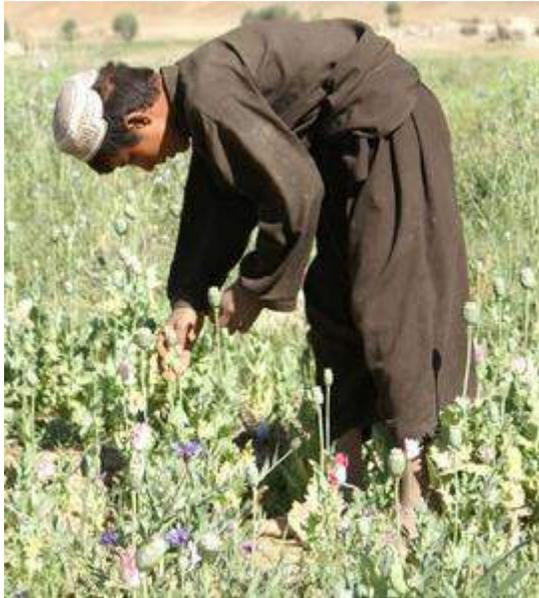


Managing opium: Policy choices for Afghanistan

By Patrick Kavanagh



Income from illegal opium poppy cultivation helps sustain the livelihoods of millions of rural Afghans, but also provides significant revenues to criminals and armed groups fighting the government.

Although at first glance *Papaver somniferum* — the “sleep-bringing poppy” — is a seemingly innocuous flowering plant, its seedpods can deliver opium as well as powerful narcotic derivatives like heroin, morphine, and codeine.

During the millennia since these anaesthetic effects became known, some people have celebrated opium’s pain-killing potency while others have condemned the social consequences of the drug’s recreational use. Wars have been fought because of opium, and it is no exaggeration to say that this species of poppy has changed the course of history.

Today the global debate over opium focuses on Afghanistan. With international help, the country is trying to rebuild after decades of war and instability. Among the many challenges its government faces is the widespread and illegal cultivation of the opium poppy. Income from this agricultural sector helps sustain the livelihoods of millions of rural Afghans, but at the same time opium provides significant revenues to criminal gangs and armed groups fighting the government.

What should be the Afghanistan government’s policy toward growing poppy? Three options have been debated: eradicating the crop with a poison spray, legalizing the practice and selling the harvest for lawful morphine production, and seeking alternative livelihoods for opium farmers.

The role of the International Development Research Centre (IDRC) is not to settle policy debates, but to support research that will provide the evidence needed to inform decision-makers in developing countries. In this spirit, IDRC recently

joined with Aga Khan Foundation Canada to host a presentation by two counter-narcotics experts on the political and economic implications of opium production in Afghanistan.



Different shapes

David Mansfield is a specialist in the field of drugs and development. He believes that an effective counter-narcotics policy must be built from the ground up, and the first step in the process is to understand farmers’ motivations. Under the sponsorship of various agencies,

including Aga Khan Development Network and the Afghan Research and Evaluation Unit, he has spent 10 years in rural Afghanistan, finding out why people grow poppy.

Mansfield stresses the complexity of the opium economy. “Poppy farmers,” he says, “come in many different shapes and forms.” He explains how dependence on the poppy is usually related to a farmer’s access to key resources.

At one end of the continuum are farmers with large land holdings, dependable irrigation, proximity to transportation and markets, and security and good governance. These people have a low dependence on poppy and instead rely for everyday subsistence on other sources of income or credit. Their revenues from poppy are used to buy one-off capital assets such as housing or vehicles.

Farther down the scale are farmers who own a small piece of land from which many people draw a livelihood, and who are remote from good roads, markets, and irrigation. These farmers are much more dependent on poppy growing, which may provide up to 90% of household income. During tough times they may take out a cash loan against their future opium harvest.

At the bottom are hired labourers, itinerant weeders and harvesters, and landless sharecroppers. In these households, everything depends on the poppy: access to land and water, fertilizer and other inputs, food and basic commodities, and credit (often taken in kind rather than in cash).



Lessons to be learned

In 2005, Nangarhar province, in Afghanistan’s northeast, enforced a ban on poppy growing and destroyed existing crops. According to Mansfield, the sudden loss of opium production had a multiplier effect throughout the economy, sharply reducing incomes both in the farm sector and in businesses unrelated to poppy. Access to land and credit diminished and, because poppy cultivation is very labour intensive, unemployment rose and wage rates fell. The poor suffered.

Among farmers, the response to the ban varied. Those with good access to resources diversified. They planted high-value vegetables like onions and green beans, which they could easily sell at nearby markets. Meanwhile their sons, no longer busy in the poppy fields, were free to seek wage labour in the city. Despite the prohibition on poppy, this class of farmers did well.

In the case of enterprises farther down the scale, however, the outcome was less positive. Households too large for the size of the farm, or lacking transportation links or irrigation, or located far from markets or in places with weak security and governance, fell into crisis. In desperation, many of these people defied the ban and returned to growing poppy.

Some lessons are clear. Asset-rich farmers with an initial low dependency on opium tend to further diversify their income sources when poppy is banned. Such a policy can actually play a catalytic role by forcing people to make choices about alternative ways to use their resources.

It is also clear that the opium economy cannot be considered in isolation. Where a measure of economic growth, security, and good governance has been established, poppy reduction can be sustained. Eradication measures, however, must be introduced slowly and carefully.

Observes Mansfield:

Eradication, the physical destruction of crop, can play a role, but improving the lives and livelihoods of rural Afghans is the end game. It's not just about a crop, it's about a broader process of development: improving governance, security, and economic growth.

No silver bullets

William Byrd, an economic advisor with the World Bank's South Asia division, echoes Mansfield's view that opium should not be considered in isolation. In fact, Afghanistan's response to poppy cultivation is so interwoven with the country's nation-building strategy that finding the right solution is essential to the success of that larger agenda.

According to Byrd, the narcotics industry threatens economic growth and development, the "normalization" of political life, security and the rule of law, and governance and anti-corruption measures. The links are obvious: if politicians are involved in the drug trade, political stabilization will suffer; rampant bribery surrounding narcotics will hinder the wider anti-corruption effort; the drug business will encourage lawless and insecure environments in which it can operate freely; and so on. Opium jeopardizes the essential building blocks of the kind of healthy, functioning state that Afghanistan desperately needs to establish.

Policies for tackling opium, therefore, must be carefully integrated with the other themes of Afghanistan's reconstruction. "If counter-narcotics measures are poorly thought out or implemented," says Byrd, "they can have serious repercussions for the development and state-building agendas." He cautions that there are no easy, quick, or simple solutions. Among the three main policy options on the table, none is a "silver bullet."

Unintended consequences

In Byrd's view, destroying poppy harvests by chemical spraying is either simply unsustainable or fraught with unintended consequences.

The opium economy, for example, is notoriously "footloose." Opium is an annual crop, and so farmers can readily move to another region if harvests are being destroyed in their neighbourhood.

In some parts of Afghanistan, many poor households depend on opium-backed loans. Extermination policies may aggravate their debt so that their only recourse is to grow still more poppy. If this cycle continues, economic dependence on opium increases, and rural poverty worsens.

Uneven implementation of eradication programs — because of bribery or political connections, for instance — undermines the government's credibility and even threatens the legitimacy of the state. These distortions can be exploited by anti-government interests and can increase political support for the armed opposition.

Licit versus illicit

A second option proposes to license opium production for international sale on the licit painkiller market. Byrd believes that this scheme is unworkable under current conditions.

In Afghanistan's existing governance and security context, where controls are lax, enormous "leakages" from the licensed output into the illicit sphere are inevitable. Furthermore, with plenty of arable land available — and with illegal opium undoubtedly commanding a higher price than the licensed production— little would prevent the simultaneous cultivation of both a licit and an illicit crop.

Furthermore, Afghanistan produces some 90% of the world's illicit opium. It's doubtful that the countries currently producing opium for medicinal purposes — Australia, France, India, and Turkey — would willingly reduce their own output to allow sufficient market space for a large licensed volume from Afghanistan. Profit margins on licit opium production are small, and expansion of the licit supply would further reduce prices.

Third option

In fact, the Afghan government has already rejected both chemical eradication and licensed production as policy options. A third alternative is fostering "alternative livelihoods." Byrd is unconvinced that this approach can yield quick and enduring results.

The rush to provide alternative livelihoods can be costly, he says. These projects tend to be hurried and are therefore of doubtful sustainability, and often carry a higher risk of corruption and waste.

And these schemes can raise unrealistic expectations among Afghan farmers about short-term outcomes, with their resulting disappointment souring the political atmosphere.

Furthermore, projects aimed simply at generating income, or cash transfers to "buy out" poppy farmers, fail to address the wider aspects of opium dependence, such as the farmer's relationship with the credit market, land title, access to water supplies, infrastructure, and so forth. As Byrd explains:

Developing an alternative livelihood where the resources and the markets are not there already is challenging. It's essentially the challenge of rural development, which takes a long time in any country and certainly will in Afghanistan.

A smarter approach

Despite his pessimism, Byrd notes that, in the right circumstances, some Afghans have been happy to abandon poppy cultivation. He points to Thailand, where it took 20 years to solve a much smaller opium problem, and counsels action based on sustained commitment and modest short-run expectations. He suggests elements of a "smarter" counter-narcotics policy.

For example, since the international opium pipeline is hourglass-shaped — with many farmers, few traffickers, and many users — he urges a focus on the major traffickers and their sponsors.



These actors pose the greater threat to the country because they can influence the government and have a vested interest in a weaker state.

He recommends a containment strategy to counter the “footloose effect:” don’t confront the main producing areas exclusively, but also put some development programs and law enforcement efforts into the non-producing provinces, or those that are newly producing or marginal, to “inoculate” these areas against the opium economy.

He urges support for longer-term rural development efforts, such as market access, better security and governance, and irrigation, all of which will create more possibilities for licit agriculture. At the same time, he says, remember the counter-narcotics aspect whenever development assistance is being provided; for example, consider the risk that a new irrigation project may be used to support opium cultivation.

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IDRC helps Afghans rebuild

Among other projects, IDRC...

- works with partner organizations to strengthen the skills of researchers exploring alternative livelihoods for opium farmers;
- supports the International Centre for Integrated Mountain Development in its efforts to rebuild Kabul University;
- funds a media and information advocacy organization, the Killid Group, in raising public pressure for action on human rights, especially the rights of women.