
Afghanistan Research and Evaluation Unit
Case Study Series

WATER MANAGEMENT, LIVESTOCK AND
THE OPIUM ECONOMY

“Let Them Eat Promises”:
Closing the Opium Poppy Fields in
Balkh and its Consequences



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Acronyms

ADB	Asian Development Bank
AREU	Afghanistan Research and Evaluation Unit
CNTF	Counter Narcotics Trust Fund
GPI	Good Performance Initiative,
MCN	Minister of Counter Narcotics
MRRD	Minister of Rehabilitation and Rural Development
NDCS	National Drug Control Strategy
USAID	United States Agency for International Development
UNODC	United Nations Office on Drugs and Crime
UNFPA	United Nations Population Fund
WFP	World Food Programme

Glossary

<i>bawra</i>	the proportion of land that can be irrigated each year
<i>caput</i>	per head or member of household
<i>jerib</i>	unit of measurement used for area (1 <i>jerib</i> = 2000m ²)
<i>Kabul ser</i>	unit of measurement equivalent to 7kg
<i>kandas</i>	a traditional water storage tank designed to collect run off water
<i>Mazar ser</i>	unit of measurement equivalent to 14 kg
<i>mirabbashi</i>	head water master of a canal or irrigation system
<i>mirab</i>	same as <i>mirabbashi</i>
<i>paical</i>	equivalent to 400 <i>jerib</i> or 80 ha and is used as a proportional measure rather than an absolute one to determine the way in which water should be proportionally allocated
<i>woliswal</i>	District Governor

Executive Summary

In 2007, many pointed to the example of Balkh Province, where the reported area of opium poppy fell from 7200 hectares (ha) in 2005-06 to zero in 2006-07. Drawing on these area statistics, international agencies have claimed that incentives, and improvements in security and governance, preceded and led to the end of opium cultivation. Afghan officials offer a different interpretation of events and emphasise the failure to respond to the decline that has been achieved, effectively admitting that the closure was due to coercion.

The field evidence presented in this report does not support claims that farmers' decisions to stop cultivating opium poppy stemmed from the provision of incentives or development – nor does it find evidence of improved governance or security. If anything, conditions are worse. Moreover, the report discovered that the sudden closure of opium poppy cultivation in 2006 in Balkh has prompted a decline in livelihood security for many rural households, the effects of which have been compounded by the harsh winter and subsequent failure of the rains in early 2008. Prices for livestock have fallen by half since last year, fodder prices have risen, labour wage rates have dropped by two-thirds since 2006, and grain prices have doubled or more. Emigration from downstream villages has been significant; in some cases, 90 percent of the male labour force has left, reportedly mostly to Iran. Not only is labour leaving, but households are also closing up their houses and departing for Pakistan and elsewhere. In short, there is now acute livelihood insecurity in Balkh.

The claims for success have been built solely around the indicator of opium poppy area. There are two parties to this debate both using the same indicator but drawing different conclusions from it and for different reasons. For one party, the opium area indicator has been taken as evidence of underlying causal changes (incentives and development) for which opium area reduction is an outcome or goal achievement. The other party uses opium area as a result – something that has been delivered through direct action – and is looking for rewards for having achieved it. There are flaws in both positions that are mutually reinforcing in terms of their negative consequences. The positions are also contradictory but this difficulty appears to have been glossed over given the mutual desire to claim success. Above all, the methods used to end opium poppy cultivation in Balkh are contrary to the National Drug Control Strategy (NDCS), but this has been ignored.

What could better counter-narcotic policy practice in Balkh have been? First, the coerced closure of opium poppy cultivation should not have been accepted; the guidelines of the NDCS should have been followed, requiring careful monitoring of processes of change and rejecting opium area as an appropriate indicator at this stage. Second, a better understanding should have been developed regarding the underlying drivers of opium poppy cultivation in the district. This would have prompted the realisation that off-farm prospects of employment for the effectively landless poor who make up the majority of households – would be extremely limited once the opium economy dried up, and that measures would need to be taken and interventions designed to address this.

Will the current demise of opium poppy cultivation hold in Balkh? Certainly downstream villages are not in a strong position to challenge it, being politically weak and water deprived. Will upstream villages rebel? Much depends on the extent to which patronage continues to flow from the authorities, but the evidence suggests upstream villages are far from happy with the consequences of the closure of the opium poppy economy, even though for those with land in such villages there is little evidence that livelihood security is at stake. Balkh though is not Nangarhar, which has more homogenous social identities that can unite to protest. Nevertheless, the impact

of counter-narcotic policy's so-called "success" in Balkh could yet push disparate groups into a unified protest.

1. Introduction

In 2007, the United Nations Office on Drugs and Crime (UNODC) reported that in Balkh the area of land cultivated with opium poppy fell from 7200 hectares (ha) in 2005-06 to zero in 2006-07.¹ The claim was made that "other Afghan provinces should be encouraged to follow the model of this northern region where leadership, incentives and security have led farmers to turn their backs on opium."² In 2008, Balkh's rural economy is experiencing serious trouble or collapse in many areas. The worst affected are those that lie downstream (districts such as Dawlat Abad or Aqcha at the bottom end of the irrigation system) and downstream localities within districts.

There are several causes for the collapse of the rural economy; it cannot be solely attributed to the effective end of opium poppy cultivation, although its demise triggered the beginning of a sharp decline in livelihood security for many rural households in Balkh. The harsh winter of 2007-08, which resulted in significant livestock deaths, compounded the effects of the loss of the opium economy. The spring of 2008 was exceptionally dry and with reduced water flows in the downstream Hazdha Nahr canal irrigation system in Balkh; the wheat crop has either suffered a drastic decline in production or failed. Prices for the remaining livestock have fallen by half, fodder prices have risen, labour wage rates have dropped by two-thirds since 2006, and grain prices have doubled or more (see Tables 9 and 10 in Section 5.3). Emigration from downstream villages has been significant; in some cases, 90 percent of the male labour force has left, reportedly mostly to Iran. Not only labour is leaving, but households are also closing up their houses and departing for Pakistan and elsewhere.

UNODC has not been alone in claiming that incentives and improvements in security and governance have led to the stoppage in opium cultivation. A joint publication from the governments of the United States and United Kingdom states that:

*The poor farmers in Afghanistan's mountainous North and East who grew poppy two to three years ago have now mostly stopped, as security, governance and development opportunities have improved in these areas...and as the recent successes in Balkh, Badakhshan and Nangarhar demonstrate. [A]ll of these provinces are expected to show significant decreases in poppy cultivation in 2008.*³

The field evidence does not support this claim. UNODC and others have assumed that the decline in opium area is evidence that incentives and development were provided prior to farmers stopping cultivation. Afghan officials offer a rather different interpretation of events. While they agree that the area of opium has decreased, instead of arguing that this was due to development and improvement in conditions they point to the failure to respond to the decline. The Provincial Governor of Balkh, Mohammad Atta, in late 2007 was reported as saying that he was still waiting for the development money that the central government and international community had promised Balkh for ridding itself of opium poppy⁴, although there is dispute as to how

1 United Nations Office on Drugs and Crime (UNODC) and the Government of Afghanistan, Ministry of Counter Narcotics (MCN), *Afghanistan Opium Survey 2007* (Vienna and Kabul: UNODC, 2007).

2 UNODC and MCN, *Afghanistan Opium Survey 2007*, iii.

3 Bureau of International Narcotics and Law Enforcement Affairs, "Fighting the Opium Trade in Afghanistan: Myths, Facts and Sound Policy", <http://www.state.gov/p/inl/rls/other/102214.htm>, 11 March 2008 (accessed 8 August 2008), 2.

4 Kirk Semple, "Cannabis replacing opium poppies in Afghanistan," *International Herald Tribune*, 4 November 2007, <http://www.iht.com/articles/2007/11/04/asia/cannabis.php>

much money had actually been promised. Statements have been made by Governor Atta and district officials that promises were made at several levels and funding of at least US\$2.5 million allocated under the Good Performance Initiative (GPI) as a reward to the province. However, nearly two years after the closure of opium poppy cultivation the first evidence of expenditure under the GPI has only now started to appear in the form of tractors and farm machinery, on the very dubious assumption⁵ that this will increase farm productivity. The Minister for Counter Narcotics in a visit to Balkh in July 2008 openly admitted that the Government had failed to develop the region and apologised for the Government's neglect of the area.⁶

To sum up, although opium area decline in Balkh is not disputed, the means by which this reduction was achieved, and what this is evidence of, has been subject to rather different interpretations that are not reconcilable. UNODC as well as the US and UK governments argue that the decline in area is evidence of the successful application of counter-narcotics policy, while Governor Atta points to the absence of a development response after the event, indicating that the reduction was achieved by other means. The National Drug Control Strategy⁷ (NDCS) is very clear: a decline in opium area is a long-term goal to be achieved through the means of development interventions and not through enforcement, but this is not what has happened. So what does the decline in opium area show and is this consistent with the implementation of the NDCS?

Did farmers really turn their back on opium poppy cultivation voluntarily as is implied or were their backs turned as a result of coercion? In short, was it a free choice or were they pushed? The field evidence, as this report will discuss, does not support claims about the delivery of development, improved governance or improved security, or that farmers freely chose to abandon opium poppy cultivation. Harvests have failed, food prices are rising, labouring opportunities are becoming scarce, and households are now moving into reducing consumption. From the perspective of both Governor Atta and Balkh farmers, promises were made that they would be rewarded for complying with the drive to ban opium poppy cultivation. While the motivations of Governor Atta and farmers for ending opium cultivation are likely to have been very different, the outcome for poor rural landless households is very clear: promises do not feed them. Thus, "let them eat cake" – the famously attributed⁸ remark of Marie-Antoinette (the Queen consort of Louis XVI of France, 1755-93) when she was told that the French poor had no bread to eat – seems for the rural poor in Balkh to be more one of "let them eat promises".

Even claims of improved security do not appear to hold well. Even within a narrow perspective of physical security, there is evidence that, with the collapse of the opium poppy economy, security in the districts has deteriorated.⁹ Livelihood security is also undoubtedly worse and the decline in physical and livelihood security are not

Cannabis is the name of the plant from which the narcotic marijuana is extracted from the crude resin collected from the tops of the Cannabis plants.

⁵ See Frank Ellis, *Agricultural Policies in Developing Countries*, (Cambridge: Cambridge University Press, 1992) on the labour saving dimensions of mechanisation and its failure to contribute agricultural production.

⁶ "Minister apologises for lack of progress in Balkh," 13 July 2008, http://quqnoos.com/index.php?option=com_content&task=view&id=1122&Itemid=48&lang=english (accessed 16 October 2008).

⁷ Islamic Republic of Afghanistan, Ministry of Counter-Narcotics, "National Drug Control Strategy: An Updated Five-year Strategy for Tackling the Illicit Drug Problem" (Kabul: January 2006).

⁸ There is debate as to whether Marie-Antoinette was actually the originator of this quote.

⁹ See Afghanistan NGO Safety Office, "ANSO Report," no. 10, 1-15 September 2008.

unrelated. It is debatable to what extent the decline in physical security is related to the decline in the opium economy, but the collapse of the opium economy has created economic hardship and resentment and there is evidence that this has contributed to a rise in rural unrest. With respect to governance, the position is equally grim: taking just the example of water, which is central to the wellbeing of rural households, fundamental issues of equality in water distribution remain unaddressed and still subject to unaccountable power, both formal and informal.

These are strong claims to be making: that the assumption that security, good governance and development have delivered a reduction in opium area has no factual basis and that what has happened is a coerced closure, which is not consistent with the NDCS. But this is precisely what this paper will argue, drawing on evidence collected from fieldwork carried out annually from 2006 in Balkh, most recently in June to July 2008. It will argue that claims of policy success for Balkh are particularly problematic and of questionable durability because of a lack of attention to the key drivers of opium poppy cultivation (in particular the structures that have underlain its diffusion and collapse) and the tendency of counter-narcotic practice to treat the symptoms of opium poppy cultivation rather than its causes. The closure of opium poppy cultivation was coerced and the effects are likely to have been counterproductive and to contribute to greater insecurity, in all its dimensions, rather than reducing it: that is hardly a success.

The immediate question is whether the ban on the cultivation of opium poppy will be able to last in an environment where the rural economy has collapsed. In addition, what are the short- and long-term costs, both to households and provincial development, of trying to maintain it? The deeper policy-relevant issue addresses the extent to which counter-narcotic policy practice¹⁰ addresses the fundamental causes of the opium economy and not just its symptoms. At the core of this analysis is a question over what a decline in opium poppy area actually indicates. The answer, as will become clear, is that it depends on the means by which it was brought about. To investigate these issues requires an understanding of the dynamics of the opium economy in Balkh, the circumstances of its closure and the impact of this on livelihood security.

This paper first reviews the key arguments and evidence drawn from earlier studies in Balkh¹¹ and circumstances that led to the closure. It then examines the evidence: first, the supply of "incentives and development" and, second, household responses to the ban, drawing from fieldwork undertaken in June to July 2008.

¹⁰ The distinction is made here between what the written counter-narcotics policy says and what is done in practice: practice is not necessarily consistent with the policy statement.

¹¹ See Adam Pain, "Opium Poppy Cultivation in Kunduz and Balkh" (Kabul: Afghanistan Research and Evaluation Unit, 2006) and Adam Pain, "The Spread of Opium Poppy Cultivation in Balkh" (Kabul: Afghanistan Research and Evaluation Unit, 2007).

2. Methodology

The research methods used in the study combined key informant interviews, village-level discussions, observation, interviews in Mazaar with key government and International Agency staff, and the collection of secondary information on development activities in Balkh Province, in particular in Chimal and Chahar Bolaq districts. The key questions that guided the research included the following:

- What economic changes are taking place within the province and districts?
- What effects (household income, employment, access to credit, debt, household food security, changes in household livestock ownership) has the end of opium poppy cultivation had on rural households in different parts (upstream or downstream) of the study areas in Chahar Bolaq and Chimal?
- How have households responded to the loss of income or employment? Through finding alternative employment, migration or expanding the cultivation of cannabis?
- To what extent has the money and projects that the Balkh administration attracted been present or absent in the different locations of the districts? Has this contributed to the wellbeing of rural households in different locations and, if so, in what way? (There is a need to build a clear picture of what projects, how much money, from whom, and so forth.)
- What effect has the decline of the opium economy had on district governance, for example, the way in which water has been distributed, the behaviour of district officials (informal taxation, etc.) and on livelihood security?

Provincial government offices (e.g. Education, Health) and offices of key agencies working in the study districts (e.g. Irrigation Works and NGOs) were visited to collect secondary documentation. Traders in Mazaar city (e.g. cotton traders, commodity traders) were interviewed for information on changing prices. At the district level, key government officials were questioned about their views on economic and security changes in the districts. Key informants (such as district *mirabs*) who had been interviewed in previous years were revisited to discuss economic changes over the last year and issues of water distribution.

In addition, villages in upstream, midstream and downstream positions in the study districts of Chimal and Charbolaq that had been visited in previous years (see Table 1) were revisited permitting field observations and group discussions to be held on the effects of the opium ban and household responses to be collected. As in previous years,¹² the villages are coded. The research was conducted with a new Afghan research associate who accompanied visits to the majority of villages, particularly those downstream, for an initial round of group discussions and key informant interviews. The research associate revisited the middle and upstream villages to carry out further interviews and write up transcripts from the interviews; the transcripts were reviewed for debriefing and comment. The research associate also collected much of the secondary data. Additional interviews with respondents were held in district headquarters during the *bazaar* day.

¹² For more details, see Pain, "The Spread of Opium Poppy Cultivation in Balkh," 9-10.

Table 1: Sample villages and location

Village locations on the irrigation canal	Chimtal	Chahar Bolaq
Upstream	Chim 19	Char 22
Midstream	Chim 14	Char 12 Char 13 Char 51
Downstream	Chim 08 Chim 09	Char 01 Char 03 Char 41

Chim = Chimtal; Char = Charbolaq

Note should be made that the security situation in both districts was notably worse in comparison with the previous years and travel was only permitted with an armed guard. While interviews took place without the armed guard, there was nevertheless a considerable restriction on where visits could be made imposed by the district security officers.

3. Opium Poppy Cultivation in Balkh until 2005-06

Table 2 summarises the area of opium poppy cultivated in each district according to assessments by made by UNODC in 1994 to 2006. After 2006-07, there were no detectable levels of opium poppy cultivation in the province. These area cultivation figures need to be handled with caution, in particular their validity as a time series and the accuracy of the district disaggregated data, given not least the change in methods of survey over this time span; however, they do indicate time- and place-based features of the dynamics of opium poppy cultivation, which have been corroborated by informants in the field.

First, there have been four distinct phases of cultivation.¹³ The first phase predates 1994 and is not recorded in the UNODC statistics. This can be linked with a long history of low intensity and small-scale cultivation, primarily to meet domestic consumption of opium by Turkmen populations living in the province. After 1994, during the second phase, there was a significant expansion in cultivation, which was localised, geographically contained (see Table 1) but intensive (using new varieties of opium poppy and fertiliser) and geared towards a market external to Balkh. Cultivation was located in upstream locations in Chimtal District on the Chimtal canal and on the Chahar Bolaq canal in Chahar Bolaq District. In the third phase after 2001, cultivation expanded within the two core opium producing districts, Chimtal and Chahar Bolaq, and more widely in the province. A fourth phase dating from the 2006-07 cultivation season saw a complete cessation of cultivation which has lasted into the 2007-08 season.

Second, as noted above, the cultivation of opium poppy has been concentrated primarily in two districts – in Chahar Bolaq and Chimtal – although Balkh District apparently recorded a significant level of cultivation in 2004-05, the peak year of cultivation in the province. It is not entirely clear why opium poppy cultivation was concentrated in these two districts and was not more widespread. The factors that constrained its area during 1996-2001 (in particular informal regulation of access to the market) are probably part of the explanation, especially for other well-watered locations in the Hazdha Nahr network. However, part of the answer also lies in the distribution of water within the province. Upstream districts, namely Sholgora, with guaranteed water supplies¹⁴ and reliable double-cropping including rice¹⁵ were food secure with considerable demand for on-farm labour therefore not favourable environments for opium poppy cultivation.¹⁶ In areas downstream of the Hazdha Nahr irrigation system, such as Dawlat Abad, absolute shortages of water may well have contributed to the absence of cultivation.

¹³ See Pain, “The Spread of Opium Poppy Cultivation in Balkh,” 12-14 and 17-21 for a more detailed discussion and characterisation of these phases.

¹⁴ This meant assured water supplies, over and above their right historically, as will be discussed later.

¹⁵ therefore, probably indicative of quite high water tables, which restrict opium poppy cultivation

¹⁶ As is true for Kunduz province as a whole where historically opium poppy cultivation has been very limited (Pain, “Opium Poppy Cultivation in Kunduz and Balkh”).

Table 2: Indicative Opium Poppy Area (ha) in Balkh by District and Year

District	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06
Balkh				13	29	29	82	1	22	332		2786	
Chahar Bolak				165	530	2600	53			68		2701	
Charhar Kint												25	
Chimtal			1065	532	485	1428	2451		153	617		1878	
Dawlat Abad								3				202	
Dihdadi							22		8	35		990	
Kaldar												395	
Khulm												367	
Kishindih												290	
Marmul												18	
Mazar-i-Sharif												119	
Nahri Shari							33		14	30		425	
Sholgara							28		19	28		543	
Shortepa												98	
Total	0	0	1065	710	1044	4057	2669	4	217	1108	2495	10837	7100

Source: UNODC and MCN, Afghanistan Opium Survey 2005 (p. 32) and 2006

The distinct pattern of opium poppy cultivation in the two study districts of Balkh, Chimtal and Chahar Bolaq, requires deeper explanation: it cannot be solely attributed to individual farmer choice. As argued in Pain, a combination of settlement history and inequalities of water distribution were key determinants of farmers' choices and relevant to explaining the diffusion of cultivation.¹⁷ The concept of "determinant"¹⁸ is used to characterise the range of factors related to both context and structures (related to social position and social differences) as well as intermediary factors (community, markets, institutions) that influence individual decision-making.

With respect to settlement history, the movement of people from the south of Afghanistan, dating back to King Abdur Rahman's time, led to the establishment of settlements of Pashtuns from various southern and eastern provinces in upstream positions on the Balkh irrigation system. Patterns of settlement varied according to irrigation canal as clearly illustrated in Table 3, which shows the settlement patterns of the four study canals. However, settlement based on ethnic identity is not by itself a sufficient explanation for the pattern of opium poppy cultivation, although the particular settlements of Pashtuns of Durrani origin explain why opium trade links to the south came to be located in particular villages. More significant is the structure of the irrigation systems; it is clear that inbuilt inequalities of water distribution exist within the whole Balkh irrigation system, with "no attempts or intention to allocate downstream villages longer irrigation times, for example, to compensate for downstream effects of reduced water flow."¹⁹

¹⁷ Pain, "The Spread of Opium Poppy Cultivation in Balkh," 15-16.

¹⁸ See Pain, "The Spread of Opium Poppy Cultivation in Balkh," 7.

¹⁹ Pain, "The Spread of Opium Poppy Cultivation in Balkh," 2007, 16.

Table 3: Patterns of ethnic identity by location in Chimtal and Chahar Bolaq districts

Canal Position	Imam Sahib	Chimtal	Chahar Bolaq	Shasharaq
Top	Tajik/ Hazara	Mixed	Pashtun	Pashtun
Middle	Hazara	Mixed	Mixed	mixed
Bottom	Pashtun/mixed	Pashtun	Mixed	mixed

These inequalities are implicitly recognised by different classes of land taxation. Land at the top end of canals, termed 1 or 2 *bawra*,²⁰ is taxed at the rate of 5 Afs per *jerib*, while land that is 3 or 4 *bawra*, usually to be found towards the bottom end of the canals, is taxed at the rate of 2 Afs per *jerib*. There are also differences between districts: upstream Sholgora is taxed at 8-12 Afs per *jerib* in contrast with 5 Afs per *jerib* for one *bawra* land in downstream districts.

When water was sufficient, these inequalities in water distribution between the top and bottom end of the irrigation system did not matter too much. But, as population grew and landholdings per household shrank, leading to more intensive cultivation to meet household needs, demand for water gradually increased. From the 1990s, there appears to have been a decline in water flow in the whole system; with the conflict-driven breakdown of traditional structures of water management, inequalities in water distribution at all levels of the irrigation system have been exacerbated. These inequalities exist between upstream and downstream districts, notably driven by the unilateral expansion of paddy cultivation in Sholgora.²¹ In this district additional, unauthorised canals were dug and rice cultivation expanded, leading to an extraction of water upstream well beyond historic and customary practices. Similar inequalities also exist between upstream and downstream areas within districts. In many upstream areas, farmers use lift pumps to boost their irrigation allocation, increasing the disparities in terms of access to water. Power structures, in which the informal and formal intermingle, based on ascribed identity and physical location, are central to understanding the way in which water is distributed in practice.

These underlying structures provide a basis for the explanation of the pattern of cultivation of opium poppy and of the returns from cultivation that can be found within Chimtal and Chahar Bolaq. In terms of location, opium poppy cultivation essentially started in areas of assured water supply and that had double-cropping potential – a winter wheat crop could have been followed by a commercial crop such as cotton – and was therefore most decidedly not a crop cultivated by poor or marginal people. After 2001, cultivation expanded downstream as skills spread and barriers to the market were lowered. However, although the highest levels of opium poppy cultivation were found in upstream areas, lower intensity cultivation became established downstream where water scarcity made wheat production unreliable and opium poppy's higher returns made it the crop of choice, guaranteeing at least some return from investing in its cultivation.

Upstream in Chahar Bolaq, where there is more available water, higher levels of fertiliser inputs and better access to the market, greater yields of opium have been obtained compared to downstream where water is limited, fewer inputs are used, and access to the market has been through commission agents rather than primary traders. In addition, upstream labour was contracted on a wage basis while downstream

²⁰ A *bawra* is the proportion of land that can be irrigated each year. In the case of 1 *bawra* all land can be irrigated, in the case of 2 *bawra* only half the land can be irrigated and so on.

²¹ Interview with a key informant who commented that previously the area of rice cultivation in Sholgora had been formally restricted to a specific area in a particular location.

sharecropping was more common, reflecting the relatively higher risk of downstream cultivation of opium poppy.

Addressing the informal power at play, it would be wrong to assume that this is only located outside and separate from formal government structures. Indeed, as the field evidence makes clear,²² district government was closely implicated in the opium economy using its position to levy "formal" tax on the local trade between producer and first buyer. Opium poppy eradication practices until 2005-06 were consistent with a picture of local government using its position both to protect key clients or allies and to extract additional payments for opium poppy fields to be protected from eradication.

What were the effects of the expansion of the opium economy until 2005-06? There can be no doubt that "it was significant and injected an unquantifiable amount of cash into the two districts,"²³ which must have had ripple effects beyond the districts. The more important questions though to address are, firstly, how the benefits of this cash infusion were likely to have been distributed within the district and, secondly, what have been the effects of the growth of this market on underlying social structures within the districts. As argued,²⁴ there is likely to have been a clear gradient of distribution, with benefits upstream being proportionately much greater than those downstream; this was because of better access upstream to resources of water, soil fertility and inputs, leading to a higher intensity (proportion of cultivatable land allocated to opium poppy cultivation) with greater yields and more production for which better prices would have been obtained through direct access to the main traders. Downstream cultivation was less intense since soils are poorer, fewer inputs were used, and yields and production were lower.

For opium-growing landowners upstream, which are traditionally double-cropped areas, the cultivation of opium poppy was simply an alternative cash-generating crop, albeit a highly profitable one, in addition to the harvest from fruit and nut orchards, including almond. Downstream, where there was only sufficient water for a single crop, opium replaced wheat under conditions of water scarcity; it was cultivated to provide potentially better returns to assure food security. However, it should be noted that upstream opium poppy cultivation generated significant employment for the many effectively landless households downstream or for those whose lands could not be cultivated due to lack of water.

The poverty-reducing and livelihood-securing effects of the opium poppy cultivation era should not be underestimated. Many of the downstream households talked of the opium era as a period of recovery and freedom from want. Cultivation of opium poppy, and it should be remembered that it expanded as opium's price trajectory peaked and declined from 2002 onwards, did not lead to the creation of significant opium denominated debts (for example, in Helmand²⁵). If anything, demand for informal credit actually declined under conditions when it was readily available²⁶.

The second phase of opium poppy cultivation during the Taliban era probably acted to consolidate existing social and economic inequalities, particularly those based around ascribed identities. The expansion of opium poppy cultivation from 2001 possibly

²² See Pain, "The Spread of Opium Poppy Cultivation in Balkh," 27-30.

²³ Pain, "The Spread of Opium Poppy Cultivation in Balkh," 31

²⁴ Pain, "The Spread of Opium Poppy Cultivation in Balkh," 31-32

²⁵ Where opium poppy had been cultivated prior to the price rise and prior debts that were opium denominated rose dramatically in value as opium prices rose.

²⁶ See Adam Pain, *Opium and Informal Credit* (Kabul: Afghanistan Research and Evaluation Unit, 2008).

brought about the reverse as the immediate benefits of cultivation were more widely distributed leading to more interchanges between different social groups and potentially subduing conflict. Significantly, the cultivation of opium is unlikely to have exacerbated inequalities of water distribution given that opium poppy requires less water than wheat.²⁷

But there is a bigger question about the impact of the opium economy, which relates more to the effect that the surplus it generated had at district and provincial levels. It was argued that it might have

*enabled a consolidation of power structures within the province given the extent to which the informal has blended with and consolidated formal institutions. There is evidence to suggest that the relative consolidation of power within Balkh and the relative security that it has achieved is more likely to have been built out of the opium economy rather than emerged despite it.*²⁸

This dimension is critical to understanding and explaining the means by which opium poppy cultivation was stopped in its tracks in 2006-07. For UNODC and the United States Agency for International Development (USAID), as cited earlier, the explanation is given in terms of leadership, incentives, development and security. The admission by the Minister for Counter Narcotics in 2008 that Balkh had been neglected and the statements by Government Atta make it clear that there is no evidence to support “incentives and development” as the causal factors for the stoppage in cultivation. The field evidence, discussed in the next section, provides no grounds for support either of the “incentives” explanation — development activities remain largely invisible in Chahar Bolaq, although more evident in Chintal, as will be discussed.

So what caused the collapse in opium area and how could it have been so absolute and swift? It was not an eradication campaign but, as argued elsewhere²⁹, a much more plausible argument is the use of coercion and the threat of repression, perhaps sweetened with the promises of rewards. Farmers were pushed, they did not jump. As to why the decline came in 2006-07 and not before given the evidence that government structures at multiple levels were deeply implicated in taxing and trading opium³⁰, no clear answer can be given. A number of factors are likely to have contributed to this timing. In part, the falling price of opium may have played into a consideration that the profitability of the commodity was in decline and therefore a closure on production was likely to be more palatable to key clients in the patronage structures of the province. Other contributing factors could likely be, in part, consolidation of political power and a desire for wider acceptance, along with an appreciation of the potential for other sources of revenue. Furthermore, while opium poppy cultivation might have visibly ended in Balkh, this does not support the argument that Balkh province is opium free and there are few grounds to believe that opium trade has vanished.

²⁷ Pain “The Spread of Opium Poppy Cultivation in Balkh,” 33.

²⁸ Pain, “The Spread of Opium Poppy Cultivation in Balkh,” 34.

²⁹ Pain, “The Spread of Opium Poppy Cultivation in Balkh,” 35-36.

³⁰ Pain, “The Spread of Opium Poppy Cultivation in Balkh.”

4. Balkh in 2008: Evidence for Incentives and Rewards

4.1 Introduction

In order to understand the circumstances that rural households faced in the study districts in 2008 and their responses to the collapse of the rural economy, it is necessary to trace what has and has not happened in the province in general, and the two study districts in particular, before and after 2006. First, there is a review of the evidence on the supply side of incentives: examining development activities in the province and responses to the achievement of the ban. The irrigation rehabilitation works are specifically discussed. This is followed in Part 5 by an examination of the response side: exploring the effects of the ban by considering household responses to it, the effects on livelihood security, reviewing changes in the rural economy in 2007 and 2008 and looking for links between the supply side of incentives and household responses.

4.2 Incentives and development opportunities: a review of the evidence

Compiling evidence on “incentives and development” expenditure designed to encourage farmers to stop cultivating opium poppy runs into considerable difficulties; it should be made clear that this is a “best assessment” that is subject to correction. There are challenges in finding the data in the first place, and it is widely dispersed and incomplete. There are problems in separating out normal expenditure from “incentives and development opportunities” and it is debatable whether this should be done in any case since “development in general” could (and should) be defended as supportive of counter-narcotic policy. Equally, there could be other drivers of change outside development agencies and budgets that might have: contributed to the incentives to move out of opium poppy; mitigated the consequences of having done so; or, alternatively, reinforced any negative impacts of the ban on livelihood security. As will be seen climatic events, a harsh winter followed by a dry spring, have reinforced the negative consequences of the opium cultivation ban.

With respect to development spending there are questions of geographical targeting: If, for example, it is argued that Chimalt and Chahar Bolaq have been the major centres of opium poppy cultivation, is it the case that evidence of “incentives and development opportunities” should be found within these districts, or could it be argued that general “development” within Balkh supportive of its overall economy is sufficient to count? Is the data sufficiently disaggregated to allow that sort of analysis to be undertaken? How is one to balance investments that provide “immediate incentives” to enable opium poppy cultivators to exit from the opium poppy economy to long-term investments in, for example, public goods such as roads and schools? And who is to judge what is an incentive and a development opportunity? After all, the nature of the incentive will be different for a landowner at the top end of the irrigation system who has cultivated opium as a cash crop and can switch into another crop, compared to both a landowner downstream, for whom there is insufficient water to cultivate anything other than opium, and to a landless labourer who depends on employment — either off-farm³¹ (on other people’s land) or non-farm in the rural or urban economy.

³¹ The distinction is made (Ellis, *Rural Livelihoods and Diversity in Developing Countries*, 11-12) between on-farm (working on one’s own farm), off-farm (working as agricultural labour on someone else’s farm) and non-farm (working on non-agricultural activities, either in rural areas e.g. construction or in urban locations).

Reviewing the evidence of relevant counter-narcotic investments is fraught with difficulties and undoubtedly there will be financial allocations that will have been missed or overlooked. It is possible to just work with the evidence that has been reported by the media, such as the admission by the Minister of Counter Narcotics that Balkh had been neglected, a view shared by the Governor of Balkh and very clearly expressed by interviewees in the districts. But that could invite a response that funds have been allocated and investments made, and would sidestep the critical issue of an examination of what has been done.

The analysis starts with evidence of what could be defended as general development spending and therefore potentially classed as incentive building prior to the ban on cultivation. Efforts will be made to locate where the expenditure has been made, but this is not always possible. It then reviews the evidence of two sources of funding that can most directly be linked with counter-narcotic responses: the Good Performance Initiative, designed to reward governors for reducing or eliminating opium poppy cultivation and funding from the Counter Narcotics Trust Fund (CNTF). It should be noted that the GPI is more of a classic "conditionality" fund, a reward for having achieved a reduction and therefore not in itself evidence of incentives leading to a decline in opium poppy area. The same observation also probably applies to funding from the CNTF. Finally, there will be a discussion assessing the extent to which the activities and investments that have been made effectively provided incentives or opportunities for farmers to stop cultivating opium.

Planning department provincial government

The Planning Department of the Balkh Provincial Government provided available records of development spending in the two study districts. The details are provided in Tables 4 and 5.

In addition, for Chahar Bolaq there is a record that emergency assistance was provided in 2007 to villages as follows (most of which appear to be in either mid or upstream positions):

- Clothes (320 containers) provided to 280 families in four villages by the Emergency Assistance Commission of Balkh
- Five tons of diesel fuel provided to 280 families in three villages by the Turkmenistan government
- 280 bags (49 kg) of flour provided to 280 families by the Turkmenistan government in ten villages

Table 4: Project investments in Chahar Bolaq District 2005-07

Year	Project	Funding Source	Cost	Location
2005	Electricity Supply	MRRD	?	District
2006	School	USAID	119448	Alberja Sufla
2006	School Furniture	USAID	?	Alberja Sufla
2006	5 Deep Wells	NGO	?	Arzon Village
2007	Mobile Health Clinic	GOA	?	District
2007	8 Primary Schools	MRRD	?	Shai Tash Timor

Source: Planning Department, Balkh Provincial Government

Table 5: Project investments in Chimtal District 2005-07

Year	Project	Funding source	Cost	Location
2006	construction canal intake	USA	\$5 million	Samarqandyan
2006	School	World Bank	\$3,500	Qamshili Alburze
2006	gravel road	?	?	District
2007	mobile health clinic	GOA	\$356,109	District
2007	children and literacy	Italy	\$37,670	District
2007	culvert construction	Global Partners	\$3,600	Mir Qasim jan
2007	construction of <i>kandas</i> ³²	MRRD	\$19,000	Charsay
2007	construction of road	UNOPS		Chimtal
2008	construction of road	MRRD	\$1,902,947	Chimtal
2007	construction of roads, culverts and irrigation structures	IRDP/JICA	\$498,334	Upstream Chimtal Canal, Downstream Chimtal, Upstream Aqcha Canal
2007	high school, secondary school and primary school	MRRD	\$431,463.50	Different locations

Source: Planning Department, Balkh Provincial Government

Additional emergency assistance (food supplies) has also been supplied to households from the Alburz Mountains on the southern edge of Chimtal District outside the irrigated areas.

The Good Performance Initiative (GPI) and the Counter Narcotic Trust Fund (CNTF)

Under the GPI, according to various sources,³³ there was an initial \$0.5 million probably allocated in 2006-07 which has been followed by a further \$2.5 million. In addition, a further \$2 million of funding has been under discussion apparently with the US but outside the GPI framework. However, of this, only \$0.5 million has been disbursed³⁴ and the money reportedly spent on farm machinery, some of which had reached Afghanistan by July 2008. There are no details on where this machinery will be allocated.

The apparent argument for focusing on farm machinery and mechanisation processes was that this would contribute toward increasing farm productivity and would balance ongoing investment in the fertiliser plant in Mazaar and the investments made by the Asian Development Bank and others in renovating the Balkh irrigation system.

³² a traditional water storage tank designed to collect runoff water

³³ Information provided by the British Drug Team and an adviser working within the Governor of Balkh's office.

³⁴ According to the British Embassy Drug Team

Under the Counter Narcotic Trust Fund there appear to have been three allocations to Balkh. The details are as follows:

- \$201,434 allocated for a water irrigation system in Balkh - Khulm districts, through the Ministry of Rehabilitation and Rural Development (MRRD)
- \$273,808 allocated for the boring of deep wells in Balkh (districts unspecified), contracted through MRRD
- \$2,304, 645 allocated for the construction of 18.7 kilometre (km) Road in Chimtal, through MRRD

The statement made by the Minister of Counter Narcotics in 2008 that \$2 million would be invested in Balkh apparently includes the road construction in Chimtal³⁵ and in addition the asphaltting of a 2.4 km stretch of road in the district and the construction of a high school in Balkh district.³⁶ Further investments are likely to be in road construction.³⁷

Reviewing the evidence

A number of observations can be made by combining the evidence from the Planning Department of the Provincial Government and central government funding (GPI and CNTF).

First, the funding has primarily focused on “public good” type investments, either for schools and health facilities, or for roads and irrigation structures. The allocation of \$0.5 million to farm machinery out of the GPI is the only investment that is not a public good investment. While there is no doubt that public good investments are central to development, they are by their nature long-term and likely to provide limited returns only to households in the immediate and near future. They can hardly be viewed as a direct incentive or reward to exiting the opium poppy economy. Additional, but smaller levels of funding more of a humanitarian nature have been allocated in both districts but they are village specific rather than general, except in the case of the Alburz mountain villages in the extreme south of Chimtal.

Second, the level of funding to Chimtal District seems to be far higher than in Chahar Bolaq District. Leaving aside the investment in electricity supply, which began in 2005 and is still ongoing (as was evident from the field), the level of funding to Chahar Bolaq in 2006-07 is unlikely to have exceeded \$500,000. In contrast, for Chimtal – even if one excluded the \$5 million for the construction of a canal intake, which arguably has wider benefit beyond the district – specific investments in public goods amount to about \$3.25 million, at least six times those of Chahar Bolaq.

However, account has to be taken of the different populations of the two districts. According to the United Nations Population Fund³⁸ (UNFPA), released in 2007, but based on a 2004 census³⁹, Chahar Bolaq has a population of about 70,000 (in 119 villages averaging about 600 persons per village) while Chimtal has a population of around 81,500 (in 166 villages averaging about 490 persons per village). Based on the

³⁵ This would appear to refer to the money already allocated under the CNTF, although CNTF sources indicate that \$2.3 M has been allocated for this.

³⁶ “Minister apologises for lack of action in Balkh,” http://quqnoos.com/index.php?option=com_content&task=view&id=1122&Itemid=48&lang=english

³⁷ Information provided from the Counter Narcotic Trust Fund Secretariat.

³⁸ United Nations Population Fund, “Balkh. A Socio-economic and Demographic Profile” (Kabul: UNFPA, 2007).

³⁹ Note these figures differ from the population data cited in Table 5, which shows Chahar Bolaq District as the larger of the two. The basis of this discrepancy is not known.

above figures, the level of funding to the two districts averages \$7 per individual for Chahar Bolaq and \$40 per individual for Chimtal. This is a striking contrast.

It is also important to review existing public good provision. Again using the UNFPA, there are indications that in 2004 the number of schools in Chimtal (on the assumption that the schools were of the same size, which may not have been the case), with one school per 5000 of population, was about half that of Chahar Bolaq, which had two per 5000 people.⁴⁰ This still seems to be the case based on a school listing for 2008. With respect to health facilities, each district in 2008 had a Comprehensive Health Centre. However, Chimtal had one basic health centre and five sub-centres while Chahar Bolaq had four basic health centres and three sub-centres.

It could be argued therefore that the investment in schools and health services may have addressed some of the inequalities in provision of public goods between the two districts and that it should be seen as a positive step. The investment may have also addressed inequalities in access to public goods within the districts but there is no evidence to assess this. However, the key structural inequality identified in earlier research relates to the way in which water distribution was regulated between and within districts, an issue that will be returned to later.

How is one to interpret these investments with respect to incentives or development activities? There are three levels at which arguments could be made. The first is that it could constitute evidence of government presence and commitment. Secondly, these investments could have had direct economic benefits. Thirdly, based on an assessment of the impact of the decline in the opium economy and its consequences for rural households, these investments could be argued to have met household welfare needs (see Section 5).

On the first level, there is direct observational evidence that supports visible government presence, at least in the upper and middle parts of Chimtal. Canals have been reconstructed, roads have been regraded, new culverts have been built and a new *woliswal* office and district police headquarters are nearing completion. The Governor is also in residence. In Chahar Bolaq, the contrast could not be greater. Although the southern parts of the district have clearly attracted NGO attention in the past and the roads are well-constructed, what is striking is that north of the main Mazaar – Shebergan road government presence is limited. The *woliswal*'s office and police headquarters are incomplete and work was abandoned at least a year ago over a disputed contract. The *Ullisawal* is reportedly only present once a week on Fridays, and downstream in the north, the roads are as bad as ever. Moreover, there is only one NGO operating in the district, reportedly with increasing difficulty. These comments are based on direct observation but they are corroborated by informants from the field. In Chahar Bolaq, the lack of government presence and the failure to deliver on promises were widely noted. In Chimtal, similar comments were made, even by the *woliswal*, and when the obvious development activities were pointed out, farmers commented, perhaps not unsurprisingly, that they had made little difference to them.

This leads to the second point, which is whether or not these investments are likely to have provided any direct and immediate economic benefits to rural households. Informants were universal in their opinion that such investments had not made any difference, although the rehabilitation of key irrigation structures has improved the proportional division of water between the lower seven canals of the irrigation system, a point made by one of the Chahar Bolaq *mirabbashis*. This issue needs to be examined in more detail, as it is central to addressing the determinants of poverty inequalities and fundamental to evidence of improved governance.

⁴⁰ UNFPA, “Balkh.”

Irrigation rehabilitation

Figure 1 schematically presents the canal structure of the Haddha Nahr irrigation system and the location of the 11 main canals located downstream from Sholgora (not shown). After 2001, plans to rehabilitate the whole of the irrigation system were drawn up and the scheme divided into an upper and lower section. The lower sections run from the Nari Shaha canal northwards and the upper section of the system from the Imam Sahib canal southwards. The contract for the rehabilitation of the lower section, funded by the ADB, was awarded and rehabilitation work on the main canals began in 2004. The contract for rehabilitation of the upper section, which would have had to address the major cause of upstream-downstream inequalities,⁴¹ has never been awarded, possibly because it has proven too difficult politically to address, which raises questions about improvements in governance. Logically, upstream issues of water distribution should be tackled first before addressing those downstream. However, only the downstream issues have been dealt with (and only up to a point) essentially seeking to achieve greater equality of water distribution at the bottom end of the irrigation system without tackling the fundamental source of inequalities at the system level as a whole.

A key part of the rehabilitation has been the construction of a barrage and dividing system to address the water distribution between the bottom seven canals of the system. Note that the system does not address or control water uptake by the upper four canals (Balkh, Siagendo, Nari Shaha and, of particular interest to this study, the Imam Sahib) in the Haddha Nahr system. Based on a long consultation process with the Mirabs on each canal, and a mapping of the agreed water distribution practices based on the *paical*⁴² with the mirabbashis of each canal, and their water management committee, a new structure was designed and built.⁴³ For each canal the same size gate was constructed with the flow to be regulated by a gate controlled by the Irrigation Department, a change from the previous system of mirab control. Giving this control to the Irrigation Department, who could adjust the level and timing of water flow between the canals, prompted most comment. Informants expressed a deep suspicion and belief that this put the Department in a position to take illegal payments from users on particular canals so that these canals could receive more water.⁴⁴ It was not clear why the previous proportional distribution mechanism under mirab authority

⁴¹ "Upstream Sholgora district, in addition to a legitimate seven canal, has built a further five to support an expansion of the rice cultivation area. Downstream, and based on direct measurement over a period of two days in December 2003 [see Asian Development Bank, "Emergency Infrastructure and Rehabilitation Loan Afghanistan Irrigation Component. Technical Assistance Mission Draft Report. Balkh and Jawzjan Province Irrigation" (ADB, 2004)], evidence was found that downstream systems of water allocation between the main canals were not adhered to and that at that time certain canals (Nahri Shahi, Chimtal and Mustaq) with an allowable allocation of 17.6 percent of the water, were actually taking 35.8 percent of the water flow (almost double their allocation). Overall the top seven canals of the Haddha Nahr system were estimated to be "taking over half of the water out of the river, while having only the right to a quarter." (ADB, "Emergency Infrastructure and Rehabilitation," 30). "The same issue of over extraction of water upstream, to the detriment of downstream areas, was found within each of the main canals." See: Adam Pain, "Opium Poppy Cultivation in Kunduz and Balkh" (Kabul: AREU, 2006).

⁴² The *paical* is equivalent to 400 *jerib* or 80 ha and is used as a proportional measure rather than an absolute one to determine the way in which water should be proportionally allocated.

⁴³ This was the structure over which there was considerable dispute over the compensation that would have to be paid to the owners of the land on which it was built, see Pain, "The Spread of Opium Poppy Cultivation in Balkh," 34.

⁴⁴ Indeed some informants downstream cited examples in which they believed the Irrigation Department had accepted payments to allocate more water to more powerful districts.

was not maintained in the new structure, although according to one mirab, the Irrigation Department had a major influence on this decision.

Figure 1: Schematic representation of canal structure of the Hazdha Nahr system



* Paical amount for the canal

Although the engineering calculations and the construction were made based on an agreement of water distribution by all relevant canal mirabbashis, on completion of the structure users of the Mushtaq canal decided that they were unhappy with the proportion of the water that they were receiving. They therefore breached the main canal upstream of the structure in May 2008 and diverted water into their old canal. The users of the Mushtaq canal, which flows into Balkh District, are reputed to have considerable power and were reportedly able to secure approval from the Governor for their action. As a consequence, the Shasharak Mirabbashi (Shasharak is a sub-canal of the Chahar Bolaq canal) reported that he had to bring in police to supervise the construction of the temporary weir (that breached the agreement), designed to divert water into the new cutting, to ensure that the Mushtaq canal users did not take even more water. In the view of one irrigation engineer, responsible for the construction of the scheme, by this informal capture of water, Mushtaq users were now taking three times more than their allowance. As this example vividly illustrates, the border between formal and informal power is highly permeable.

However, in the view of the Shasharak Mirabbashi the construction of this new weir has reduced, apart from Mushtaq canal's action, the problems of water distribution between the remaining six canals. It has not addressed, though, the problems of water distribution downstream and these are perhaps most vividly illustrated by the petition that was handed to the research team by downstream users of the Shasharak canal (see Figure 2).

The petition points to the illegal but formally sanctioned action of the Mushtaq canal users but also to problems internal to the Shasharak canal. The Sharona canal (a

subcanal of the Shasharak canal), upstream of these villages where the petitioners live, and from which they also have water rights, is essentially not allowing the water to flow downstream. As one observer remarked, referring to one of these upstream villages, "this village is more like a crocodile or dragon that gets water by water pumps for the last decade."

Figure 2: Petition handed to the research team

Application from the people of Shar Sharak, for the purpose of Char Bolaq canal

To: The central government officials

Respected sir,

We are the occupants of Shar Sharak Canal River and we would like to enlighten you about our two major problems, which are as follows,

- 1. The DARAK* canal of Mushtaq is concreted, but the people there are taking water from a wrong place where it's not concreted instead of taking water from the concreted canal and diverting all the water there.*
- 2. The Shar Sharak River has a right to take 364 paical of water, and this Shar Sharak River has 24 canals. These 24 canals can give water to 349 paicals. These rules have made upon the taxation papers. The Charona canal has a right to take only 15 paicals of water and this was also made by Taxation. But Charona is not satisfied with this and for a long time they have caused to delay the DARAK activity and they are taking our water. We cannot take water because it is dry now. If no proper attention to this is made, all people and animal's life are in danger.*

If the people of Mushtaq canal and Charona canal do not stop their bad behaviour, then the possibility of concreted DARAK is ruined and the millions of dollar that are invested in the construction might be wasted.

Sincerely,

Haji Rahmatullah, Haji Allah Birdie, Qandom, Haji Khodai Birdie, Muhammad Sarwar, Safar Muhammad, Habib, Taza Gul Sarab Bashi and Haji Baba Gul

** What is being referred to here is the barrage system that distributes the water for the ten downstream canals*

To sum up, this account of the rehabilitation of the Hazdha Nahr irrigation system points to a valiant attempt by irrigation engineers involved in the rehabilitation of the downstream water distribution system to work within the context of deeply dysfunctional governance structures and to a large extent failing because the power structures, informal fusing into formal, remain unaccountable. Under conditions of acute water scarcity, one engineer estimated that there was only sufficient water in the system for about 25 percent of the irrigated area and there are unlikely to be short-term solutions to this.

4.3 Conclusion

So what can be concluded? From the evidence collected, the argument that incentives and development have induced behavioural change in farmers and convinced them to abandon opium poppy cultivation is not persuasive since little support can be found for broad-based rural development or improvements in governance. Incentives and development did not lead farmers to abandon the opium poppy economy. The evidence reported in Section 3 points more to a coerced move. But equally the

coercion, reportedly sweetened with promises of rewards, appears to have failed to deliver on these promises as well. Does the undoubted evidence of a sharp decline in opium poppy area therefore point to other drivers of change which are reflected in improving livelihood security of rural households? Indeed, the strongest proof of all of durable change should come from evidence of an improving rural economy, more food secure rural households and alternative employment opportunities for rural labour? Unfortunately, the evidence points in precisely the opposite direction – to a collapse of the rural economy and a decline in livelihood security.

5. The Impact of the Ban on the Balkh Rural Economy

What has happened to the rural economy since opium poppy cultivation stopped in 2006-07 and how have rural households responded to this change? The analysis proceeds as follows. First, the evidence of landownership structures and sources of income, in cash or kind, for achieving food security are reviewed. Then the benefits of the opium poppy economy and the effects of its decline in 2007 are examined. Finally, the state of the rural economy in the two study districts in 2008 is analysed.

5.1 Landownership structures and achieving food security

The first evidence that can be drawn upon is from data collected by the World Food Programme (WFP) in 2002-03 in an assessment of food needs (Table 6).⁴⁵ Note that the data is aggregated and does not distinguish between sources of food by households differentiated by land asset holdings: the sources of food are averaged across all household types.⁴⁶ Details on all the districts are included in the table, indicating the significance of the number of landless households by position (upstream or downstream, column 5) in the various districts, the proportion of food derived from labouring and the relative contribution of on-farm production to household food requirements. For Chahar Bolaq, the point to note is the proportion of food derived from labour in 2002-03 – between 33 and 41 percent according to position⁴⁷ – with the higher value coming from upstream households. In upstream households, 11 percent of food was derived from non-farm sources and 41 percent from farm labour, possibly reflecting the significance of cash cropping in these areas and most probably of opium poppy, thus explaining why the percentage of food from crops is so low (8 percent). In the case of downstream Chahar Bolaq, the relative significance of livestock sources of income (column 2) should be noted. For Chintal, the percentage of food derived from crops was higher across all the upstream and downstream positions and the percentage of food derived from labour low (ranging from 0 to 7 percent). This is odd given the fact that over 30 percent of households in the irrigated areas of Chintal were reported to be landless (which raises the question of where they derived income for food from). Indeed, the significant point is the proportion of households that are landless, both in Chintal and Chahar Bolaq.

Table 6: WFP/VAM 2002-03 Afghanistan wide food needs assessment: Balkh Province

	Population	Position	1	2	3	4	5
Mazar-i-Sharif	175,344						
Balkh	100,998	DS Cnl	35	11	8	111	32
		Int irr	72	17	36	9	29
		US Int irr	62	20	12	0	35
Chahar Bolak	65,498	US irr	8	13	41	11	32

⁴⁵ World Food Programme, (WFP), "Afghanistan Countrywide Food Needs Assessment of Rural Settled Populations: 2002-2003", (Kabul: WFP Vulnerability Analysis Mapping Unit and Partners, 2003).

⁴⁶ This is odd given the significant proportion of landless households recorded in the sample.

⁴⁷ It is not clear from which canal in Chahar Bolaq this data was collected from.

	Population	Position	1	2	3	4	5
		DS irr	51	21	33	0	25
Chaharkint	42,406	RF+Sp irr	54	25	17	6	25
		RF	16	11	29	4	35
		RF + Irr	13	16	25	10	25
Chimtal	71,864	Int irr	47	9	6	7	35
		DS Irr	52	23	8	0	30
		Int Irr, Rf	43	21	4	0	31
		Rf	49	15	3	3	21
Dawlat Abad	94,308	US Irr	16	26	26	8	49
		DS Irr	13	17	24	15	45
Dihdadi	46,722	Semi Urb	25	9	25	68	15
		DS Irr	88	16	20	0	28
		Int Irr +Or	29	26	17	0	30
		Int Irr	132	29	45	0	16
Kaldar	15,646	Cnl +pmp	20	12	33	31	15
Khulm	73,914	Irr	44	12	56	1	44
		Irr +Or	49	23	37	0	33
		DS Irr	29	4	20	0	41
Kishindih	61,397	DS Irr	41	9	20	0	28
		RF	28	7	26	0	31
Nahri Shahi	36,364	DS Irr	30	26	37	2	30
		DS Irr+Rf	103	43	0	0	58
Marmul	9,711	RF	0	4	20	26	19
		Irr, Rf	6	4	31	20	26
Sholgara	105,638	Rf	57	53	17	7	15
		Int Irr +Rf	54	15	23	0	23
		Irr + Rf	59	27	26	0	18
Shortepa	35,932	Cnl +Pmp	23	15	24	25	34
	935,742						

Position: Int Can=Intensive Canal Irrigation; DS Cnl Rf=Downstream Canal and Rainfed; US Cnl=Upstream Canal; DS Cnl=Downstream Canal; Rf=Rainfed

1: % of food from crops

2: % of food from livestock

3: % food from labour

4: % of food from other sources

5: % of landless households

While the data collected over three years in the longitudinal study reported here does not provide district level data, it does provide case village level data on land assets and the contribution of farm production to household grain requirements⁴⁸, based on location upstream and downstream (Table 6). It should be noted that this data was collected from village group discussions and were estimates by informants of the range of land area and months of food supply according to their characterisation of good, average and poor years. There are inevitably inconsistencies and no doubt there is a

⁴⁸ Estimated in terms of number of months of grain provided for the household from on-farm production according to good, average and poor years. This essentially captures the critical ratio of production to consumption needs as determined by farm area and household size. Account has to be taken of the fact, and this was not determined, that richer households may be larger than poorer households.

tendency to emphasise the worst scenario. This is seen in the reporting of the months of food obtained in poor years, where even upstream wealthy households were reporting complete crop failure (which seems unlikely) while downstream wealthy households, albeit with much larger land areas, in some cases spoke of one month's supply of food for their family.

Despite these discrepancies in the data, a number of points can be made. First, the tables show the relation between land areas held by different wealth groups within the village and the number of months of food that these provide to feed their households. This is therefore a relational estimate – supply to demand as determined by household size. Estimates were made for good, bad and average years, which were characteristically given as the proportion of years out of the last ten. According to each village, the number of years that were reported to be good varied from one to three, and in most cases it was one year. Usually three to five years were estimated to be average years, with two to five assessed as poor years. The significance and meaning of these different categories of “good,” “average” and “poor” and their effects are naturally location specific, particularly between upstream and downstream positions.

Secondly, for both districts, the proportion of households that are estimated in these case villages to be poor is 50 percent or more of the total number of village households. These poor households are characterised by limited or no land holdings (taken as 5 *jerib*⁴⁹ or less, so poor households are not necessarily absolutely landless, although many are) and the fact that even in good years less than one or two months food supply can be obtained from own farm production.⁵⁰ Other sources of income, although these were not specifically estimated, have come from livestock, off-farm labour and non-farm labour, although the relative proportions of these are likely to have been highly variable according to different years (opium in comparison with non-opium years for example) and household characteristics (livestock assets, number of working male members, etc.). With only one or two good years in the last ten, it is clear from what was reported that the majority of households in each village in most years obtain nothing from their own farm production.

⁴⁹ Although this value will be different for upstream and downstream villages

⁵⁰ Note that given issues of market access and problems of irrigation water availability it is highly unlikely that poor households in mid or downstream positions with limited land would opt entirely for cash crop production (e.g. vegetables) and achieve food security through market purchase. The cultivation of opium poppy provides the one example of where wheat land would be displaced by a cash crop. Upstream with assured double-cropping, the growing of a cash crop by farmers with less than 5 *jerib* is a possibility.

Table 7: Contrasts in villages by location and different land holdings classes on the months of household self-provisioning from on-farm production in good, average and poor years: case examples

(a) Chahar Bolaq

Village	No. of Households	Percent of Households	Land Area (in <i>jerib</i>)	No. of months food provided in good, average & poor years		
				Good	Average	Poor
UPPER CANAL						
Char22						
Better off	-		-			
Middle	7-8	5	40	8	2-3	0
Poor	180	95	4-5	3	0	0
	190					
MIDDLE CANAL						
Char12						
Better off	10-15	6	400	8	2-3	1
Middle	15-20	7	100	4	2	<1
Poor	270	87	<10	1	0	0
	310					
Char13						
Better off	1	1	400	12+	6	1
Middle	70	21	<50	3-4	1	0
Poor	260	78	<5	1	0	0
	330					
Char51						
Better off	-					
Middle	40	16	100-200	12+	5-6	2-3
Poor	100	42	<2	1-2	0	0
V Poor	100	42	0			
	240					
BOTTOM CANAL						
Char01						
Better off	10-12	8	100-200	12	6	0
Middle	60-70	42	<100	8	6	0
Poor	70-80	50	<15	2	0	0
	150					
Char03						
Better off	5	4	300	12+	6	0
Middle	50	27	<50	6	3	0
Poor	125	69	<5	2	0	0
	180					
Char41						
Better off	100	10	100-400	12+	3	1-2
Middle	500	54	5-30	3	2	1-2
Poor	330	36	0			
	930					

(b) Chimtāl

Village	No. of Households	Percent of Households	Land Area (in <i>jerib</i>)	No. of months food provided in good, average & poor years		
				Good	Average	Poor
UPPER CANAL						
Chim19						
Better Off	10-15	1	40 - 50	12+	8	4
Middle	230	19	<10	6	2	0
Poor	960	80	0	0	0	0
	1200					
MIDDLE CANAL						
Chim14						
Better Off	15-20	15	150 - 250	10	6	2
Middle	40	30	20 - 100	6-7	3	0
Poor	70	55	1-10	1	0	0
	130					
BOTTOM CANAL						
Chim08						
Better off	5-10	3	60-250	>12	6	0
Middle	20	7	30-60	6	3	0
Poor	120	40	1-30	3	1	0
V Poor	150	50	0			
	300					
Chim09						
Better off	30	2	> 80	>12	6	0
Middle	270	18	< 30	5	2	0
Poor	1200	80	0	0	0	0
	1500					

Thirdly, middle ranking and better-off households vary by village according to the differences in their land holdings sizes. In some villages, such as Char41⁵¹, the differentiation between better-off and middle-ranking households in terms of land holdings is considerable; in others, including Char01, this is less so. Similar observations hold for Chimtāl. The significant point of comparison is the smaller size of land holdings of better-off households upstream in contrast with those downstream. But here it has to be remembered that there is a better class of land upstream, both in terms of soil quality and, more importantly, the reliability of irrigation. Thus, upstream villages are either 1 or 2 *bawra*, middle stream villages are 2-3 *bawra* and those at the end of the irrigation system 4 *bawra*. This is reflected in yield differences between upper and lower areas, with wheat yields upstream reported to be in the region of 40 *kabul ser* per *jerib* (280 kg per *jerib* or 1400 kg per ha) while those downstream were, at best, half of that (20 *kabul ser* per *jerib* or 700 kg per ha). The use of fertilizer contributes to these yield differences with downstream villages rarely using inorganic fertilizer because of the unreliability of irrigation while upstream farmers often do. Nevertheless in "good" years downstream, where "good" essentially means sufficient spring rains that make production less dependent on irrigation, substantial production can be obtained on large landholdings, providing the household with grain self sufficiency for the year and more. One informant, the largest landowner in a downstream village, claimed that in a good year, wheat production

⁵¹ Villages have been coded and their general location mapped in Pain, "The Spread of Opium Poppy Cultivation in Balkh," 10-11.

could feed his family for at least 60 months as well as providing the means to help other families in need of support.

The key conclusion that arises from this evidence is that most households in the case villages reported here are functionally landless and depend on either off- or non-farm income sources. It is often argued that such households are able to work for those with land either as sharecroppers or as labourers and therefore the landless are also essentially farming households. But how many sharecroppers can a large landowner cultivating wheat actually share land with, even in a good year? In one case a landowner with 40 *jerib* in a mid-canal position reported that he did not sharecrop but employed three to four full-time labourers during the year. In another case the largest landowner, with 400 *jerib* within a village, sharecropped the land with about 20 farmers. A third informant talked of hiring about ten labourers for his 100 *jerib*. It follows that even in good years, landowners can absorb, at best, about 50 percent of non-landowners into off-farm work, and where there are large landholdings downstream, there are severe water constraints. Likewise, the amount of casual labour that can be absorbed on a wheat crop is limited.

The livelihood supporting dimensions of opium poppy production can now be understood, and there are two dimensions to this: the amount of off-farm labour that opium poppy cultivation generated and the rate at which it was paid. In contrast to wheat, which requires about eight labour days per *jerib* (40 per ha), opium poppy requires an estimated 70 labour days per *jerib* (350 per ha)⁵² for planting, managing and harvesting the crop – in short it absorbs eight to nine times more labour per *jerib* than wheat. To put this into context, taking the estimated opium cultivated area of Balkh in 2006, these 7000 ha (equivalent to 35,000 *jerib*) would have generated 2.45 million labour days during 2005-06.⁵³ The value of this off-farm employment could have been equivalent to an estimated US\$19.6 million given wage labour rates of \$8 per day,⁵⁴ although wage labour tended to be paid more in cash upstream than downstream where sharecropping of opium was more common.⁵⁵ For most households, the 40 days of labour that could be obtained by each working male, paid at a rate of 400-500 Afs, generated 20,000 Afs (\$400) that, when combined with other income sources and farm work, provided one year's expenses to maintain the household. As Pain describes, this cash income not only provided households with food security, it was also livelihood securing, allowing investments in livestock for example and increased consumption in general.⁵⁶ It was no wonder that the rural non-farm economy flourished during this time.

5.2 Changes during 2007

Village informants reported that 2006-2007 was an average year with respect to rainfall but the loss of the opium poppy economy to both districts was felt by April 2007 with the decline in off-farm employment opportunities. The fundamental

⁵² See David Mansfield, “The Economic Superiority of Illicit Drug Production: Myth and Reality. Opium Poppy Cultivation in Afghanistan” (prepared for the International Conference on the Role of Alternative Development in Drug Control and Cooperation, Feldafing, Munich, Germany 7-12 January 2001).

⁵³ Suggesting that in 2004-05 with 10,000 ha (50,000 *jerib*) over 3.5 million labour days would have been generated.

⁵⁴ Wage rates reported from working on opium poppy varied and are different for weeding and harvesting which is better paid. An average figure of \$8 has been used for the purposes of calculation.

⁵⁵ Pain, “Spread of Opium Poppy Cultivation in Balkh,” 26

⁵⁶ Pain, “The Spread of Opium Poppy Cultivation in Balkh.”

problems of water distribution remained and the new barrage, built out of concrete to regularise the proportional flow of water between the bottom seven canals, was not yet complete. Many respondents interviewed in April 2007 were already feeling the effects and were deeply concerned, if not angry.⁵⁷ A downturn in the economy was evident, with the non-farm rural economy beginning to contract, informal credit drying up and bride prices declining. Already there were signs of an increased outward migration to Iran.

For the inhabitants of upstream villages, the shift out of opium poppy cultivation could be responded to in two ways: by increasing the amount of cotton cultivated or expanding into cannabis cultivation⁵⁸ (for marijuana), which, as noted earlier, is essentially a companion crop to cotton with respect to its growing season and its water requirements. However, cannabis was not a crop for the water scarce downstream areas⁵⁹ and in various villages discussions, it was commented that this was a crop grown by Pashtun people and not one grown by non-Pashtuns, a statement not entirely supported by field observation in previous years. The expansion into cannabis was noted with alarm by various authorities such as UNODC,⁶⁰ although reporting of the cannabis area prior to 2007 does not seem to have taken place even though its cultivation was widespread.

The returns from cannabis cultivation do not compare with those of opium poppy, and various farmers who reported growing it assessed that the returns were about 20 percent of those derived from opium poppy in the previous year.⁶¹ While there were acceptable financial returns from cannabis for the growers of the crop it did little to compensate for loss in off-farm employment resulting from the closure of the opium poppy economy. According to various sources, the labour requirements of marijuana were about 10-12 labour days per *jerib*, slightly better than those of wheat, but still likely to have been provided by household labour. For example, if an area of 1000 ha of cannabis was cultivated in Balkh in 2007 (there seem not to be actual estimates of the area and this is an estimate made for the sake of argument, although given observations and what informants reported, this is possibly an upper limit), this could have only provided, at best, about 50,000 labour days, around 50 times less than those provided by opium poppy in the previous year. Not only did off-farm employment decrease in the districts but according to key informants the wage rates also declined to about 200-300 Afs per day (\$4-6). Therefore, the total wage employment value that could have been generated from marijuana cultivation might have been around \$0.3 million, 10 percent of that generated by opium in the previous year. Details on the area of cotton are not known and how much it expanded in 2007 is unclear, but the

⁵⁷ Pain, "Spread of Opium Poppy Cultivation in Balkh," 26

⁵⁸ Note that cannabis, like opium poppy, is a multipurpose crop and provides three products – fibre from the stems, oil from the seeds and narcotics from the leaves and flowers.

⁵⁹ Reflecting the water scarcity downstream and the fact it is a long duration (six-month growing cycle) crop and absolute water scarcity downstream. (See UNODC, "Review of the World Cannabis Situation," *Bulletin on Narcotics*, LVIII, no. 1 and 2 (2006).

⁶⁰ There were also comments of alarm over its effects on water distribution.

⁶¹ It is probable that returns to cannabis were being assessed against the years of peak opium prices. Other sources (David Mansfield, personal communication, September 2008) indicate that given the quality of Balkh's cannabis returns per unit area can be higher than for opium poppy and United Nations Office on Drugs and Crime and Government of Afghanistan, Ministry of Counter Narcotics, *Afghanistan Opium Survey 2008, Executive Summary*, (Vienna and Kabul: UNODC, 2008), viii also states that net returns to cannabis are higher for cannabis than opium poppy.

off-farm employment generated by its cultivation was reported by informants to be about the same as that of marijuana providing an estimated 12 labour days per *jerib*.

To sum up, the expansion of marijuana and cotton, confined as they were to the upper-stream areas, could do little to compensate for the loss of employment accompanying the closure of the opium poppy economy due to the lower demand for labour and the decline in wage rates. The loss of such employment affected both landless households upstream and landed and landless households downstream.

For those downstream, with land within the middle reaches of the irrigation system, average production of wheat was obtained but, at best, provided six months of grain supplies for the household, and the returns to any sharecroppers were even less. For those with limited or no land, various possibilities existed. One was to draw down on any assets, such as livestock, accumulated during the better years of opium poppy production. A second possibility was to seek labour work in Mazaar where, during the first year after cultivation stopped, urban demand for labour held up with reasonable daily wage rates (200-300 Afs) and 20-30 days work per month, enough to secure sufficient funds to feed a family. For those households with spare adult labour, migration to Iran also increased.

5.3 Changes during 2008

The winter of 2007-08 was severe with an extended cold spell in January and February that brought back memories of the "Bangladesh year⁶²" in 1970/71, although, perhaps inevitably this spring was seen to be worse than that experienced in 1970/71. The long period of sub-zero temperatures and deep snow increased winter mortality rates of livestock. Table 8 summarises the accounts of various households on their livestock losses in different villages and districts, indicating probable losses ranging from 30 to 100 percent. Cases were also reported of shepherds getting frostbite and losing toes.

Table 8: Livestock holdings in 2007 and 2008 as reported by households

Village	Animal	July 2007	July 2008	% losses
Char01	Goats	40-50	4-5	90
	Sheep	200	30	85
Char 41	Sheep	200	0	100
	Sheep	60-70	6	92
	Sheep	300	22	93
	Sheep	20	3	85
	Sheep	100	6-7	92
	Livestock	-	-	80
Chim19	Sheep	600	400	33
Chim08	Sheep	200	140	30
Chim09	Sheep	60	35	42
	Sheep	15	5	66
	Sheep	20	6	70

The second direct effect of the severe cold was to freeze the irrigation water for about 40 days leading to a lack of irrigation impacting on soil water reserves, although

⁶² Known as the Bangladesh year because the newly independent Bangladesh sent food supplies to Afghanistan when it was in the grip of a famine

melting snow may have partially compensated for this effect. However, with the thaw, not only did the normal flood period (leading to unlimited water flow to all parts of the irrigation system) not happen⁶³ – according to one account it was reduced from a normal 30 days or so to about ten days – but there was a very dry spring with little rainfall. The effects on the wheat crop have been significant with yields even in the upper parts of the district canals dropping to 10-20 percent of last year, and in some cases barely providing a return on the seed sown. Downstream, the seed was not recovered, many fields not yielding any grain and only a reduced straw was left to be harvested. As a result, 2008 has been characterised as a poor year with even landed households not achieving self sufficiency from on-farm production.

Due to the dry spring there were several relatively quick knock-on effects. An immediate one was the loss of employment in wheat cultivation, with no returns for sharecroppers and no work for labourers. One landowner in Chahar Bolaq, who in the previous year had employed 20 labourers, had not employed any this year. With respect to livestock, the dry spring and poor crop yields have led to an acute shortage of fodder and straw prices increased from 600 to 1200 Afs per load in comparison with last year. Downstream, water shortages have also affected livestock. This combination of effects has led to a sharp fall in livestock prices as households, either unable to feed their livestock or in the absence of other sources of income, moved to sell them. Prices for sheep and goats have fallen by about 65-75 percent. Sheep that could be sold last year for 3000-4000 Afs were fetching 1000-1200 Afs in July, reflecting the decline in the condition of sheep on sale and the excess of supply over demand related to the limited purchasing power to buy meat as households reduced consumption expenditure. In one village, toward the bottom of the middle section of Chimtāl canal, it was observed that, “During the opium years, 15 or 16 sheep would be slaughtered in the village at a time and all the meat would disappear. Now not even a sheep can be sold.”

As off-farm employment prospects have dried up within the district, so have the possibilities of non-farm employment in Mazaar. The pool of labour from the districts looking for work has expanded considerably leading to a decline in wage rates to a reported 100-150 Afs per day and less available work. Two informants in the casual labour market reported that they would be lucky to get four to five days of work in a month. They also reported increased harassment by the police in that they were constantly being ordered to move on.

At the same time that the rural economy moved into sharp decline, grain and commodity prices have sharply risen. Table 9 summarises key price movements of basic goods over the last year. In effect, there has therefore been a sharp and absolute decline in the terms of trade leading to a loss of entitlements with respect to access to food for poor households.

Table 9: Price changes (Afs) in key commodities 2006-2008 in Balkh

	Mazar wheat/7 kg	Mazar flour/50 kg	Kunduz rice/7 kg	Local oil/kg
2006	70	700	210	60
2007	70	800	230	80
2008	220	1600	450	110

Source: Mazaar commodity traders

In 2007, it was estimated⁶⁴ that 16 Mazar Sers (equivalent to 224 kg) were required per month to keep a family of ten in its basic staple and a further 10,000 Afs cash or its

⁶³ This, according to the *mirabbashi*, was due to the slow thaw.

⁶⁴ These values were derived from informants' assessments.

equivalent was required to meet other households requirements (oil, tea, sugar, rice etc). In 2006, (see Table 10) assuming that all grain was purchased, based on the 2006 daily wage rates and prices, a total of 25 work days was required each month to feed the family of a landless household. In 2007, the number of work days would have increased to 50 per month. With the increase in prices and decline in wage rates in 2008, a total of 129 labour days would be needed each month. This is an extreme and simplified example (the figures are equivalent to approximately a dollar per day per head), but it illustrates the point. Given the increase in prices and the decline in wage rates, the number of days needed to be worked simply to feed a family of ten has increased five-fold over a two-year time period.

The conclusions from this simple calculation are stark. First, in 2006 a household would need only one active male labourer to survive; by 2008 five active male labourers would be needed. This also assumes that they could each find work of about 25 days per month and it is clear that this work is simply not available either in the district rural economy or in Mazaar.

Table 10: Changes in the need for wage labour 2006-08

	Price Afs/ 7kg Wheat	Cost of 32 Seers wheat	Family Costs Afs/month (\$ equivalent per <i>caput</i> /day)*	Percent increase on costs over 2006	Daily wage rates (% decline from 2006)	Number of days work required to meet monthly family expenses (increase over 2006)
2006	70	2,240	12,240 (\$0.81)	-	500 (-)	24.5 (-)
2007	80	2,560	12,560 (\$0.81)	3%	250 (50%)	50.0 (twice)
2008	200	6,400	19,400 (\$1.30)	60%	150 (70%)	129.0 (five)

*assuming 10 members per family

Households have responded by moving into classic strategies of coping: these include the sale of non-essential or realisable assets, reducing expenditure including consumption, migration of male members (thus reducing consumption needs) and removing boys out of school and sending them as migrants as well. Sources of informal credit have essentially dried up as a cash drought has hit the district. The evidence of these coping strategies becomes stronger further downstream. Many downstream villages are now depopulated of male labour and are struggling to survive with drinking water shortages. Critical to the survival of households is the amount of male labour that they have. Households with one or two male labourers are in a particularly precarious position and the poorest households of all are those that do not have the means to migrate, even if they have men in the household that could. Migration to Iran is an expensive and risky process⁶⁵ and a significant number of migrants get caught and sent back. Even if migrants make it through, finding work and earning enough remittance to support the family is not guaranteed. But there is no choice.

Upstream villages are better placed although the landless are facing difficult times. Even here landlords require less farm labour as a result of a decline in on-farm production, although they may have grain stocks to weather out the current deficit of

⁶⁵ Drawing from various sources, estimates of costs of about \$600 were commonly provided for the cost of being smuggled into Iran. If successful, these costs first had to be paid back before remittances could be paid to the family; if unsuccessful, debts were incurred. It follows that the very poor are often not in a position to migrate. See also comparable figures from David Mansfield, "Opium Poppy Cultivation in Nangarhar and Ghor" (Kabul: Afghan Research and Evaluation Unit, 2006); David Mansfield, "Resurgence and Reductions: Explanations for Changing Levels of Opium Poppy Cultivation in Nangarhar and Ghor in 2006-07" (Kabul: Afghan Research and Evaluation Unit, 2007).

production. For those with stocks, they are holding an asset of increasing value and, assuming irrigation water availability next year, have the potential for high returns on wheat production. For those dependent on the market for access to grain supplies, unless wage rates and the amount of available work rises, both the short and long term prospects for livelihood security are extremely grim.

5.4 Increasing poverty, increasing insecurity

This report has documented the rise of poverty in Balkh over the last two years leading to acute livelihood insecurity. But livelihood insecurity is also caused by a wider context of risk, evidenced in part by the issues over access to irrigation water, as discussed in Section 4. Villagers downstream now regard water distribution practices, controlled by the Irrigation Department, as a matter of economics and stated, "We don't have the money. Imam Sahib paid 60,000 Afs to the irrigation department for water, water is a business issue and even the *woliswal* cannot do anything, it is arranged at the provincial level."

Thus Government itself seems to be part of the problem. The statement from one village leader in mid-Chahar Bolaq spoke for many:

We don't want to go the government: all they do is ask for money. They are all plunderers and snatchers waiting for an incident to happen – all of them: the police, the attorney's office. Even during the Taliban we did not have this problem, people did not get killed and officials could not be bribed. They are just squeezing the people.

The direct experience of one *mirabbashi* illustrates this. As he reported it, he was already facing pressure from the district police because he had refused to collect a monthly informal tax of 5000 Afs from each village for the police. He had been reported to the Attorney's Office on several occasions and when villagers downstream had taken matters into their own hands to release the water they were being denied, he was arrested and jailed. He said he would have been imprisoned for five to six years if he had not paid a bribe of 60,000 Afs (over \$1000) to get out, and he did this by selling of wheat reserves.

In Chahar Bolaq there is a widespread perception that physical security has declined. The head of the one NGO established in the district stated that he had received a letter from the *woliswal* saying that he could no longer take responsibility for their security unless they relocated next to the *woliswal's* office and travelled with armed escort. He agreed that security was getting worse, with sheep being stolen and more violence and attacks by unknown people. The day after he was interviewed a school was burnt down in the village during the night.

One security official openly admitted that security had declined and that "even the police are scared – last week someone from the bazaar was killed on the road."⁶⁶ When the research team travelled to the north of the district, the head of security required that it had an armed escort. He provided one man who was distinctly nervous and commented, "Even the Chief of Police travels with 20 guards – how can I go by myself?"

All informants made a connection between the decline in security and the collapse of the economy. The police guard was explicit and said that, "Security was better in the opium times, people were too busy making money; security issues were only with the

⁶⁶ See: Afghanistan NGO Safety Office, "ANSO Report," 5, which reports that the centre of gravity for incidents remains in Chintal and Chahar Bolaq districts and that the number of incidents were significantly higher than last year.

smugglers. Now unemployment has brought insecurity." The security chief agreed that security was better when opium poppy was cultivated.

6. Conclusions and Implications

It is recognised that the North of Afghanistan has been hit by crop failure this year and with the harsh winter the livestock population has also declined. This has put many poor households at acute risk with respect to achieving food security. The experiences of Balkh, as described in this report, are spread more widely throughout the north of Afghanistan.

The report does not claim that the effects of the drought are in any way directly related to the closure of opium poppy cultivation in its core areas of production in Balkh Province, notably Chimtal and Chahar Bolaq districts. However, it is argued that the sudden end of cultivation initiated a decline in livelihood security for many rural households prior to the drought, the effects of which have been compounded by the harsh winter and subsequent failure of the rains.

The decline in livelihood security in 2007, as shown in this report, can be fairly directly attributed to the loss of benefits from the opium economy. The report indicates that claims of “incentives and development activities” as inducements for farmers to exit out of the opium economy are fairly hollow. In this sense, the end of cultivation can hardly be claimed as a policy success and most certainly not as evidence of improved governance, as the issues of water management clearly illustrate.

The claims for success have been built solely around the indicator of opium poppy area, but there are two parties to this debate, both using the same indicator but drawing different conclusions from it, and for different reasons. For one party the opium area indicator has been taken as evidence of underlying causal changes (incentives and development) for which opium area change is an outcome or goal achievement. The other party uses opium area as a result, something that has been delivered through direct action, and is looking for rewards for having achieved that result. There are flaws in both positions that are mutually reinforcing in terms of their negative consequences. The positions are also contradictory but this difficulty appears to have been glossed over given the mutual desire to claim success.

For the opium area as a “goal” indicator party, the flaw is the lack of evidence to support their claim, an absence underscored by the evidence reported here of a significant rise in livelihood insecurity since the closure of opium poppy production. How can this be seen as evidence of “incentives and development”? For the opium area as a “result” indicator party, the closure of opium production becomes more leverage to obtain development funding for the province, an action that unfortunately is supported by the GPI, which would appear to pay scant attention to how the reduction in opium area was achieved. This is conditionality at its worst and hardly consistent with good development practice at any level.

What should counter-narcotic policy practice have done better in Balkh? First and foremost, it should not have accepted the coerced closure of opium poppy cultivation and should have followed the guidelines of the NDCS, requiring careful monitoring of processes of change and not accepting opium area as an appropriate indicator at this stage. Much more attention should have been paid to visibly demonstrating alternative off- and non-farm labouring opportunities for the majority of rural households who are functionally landless, prior to claiming the existence of incentives or even attempting to close cultivation. Such monitoring should not only have focused on the supply side of labour but sought evidence that the rural landless were accessing such employment. That would have been a minimum position.

Second, it should have built better understanding of the fundamental drivers of opium poppy cultivation in the district, including acknowledging and responding to the distinct pattern of cultivation, with opium poppy concentrated in the better irrigated

areas. It should have understood how underlying patterns of inequality in water distribution, linked to ethnic identities and upstream-downstream positions, were intrinsically connected to this diffusion of cultivation. This would have required that it comprehend the key economic linkages between upstream cultivation by essentially non-poor farmers and the employment benefits provided through sharecropping and direct labouring for poor households, both landless up and downstream as well as water-poor landowners downstream. Non-poor farmers in well-irrigated areas have exit options, poor households do not and exit has been coerced with harsh economic consequences. A more informed understanding of rural livelihoods would have also created the realisation that off-farm prospects of employment for the effectively landless poor would be extremely limited once the opium economy dried up, and measures could have been taken and interventions designed to address this.⁶⁷ This has not happened.

The fundamental intention of counter-narcotics policy in Afghanistan has been to seek to induce behavioural change by farmers. But the emphasis has been on the individual with insufficient attention or understanding of the balance between environmental and contextual factors or determinants that influence why and how people behave. It is an individual decision in the narrowest sense to decide whether or not to cultivate opium, but this decision has to be understood within the context in which such “decisions” are made. The evidence from Balkh highlights the need to locate the social positions of households through understanding “the effects of settlement history on spatial patterns of ethnic identity, layered onto a major irrigation system with structural inequalities, reinforced by water scarcity” and their influences on household decision-making.⁶⁸

Characteristic of Balkh, and a key explanatory factor in relation to the diffusion of opium poppy cultivation, are the contextual conditions of inequality that pervade the two districts of Chimal and Chahar Bolaq. There is no doubt that those in a relatively privileged position – the non poor – benefited most. But the spill over and multiplier effects of its cultivation made a major contribution to the livelihood security of the poor and very poor. The opium economy in effect mitigated some of the effects of the underlying inequalities. Counter-narcotic policy should be equally concerned about addressing these matters; it must not only focus on poverty but on addressing economic inequalities if it is not to have poverty-creating impacts, which unfortunately is precisely what it has happened.

Three levels of intervention are possible with increasing prospects of responding effectively to such poverty inequalities. They would, it is acknowledged, challenge existing power structures and the way that resources are distributed between and within districts. A first step would be to identify and focus on development efforts and interventions in the most disadvantaged communities in these districts without directly tackling the causes that gave rise to the inequalities in the first place.

A second level would again focus on the poorer communities, but would invest systematically in them so that their position was improved relative to that of their better-off neighbours. The third step would be to address the determinants of the structural inequalities that exist in Balkh. This means, first and foremost, the way in which water is distributed both within and between districts. As was found, none of the limited interventions have attempted to deal with the levels of poverty

⁶⁷ In the light of this, the purchase of tractors under the GPI seems particularly problematic. While these may be an incentive for the land and water rich, farm mechanisation has a strong record of being labour displacing, and therefore will have negative consequences for the poor who often derive income from off-farm labour.

⁶⁸ Pain, “ Spread of Opium Poppy Cultivation in Balkh,” 38.

inequalities that exist. In fact, they have ignored them altogether and as a result, either had no impact or – worse – reinforced and strengthened such inequalities, a point well-illustrated by eradication practice.⁶⁹

Will the ban on opium poppy cultivation last in Balkh? Certainly downstream villages are not in a strong position to challenge it, being politically weak and water deprived. Will the upstream villages rebel? Much depends on the extent to which patronage continues to flow from the authorities, but the evidence is that upstream villages are far from happy with the consequences of the end of cultivation, even though for the landed in these villages there is little evidence that livelihood security is at risk. Balkh, though, is not Nangarhar which has more homogenous social identities that can unite to protest. Nevertheless, the outcome of counter-narcotic policy's so-called "successes" in Balkh could yet push disparate groups into a unified protest.

⁶⁹ Pain, "Spread of Opium Poppy Cultivation in Balkh," 29.

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