EXECUTIVE SUMMARY

Key Findings

- Afghanistan's illicit drug economy is unprecedented in its scale and has been deeply entrenched within the country since the 1980s.
- Temporary decreases in poppy cultivation and heroin production, driven by market forces, acts of nature, or policies, have not been sustained or sustainable.
- Structural drivers of the illicit drug economy—insecurity, political struggles, and a lack of economic alternatives—remain unaddressed and cannot easily be overcome for years to come.
- Although the illicit drug economy exacerbates insecurity, strengthens corruption, produces macroeconomic distortions, and contributes to drug use, it also provides a vital lifeline for many Afghans and enhances their human security.
- Most counternarcotics measures adopted since 2001 have been ineffective or outright counterproductive economically, politically, and with respect to counterinsurgency and stabilization efforts.
- Eradication and bans on opium poppy cultivation, often borne by the poorest and most socially marginalized, have generated extensive political capital for the Taliban and undermined counterinsurgency.
- The Obama administration's decision to defund centrally-led eradication, a courageous break with U.S. counternarcotics dogma, is correct.
- Selective interdiction focused on Taliban-linked traffickers, conducted by the North Atlantic Treaty Organization's International Security Assistance Force for Afghanistan between 2008 and 2014, complicated the Taliban's logistics, but did not severely weaken the Taliban.
- Alternative livelihoods efforts, when available, are poorly designed and ineffective and rarely have generated sustainable income for poppy-production-dependent populations.

Policy Recommendations

- Counternarcotics policies in Afghanistan should be judicious, well-sequenced, and well-prioritized.
- Eradication should remain suspended. It should only be undertaken in areas where a legal economy already exists and generates sufficient livelihoods.
- Interdiction operations should predominantly target the most dangerous actors, such as international terrorist groups, the Taliban, and violent disruptive powerbrokers.
- Alternative livelihoods efforts should be streamlined into overall economic development and human capital development. Focusing on secure areas, such efforts must include both rebuilding the rural economy and creating off-farm opportunities.
- Improving access to treatment for addicts and undertaking smart approaches to prevent opiate abuse should be greatly elevated in policy and funded far more extensively than has been the case so far.
Introduction

Perhaps nowhere in the world has a country and the international community faced an illicit drug economy as strong as the one in Afghanistan. In 2007 and 2008, the drug economy reached levels that had thus far been unprecedented in the world, at least since World War II, with 2014 being another very high year. But neither opium poppy cultivation nor heroin production is a new, post-2001 phenomenon; each robustly existed during the Taliban era and before. Whatever decreases in poppy cultivation and opiate production have taken place over the past decade, they have largely been driven by the saturation of global and local drug markets, poppy crop disease, or temporary coercive measures in certain parts of Afghanistan that could nonetheless not be sustained and have mostly already broken down. The structural drivers of the Afghan poppy economy, including, critically, insecurity, political power arrangements, and a lack of ready economic alternatives, remain unchanged.

Narcotics production and counternarcotics policies in Afghanistan are of critical importance not only for internal and global drug control, but also for the security, reconstruction, and rule-of-law efforts within the country. Unfortunately, many of the counternarcotics policies adopted during most of the 2000s not only failed to reduce the size and scope of the illicit economy in Afghanistan, but also had serious counterproductive effects on the other objectives of peace, state-building, and economic reconstruction. In a courageous break with a previous counterproductive policy, the U.S. administration of President Barack Obama wisely decided in 2009 to scale back poppy eradication in Afghanistan, but it struggled to implement its new strategy effectively. Although the Obama administration backed away from centrally-led eradication, Afghan governor-led eradication haphazardly goes on; the interdiction policy adopted in 2008 by the North Atlantic Treaty Organization’s (NATO) International Security Assistance Force for Afghanistan (ISAF) at times approximated eradication in its negative effects on farmers’ well-being and their receptivity to Taliban mobilization; and rural development policies have failed to address the structural drivers of poppy cultivation. The Taliban and related insurgencies have not been robustly defeated and continue to pose a serious threat to the survival of the Afghan government and as a potential trigger of an expanded civil war. As U.S. and ISAF troops are significantly reducing their presence and preparing to depart Afghanistan by 2017, they are handing over to the Afghan security forces and people an ongoing war that significantly intensified in 2014.1 Although both Russia and the United States have supported counternarcotics policies in Central Asia, such as interdiction training, these efforts have achieved little systematic effect on either reducing illicit flows, the strength of organized crime, and corruption in the region or encouraging regional cooperation.

Even under the most auspicious circumstances—unlikely to be present in the country for years—a significant, sustained reduction of opium poppy cultivation would require years, even decades, of systematic and well-designed efforts. Currently, much of what counternarcotics policies can accomplish and should emphasize is avoiding making the situation worse, preventing a further destabilization of Afghanistan, mitigating some of the most serious terrorism threats, and harmonizing counternarcotics measures with counterinsurgency, stabilization, and state-building policies.

Drug Trends in Afghanistan

In 2007 Afghan opium production climbed to a staggering 8,200 metric tons (mt).2 As a result of the subsequent oversaturation of the illicit opiates market and the intense outbreak of a poppy disease,

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production fell to 3,600 mt in 2010; it then rose again to 5,800 mt in 2011, and remained with some fluctuations at this level. In 2014 the estimated opium production was 6,400 mt, up from 5,500 mt in 2013. These levels of production are enough to supply most of the world's opiates market.

For two decades, opium has been Afghanistan's leading cash-generating economic activity. Valued at the border, profits from opiates represent about 10-15 percent of gross domestic product (GDP). But when one takes into account macroeconomic spillovers, with drugs underpinning much of the other legal economic activity, drugs easily constitute between a third and a half of the overall economy. The United Nations Office on Drugs and Crime (UNODC) provides a smaller number—namely, that the farmgate value of opium production in Afghanistan represents a single-digit share of GDP, such as about 4 percent of the country's GDP in 2013. But this number is misleading. By focusing on farmgate value only, this number does not take into account value-added in Afghanistan or economic spillover effects, such as the fact that much of the consumption of durables and non-durables, as well as the construction industry, is underpinned by the opium poppy economy.

For much of the rural population, the opium poppy economy is an essential source of basic livelihoods and human security. When access to the opium poppy economy is cut off, such as through bans on cultivation or eradication, large segments of the rural population face economic immiseration and deprivation, even in terms of access to food, medical treatment, and schooling for children.

The significance of opium poppy production for the Afghan economy, and crucially for employment, will only grow as Afghanistan will continue to experience serious economic and fiscal crises. These economic difficulties stem from the departure of international military forces, the presence of which structured much of economic activity in Afghanistan over the past decade; political instability and corruption; and persisting insecurity. The results are a significant drop in investment and an increase capital flight.

Opium continues to underlie much of Afghanistan's economic and political life throughout the country, and not simply in the southern province of Helmand, where most of opium poppy cultivation currently takes place. Poppy is deeply entwined in the socio-economic fabric of the country, and hence, inescapably, in its political arrangements and power relations. The Taliban is profiting from the drug trade, as are various criminal gangs, which often are connected to the government, the Afghan police, tribal elites, and many ex-warlords-cum-government officials, at various levels. Measuring the size of illicit economies and any derivative numbers, such as profit levels, is notoriously difficult, but it is estimated that somewhere between 20-40 percent of the Taliban's income comes from drugs. It is important to note that drug revenue is still, at most, only about half of the Taliban's income. This fact has important implications for

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counternarcotics and counterinsurgency strategies, especially since eliminating the Taliban's financial base through counternarcotics efforts is often seen as a key element of the counterinsurgency strategy.  

Although time series, baselines, and reliable data are lacking, there is a widespread sense that opiate use and abuse have been on a dangerous rise in Afghanistan. The U.S. government highlights the "alarming prevalence of drug use among adult men and women, adolescents, and children." The United Nations (UN) estimates that there are as many as 1.6 million drug users in Afghan cities and perhaps another 3 million in the rural areas. The Afghan Ministry of Counter narcotics posits that 2.7 percent of the adult population in Afghanistan are regular opiate users, and that there have been substantial increases in the use of both opium and heroin in the last few years. The U.S. Department of State assesses that 3.5 percent of Afghan adults use some form of opioids. (Given the lack of baselines and constrains on survey access, the robustness of such data is limited.) Without doubt, however, a confluence of dangerous conditions spurs on drug abuse: a highly traumatized population dealing with economic deprivation, insecurity, and war; the availability of cheap drugs; and a regional setting of extensive drug use in Pakistan, Iran, Central Asia, and Russia, to which Afghan migrants and refugees are frequently exposed.

**Threats and Harms the Drug Economy Generates**

The Taliban's sponsorship of the illicit economy strengthens the insurgents physically, by enhancing their financial resources and simplifying their procurement and logistics. But it also greatly strengthens the Taliban politically. This is because the Taliban's protection of the illicit economy allows the insurgents to protect the population's basic livelihood. Because of the lack of security and a host of structural factors that prevent the population from accessing economic inputs and markets, opium remains frequently the only viable livelihood source for vast segments of the rural population. As discussed below, this political capital secured by the Taliban is augmented greatly by government eradication and bans on opium poppy cultivation.

A second set of threats that the opium poppy economy generates is intensification of local criminality and conflicts among criminal groups and powerbrokers not related to the Taliban. There is a risk that fighting over the spoils of the drug economy among these actors will intensify and further undermine local security, as their funding from other sources, such as from the usurpation of economic aid or contracts related to the presence of international military forces in Afghanistan, dries up. In a political system underpinned by patronage, where the center for over a decade paid off warlords and powerbrokers by tolerating corruption and not enforcing rule of law, the opium poppy economy has been a key mechanism of keeping such actors anchored in the political system. Such a political management approach contradicts the acute need to improve governance; but it is also driven by the weakness of the center. Thus, should middle-level powerbrokers in particular face a reduced access to the opium poppy economy, they might exhibit a greater willingness to challenge the system, instigate instability, and even trigger intensified and highly complex violence outright.


In addition to the continually difficult and complex security situation in large parts of Afghanistan, and the still intense insurgency and continued risk of civil war, the pervasive lack of rule of law also undermines governance and fuels corruption. With strong origins in centuries of patronage, corruption is critically exacerbated by large inflows of money, not just from the drug trade, but also from foreign aid. Nonetheless, the drug economy further augments extensive corruption. In turn, corruption severely hampers the efficiency of the state and the population's trust in government institutions. This has become critical in Afghanistan, where overall governance is poor, and abuses of power and usurpation of public resources and private money are extensive.

Indeed, during the administration of President Hamid Karzai (December 2001 through August 2014), Afghans became disconnected and alienated from the national government and the country’s other power arrangements. They became profoundly dissatisfied with Kabul’s inability and unwillingness to provide basic public services and with the widespread corruption of the power elites. They intensely resent the abuse of power, impunity, and lack of justice that have become entrenched over the past decade. After an initial period of hope and promise following Taliban rule, governance in Afghanistan came to be defined by weak-functioning state institutions unable and unwilling to uniformly enforce laws and policies. Instead, official and unofficial powerbrokers have issued exceptions from law enforcement to their networks of clients, who have thus been able to reap high economic benefits and even get away with major crimes.

The so-called National Unity Government (NUG)—of President Ashraf Ghani and Chief Executive Officer (and Ghani’s rival) Abdullah Abdullah—that emerged as a negotiated settlement to a difficult and contested 2014 presidential election promises to tackle corruption. Indeed, the government’s key domestic mandate is precisely to reduce abuses of power and improve governance. At the same time, the actual power and capacity of the new government is highly limited and going after corruption and illegality will require careful calibration, sequencing, and difficult trade-offs. Predictably, the NUG is shaping up to be a difficult beast, one that is preoccupied with internal power competition and struggling to satisfy powerbrokers that lie behind the president and the CEO. Thus, in the first six months of the new government, much of its focus and energy were eaten up simply by trying to form a cabinet, rather than by undertaking extensive governance reforms.

An anti-corruption agenda, including related to the drug economy, is also a key demand of international donors and sponsors of the Afghan government. Without continued foreign aid, Afghan security forces could buckle, and insecurity and international terrorism would increase greatly while the country’s economic morass would deepen. Yet the level of narcotics production in Afghanistan has generated intense criticism of the Afghan government from various international actors, such as Russia, and concern among many others, including China and Iran; and reductions in narcotics production might become a key international demand for sustained aid flows. Once again, a complex and careful balancing by the Afghan government will be required to satisfy counternarcotics pressures from the international community while it strives at the same time to enhance stability, avoid civil war, address the needs of the Afghan people, and preserve the survival of the current political dispensation in the country.

Third, even as the opium poppy economy is the source of basic livelihoods for many Afghans and a very large component of the country’s GDP, it has complex macroeconomic effects. On the one hand, the opium poppy economy is the principal economic activity and lifeline. On the other hand, the illegal economy also generates macroeconomic distortions, such as inflation, real estate speculation, and the Dutch disease of making other sectors comparatively uncompetitive.

Finally, as already described, the low cost and easy availability of opiates is contributing to a serious and perhaps worsening public health crisis of drug use.
Counternarcotics Policies in Afghanistan
Over the Past Decade

The initial objective of the U.S. intervention in 2001 was to degrade al Qaeda capabilities and institute regime change in Afghanistan. Dealing with the illicit economy was not considered to be integral to the military objectives. Thus, until 2003, U.S. counternarcotics policy in Afghanistan was essentially laissez-faire. The U.S. military understood that it would not be able to obtain intelligence on the Taliban and al Qaeda if it tried to eradicate poppy. Meanwhile, it relied on key warlords, who were often deeply involved in the drug economy since the 1980s, not simply to provide intelligence on the Taliban, but also to carry out direct military operations against the Taliban and al Qaeda.15

Under a concept of “lead nations” for the international assistance mission in Afghanistan, with a specific country being responsible for reconstruction in a specific sector, Britain was tasked in 2002 with counternarcotics. Sensitive to the political problems associated with eliminating the rural population’s livelihoods, Britain at first deployed a compensated eradication program. Thus, during the 2002-2003 poppy growing season, Britain promised to pay US$350 to farmers for each jerib (unit of area) of poppy they themselves eradicated, with US$71.75 million committed for the program.16 But from the outset, the policy was plagued by numerous problems, including corruption and moral hazard, and thus the policy was aborted in less than a year.17

By 2004, increased interdiction was undertaken instead. Its goal was to target large traffickers and processing laboratories. Immediately, however, the effort was manipulated by local Afghan strongmen to eliminate drug competition and ethnic, tribal, and other political rivals. Instead of targeting top echelons of the drug economy, many of whom had considerable political clout, interdiction operations were largely conducted against small vulnerable traders who could neither sufficiently bribe nor adequately intimidate the interdiction teams and their supervisors within the Afghan government. The result was a significant vertical integration of the drug industry in Afghanistan.18

The other—again undesirable—effect of how interdiction was carried out was that it allowed the Taliban to re integrate itself into the Afghan drug trade. Having regrouped in Pakistan, the Taliban was once again needed to provide protection to traffickers targeted by interdiction.19

Alarmed by the spread of opium poppy cultivation, some public officials in the United States in 2004 and 2005 also started calling for a strong poppy eradication campaign, including aerial spraying.20 Thus, between 2004 and 2009, manual eradication was carried out by central Afghan units trained by DynCorp, as well as by regional governors and their forces. Violent strikes and social protests immediately rose up against it. Another wave of eradication took place in 2005, when reduction in poppy cultivation was achieved. Most of the reduction was due to cultivation suppression in Nangarhar province, where, through promises of alternative development and threats of imprisonment, production was slashed by 90 percent.21

However, alternative livelihoods never materialized for many. The Cash-for-Work programs reached only

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14 Pain, Opium Trading Systems.
a small percentage of the population in Nangarhar, mainly those living close to cities. The overall pauperization of the population there was devastating. Unable to repay debts, many farmers were forced to sell their daughters as young as three years old as brides or abscond to Pakistan. In Pakistan, the refugees have frequently ended up in the radical Deobandi madrasas and have begun refilling the ranks of the Taliban. Apart from incorporating the displaced farmers into their ranks, the Taliban also began to protect the farmers’ opium fields, in addition to protecting traffic. In fact, the antagonized poppy farmers came to constitute a strong and key base of support for the Taliban, denying intelligence to ISAF and providing it to the Taliban. Just like interdiction, eradication has been plagued by massive corruption problems, with powerful elites able to bribe or coerce their way out of having their opium poppy fields destroyed or able to direct eradication against their political opponents; and with the poorest farmers, most vulnerable to Taliban mobilization, bearing the brunt of eradication.

Moreover, the reductions in opium poppy cultivation due to eradication were not sustained. By 2007, cultivation in Nangarhar reached almost the same level as before the 2005 eradication campaign. In 2008, Gul Agha Sherzai, governor of Nangarhar until 2013, instituted a new ban on opium poppy and managed to keep cultivation negligible for several years through a combination of buyoffs of influential maliks (tribal elders), promises of alternative livelihoods, and threats of poppy crop eradication and imprisonment of violators. Farmers close to the provincial capital of Jalalabad often managed to cope by switching to crops such as vegetables, increasing dairy production, and working in construction cash-for-work programs. Farmers away from the provincial center, such as in the districts of Achin, Khogyani, and Shinwar, have suffered great economic deprivation. Since in many cases their income has crashed by about 80 percent and no alternative livelihoods programs have been available to them, their political restlessness and outright support for the Taliban have steadily grown. Those areas have seen great levels of instability; intensified tribal conflict over land, water, and access to resource handouts from the international community; rebellions of young men against the local maliks supporting eradication; physical attacks on eradication teams; intense Taliban mobilization; and increased flows of militants into and through Nangarhar Province from Pakistan.

When Gul Agha Sherzai left Nangarhar to run in Afghanistan’s 2014 presidential elections, the Nangarhar population affected by the poppy bans was significantly alienated from the provincial and national government authorities. Moreover, in the absence of economic alternatives for many, poppy cultivation subsequently returned robustly. For fear of further driving up support for the Taliban and destabilizing the strategic province, Afghan security forces and new provincial authorities did not dare undertake significant eradication drives in 2014. To recap, eradication and opium poppy bans have had the following effects:

1. They did not bankrupt the Taliban. In fact, the Taliban reconstituted itself in Pakistan between 2002 and 2004 without access to large profits.

23 For details, see, Felbab-Brown, Shooting Up, 149-154.
27 See, for example, David Mansfield, “Clutching at Straws? The Afghan State’s Attempts at Re-asserting Territorial Control in Nangarhar in the Run Up to Transition,” March 21, 2014.
from drugs, rebuilding its material base largely from donations from Pakistan and the Middle East and from profits from another illicit economy, the illegal trafficking of licit goods between Pakistan and Afghanistan.

2. Eradication strengthened the Taliban physically by driving economic refugees into its arms.

3. Eradication alienated the local population from the national government as well as from local tribal elites that agreed to eradication, thus creating a key opening for Taliban mobilization.28

4. Crucially, eradication undermined the motivation of the local population to provide intelligence on the Taliban to the counterinsurgents, while it motivated the population to provide intelligence to the Taliban.

5. The local eradicators themselves were in the position to best profit from counternarcotics policies, being able to eliminate competition—business and political alike—and alter market concentration and prices, at least in the short term and within their area of operations.

Recognizing the counterproductive effects of eradication, the Obama administration broke with decades of U.S. counternarcotics policies and in 2009 defunded centrally-led eradication in Afghanistan. Although the United States government continues to provide limited funding and technical assistance to Afghan governors who decide to proceed with eradication,29 the core components of the Obama administration counternarcotics policy have been interdiction of Taliban-linked drug traffickers and rural development. Scaling back eradication strongly enhanced the new counterinsurgency policy focus of the Obama administration on providing security to the rural population. However, the successes in reducing instability and the size of the drug economy also depend on the actual operationalization of the strategy, and much of that has faltered or been misguided.

The Obama administration decided to gear the interdiction policy primarily toward Taliban-linked traffickers. Going after these particular traffickers became the sole counternarcotics mandate of ISAF forces, though other international and Afghan counternarcotics units, with U.S. Drug Enforcement Administration assistance, could target other traffickers as well. ISAF’s interdiction efforts have sought to reduce the flows of weapons, money, drugs, precursor agents, and improvised explosive device (IED) components to the Taliban, with the goal of degrading the Taliban’s finances and physical resources and dismantling its logistical networks. Although hundreds of interdiction raids have now been conducted, especially in southern Afghanistan, and large quantities of opium and IEDs have been seized in these operations, it is questionable whether the impact on the Taliban’s resource flows has been more than local.

On the other hand, large-scale military operations to clear the Taliban from particular areas, such as Marja, within Helmand Province, had more pronounced effects on the insurgents’ funding capacity and resource flows.30 When local funding sources were disrupted, local level Taliban commanders required additional money from their higher-up commanders in Pakistan to purchase more significant equipment, such as vehicles and heavy machine guns—often a point of contention between local commanders and their bosses in Pakistan.31 Preventing the Taliban from accessing established funding streams thus complicated the operational capacity of lower-level Taliban commanders, who found it easier to replace personnel

than equipment. Nonetheless, with the withdrawal of most U.S. and ISAF forces by the end of 2014, when ISAF’s combat mission against the Taliban came to an end, many of these disruptive effects on the Taliban’s logistics have not been sustained. Moreover, even at the height of the U.S. military surge in Afghanistan between 2010 and 2012, the cumulative effects of the narcotics interdiction effort to suppress the Taliban’s financial flows did not affect their activities and sustainability at the strategic level. This is because the Taliban fundraising policy has long been to tax any economic activities in the areas where the insurgents operate—be it sheep herding in the north, illegal logging in the east, or National Solidarity Program projects in the center. Its economic portfolio is highly diverse.

The strongest effect of focusing interdiction on Taliban-linked traffickers was to temporarily complicate the Taliban’s logistical chains, since many of its logistical operatives move IED materials as well as drugs. In combination with ISAF’s targeting of mid-level commanders, ISAF’s interdiction policy thus likely made the Taliban’s operations in southern Afghanistan more difficult.

But in the zeal to disrupt the Taliban’s logistical chains and weaken its command structures, ISAF’s counternarcotics interdiction policy strayed from the selectivity that had been carefully crafted into the design of the Obama administration’s counternarcotics strategy.32 ISAF units often had no easy way to ascertain whether a Taliban insurgent was a middle-level commander or a key logistical operator involved in the drug trade. What does it take to be a middle-level commander—being in charge of three, ten, or one hundred Taliban?33 If the Taliban provides protection for the opium poppy economy, at what point does a local opium trader also get labeled a Taliban logistical operative? Moreover, the strategy of using night raids and house searches to both capture “high-value” (whatever that actually means) targets and search for drugs and explosives blurred the distinction between farmers and high-value drug traffickers and Taliban operatives. Does the fact that a household has opium make the household members Taliban supporters? Obviously not, since many rural Afghans do not hold their assets as cash in a bank but rather as opium stocks at home. Thus, particularly in Helmand, Kandahar, and Nangarhar, where during the military surge U.S. forces conducted extensive and frequent house searches, they often seized any opium, perhaps under the belief that they were destroying Taliban stockpiles. But in doing so, they often wiped out the entire savings of a household. Thus, in areas that have been subject to intense interdiction raids, such as the Marja or Nad Ali districts of Helmand, the effects of supposedly selective and hearts-and-minds-oriented interdiction in fact resembled those of blanket eradication.34 Indeed, their impact on the economic well-being of a household could even be more detrimental than that of eradication, because after eradication, a family still can have a chance to replant; but such interdiction seizures could eliminate at once all of a household’s long-term assets. The counterproductive effects on stability and the counterinsurgency campaign thus mimicked those of eradication: intense alienation of the affected population from the Afghan government and ISAF forces, and susceptibility to Taliban mobilization. Meanwhile, the opium poppy economy frequently shifted to areas that were less intensely patrolled by ISAF and the Afghan government.35

While the implementation of ISAF’s interdiction policy at various times failed to distinguish between small and high-level traders, its selectivity in targeting Taliban-linked traffickers only, while an appropriate choice, also nonetheless generated problematic

32 Ibid, 15.
35 For details on how the opium poppy economy shifted to northern Helmand, for example, see Mansfield, From Bad They Made It Worse.
side-effects. One was to signal to Afghan power brokers that the best way to conduct the drug business in Afghanistan is to be closely aligned with the Afghan government and, better yet, to provide counterinsurgency services—such as intelligence, militias, and real estate property—to ISAF.

The very hard choice of pursuing only a certain type of trafficker—namely, those linked to the Taliban—may well be necessary and appropriate under conditions of insurgency and a very extensive drug economy that includes all types of actors, including government officials. But coupling such hard choices with indiscriminate seizure of opium stocks at the level of the household (frequently poor households) further alienated the population from the government. Moreover, it inadvertently defined as good policy the favoring of the most powerful actors, thus contradicting public claims of accountable governance. But tackling corruption in Afghanistan is no easy task. The international community and ISAF forces continually relied on problematic but "useful" powerbrokers who could deliver protection, intelligence, or military action against the Taliban even as they undermined governance, engaged in criminality, and instigated other forms of conflict. The new National Unity Government has not itself escaped those contradictions and complexities, and continues to be constrained by political sensitivities and dependencies on problematic powerbrokers.

Whatever counternarcotics interdiction efforts thus continue to be undertaken—now by Afghan military forces or special Afghan counternarcotics units, as after 2014 ISAF no longer engages in anti-Taliban combat operations—they inevitably continue to be warped by corruption. Even when big traffickers are captured, they often easily bribe their way out of prison.37

**Economic development efforts** by the international community in Afghanistan, including alternative livelihoods efforts, have been plagued by a vacillation between two competing understandings of the purpose of economic development projects. Is the purpose of the economic projects to buy off the population and wean it off from the insurgents or are the economic efforts designed to produce long-term sustainable development?

The buy-off concept included so-called "quick-impact projects" carried out by the U.S. military, with money from the Commander's Emergency Response Program (CERP), or through ISAF’s military-civilian Provincial Reconstruction Teams (PRTs) that operated in Afghanistan between 2002 and 2013, as well as through so-called "economic stabilization projects," also known as the District Delivery Program or District Stabilization Framework, carried out by the United States Agency for International Development (USAID). The latter were designed as short-term cash-for-work programs, lasting weeks or at best months. Their goals were to keep Afghan males employed, so that economic necessities did not drive them to join the Taliban, and to secure the allegiance of the population who, ideally, would provide intelligence on the insurgents. Under this concept, U.S. economic development efforts prioritized the most violent areas. Accordingly, the vast majority of the $250 million USAID Afghanistan budget for the surge year of 2010, for example, went to only two provinces: Kandahar and Helmand.39

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38 PRT Team leaders had the authority to disburse up to $25,000 for individual projects and up to $100,000 per month.

Helmand’s Nawa district, for example, USAID spent upward of $30 million within nine months, in what some dubbed “[the] carpet bombing of Nawa with cash.”40 With the population of Nawa being 75,000 people, such aid amounted to $400 per person, while Afghanistan’s per capita income is only $300 per year. Although U.S. government officials emphasized that these stabilization programs generated tens of thousands of jobs within southern Afghanistan, many of the efforts were unsustainable short-lived programs, such as canal cleaning and grain-storage and road building, or small grants, such as for seeds and fertilizers.41 Characteristically, they collapsed as soon as the money ran out, often in the span of several weeks. Nor was adequate consideration given to the development of assured markets; consequently, much of the produce cultivated under the USAID-contracted programs sometimes did not find buyers and rotted.

There is also little evidence that these programs secured the allegiance of the population to either the Afghan government or ISAF forces, or resulted in increases in intelligence from the population on the Taliban.42 But as many of these programs were budgeted to run only through October 2010 or December 2010 (then to be replaced by long-term sustainable development, which the persisting insecurity often continually prevented), their closure sometimes antagonized the population by disappointing their raised expectations.

Because of the complexity and opacity of Afghanistan’s political, economic, and contracting scene, many of these international programs flowed to problematic, discriminatory, and corrupt power-brokers, generating further resentment among the population, and intensifying Afghanistan’s rampant corruption and lack of accountability. At other times, they have spurred new tribal rivalries and community tensions.43 Nor have these programs yet addressed the structural deficiencies of the rural economy in Afghanistan, including the drivers of poppy cultivation. A micro-credit system, for example, continues to be lacking throughout much of Afghanistan. In fact, many of the stabilization efforts, such as wheat distribution or grant programs, directly undermine some of the long-term imperatives for addressing the structural market deficiencies, such as the development of microcredit or the establishment of local Afghan seed-banks, seed markets, rural enterprise, and value-added chains. Shortcuts such as the so-called “Food Zone” in Helmand, and similar wheat distribution schemes elsewhere in Afghanistan, were symptomatic of the minimal short-term economic and security payoffs (but substantial medium-term costs) mode with which the international community often operated in Afghanistan. The result: persisting deep market deficiencies, displacement of opium poppy cultivation to new insecure areas, and compromised rule of law.44 There is a delicate three-way balance among long-term development, the need to generate support among the population and alleviate economic deprivation in the short term, and state-building. A counternarcotics “alternative livelihoods” program in Afghanistan provides a telling example. Aware of the

40 Chandrasekaran, “In Afghan Region, U.S. Spreads the Cash to Fight the Taliban.”
41 Author’s interviews with a USAID implementing contractor, NGO representatives, Afghan government officials, maliks, and businessmen in Kandahar and Kabul, Afghanistan, September 2010.
43 Chandrasekaran, “In Afghan Region, U.S. Spreads the Cash to Fight the Taliban.”
deeply destabilizing effects of poppy suppression in the absence of alternative livelihoods, and yet under pressure to reduce poppy cultivation, Helmand Governor Mohammad Gulab Mangal, widely acclaimed as a competent and committed governor, launched a wheat-seed distribution project during the 2008-2009 growing season. In order not to grow poppy, farmers were handed free wheat seeds. This program proved popular with the segments of the Helmand population who received the free wheat, and the program was emulated throughout Afghanistan and continued in 2010.

Poppy cultivation did decrease in Helmand in 2009, and many enthusiastically attributed the results to the wheat distribution program, rather than low opium prices. And yet there are good reasons to doubt the effectiveness of the program, at least with respect to development and even governance. Because of land density issues in Afghanistan, the lack of sustainability of the favorable wheat-to-opium price ratios under which the program took effect, and the limited ability of wheat cultivation to generate employment, wheat turned out to be a singularly inappropriate replacement crop.45 Indeed, much of the wheat seed ended up being sold in markets rather than sown.

Due to the insecurity prevailing in Helmand at the time, the program was undertaken without any field assessment of what drives poppy cultivation in particular areas of Helmand and in Afghanistan more broadly.46 Such an approach was a deficient policy-making process in which policy was developed without an understanding of the causes of the problem it was trying to address. Yet because most people welcome free handouts, the program was popular. But it also became politically manipulated by local administrators and tribal elders who sought to strengthen their power. Although the program was deficient from a development perspective, it brought immediate political benefits to those who sponsored it, including the political machinery of President Hamid Karzai, who at that time was seeking reelection. Good governance was thus equated with the immediate handouts and their political payoff, without regard for long-term economic development, best practices, and optimal decision-making processes.

At the same time, the wheat program and other economic stabilization programs often set up expectations on the part of the population of free handouts from the central government and international community, without being economically viable and sustainable in the long term, and without requiring commitments from the local community.

Far worse, even while the Obama administration defunded centrally-led drug eradication in Afghanistan, counterproductive eradication has still been taking place—even though often sporadically, haphazardly, and in a politically-manipulated manner by the Afghan Ministry of Counternarcotics and provincial governors. If the occasional major eradication drive or poppy cultivation ban—such as in Nangarhar in 2007-2008—is discounted, eradication can be seen to have consistently hovered between 2,500 and 4,000 hectares a year, before and after the Obama administration’s counternarcotics policy in Afghanistan was adopted.47

And the current Afghan-led eradication continues to be plagued by the same problems associated with previous centrally-led eradication. Powerful elites are able to bribe or coerce their way out of having their opium poppy fields destroyed or to direct eradication against their political opponents. The poorest farmers, most

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46 Author’s interviews with counternarcotics officials in southern Afghanistan and Washington, DC, Spring 2009.

vulnerable to Taliban mobilization, bear the brunt of eradication. Alienated farmers often join with the Taliban to oppose eradication, and entire regions are destabilized as a result. The violent protests against eradication and attacks on eradication teams in Nangarhar’s Khogyani, Shinwar, and Achin areas provide a vivid example. Eradication goals are frequently set without regard for their effects on the economic conditions of the farmers, local conflict dynamics, and counterinsurgency efforts. Officials from Kabul often arrive in a provincial capital, round up governors and police chiefs, and order them to destroy a predetermined number of hectares of poppy. Any “hearts and minds” efforts were bound to be eviscerated by the eradication drive, and intelligence flows from the population on the Taliban were bound to dry up.

At the same time, the intensity of eradication is miniscule when compared with what is necessary to significantly suppress poppy cultivation in Afghanistan. Eradication levels hover in the low thousands of hectares per year; but for eradication to significantly affect the Afghan drug market, it would have to reach over one hundred thousand hectares a year and be sustained for a number of years. Apart from likely ending any chance that a counterinsurgency campaign could actually succeed and that the government in Kabul could yet be stabilized, such a drive to eradicate cultivation would merely push opium poppy out to one of Afghanistan’s neighbors. (Without a significant reduction in global demand, suppression of poppy cultivation in one place will merely drive it to another.) Quite likely, that neighbor would be Pakistan, where extensive poppy cultivation would be even more detrimental to the interests of the international community than there being such cultivation in Afghanistan. For many years to come, such suppression would only be able to be achieved through sheer brute force, since alternative livelihoods cannot be stood up quickly. But of course, such an effort would destroy the larger stabilization prospects for Afghanistan.

Not all poppy suppression efforts in Afghanistan are always exercised through the bulldozing of poppy plants. In Helmand, the province with the most intense poppy cultivation, where Governor Mangal has been held up as the paragon of good governance, poppy suppression has been carried out via the destruction of farmers’ water pumps, especially in the poor, insecure, recently liberated poppy areas north of the Helmand River. That approach, requiring the poppy to live purely on rain water, may reduce the amount that survives, but it also kills the production of legal crops and destroys the farmers’ means of procuring water for consumption and other household use. Not surprisingly, the lack of concern for the farmers’ well-being has effectively played into the Taliban’s mobilization efforts.

Bans on poppy cultivation can have as devastating an economic impact on the rural population as eradication. Although hailed as hallmarks of great governance, in places such as Nangarhar or Balkh, they are ultimately as politically and economically unsustainable as premature eradication. Few and often no alternative livelihoods programs have been available to areas where poppy bans have taken place, which are not close to provincial capitals. The political restlessness of those areas, which have received little effective alternative livelihoods aid, has steadily grown. Those areas have also seen great levels of instability. Tribal conflicts over land, water, and access to resource handouts from the international community have often intensified there. Rebellions of young men against the local maliks who have supported eradication have emerged. So have physical attacks on eradication teams, intense Taliban mobilization,

48 See, for example, Rubin and Sherman, Counternarcotics to Stabilize Afghanistan; and Mansfield and Pain, Evidence from the Field.
50 For details, see Mansfield, Between a Rock and a Hard Place.
51 Mansfield, “The Ban on Opium Production across Nangarhar.”
and increased flows of militants through such areas. Nangarhar has experienced a flare-up of significant violent resistance and protests against eradication, and cultivation has crept closely to 2,000 hectares.

Several, at times perverse, motivations and incentives encourage eradication by Afghan governors and officials of the Ministry of Counternarcotics, despite the fact that eradication is instigating instability and hampering counterinsurgency efforts. Some Afghan government officials, especially those with a Communist background, genuinely believe that poppy cultivation is bad for Afghanistan, and that its suppression is important, no matter what costs for Afghanistan such suppression generates. Afghan government officials who believe in aggressive eradication have frequently maintained that since the Afghan constitution prohibits poppy cultivation, it is their duty to destroy it, regardless of any side-effects. Others believe that pushing ahead with eradication will secure the favor of the international community—whether in Washington or in Moscow. Even though that as a result of eradication and poppy cultivation bans, local populations may be alienated from them and positive links between the governor and the rural population severed, the international community often still hails their performance as a model of good governance to be emulated elsewhere in Afghanistan.

For defunding centrally-led eradication, the Obama administration has encountered withering criticism from Russia. Suffering from drug and infectious-disease epidemics and a broader demographic crisis, Russia has complained that its drug and population problems stem from the large supply of heroin from Afghanistan. Refuting overwhelming evidence from 40 years of counternarcotics efforts that actions on the supply side tend to have minimal effects on drug-use trends, and unwilling to invest in appropriate drug prevention and treatment facilities, Russia has demanded aggressive eradication in Afghanistan. It also provides counternarcotics training to Afghanistan and Pakistan.

In Afghanistan itself, demand reduction policies have been equally inadequate to the public health challenge the country faces. Although 170 drug treatment centers existed in Afghanistan in 2014, their total service capacity was believed to be 39,000 patients, a tiny fraction of those in need of treatment. The Afghan government demand reduction strategy itself estimates that 99 percent of Afghan addicts do not receive treatment. Only the United States, Japan, Germany, Norway, and the World Bank currently fund drug treatment and prevention programs in Afghanistan. While the United States itself has spent more than US$6 billion since 2001 to curb production and trafficking in Afghanistan, it has devoted only US$12 million a year to fund treatment and prevention in the country.

Moreover, the quality of treatment is often poor. Afghan NGOs tend to provide detoxification assistance, but post-detoxification support is far less robust. In 2011, the Afghan Ministry of Counternarcotics reported a 92 percent relapse rate for those who received treatment. The Ministry has been opposed to methadone maintenance, inaccurately believing it

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52 Author’s interviews with poppy farmers, maliks, and provincial government officials, Nangarhar, April 2012; See also Mansfield, From Bad They Made It Worse.
54 Author’s interviews in Uruzgan and Kandahar, Spring 2009, Kandahar and Baghlan, Fall 2010 and Herat and Nangarhar, Spring 2012.
56 Constable, “Heroin Addiction Spreads with Alarming Speed across Afghanistan.”
merely replaces one form of addiction with another, and has even blocked methadone from entering the country. Prevention efforts have been even more inadequate.

Policy Recommendations

Counternarcotics policies in Afghanistan must be judicious, well-sequenced, and well-prioritized. They must be guided by three objectives and principles: limiting the most dangerous security threats emanating from Afghanistan, increasing the stability and legitimacy of the Afghan government, and enhancing human security. That means:

- Eradication should continue to be suspended. Eradication should only be undertaken in local areas where a legal economy already sustains the local population and legal livelihoods already exist, and are not simply promised to materialize in the future.

- Interdiction operations should continue to predominantly target the most dangerous actors who might be plugged into, or seek to access, the opium poppy economy to increase their financial resources or political capital. Among such priority targets are international terrorist groups such as al Qaeda, the Islamic State, and Lashkar-e-Taiba. Such selective targeting also implies that Taliban-linked traffickers should continue to be prioritized.

Yet it is also important to expand interdiction to target some of the most corrupt, abusive, violent, and unruly powerbrokers who oppose the Taliban, but who might be tempted to destabilize the political system, threaten the central government, and risk triggering intense local violence. Interdicting their drug assets and bringing some of them to justice would reduce the perception of impunity, perhaps even send a potent deterrent message, and enhance public support for the new government.

Overall, interdiction in Afghanistan should not be obsessed with reducing drug flows, and should instead emphasize increasing the stability and legitimacy of the Afghan government.

Counternarcotics interdiction should also be conceived as a mechanism for at least some regional cooperation and improved bilateral ties, such as between the United States and Iran. Particularly if a nuclear deal between Iran and the United States is reached, but perhaps even in its absence, possibilities for trilateral U.S., Iranian, and Afghan counternarcotics cooperation may well emerge. At the same time, the possibility of any form of regional counternarcotics cooperation should not be overestimated; after all, the drug trade is deeply embedded within official power structures in both Central Asian countries and Pakistan.

- Alternative livelihoods efforts should be streamlined into overall economic development and human capital development. Such efforts must include both rebuilding the rural economy and creating off-farm opportunities. Rather than consisting of quick-impact projects and looking for the replacement crop, they should center on long-term sustainable efforts and on addressing structural drivers of opium poppy cultivation, including building up value-added chains. Development money should go to secure areas where projects can be monitored.

- Improving access to treatment for addicts and undertaking smart approaches to prevent opiate abuse should be greatly elevated in policy and funded far more extensively than has been the case so far. Apart from expanding and improving treatment centers, such measures can also include very simple ones, such as educating those who scrape the opium resin, many of whom are children, not to lick their fingers. Focus on rural women and their exposure to and (mis)use of opiates should be prioritized. As it is the Taliban’s professed goal to reduce opium use, some of this work might even be possible in insecure areas, particularly if negotiations between the Afghan government and the Taliban get under way. Opportunities for
international cooperation, such as again with Iran, which has expanded its public health policies, also exist.

- International counternarcotics measures in Afghanistan must also consider spillover effects and build into policy design measures to prevent the inadvertent displacement of opium poppy cultivation to areas where it will be even more dangerous from the perspective of the international community, such as Pakistan.

All of these policy improvements are within the capacity of the Afghan government and the international community. But they require patience and dropping unrealistic expectations of how fast the opium poppy economy in Afghanistan can be reduced.

Adopting such policies, however, does face a set of obstacles:

- An effective interdiction focused on deterrence and the enhancement of stability requires selectivity and careful calibration. Selectivity and calibration in turn require extensive intelligence. Yet the reduction of the international military and civilian presence in Afghanistan has already greatly reduced intelligence flows and the international and Afghan understanding of the complex and intricate linkages of various militant actors and powerbrokers to the opium poppy economy. Interdiction in Afghanistan could thus easily slip again into going after the easiest targets.

- Efforts to improve Afghanistan’s economy and develop legal economic opportunities for the Afghan population, as well as to reduce the demand for drugs within Afghanistan, are critically dependent on foreign funding. The international community already exhibits great donor fatigue, and significant reductions in international support are likely. If a radical drop in foreign funding were to occur, Afghan security forces would likely buckle and splinter, insecurity would increase, civil war would potentially break out, and the Afghan economy would be thrust into a deeper depression yet. In this context, counternarcotics efforts would effectively be disabled and drug use would expand.

- Short of such a catastrophic scenario, there is a real and immediate risk that powerful international actors will demand wrong-headed policies from the Afghan government. Chief among them is Russia, which has been going through a large drug epidemic and spread of drug-use related infectious diseases. It chooses to focus on suppression of opium in Afghanistan to address its drug-use problems, even as there is plentiful and powerful evidence from decades of counternarcotics efforts across the world that suppression measures abroad do not resolve drug-use problems at home. China could also follow suit. Positioning itself since 2013 as a lead partner of Afghanistan, China could also come to demand more aggressive poppy eradication from Afghanistan, as it has at various times from Myanmar. It is imperative that Afghanistan and the international community engage China and Russia on evidence-based drug policies, particularly demand reduction, treatment, and public health approaches, and highlight the counterproductive effects of wrong-headed and premature supply-side measures.

The New Afghan Government and the UNGASS 2016

The Afghan government is likely to tread carefully at the 2016 Special Session of the United Nations General Assembly on the World Drug Problem (UNGASS 2016). While it will seek to develop policy space and fend off international pressures for eradication, it is not highly likely to ask for broad reforms to the international counternarcotics regime.

In its drug policy stance, the Afghan government needs to carefully calibrate how much it chooses to frontally challenge key external actors such as Russia and China. But asking for patience with Afghanistan’s drug predicament and a gradual elimination of the poppy without asking for legalization or changes in
drug treaties is also popular domestically in Afghanistan. Even as large segments of the Afghan population are fundamentally dependent on opium poppy cultivation for basic economic survival and human security, drug cultivation and use generate deep opprobrium within Afghanistan. There are strong cultural and religious inhibitions against drug cultivation and use that run through the society. Thus, for instance, when licensing opium poppy cultivation for medical purposes was promoted in Afghanistan in the middle of the 2000s by the International Council on Security and Development (formerly Senlis Council) and others, it found few political backers and gained little traction among Afghan civil society, quite apart from the lack of feasibility of such an idea at that time.60

Conclusion

As the security situation in Afghanistan deteriorated between 2005 and 2010, the belief that drugs are the source of many of Afghanistan’s problems—by funding the Taliban, fueling the insurgency, undermining the rule of law, and preventing legal economic development—became increasingly entrenched among some key international players, including elements of the United States government. Consequently, the elimination of the opium poppy economy (along with the need to address Taliban safe havens in Pakistan) has at times been seen as the key to bankrupting and defeating the Taliban insurgency as well as to reducing corruption, advancing the rule of law, and enabling the rise of a robust legal economy.

However, the “narcoterrorism” logic of eradicating the illicit economy in order to achieve other goals of security, stability, and economic development was and is extremely unlikely to come to fruition in Afghanistan. So far, it has not materialized in any case where drugs and conflict have interacted, be it Peru, Colombia, China, Burma, Lebanon, or Thailand.61 Not only will it fail to achieve its promised goals, but aggressive and blunt drug eradication and poppy bans have had the very large counterproductive effects described above.

The Obama administration got the strategic design of its counternarcotics policy in Afghanistan right, by defunding eradication and focusing on rural development and interdiction. But persisting insecurity and often problematic operationalization of the overarching counternarcotics strategy on the ground have greatly limited its effectiveness in reducing Afghanistan’s drug economy.

Much of the strategy, such as rural development, ultimately depends on substantial improvements in security and effective governance. And even then, a substantial reduction in the size and significance of the drug economy in Afghanistan will take several decades of well-crafted and sustained policies. Buying off warlords or farmers with quick “stabilization” programs will not address the structural drivers of insecurity or poppy cultivation and hence not reduce either. State-strengthening efforts need to come before massive eradication is adopted. Counternarcotics efforts can only be effective once the security situation has improved, the insurgency has ended, and rule of law has been established, not the other way around.

These are key policy lessons and insights the government of Afghanistan is uniquely well-positioned to carry to UNGASS 2016.

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61 Felbab-Brown, Shooting Up, 149-154.
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