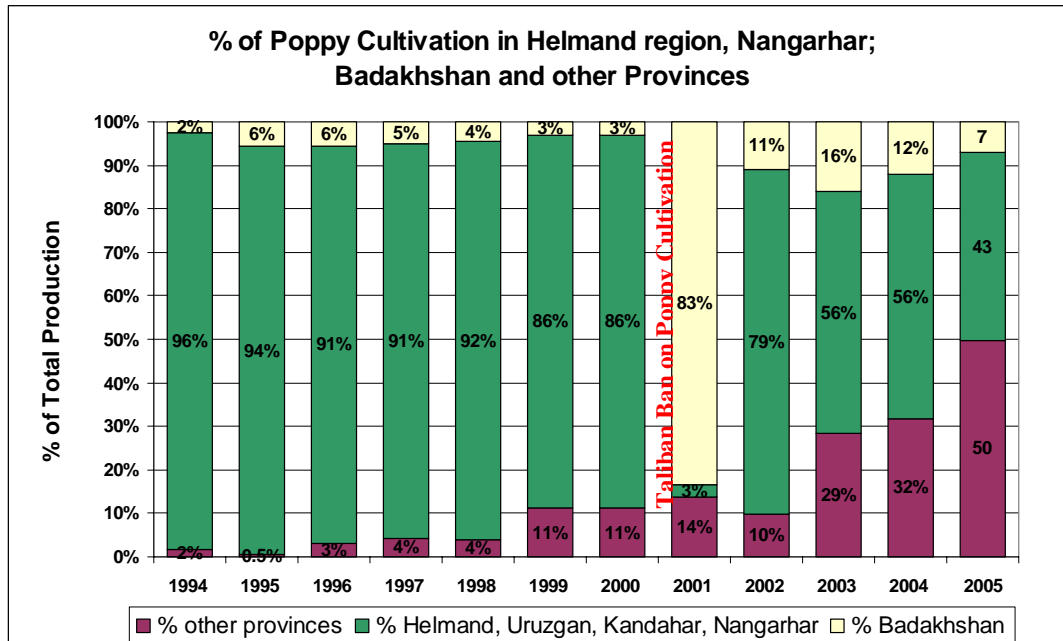
⁸⁷ UNODC, "Statistical Annex to the Note 'The Opium Situation in Afghanistan as of 29 August 2005'", 2005.

Graph 7

Proportion of opium poppy cultivation in Helmand region & Nangarhar, Badakhshan and other provinces of Afghanistan between 1994 and 2005. This graph shows that:

- Between 1996 and 2000, production in other provinces than Helmand region and Nangarhar showed a limited increase, despite the larger geographical distribution of the crops in this period (more than doubling the provinces - see graph 6).
- In 2003, 2004 and 2005 a significant shift of production toward other provinces (including Badakhshan) than the traditional opium poppy production provinces took place. This rapid shift benefited from earlier expansion of poppy production in other provinces between 1996 and 2000 (see graph 6).

Source: UNODC, 2004 and 2005



After 1992, the seven political parties from Pakistan returned to Afghanistan and had a more direct control over the commanders who continued warfare on the ground. This resulted in a simplification of the political map of Afghanistan (Maps 2 and 3). The reasons for a stabilization of poppy production in these chaotic years included the following:

- Insecurity on the roads for trading and therefore production and trade may have remained concentrated in traditional production areas⁸⁸

- Lack of knowledge on opium poppy cultivation and market networks in other regions
- Low opium poppy farm-gate price discouraged new involvement
- Some commanders had prohibited opium poppy cultivation in the area under their administration as it is contrary to Islam

⁸⁸ As an illustration, "Rahimullah Yusufzai, as reported in the Economist in October 1996, counted 24 "checkpoints" where money was extorted on a three-hour drive from Spin Boldak

to Kandahar. All this made normal travel and commerce more difficult, drove up prices of everything from onions to opium, and angered ordinary people", quoted by Colley K. John, "Unholy Wars: Afghanistan, America and International Terrorism", Pluto Press, 2000, Chapter 7: Poppy Fields, Killing Fields and druglords.

The period from 1992 to 1996 was characterized by intensive warfare, particularly in cities, among various warlords, each affiliated to political parties. In rural areas, the military commanders had a good control over their territory and some prevented opium cultivation on religious grounds. For instance:

- The military commander of Alawdini and Shumultu valleys in Ghazni province obliged all farmers to plant their land with fruit trees (mainly apricot) and prohibited opium poppy cultivation. This commander subsidized the fruit seedlings to farmers. By 1996, three years later, the entire valley had become a fruit orchard.
- The military commander of Jeghatu valley/Wardak province organized elections in 1993 as a means of distancing himself from political parties and instead used his family NGO as to access financial resources and to gain popularity. Poppy cultivation was not allowed in his area of jurisdiction.

While rural Afghanistan was under the control of commanders and generally calm, the roads were extremely dangerous and limited trading opportunities. Moreover, the political parties continued to be the main instrument for channelling politically motivated assistance from neighbouring countries to the warring groups in cities. Commanders who did not take part in the fighting in cities or supported the policy of a foreign backer, lost political and, hence, financial support and eventually had to leave the country in favour of those more amenable to the machinations of the political parties. It was probably during this episode of the war that the most intensive military warfare of the past two and a half decades took place; resulting in the destruction of Kabul and other provincial and regional cities.

The absence of significant developments in opium poppy production; both in terms of area cultivated (Graph 1 above) and in expansion of production in provinces other than the three traditional production areas, during this period of intensive warfare, shows that:

- It was not the need to procure weapons by warring factions which motivated opium poppy production in Afghanistan. Alain Labrousse⁸⁹ estimates that the opponent of the communist regime received so many weapons from the US, Saudi Arabia or China that they did not need any drug money to access armaments⁹⁰. During this period the opium farm-gate price remained low at around \$30/kg. Moreover, despite chaos in cities and along roads, rural Afghanistan was generally stable.
- Military commanders had rural Afghanistan well under control and some did not allow poppy production as it is contrary to Islam (as long as they had other sources of income).
- Because of the low price, opium may not have been an interesting alternative income for these commanders.

⁸⁹ Labrousse, Alain, "Géopolitique des drogues en Afghanistan", 2003. http://www.mamacoca.org/FSMT_sept_2003/fr/doc/labrousse_geopolitique_des_drogues_fr.htm#_ftn23

⁹⁰ Doris Buddenberg estimated that opponents to the Communist regime received \$300 million worth of military equipment while opium income did not represent more than \$ 21 million at farm-gate price. Doris Buddenberg "Implication of Drug Policy in Pakistan and Afghanistan". Communication à "La géopolitique mondiale des drogues", colloque OGD/OEDT, Paris, du 10 au 12 décembre 1990.

5.3 1996 to 2000 - Increase in Production and Geographical Expansion of Poppy Cultivation

The Taleban movement was a reaction to the state of anarchy in Afghanistan⁹¹ and received initial backing from the transport mafia based in Chaman/Quetta with the goal of opening smuggling roads which various warlords were disrupting⁹².

The Taleban was a grass-root movement (at least in the initial phase) and the members understood, better than any other previous rulers in Afghanistan, the social structures in rural areas. In consequence, decisions were made in consultation with the various social groups supporting them⁹³. Initially, grass-root social groups were promoted instead of warlords and this largely explains the Taleban's rapid initial success. Yet, as Anthony Davis⁹⁴ put it, "the speed of which the army of madrassa students erupted in southern Afghanistan spoke volumes about the political bankruptcy of their foes". The loss of Herat by the Taleban in May 1995 to the well trained forces of Ismael Khan seemed to have been a turning point in the building of a more structured military Taleban force and the development of a less grass-root oriented movement. By 2001, the Taleban were functioning with a top down command structure. Yet, having established strong relationships at the grass-root level, the Taleban controlled their territory effectively. The political landscape was dramatically different from the 1992-1996 period described

above and opium trends depended largely on Taleban policy.

The Taleban policy on opium production was complicated by the contradictions between internal factors (their main grass-root support originated in the principal production areas - Helmand/Kandahar region) and external factors (international recognition)⁹⁵. As soon as the Taleban captured Kandahar in late 1994, Mollah Omar announced his main objectives: first to eliminate warlords and second to fight opium production and smuggling. Interestingly, these are the same challenges as those faced by today's Karzai government. Yet, in practice, production in the first year in the south remained stable as it did in other regions (1994-1996). The Taleban seemed to have focussed on territorial gain and considered opium production a secondary issue. The Taleban position was summarized by Mollah Omar in an interview in which he explained that, in the long run, the Taleban would eliminate opium production in Afghanistan but that it would have to be a gradual process, as farmers depending on opium cultivation could not be deprived of their income within a year. In the meantime, the Taleban strongly prohibited the sale of opium or heroin on Afghan soil but did not feel any responsibility to protect - through the implementation of measures to control production - non-Muslims abroad who wished to intoxicate themselves⁹⁶. Under the

⁹¹ See David, Anthony, "How the Taleban became a Military Force", in Maley, William, "Fundamentalism reborn? Afghanistan and the Taliban", NY, 2001.

⁹² See Ahmad, Rashid, "Pakistan and the Taliban", in: Maley, William, "Fundamentalism reborn? Afghanistan and the Taliban", NY, 2001.

⁹³ See Rashid, Ahmad, "Taleban. Militant Islam, Oil and Fundamentalism in Central Asia", Yale University Press, 2000.

⁹⁴ David, Anthony, "Ibid.", NY, 2001.

⁹⁵ See in particular Chouvy, Pierre-Arnault, "Taliban's Drug Dilemma: Drug Production vs International Recognition", John Hopkins Uni., 1999, www.pa-chouvy.org/CACA0812.html

⁹⁶ See the entire quote in Labrousse, Alain, "Géopolitique des drogues en Afghanistan", 2003.

Taleban, a very small amount of opium was processed in Afghanistan⁹⁷.

However, on the 26 September 1996, the Taleban entered Kabul. In the same year "influential heroin smugglers also began willingly to pay a "zaka" tax of 10% to the Taliban exchequer for permission to transport heroin out of the region. The heroin trade was officially condemned by the Taliban in contrast to the hashish trade, which they banned"⁹⁸. "With the opium traders now contributing to the Taliban via the transport mafia, the influence of the Pakistan-based transport mafia became enormous"⁹⁹.

However, it seems that at no time was Taleban policy on opium poppy influenced by the income earning potential. The farm-gate price of opium remained, averaging \$30/kg between 1994 and 2000 (UNODC). The tax collected by the Taleban on opium production, on processing laboratories and on transit collectively was thought to be around \$50-100 millions annually. "This represents a derisory sum compared to Osama Bin Laden's personal fortune and to aid granted to the Taleban by its principal supporters: Saudi Arabia and Pakistan"¹⁰⁰.

The capture of Kabul thus coincided with an increase in opium production in the following sequence;

1. In the first two years in the increasing number of provinces in which opium poppy was cultivated (10 provinces in 1996 and 23 in 2000 – Graph 8) while the total production remained more or less stable.

2. From 1999, with a significant increase in the area under cultivation (Graph 1). The highest production to date took place in Afghanistan in 1999 (Graph 3).

The improved security situation that prevailed under the Taleban - controlled area for traders certainly contributed to the geographical expansion of opium poppy production in the country. A 1998 UNODC study of the process of opium expansion in Laghman and Logar provinces highlighted the role of itinerant workers moving between districts while showing that traders did not seem to have a pro-active role in opium dissemination within these provinces. Across provinces and regions, the traders and opium entrepreneurs may have had a more pro-active role as observed by Fitzherbert in Badakhshan in 2001¹⁰¹ and by the author in Ghor province in 2003.

The factors which promoted the increase in opium poppy production from 1996 to 2001 can be summarized as:

- The Taleban ensured tight security in the whole territory under their control, particularly for traders and smugglers.
- The Taleban were harsh on opium consumers within Afghanistan but relaxed on opium production and export.

⁹⁷ Labrousse, Alain, *ibid.*, 2003; UNODC, 2000.

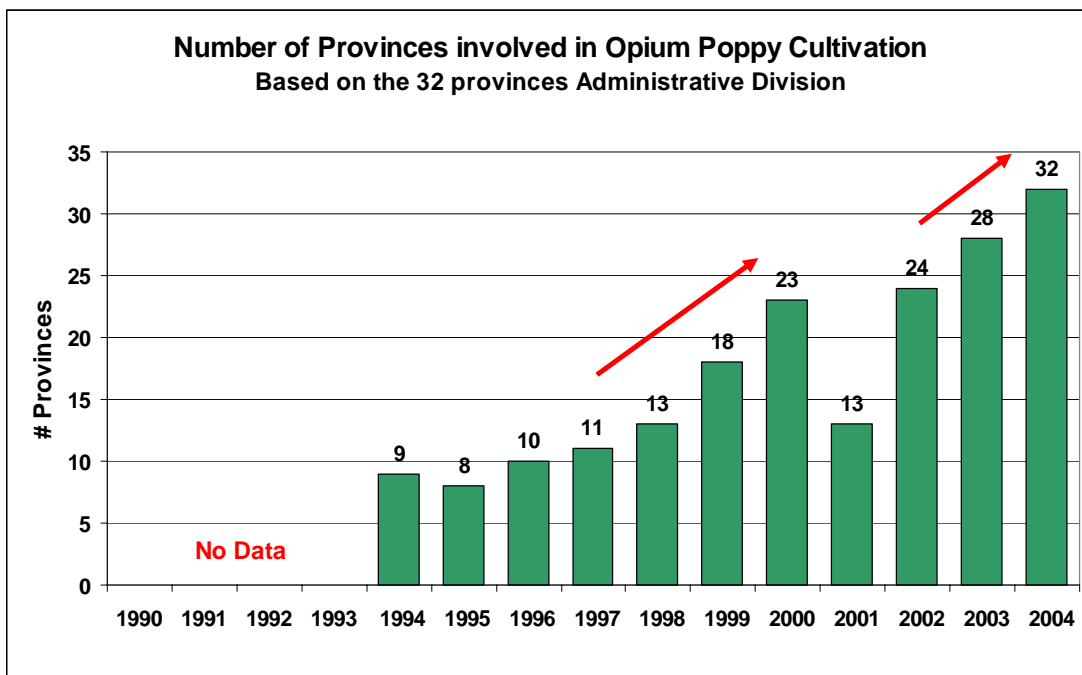
⁹⁸ Ahmad, Rashid, "Pakistan and the Taliban", in: Maley, William, "Fundamentalism reborn? Afghanistan and the Taliban", NY, 2001.

⁹⁹ Ahmad, Rashid, "Drug the Infidels", Far Eastern Economic Review, 1 May 1997.

¹⁰⁰ Center of Geopolitical Drug Studies, "Afghanistan: Drugs and the Taliban", Geopolitical Drug Newsletter, No 1, October 2001, www.geodrugs.net

¹⁰¹ See Fitzherbert, Anthony, "FAO/WFP/NAAH/MRRD Crop Output Assessment Mission. May 5th to May 20th 2003", 2003.

Graph 8
Number of provinces involved in Poppy Cultivation between 1990 and 2004.
Source: UNODC, 2004



5.4 2001 - A Successful Ban on Opium Poppy Cultivation

In July 2000, Mollah Omar published a decree banning opium cultivation in Afghanistan on the grounds that it was contrary to Islam. The Taliban enforced the ban with rigor while informing the farmers that the drought was a punishment from Allah for having produced drugs for so many years. Such a strong message along with good control over Afghan territory resulted, much to the surprise of the international community, in a dramatic reduction in poppy cultivation in 2001. The Taliban did not have to use much force or resort to eradication to implement the ban successfully. External observers noted that the Taliban banned opium poppy production in late 2000 either to secure

international support and recognition or, as some have speculated, to drive up the opium price to benefit from additional income¹⁰².

UNODC summarized the 2001 situation as follow (Maps 6 and 7) "An estimated 7,606 hectares (Ha) of opium poppy was cultivated in Afghanistan during the 2001 season. This represents a reduction in total poppy area of 91% compared to last year's estimate of 82,172 Ha. Helmand Province, the highest cultivating province last year

¹⁰² On negotiation between UNODC and the Taliban over opium poppy production, see Transnational Institute, "Merging Wars. Afghanistan, Drugs and Terrorism", Drugs & Conflict Debate paper 3, November 2001.

with 42,853 Ha, recorded no poppy cultivation in the 2001 season. Nangarhar, the second highest cultivating province last year with 19,747 Ha is reported to have 218 Ha this year"¹⁰³. National opium production dropped from 4,600 MT in 2000 to 185 MT in 2001 of which 35 tones were from Taleban controlled areas. Such a spectacular reduction had never been achieved since the Chinese eradication in the 1950s¹⁰⁴.

However, at the same time, in Badakhshan, which was not controlled by the Taleban, there was an increase of 258% in poppy cultivation (from 2,458 hectares in 2000 to 6,342 hectares in 2001). Production in Badakhshan peaked at 15,600 hectares in 2004. When the Taliban imposed a ban in the rest of the country, Nangarhar traders went to Badakhshan to finance poppy production (and buy land). Fitzherbert reported the following in summer 2003:

"Until recent times opium production in Badakhshan was a relatively self contained operation that had few close connections with opium production in the south west and south eastern provinces. In the last three seasons this appears to have changed. There are now well confirmed accounts of opium farmers and entrepreneurs coming up to Badakhshan from Nangarhar, particularly Pushtoons from hard core poppy districts such as Koghiani, to invest in opium production. These individuals and families are said to be buying in advance poppy crops some time in advance of the harvest. Others are reported to have not only taken out leases

(*edjareh*) on land to grow poppy or more recently have actually been buying land to farm themselves. In this latter case they are often then employing the previous owners as their tenants (*edjarehdar*) or sharecroppers (*deqan*). There is good evidence that this has been occurring in parts of Jurm and Kash. The Taliban ban on poppy cultivation in Nangarhar in 2001 probably provided the spur for this initiative"¹⁰⁵.

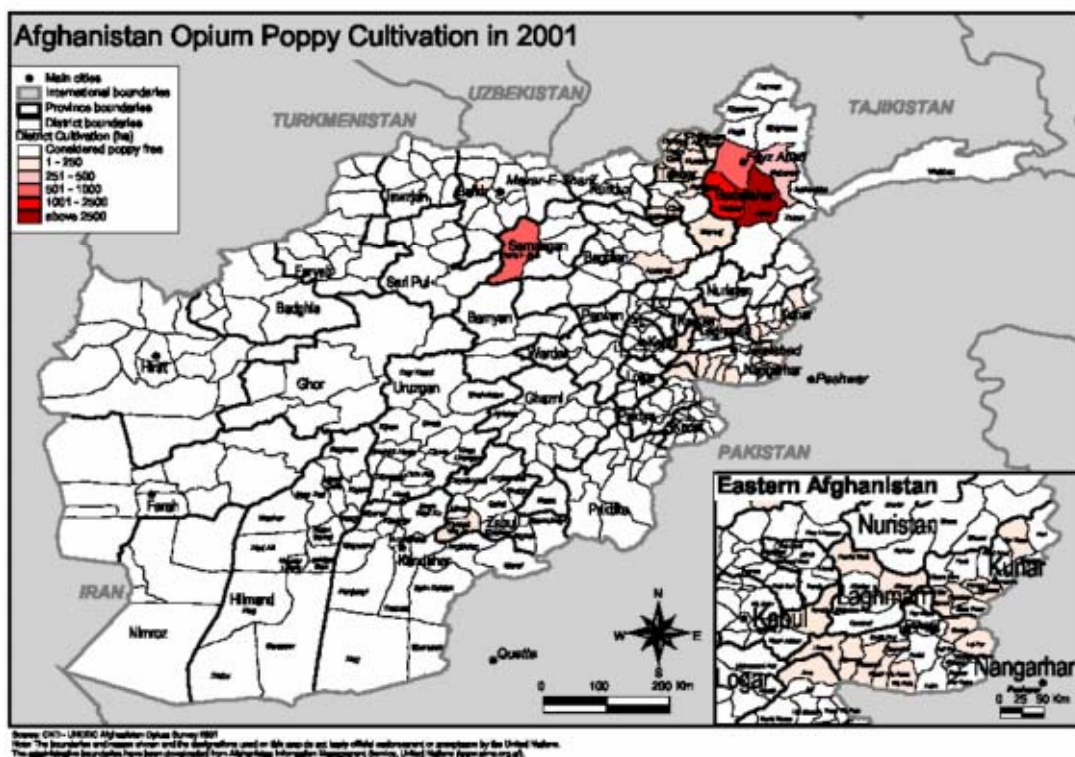
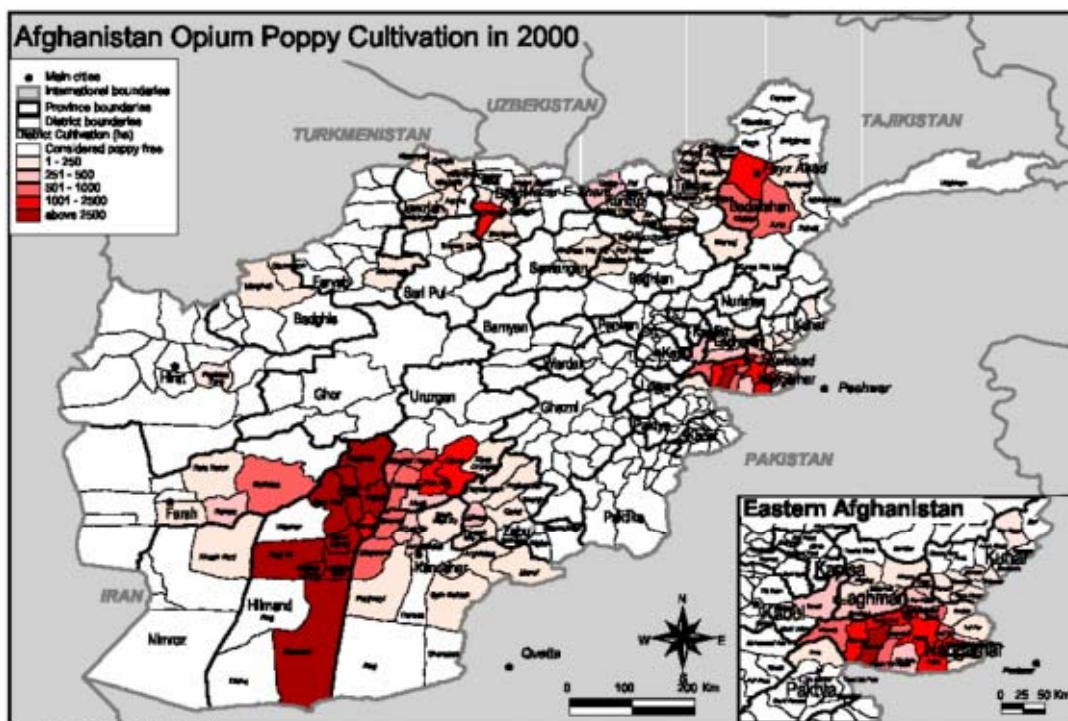
The successful ban on opium poppy cultivation implemented by the Taleban says a great deal about the effective control the Taleban had over Afghan territory. It is the first time in the entire history of Afghanistan that a ruler had such firm control over the land he administered.

¹⁰³ UNODC, "Afghanistan: Opium Survey 2001", 2001. www.unodc.org

¹⁰⁴ Chouvy, Pierre-Arnaud, "La Production illicite d'Opium en Afghanistan dans le Contexte de l'Enclavement, de l'Isolation et de l'Isolationnismes", CEMOTI, No 35, 2003.

¹⁰⁵ Fitzherbert, Anthony, "FAO/WFP/NAAH/MRRD Crop Output Assessment Mission. May 5th to May 20th 2003", 2003.

Maps 6 & 7
Comparison of Poppy production in hectares between 2000 and 2001. Source: UNODC



5.5 2002-2005 - The Second Boom in the Opium Economy

Barnett Rubin et al., (2005) summarized the situation as follow:

“Since the overthrow of the Taliban by the US-led coalition and the inauguration of the Interim Authority based on the UN-mediated Bonn Agreement of December 5, 2001, Afghanistan has progressed substantially toward stability. Not all trends are positive, however. Afghanistan has become more dependent on narcotics production and trafficking than any country in the world. It remains one of the world’s impoverished and conflict-prone states, where only a substantial international presence prevents a return to war. The modest results reflect the modest resources that donors and troop contributing states have invested in it. Afghans and those supporting their efforts have many achievements in their credit, but declarations of success are premature”¹⁰⁶.

The loss of control of rural Afghanistan by a centralized authority (Taleban) resulted in a re-fragmentation of the country by the warlords. The current situation is, in some ways, similar to that in 1992, but with much reduced influence from the political parties (Map 5). Despite the re-fragmentation of Afghanistan, the situation has remained stable largely because the warlords who are in control of much of the country can continue their business as usual through an illicit economy without

having to fight, as in the past¹⁰⁷. Indeed, between 1992 and 1996, warlords had much to fear from military attacks from neighbouring warlords and were constantly on the alert to protect their illicit businesses. Today, these warlords can operate as usual without the fear of being openly attacked by other warlords since the international forces would retaliate on all parties¹⁰⁸. In other words, the international presence in Afghanistan, while maintaining a degree of stability in parts of the country, has so far suited the interests of these warlords. However, if the the international forces were to leave the country in the near future, the return to civil war could be immediate.

Increased regional cooperation with the signature on December 23, 2002 of a non-interference pledge (known as the Kabul declaration) by six of Afghanistan neighbours reduced politically motivated assistance to Afghan’s factions as compared to the previous periods¹⁰⁹. Therefore, under the interim government, the illicit economy shifted toward opium poppy cultivation, processing and trading as an alternative source of income for warlords. This shift benefited from a 10 fold increase in the opium farm gate

¹⁰⁶ Rubin, Barnett; Hamidzada, Humayun and Stoddard, Abby; “*Afghanistan 2005 and beyond. Prospects for Improved Stability Reference Document*”, Netherland Inst. Intern. Relations Clingendael, April 2005.

¹⁰⁷ It is an open secret that massive international assistance channeled through the government without a capacity to insure proper management of funds down to the local level benefits excessively certain groups. Courtney et al., (2005) notes that “Commanders still maintain illicit sources of revenue”. Courtney, Morgan; Riddell, Hugh; Linder, Rebecca and Cohen, Craig, “*In the Balance. Measuring Progress in Afghanistan. Summary Report*”, report for IOM by Post-Conflict Reconstruction Project and CSIS, July 2005.

¹⁰⁸ The use of B52 bombers during the fight against Taleban had a deep psychological effect.

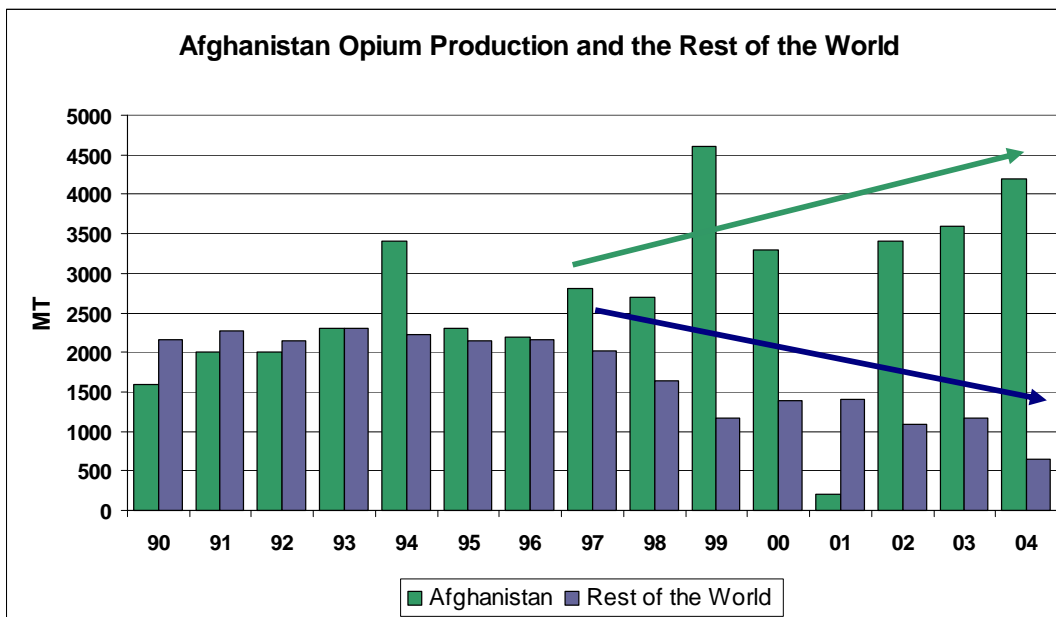
¹⁰⁹ Yet, Barnett Rubin calls for a reinforced regional cooperation. See Rubin, Barnett, *Ibid.*, 2005.

price in 2001 following the Taliban ban on poppy cultivation. The upsurge of poppy prices from 2002 opened up considerable illicit business opportunities all across the country.

Despite the re-fragmentation of Afghanistan in favour of warlords, trading routes remained more accessible as compared to the 1992-1996 period. This facilitated a second increase of production and trading of opium. By 2004, all provinces in Afghanistan were involved in opium poppy cultivation and opium poppy was no longer a Pashtun issue as all ethnic groups are now involved¹¹⁰. Between 2002 and 2005, the proportion of the total cultivated area under poppy dropped from 90% to 50% in the main production areas (Graph 7 above).

In addition, external factors have also favoured opium production in Afghanistan; the world demand for opiates increased in the past years and has stabilized at a high level since 2001¹¹¹, while the production by the rest of the world (besides Afghanistan) has decreased (Graph 9). Since 2004, Afghanistan has produced 87% of the total world opiates.

Graph 9
Opium poppy production in Afghanistan and the rest of the world. The green arrow shows Afghanistan opium trends while the blue arrow shows trends in the rest of the world.
Source: UNODC, 2005



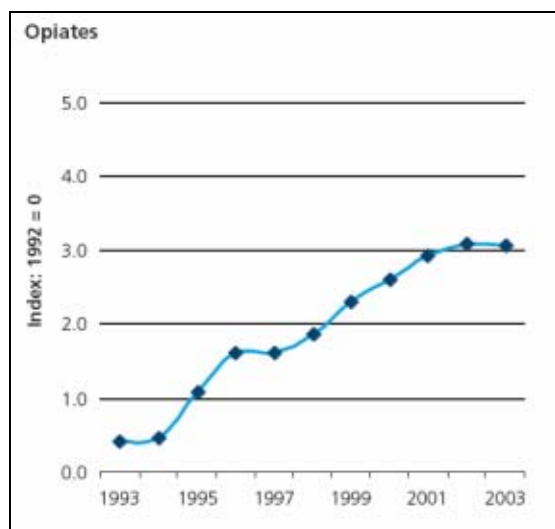
¹¹⁰ UNODC, *Ibid.*, 2004a.

¹¹¹ UNODC, "2005 World Drug Report", 2005, http://www.unodc.org/unodc/en/world_drug_report.html

The figures below summarize the key data of the opium economy in 2004¹¹²:

- Area under poppy production: 131,000 ha
- % of world area under poppy production: 67%
- Area under production/total irrigated land: 6.6%¹¹³
- Number of farmers involved: 356,000
- Total number of farmers: 1.06 millions (51% of total population)
- % Farmers involved in opium production: 35% (4 millions or 17% of total population)
- Number of province involved: 34
- Ethnic groups involved: All
- Production: 4,200 tons
- World market production share: 87%¹¹⁴
- Opium gross farm income per ha: \$4,600
- Gross farm income from opium: \$ 600 millions
- Value of opiate exports: \$ 2.8 billions
- National licit GDP: \$ 4.6 billions
- Value of opiate exports/national licit GDP: 60%

Graph 10
Opiates drug use trends. UNODC, 2005¹¹⁵



¹¹² Sources: UNODC, "Afghanistan Opium Survey, 2004", 2004; UNODC, "World Drug Report", 2005; FAO/WFP, "Crop and Food Supply Assessment Mission to Afghanistan (CFSAM)", 8 September 2004. www.fao.org; Maletta, Hector and Favre, Raphy, "Agriculture and Food Production in Post-war Afghanistan. A Report of the Winter Agriculture Survey 2002-2003", FAO, Kabul, August 2003, www.fao.org/world/afghanistan/;

¹¹³ FAO estimated in 2004 that 1.42 million hectares have been cultivated with cereals. Another 0.35 million hectares with pulses and other crops (2003 earlier estimates) and 0.21 million hectares with horticulture crops. Therefore, the total estimated irrigated land under cultivation in 2004 is approximately 1.98 million hectares.

¹¹⁴ 87% in 2005.

¹¹⁵ UNODC, *Ibid.*, 2005.

From a purely commercial point of view, the success of opium as a global commodity is remarkable. By 2004, the opium economy generated extraordinary revenues, representing 60% of the licit economy of Afghanistan on only 6.6% of the irrigated land. Given the ability of opium poppy to grow successfully in many agro-ecological zones, the potential for further increase is substantial.

On 17 January 2002, President Karzai issued a ban on opium poppy cultivation, processing, trafficking and

abuse and promised to launch a Jihad against opium in Afghanistan. The ban on opium was supported by international efforts. Yet, since 2002, opium production has increased, although, in 2005, there was a 2.4% decrease in production and a 21% decrease in acreage, as compared to 2004 (Graph 3). This situation illustrates the limited control exercised by the transitional government over the rural areas of the country and suggest on who is actually in charge of rural Afghanistan.

5.6 2005 - Significant Reduction in Opium Poppy Cultivation in Nangarhar

The Nangarhar campaign was launched on November 7th, 2004 by the MRRD Minister and the donor community at a conference convened in Kabul, to which all the leaders of Nangarhar poppy production areas were invited. The UK and USA, in particular, stressed that all necessary means to enforce opium poppy eradication would be implemented in 2005, but that they were willing to listen to the views of people of Nangarhar.

On behalf of Nangarhar leaders, the Governor of the province, Din Mohammad, confirmed that they were strongly committed to implementing President Karzai's ban on opium poppy cultivation. But, he said that the needs of the Nangarhar people should be addressed and the leaders were therefore expecting a reciprocal commitment from the donor community. Din Mohammad then presented a detailed list of the peoples' needs from emergency interventions to longer term rural development work.

The MRRD press release (Annex-II) states that "the response of the international community to the proposals for Nangarhar at the meeting was very positive. Speakers from the European Community, USAID and the British Government's Department for International Development (DFID) reiterated their commitment to render assistance through the leadership of the Afghan government, based on the priorities of the leaders of Nangarhar"¹¹⁶. In fact, the UK and US were less categorical in their commitment to the Nangarhar leaders' wish lists than stated by the press release. "I appreciate you have made a

commitment to eradicate poppies, and it's up to us to reciprocate," USAID representative told the audience of senior leaders from Nangarhar. The meeting was concluded by one of the speakers from Nangarhar, who summed up by saying "Nangarhar has always claimed to be number one in poppy production. Now we must be number one in eradication".

Following the conference, no opium poppy was seen growing in Nangarhar province when visited by the author in late January 2005 in areas where more than half the land was planted to poppy in previous years. Later, eradication of crops was undertaken, which further reduced the cultivated areas. The central government and the provincial authorities estimated that they achieved a 70% reduction of opium poppy production in 2005. The UNODC figures showed a more dramatic reduction of 96% from 28,213 to 1,093 hectares.¹¹⁷ The decisions of Nangarhar leaders had been made easier as the price of opium paste decreased dramatically, to below \$100/kg, compared to the previous years and both farmers and traders had considerable unsold opium stocks. The price of opium poppy increased following the announcement of the results of November meeting in Kabul.

The opium ban was implemented through Nangarhar leaders who were pressured by the international community and the army based in the region. Mansfield noted that "a failure to deliver would have far reaching consequences for those in government office who wanted to retain their economic and political influence...

¹¹⁶ MRRD, "Tripartite Commission is proposed for Afghanistan's main Poppy growing Province", Press Release, 12th November 2004.

¹¹⁷ UNODC, "Statistical Annex to the Note 'The Opium Situation in Afghanistan as of 29 August 2005'", 2005.

Farmers were very much aware of the pressure on local authorities to achieve a significant reduction in opium poppy cultivation this year (often blamed on foreigners) and consequently believed that this would be translated into action on the ground¹¹⁸. The international military presence in Nangarhar ensured that the ban was 96% successful.

A farmer reported to Mansfield (2004) in Kama district; “The Government has banned opium poppy by power. If the next year they use their power the people won’t cultivate, if they do not we will cultivate”¹¹⁹. The final outcome of the ban is less than certain and will depend on negotiation skills between the three parties involved (local leaders, governments and donors) as well as the carrot and the stick approach employed by the central government and the international community.

¹¹⁸ Mansfield, David, *“Pariah or Poverty? The Opium Ban in the Province of Nangarhar in the 2004/05 growing Season and its Impact on Rural Livelihood Strategies”*, PAL Internal Document No 11, June 2005.

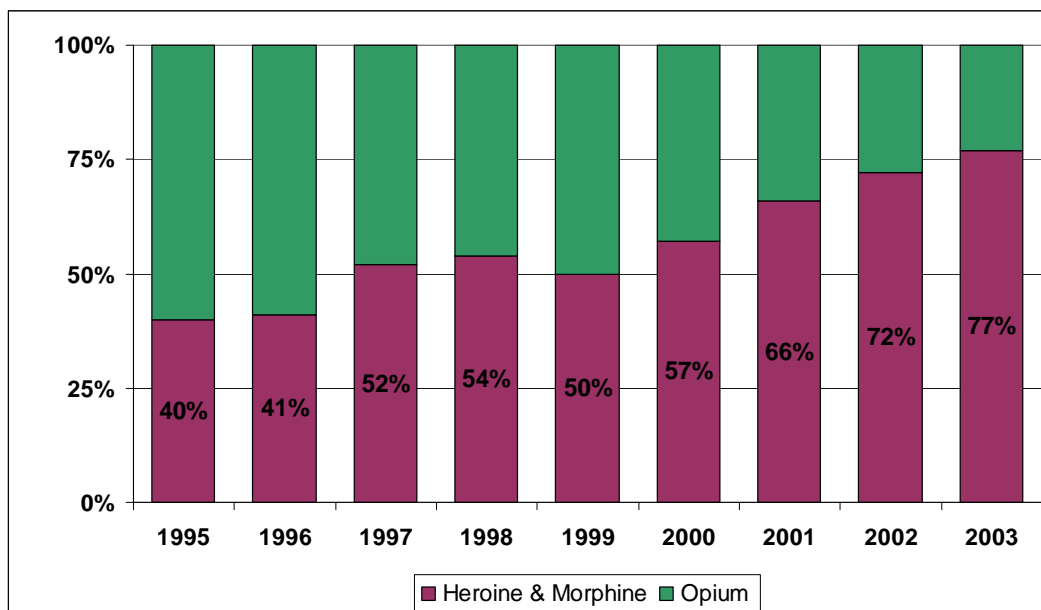
¹¹⁹ Mansfield, David, *Ibid.*, 2005.

5.7 2002-2005 - Trends in Vertical Integration

There are indications of a trend towards the vertical integration of the opium market chain in Afghanistan. The UNODC 2004 Afghanistan Opium Survey revealed that, of Afghanistan's total opiates exports of 500 mt of morphine and heroin and close to 1000 mt of opium, 30% was being exported via Central Asia and that the balance was still exported via Pakistan and Iran to Turkey (directly or via Iraq). The analysis of seizure data in these regions suggested that the processing of opium in Afghanistan had increased over the last few years, with increasing seizures of semi-processed (morphine) or end products (heroin) in countries surrounding Afghanistan. The 2004 UNODC survey also showed that 77% of all opiate seizures in South-West and Central Asia were already in the form of either morphine or heroin, up from 40% in 1995.¹²⁰

Rubin (2004) noted that “The increasing vertical integration of the opiate industry could therefore translate into traffickers’ being more capable of organized political and military action. Under such conditions, the drug industry is in danger of becoming further militarized and integrated with the political system”¹²¹.

Graph 11
Proportion of heroin and morphine in opiates seizures in South-West and Central Asia between 1995 and 2003, using a 6.5:1 conversion ration of opium to heroin and a 1:1 conversion ration for morphine to heroin. Source: UNODC, 2005



¹²⁰ UNODC, “Afghanistan Opium Survey 2004”, Nov 2004, www.unodc.org

¹²¹ Rubin, Barnett, “Road to Ruin: Afghanistan’s booming Opium Industry”, Center for American Progress and Center on International Cooperation, October, 2004.

6. Fighting Drugs or the Failure of Eradication

Recent counter narcotic efforts have concentrated on interdiction and eradication¹²². These efforts are lead by the perception that the opium economy poses a direct and immediate threat to Afghanistan's security and reconstruction efforts. Barnett Rubin wrote in 2004 "Afghanistan's opium industry, which fosters terrorism, violence, debt bondage, and organized crime, had expanded to the point that it could undermine the entire US and international effort"¹²³. However, some researchers consider that evidences are still needed to show that narco-terrorism exists in Afghanistan¹²⁴. For example, in the Taleban era, the opium drug economy seemed neither to have dramatically affected their capacity to rule the country nor to have provided a major source of income for their administration. Perhaps their zeal in implementing the opium ban had weakened their grass-root support in the south. Given the redistribution of opiate incomes (Graph 12 below), it appears that terrorism, violence and organized crime may be more in evidence downstream of the value chain and largely outside Afghanistan. The total opium economy in Afghanistan represented \$2.3 billions in 2003 against a total value at the retail level of \$ 64.8 billions (Graph 12). The value of farm gate opium income in Afghanistan represents 3.5% of the total retail level opiate income¹²⁵.

¹²² See also the Chapter 6, "Lessons from Experience in Fighting Drugs" of the World Bank "Opium Drug Economy which provides a summary of experiences gained in fighting drugs. Ward, Christopher and Byrd, William, "Afghanistan's Opium Drug Economy", World Bank, Dec. 2004.

¹²³ See Rubin, Barnett, "Road to Ruin: Afghanistan's booming Opium Industry", Center for American Progress and Center on International Cooperation, October, 2004.

¹²⁴ See Chouvy, Pierre-Arnaud, "Narco-Terrorism in Afghanistan", Jamestown Foundation, Vol. 2, Issue 6, March 2005, www.geopium.org and

¹²⁵ UNODC, *Ibid.*, 2005

Eradication is the physical destruction of illicit crops directly in the field. It is generally considered that eradication has failed to achieve its objectives, both in Afghanistan and elsewhere, for the following reasons¹²⁶:

- It penalizes farmers without necessarily affecting drug traffickers who makes much of the profit of the drug business.
- It opens new, but totally unnecessary, military fronts against opium poppy growers. This could be an enormous tactical mistake as it would add hundreds of thousands of potential fighters to support the Taleban or international terrorism networks¹²⁷.
- It involves considerable risks for those implementing in the field (manual eradication).
- It pushes prices up and thus creates a stronger incentive for farmers to grow more opium. The incentive is even higher when compensation is offered¹²⁸.
- There are serious concerns about human and environmental health with chemical and biological eradication which breaches the Biological

¹²⁶ Some of the points below have also been flashed out by Mansfield, David, "The Impact of Eradication on Illicit Drug Crop Cultivation. Draft", 2005.

¹²⁷ Earlier experiences exist in Vietnam. See Kenefick, Frank and Morgan, Larry, "Opium in Afghanistan: People and Poppies, the good Evil" Chemonics International Inc., 2004.

¹²⁸ Fitzherbert noted in 2003 that "Rumors abound that farmers in Badakhshan were, last year – 2002, encouraged to sow additional marginal land in poppy in the expectation of being paid off under the British funded scheme at the rate of US\$ 350 for every *jerib* voluntarily eradicated"; Fitzherbert, Anthony, "FAO/WFP/NAAH/MRRD Crop Output Assessment Mission. May 5th to May 20th 2003", 2003.

Weapons Convention when used without the consent of the concerned state.

- Short term show-case eradication is sometime promoted by local leaders to increase international assistance – a tactic that almost inevitably fails.
- In a context of weak governance and poor security, it is virtually impossible to ensure that eradication is handled fairly¹²⁹.

Barnett Rubin notes that the US as the UK focused disproportionately on crop eradication¹³⁰. Critics argue that eradication in the absence of a licit economy/alternative livelihood will fail (Annex-III). Yet, implementing alternative livelihood programmes which as slow-acting would result in failure if implemented in conjunction with drug eradication campaigns. Moreover, the presence of international aid organizations and contractors offers easy targets for those opposed to eradication/alternative livelihood programs. In May 2005, the dramatic fate of Chemonics Inc. national staff killed in Helmand and Zabul provinces sadly illustrates the situation.

The danger for the Afghan state and the international forces of aggressive

¹²⁹ "On April 3, 2002, the transitional government launched its eradication program and offered \$250 in compensation of each jerib planted and eradicated jerib (\$1250 per ha). However, poppy growers declared that they could obtain from \$1700 to \$3500 per jerib if they collected their opium and sold it at market price. Various observers argued that the only 10% of the cultivated area had been eradicated and that in many cases compensation have been pocketed by local commanders and governors...Peasants or their local governors resorted to various subterfuge to profit from both the governmental compensations and the sale of opium on the market". In: Chouvy, Pierre-Arnaud, "The Ironies of Afghan Opium Production", Asian Time, Sept. 2003. www.pa-chouvy.org/Afghanistan-Opium-AsiaTimes-chouvy2003.html

¹³⁰ Rubin, Barnett, "Road to Ruin: Afghanistan's booming Opium Industry", Center for American Progress and Center on International Cooperation, October, 2004.

and poorly sequenced eradication programmes is certainly much greater than doing nothing in counter narcotics in the short-term. Chemonics Inc. stated that "Although politically awkward for foreign donors and stakeholders, doing nothing in the short run about poppy growers and opium production *per se* may be an intelligent action"¹³¹. Yet, there is general agreement that eradication has a role to play in raising the risks associated with illicit drug crop cultivation. However, there is considerable debate and no agreement on when eradication should be introduced.

Introducing interdiction activities focusing on combating drug trafficking and processing laboratories where much of the profits are made could result in a substantial reduction drug income without antagonising hundreds of thousands opium opium poppy farmers.

Graph 9 above suggests that Afghanistan is about to become the last country for illicit opium poppy cultivation in the world; by 2004, Afghanistan produced 87% of the total opium in the world. UNODC (2005)¹³² noted that "Afghanistan will determine the size and development of the world's main opiate markets."¹³³ Graph 12 below shows the magnitude of the opiate global market which amounts to \$ 64.8 billion while the producers (87% in Afghanistan) receive \$ 1.2 billion or merely 2.9%. A six fold increase in the producer gross income (from \$ 283/kg to \$ 1,700/kg) would, theoretically, result in only a 7.7% increase in the retail price. The margin for increasing the producers'

¹³¹ Kenefick, Frank and Morgan, Larry, "Opium in Afghanistan: People and Poppies, the good Evil" Chemonics International Inc., 2004.

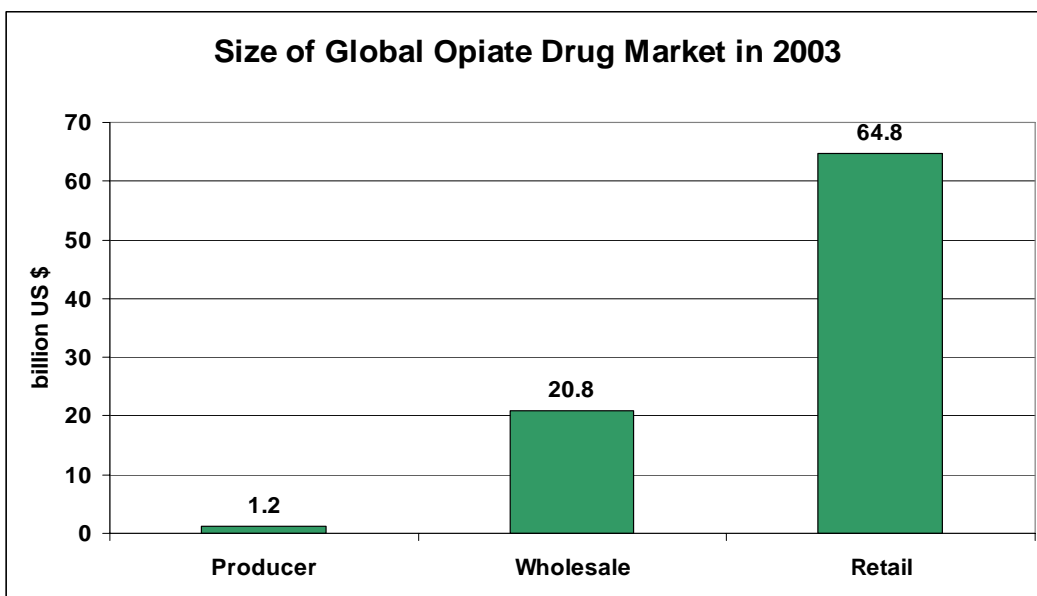
¹³² UNODC, "World Drug Report", 2005.

¹³³ "Purity levels of heroin in some European countries have already started to rise – a clear indication that there is sufficient and rising supply. Opium produced in Afghanistan usually ends up in these markets in the form of heroin with a one year delay". UNODC, "World Drug Report", 2005.

income without substantially affecting the retail/street market drug price is considerable. Therefore, there is likely to be considerable resistance toward reduction of opium production, unless the poppies could be planted in another corner of the world (Pakistan?, China?¹³⁴, Iraq?, North Korea?, Africa?).

Therefore, it is plausible that, without a relocation of opium poppy production in a third country, eradication in Afghanistan could lead to the relocation of opium poppy production to less accessible areas and to a significant increase in price. The end result could be a concentration of opium income in the hands of fewer actors. In other words, warlords/drug lords may be able to retain their income despite a reduction in poppy cultivation. Therefore, the success of a campaign aiming at curbing the opium economy should not only be measured in terms of the reduction in area cultivated, but also in terms of reduced income in the illicit economy.

Graph 12
Size of global opiate drug market from producer to retail levels. UNODC, 2005



¹³⁴ Little is known on the opium poppy situation in China.

7. Indigenous Experience in Opium Poppy Interdiction

The driving factor on indigenous experience in poppy interdiction is related to Islam. Poppy cultivation, trade and consumption is strictly “*haram*” (forbidden) and against the teachings of Islam. Yet, if drugs are forbidden, nothing is said specifically on opium and leave considerable room for ambivalence in Islamic interpretation of the laws.

Indigenous initiatives to eliminate opium poppy production have generally been based on religious grounds. Asger Christensen¹³⁵ noted that “these religiously based restrictions provide the best hope for a reduction of poppy cultivation in Afghanistan”. Yet, the stances on poppy cultivation by local authorities, commanders, political parties or *shura* have never been uniform. Also, UNODC attempts to involve religious scholars to back their efforts to eliminate opium poppy cultivation have only had limited success¹³⁶.

Recorded successful initiatives include:

- In the early/mid 1990s, the military commanders of Alawdini in Ghazni province and Jeghatu in Wardak province implemented successfully an interdiction on opium cultivation (see section 5.2 above).

¹³⁵ Asger Christensen, “*Aiding Afghanistan. The Background and Prospects for Reconstruction in a fragmented Society*”, 1995, p. 86.

¹³⁶ “The trouble was that the men and women of the UNDCP put too much faith in the literal power of sharia, Islamic law, which relies heavily on interpretation. The agency enlisted Islamic scholars to support its case against drugs. However, Taliban leaders, on the rare occasion when they would discuss it at all with outsiders, insisted that the Taliban alone had authority to interpret the law”, Cooley, K. John, “*Unholy Wars : Afghanistan, America and International Terrorism*”, Pluto Press, 2000; Chapter 7.

- In Kunar province, which was a poppy cultivating area before the war, the radical Islamist *shura* has successfully managed to eradicate nearly all poppy cultivation since 1991¹³⁷.
- In 2001, the Taleban successfully enforced a ban on opium poppy cultivation in the areas they controlled.
- In 2003, the districts of Herat under the control of the former governor were virtually free of opium poppy cultivation (while poppies were grown in Zerkoh area controlled by a commander opposed to the former governor)¹³⁸.
- In 2003, all districts of Balkh and Jawzjan provinces under control of Jumbesh-e Islami had little opium poppy cultivation. The few farmers involved limited their production to the land within the walls of their household compound (100-200 m² each). Yet, in the same provinces, poppies were grown in areas controlled by Jamiaat-e Islami.

Unsuccessful indigenous attempts to curb opium poppy cultivation include:

- The Northern Alliance outlawed opium poppy cultivation and heroin manufacture in June 1999, a year before the Taleban issued their own ban. However, the Northern Alliance failed to enforce the ban in their area.

¹³⁷ Asger Christensen, *Ibid.*, 1995, p. 87.

¹³⁸ The entire Herat province was surveyed by the author for the FAO/WFP/MAAH/MRRD National Crop Output Assessment.

- On 17 January 2002, President Karzai issued a ban on opium poppy cultivation, processing, trafficking and abuse and promised to launch a Jihad against drug in Afghanistan. The ban on opium was supported by international efforts. Yet, since 2002, opium production continued to increase.

A review of the indigenous experiences on opium interdiction provides some indications of the factors underlying successful or unsuccessful attempts to curb opium poppy production in Afghanistan. The Alawdini and Jeghatu commanders, the Kunar radical Islamist *shura*, the Taliban, the former Herat governor and the Jumbesh-e Islami commander:

- were all capable of controlling the territory under their jurisdiction.
- had all used Islam to support their interdiction on opium poppy cultivation.
- had all alternative sources of income (Alawdini commanders supported by Iran, Jeghatu commanders by various political parties and his family NGO, the Taliban by Pakistan and Saudi Arabia plus the smuggling income, Herat governor from import and export taxes with Iran and Turkmenistan and Jumbesh-e Islami commander from gas mining and support from Central Asia). The Kunar *shura* is not known to the author, but Kunar lies in the border or tribal areas in Pakistan (Bajaur) which had seen a proliferation of wealthy Islamist religious movements.

Moreover, for those heading military structures, implementing an opium cultivation ban in their area of control would ensure that lower level commanders did not have access to

juicy opium poppy income and would therefore remain loyal.

The unsuccessful indigenous efforts had the following characteristics:

- Poor control over the territory and local leaders by current government or political movement (*Shura-e Nazar/Northern Alliance*). The *Shura-e Nazar* was a loose coordinating council of small and medium warlords of north Afghanistan which not all warlords agreed to join as they resented Massud's growing power.
- Absence of an effective centralized command structure by the penetration of various groups of interests within the same political structure (current government and Northern Alliance).
- Local commanders in remote areas of Badakhshan did not necessarily have readily available alternative sources of income.

Therefore, it appears that a successful implementation of a ban on opium production depends on the capacity of the rulers to:

- a) Control the territory, and
- b) Ensure an alternative source of revenue.

Yet, indigenous experience of a long term opium ban over large territory (over more than one season) is lacking. The Head of UNODC-Afghanistan reported in an interview that "eradication usually does not bring about a sustainable reduction of poppy crop, it is a one-time short-term effort. Also eradication 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”¹³⁹. The Taleban did not survive long enough to be tested on the sustainability of their opium ban in subsequent years. The ban resulted in significant costs for the Taleban, leading to increasing hostility from the rural population in their support base in the south. According to the Transnational Institute, a UNODC official reported that the Taleban ban was “an unprecedented success, but in humanitarian terms a major disaster”¹⁴⁰.

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http://www.plusnews.org/report.asp?ReportID=44423&SelectRegion=Central_Asia

¹⁴⁰ See Transnational Institute, “*Merging Wars. Afghanistan, Drugs and Terrorism*”, Drugs & Conflict Debate paper 3, November 2001.

8. Opium, Governance and Territorial Control in Afghanistan

"The difficulty of any pre-war government in Afghanistan was that Afghan society had no limited territory and power structures on which the state could adopt a strategy to take possession. Afghan society was not feudal. The power structure in the society was not a defined place or person, but a multitude of elusive and constantly renegotiated networks or "qawms". While the state apparatus tried to delineate village communities that could be managed by the headmen ("malek", "qariadar", "khan", "kad khida" or "arbab"), the society responded by trying to link its "qawms" to the state apparatus in order to access resources. Favouritism and corruption constituted effective forms of rejection of the government by the society", Favre (2005)¹⁴¹. Roy noted that *jihad* has been declared when the government, judged non-believer, could not be infiltrated any longer by social solidarity networks or "qawm"¹⁴².

Today, after 25 years of war, the situation is different as the warlords form a power structure controlling fairly well defined territories which are represented by social groups. These are the "*manteqa*" as described by Favre (2005)¹⁴³. The Afghan government could adopt a strategy to take gradual possession of these power structures and subsequently have control over the country. Favre (2005) shows that "the new administration in Kabul may encourage ownership of the Afghan society over its own destiny by

promoting representative grass-root level organizations or "*shura*"¹⁴⁴. The National Solidarity Program (NSP) is promoting such an approach but has failed as the program wholly ignored existing social structures in rural Afghanistan.

The Taleban, primarily a grass-roots movement, well understood the social realities of Afghanistan and adopted a strategy to take possession of local power structures and subsequently controlled Afghanistan. The Taleban replaced warlords (by force or bribes) with local "*shura*" (often called "*shura-e mahali*") representing various social groups (bottom up approach) and hence received massive support from the population. Furthermore, these "*shura*" were easier to control than military commanders and were instrumental for resolving security problems and collect taxes in any given local area. Within a few months, the Taleban controlled the whole of southern Afghanistan. The ousting of the Taleban in 2001 resulted in the re-capture of the Afghan territory by military commanders (warlords). The interim government has similar opportunities to control the rural areas as the Taleban had when they emerged in 1994.

Under the Taleban, these "*shura*" or "*shura-e mahali*" were placed at a territorial level ("*manteqa*" level) not only reflecting social structures but at the highest level where "*shura*" representative would still have detailed

¹⁴¹ Favre, Raphy, "*Interface between State and Society. An Approach for Afghanistan*", Aizon, Kabul, January 2005a.

¹⁴² Olivier Roy, "*L'Afghanistan: Islam et modernité politique*", Coll. Esprit/Seuil, 1985. The term "qawm" is understood in a wider sense of social solidarity network and not only tribal/kinship solidarities.

¹⁴³ Favre, Raphy, *Ibid.*, 2005a.

¹⁴⁴ It should be noted that in their early years, the Taleban established a grass-root based decision making process that proved highly successful and key for their initial success on the ground. They later on turned into a military based organization. See Ahmad Rashid, "*Taleban. Militant Islam, Oil and Fundamentalism in Central Asia*", Yale University Press, 2000.

knowledge of the population they were representing. “*Shura*” members established at “*manteqa*” level knew every single household in their area of jurisdiction (figure 4). This contrast sharply with the district administration established by the current government (top down approach) which is too high a level where government representatives have no direct knowledge of households on the ground. Furthermore, the top-down approach leaves out significant gaps in territorial control (figure 5).

Any attempt by the current government, with international support, to implement an aggressive strategy to remove the warlords without already having a substitution strategy in place (as the Taleban did) would likely result in greatly increased insecurity. However, the warlords do have a function in the redistribution of resources, although unequal, at the local level. Through the “*qazi*” or religious judges they deliver justice in local conflicts, protect public places - against looting from other warlords - such as markets, schools or hospital, defend local interests on public land by delivering “*firman*” or land titling which defies the old land tenure laws in which the local population felt they were the losers. Yet, warlords hold guns and therefore deliver these services in their own best interests and remain largely unaccountable. In 1978-79, wrongly assuming that the Afghan rural society was feudal, the communist regime eliminated local leaders without replacing them with a viable alternative. It deprived the local population of their leaders and disrupted local service provision essential to agriculture production; which resulted in widespread anti-government rebellion¹⁴⁵. In addition, the loss of a monopoly of violence by warlords creates a vacuum which results in more violence and predatory behaviour by uncontrolled militiamen. Examples

abound over the past decade¹⁴⁶. The Community Development Councils established by the National Solidarity Programme (NSP) are not always viable options as they do not integrate local social structures. Consequently, the NSP is resulting in social fragmentations at local level¹⁴⁷.

Sarah Lister noted that “In the vacuum created by the lack of open public discussion about local governance structures, donors and other international bodies are moving ahead with their own assumptions about what is appropriate in the medium and long-term for Afghanistan”¹⁴⁸. The current government is “in theory, fiscally and administratively one of the most centralized in the world. All budgetary and most staffing decisions are made in Kabul, and provincial departments of line ministries, as well as the governor’s office, have virtually no discretionary spending power”. Yet, in practice the government is presiding over one of the most decentralized state in the world with its central government struggling to control more than Kabul city.

¹⁴⁵ See Roy, Olivier, “*L’Afghanistan. Islam et modernité politique*”, Ed. du Seuil, 1985, p. 114.

¹⁴⁶ In 1994, a military commander met in Peshawar while returning from the front line in Kabul said that many commanders lost control of their militiamen and that these armed individuals, including his, were creating havoc in the city.

¹⁴⁷ See Favre, Raphy, 2005a.

¹⁴⁸ Lister, Sarah, “*Caught in Confusion: Local Governance Structures in Afghanistan*”, AREU, March 2005.

Figure 4

Schematic representation of the consensus administrative model which was partly applied by the Taliban in the first years of their rule. This model is perceived by rural Afghans as a bottom up approach in which they do have control

Consensus Model – Covers the entire Territory

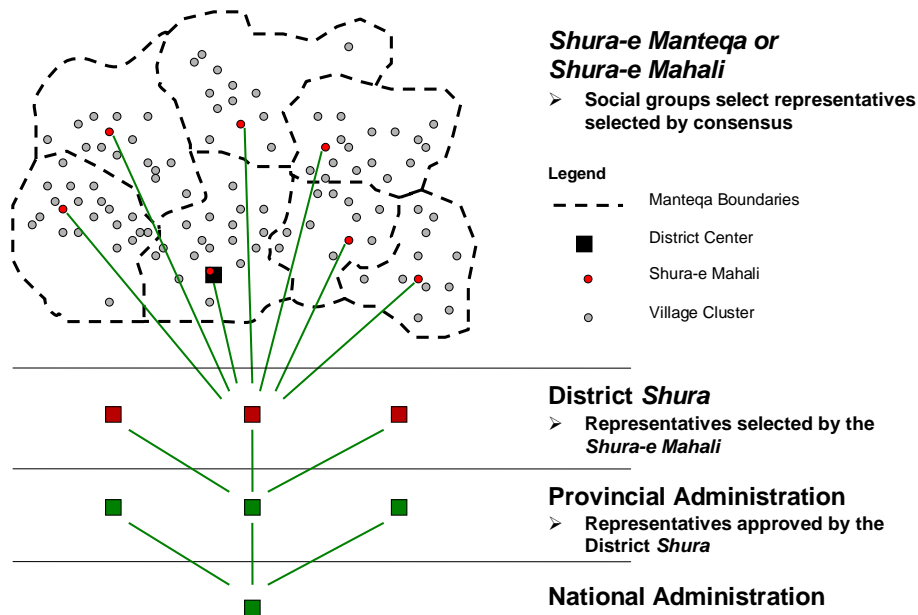
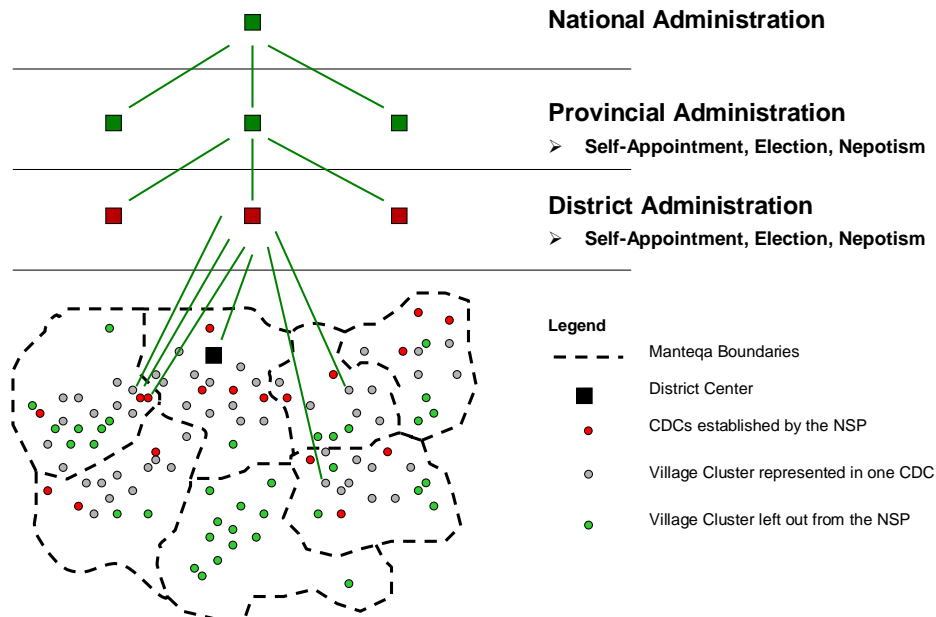


Figure 5

Schematic representation of the centralized administrative model which is perceived by Afghans as a top down approach in which they do not have control. This approach, by ignoring social structures and due to rivalries between social groups leaves out significant areas of territory

Centralized Model – Leaves significant Gaps in Territorial Control



9. Opium Poppy and Rural Poverty: The Absence of Direct Link!

9.1 National Poverty Level and Opium Producing Countries: Absence of direct Link

Superficially, the fact that the three main opium poppy producing countries are amongst the poorest in the world indicates that there is necessarily a correlation between poverty and drug production. According to the 2004 UNDP Human Development Report¹⁴⁹, the second and third highest opium producers, Myanmar and Laos, ranked respectively 132 and 135 out of 177 countries. The Afghanistan Human Development report states that Afghanistan¹⁵⁰ would have ranked 173rd had it been included in the global report. Yet, these three are not the only poor countries in the world and poverty alone may not be a sufficient explanation of why Afghanistan today or other countries in the past, became so dependant on an illicit drug economy.

The monopoly over opium production and trade for addictive use had not always been the panacea of poorest nations as highlighted by the chronicles of the first and second opium wars¹⁵¹

between colonial England and China. Karl Marx in the "Capital" wrote "The English East India Company, as is well known, obtained, besides the political rule in India, the exclusive monopoly of the tea-trade, as well as of the Chinese trade in general... The monopolies of salt, opium, betel and other commodities were inexhaustible mines of wealth"¹⁵². Yet, the world order has changed from the Colonial era to the War on Terrorism era!

¹⁴⁹ UNDP, "Human Development Report 2004", 2004. www.undp.org

¹⁵⁰ UNDP, "Afghanistan, National Human Development Report 2004. Security with a Human Face: Challenges and Responsibilities", UNDP, Islamic Republic of Afghanistan, 2004.

¹⁵¹ By the early nineteenth century, raw cotton and opium from India had become the staple British imports into China, in spite of the fact that opium was prohibited entry by imperial decree. The opium traffic was made possible through the connivance of profit-seeking merchants and a corrupt Chinese bureaucracy. In 1839 the Chinese Qing government dispatched a commissioner, Lin Zexu (1785-1850), to Guangzhou to suppress illicit opium traffic. Lin seized illegal stocks of opium owned by Chinese dealers and then detained the entire foreign

community and confiscated and destroyed some 20,000 chests of illicit British opium. The British retaliated with a punitive expedition, thus initiating the first Anglo-Chinese war, better known as the Opium War (1839-42).

¹⁵²

<http://www.marxists.org/archive/marx/works/1867-c1/ch31.htm>

9.2 Regional Poverty within Afghanistan: No link to Opium Production

Although poverty differences exist among regions of Afghanistan, assessing poverty in a context where the illicit economy dominates is extremely difficult and accurate information cannot be captured by formal surveys. Yet, without having hard data at hand, assessing the level of poverty by regions or agro-ecological zones and using anecdotal information would likely lead to the conclusion that the poorest regions in Afghanistan are:

- Central Highlands, Hazarajat
- The rainfed belt in Northern-Western Afghanistan (southern areas of Badghis, Faryab, Sari-Pul, Balkh, Baghlan, Takhar and Badakhshan provinces), and
- South-eastern Afghanistan (Paktika, Paktya, Khost).

Apart from Badakhshan, which is a traditional opium production area, the above regions were not engaged in opium poppy production until recently. On the other hand, regions which are involved in opium poppy production are not the poorest. Between 1980 and 2000 about 90% of the total poppy production in Afghanistan was concentrated in the Helmand region and Nangarhar.

Macro-economic indicators show that economic growth and opium poppy cultivation are not necessarily negatively correlated. The International Monetary Funds estimated GDP growth during the 2002/03 financial year at about 28.6%, comprising agriculture (27.7%), industry (21.1%) and services (39.5%). The IMF projected that GDP was likely to grow by about 20% in the 2003/04 financial year¹⁵³. This is a significant but understandable growth

rate from a deteriorated economic base¹⁵⁴. Between 2002 and 2004, economic growth and increased wealth has certainly been boosted by the multiplier effect of opium poppy production, rather than reducing the level of opium poppy production. Afghanistan is substantially richer today than under the Taleban and the current opium boom has coincided with an improving overall economic situation in the country.

¹⁵³ FAO/WFP, "Crop and Food Supply Assessment Mission to Afghanistan (CFSAM)", 8 September 2004. www.fao.org

¹⁵⁴ This economic growth is due to the following factors:

- Increased rainfall from 2002 which ended 3-4 years of drought. 2003 saw the highest cereal yield on record in Afghanistan.
- Massive investment from Afghans abroad returning to their country or supporting their relatives
- Reconstruction investment by the International Community
- Multiplier effects of the booming opium economy

9.3 Farm Landholdings: No correlation to Opium Production

Mansfield (2001b) suggested a negative correlation between farm landholding and opium poppy cultivation with two examples from Nangarhar and Helmand. However, the Nangarhar example dates from 1991 when the communist regime was still in place and compares the farm landholdings and opium poppy cultivation in a district (Surkhud) close to the provincial centre (Jalalabad) and a remote district (Alchin). Proximity to the seat of government, resulting in increased risks for opium poppy cultivation, rather than landholdings, may well explain the differences between the two districts. In Helmand, the example is taken in 2000 during the Taleban era. The larger proportion of

land allocated to opium poppy in upper Helmand as compared to lower Helmand may be related to historical reasons (tribes who controlled the drug business) and to the political/tribal situation on the ground, rather than to landholdings.

Table 2 below shows that the eastern region has the lowest area of irrigated land/farm while the south has the largest. These two major production areas rank in the extreme landholding scenarios and therefore it appears there is no direct correlation between farm landholding size and opium poppy cultivation, as opium poppy is widely grown in both areas.

Table 2

Total farm, total intensively irrigated land and average irrigated land by farm in the eight regions of Afghanistan (in hectares). Note that the column total irrigated land includes all category of irrigated land as classified by the FAO Landcover Data¹⁵⁵, 1993. The “intensively irrigated land” does not include the land class “intermittently irrigated land” is only partly irrigated during good rainfall years or flash floods. Source number of farms: Maletta & Favre, 2004¹⁵⁶

Region	Total Farm	Total Irrigated Land	Average Irrigated land/farm	Intensively Irrigated Land	Average Irrigated land/farm
Sum	1,063,268	3207792	3.0	1559655	1.5
East	125,946	145281	1.2	98343	0.8
West Central	75,463	105941	1.4	41973	0.6
Central	104,796	235887	2.3	164496	1.6
West	196,371	466,472	2.4	189027	1.0
Northeast	164,134	390627	2.4	346577	2.1
North	177,504	662926	3.7	265718	1.5
Southwest	146,183	787430	5.4	262356	1.8
South	72,871	413228	5.7	191165	2.6

¹⁵⁵ FAO, “Landcover Atlas of Afghanistan, 1993”, printed in 1999.

¹⁵⁶ Maletta, Hector and Favre, Raphy, “Agriculture and Food Production in Post-war Afghanistan. A Report of the Winter Agriculture Survey 2002-2003”, FAO, Kabul, August 2003, www.fao.org/world/afghanistan/

9.4 Opium Poppy Crop Cash Flow: Fluctuating Farm-gate Prices determine Profitability

Table 3 shows that the entrepreneurial cash flow of opium poppy producers (all production costs have been monetized) varies substantially based on the yield and farm-gate price. In 2002, the farm-gate price of raw opium was estimated at \$ 350/kg with an average yield of 45kg/ha¹⁵⁷. The estimated entrepreneurial cash flow was as high as \$11,600/ha in 2002¹⁵⁸. At a farm-gate price of \$ 350/kg, the cash flow maintains a highly profitable level of approximately \$ 8,660/ha when yield drops to 35kg/ha.

The comparison of the 2002 average opium cash-flow with wheat, which provides only \$180/ha¹⁵⁹, shows that, within a year, an average poppy farmer could generate as much income as he could in 64 years of wheat farming. In 2003 in Farah province, the author observed traders moving entire markets from one village to the other selling tractors, cars, satellite dishes and electronics to enriched farmers. Houses in villages were upgraded and farmers interviewed could dream of a second wife or a “*haj*” trip to Mecca. Here high income and not poverty provided the incentive for opium poppy cultivation. The case of Bernard Rappaz, a grower of illegal hemp in the Swiss Alps may be taken as an exemple that not only the poor are be attracted by high incomes from drug production¹⁶⁰.

However, between 1994 and 2000, the average farm-gate price of opium was estimated at \$30/kg. At this level, the entrepreneurial cash flow is much less and amounts to \$210/ha with an average yield of 45 kg/ha. This is close to the wheat level of \$180/ha. However, the cash flow plummeted rapidly to \$90/ha with a reduction of yield to 35 kg/ha. The main reason for the dramatic reduction in cash flow is the high cost of opium poppy production (mainly labour). Therefore, at \$30/kg, the opium poppy crop is high risk, as minor pest damage, interruption in water availability, sub-optimal fertilizer application, mild hailstorms (observed in Ghor in 2003) would be sufficient to reduce the yield and render the crop less financially attractive than wheat. The challenges and technical difficulties to cultivated opium poppy are discussed in Annex IV.

At a farm-gate price of \$100/kg, opium poppy cash flow varies between \$2,300 and \$1,600/ha, which is similar to well managed orchards (which yield between \$2,000 and \$3,800/ha¹⁶¹) and is much higher than wheat. At the theoretical level of a farm-gate price of \$1,700/kg, the entrepreneurial cash flow would rocket to \$62,000/ha. Successful eradication in Afghanistan's lowlands where most of the irrigated land is located could result in extremely profitable production in remote valleys or rainfed areas concentrated in the

¹⁵⁷ UNODC, “Afghanistan: Opium Survey 2002”, Oct. 2002. www.unodc.org

¹⁵⁸ As a comparison, farmers in Europe get paid 700-1000 Euro per hectare for cereal production!

¹⁵⁹ Maletta, Hector, “*The Grain and the Chaff: The Cost of Production of Wheat in Afghanistan in a Farming System Perspective*”, FAO, December 2003.

www.fao.org/world/afghanistan/

¹⁶⁰

See www.yahooka.com/forum/archive/index.php/t-11325.html and

<http://www.hempzone.ch/zone/archives/lematin100902.htm>

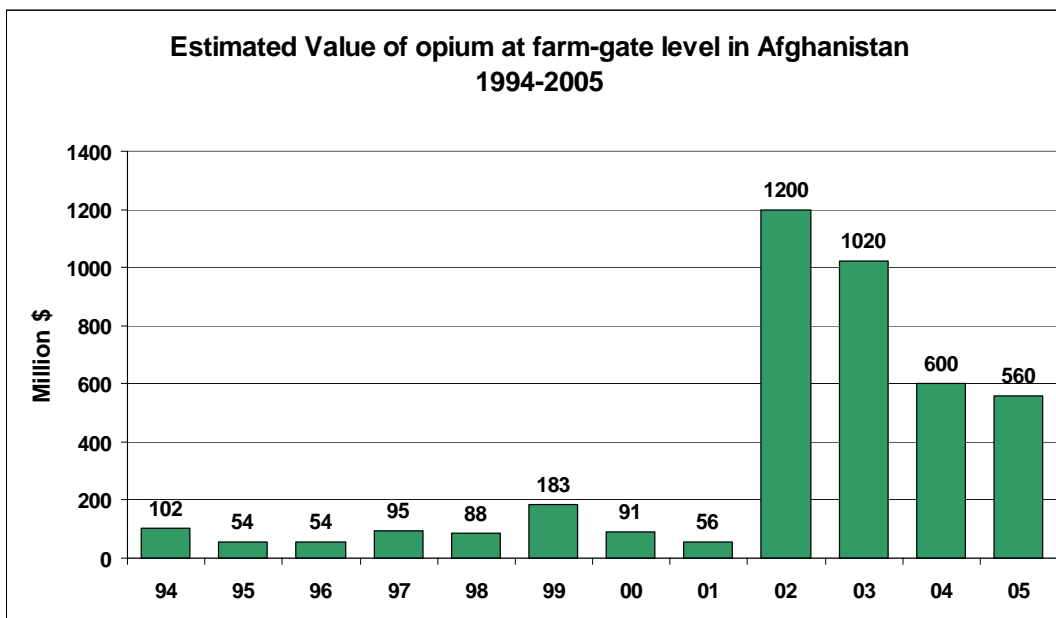
¹⁶¹ Favre, Raphy; Baudeau, Rodolphe; Tea, Hakara; Beley, Mathieu and Mercier, Violaine, “*Market Sector Assessment in Horticulture. Feasibility Studies and Business Plans. Phase 2-3*” August 2004, MoC, UNDP, Altai Consulting, 2004.

www.altaiconsulting.com/dyn/consulting/projects/horticulture.html

hands of much fewer individuals (at 12 kg/ha in rainfed areas, the cash flow would, in principle, reach \$12,000/ha).

Large variations in farm-gate prices have significantly affected the total value of opium in Afghanistan. 2002 was a record year with a total value of \$1.2 billions (Graph 13). At a low price of \$30/kg, opium poppy is not much more profitable than wheat. However, as the price increases up to an average of \$350/kg in 2002 (and up to \$700/kg in some locations), the profitability of opium poppy cultivation becomes extremely high. Horticultural research has demonstrated that perennial horticulture crops can have higher or similar profitability to opium poppy when the farm-gate price of opium paste is below \$100/kg¹⁶².

Graph 13
Estimated value of opium at farm-gate level in Afghanistan from 1994 to 2005.
Source: UNODC, 2004 and 2005



¹⁶² Favre, Raphy et al., *Ibid.*, 2004.

Table 3
Estimated Entrepreneurial Cash Flow for Opium for Opium Poppy Producers¹⁶³. As a comparison,
the average wheat cash flow was estimated at \$ 180/ha in 2003

	Row Opium Far-Gate Price				
	\$ 30/kg (a)	\$ 40/kg	\$ 100/kg	\$ 350/kg (b)	\$ 1700/kg (c)
35 kg/ha	90	210	1610	8660	46910
40kg/ha	138	290	1930	10080	54330
45 kg/ha	210	400	2300	11600	62100

- a) Average opium farm-gate price between 1994 and 2000
b) Average opium farm-gate price in 2002
c) Theoretical figure of possible farm-gate price in case eradication campaigns show success and opium poppy production could not relocate in other countries (see paragraph #6)

¹⁶³ The assumptions for the entrepreneurial cash flow are summarized in the tables below:

Yield	35 kg/ha	40kg/ha	45 kg/ha
Fertilizers (\$ 15/ 50 kg bag)	300	400	500
Labor	300	330	350

Farm-Gate Price	\$ 30/kg	\$ 40/kg	\$ 100/kg	\$ 350/kg	\$ 1700/kg
Labor cost \$/day	2.4	3	5	10	35
Land rent	150	200	300	500	2000

Source: UNODC, "Access to Labor: The Role of Opium in the Livelihood Strategies of Itinerant Harvesters Working in Helmand Province, Afghanistan", Strategic Studies #4, June 1999. www.unodc.org/pakistan; UNODC, "The Role of Opium as a Source of Informal Credit", Strategic Studies #3, January 1999; Kenefick, Frank and Morgan, Larry, "Opium in Afghanistan: People and Poppies, the good Evil" Chemonics International Inc., 2004; Mansfield, David, "The Economic Superiority of Illicit Drug Production: Myth and Reality", 2001 and field work by the author.

9.5 Rural Employment: A Multiplier Effect of Opium Production

Opium poppy offers substantial rural employment opportunities. UNODC reported in 1999 that opium poppy is a labour intensive crop as estimates suggest that approximately 350 person days are required to cultivate one hectare of opium poppy in Afghanistan. These estimates would appear to be consistent with other source areas such as Thailand and Laos where estimates of the labour required for the cultivation of opium poppy range from 300 to 486 person days per hectare. In Afghanistan, harvesting alone is thought to require 200 person days per hectare. Consequently, to spread the demand on both hired and family labour during the harvest period, households have been found to both cultivate different varieties of opium poppy with differing maturation periods and to stagger the planting of opium poppy. However, despite these efforts the majority of opium producing households still requires hired labour during the opium poppy harvest.

These labour requirements peak over a few weeks at harvesting time and thus create opportunities for itinerant laborers¹⁶⁴ within Afghanistan and from across the borders (Iran and Pakistan). Based on 350 mandays/ha, approximately 45 million mandays of work were created in rural Afghanistan in 2004 (131,000 ha opium) out of which 26 million were for harvesting and created employment opportunities for many migrant labourers. Opium poppy production disrupts traditional migrant labourers' routes as farm labour shortages are now experienced in the Kunduz and Takhar region for wheat harvesting and rice transplanting. Fitzherbert noted in 2003 that "... previously impoverished villagers of Badakhshan, who traditionally provided the bulk of the cheap harvest labour in

Takhar and Kunduz, are now making so much money from the opium crop in their own villages, both as farmers and as labourers, that poorly paid labouring work in the Kunduz and Takhar wheat fields no longer holds any attractions for them"¹⁶⁵.

Wheat in comparison offers only an average of 65 mandays/ha¹⁶⁶ (approximately 1/5 of poppy) and, moreover, the labour can be undertaken by family members, as field operations are staggered. For instance, as wheat harvesting in Afghanistan takes place during summer when the probability of rainfall is very low, farmers do not need to rush to harvest when the wheat is cultivated in single cropping systems. In 2003, the rainfed wheat yield was so high in northern Afghanistan that farmers were still harvesting their fields three months after the crop had matured, in September¹⁶⁷. As farmers' families generally managed to cover their labour requirements, wheat creates limited opportunities for sharecropping. Therefore, when opium production is replaced by wheat as a result of a successful counter narcotics campaign, the opportunities for sharecropping vanish¹⁶⁸.

¹⁶⁵ Fitzherbert, Anthony, "FAO/WFP/NAAH/MRRD Crop Output Assessment Mission. May 5th to 20th", 2003.

¹⁶⁶ And an average of 35 mandays/ha in rainfed wheat. Maletta, Hector, "The Grain and the Chaff: The Cost of Production of Wheat in Afghanistan in a Farming System Perspective", FAO, December 2003.

¹⁶⁷ Favre, Raphy, Sayed Nabi, Sayed Jan, Mohmand, Mohammad Ibrahim, "National Crop Output Assessment. Second Phase. Second Crops in Lowlands and First Crops in Highlands", FAO, Kabul, October 2003, 70 p.

¹⁶⁸ Mansfield documented this in Nangarhar in 2005. Mansfield, David, "Pariah or Poverty? The Opium Ban in the Province of Nangarhar in the 2004/05 growing Season and its Impact on Rural Livelihood Strategies", PAL Internal Document No 11, June 2005.

¹⁶⁴ See UNODC, *Ibid.*, 1999.

Pictures 2 and 3

View of incised opium poppy's head before and after the first harvest. Dawlatabad district, Balkh province, 13 May 2005



Picture 4

**View of fresh opium paste being harvested in Badakhshan, Iskashim, October 2003.
Note that the opium harvester seems to have taken part of the presidential electoral campaign
(blue ink on finger)**



9.6 Land Tenure: Under constant Renegotiation

Another opportunities offered by labour intensive crops is that a landowner may seek sharecropping arrangements with landless farmers since the landowner's family may not have the capacity to undertake the all the required field operations. Opium poppy cultivation offers opportunities of rural employment and access to land for the rural poor. However sharecropping arrangements for opium poppy cultivation are temporary. When a shift from opium poppy to wheat is enforced by a successful ban, opportunities for sharecropping are reduced as landowners/farmers families generally manage to cover their new labour requirements. This was the experience in Nangarhar in 2005¹⁷⁰.

As discussed above, Afghanistan is not a feudal society and the relation between sharecroppers and landowners is, although unequal, characterized by multiple levels of reciprocity¹⁷¹. Any analysis that considers tenancy relationships to be feudal would be misleading. Land tenure arrangements are not permanent and can be constantly renegotiated. The communist regime of 1978-79 made the fatal mistake of considering that Afghan rural society was feudal and, by forcing through their ill-conceived agrarian revolution, created the rural uprising. The Soviet Union invaded in December 1979 to "save" the revolution¹⁷².

Land tenancy can be re-negotiated on a yearly basis and the results of the negotiations obviously depend on the

pre-existing relations between land owners and tenants (often very complex, see below) but also on the demands of the market. In years when the economic situation is unfavourable, the terms of land tenancy may shift to the advantage of the landowners as demands to access land with access to water by sharecroppers and the rural poor increases. In years of economic prosperity, the term may be more beneficial to the tenants. The share of opium income, estimated in section 9.5 above, between sharecroppers and landowners can be renegotiated every year, based on estimated opium prices, labour costs and demand and supply for sharecropping. The findings of Mansfield's field research¹⁷³ under the Taleban and during the worst drought in more than 30 years have to be viewed in this context.

Data on land tenure have to be interpreted with care. Maletta and Favre reported that "Data from the 1960s and 1970s suggest that sharecropping and not ownership is the dominant land tenure arrangement. A 1968 report (cited in Wily, 2003)¹⁷⁴ from the Government of Afghanistan based on the 1967 "Survey of Progress", reported that only 27% of farmers fully owned their land and that most were crop share tenants (47%), renters (8%) or part-owner operators (17%) Data from the late 1980s, however, indicates a different situation. The 1988-89 Agricultural Survey showed that 18% of those who were farming owned no land at all, whilst sharecroppers and tenants (in either pure or mixed tenancy)

¹⁷⁰ Mansfield, David, "Pariah or Poverty? The Opium Ban in the Province of Nangarhar in the 2004/05 growing Season and its Impact on Rural Livelihood Strategies", PAL Internal Document No 11, June 2005.

¹⁷¹ Roy, Olivier, "L'Afghanistan. Islam et modernité politique", Ed. du Seuil, 1985, p. 114.

¹⁷² For further information, see Roy, Olivier, *Ibid.*, 1985.

¹⁷³ Mansfield David, "The Economic Superiority of Illicit Drug Production: Myth and Reality", 2001. Paper prepared for the International Conference on Alternative Development in drug control and cooperation, Feldafing, January 7-12, 2001.

¹⁷⁴ Wily, A., Liz, "Land rights in crisis: Restoring tenure security in Afghanistan" Kabul, AREU, 2003, p. 85.

comprised another 21% of farmers. Those who owned land and only farmed their own land (albeit renting out some land to others) represented 78% of farmers interviewed (cited in Alden Wily, 2003, p.87). These data from the 1980s and some fragmentary information from the 1990s seem to agree with the pattern of widespread ownership (or reported ownership) found by the Agriculture Survey. For farmers represented in the agriculture survey all over the country, some 7.72% of the irrigated land and 3.96% of the rain-fed land was been taken on some tenancy arrangement (mostly sharecropping, with some fixed rent cases).

However, in 2003, Liz Alden Wily, without giving any figures, entitles one section of her study “Few owners, many tenants” (Alden Wily, 2003, p.20), suggesting that land ownership is not the prevailing situation. In some cases respondent were stated to be the owners but, when pressed a bit more through informal discussions, acknowledge being tenants. Under these circumstances, the position could hardly be more confusing.

Maletta and Favre (2003) further reported that “Three decades of disruption may have profoundly affected land tenure, but probably most alleged landowners today do not have formal ownership title, and are legally just occupiers squatting on land not legally theirs. The investigation of these issues in this survey was not in depth... Reported tenancy or ownership was not further investigated to better ascertain the legal tenure status of the land. Therefore “ownership” in the agriculture survey represents reported ownership, which may reflect only *de facto* occupancy, and does not imply legal title or absence of mortgages on the land”.

Moreover, rich landowners are often absentees, living in cities sometimes far away from their village of origin, and have little control over tenants who

have farmed and maintained their land for more than two decades. “*Ejarah*” or annual payment for land lease is frequently not or only partly collected. Often, before leaving the country during the war, landlords mortgaged (“*giraw*”) their land to a poorer resident farmer for a relatively small payment at that time. The resident farmer or “*girawdar*” (mortgager) was given the right to cultivate the land as long as repayment of the “*giraw*” was not made by the landowner. Yet, in the meantime, the old local currency had devalued by perhaps 50-100 times and the introduction of new currency made it difficult to agree on the amount of payment. In some cases, the resident farmers may have been in difficulties following the departure of the landowner and had also left, leaving or perhaps “selling” the land to other farmers or warlords. In many cases, one or more family members remained in the village and took care of the properties while the rest of the family went abroad. Two decades later, the brothers of one family may have sons and daughters and may want to reclaim the land which was being managed by family members who remained in the country. Many intricate scenarios exist, but those who maintained the properties during the difficulties of the war (while it is locally understood that those who left were enjoying themselves abroad) considered it a favour that has a high cost that may not be easily negotiated.

There is another dimension for rainfed land, which was public property in the past (pastureland converted into rainfed¹⁷⁵), as jurisdiction over public land was customized by Afghan Kings who took ownership of it by decree¹⁷⁶. Therefore, the same piece of land could have a multitude of overlapping “*firman*” or land titles stamped by King Abder

¹⁷⁵ Concerns over extension of rainfed cultivation over pastureland was reported already in the 1950s

¹⁷⁶ Wily, Liz, “*Land rights in crisis: Restoring tenure security in Afghanistan*”, Kabul, AREU, 2003.

Rahman over a hundred years ago or by military commanders today as the topic is debated. Moreover, social groups had developed complex customary land management systems that have, in practice, superseded all the previous arrangements.

In short, as long as land tenure issues are not resolved, any data should be viewed with extreme caution and should be analyzed within the local political context in which the data have been gathered. Finding peaceful solutions to land tenure issues is certainly one of the most challenging current tasks in rural Afghanistan.

9.7 Rural Indebtedness: No Correlation to Opium Production

The *salaam* is the credit system most widely used by opium traders. It involves the advance sale of produce at negotiated prices, often before the planting season but also later on in the crop cycle. However, it is important to appreciate that *salaam* can be obtained for other crops than opium poppy but that opportunities for such credit are limited. Also, *salaam* through opium traders is not the only source of credit. Table 4 shows that 23% of indebted farmers households contracted a debt with traders (the nature of the traders was not specified). It is worth noting that more than half of the debts had been contracted with farmers' relatives and 12% from fellow villagers.

Table 4 also shows that, at the time of the 2002-03 agriculture winter survey, the west-central region (Bamyan, Ghor)

had the lowest percentage of farmers' households indebted while the west region (Herat) had the highest. In Helmand region, the main poppy production area in the southwest, 44% of farmers were indebted - below the national average of 56% - while in the Nangarhar area in the east region 64% of farmers were indebted - above the average. The level of indebtedness of farmers' households (Table 5) shows that Helmand region in the southwest had the smallest level of debt with an average of \$159 per household, much lower than the national average of \$478. The highest levels of indebtedness were reported in the south region with an average of \$1,051 per farmer household. The Eastern region reported an average debt of \$659 per farmers' household.

Table 4

Percentage and total number of farmers indebted by region and per type of creditors. Source: Maletta and Favre (2003, Statistical Appendix)¹⁷⁷.

Note that the various combinations of farmers having debts with two or more types of creditors have been compounded

	Total Farmers	Total Indebted Farmers	% Farmers indebted	Relative	%	Trader	%	Fellow Villager	%	Land- owner	%	Others	%
West Central	75463	33,163	44	16,902	51	6560	20	4625	14	677	2	4399	13
Southwest	146183	69,581	48	4,416	6	49917	72	4971	7	4764	7	5514	8
South	72871	35,228	48	16,145	46	15396	44	772	2	450	1	2466	7
Northeast	164134	84,669	52	63,580	75	6448	8	2377	3	962	1	11301	13
Central	104796	56,831	54	42,814	75	6578	12	3883	7	361	1	3196	6
North	177764	112,147	63	37,012	33	26719	24	24199	22	12423	11	11796	11
East	127692	82,052	64	39,149	48	14567	18	9632	12	9477	12	9228	11
West	196371	126,985	65	87,175	69	10244	8	19078	15	1942	2	8547	7
TOTAL	1065274	600,656	56	307,191	51	136,428	23	69,536	12	31,055	5	56,447	9

Table 5

Average debt per farm by region and per debtor and creditor. Source: Maletta and Favre (2003, Statistical Appendix)

Debts/Farm in US\$	Total	Relative	Trader	Fellow villager	Land- owner	Relative & villager	Relative & trader	Trader & villager	Other combinations	Not reported
Southwest	159	167	169	89	406	93	101	119	95	115
West Central	299	338	179	588	103	348	198	.	275	136
North	324	261	323	273	605	157	226	378	231	363
Northeast	464	605	443	187	372	340	385	16	97	188
West	493	520	266	391	233	749	254	387	411	232
Central	650	933	354	477	167	335	148	456	137	334
East	659	425	978	1,391	360	743	459	464	483	1,451
South	1,051	1,106	612	673	186	1,390	253	250	6,126	514
TOTAL	478	540	388	451	447	598	248	361	765	390

¹⁷⁷ Source for Table 4 and 5: Maletta, Hector and Favre, Raphy, "Agriculture and Food Production in Post-war Afghanistan. A Report of the Winter Agriculture Survey 2002-2003", FAO, Kabul, August 2003, www.fao.org/world/afghanistan/

Yet, the Taliban ban on opium cultivation resulted in dramatic increased rural indebtedness as farmers who accessed a loan in 2000 and had planned to repay with the 2001 opium cultivation were trapped. The Helmand area is an interesting case study. In March 2002, Anthony Fitzherbert observed the following¹⁷⁸:

“Not only has the drought, which is now into its fourth successive year, severely restricted the land available to grow an irrigated crop, but it has made it very difficult and even impossible to cultivate the second summer crop in many localities. Many families depended on their summer crop for added income and food security. The Taliban ban on poppy cultivation, which was enforced without any ameliorative action being taken, has meant that opium farmers have had to endure a year in which they were effectively prevented by the ‘powers that be’ from cultivating the very crop which would allow them to at least pay off part of their debts. This has increased the opium farmers’ indebtedness beyond the tolerable. It is not surprising, in the circumstances that in Helmand province the rural population should have returned so quickly to poppy cultivation after the removal of a feared authority, in a situation where the web and circle of opium debt and dependency are so very highly developed. It is, after all, a return to the one crop they know for certain will, if not free them of debt, at least allow them to survive within their debt, rather than be overwhelmed by it”.

Yet, “...Despite the drought and the undoubted state of

indebtedness into which much of the rural population appear to have fallen as the result of the Taliban’s poppy ban, the local rural economy, judging by the business and trade being carried on in the various rural bazaars is not in a bad state. Every bazaar that the mission visited, from the central bazaar in Lashkarghar, to Girishk, Musa Qala, Kajiki and Sanguin was crowded and bustling. One of the most impressive sights is the large numbers of new Massey Ferguson tractors (MF 285- 75 hp) manufactured in Iran both for sale in the main Lashkarghar market and being used in the fields. It seems that these new tractors are rapidly replacing the older MF models that were common in the region. This may be part of an organised programme, to assist western Afghanistan on the part of Iran, but whatever its causes these tractors do not appear to be beyond the pockets of many local farmers and land owners. One informant told us that a new MF 285 costs about US\$ 10,000 but that this price may double at least when passed on to a farmer or land owner who buys on credit. None the less, there seem to be no shortage of buyers. Almost all agriculture in the Helmand valley now appears to be mechanized and even in Musa Qala this appears to be the case. Certainly, visual evidence indicates that despite the problems of drought, indebtedness and reports of farmers having to mortgage and sell their land, there is still cash in the rural economy of Helmand and there is still a considerable amount of purchasing power.”

In 2000, “when asked to enumerate their major problems

¹⁷⁸ Fitzherbert, Anthony, “*Mission to Helmand*. World Bank/FAO”, March 2002.

opium farmers have characteristically listed such things as lack of inputs such as improved seed, fertiliser and farm power, as well as problems with irrigation water (in places), pests and diseases and sometimes land mines. At the present time when asked to name the main problems the two that come first to mind in any conversation with officials, community leaders, as well as the farmers and share croppers themselves, are drought and indebtedness.”

However, visiting the area 10 months later in winter 2002-03, the author found that indebtedness was no longer on top the agenda when interviewing farmers and local leaders. The agriculture survey data (Tables 4 and 5 above) confirmed that indebtedness in the Helmand region was no longer a more serious problem than in any other regions. It appears that one way or another, the issue has been resolved; high opium poppy prices, increasing trading activities, negotiations between debtors and creditors and remittances have certainly played key roles.

A review of comparative indebtedness data by region and at national levels seems to indicate that there is no direct relationship between opium poppy cultivation and indebtedness, thus casting doubt on the value of the dominant view that farmers are falling into a dependent relationship with “narco-lenders” and are then being forced to grow opium poppy:

Mansfield reports the situation as follows: “The most common form of loans in opium poppy growing areas is the system known as *salaam*, an advance payment on a fixed amount of agricultural production... Traditionally the price paid as an advance is half the

current market price of opium on the day that the agreement is reached”¹⁷⁹. “(Key informants) ... suggested that were an advance payment on a future opium crop to be unpaid by the November after the harvest at which it was due, the debt would typically be converted into cash at the prevailing price of opium. If this cash debt remained unpaid by the first quarter of the following year it would subsequently be reconverted to opium at the *salaam* price (set at 50% of the prevailing price of opium). Indeed, one respondent gave an example of how his advance payment of US\$ 450 on five kilogrammes of opium in December 2000 had been converted from opium to cash and back again over a three-year period until he owed 50 kilogrammes of opium by April 2003. His only option for repayment was to give his 8 year-old daughter in marriage to his creditor”¹⁸⁰.

According to Barnett, Rubin, “Since the traffickers (after the Taleban opium ban) could not collect on their loans in opium, they monetized the debt at the new high prices, plunging opium growing families into a debt trap. A farmer who had been advanced \$300 in the fall of 2000 to deliver 10 kilograms of opium in the spring of 2001 at the prevailing average price of \$30/kg before the ban, owed his creditor as much as

¹⁷⁹ Mansfield, David, “*The Role of Opium as a Source of Informal Credit in rural Afghanistan. Work-shop paper # 4*”, Discussion paper prepared for the workshop on Rural Financing in Afghanistan and the Challenge of the Opium Economy, 13-14 December 2004, Kabul, 2004.

¹⁸⁰ Mansfield, David, “*What is Driving Opium Poppy Cultivation? The Pressures to Reduce Opium Poppy Cultivation in Afghanistan in the 2004/05 Growing Season*”, March 2005.

\$6750 at the peak average price of \$675/kg that prevailed after the ban". The rapid strengthening of the Afghani currency between 2001 and 2002¹⁸¹ increased further the difficulties for indebted poor to repay their debts.

These commonly quoted views seem to be overstated. There is no doubt that, in poppy production areas, the impact of the recent drought has been overlooked in rural indebtedness studies while the role of money lenders appears to have been exaggerated. The view of impoverished and vulnerable opium producers and "feudal" money lenders seems simplistic.

This is not to say that "traditional" financial practices and the absence of an efficient credit system are not critical issues to address in Afghanistan. The World Bank summarizes the situation as follows: "Afghanistan faces an acute shortage of formal rural financial sector services, particularly for the agricultural credit services. It has been estimated that between 80% and 90% of economic activity, including almost all credit and financial transactions are carried out in the informal sector. While the informal financial sector credit may be adequate for subsistence farming, it is not for long term commercial agricultural development"¹⁸². Researching possible ways of involving the *hawala* system in the provision of credit is an area worth exploring¹⁸³.

¹⁸¹ See Lautze, Sue; Stites, Elisabeth; Nojumi, Neamat; Najimi, Fazalkarim; "Qasht-e Pool, A Cash Famine. Food Insecurity in Afghanistan 1999-2002", May 2002.

¹⁸² World Bank, "Financial Sector Options for Enhancing the Outreach of the Rural Agricultural Finance System in Afghanistan. Policy Note for Discussion", April 2005.

¹⁸³ Personal communication of Alessandro Monsutti who conducted anthropological researches on war and migration in Afghanistan.

In the early 1970s, shortcomings in the available credit systems were already recognized as a serious problem constraining the development of rural Afghanistan. Gilbert Etienne, during his field research in 1970 found that interest rates reached 50% (which is prohibited by Islam) for certain types of loans (see Annex V). In the 1970s, the high dowry price for marriage was one of the main reasons for rural indebtedness.

A major gap in rural finance/economy information is the absence of research on real case family budgets. Such studies would require researchers who can immerse themselves (without translation) in the Afghan society and gain the confidence of interviewed farmers to detail their actual financial situation. Gilbert Etienne had developed a methodology which proved effective in the 1970s¹⁸⁴. In the absence of such field research, analysts have only at hand empirical livelihood work which may not necessarily reflect realities.

To conclude on this issue, it appears that there is no direct link between poverty and opium poppy production. The review of macro and micro level factors shows that poverty does not explain the development and continuation of opium poppy production in Afghanistan. Yet, reducing opium poppy production would certainly reduce potential income for the rural population in opium poppy production areas. In a context of conflict and insecurity, opium poppy is one of the few cash-crops that have a market accessible to Afghan farmers.

¹⁸⁴ Etienne, Gilbert, Etienne, Gilbert, "L'Afghanistan ou les aléas de la coopération", 1972.

10. Accessibility/inaccessibility Equilibrium and its Links to Opium Poppy

For Chouvy (2003)¹⁸⁵ the question of the strategic location of Afghanistan and its relative isolation is crucial for opium production. He considers that opium production and trading are possible when the *accessibility/inaccessibility equilibrium* is maintained; geographical isolation is necessary for opium poppy production, for the security of actors involved and the viability of illicit economic activities while a relatively accessible and central position between economic regions is also crucial to facilitate trade. The relative inaccessibility of Afghanistan provides a form of security for the illicit drug economy, coupled with limited police and border controls, justifies high prices and profits (related to risks) due the relatively volatile situation in the production areas.

Analyzing the Afghan context through the *accessibility/inaccessibility equilibrium* can help understand events rationales in Afghanistan:

- Afghanistan's geographical location at the western edge of the Himalayan mountainous chain and at the pivot of three major economic regions; Central Asia, Middle East and South Asia. By its location, Afghanistan is both central and inaccessible due to the nature of its topography. The famous Indian poet Mohammad Iqbal (1885-1953) described Afghanistan as the 'heart of Asia', while Lord Curzon, the early twentieth-century British Viceroy of

India, called Afghanistan 'the cockpit of Asia'¹⁸⁶. "When the member of the Forward School (British) proposed a railroad linking Kandahar with Herat, Abdur Rahman reacted quickly and angrily: he refused even to consider the proposal. Abdur Rahman could choose to keep his country routeless so that it would remain free, and his own"¹⁸⁷.

- As rulers of a buffer state, Afghan Kings, up to the 1970s, followed the policy of neutrality and isolationism initiated by Abdur Rahman Khan. From the Great Game to the New Great Game, the Afghan situation can be analyzed from the point of view of the duality of its central and isolated position.
- Between 1992 and 1994, when the Taliban emerged in Southern Afghanistan, the extremely insecure situation along the roads altered the *accessibility/inaccessibility equilibrium* which boosted Taliban successes.
- After 1996, the *accessibility/inaccessibility equilibrium* was restored; Afghanistan was accessible to traders, while the politics of isolationism provided an excellent form of security for an increase in opium poppy production.

¹⁸⁵ Yet, for Chouvy, it is perhaps more a question of isolationism, lack of communication and access to the sea which are determinant factors for opium poppy producing areas.

¹⁸⁶ Rashid, Ahmad; "Taliban. Militant Islam, Oil and Fundamentalism in Central Asia", Yale University Press, 2000, p.7.

¹⁸⁷ Chouvy, Pierre-Arnaud, "La Production illicite d'Opium en Afghanistan dans le Contexte de l'Enclavement, de l'isolement et de l'isolationnismes", CEMOTI, No 35, 2003, foot note 11.

- From 2002 to date, the equilibrium has generally been maintained. The central government does not control effectively much more than the city of Kabul, although it is now expanding its control through the appointment of provincial governors. The warlords remain in control of much of Afghanistan and the international forces insure that roads remain secure and open conflicts between commanders are controlled. Yet, the review of the security Maps 8 and 9¹⁸⁸ between 2003 and 2005 seems to show a negative correlated with the extension of central authority and law enforcement outside Kabul (by the central government or international forces), suggesting that the accessibility/inaccessibility equilibrium is still at work. Rural Afghanistan was safer in 2003 than in 2005¹⁸⁹.

Two articles by Favre (2005)^{190 191} demonstrate how the Afghan economy has been integrated as a result of a massive enlargement of secondary dirt road networks and market development in the past 25 years, servicing the needs of a developing illicit economy. Yet, this infrastructure is of temporary nature (difficult dirt roads which are rapidly degrading) adapted for smuggling and trading activities which are operated through the “*hawala*” (money transfer) system.

As long as the illicit economy dominates, centrifugal forces will oppose any effort to rebuild a central government and administration that will enforce an internationally recognized legal system over the country. In other words, as long as the Afghan government and its foreign allies do not or cannot enforce laws to curb the illicit/opium economy over the country, while a licit alternative economy has not developed sufficiently, the government will not be openly confronted by its opponents. The success of the efforts of the international community and the interim government will depend on how both equilibrium accessibility/inaccessibility and licit/illicit economy evolve in the coming years. As the licit economy develops, accessibility can then increase. Although essential to the future stability of Afghanistan, counter narcotic efforts cannot move too fast.

In conclusion, the explanation for Afghanistan’s comparative advantage in opium poppy cultivation lies, not with poverty, but, rather, with a combination of the country’s central situation between trading regions, relative inaccessibility due to its terrain, the unstable conditions created by the long-term conflict and, at times, the isolationist policies of its rulers.

¹⁸⁸ The blue and green colors on the maps below are comparable.

¹⁸⁹ In 2003, the author undertook agriculture field surveys and traveled to most of the 32 provinces of Afghanistan. In 2005, this would no longer be feasible.

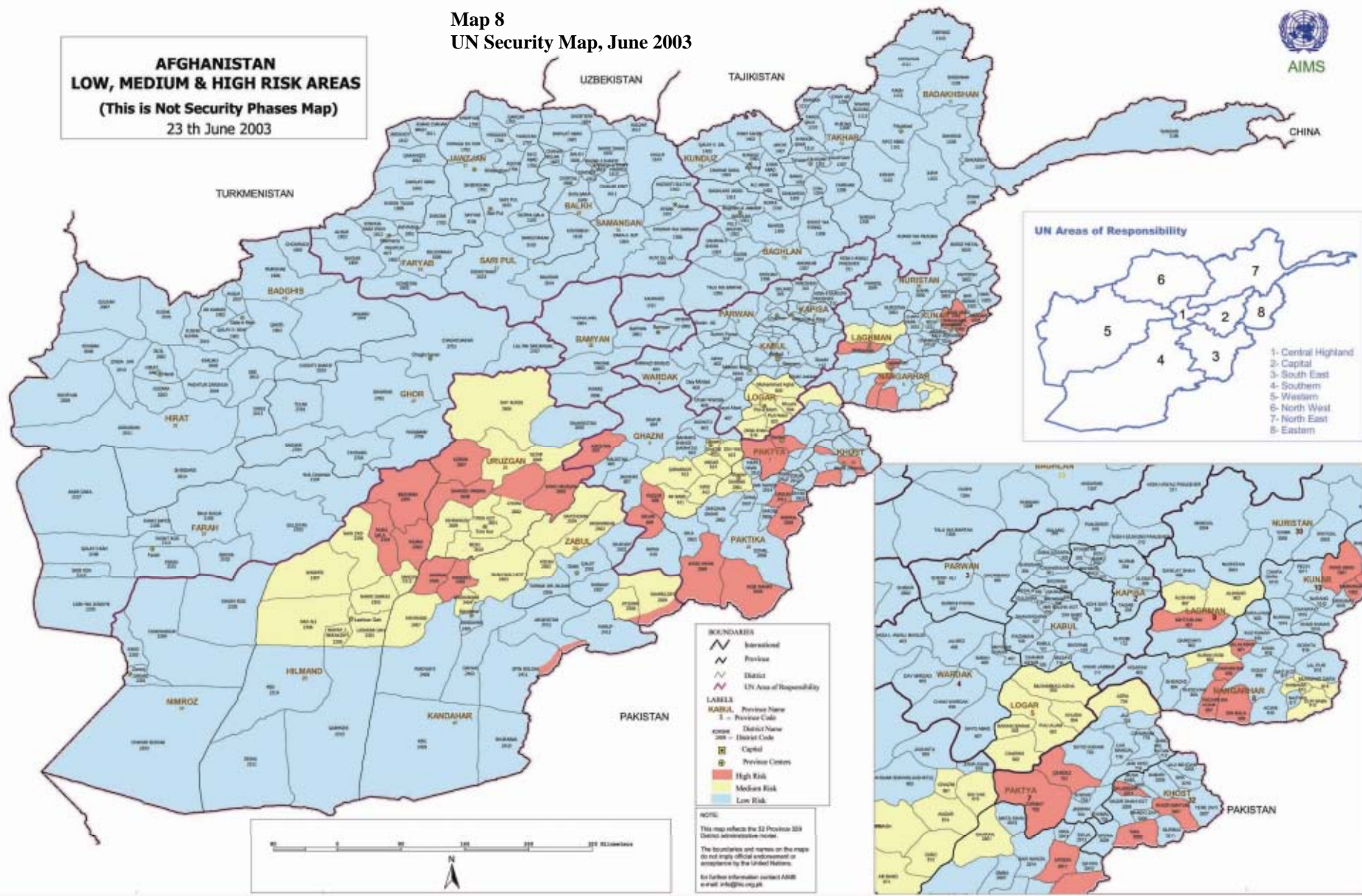
¹⁹⁰ Favre, Raphy, “*Political Economy of Wheat Prices in Afghanistan*”, Aizon, January 2005c.

¹⁹¹ Favre, Raphy, “*Market Development, Location of Bazaars and Road Network Conditions in Afghanistan*”, Aizon, January 2005b.

Map 8
UN Security Map, June 2003



AFGHANISTAN
LOW, MEDIUM & HIGH RISK AREAS
(This is Not Security Phases Map)
23 th June 2003



AFGHANISTAN UN SECURITY ACCESSIBILITY MAP

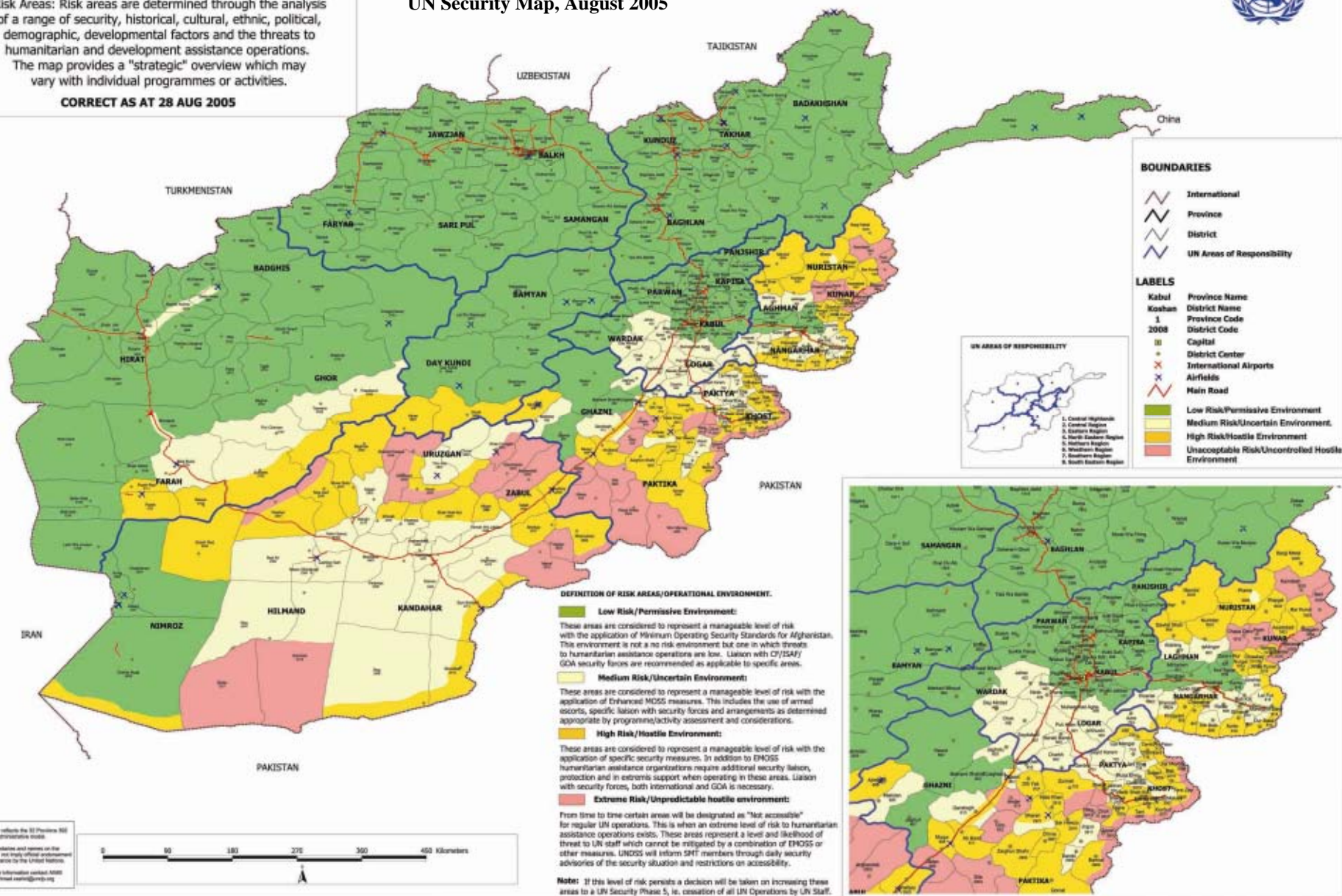
{All of Afghanistan is a UN Security Phase 3 Country (Relocation)}

Risk Areas: Risk areas are determined through the analysis of a range of security, historical, cultural, ethnic, political, demographic, developmental factors and the threats to humanitarian and development assistance operations.

The map provides a "strategic" overview which may vary with individual programmes or activities.

CORRECT AS AT 28 AUG 2005

Map 9
UN Security Map, August 2005



11. The Vicious Circle of the Illicit Economy

The World Bank has proposed a “vicious circle” model of the “infernal nexus of insecurity, warlords, the weak state, corruption, and poor governance”¹⁹² in which the opium economy is the “economic engine” of this model while the warlords are the dominating political actors. However, the World Bank also describes the opium industry in Afghanistan as “footloose”, “competitive” with “evidence of new entrants” in the business¹⁹³. In particular, the competitive and footloose nature of the opium economy suggests that the engine of this nexus is not only the “opium economy” as the very same nexus does operate in non-poppy production areas. In poppy free areas, warlords tend access incomes from other sectors of the illicit economy.

Therefore, the “vicious circle” model is more inclusive if it has at its center the “illicit economy” of which the opium economy is one component. Figure 3 below presents the “vicious circle of the illicit economy” which is developed on the basis of the World Bank model.

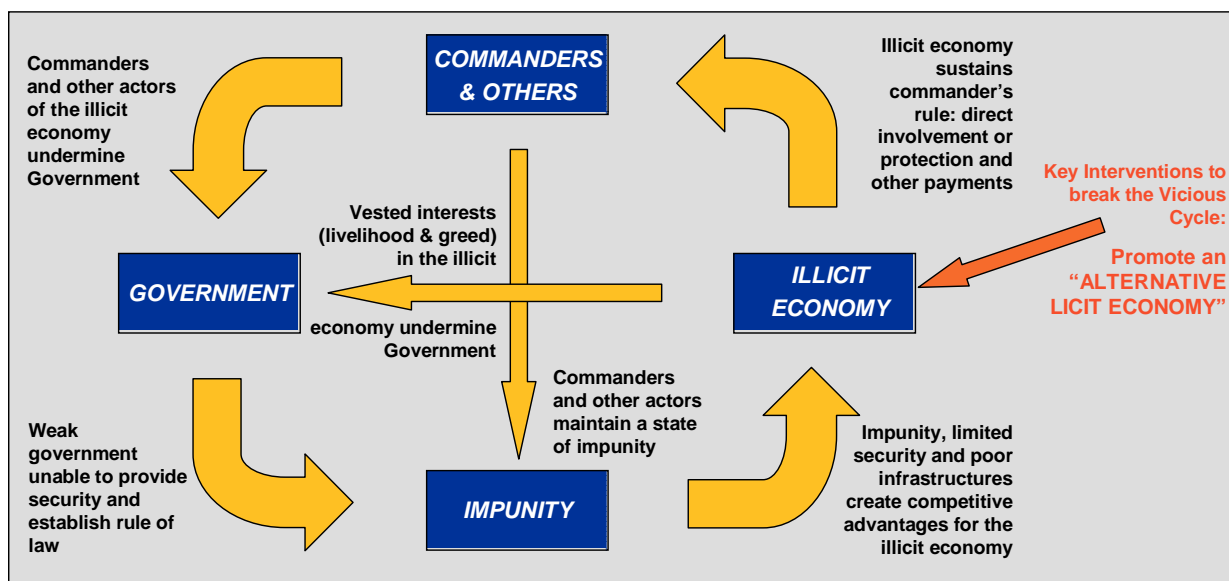
The vicious circle model highlights that it is the vested interests (livelihood and greed) of various actors in the illicit economy that undermine the government’s efforts to provide security and end impunity. Not only commanders have interests in the illicit economy as it has grown to become the mainstay of the national Afghan economy (see Section 3; *Nature of the Illicit Economy*). The illicit economy provides both a means of livelihood for many Afghan citizens (directly or indirectly) while, at the same time, it provides substantial incomes for warlords and commanders.

Breaking the vicious circle requires work at all levels of state building and governance. However, a key requirement to break the cycle successfully is to promote an alternative licit economy which can replace the dominating illicit economy. Without successfully building an alternative licit economy, the international and national efforts to rebuild an Afghan state and settle the Afghan conflict faces serious risks of failure.

¹⁹² Ward, Christopher and Byrd, William, “*Afghanistan’s Opium Drug Economy*”, World Bank, Dec. 2004; p. 26 and 37.

¹⁹³ Ward, Christopher and Byrd, William, *Ibid.*, World Bank, 2004; p. 26 and 32.

Figure 3
The Vicious Circle of the Illicit Economy. Developed from the World Bank model¹⁹⁴



¹⁹⁴ Ward, Christopher and Byrd, William, *Ibid.*, World Bank, 2004; p. 37.

12. Conclusion or the Need for an Alternative Licit Economy

Afghanistan has a long history of a political economy which has been steadily transformed into an illicit economy following the Soviet invasion 1979 and the dramatic political shifts in the region. Afghanistan, born from the collapse of the Safavide and Moghol Empires, managed to put itself at the centre of the Great Game (colonial contest between two great colonisers; the British and Tsarist Empires), then at the heart of the Cold War with the Soviet invasion and the Western response, at the axis of the New Great Game over Central Asian oil, at the cockpit of fundamental hostility to the rest of the world and finally at the forefront of the War on Terror. Afghanistan, a contender of global history!. All these developments have resulted in considerable destruction but have also yielded massive benefits.

With limited documentations and little previous analysis on the Afghan illicit economy, this paper illustrated the fact that the opium economy is one component, although an important one, of a wider illicit economy which is the mainstay of for a substantial proportion of the Afghan population. The opium economy, counter-narcotics, alternative livelihoods, crop substitution, economic growth, governance and state building are among the factors that have to be understood in the context of a dominating illicit economy.

This illicit economy, as well as opium production, has taken root due to the prevailing political/military situation, geographical location and the status of physical infrastructures in a fragmented terrain. These elements combined have

made Afghanistan highly competitive in the development of an illicit economy. In this context, the commanders can be “provocatively” characterised as successful entrepreneurs who have made the best use of Afghanistan’s comparative advantages in a context of civil war, regional rivalries and humanitarian assistance. Furthermore, war and the development of an illicit economy have not resulted in the destruction of social capital. On the contrary, social networks or “*qawm*” have been strengthened to become transnational while local cooperation between social groups has been reinforced around military commanders or local “*shura*” at the “*manteqa*” level. These social transformations are a response to the absence of effective central government in delivering services in the past two decades and optimize the performance of an illicit economy. The society has, to a certain extent, organized itself around new leaders and rules which ensure the continuation of the necessary income for their survival and welfare from the dividends of the illicit economy. Thus the statement “*Djang nân asl*”, “war is our bread” heard in rural Afghanistan in the late 1990s essentially encapsulates the situation. “It would be a mistake to isolate warlords from the general pattern of Afghan society and present them as rogue military leaders clearly distinguishable from a civil society that supposedly despises them”¹⁹⁵.

¹⁹⁵ Giustozzi, Antonio, “Respectable Warlords? The Politics of State-Building in Post-Taleban Afghanistan. Working Paper No 33”, Crisis State Program, September 2003.

However, during the Taleban period, warlords were removed and local commanders replaced them with local “*shura*” and, in doing so, gained considerable support from the local population. A “*shura*” composed of representatives of the population living in a given area or “*manteqa*” is certainly much more balanced than the more unilateral rule of a military commander. Since 2001-02, the military commanders have re-emerged to take control of post-Taleban Afghanistan. However, in the absence of a higher authority which can ensure security between various social groups, the mere suppression of the military commanders (with support from international forces) may create a political vacuum which could result in more violence.

Furthermore, it is of concern that the current interim government continues to lack coherent strategies on how it is going to interact with its citizens at local level. The few attempts of the government to conduct outreach to civilians such as through the National Solidarity Program are marked by some disregard of the underlying structures of Afghan rural society. As a result of both a lack of strategy and flawed approaches, the interim government has limited control over the country and has not created opportunities to leverage support from the rural population to offset the influence of military commanders and warlords. This leads to the conclusion that the interim government does not yet control the Afghan territory effectively and may not be capable of doing so in the foreseeable future. This paper postulates that a key element in the success of an effective ban on opium production, processing, consumption and trade lies in the capacity of the central government to control the Afghan territory. Furthermore, for controlling the Afghan territory, it is key

to understand and work with the existing social structures at “*manteqa*” level.

Therefore, uprooting the illicit economy in Afghanistan requires a wider analytical approach than only the opium economy. Curbing the illicit economy will be a slow process which should not disrupt existing incomes as long as it cannot be replaced by a developing licit economy. It is necessary to analyze the dynamics of each component of the Afghan illicit economy to understand better the impact of social and economic development. More research is required. For instance, looting of properties by commanders (such as in Kabul city), adult/child trafficking and other crimes such as international terrorism should be fought vigorously and would definitely be supported by the Afghan population as they are directly affected by it while the illicit incomes end up in the pocket of very few. Similarly, recent trends in the vertical integration of opium processing and marketing through the development of refineries in Afghanistan should be fought with the same vigour in order to prevent the establishment of illicit drug cartels (which do not yet exist in Afghanistan)¹⁹⁶.

Opium poppy production income is shared by millions of farmers and workers and plays an important role in reducing rural poverty. Fighting opium producers without having in place and alternative licit economy would result in resistance and the opening new and unnecessary armed fronts against Afghan farmers. Furthermore, reducing opium poppy cultivation will have little impact on the overall dynamics of the illicit economy and its vicious circle (Figure 3). Past experience has demonstrated that the Afghan illicit economy could survive and maintain the

¹⁹⁶ See in particular Labrousse, Alain, “*The FARC and the Taleban connection to Drugs*”, Journal of Drugs Issues, 2005.

country in a situation of relative statelessness and political isolation without the drug economy (up to 2000, about 90% of the opium was produced in two regions; Helmand area and Nangarhar).

Creating an alternative licit economy in a post-war context is a long process which would involve the re-construction of public infrastructures, state building, agriculture programmes, professional education, private sector promotion and other issues. Ideally, a Marshall-type Plan for Afghanistan would be required. Instead, livelihood programmes are receiving much of the resources. Considering the illicit economy as a whole would re-orientate the debate from alternative livelihoods to a more comprehensive approach of developing an alternative licit economy.

There is much at stake here. Ultimately, the capacity of the Afghan government to survive without subsidies and military support from friendly nations hinges on the success or failure to create a vibrant alternative licit economy. If any broad-based government is to survive in Afghanistan, it has to start urgently to curb the deeply rooted illicit economy. To do so, the government needs alternative sources of revenue which will depend on its capacity to raise taxes. In turn raising taxes is directly related to the development of an alternative licit economy.

The report *Securing Afghanistan's Future*¹⁹⁷ estimates that the legal economy would have to grow at an average of 9% per year for over a decade in order to draw people out of the drug economy while supporting the institutions needed for the restoration of

the rule of law. Yet the situation appears gloomier than that. Barnett Rubin et al., (2005) noted:

"Afghanistan will not be able to sustain the current configuration of institutions built with foreign assistance in the foreseeable future. Given the current salary levels and future staffing plans, maintaining the Afghan National Army will eventually impose a recurrent cost estimated at about \$1 billion per year on the Afghan government. This is equivalent to about 40% of the estimated revenue from narcotics in 2004. In order for Afghanistan to cover the cost of the ANA with four percent of legal GDP, near the upper limit of the global range of defence spending, it would have to more than quintuple its legal economy. The constitution requires Afghanistan to hold Between 8 and 10 nationwide elections every decades, depending on whether presidential and Wolesi Jirga elections are concurrent. Currently each election costs international donors over \$ 100 millions, which is equivalent to 40 percent of the government's current yearly domestic revenue. Hence the current effort risk leaving Afghanistan with elections it cannot afford and a well-trained army that it cannot pay. Projecting the result of such a situation does not require sophisticated analytical techniques"¹⁹⁸.

Quintupling the legal economy in a decade would mean an annual growth of the legal economy of approximately 20%. Although Afghanistan managed an annual growth rate of 20% and more between 2002 and 2004, it started from

¹⁹⁷ Government of Afghanistan, "Securing Afghanistan's Future: Accomplishment and the Strategic Path Forward", ADB, UNAMA, UNDP, World Bank Group, May 2004.

¹⁹⁸ Rubin, Barnett; Hamidzada, Humayun and Stoddard, Abby; "Afghanistan 2005 and beyond. Prospects for Improved Stability Reference Document", Netherland Inst. Intern. Relations Clingendael, April 2005.

a very low base, benefited from the end of a prolonged drought, donor assistance and from the multiplier effects of the booming opium economy. Maintaining such a high growth rate over the next decade would be a massive task which would be depressed in case of successful short term opium poppy interdiction/eradication programmes.

For many Afghans, the surge in resources and attention delivered to Afghanistan since 2001 is the direct result of a military act outside its national borders: a terrorist attack that brought Afghanistan closer to the dominating world powers. In the past two and half decades, violence, crime and destruction inside the country were largely rewarded by foreign backers. By

the turn of the millennium this approach no longer generated the same results. The extent to which a licit economy can develop while the international community supports the current effort in Afghanistan will decide whether the September 11 attacks on the USA heralded the first phase of a peaceful settlement of the Afghan conflict or introduced the first phase of a new era of a globalized criminal economy.

To summarize, the current government will be able to effectively implement effectively a long term ban on opium poppy cultivation only when it is capable of ruling over its territory at local level and a "taxable" licit economy had replaced the current illicit economy.

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ANNEX - I

	Region	Province	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1	Central	Kabul										132	340	29	58	237	282
2	Central	Kapisa										5	104		207	326	522
3	Central	Logar															24
4	Central	Parwan															1,310
5	Central	Wardak														2,735	1,017
6	East	Kunar					115	152	18		75	288	786	82	972	2,025	4,366
7	East	Laghman									77	297	707	15	950	1,907	2,756
8	East	Nangarhar					29,081	15,724	15,645	14,567	17,821	22,990	19,747	218	19,780	18,904	28,213
9	East	Nuristan														648	764
10	North	Balkh							1,065	710	1,044	4,057	2,669	4	217	1,108	2,495
11	North	Faryab											36		28	766	3,249
12	North	Jawzjan										2,593	600		137	888	1,673
13	North	Samangan											54	614	100	101	1,151
14	North	Sari Pul											146		57	1,428	1,974
15	North-east	Badakhshan					1,714	2,966	3,230	2,902	2,817	2,684	2,458	6,342	8,250	12,756	15,607
16	North-east	Baghlan								328	929	1,005	199	82	152	597	2,444
17	North-east	Kunduz										38	489		16	49	224
18	North-east	Takhar										201	647	211	788	380	762
19	South	Ghazni					313										62
20	South	Khost												6		375	838
21	South	Paktya									4	29	46	1	38	721	1,200
22	South	Paktika														No Data*	
23	South-West	Hilmand					29,579	29,754	24,910	29,400	30,672	44,552	42,853		29,950	15,371	29,353
24	South-West	Kandahar					3,624	2,127	3,057	4,122	5,229	5,522	3,034		3,970	3,055	4,959
25	South-West	Nimroz					682	119	136	642	11	203	219		300	26	115
26	South-West	Uruzgan					6,254	2,908	7,880	4,986	4,661	4,989	4,725	1	5,100	7,143	11,080
27	South-West	Zabul					54		255	154	161	537	585	1	200	2,541	2,977
28	West	Badghis											41		26	170	614
29	West	Farah						9	631	568	171	787	1,364		500	1,700	2,288
30	West	Hirat								38			184		50	134	2,531
31	West-Central	Bamyan														610	803
32	West-Central	Ghor													2,200	3,782	4,983
	TOTAL		41,300	50,800	49,300	58,300	71,416	53,759	56,827	58,417	63,668	90,880	81,986	7,605	74,007	79,761	130,636
	No Provinces						9	8	10	11	13	18	23	13	24	28	32

Table 6: Evolution of Poppy Cultivation between 1990 and 2004. Source: UNODC, 2005, World Drug Report. * NO data, but evidence of Poppy cultivation

ANNEX - II

NGO Letter to Secretary Rice on Opium Poppy Eradication sent on the 31st January 2005



Contact: (Washington, D.C.) Bea Spadacini + 202 352 2360, bspadacini@dc.care.org
(Atlanta) Rick Perera +1 404 979 9453, rperera@care.org

January 31, 2005

The Honorable Condoleezza Rice
Secretary of State
U.S. Department of State
Washington, D.C. 20520

Dear Secretary Rice:

We commend the Administration's decision to devote greater attention and resources to help the Islamic Republic of Afghanistan address the country's growing drug trade. We strongly agree that this trade poses a serious threat to Afghanistan and the rest of the international community. Nevertheless, we are writing to express concern that the current counternarcotics policy places premature and excessive emphasis on crop eradication, which could undermine the remarkable progress Afghanistan has made since 2001.

An effective counternarcotics strategy must contribute to the stabilization of Afghanistan and help authorities build a legitimate state and economy. It should foster respect for and inspire confidence in the government, by providing Afghans with alternatives to cultivating opium and by prosecuting leading drug traffickers and corrupt officials. Massive eradication efforts in 2005 could risk destabilizing large areas of the country, thereby undermining critical alternative livelihood and law enforcement initiatives.

Millions of Afghans are directly involved in the narcotics business, which accounts for about 40 percent of the country's total Gross Domestic Product. A recent UN report found that the amount of land cultivated with poppies rose 64 percent between 2003 and 2004 and had spread to all 34 of Afghanistan's provinces. Estimates by the U.S. Office of National Drug Control Policy paint an even darker picture, asserting there were a 239

percent increase in land under poppy cultivation and a 73 percent increase in opium production from 2003 to 2004.

It is precisely because the narcotics industry is so entrenched in Afghanistan – and because the newly-elected government is still vulnerable – that the United States should prioritize alternative livelihood and interdiction efforts rather than crop eradication. Widespread eradication in 2005 could undermine the economy and devastate already poor families without giving rural development projects sufficient time to provide alternative sources of income. It has the potential to turn millions of Afghans against a government which is struggling to extend its reach and strengthen its authority.

Threats of eradication have already resulted in higher opium prices, enriching traffickers who have large inventories from three previous bumper crops and spurring a shift in production to more remote areas. Eradication without viable alternative livelihoods and programs to minimize farmers' debts to local merchants and money lenders will likely force them to mortgage their land to traffickers. This could also jeopardize efforts by the U.S. and others to restore the rights and dignity of Afghan women, as girls have been sold to pay off opium-related debt.

We recommend the following:

- Alternative livelihood programs related to counternarcotics efforts should be implemented throughout the country. Solely focusing these programs in traditional poppy growing regions could inadvertently result in the crop's expansion if farmers believe they can obtain assistance by entering into poppy cultivation themselves.
- Alternative livelihood programs should be integrated with provincial and national development plans and should create genuine opportunities to access other sources of income. These programs should be well established and shown to be effective before ground eradication efforts are initiated.
- Aerial eradication should not be used under any circumstances. Aerial eradication damages licit as well as illicit crops, poses health and environmental hazards, fosters mistrust and creates or exacerbates tensions.
- Focus law enforcement efforts on interdiction and arresting or dismissing major traffickers and their political protectors. Commit U.S. and other funds to build appropriate capacity for these tasks.
- Request the Coalition and the International Security Assistance Force (ISAF) to focus intelligence collection efforts on identifying major traffickers. The U.S., including military and intelligence agencies, should cease all payments and support to such people. Coalition forces and ISAF should assist in the destruction of laboratories and interdiction of imports of precursor chemicals and exports of narcotics.
- Encourage the Afghan Government to strictly implement the provisions of its Constitution requiring the disclosure of assets by high officials, and to extend this

requirement to their families and top military commanders. Those with unexplained assets should be dismissed.

- Request the World Bank, Asian Development Bank, and International Monetary Fund to assist the Afghan Government in carrying out a study of the macroeconomic impact of reducing or eliminating the opium economy in Afghanistan, and to devise policies to mitigate its economic impact.

Referring to Afghanistan's drug trade, John Walters, Director of the U.S. Office of National Drug Control Policy, recently wrote, "the stakes [in Afghanistan] are high, not only for the future stability of Afghanistan but also for the United States, our allies and partners." And that is why it is so critical for the U.S. and others to ensure that their

response to this trade is appropriate and effective, taking into account both the short and long-term implications for the stability of Afghanistan and the success of the Afghan people.

Thank you for your consideration. We look forward to hearing from you.

Sincerely,

Concern Worldwide

Coordination for Humanitarian Assistance

Actionaid Afghanistan

Coordination of Afghan Relief

Afghanaid

Cordaid

Afghan Civil Society Forum

DACAAR: Danish Committee for Aid to

Afghan NGOs Coordination Bureau

Afghan Refugees

(350 member organizations)

Afghanistan Research and Evaluation Unit

Agency Coordinating Body for Afghan

Foundation for Culture and Civil Society

Relief (83 member organizations)

Handicap International-Belgium

American Friends Service Committee

Help The Afghan Children

CARE

International Crisis Group

Caritas Italiana

International Rescue Committee

Catholic Relief Services

Learning for Life

Marie Stopes International	Southern Western Afghanistan and
Mercy Corps	Baluchistan Association for
Norwegian Afghanistan Committee	Coordination (70 member organizations)
Ockenden Afghanistan	Tearfund
Open Society Policy Center	Women's Edge Coalition
Oxfam International	

Rights & Democracy

cc: Secretary Donald Rumsfeld
 Administrator Andrew Natsios
 Senator Mitch McConnell
 Senator Patrick Leahy
 Senator Richard Lugar
 Senator Joseph Biden
 Representative Jim Kolbe
 Representative Nita Lowey
 Representative Henry Hyde
 Representative Tom Lantos
 Assistant Secretary Robert Charles
 Assistant Secretary Christina B. Rocca
 Ambassador Maureen Quinn
 Ambassador Zalmay Khalilzad
 Assistant Administrator James Kunder

ANNEX – III



PRESS RELEASE
12th November 2004

TRIPARTITE COMMISSION IS PROPOSED FOR AFGHANISTAN'S MAIN POPPY GROWING PROVINCE

Kabul, 12th November 2004: At a meeting in Kabul between the Government of Afghanistan, donor nations and the Governor and leaders of Afghanistan's major poppy growing province, Nangarhar, a proposal has been made to set up a tripartite commission to resolve how to develop the province if poppy cultivation is curtailed.

The Afghan Minister for Rural Rehabilitation and Development, Muhammed Haneef Atmar, who convened Thursday's meeting, said the commission should be between the central government, the international community and the people of the province. "Whilst the commission should report to the Central Government, the Nangarhar Provincial Government should have a leading role," said Mr Atmar.

The meeting at the Intercontinental Hotel in Kabul was convened after several other provincial meetings had been held with Central Government officials to discuss eradication of the poppy crop in Nangarhar Province. Setting the scene for the meeting, Tim Gurney, Deputy Head of Mission at the UK Embassy, said its purpose was to listen to the views of people from Nangarhar Province, and that there was much to be done.

"The choice is between building security, stability, lasting peace, the rule of law and prosperity -- or growing poppy," said Mr Atmar. "And the people of Nangarhar have stressed that they are going for the former option, but that they need help in return."

The Governor of Nangarhar, Din Mohammad, said that he had spoken to the people of the province about President Hamid Karzai's ban on poppy cultivation, and that they had assured him they would carry out the president's wishes. But he said the needs of the people should be addressed.

Din Mohammad then gave a detailed list of the requests for his province. He began with a request for wheat seeds and fertiliser. The repair of reservoirs would give employment as well as irrigation, he said. Credit was needed by poor farmers, and roads from villages to the markets needed hard surfacing. He called for help with the marketing of Nangarhar's agricultural produce elsewhere in Afghanistan and abroad. Among other requests, he said electricity is needed if Nangarhar is to develop factories.

The response by the international community to the proposals for Nangarhar at the meeting was very positive. Speakers from the European Community, USAID and the British Government's Department for International Development (DFID) reiterated their commitment to render assistance through the leadership of the Afghan government, based on the priorities of the leaders of Nangarhar.

The European Commission Representative, Karl Harbo, noted that the European Commission has already been supporting Nangarhar, and he said it would continue to do so.

The representative of USAID in Afghanistan, Roger Carlson, said he wanted to put in place a programme by this December for small projects that would employ people on an emergency basis. He said that for the longer term USAID was designing a programme for investment in public works and infrastructure, and that it would also focus on support for the farming sector of the economy. "I appreciate you have made a commitment to eradicate poppies, and it's up to us to reciprocate," Mr Carlson told the audience of senior leaders from Nangarhar.

The Head of DFID in Afghanistan, Richard Hogg, said that it is important to ensure coordination of donor inputs into the province, so detailed work needs to get underway in preparing a provincial development plan as well as establishing a provincial development fund to finance the plan. "Such an approach should be a model that could be adopted in other parts of the country," said Mr Hogg.

One of the speakers from Nangarhar summed up by saying "Nangarhar has always claimed to be Number One in poppy production. Now we must be Number One in eradication."

ENDS

ANNEX - IV

Opium Poppy (*Papaver somniferum*): The Crop

Opium poppy has a number of advantages for farmers in Afghanistan. The main advantages are the followings:

- Exceptional adaptability to agro-ecological conditions. Poppy is cultivated in most soil types in Afghanistan and in elevation varying from 650 meters absl in Nangarhar to above 3,000 meters in the Central Highlands and Badakhshan¹⁹⁹.
 - The crop cycle is shorter than wheat and therefore allows early planting of the second crop which can benefit from better water availability. Indeed, river flows decrease rapidly in summer and water availability is a constraint for second crops particularly is planted late.
 - It produces non-perishable high value products (opium paste), which allows farmers to speculate on prices by delaying the sell of dried poppy paste.
 - It has a ready market and traders willing to purchase at the farm gate (so much like other products which have markets such as horticulture).
 - All parts of the plant can be used (beside opium):
 - the poppy seeds are sold on the market for oil production or export to east European
- countries where it is used for confectionery. Poppy seeds contain up to 50% of oil and a minimum of 30% can be obtain with cold extraction and is therefore one of the oil richest cultivated crop. Poppy seeds contain only traces of opiates. Poppy seeds are collected after the harvest when the heads are dried. Yields are irregular and depend on varieties²⁰⁰. The picture 1 (front cover) and 13 (back cover) shows poppy fields and heads ready to be removed for the seeds. Each head contains between 2,500 and 4,000 seeds.
 - The dried stalks are used as fuel in winter.
 - In some areas such as Badakhshan, a weak form of soap is also extracted²⁰¹.
 - Demands less irrigation then wheat (6-7 irrigation for wheat and 3-5 for opium poppy).

¹⁹⁹ Up to 900 meters in Europe.

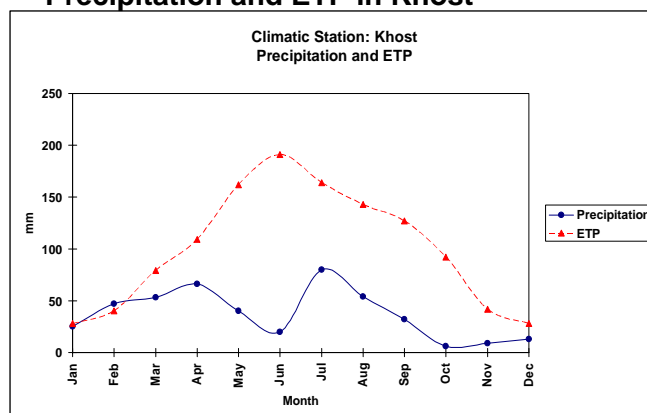
²⁰⁰ Some poppy varieties have small openings below capsules/heads and at maturity seeds are lost through these openings. In Switzerland, the seed yield average 1 tones per hectare but varies between 0.2 and 1.7 tones, mostly depending on the variety, the site and climatic conditions of the year. Frick, Claudia and Hebeisen Th., "*Le pavot à huile, une culture intéressante*", Rev. Suisse d'Agriculture, Vol. 37, No3, p. 114- 120, May-June 2005, p. 117.

²⁰¹ UNDCP, "*The Illicit Opiate Industry of Pakistan*", Islamabad, Unpublished report, December 1994.

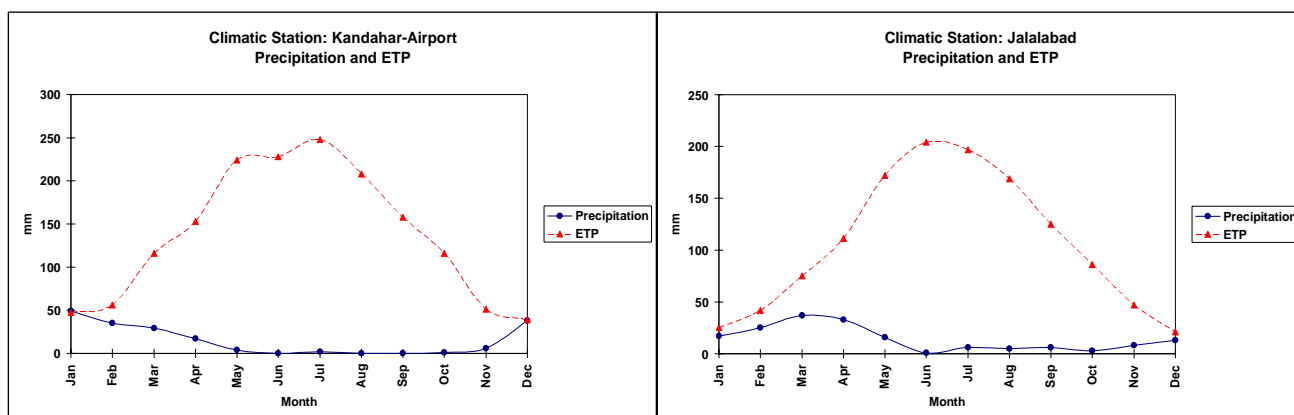
However, opium poppy has some geographical limitations due to the characteristics and requirements of the plant:

- Poppy does not grow well on heavy clay soils therefore some areas are restricted (although limited).
- Poppy demands direct sunlight and therefore does not produce well when planted near trees producing shade (poplar trees are generally planted along the fields).
- Strong wind can reduce yield as opium gum drops off from colliding poppy heads.
- Rain at harvesting time can reduce yield by washing away opium gum from poppy heads. It is particularly affecting eastern zones (Upper Kunar, Khost, Paktia, Paktika) under the influence of the monsoon rainy season and hence benefit from rainfall in summer too. The graphs 13, 14 and 15 compare precipitation in Khost with Jalalabad and Kandahar (which are not influenced by the summer monsoon).

Graph 14
Precipitation and ETP in Khost²⁰²



Graphs 15 and 65
Precipitation and ETP in Kandahar airport (left) and Jalalabad (right)



²⁰² Favre, Raphy and Monowar, Golam "Watershed Atlas of Afghanistan. Working Document for Planners", FAO/UNDP/MIRWE/AREU/SDC, 2004, p. 104, 148 and 156.

Opium poppy is a difficult crop to grow and presents challenging technical difficulties. Lowering of the opium poppy yield can result in significant losses of profitability (see Part I, section 9.4) and therefore the best land is generally allocated to opium poppy. Cultivating poppy is risky and moreover, requires a cohort of acquired knowledge from the farmers to conduct successfully the crop. Although in general opium poppy fields look good, crop failure or low plant density and development are commonly seen in the field (see pictures 5 and 6). Here are the major technical challenges to cultivate opium poppy:

- Small size of seeds (between 1,500 to 3,300 seeds per gram²⁰³) requires a very fine soil preparation with several passages of farm tools. Low germination on sub-optimal soil preparation is common. Lighter soils allow finer structures adapted to poppy seeds germination. Poppy seeds are broadcasted at a high rate of 1 to 2 kg/ha in order to insure sufficient germination.
- High sowing density requires that seedlings are thinned out. This is a long process done at early stage by hand when seedlings are at 1-2 leaves phenological stage. Differentiating poppy seedlings and weeds can be challenging in new cultivated areas (as observed in Bamyan in 2003). The final density of plants is given by the thinning process which directly affects yields; a too high density would result in small heads which produce little, while a too low density would result in larger bulbs but

reduced yield²⁰⁴. In general, four thinning and weeding are necessary.

- Sensitiveness to water-logging. Given the competition over water access along irrigation canals, water-logging is common irrigation problem (see Watershed Atlas) as farmers try to get as much water as possible during their turn. Therefore, opium poppy cultivation necessitates a more sensible dosage of the quantity of water applied in the field. Irregular land leveling causes irrigation water to accumulate in some parts of the fields which results in the loss of poppy plants in these specific spots (see pictures 5 and 6).
- Tolerate frost well but yet frost on poppy was observed in Ghor in summer 2003. Frost risks are higher in high elevations.
- Wind and warm weather during the harvesting period increases the evapo-transpiration and reduces sap availability.
- Lancing requires specialized laborer as it requires to be conducted at a specific time after the end of flowering and dexterity is required for the lancing operation itself. Before lancing, the poppy harvesters are palpating the poppy's head by hand to determine their maturity. The lancing is done with a hand tool composed of 4 to 6 iron blades to incise the poppy head with 1 mm deep cuts. Lancing is done in the afternoon and solidified opium latex collected the next morning.

²⁰³ Frick, Claudia and Hebeisen Th., *Ibid.*, 2005, p. 115.

²⁰⁴ Trials for poppy seeds in Switzerland showed that the best plant density is 40 to 70 plants per square meters. Frick, Claudia and Hebeisen Th., *Ibid.*, 2005, p. 116.

Each poppy head is lanced several times²⁰⁵. Unqualified or unmotivated labor can result in significant yield reduction, which may partly explain the higher salaries for opium poppy harvest. Workers are also breathing the toxic vapor of opium during the harvest which is seen hazardous.

- Yield reduces rapidly if crop rotation is not respected. However, indigenous knowledge seems to indicate that maize is not a good crop to precede opium.

In order to mitigate some of the above risks, farmers are mixing different varieties. This mainly reduces risks related to diseases and extends the harvesting period which is labor intensive. The pictures 7 to 12 illustrate the wide diversity of poppies in Afghanistan.

The table 7 shows that despite technical difficulties to grow opium poppy, Afghan farmers obtain the highest yield level from the main illicit opium poppy production areas. This tells much on the expertise and dynamism of Afghan farmers to acquire skills in horticulture.

Picture 5
View of a low density poppy field, resulting in low yield.
Balkh district of Balkh province, 13 May 2003



²⁰⁵ 1 to 8 times according to Legeay, Denis, "Quelques bonnes raisons pour cultiver le pavot", MADERA/MILDT, March 1999.

Picture 6

View of a low density poppy field. The low emergence of poppy plants in part of the plot is due to irregular soil leveling which resulted in slight water logging in certain areas which damaged young poppy seedlings (harrow). Lal district, Ghor province, 2 June 2003.



Table 7

Comparison of opium poppy yields in Afghanistan, Pakistan, Burma and Laos. Afghanistan has a significantly higher yield than other producing countries.

Source: UNODC Burma 2003 and 2004, UNODC Afghanistan 2004, UNODC Laos 2003 and 2004 and UNDCP Pakistan 1994²⁰⁶

	Yield kg/ha 2003	Yield kg/ha 2004
Afghanistan	45	32
Pakistan	22.2 (1994)	
Burma	13	8
Laos	10	6.5

Picture 7 to 12

Close-up views of diverse poppy flowers observed in a single field in Khulm district, Balkh province on the 12th of May 2003

²⁰⁶ UNODC, “Myanmar, Opium Survey 2003”, June 2003 and UNODC, “Myanmar, Opium Survey 2004”, October 2004. www.unodc.org/myanmar/en/reports.html; UNODC, “Laos, Opium Survey 2003”, June 2003 and UNODC, “Laos, Opium Survey 2004”, 2004. www.unodc.org/myanmar/en/reports.html ; UNODC, “Afghanistan, Opium Survey 2004”, November 2004. www.unodc.org and UNDCP, “The Illicit Opiate Industry of Pakistan”, Islamabad, Unpublished report, December 1994



ANNEX - V

Debts Problems in the 1970s

In 1970, Gilbert Etienne²⁰⁷ showed that usurious and non-Islamic interest rates of 25-50% on loans were the practice. A detail study was conducted in Bagh-e Miri village close to Kunduz in an intensively irrigated area (double cropping possible). The table 8 shows the land tenure that prevailed in the village at that time.

The study found that farmers below 2 ha of irrigated land had serious difficulties to have savings from farming and thus to reimburse the interest of their debts. This group of farmers represented 54% of the total population (table 8)! The level of indebtedness was high and of concern for small land holders.

In 1970, loans were contracted mostly for weeding, funerals, purchase of food and farming input. Without being the only source of debt weeding expenditure were heavy of consequences as bride cost had multiplied by 10 between the 1960s and 1970s (50'000 to 100'000 Afs necessary at that time; exchange rate in the free market 80 Afs for 1 US\$ in 1970). Etienne found that defaulting on loans repayment was significant and this would explain the high interest rates practiced already in the 1970s by money lenders (no specific group at that time: landlords, merchant, traders, family members).

²⁰⁷ Etienne, Gilbert, "*L'Afghanistan ou les aléas de la coopération*", Ed. PUF, Paris, 1972, p.87-102.

Table 8
Land distribution in Bagh-e Miri village in 1970

Acreage	Nbr. of Farmers	% of Total	Total Acreage (Ha)	Average
0-1 ha	38	31	20	0.5
1-2 ha	28	23	43.3	1.5
2-4 ha	40	32	123	3.0
4-6 ha	12	10	56	4.7
6-8 ha	2	2	12.7	6.35
8-10 ha	1	1	9.6	9.6
>10 ha	1	1	14.5	14.5
TOTAL	122		279.1	

Table 9
Level of indebtedness in Bagh-e Miri village in 1970

	Nbr. Farmers indebted	Nbr. Farmers interviewed
Landowner	6	8
Landowner and sharecropper*	7	10
Landowner and farm worker**	3	3
Sharecropper and farm worker***	5	5
Farm workers	3	3

* Owner of one plot and sharecropper of the other

** Owner of one plot and farm worker to complement income

*** Sharecropper and farmer worker to complement income



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