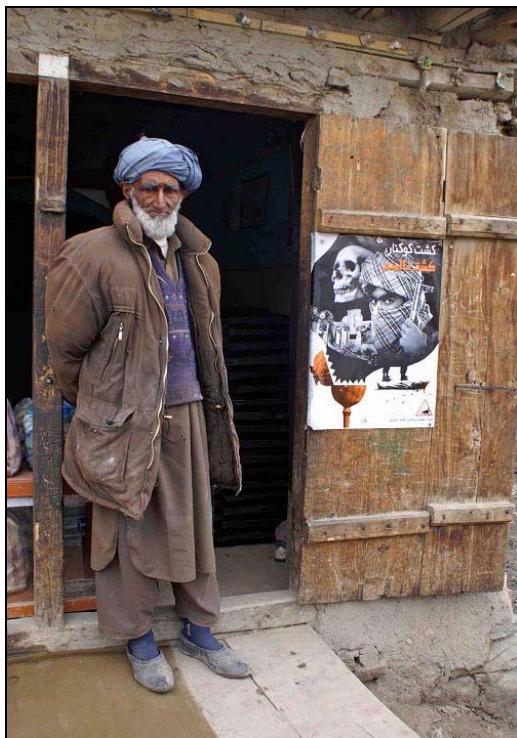
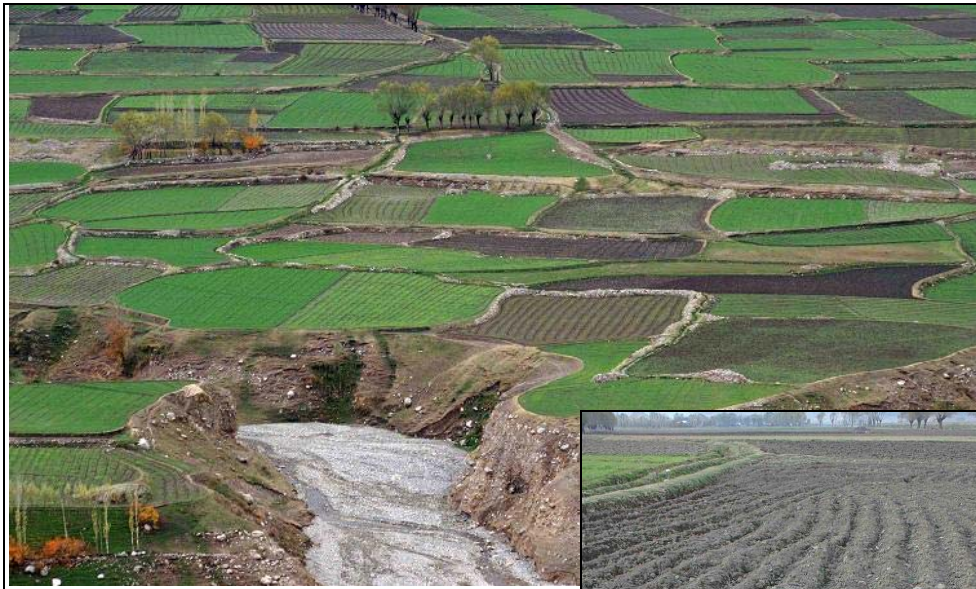


## **Governance, Security and Economic Growth: The Determinants of Opium Poppy Cultivation in the Districts of Jurm and Baharak in Badakhshan**



**February 2007**

## **ACKNOWLEDGEMENT**

The author would like to thank Mutahar Shah and Mohammed Nasim for their tireless work during the fieldwork. Their contribution was invaluable. Thanks also go to William Byrd and Joanne Trotter for their comments on earlier drafts and Richard Brittan for the various maps contained within the report. Any omissions or errors in the report are my own. The contents are the sole responsibility of the author and can in no way be taken to reflect the views of the Agha Khan Development Work. Of course particular thanks go to the individuals and groups who shared their time and experiences despite other more pressing priorities.

## EXECUTIVE SUMMARY

As this report shows the evidence from the centre of Baharak district in Badakhshan is that given the right conditions many households can prosper despite ceasing or significantly reducing opium poppy cultivation. Opium poppy remains an input intensive crop. Not only does land have to be set aside for its cultivation but also water, seed, farm power and most importantly of all labour. When the opportunity cost of allocating these inputs to opium production rise due to the growth in the market for high value vegetable production, the recovery of livestock prices and significant increases in wage labour opportunities, households can make the shift from opium poppy cultivation to legal economic opportunities without enduring economic and political shocks.

For instance, it no longer looks as economically attractive to allocate family members to work on such a labour intensive crop as opium poppy cultivation when salaried employment and consistent wage labour opportunities are available, particularly when opium prices are falling. Neither does it make sense to hire a workforce for opium poppy cultivation to substitute for this now gainfully employed family labour given relatively high wage labour rates.

Instead it is rational to cultivate less labour intensive crops that can be managed largely utilising the remaining supply of household labour. Of course it is even more conducive to the household if these crops fetch good prices, attract traders to purchase them at the farmgate and obtain advance payments, as is currently the case in central Baharak. Land can also be allocated to fodder crops that are again less labour intensive and serve to increase the value added of livestock which has seen a recovery in prices and market size.

As such, combining wage labour opportunities with high value cash crops and livestock production not only has the potential to generate a higher return to household resources but can also offer greater security than simply cultivating opium poppy. Of course in this scenario 'security' is not only a function of the different income streams available which act as a safety net against crop or market failure, but also a consequence of the household operating within the 'rule of law' and therefore less vulnerable to the potential excesses of both state and non-state actors. In this situation a household will also more often than not be a recipient of public goods such as education, health, physical infrastructure, as well as physical security which all serve to improve economic opportunities and extend social contract between the state and community. As experience in other former opium poppy growing areas in countries like Thailand and Pakistan illustrate once these gains are consolidated farmers are unlikely to return to opium production even when farmgate prices increase significantly.

However, this paper also shows that the opportunity cost of allocating household resources to opium poppy is not rising for all, indeed these development are typically highly localised and concentrated around central Baharak. In contrast in the more remote areas of Baharak district and across much of the neighbouring district of Jurm, circumstances are such that agricultural commodity and labour markets remain constrained. Limited natural assets, such as land and water, combined with poor roads

and high transportation costs preclude the shift to high value vegetable production. Some recovery in livestock is taking place but the benefits of this tend to be concentrated amongst the relatively wealthy who have often restocked their herds using the proceeds from their opium crop. In these areas opium poppy persists all be it at lower levels than in 2006.

In the more remote parts of the district of Baharak there is potential for opium to cease once infrastructure is improved, and more marginal households restock their herds and gain better access to labour markets through a growth in labour demand and/or skill development. Wage labour opportunities in Iran will continue to be seen as an important safety valve for households who cannot meet their basic needs by participating in local agricultural and labour markets.

In the district of Jurm the prognosis is more bleak. The biggest constraint on reducing opium poppy in this area is the insecurity and poor governance that is currently stymieing the growth of the legal economy. Here the political and financial interests of competing commanders will only serve to continue high levels of dependency on opium production and prevent households making sustainable shifts to legal economic options. There is a danger that the growing insecurity in the centre of the district has a knock on effect in the upper areas in which currently the local commanders remain relatively inactive

In the centre of Jurm the uncertain political and security environment is already impacting on investment decisions. Attempts by the local and central authorities to reduce opium poppy cultivation are viewed with disdain and seen as part of a wider attempt by local commanders to reinforce their political and economic grip over the area. It is also impacting on the legal economy reducing disposable income and subsequently sales and employment opportunities. This in turn is further weakening the relationship between the state and local communities.

As such there is a real risk that the political need for short-term results on levels of cultivation could undermine attempts to deliver sustainable development and counter narcotics outcomes. In such an environment greater focus needs to be given to stabilising the security and governance environment through anti corruption measures and extending service delivery, as well as promoting economic growth. It would appear that counter narcotics efforts such as eradication efforts may well have to wait until these pre-requisites are put in place and farmers have viable alternatives to opium poppy cultivation.

## Table of Contents

<b>1. Introduction</b>	<b>1</b>
<b>2. Methodology</b>	<b>2</b>
<b>3. Understanding ‘the Metrics’</b>	<b>4</b>
3.1. Provincial level data	4
3.2. The need to disaggregate further	5
<b>4. Fluctuations in Opium Poppy Cultivation in Badakhshan from 2004 to 2006</b>	<b>10</b>
4.1 Cultivation from 2004 to 2006	10
4.2. Even lower levels of cultivation in 2006/07	15
<b>5. The Economic Factors Conspiring Against Cultivation</b>	<b>16</b>
5.1. Falling yields, prices and net returns	16
5.2. Functioning markets and access to viable legal livelihoods	21
5.3. The lands of more limited opportunities	22
<b>6. The Role of ‘Governance’ and the ‘Rule of Law’</b>	<b>26</b>
6.1. The ‘security premium’	26
6.2. Increasing counter narcotics efforts	27
<b>7. Conclusion</b>	<b>30</b>
<b>ANNEX 1: Bibliography of publications on the role of opium poppy in rural livelihoods</b>	<b>33</b>

## 1. Introduction

Once again the province of Badakhshan has gained notoriety due to reports of significant increases in opium poppy cultivation between 2005 and 2006. These are not the exponential increases of 2001 but the United Nations Office on Drugs and Crime (UNODC) reported that cultivation increased by as much as 77% between 2005 and 2006, from 7,369 ha to 15,607 ha. The United States Government (USG), whilst reporting a lower rate of increase of only 33% also reported significant increases from 8,800 ha to 11,700 ha.

Regardless of the source of data these increases were not uniform across the province. For example, according to UNODC's figures the bulk of the increase in 2006 is reported to have taken place in the two districts of Faizabad, where cultivation more than doubled, and Kishim, where it increased by around 300%. Increases in the level of cultivation in Jurm were less pronounced rising from 1,460 ha in 2005 to 2,027 ha in 2006, whilst in Baharak it is thought that cultivation actually fell from 1,635 ha to 710 ha. This divergence in district figures and trends highlights the context specific nature of opium poppy cultivation across the country as whole, the province and indeed individual districts.

The purpose of this report is to look at poppy cultivation in two neighbouring districts in which the Agha Khan Development Network (AKDN) is working. These two districts, Jurm and Baharak not only show distinct characteristics with regard to levels and trends in opium poppy cultivation, but also show diverging patterns of governance, security and economic potential. There is also some divergence in the circumstances within the different valleys within these districts. This report looks at the factors that underlie opium poppy cultivation in these areas and how these are in turn influenced by the levels of security, economic growth and governance.

However, it is important to note that this report is not an evaluation of AKDN's programme. As such fieldwork was not designed to specifically look at how AKDN's interventions influenced levels of opium poppy cultivation and consequently no attempt was made to explicitly ask respondents to attribute any changes in their lives and livelihoods or cropping decisions to particular projects or development investments.

The Report is divided into six sections. The first provides an overview of the methodology, and the prevailing security environment at the time that the fieldwork was conducted. The second section looks at some of the data on the levels of opium poppy cultivation in the province of Badakhshan and its constituent districts. It highlights how differences in methodology and geographic units of analysis can influence how trends in cropping patterns are interpreted. The third section provides an overview of the fluctuations in opium poppy cultivation in both Baharak and Jurm between 2004 and 2006. It also provides an early account of the level of opium poppy cultivation in these two districts for the forthcoming season 2006/07 based on assessments in the field. The fourth section looks at the economic factors that have are leading to lower levels of planting in Jurm and Baharak in the winter growing season of 2006/07. It documents the impact falling farm gate prices, poor yields and increasing wage labour rates have on the profitability of opium poppy in comparison to other crops.

The fifth section contextualises counter narcotics efforts within the wider governance environment using the two districts of Jurm and Baharak as contrasting examples. It highlights how the integrity of counter narcotics efforts is indivisible from the overall perception of the integrity of the key powerbrokers in the district. It illustrates that within an environment of insecurity and poor governance, counter narcotics efforts are seen as yet another example of the partial way that ‘the rule of law’ is applied, favouring the powerful and subjugating the weak. Where eradication is seen as a way by which the wealthy can accrue the assets of the poor, and interdiction the means by which the authorities gain greater control of the more profitable aspects of the industry namely trade and processing. The Report concludes that it is the synergy of governance, security and economic growth that is the key determinant of opium poppy cultivation. It suggests that no single factor alone can deliver sustainable reductions in opium poppy cultivation and that counter narcotics efforts and in particular eradication may well prove counter productive when implemented in areas where these three conditions do not coincide.

## **2. Methodology**

The fieldwork for this report was undertaken at a time of growing insecurity in Jurm district. At the time there was a spate of armed robberies in the area including the district office of AKDN, the offices of the district court, and a local mosque, where the carpets were stolen. A school was burned in Surch. Most of the local inhabitants believed these incidents were manifestations of the growing political tensions between the different commanders within the district. In the bazaar there were rumours of attempts by the Taliban and Hezbi Islami to gain political momentum in the area, and even the appearance of Gulbuddin Hekmatyar distributing guns in the neighbouring district of Argo. As a consequence of these heightened tensions the United Nations security rules were adjusted and expatriates were only allowed within the district during daylight hours. This increased the travel time for fieldwork considerably particularly for the more remote areas to the north of the district of Jurm.

It was also clear that there had been a concerted effort by the local authorities to reduce the amount of opium poppy planted prior to the onset of winter. There were consistent reports of the government issuing statements that opium poppy was banned and counter narcotic posters could be seen in the central bazaar in Baharak and throughout the bazaar in Kheyraabad in the district of Baharak where opium poppy had recently been destroyed. In central Jurm rumours of an eradication force operating in the district were commonplace throughout the period of fieldwork. In the district of Baharak it was possible to see fields destroyed by the Afghan Eradication Force, a specialist unit in the Ministry of Interior (see Figure 1).



**Figure 1: Residual opium plants after eradication in Baharak district. Badakhshan**

All this contributed to a general feeling of unease amongst farmers. It was also believed that the eradication force was accompanied by expatriates making the consultants presence viewed with greater suspicion than it otherwise might have been. As one respondent remarked: *'all foreigners are here to destroy our poppy, they want to take our poppy'*.

Indeed, it was quite notable that in comparison with three years prior when the consultant was last in the area undertaking a similar piece of work for AKDN, farmers were far more reticent about talking about opium poppy, even within the context of more far reaching discussions about their wider livelihoods. Meetings with village Shura members were particularly prone to denials of opium poppy cultivation within the village (even when germinated crops could be seen). Discussions in the field with individual farmers as they were working their land typically led to a more open dialogue. Given the heightened security environment, discussions regarding trading routes and even the impact changing patterns of opium poppy cultivation had on the socio-economic status of women, was considered too sensitive and inappropriate.

So as to maximise the time available in the field it was decided to restrict the fieldwork to the neighbouring districts of Jurm, Baharak and Khash. Semi structured interviews were conducted with a range of different socio-economic groups across these three districts, enabling an assessment of the changing role of opium poppy within the livelihood strategies of different asset groups over the last three years, as well as an understanding of the potential barriers to entry to the legal economy that some socio-economic might groups face. To identify the process by which farmers make decisions on the allocation of household resources, including land, water and labour, with particular reference to cropping, fieldwork was timed so as to coincide with the planting season for winter crops.

The villages chosen for fieldwork were chosen according to their (i) distance to district centres; (ii) access to land and water; and (iii) history of opium poppy cultivation. Villages from across the spectrum of each of these criteria were selected and within each village every effort was made to interview respondents from the different socio economic groups present in any one village. To get some verification of the changes in lives and livelihoods over time preference was also given to revisiting villages and respondents covered during fieldwork in December 2003.

Whilst any illicit economy presents fundamental research problems, the rural household continues to be the more accessible unit of analysis when looking at the opium economy in Afghanistan. Focusing on the household also provides a basis for

cross referencing findings and, drawing on research on the role of opium poppy in rural livelihoods in Afghanistan over the last decade,<sup>1</sup> tracing changes in the socio-economic, political and environmental processes that influence farmers in their decision to engage in illicit opium poppy cultivation. The same cannot be said for researching other aspects of the illicit economy, such as corruption and trafficking, access to information on which is far more problematic and where there is currently little comparative data, either quantitative or qualitative, to draw upon.

This report also draws on the examples that respondents told of events that were pertinent to their particular circumstances. These anecdotes are not representative of the life stories of any one particular group, but instead are illustrative of the stresses and opportunities created by some of the changes underway in Jurm, Baharak and Khash. These narratives represent the voices of Afghan farmers that are sometimes not heard in policy debates and discussions on opium poppy cultivation in Afghanistan.

### **3. Understanding ‘the Metrics’**

When it comes to opium poppy cultivation much is made of ‘the metrics’. Levels of opium poppy cultivation are often used to denote ‘success’ or ‘failure’. However, to be able to interpret statistics on the level of opium poppy cultivation, particularly trends, it is not only necessary to understand the causal reasons for possible shifts in the amount of the crop grown or its location but also what the numbers actually represent. Currently, both UNODC and the USG produce annual figures documenting their estimate of the amount of opium poppy cultivated in Afghanistan. Both sets of figures provide data at the provincial level that is subsequently used to chart trends in opium poppy cultivation over time.

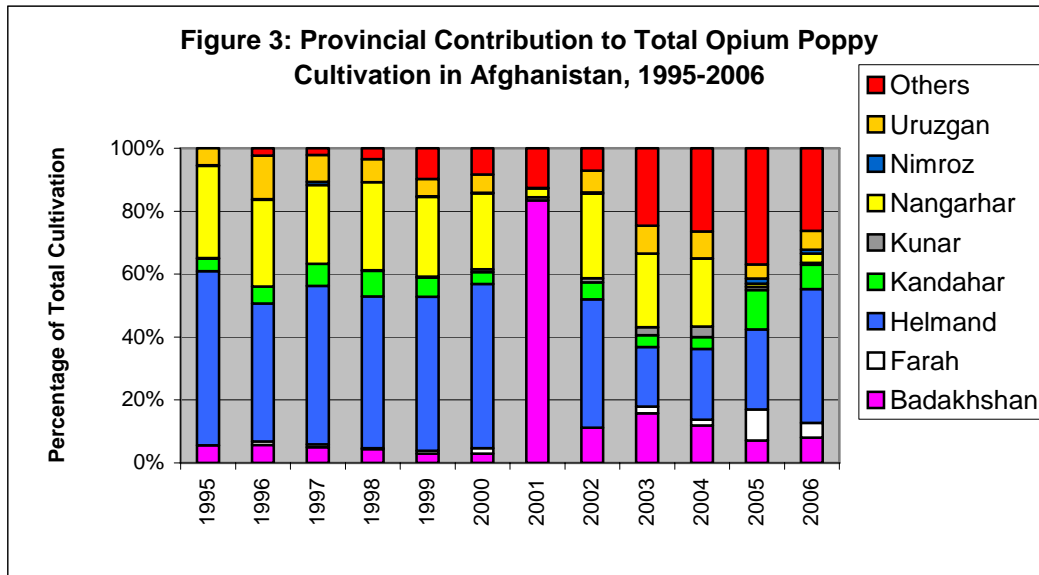
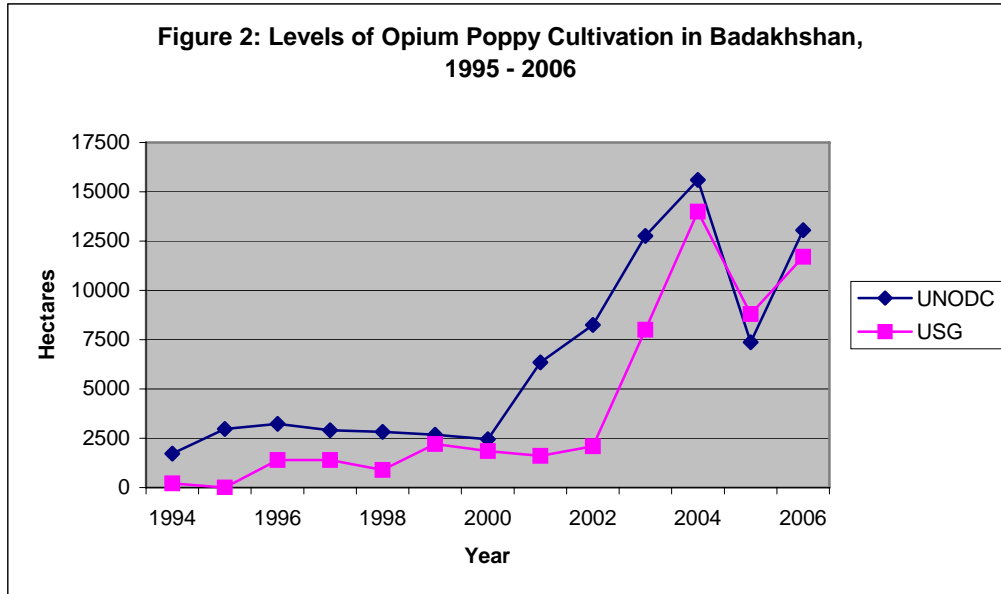
#### **3.1. Provincial level data**

In recent years the province of Badakhshan has gained some notoriety. According to UNODC in the 1990s cultivation in the province remained relatively static at between 1,500 and 3,000 ha per annum. However, in the 21<sup>st</sup> century marked increases in the amount of land dedicated to opium poppy were seen following the implementation of the Taliban prohibition on opium poppy cultivation across the rest of the country in 2001 (see Figure 2). By 2003, UNODC estimated that Badakhshan was the second largest opium-producing province after Helmand and by 2006 the province had retained this rank in three out of the last four years - a far cry from its position in the 1990s where it consistently produced less than 5% of total production for the country as a whole (see Figure 3).

The USG chart a similar trend in cultivation in the province of Badakhshan, although moving from a lower level of cultivation in the 1990s at less than 2,000 ha and with a later and more rapid increase in levels of cultivation in the 21<sup>st</sup> century (See Figure 2). Differences in the estimates of the absolute amount of opium poppy cultivation continue and between 2005 and 2006, with the USG reporting a more moderate increase in the amount of land allocated to opium poppy of only 33%, compared to the 77% increase estimated by UNODC.

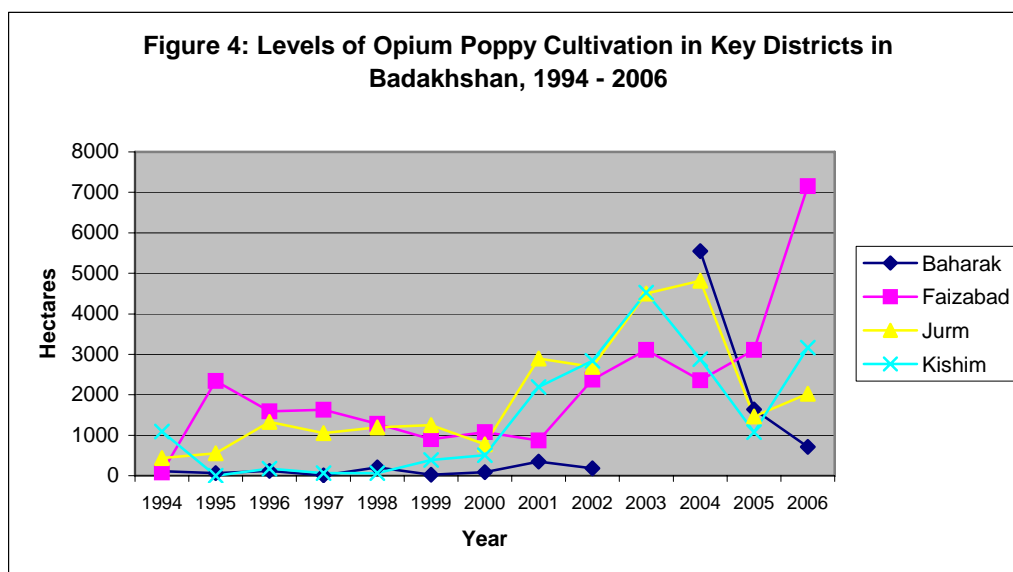
---

<sup>1</sup> For a full list of reports see Annex 1.



### 3.2. The need to disaggregate further

To develop a clearer explanation of why cultivation has varied in the province of Badakhshan as it has, it is necessary to further disaggregate the data. Given the sheer diversity in assets and opportunities even within a single province in Afghanistan and the fact that opium poppy cultivation is very much context specific, dependent on the specific socio-economic, political and environmental circumstances in a given area, it is necessary to disaggregate the data to the sub-district or mantequa level (where access to assets tend to be more comparable). Neither UNODC nor the USG report cultivation data at this level. UNODC do however produce district level data (see Figure 4).



Analysis at the district level shows a far more complex picture than provincial data. Indeed, at the district level the data not only shows levels of opium poppy cultivation fluctuating quite widely within a district but also between districts. Year on year changes in the levels of cultivation reported within a district can vary by as much as 300%. The district of Baharak stands out as an area that has succeeded in bucking the trend overall on more than one occasion over the last twelve years. For example between 2005 and 2006 the district of Baharak is thought to have experienced falling levels of opium poppy cultivation when the other three districts for which data is provided all report dramatic increases in the growth of the crop. A similar pattern, although not as dramatic can be seen in patterns of district level cultivation between 2001 and 2002.

The explanation for such differing levels and trends in cultivation is typically found in the specific circumstances within a district or sub district. However, in reviewing the district level data on opium poppy cultivation it is important to be aware of some of the issues around methodology and district boundaries. For example, as the levels of opium poppy cultivation have changed over the years, so has the methodology for estimating them. With the availability of more affordable satellite imagery remote sensing was introduced by UNODC in 2002, largely replacing the ground-based survey conducted since 1994.<sup>2</sup> Whilst district level estimates were produced in 2004, 2005 and 2006 the survey methodology used in 2003 produced only provincial level estimates. District level estimates for 2003 have been added retrospectively for some

<sup>2</sup> Currently the survey is a composite of both remote sensing and a ground-based survey. In 2006 the nineteen provinces covered by remote sensing accounted for an estimated 95% of total opium poppy cultivation. 'In the remaining fifteen provinces opium poppy cultivation was estimated from the surveyors' assessment of the extent of opium cultivation in sampled villages'. UNODC/MCN Afghanistan Opium Poppy Survey 2006. MCN/UNODC: Kabul. Page 99.

districts.<sup>3</sup> These changes in methodology make comparisons over the thirteen-year time period for which there is data somewhat problematic.

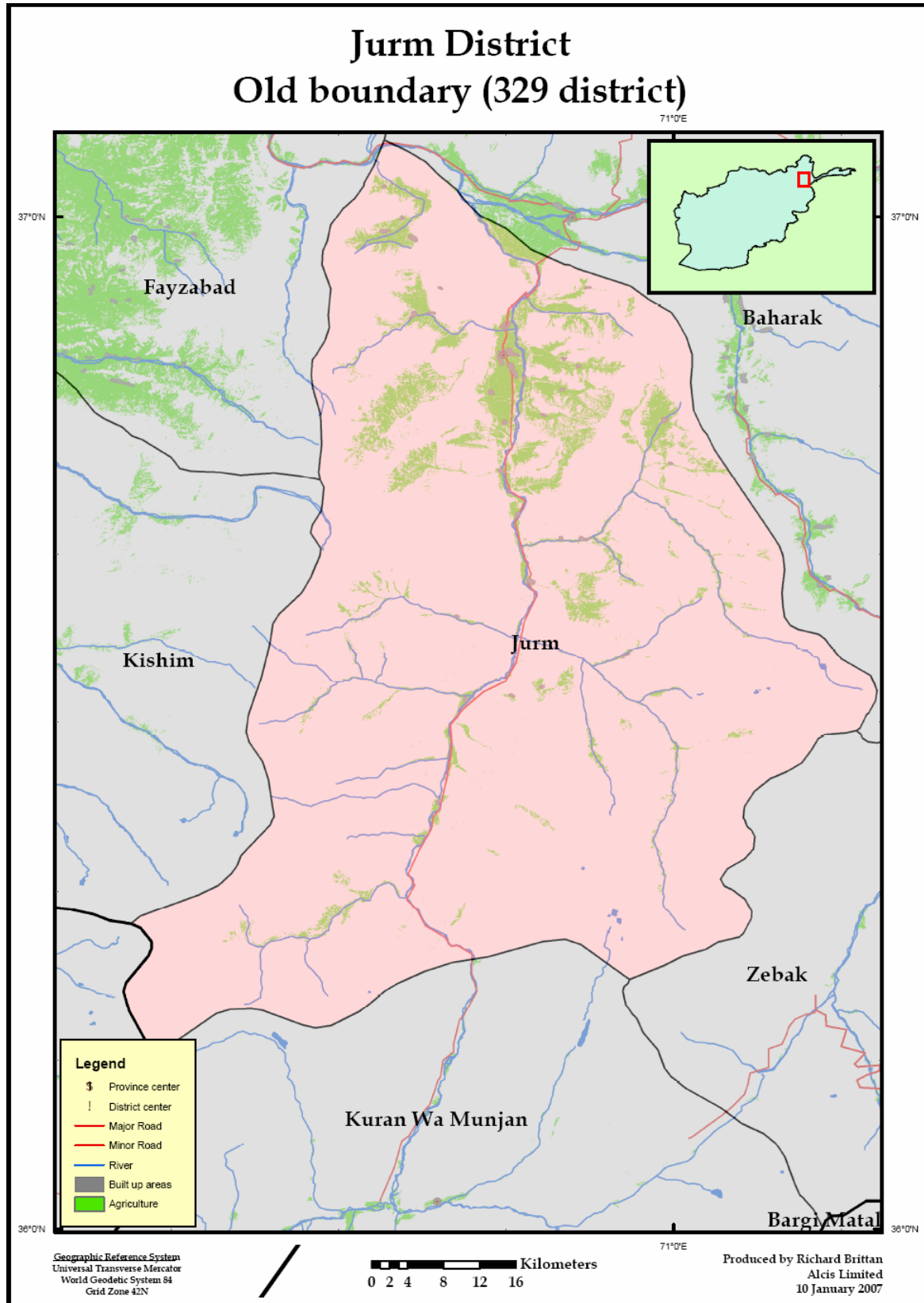
There is further complexity associated with district boundaries. In the 1990s new districts were being formed across Afghanistan. In the southern province of Helmand, Marja district was carved from Nad e Ali. In Badakhshan province the valleys of Argo and Daraim were established as independent from the district of Faizabad. More recently we have seen both an increase in the number of provinces with the formation of Dai Kundi and Panshir and a proliferation of districts.

Officially Badakhshan province now has twenty-eight districts; UNODC report against thirteen. Although the boundaries do not completely match (see Map 1 and 2), the old district of 'Faizabad' approximates the four districts of Faizabad, Argo, Daraim and Yaftal Sufla. Similarly the district known as 'Jurm' in the 1990s now comprises of Yamagan, Khash, and Jurm; and 'Baharak' consists of the districts of Dardoj, Shahada, Arghanj Kawa and Baharak. Other districts in the province have also gone through a similar process. This change in district boundaries can result in confusion. For example, on closer inspection UNODC's report of an increase in cultivation in 'Jurm' may actually be an increase in the amount of opium poppy in the district of Khash or Yamagan.

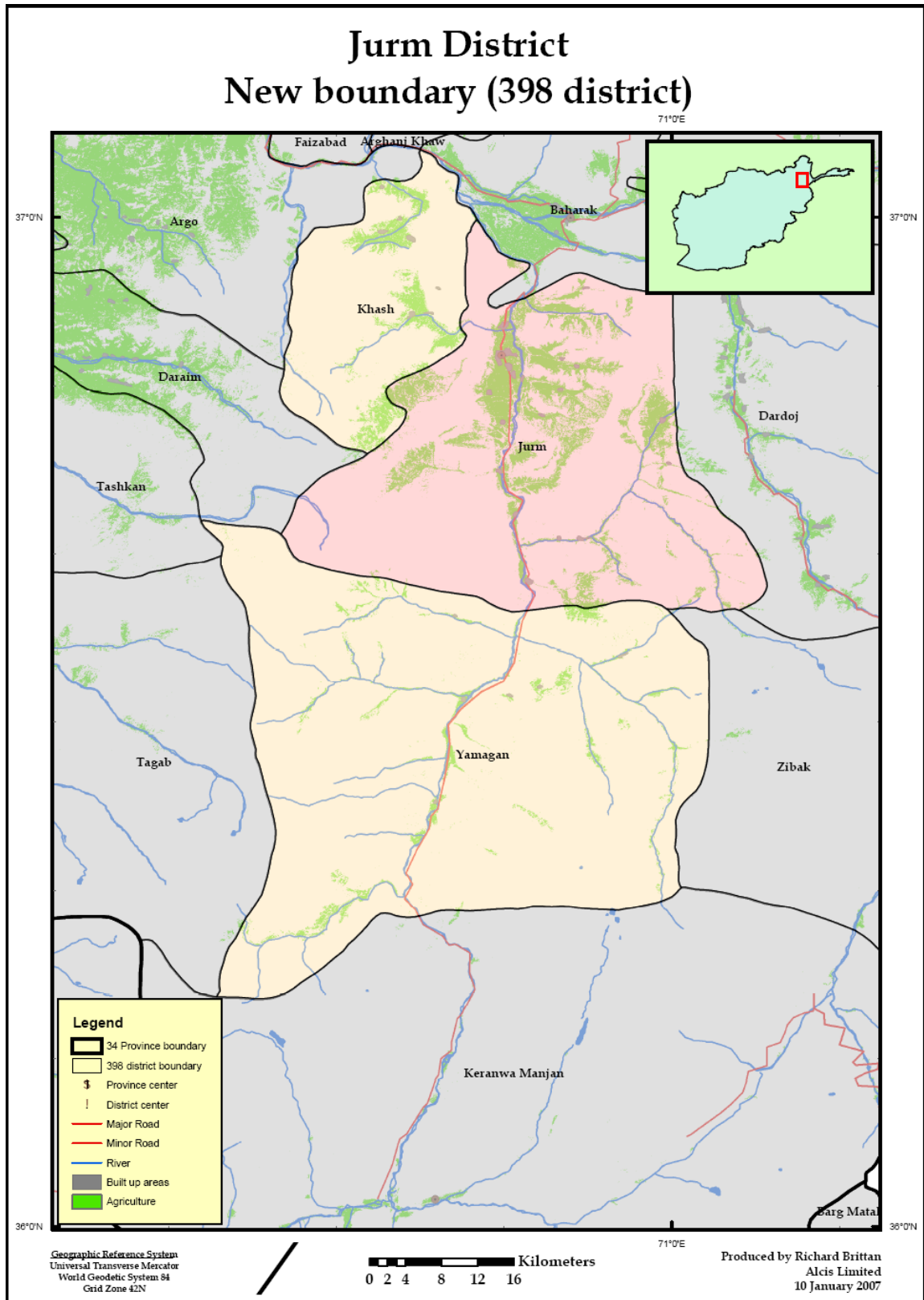
Whilst the increasing use of spatial data and mapping will help overcome the inconsistency in district boundaries it is essential that there is a consistency in terms and in units of analysis when describing the overall performance of specific districts and provinces with regard to drug control indicators such as levels of cultivation. Whilst this report uses the district boundaries as recognised by the Government of Afghanistan, ultimately it focuses on the specific areas and valleys within these districts in which opium poppy has been or continues to be grown. Where relevant figures on opium poppy cultivation are those provided by both UNODC and USG.

---

<sup>3</sup> Afghanistan Opium Poppy Survey 2004. MCN/UNODC: Kabul. Page 111; and UNODC/MCN Afghanistan Opium Poppy Survey 2006. MCN/UNODC: Kabul. Page 132.



**MAP 1: Jurm District as Currently Defined by UNODC**



**MAP 2: Jurm and Surrounding Districts**

## **4. Fluctuations in Opium Poppy Cultivation in Badakhshan from 2004 to 2006**

The province of Badakhshan witnessed dramatic increases in cultivation following the year of the Taliban prohibition on opium poppy cultivation in 2001. Previous research has documented the reasons for this exponential rise in cultivation in some detail, highlighting how the combined effect of the drought, the shift in the regional market for opium and the end of the civil war created the conditions by which opium poppy could expand in Badakhshan.<sup>4</sup>

This work also showed the unequal distribution of income generated from opium poppy and how those households that were worst hit by the drought used opium poppy cultivation as a coping strategy, whilst those with good quality land, low levels of household debt, sufficient livestock, and sources of non-farm and off-farm income not only escaped the rigours of the drought but benefited disproportionately from opium cultivation. Mansfield (2004) highlighted how the sale of livestock (a traditional source of credit) and the mortgaging (and sale) of land during the drought had left the resource poor dependent on opium poppy as a means of survival. In contrast by accumulating the assets sold by the poor during the drought, the wealthy not only gained greater control over land and access to credit but by doing so consolidated high levels of opium poppy cultivation within the province, despite reductions in the farmgate price.

### **4.1 Cultivation from 2004 to 2006**

There was a general consensus amongst those interviewed that 2004 had been the peak year for opium poppy cultivation in both Jurm and Baharak. Cultivation was widespread and cultivated by almost all of those interviewed that were residing in the area in 2004. Since then cultivation had fallen, and in some areas fallen quite considerably. Cultivation does however remain at levels almost five times what they were prior to the onset of the Taliban ban in 2001.

Maps 3, 4 and 5 show how recent reductions manifested on the ground with a significant reduction in levels of cultivation across Jurm, Baharak and Khash between 2004 and 2006. These maps are produced using remote sensing. Areas of red represent areas where the probability of opium poppy is classified as 'very high'; orange represents areas where the probability of opium poppy is classified as 'high'; yellow represents areas where the probability of opium poppy is classified as 'medium'; and green represents areas where the probability of opium poppy is classified as 'low to none'.<sup>5</sup>

The maps show that in Jurm as in Baharak opium poppy typically persisted in the upper parts of the valleys where land holdings are smaller, soils less fertile and access

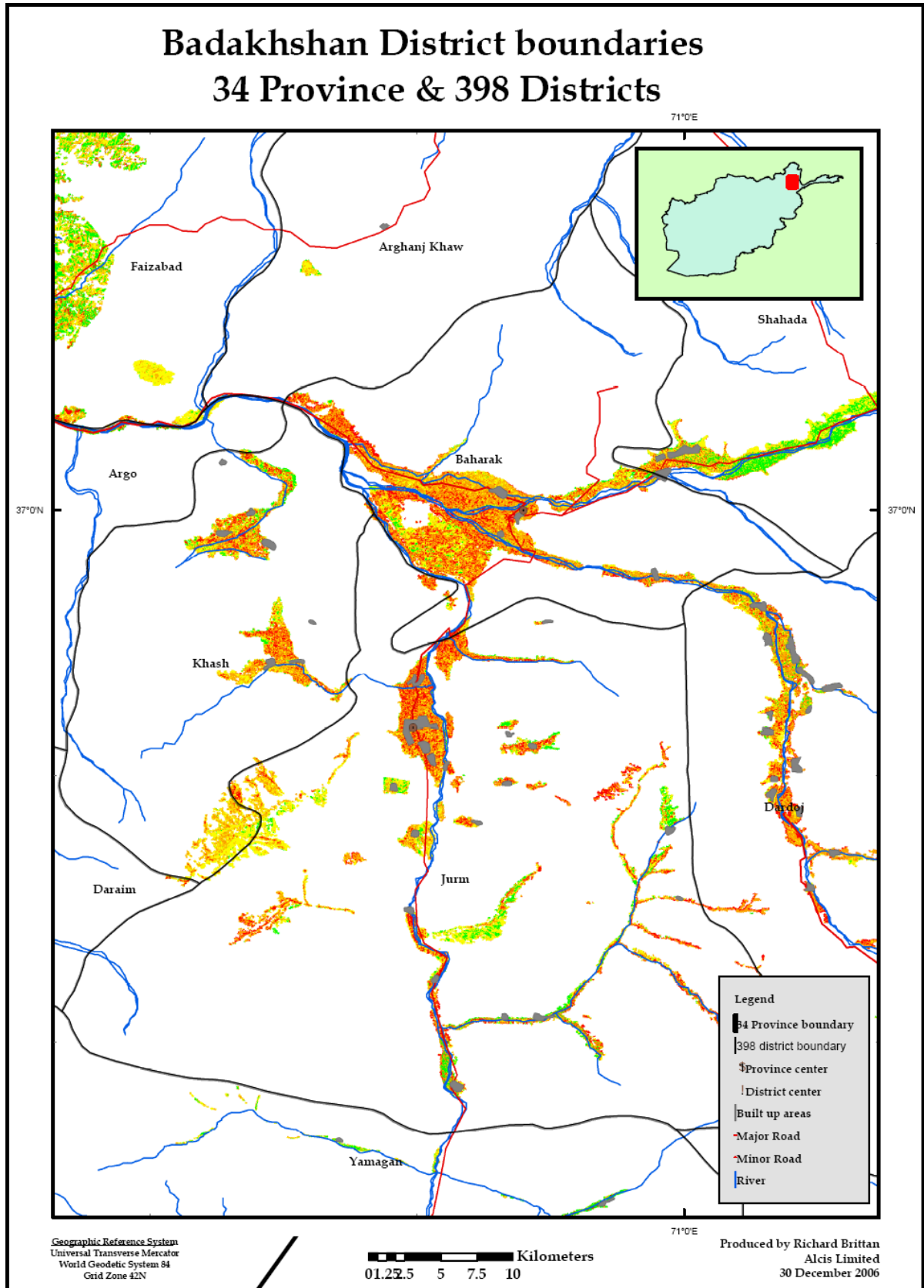
---

<sup>4</sup> For a detailed explanation of the reasons behind the increase and how it impacted on the local economy see Pain, A., (2004), *The impact of the opium poppy economy on household livelihoods: Evidence from the Wakhan Corridor and Khustak Valley in Badakhshan*, Kabul: GtZ AKDN Badakhshan Programme; and Mansfield, D., (2004a), *Coping strategies, accumulated wealth and shifting markets: The story of opium poppy cultivation in Badakhshan 2000-2003*, Kabul: Agha Khan Development Network.

<sup>5</sup> It is notable that the green area differs between the three maps. This is as a result of changes in the definition of potential agricultural land.

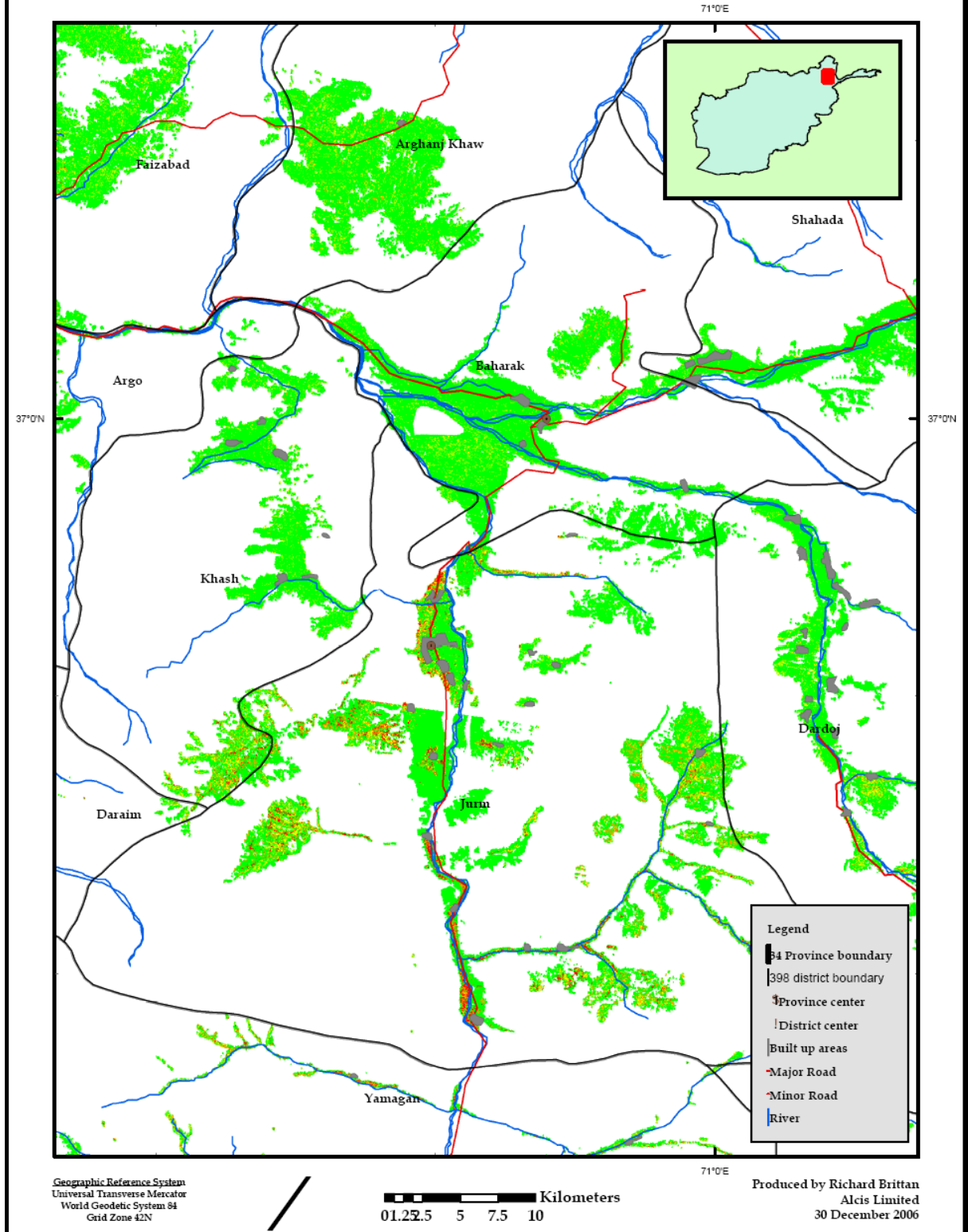
to irrigation water more limited. In the district of Jurm cultivation was at its most concentrated in Nawa Jurm, Sina, Shafchan and Such. Whilst the levels of opium poppy cultivation diminished dramatically in Baharak between 2004 and 2005 cultivation still persisted in Warenj Bala, Nawabad, Wakh Shir and Dashti Farah.

In 2006 there was a return to opium poppy cultivation in many of the areas where cultivation had been more circumspect in the 2004/05 growing season. There was also an increase in the amount of land allocated to opium poppy in those areas that had continued to cultivate in 2005. From the maps it can be seen that whilst there were some rise in the intensity of cultivation in Jurm district the more significant increases have taken place in the district of Khash. Although cultivation remains at levels lower than they were in 2004.



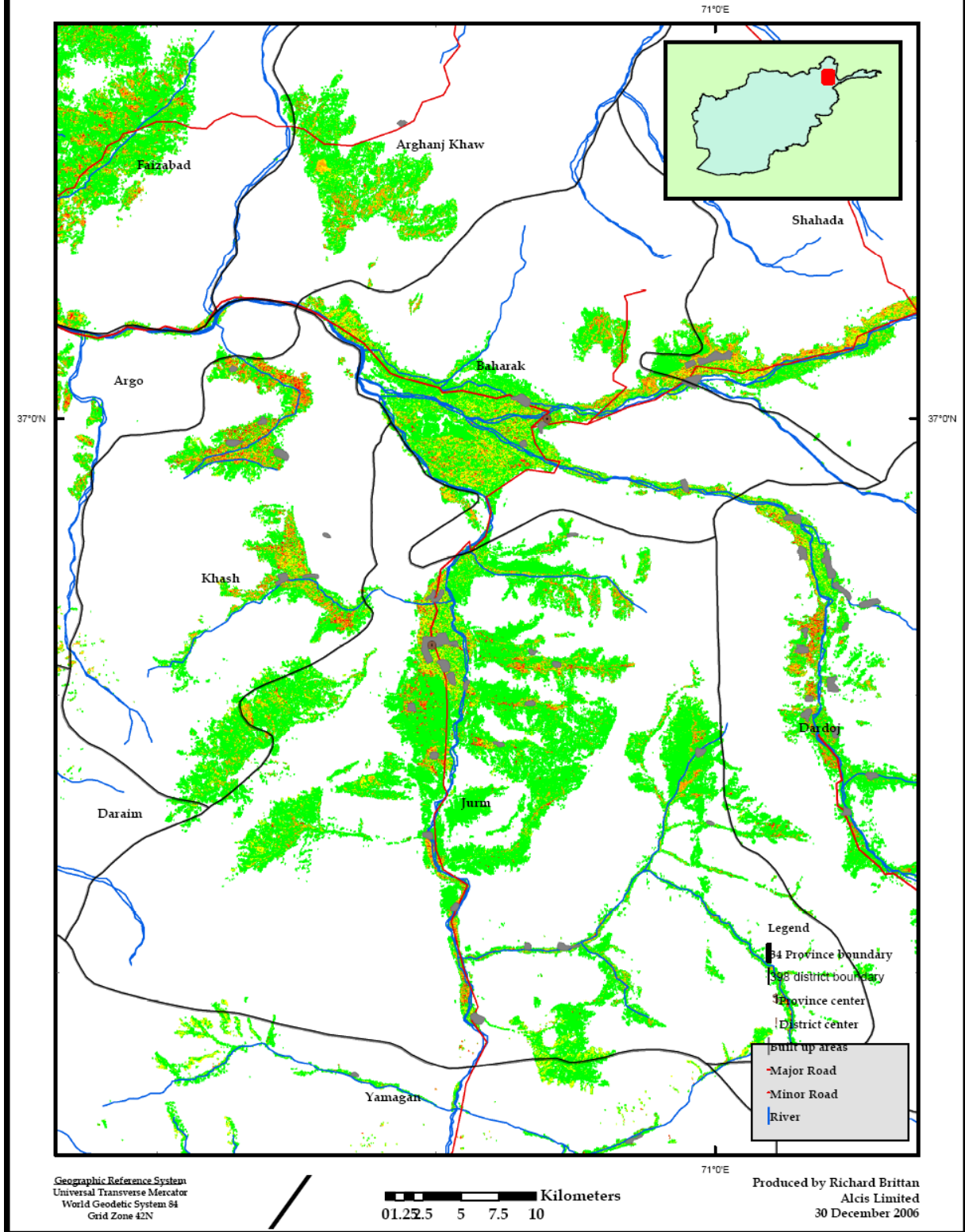
**MAP 3: Opium Poppy Cultivation 2004**

# Badakhshan District boundaries 34 Province & 398 Districts



MAP 4: Opium Poppy Cultivation 2005

# Badakhshan District boundaries 34 Province & 398 Districts



MAP 5: Opium Poppy Cultivation 2006

#### 4.2. Even lower levels of cultivation in 2006/07

At the time of fieldwork much of the winter opium poppy crop had already been planted. Indeed, in the lower valleys much of it had germinated and was already at the four-leaf or early cabbage stage (see Figure 5). Two respondents were still planting opium poppy in the lower areas of Baharak but even in these areas there was some considerable debate about whether it was already too cold for the plant to be able to germinate and prosper during the winter months.<sup>6</sup>



**Figure 5: Opium poppy in late November Nawa Jurm, Jurm district**

Typically levels of opium poppy cultivation were markedly lower than they were in the 2003/04 winter growing season when the consultant was in the same areas during the same period. At that time around 30% of the agricultural land had been planted with opium poppy. Rough estimates would suggest that only 5-10% of the agricultural land in the main river valley in Jurm had been

planted with opium poppy during the winter season for 2006/07. The rest of the cultivated land had been planted with wheat with some land left fallow for planting in the spring.

In central Jurm around the bazaar there were only a few fields of opium poppy to be seen. The bulk of the crop was in the upper part of Nawa Jurm and alongside the main Kokcha river in the area of Qala e Gumbaz. Both are areas where the local commanders have considerable influence over political and security issues in central Jurm. Limited planting was also seen further up the river valley in Such. On the east bank of the Kokcha river limited planting could be seen in Chingkah and in the lower and middle parts of Khustak. The altitude and cold weather in Kyip restricts the area to a spring crop; only wheat was visible.

In Baharak it was not possible to see any opium poppy planted in the main fertile valley that surrounds the district centre. Wheat was by far the most dominant crop. Small amounts of opium poppy could be seen in some of the upper valleys away from the main Baharak bazaar. These were areas where landholdings were small and access to irrigation water more problematic.

Opium poppy had also been planted in areas around Kheyraabad and Pai'n Shah on the road from Faizabad to the Baharak district center. However, the Afghan Eradication Force had destroyed much of this crop using tractors and ploughs leaving only a few

---

<sup>6</sup> Both the farmers who were interviewed who were planting opium poppy were recent returnees from Iran. Other farmers in the area, who had resided there for some time and grown opium poppy in the past, argued that it was too late to grow opium poppy and that the frost would kill the plant.

residual plants (see Figure 6). None of this land had been replanted as the crop had only been eradicated a day two prior to interview. Those who owned the land were undecided about whether to replant with wheat or leave the land fallow until spring. There was a consensus amongst those who had lost their crop, as well as other farmers in the area that it was too late to replant the land with opium poppy due to the fall in the temperature and increasing incidence of frost.

Whilst respondents and key informants anticipated farmers to plant opium in the spring the vast majority expected much lower levels of cultivation than had taken place in 2006. The limited amount of land left fallow would certainly suggest that cultivation would not be extensive in the main river valleys. In the higher valleys the picture is less clear but land holdings are considerably smaller and there have been some important shifts changes in the in local economy over recent years that will undoubtedly impact on household cropping patterns.



**Figure 6: Opium poppy destroyed by tractor in Kheyraabad, Baharak district**

## **5. The Economic Factors Conspiring Against Cultivation**

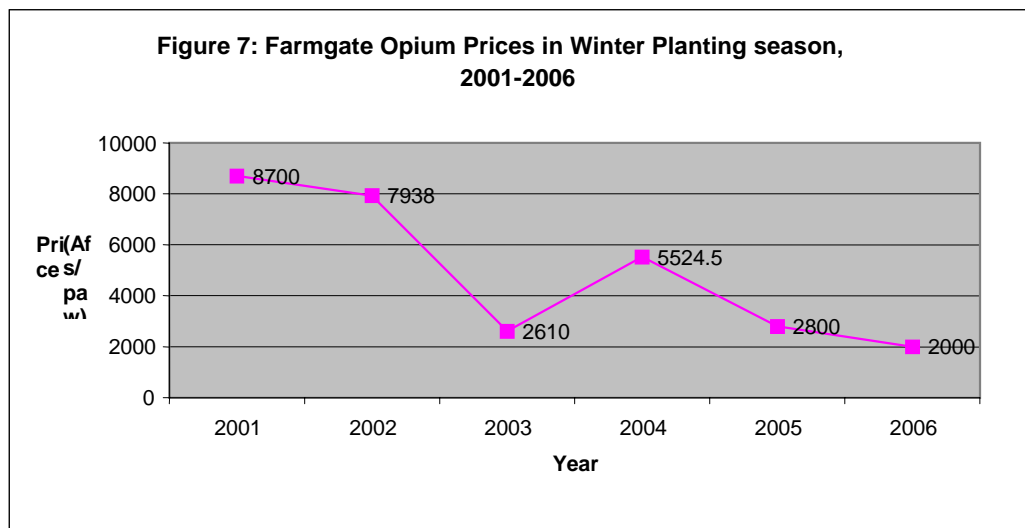
It became clear during the course of the fieldwork that there were a number of economic factors in place that resulted in many farmers in the districts of Jurm and Baharak being less inclined to cultivate opium poppy during the 2006/07 growing season. Further falls in the price of opium, low yields and high wage labour rates have all affected the net returns on opium poppy and in some areas agricultural and labour markets have begun to offer higher returns. Economic factors had also been influenced by developments on the security and governance situation in the districts that served to change the perceptions of the risk associated with opium poppy cultivation and perhaps more importantly the viability of potential legal sources of livelihood. How these different factors were weighted and whether they actually resulted in households completely foregoing opium poppy cultivation this cropping season was highly dependent on location and socio-economic group, which remain inextricably linked.

### **5.1. Falling yields, prices and net returns**

The winter crop during the 2005/06 growing season had fared particularly badly. Low yields were blamed on insufficient rains during the planting season in October/November 2005, a cold spell in the spring 2006 and too much rain during the subsequent harvest season. None of those interviewed had obtained yields of more

than 10 paw<sup>7</sup> per jerib; many had received considerably less with an average of around 8 paw per jerib. Two respondents in the main river valley in Jurm reported crop failure, a further claimed that he had destroyed his opium crop prior to harvesting and replaced it with melon.

In the 2006/07 planting season concerns over the potential yield of the winter crop in 2007 were coupled with the falling price of opium poppy (see Figure 7). At the time of fieldwork prices in Jurm and Baharak were as low as 1,800 to 2,200 Afghanis (Afs)<sup>8</sup> per paw, down from 2,600 to 2,800 Afs per paw during the winter planting season of 2005 and 4000 Afs per paw during the same period in 2004.



High wage labour rates during the harvest season in 2006 clearly made a significant dent in the profitability of opium poppy during the 2005/06 growing season, particularly the low yielding winter crop. Whilst it was possible to pay rates of 150 Afs per day during the weeding season, daily wage labour rates soon rose to 300 Afs per day at the onset of the opium poppy harvest, rising to as high as 500 Afs per day in peak season during July 2006. Costs for the harvest season increase further given that daily wages are supplemented with three 'good meals' per day to a value of around 50 Afs. per day.

As in other parts of Afghanistan (and indeed other illicit drug producing countries) minimising the need for wage labour is key to maximising the returns on opium poppy cultivation. Planting different varieties of opium poppy with varying maturation rates, as well as staggering planting (in Badakhshan this can include winter and spring cultivars) can both serve to spread the demands of labour during the weeding and harvesting seasons, thereby assisting larger households to manage much of the crop husbandry without recourse to hired labour. In Badakhshan women and children have also been found to work on the opium crop, particularly during periods of peak labour demand. Reciprocal labour arrangements, known as *ashar*, which reduces the need for employing wage labour have also been found to be more commonly used for opium production than other crops in Badakhshan.<sup>9</sup>

<sup>7</sup> One paw is made up of 24 tuli and consists of 435 grams.

<sup>8</sup> At the time of fieldwork 50Afs were the equivalent of one US dollar.

<sup>9</sup> See UNODC Strategic Study#6: The Role of women in Opium Poppy Cultivation in Afghanistan, by David Mansfield. June 2000, UNODC: Islamabad.

The availability of wage labour opportunities in the weeding and harvesting of opium poppy have proven a distinct advantage for the poorer sections of the community looking for additional income. Wage labourers have been found to travel from the provinces of Takhar, Kunduz and even Nangarhar to find work in the poppy fields of Badakhshan. The labour intensive nature of the crop, particularly during the relatively short harvest season, has even driven up wages in other non-drug related sectors such as construction, as employers compete with opium poppy farmers to recruit a workforce. Indeed, the level of wage labour rates were such that respondents with land but insufficient household labour claimed that the cost of hiring labour alone deterred opium poppy cultivation. One individual in Kheyraabad in Baharak district, where opium poppy has been grown consistently over the last few years, reported that he was the only member of his household able to work in the fields. He argued that this deterred him from cultivating opium poppy because he would need to hire labour. Instead he focussed on wheat cultivation and animal husbandry that could be managed using only family labour.

With low yields, falling farmgate prices and such high wage labour rates the returns on opium poppy begin to look competitive with a range of other crops, including wheat (see Table 1). Households that have sufficient labour to manage their own crop can still achieve a reasonable net return when the by-products of opium poppy cultivation, such as seed for oil and the stalks for fuel are included. However, for those required to hire labour during the peak period of the harvest when wage labour rates typically spike at rates of 500 Afs per day (plus food) the net returns for opium poppy are not dissimilar from the net returns from wheat and lower than those for potato and improved onion.

With wheat cultivation it became clear that households were attributing both a use value and an economic value to wheat straw production. The increase in both livestock prices and the size of herds made the value of wheat straw all the more apparent to the household. Indeed, during the period of fieldwork the price of wheat straw was the equivalent of that of wheat grain at 100 Afs/seer in central Baharak rising to 130 Afs/seer<sup>10</sup> in the more remote areas of upper Jurm.<sup>11</sup> Moreover, wheat straw is typically produced at a rate of 2 seer for every 1 seer of wheat grain produced, currently making it twice as valuable as the grain.<sup>12</sup> Consequently, estimates of the gross returns on wheat cultivation that are purely calculated on the production of the grain alone will significantly underestimate the value of the crop.<sup>13</sup>

Furthermore, by failing to include the costs of inputs, which in the case of wheat are typically low, comparisons of gross returns on crops can prove deceiving. As Table 1 illustrates the returns on opium poppy are highly dependent on the availability of

---

<sup>10</sup> This is a Kabuli Seer and is the equivalent of seven kilogrammes.

<sup>11</sup> It is worth noting that those that need to purchase wheat grain and straw on credit are paying up to a 50% premium on the cash price.

<sup>12</sup> See Hector Maletta *The Grain and the Chaff: Crop residues and the cost of production of wheat in Afghanistan in a farming system perspective*. July 2004. Unpublished paper.

<sup>13</sup> UNODC report that the gross income from irrigated was US\$530 per hectare, the equivalent of 26,500 Afs. It is unclear if this calculation includes the value of wheat straw (see UNODC/MCN Afghanistan Opium Survey 2006. UNODC, Kabul. Page 92). However, based on the calculations above the gross return in Jurm and Baharak could be between 90,000 Afs per hectare (the equivalent of US\$ 1,800) and 150,000 (US\$3,000) Afs per hectare.

unremunerated labour. So much so that those households with a sufficient number of working members can obtain a net return of twice that of those that need to hire labour inputs during the harvest period. Even here the calculation of net return is based on the assumption that a household will hire up to one half its total labour needs during the harvest period (the maximum level reported during fieldwork). A household producing opium under a sharecropping arrangement would receive an even lower net return given that they typically receive only one half of the final yield of the crop. Were a household to only use hired labour for production net returns on opium poppy could be as low as 3,080 to 11,080 Afs/jerib (the equivalent of between US\$ 308 and US\$ 1,108 per hectare).<sup>14</sup> As Table 1 indicates, other crops do not require such significant labour inputs as opium poppy and can consequently generate higher net returns in the face of increasing wage labour rates, and as we have seen in some parts of Jurm and Baharak this year, an increase in wage labour opportunities.

---

<sup>14</sup> This is based on a calculation of 30 person days per jerib for land preparation, planting, weeding and field clearance at 150 Afs/day and 40 person days per jerib for harvesting at both 300 Afs per day plus food and 500 Afs per day plus food.

**TABLE 1: Potential Net Returns on Winter Crops in Jurm and Baharak, Badakhshan (Afghanis/Jerib)<sup>15</sup>**

OPIUM POPPY					WHEAT				
Inputs	Amount	Units	Cost	Total	Inputs	Amount	Units	Cost	Total
Seed	4Kg		0	0	Seed	4Seer		120	480
Farmpower	2Days		0	0	Farmpower	2Days		0	0
Fertiliser (DAP)	1Bag (50kg)		1,200	1,200	Fertiliser (DAP)	1Bag (50kg)		1,200	1,200
Fertiliser (Urea)	1Bag (50kg)		800	800	Fertiliser (Urea)	1Bag (50kg)		800	800
Hired Labour (500Afs/day)	20Person days		500	10,000	Hired Labour (0)	0Person days		0	0
Hired Labour (300Afs/day)	20Person days		300	6,000					
Food	20Person days		50	1,000					
Family Labour	0		0	0					
<b>Total Costs</b>					<b>Total Costs</b>				
Labour costs 500Afs/day				13,000	Family Labour				2,480
Labour costs 300Afs/day				9,000					
Family labour				2,000					
<b>Outputs</b>					<b>Outputs</b>				
Opium	10Paw		2000	20,000	Wheat grain	60Seer		100	6,000
Seed	45Seer		100	4,500	Wheat straw	120Seer		100	12,000
Oil	15Seer		400	6,000					
Fuel (stalks)	42Days		90	3,780	Wheat grain	100Seer		100	10,000
Khunjara	30Seer		60	1,800	Wheat straw	200Seer		100	20,000
<b>Gross Returns</b>					<b>Gross Returns</b>				
For opium, seed and fuel				28,280	For yield of 60 Seer				18,000
For opium, oil, fuel and khunjara				31,580	For yield of 100 Seer				30,000
<b>Net Returns</b>					<b>Net Returns</b>				
Labour costs 500Afs/day				18,580	For yield of 60 Seer				15,520
Labour costs 300Afs/day				22,580	For yield of 100 Seer				27,520
Family labour				29,580					
ONION (IMPROVED)					ONION (LOCAL)				
Inputs	Amount	Units	Cost	Total	Inputs	Amount	Units	Cost	Total
Seed	1Kg		4800	4,800	Seed	1Kg		142	142
Farmpower	2Days		0	0	Farmpower	2Days		0	0
Fertiliser (DAP)	1Bag (50kg)		1200	1,200	Fertiliser (DAP)	1Bag (50kg)		1200	1,200
Fertiliser (Urea)	1Bag (50kg)		800	800	Fertiliser (Urea)	1Bag (50kg)		800	800
Hired Labour (0)	0Person days		0	0	Hired Labour (0)	0Person days		0	0
Hired Labour	15Person days		150	2,250	Hired Labour 2	15Person days		150	2,250
Food	15Person days		50	750	Food	24Person days		50	1,200
<b>Total Costs</b>					<b>Total Costs</b>				
Family Labour				6,800	Family Labour				2,142
Hired Labour Component				9,800	Hired Labour Component				5,592
<b>Gross Returns</b>					<b>Gross Returns</b>				
Onion	500Seer		80	40,000	Onion	200Seer		80	16,000
<b>Net Returns</b>					<b>Net Returns</b>				
Family Labour				33,200	Family Labour				13,857
Hired Labour Component				30,200	Hired Labour Component				10,407

<sup>15</sup> A Jerib is 2,000 square metres, the equivalent of approximately one fifth of a hectare.

**TABLE 1 (cont): Potential Net Returns on Winter Crops in Jurm and Baharak, Badakhshan (Afghanis/Jerrib)**

POTATO				
Inputs	Amount	Units	Cost	Total
Seed	50	Seer	4,800	3,500
Farmpower	2	Days	0	0
Fertiliser (DAP)	1	Bag (50kg)	1200	1,200
Fertiliser (Urea)	1	Bag (50kg)	800	800
Hired Labour	0	Person days	0	0
<b>Total Costs</b>				
Family Labour				5,500
<b>Gross Returns</b>				
Potato	500	Seer	7035	000
<b>Net Returns</b>				
Family Labour				<b>29,500</b>

## 5.2. Functioning markets and access to viable legal livelihoods

Discussions with vegetable traders in the bazaar, as well as farmers in the district revealed that there is a vibrant trade in onion and potatoes in parts of Baharak. Indeed, traders reported that they were purchasing both onions and potatoes at the farmgate, even providing improved seed to some farmers as an advance to be repaid at harvest time (see Figure 8). The traders in Baharak reported that they were not offering advance payments, known as *pishaki* on onion and potato, despite the obvious financial advantages that they could see from doing so, as they did not have sufficient capital.

However, it was also reported that both purchasing onions and potatoes at the farmgate and the provision of seed was also only available to farmers in a limited geographic area of approximately one kilometre in distance from the district centre of Baharak. These were areas that typically have larger landholdings, more fertile soils and better access to irrigation. These were the areas *‘where people were no longer interested in poppy’*.

Farmers within this area confirmed that the impact of their cessation (or significant reductions) in opium poppy had to a large extent been offset by an increase in economic opportunities associated with their proximity to Baharak bazaar. These opportunities were not just those associated with onion and potato production but also with the increase in the availability of wage labour opportunities. Wage labour



**Figure 8: Onions being loaded on a truck at Baharak bazaar for shipment to Mazar e Sharif**

opportunities included construction and working for traders in the bazaar. Rates were typically between 150 Afs and 200 Afs per day. There were even a number of cases of farmers in the area around the bazaar reporting that obtaining land on a sharecropping basis had become easier now that landowners were engaged in trade in Baharak rather than cultivating opium poppy on their own land. The provision of improved seed, including onion, potato and wheat by 'Non Government Organisations' was seen as a welcome development across this area.<sup>16</sup>

The range of electronic goods available in Baharak bazaar as well as goods from China, Pakistan, Tajikistan and even Iran would support claims that the areas has seen an increase in trading opportunities, as well as the suggestion that there is significant purchasing power in the area. New business ventures include a shop selling Badakhshani honey and a vocational labour training centre. Vegetable traders were even transporting onion and potatoes produced in Baharak to Mazar e Sharif. There was a general assertion that many of those involved in legal enterprises had used the proceeds from their opium crops when both levels of cultivation and prices were high to finance their move into legal businesses. Clearly it was not possible to verify this claim.

### **5.3. The lands of more limited opportunities**

It is important to note, however, that legal economic opportunities were not available to all. Within Baharak district itself only a fairly limited distance from the bazaar, poor soils, limited irrigable land and poor infrastructure conspired against the production of potatoes and onions. Transportation costs of 10 Afs/seer made vegetable production uncompetitive in comparison to those areas adjacent to the bazaar where the costs were incurred by the traders themselves. The conditions of the roads also resulted crop damage and losses.<sup>17</sup>

In these parts of Baharak areas farmers reported that traders did not travel the area to purchase crops such as onion and potato and most vegetable production was limited to levels sufficient for household consumption. Moreover, advance payments on a fixed amount of agricultural production was only paid for opium.<sup>18</sup> These areas were the very places where opium poppy cultivation persisted in 2006 despite eradication efforts in 2004 and 2005, places like Pa'in Shah, Kheyraabad and Warenj Bala. As one sharecropper put it *'I have wheat for consumption and poppy for cash. When my cash runs out I take loans on my future opium crop'*

This situation was also reflected across the districts of Jurm and Khash so much so that most of these areas did not have a comparative advantage in the production of legal crops. Moreover, obtaining an advance payment on opium appears to have become more prevalent in the district of Jurm than it was in the 2003/04 growing season. For example in December 2003, advance payments were typically only

---

<sup>16</sup> Few respondents were aware of the name of the specific organisation that was responsible for seed distribution. However AKDN, Afghan Aid and AKDN were all mentioned when further enquiries were made.

<sup>17</sup> As opposed to parts of Nangarhar these constraints on market access were not constrained by any obvious imposition of 'road taxes' and bribes.

<sup>18</sup> As is typical in many other opium producing parts of the country the amount paid in advance was calculated on the basis of the prevailing farmgate price of opium. In Jurm, an advance of 50% of the current price of opium was paid. In Khash respondents reported that they were paid an advance of only 30% of the prevailing price of opium.

provided in those areas near the district centres of Baharak and Jurm. Further field in the valleys of Wadooj Bala in what was Baharak district (now Wadooj), and in Khustak in upper Jurm, credit was typically provided as a cash loan. However, in 2006 advances on opium were commonplace and the term '*pishaki*' was a familiar term even in more remote parts of the districts.

Within these more remote areas farmers did not see vegetable production as a viable alternative to opium poppy cultivation as there was no effective demand within the area, transportation costs were too high and traders were not purchasing at the farmgate. There was also a strong awareness of the different roles that opium plays in rural livelihood strategies: '*opium is not just money, it is fuel, it is oil, it is credit, it is good for the land*' and that these could not currently be replaced. Many expressed a preference to wheat over vegetable production suggesting that both wheat and opium provide by-products with important use values. Consequently, in a situation where the main product failed at least there would be seed for oil and stalks for fuel in the case of opium production, and straw for fodder in the case of wheat. It was argued were most vegetable crops to fail there would be no by-products making them a higher risk option.

Yet despite a higher dependency on opium poppy in these areas there has been some significant reductions in the level of cultivation over the last three years. To some extent the recovery of livestock production has helped deter opium poppy cultivation in these more remote valleys. Indeed, many of those interviewed reported some improvements in the size of their herds in 2004 and 2005, aided by the funds derived from opium poppy cultivation. Livestock prices were also reported to have increased markedly aided by greater access to markets in Kunduz, which had previously been constrained by the front line between the United Front and the Taliban. The result of the recovery and growth of the livestock sector has been households have required more fodder crops including wheat straw with which to feed their animals resulting in larger amounts of land allocated wheat and fodder crops. Some farmers transport their livestock to the district centre in Baharak or Jurm, or to Faizabad

**Box 1: The Haji in 2003<sup>1</sup>**

A respondent in Khustak reported that he had 30 jeribs of land, 5 irrigated and 25 rainfed. He reported that there were 7 people in his immediate family and that he cultivated the land with his brother (and his family). During the drought years he reported selling his carpets, crockery, as well as his plough, and 65 livestock (including his horse) in order to pay off his household debts to creditors in the village and in Baharak. He reported that he began poppy cultivation in 2001 and that in 2002 he cultivated all of his irrigated land with poppy and 5 jeribs of his rainfed land. The rest he planted with wheat. He reported that he only planted during the spring due to the altitude of the village. He obtained 14 kg of opium from his irrigated land and only 7 from his rainfed land. He had sold the opium in the bazaar in Baharak so as to obtain a better price of US\$120 per kg (compared to US\$102 per kilogram locally). With the proceeds from his opium in 2003 he had paid off his seasonal loans and purchased carpets and crockery to replace the items he had sold. In 2004 he would be going on Haj with three of his fellow villagers. He reported that this would not have been possible if he had not cultivated opium poppy. He reported that in 2004 he would probably plant all 5 jeribs of his irrigated land with poppy but was unsure about his rainfed land. He did however indicate were there to be a shortage of rain he would look to cultivate some wheat on his irrigated land and reduce the amount of poppy. He suggested that this was due to concerns over food security and the need to have wheat straw for the livestock he wishes to purchase when he returns from Hai.

and Kunduz where they can obtain higher prices. Others sell at the farmgate to traders from within Badakhshan or from neighbouring Takhar or Kunduz (although prices are half of those that they will receive in Kunduz). In 2006 livestock sales have helped offset a reduction in income due to low levels of opium poppy cultivation and the impact of falling wheat yields attributed to low precipitation.

However, what has proven of more importance to the local economy of these more remote areas and particularly poorer members of the community who have not had the resources to invest in livestock, has been the improvement in wage labour opportunities. Development assistance has proven to be an important source of wage labour opportunities within the higher valleys, for example in Kyip Cash For Work (CFW) was paying around 200 Afs/day. A similar story was to be heard in Khustak. The roads that have been built using CFW are also recognised locally as playing an important role in improving trade and reducing transportation costs. Some families claimed that household members could find up to 8 months of work per year working within their village, much of it from employment generated by reconstruction and development efforts.

It has, however, been wage labour opportunities outside these more remote areas and the ability to travel (aided by an improvement in roads and security) that has absorbed a greater proportion of the surplus labour in these areas. In Khustak, for example it was suggested that as many as 40% of households now have at least one family member in the Afghan National Police or Afghan National Army and the majority of households have at least one member working outside the valley. Iran is also proving an important destination for households in areas where agricultural production can no longer sustain the population levels that prevail.

In fact it was possible to interview a number of young men that had recently returned from Iran. These individuals had either been caught by the Iranian authorities and repatriated or returned to Afghanistan after some years upon hearing on the radio of significant improvements in the quality of life in their own country. It was reported that it had been relatively easy to obtain work in the construction industry in Iran at rates of 450 Afs per day and there had been an increase in the number of people going to Iran over the last three years. The Iranian authorities however were reported to be clamping down on those Afghan workers who did not have the appropriate visa and permission to work making the financial outlay required (around 12,000 to 15,000 Afs to go illegally) more of a risk. One recent returnee who was planting opium at the time of interview and reported that like most of his fellow returnees he wanted to go back to Iran as soon as possible. He reported: *'Poppy is hard work and you don't know if you will get a good crop. Bad weather and the government mean you cannot be sure. In Iran everything is good: good kebabs, good food, good weather, a good life!'*

Again as with agricultural markets the economic opportunities associated with wage labour were not open to all. The cost of migrating to Iran regardless of whether it was via the legal or the illegal route was seen by the resource poor as unaffordable. Patron client relationships were also seen as important to finding work locally and within Afghanistan. Some households simply did not have sufficient male household members to travel in search of employment. Others were reluctant to leave their immediate family particularly when they were unsure of the employment opportunities and living conditions that were actually available elsewhere. As one young man in Khash explained: *'I would prefer to be in village growing poppy than in Kabul. If there was a good job for me in Kabul I would go but there is not a good job'*.

**Box 2: The Haji in 2006**

By 2006 the Haji said he had a better quality of life than he had in 2003. The major benefit he had experienced was an improvement in the security situation which he suggested had facilitated economic growth and reduced the likelihood that the benefits of any trade or employment were accrued by those within the village rather than the local commander. The Haji now had one son working for the Afghan National Police and another working locally in both off-farm and non-farm employment, mainly during the spring and summer, for between 150 to 200 Afs per day. He had also restocked his herd as he had intended in 2004 using the money he had earned from opium poppy cultivation in both 2004 and 2005. In 2006 he reported that he had cultivated only 0.5 jerbis of opium poppy. The rest of his land had been cultivated with wheat and fodder crops. He claimed that he would cultivate the same amount of land with opium poppy in the coming spring. The Haji was also involved in trading livestock and some basic commodities to and from the village shops. He reported that there were now ten shops in the village compared to two in 2003.

Indeed, for those residing in areas where labour opportunities were scarce, populations densities high and commodity markets are constrained by transportation costs, opium poppy persists in 2006/07 despite the falling farmgate price and net returns. These were areas in which the economy is intrinsically linked with levels of opium poppy cultivation and where the reductions in opium poppy cultivation over the last two years have had a wider impact on economic and social development. For example in the district of Khash, a school teacher claimed that school attendance was a function of the level of opium poppy cultivation. Even in central Jurm a variety of different businesses reported significant downturns in their sales and profits (see Table 2) that they blamed directly on both the reduction in opium poppy prices and the levels of opium poppy cultivating, as well as the deteriorating security situation in the district. Indeed, this year in central Jurm there was a feeling of a looming economic crisis. The shopkeepers in the bazaar reported that the very visible sign of only a small proportion of land in the area cultivated with opium poppy had affected business confidence and that some of the traders that had come to the bazaar from eastern Afghanistan during the peak of the opium economy in 2001 were now shutting up their shops and returning to their villages.

Table 2: Business Profiles, Jurm Bazaar Badakhshan 2004-2006					
Location	Type of Business	Indicator	2004	2005	2006
Jurm	Clothes	Wholesale Profit Capital	3,000- 3,500 Afs/day 1,100-1,200 Afs/day	1,500 - 1,800 Afs/day 500-600 Afs/day	600 – 1,000 Afs/day 150-300 Afs/day 800,000 Afs
	General store	Wholesale Profit Capital	5,000 Afs/day 500 –600 Afs/day	3,000 Afs/day 250 Afs/day	300 – 600 Afs/day 50-100 Afs/day 250,000 Afs
	Electrical	Wholesale Profit Sales Capital	15,000- 20,000 Afs/day 2,000-3,000 Afs/day 4-5 TV/day	6,000 - 8,000 Afs/day 1,000-1,500 Afs/day 2 TV/day	3,000 – 4,000 Afs/day 500 Afs/day 1 TV/day 500,000 Afs

However, whilst the halcyon years of the spike in opium prices of 2001 and 2002 and the high levels of cultivation of 2004 were thought to be well and truly over, households in areas such as central and upper Jurm and the more remote valleys of Baharak, such as Pa'in Shah, Kheyraabad and Warenj Bala, were not willing to give up opium poppy completely despite the falling farm gate price. Residual amounts of opium poppy continued, managed largely by family labour and in recognition that whilst wheat cultivation, livestock sales and non-farm income could make up for some of the reductions in income associated with lower levels of cultivation, these alternatives do not offer secure income nor credit. Ultimately, in these areas some level of opium poppy cultivation was considered as a means of managing the risk of legal markets that are seen to wax and wane with fluctuations in both the wider economy and where access is determined by the local security situation.

## 6. The Role of 'Governance' and the 'Rule of Law'

### 6.1. The 'security premium'

There is a great need to be careful using terms like 'governance' and 'the rule of law' in an environment such as rural Afghanistan where insecurity and corruption prevail. However, amongst many of those interviewed there was a general agreement that *'the Karzai government'* had brought an improvement in security within their respective area.<sup>19</sup> This 'security premium' allowed both goods and labour to be traded without fear of violence and intimidation and, on the whole, without the need for bribes to be paid.

Indeed, respondents in the more remote parts of both Baharak and Jurm districts cited examples of how warring parties and commanders had restricted both trade through the imposition of 'taxes' as well as the movement of villagers themselves who wished to find employment but feared that they would be seen as supporting an opposing political party or faction. Areas such as Khustak in Jurm and Warenj in Baharak commented on how the removal of check posts were directly linked to the formation

<sup>19</sup> It is worth noting that the province of Badakhshan was not subjected to Taliban rule. The perception of an improving security situation following the election of the Karzai government may well reflect the populations vulnerability to the factionalism and insecurity associated with the intense rivalries between the different commanders and political parties that governed the area in the late 1990s.

of the Karzai government and had facilitated trade, labour movements and the repatriation of income. In central Baharak there was an overall consensus that security had improved considerably.

In central Jurm, however, the situation was seen as rather different: here security was believed to have deteriorated significantly in recent months and many attributed this situation to commanders who held official positions within the political system or were closely linked to senior figures in provincial or national government. Stories of corruption and robbery, as well as violence and intimidation were rife. Traders of both illegal and legal commodities had become increasingly used to being 'taxed' by local officials and commanders. There were also reports of a number of shooting incidents in the local bazaar which directly involved local commanders or their men.

Indeed, it was a widely held view that at the cause of this insecurity was the conflict between the different commanders from the area and their attempts to gain political and financial advantage over that of their rivals. For example, the spike in the incidence of armed robberies during the time of fieldwork was believed to be an attempt by one of the commanders to undermine the local communities confidence in the district security commander. By doing so, it was argued, the commander was hoping to be given the job of district security commander for himself upon which he could gain greater control of the trade in licit and illicit goods in and out of the area.

There were further rumours that only added to the tension in central Jurm. For example there were reports that Gulbuddin Hekmatyar had visited the neighbouring district of Argu only two days prior where he had distributed guns. There were also reports of attempted Taliban penetration up through Nuristan and into the neighbouring districts of Yamgan. The validity of these reports were unknown (they are also said to have surfaced in June 2006 during the government's eradication campaign) but some felt that they were circulated to add to the general feeling of insecurity within the area.

There was also talk that the shopkeepers in the district bazaar were suggesting that they needed to rearm themselves so that they could protect their families and their property given that the local government could not and those commanders connected to the central government would not. Indeed, as opposed to the district of Baharak, there was a general perception in Jurm that the commanders had absorbed the government and not the other way round.

## **6.2. Increasing counter narcotics efforts**

Everyone interviewed during the course of the fieldwork were aware of the central and local government's counter narcotics efforts. There were reports of counter narcotics messages being disseminated over the radio and in local mosques. Moreover, evidence of recent counter narcotics campaigns were visible within the area during the period of the fieldwork. For example, posters could be seen in Baharak and Kheyribad bazaars, as well as stickers over the windows and doors of Faizabad airport.



**Figure 9: Counter Narcotics poster on shop front in Baharak bazaar**

Unfortunately, there was some confusion over the nature of the message that some of these posters were attempting to convey. A poster depicting a tractor destroying opium poppy is of course more obvious in its message. However, another poster that was seen with greater frequency particularly in Kheyraabad bazaar attracted a range of different interpretations (see Figure 9). For example, one of the shopkeepers in Baharak bazaar, who claimed he had been given the poster by the local authorities and asked to display it on his shop front, merely described the images on the poster when asked what he thought it meant: *‘That is a man with a gun, that is a dead body, that is a destroyed building and that is a skull’*. Another respondent in Kheyraabad had a more vivid understanding of the message he thought the poster was trying to convey: *‘This man was a beautiful man [pointing to the man with the gun] but he smoked too many drugs. The result was his house was destroyed [pointing the building] and he died [pointing to the skull]’*.

Like the vast majority of the rural afghan population none of those interviewed regarding these posters were literate and therefore could not read the words *‘growing opium poppy grows insecurity’* in the top right hand corner of the poster. Neither did they notice the opium poppy capsule in the bottom left corner out of which the images of ‘insecurity’ appear to flow. Perhaps reflecting a culture in which guns have become so prevalent and in which turbans are often worn no one described the man with the gun as a ‘terrorist’, ‘insurgent’ or source of insecurity. A growing group of respondents in Kheyraabad debated the likely costs of the posters and suggested they would have preferred this money to have been spent on wheat seeds so that they could replant their lands following the eradication only three days prior.

In fact, questions over the integrity of counter narcotics efforts were largely indivisible from the overall perception of the integrity of the key powerbrokers in the district. Perhaps not surprisingly in central Jurm there was little confidence in the local leadership and their commitment to counter narcotics efforts. Indeed, there was a general perception that many of the local commanders were actively engaged in opium smuggling and even processing.

Recent incidents of insecurity were also attributed to attempts by one commander to gain control over the security apparatus of the local government and thereby greater control of the drugs trade, as well as tax the trade in other legal commodities. Indeed, many of those interviewed believed that the recent fall in opium prices was a

consequence of the high level of market influence local commanders, including those running the district authority had gained over the local drugs industry.

Within this context counter narcotics efforts in Jurm were viewed with some disdain: *'The government does not give us security, it does not give us jobs but the government takes our poppy'*. Campaigns aimed at destroying the standing crop were singled out for particular attention and there was an overall consensus that eradication had been undertaken in a partial way. Typically, it was believed that it was the poor and those whose land was nearest the road felt the brunt of the local authorities eradication efforts (see Box 3 and Box 4). Those with wealth or links with the local authorities were thought to retain most if not all their crop.

Some areas within central Jurm were seen to escape eradication due to the power and influence of key local commanders. Whilst other villages claimed to have reached agreement with the district authorities during the 2005/06 growing season that they would not allocate any more than 30% of their agricultural land to opium poppy and only the excess would be eradicated. They reported that this agreement was still valid for the coming 2006/07 growing season.

In contrast to the situation in Jurm where patronage and power were seen to determine the eradication process, in Baharak there were consistent reports that when the authorities came to an area to destroy the crop, all the opium poppy in a given village was eradicated. Eradication was

seen as indiscriminate and comprehensive even in the 2005/06 growing season. This was certainly the case in Kheyraabad during the period of fieldwork where the Afghan Eradication Force left only a few fields intact.<sup>20</sup>

Even in more remote areas within the district there was a sense that all those that cultivated opium poppy were vulnerable to having their crop destroyed. Whilst this

**Box 3: The Old Man in 2003<sup>1</sup>**

A respondent in Khustak reported that he had only 1.5 jeribs of irrigated land of which half he had mortgaged to a man in the neighbouring village. He reported that many of his fellow villagers had done the same and that the drought had been the main cause of this recent loss of assets. Initially, (in 2001) the respondent had sold many of his household possessions and 100 cattle in order to pay off his accumulated debts. However, last year (in 2002) he had to mortgage three quarters of a jerib of land to pay off some of the US\$800 debt that had accrued. He indicated that last year he cultivated one quarter of a jerib of his land with opium and obtained 1 kg which he shared equally with his creditor (as interest). The rest of his land was cultivated with wheat. He reported that he would cultivate the same amount of land with opium poppy this year. He indicated that he would not cultivate more as he did not have the labour within his own household (he had eleven children many of them very young) and would have to hire the labour. High wage rates and the need to pay wages daily would, the respondent indicated, mean that he would need to obtain further credit to meet these costs driving him further into debt. He was unsure if he would get his land back, but was concerned that the recent fall in opium prices would make it even harder for him to pay off his debts.

<sup>20</sup> In Kheyraabad a number of ploughed fields could be seen in which there were only a few residual opium poppy plants. It was claimed there were a few fields intact in the more remote parts of the upper valley and that these had been left as the tractors used by the AEF could not gain access. However, the only field that the consultant could see that had not been destroyed was on flat ground and adjunct to a number of fields that had recently been ploughed by oxen.

would not seem to be consistent with GoA policy on targeting eradication in areas where viable legal livelihoods exist there was some sense that a campaign that was impartial and corrupt gained greater acceptance amongst respondents than in an approach that left the crops of the wealthy unscathed.<sup>21</sup>

Whilst most respondents were not happy with an eradication process that left them with few alternatives to opium poppy, they remained at this stage relatively accepting as long as the government was perceived to deliver a ‘security’ premium. For instance, there were none of the threats against the government and local authorities that are to be heard in some of the districts of Nangarhar when eradication is undertaken. Nor was there the discontent and prognosis of a further breakdown in insecurity that was articulated in central Jurm. Critical to this ‘consent’ was the safety valve that local non-farm employment and migration to Iran offered. In particular, the presence of one or more family members in what can work out to be relatively well-paid employment in the construction industry in Iran has proven essential to household livelihood strategies in the absence of opium poppy cultivation.

#### **The Old Man in 2006**

In 2006, the old man was found cultivating 0.5 jerib of land on the right bank of the river. This land had poor soils, was rainfed, and had not been cultivated for two years. The old man reported that he had not been able to regain the three quarters of a jerib of land that had mortgaged in 2002 despite obtaining an opium crop in 2003 and 2004. During the 2004/05 growing season he had once again cultivated opium poppy on one quarter of a jerib of land but in 2005 it was eradicated. He reported that he was not able to repay the interest on his mortgage nor make any repayments on the premium. Consequently he had been compelled to mortgage the rest of his land. The Old Man claimed that in 2005 many poor households in his village had lost their opium poppy to eradication whilst the crops of the wealthier members of the community had been left largely unscathed. He complained that he and many of his fellow villagers were in the same position, increasingly reliant on wealthy traders from within the village for basic commodities that were charged at usurious interest rates. He suggested that even the wealthier members of the village had lost interest in opium poppy this year aware of the dwindling returns on the crop and the money they could make from livestock and trade.

## **7. Conclusion**

In the district of Jurm the opium economy is a backdrop to a political process in which different commanders vie for political and economic domination. When politically expedient commanders may coerce farmers not to plant opium poppy or eradicate their crop entirely. More often than not they use their power and authority to protect the cultivation of those from areas in which they draw their political and military support and use their position ‘within government’ to ‘tax’ and control the

---

<sup>21</sup> Indeed, the only area visited during fieldwork in which households could be considered to have viable legal livelihoods was in the immediate area around the district bazaar. This was an area in which most households had access to functioning labour and agricultural commodity markets and where landholdings were on the whole of a sufficient size in relation to the number of household members that they could not only satisfy their basic needs but make some investments in their social, human, financial, natural, and physical capital.

more lucrative opium trade. Control over key positions in local government, particularly that of head of district police, are seen as key to political and financial power in the area. Competing local commanders are known to engage in criminal activity, including but by no means exclusively, in the drugs trade.

For those without an official position their involvement in criminality serves the dual function of gaining financial advantage as well as creating the perception amongst the local community that those in government cannot protect life and property. Incidences of robbery, corruption, as well as violence and intimidation by both state and non-state actors all serve to undermine the legitimacy of the state. Within such an environment counter narcotics efforts are seen as yet another example of the partial way that 'the rule of law' is applied, favouring the powerful and subjugating the weak. Eradication efforts are seen as merely another way by which the wealthy can accrue the assets of the poor and interdiction allows the authorities to gain greater control of the more profitable aspects of the industry namely trade and processing.

Unfortunately, the rural population see themselves as bystanders in a political process that cares little for their well-being. This undermines the legitimacy of the local, provincial and indeed national government. The perception that key commanders in the area are 'protected' by key interlocutors and the authorities in Kabul is driving a wedge between the nascent relationship between the government and the people. Unless this situation is resolved it is likely that the insecurity will be exacerbated, further impacting on the local economy and in turn increasing the likelihood of rising levels of opium poppy cultivation in spring but more probably the 2007/08 growing season.

The situation in the centre of the district of Baharak on the other hand would seem to be in almost complete contrast. Here key commanders do not appear as vulnerable to factionalism, have been absorbed into local government or are seen largely to support the GoA's policies. The local economy is doing relatively well. It has experienced a downturn due to reductions in opium poppy cultivation both within the district and amongst neighbouring areas, where opium poppy has typically been more entrenched, but the districts location and economic diversification has reduced the severity of the impact. Located on the main road between Faizabad and Ishkeshim trading opportunities, between Kabul, Mazar and Tajhikistan are numerous. Investments in the legal economy, no doubt partially funded by the peak years of opium prices and cultivation, are paying dividends.

The benefits of the growth in the legal economy are also being distributed across a variety of socio-economic groups within the main area around the district centre. Key agricultural crops are fetching good prices at the farmgate and the market is functioning well. In particular, the market for onions and potatoes would appear to be mimicking some of the benefits previously monopolised by the opium trade such as offering seeds and cash in advance and purchasing harvested crops at the farm gate.

The growth in trade and labour opportunities in the area have ensured that those without land, or insufficient land to meet their basic needs, have still been able to find employment as sharecroppers despite the demise of opium poppy cultivation. Employment opportunities in the construction industry in Iran counter some of the negative effects of the downturn in the opium economy in areas that do not have a

comparative advantage in high value vegetable production or are close enough to the district centre to benefit from improved non farm income opportunities.

Currently, economics is also turning against opium poppy cultivation in parts of Badakhshan. Low farm gate prices, poor yields and high wage labour rates have reduced the profitability of the crop. The labour intensive nature of the crop continues to be its vulnerable point. Other crops that do not require such significant labour inputs can generate higher net returns in the face of increasing wage labour rates, and as we have seen in some parts of Jurm and Baharak this year, an increase in wage labour opportunities. As developments in central Baharak illustrate once there is an opportunity cost for all the factors of production involved in opium poppy cultivation and not just land, the crop no longer looks as attractive.

Indeed, as in the districts of Surkhrud, Behsud and Kama in the province of Nangarhar,<sup>22</sup> it is now possible to see how in central Baharak improving agricultural commodity prices (crops and livestock), lower transportation and transaction costs, combined with improved wage labour opportunities for those family members no longer required to work on the opium poppy crop, challenge the perception of the unassailable profitability of opium production. Were an economic value also to be calculated for the benefits of public and social goods such as education, health, infrastructure like roads and electricity, and the 'security premium' it is certain that it would outweigh the returns on opium production, as we have seen in other opium poppy producing areas of the world.

However, as the evidence from Baharak also shows it takes the coincidence of economic growth, security and governance to deliver this result, and even then the benefits are not distributed across the entire district. Events in the centre of Jurm further support this finding and illustrate that where the economic, security and governance conditions are not delivering improvements in lives and livelihoods, counter narcotics efforts are typically used as a means of reinforcing the political and financial power of local commanders and further weaken the relationship between the state and local communities. This in turn can undermine attempts to deliver reductions in opium poppy cultivation that are sustainable.

As such in areas like Jurm there is a real risk that the political need for short-term results on levels of cultivation could undermine attempts to deliver sustainable development and counter narcotics outcomes. In such an environment greater focus needs to be given to stabilising the security and governance environment through anti corruption measures and extending service delivery, as well as promoting economic growth. It would appear that counter narcotics efforts such as eradication efforts may well have to wait until these pre-requisites are put in place and farmers have viable alternatives to opium poppy cultivation. .

---

<sup>22</sup> Mansfield, David (2006) Opium poppy cultivation in the provinces of Nangarhar and Ghor' A report for AREU/EU's Applied Thematic Research into Water Management, Livestock and the Opium Economy. AREU, Kabul. December.

## **ANNEX 1: Bibliography of publications on the role of opium poppy in rural livelihoods**

Agency Coordinating Body for Afghan Relief – ACBAR (2002). *Helmand Initiative Socio-Economic Survey*. Kabul, Afghanistan: ACBAR.

Buddenberg, Doris and Byrd, William (eds) (2006) Afghanistan's Drugs Industry: Structure, functioning, dynamics and implications for counter narcotics policy. UNODC/World Bank. Kabul. November.

Byrd, William and Christopher Ward (2004). “Drugs and Development in Afghanistan.” World Bank Social Development Papers: Conflict Prevention and Reconstruction. Paper No. 18 (December).

Christopolos, Ian (2004). “Out of Step? Agricultural Policy and Afghan Livelihoods”. Afghanistan Research and Evaluation Unit – AREU.

Grace, Jo and Adam Pain (2004). “Rethinking Rural Livelihoods in Afghanistan”. Afghanistan Research and Evaluation Unit .

Hale, A., (2002). “Afghanistan Food Aid Impact Assessment”. Washington, DC: Chemonics International Inc.

Hurd, A. and S. J. Masty (1991). “Opium Poppy Cultivation in Nangarhar Province, Afghanistan”. Vienna: UNODC/Fund for Drug Abuse Control.

Fararoon, Romin. (2005) Alternative Livelihoods in Badakhshan. Monitoring and Evaluation Report. Unpublished Report prepared for the Agha Khan Development Network.

Mansfield, David (2002). “The Economic Superiority of Illicit Drug Production: Myth and Reality - Opium Poppy Cultivation in Afghanistan” and “The Failure of Quid Pro Quo: Alternative Development in Afghanistan”. Paper prepared for the International Conference on Alternative Development in Drug Control and Cooperation, Feldafing (January 7-12).

Mansfield, David (2004a). “Coping Strategies, Accumulated Wealth and Shifting Markets: The Story of Opium Poppy Cultivation in Badakhshan 2000-2003”. A Report for the Agha Khan Development Network (January).

Mansfield, David (2004b). “Diversity and Dilemma: Understanding Rural Livelihoods and Addressing the Causes of Opium Poppy Cultivation in Nangarhar and Laghman, Eastern Afghanistan.” PAL – Internal Document No. 2 (December).

Mansfield, David (2004c). “What is Driving Opium Poppy Cultivation? Decision Making Amongst Opium Poppy Cultivators in Afghanistan in the 2003/4 Growing Season”. Paper for the UNODC/ONDCP Second Technical Conference on Drug Control Research, (July 19-21).

Mansfield, David (2005a). “Pariah or Poverty?: The Opium Ban in the Province of Nangarhar in the 2004–05 Growing Season and Its Impact on Rural Livelihood Strategies.” GTZ Project for Alternative Livelihoods in Eastern Afghanistan: Internal Document No. 11.

Mansfield (2005b). “What is Driving Opium Poppy Cultivation? The Pressure to Reduce Opium Poppy Cultivation in Afghanistan in the 2004/05 Growing Season”. Report for the Afghan Drugs Inter Departmental Unit, UK Government (March).

Mansfield, David (2006). “Exploring the ‘Shades of Grey’: An Assessment of the Factors Influencing Decisions to Cultivate Opium Poppy in 2005/06.” A Report for the Afghan Drugs Inter Departmental Unit of the UK Government (February).

Mansfield, David (2006) Opium poppy cultivation in the provinces of Nangarhar and Ghor’ A report for AREU/EU’s Applied Thematic Research into Water Management, Livestock and the Opium Economy. AREU, Kabul. December.

Mansfield, David (2006) ‘Responding to the challenge of diversity in opium poppy cultivation in Afghanistan’ in Afghanistan’s Drugs Industry: Structure, functioning, dynamics and implications for counter narcotics policy ed by Buddenberg, D. and W. Byrd. UNODC/World Bank. Kabul. November.

Mansfield, David and Adam Pain (2005). “Alternative Livelihoods: Substance or Slogan?” AREU Briefing Paper (September).

Mansfield, David and Adam Pain (2006). Opium Poppy Eradication: How do you raise risk where there is nothing to lose? Afghanistan Research and Evaluation Unit Briefing Paper: Kabul. September 2006

Pain, Adam. (2004). “The Impact of the Opium Poppy Economy on Household Livelihoods: Evidence from the Wakhan Corridor and Khustak Valley in Badakhshan.” Study for AKDN Badakhshan Programme funded by GTZ (January).

Adam Pain. Cultivation in Kunduz and Balkh Provinces: a scoping study. A report for AREU/EU’s Applied Thematic Research into Water Management, Livestock and the Opium Economy May, 2006

Shairzai, Frydoon, Ghulam Farouq, and Richard Scott (1975). *Farm Economic Survey of the Helmand Valley, 1975*. Kabul: USAID/DP.

UNDCP (1995). “Afghanistan: Assessment Strategy and Programming Mission to Afghanistan, May - July 1995”.

UNDCP (1998). *Afghanistan Annual Opium Poppy Survey 1998*. Islamabad, UNDCP.

UNDCP (1999). “Strategic Study#3: The Role of Opium as a Source of Informal Credit. A Preliminary Report” (January).

UNODC (2004). *Strategic Study # 9: Opium poppy cultivation in a changing environment: Farmer’s intentions for the 2002/03 Growing Season*. Kabul, Afghanistan: UNODC.

UNODC (2005). *Afghanistan Opium Survey 2005*. Islamabad: UNODC.

Ward, Christopher and William Byrd (2004). “Afghanistan’s Opium Drug Economy”. World Bank South Asia Region PREM Working Paper Series, Report No. SASPR-5 (December).

World Bank (2005). *Afghanistan: Poverty, Vulnerability and Social Protection: An Initial Assessment*. Washington, DC: World Bank.