

CHAPTER 7: CROSS-CUTTING COUNTER-NARCOTICS ISSUES

7.1 The four previous chapters (Chapters 3-6) looked at how to tilt economic incentives away from opium production and toward licit livelihoods. The present chapter looks at other policy and institutional aspects that cut across sectoral or sub-sectoral programmes: issues of Afghan leadership (Section 7.1), of aid effectiveness (Section 7.2), of “mainstreaming” of counter-narcotics objectives into development programmes across the board (Section 7.3), and of long-term commitment versus short term expediency (Section 7.4). The chapter also looks at cross-cutting implementation issues: geographical balance (Section 7.5); the need to take account of the security situation (Section 7.6); the challenge of Helmand and the South (Section 7.7); and the political economy constraints to counter-narcotics efforts (Section 7.8).

7.1 INCREASING AFGHAN OWNERSHIP AND LEADERSHIP

7.2 *A major constraint affecting many development initiatives – including some of those recommended in this report – is weak ownership and leadership by Afghans. Within government, human capacity in the administration is still quite weak. Despite having some capable and trained staff, the general picture is of a poorly educated and ineffective administration. The problems of weak government leadership are aggravated by conflicting and often fragmented advice from international partners (ranging at the extremes from legalized production of opium for medicinal purposes to aerial spraying of poppy fields). However, there has been positive improvement in some ministries where, under strong Afghan leadership, capacity has been built up to run the organization and effectively deliver development programmes; indeed, this has been an essential ingredient in the successful National Priority Programmes.*

7.3 *Despite the severe constraints, far greater emphasis has to be given to Afghan ownership, leadership and management. The result of the weaknesses in the Afghan administration has been that foreign advisers, aid agencies and foreign governments have played a very large role in policy formulation. Foreign workers, NGOs etc. have also been very visible in the development effort. Leadership of the counter-narcotics effort is still heavily influenced by external agencies. There has been some improvement in the last two years, with a far more active Afghan role in policy determination and programme formulation – MRRD stands out as an example, and also MEW, while MAIL is catching up (see 3.4.3 above). The move toward increasing budgetization of aid flows is also a very positive step. However, development efforts – and the whole reconstruction effort – are at severe risk as long as there is either the perception or the reality that they are “foreign run”. Afghan ownership, leadership and management are essential, including in the particularly difficult area of counter narcotics.*

- *All programmes should be within the Afghan government’s strategy (NDCS), and accountable to the Afghan government. Afghan leadership and management of key ministries should be improved as necessary to ensure sound policies, programmes and implementation. Institution-strengthening efforts should continue and be further improved based on sound Afghan leadership, and technical assistance from donors should be fully supportive of government leadership and sustainable capacity building. The government should engage in open dialogue about counter-narcotics strategy, priorities and instruments with all concerned donors.*

7.2 INCREASING AID EFFECTIVENESS

7.4 *The multiple programmes reviewed in this report are all constrained by low levels of aid effectiveness in Afghanistan. This problem exists even though there are instruments that*

have been specifically designed to channel aid efficiently. The National Priority Programmes are the mandated instruments for ensuring aid effectiveness through a harmonized and aligned Afghan-led support programme. Since 2002, government and donors have agreed to put financing through the National Priority Programmes to ensure Afghan-led, coordinated and efficient development interventions. Each NPP was supposed to be designed by a Joint Planning Team (JPT) that includes representatives of the lead and support ministries, donors, UNAMA etc. In addition, the Afghanistan Reconstruction Trust Fund (ARTF) was set up to channel aid money via a pooled financing mechanism through the national budget.

7.5 *Despite these sound mechanisms having been put in place and becoming increasingly well-developed in recent years, only a small fraction of aid goes through the National Priority Programmes and the ARTF, and less than a quarter goes through the national budget. Most aid still by-passes the NPPs and ARTF. The Summary of the I-ANDS states “the manner in which much needed foreign aid is channeled also contributes to the weakness of the state. Less than 25% of aid goes through the national budget, resulting in parallel delivery structures and pay scales that undermine government legitimacy, reduce public service capacity and lead to policy incoherence” (Islamic Republic of Afghanistan 2007b).*

7.6 *Rural livelihoods programmes remain disparate and ill-coordinated, despite current attempts at coordination such as CARD and I-ANDS. The result of weak Afghan leadership and poor donor adherence to harmonization and alignment is some very messy and ill-coordinated development activities. In rural livelihoods programmes, for example, some donors have agreed to “consultations” but nevertheless finance programmes outside the budget with scant reference to either government or other agencies. The reaction to the resulting incoherences has been to try “coordination”: a Comprehensive Agricultural and Rural Development (CARD) approach is being developed to help coordinate central and regional planning in the sector, so as to avoid these overlaps. The I-ANDS has also kicked off the provincial development planning process to contribute to the national plan. But essentially, parallel, ad hoc and informal processes further burden an overstretched administration. Many programme managers say they “don’t have time for coordination”.*

7.7 *Donor-executed programmes have in-built perverse incentives, and ISAF commitments to provinces can further distort the aid framework. Two aspects tend to further undermine coherence. First, donor sponsored programmes tend to have large budgets and limited time to spend them. They therefore tend to plan alone in order to meet their targets. Second, donors are influenced by where they have other political, military or economic commitments. For example, donors will support actions in the provinces where they have an ISAF and PRT commitment, rather than financing NPPs on a nationwide basis (see, for example, the resulting lop-sided roll out of NABDP, described at 6.2 above).*

- *The effectiveness of the measures recommended in this report could be greatly increased by better harmonization and alignment of aid. Donors should reaffirm – and implement – their commitment to financing National Priority Programmes and to channeling aid flows through ARTF and the national budget. Capacity strengthening should be provided to help government steer the NPPs and to manage the related budget flows efficiently. Joint programming under government leadership – rather than just “coordination” – should be the rule.*

7.3 MAINSTREAMING

7.8 A very considerable counter-narcotics impact could be obtained at little cost by the application of well thought-out mainstreaming guidelines. The mainstreaming concept is a response to the reality that opium production is indeed mobile and the problem is a nation-wide one. It is clear from experience that tilting incentives in the rural economy toward licit

livelihoods cannot be done through small localized projects, nor through short-term “alternative livelihoods” projects. The drug control effort has to be “mainstreamed” into the overall long-term development effort (Mansfield and Pain 2005: 2; Ward and Byrd 2004: 49, 91). Mainstreaming is, in effect, nothing more than seeing conventional development interventions through a counter-narcotics lens. Elements of this process include:

- Developing policies and programmes that are informed by the potential impacts on the illicit drug problem
- Adjusting the focus of development programmes and projects so that they recognize and take into account the potential impact they might have on the illicit drug problem, and taking steps to maximize positive impacts when conducting these activities
- Promoting coordination and encouraging programmes to be complementary in their interventions, at national, provincial and district levels
- Ensuring that programmes or projects do not inadvertently encourage illicit drug crop cultivation, trafficking or use

7.9 *These mainstreaming actions can usually be implemented with modest extra effort.* Many mainstreaming improvements may be obtained relatively easily by better coordination, networking and joint programming at the local level; linking to the extent possible with CDCs; and improving and systematizing coordination between National Priority Programmes at both local and higher levels.

7.10 *The objective of mainstreaming is to ensure that, where relevant, all development programmes help address the causes of the illicit drug problem in Afghanistan.* Effective mainstreaming, then, will include elements within development activities that target specific **areas** in which opium poppy is grown or target those **socio-economic groups** that are most dependent on opium poppy as a source of livelihood. Mainstreaming will also help build **synergies** with other activities that might maximize both development and counter narcotics impact. In other words, development programmes can be oriented toward target areas or vulnerable groups and work in synergy with other programmes to achieve maximum counter narcotics impacts, much along the lines of the methodology used in the present report.

7.11 *Although mainstreaming is national policy and has been endorsed by donors, implementation has been very slow.* Counter-narcotics mainstreaming was adopted as government policy in the I-ANDS. Moreover, the World Bank, ADB, the European Commission, and DFID have endorsed the mainstreaming approach and have started using it in development activities they are supporting. However, operationalization and delivery of mainstreaming have been disparate and slow.

7.12 *Some national ministries and aid agencies have begun to tackle the issue.* The Ministries of Public Health and Education have explored how their respective national programmes might contribute to education and prevention in the area of problem drug use. The Ministry of Agriculture (MAIL) has obtained technical support to integrate counter-narcotics issues into its development programmes through a DFID-funded FAO programme. The Ministry of Rural Rehabilitation and Development (MRRD) is also developing a strategy document to outline the role its important National Priority Programmes can best play in supporting drug control objectives. Various aid agencies have worked with government on mainstreaming guidelines and have attempted to engineer mainstreaming into projects (see Box 13).

- ***Counter-narcotics mainstreaming guidelines should be adopted and diffused, based on any necessary fine-tuning. Government should help agencies apply the guidelines systematically.***

Box 12: Government and Donors have Developed and Applied Mainstreaming Guidelines

In 2006 the World Bank, in consultation with government and other donors (particularly DFID, the EC, ADB and UNODC), developed a *mainstreaming guideline* to apply to development programmes to maximize their contribution to the drug control effort. Essentially this checklist asks to what extent the operation or activity: (1) contributes to the governance agenda; (2) maximizes synergies to deliver broad livelihoods impacts at the community and household level; (3) maximizes more specific counter-narcotics impacts by area coverage and by addressing the poorer target groups, with components which strengthen and diversify legal livelihoods; (4) identifies risks and develops an approach to ensure that the operation or activity supported “does no harm”; and (5) contains a monitoring and reporting capability that can effectively track outcomes.

This approach was initially applied to several ongoing World Bank-financed projects, notably the Education Quality Improvement Program (EQUIP) and the Health Sector Emergency Reconstruction and Development Project: action plans were drawn up and discussed with government in 2005/6. Implementation is underway.

During a joint World Bank/DFID mission in 2006, the approach was used to engineer mainstreaming in two World Bank projects: the Emergency Horticulture and Livestock Project (EHLP) at appraisal, and the Emergency Irrigation Rehabilitation Project (EIRP) at mid-term review. A series of simple improvements in project design and implementation was proposed. For example, in the case of EIRP, recommendations included measures to increase agricultural productivity through links to support services (extension, inputs, markets), to increase the use of community labour, and to link to other programs aimed at increasing the attractiveness of licit economic activity (both on-farm and off-farm) such as credit, agricultural services, vocational training, etc. The Mainstreaming Guidelines have more recently (October 2007) been used in the appraisal of the Bank-financed National Emergency Rural Access Project (NRAP).

7.4 LONG-TERM COMMITMENT VERSUS SHORT-TERM EXPEDIENCY

7.13 *There is an asymmetry between the political expectations of government and donors and the reality of the one to two decades realistically needed before the opium economy dwindles.* The Afghan government, donors and their governments typically have a short to medium-term political horizon in which results from counter-narcotics policies and investments are expected. Clearly, further development interventions on a broad front and beginning in the immediate future are essential if improved governance and Afghanistan’s prospects for longer-term development are not to be undermined by narcotics. Better deployment of existing resources also is necessary. However, the economic growth needed to displace the opium economy, and the development of the necessary infrastructure and governance to support it, will take at least one to two decades. Counter-narcotics requires the reinforcement of efforts in the near term, combined with a longer-term perspective and sustained commitment and investment.

7.14 *Quick-impact projects produce little long-term result.* There is a political imperative to show results in the very short term, so quick-impact projects have been very popular. Unfortunately these projects are short-lived in duration, their impacts are ephemeral, and costs have been high in relation to any achievements. No long-term impact of these projects in eliminating poppy cultivation has been demonstrated or reported.

- ***The need is for long-term commitment rather than short-term expediency. Truly effective counter-narcotics efforts are a combination of economic development, the***

provision of services and infrastructure, and better governance and the rule of law. Reinforcing the development effort right away is essential, but to achieve results will take considerable time, massive and sustained financial commitment, and political vision and stamina.

7.5 GEOGRAPHICAL BALANCE

7.15 *Opium has, as some have predicted, proved footloose, although certain regional patterns are consolidating for the moment.* Compared with only about half a dozen provinces in the mid-1990s, in 2002 opium was being grown in 24 provinces. By 2005 opium was grown in 28 out of Afghanistan's 34 provinces. In 2007, despite growth in total output, it was only in the south that there was a dramatic increase in production: by contrast, there was a reduction in the north and north east, and opium was being grown in only 21 provinces. The lesson is, however, not that the problem has been solved in any one province, but that production will shift – and shift again – as the economics, security situation and politics change. In the past there was too much emphasis on providing assistance to the main opium producing provinces, and the neglect of non-opium producing provinces left them more vulnerable to the spread of cultivation which indeed occurred. The logic of providing aid only to those areas which are planting opium poppy on the one hand, or only to those which are reducing their opium production, is therefore quite false.²⁶ **Any** province might produce opium if the chance and the incentives are there. Strategy, common sense and equity suggest that it is vital to maintain the development effort in all provinces, even where opium has not been grown. A balanced approach providing aid to both opium producing and non opium-producing provinces (as part of a “containment” strategy) is therefore essential.

- *Levels of aid to provinces should not be solely determined by reductions in the amount of opium cultivated but rather by equity, poverty reduction concerns and economic opportunities. Aid should, however, be targeted as far as possible to address the drivers of the opium economy and to counterbalance its advantages (see Chapter 2, Table 1).*

7.6 TAKING ACCOUNT OF THE SECURITY SITUATION

7.16 *There is a strong correlation between insecurity and poppy growing on three levels.* First, opium is a crop that thrives in ungoverned space (as discussed in Chapter 2). The opium economy (and competition over the financial and political advantages that are gained from involvement in it) is also one of the factors contributing to increased insecurity – opium poppy cultivation is also one of the primary responses to that insecurity (see 7.8 below). Currently areas where poppy is grown extensively and through which it is trafficked tend to be high-risk. A second level is anti-government elements (and ad hoc alliances that have formed between drug traffickers and these elements). A third level contributing to the nexus of insecurity and poppy is the presence and influence of warlords.

7.17 *Providing security is an essential component of the counter-narcotics effort, but PRTs by and large have not been successful in ensuring a safe environment for development programmes.* Ideally the presence of the PRTs should support and facilitate development activities, instead of development being seen as an instrument to legitimize the presence of the military. The PRTs should provide a credible bridge between security activities and the development agenda, and a conducive environment in which the latter can be pursued. It is not clear that PRTs have been able to provide this safe environment for development programmes.

²⁶ This policy has, in the past, meant that some more remote and less easily accessible provinces missed out on state aid (e.g. Paktika).

Moreover, foreign military personnel rotate fast, which reduces the consistency of policies in PRTs and leads to a disconcerting tendency to always “try something new”.

7.18 *Where counter-insurgency operations are being conducted, the window for development narrows further.* Can the military provide an enabling environment for development actors, or does the military presence lead to greater insecurity for these actors? Overall, the presence of the military – and particularly counter-insurgency operations – can exacerbate insecurity, reversing the virtuous circle that links development and security.

7.19 *Once a vicious circle sets in, development options greatly shrink.* Security has deteriorated since 2005. This has two big effects. First, donor contributions get eroded as more is spent on security and less on delivery, and second, there is a slowdown in project delivery. The NSP, despite its local community orientation, has slowed down in about one-third of the country. By September 2007, NSP activities had been suspended in 695 communities in 13 districts due to security risks to staff (see 6.4.1 above).

7.20 *Yet the challenge of providing viable legal livelihoods remains, and development of economic activities, especially aimed at the rural poor, can reduce a population’s propensity to join an insurgency.* Development may not only improve livelihoods but also enhance the legitimacy of the government and enable it to win the hearts and minds of its constituents.

7.21 *Although in practice insecurity may stifle development, there are strategies that developers may use.* One is to work through government programming mechanisms, to ensure that the local administration and local people are aware and on board. The second is linked to this – to maximize local ownership and community engagement through working with community institutions (CDCs and others), local contracting, labour-intensive works etc. This may offer some protection against the insurgency. The third is to remove all “foreign badging” – and in some places perhaps even government badging, and to be thoroughly Afghan in the field. The fourth is to use local implementing partners and locally recruited staff, preferably from the communities themselves. The final approach is simply relevance: the project has to be at the top of the local community’s priorities, and preferably one that gives them a stake in stability, security and good governance – a productive fixed asset, for example, such as irrigation. The proposed modalities proposed for implementing NSP in high-risk areas (Box 14) indicate some of the adjustments that can be made to adapt to deteriorating security.

Box 13: Adapting NSP to Deteriorating Security

A recent draft paper has proposed some possible ways in which NSP facilitating partners (FPs) can mitigate the effect of insecurity on their programmes:

- **Cooperation agreement:** As a minimum condition of entry, communities must sign a cooperation agreement showing their willingness to work with the FP and to hold free elections.
- **Remote facilitation:** FPs may sub-contract for some or all services with local NGOs, interest groups or even individuals
- **Community guarantee:** the community must make a formal commitment to guarantee the security of the agents they work with
- **Agents selected by and/or from the community:** FPs may employ and train up members of the community or agents selected from the community, as community facilitators, social organizers, “barefoot engineers”, technical monitors etc.
- **Clustering:** CDCs may cluster for common services – for example the employment of a “cluster engineer” selected by the community.
- **Remote monitoring:** FPs may employ decentralized and participatory monitoring techniques

Plainly the above requires considerable flexibility on the part of both NSP and the FPs. Many of

the measures are, however, consistent with the principles of participatory development.

Source: NSP in High Risk Areas, draft MRRD proposal

7.7 HELMAND AND THE SOUTH – A SPECIAL CASE?

7.22 *Southern Afghanistan produces nearly 80% of the total opium poppy crop.* Helmand province has emerged as the country's leading opium producer with half of national output – over 40% of world production.²⁷ In 2006 total opium income for farmers in Helmand amounted to an estimated US\$ 528 million, 10% of Afghanistan's total (licit) GDP and up from US\$ 347 million in 2006. More than 80% of farming families in Helmand are reported to be involved in poppy cultivation (UNODC 2007).

7.23 *The insurgency in Helmand, Kandahar and Uruzgan has boosted opium production.* The insurgency severely limits people's movements, making marketing of licit agricultural produce more difficult and dangerous. Opium, on the other hand, is often purchased at the farm gate. It appears that the insurgents have increasingly been encouraging farmers to grow the crop, to help finance the insurgency and to provoke the authorities into eradicating it and thereby embitter farmers further against the regime and its foreign supporters and strengthen support for the insurgency. This creates a near-impossible policy challenge: trying to establish governance and sustainable development in conditions where there is a fight against insurgents *and* a political necessity to “do something” about poppy.

7.24 *ISAF operations in Helmand are targeted at insurgents – and at development – not at poppy.* British and ISAF forces in the area are engaged in a bruising war against the insurgents. The ISAF forces are trying to win the hearts and minds of the population through development projects organized by the Provincial Reconstruction Teams – usually rebuilding productive assets. They certainly do not want to associate themselves with eradication of the poppy crop, which can have negative repercussions.

7.25 *A range of legal livelihood options have been explored in Helmand.* Since 2003, various donor programmes have run pilot projects in winter vegetables, fruit trees, grapes and nuts. Innovative activities currently under consideration include mint (for mint water or oil for aromatherapy) and alfalfa production. Money has been spent on refurbishing an oil mill, packing lines and the ginnery. However, none of these activities are likely to have a discernible impact on poppy given their small scale and the deteriorating security situation. At present security is very poor, and conflict has increasingly confined the work of these projects to a small local radius close to Lashkar Gah. Field work has dwindled. At the farm level, transport costs rise as risks increase, and farmers get less for their produce. The higher costs associated with insecurity make licit production more expensive and therefore less competitive.

7.26 *There is very considerable donor aid available for Helmand, but start-up and recurrent costs are high and implementation is increasingly constrained by insecurity.* Donors, particularly DFID, have provided sizeable amounts of aid for development activities in Helmand, although totals are small in comparison to the size of the local farm-level opium economy (half a billion dollars a year in the province). DFID has committed \$60 million over three years to the Helmand Agriculture and Rural Development Programme (HARDP). The money is allocated to: NSP \$20 million, NRAP \$26 million, MISFA \$10 million and WatSan \$4 million. DFID is financing NABDP in Helmand for a further \$10 million in 2007 on the model of NABDP's successful work in Kandahar developing DDAs and financing small local projects. Reports from Kandahar indicated that the 6,000 labour-intensive micro-projects financed have “reduced the numbers going to the poppy harvest”. However, initial hopes that

²⁷ Helmand produces more than 50% with 103,000 ha, followed by Kandahar with 16,500 ha and Farah with 15,000 ha.

these NPPs could be rolled out in up to six districts are unlikely to be fulfilled. Most development activities are now restricted to the two districts abutting the capital Lashkar Gah. DFID is also providing £5 million to Helmand Agricultural Solutions for Improved Livelihoods (HASIL), implemented through the very experienced NGO Mercy Corps. In addition to DFID support, USAID's ALP-S has a broad programme in the southern provinces including: the Southern Chili Network Programme; an infrastructure and community action programme (including cash for work); a veterinary and livestock programme; the Lashkar Gah electrification project; and the Lashkar Gah agro industrial business park, on which construction is soon to start. However, field work is increasingly constrained by insecurity (Box 15).

Box 14: Deteriorating Security in Helmand

USAID experience in 2007

“CADG reports three persons were murdered in this bi-weekly period in the Grishk area of Sangin District, Helmand Province. Attackers kidnapped and killed two persons at the Haji Din Bridge. This has suspended work at the bridge plus the nearby Meir Hamza Bridge. On July 18th, a CADG security guard was caught up in the crossfire after an IED explosion in Grishk and was killed.”

USAID experience in 2005

(The USAID) team disturbed the status quo, although they were never clear precisely when or how. When several workers were victimized by a carjacking, informants blamed common thieves, but the act might have been retaliation for giving too many jobs to members of the wrong clan. Later, in the same area, two Afghan workers were ambushed and killed. A party that set out the following day to transport the dead bodies to a cemetery in Kabul was also ambushed and its members executed. One man, an ethnic Hazara, was shot through the eyes. Local leaders blamed the Taliban. But the killings might have been ordered by poppy growers angry that the USAID project was depriving them of badly needed labor for the harvest. The police showed little enthusiasm for investigating the matter.

Sources: (1) USAID Alternative Livelihoods Programme-Southern Region, Extract from Chemonics Report for the two week period July 16-31, 2007; (2) Hafvenstein (2007).

7.27 *Can development be delivered in a war zone?* There is often an assumption made that development can and should be delivered at the same time as territory is being fought over, thereby influencing decisions on poppy growing as well as gaining the consent, or “hearts and minds” of communities. This is a call that can only be made on the ground: there will be times when the cost is just too high in men or money, or when development initiatives are simply impossible. The reflections recorded in Box 17 below could suggest that re-establishing security and governance has to take place *before* development measures can have any impact.

7.28 *Is a “softly-softly” approach feasible in some areas?* A possible alternative would be to scale back some more aggressive military interventions and give priority to more integrated development approaches and community partnerships – with a low key role for the military (see Box 16). One diplomat with field experience said: “There is a need to create an environment of trust, to support the Afghan army and police as a people’s defence force, and to leave development to civilian agencies. If you chase terrorists, you create an unstable environment.” However, as one NGO commented: “There is a tipping point where development programmes can no longer go out, as communities receive nothing from government, not even security. *Where government is hated, no development programme will work.*” Again, this is a call that can only be made on the ground: do conditions for development exist, or has security deteriorated to such a great extent that only political and military solutions can be effective?

7.29 If and where development remains an option, a number of possible new avenues have been suggested throughout this report. These include:

- An *integrated production and market development programme for suitable crops such as cotton*, proposed in Chapter 8 (8.2.6), could be feasible in Helmand, and could be a channel for considerable investments, potentially with significant impacts.
- There may be scope for *extending certain short cycle horticultural crops* in Helmand (3.2.5), and new crops such as mint might also be promoted through contract growing.
- It may be possible to promote further *rural enterprise and industrial parks*, with Lashkar Gah as a “development pole”, creating an enclave of secure and prosperous economic activity, although the restrictions that insecurity places on the movement of goods and people will be a major constraint (4.2.1, 4.2.3).
- NRAP’s *rural road coverage* could be expanded in areas where the security situation is still manageable but where opium poppy cultivation is extensive or where its return is considered likely. This could apply in Nad e Ali, Nawa Barakzai, and Lashkar Gah (5.3.1).
- *Responsible local governance and development* could be promoted through the further development of CDCs and DDAs (6.3.2). The apparent success of NABDP in Kandahar in working with district assemblies and promoting thousands of labour-intensive micro-projects could be replicated (6.3.2, 6.4.1)
- There could be an emphasis on maximizing *non donor-badged NGO development work*, with a special focus on integrated approaches (6.4.2, 8.2.1).

Box 15: Security and Development in Uruzgan

There is a growing risk of a vicious circle of deteriorating security undermining development initiatives and contributing further to the collapse of the counter-narcotics effort – and of the governance and development effort more generally. Some characteristics of one approach – in Uruzgan – may throw light on alternative options.

In this province the Dutch are working through National Programmes, NGOs and private companies to devise integrated approaches which can rebalance the incentive system away from poppy. Where NGOs are used, they are Afghan NGOs, preferably Uruzgan-based with a good reputation and credibility with local communities, and field officers are recruited from the local population. A national NGO, the Afghan Development Agency (ADA), is now present with 60 staff. Seventy two CDCs have been established. EQUIP is being implemented in coordination with CDCs and School Management Committees. Provincial planning has begun, with NABDP support. And private markets are working. Special features are the integrated approach – and the low key role of the military. The priorities are improved governance, markets, crops, basic health, education, and vocational training.

7.30 It must be kept in mind that there is already a valiant, thoughtful and well managed development effort in Helmand. It is unlikely that any radical new solution would suddenly emerge. But some of the initiatives recommended in this report, in particular those summarized above, are potentially promising and worth pursuing. There should be no illusions however about the prospects for quick success, particularly if endemic conflict and insecurity continue to be the norm. Some further, complementary options include the following:

- To *invest heavily in the enclave in and around Lashkar Gah where security is adequate*. The objective would be to create a “development pole” impact, with high

levels of economic activity that would increase demand for products from the hinterland and thereby create economic relations and a stake in stability.

- To *finance some specific agro-industrial investments*. For example, as part of the proposed integrated production and market development programme, a cotton ginnery could be established in or near the town paying guaranteed prices and providing credit, seeds, etc. This could give farmers throughout Helmand incentives to settle down and grow cotton (see 8.2.6).
- To *provide labour-intensive public works employment at adequate wage rates*. This would be designed to draw young men away from insurgents or warlords, who offer a monthly wage to the unemployed to take up a gun. Wages should not, however, be so high as to crowd out private businesses.
- To *push hard on the local participatory agenda*, both at the CDC level and, on the model of Kandahar (see 6.2 above), the DDA level. NABDP roll-out in Helmand could be supported to develop DDAs and to establish a District Development Fund to finance labour-intensive projects. The linkages between CDCs/DDAs and local facilitating partners such as Mercy Corps could be further financed (see 6.3.2 above).
- To *implement programmes as far as possible through NGOs without donor badging*, and where essential on security grounds without publicized government sponsorship, using locally recruited staff.
- To *promote substantial investments in human capital* through a pro-active educational programme, if necessary in educational institutions outside of the province.

7.8 POLITICAL ECONOMY OF OPIUM

7.8.1 The Role of Poppy in the Face of Insecurity, Anti-government Violence, and Corruption

WHY OPIUM IS THE BEST CHOICE UNDER CONDITIONS OF INSECURITY

7.31 *Under circumstances of insecurity, opium markets work best.* Under conditions of insecurity, traders of legal agricultural goods face a marked increase in the potential for crop losses due to delays caused by roadblocks or fighting, and they are unlikely to purchase agricultural products at the farm gate or provide advances. Insecurity deters travel due to the increase in transportation costs it imposes, and also due to genuine concerns over physical security. By contrast, opium markets work well: opium traders provide advances, travel to the farm gate to purchase the crop and cover the costs of transport and bribes to those manning the check posts. They also take the physical risk of travel in insecure areas.

7.32 *...and in an insecure environment, opium is the best crop choice.* Opium poppy thrives in an insecure environment: it is a low-risk crop in a high-risk environment. It is a high-value, low-weight commodity which traders are still willing to purchase at the farm gate and, if the security situation worsens, opium provides a liquid asset that can be easily transported by a fleeing family. In this environment it makes little sense to cultivate other crops even where there is the potential to do so. Indeed, the larger than average landholdings, plentiful irrigation, good soils, as well as a proximity to the provincial markets experienced by many farmers in an area such as central Helmand or Qandahar matter little when insecurity due to actions on the part of both insurgents and the government threatens the personal and economic security of the local population.

7.33 *The causal relationship between violence and opium is not at all clear-cut, but once violence has set in, it feeds the opium business, and chances for a “development solution” shrink, especially where government officials also are corrupt.* Opium production is associated with insecurity, conflict, corruption and increasingly anti-government violence in Afghanistan, yet opium and violence are not intrinsically linked (see 7.6 above). Corruption, insecurity and violence all exist in areas where opium poppy is not grown, and in Afghanistan predate the recent exponential rise in opium poppy cultivation in the southern provinces. Certainly in Afghanistan in the past, and currently in other parts of the country, the drugs trade has not been linked with such high levels of violence (UNODC 1998). The intensity of the conflict in the south most likely originated in an unplanned and unforeseen conjunction between politically-motivated anti-government activity and local opportunistic opium production and trade that then deteriorated in a spiral of violence, in which anti-government elements were able to portray themselves as “protectors” of the security of the rural population. But the other endemic factors, particularly corruption, enter into the equation as well. Both government officials and anti-government elements ended up in second-order conflicts over the extraction of revenues from the opium trade.

7.34 *The lesson is that ensuring security is the overriding consideration.* This truth, and the counter-productive side effects of development interventions when government cannot ensure security and is corrupt, are well illustrated by the case of Helmand, described in Box 17.

Box 16: The Political Economy of Counter Narcotics in Helmand

“In Helmand Province in 2005, the USAID plan was simple: hire local people for big public-works projects and put money in their pockets before the government started cutting down profitable poppy fields. This stopgap effort would be the prelude to large-scale infrastructure projects that would lift the local economy permanently. Easier said than done. Getting a multimillion-dollar project up and running plunged the team into a social, political and economic morass that eventually sucked them under. In a country with scant resources, every dollar shifted the local balance of power in unforeseen ways.

“The influx of international development companies distorted the Afghan economy, driving up the cost of housing and drawing educated Afghans away from vital but poorly paid jobs in, for example, education. Local power brokers, whether government officials or tribal leaders, eyed the Americans askance, worried that their own influence might be diminished. Big landowners schemed to steer benefits in their direction.

“The cash-for-work program showed progress. The project made every effort to extend its reach to remote valleys badly in need of development aid. But the hard realities of the poppy economy quickly reasserted themselves. The local government would plough under the poppy fields belonging to poor farmers just enough to mollify the central government, while powerful landlords paid the police to pass them by. After a particularly heavy rain in Lashkar Gah, a wall fell down directly across the street from the American military outpost to reveal a thriving poppy field. “Everyone in Helmand, directly or indirectly, depended on poppy income, including top officials. In June 2005 police raided the mansion of Helmand’s governor...”

But the reality of the situation was that *no development action could be effective as long as the government could not ensure security or good governance.* The USAID team leader wrote “We had come to Helmand thinking of opium as the local currency, and had tried to replace it with cash. But security was the real currency of Afghanistan. The traumatized population of Helmand would trade anything for it, follow anyone who could offer it.”

Sources: Grimes (2007: 2); Hafvenstein (2007).

The Varying Commitment of Different Groups to Opium Poppy Cultivation 7.8.2

7.35 *The opium economy is not a “given” of either rural economics or local political economy. Rural Afghans are extremely dynamic and will adapt in response to development and law enforcement interventions.* There is a wealth of experience in Afghanistan that demonstrates this adaptability, including changes in land tenure and credit arrangements, and the movement of labour in response to fluctuations in levels of opium poppy cultivation. Indeed, short-term reductions in levels of cultivation in one area are quite often offset by increases in another due to one group or another adapting in response. For example, pressure to prevent opium poppy cultivation in the province of Nangarhar in the 2004/05 growing season led to increasing numbers of farmers in areas where few viable alternatives existed migrating to Balkh where they received preferential rates of pay for their work as itinerant harvesters. This adaptability applies also in reverse: when security, governance and economic opportunity exist, all segments may migrate out of opium.

7.36 *Few groups – least of all the better off – are committed to continued opium poppy cultivation if alternatives exist.* Most Afghans perceive opium as forbidden under Islam and would prefer to pursue legal alternatives were they available. Local elites, such as landlords and *maliks*, have been found to be some of the first to respond to improved livelihood opportunities and the threat of eradication and to move out of opium poppy cultivation. With the encouragement of traditional leaders and institutions or with support from CDCs, communities and social cohesion can play a role in fighting opium.

7.37 *However, poorer people have more constraints binding them to the opium economy.* Where opium is on the wane, this is often to the detriment of more marginal elements of the community, who find land, credit and wage labour opportunities more difficult to come by (Mansfield 2006b). This has sometimes led to relocation of farmers and opium poppy cultivation to more inaccessible and/or insecure regions, as well as further out-migration to neighbouring countries.

7.38 *Planned interventions need to recognize that some groups will lose out and that mitigating actions will be needed.* By understanding which groups are likely to experience a loss in access to assets due to reduction or elimination of opium poppy cultivation, it is possible to reduce the potential for increased vulnerability, alienation and opium poppy cultivation simply relocating to other areas. This is one of the primary objectives of mainstreaming counter narcotics in development programmes (see 7.3).