

24 DEC 98

To: Mark Pont, MCI/Quetta

From: Dick Scott, MCI/Lashkar Gah

Subject: ~~Poppy Agreement and Discussions~~

THE AGREEMENT: Some 11 farmer leaders from Nad-i-Ali and Marja signed an agreement that poppy cultivation would be reduced by 80 percent in their areas this crop year if MCI would repair and rebuild the intake and control structures on the Boghra canal and desilt major parts of this canal. The date of this agreement apparently is not on the document. This agreement, although brief and to the point, is unrealistic. It was unrealistic at the time of signing and borders on entrapment. There is not any way that farmers, anywhere in the world, can cut their primary cash crop by 80 percent, without a replacement income, and expect to survive. In the agreement there is no reference to the most important elements of sequence and timing of the key events except that there would be a reduction of 80 percent in poppy cultivation this crop year (winter 88-89).

Given what I have seen in the field to date, the farmers will not make this level of reduction even if 100 percent of their land was in poppy last year. I would estimate that more than 50 percent of the land is in poppy. There is a lot of poppy. A better assessment of poppy production will be possible as the crop season progresses and the plants get bigger. Presently field configuration is the primary means of identifying poppy fields. Although this is a relatively accurate method of identifying poppy fields, it is difficult to identify them at some distance from the road.

It is possible to get Afghan farmers to agree to almost anything, like this agreement, given the right incentives, pressures and good salesmanship. An agreement to put the Boghra canal back in effective working order represents such an incentive for the farmers of these regions. It represents their lives and futures. The real problem rests with the rate of poppy reduction in the context of the rate of canal rehabilitation. It is a matter of farm economics. Can the farmers give up the region's major cash crop before they are in a position to replace the lost income with an alternative cash crop? No. In this region, the alternative cash crop is cotton. (Cotton will be discussed in more detail below.) Could they pass up the poppy planting season before virtually any major work had been completed on the canal? No. Incomplete work on the intake gates being excluded. Political factors and other events noted below became elements in the decision to plant poppies this crop year.

14 DECEMBER MEETING: A meeting was arranged for 14 December with

Mullah Abdul Samad (head of HAVA) and as many of the men who signed the agreement as we could contact on short notice. In a pre-meeting meeting with some of the leaders, the problem of the apparent non-compliance with the agreement was presented to them. We had passed through a part of Nad-i-Ali the previous day. Wakil Safar of Nad-i-Ali (the elder who had been a representative in parliament at the time of King Zahir Shah) was the main spokesman. He said that there had been some reduction in poppy production from last year but not 80 percent. He said that they will keep their promises on poppy reduction in time but economically they need to be able to make the change. They cannot afford to have a major crop-year farm income reduction without some alternative source of income. He said that after the U.S. rocket attacks on Afghanistan and the U.N. departure from the country, the potential for timely development/reconstruction actions on the canal seemed very unlikely. Some developments on the canal at the intake were and are occurring slowly but it was unlikely that the rate of change would allow them to live without poppy on the short term. Poppy, he affirmed, is a bad but necessary crop without an alternative. He understood that 80 percent reduction was unrealistic at the time of the agreement but that promises were also made about other farmer support activities with seed and fertilizer. There have been no changes along this line.

From a different source, the effect of Mullah Omer's broadcast offer to eliminate poppy as a crop in Afghanistan if the Taliban government were internationally recognized was noted. Apparently the market price of opium went up immediately, as it would on a commodities exchange. It was said that the price of opium doubled with the broadcast from 5 to 10 million afs. per mon. And farmers were urged, some by their local mullahs who get an annual tithe, to plant more poppy as this may be the final year before a ban.

At some point it was pointed out that the men who signed the agreement are village leaders but that they do not have absolute control over the people in their districts. They can influence but not control the actions of their neighbors. Wakil Safar said that while the poppy crop has been planted, it was possible to get some of the farmers to plow up their poppy fields. He indicated that he would check on the farmers. We indicated that if some farmers were to agree to this action, we would like to see and photograph the fields both before and after the plowing.

In the meeting with Mullah Abdul Samad, later in the morning, it was clear that this relatively young (in his 40's), bright, dignified and energetic man liked to see things happen around him, and for him to get credit for positive events. He is credited for having headed the Kajaki-Kandahar-Lashkar Gah power line reconstruction. He is apparently a close associate of Mullah

Omer who supports him. We had our meeting at the construction site, sitting on a very large gravel diversion dike at the Lashkar Gah bridge where he spends much of most of his work days. This is where a major river diversion excavation is under way in an attempt to protect the western approach to the bridge from flood. He has virtually all the operational Helmand heavy equipment at this site from which we will have to draw for our project support. Up-stream from the bridge has been a major problem area of river bank erosion during Helmand river flood time for several years. To date, all attempts to control the river at this point have failed and the bridge has been put in danger. Mullah Abdul Samad has taken a major engineering action to solve the problem.

On poppies, as on all subjects discussed in the meeting, Mullah Abdul Samad was very clear. The official policy of the Taliban is that if the government is internationally recognized, poppy will be ban in Afghanistan. Thus, he cannot officially order or force the farmers not to grow poppies but he would personally support talks and discussion with the farmers on this subject. He has no objections to our discussions or agreements with the farmers on poppy but he cannot be officially involved. We are free to have these discussions and to get whatever agreements we can. He will support our work on the canal with heavy equipment. What do we need? The rental costs were under review and would be provided soon.

(In meetings on 23 and 24 December with both he and his deputy, we received the final rental costs which were approaching three quarters higher than previous rental costs but still cheap by international standards. Mullah Abdul Samad noted that the previous charges did not cover costs and an increase was necessary. He offered the equipment free of charge if we would take responsibility for fuel, repair and maintenance. We declined this offer on this aged equipment.)

Back to the meeting of 14 December. In the discussion on when the Boghra canal could be closed to start the desilting work, after a brief exchange with the farmer leaders, he decided on 26 December. This was not in agreement with the farmers and we might expect a delay in this action. The farmers explained that cotton was still being picked in fields that needed to be planted and irrigated before the Boghra canal is closed. Later they suggested 10 January as an acceptable date. Other than on this subject, the farmer leaders remained silent during this meeting.

(Fear/respect?) In meetings with government on issues that will effect them, Pashtuns are noted for lively participation. Everyone has his say.

In the discussion on cotton as the cash crop to replace poppy, he understood the need to increase the price of cotton paid to the farmers to get them to grow more, and the need to pay the farmers

for the cotton at the time they bring the cotton to the mill. At the present time there is a problem of long delays in payment for cotton produced at a time, fall planting, when cash is needed for agricultural inputs. He said that he supported a price increase of 20 percent for cotton for the farmers this year but that they (the government) needed help with the marketing of the cotton to foreign countries. In the time of Daoud, there was a cotton weaving mill in Kandahar that made use of much of the Helmand cotton...not now.

COTTON WEAVING MILL: While the U.N. apparently has a program to re-establish and support the Kandahar woolen mill, in process, it would be useful to support the re-establishment of the cotton mill as well. The cotton mill is an important element in the total equation of infrastructure rehabilitation that would support the poppy eradication effort. Cotton is the cash crop replacement for poppy which the farmers already understand as a crop. The cotton gin(s) are in place for purchasing and processing. Only one gin, in Lashkar Gah, is functioning. The weaving mill in Kandahar would produce a quality product for which there is a ready market at least in country.

We established a date for a further meeting with the farmer leaders in Nad-i-Ali for 23 December to discuss again the problem of the agreement and the apparent non-compliance. We would also discuss the planned work and methods for desilting parts of the Boghra canal. The strategy being: the more discussions of poppy and the agreement, the better.

LABOR ORGANIZER: On 17 December, we visited Mohammad Karim of Nad-i-Ali, one of the active leaders in the region who has been responsible for organizing farmer efforts to improve the Boghra irrigation system, including the \$10,000 effort to build a gravel diversion dike using a HAVA bulldozer near the Boghra intake 2 or 3 years ago that failed in flood season. In short, he repeated the problems and events that effected farmer compliance with the poppy agreement and noted the potential to get some farmers to plow their poppy fields. But this discussion was mainly focused on the organization of hand labor through and under the local watermasters who control the water through the laterals and organize labor to maintain these laterals over time. Each house in an irrigation block is required to provide labor for this work. He knows and works with these watermasters, some 40 individuals. Given the location and number of laborers needed to complete the work, he can be the key organizer. In addition, he was one of the men who signed the poppy agreement. They all understand that they made a mistake in signing the agreement and that it was an unrealistic goal at the time of signing.

23 DECEMBER MEETING: The meeting of 23 December was held in Nad-i-Ali and was opened with a statement by Wakil Safar. Some 15 to 20 men attended. The meeting lasted more than 2 hours and the main topic of discussion was the poppy agreement. They know that

they made a mistake to sign the 80 percent agreement. They said that the discussion of the agreement started with a 20 to 25 percent reduction level the first year and then to see what happened with the improvement work. They said that there were suggestions that additional help would come in the form of seed and fertilizer. The points noted above on the political context and events after the signing of the agreement were repeated. But the key problem was the potential loss of farm income without the poppy and before the irrigation system improvements can take effect. They indicated that some poppy fields could be plowed up to show intent. Some suggested that they had already plowed up some poppy fields but this seems very unlikely. They are clearly searching for an answer to their dilemma. We will continue to press for an answer as well.

There was some extended discussion of the Pakistani translator/engineer who participated in the agreement discussions. Since there is little trust between Afghans and Pakistanis, it would be useful to have Afghan translators in the future. He may have been an outstanding salesman or simply good at pressuring for higher rates in the agreement. The point is that at the end of a signed agreement, the results must be realistic and obtainable. To pressure for and achieve an unrealizable target on paper is to no ones advantage. I suspect that there is at least a strong element of this associated with the agreement in question. Someone in the meeting should have done a reality check.

COMMODITY EXCHANGE: As a side note, in response to a suggestion that since some farmers receive advance payment for a poppy crop to be planted, it would be difficult to plow such already paid for fields, they expanded on the commodity exchange concept already noted above. They said that opium is expensive on the market now, for a variety of reasons...roughly 10 million afs. (13,500 rs.) per mon or roughly 4.5 kgs. A farmer can receive roughly half that amount now from wealthy speculators in cash for opium that the farmer has not yet grown. This is the same sort of share a share cropper receives when he plants and raises poppy for a landowner. This is the time of year when cash or credit is needed for agricultural inputs if the farm is to remain viable. This commodity market serves this purpose in a situation with few alternatives. But it does not benefit this type farmer since he loses roughly half the value of his future crop, all things remaining equal.

The same thing is happening with the late payments for the cotton crop by the cotton gin. Wealthy speculators are apparently paying the needy farmers roughly three quarters of the value of the cotton delivered to the gin. The farmer in need receives some cash for his crop now but not the full value. The speculator will receive the full value for the cotton from the gin at some point in the future.

This represents a kind of indigenous commodities market that works to the disadvantage of the smaller farmer who needs a credit system.

These examples stress the need for some sort of credit system for the Helmand farmer. In the past, before the war, the cotton industry provided this credit associated with fertilizer for the cotton crop, the main cash crop at that time.

In terms of poppy reduction and eradication in Helmand, cotton as the cash crop replacement is the answer. But the price paid to the farmer has to be right, payment has to be made at the time of delivery of the raw cotton to the gin(s), and a credit system needs to be established for the fertilizer that is repaid at the time of the delivery of the cotton to the gin.

ALTERNATIVE CROP PROGRAM: It is my understanding that the seed, fertilizer and alternative crop activities (long or short term crops) in this Boghra region are limited to the FAO wheat and fertilizer sales. This is in part the result of the high water table in these areas, the result of clogged drains and poor drainage, i.e., fruit trees, grape vines and black cumin (zira) bulbs do not like wet feet. And wheat is not an alternative cash crop to replace poppy. I have no idea what was implied or indirectly promised on agriculture commodities support at the time of the agreement signing but an expansion of this region's present alternative crop program (wheat seed) will do little to induce these farmers to make a switch. It is a matter of farm economics.

There are apparently some well drained areas in Nad-i-Ali where fruit trees are growing. At the site of our 23 December meeting a vineyard was being planted. Unfortunately the vineyard was being developed using the Kandahar vineyard configuration by putting the plants in the bottom of excavated ditches. This is a traditional system for vineyards in relatively water short areas. Kandahar and Helmand were relatively water short before the dams and irrigation developments that followed WWII but not any more. As a USAID technician demonstrated to the farmers on their own land in the mid-1970's, grape production could be doubled by planting vineyards on the regular ground surface and the use of arbors. But planting fruit trees and vineyards is not the answer to the farmers immediate need for an alternative annual cash crop to replace the income from poppy.

To have a major impact on opium production in this largest opium producing area in Helmand without government intervention requires a focus on the economics of the farming system, as noted above. The irrigation system must be brought back to a level that will allow double cropping to approach pre-war levels. As much attention must be paid quickly to getting the excess water out of the area (drainage) as the farmers have been paying to get water into the area. There are already major drainage problems in the

area. Our improvements on the Boghra canal will quickly increase these problems. I have no idea what the response of poppy is to water logging and salt but it is a disaster for cotton, the obvious replacement crop.

At the end of our 23 December meeting with the farmers, a pickup load of young Taliban rushed up to our meeting place asking about the nature of this rather large meeting. A political gathering? The purpose of the meeting was explained: Boghra canal rehabilitation and poppies. Engineers Samad, Payenda and others went off to the District center to explain to the District Officer. The explanations were accepted but future meetings should be cleared in advance and there was some question if we should be requesting the farmers to plow up poppy fields, given the official position of the Taliban. Some farmers at the meeting were warned against plowing up poppy fields by District officials. Clearly there are some mixed signals among the Taliban on the subject of poppy in Helmand. This should be cleared up in planned meetings with Foreign Relations and the Governor who is noted for being a reasonable man. The District Officer was clearly caught off guard by our meeting and felt a need for some sort of action/response. Not to happen again.

Meetings with the farmers will continue on the subjects of desilting work organization and the poppy agreement. The primary work will begin soon after the Boghra canal is closed. But we are identifying several small start-up rehabilitation actions along the canal for immediate work. The Boghra will not likely close on the 26 December. We should meet with the Governor around 26 December on subjects of farmer meetings in the region, desilting work planned and the cotton industry. The cotton gin operation is under the Governor, not HAVA and Mullah Abdul Samad.