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TO: Ranjeet Singh, INL

Elisabeth Kvitashvili, USAID

FROM: Dick Scott, Helmand Consultant

SUBJECT: Helmand Follow Up VIII: The 2004 Poppy Crop is Planted

The 2004 poppy crop in Helmand is planted, some of it for more than a month. The seeds have germinated and the labor intensive process of weeding and thinning is beginning. (This labor force could have been working on a Helmand irrigation reconstruction and repair effort.) Each step in the cultivation process represents more farmer and sharecropper investment in the crop and makes it more economically and politically problematical to take out. The partial advance payments for the poppy crop have been made by the speculators to the farmers needing loans. These loans would be based on estimates of jeribs planted and at rock-bottom prices for the yet to be produced opium gum. Apparently the price of raw opium is going up: presently said to be Rs. 70-75,000 per mon.

In the past, loans to the farmers cultivating cotton were made in conjunction with the cotton gin, to be re-paid at harvest time. While there has been talk among the donors and contractors of re-establishing a credit system, to my knowledge nothing has been done. This leaves (a very high percentage of) the farmers in need of loans at the mercy of the moneylenders and speculators. Again, farmers that need loans can get them through the unofficial opium poppy cultivation program, not through the government. While an official loan program may not be thinkable in most of the country, it could very likely be implemented in central Helmand on a selective basis. In the past, small groups achieved loans through the cotton gin.

According to the BBC, via contacts in Lashkar Gah, the governor made an announcement some two weeks ago for the farmers not to plant poppy this year. The timing was off, occurring near the end of or after the planting season. I was told a couple of months ago that the Ministry of Interior had told the governors to make this announcement. We must keep in mind that the government, especially the governors who must face the local farmers in the field, is not in a strong authoritarian position and must have incentives in their negotiations. There have been virtually no economic incentives offered in Helmand. The governor faces the farmers empty handed in negotiations to prevent poppy planting.

The rural committees of elders have been called from the village areas for discussion of events relating to poppy production. There had been some token efforts made with groups of government officials and mullahs touring the villages talking against opium production using the "un-Islamic" argument. But as previously noted, mullahs' statements coming from the government do not have the same impact as the same statement made by Mullah

Omer at the time of the Taliban ban on opium production. The bottom line for farmers is INCOME and the arguments must be economic...if you are not Mullah Omer. Studies in Helmand in the 1970s and in Turkey in the 1960s, suggest that mullahs, like preachers, are expected to reinforce the traditional (Islamic) values and carry on the endless dialogue that occurs in the evening and mosque discussions on religious matters. They should not be expected to have great influence over villagers in discussion of economic or political (government vs. villagers) issues. But again, under the Islamic Taliban government, mullahs' statements took on a very different perspective.

According to one Khan out of central Shamalan (Nawa), so far the discussions with government officials are "just talk". But this talk may be a factor in the reported rise in raw opium prices. Government statements relating to a crop loss, no matter how inconclusive, would make these normally law-abiding (traditional law) cash-cropping farmers and speculators nervous. Many sustained economic loss even under the government sponsored and British funded eradication program two seasons ago when they were to receive compensation for plowed poppy fields, through bad management and misappropriation of program funds.

Apparently DAI has received some funding to re-start the Drainage Rehabilitation Project after a couple of months of shut-down. This shut-down, perfectly timed, was one of the nails in the coffin of the possibility to block the re-emergence of poppy production in central Helmand this year. A major labor intensive effort underway would have given Governor Sher Mohammad a strong argument in his negotiations with the farmers not to plant poppy. He had this argument in the fall of 2002. As far as I can tell, the governor had (has)virtually no incentives for the farmers in his present negotiations.

Recommendation: When this drainage project again gets underway, all the mid and lower level supervisors should be hired locally and not be brought in from other provinces, as was the case by the time of the work shut down. This project and funding should be focused to bring maximum benefit to Helmand and its people. These sorts of details, and timing define success or failure for a project and its objectives.

The work on the Lashkar Gah to Marja road has been completed and is much appreciated by the government, the vehicle owners and anyone who travels by vehicle between the two locations. It was a very rough road and very hard on vehicles and the people in them. And work has started on the Shamalan Canal service road that used to be the primary route between Lashkar Gah and Darwishan. Presently there are smoother high speed desert tracks that by-pass much of the canal road but this route still serves most of the villages and population of Shamalan (Nawa). In some areas, you actually drive down into and out of pot holes.

Recommendations: This work on the Shamalan Canal service road should involve a more labor intensive effort. While hand labor tends to be slower than machinery, it puts more cash into the pockets of the less affluent elements of Helmand society: farm labor and share-croppers, and less into the hands of the equipment owners.

Helmand Construction Unit (HCU), the still existing organization responsible for the maintenance of the irrigation system and the support infrastructure was not involved with the Marja road construction effort. It would be logical to involve them in the reconstruction work of the regional infrastructure for which they are responsible.

The Boghra Canal, the source of water for the central Helmand irrigation system, will be closed down for annual maintenance around the 20th of January. Hopefully the groups planning work on the system will be organized (this week) by that time. I have no information on the UN funded project chief-of-party for the planned work on the Shamalan Canal wash outs. Apparently the cement deliveries (noted in Helmand Follow Up VII) for the project have been completed. The COP left the country before the Christmas holidays, at the time of one of the Kandahar bombings. The present security worries in Kandahar may delay his return and the project start.

As of two weeks ago, some 2,700 tons of raw cotton have been delivered to the Lashkar Gah cotton gin by the farmers. We should have a better idea of what is happening with this year's cotton crop by the end of next month. As noted, many farmers said they would not sell to the gin at the going price but the gin has a monopoly on the market aside from enterprising speculators. But many farmers must sell their cotton. They have debts to pay and/or they need(ed) the money to plant this season's crops without going into debt, and to live. The bottom line is income.

Central Asia Development Group (CADG) has apparently purchased some 30 tons of peanuts out of central Helmand for processing in Kandahar. But the usual buyers from Ghazni (the buyers for the Pakistan market) never showed. The price on the wholesale market in Lashkar Gah has dropped somewhat to Rs. 65-70 per mon. The military operations along the Afghan-Pakistan border have likely delayed the arrival of the buyers. My understanding is that the peanut shipments to Pakistan go through the Tribal Areas, by-passing customs. Military operations, including the less face-to-face aircraft operations, are a major threat to truckloads of peanuts.

It is unclear what the international community might be planning (if anything) to do with this year's bumper crop of opium poppy planted in central Helmand. As I have frequently pointed out, central Helmand farmers are unlike the subsistence farmers of most of the rest of Afghanistan. They are knowledgeable, mechanized, double crop, cash crop farmers with established and developing cash crops, like cotton, peanuts, vegetables, melons and grains, with a good source of irrigation water (the Helmand River) and a well designed and constructed irrigation system. I suggest that their move back into opium production is as much a political statement as it is an economic move, in part in response to the government's (and donor's) rejection to their request for an increase in the price paid for raw cotton, among other things. Many of these farmers have stated that they do not need opium poppy as a cash crop. These farmers and their leaders are very effective political negotiators in dealing with the government but they will negotiate, if officials will take the time to talk to them. As previously noted, they produced some 40 percent of the country's opium gum during the bumper crop year of 1998-99 and this year's crop, just planted, is estimated to be bigger. We allowed it to be planted through inaction.

If there is a plan to repeat the 2002 tactic to pay the farmers for poppy fields eradicated, I would suggest the following (not to repeat previous mistakes):

1. Eradicate the fields before the March early planting season for cotton, peanuts and some vegetables. Timing is important to reduce the over all negative impact of the lost crop. This would also be true if the program were an eradication only action, no payment, and it would increase cotton and peanut production. In 2002, the eradication started at opium harvest time in April and too late for the most productive planting time for cotton and peanuts that need longer growing seasons.
2. Plan and establish the system for identifying and paying for the eradicated fields well before the planned start-up date. NOW. In 2002, it was a rushed job that resulted in a flawed program. Involve people like Eng. Dawari (head of HAVA) and agriculturalist Abdul Samad Barak in the planning stages. They were involved in the 2002 program and are aware of the pitfalls not to repeat. Local tractor owners were contracted to work with the eradication program in 2002 when the percentage of farmers with poppy fields was small. I suspect it may be difficult to get tractor owners to work with an eradication program this large this year especially if the program is one without compensation to the farmers. The local political pressures will be great not to cooperate and most tractor owners will have poppy fields of their own.
3. Have UNDCP and donor staff directly involved in the planning and implementation stages of the operation and not in the role of indirect observers only, as in 2002. This will be difficult and unsafe.
4. As a past Research and Evaluation Officer for USAID, and later experience in project design and management, I have a relatively good eye for identifying elements that most commonly result in project failure. As in the past, I offer my services to help plan and organize a paid eradication program but not for an uncompensated program. Bring in the army for that.

As we all know, it sets a bad precedent to pay farmers not to plant poppy or for poppy already planted. It sets a worse precedent if the eradication program is flawed in implementation as in 2002. As previously noted, the central Helmand farmers made attempts to set the stage for another year with limited or no poppy but were refused. An increase in cotton prices would have been a first step.

We are presently at a stalemate, as I see it, primarily through our own inaction. Serious political moves are needed now on the part of the government and the donors to solve the problem. But the governor, who will be the front-lines spokesman, needs some strong economic incentives to offer in the negotiations and not simply put in the position of negotiating on the basis of non-existent authoritarian rule.