

## Pariah or Poverty? The opium ban in the province Nangarhar in 2004/05 growing season and its impact on rural livelihood strategies

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The Government of Afghanistan faces some difficult challenges in the years ahead. Not least is its response to the problem of illicit opium poppy cultivation. It has come under considerable pressure to act swiftly against this problem. The perception is that a failure to do so may threaten the state building exercise, both allowing those with links to the illegal trade into positions of influence within the economy and political fabric, as well as turning Afghanistan into a pariah state within the international community and consequently a country in which donors will be less willing to invest.



A wheat field planted after eradication with a swathe of opium poppy that was missed by the tractor.

*'When we cultivate poppy everyone will give us a loan, now I have no poppy my pockets are empty.'*

Sharecropper, Achin

However, UNODC estimated that 131,000 hectares of opium poppy was cultivated in Afghanistan in the 2003/04 growing season with a farmgate value of US\$ 600 million. The province of Nangarhar alone was estimated to have produced approximately 28,000 hectares, one fifth of total production. A rather crude extrapolation of the national data would suggest that illicit opium poppy cultivation contributed approximately US\$ 125 million to the regional economy in 2004 – an underestimate of the overall value of the production and trade in opiates to the regional economy if we consider the concentration of the value added side of the business in the province in the form of both laboratories and cross border trade.

Other studies have suggested that the employment generated by opium poppy cultivation in Nangarhar in the same season is the equivalent of 9.8 million labour days of which 3.4 million labour days represented daily wage labour opportunities to the value of US\$ 11.7 million. This work also reports that 83% of the incidents of hired labour reported in the agricultural sector in Nangarhar were for opium poppy cultivation and that those who availed themselves of the employment opportunities

associated with opium poppy cultivation (namely weeding and harvesting) not only come from across the province but from neighbouring provinces, and indeed Pakistan.

Furthermore, over the last ten years, analysts and policy makers have generated a greater understanding of the multi-faceted role of opium poppy cultivation in the livelihood strategies of the rural population of a province like Nangarhar. How opium poppy not only provides a source of income but it provides access - sometimes the only access - to other assets, including credit and land, as well as allowing households to maximise their returns on one of Afghanistan's most scarce agricultural resources – irrigated land.

Yet in the 2004/05 growing season, opium poppy cultivation has been eliminated from all but the most remote parts of Nangarhar province. Indeed, the Government of Afghanistan estimates cultivation may have fallen by as much as 70% in the last twelve months. Whilst there is some evidence of high value crops being cultivated on a commercial basis in some of the more accessible and well-irrigated areas, across much of the province opium poppy has been replaced by wheat.



**Opium poppy with capsules removed by eradication team**

***'It is always the poor that suffer from the ban on opium poppy cultivation but it is the Maliks and the Woliswal that benefit from the projects and the assistance that is provided.'***

Sharecropper, Kama

This Study looks at the impact such a significant reduction in opium poppy cultivation has had on rural livelihoods strategies and how households have responded. It explores the diversity of coping strategies households have adopted in response to the shock the ban on opium poppy cultivation has imposed on rural livelihoods in the province. It suggests that the majority of households in the areas where opium poppy has been cultivated at its most concentrated have endured significant hardship. The loss of on-farm income, combined with the daily wage labour opportunities from working during the weeding and harvesting season has led to reductions in household income of perhaps as much as US\$ 3,400, equivalent to as much as 90% of their total cash income. Further indebtedness of the farmers is a consequence.

This fall in income has been compounded by a shift to wheat cultivation for consumption rather than high value vegetable crops for sales, restrictions in the availability of credit, and deflation in the non-agricultural rural economy that has reduced both the level of employment and the rates of daily wage labour. The impact of Cash-for-Work programmes designed to meet some of the shortfall income experienced as a result of the opium poppy ban has been limited, often failing to reach those who have been made most vulnerable by the ban on opium poppy cultivation. The shift to high value horticulture has been restricted by the availability of irrigated land, distance to markets and the increasing control 'local officials' are gaining over the trade in licit goods. The Study reveals that under such circumstances households have been compelled to curb their expenditure and adopt coping strategies that not only

highlight their growing vulnerability but also threaten their long term capacity to move out of illicit drug crop cultivation.

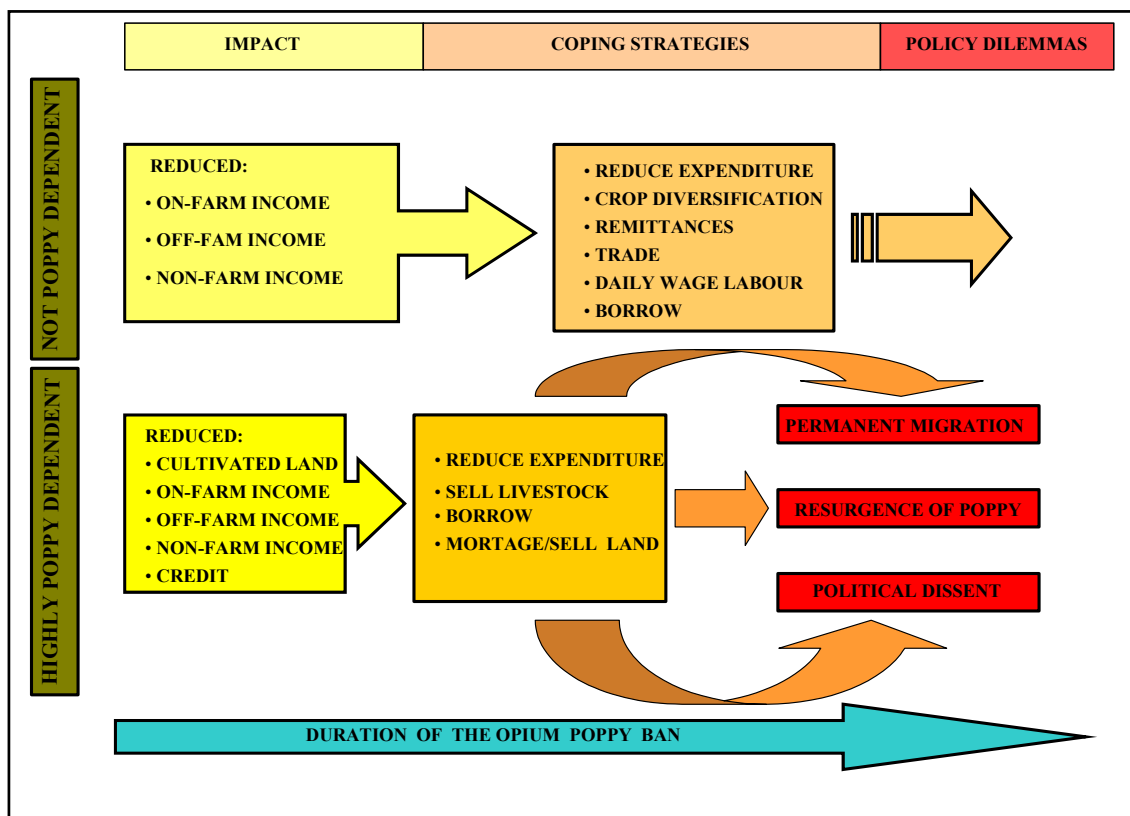
The Study suggests losses have been less punitive in those areas with better access to resources. For instance, those with access to larger and well-irrigated landholdings may well have seen more significant falls in on-farm income due to the ban but where they are located in close proximity to the agricultural commodity markets of Jalalabad they have offset some of these losses with an increase in cultivation of high value crops. They have also drawn on the (albeit reduced levels of) licit income streams that they already had access to in the provincial centre and where possible the number of household members looking for daily wage labour opportunities increased. Whilst losses have been significant, and expenditure on basic food items have been curbed to make ends meet, neither long term productive assets, such as livestock and land had to be sold, nor investment in licit income streams were reduced to cope with the ban on opium poppy cultivation.



The Study concludes that the ban has increased the pressure to return to

**'We want a future. We remember the war years and do not want to return there. We will support the government even if they do ban opium poppy next year.'**



*Landowner, Surkhrud*

opium poppy cultivation in the 2005/06 growing season, particularly in the more remote areas where opium poppy has typically been more concentrated and licit income streams have proven more elusive. It suggests that there are some inherent policy conflicts between attempts to achieve dramatic reductions in opium poppy cultivation and the wider state building agenda. In the province of Nangarhar significant reductions in opium poppy cultivation have been accompanied by rural pauperisation, migration and growing political dissent. The reaction of the rural population to a second year of hardship is unpredictable but it is clear with the upcoming parliamentary elections, and a growing perception that the authorities have failed to deliver on their promises of development assistance that ultimately the Afghan government, and indeed the international community, will need to decide on the pace of change that they expect to see in Afghanistan across a range of key indicators, and not just the level of opium poppy cultivation.



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
**ABOUT PAL:** The Project for Alternative Livelihoods in Eastern Afghanistan (PAL) is a 9 million €, 3-year project, funded by the European Union and partnered with the Ministry of Rural Rehabilitation and Development. The project works in the Provinces of Nangarhar, Laghman, and Kunar, and is managed by  International Services ( IS). The PAL Management Unit is located in Jalalabad.


The project goal is "to contribute to the reduction of poverty and facilitate the change from an opium-based economy to an alternative economic and social system".

This is accomplished through three components:

- The identification and implementation of community/village development activities with special focus on alternative income earning enterprises and associated infrastructure.
- Capacity Building of provincial and district administrations to assist them prepare and implement their own development plans.
- Policy advice to central and local government.

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