

**WILLIAM BYRD**

E-mail: wbyrd@usip.org

DAVID MANSFIELD

E-mail: davidmfld@aol.com

Drugs in Afghanistan—A Forgotten Issue?

Implications and Risks for Transition

Summary

- Opium will continue to be an important part of the Afghan landscape—with political and security as well as economic ramifications.
- The ongoing security transition (2011-2014) will be accompanied by greater risks to Afghanistan's polity, security and economy from the illicit drug industry—including through likely further increases in opium production.
- The priority attached to drug issues by the international community appears to be declining; it would be perilous, however, to neglect the drugs issue.
- Poorly thought-out, knee-jerk reactions to increases in opium production—ranging from aerial spraying or massive eradication at one extreme to licensing opium in the absence of adequate governance and controls to prevent leakages into the illicit market at the other extreme—would be misplaced and naïve.
- Patience and modest expectations are called for—other countries have taken decades to rid themselves of much smaller illicit narcotics problems; moreover, differentiated approaches based on regional and local characteristics will be required.
- Careful management will be needed to mitigate adverse political economy implications—including use of drug money in election campaigns and involvement of local and regional power-holders as well as some at the central government level in the drug industry.
- Bans on opium poppy cultivation are sustainable in localities where agricultural resources, access to markets, the security situation and government presence are reasonably good.
- Such bans are counterproductive and unsustainable in areas without viable licit economic livelihoods, where government presence is limited and where temporarily strong but unsustainable military forces have provided backing to enforce bans.
- Only sustained, broad-based rural development will over time move rural areas away from dependence on opium; agriculture and rural development should be a priority for remaining aid resources for Afghanistan.
- Drug issues need to be “mainstreamed”—factored into broader political, security, economic and development strategies and programs during transition.

“The ongoing security transition (2011-2014) will be accompanied by greater risks to Afghanistan's polity, security and economy from drugs—including through likely further increases in opium production. As aid flows diminish, power-holders will look to other sources of finance to maintain their patronage and political power. Many factions and groups (even within the Taliban, which is not monolithic) have a vested interest in maintaining the insecurity that allows the drugs trade to flourish.”

Background

Opium has been, and will continue to be, a major part of Afghanistan's economy—currently equivalent to one-sixth of the country's gross domestic product (GDP)—with important security, political and economic ramifications. Although total national cultivation and production have fluctuated widely, they rebounded following the Taliban regime's effective ban in 2000-01 and remain at very high levels today, despite modest reductions since 2007. Afghanistan produces more than 90 percent of global illicit opium and heroin.

Afghanistan's rural households vary in their dependence on opium poppy cultivation. Simplistic models whereby households are assumed to base planting decisions only on opium prices are misleading.¹ Such decisions depend on multiple factors like access to land and water, household assets, number of able-bodied males in the household, access to urban markets for agricultural products and labor, transport linkages, price and availability of wheat (Afghanistan's main staple food), etc.

Over the past decade, partly reflecting distortions and abuses in implementation of counter-narcotics policies, Afghanistan's drug industry appears to have become more consolidated at upper levels, securing influence in some government and political circles through its financial resources, with widespread perceptions that government officials are involved in the trade.² Virtually all processing of Afghan opium into heroin has shifted to Afghanistan during the past 10-15 years, sharply increasing the drug industry's resources (although in recent years they have been eclipsed by the enormous volume of aid inflows and international military contracts). Drug money also partly funds the Taliban, other anti-government elements and local power-holders—although it is far from essential for their survival.

Numerous counter-narcotics measures have been attempted since 2001, varying in regional focus and intensity. These include bans on opium poppy cultivation in some provinces; unevenly implemented poppy eradication campaigns; interdiction against drug trading, shipments, precursors and processing facilities; many "alternative livelihoods" projects (but of limited size and impact even in aggregate); and public awareness campaigns. Overall, these efforts cannot be deemed a success given continuing high levels of opium production, a resurgence of cultivation in some "poppy-free provinces" (some of which previously had effective bans), and adverse impacts on governance and politics. However, there have been successes in moving some of the rural population away from opium on a sustained basis in areas with better agricultural resources and access to markets for agricultural products and for labor.

Implications of Transition

The ongoing security transition (2011-2014) will be accompanied by greater risks to Afghanistan's polity, security and economy from drugs—including through likely further increases in opium production. First, production is already increasing in the eastern provinces of Nangarhar and Laghman—previously seen as counter-narcotics "success stories." Government coercion to persuade farmers not to plant in more marginal areas has also led to growing popular resentment, a breakdown in the political settlement with rural elites, and growing support for anti-government elements. Opium poppy cultivation is also increasing in the northeastern province of Badakhshan and elsewhere.

Second, the dramatic reduction in opium poppy cultivation since 2008 in the central canal command area of Helmand province in southern Afghanistan, which was instrumental in the fall in total national production, is unlikely to be sustainable. The presence of international military forces has been a determining factor in reducing cultivation in this area,³ and it is unlikely that Afghan security forces will maintain the same level of presence. Continuing to press for elimination of opium poppy cultivation without viable alternative livelihoods for those involved will intensify the growing anger

felt toward the Afghan government and weaken its position in the canal command area of Helmand province. If the security situation deteriorates, widespread cultivation could resume.

Third, the absence of viable alternatives is resulting in the relocation of both production and land-poor households, who have been most disadvantaged by the ban, from central Helmand to former desert land north of the Boghra canal.⁴ Furthermore, this vulnerable population has not seen any direct benefits from development assistance in the canal command area. High opium prices further increase incentives to expand agricultural land in this area and cultivate it with poppy. More generally, it is doubtful whether former desert land in the southern provinces of Farah, Helmand, and Kandahar—now largely cultivated with opium poppy based on expensive tubewell irrigation—will shift away from poppy. Any reduction in cultivation in the more accessible canal command area can be more than offset by further increases in these new areas, which would also tend to offset the effect of the recent outbreak of disease on opium production.

Based on these trends, Afghanistan easily could end up producing significantly more opium post-2014 than it does currently or did in the 1990s prior to the international intervention. But even if opium production does not increase, drug money will become relatively more important as other inflows decline. The international military drawdown, and reductions in associated funding, may also mean less scope for internationally-led actions and leverage on counter-narcotics law enforcement. Civilian aid to Afghanistan will decline, so the potential scale of rural development initiatives to reduce dependence on the opium economy will be less. Although international assistance was not very effective in this regard, it has generated employment opportunities in the service and security sectors (particularly in the Army and Police), providing incomes for households that abandoned poppy cultivation.⁵ Declining assistance and loss of such opportunities may lead to increasing underemployment in rural areas, exacerbating pressures for return to opium poppy cultivation.

It is unclear what role the illicit drug industry will play in the continuing conflict in Afghanistan. As aid flows diminish, power-holders will look to other sources of finance to maintain their patronage and political power. As in the late 1980s and early 1990s, it is likely that many will extract rents from trade in licit and illicit goods. Widespread opium production also raises questions about the prospects for reconciliation. Many factions and groups (even within the Taliban, which is not monolithic) have a vested interest in maintaining the insecurity that allows the drugs trade to flourish. Moreover, the Taliban are not expected to repeat their 2000-01 opium poppy cultivation ban which alienated the rural population.

Policy Issues

International attention to drugs in Afghanistan has waxed and waned, often reacting to short-term metrics such as level of cultivation rather than focusing on longer-term progress. Currently the priority attached to drug issues by the international community appears to be declining. Although there is brief mention of counter-narcotics aspirations in the recently signed Strategic Partnership Agreement between the USA and Afghanistan, drug issues may not feature very prominently at the upcoming NATO Summit in Chicago and the Tokyo conference on development in July. It would be perilous, however, to neglect the drug industry, as demonstrated by Afghanistan's experience post-2001 (when opium production rebounded after the end of the Taliban ban).

Patience and modest expectations are called for. Other countries—facing much smaller illicit narcotics cultivation than Afghanistan—have taken decades to eliminate it. Moreover, it must be recognized that the drug industry will respond to counter-narcotics actions, and that such actions may have unanticipated adverse side effects. This does not imply that any action would be futile but rather underlines the need to think ahead.

ABOUT THIS BRIEF

William Byrd is a development economist and has worked on Afghanistan in various capacities over the past decade. During 2002-2006 he was stationed in Kabul, Afghanistan, where he served as the World Bank's country manager for Afghanistan and then as economic adviser. He is currently a visiting senior expert at the U.S. Institute of Peace. David Mansfield is an independent consultant and visiting fellow at the Feinstein International Center at Tufts University. He has conducted in-depth field research in rural Afghanistan for 15 consecutive years, and has produced numerous publications on the opium economy in Afghanistan. This paper reflects both authors' concern that neglect of the opium economy in coming years could be perilous, exacerbate problems, possibly lead to poorly thought-out knee-jerk reactions and/or simplistic responses which would only worsen the situation, and further damage the prospects for success of what will inevitably be a difficult and challenging process of transition in Afghanistan. The views expressed in this brief do not necessarily represent the views of the U.S. Institute of Peace, which does not take policy positions.



UNITED STATES
INSTITUTE OF PEACE

2301 Constitution Ave., NW
Washington, D.C. 20037

www.usip.org

USIP provides the analysis, training and tools that prevent and end conflicts, promotes stability and professionalizes the field of peacebuilding.

For media inquiries, contact the office of Public Affairs and Communications, 202.429.4725

Avoiding major policy mistakes (e.g. massive eradication, aerial spraying, licensing in the absence of preconditions) will be essential. Such knee-jerk reactions would be disastrous, although they might seem tempting as responses to increases in opium production.

Differentiated approaches tailored to regional and local characteristics will be needed—more focus on law enforcement in areas where land and water resources, person/land ratio, access to markets, etc. are good; focus on rural development where there is potential; and less attention to remote areas where there will not be viable alternatives even in the longer run, and outward population movements to better-off areas most likely will be the eventual development solution. In these areas it might be best for the Afghan government and international community to tolerate some opium production.

Opium bans will continue to work and be sustainable where the agricultural resource picture, access to markets for agricultural products and labor, and the security situation and government presence are reasonably good. But as in the recent past, such bans will be counterproductive and unsustainable in areas without viable licit livelihoods for the rural population, where government presence is limited, and where temporarily strong but unsustainable military forces facilitate enforcement of bans.

Careful management will be required to mitigate adverse political economy implications—including use of drug money in election campaigns and involvement of local and regional power-holders as well as some at the central government level in the drug industry.

There is no alternative to sustained, broad-based rural development, with expanded markets and livelihoods opportunities for households, to achieve longer-term progress against poppy cultivation. Agriculture and rural development should therefore be a priority. A proposed program in this regard has been put forward by the UK Department for International Development and the World Bank.⁶

Finally, drug issues need to be “mainstreamed”—factored into broader political, security, economic and development strategies and programs.⁷ Declining resources for Afghanistan during transition mean that remaining funds must be well-utilized to promote development in drug-affected environments.

Notes

1. Mansfield, David, “The Economic Superiority of Illicit Drug Production: Myth and Reality—Opium Poppy Cultivation in Afghanistan,” Paper prepared for the International Conference on Alternative Development in Drug Control and Cooperation, Feldafing (January 7-12, 2002).
2. Shaw, Mark, “Drug Trafficking and the Development of Organized Crime in Post-Taliban Afghanistan,” in Buddenberg, Doris and William Byrd (editors), *Afghanistan's Drug Industry: Structure, Functioning, Dynamics, and Implications for Counter-Narcotics Policy* (UNODC and World Bank, 2006).
3. Mansfield, Alcis, and OSDR, *Managing Concurrent and Repeated Risks: Explaining Reductions in Opium Production in Central Helmand Between 2008 and 2011* (AREU, 2011).
4. Land under cultivation north of the Boghra canal and south of Highway 1 in Helmand increased from approximately 900 ha in 1999 to 27,500 ha in 2010, and further to 33,500 ha in 2011.
5. Mansfield, *Between a Rock and a Hard Place: Counter-narcotics efforts and their effects in Nangarhar and Helmand in the 2010-11 growing season* (AREU, 2011).
6. Ward, Christopher, David Mansfield, Peter Oldham, and William Byrd, *Afghanistan: Economic Incentives and Development Initiatives to Reduce Opium Production* (DFID and World Bank, 2008).
7. Mainstreaming in development programs is discussed in Ward, Christopher and William Byrd, “Afghanistan's Opium Drug Economy” (World Bank South Asia PREM Working Paper, December 2004), Annex 8.