

AFGHANISTAN

STRATEGIC STUDY# 9

Opium Poppy Cultivation in a Changing Policy Environment: Farmers' Intentions for the 2002/03 Growing Season.

**Final Report
February 2003**

INSIDE COVER

The Young Man's Tale

A young man in Khogiani borrowed 7 kg of opium in mid 2000. He sold it in the local bazaar for the equivalent of US\$ 380 and used the money for his living expenses. When the loan was due in 2001 the price of opium had risen to US\$ 500 per kilogramme. He could not repay his debt in opium (the equivalent of US\$ 3,500). He gave one fifth of one hectare of land and US\$1,800 to his creditor but still owed further money on his loan.

The Sharecropper's Tale

A farmer with a wife and seven children had accumulated too many debts in his home village in Ghor. He was not able to repay his loans and was under increasing pressure from his creditors. In August of 2002 he was informed by a relative that his creditors planned to come to his house at night and kidnap his children. He escaped at night with his entire family leaving everything behind. At first they hid in the mountains then they came to Musa Qala where he became a sharecropper on one hectare of land. He intends to cultivate all of this land with opium poppy in the current season so that he can repay his debts in Ghor. If he cannot cultivate opium poppy on this land he will move to another area where he can grow it.

The Soldier's Tale

A man with a wife and seven children had recently been disabled fighting in the war. In 2001 his brother had been killed fighting for the Taliban. It was his responsibility to look after his brother's family (a wife and 8 children). In 2001/02 he cultivated half a hectare of land in Tirinkot with opium poppy. With the money from this he could afford the upkeep of 2 families. However, now the government has banned opium poppy he did not feel he could cultivate opium on his land given its proximity to the centre of the district. He could not afford to build a wall to conceal his cultivation as many of the wealthy had done during the year of the Taliban ban. He did not know how he would meet his family's expenses this year.

The Tenant's Tale

A man with 3 wives and 12 children had leased 6 hectares of land in Nad e Ali from a relative who resided in Quetta. In 2001/02 he had cultivated 4/5 of one hectare of the land with opium poppy the rest with wheat. His wheat crop was diseased resulting in very poor yields. His 2002 opium crop was destroyed by the eradication campaign. He obtained a loan so that he could pay an official US\$ 180 to register double the amount of opium poppy he had actually eradicated (a potential gain of US\$ 1220). He claimed not to have received any compensation. He was under pressure to repay his debts of US\$ 6,000 that dated back to 2000/01 (fortunately his relative was not pushing for the rent of 4,500 kg of wheat to be paid). To repay his debts he was looking to obtain an early bride payment on his daughter. He also intended to cultivate all of his land with opium poppy in 2002/03 so that he could repay his debts. Whilst he was afraid of the government's ban on opium poppy cultivation he was agitated and saw few alternatives given his situation.

The Miller's Tale

A Miller of 60 years of age with a family of two wives and eight children had obtained the one hectare of land Marja on a tenancy basis. The rent on the land was the equivalent of 3,375 kg of wheat per hectare however the productivity of the land was only 1,350 – 1,800 kg of wheat per hectare. Faced with this deficit the Miller argued that he had little choice but to cultivate much of his land with opium poppy. The Miller had accumulated a number of longer-term debts plus a seasonal debt of US\$ 500 payable on his 2001/02 opium poppy crop. He reported that the eradication campaign led to the destruction of his entire crop. He received no compensation payment and could neither pay the rent on his land nor service his debts. He indicated that he would be selling his youngest daughter (age 7) into marriage to raise the finances to meet some of his debts. He said that he was currently looking for land that he might lease to cultivate opium poppy for the 2002/3 growing season.

EXECUTIVE SUMMARY

In Tokyo in January 2002, the international community pledged over 4.5 billion dollars to the reconstruction of Afghanistan. Both the international community and the Interim Administration for Afghanistan agreed that eliminating the cultivation and production of illicit drugs would be mainstreamed within this overall package of assistance. Earlier in the month the Interim Administration for Afghanistan banned opium poppy cultivation, and later, in April it conducted an extensive eradication campaign. With the establishment of the Transitional Administration, the development of a National Drugs Strategy and increasing levels of international assistance delivered on the ground, it is clear that a new policy environment has emerged in Afghanistan in which the goal of eliminating opium poppy cultivation can be addressed.

This *Study* explores the impact of this changing policy environment on households' decisions to cultivate opium poppy. It is based on a series of 214 in-depth interviews conducted in 13 districts in Afghanistan during the planting season for the 2002/03 crop. Given the current paucity of data regarding Afghan rural livelihood strategies it is not possible to determine whether the findings of this work are truly 'representative'. However, where possible the findings of this *Study* are cross-referenced with other fieldwork, including earlier reports in the United Nations Drug Control Programme's (now the United Nations Office for Drug Control) Strategic Studies series.

The *Study* reports that, despite significant increases in the price of opium, overall the amount of opium poppy planted by those interviewed was expected to remain relatively stable in 2002/03 compared with the previous growing season. Wheat remains by far the most dominant crop even in districts where cultivating opium poppy has become entrenched. For those without accumulated debts and with good yields, the current opium price was a windfall that inspired an increase in conspicuous consumption in 2002. But, for those households with a high incidence of unpaid advances on opium amongst their accumulated debt, the dramatic increase in the price of opium since January 2001 has had little impact; many will need to repay this debt in-kind. Indeed, for the resource poor, opium poppy has had an inflationary effect, increasing levels of rent, marriage costs and the cost of borrowing. The result is a growing dependency on opium poppy cultivation as a means of survival.

The analysis suggests that high levels of household debt (much of it taken as advance payments on future opium crops) have led to a significant number of households committing themselves to opium production for a number of years. As long as households continue to rely on opium as their major source of rural credit, interventions intended to eliminate opium poppy cultivation will be severely constrained making any significant reductions difficult to maintain.

Feedback from local communities also reveals the increasingly desperate measures households resort to in order to repay their debts. Absconding (rarely seen in the late 1990s), the sale or lease of long-term productive assets, and the sale of daughters (some as young as 7) are amongst the responses of households to the increasing pressure to

repay their debts. To guarantee repayment creditors were found to be using more authoritarian tactics including the kidnapping of daughters, the confiscation of domestic possessions, the compulsory purchase of land (at preferential rates), and pursuing absconding debtors across the border into Pakistan. The analysis suggests that the failure to repay outstanding loans (many repayable in opium) has become a major source of local conflict. In the face of high levels of accumulated debt, the frequency of defaulting and uncertainty over the government's position on eradication, the *Study* suggests that lenders have adopted a more cautious approach to the provision of advances on the opium poppy crop this season.

Fieldwork reveals that knowledge of the government's ban on opium poppy cultivation is comprehensive. It suggests that whilst last years eradication campaign has affected some households' decisions to cultivate opium poppy in the 2002/03 growing season, its impact is both limited and uneven. The absence of alternative livelihoods and the continuing impact of the drought (in some areas), combined with the continuing role opium plays as a one of the only sources of informal credit, left most households with no alternative but to defy both the ban and any threat of eradication.

The overall conclusion is that there is a perception amongst households that they do not have alternatives to the cultivation of opium poppy. Only a small minority of households indicated that they would look to alternative crops or wage labour as a means of generating income or repaying loans. Whilst a number of development interventions have been implemented in the areas in which fieldwork was undertaken, many are single sector and short term initiatives that do not necessarily address the wider context in which opium poppy cultivation takes place. More broad-based and long term development programmes will be required to address the different motivations and factors that influence households in their decision to cultivate opium poppy.

1. Objective

To assess the potential for opium poppy cultivation in the 2002/03 growing season and identify the different factors that have influenced its cultivation.

2. Introduction

High opium prices, the increasing numbers of refugees returning to key opium producing provinces (such as Nangarhar), the absence of alternative sources of livelihood, and the perception that there may be further compensation available for eradication, have created the conditions in which opium poppy cultivation might be expected to increase. This *Study* seeks to provide an early indication of the level of opium poppy cultivation for the coming season and identify the range of factors that have impacted on farmer's decision-making. It is intended that this work will serve to focus the attention of both the Afghan authorities and the international community on the growing problem of opium poppy cultivation in Afghanistan and subsequently mobilise the assistance community to address the factors that have contributed to its cultivation.

3. Methodology

This *Study* is based on 214 semi-structured interviews undertaken in 13 districts across 4 provinces between 28 October and 25 November 2002. The interviews were conducted across a number of different locations in each district and amongst a range of different socio-economic groups (landlords, tenants, sharecroppers, and owner-cultivators). A team of 4 national staff conducted the interviews in a conversational manner. Due to the sensitive nature of the subject notes were not taken during the interviews but written-up once the interview had finished and the interviewer had departed.

To gain a greater understanding of the different factors that influenced farmers in their decision to cultivate opium poppy in 2002/03, districts were selected on the basis of their location (both remote and accessible); their access to irrigation (both karez and canal); the size of landholdings (both large and small); and their experience of eradication in 2002 (both areas covered by the eradication campaign and those that were not). The districts chosen for fieldwork were Marja (n15), Musa Qala (n16), Nad e Ali (n15), and Nawzad (n16), in Helmand province (n62); Achin (n16), Chaparhar (n17), Khogiani (n16) and Surkhrud (n19) in Nangarhar province (n68); Derawud (n16) and Tirin Kot (n17) in Oruzgan province (n33); and Faizabad (n16), Jurm (n18) and Keshem (n17) in Badakhshan (n41).

Given the current paucity of data regarding Afghan rural livelihood strategies it is not possible to determine whether this sample is truly 'representative'.¹ However, where possible the findings of this Study are cross-referenced with other fieldwork, including earlier reports in UNDCP's (now UNODC) Strategic Studies series.

Fieldwork was just coming to a close as the government began its current eradication campaign. Key informants reported early eradication in the districts of Bati Kot and Mohamand Dara in Nangarhar province. Whilst these reports of early eradication were accompanied by further reports of households replanting opium poppy after their crop was destroyed, a continued campaign may well have had an impact on farmer's intentions in some of the major poppy growing areas. Clearly it is beyond the scope of this *Study* to establish the impact the 2002/03 eradication campaign will have on the level of opium production in Afghanistan this year. It can however give an insight into the motivations and factors that have influenced opium poppy cultivation in the 2002/03 planting season and how eradication might influence decision making in subsequent years.

4. Access to Land and Labour

4.1. Household size and composition

There was a high degree of consistency amongst those interviewed regarding the average number of household members. The average household consisted of 15 members. At the provincial level, the largest households were found in Helmand where the average household consisted of 16 members and the smallest households were in Badakhshan where the average household consisted of only 12.1 members. The average number of household members in Oruzgan and Nangarhar consisted of 15.8 and 15.7 members, respectively.

For the sample as whole 48% of household members were over the age of 12 whilst 52% of household members were under 12 years of age. This distribution of adult to children household members differed little across the provincial and district levels. In Badakhshan, the ratio of adult to children per household was on average 47:53, in Nangarhar 50:50, in Helmand 55:45 and in Oruzgan 53:47.

4.2. Access to cultivable land

The majority (75%) of those interviewed owned some land but landholdings varied considerably at both the provincial and district level. The largest group amongst respondents were 'owner cultivators' (50%) who only worked their own land. The second largest group consisted of those that owned land but worked additional land on either a sharecropping or tenancy basis (22%). It is noticeable that despite a preference

¹ See Pain, Adam and Susan Lautze (2002) Addressing Livelihoods in Afghanistan, AREU Issue Series; and Alden Wily, Liz (2002) Land Rights in Crisis: A Preliminary Review of Land Tenure Issues in Present Day Afghanistan.

for leasing land the majority of this group took land under a sharecropping arrangement (82%).

One quarter of respondents were landless. Again despite the preferential returns on obtaining land on a tenancy basis, three quarters of this group took land under a sharecropping arrangement whilst only 23% paid rent for their land and only 2% obtained land on both a sharecropping and tenancy basis. Only 3% of respondents were considered landlords employing others to work on their land under either a sharecropping or tenancy arrangement

The average amount of land owned amongst all those interviewed was 2.5 hectares. At a provincial level average land holdings differed considerably with respondents in Helmand province owning the largest amount of land (4.6 ha), followed by Badakhshan (2.1 ha), Nangarhar (1.5 ha) and Oruzgan (1.1 ha). This diversity is also reflected at the district level (see Table 1). The high figures for landownership in Helmand are perhaps illustrative of the large amounts of rainfed land in the northern districts.

The average amount of land taken on either a sharecropping or tenancy basis ranged at a provincial level from 0.6 hectares (in Badakhshan and Nangarhar) to 1.2 hectares (in Oruzgan (see Table 1). The average amount of land worked under these arrangements for all respondents was 0.9 hectares. At a district level the smallest average area cultivated on a sharecropping or tenancy basis was in the districts of Achin (0.2ha) and Khogiani (0.6 ha) in Nangarhar (where landholdings are particularly small) and in Musa Qala (0.2 ha) and Nawzad (0.6 ha) where access to irrigated land is limited (see Table 2).

Table 1: Average landholdings and proportion of cultivated land, by province

	Average amount of land owned (ha)	Average amount of land leased or sharecropped (ha)	Proportion of total household land cultivated (%)
Badakhshan	2.1	0.6	87
Nangarhar	1.5	0.6	98
Helmand	4.6	0.8	55
Oruzgan	1.1	1.2	91

Indeed, the particularly low proportion of land cultivated in Nawzad and Musa Qala in 2002/03 can be attributed to the continuing impact of the drought in these districts. A number of respondents in Nawzad reported that they would be looking to lease or sharecrop land in Marja and Nad e Ali this season due to the limited irrigation water available in their area. Needless to say most of these respondents reported that they would be cultivating opium poppy once they reached the central districts of Helmand.

Table 2: Average landholdings and proportion of cultivated land, by district

	Average amount of land owned (ha)	Average amount of land leased or sharecropped (ha)	Proportion of total household land cultivated (%)
Khogiani	1.0	0.6	96
Chapahar	3.7	0.5	94
Surkh Rod	0.6	1.3	99
Achin	0.5	0.2	99
Marja	2.1	1.2	90
Nad e Ali	4.1	1.1	89
Nawzad	8.1	0.6	27
Musa Qala	4.1	0.2	58
Tirinkot	0.9	1.0	91
Dehrawud	1.3	1.3	93
Jurm	1.7	0.6	92
Keshem	2.3	0.7	83
Faizabad	2.1	0.9	85

5. Cropping Patterns in 2001/02

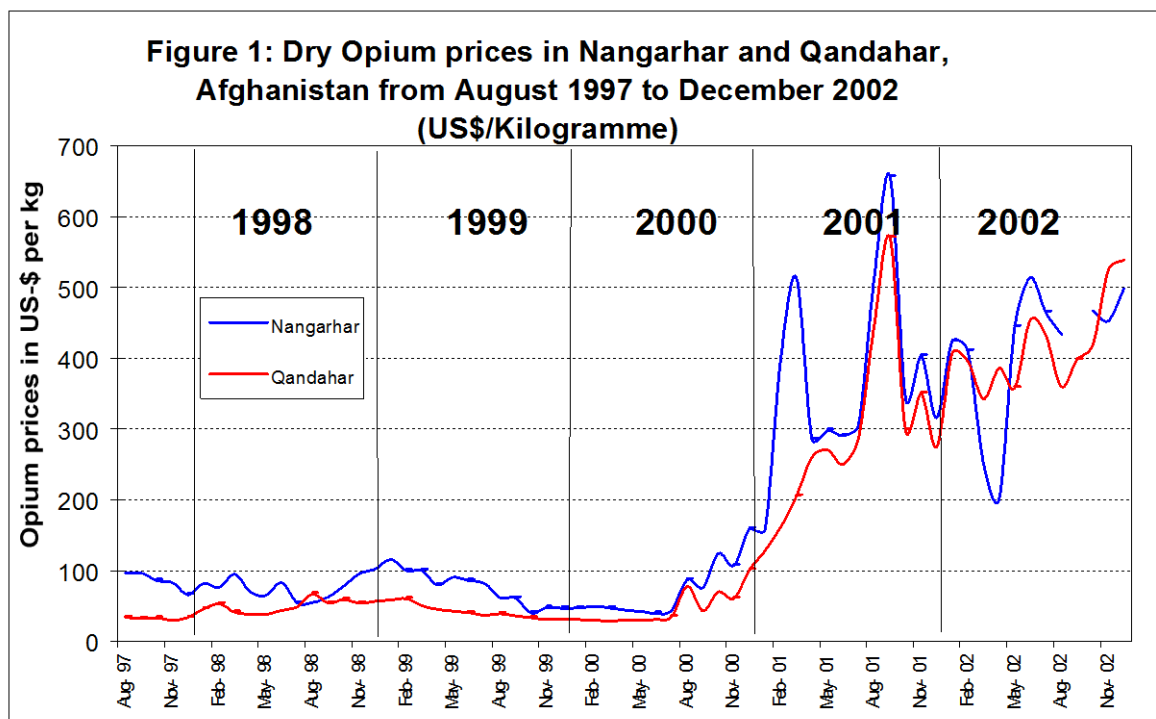
5.1. The dominance of wheat

Despite the dramatic increase in opium poppy prices since January 2001 (see Figure 1) opium poppy is not grown extensively across Afghanistan. Indeed, during the 1998/99 cropping season, when cultivation was at its height, opium poppy occupied only 2.6 per cent of the total cultivated land in Afghanistan.² Generally opium poppy is concentrated in 5 provinces (Helmand, Nangarhar, Badakhshan, Oruzgan and Qandahar) and even in these areas is rarely mono-cropped.

This *Study* supports this view highlighting that even in districts where opium poppy has become entrenched it still typically occupies less than 50% of the cultivable land of the majority of respondents (63% of those interviewed). It suggests that wheat was most popular crop amongst respondents, occupying, on average, 59% of the cultivated land of those interviewed (see Table 3). This compares with 32% of cultivated land dedicated to poppy and 2% of land to both fruit and vegetables.³

² See Food and Agricultural Office, Afghanistan Agricultural Strategy, Rome, 1997.

³ The figures cited here do not always add up to 100% as many respondents systematically under reported the land they dedicated to fruit and vegetables. Kitchen gardens were often over looked as these crops were mainly cultivated for household consumption.



The highest proportion of cultivated land dedicated to wheat was found in Badakhshan in 2001/02 where wheat occupied on average 78% of the cultivated land. Nangarhar was the only province where, on average, less than half of the cultivated land was used for wheat. However, Nangarhar province had the highest proportion of land cultivated with opium poppy where, on average, 42% of total cultivated land was dedicated to opium poppy cultivation in 2001/02. Despite Helmand’s continuing pre-eminence in opium production in Afghanistan (consistently cultivating around half of the national total) only 35% of the cultivated land of the respondents interviewed for this *Study* was occupied by opium poppy in 2001/02.

Table 3 : Proportion of household cultivated land dedicated to different crops in the 2001/02 growing season, by province.

	Wheat (%)	Vegetables (%)	Opium Poppy (%)	Fruit (%)
Badakshan	78	2	15	0
Nangarhar	49	5	42	0.5
Helmand	50	0.5	35	5
Oruzgan	65	0	30	2

At the district level only three districts were found to cultivate less than half of their cultivated land with wheat, all of them were in Nangarhar (Khogiani, Chapahar and Achin). However, it was only in the districts of Khogiani (51%) and Achin (75%) that respondents cultivated, on average, more than half of their cultivated land with opium poppy (see Table 4). Again despite the dominance of Helmand in the national statistics on opium production, the intensity of poppy cultivation amongst those interviewed for this *Study* ranges from 32% of cultivated land in the district of Nawzad to 42% in the district of Musa Qala.

Table 4 : Proportion of household cultivated land dedicated to different crops in 2001/02 growing season, by district.

	Wheat (%)	Vegetables (%)	Opium Poppy (%)	Fruit (%)
Khogiani	44	5	51	0
Chapahar	45	8	45	1
Surkh Rod	73	7	20	0
Achin	24	0	76	0
Marja	51	0	38	1
Nadeali	54	2	36	3
Nawzad	56	0	32	14
Musa Qala	52	0	42	0
Tirinkot	57	0	39	3
Derawud	72	0	20	1
Jurm	66	2	32	0
Keshem	89	0	5	0
Faizabad	80	3	9	0

5.2. Mono-cropping and landholdings

An analysis of the data suggests that opium poppy tends to be concentrated on those households with lower than average amounts of cultivated land. For instance, whilst the average amount of cultivated land was 2.4 hectares in the 2001/2 growing season, those households that dedicated 50% or more of their cultivated land to opium poppy (37%) cultivated, on average, only 1.4 hectares. Of those respondents that mono-cropped opium poppy (15%) the average cultivated land was only 0.6 hectares. Indeed, of those that mono-cropped opium poppy less than 10% cultivated more than 1 hectare of land and over half cultivated less than half a hectare of land.

This differs from wheat cultivation where those households that cultivated 50% or more of their land with wheat (67%) were found to have 1.9 ha of cultivated land whilst those that mono-cropped wheat (12%) were found to have, on average, 1.5 ha of cultivated land (of which almost half had more than one hectare and only one fifth had less than half a hectare of cultivated land).

Those respondents that did mono-crop opium poppy were found to be concentrated in the province of Nangarhar (55%) and particularly in the districts of Achin and Khogiani where landholdings are especially small. In Achin district 10 respondents reported that they mono-cropped opium poppy of which all except one had less than 1 hectare of cultivated land and 5 had less than half a hectare. In Khogiani district there were 6 respondents who mono-cropped opium poppy of which 5 had less than half a hectare of cultivated land.

The concentration of opium poppy in areas where land holdings are particularly small is perhaps explained by the labour intensive nature of the crop. It is estimated that opium

poppy cultivation requires 350 person days per hectare⁴ (compared to only 41 days for wheat). Whilst most households require additional labour during the harvest period the resource poor are particularly reluctant to recruit significant numbers of wage labourers. The primary strategy of such households has been to cultivate a level of opium poppy that is commensurate with the family labour supply.

Staggered planting,⁵ the cultivation of a combination of both short and long maturing varieties of opium poppy,⁶ and maximising the use of family and reciprocal labour⁷ have all been adopted as strategies to minimise labour costs. Even wealthy households rely on inequitable land tenure arrangements, such as sharecropping, to minimise their labour costs.⁸ It would seem that in the situation where access to unremunerated or cheap labour is acting as a constraint on opium poppy cultivation,⁹ mono-cropping opium poppy is only economically viable in areas where land holdings are small.

However, it is also worth noting that there is a high correlation between farm size and wealth in Afghanistan.¹⁰ As such, those respondents who mono-crop opium poppy would generally be considered poor on the basis of the size of their landholdings. Furthermore, they typically reside in districts that are remote, have limited access to irrigation, and have particularly high population densities. With such limited land holdings these

⁴ This figure, derived from the Socio-Economic Baseline for UNDCP's Target Districts in Afghanistan, is consistent with estimates provided by other analysts in South and South East Asia. See *'Alternative Development: The Modern Thrust of Supply Side Policy'* by David Mansfield in the United Nations Bulletin on Narcotics, Vol. LI, Nos. 1 and 2, 1999.

⁵ Staggered planting has proven to be a common phenomenon in Turkey, the Former Soviet Union and India. Staggered planting not only serves to spread the demand on labour but it also reduces the impact of crop damage. See G. Shuljgin, 'Cultivation of the opium poppy and the oil poppy in the Soviet Union' in the United Nations Bulletin on Narcotics, Vol. 1, 1969, No. 1, p. 1-8; United Nations Technical Section, *'The cultivation of the opium poppy in Turkey'* in the United Nations Bulletin on Narcotics Vol. 1, 1950, No. 1, p. 13-25. *'The planting of poppies is often staggered in several phases: Households in some villages split the planting of their crop in up to three phases, in order to distribute and thus minimise the risk of a bad harvest due to unfortunate weather during the short harvest time and to disperse the labour intensive work of weeding the fields and harvesting the opium.'* Michael Eprecht, 'Opium Production and Consumption and its Place in the Socio-Economic Setting of the Akha People of North Western Laos: The Tears of the Poppy as a Burden for the Community?' February 1998, p. 63.

⁶ UNDCP, 'The varieties of opium poppy cultivated in selected districts in Afghanistan' in the Afghanistan Annual Opium Poppy Survey 1999, (Islamabad, UNDCP, 1999, p. 32- 49).

⁷ UNDCP, Strategic Study #6: The Role of Women in Opium Poppy Cultivation in Afghanistan, Islamabad, June 2000.

⁸ See 'The Economic Superiority of Illicit Drug Production: Myth and Reality, Opium Poppy Cultivation in Afghanistan' by David Mansfield. A paper prepared for the International Conference on Alternative Development in Drug Control and Cooperation, Feldafing, January 5-12, 2002.

⁹ *'Though successful growing of opium poppy has been reported in such diverse areas as Europe, North and East Africa, Australia, Japan and South and North America, but the problem is of economics and not of successful cultivation alone since opium collection is a cumbersome, time consuming and labour intensive job. Therefore its cultivation shifted with time to thickly populated regions of near-east asia'*. Akhtar Hussain and J.R. Sharma, The Opium Poppy, (Lucknow, Central Institute of Medicinal and Aromatic Plants, 1983, p. 4). Also See David Wishart 'The Opium Poppy: The Forbidden Crop' in The Journal of Geography, January 1974, p. 14.

¹⁰ See Allen, M. Feasibility Studies on the Social and Economic Aspects of Agricultural Production, 1999 DACCAR; and Whiting G. & R.B. Hughes. The Afghan Farmer: Report of a Survey. Nathan Associates Inc. Washington, October 1971.

households would be unable to grow sufficient wheat to meet their basic needs and the mono-cropping of relatively high value crops such as opium may prove to be their only strategy for survival.¹¹

'Even if the government kills me I will grow poppy because if my white-bearded father dies how can I get money for his funeral expenses'.

Respondent, Chapahar district, Nangarhar

'You see me and my cows and that I am growing poppy. I do not care about the government, their hands are free. Whatever they are doing – do it! If I do not grow poppy how shall I pay for my loans and my wedding'

Respondent, Achin district, Nangarhar

6. The Changing Policy Environment

6.1. The ban on opium poppy cultivation

All of the respondents were aware of the ban on opium poppy cultivation imposed by the government.¹² Respondents reported that they had heard of the ban via a number of different media. The radio was the most frequently cited with three-quarters of those interviewed having heard of the ban via this route. Almost half of respondents reported that they were aware of the ban due to 'word of mouth' whilst surprisingly (given that opium poppy cultivation is generally considered *haram* (forbidden) under Islam) only one third of respondents had been informed by clerics, known as *mullahs*. It was only in the district of Achin in Nangarhar province where the majority of respondents reported that they were made aware of the ban due to the announcements of the clergy.

6.2. Attitudes to the ban

Respondent's attitudes to the ban on opium poppy cultivation differed markedly by region. For instance, whilst almost 50% of all those interviewed were of the opinion that the government could implement a ban on opium poppy cultivation, only 16% of respondents in Nangarhar were of this view whilst 71% of respondents in Helmand and 94% of respondents in Oruzgan believed the government could implement the ban on opium poppy cultivation.

¹¹ A Review of Dir District Development Project in Pakistan indicated that '*The demise of opium poppy has led to increasing vulnerability amongst the poor and significantly increased the rate of migration. For those on marginal land the loss of opium poppy had led to a shortfall in income and problems accessing seasonal credit required for consumption purposes. For the landless the elimination of opium poppy has reduced off-farm income earning opportunities. Migration has become an important coping strategy, resulting in more than 50% of the males of some villages migrating to other areas in Pakistan during the winter months.*' See DFID, Aide Memoire: Fact Finding Mission- Sustainable Livelihoods Programme, Dir District, NWFP Pakistan, November 2000. Unpublished Paper.

¹² The ban on opium poppy cultivation was imposed by the Transitional Administration on 17 January 2002.

Even within Nangarhar views differed. It was only in the district of Surkh Rod that the majority (58%) of those interviewed believed the government could implement the ban on opium poppy cultivation, the great majority of respondents in the province (81%) were not convinced the government would be able to implement such a ban.

In total, 37% of those interviewed were unsure whether of the government could actually implement the ban whilst only 7% were of the view that the government could not implement a ban on opium poppy cultivation (of which more than half were from Nad e Ali). Only 6% of those interviewed did not have an opinion as to whether the government could implement a ban on opium poppy cultivation.

6.3. Eradication in 2002

All of the respondents were aware of the government's eradication campaign during the 2001/02 growing season. Given the targeted nature of the campaign (of the districts covered by the fieldwork only Chapahar, Surkh Rod, Marja, Nade e Ali, Tirinkot, Dehrawud, Jurm and Faizabad were covered by the campaign) it should be of little surprise that 51% of those interviewed reported that it did not affect their opium poppy crop. A further 18% reporting that eradication did not impact on their decision making as they did not grow opium poppy last season.

Almost 30% of those interviewed reported that their opium crop had been destroyed. This constitutes approximately 46% of those respondents interviewed in districts in which eradication took place in 2002. Over 70% of those respondents whose crop had been eradicated reported that they were now in further debt. Only one tenth reported that they had received compensation for the destruction of their crop.¹³ In Faizabad key informants suggested farmers had received compensation but did not have their crops eradicated. Given the low number of those respondents that had received a payment neither those interviewed nor key informants thought farmers would be cultivating opium poppy in 2002/03 in order to obtain compensation (except in some parts of Badakhshan).

Stories of corruption were widespread.¹⁴ In Helmand it was reported that government officials responsible for administering the compensation programme were paid by farmers to increase the amount of land reported as eradicated. For instance, one respondent in Nad e Ali reported that he paid US\$ 180 to an official to double the amount of opium poppy he had eradicated from 4 jeribs¹⁵ to 8 jeribs (a potential gain of US\$ 1,220). The respondent reported that he had received no payment at all. To meet the debt he had accrued due to the destruction of his crop and to pay the bribe to the official this individual was looking to obtain an early bride payment on his daughter (age 7).¹⁶ This story was not atypical.

¹³ The Afghan Transitional Authority set compensation at a rate of the equivalent of US\$ 1,750 per ha.

¹⁴ See also FAO/UNDCP. Mission to Nangarhar and Kunar, June 6-11 2002; FAO/UNDCP. Mission to Ghazni, Qandahar and Helmand, May 5- 15, 2002; BBC 24th Needs Assessment Report, Special Survey. Unpublished Paper.

¹⁵ A Jerib is an Afghan unit of land comprising of one fifth of one hectare.

¹⁶ Bride payments are traditional in Afghanistan. However in recent years there have been reports of girls as young as 7 and 8 being either given to creditors as part payment on an existing debt (some have even

In Nangarhar, respondents indicated that they had made payments to local and regional commanders so as to obtain the compensation payments that were due after the eradication of their crops. Whilst respondents reported that these 'facilitation fees' had been paid their compensation payments were still not forthcoming. It was reported that commanders had made significant amounts of money both from their control of the compensation payments and the offer of 'facilitation'. One key informant suggested that there were now over 3,500 cases in the Nangarhar courts complaining of the failure to pay compensation. In Surkh Rod, those respondents that had received compensation reported that they only received the equivalent of US\$ 400 per hectare instead of the US\$ 1,750 per ha agreed by the authorities.

Key informants suggested that the district administrator's moral authority to issue a ban on opium poppy in the 2002/03 season had been compromised by the failure to pay compensation to those farmers who had eradicated their crop.

6.4. Its impact on farmer's decision-making

Only 12% of those interviewed reported that the 2002 eradication campaign would deter them from planting opium poppy in the 2002/3 growing season (10% of which would not grow poppy at all in 2003 and 2% who would reduce the extent of their cultivation). Approximately two thirds of those that reported that they would not cultivate opium poppy due to the 2002 eradication campaign were found in the 6 districts of the southern provinces in which fieldwork was undertaken; one third were in the district of Surkh Rod in Nangarhar, the only district in the province in which respondents indicated that they would either abandon or reduce opium poppy cultivation due to last year's eradication.

However, almost two thirds (63%) of those interviewed reported that the 2002 eradication campaign would not impact on their decision to cultivate opium. Approximately 60% of this group suggested that they had little choice but to cultivate opium due to high levels of debt (42%), the absence of alternatives (15%) and the constraints on the cultivation of other crops due to drought (2%). The other 40% reported that the 2002 eradication campaign just would not affect their decision to cultivate opium poppy in the coming season, giving little detail of the process of their decision-making. Almost two thirds of this group were in Nangarhar province and almost half in the districts of Chapahar and Khogiani.

A further 8% of respondents did not give an indication of whether the 2002 eradication campaign had impacted on their decision to cultivate in the 2002/03 growing season suggesting that they would wait to see whether their families and neighbours cultivated

been kidnapped by creditors) or sold to interested parties to raise the finances necessary to make debt repayments. Whilst conditions vary with each case, girls have typically relocated to the creditor's household where they are required to work until they reach an age where they will be married to a member of the creditor's family. Given the young age of many of these girls the bride payments received will have been significantly less than were the girls exchanged at a marriageable age.

opium poppy before they committed themselves. Just over 8% of respondents reported that they had never cultivated opium poppy and they would never do so.

'Last year the government officials came to our village asking me to eradicate my cultivated poppy. I told them that I am ready to kill my son but not to destroy my poppy field: I cannot do this ever. Then they started to do it [eradicate] themselves. I turned my back to them and went away weeping. I did not weep on the death of my father.'

Respondent, Chapahar district, Nangarhar

'To the back is the lion [of eradication] and to the front is the ocean [of debt]'

Respondent, Surkhrud district, Nangarhar

7. Prospects for the 2002/03 Growing Season

At the time of interview 30% of respondents had already planted a winter crop, of which almost 60% had cultivated opium poppy. In the districts of Achin, Khogiani, Nawzad, Dehrawud and Jurm opium poppy had already been planted. In Achin and Jurm even those respondents that had already planted opium poppy reported that they would cultivate more land with opium poppy later in the season.¹⁷

Despite this unfortunate start to the season overall there would appear to be little change in the proportion of land respondents intended to allocate to opium poppy between 2001/02 and 2002/03 (see Table 5). However, this aggregate picture masks the diversity in opium poppy cultivation, at both the provincial and district level, where households have responded to a whole range of factors including prices, access to land and water, and the governments eradication campaign, in deciding how much opium poppy to plant in the coming season.

Table 5 : Proportion of household cultivated land dedicated to different crops in the 2001/02 and 2002/03 growing season.

	Wheat (%)		Vegetables (%)		Opium Poppy (%)		Fruit (%)	
	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03
All	59	57	2	2	32	34	2	2
Badakhshan	78	74	2	2	15	20	0	0
Nangarhar	49	51	5	5	42	42	0.5	1
Helmand	50	45	0.5	1	35	41	5	4
Oruzgan	65	68	0	0	30	25	2	2

¹⁷ Staggering the planting of opium is a relatively common phenomenon in Afghanistan. It reduces the threat of crop failure and spreads the demands on labour during the harvest season. In Jurm in Badakhshan opium poppy is cultivated as both a winter and a spring crop.

7.1. Static in Nangarhar

In Nangarhar province, the intentions of farmers differed by district. In the districts of Achin and Khogiani respondents reported that they would continue to cultivate opium at a similar level as in the 2001/02 growing season. Fortunately, in these districts there would seem to be very little scope for a significant increase in opium poppy cultivation given the current intensity of cultivation and the limited landholdings that prevail. In fact these areas may well be reaching their saturation point explaining the growing incidence of young men from these areas leasing land and growing poppy in the provinces of Laghman, Kunar and even Badakhshan.

In the district of Surkh Rod the 2002 eradication campaign seems to have had a significant impact on the decision making of farmers during the current growing season. For instance whilst 3 of those interviewed in Surkh Rod did not cultivate opium poppy in 2001/02, 9 reported that they would not cultivate opium poppy in 2002/03 season. In Surkh Rod respondents were more conscious of the actions of the local authorities due to their proximity to Jalalabad – a fact that may also facilitate access to alternative livelihoods. A number of respondents in this district reported that they would wait to see whether their neighbours planted opium poppy and what the reaction of the local authorities might be.

In Chapahar (another district in which eradication occurred) 4 respondents reported that they would increase their level of opium poppy cultivation for the 2002/03 season whilst 2 suggested they would reduce the amount of opium poppy they grew. At the time of interview planting in both Chapahar and Surkh Rod was delayed by limited access to irrigation water.

7.2. Increasing levels of cultivation in Helmand

In Helmand province access to water was a major determinant of farmers decisions regarding what crops to plant in the coming season. In Marja three respondents had obtained loans for the construction of tube-wells. A further two respondents were doing the same in Nawzad.¹⁸ Each reported that opium poppy would be grown on the land that their tube-wells brought under cultivation. They suggested that cultivating this land with wheat would make little economic sense and would not allow them to repay their loans. All of the respondents in the district of Nawzad reported that access to irrigation was an increasing concern and that opium poppy was the only crop that could provide a sufficient return where access to water was intermittent and unpredictable.¹⁹ Complaints regarding the falling price of wheat were common in Helmand.

¹⁸ One respondent in Nawzad reported that he had borrowed the equivalent of US\$ 727 to dig a tube-well. He intended that all the land that he cultivated by this tube-well was to be dedicated to opium poppy.

¹⁹ Wheat is considered very vulnerable to failure when there is a shortage of water during the flowering stage. However, whilst the right amount of water at the right time (during sowing, germination, rapid vegetative growth, flowering and harvest) will significantly increase the productivity of opium poppy, a crop can be obtained even in relatively dry conditions. See Vladimir Kusvie (1960) 'Cultivation of the opium poppy and opium production in Yugoslavia' *United Nations Bulletin on Narcotics*, Vol.1, No.1, p:5-13. Lloyd Nystom et al (1995) *Survey of opium production: Practice, economics and security in India*, April 27 – May 11 1995. Report by Mallinckrodt Chemical Inc, St Louis, Missouri.

According to respondents in Helmand the 2002 eradication campaign had a limited impact on farmers decisions to plant opium poppy in the 2002/03 season. Whilst in the district of Marja 5 respondents reported that they would reduce their opium poppy cultivation due to the eradication campaign, one respondent reported that he would increase cultivation to compensate for the loss of income he incurred when his crop was destroyed (this individual claimed that he did not receive any compensation when his crop was eradicated). A total of 13 respondents in Nad e Ali district cited the same reason for their intention to increase their level of opium poppy cultivation in 2002/03. Only one respondent in Nad e Ali reported that they would reduce cultivation, citing the eradication campaign in 2002 as the determining factor. In Musa Qala 3 respondents reported that they would reduce the level of opium poppy cultivation due to the impact of the eradication but a further 3 claimed that they would increase due to the returns on opium per unit of water.

'We know that the cultivation of poppy, its selling and buying is forbidden in our religion. But what shall we do in the present situation in our country. We are forced to grow it. In the state and situation of necessity and compulsion one is allowed to steal and eat the meat of the donkey which is forbidden in our religion.'

Respondent, Surkhrud district, Nangarhar

'If the government and the UN organisations help us in finding water and rebuilding our irrigation system, then we will never grow poppy as it is a curse and it is forbidden. There is not any abundance and blessing in money by doing this [growing poppy]'

Respondent, Surkhrud district, Nangarhar

7.3. Reductions in Oruzgan

In Oruzgan respondents reported that they would reduce their level of planting in the 2002/03 growing season. In Tirinkot, only one respondent did not cultivate opium poppy in 2001/02. However, in 2002/03 6 respondents reported that they would not cultivate opium poppy, citing the 2002 eradication campaign as their major reason for refraining from cultivation.

Dehrawud district presents a mixed picture with an increase in the number of respondents cultivating opium poppy (7 households did not cultivate in 2001/02 only one will not cultivate opium poppy in 2002/03) but five respondents reporting that they will reduce cultivation due to the 2002 eradication campaign. Overall respondents indicated that they would reduce the amount of cultivated land they allocated to opium poppy in Dehrawud in 2002/03 (see Table 6). Key informants report that the presence of Coalition Forces in the district has meant that many of those households in more visible areas in the centre of Dehrawud are reluctant to cultivate opium poppy in 2002/03. It is reported that away from the centre of the district cultivation will continue unabated.

7.4. And further increases in Badakhshan

In Badakhshan those that cultivated opium poppy indicated that they would increase their level of planting in 2002/03. For instance, all the respondents that cultivated opium poppy in Jurm in 2002 reported that they would increase the level of household cultivation in 2003 citing the high price of opium as a determining factor. It is interesting to note that the high price of opium would seem to have little impact on the number of households cultivating opium poppy in Keshem given that only 5 respondents cultivated opium poppy in 2001/02 and respondents report that there will not be an increase in the number of households cultivating opium poppy in 2002/03. However, almost all of those that did cultivate opium poppy in Keshem reported that they would increase cultivation in 2002/03 resulting in an overall increase in the proportion of cultivated land allocated to opium poppy.

In Faizabad, it was reported that only one respondent would cultivate opium poppy in 2002/03 when they had not cultivated opium poppy in 2001/02 but over half of those that had cultivated opium poppy last year reported that they would increase their level of household cultivation in the coming season. This claim would seem to be supported by the data (see Table 6).

	Wheat (%)		Vegetables (%)		Opium Poppy (%)		Fruit (%)	
	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03
Khogiani	44	38	5	5	51	56	0	0
Chapahar	45	43	8	6	45	47	1	1
Surkh Rod	73	79	7	7	20	13	0	0
Achin	24	27	0	0	76	80	0	0
Marja	51	56	0	0	38	37	1	1
Nadeali	54	33	2	2	36	45	3	3
Nawzad	56	42	0	0	32	43	14	14
Musa Qala	52	55	0	0	42	40	0	0
Tirinkot	57	61	0	0	39	35	3	3
Derawud	72	74	0	0	20	17	1	1
Jurm	66	58	2	2	32	39	0	0
Keshem	89	89	0	0	5	9	0	0
Faizabad	80	78	3	4	9	14	0	0

'There is too much force by creditors. I sold 2 jeribs of land to creditors. I was fortunate they took my land, many creditors will not take the land if it is poor quality. Even small daughters are taken against loans. Even if you flee to Pakistan your creditors will follow you'.
Respondent, Surkhrud district, Nangarhar

'All the cases and claims on each other in the district headquarters are due to loans and debts. The borrower has no money whilst the creditor is asking for repayment. All the people are engaged in disputes and controversies.'
Respondent, Chapahar district, Nangarhar

8. A Continuing Credit Crisis

8.1. The role of opium as a source of informal credit

Previous fieldwork has revealed that credit is an integral part of rural livelihood strategies in Afghanistan.²⁰ Typically seasonal credit has been obtained as an advance on a fixed amount of agricultural production, known as *salaam*. Whilst *salaam* sometimes provides advance payments on other agricultural products, such as wheat or black cumin, opium is the crop that is favoured by lenders. Although the majority of households that cultivate opium poppy in Afghanistan utilise this system to some extent, the resource poor have been found to sell their entire crop prior to the harvest in return for an advance payment.

The price paid as an advance is traditionally half the current market price of opium on the day that the agreement is reached. The borrower is expected to submit the amount of opium that the advance has been provided promptly at harvest time. Whilst the lender can sometimes make losses, the *salaam* system facilitates 'distress sales', allowing traders to acquire opium at prices significantly less than their harvest price.

Poorer households have generally been found to use the advance they obtain on their opium crop to purchase basic necessities including food, clothes and medicine, as well as purchase agricultural inputs and repay existing loans.²¹ For many it is their only source of credit during the winter months, when food shortage is at its most acute. As such, the *salaam* system provides the poor with the means of survival; and in many districts opium poppy is the only crop on which an advance can be obtained.

Yet, whilst the *salaam* system offers a lifeline to the poor, it does so at a punitive rate, often locking households into a patron-client relationship with local traders that may take years to overcome.²² Those that cannot repay the advances they received due to crop failure are required to purchase opium on the open market, or reschedule their debt, paying twice as much opium the following year.

8.2. Advance payments on the 2002/03 Crop

At the time of the fieldwork 45% of respondents had already obtained an advance payment on their 2002/3 opium crop. The incidence of advance payments on opium differed by province with the highest number of loans on opium being obtained in Nangarhar (63%) and Helmand (61%). Only 27% of respondents in Oruzgan and 16% of respondents in Badakhshan had received *salaam* payments on their opium crop. A possible explanation for the difference in the number of loans obtained on this season opium poppy crop might be the late winter planting season in Oruzgan and the general preference in Badakhshan for cultivating an irrigated opium crop during the spring.

²⁰ See UNDCP Strategic Study#3: The Role of Opium as a Source of Informal Credit. A Preliminary Report, January 1999.

²¹ Ibid

²² It is interesting to note that by 1975, the *salaam* system had been abandoned throughout much of Helmand, except for a few areas in the remote north, due to a preference for the formal credit provided.

The average advance payment received by respondents who had taken a loan on their 2002/03 opium crop was US\$ 687. As with the number of loans obtained, the level of loan also varied markedly by province and district (see Table 7) with higher levels of debt accrued in areas where opium poppy cultivation has become more entrenched. For instance, in Helmand province the average loan was US\$ 774, in Nangarhar US\$ 665 and in Oruzgan \$ 648. Whilst in Badakhshan, the average advance payment received by respondents who had taken a loan on their 2002/3 opium crop was only US\$ 192.

Table 7 : Incidence and size of loans taken in 2002/03 by district

	Percentage of respondents that had received loans on their 2002/3 opium crop (%)	Average loan obtained (US \$)
Khogiani	68	821
Chapahar	71	878
Surkh Rod	21	396
Achin	94	467
Marja	47	702
Nade ali	73	796
Nawzad	75	881
Musa Qala	50	646
Tirinkot	18	556
Dehrawud	38	694
Jurm	33	218
Keshem	12	116
Faizabad	0	0

8.3. Accumulated debt

Fieldwork suggests that the level of household debt generated by obtaining advances on the 2002/03 opium poppy crop are further exacerbated by a history of unpaid loans. For example, two thirds of those interviewed had loans from previous calendar years that they had not yet repaid. Many had unpaid loans that spanned a number of calendar years, and whilst a small minority (3%) of unpaid loans dated back as far as 1998, almost 50% were obtained in 2001, the year of the Taliban ban on opium production. A further 38% of unpaid loans were obtained in 2000 (some of which may have been obtained during the 2000/01 poppy growing season).²³

²³ Fieldwork in 2001 and key informants for this Study suggests that the Taliban ban had a particularly negative impact on household debt. With the successful implementation of the ban in 2001, many households found themselves unable to repay the amount of opium on which they received an advance. To ensure that the advances were repaid, lenders converted the repayment due in-kind into cash payments. However, this conversion was based on the price of opium at harvest time 2001 (on average US\$ 500 per kilogramme). The monetisation of advances was the equivalent effect of charging interest at 1,000-1,500 per cent. For more detail see 'The Impact of the Taliban Prohibition on Opium Poppy Cultivation in

The incidence of accumulated debt varied little by province with 72% of those interviewed in Oruzgan, 69% of those interviewed in both Helmand and Nangarhar and 66% of those interviewed in Badakhshan having unpaid loans at the time of interview. The average accumulated debt of respondents was US\$ 1,835. As with *salaam* the level of accumulated debt was found to vary by province and districts with higher accumulated debts in those areas in which opium poppy is cultivated more intensively. Respondents in Helmand province experience the highest levels of accumulated debts with an average of US\$ 3,010. In Oruzgan the average accumulated debt amongst those interviewed was US\$ 2, 018 and in Nangarhar it was US\$ 1, 477. In Badakhshan the average accumulated debt amongst respondents was only US\$ 428 (the Taliban ban on opium production in 2000/01 did not affect this province).

At a district level accumulated debts varied widely from US\$ 180 in Keshem in Badakhshan to US\$ 4,125 in Musa Qala in Helmand province. The high level of accumulated debt in upper Helmand is perhaps particularly surprising given the levels of opium poppy cultivation in the 2001/02 growing season and the high price that opium fetched (approximately US\$ 400 at harvest time). This situation possibly reflects the nature of the *salaam* system where households are generally expected to repay their loans in-kind. As such, those households with a high incidence of unpaid advances on opium amongst their accumulated debt will not have experienced the financial benefits of the dramatic increase in the price of opium from January 2001 to the current day.

Table 8 : Incidence and size of accumulated debt by district

	Percentage of respondents that had outstanding loans (%)	Average accumulated debt (US \$)
Khogiani	69	1,672
Chapahar	65	1,527
Surkh Rod	68	1,325
Achin	75	1,432
Marja	80	1,810
Nade ali	67	3,066
Nawzad	69	3,254
Musa Qala	63	4,125
Tirinkot	71	2,006
Dehrawud	75	2,032
Jurm	44	896
Keshem	65	180
Faizabad	50	303

Both respondents and key informants suggested that high levels of debt in many poppy-growing districts could be attributed to the inflationary impact of opium poppy cultivation. For example respondents in both Nangarhar and Helmand reported that the rentable value of a given piece of land is increasingly being determined by its

Afghanistan, 25 May 2001'. Paper prepared for the Donors Mission to Afghanistan, 23 April – 4 May 2001.

productivity in terms of opium rather than its potential wheat production, as was traditionally the case. One respondent in Nad e Ali reported that he was charged rent of the equivalent of 3,375 kg of wheat per hectare. However, the land produced a yield of only 1,350-1,600 kg of wheat per hectare. Faced with this deficit the respondent had little choice but to cultivate opium and use it to purchase the wheat required to pay his rent on the open market.²⁴

Key informants report that the cost of marriage has also risen in many of these areas not only due to the increasingly extravagant nature of wedding ceremonies²⁵ but also as a consequence of increasing bride payments. One example cited was of a man in Musa Qala that paid a bride price (for what would be his third wife) calculated on the basis of the equivalent of her body weight in Pakistani Rupee (PR) notes (none of the notes to be placed on the scales were to be less than 100 PR – the equivalent of approximately US\$ 2).

For those without accumulated debts and good yields, the current price of opium has led to an increase in conspicuous consumption in 2002. Respondents in Musa Qala in particular, reported an increase in the number of marriages and the purchase of new vehicles. However, for the resource poor increasing levels of rent, rising marriage costs and an increase in the cost of borrowing (see 8.4.) would seem to have led to a growing dependency on opium poppy cultivation as a means of survival.

'It was rare to see wedding ceremonies this month last year but this year there are wedding ceremonies every day. The reason is that the price of opium is very high this year and people are paying for wedding ceremonies with opium money. If there is no opium all our youths would not be married.'

Respondent, Achin district, Nangarhar

'It is the blessing of poppy that we can marry'

Respondent, Achin district, Nangarhar

8.4. Strategies for repayment

Respondents referred to a number of strategies for the repayment of their accumulated debts, however, the cultivation of opium poppy was by far the most common strategy cited by 68% of those respondents with outstanding loans. The sale of other crops (17%), wage labour (6%) and salaried employment (1%) were also suggested as possible strategies for repaying outstanding loans. Only 2% of those interviewed with unpaid debts did not know how they would meet their repayments.

²⁴ Previous fieldwork in the Eastern region also suggests that the rentable value of a given piece of land is increasingly being determined by its productivity in terms of opium rather than its potential wheat production, as was traditionally the case. For more detail see UNDCP Strategic Study#5: An Analysis of the Process of Expansion to New Districts in Afghanistan. Second Report, November 1999.

²⁵ *'Marriage...is the main occasion for conspicuous consumption, where senior lineages tend to exhibit their status by excessive spending'* Akhbar Ahmed (1980) *Pakhtun Economy and Society*. Routledge & Kegan: London.

The majority of those interviewed with accumulated debts did not anticipate paying their existing debts off quickly. For instance, only one third of respondents believed that they would repay their accumulated debts within a twelve-month period. Almost 50% of those interviewed anticipated debt repayments on their current accumulated debt over a 2-6 year period and one fifth of respondents did not know how long it would take them to repay their debts.

The preference for cultivating opium poppy as a strategy for debt repayment may well reflect the high incidence of unpaid advances on opium amongst the accumulated debts of respondents. It may also reflect the limited opportunities for licit income generating opportunities available to respondents. However, the reliance on opium as a debt repayment strategy and the length of time over which many respondents anticipate making repayments would suggest that the majority of those interviewed are committed to cultivating opium poppy for a number of years. Where households continue to obtain advances on their current (and future)²⁶ opium crop they will of course extend that commitment to poppy cultivation by an increasing number of years.

'Last year after the Taliban ban my creditors wanted repayment. My house belongings were taken away, even tea pots were not left in the house. All the blankets and quilts were taken away.'

Respondent, Khogiani district, Nangarhar

'The sons of my Uncle fled to Peshawar along with their families. Their creditors wanted them to repay their loans. Their land was divided amongst their creditors. It was loans from the previous year [2001] that led to this.'

Respondent, Khogiani district, Nangarhar

8.5. Repayment when crops fail

In response to the possible failure of their standing opium crop, respondents outlined a number of debt repayment strategies, many reflecting the vulnerable situation in which households find themselves. For instance just over half (53%) of those who had obtained an advance on their 2002/3 crop reported that they would sell their land if they did not obtain an opium crop this year (a further 1% reported that they would sell their house).²⁷ Almost one quarter (22%) reported that they would leave the country. And whilst 3% of those who had received an advance payment on their opium poppy crop indicated that they would steal if they did not obtain a yield from this seasons opium crop, 6% reported that they would 'sell their daughters' into marriage in order to meet their debt repayments.

²⁶ *'Under the salaam system, households are not free to decide which crops to cultivate on an annual basis; many are already committed to opium poppy, sometimes up to two years in advance, due to their outstanding debts.'* For more detail see 'The Economic Superiority of Illicit Drug Production: Myth and Reality, Opium Poppy Cultivation in Afghanistan' by David Mansfield. A paper prepared for the International Conference on Alternative Development in Drug Control and Cooperation, Feldafing, January 5-12, 2002.

²⁷ *'The importance of ownership of land goes beyond the mere productive value. The prestige and influence within a Pashtoon village is closely associated with land ownership'* Akhbar Ahmed (1976) *Millenium and Charisma amongst Pathans*. Routledge & Kegan: London

Only 4% suggested that they would find wage labour opportunities as a means of repaying the *salaam* payment were their crop to fail and only 2% reported that they would sell other crops (perhaps reflecting the limited range of licit income earning opportunities available to respondents). Approximately 8% of those that has taken an advance on the 2002/3 opium crop just did not know how they would repay the loan if they did not obtain a yield this season.

Key informants reported that the failure to repay outstanding debts was becoming a major source of local conflict in the districts in which fieldwork was undertaken. Increasing pressure from lenders to repay outstanding debts had prompted households to adopt a range of rather dramatic responses. Key informants reported that absconding was becoming an increasingly common phenomenon (a response that was rarely seen in the late 1990s).²⁸ The sale or lease of long-term productive assets, including land, was also becoming a relatively familiar experience. Both respondents and key informants reported that there was an increasing number of households seeking to obtain an early bride payment for their daughters (some as young as 7).

Indeed, three respondents in central Helmand reported that they were currently looking to sell their daughters into marriage due to their inability to repay their existing loans after their opium crop had been eradicated in the spring of 2002. In both Nangarhar and Helmand respondents reported that they had been compelled to sell their land.

Key informants report that creditors were also adopting more authoritarian tactics to ensure borrowers repaid their debts. Stories of creditors kidnapping the daughters of those that owe them money were not uncommon, as were the confiscation of domestic possessions, the compulsory purchase of land (at preferential rates), and creditors pursuing absconders across the border into Pakistan.

It was also reported that the high incidence of defaulting and the levels of accumulated debt (combined with uncertainty over the governments position on eradication) had led to lenders adopting a more cautious approach to the provision of advances on the opium poppy crop this season. Key informants suggested that some lenders wanted confirmation that the opium poppy crop was actually in the ground rather than provide loans on the basis of a borrower's intent to cultivate.

Of particular significance was the growing number of reports that creditors were not willing to pay advances on opium at the traditional rate of 50% of the current price of opium, instead offering nearer 25-30% of the prevailing market price. However, a reluctance to provide advances at 50% of the current price of opium might not just be indicative of concerns over the impact government eradication would have on debt repayment, but may also be more symptomatic of the fear that extensive cultivation in the coming season would lead to a dramatic drop in opium prices during the harvest in 2003.

²⁸ See UNDCP Strategic Study #3: The Role of Opium as a Source of Informal Credit. Preliminary Report January 1999.

Were market prices to fall below the equivalent of US\$ 200 all those lenders providing *salaam* at the traditional rate of 50% would incur losses on each advance payment made.

However, reports from Helmand suggest that, in the situation where borrowers find their opium crop destroyed, lenders would be willing to accept a cash payment equivalent to the original loan. This might suggest that creditors are adopting a more conciliatory position than before. It is possibly an attempt on the behalf of creditors to reduce the perceived risks associated with opium poppy cultivation in the 2002/03 season and thereby encourage significant numbers of households to cultivate opium poppy and confront the government's threat of eradication.

9. Key Findings

- **Despite significant increases in the price of opium, overall the amount of opium poppy planted by those interviewed was expected to remain relatively stable in 2002/03 compared with the previous growing season.** However, there are regional differences: in Helmand and Badakhshan respondents generally reported that they would increase the level of planting; in Nangarhar, respondents anticipated maintaining planting at 2001/02 levels; whilst in Oruzgan the level of planting was expected to fall amongst those interviewed.
- **Wheat is the most widely cultivated crop even in those areas where opium poppy cultivation has become entrenched.** On average all but three districts were found to dedicate more than half of their cultivated land to wheat. At the household level, two thirds of respondents were found to allocate more than half of their land to wheat (compared to only one third to opium poppy). Falling wheat prices in Helmand were expected to result in lower levels of cultivation than in 2001/02 but, on the whole, respondents did not expect significant changes in the extent of wheat cultivation in 2002/03.
- **Opium poppy is grown more intensively in areas with limited access to cultivable land.** Those districts with lower than average landholding were found to have a greater proportion of cultivated land dedicated to opium poppy. Whilst mono-cropping was not common where it did occur it was typically undertaken in those districts with limited land holdings by those households with less than half a hectare of cultivable land.
- **Knowledge of the government's ban on opium poppy cultivation is comprehensive.** The radio had proven to be the most effective media for disseminating this message. However, attitudes to the ban differed by province and district. Whilst almost half of those interviewed believed the government could implement a ban on opium poppy many resided in the southern provinces of Helmand and Oruzgan. Opposition to the ban was most vocal in Nangarhar.

- **The 2002 eradication campaign has had a limited impact on whether households cultivate opium poppy in 2002/03.** Whilst a minority of respondents did indicate that they would reduce their level of opium poppy cultivation this year as a consequence of the eradication, the majority reported that high levels of debt, the absence of alternative sources of livelihood, and the continuing impact of the drought left them with few alternatives but to defy the ban.
- **Where the 2002 eradication campaign has had an impact it would seem to be limited to specific localities.** For example, respondents in Sukhurud in the province of Nangarhar would seem to have adopted a more cautious approach to opium poppy cultivation this season; some reporting that they would not cultivate opium poppy in 2002/03 due to last years eradication, others indicating they would wait to see whether their neighbours cultivated opium poppy and judge by the reaction of the local authorities. Respondents in the other three districts of Nangarhar, with more limited access to the markets of Jalalabad, were less conciliatory reporting increasing levels of opium poppy cultivation this year.
- **The benefits of the dramatic increase in opium poppy prices are unevenly distributed.** For those without accumulated debts and good yields, the current price of opium has been a windfall and led to an increase in conspicuous consumption in 2002. However, for those households with a high incidence of unpaid advances on opium amongst their accumulated debt, the dramatic increase in the price of opium since January 2001 will have had little impact, as many will need to repay this debt in kind. Indeed, for the resource poor opium poppy has had an inflationary effect; increasing levels of rent, marriage costs and the cost of borrowing. The result is a growing dependency on opium poppy cultivation as a means of survival.
- **The role opium plays as a source of credit continues to act as a major determinant of opium poppy cultivation.** Almost half of those interviewed had already received an advance payment on this year's opium crop and almost two thirds had unpaid loans from previous years (most dating back to the year of the Taliban ban). Debts were found to be particularly high in areas in which opium poppy cultivation has become entrenched (the average accumulated debt in Helmand was US\$ 3,010, compared to US\$ 428 in Badakhshan). Most households anticipated repaying these debts over a number of years and reported that their preferred strategy for debt repayment was the continued cultivation of opium poppy. Clearly where households continue to obtain advances on their current (and future) opium crop they will extend their commitment to poppy cultivation by an increasing number of years.
- **The failure to repay outstanding loans (many repayable in opium) has become a major source of local conflict.** Increasing pressure from lenders to repay outstanding debts had prompted households to adopt a range of rather dramatic responses, including absconding (rarely seen in the late 1990s); the sale

or lease of long-term productive assets, and the sale of daughters, some as young as 7, for bride payment. Creditors were found to be adopting more authoritarian tactics to ensure borrowers repaid their debts. The kidnapping of daughters, the confiscation of domestic possessions, the compulsory purchase of land (at preferential rates), and creditors pursuing absconders across the border into Pakistan were all cited.

- **In the face of high levels of accumulated debt, the frequency of default and uncertainty over the government's position on eradication, lenders have adopted a more cautious approach to the provision of advances on the opium poppy crop this season.** Reports of creditors offering nearer 25-30% of the current market price of opium (rather than the traditional rate of 50%) are significant. As are reports from Helmand suggesting that, in a situation where borrowers find their opium crop destroyed, creditors would be willing to accept a cash payment equivalent to the original loan. If these shifts in the rules of borrowing are combined with further reports that lenders are requesting confirmation of planting (rather than provide loans on the basis of a borrower's intent to cultivate opium) then it could be implied that opium poppy cultivation is being perceived as an increasingly risky venture by creditors in today's Afghanistan.
- **The perception amongst households is that they do not have alternatives to the cultivation of opium poppy.** Only a small minority of households indicated that they would look to alternative crops or wage labour as a means of generating income or repaying loans. Whilst a number of development interventions have been implemented in the areas in which fieldwork was undertaken, many are single sector and short term initiatives that do not necessarily address the wider context in which opium poppy cultivation takes place. More broad-based and long term development programmes will be required to address the different motivations and factors that influence households in their decision to cultivate opium poppy.

TERMS OF REFERENCE

STRATEGIC STUDY# 9 OPIUM POPPY CULTIVATION IN A CHANGING POLICY ENVIRONMENT: FARMERS INTENTIONS IN THE 2002/03 GROWING SEASON

Objective

To assess the potential for opium poppy cultivation in the 2002/3 growing season and identify the different factors that have influenced its cultivation.

Summary

High opium prices, the increasing numbers of refugees returning to key opium producing provinces (such as Nangarhar), the absence of alternative sources of livelihood, and the perception that there may be further compensation available for eradication, have created the conditions in which opium poppy cultivation might be expected to increase. This Study seeks to provide an early indication of the level of opium poppy cultivation for the coming season and identify the range of factors that have impacted on farmer's decision-making. It is intended that this work will serve to focus the attention of both the Afghan authorities and the international community on the growing problem of opium poppy cultivation in Afghanistan and subsequently mobilise the assistance community to address the factors that have contributed to its cultivation.

Methodology

To distinguish between the localised and generic factors that influence opium poppy cultivation (and prevent consultation between respondents), fieldwork should be conducted over a wide geographical area (see locations below). Fifteen interviews should be conducted in each district identified. These interviews should be conducted across a number of different locations in the district and amongst a range of different socio-economic groups (landlords, tenants, sharecroppers, and owner-cultivators).

Interviews should be conducted on a **one-to-one basis**; no group interviews should be undertaken. A formal questionnaire should **not** be used while conducting interviews. Instead the interviewer should focus on a number of key issues as listed below which should be discussed in a conversational manner. Notes should **not** be taken during the interview but should be written up once the interview has been concluded and the interviewer has departed. Quotes or anecdotes from farmers regarding opium poppy cultivation should be included where possible. The interviewer should try and make a

visual assessment of the amount of opium poppy cultivated to verify the claims of the respondent.

Location – Fieldwork should be undertaken in the following districts:

Helmand: Marja; Nad e Ali; Nawzad; Musa Qala

Nangarhar: Surkhrod; Chaparhar; Khogiani; Achin

Oruzgan: Tirin Kot; Dehrawud

Badakhshan: Faizabad; Jurm; Keshem

KEY ISSUES (to be discussed with each farmer)

1. Are you a landlord/ owner cultivator/ tenant/sharecropper?
2. How much land do you own/ work?
3. How many people are there in your household?
 - i. Over 12 years of age?
 - ii. Under 12 years of age?
4. Who decides what is grown on your land?
5. How much land did you cultivate last winter? (2001/02)
 - i. How many jeribs of wheat did you grow?
 - ii. How many jeribs of vegetables did you grow?
 - iii. How many jeribs of poppy did you grow?
 - iv. How many jeribs of fruit?
6. How much land have you cultivated so far this winter? (2002/03)
 - i. How many jeribs of wheat did you grow?
 - ii. How many jeribs of vegetables did you grow?
 - iii. How many jeribs of poppy did you grow?
 - iv. How many jeribs of fruit did you grow?
7. How much more land will you cultivate this winter (2002/03)
 - i. How many more jeribs of wheat will you grow?
 - ii. How many more jeribs of vegetables will you grow?
 - iii. How many jeribs of poppy will you grow?
 - iv. How many jeribs of fruit will you grow?
8. What is your reason for the change in the amount and types of crops grown this winter (2002/03) compared to last winter (2001/02)?
 - i. Wheat?
 - ii. Vegetables?
 - iii. Poppy?
 - iv. Fruit?

9. Did/will you take out a loan on your opium crop this year (2002/03)?
10. How much did you borrow? How will you repay this if you do not obtain an opium yield?
11. Do you have outstanding loans from previous years? From which years? How much?
12. How do you intend to repay these loans? Over what time period?
13. Are you aware of the ban on opium poppy cultivation?
14. How do you know this? (From word of mouth, radio, heard it from mullah/village elder, etc...)
15. What is your view on the authorities position on opium poppy cultivation?
16. Are you aware of the government's eradication programme last year?
17. How did this impact on you? How did/will it affect your decision on what crops to plant this year?