



# Agribusiness Meets Alternative Development: Lessons for Afghanistan's Licit and Illicit Commodity Markets

Adam Pain, Mohammad Hassan Wafaey, Gulsom Mirzada, Khalid Behzad, Mujib Azizi

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Afghanistan  
Research and  
Evaluation Unit

Research for a better Afghanistan



SOAS  
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drugs & (dis)order



**Afghanistan Research and Evaluation Unit**

**Issues paper**

**Agribusiness Meets  
Alternative Development:  
Lessons for Afghanistan's Licit and  
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**Adam Pain, Mohammad Hassan Wafaey, Gulsom Mirzada, Khalid  
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## About the Afghanistan Research and Evaluation Unit

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The Afghanistan Research and Evaluation Unit (AREU) is an independent research institute based in Kabul that was established in 2002 by the assistance of the international community in Afghanistan. AREU's mission is to inform and influence policy and practice by conducting high-quality, policy relevant, evidence-based research and actively disseminating the results and promote a culture of research and learning. Since 2020, AREU organization is registered with Ministry of Economy (MoEc) as a non-profit NGO. As the top think-tank in Afghanistan and number three in Central Asia according to the Global Go To Think Tank Index Report at the University of Pennsylvania, AREU achieves its mission by engaging with policy makers, civil society, researchers and academics to promote their use of AREU's research-based publications and its library, strengthening their research capacity and creating opportunities for analysis, reflection and debate. AREU is governed by a Board of Directors comprised of representatives of donor organizations, embassies, the United Nations and other multilateral agencies, Afghan civil society and independent experts.

AREU's core donor is the Swedish International Development Cooperation Agency (SIDA). Specific projects in 2022 are being funded by the Foundation to Promote Open Society (FPOS), Chr. Michelsen Institute (CMI), Safe World (SW), Institute of Development Studies (IDS), Overseas Development Studies (ODI) and SOAS University.

AREU holds memberships in multiple international development consortiums including, Global Challenges Research Fund (GCRF), The School of Oriental and African Studies (SOAS), Secure Livelihoods Research Consortium (SLRC), A Conflict Sensitive Unpacking of The EU Comprehensive Approach to Conflict and Crisis Mechanism (EUNPACK), ADB-Asian Think Tanks Network (ATTN), Sustainable Development Solutions Network (SDSN) and The Regional Environmental Centre for Central Asia (CAREC). For more information visit [www.areu.org.af](http://www.areu.org.af)

In 2018, AREU was awarded Best International Social Think Tank by Prospect Magazine.

## About Drugs & (dis)order

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The research that led to this report was carried out through the project **Drugs & (dis)order: building sustainable peacetime economies in the aftermath of war**. **Drugs & (dis)order** was a four-year research project (2017-21) which generated new evidence on how to transform illicit drug economies into peace economies in Afghanistan, Colombia and Myanmar. It was funded by UK Research and Innovation (UKRI award no. ES/P011543/1, 2017-2021), under the Global Challenges Research Fund (GCRF). AREU was a partner in the **Drugs & (dis)order** consortium, which was led by SOAS University of London.

## About the Authors

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Finally, the comments and suggestions of Jonathan Goodhand and Karen Brock on an earlier draft of this report are gratefully acknowledged.

# Foreword

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The Afghanistan Research and Evaluation Unit (AREU) is delighted to present to its highly reverent audience a timely case study: “Agribusiness meets Alternative Development: Lessons for Afghanistan’s licit and illicit commodity markets”. This paper is one of the final publications based on AREU’s research partnership in the Global Challenge Research Fund (GCRF) sponsored consortium entitled “Drugs and (dis)order: Building sustainable peacetime economies in aftermath of war.”

This paper gives a programmatic case study of the Afghanistan Comprehensive Agriculture and Rural Development Facility (CARD-F). The paper questions how various actors who were involved in the project have viewed their activities and effects and judged the project’s outcomes. It considers what this reveals about the rationale of the project and its effects on drug economies and processes of development in Afghanistan.

This paper is based on a review of CARD-F’s key project documents, relevant policies and previous research. Following an ethnographic approach, the study is based on a series of interviews and observations from CARD-F stakeholders including, the programme staff in Kabul, implementing partners, provincial government officials, private investors, and direct and indirect beneficiaries of CARD-F at district and village levels. Field assessments were carried out in two provinces where the project was implemented: Badakhshan (Khash district) and Nangarhar (Behsud and Kama districts).

CARD-F phase 1 (2009-2014) was funded by the UK Department for International Development (DFID) with £26.8 million. A second phase of the project (2015-2018), by which time the project had moved away from its explicit Counter Narcotics (CN) grounding, was co-financed by the UK (£30 million) and the Danish government (£21 million).

In spite of the recent changes and the nationwide humanitarian crisis in Afghanistan, studies like this focusing on the background, origins, implementation and aftermaths of development aid programmes are critical for our better understanding of the current crisis and for formulating evidence-based responses to the crisis.

Therefore, I am sure this rich and highly analytical paper will be a significant contribution to policymakers and those who are interested in possessing an in-depth view of such projects and their impacts in Afghanistan. I would like to thank and express my gratitude to all those who contributed to the enrichment of this comprehensive research-based paper.

Sincerely yours,



Dr Orzala Nemat, Director, AREU.

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# Executive Summary

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This report provides a programmatic case study of the Afghanistan Comprehensive Agriculture and Rural Development Facility (CARD-F). It asks how different actors who were involved in the project have viewed its activities and effects and judged its outcomes. It considers what this reveals about the rationale of the project and its effects on drug economies and processes of development in Afghanistan.

The report is based on CARD-F's key project documents, relevant policies and past research. From these, protocols were developed for CARD-F stakeholders, including the programme staff in Kabul, implementing partners, provincial government officials, private investors, and direct and indirect beneficiaries of CARD-F at district and village levels. Field assessments were carried out in two provinces where the project was implemented: Badakhshan (Khash district) and Nangarhar (Bihud and Kama districts).

CARD-F phase 1 (2009-14) was funded by the United Kingdom's Department for International Development with £26.8 million. A second phase of the project (2015-18), by which time the project had moved away from its explicit counter-narcotics grounding, was co-financed by the United Kingdom (£30 million) and the Danish government (£21 million).

The first phase of the project aimed to provide economic alternatives to opium poppy cultivation and was explicitly geared to areas where opportunities for alternative crops were greatest. The three intervention areas were: (i) strengthen national systems to support the commercialisation of Afghanistan's agricultural sector; (ii) implement economic development packages (EDPs) in specific crops to increase local incomes and jobs; and (iii) support the EDPs by strengthening the linkages between agricultural production, processing and marketing following a value chain approach.

In the second phase, the project sought to build on the EDP model, increasing production of high-value agricultural products, increasing licit incomes for producers and processors, and contributing to agricultural growth. The project expanded to work in 14 provinces, many of which had no history of opium poppy production, illustrating the shift of the project to an agribusiness focus.

The project was implemented through an independent project management unit in the Ministry of Agriculture, Irrigation and Livestock (MAIL), staffed by a group of well-paid Afghan technical experts and funded outside government channels. It directly contracted implementers, thereby bypassing government structures at provincial and district level. The existence of this project enclave in MAIL over which key ministry officials had no control or influence was also a key point of friction between the management unit and these officials. It was reinforced by the rivalries between partner ministries.

A core assumption of the project concerned the role of agricultural growth in driving Afghanistan's economic development. It followed a so-called value chain approach, assuming that technological change, price and competition would fuel that growth. Assumptions were made about the competitive nature of Afghanistan's agricultural commodity markets and the ability of farmers to engage in such markets.

Those assumptions are questioned by the findings from the field. In the Khash district, which has a long history of opium cultivation that resumed after the CARD-F potato project ended, during the time of project support there was positive and widespread benefits in terms of potato yields, total production, farmer income and farm labour opportunities. Part of the success of this can be attributed to the contribution that potatoes make to household food security. Once the project ended and input support was no longer available, production intensity declined and more favourable prices encouraged the return of opium poppy cultivation.

In Nangarhar, an EDP on greenhouse production of off-season tomato and cucumber production suffered a similar fate and at the end of the project many farmers sold off their greenhouses to buyers from Kabul. A second EDP focused on poultry development appears to have been more successful in production terms, even if the market has essentially been captured by a few big producers and providers of chicken feed.

Considerable evidence was found that, despite project efforts, in practice, powerful people at the district level and often the village levels were able to influence the distribution of project benefits, often to their advantage. How the three commodity markets are regulated also questions key project assumptions. A central assumption in the theory of change of the value chains was that “CARD-F beneficiaries can access inputs.”<sup>1</sup> Noticeably missing from the content of any of the EDPs was any provision of formal credit to enable the means to access inputs. Accordingly, all producers could only access informal credit from the traders to whom the produce would be sold. This tying of informal credit to the requirement for the producer to sell to the credit provider is what is termed an interlocking contract. It is also characteristic of the opium poppy value chain. The condition for one contract—the offering of credit—is established as a condition for another, that is, the purchase of the produce at a pre-set price. The trader profits on both transactions to the disadvantage of the grower.

There was also common reference to a “mafia,” a term used to describe powerful market traders who controlled the market. In the poultry EDP, it was reported that certain traders who had relations with key political leaders were able to circumvent border taxes at official crossing points or use unofficial points to bring in both small chicks and the ingredients for poultry feed, undercutting local market prices.

The widespread reporting on the fact that market prices are regulated by powerful traders to their advantage suggests that these markets are not competitive in price formation. Through various means including evading cross-border taxes, control of physical markets, fixed auctions and interlocking contracts traders ensure that they can buy cheap and sell dear. They do not compete on the basis of price but on the basis of power. A corollary of this control of prices is that there are no pressures on producers to compete in terms of productivity and price which the CARD-F model assumes is what will underpin economic growth.

One of the arguments made for the shift of CARD-F from an alternative development perspective to more of an agri-business approach was that its badging caused security issues for the project. The selection of Kama and Behsud for implementation in Nangarhar was on the grounds that these were secure districts where the project could be safely implemented. This made conflict a contextual issue that the project sought to insulate and isolate itself from as if it was something external to the working of commodity markets rather than intrinsic to them. The complete absence in the project documentation of any analysis of conflict in relation to the functioning of markets, both licit and illicit, is striking.

But there are wider consequences of the CARD-F approach. It avoided and consolidated the fundamental challenge. For both the CARD-F model, the fact that conflict had shaped the geography of drug production, pushing it into the marginal districts, was not a factor to be considered. This model of agricultural development effectively consolidates the marginality of these hinterlands and reinforced their residual nature. In so doing, it helps compound the insecurity of these outlying areas and the threat that they provide to any state building project. This in turn invites counterinsurgency and counternarcotics responses, reinforcing that marginality and rendering longer-term development programmes even more difficult.

There is, however, a bigger question as to the feasibility of even attempting either alternative development or agricultural development projects in general in a context of chronic conflict where the state has limited legitimacy. Such externally funded interventions cannot insulate themselves from the political dynamics, much as CARD-F tried to do so. One could read into the CARD-F model

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1 Upper Quartile and Altai Consulting, Midline 2 Report, Figure 2, p11

an attempt to move beyond the alternative development thinking and mainstreaming drug issues. On the evidence, it may well have reinforced those conditions that drive the narcotics economy in the first place.

Growing agricultural markets are likely to remain central to the aim of encouraging a shift out of opium poppy growing and to the alternative development model. It is an approach that builds on past experiences of agrarian transitions in the global north. But it is not evident that it speaks to the present and Southeast Asia and Afghanistan in particular. It is entirely possible that opium poppy production in remote resource poor areas will remain the one means of staying on the land. If that goes, where will the opium growers go? Opium poppy growers in marginal places could well be seen as in a dead end—they can go no further on the crop production route. And there is nowhere for them to go for decent work.

# Glossary

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AREU	Afghanistan Research and Evaluation Unit
ASR	Agriculture Sector Review
CARD-F	Afghanistan Comprehensive Agriculture and Rural Development Facility
CDC	Community Development Council
DAIL	Department of Agriculture, Irrigation and Livestock
DEA	US Drug Enforcement Agency
DFID	UK Department of International Development
DOD	US Department of Defence
EDPs	Economic Development Packages
MAIL	Ministry of Agriculture, Irrigation and Livestock
MCN	Ministry of Counter Narcotics
MOI	Ministry of Interior
MRRD	Ministry of Rural Rehabilitation and Development
NDCS	National Drug Control Strategy
SIGAR	Special Inspector General
ToC	Theory of Change
USAID	US Agency for International Development
<i>Jerib</i>	Land measurement roughly equivalent to one-fifth of a hectare
<i>Malik</i>	Hereditary village head
<i>Ser</i>	A measurement of wheat; 1 ser is about 7 kg

# Introduction

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This report provides a programmatic case study of the Afghanistan Comprehensive Agriculture and Rural Development Facility (CARD-F). It was just one of the many alternative development projects implemented in Afghanistan between 2001 and 2020 that sought to contribute to the reduction of opium poppy cultivation.

The notion of alternative development, as used in counternarcotics policies (UNODC, 2015), specifically refers to efforts to reduce illicit drug crop production through a broad rural development approach that supports infrastructure development and promotes access to legal markets. There is a closely related term, that of alternative livelihoods, which emphasises more a livelihood approach and has been widely used in Afghanistan (UNODC, 2015). In practice, elements of alternative development and alternative livelihoods are to be found in many such projects and for this report, the term alternative development will be used to cover alternative livelihoods as well. The concept of alternative development stands in contrast to earlier crop-substitution approaches that simply promoted other potential high-income crops as alternatives without considering market support. While alternative development has been widely used to label projects in opium poppy growing areas of Afghanistan, in practice their approach has varied widely and some under the label of alternative development have simply been crop-substitution projects.<sup>2</sup>

This inquiry into CARD-F explores the rationale for and effects, intended and unintended, of a so-called alternative development programme on Afghanistan's opium poppy economy. It examines the ways and means in which a project of this nature was formulated, how it was designed, how and why it changed over time and how it was delivered and assessed. In short, this report asks: (1) how have different actors who were involved in the project viewed its activities and effects and judged its outcomes? (2) What does this reveal about the rationale of the project and its effects on drug economies and processes of development in Afghanistan? This in turn invites wider consideration of the alternative development model in relation to counternarcotics objectives which will be returned to in the concluding section of this report.

CARD-F, funded primarily by the United Kingdom (UK) Department of International Development (DFID), was deliberately selected as the case study, because it had several distinctive features. First, it was a long-term project (almost 10 years). This has not been the norm for most alternative development projects, which had been notably short-term (3-4 years at best). Second, unlike most alternative development projects, it was implemented, although in parallel, through government structures. Third, it has been relatively well-documented, while very few alternative development projects have left much documentary history. Finally, it was implemented in two of the Drugs and (dis)order project's three study provinces,<sup>3</sup> Badakhshan and Nangarhar.

The views or the stories about the achievements of CARD-F are varied. For the main funder of the project, DFID, over its two phases between 2009 and 2018, CARD-F was a success that "*provided a solid base for wider agriculture and agri-business policies such as the Agri-Business Charter, recently developed by the World Bank*".<sup>4</sup> A somewhat surprising achievement, one might think, for a project that started out with specific counternarcotics and alternative development ambitions. CARD-F was implemented through the Ministry of Agriculture, Irrigation and Livestock (MAIL) headquarters in Kabul. For a key official, CARD-F was, in comparison with other projects including other alternative livelihood investments, one of the best projects that had been implemented by the Ministry:

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<sup>2</sup> D. Mansfield, and A. Pain, "Alternative Livelihoods: Substance or Slogan?" Briefing Paper, (Kabul: Afghanistan Research and Evaluation Unit, 2005); SIGAR. Counternarcotics: Lessons from the U.S. Experience in Afghanistan, (Arlington, Virginia: Special Inspector General for Afghanistan, 2018).

<sup>3</sup> The third is Nimroz.

<sup>4</sup> DFID, "Project Completion Review CARD-F, Jan 2018," (Kabul: DFID, 2018a, 2).

*CARD-F was one of the effective programs in Afghanistan which has still sustainability after it was closed in 2018. Although this programme ended still you can see the outcomes such as chicken farms and greenhouses in different areas of Afghanistan. There are a lot of other programs such as RAMP, ALP east, Helmand Food Zone, Qandahar Food Zone, but the CARD-F is the best in terms of sustainability and effectiveness.<sup>5</sup>*

Some MAIL officials at the provincial level and district level where the project was implemented were less sure, pointing to concerns over the way it was delivered and who benefited, rather than necessarily the technical content of the project.

*I am not against anyone, but we had many people who were interested in poultry farms and they had experiences and could run the farm in a better way. CARD-F did not consider the criteria that they said they had in their projects; mostly they were considering the happiness of the Maliks<sup>6</sup> (village headmen and heads of CDCs<sup>7</sup>) and high-ranking officials.<sup>8</sup>*

The views of project beneficiaries were equally varied. For the farmers in Nangarhar who sold off the greenhouses that they had invested in once the project was over on account of the lack of benefit, their actions made their judgment very clear: it had failed. But for those who had received the benefits of the project who by design were the farmers with larger landholdings the project had specific positive outcomes. As one farmer reported:

*We learned lots of new things about cultivation, irrigation, weeding, and using medicines for plant pests and harmful plant insects, collecting the harvest, sorting, and presenting the product to the buyers. This capacity building was very useful for increasing the income and how to manage all the agricultural issues. I have become a professional farmer that now I can resolve any kind of problems of my lands and plants as the result of the training that the CARD-F programme provided for us.<sup>9</sup>*

A farmer in Badakhshan where a potato programme was implemented under CARD-F, had the following to say speaking more specifically about the links between opium poppy cultivation and growing potatoes:

*I would like to tell you the two things are linked with each other. During CARD-F, the income of the farmers from potato cultivation was very good and they were receiving from CARD-F, seeds for free, fertilisers for free, training, and the harvest was very good. Labours were very happy to have work. The farmers including myself were happy [as the income] was vastly more compared to other crops including poppy. After CARD-F stopped the projects, poppy cultivation in 2016 and 2017 increased. People were still cultivating potatoes, but it was very little compared to the time of CARD-F.<sup>10</sup>*

In some respects, these varying narratives reflect different interests and criteria in judging the success or results of CARD-F. For DFID, there might have been relief in shepherding what had once been a flagship project working in a problematic sector in a challenging context to a conclusion, not least in terms of spending the budget in a relatively transparent way. To a MAIL official working on CARD-F, the project had been a lifblood giving value and meaning to work and an ability to get something done. For provincial officials, it may have more been a question of frustration at the lack of control of the project as it was implemented by contracted partners working directly with the

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5 Official1

6 Traditional village headman, commonly an inherited position and often found in Nangarhar. Many of these also became the heads of the CDCs.

7 The Community Development Councils (CDCs) of villages established under the National Solidarity Programme.

8 NG\_R2\_06

9 NG\_R2\_08

10 Farmer in a group interview, Bdk01

Ministry at headquarters in Kabul. Also, there were those farmers and traders who had and had not benefited from the project. All these stories have something to say about the project, although they do not necessarily tell us about the project's counternarcotics effects.

As we shall see in the second section, the politics around the international response to Afghanistan's opium economy was contentious and competitive. Equally as we will describe, the organisational arrangements around this project were complex, reflecting diverse interests. There were those of the donor and its stated concerns for value for money and accountability. There were those of the various rivalrous Afghan ministries that had apparent oversight of the project. This included the Ministry of Counter Narcotics (MCN) that chaired the project inter-ministerial committee but had no implementation role. There were also the interests of key individuals within MAIL.

There were also the tensions created by having a well-funded but independent project unit financed directly by the donor under off-budget mechanisms and not through government that undermining Ministry of Finance authority. Also, there were the dynamics of project implementation when the project encountered provincial and district formal and informal power structures that had effects on where the project was implemented and who benefited. The project, which in the minds of its architects was rigorously designed to create a discipline based technocratic order for implementation, inevitably became subject to discretionary pressures when officials and others did not follow the rules.

In some respects, this is an account of a project that departed from its original aims and acquired an internal logic that became increasingly detached from its context. This contributed to a blindness to the project's unintended consequences. At the same time, the project's trajectory needs to be understood against a broader set of policies and actions around the counternarcotics agenda in Afghanistan and its troubled trajectory over time.

This study therefore starts with a summary overview of the counternarcotics agenda in Afghanistan from 2001 in order to situate CARD-F, and position DFID within it. It then outlines the various ways that different international agencies in Afghanistan, including DFID, implemented alternative development projects and with what effects. The fourth section briefly outlines the method and sources used in this study of the CARD-F project before discussing, in section 5, the aims and objectives of the project drawing from the official documentation, how it was implemented and the assessments made of its impacts. Section 6 presents the findings from the Afghanistan Research and Evaluation Unit (AREU) study on a study of the project in two of its provincial sites—Nangarhar and Badakhshan—2 years after project completion, assessing the footprint and legacy of CARD-F. Section 7 draws together the key themes that have emerged from this investigation and section 8 concludes with a set of lessons from the study and the wider implications of these.

# Counternarcotics policy in Afghanistan<sup>11</sup>

The stated ambition of the UK government's counternarcotics leadership policy in 2001 was to eliminate opium production in Afghanistan.<sup>12</sup> An explicit linkage was made between the use of drug revenue to fund the arming of the Taliban and the deaths due to heroin consumption in the UK. Over time, this ambition reduced as opium poppy cultivation proved resistant to elimination, as other international actors engaged in the counter narcotics agenda and as the debates on the links between drugs, insurgency and state building processes shifted (SIGAR, 2018; Bhatia, 2020).<sup>13</sup> These debates led to changes in balance and emphasis between the three key instruments of counternarcotics policy: alternative development, eradication and interdiction. Further, little was achieved overall if one reviews the long-term trend of increasing cultivation, albeit with marked inter-annual fluctuations, of opium poppy from some 70,000 ha in 1994 to over 224,000 ha in 2020.<sup>14</sup> In 2020, an estimated 6,300 tonnes of opium was produced, with an approximate farm gate value of US\$350 million. The United States (US) government alone since 2001 spent some \$7.28 billion on counternarcotics programming with little return in relation to its policies.<sup>15</sup>

The UK government assumed the lead role for counternarcotics as part of the division of responsibilities in the Group of Eight Security Sector Reform exercise in April 2002.<sup>16</sup> But early efforts by the UK government to directly engage in the field with alternative development and eradication, including a disastrous buy-back scheme for opium poppy growers, had little effect.<sup>17</sup> From 2004, the US increased its engagement and over time came to be the major player both in counternarcotics and the security sector as a whole. As the SIGAR evaluation makes clear, US counternarcotics policy making and practice between 2001 and 2018 was characterised by strategic failure and tactical incoherence.<sup>18</sup> In part, this was a result of inherent conflicts of interest and culture between the four major US government institutions: the Departments of Defense (DOD) and State, the US Agency for International Development (USAID) and the Drug Enforcement Administration (DEA).

While Afghanistan has been a party to the counternarcotics agenda (not always on its own terms), it has also had its diverse interests.<sup>19</sup> However, the agendas of key lead international actors in counternarcotics policy have often, but not always, prevailed. There have also been sharp divisions in policy and practice between key policy actors.<sup>20</sup> As opium poppy cultivation levels increased, the US became more concerned about the consequences of the growth in the opium poppy economy particularly on account of assumed links to criminality and terrorism. As the Taliban re-emerged in

11 This section draws heavily from a review of counter-narcotics policy in Afghanistan, A. Pain, K. Kerami and N. Orzala, "Drugs and Development in Afghanistan. National Policy and Actor Analysis," Working Paper, (London and Kabul: Drugs & (dis) order and AREU, 2021).

12 P.A. Berry, "What is the Future of UK Drugs Policy for Afghanistan?," RUSI Newsbrief 41, No. 7 (2019): What Is the Future of UK Drugs Policy for Afghanistan? | Royal United Services Institute (rusi.org)

13 SIGAR, Counternarcotics; J. Bhatia, Literature Review: Drugs and (Dis)Order in Afghanistan, (London: SOAS, London University, 2020).

14 UNODC, "Afghanistan Opium Survey 2020. Cultivation and Production," (Kabul: UNODC and Ministry of Counter Narcotics/ Narcotics Survey Directorate, 2020).

15 SIGAR. Counternarcotics.

16 Ibid, 38. The Security Sector Reform itself suffered from a lack of strategic coherence, direction and political agreement by both donors and the Afghan government; see DCAF Afghanistan Working Group, "Afghanistan's Security Sector Governance Challenges," DCAF Regional Programme Series No 10 (Geneva: Geneva Centre for the Democratic Control of Armed Forces, 2011).

17 P.A. Berry, "What is the Future of UK Drugs Policy for Afghanistan?"

18 SIGAR. Counternarcotics, iii.

19 D. Keen and R. Andersson. "Double Games: Success, Failure and the Relocation of Risk in Fighting Terror, Drugs and Migration." *Political Geography* 67 (2018): 100-110.

20 SIGAR. Counternarcotics; C. Keane, "The Impact of Bureaucratic Conflict on US Counternarcotic Efforts in Afghanistan," *Foreign Policy Analysis* 12 (2016): 295-314.

2005,<sup>21</sup> strong claims were made about opium revenue funding the Taliban. This led to independent action by the US in supporting opium poppy eradication.<sup>22</sup> While key US agencies made a robust push for aerial eradication, this was strongly resisted by the Afghan government and other actors. Following the military surge of 2009, eradication was downplayed, with a greater emphasis being given to interdiction. From 2011, the UK effectively withdrew from its lead role in counternarcotics policy, ceding international leadership to the US.<sup>23</sup>

In the first decade after 2001, the World Bank also took a strong policy interest in the opium economy, seeing it largely from the perspective of a development challenge rather than as a problem of illegality *per se*. It convened a number of policy dialogues and was responsible for a number of key analytical studies, notably on the structure and functioning of Afghanistan's narcotics economy,<sup>24</sup> and on development initiatives to reduce opium production.<sup>25</sup> The latter document laid the foundations for the mainstreaming approach, which the first phase of CARD-F, funded by DFID, was largely a response to. However, after 2010, the World Bank appears to have engaged less in the opium policy debates, possibly due to the effects of the US surge overwhelming a developmental agenda. This disengagement was clearly reflected in the drafting of the Agriculture Sector Review in 2014,<sup>26</sup> which advocated for a strong market led agricultural development. There was initially no discussion of the implications of the opium poppy economy until DFID pressured for it to be addressed.<sup>27</sup>

Two other players in the counternarcotics agenda should be noted. The first was the United Nations Office of Drugs and Crime (UNODC) whose key role was in data provision through their annual surveys of opium poppy areas and production. This was widely used to inform or justify counternarcotics policy by the major actors. The second was the German government, which was, perhaps, a less visible actor but was committed to long-term approaches to alternative development.

Parallel and effectively adversarial policy-making practices between the key international policy actors came to be reflected in conflicting organisational structures. SIGAR provided a useful summary of the Afghan and US organisations and programmes established during 2001-18.<sup>28</sup> Inevitably, this led to duplication, overlap of functions and competition; over time, some entities disappeared or were absorbed into others.

With support from the UK government, a Counter-Narcotics Directorate (CND) was established in 2002 under the Afghan National Security Council, with responsibility for strategy, coordination and monitoring. The various implementation responsibilities lay with the Ministry of Interior (MOI), the Ministry of Rural Rehabilitation and Development (MRRD), MAIL and the Ministry of Public Health. However, competition between these key ministries characterised counternarcotics efforts and was a constant feature of the counternarcotics landscape.

Criticism by the US in 2004 of the UK effort and funding of counternarcotics led the British to push for the establishment of a Ministry of Counter Narcotics to help coordinate all Afghan government counternarcotics activities, but the Ministry never secured any operational mandate and remained politically weak throughout its life. It was finally disbanded toward the end of 2019. The UK government also established a Counter-Narcotics Trust Fund in order to increase and streamline funding on counternarcotics activities to the key implementing ministries. It was administered by the UN but never gained the support of the US and its poor record in terms of fund disbursement

21 C. Malkasian, *The American War in Afghanistan: A History*, (Oxford: Oxford University Press, 2021).

22 SIGAR. *Counternarcotics*; P.A. Berry "What is the Future of UK Drugs Policy for Afghanistan?"

23 Ibid.

24 Doris Buddenberg, and William A. Byrd (editors), *Afghanistan's Drug Industry: Structure, Functioning, Dynamics, and Implications for Counter-Narcotics Policy*, (Vienna and Washington, DC: UNODC and the World Bank, 2006).

25 Ward, C., D. Mansfield, P. Oldham, and E. Byrd, "Afghanistan: Economic Incentives and Development Initiatives to Reduce Opium Production," (Kabul: DFID and World Bank, 2008).

26 World Bank, *Islamic State of Afghanistan Agriculture Sector Review (ASR): Revitalizing Agriculture for Economic Growth, Job Creation and Food Security*, (Washington, DC: World Bank, 2014).

27 Personal Communication, DFID official, Kabul, May 2014.

28 SIGAR. *Counternarcotics*, 42.

led to its dissolution in 2009. In contrast, the powerful Interior Ministry, which had a special Deputy Minister for Counter Narcotics, was strongly influenced by the US and had the lead in implementing counternarcotics policy.

There have been distinctive strands of policy and practice related to alternative development, health, eradication and interdiction, and security that in theory have policy homes in the ministries of Agriculture and Rural Development, Health, Law and Order, and Security respectively. Although these issues self-evidently require joined-up policy making and practice, this has rarely been achieved. The first formal National Drug Control Strategy (NDCS), developed in collaboration with the UK government and UNODC, appeared in 2003. The plan established targets for a 70% reduction in opium poppy cultivation by 2008 and a complete elimination of the crop and drug trafficking by 2013. While it laid out the scope of the challenge and assessed the range of counternarcotics policy instruments, it was not an operational document.

It was updated 2 years later in 2005 with a plan that provided more detail on the five key policy areas (institution-building, alternative livelihoods, interdiction, law enforcement and criminal justice), as well as plans for a public information campaign, eradication and regional cooperation. When an updated version of the NDCS was released policy had moved away from an emphasis on targets towards a broader goal of achieving a “sustainable decrease in cultivation, production, trafficking and consumption of illicit drugs with a view to complete and sustainable elimination.”<sup>29</sup>

The 2006 NDCS talked of “a clear and systematic approach to the drugs problem ...[the] approach recognises that activities need to be effectively sequenced rather than proceeding in isolation, and acknowledges the need to build up sustainable institutions to underpin the counternarcotics strategy.”<sup>30</sup> At the same time, US strategy, while nominally aligned with the NDCS, in practice prioritised eradication over alternative livelihoods, thereby counteracting the NDCS principle of no eradication until such alternative livelihoods were in place. Moreover, the early US alternative livelihood programmes were at best patchy short-term crop substitution efforts, with none of the wider support implicit in the notion of alternative livelihoods.

As SIGAR acknowledges,<sup>31</sup> counternarcotics as a priority for the US was gradually downgraded after 2011. The 2014 “transition to Afghan ownership” as part of US policy led in effect to a handing back to the Afghan state responsibilities for the counternarcotics agenda from which most international actors had effectively backed away from.<sup>32</sup> In 2015, with the Afghan National Drug Action Plan (2015-19) produced by the then Ministry of Counter Narcotics,<sup>33</sup> the counternarcotics policy agenda had come full circle. The objectives that characterised all previous policies of providing licit alternatives, targeted eradication, disrupting drug trade, enforcement of anti-money laundering and law enforcement, along with demand reduction, were restated. Benchmarks were re-established, with effectively no explicit rationale or justification for levels of poppy reduction, eradication, interdiction and demand reduction to be achieved.

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29 Ministry of Counter Narcotics (MCN), National Drug Control Strategy, (Kabul: MCN, Islamic Republic of Afghanistan, 2006).

30 Ibid., 16.

31 SIGAR. Counternarcotics.

32 Malkasian, *The American War in Afghanistan: A History*.

33 The Ministry was abolished at the end of 2019 and absorbed into the Ministry of Interior; Ministry of Counter Narcotics (MCN), Afghan National Drug Action Plan, (Kabul: MCN, Islamic Republic of Afghanistan, 2015).

# Alternative Development projects in Afghanistan

The two key players and funders for alternative development have been the UK and US governments, although Germany, the European Union, Austria, Japan, Denmark and Russia have also contributed. Overall for the period 2002-17,<sup>34</sup> of the total US counternarcotics budget of \$8.62 billion, \$1.46 billion (17%) was allocated to alternative development projects, which between 2008 and 2015 were funded at a level of \$150-200 million a year. For 2013-17, the US funded about 85% of the alternative development projects and the UK, 15%, with co-contributions coming from the other donors.<sup>35</sup> The total budget for this period was nearly \$438 million. There are no available data on the proportion of UK funding allocated to alternative livelihoods out of the total of UK counternarcotic funding for 2001-18. The UK's 2005-06 counternarcotics budget allocations awarded some 46% of funding of £154.5 million to alternative livelihoods. Between 2009 and 2018, it funded the two phases of CARD-F to a total of about £60 million, although the first phase was more explicitly alternative livelihoods than the second phase. Nevertheless, it stands out as a relatively long-term investment in comparison with other alternative development projects. The other main UK alternative development-supported programme was the Helmand Food Zone Project 2008-12, to which the UK contributed \$48 million and the US \$72 million.

Most of the alternative development effort was implemented through short-term, area-based projects in locations selected based on their importance in terms of opium poppy cultivation. They largely have been focused on simple crop substitution objectives, as with the Helmand Food Zone project, even if labelled as alternative development, with ambitions for the reduction in opium poppy area.<sup>36</sup>

For a period, particularly between 2004 and 2010, there were attempts to mainstream<sup>37</sup> counternarcotics, moving away from area-specific projects. This mainstreaming responded to the multi-functional role of opium poppy cultivation by rural households in managing risk and uncertainty. These efforts aimed to position opium poppy cultivation within broader development planning and take more account of the structural hazards and uncertainties of rural life that encouraged opium cultivation as a response. Key players in this mainstreaming effort included the World Bank, DFID, the Asian Development Bank and the European Union.

## Background to CARD-F: The Ward Report the World Bank Agricultural Sector Review

In 2008, DFID co-funded with the World Bank a study that focused on how Afghanistan's opium poppy economy could be slowly reduced over time "by development initiatives and shifting economic incentives towards sustainable legal livelihoods."<sup>38</sup> It was recognised that this contribution was only one element of a broader counternarcotics strategy but it argued that "without strong economic and development underpinnings, other counter narcotic efforts cannot achieve sustained success."<sup>39</sup> This, the report suggested, could only be achieved by changing the relative incentives between illicit and licit cropping to support improvement in the livelihoods of the rural poor.

34 SIGAR, Counternarcotics, 106.

35 UNODC, "Research Brief, Global Overview of Alternative Development Projects (2013-2017)," (Vienna: United Nations Office on Drugs and Crime, 2019).

36 D. Mansfield, "The Helmand Food Zone: The Illusion of Success," Synthesis Paper, (Kabul: AREU, 2016).

37 Treating drugs as a development issue and not simply a law and order or security problem. In the public policy sense, it means assessing the counternarcotic implications of any planned policy action whether focused on drugs or not from the broad perspective of development goals.

38 Ward, et al. "Afghanistan: Economic Incentives and Development Initiatives", iii.

39 Ibid.

We have been unable to trace the original project proposal document for CARD-F phase 1, so it cannot be conclusively stated that this report was a key source in framing the objectives of CARD-F I. But it is difficult to imagine given the congruence between the study's recommendations, the content of CARD-F I and the theory of change (ToC) of CARD-F II, that study was not a key source. The essence of the report's recommendations was that the route out of opium poppy production was to build a market agricultural economy in Afghanistan based on increased value, greater competitiveness and productivity changes.

The report argued that the approach had to be differentiated according to the role of opium poppy production in the livelihoods of different types of farmers and they identified four stylised categories:<sup>40</sup>

- Better-off farmers who are not dependent on opium;
- Small farmers currently dependent on opium but with some potential for producing for legal markets;
- Poor farmers in remote areas currently highly dependent on opium with little potential to produce for the market and scant local labour opportunities; and
- The landless, currently highly dependent on providing labour for opium production (through wage labour or sharecropping).

The report proposed that, in the short term, the first two categories, primarily in well-resourced areas close to urban markets, were those who would move more quickly out of opium poppy production. The means for achieving this was, as the report put it:

*...development of technical packages, processing and marketing. Business models - the value chain approach, export promotion, and contract growing - have been successfully tested and have potential for scaling up.....The focus needs to be on reorganizing production systems around market-driven supply chain approaches, increasing the endowment of productive assets, and expanding the involvement of the private sector.<sup>41</sup>*

The report saw the third and fourth categories of farmers as essentially having limited long-term futures in agriculture; for them, out-migration was essentially the exit path out of opium poppy production. What this categorisation does not admit to is the inherent spatial bias that it introduces in its targeting approach. These third and fourth categories of farmers are by definition much more likely to be living in remote upland areas, often in the borderlands with high levels of conflict and characterised by lack of infrastructure.

In sum, the core of the argument was that a classic agrarian transition model was needed, where a market-based agriculture drives change, economic growth resulting in the exit of small and marginal farmers from the rural sector. Whether or not this model of agrarian transition is possible for Afghanistan is open to question,<sup>42</sup> but it is the underlying assumption of the Ward report, CARD-F and the World Bank Agricultural Sector Review, which we return to below.

Afghanistan, of course, has long had a market-based economy with a history of exports of primary products such nuts, fresh and dried fruits, and karakul skins, for example. The expansion of opium poppy cultivation, particularly after 2001 with the rise in price, is clearly a market-based response. In that sense, Afghanistan's farmers have long been responsive to the opportunities that commodity markets offer. The advantages of the opium poppy market to its growers are well recognised in the Ward et al. report.<sup>43</sup> It acknowledges that opium poppy offers access both to land through sharecropping arrangements and to credit; and that it is a major source of employment:

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40 Ibid., iv.

41 Ibid.

42 A. Pain, Growing out of Poverty? Questioning Agricultural Policy in Afghanistan, (Kabul: Afghanistan Analysts Network, 2019).

43 Ward, et al. "Afghanistan: Economic Incentives and Development Initiatives".

*Opium poppy is a low-risk crop in a high-risk environment. It can generate relatively high revenues for farmers, but its main attraction lies in the fact that the market for opium functions in remote areas with limited physical infrastructure and where insecurity often prevails. Traders make cash advances and purchase at the farm gate. They pay the transport costs, they pay the bribes to those manning the checkpoints, and they take the physical risk of travel in insecure areas. This favourable market access for farmers does not exist for other agricultural crops in Afghanistan.*<sup>44</sup>

The recognised advantages of opium poppy to the poor were then linked by the study to the four categories of farmers and a view of each type of relative “dependence” on opium poppy. There is in the notion of dependence a sense of reliance and necessity and therefore an assumption of compulsive engagement in the opium market. It is certainly true that opium poppy has been a crop of choice for many small farmers because it has offered financial and other returns that no other crop has been able to offer. But it does not necessarily mean that small farmers who grow opium are compulsively engaged in markets fuelled by price, productivity and competition imperatives.<sup>45</sup>

Opium poppy producers have been sensitive to price, as their move into its production clearly shows. Equally, farmers move out of opium poppy production when prices have fallen (acknowledging, of course, market risks created by threatened or actual eradication) rather than seeking to intensify or expand production. This could be seen as much as a retreat from market engagement. When household subsistence needs are threatened, as they often have been, and where opium poppy cultivation has not been able to meet the deficit, migratory labour movement or petty trading has often been a response. In one sense, therefore, the marginality of many opium poppy growers compels them to engage in markets. Few can meet subsistence needs from land alone. There is a balance then between a more discretionary engagement in the opium poppy market with the necessity of having to survive in Afghanistan’s informal economy.<sup>46</sup> This points to the uneasy co-existence of subsistence and market logics with, as Rigg describes it, “farmers being at the same time market aware and subsistence inclined.”<sup>47</sup>

Ward et al.,<sup>48</sup> in recognising the role that opium cultivation offered in providing access to credit, argued that outreach of formal financial services would be an essential complement to enterprise development. As we shall see, this was not a component of the CARD-F project. And as with opium poppy, producers in the CARD-F commodity chains found themselves engaged in credit relations with traders in the same way that opium poppy producers have been with consequences for the prices they receive.

There was no discussion in the Ward report of processes of price formation in either the opium market or in the proposed legal commodity value chains. The report appears to assume, through the absence of any discussion of the issue, that it was almost axiomatic that a legal, market-based agricultural economy would be based on open competition and that prices would necessarily be formed in an open transparent manner by the balance of supply and demand. The absence of any discussion on price formation is striking, and it ignores earlier research on the politics of legal markets in the country.<sup>49</sup> It is an assumption that is carried forward into the CARD-F design and, as we shall see, turns out not to be true.

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44 Ibid., 3.

45 E.M. Wood, “Peasants and the Market Imperative: The Origins of Capitalism,” In *Peasants and Globalization: Political Economy, Rural Transformation and the Agrarian Question*, edited by A.H. Akram-Lodhi and C. Kay, (London: Routledge, 2010).

46 T. Murray Li, *Land’s End: Capitalist Relations on an Indigenous Frontier*, (Durham and London: Duke University Press, 2014).

47 J. Rigg, *Rural Development in Southeast Asia: Dispossession, Accumulation and Persistence*, Cambridge Elements, (Cambridge: Cambridge University Press, 2021), 30.

48 Ward, et al. “Afghanistan: Economic Incentives and Development Initiatives”.

49 S. Lister and A. Pain, “Trading in Power: The Politics of ‘Free’ Markets in Afghanistan,” Briefing Paper, (Kabul: AREU, 2004).

The proposal for CARD-F II<sup>50</sup> explicitly builds its justification for an agri-business approach on the World Bank's Agriculture Sector Review (ASR).<sup>51</sup> As with CARD-F II, for the ASR opium poppy is not a central issue but a problem: "poppy production distorts economic incentives against competing licit crops, undermining state legitimacy and the rule of law, funds a variety of corrupt and anti-government actors, and subjects Afghanistan to international opprobrium."<sup>52</sup> Accordingly, to the extent that it is addressed in the ASR, it is framed more as a risk to be managed than a key challenge to be addressed.

The ASR vision is of "higher yields in agriculture, access to non-farm rural income-earning activities, migration of family members to cities and transition to wage employment" as the route to prosperity.<sup>53</sup> The means by which transformation would be engendered were seen to include: "paying attention to production risk management, by investing in climate-smart agriculture, by promoting agricultural trade and by integrating smallholders into the value chains of commercial agriculture."<sup>54</sup> While the state is seen to play a lead role in coordinating strategy to encourage growth it is expected that it should work in partnership with the private sector and non-governmental organisations (NGOs) in market-led solutions. The analytical lens of the ASR was narrowly limited to issues of production; price and efficiency linked to value chains; and abstract projections of potential productivity changes, growth and job creation. In common with the Ward report, it also focused on the high potential areas or what it called its "first-mover" approach. This was, in essence, a focus on high-potential areas with assumptions about trickle-down effects of more employment and higher wages but with no consideration as to the consequences of this focus on more marginal areas, a point to which we return to in the conclusions.

The ASR approach paid little attention to the conditions under which past Green Revolutions came about (such as in India in the 1960s and 1970s), where the state played a key role in providing support to smallholders against market risks, and national markets were often protected from global competition.<sup>55</sup> However, the contrast between the developmental state of India at that time with the current weak, conflict-ridden and aid-dependent Afghanistan state does not mean that this is a model to transfer. But the key lesson is that commodity markets are a key source of risk to smallholders and there is evidence from Afghanistan that this is a compelling reason for small farmers to limit their engagement.<sup>56</sup> The ASR also ignored the preconditions for prior agricultural transformations, which were based on substantial prior investments in infrastructure and rising urban demand to fuel supply—conditions that do not exist in Afghanistan.

The ASR assumptions about the private sector also seem somewhat misplaced. As a review of Afghanistan's private sector acknowledged, Afghanistan's marketplace is a complex mix of informal, formal, illicit and aid-driven elements and "the product of a decades-long convergence of protracted conflict, low state capacity, foreign interference and external aid dependence. ...In its current state, the Afghan private sector is not the engine of economic growth or instrument of social inclusion it has the potential to be."<sup>57</sup>

The choice of CARD-F as a case study reflects in part its mainstreaming approach and working through government even though it reduced its counternarcotics ambitions, a revealing shift which this report explores. Moreover, its focus on market development, as we shall see, offers insights into the assumptions about access to legal markets being a necessary condition to draw farmers out of opium poppy cultivation. It could be

50 DFID, "Business Case and Summary CARD-F phase 2, March 2015," (Kabul: DFID, 2015).

51 World Bank, Islamic State of Afghanistan Agriculture Sector Review.

52 Ibid., 41.

53 Ibid., 1.

54 Ibid.

55 A. Dorward, J. Kydd., J. Morrison, and I. Urey, "A Policy Agenda for Pro-Poor Agricultural Growth," World Development 32, no. 1 (2004): 73-89.

56 P. Kantor, and A. Pain, "Running Out of Options: Tracing Rural Afghan Livelihoods," Synthesis Paper, (Kabul: Afghanistan Research and Evaluation Unit, 2011).

57 R. Ghiasy, J. Zhou, and H. Hallgren, Afghanistan's Private Sector: Status and Ways Forward, (Stockholm: SIPRI, 2015).

argued that the Helmand Food Zone project, for example, was closer to the ideal of an alternative development programme with its combination of incentives (inputs for crop substitution, wheat for opium) and coercion (threatened and actual eradication). But not only has it been critically reviewed and assessed in relation to its ambitions, but its implementation modalities and instrumental use of government institutions reflecting those ambitions combined development and security interventions by international actors.<sup>58</sup> These render it a somewhat atypical alternative development programme.

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58 Mansfield, "The Helmand Food Zone: The Illusion of Success".

# Study Methods

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## Field sites

Field work was carried out in three provinces: Kabul city (for interviews with key project officials), and in Badakhshan (Khash district) and Nangarhar (Bihsud and Kama districts) for field assessments. CARD-F was implemented in both phases in Badakhshan and Nangarhar. These are both study provinces of the GCRF Project and had been included in a mapping of development aid assessment by AREU.

Badakhshan has had a long history of poppy cultivation, particularly in Khash, and cultivation never disappeared completely, despite the potato project of CARD-F. In contrast, in the two districts of Nangarhar, Kama and Bihsud, opium was only briefly cultivated during the peak price years of 2002-07. Moreover, the two most important CARD-F Economic Development Projects (EDPs), i.e., greenhouses and poultry farms that were allocated some 75% of CARD-F's total budget, were also implemented in these two districts.

## Sources

An extensive review was undertaken of CARD-F's key project documents, national policies designed for counter narcotics, alternative livelihood strategies, and past relevant research studies undertaken by AREU. Drawing from this review, separate questions were developed for each category of CARD-F stakeholders, including the programme staff, implementing partners, provincial government officials, private investors, and direct and indirect beneficiaries of CARD-F at district and village levels. A coded list of informants, along with their location and position, is provided in annex A.

Key questions from the CARD-F programme staff and implementing partners concentrated on CARD-F's background; the way it was designed; how the programme objectives changed in phase two; the programme governance and management at different stages; the role and interest of different partners and ministries; and the programme content and the way it was implemented. The questions were designed to not only look at the formal technical aspect of the programme, but also to capture different views and stories that partners and key officials had in relation to the programme.

The key questions to the direct beneficiaries at village level focused on district economy before and after CARD-F; the way CARD-F EDPs did or did not bring positive changes to people's lives and to local markets; stories on how different categories of people were or were not selected for the EDPs; dynamics and functions of vegetable and poultry markets; and the way cross-border trading affected local market activities over time. The questions aimed to look beyond the narratives and stories formally reported by CARD-F officials. The questions further looked at how a highly technical programme such as CARD-F worked in a complicated context of power relations and patronage networks on the ground.

The informants were selected through snowball sampling method using the contacts and information collected from Kabul as entry points to the provinces. At the provincial, district and village levels, different types of informants were selected through a snowball method. Additionally, data were collected through direct observation of the local and provincial markets, as well as informal interviews and chats with direct and indirect CARD-F beneficiaries.

Data quality checks continued throughout the course of study and data collection process. Interviews and data were reviewed internally and commented upon. Additionally, daily debriefing meetings continued with field researchers to collect initial reflections and findings, providing the team with further instruction and questions to help them get more in-depth information during their fieldwork.

Analysis and report writing continued as participatory, with regular meeting and discussion among the team members, each of whom undertook specific parts of the report with close support and leadership by the lead author.

## Ethical issues

The research team faced considerable ethical issues during the study. One aspect was security during the fieldwork and later after the Taliban takeover. Protection of data, as well as confidentiality of informants' identity, remained the highest priority during the data collection and processing. To the extent possible, the team ensured no direct security threat was imposed on informants by other villagers and influential people as a result of interviewing. Only pen and paper were used by field researchers to record interviews, while informants' details remained anonymous. The data remained accessible only to the team members at all stages of the study and have been stored, anonymised, in the project's Glasscubes data bank.

Data collection took place in Kabul and Badakhshan in 2020, while in Nangarhar, it continued until June 2021 over three rounds of fieldwork. A total of 55 semi-structured in-depth interviews and three focus group discussions (FGDs) were conducted with government officials at national and provincial levels, CARD-F project staff, representatives of implementing organisations, private investors and CARD-F beneficiaries and non-beneficiaries at local and village levels. Additionally, the team also directly observed local market activities during their fieldwork and provided detailed observation notes and analysis.

## Key challenges and limitations

A key challenge that the research team faced in different stages of the study included the lack of access to the key project documents, to know clearly how the project was designed, implemented and monitored. Access to DFID's project documentation was limited as key reports related to the design of phase 1 and the evaluation of phase 2 had not been posted on the project archive website when the search was done in 2021. In August 2021, at the time of writing, the archive had been inactive. It is understood that the removal of the archive was a UK government response to the Taliban takeover in August 2021 and a wish to ensure no Afghan officials were identified in the documentation.

Requests for these reports were made but not received. It also proved difficult to track down DFID officials with institutional memory of the project, in part reflecting the rapid turnover of staff in DFID office in the British Embassy in Kabul. While it has proved possible to interview many of the key Afghan CARD-F officials, not all were willing to discuss the project. Security remained a key challenge during the fieldwork and the change of government in August 2021 and dispersal of the research team disrupted the data processing, analysis and report writing.

From the institutional home of the project in MAIL, there appears to be no publicly available archival record in even 2021 although various bits of documentation—primarily case study success stories—have been gleaned from the web and other sources.

# The CARD-F project

This section, drawing on official documentation and interviews with past key Afghan CARD-F government officials, first outlines the project, its aims, content, organisational structures, phases and locations of implementation, and monitoring and review processes. It then proceeds to examine in more detail the organisational structure of the project, the reasons for its shift in objectives during the first phase, the ToC of the project and key explicit and implicit assumptions. It also addresses the monitoring and evaluation of the project and the conclusions drawn from this evaluation.

## Summary description of CARD-F

As noted earlier, it is assumed that the joint report by the World Bank and DFID<sup>59</sup> provided the justification for the design of CARD-F phase 1 (2009-14), which was funded by DFID with £26.8 million. A second phase of the project, by which time the project had moved away from its explicit counternarcotics grounding, was co-financed by the UK (£30 million) and the Danish government (£21 million). The DFID funding for this second phase included £4 million for the independent monitoring and impact evaluation of the EDPs.

In the first phase, CARD-F was designed with DFID, MAIL and MRRD taking the lead role to identify and implement economic opportunities for farmers in areas where opium poppy cultivation had all but ceased.<sup>60</sup> In this sense, the project was designed to provide economic alternatives to stop farmers moving back into opium poppy cultivation and was explicitly biased, as will be seen, to areas where opportunities for alternative crops were greatest. The goal was to improve legal rural incomes and reduce opium production through three intervention areas: (i) strengthening national systems to support the commercialisation of Afghanistan’s agricultural sector; (ii) implementing EDPs in specific crops to increase local incomes and jobs; and (iii) supporting the EDPs by strengthening the linkages between agricultural production, processing and marketing following a value chain approach. In this sense, the project was designed to address in part some of the framework conditions that Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) suggested were underlying opium poppy cultivation.

*Drug economies flourish because the framework conditions permit them to do so - poverty, violence, weak political and judicial conditions, absence of public institutions and control mechanisms, well-established trafficking networks for drugs, and the lack of infrastructure and access to legal markets are the main factors pushing farmers to grow drug crops.<sup>61</sup>*

The EDPs were seen in the first phase as district-level, market-led intervention plans that sought to address key production constraints, primarily associated with availability of quality inputs. Initially, five EDPs were identified for three provinces –two in Badakhshan, two in Nangarhar and one in Balkh—covering a range of activities from poultry, beekeeping, and high-value field and greenhouse crops (onions, potatoes, tomatoes and cucumbers). The CARD-F model initially had a primary focus on the production end of the value chain but over time, and into its second phase, it gave greater attention to purchasing, processing and marketing higher up the value chain. The package in an EDP included farmer training, provision of inputs, supporting the formation of associations, infrastructure projects to re-build dams, canals and roads, and technical assistance.

59 Ward, et al. “Afghanistan: Economic Incentives and Development Initiatives”.

60 D. Mansfield, “Trying to Be All Things to All People: Alternative Development in Afghanistan,” International Development Policy, (2020): <https://doi.org/10.4000/poldev.3751>

61 GIZ, Rethinking the Approach of Alternative Development: Principles and Standards of Rural Development in Drug Producing Areas, (Berlin: GIZ, 2013): 5.

In the second phase, the project sought to build on the EDP model, increasing production of high-value agricultural products, increasing licit incomes for producers and processors, and contributing to agricultural growth. The project expanded to work in 14 provinces, many of which had no history of opium poppy production, illustrating the shift of the project to an agri-business focus. As the business case for CARD-F phase 2 made clear,<sup>62</sup> the focus was on working with farmers and entrepreneurs to boost agricultural productivity and growth, and was not directly targeting the poorest rural households as direct beneficiaries of the programme. It assumed that poverty reduction would be achieved indirectly by increased employment and incomes for the rural poor.

A particular feature of the project was the complex arrangements of its organisational and implementation structure and the creation of a project enclave. An independent project management team office was established and staffed within the MAIL and funded directly (off-budget) by DFID. The work of this management was overseen by a cross-ministerial committee including the MCN, MRRD and the Ministry of Finance, with DFID representation on the committee. It was the task of the project management office to develop and submit proposals to the inter-ministerial committee and once approved these were then contracted out to independent implementing partners, many of whom were NGOs. In addition, the CARD-F management unit also directly implemented from the second phase several the EDPs.

## Organisational structures and implementation arrangements

As noted above, the essential basis of the project design was to insert an independent project management unit into MAIL, staffed by a group of Afghan technical experts and funded outside government channels. It directly contracted implementers, thereby bypassing provincial and district government structures. The work of this unit was steered by a Technical Management committee on which Deputy Ministers from the partner ministries served; in turn, this committee served under the project Inter-Ministerial Committee, which took the key decisions and approved funding proposals.

For DFID the logic of having an independent project that it financed directly was clear. As one official put it:

*The donor said that with off-budget our projects can be implemented easily and faster. The procurement procedure of the government takes time and it delays the implementation of the projects. With off-budget, we have free hands in spending of the budget.*<sup>63</sup>

But he then went on to say:

*But the government says that with off-budget the donors pay big salaries for their employees. If the project is on-budget, the donors cannot pay big salaries to the employees and advisors and the budget becomes under the control of the government .....[and it] can reduce spending of money on admin issues. And the government can use its employees in the implementation of the projects in rural areas.*<sup>64</sup>

It was certainly the case that the staff of the CARD-F management unit were well paid in comparison with normal government staff, reflecting a more widespread practice of donors supporting enclaves in Ministries.<sup>65</sup> The salary level of the director of CARD-F

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62 DFID, "Business Case and Summary CARD-F phase 2, March 2015."

63 Official2.

64 Official2.

65 A. Suhrke, *When More is Less: The International Project in Afghanistan*, (London: Hurst, 2011).

was reported<sup>66</sup> to be more than \$8,000 per month in comparison with that of \$2,500 of a Minister. A director of MAIL at the provincial level would have had a salary of \$350-400 in comparison with the \$2,500-3,000 of provincial CARD-F staff. This differential created an enclave of higher-paid staff within a Ministry whose government salaries were substantially lower. It was inevitable that such differentials would create resentment. The fact that there was a well-funded project over which key ministry officials had no control or influence was also a key point of friction between the management unit and these officials. It was reinforced by the rivalries between ministries, particularly once the national unity government was formed. It was inevitable, as we shall see, that this would create constituencies of support and opposition to the project.

A key CARD-F official commented as follows:

*There was a battle over CARD-F. X minister came to MAIL. He could not accept that the CARD-F director had better position. He was asking him to hire this person or that person and wanted to intervene in recruitment and grants allocation but was rejected from the CARD-F side. That was the reason there was a problem between the head of CARD-F and X minister of MAIL. So, the X minister of MAIL threatened the head of CARD-F saying either you leave the job, or I will stop the CARD-F programme.<sup>67</sup>*

When MAIL was under a strong Minister such as Asif Rahimi (2008 to 2014), who was of technocratic leanings and had good relations with the donors, these tensions could be managed, although it is clear that the off-budget arrangement continued to be a point of contention with the Ministry of Finance for example.

But as the above observations suggest, the rationale for the organisational design of the project was precisely to counter the discretionary practices of key government officials and ensure that project design and implementation decisions were taken on a technical and rule grounded basis. This approach certainly was strongly supported by many of those who worked for CARD-F who appreciated the disciplined based nature of decision making and the technocratic logic that underpinned the project and who clearly felt they could actually properly implement a project.

Key officials who were engaged with it at Kabul or central level praised the project and talked of it in terms of “one of the most effective programs in Afghanistan”,<sup>68</sup> and the value of “the project management unit, which was a foundation for the project.”<sup>69</sup>

A senior official who sat on the Technical Committee, who was not from MAIL, had this to say of it:

*I have experiences of working with other international organisations such as USAID, UN and also with the Ministry of Agriculture. But CARD-F was quite a different organisation from others in terms of management. In CARD-F, we had Inter-Ministerial Review Point meeting after each 3 months with different organisation and ministries that were involved in the project. We had a steering committee with ministry of counter narcotics, ministry of agriculture, ministry of finance and other partners, and we had ministers in the meeting. In provincial level, we had CARD-F office where provincial governors and district governors would attend to discussing regarding what we have achieved so far in the project and what we can do in the future in order to achieve our goals. It means there was a strong follow up and commitment in terms of implementation, M&E and*

66 According to various officials.

67 Official4

68 Official1

69 Official3

*procedures. In terms of governance, structure and implementation, M & E CARD-F was very good. I can tell you that the governance and follow-ups of CARD-F from the district to provincial level and capital level was very strong.*<sup>70</sup>

These officials who praised its structure also tended to praise the project in terms of what it achieved. But there were also key officials,<sup>71</sup> both at central and provincial level, who were highly critical of the project, who simply dismissed it in terms of lacking an evidence base. They characterised it in terms of “copy and paste” from programs in other countries and also in terms of the biases that emerged in terms of who actually benefited from the project.

But there is also the broader question of the extent to which the organisational arrangements and rule-based procedures of the project could in practice immunise the project from political influence. As we will see later, it is clear that was not the case, a fact admitted by a key CARD-F official.

*Well, there is no programme and project in Afghanistan that without any issue can work and finish the work. CARD-F also faced some of the issues that one was the interfering of warlord and powerful people ...and some others who wanted to have these projects for their relatives and families. But [Inter-Ministerial Committee] support and condition of Donors and project for the selection procedure could stop their interfering in the projects. We also had some issues with the ministries. The first issue was that some of the ministers didn't have a good relationship with each other and the project was a victim of this country. Politically there were ministers from the Abdullah part or Ashraf Ghani part that were not cooperative with each other and this was the main cause for the ending of the CARD-F. Each ministry struggled to have projects from CARD-F which really weakened the CARD-F programme and leadership finally the donors didn't want to waste their money for the political game of the parties.*<sup>72</sup>

After Asif Rahimi left MAIL, the struggle between Ministries and between the Minister and the project seem to increase, and ultimately, although a third phase proposal was put together, it was killed by inter-ministry conflict and according to one source, the funder simply lost interest.

## Project aims and goals: the shift from alternative development to Agri-business in phase 1

Although we have not been able to track down the original project design for phase 1 of CARD-F, annual progress reports of the project were to be found on the DFID project website.<sup>73</sup> Informants confirmed that the project started out with a counter-narcotic intent and focused on supporting districts that had moved out of opium poppy cultivation to stay out of cultivation through the growth of a legal agricultural economy.

A key MCN official in the first stage of the project made this very clear:

*Yes, it was their strategy and the main purpose to keep the poppy free districts poppy free. This strategy was implemented in all those districts and provinces where CARD-F has worked, including Badakhshan...it was my responsibility was to make the district poppy free and once it got poppy free, I was in contact with CARD-F to facilitate their*

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70 Official3

71 Key critique MOCN

72 Official1

73 This website was working in the early part of 2021 but by the beginning of December 2021 the web link in key documents was no longer active (<https://devtracker.dfid.gov.uk/projects/GB-1-204122/documents>).

*EDP in these districts.*<sup>74</sup>

This official was also very realistic about the challenges of making a district poppy free, in part a reflection of his background as a farmer:

*They are illiterate, but they are the best planners. Before cultivating a crop, farmers think about household expenses, illness, ceremonies, pilgrimage, charities on a big scale, education, and other expenses at the household level. When he sees the income from his land that cannot fulfil these demands, the only option available for them is to cultivate a crop that can fulfil their day-to-day needs for a whole year. Hence, the only option that is available for them is Hashish and opium. Through this, a farmer can be obliged to cultivate illicit crop on his land. For instance, if a farmer gets 14 kg of opium from his land. He sells 2 kg for obtaining refined seed and fertiliser for other crops. He sells 2 to 5 kg of opium to feed his livestock in wintertime. He sells the rest of the yield for household consumption and expenses, including illness, charity, and other burdens in his family. In the last couple of years, we have tried to force or encourage farmers not to cultivate opium on their land. But we have failed.*<sup>75</sup>

But it is also true that CARD-F officials were very keen not to label the project as a counternarcotics programme for security reasons, as the previous informant went on to say:

*We were not talking about counternarcotics in the project area just for security reasons, as people were sensitive when you were talking about poppy reduction and this could target the project by insurgents too.*<sup>76</sup>

What is clear is that there was a shift even during the first phase to move the project away from explicit counternarcotics objectives, although it is not entirely clear who was driving this shift. A second official observed how this had happened:

*Based on our perceptions, the donors did not want to put the name of reduction of poppy cultivation to this programme in order to facilitate the implementation of the programme in the remote districts. We hadn't heard from the donors that they want to change the programme from poppy reduction to agriculture development but it was our perceptions based on the experience of the first phase. With the name of poppy reduction, there were security challenges for the implementation of the project. With another name, especially with the name of development of agriculture, there were no security challenges for the implementers. Therefore, it focused on agriculture development in phase two.*<sup>77</sup>

But it is also clear from comments by former CARD-F officials that they had a greater interest in promoting commercial agriculture *per se* than developing CARD-F specifically for counternarcotics purposes. The rationale used was that commercial agriculture could generate a greater income, although it was clearly not designed for poor farmers:

*Well, actually CARD-F was designed differently compared to other projects and programs. The big difference was that we wanted to transfer Afghan agriculture into commercial agriculture with the help of private sector. It was obvious that very poor farmers with low level of income and land, won't be able to participate in this programme, but we had our grant system which was about \$35 million that we spent for farmers.*<sup>78</sup>

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74 Official7

75 Official7

76 Official7

77 Official2

78 Official4

From DFID's side the annual review of the project in 2011 reportedly led to an updating of project objectives and indicators, although the details of this are not known. In 2011, measurement of the impact of the project on counternarcotics was dropped, as priorities shifted and it was found to be difficult to prove that providing employment and income reduces opium poppy. Instead, the project emphasised institution building and supporting the development of agricultural value chains and markets. This reflected a broader downgrading of counternarcotics by the UK as a priority after 2011, in part reflecting the lack of success over the previous decade.<sup>79</sup>

This effectively shifted CARD-F from being a livelihoods programme designed to improve licit incomes, to one focused more on agri-business, even though counternarcotics dimensions were retained as criteria in choosing new provinces for project activities. At the time of the project completion review for phase 1, an economic analysis was commissioned by DFID, which concluded that the first phase of CARD-F was unlikely to have generated benefits that significantly exceeded the programme costs, and that, on this basis, the project would not have represented value for money; this led to strengthening the emphasis on agri-business in phase 2 of the project.

With the shift from phase 1 to phase 2, the chairing of the Ministerial committee shifted to MAIL. MCN's role was reduced and the project expanded its activities to a larger number of provinces, many of which as noted earlier had no history of opium cultivation.

## Project design and theory of change

No record was found in the project documentation of an original theory of change in CARD-F phase 1, although the shift from a livelihoods to an agri-business focus is likely to have changed the project goals and rationale. We therefore draw on the phase 2 ToC, which was elaborated in the business case for the project.

*The ToC underlying CARD-F is that by supporting legal agricultural growth in targeted provinces of Afghanistan, through the promotion of agricultural value chains, the programme will increase rural incomes and employment.*<sup>80</sup>

The figure accompanying this statement is schematic<sup>81</sup> in a logical frame form simply illustrating how 'Inputs' (technical assistance, money and monitoring and evaluation support) will lead to 'Outputs' (EDPs provide increase access to economic opportunities for agribusiness and beneficiaries); leading in turn to 'Outcomes' (sustained growth in licit rural incomes and employment) and 'Impact' (increased licit agricultural growth in targeted provinces).

The business case also stated that the ToC was informed by evidence about agriculture's role in promoting economic growth and the links between growth, prosperity and stability; although this is open to dispute, and evidence was not provided to back up the claim.<sup>82</sup> Moreover, the ToC is justified in terms of the lessons from phase 1, which is stated to provide strong evidence linking inputs to outputs, and outputs to outcomes. It, however, recognised that the evidence linking outcome to impact was more variable.

This generic ToC for the project as a whole was developed in the independent evaluation of phase II into two value-chain-specific ToCs, for poultry and greenhouses.<sup>83</sup> These ToCs detail many more specific inputs, outputs, outcomes and goals, articulating the assumptions behind the proposed logic and positioning the evaluation questions at various levels of the logical frame hierarchy.

79 P.A. Berry, "What is the Future of UK Drugs Policy for Afghanistan?"

80 DFID, Business Case for CARD-F, p15

81 Figure 2 - CARD-F Theory of Change: p16 in DFID (2015)

82 Pain, Growing out of Poverty?

83 Upper Quartile and Altai Consulting, "Evaluation of the Comprehensive Agriculture and Rural Development Facility (CARD-F)," Midline 2 Report, (Upper Quartile and Altai Consulting, 2018: 10-11).

## Explicit and implicit assumptions in CARD-F’s theory of change

There are various levels at which the assumptions underpinning the overall shape of CARD-F and the internal coherence of the ToC can be assessed. There are also assumptions that are explicitly stated, and those that are implicit in the solution offered to the perceived problem.

As background to the CARD-F phase 2, the justification for a focus on agriculture is argued in terms of its role in the national economy, its significance in terms of employment and the assumed role of agricultural growth in driving Afghanistan’s economic development. Moreover, there is a reference, repeated in the annual project reviews, to the World Bank ASR and the case that it made for the potential for growth in a number of high value chains and markets.<sup>84</sup> This World Bank review as noted earlier, saw a clear division between what it saw as high potential areas with good natural resources and close to urban centres—what it termed “first movers”—and remoter areas which by definition lacked this potential or were “non-movers” who would not be responsive to direct agricultural interventions. By definition, these remoter locations have often been areas of continued opium poppy cultivation, although the ASR saw the risk that improving irrigation could lead to expanding opium cultivation into these high-potential areas.

Table 1 shows the assumptions made in the ToC for the vegetable value chain about achieving the links between inputs, outputs, outcomes and impacts. The assumptions are almost identical for the poultry value chain but additional one include that “there are interested entrepreneurs with access to matching of full funds to invest,” and “perceived returns from sector encourage investment (copying).”<sup>85</sup>

**Table 1: Stated assumptions in the Theory of Change of the Greenhouse Value Chain**

Assumptions linking the logic hierarchy for the greenhouse value chain	
<b>Impact</b>	
↑	Increased competitiveness translates into jobs
↑	Product price/ quality equivalence with imports
↑	Domestic production is 100% import substitution
<b>Outcomes</b>	
	Improved whole farm gross margin
	Production scaled to demand
	Adequate transport infrastructure
	Functioning distribution network
	Access to markets
↑	Appropriate regulatory framework
↑	Pro-business macroeconomic & sector policies
	Stable Security environment
<b>Outputs</b>	
	Good quality input suppliers can be found
	Direct and Indirect beneficiaries can access inputs
↑	Price/quality competitive against imports
↑	Regularity of supply
<b>Inputs</b>	

Source: Upper Quartile and Altai Consulting, “Evaluation of the Comprehensive Agriculture and Rural Development Facility (CARD-F),” Midline 2 Report,

84 World Bank, Islamic State of Afghanistan Agriculture Sector Review.

85 Upper Quartile and Altai Consulting, Midline 2 Report, .

It is notable that none of the assumptions question the logic of the value chain model in any way, nor are designed to check its validity in Afghanistan's specific context. It was largely assumed that the value chain model provided a framework for understanding how commodity markets work, following a logic of supply and demand, and price competition would oil the market mechanisms.

But agricultural commodities have different properties which the ToCs do not consider. For example, potatoes, by virtue of their starch content, productivity in terms of calories per unit area and storage properties, offer both subsistence value and opportunities for marketed surplus; they have transformed the viability of mountain economies in Southeast Asia and also in Bamiyan in Afghanistan.<sup>86</sup> Greenhouse crops such as tomatoes, on the other hand, except when dried, are highly perishable and, while nutritious, offer little calorie value. Small-scale production of chickens is essentially subsistence provisioning of eggs and meat for households and a potential marketable surplus. However, production at a commercial scale demands more intensive management and infrastructure. Poppy offers multiple products apart from opium, i.e., cooking oil, poppy seeds, oil cake for livestock and straw for fuel; and opium is effectively non-perishable. These differences between agricultural commodities offer different risk profiles to producers in terms of meeting subsistence needs and securing additional cash income and their engagement with markets.

There are debates as to the extent that subsistence producers are more discretionary in their engagement with commodity markets and when market engagement becomes compulsive driven by price and competition, with a different spectrum of risks and with effects on land accumulation and wage labour. Murray Li, in her account of subsistence upland cultivators in Indonesia,<sup>87</sup> reports how they grew tobacco for over a century without it being a compulsive engagement, often retreating into subsistence when market conditions were unfavourable. However, a shift into cacao production shifted the nature of their market engagement, driving a need for waged work for those with little or no land and for those with land a drive to accumulate more private land. Afghanistan's rural economy can be characterised particularly in remoter regions as more of a distributional economy which while requiring a degree of market engagement is strongly subsistence inclined.<sup>88</sup> The ability of opium poppy cultivators to move in and out of its cultivation is a partial reflection of this.

However, commodity markets face risks. CARD-F phase 2 provides a vivid account of how the poultry market faced a near collapse in Herat because of bird flu, leading to border closure and lack of availability of inputs.<sup>89</sup> Yet opium poppy has responded strongly and even thrived under conditions of uncertainty that the COVID-19 pandemic and the Taliban takeover of power generated. It has been uniquely adapted to a context of radical uncertainty.

Commodities also encounter different market structures. Opium poppy production faces no market competition from neighbouring countries. In contrast, the other three commodities face competition from cross-border producers in Pakistan. For potatoes and greenhouse products, the market opportunities in Afghanistan are seasonal, given the inflow of cheaper produce from Pakistan and its ability to undercut Afghanistan prices. As has been seen in the case of onions, traders are well able to manipulate cross-border flows and prices to their advantage;<sup>90</sup> we discuss below how this is also true of poultry and other vegetables.

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87 T. Murray Li, *Land's End: Capitalist Relations on an Indigenous Frontier*.

88 A. Pain and D. Huot, "Challenges of Late Development in Afghanistan. The Transformation that Did Not Happen," *Asian Survey* 58, no. 6 (2018): 111-115.

89 Upper Quartile and Altai Consulting, *Midline 2 Report*, .

90 G. Minoia, W. Mumtaz, and A. Pain, "Peeling the Onion Social Regulation of the Onion Market, Nangarhar, Afghanistan," *Economic & Political Weekly*, 28 February 2015.

## Monitoring and evaluation

The DFID review of phase 2 of CARD-F,<sup>91</sup> drawing selectively on the independent monitoring and evaluation reports, concluded that the project had been successful in completing 19 EDPs and supporting the end-to-end development of eight value chains, including those of poultry and greenhouses, which we discuss further below. It made claims for the project’s contribution to rural income, private sector investment, job creation and enterprise establishment. It noted that the province level, the poultry value chain had achieved effects at a wide scale and that “CARD-F had successfully continued the roll-out of greenhouses in target provinces.”<sup>92</sup>

As the second report for the evaluation of phase 2 of CARD-F noted, support to the poultry and greenhouses value chains together constituted about 74% of planned expenditure in this phase.<sup>93</sup> Accordingly, the independent evaluation of this phase focused on assessing the performance of the poultry EDP in Herat and Kandahar (but not in Nangarhar) and greenhouses in Kabul, Kandahar and Nangarhar. The evaluation did not assess the effect of the EDP for potato production in Khash District, Badakhshan, which was part of AREU’s assessment.

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91 DFID. “Project Completion Review CARD-F, Jan 2018.”

92 Ibid.

93 Upper Quartile and Altai Consulting, Midline 2 Report, .

# Findings from the field

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## Badakhshan

CARD-F selected two districts in Badakhshan, Khash and Kishim, for the implementation of the project. This study focused on the CARD-F programme in Khash which was implemented by AfghanAid between 2012 and 2016.

Until a new road connected Khash directly to Faizabad, the provincial capital, around 2002, the only road access was through Jurm district. Donkey journeys to Faizabad before 2002 would take 2-3 days, but once the new road was constructed the capital could be reached by car or truck in 3-4 hours. Khash was originally part of Jurm district lying above its main valley. Khash is an upland agriculturally marginal valley with a single growing season and with limited irrigated land. But due to the influence of several important figures, including members of the influential Shahrani family who came from the district, Khash was established in the 1990s as an independent but third-grade district.<sup>94</sup>

However, it is a district that has had a long history of growing opium poppy and, at least from the 1950s, there was a system of registered growers who sold their harvest to a government agency. The crop was an essential element of a wheat livestock farming system that allowed households to survive. From 2000 onward, the area of cultivation expanded dramatically—some informants suggested up to 80 percent of the cropping area—and while the peak of cultivation was between 2000 and 2007, it is clear that opium poppy cultivation never entirely ceased. As the poppy probability maps make clear (Map 1), opium poppy was still being cultivated in pockets in 2010, and by 2019 its cultivation was widespread throughout the district (and in neighbouring Jurm district as well). The cultivation of cannabis remained widespread during the period of the CARD-F project.

On the grounds of opium poppy area alone, therefore, Khash clearly met the CARD-F selection criteria even if the district had not wholly moved out of its cultivation. However, several informants were very clear that the district selection for the project owed as much to key personal relations. As one informant explained:

*The director of CARD-F, was a classmate and best friend of [an influential figure] Therefore, this person requested the director to select the Khash district of Badakhshan as the poorest district in terms of development and as a poppy cultivation district.<sup>95</sup>*

The process of selection of AfghanAid, a British NGO which has long worked in Badakhshan, is not known, but it is very clear from the account of both district government officials and AfghanAid staff that the role of AfghanAid was simply to implement a blueprint designed in Kabul by the CARD-F office, which included the selection of villages. A district official made the point

*The programme was already designed before and brought to Khash and then implemented. They have their experts, engineers, and foreign consultants in the programme and they designed the programme and its projects. Therefore, we didn't have any role in design and implementation, we only provided the facilities and solved the problems that happened in society.<sup>96</sup>*

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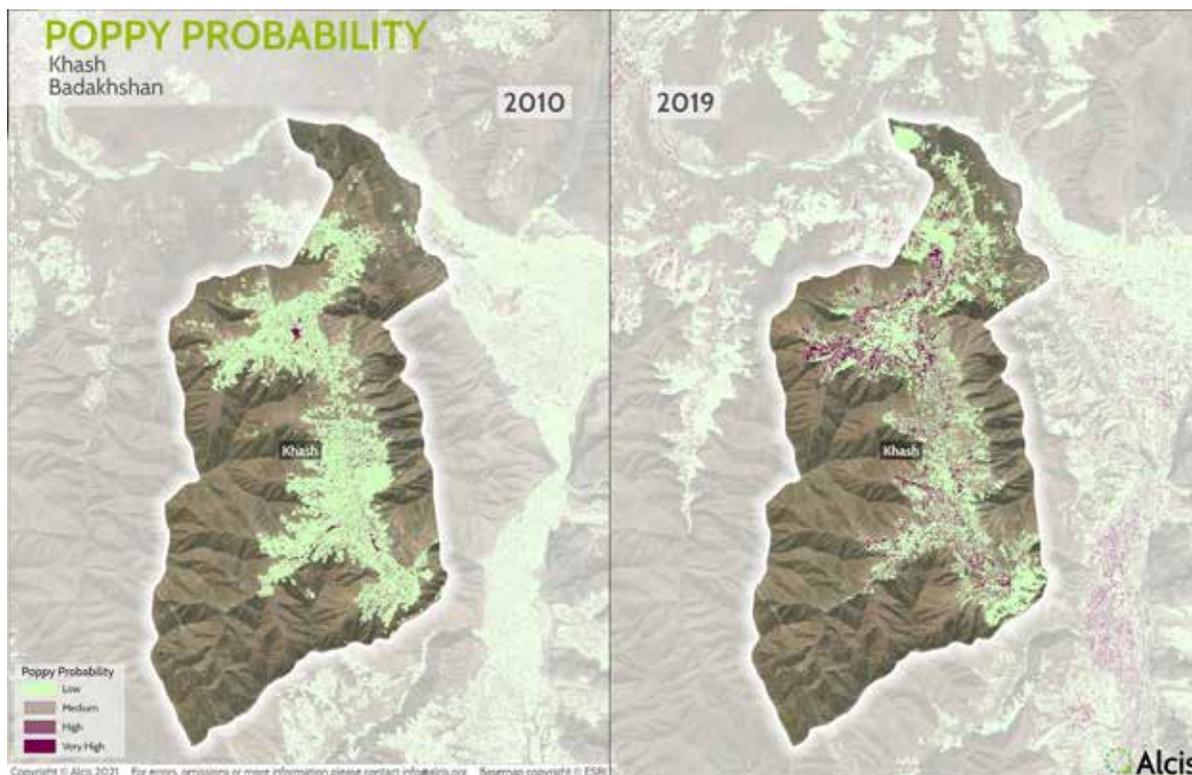
94 Districts are graded according to population, environmental and social characteristics. The purpose of grading districts is to allocate basic resources and incentive budgets. A grade 3 is the lowest category of district.

95 Bdk16, Official

96 Bdk19, District Official

Five EDPs were planned for Khash around potato production, cold storage construction, onion production, bees, and poultry production. In addition, there was an infrastructure programme that included the construction of three dams to expand the irrigated areas and support for the provision of animal health care facilities. But it soon became clear to the implementers that not all of EDPs planned in Kabul for the district were viable. An AfghanAid implementer commented:

*Beekeeping did not have a good result and all the bees died. Maybe because of the weather, it is very cold in Badakhshan. Then we suggested distributing goats to the people instead of bees. A lot of communication happened and emails exchanged between AfghanAid in Badakhshan with the main office in Kabul and as well as with the management team of CARD-F, but they did not accept to implement goats. They said “It needs a lot of procedure to be considered, it will take a lot of time.” So, we cannot accept it. You cannot bring changes in the design of the project, so go ahead with the current design.<sup>97</sup>*



Map 1. Poppy Probability maps for Khash, Badakhshan in 2010 and 2019.

Note: These data are intended to represent relative poppy cultivation probability across the entire country of Afghanistan. Probability categories represent the probability of an area being under poppy cultivation. This data is not intended to represent actual locations of poppy fields. It also should be noted that direct comparisons to other Afghanistan Poppy Cultivation Probability maps from different years are not reliable as the relative probability scale changes each year. Landsat pixels buffered 30 metres for display purposes.

Indeed, the assessment by several officials after the end of the project was that it was only the potato, cold storage and irrigation components of CARD-F that left any lasting legacy in Khash. The central control in the design of the project appears to have been reflected in an intensive effort in monitoring the implementation. Quite where all the monitoring data went and how it was used remains unclear and when interviewed officials in Kabul were unaware of where it could be found,

97 Bdk17

but an AfghanAid official commented on how intensively implementation was scrutinised:

*Every month, AfghanAid was receiving a plan for the implementation of the projects from the central office of CARD-F from Kabul. Then, after the implementation of the plan, every month the activities are reported to CARD-F in a Kabul meeting. If any activity remained, the reasons have to be reported to CARD-F officials, and the remaining activities planned for the next month. At the same time, there was a sub-office of CARD-F in Badakhshan. This team even every day and week went to the field and monitored the activities and process of the implementation. If they found any gap, they provide advice to fill the gap and reported to the main office of CARD-F in Kabul.<sup>98</sup>*

We focus the discussion on the findings on the potato and the cold storage which was primarily designed for the potato crop. However, it should be noted here that both the installation of three dams to increase the irrigated area and the provision of animal health facilities were commented on very favourably by most informants, although there were doubts given the poor materials in their construction whether they would last. Livestock numbers for example were reported to have increased, mortality rates were reported to have declined because of animal health care<sup>99</sup> and at the same time livestock prices rose, although there were concerns whether the animal health facilities would continue to function. In sum, CARD-F was seen to have contributed to strengthening the livestock economy of the district at least during its period of implementation.

## CARD-F and Khash's potato economy

Potatoes have long been grown in Khash for subsistence purposes and were not traded at all before the new road came to Khash in 2002. Opium poppy cultivation would certainly have been present at the time of the start of the CARD-F project and it was made clear that in the selection of beneficiaries for the project, the farmers were only eligible if they gave a commitment not to grow opium poppy. The potato EDP was thus very clearly seen as a substitute for the crop. The observation from one farmer who did not join the project because he was acting as a supervisor of opium cultivation for a Balkh contractor confirmed this:

*I didn't like to come to the meetings of CARD-F at that time because they didn't like poppy cultivators and one of their criteria was that the land that becomes under potatoes cultivation should not have poppy in the neighbouring lands. I was not feeling comfortable to be present in their meetings. Because I feared that they give my name to the police and NDS [National Directorate of Security] as the professional worker of poppy lands. Indeed, I was not involved too much in the meetings of the village and NGOs.<sup>100</sup>*

As he was sharecropping out the land he had been able to buy because of his opium income, his sharecropper did join the CARD-F project and so the owner indirectly benefited. Moreover, his land fell in the catchment of one of the constructed dams, converting his land from rainfed to irrigated land and this increased its value.

A persistent comment on who was selected to be a beneficiary of the potato EDP and cold storage was that the selection favoured those with irrigated land and capital. In part, of course, this was by design and CARD-F was explicit in stating that the project was targeted towards better off farmers. But it is also evident that the selection of beneficiaries was devolved by AfghanAid down to the Community Development Councils (CDCs) at the village level and from the perspective of many informants this led to perceptions of only the well-connected and powerful being selected. The comment by one sharecropper reflected a wider sentiment: “the bad thing was that poor farmers were not included,

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some influential people had a role in selecting farmers.”<sup>101</sup> The bias in selection towards the wealthy and influential was particularly noted with respect to the support for the construction of the cold storage facilities, to which we return later. But we examine first the potato production EDP.

This EDP was universally described by officials as a “comprehensive” value chain approach, which was outlined as follows by one informant.

*The important point of CARD-F was that they were considering all aspect of the programme. They were called this system a value chain, started from seed seller, cultivator, fertiliser seller, labour, then harvesting, selling the harvest, the truck that carries the harvest. All these things were part of the value chain.*<sup>102</sup>

Farmers who were part of the programme described in detail how they were trained by AfghanAid in new methods of potato cultivation, provided with new potato seed, inputs and instructed on the timing and levels of labour inputs in order to maximise potato yields. In addition, there was a study tour to Bamiyan to learn how farmers there cultivated potato. Further, it was widely reported by both direct and indirect beneficiaries of the project that this led to at least a tripling of potato yields (from about 150 to 180 *sers* per *jerib* to 600 *sers* per *jerib*) resulting in a marketable surplus. It was also a time when the opium price was in decline and the price of potatoes was strong, making potatoes a viable economic alternative to opium.

It is also evident that the benefits of the project were not just felt by the direct beneficiaries of the project, but many other farmers learned from those who were trained and been provided with inputs.

*I didn't participate in the CARD-F's project because I was not here and my father was busy with poppy cultivation at that time and he was not interested. But after I came here and took the land from my father-in-law, I started farming activities and bought potatoes and cultivated potatoes through the procedure that CARD-F said for others. I asked one of the farmers from the village who were experienced person and he instructed me then I took a very good harvest from the potatoes. My harvest was 800 *Sers* of potatoes and my share was 400 *Sers*.*<sup>103</sup>

His father then gave up opium poppy cultivation and moved into potato production as well. There is no doubt as well that the intensification of potato production increased employment possibilities for farm labour, not least because the guidelines for production were firmly applied and growers felt obliged to hire labour to ensure timely crop management according to the instructions. However, wage rates for labour on the potato crop remained at about 250-300 Afs a day in comparison with 600-800 Afs per day that could be earned with labour on the opium poppy crop and once the project stopped, the use of hired labour declined. But there were also wider CARD-F project implementation effects on creating employment due to labour opportunities for cold storage and dam construction that softened the loss of opium crop labour.

What is far less clear is how yield and production increases in potatoes translated into effects on household incomes. Certainly, for food deficit households, a key advantage of potato production was that it could contribute to consumption requirements. Undoubtedly for some of the smaller farmers this was a considerable benefit, as one informant made clear. He also pointed out the wider role of potatoes in market exchange and the costs of production.

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101 Bdk15

102 Bdk16

103 Bdk15

*We are a small family with only four people at home. We keep 50 to 70 Sers of our potatoes for our domestic uses. Half of that will be for our cooking and half of that will be used for the exchanging with other commodities when the mobile shop comes in our village. I could collect some 670 Sers of potatoes this year and the market was also not good and I sold them 60 Afs per Ser. I just kept 70 Sers for myself and sold 600 Sers that total money is 36,000 Afs which will not be enough for our winter cost and buying of some modified seeds and fertilisers for the next year. You know that the cost of one sack of fertiliser is around 5,000 Afs. We are dependent on a loan this year.*<sup>104</sup>

But the project and informants were remarkably silent on this aspect of changes in household consumption and incomes as a result of potato production. No information appeared to be available on the different markets for ware potatoes, sold for consumption, and seed potatoes, sold for planting for the next year's crop, which would have had a price premium. The high altitude of Khash would have been particularly suitable for producing disease-free potato seed.

This absence of understanding in part would appear to reflect a production bias in how the CARD-F design envisaged the value chain. For district officials, markets were simply about linking farmers to traders so that traders would come and buy surplus potatoes. There appears to be no formal information on prices, how these were set and how these changed over distance and time in any of the CARD-F documentation or monitoring reports. An official, when asked about this aspect of the value chain admitted, "We don't do it from our side and I don't know about CARD-F and AfghanAid and how they monitored the market and trade between farmers and traders."<sup>105</sup>

What was reported by many informants was that the new road access to Faizabad after 2002 led to an increase in the number of mobile traders who were coming to the district. In the absence of any specific bazaar in the district these traders came to provide an important point of access to markets. It is likely that this greater presence of traders was driven both by the improved physical access to the district and by the growth of the opium economy, which increased the purchasing power of its inhabitants. While undoubtedly the increase in marketable surplus of potatoes after 2012 brought in wholesale potato traders from Faizabad and beyond (Kunduz and Takhar), these primarily bought in bulk from the large local traders who had benefitted from the installation of cold storage which we discuss below.

It was commonly reported that it was mainly with the mobile traders, who travelled from one village to the next, that the smaller farmers exchanged both their opium and later their surplus potatoes on a barter arrangement for the commodities that they wanted. In the eyes of one official, this was in essence a costless exchange:

*For example, the price of seven kg of rice is 300 Afs, and the price of 7 kg of potatoes is 100 Afs. So, here the local people give 21 kg potatoes, which the worth is 300 Afs, and receive 7 kg rice, which the worth is 300 Afs, too.*<sup>106</sup>

The assessment by one informant who was a local trader provided a rather different and possibly more realistic view, commenting critically on the mark-up in prices between Faizabad and Khash and the uneven terms of trade on which the trader benefits both ways from the exchange.

*For example, they [the mobile traders] exchange potato with rice. I buy one Ser potato for 80 Afs in cash. They exchange potato with rice for 60 Afs for one Ser of potatoes. The Khanabad's merchant get two benefits in potatoes and rice. They count the price of potatoes very less and the price of rice very high. He sells the potato for 140 Afs.*<sup>107</sup>

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The persistence of barter arrangements between farmers and traders, found both for opium and potatoes and the evidence of the unequal exchange embedded in this transaction, brings into question both CARD-F's understanding of how commodity markets work in this remote district of Badakhshan, the limits of their claims for providing market linkages and their notion of a comprehensive value chain approach.

The alternative route for farmers to sell surplus potatoes was directly to the handful of local potato traders who sell on to visiting potato wholesalers or directly sell to the Faizabad market themselves. These were a small group of relatively large landowners who had also been the key beneficiaries of the cold storage construction by CARD-F, in part determined by the selection criteria to be a beneficiary; this required a cash payment of around \$200 (although this changed over time), available land and contribution to the construction. One of these traders acknowledged this: "Among 270 families [in this CDC], two of us benefited from cold storage...but 100 poor people are asking the CDCs' representative why he did not give them the project."<sup>108</sup>

These traders are also the source of the key inputs such as fertiliser and potato seed for production.<sup>109</sup> While details on the precise terms of credit on which farmers secured their inputs are not known, a second trader acknowledged that when a farmer needed a loan, they obtained it from him rather than a mobile trader. He went on to say:

*We are happy with this asphalted road but the coming of these mobile shops meant that all people buy what they need from these mobile shops but when the local people don't have money they come to our shops taking a loan. The coming of these mobile shops is not for the benefit of shopkeepers of Khash district.*<sup>110</sup>

The probabilities are that this loan was advanced against a commitment by the farmer to sell his potatoes to the trader at the time of harvest when prices were at their lowest. With the cold storage, the traders were then in a position to store potatoes until prices rose later in the season.

*During the harvest time (October) one Ser of potato is 80 Afs to 90 Afs, while after one or two months (December and January) the price rises from 120 Afs to 150 Afs. Those who don't need money urgently or have another source of income store the potatoes in their cold storages and sell them when with a good price at the right time.*<sup>111</sup>

Price setting for potatoes in Khash is one matter, but it has to be seen in the context of a wider regional (northern Afghanistan), national and cross-border trade in potatoes and no study appears to have been undertaken as to how this works. Afghanistan market price data<sup>112</sup> point to complex province-specific potato price shifts related to the seasonality of production in different provinces. Other sources<sup>113</sup> point to key producers in Bamiyan, the centre of potato production in Afghanistan, playing an important role in the potato trade so it may well be given the relatively low value of potato as a commodity and distinct provincial economies, its market is less subject to control by key players at least at the local level. This was certainly the view of one trader from Khash:<sup>114</sup>

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108 Bdk06

109 Bdk06

110 Bdk07

111 Bdk16

112 WFP, VAM, Afghanistan Countrywide Weekly Market Price Bulletin, June 2020, <https://cutt.ly/VRDUmLI>

113 Ritchie and Fitzherbet, 2008 Solidarites, Aide humanitaire d'urgence, Clichy-la-Garenne France, 2008.

114 Interviewed by phone, October 2021

Potato is not an important product and Khash is not its only source. This product is only a good source of income for Khash but it can't provide all the needs of Faizabad or any other city. Moreover, there is no Mafia of the vegetable in Badakhshan to compete with Khash. The product of the Khash does not bring any changes in the price and trading system of big traders at the provincial and national levels. Maybe there are some of the Mafia of potatoes in Bamiyan or at the National level but we don't have such an issue in Khash. There is no monopoly system in the trading of potatoes and the product can be found in each market as it is one of the main food items of Afghan people. Even the traders of Bamiyan are also bringing potatoes to Badakhshan. Considering the kind of product, it is easy to judge that monopolising this product is not possible in Badakhshan.

We return to the term “mafia” in the next section. But in 2016 the CARD-F project in Khash came to an end. Most informants took a very positive view towards the project and were upset when it ended.<sup>115</sup> While the management practices introduced for potato cultivation were reported to have continued it was also noted that after the ending of the project, farmers growing potatoes stopped hiring labour and only drew on household resources. One informant in a group discussion summarised how he saw the changes that had come to Khash.

*If we compare to the past 10 or 15 years ago, it is better now but if we compare it with the past 5 years ago it is bad. About 10 or 15 years ago, we didn't have a road and there were no NGOs to come here and help people. With the asphalt of road and NGOs activities, lots of projects came here that helped farmers to have a good income. We have attended lots of training and our information on the cultivation of potatoes has increased. After CARD-F stopped, its work in Khash and insecurity increased in the country and in Badakhshan as well, so the NGOs minimised their projects there projects here.*<sup>116</sup>

Assessing the effects of the project in terms counternarcotics objectives is more complicated. In some respects, the return of opium poppy cultivation to Khash (see Map 1) could be seen as judgment on the project. There were officials<sup>117</sup> who took a positive view on the effect of the potato programme displacing opium poppy cultivation: “CARD-F provided a very useful alternative crop that slowly, slowly the farmers themselves left poppy cultivation and increased potatoes cultivation.” Others attributed the benefits of the project to its timely arrival as the opium poppy price was in decline and its focus on potatoes which clearly filled a niche in a semi-subsistence cropping season. They did not see any difference in market structures between the two commodities—the same traders were providing seed, inputs and loans for opium poppy as they were now doing for potato.<sup>118</sup> They were equally clear that if opium poppy prices increased there would be a return to opium poppy cultivation. That is what appears to have happened.

## Nangarhar

CARD-F selected two districts in Nangarhar, Kama and Bihsud, for the implementation of the project and both were included in this study. In Kama, CARD-F primarily implemented its poultry EDP and in Bihsud it prioritised the greenhouses EDP and the production of off-season vegetables in these. While the details for budgetary expenditure could not be traced for CARD-F phase 1, as Upper Quartile and Altai reported, the poultry and greenhouse value chains across all provinces together constituted 74% of the planned expenditure under CARD-F phase II.<sup>119</sup>

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115 Bdk16

116 Bdk01

117 Bdk16

118 Bdk12

119 Upper Quartile and Altai Consulting, “Evaluation of the Comprehensive Agriculture and Rural Development Facility (CARD-F),” Midline 1 Report, , (Upper Quartile and Altai Consulting, 2017, 1).

In contrast to the selection of Khash in Badakhshan (and in other districts in Nangarhar), both Kama and Bihsud had long moved out of opium poppy cultivation. There was a relatively brief period of extensive opium poppy cultivation in these districts, primarily between the years of 2002 and 2006 at the time of peak prices. However, according to opium poppy probability assessments,<sup>120</sup> the level of cultivation in both districts in the years 2010 and 2019 was very low (see Map 3, Annex 2). This stands in contrast, say, to the districts of Khogyani and Achin (see Map 3) in Nangarhar where the assessments indicated a high probability of opium poppy cultivation in both time periods and cultivation was even more extensive in 2019. The two districts of Khogyani and Achin with their mountainous landscapes and narrow valleys are closer to Khash in agro-ecology than the two plains districts of Kama and Bihsud.

Thus both of the target districts for CARD-F in Nangarhar were locations that had already long exited opium poppy cultivation before the start of CARD-F and in this sense were an easy target for CARD-F in relation to its counternarcotics objectives but also because security was good. The fact that farmers had stopped opium poppy cultivation was simply that the agro-ecological endowments of the districts, relatively well-irrigated lands that allowed double and even triple cropping, and proximity to an urban market gave them better economic alternatives. While it could be argued that the greenhouse EDP had an individual small farmer focus with potential as an alternative income source to opium poppy, this case cannot be easily made for the poultry EDP. Although there was a component of the poultry focused on the small-scale layer farms which it was assumed would engage women, in practice, the poultry EDP focused at the commercial scale of production well beyond the reach of an average farmer. The only potential that it might offer was in relation to generating additional farm employment.

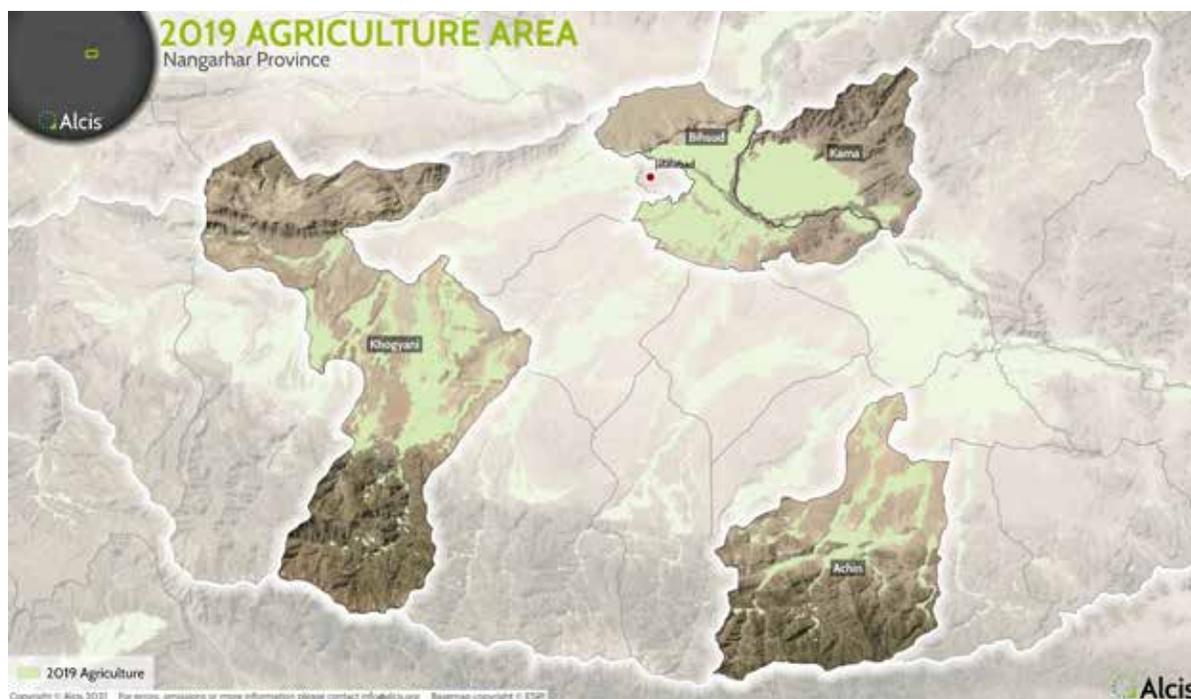
Both Kama and Bihsud lie close to Jalalabad, the provincial capital and are characterised, as the Map 2 shows, by extensive cultivated areas in the plains of the district. Bihsud is a grade 2 district while Kama is grade 1, no doubt reflecting its political influence. However, Bihsud is reported to be more reliably irrigated than Kama and this was reason for the focus of the greenhouse EDP on this district. It is also noticeable how the area of agricultural land has expanded in the period 2010-2019<sup>121</sup> by some 45% in Bihsud and 20% in Kama reflecting the development and repair of irrigation facilities to which the CARD-F programme contributed.<sup>122</sup>

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120 Alcis, 2021 Poppy Probability Assessment of Kama, Bihsud, Khogyani and Achin.

121 According to Alcis, 2021, assessments the agricultural area in Bihsud has increased from 7308 to 10644 ha between 2010 and 2019 (45% increase) while in Kama it has increased by 20% (6975 to 8341 ha) over the same period;

122 NG\_R2\_02



Map 2. Location of Agricultural Area in Kama, Bihsud, Khogyani and Achin in Nangarhar.

Kama and Bihsud have distinctive histories and patterns of authority. Kama has an established elite reflected in the presence of the hereditary *malik* (or village headman) system<sup>123</sup> which wields immense power. These *maliks* tend to be the larger landowners and are well connected to the MPs that come from the district. As one informant put it, “these maliks work in the government or politically supported by the politicians and the people who work in the high rank of the government.”<sup>124</sup> In contrast, Bihsud has been more recently settled with immigrants from other provinces and there is not the same history of entrenched power by a land owning elite; the *maliks* in this district were seen to be much less powerful than those in Kama. The contrast was exemplified by a second informant as follows:

*In Bihsud district, as I mentioned, the government is more active and the Maliks cannot influence the district governor. But in Kama, if the district governor does not work for the favour of the Maliks, the district governor will easily be replaced with another person.*<sup>125</sup>

Three organisations were selected for the implementation: ITALTENT for the poultry EDP, Kunduz Rehabilitation Agency (KRA) for the greenhouses, which was registered as an NGO, and Dawoud Construction Company for the infrastructure. However, after 2014, the implementation of the EDPs were taken over by a CARD-F team, and the infrastructure works by MRRD.

### CARD-F greenhouse EDP

In contrast to the potato EDP in Khash, there is a detailed elaboration of the theory of change for the greenhouse value chain developed by Upper Quartile and Altai and its ambitions to create a competitive horticulture sector.<sup>126</sup> This ToC assumed that competitiveness would translate into jobs, increase rural incomes and through import substitution improve Afghanistan’s agricultural trade balance. The inputs to support this, provided under CARD-F, are summarised in Table 2.

123 This system has remained particularly prevalent in Nangarhar.

124 NG\_R1\_04

125 Ng\_R3\_09

126 Upper Quartile and Altai Consulting, Midline 2 Report, .

**Table 2. CARD-F Activities for the Greenhouse EDP<sup>127</sup>**

Greenhouse EDP activities	Details
Start-up support	Beneficiary selection; Greenhouse supplier selection; Greenhouse risk sharing grant package; exposure visit to other greenhouse farmers
Extension and training	Training on greenhouses and their management; extension services and training of District officers of MAIL; business development services (record keeping etc.)
Marketing Interventions	Facilitation of networking events to introduce buyers to sellers; advice on establishment of value chain interventions such as aggregation centres; risk sharing grants to higher level value chain interventions
Institutional Support	Support to association formation, business development services etc.

The key crops grown in the greenhouses were tomatoes and cucumbers. According to Upper Quartile and Altai's 2017 assessment,<sup>128</sup> 80% of tomatoes eaten in Afghanistan are produced in country, with a small amount of cross-border trade (exports and imports). Exports however according to Upper Quartile and Altai have often faced blockages at the border resulting in frequent losses in products. Cucumber production profile is very similar to that of tomatoes. The opportunities, therefore, for an expansion of production of both crops was seen to be a seasonal one in producing of vegetables at a time (early spring) when imports provided most of the products sold. This therefore was very much a niche market.

According to Upper Quartile and Altai, by 2017, some 240 greenhouses (some 50% of the total country greenhouse EDP) were installed under CARD-F in Nangarhar.<sup>129</sup> It also noted that across Afghanistan some 1,000 greenhouses had been supported by other programmes. Although there is no district breakdown, most of the CARD-F greenhouses are likely to have been established in Bihsud with smaller numbers in Kama. Upper Quartile and Altai assessed that these Nangarhar greenhouses had contributed some 0.46% of total provincial tomato production and 27% of offseason traded volume.<sup>130</sup> Similarly, the cucumbers grown in these greenhouses had contributed some 3.7% of local production and some 11.8% of off-season traded volume. However, Upper Quartile and Altai recognised the rather limited effects of the greenhouse programme in generating employment given their relatively small size.<sup>131</sup> It also recognised that there was significant price volatility both with respect to the costs of inputs and sales of produce, and that producers were unable to sell their produce at prices that had been assumed in the design of the package.

By 2018, Upper Quartile and Altai were acknowledging a relatively high attrition rate among the beneficiaries of the greenhouses in Nangarhar, with many selling off their greenhouses to others.<sup>132</sup> There were also problems of volatility in input prices that were subject as it put it lengthy administrative procedures at the border as well as border closure and associations not really being functional. It concluded that "there was no evidence to support that market linkages have [already] been strengthened, or even making good progress in achieving this."<sup>133</sup>

In many respects the findings from our fieldwork support these conclusions but also provide insights as to why some of the underlying factors in relation to price volatility, association dysfunction and why in the end many of the beneficiaries gave up on the greenhouse investment.

127 Upper Quartile and Altai Consulting, Midline 2 Report, Figure 2, p11

128 Upper Quartile and Altai Consulting, Midline 1 Report,.

129 Ibid., 43.

130 Ibid., 44.

131 Ibid., 44.

132 An observation confirmed by all informants.

133 Upper Quartile and Altai Consulting, Midline 2 Report, , ii.

The selection process for beneficiaries in Bihsud appears to have been relatively uninfluenced by personal connections. The account by one sharecropper who came originally from Khogyani and settled in Bihsud in 2008, sharecropping nine jeribs of land and leasing in another six jeribs, makes this clear:

*The procedure for the greenhouse was that the farmer should write a suggestion letter that he would like to have a greenhouse from the CARD-F project and that he was ready to contribute the percentage of the cost and he had enough land. The Malik had to confirm that the farmer was from this area, and had enough land. I followed this procedure and took the letter to the CARD-F office and they came and did a survey.... I was accepted for the project, and they made the greenhouse for me, the total cost of the greenhouse was \$4,400 and the farmer contribution was \$1,320 [30% contribution]. I paid only \$1,100 and worked as a labourer for the remaining amount of money, which was \$220.<sup>134</sup>*

His view was that many farmers like him also applied for the greenhouses and were selected by the programme. He observed that CARD-F did not allow anyone to influence the selection and “even the CARD-F were not eating our lunch or taking a cup of tea. They were saying that we have enough salary to help ourselves with the eating and drinking.”<sup>135</sup> He also described in detail the training and workshops that were provided and the inputs, such as seed and fertiliser, to support the production. His account of the benefits of the start-up support and extension and training was backed up by other informants. A central element of that support was not only the provision of inputs but also the availability of a guaranteed buyer (Bostan Sabz) who bought up the produce at favourable prices but cancelled the contract once CARD-F support ended. The reasons for the cancellation remain unclear but it basically closed down the market.

The sharecropper concluded his account as follows:

*Indeed, we were very happy with the result of CARD-F and we had a good income but the project ended soon and the contractors also left us so we couldn't continue our work in those greenhouses. As the people couldn't afford the cost of renewing the greenhouses, they all sold the greenhouses and there are no greenhouses in Bihsud.<sup>136</sup>*

There is some uncertainty as to whom the greenhouses were sold to, but various informants reported that it was the Bostan Sabz company. The company apparently bought over 100 greenhouses from Behsud by paying around 30 percent of total cost and transferred them to Kariz-e-Mir, an area close to the 17th district and part of Shakardara district in the north of Kabul city. Some of the greenhouses were also installed in Paghman district in the northwest of Kabul. It was not possible to determine the exact location of where these greenhouses ended up and who was using them.

As the Upper Quartile and Altai assessment implies the core issue at the heart of the failure of the greenhouse intervention to establish itself was prices. However, Altai, while acknowledging price volatility, did not investigate what underlay this price volatility attributing it to unspecified cross-border issues and poorly performing associations. Informants were more forthcoming about where the issues really lay and this was to do with market control by powerful actors who fixed the prices and ran the associations in their own interest. One informant who worked for CARD-F for two years also noted the enormous price fluctuation and agreed it was the big traders, with clear links to government that set the prices. Another small farmer explained why he only sold his vegetables locally in his own and surrounding villages:

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134 NG\_R2\_08

135 NG\_R2\_08

136 NG\_R2\_08

*There are people ... who are working as traders but in reality, they are the Mafia of the market. They are the main people setting the prices and looking only for their benefits. Unfortunately, the government doesn't take action against them. The main reason they say is that there is a free market. That is wrong, the traders have monopolised the market, and they set the price of vegetables, and they lead the market.*<sup>137</sup>

As we shall see, the term “mafia” was widely used to describe powerful market traders in Nangarhar. Classically, it is associated with the Sicilian criminal hierarchical and structured organisations of Italy.<sup>138</sup> It has also acquired a particular meaning and resonance in the South Asian context and, “is commonly used to refer to business enterprises with political protection that seek to monopolise particular sectors and trade through extra-legal and violent means.”<sup>139</sup>

It was clear from talking to one of the main actors<sup>140</sup> in the market place, a member of the Vegetable and Fruit Association, sitting in his office surrounded by armed bodyguards, that he would fit with the Afghan characterisation of market “mafia”. He presented a benign image of the terms credit he offered farmers:

*Traders in the market give loans to farmers to buy fertilisers or seeds, then they can pay our money back when they harvest their crops. The farmers can give us their products to repay the loan, or sell their products to others and repay the loan with money. The loans that we give to farmers do not give profit. We also give loans to small traders, in a way that means they can pay us back in instalments over time. For example, a trader comes to me and asks for 100 Sers of potatoes but he can pay only half of the money at the time; they can bring the rest of the money for us after selling the potatoes onwards. Then he can take another set of products in this way, repaying the debt after a week or a month. Currently, more than 30 small traders in Kabul and Nangarhar have taken loans from me. The total amount that is currently loaned is more than \$180,000. But it will be repaid gradually over 5 or 6 months.*<sup>141</sup>

While this informant claimed that the loans made were not-for-profit, and that farmers were free to sell their produce to others, this is not how the recipients of those loans saw it.

This tying of informal credit to the requirement for the producer to sell to the credit provider is what is termed an interlocking contract and has also been a characteristic of opium poppy production. The condition for one contract, i.e., the offering of credit, is established as a condition for another, i.e., the purchase of the produce at a pre-set price. The trader profits on both transactions. This phenomenon is widespread in India<sup>142</sup> and pervasive in Afghanistan. Direct and indirect beneficiaries are therefore tied into input and output markets on disadvantageous terms. This ensures unequal access to markets, with some able to gain access on more beneficial terms than others. The assumption underlying a key linkage between inputs and outputs is thus invalidated.

Those farmers who were not tied into such interlocking contracts or sought to sell independently had to sell through established marketplaces. In Kama, these were owned by a group of powerful *maliks*. Although in theory prices are established through a bidding system it is evident from informants' comments that many see the bidding system as rigged. One farmer described the process of taking his vegetables to the marketplace.

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137 NG\_R2\_02

138 M. Watts, “The Mafia of a Sicilian Village, 1860-1960; A Study of Violent Peasant Entrepreneurs by Anton Blok,” *The Journal of Peasant Studies* 43, no. 1 (2016): 67-91.

139 B. Harriss-White, and L. Michelutti (eds.), *The Wild East: Criminal Political Economies in South Asia*, (London: UCL Press, 2019).

140 NG\_R3\_14

141 NG\_R3\_14

142 M. Ali-Jan and B Harriss-White. “The Three Roles of Agricultural Markets: A Review of Ideas about Agricultural Commodity Markets in India.” *Economic and Political Weekly*, Vol XLV11, no. 52 (2012): 39-52.

*First, we collect the harvest, and then weigh and pour into the plastic pockets. After that, we rent Zaranj (small trucks) to market and sell them in the market. Then the dealers do bidding and select the first price. These dealers are connected with the big traders and select the price for doing bidding based on the order of the big traders. I think the dealers may talk with the big traders and discuss the selection of the first rates for bidding to be for the benefit of the big traders. When the dealer shouts for selling and he selects a low price for bidding then, the traders buy it and then the big traders sell it to other people or the traders of other provinces for higher rates. So, when the big trader buys the harvest through the bidding system, then the big trader pays more money to the dealer. This kind of dealing is not for the benefit of the farmers but it is for the benefit of the big traders. We can say that in the selection of the rates, the dealer who is doing bidding and the traders have a role.*<sup>143</sup>

With perishable vegetables and a lack of storage facilities farmers have few options but to sell at the set prices. Nor do the established associations work in the producer's interests. Rather they are controlled by the key big traders as our earlier informant made clear. He described how the leadership of the vegetable and fruit association had remained unchanged offering a view that "traders and members vote for us in each election and they are telling us that you are our elders and supporters so it will be good if you keep these positions."<sup>144</sup>

In sum, the vegetable markets of Nangarhar remain a risky venture for many producers by virtue of their complex seasonal dimensions, cross-border competition from Pakistan and market regulation by powerful traders. This supports earlier conclusions drawn for the provincial onion market.<sup>145</sup> Seeking a niche in this market through off-season production under greenhouses only worked when full market support through input provision and price support was given. Once that ended, farmers with greenhouses sold out. There are wider lessons about the conditions for market engagement by farmers that will be returned to in the discussion. We turn now to look at the CARD-F support for the poultry sector which most clearly exemplifies an agri-business approach.

## CARD-F poultry EDP

In contrast to the concentration of greenhouse EDP investment in Nangarhar, CARD-F focused its poultry intervention in Herat and Kandahar, and details regarding the specific intervention and its effects in Nangarhar are not reported on by Upper Quartile and Altai. The poultry value chain has various links. These relate first to egg production (layer farms) and chicken meat production (broiler farms). Second to the inputs of young chicks (produced through hatcheries, breeder farms or imported), feed, and veterinary medicines required to support production. There are complex cross-border dimensions in terms of supply and competition from Pakistan and Iran in particular. These borders are located at the main urban centres of Jalalabad, Kandahar, Herat and Balkh where Afghanistan's poultry industry for supplying its urban market is found. Nangarhar probably ranks first in terms of the level of poultry imports (either live or frozen) with Herat, Balkh and Kandahar ranked second, third and fourth. There is of course a widespread small-scale farm level production for the village and district markets but these were not a primary focus of the CARD-F poultry EDP.

The ambition of the poultry EDP was to contribute to the development of a competitive poultry sector which would lead to growth in rural employment, an increase in rural incomes and an improvement in Afghanistan's agricultural trade balance. To achieve this, CARD-F provided grants to support the provision of key inputs, development of production facilities and technical assistance to support production (see Table 3).

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143 NG\_R2\_09

144 NG\_R3\_14

145 G. Minoia, et al., "Peeling the Onion Social Regulation of the Onion Market, Nangarhar, Afghanistan."

**Table 3. CARD-F Activities for the Poultry EDP<sup>146</sup>**

Poultry EDP activities	Details
Grants (production)	Commercial layer farms; commercial broiler farms; small scale layer (SSL) farms
Technical Assistance	Extension services; facility design services; business development services; animal health advisory services; support to association formation
Grant (inputs)	Feed mills, breeder farmers, hatcheries, replacement pullets

According to one informant who worked for CARD-F,<sup>147</sup> 700 poultry farms were established in Kama. Fifty of these were big farms with a capacity of 5,000 chickens per production cycle and the rest were either medium (100 to 500 chickens per cycle) or small (30 to 60 per cycle). However according to an independent observer while the support for production was provided at the beginning it was not sustained. While the big poultry farms have lasted, many of the medium and small ones disappeared over time. One of the staff of one of the big poultry farms<sup>148</sup> confirmed this and attributed it to a lack of understanding by CARD-F of the challenges facing poultry production.

The ToC for the poultry value chain was premised on a set of assumptions about the development of capitalist markets driven by price and competition. The workings of poultry market as we shall see challenged this assumption and particularly so in Kama. It was widely reported by informants in Kama district in particular that the *maliks* had enormous political influence. One *malik* admitted it:

*The economic condition of these maliks is better than the other residents. These people are the big landowners in the Kama. These maliks work in the government or are politically supported by the politician and the people who work in the high rank of the government, and the MPs of the Nangarhar for example, MP A is the nephew of malik D and malik Haji H is supported by MP Y.*<sup>149</sup>

The *maliks* also had a direct influence over the selection of CARD-F beneficiaries and they themselves ensured they were included in the list or found ways to meet the eligibility criteria. A CARD-F official noted how “village elders and other groups were suggesting their own people and we had our own views which made it a bit difficult to select these people.”<sup>150</sup>

One beneficiary found an indirect way to meet the selection criteria.

*The CARD-F wanted to allocate poultry farms to those who were interested, had experience, and who were able to contribute to the project. I had money and also took a loan, but did not have a bank statement. I went to my friend who is a dealer, he made a bank account, transferred money to my account, and then I brought the bank statement and became one of the CARD-F beneficiaries.*<sup>151</sup>

A second informant who was selected made clear, while he was sitting next to his uncle who was the *malik*, how he had been selected:

*First the CDC made a list, there were a lot of people on the list, then the CDC did a draw and we won the lottery and became one of the beneficiaries of CARD-F in the construction of a poultry farm. We could not fulfil all the terms and conditions but as I was the nephew of Malik who is a member of the CDC, the members of CDC accepted to add my name to the lottery. In this village, I am the only person who has a poultry farm.*<sup>152</sup>

146 Upper Quartile and Altai Consulting. Midline 2 Report Figure 1, p10

147 NG\_R1\_05

148 NG\_R3\_08

149 Present in the interview with NG-R2\_09

150 NG\_R3\_12

151 NG-R2\_05

152 NG-R2\_09

He then went on to say how he did not have sufficient money to contribute to the construction of the poultry sheds so he took a loan but his uncle also put in money and became a partner. Their capital investment was around Pakistani Rs 100,000, which amounted to about 40% of the costs of construction, which was well beyond the reach of the average farmer. They then bought young chickens with their own money. But they found themselves unable to afford or access chicken meal. In addition, market prices were undercut by cheaper Pakistani chickens so they could not afford to restock with pullets (young chickens). So they decided to rent out the farm for Rs 20,000 per month for a year, an outcome which, according to second informant,<sup>153</sup> happened to several maliks who established poultry farms. Then an NGO<sup>154</sup> took over the rent of the farm of the first informant for the sum of 40,000 per month for a year to produce pullets which they distributed to poor families in the district. The NGO also hired the informant's staff and by the end of the year the informant had more than recovered his investment costs and took the farm back. At the time of the interview, he appeared to be running it profitably. His account though of the difficulties that he faced with respect to accessing inputs both of pullets, feed and prices reveal some of the wider challenges of the poultry market and its market structures.

A first issue concerns the question of access to inputs. For the poultry EDP in Nangarhar, the supply of pullets and feed meal are the two key inputs. Although CARD-F attempted to support the establishment of hatcheries in Nangarhar, according to one poultry farmer<sup>155</sup> these were simply undermined by cheaper imports from Pakistan and their farms could not compete. A DAIL staff member agreed:

*One of the big problems is that we don't have breeders, we don't have a chicken incubator and we have to import breeders from Pakistan. All the farms in Nangarhar and other provinces that are working in poultry are importing one-day age chickens from Pakistan.*<sup>156</sup>

He then went on to comment on how attempts to regulate both the imports of one-day chickens and mature chickens had failed as there were Nangarhar traders with strong links to Pakistani traders who smuggled chickens across the borders evading attempts to restrict imports. The import of cheaper mature chickens undermined the domestic market.

Prior to the establishment of CARD-F, all feed meal was imported from Pakistan. The CARD-F poultry EDP supported the development of feed meal factories in Nangarhar, although most of the raw ingredients, primarily soybean and corn, still had to be imported from Pakistan. One large poultry producer who had started his business in 2000 and grown sufficiently to invest in his own feed-meal factory in 2007, prior to the start of CARD-F, recounted how he viewed the way in which this support was given:

*In 2014, CARD-F announced that they will financially support those companies who would like to invest in the feed-meal and poultry farms. I wanted to apply myself for that [and was encouraged by an investor who] told me that, if you need more money, we can give you the loan. But based on the decision of the Provincial governor and the agriculture department of Nangarhar HDG who was only working in the vegetable and fruits in the market came forward and said that he would like to invest in the feed-meal and he got the financial support of CARD-F which was \$500,000. I think the total investment was \$750,000 and HDG paid \$250,000 and CARD-F paid \$500,000.*<sup>157</sup>

He then went on to comment on the modest origins of HDG and how he had rapidly risen to be the key trader across many sectors in Nangarhar with strong political support that enabled him to secure at the highest levels the investment. He then mentioned how certain traders who had relations with

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153 NG\_R1\_03

154 DACCAR

155 NG\_R2\_05

156 NG\_R2\_04

157 NG\_R3\_10

key political leaders were able to circumvent border taxes at official crossing points or use unofficial points to bring in both small chicks and the ingredients for poultry feed, undercutting local market prices. He explained how HDG had so quickly been able to increase his capital:

*The reason is these custom offices. He has a very good connection there...all his raw material comes with no tax or a very small amount of money but my company and others pay full tax. If the government is playing differently with each investor, then competition in the market will be complicated. For example, if I count all the costs for one sack of feed-meal which is 50 kg, will be 1,300 Afs, but one sack for HDG will be 1,000 Afs. Then I can't compete with him. The same situation is going on in the poultry for most of the investors.*<sup>158</sup>

He then went on to admit that he found himself in a position that if he was going to compete, and keep his feed meal factory operating, he also had to smuggle raw materials across the border. He was highly critical of the government and key people who were taking bribes creating problems for investors like himself. Yet despite his criticism of HDG he then went on to comment:

*With all the good and bad business that HDG has in the country, I love him compared to other investors of the country because he invested all his money inside the country, not out of the country.*<sup>159</sup>

Upper Quartile and Altai, in its monitoring of the poultry value chain, found evidence in Kandahar and Herat that large producers were regulating several strategic points of the value chain. As they put it:

*bird and egg producers...remain vulnerable to large domestic producers that control several strategic points of the value chain, including distribution channels which are limited in terms of actors and capacities.*<sup>160</sup>

AREU field evidence from the Nangarhar poultry value chain corroborates this and shows how it happens.

A central assumption in the theory of change of the CARD-F poultry value chain is that “CARD-F beneficiaries can access inputs” and that there is a regularity of supply, the price/quality is competitive against imports and sufficient quantity is available.<sup>161</sup> The notion of “access”, which appears both in terms of the input-to-output assumptions and the output-to-outcome assumptions (“access to markets”), needs addressing. It is used to imply the means or opportunity to acquire inputs or to physically get to the market or marketplace. But the assumption does not ask how those means are acquired and under what terms and conditions. Access is not necessarily a right or opportunity, and a wide range of social relationships can constrain or enable access.<sup>162</sup> There is abundant evidence from Afghanistan and elsewhere that relationship-based networks regulate access to economic life at all levels.<sup>163</sup>

Noticeably missing from the content of the poultry and the other EDPs is provision of formal credit to enable the means to access inputs. This is surprising given the wider evidence of the necessity of the state to provide financial support to smallholders against market risk.<sup>164</sup> While in theory credit could have been applied for from a bank, in practice it was reported that this was almost impossible. Instead, for those involved in CARD-F, credit had to be acquired informally, and particularly in

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158 NG\_R3\_10

159 NG\_R3\_10

160 Upper Quartile and Altai Consulting, Midline 1 Report, PO 5859, 21.

161 Upper Quartile and Altai Consulting, Midline 2 Report, PO 6940, Figure 1.

162 J.C. Ribot and N.C. Peluso, “A Theory of Access,” *Rural Sociology* 68 no. (2003): 153-181.

163 A. Jackson and G. Minoia, “Political and Economic Life in Afghanistan: Networks of Access,” *Asian Survey* 58, vol. 6 (2018): 1090-1110.

164 Dorward et al., “A Policy Agenda for Pro-Poor Agricultural Growth.”

Nangarhar, it was obtained from the traders to whom the produce would be sold.<sup>165</sup>

A municipal officer in Nangarhar, consistent with the observation reported earlier by a key trader in the vegetable markets, explained how this worked:

*To be honest, these big traders as members of the vegetables and fruit market, as well as the poultry markets, are the Mafia of the sector. They are only looking for their benefit. They are not supporting the farmers and small traders. At some points in providing a loan to the small trader and some support to the farm owners, they make the farm owners sell their chickens only to that dealer or trader, and the same small trader only can sell the chicken to that dealer who helped the small trader by giving him [a] loan.<sup>166</sup>*

A second observer outside the agricultural sector confirmed these arrangements pointing again to the existence of interlocking contracts.

*Most of the traders and feed-meal owners are those people who set the price for the chicken in the market. They mostly think about their profits. They set the price of the chicken in the market they buy from the poultry farms and sell to the other traders. Between buying from poultry farms and selling to other traders (small traders and traders from other provinces), there are big price differences. Buying chickens from the poultry farms at a cheap price meant that most of the farms didn't have good profits and couldn't run their businesses. At some point, they took the feed-meal as loan from the traders and had to sell their product to this person. On the other hand, the small producer who takes chicken as a loan from the traders they also must sell back the chicken to that trader with any price that they set. At some points, even this will cause no profit for the poultry owners and they will lose their investment.<sup>167</sup>*

There is a second mechanism that big traders have been able to use to their advantage and that is currency manipulation. Nangarhar has long been within the sphere of influence of the Pakistan rupee, and it has been the currency of choice for market transactions. This shifted somewhat in January 2019 when Dr Nakamora, a widely respected Japanese doctor who had been working in the province since 1984, was killed. Many thought that the hand of Pakistan was behind the assassination, leading to a campaign to boycott the Pakistan rupee. However, according to several informants,<sup>168</sup> large cross-border traders used the shift to the Afghani to their advantage, valuing the Afghani at par to the Pakistan rupee at a time when the exchange rates were 2Afg to 1PKR. This in turn affected input prices.

A key activity of the CARD-F programme has been support to the formation of commodity associations, on the assumption that these would act in the collective interest of those engaged in the market. Yet many informants—small traders, producers, and government officials—revealed that the key positions within these associations were held by the large commodity traders who shape them after their interests. One such trader admitted that membership of the association had a variable fee, and the trader who paid the biggest fee held the position of chair.

He summed up the situation:

*From my point of view, the big traders and feed-meal factories do not lose anything because they are in the position that they set the price and get their profits. It is mainly the small poultry farm owners who are not involved in any decision making that lose or do not get profit.<sup>169</sup>*

165 In Khash, for the potato, which is a relatively low-value crop, there was less evidence of this, not least because potato seed was kept from one season to the next.

166 NG\_R3\_16

167 NG\_R3\_07

168 NG\_R3\_8; NG\_R3\_10

169 NG\_R3\_08

The lack of transparency over prices is striking. As part of the research, the AREU team spent some time in the poultry market trying to observe market practice and price setting. But they found it impossible to determine how the trade worked and what the prices were. Nobody would talk to them about prices or the processes of buying and selling. One informant<sup>170</sup> who was willing to discuss the market agreed with them (see Box 1) that the market was far from transparent and explained some the procedures that were followed. He then went on to detail other practices that reinforced profit taking by the traders. He reported that traders buy the poultry on the basis of weight but then sell them on the basis of numbers so that chickens that are under one kilo for example will be sold as if they are 1 kg.

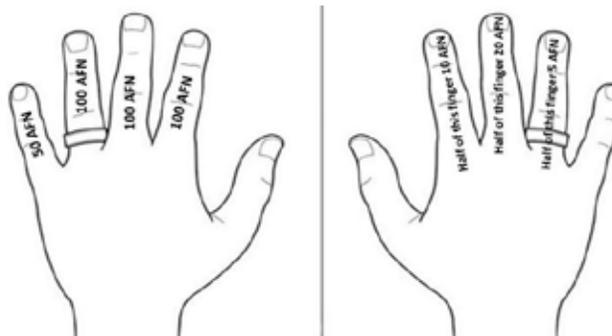
There is no doubt that the establishment of larger poultry farms and feed meal factories has generated a certain amount of employment. A poultry farmer commented on the salaried labour he employed:

*Only in my farms around 50 labours are working, and 40 labours are working in my feed-meal factory and 10 people are working in this poultry clinic. There are two doctors, one office manager who is also entering the sold medicines and their prices, 2 drivers, 5 customer services and sellers. The total permanent labours are 100 people. When there is a need for carrying the chickens from the farms, we hire some 20 labours and drivers or when we carry the raw materials for the feed-meal factory, we hire at least 30 labour for two or three days. It is only once a week or biweekly.<sup>171</sup>*

He then noted that other bigger farms would employ more than him but he went on to agree that the casual labour rate in Nangarhar had actually declined to about 250 Afn per day indicating the lack of employment opportunities.

Box 1: The Mysteries of Price Setting in the Poultry Marketplace

In the poultry market, it is the Association and feed meal traders<sup>172</sup> or dealers who are setting the prices. But I would tell you that even if you go for a month, nobody will tell you how they do trading. Everything is like a secret in the poultry market. When the dealer wants to buy the chicken from the farm owners, he will put a handkerchief on his hand and the hand of the poultry owner and tell the price with his fingers. If the trader wants to buy 500 chickens with the price of each chicken being 150 Afs, then he gives his two fingers that are 100 and 50 to the hand of the poultry owner under the handkerchief and say I want to buy all your chickens with this price. Only the seller and buyer know the agreed price. After the agreement they trade is done.



Then the person who is responsible for the writing in the notebook will write that 500 chickens Ahmad were sold to Mr Mahmood with the agreed price between them.

It is very complicated to trace or follow what they do. The dealer will sell through this procedure for small traders or traders who come from other provinces. After receiving the money from the trader, he will call the poultry owner and will do the calculation of the cost. He will deduct the prices of the feed-meal and then pay the rest of the money to the poultry owner. If you calculate the profit of the poultry owner that will not be too much, maybe 20,000 Afs or 30,000 maximum of 40,000 Afs. Which will not be enough for him to run his family.

In sum, the poultry EDP has been the most agribusiness oriented of the three EDPs that have been reviewed. It has undoubtedly contributed to the development of a poultry sector in Nangahar and elsewhere. What is far less clear, given the evidence of multiple forms of social regulation of the market, is whether it has helped support the development of a competitive poultry sector.

172 These traders or dealers buy feed meal from the feed-meal factory and sell it to the poultry farms. The dealer takes feed-meal on credit from the feed meal factory and sells it on credit but at a higher price to the poultry owners. If he takes on credit one sack for 1,700 Afs, he will charge 1,900 Afs to the poultry farm owner.

# Discussion

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This investigation of CARD-F, which, by the standards of other alternative development projects in Afghanistan has been a long-term project, has sought to build understanding of its rationale and effects. In contrast to all US-funded alternative development projects, it was implemented through Afghan government structures, albeit through a donor-created parallel organisational and budget framework to government. At least in its initial stages, CARD-F was badged as an alternative development project designed to address opium poppy production in Afghanistan.

The range of sources that have been drawn on can, of course, only provide a very partial account of CARD-F and as we have seen there are a range of views about the project to be drawn from official documentation and what people said. The project has clearly provided benefits to many of those engaged in it, ranging from Ministry officials to farmers and traders in Afghan commodity markets. Some of these benefits have simply come from flow-of-funds effects, the temporality of which has ranged from shorter to longer term. Other effects have been less material and have varied from gaining job satisfaction, to changed perceptions and capacities. What can these varied accounts reveal about the project and the way in which key organisations engaged in and learned from it and how they assessed its outcomes? And what lessons can be drawn from the effects, including unintended consequences, notwithstanding their limited coverage in the formal narrative of the project? Central to this second question is the examination of core assumptions underpinning the project.

For the then Department for International Development (DFID), there is certainly a narrative of success for the project. The Project Completion review saw its key achievements as follows:

*Under phase II, CARD-F successfully completed 19 EDPs and 15 rural public infrastructure projects in 14 provinces. These projects supported end-to-end development of eight value chains in Afghanistan<sup>173</sup>. Over 218,000 people directly benefited from CARD-F phase II. The success in CARD-F and similar programmes provided a solid base for wider agriculture and agri-business policies such as the Agri-Business Charter, recently developed by the World Bank.<sup>174</sup>*

The review then went on to list a set of outcome level results in terms of increased net rural incomes, the levels of private sector investment leveraged, jobs created or safeguarded, and the number of enterprises established. Projects of course create these “facts” about achievement, but they are notoriously difficult to verify one way of the other; in particular, assessing job creation is methodologically challenging.<sup>175</sup>

But for DFID in its completion review, the key lessons were not about the CARD-F model or the value chain approach, or the assumptions that underpinned it. Instead, they were focused on two key issues. First, an avian flu epidemic in 2018 that exposed the weakness of cross-border control and institutional capacities to manage such an epidemic. The second concerned the dynamics of accountability in programme governance:

*The governance structure was unnecessarily complex. The formal reporting and accountability line was vague and exposed CARD-F and the donors to potential risks. The Fund Manager who also contracted [Management Unit] staff was insufficiently accountable for the actions of its subcontractors (the MU staff). On the other hand, the CARD-F MU was a project office, not a legal entity. Therefore, DFIDA could not*

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173 Livestock: Poultry, Dairy and Apiculture. Horticulture: Greenhouses, Saffron, Grapes, Pomegranate and Cotton.

174 DFID. “Project Completion Review CARD-F, Jan 2018,” 2.

175 In evaluating development projects, pressing for better tools in measuring job creation (worldbank.org)

*sign a formal agreement with the MU to make them accountable directly to DFID. Contractually, the MU was not accountable to the Ministries either.*<sup>176</sup>

This comment is an interesting but limited reflection of the institutional arrangements under which CARD-F operated. While a highly paid technical enclave inside a Ministry might have been conducive to expedient project implementation,<sup>177</sup> the consequences of this approach for building public institutions appears not to have been a consideration. It is clear that, as an approach, it was not entirely successful in excluding discretionary behaviour and indeed may have been a magnet for predatory action and fuelling rivalrous behaviour. An inquiry by Afghanistan's Independent Joint Anti-Corruption Monitoring and Evaluation Committee, precipitated by a number of whistleblowers, reported evidence of irregularities in the awarding of grants and procurement contracts and of nepotism in the CARD-F management unit. An international consultant working for the World Bank working in MAIL during the second phase of CARD-F had, from their own observations, reportedly raised concerns about CARD-F practices<sup>178</sup> with DFID. According to the Monitoring and Evaluation Committee, there was limited response by DFID to their findings.

For Afghan officials though directly engaged in the project and its implementation, their view closely accorded, on the whole with DFID's narrative of key achievements. For them the value chain model worked and as one official vividly described it:

*Honestly speaking, the sun cannot be hidden by two fingers, we can see the market of poultry and vegetables and some fruits that are easily accessible in different seasons of the year, and this shows that CARD-F did a great job.*<sup>179</sup>

There was also a clear sense that this informant appreciated working in a project that was comprehensive and he evidently bought into the notion of a value chain:

*All the EDPs were a value chain approach...for the feed-meal, we started from construction and providing raw materials and then processing of that and selling of the products and what the factory owner needs to buy in return. We were working for all cycles of the project. For the poultry, the factory is providing chicken and egg to Kabul and north of the country from Nangarhar.*<sup>180</sup>

But there were others who were more critical of the project, in part because they saw its approach as generic and not tailored to the specificities of Afghanistan. Notably this came from an official in the MCN who, in contrast to an earlier informant from MCN who was appreciative of CARD-F,<sup>181</sup> judged it in terms of opium poppy reduction effects:

*CARD-F goals and objectives completely became invisible during the operation and implementation process. It was only in the nicely written reports and social media but in practice, nothing was done based on the goals and objectives, because most of the policies and programs were copy and paste of other countries. I was expecting that CARD-F should do research and need assessment of the target area and based on the need they could design their projects ....but they didn't do that and just brought some copies from Thailand and some copies of the programs from other countries and started here and the result is nothing in poppy reduction.*<sup>182</sup>

176 DFID. "Project Completion Review CARD-F, Jan 2018," 3.

177 Mirroring in some respect the focus on high potential areas for market growth.

178 Personal Communication, November 2021.

179 Official1

180 Official1

181 Official3, footnote 17

182 Official6

One aspect that DFID in its assessment most notably did not report on was the distributional consequences of the project, in terms of who benefited from the income and employment. In part, these are clear from the design of the project: “CARD-F does not directly target the poorest as direct beneficiaries, but instead works with farmers and entrepreneurs to boost agricultural productivity and growth, leading to increased employment and incomes for the rural poor,”<sup>183</sup> The qualification requirements, including a financial contribution to the costs, limited participation to the better resourced farmers. But the above statement is preceded by a qualification:

*CARD-F offers an opportunity to provide better quality employment for those who may otherwise seek illicit sources of income, either from the drugs economy or the insurgency. However, it will be important to validate that the programme creates meaningful employment and successfully leads to growth and poverty reduction in poorer communities.*<sup>184</sup>

There is no evidence in the evaluation reports that a validation of meaningful employment for those who may otherwise seek sources of income from the drug economy was undertaken. This would certainly have been challenging to assess in the case of implementation in the Nangarhar districts of Kama and Bihsud which had long moved out of opium poppy cultivation. But somewhat surprisingly there is no reporting on actual wage rates in any of the monitoring reports or how meaningful work translates into a combination of better paid and more regular work. The AREU findings from the field indicate that in Nangarhar wage rates have not changed and, if anything, have declined over time. In part, this is likely to have been due to a more general decline in the economy linked to the international draw down and the loss of jobs linked to donor funded military and aid programmes.

However the AREU findings also suggest that in the case of the potato EDP in Khash in Badakhshan during the period of project implementation employment benefits may have been provided for those who might otherwise have worked in the opium economy. However, this employment disappeared once the project ended. There are also questions concerning the effects of the project on agricultural productivity and growth and the possible distributional outcomes of this growth. This will be returned to below after a discussion on the nature of markets.

In some respects, the potato EDP in Khash could be seen as a component in CARD-F that was closest to an alternative development perspective. It was implemented in a district where opium poppy was still cultivated, that remains relatively marginal agro-ecologically, and is distant from markets. It also seems to have provided a crop substitution effect benefiting from the shift in relative prices of potato to opium but strong production support was also provided. Market exchange, however, largely remained on a barter basis. As a commodity, the potato also had advantages because of its significant contribution to subsistence requirements. In this sense, the potato was more pro-poor and relevant to opium poppy growers than either of the other two EDPs in Nangarhar and there is evidence that the benefits spread to non-project beneficiaries.

But there is consistent evidence from the field that the selection of beneficiaries for the Nangarhar projects favoured the better connected and more powerful who tended to be the larger farmers. As one informant made clear with respect to the poultry farms:

*CARD-F made farms for those who have relationships with high rank of the government, like, it made farms for the nephews or the cousins of directors of a directorate. It didn't work for the poor people or for those people who did not have any relationship with the high-ranking officials of the government. The CARD-F worked for very big traders who are Mafia.*<sup>185</sup>

183 DFID, “Business Case and Summary CARD-F phase 2, March 2015,” 13.

184 Ibid.

185 NG\_R3\_11\_AP, page 3

Beyond these operational considerations of CARD-F the findings from the AREU fieldwork also point to two areas which were blind spots in the CARD-F value chain model. The absence of any formal credit mechanisms as part of the package meant that as we have seen producers only had access to informal credit and this primarily tied them, through interlocking contracts, into dependent credit relationships with key traders. These were necessarily disadvantageous to them. They did not have open access to markets.

The second blind spot in the model—an implicit assumption that was never questioned—was that the commodity markets of Afghanistan are free in the sense that prices are solely set by demand and supply. It is an implicit assumption in all the project documentation, and it is certainly a widespread belief amongst officials that this is the case. When asked how prices were set in the poultry market, one informant responded saying:

*This is mainly based on the level of production and demand. There are times that we have less production but the demand is increased. This caused a price increase. And there are other times that the production is high and the demand is less which will decrease the prices as well. It's an open market. Everyone can sell or buy based on their own needs and wishes.*<sup>186</sup>

But the widespread reporting on the fact that market prices are regulated by powerful traders to their advantage, and the pervasive use of the term “mafia” to characterise their behaviour, suggests that these markets are not competitive in price formation. Through various means including evading cross-border taxes, control of physical markets, fixed auctions and interlocking contracts, traders ensure that they can buy cheap and sell dear. They do not compete on the basis of price but on the basis of power. This has been a consistent finding for markets structures in Afghanistan.<sup>187</sup> Afghanistan appears to remain more of a mercantile than market economy where there are strong incentives for traders practice arbitrage and profit by carrying out trade. This contributes to the fragmentation of markets that borders, conflict and social geography have helped create. A corollary of this control of prices is that there are no pressures on producers to compete in terms of productivity and price which the CARD-F model assumes is what will underpin economic growth.

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186 NG\_R3\_11\_AP

187 Lister and Pain, “Trading in Power: The Politics of ‘Free’ Markets in Afghanistan”; G. Minoia, et al., “Peeling the Onion Social Regulation of the Onion Market, Nangarhar, Afghanistan.”

# Lessons and Implications

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One of the arguments made for the shift of CARD-F from an alternative development perspective to more of an agri-business approach was that an alternative development badging for the project caused security issues. This, in part, is a question of labelling. But the selection of Kama and Behsud as districts for implementation in Nangarhar was precisely on the grounds that these were secure districts where the project could be safely implemented. Thus, conflict was a contextual issue that the project sought to insulate and isolate itself from, as if it was something external to the working of commodity markets rather than intrinsic to them. The complete absence in the project documentation of any analysis of conflict in relation to the functioning of markets, both licit and illicit, is striking.

But there are wider consequences of the CARD-F approach. It both avoids and consolidates the fundamental challenge. For both the CARD-F model, as with the World Bank “first starters” model in its agricultural strategy paper,<sup>188</sup> the fact that conflict has fundamentally shaped the geography of drug production, pushing it into the margins—into the districts of Khash, Achin and Kogyani for example—is not a factor to be considered. The statement is clear: these are not places where there is a rural future and people who live there should simply get out.

These models of agricultural development effectively consolidate the marginality of these hinterlands and reinforced their residual nature. In so doing, it helps compound the insecurity of these outlying areas and the threat that they provide to any state-building project. This in turn invites counter insurgency and counter narcotic responses, reinforcing that marginality and rendering longer-term development programmes even more difficult. There is little in the arguments for spatial targeting of either CARD-F or the World Bank’s ASR that speaks to the consequences of favouring locations where success may be more easily achieved on other areas where in fact the need is greater. As all the evidence on uneven development indicates,<sup>189</sup> the burden of history in specific places or territories (the historically deep structural differences between Achin and Kama for example) influences their longer-term outcomes in terms of social-political instability, poverty outcomes and inclusion. The World Bank ASR and CARD-F approach may well have contributed to consolidating these patterns of uneven development with long term consequences for political stability.

But are the licit and illicit commodity markets in Afghanistan really so dissimilar and do the high potential areas favoured by CARD-F and the World Bank really have substantially different framework conditions that GIZ<sup>190</sup> identified from places in the margins where opium poppy grows? On the former, if the evidence on trader control, interlocking contracts and price setting in the value chains that CARD-F worked with is anything to go by, it is difficult to see any real difference in the institutional structures of Afghanistan’s licit and illicit markets. This may be one of the reasons why both producers and traders can shift so easily between them. It is not a question of “poppy production distorting incentives” as the World Bank would have it, but more of a greater convergence in interests, helped by the illicit nature of the commodity, between traders and producers in the opium poppy economy.<sup>191</sup> As Ward et al. emphasise, “opium poppy is a low-risk crop in a high-risk environment,” providing favourable market access.<sup>192</sup> The lesson from the potato EDP in Khash is clear: when a high level of market support was provided to a licit commodity, farmers responded, but once that support went when the project ended, farmers retreated from its production. The absence of effective durable market support to mitigate risks in CARD-Fs value chain model restricted market access.

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188 World Bank, Islamic State of Afghanistan Agriculture Sector Review.

189 see, in particular, the work from Latin America by J.A. Berdegue, J. Escobal and A. Bebbington. “Explaining Spatial Diversity in Latin American Rural Development: Structures, Institutions and Coalitions.” *World Development*, 73 (2015): 129-137; F. Modrego and J.A. Berdegue. “A Large-Scale Mapping of Territorial Development Dynamics in Latin America.” *World Development* 73, (2015): 11-31.

190 GIZ, Rethinking the Approach of Alternative Development.

191 World Bank, Islamic State of Afghanistan Agriculture Sector Review, 41.

192 Ward, et al. “Afghanistan: Economic Incentives and Development Initiatives”, 3.

However, the framework conditions in Achin or Kash compared to Bihsud or Kama are not exactly the same, as evidenced by CARD-F's choice of where to prioritise implementation. Bihsud and Kama are much better endowed in terms of infrastructure, public institutions and natural resources and are more physically secure even if they remain subject to unaccountable political power. Their risk environment is clearly of a lower and different order from that of Achin, in part explaining why these districts could move into and, relatively easily, move out of opium poppy cultivation. For Achin, the risk environment is not only more multi-dimensional but also several notches higher. Until those framework conditions are addressed, opium poppy will remain the crop of choice.

Seeking to superimpose a generic agri-business model of markets over the existing logic and practice of exchange without paying attention to existing forms of social regulation, simply invites market capture by existing players. What CARD-F has done is simply help consolidate and grow a mafia market which has created both economic and social exclusion and uneven distribution of benefits, as the evidence suggests. Durable agricultural growth in Afghanistan has been elusive as the ASR acknowledges<sup>193</sup> and increasingly unfavourable climatic conditions provide a further challenge. There is not much evidence either that the political conditions to support competitive markets exist, given the extent of rent-seeking behaviour by powerful market actors.<sup>194</sup> This will limit the extent to which rising rural incomes and employment can be generated.

The agri-business model underpinning CARD-F with its implementation bias towards production rather than market structures simply assumed that price and competition would drive market growth. There is a hint in the end-line evaluation report of CARD-F that some appreciation of the social regulation of markets emerged. One of the recommendations stated the following:

*Before engaging in commercial value chain development activities at the scale of CARD-F's work on poultry, it is crucial to carefully anticipate the growth trajectory and where bottlenecks might happen.*<sup>195</sup>

DFID's response is revealing of what was not done in the design of CARD-F: "A diagnostic study, market and value-chain scoping will be considered for future programmes during design and before programme implementation starts."

That diagnostic study however should not be simply concerned with the efficiency of the market but should pay much more attention to processes of how the system works through its elements (firms etc.), through its relations (flows of commodities and money) and through its regulative practices. This does indeed require study with much more of a political economy lens and cannot be provided by abstract idealised models. Equally, implementation requires a monitoring framework that questions overall assumptions and which is not simply designed to vindicate prior design choices.

There is, however, a bigger question as to the realism of even attempting either alternative development or agricultural development projects in general in a context of chronic conflict where the state has limited legitimacy, not least for its dependence on external aid flows. Such externally funded interventions cannot insulate themselves from the political dynamics, much as CARD-F tried to do so, and indeed can become a resource to be drawn on for ongoing social and political contention. One might even wonder whether or not there is any future for islands of alternative development projects in such contexts where the framework conditions at a national level are so unpropitious. One could read the CARD-F model as an attempt to move beyond the alternative development framing and thinking and be more ambitious and mainstream. On the evidence, it may well have reinforced those conditions that drive the drug economy in the first place.

193 World Bank, Islamic State of Afghanistan Agriculture Sector Review.

194 G. Williams, A. Duncan, P. Landell-Mills, and S. Unsworth, "Politics and Growth," Development Policy Review 29 no. 51 (2011): S29-S55.

195 DFID, "Management Response to CARD-F Endline Evaluation Report," (Kabul: DFID, 2018b).

But growing agricultural markets—in essence a “productionist” approach—is likely to remain central to the aim of encouraging a shift out of opium poppy growing and to the alternative development model. It is an approach that builds on past experiences of agrarian transitions in the global north. But does it speak to the present and Southeast Asia and Afghanistan in particular? In Southeast Asia, smallholders have persisted in rural areas despite the declining importance of farming to rural livelihoods,<sup>196</sup> thus questioning the validity of the agrarian transition model. The reasons for hanging on are several but include jobless growth, blocked agrarian transitions and precarious employment. It is entirely possible that opium poppy production in remote resource poor areas will remain the one means of staying on the land. If that goes, where will the opium growers go? Maybe there is a need to rethink. Opium poppy growers in marginal places could well be seen as in a dead end or a cul-de-sac - they can go no further on the crop production route. If pathways to decent work outside the rural economy are blocked, as they appear to be for many poor rural opium poppy growers, it invites more of a social insurance or security approach to supporting rural living. It would build on the existing informal practices of a distributional economy.<sup>197</sup>

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196 J. Rigg, A. Salamanca, and E.B. Thompson, “The Puzzle of East and Southeast Asia’s Persistent Smallholder,” *Journal of Rural Studies*, (2015).

197 Pain and Huot, “Challenges of Late Development in Afghanistan”.

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# Annex 1. Research informants

	Location	Role at time of project
Official		
Official 1	Kabul	CARD-F staff
Official 2	Kabul	MoCN official
Official 3	Kabul	NGO Implementing Staff
Official 4	Kabul	CARD-F staff
Official 5	Kabul	CARD-F staff
Official 6	Kabul	MoCN official
Official 7	Kabul	MoCN official
Badakhshan		
Details		
Beneficiaries CARD-F		
Bdk01	Kash	Focus Group
Bdk02	Kash	owner of cold storage, mill, oil process
Bdk03	Kash	Farmer
Bdk04	Kash	Farmer
Bdk05	Kash	Veterinary worker
Bdk06	Kash	Trader
Bdk07	Kash	Farmer
Bdk08	Kash	Farmer
Bdk09	Kash	Two farmers
Bdk10	Kash	Farmer
Indirect Beneficiary CARD-F		
Bdk11	Kash	Labourer
Bdk12	Kash	Farmer and labourer
Bdk13	Kash	Farmer and labourer
Bdk14	Kash	Trader
Bdk15	Kash	Farmer & teacher
Officials		
Bdk16	Kash	2 district officials
Bdk17	Kash	Project implementer
Bdk18	Kash	NGO project manager
Bdk19	Kash	District official
Bdk20	Kash	District official
Nangarhar		

## Annex 1. Research informants

Round 1 Interviews		
NG_R1_01	DAIL	Official
NG_R1_02	DAIL	Official
NG_R1_03	Behsud	Farmer, Poultry
NG_R1_04	Kama	Farmer, Poultry
NG_R1_05	Kama	Government
NG_R1_06	NG	Markets
NG_R1_07	Behsud	Gov & Farmer
NG_R1_08	Jalalabad	DAIL
Round 2 Interviews		
NG_R2_01	Jalalabad	Consultant
NG_R2_02	Jalalabad	Consultant
NG_R2_03	Jalalabad	Official
NG_R2_04	Jalalabad	Official
NG_R2_05	Behsud	Farmer, Poultry
NG_R2_06	Jalalabad	Official
NG_R2_07	Behsud	Official
NG_R2_08	Behsud	Farmer, Greenhouse
NG_R2_09	Kama	Farmer, Poultry
Round 3 Interviews		
NG_R3_01	Behsud	Farmer, Greenhouse
NG_R3_02	Behsud	Farmer, Poultry
NG_R3_03	Behsud	Farmer, Greenhouse
NG_R3_04	Kama	Malik
NG_R3_05	Jalalabad	Official
NG_R3_06	Behsud	Official
NG_R3_07	Behsud	Official
NG_R3_08	Jalalabad	Business, Poultry
NG_R3_09	Behsud	DAIL
NG_R3_10	Nangahar	Business, Poultry
NG_R3_11	Jalalabad	Association, Poultry
NG_R3_12	Jalalabad	Official
NG_R3_13	Jalalabad	Trader, Vegetables
NG_R3_14	Jalalabad	Trader, Accociation
NG_R3_15	Jalalabad	Official
NG_R3_16	Jalalabad	Municipality
NG_R3_17	Behsud	Business, Rice

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