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**Recommendations
for a Revised
Narcotics
Strategy for
USAID/Pakistan**

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EXECUTIVE SUMMARY

The purpose of this study is to determine how USAID could play a larger role in efforts to curb illicit narcotics production in Pakistan. The report focuses on methods to reduce poppy cultivation by farmers in Pakistan's Northwest Frontier Province (NWFP). These recommendations are made following a visit to Pakistan which included a field trip to poppy growing areas in the NWFP, and interviews with U.S. Embassy, United Nations, and Government of Pakistan (GOP) personnel, as well as with farmers in poppy growing areas.

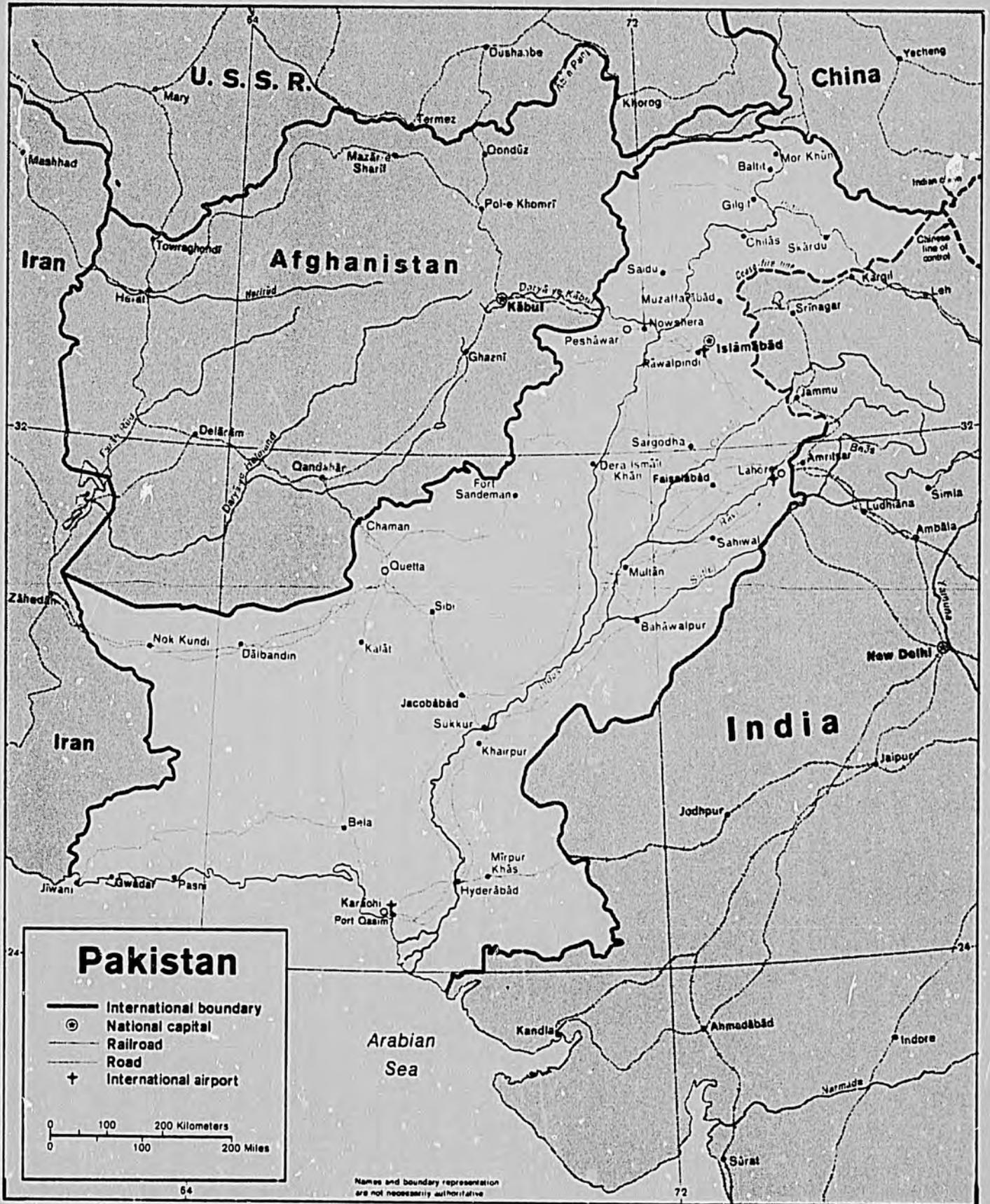
Previous USAID policy has focused on denying the benefits of USAID-funded projects to poppy growing areas. Since opium production is concentrated in regions where there are few alternative sources of income, or where there is a lack of GOP presence to allow enforcement, this has not been found to constitute a solution to the problem. Rather, a more active policy is necessary if USAID is to play a role in reducing opium production.

The major recommendation of this study is that USAID implement a well-funded area development project in a major opium producing region, with development objectives which are linked to poppy elimination efforts by the GOP. A major poppy growing area, the Gadoon/Amazai/Hazara region, is suggested as a possible target. A feasibility study must be conducted to review this option. If the results are negative, alternative sites could be examined. The project should provide for a core technical assistance staff and funding for local development initiatives, and should draw upon the support and services of other projects in

the USAID portfolio. USAID's involvement in this project should not be justified on traditional cost/benefit grounds, but rather by the priority requirement to eliminate opium production in these areas. USAID/Pakistan must receive the direct hire staff necessary to oversee, negotiate, and coordinate this complex, difficult, highly visible, and risky project.

The study also recommends that opium production in the Federally Administered Tribal Areas (FATA), which border Afghanistan, not be a priority target for USAID efforts to eliminate poppy cultivation at this time. This is due to the limited amount of acreage in poppy in these areas and the low probability of achieving effective GOP enforcement of a poppy ban in the FATA. Preparations should be undertaken, however, for an attack on FATA poppy cultivation at some future date. One important step is to learn how to work with traditional tribal leadership in the FATA to deliver development benefits and win their support for a poppy reduction program. USAID's new Tribal Areas Development Project can play a crucial role in achieving this objective.

There are areas outside the FATA region where enforcement can be carried out with a minimal development investment. In such cases, USAID should support, with technical assistance and limited funding, efforts to reduce poppy cultivation by the GOP and the Department of State's Bureau for International Narcotics Matters (INM). USAID should not, however, provide major funding to INM for large scale development initiatives against major poppy producing areas. This should remain a USAID responsibility.



INTRODUCTION

This report has been prepared by a study team to examine how USAID could make a greater contribution to the solution of the narcotics problem in Pakistan.[1]

In conducting the study, the team was guided by the following:

- Legislative requirements, as expressed in Section 126 of the Foreign Assistance Act (Gilman Amendment) which directs AID, as the lead development agency, to "give priority consideration to programs which would help reduce illicit narcotics cultivation by stimulating broader development opportunities" (see Annex A);
- The Federal Strategy for Prevention of Drug Abuse and Drug Trafficking, released in October, 1982, which defines and describes AID's positive role in relation to narcotics (see Annex B);
- The current AID policy on narcotics, as stated by the Administrator, including additional direction to missions on actions to implement the policy (see Annex C);
- The statement of the Administrator before the House Committee on Foreign Affairs on April 21, 1982 (see Annex D); and,
- The Action Memorandum for the Administrator on AID narcotics activities in Pakistan, dated August 5, 1982 (see Annex E);

The specific assignment to the team included the following tasks:

- To review all projects in the present USAID portfolio with particular attention to their relevance to poppy growing areas;
- To examine the possible use of AID funds and technical support for expansion of the activities of the State Department's Bureau for International Narcotics Matters (INM);

- To determine whether the Tribal Areas Development Project might be made more responsive to the Gilman Amendment, including the possibility of expanding the project's activities directly into poppy growing areas; and,
- To provide information and recommendations that could be incorporated into a modified Country Development Strategy Statement (CDSS) to be prepared by USAID in January, 1983, so far as narcotics strategy and activities are concerned (see Annex E).

These written guidelines, together with discussions with AID, indicated the need for a revised narcotics strategy and identification of programs that would be consistent with AID's role as the lead development agency of the United States Government (USG) in Pakistan.

Team activities included document review and discussions with AID, INM, and the State Department's Pakistan Country Officer in Washington, D.C., followed by a visit to Pakistan from October 7 to November 2, 1982. During this period the team reviewed additional documents, conducted interviews with U.S. Embassy, United Nations, and Government of Pakistan (GOP) personnel, and took a seven day field trip to Peshawar, Dir, and Swat Districts and Malakand and Khyber Agencies.

Information gathering activities on the field trip included interviews with appropriate Pakistan government officials and farmers, and observations of various development projects. The team made a special effort to learn and understand the policy, attitudes, and actions of the host government, and the responsibilities, dynamics, and interaction of the various agencies of the government, with special attention to local organizations.

We are well aware that a time constraint limited our ability to achieve an in-depth understanding of a complex situation. Nevertheless, it is our belief that there is solid ground for the development of a revised narcotics strategy that involves a more active role for AID and the identification of activities to implement that strategy. We also recognize the need to resist overoptimism and overpromise. Both strategy and implementation must take into account the "realities" we encountered.

There are some particular short-term conditions and some positive trends that make the present an opportune time for action. These include:

- The current depressed farmgate price of opium;
- The growing awareness and comprehension of the domestic narcotics abuse problem within Pakistan (See Annex F);
- The expressed willingness and commitment of the GOP to move forward, albeit cautiously, in accordance with its own interests;
- The scheduled visit of President Zia to the United States in December 1982, which may offer opportunities for kindling new enthusiasm on the part of the GOP if the USG pursues the issue; and,
- The willingness of the USG to use available economic assistance funds to address the narcotics issue.

The narcotics problem in Pakistan has two components. The first is the illicit cultivation of opium. The second is a more recent threat, the proliferation of clandestine heroin labs (located almost entirely within the tribal areas). The role of AID, as expressed in both the Gilman Amendment and AID policy, is to reduce illicit opium cultivation by stimulating broader development opportunities and providing economic alternatives to

farmers in poppy growing areas. The recommendations of this paper reflect that policy. The existence of the heroin labs is, however, an immediate and critical problem. An effective strategy to address this problem has not yet, to our knowledge, been devised. This study does not address that task. It does address what USAID can do to end opium production in Pakistan.

An extreme course of action would be to use all or part of the AID program as leverage to secure quick GOP action on both the heroin labs and poppy cultivation. We believe this strategy would be counterproductive. Narcotics must be considered as one of a number of factors in the strategic relationship between the USG and the GOP. Accordingly, a balanced approach is necessary and tunnel vision on this single issue must be avoided.

FOOTNOTES

- 1 The team from Development Alternatives, Inc. consisted of Donald R. Mickelwait, President; Edward J. Palmer, formerly Staff Consultant to the House Committee on Foreign Affairs; and Paul R. Crawford, Research Associate. In this study "USAID" refers to the U.S. Agency for International Development Mission in Islamabad, "AID" refers to the agency in general or AID/Washington.

POLICY OPTIONS FOR ADDITIONAL USAID
INVOLVEMENT IN REDUCING NARCOTICS PRODUCTION IN PAKISTAN

AID's contribution to reducing illicit drug production and trafficking is to employ the benefits of development to eliminate farm production of raw materials, in this case opium. AID is not an enforcement agency, and does not provide support to enforcement agencies or personnel. However, AID projects and programs have special provisions that call upon the host government to undertake (or refrain from undertaking) certain actions. It is through these special provisions, known as "poppy clauses", that USAID in Pakistan has attempted to influence farmer, local community and GOP action to prevent the cultivation of poppy where it has not been previously grown, or to eliminate the crop where it has become a regular part of the production cycle (see Annex G for examples of current poppy clauses).

There are two basic strategies which can be employed to influence poppy production in Pakistan. These are:

- Denying the benefits of USAID-funded projects to poppy growing areas. This strategy can be complemented by a concomitant transfer of funds to the Department of State's Bureau of International Narcotics Matters (INM) for more specific support to enforcement activities; and,
- Providing the benefits of USAID-funded projects to poppy growing areas, as the first phase of a planned elimination program. This strategy can be applied to targets of opportunity, or concentrated on one specific troublesome area. There are also options on the degree and timeliness of enforcement requirements to be made a part of the covenants signed by the Government of Pakistan.

The prospects for, and the difficulties attendant with, each strategy are considered below, following a brief discussion of the environment in which USAID operates in Pakistan.

BACKGROUND: POLITICAL ENVIRONMENT

Instability in the Southwest Asia region contributed substantially to the U.S. decision to extend a \$3.2 billion military and economic assistance package to the Government of Pakistan in late 1981. The Soviet invasion of Afghanistan, the subsequent flow of more than two million Afghan refugees into Pakistan, and the revolution and turmoil in Iran led the United States to reassess its strategic position in the region. The decision was made to offer Pakistan significant military and economic assistance as a component of the U.S. strategic policy in Southwest Asia.

The subject of narcotics was not addressed in initial negotiations on the military and economic aid package, but was added after the initial agreement as a result of Congressional concern. Thus, funds for new USAID initiatives to reduce narcotics production are available from the overall economic assistance allotment, assuming the GOP agrees to such a program.

The GOP has made numerous pronouncements of its will and commitment to fight narcotics production, trafficking and drug abuse since passing the Hadd Order in February 1979, under which production, sale and consumption of opium and other narcotics were made a penal offence. However, there are a number of problems that hinder government enforcement actions, particularly the lack of government presence and control in selected areas of the country. Moreover, there is the fear that enforcing the ban on opium production, where alternate sources of income are not available, can lead to domestic unrest. While opinions may vary on the nature and seriousness of these obstacles, the fact remains that the GOP believes it must weigh its actions carefully in the interest of internal stability. Since the internal stability of Pakistan is also in the strategic interest of the United States, actions on the narcotics issue must take this concern into account.

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In addition, military and economic assistance from the United States to Pakistan have been suspended or severely curtailed on three occasions since 1965, and these interruptions are well remembered. It is considered strategically important to the United States Government to forge a long-term partnership with the GOP. Confrontations on the narcotics issue which threaten to disrupt this relationship will be counterproductive. This means that U.S. narcotics strategies must entail measured responses to secure desired GOP actions, rather than an "all or nothing" approach.

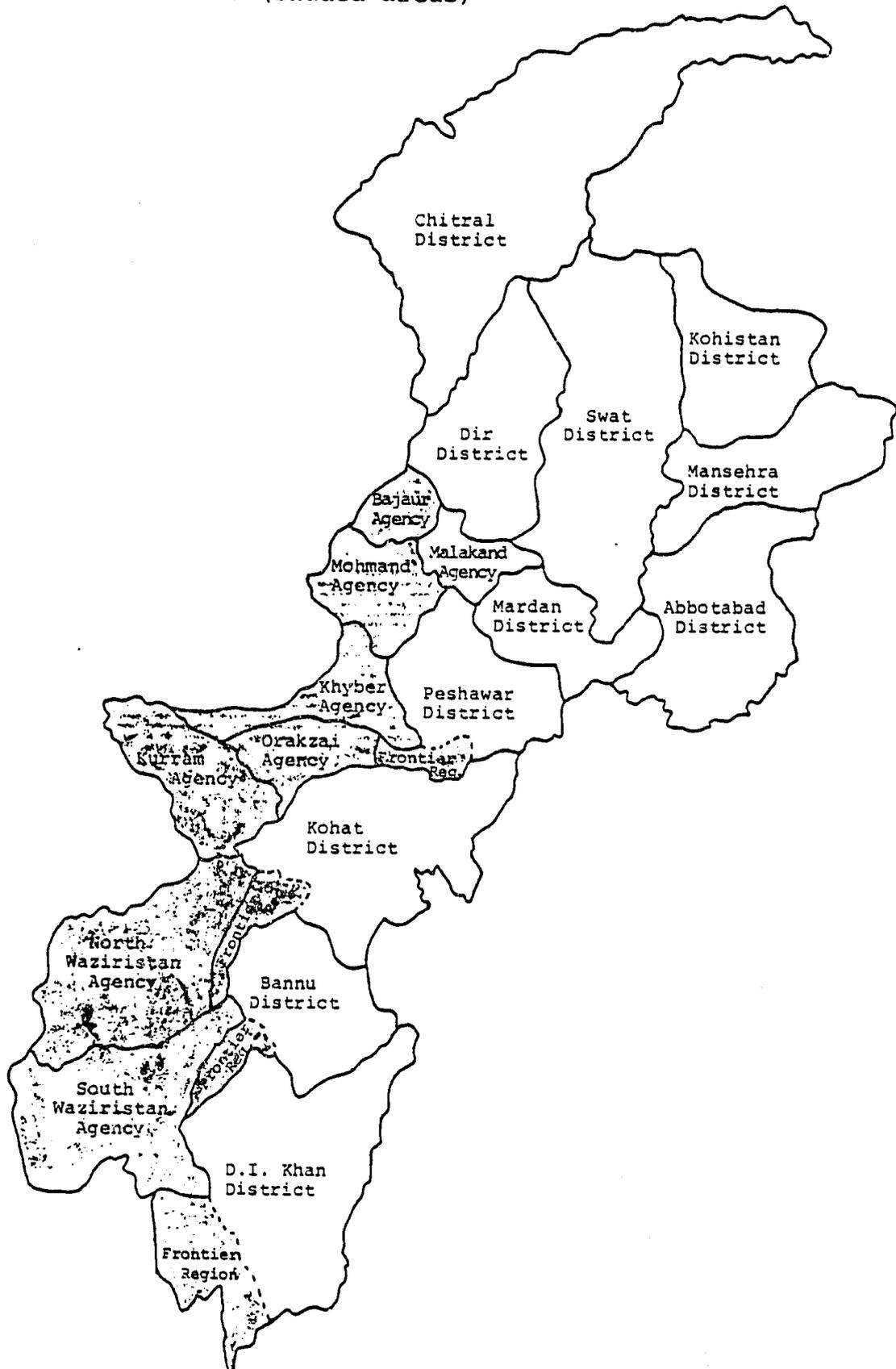
BACKGROUND: ADMINISTRATIVE ENVIRONMENTAdministrative Systems in the NWFP[1]

There are three different administrative systems operating within the NWFP, each with its own distinct level of GOP involvement and control. The different administrative systems are important, in that they determine the extent of possible GOP enforcement action against illegal drug producers and traffickers.

First, there are the Federally Administered Tribal Areas (FATA) encompassing seven agencies and four "frontier regions", administered through a separate FATA government structure. (See Figure 1.) The FATA region is further subdivided into Administrative Areas, Protected Areas, and Tribal Territories, where, respectively the GOP administers, provides some services when relationships are good, or negotiates entry. The Pakistan Narcotics Control Board does not have jurisdiction within the FATA, and law and order is undertaken by the political agent (for the seven agencies) and the deputy commissioner (for the four frontier regions) utilizing "levies", local forces which are intended to protect government personnel and property. In the Tribal Territories, both civil and criminal acts are adjudicated by tribal leadership, called the Jirga. These and other complex administrative arrangements were inherited from the British, who maintained an uneasy truce with the tribal people through a series of treaties which limited British sovereignty. The GOP accepted, with little alternative, most of these same restrictions.

Second, there are Provincially Administered Tribal Areas (PATA) including the ex-princely states of Chitral, Dir, and Swat, as well as the Malakand Agency. These are called "merged" areas, and have some features of tribal areas and some of settled areas described below.

FIGURE 1: Federally Administered Tribal Areas in the Northwest Frontier Province (shaded areas)



The PATA districts of Chitral, Dir and Swat were incorporated into Pakistan only in 1969. In these areas, the GOP has extended many routine civil and criminal codes but, in keeping with the historic juridical system, authorizes the deputy commissioner to hear and decide cases. Some of the tribal groups in these districts and the Malakand Division are well settled into irrigated agriculture and ready for fuller incorporation into the full range of Pakistan administrative systems. In the more remote areas, however, the reach of the government is limited, and forceful actions -- such as restricting individual access to traditional forest land -- is often met with violent opposition.

Finally, there are what are called "settled areas". A settled area has a full-fledged administrative and judicial system, complete with criminal and civil codes. In addition, in settled areas detailed land surveys have been carried out to register land ownership. Within the PATA areas, however, land registration has been undertaken only in the Buner region of Southern Swat. Some previously tribal areas (Gadoon and Hazara Tribal, for example) have been incorporated into settled districts. However, in these areas, while legally all Pakistan government codes, systems and laws apply, the local government representative is allowed considerable freedom to interpret how and when administrative action will be taken.

Enforcing The Law of the Land

Enforcement action, either for poppy production or heroin manufacture, is most difficult within the FATA, because of a combination of jurisdictional constraints, isolation, lack of GOP representation, fragmented tribal leadership, and a culture which is, as one FATA official stated, "in a continuing romance with its weapons". Inter- and intratribal fighting are common, and access

to the Tribal Agencies is often restricted by the GOP to insure the safety of travellers. Two political agents have been shot, one killed, in the past three months. Should it be important enough, the GOP can, of course, take forceful action. The problem with exercising this option, is that forceful action is often not decisive, and considerable bloodshed and anti-government hostility can result from incursions of the GOP, however worthy in motive, into tribal areas and territories. In addition, the vulnerability created by more than two million Afghan refugees, and the perceived presence of many Russian agents and "provocateurs" further diminishes the enthusiasm of the GOP for enforcing drug laws. Although more can be asked and expected on the destruction of heroin laboratories, there is a minimal prospect in the near future for obtaining effective GOP action on the rather limited poppy acreage in the FATA Region.

Enforcement of the poppy ban in merged areas is more feasible. Where enforcement can be undertaken without a serious challenge to law and order, it has been done. In remote and inaccessible areas, action is tempered by an awareness of the government's limited capacity to enforce a proclaimed edict. Enforcement is, as in the tribal areas, the responsibility of the deputy commissioner, utilizing his own police resources. Where and why enforcement has or has not been attempted in the merged areas presents a framework for assessing the need for development interventions, which is undertaken below.

The settled areas are under the full authority of the Government of Pakistan. There was no poppy production reported within truly settled areas in the 1981-1982 growing season.

The Administrative Hierarchy

While Pakistan is a country with a clearly defined decisionmaking structure, it would be erroneous to assume that enforcement of the opium poppy ban depends only upon individual decisions by the highest level of the government. For the NWFP, the President and Governor are the policy makers. Action on the interdiction of heroin labs, which calls for extraordinary measures and has significant political risk, must originate from this level.

The elimination of poppy cultivation, however, is accepted by government officials as policy already established by top leadership, through the 1979 promulgation of the Hadd Order. Supervision of this policy in the NWFP is the responsibility of the Home Secretary in the NWFP governmental structure in Peshawar, and of the various Commissioners who head Divisions. Enforcement action is taken, in accordance with policy established at the provincial and national levels, by the deputy commissioners (in districts) and political agents (in tribal areas) and their assistant commissioners who are responsible for subdistricts (tehsils). This is the firing line where enforcement decisions are made in accordance with a risk/benefit calculation described in a subsequent section.

FOOTNOTES

- 1 All recorded acreage of poppy production in Pakistan is within the Northwest Frontier Province (NWFP). Eighty-seven percent of the 1982 poppy crop was outside the FATA region.

BACKGROUND: POPPY PRODUCTION AND ENFORCEMENT IN PAKISTANOpium Production and Price

Since the 1978-79 crop year, acreage in poppy cultivation in Pakistan has dramatically declined to, in 1981-82, perhaps a tenth of its former level.[1] The causes for this drop in acreage, in order of importance, have been very low prices, bad weather, and enforcement activities. A kilo of opium sold as semi-dry gum is valued today at between \$16 and \$25 at the farmgate, down from \$70 per kilo in 1979 and over \$200 in 1978. The 1979 crop was larger than demand could absorb, leaving inventory stocks which have continued into 1982. The flow of opium from Afghanistan has helped keep the price offered to the Pakistani farmer at the lowest level in recent memory.

At current prices, poppy cultivation does not compete well against tobacco, sugar cane, vegetables, and other high value crops on irrigated land. Consequently, where markets and the requisite inputs exist, these crops have replaced poppy in the production cycle, particularly when hired labor must be used. For the farmer working steep hillsides on marginal land under rainfed conditions, however, opium poppy often represents the only attractive cash crop. It is from this income that he buys basic food grains and, therefore, even at \$16 per kilo, the subsistence farmer will grow poppy.

A project which is designed to encourage opium poppy substitution must deliver direct and positive benefits to farmers. However, no attempt to match income levels is indicated, since, as the program is successful and acreage declines, the price will rise (in the absence of imports), resulting in an unending race

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between the benefits offered by poppy production and those from the substitution program. The development benefits which are recommended in the proposal which follows are not made to "outbid" the cultivation of poppy with alternatives.[2]

The Production Environment

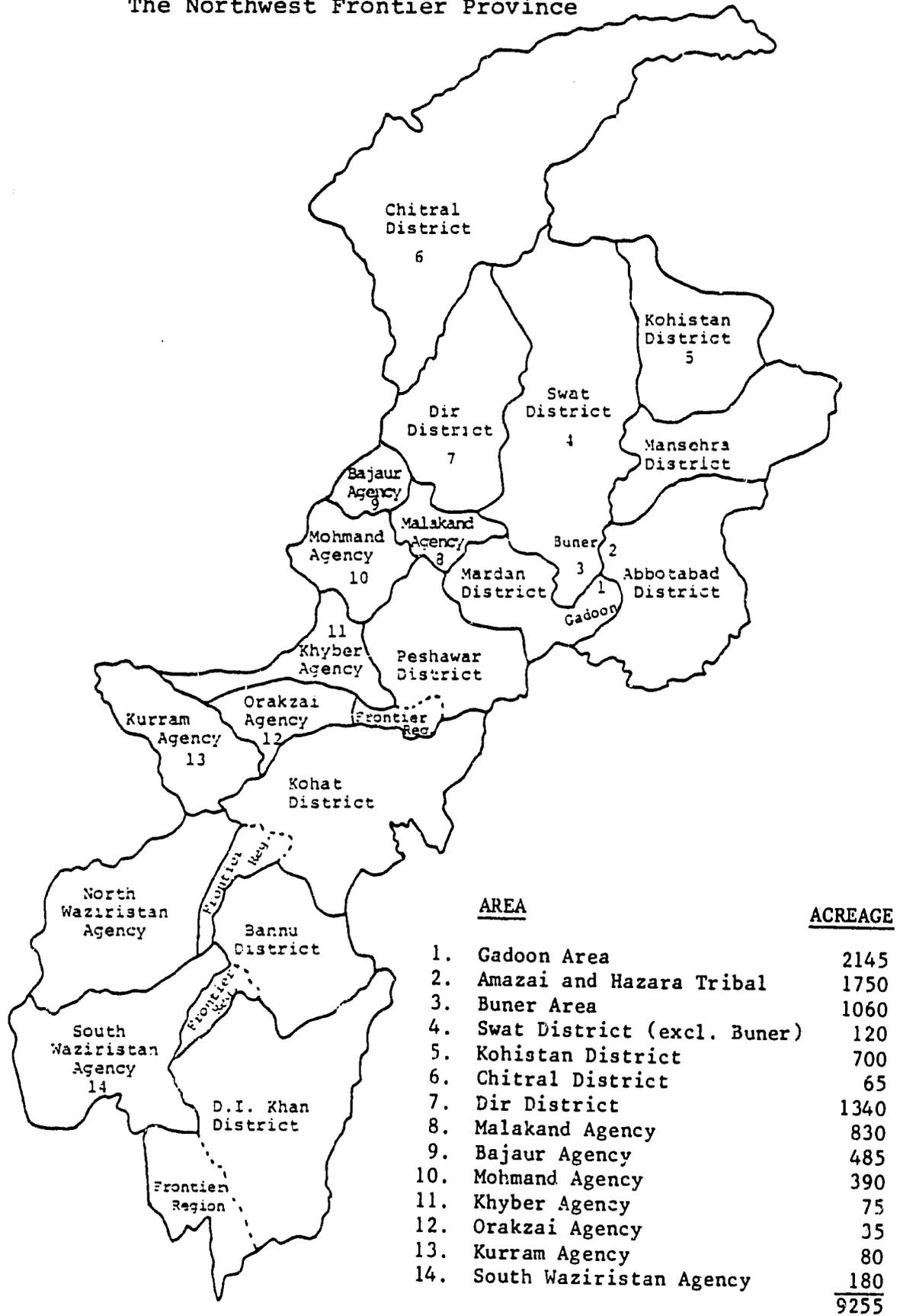
Poppy is grown in the mountains and mountain valleys in tribal or ex-tribal areas. Figure 2 shows the major jurisdictions and acreage reported for the last cropping year. Although some poppy is irrigated, particularly in the FATA agencies where precipitation is not sufficient to produce a crop under rainfed conditions, irrigation is by localized gravity-fed or animal-powered systems. A significant portion of the crop is lost each year to drought during the planting or rains during lancing (incising the poppy capsule to obtain opium).

Mountains, limited access (high-cost roads) and tribal, rather than "British"-based, administrative systems are determinants of the location of poppy cultivation in Pakistan. Although some poppy continues to be grown on land with other significant cropping alternatives, most of the total acreage is on marginal, rainfed hillsides, where transport is limited. Under these conditions, no single crop can compete with the opium poppy, and only a concerted effort to increase total family income -- a farming systems approach -- can begin to provide significant benefits.

GOP Enforcement Action on the Poppy Ban

Under the Hadd Order of 1979 the cultivation, sale, and use of narcotics is a penal offense. The Hadd Order is reinforced by the Islamic code which calls for abstinence from intoxicants. Even the farmers who complain about the government's ban acknowledge that they should not be cultivating poppy (See Annex H). The ban has been selectively enforced, however.

FIGURE 2: Poppy Cultivation Areas in The Northwest Frontier Province



(estimated 1982 production based on INM statistics)

In the 1978-79 cropping year, poppies were common in the fertile Swat valley and in the Swabi area of Mardan District, both having major irrigation systems. Since the 1979 ban, there has been no poppy grown in these lowland areas. The government is in full control and has been able, without disturbances, to enforce the law.

In the valleys and mountains of Buner, in Southern Swat District, the United Nations Fund for Drug Abuse Control (UNFDAC) has supported poppy substitution initiatives since 1976. In the 1981-82 season, the GOP enforced the poppy ban in this major producing area, in spite of agitation by farmers and local leaders (See Annex H). Some poppy farmers were incarcerated until relatives replanted their fields with a new crop, while in other cases the police destroyed fields prior to harvest. Though there are inaccessible mountain areas where poppy cultivation has continued, the production of opium in Buner has decreased significantly. Currently, the major producing area within Buner is the Amazai Region, which has not yet been a target of enforcement.

The enforcement effort in Buner was essentially a local (Commissioner and Deputy Commissioner) decision. Several reasons were given for why enforcement has been undertaken there and not elsewhere:

- In Buner there had been development efforts. Although few benefits had actually accrued to the farmers, these efforts showed that the government had tried to help. According to the Commissioner, such initiatives gave enforcement a "moral" justification, even though they had not provided much assistance to individual farmers.
- It was time. The government had been telling farmers for some years that the poppy was to be banned as an illegal activity. After six years of UN effort, and little voluntary response, action was required.

- It was easy. The area has wide valleys with little marginal land in regular production, much like a settled area. Even land surveys and owner registration had been completed. The government correctly predicted there would be no serious opposition by local farmers to the ban.

Buner was the first organized enforcement campaign to follow development efforts. It succeeded in reducing the amount of poppy cultivation in Buner, but the circumstances are not subject to duplication.

After Buner, the poppy production in the western mountain region of the Malakand Agency was attacked, with INM signing an agreement to provide development funding, in exchange for a commitment by the local government to provide enforcement. Malakand is a more difficult area than Buner, but still well within the reaches of a modest program. Development initiatives -- road resurfacing, higher-yielding seeds, fertilizer and new cropping alternatives -- will strengthen the political agents' ability to enforce the ban. All farmers will not benefit and full enforcement will take several years. But, given the level of difficulty, the remoteness, and the political temperament of the local population, there is reason to believe the project will succeed in eventually eliminating the poppy acreage in Malakand Agency.

The easy targets are already being hit. Unfortunately, the remaining locations in which opium is produced in large quantities are much more marginal, more remote, more entrenched, more determined to maintain their poppy production, and more difficult to provide with alternative income sources. Consequently, enforcement is that much further away.

The Balancing Act: Local Decisionmaking for Enforcement

Examining the decisions leading to those enforcement actions which have been taken, and discussing future activities with the Commissioner and Deputy Commissioners from the Malakand Division, reveal the following equation:

- In the absence of direct orders from the Governor or the Home Secretary to enforce the ban in a specific area, the Commissioner and Deputy Commissioners operate within established law and order policy. Enforcement will be undertaken when and where it is possible without major threats to stability, that is, when it can be accomplished with the security forces available and not result in an armed confrontation or mass resistance. There is no incentive for the Commissioner and Deputy Commissioners to take a higher risk;
- Development efforts, even when comparatively unsuccessful, are sufficient to tip the balance in favor of enforcement in areas which are "nearly settled", increasing the resolve of government officials, and reducing the opposition of farmers;
- In harder locations, where development benefits are necessary before the hard wall of resistance can be penetrated, development must be successful and must reach a large percentage of the population with tangible improvements;
- The more difficult the area, the more enforcement must lag behind development initiatives, so as to allow time for changes in farmer attitudes; and
- Information campaigns -- the Commissioner and the police calling upon villages and union councils to renounce poppy production -- are important to "soften up" the area. These campaigns will be particularly effective when complemented by the actual receipt of development benefits.

Not all decisions are made in Islamabad. Many decisions concerning poppy production are made by farmers and local government officials, each group taking into account the likely

reactions of the other. The study team believes USAID can influence both groups of decisionmakers by a thoughtful development program in poppy growing areas.

Some decisions are made in Islamabad and Peshawar, however. The entire basis under which local government enforcement calculations are made can be altered if the President and the NWFP Governor take upon themselves the risks of enforcing the ban. This shifting of the balance point, so to speak, would decrease the risk at the local level and encourage local enforcement. Forceful U.S. action to encourage such a policy change should continue.

FOOTNOTES

- 1 There have been no aerial surveys of poppy cultivation in Pakistan, and acreage estimates are based upon field visits of Pakistan Narcotics Control Board (PNCB) and INM observers.
- 2 Generally, breaking the law provides higher returns to labor than law-abiding activities. While not draconian in recommending the gradual elimination of poppy cultivation, we see no need to match the growers present or potential (at much higher prices) gains from this activity.

POLICY ANALYSIS: WEIGHING THE OPTIONSDenying the benefits of USAID projects to poppy growing areas

This policy has been thoughtfully argued by USAID. Its objectives are:

- To avoid any association with the enforcement of laws against illicit drug production, manufacture or distribution. Enforcement has connotations which might be antithetical to development initiatives. Moreover, enforcement efforts may fail, calling into play the various covenants which restrict, call for repayment of, or terminate USAID-funded benefits. These and other consequences of enforcement could taint and thus damage the overall AID program in Pakistan;
- To prevent USAID-funded benefits from making it easier for farmers to produce and market opium;
- To encourage local government or community pressure on opium producers to cease production, when that production is preventing the receipt of USAID-funded benefits; and,
- To strengthen the will of the GOP to maintain an opium ban and prohibit a resumption of poppy cultivation in areas which have received USAID-funded benefits.

In order to ensure that benefits do not go to poppy growing areas, USAID has employed special provisions, or "poppy clauses," in relevant project agreements. As currently structured, poppy clauses deny project benefits to areas in which poppy is grown, and provide for the termination of activities (and possible COP reimbursement of USAID funds) if poppy cultivation begins in areas which are receiving or have received USAID assistance (see Annex G).

The study team accepts the inherent logic of the arguments presented. However, our assessment of what determines whether producers grow opium poppy, and whether government officials enforce the poppy ban, indicates that the special provisions

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placed on USAID projects will not have a significant impact on poppy production. If the problem centers on areas which produce opium for lack of other alternatives or lack of sufficient government presence to allow enforcement, then the denial of USAID-funded benefits to those areas will not constitute a solution.

The strategy of denying benefits to poppy producers can be supplemented by a transfer of funds from AID to INM, theoretically allowing each agency to do what they do best--AID to promote development, INM to encourage enforcement. This is an excellent suggestion if new target areas exist which are not more complex and demanding than the Malakand Agency Project, and if INM is unable to fund such initiatives from its own budget. Large transfers of AID funds to INM for an attack on the remaining major poppy producing areas would be, from our assessment, inappropriate, for the following reasons:

- Each new major poppy growing area is more difficult than the last to help (promote development) or to control (prevent poppy production). For this reason, the INM project in Malakand is not transferable to areas such as Dir or Gadoon;
- INM's major thrust is not development and, therefore, where development benefits are a critical component of an attack on poppy production, USAID holds the obvious comparative advantage; and,
- INM has limited resources to direct towards development activities, even when directly tied to rapid enforcement. While INM could hire the specialists and generate the institutional base needed to support such efforts, this would muddy the waters which were cleanly divided by the elimination of AID's Public Safety Program and the establishment of INM.

We believe that INM has an operationally feasible project beginning in Malakand and, when possible, should extend its efforts to other targets of opportunity which are amenable to minimal development initiatives tied to enforcement. USAID should

support these efforts with technical assistance and funding, if not otherwise available. USAID should not fund INM efforts to move into a major expansion of development activities in an attack on the remaining and more difficult opium producing areas of NWFP.

Providing the benefits of USAID-funded projects to poppy growing areas, as the first phase of a planned elimination program

This policy option involves three interrelated variables:

- Whether the project would operate within or outside the Federally Administrated Tribal Areas (FATA);
- Whether the project would operate against scattered targets as opportunities emerged or concentrate on one or more major producing areas; and,
- Whether the project would be restricted to development or require a linkage between development and enforcement action.

Operating within the Federally Administered Tribal Areas to reduce poppy production

Poppy acreage within the FATA Region represents only 13 percent of the total poppy acreage in Pakistan for the 1982 crop year. Moreover, this level has, reportedly, been steady or decreasing over the past few years. This is due to inadequate rainfall for poppy cultivation and the very limited extent to which irrigation systems can be extended in the FATA without major development investments.

In addition, FATA is the most difficult region in which to obtain GOP enforcement action. Such action is limited not only by treaty in some instances, but by the political risks inherent in

the Afghan refugee situation and fragile border security. The government is very unlikely, therefore, to view stopping the marginal poppy production in FATA as a major priority at this time. Therefore, as a target for a poppy elimination project, the FATA region must be assigned a relatively low priority.

Future success in reducing poppy cultivation in FATA areas will likely involve decisions by tribal leadership to stop poppy production in return for specific benefits. Rather than calling upon the GOP to enforce a poppy elimination clause written into a USAID project agreement, a more effective strategy would task the Jirga to exercise this authority within its own tribal boundaries.

There are two problems to be overcome in implementing such a strategy, however. First, USAID would have to learn how to work with tribal leadership in defining and delivering benefits, and in negotiating agreements which are binding on tribal membership. It is safe to conclude that, today, neither USAID nor the GOP knows how to perform this complex task.

The second problem would be to identify improved agricultural opportunities applicable to conditions in the FATA region, especially low rainfall and isolation. Almost no research has been conducted on agricultural opportunities outside of Pakistan's large irrigation network. Research is needed immediately, so that when USAID and the GOP determine how to effectively trade development benefits with the Jirga for a poppy ban, there will be some development benefits to deliver. In the absence of something useful to offer these areas, the production of opium will almost certainly continue. Once this learning process has gotten under way, there are possible USAID and existing GOP mechanisms to deliver block grants to tribal leaders to gain their support for a ban on poppy cultivation.

More important than poppy production in the FATA region is the presence there of clandestine heroin laboratories. Though the ability of USAID to address the heroin lab problem is limited, there is one positive step that could be taken. It involves the modification of USAID's "poppy clauses" in projects, such as the Tribal Areas Development Project, that provide benefits to the FATA region. Currently, these clauses require only that heroin labs be prohibited from the "project area," itself. Often, however, this area represents only a portion of the jurisdiction of the tribal leadership. The poppy clauses could reasonably be strengthened to prohibit the delivery of USAID benefits to any area within the Jirga's jurisdiction when there is also a heroin lab within that jurisdiction.

Possibilities Outside the FATA Region

One strategy the USG can pursue is to utilize its resources to "buy" enforcement in individual communities or valleys where poppy production continues, but where local government officials are close to being able to enforce the ban. In this instance, we would recommend that INM be the executing agency, tackling targets of opportunity as they emerge. Although the impact of any one action on total acreage might be small, these combined activities may well have a significant impact in reducing poppy production. Care, however, must be exercised to ensure that poppy is not planted with the objective of obtaining special USAID-funded benefits.

A variant of this strategy would be to offer development benefits to elected Union Councils, which represent groups of five to ten villages, in areas of traditional poppy cultivation. This aid would be offered with the understanding that the Union Council would take collective action to stop local poppy cultivation as the impact of development spread. Unfortunately, the capacity of Union Councils to either implement local development projects or

restrict the cultivation of poppy by individual farmers, while unknown, is suspect. In addition, if USAID were to insist upon development impact, rather than the mere dispersion of funds as an objective, the approach would consume a great deal of staff time and be highly visible as a "foreign donor" project (since USAID personnel would have to review each Union Council Project both prior to approval and after completion). This is a subject which, like working with the Jirga in the tribal areas, deserves serious field testing and should be part of any project developed for poppy elimination. It is, however, too uncertain to be used as the basis for a large-scale attack on poppy cultivation at this time. (See Annex I for a description of the Union and District Council Block Grant Program of the GOP).

A second strategy would be to identify the major poppy production areas and select one or more for concentrated attack. This option would involve the largest risk and, if successful, the highest payoff. It calls for a coordinated, multi-sector development plan, with major involvement of elected and appointed local government representatives. In concept, it is an area development strategy applied to all the households in a selected geographic location, utilizing the full development expertise of USAID.

This strategy demands a high level of resource investment, both financial and human. It particularly requires intensive use of USAID personnel, since there must be coordination across a dozen different functional ministries, from the Federal level to that of the sub-district. Nevertheless, it is the only approach that is feasible against the really hard targets -- the remaining centers of poppy production which have no identified income alternatives. The first strategy will nibble away at total acreage in poppy, but will not dent the hardcore producing areas. If USAID is to have a major role in reducing opium production in Pakistan, the area development strategy is the one to be pursued.

Development and Enforcement

The success of a voluntary poppy elimination program, based upon individual farmer decisionmaking, will become increasingly more difficult to sustain as the program progresses, since the obstinate holdouts, those who continue to grow poppy, will be rewarded with increasingly higher prices and returns. Thus, we do not believe that voluntary elimination is a viable alternative in conjunction with an AID program.

Enforcement, however, has many different meanings. A program negotiated at the Federal level may call for enforcement which is performed by either the local government authorities, elected officials (such as the District and Union Councils outside the FATA Region), or traditional leadership (such as the Jirga in the Tribal Areas). Whether enforcement of an opium ban by local leaders can work is not known. The subject, however, deserves serious attention and field testing. It is probable that this approach has merit in marginal producing areas. However, where most of the farmers are poppy producers, the power of local leadership may well be directed at sustaining, rather than eliminating production. Nevertheless, any program initiated by USAID should push for direct involvement of local leaders in obtaining and maintaining an opium ban.

If there is to be a linkage between development and GOP enforcement, several major issues need to be addressed:

- What is appropriate, realistic enforcement? Our findings argue for enforcement which follows development benefits in the hard target areas, to prevent massed and confrontational responses which local governments are unable to handle. It seems most appropriate for enforcement to be negotiated between USAID and the GOP. In this instance, policy must accept the limitations on action facing local officials in remote areas with cantankerous tribal populations.

- Who schedules effective enforcement with USAID, the GOP authorities in Islamabad or Peshawar, or local government officials? We believe that, while an agreement to enforce the poppy ban consonant with local circumstances is necessary at the Federal level, the details should be negotiated with the Home Secretary, Commissioner, and Deputy Commissioner -- those who must bear the brunt of the enforcement actions. This negotiation should be an important component of project feasibility and design.
- Who deals with and supports enforcement officials? Since enforcement and development are the responsibility of the same individual in a district, the Deputy Commissioner, both developers and enforcement advisors have a common liaison. However, it is important for INM to provide the direct support for enforcement, including training, transportation, and equipment, which allows that component to be professionally and judiciously expedited. USAID should confine its activities to development.

Enforcement will be a stumbling block only if the USG demands conditions which the GOP cannot deliver. Enforcement has gone forward in Pakistan. The purpose of a USAID-funded project would be to deliver development benefits and strengthen local governments, in order to facilitate enforcement in hard-to-reach poppy production locations.

POLICY RECOMMENDATIONS

For the Federally Administered Tribal Areas

- The FATA Region is not a priority target for poppy elimination by the USAID program, due to its limited acreage in production and little likelihood of effective GOP enforcement action.
- The Tribal Areas Development Project should intensify its efforts to learn how to work with Jirgas, both to provide development impact in difficult tribal areas and to gain the Jirgas' cooperation in eliminating poppy cultivation in return for alternative income and cropping possibilities.
- If, as the project proceeds, it becomes clear that there are development benefits which are sufficient to convince tribesmen and leaders to forego poppy cultivation, then USAID should add to its existing project the funds necessary to extend it into major producing areas within FATA. This grant funding can conceivably be channelled to the Jirga through the office of the Political Agent.
- The research component of the Agricultural Education, Research and Extension Project should be tasked to identify alternative cropping and agricultural income opportunities in the dry, highland tribal areas. This knowledge can be translated into action through the ongoing Tribal Areas Development Project, adding funds if needed.
- The poppy clauses for projects assisting FATA areas should be strengthened to prohibit heroin labs anywhere within the jurisdiction of the particular Jirga, not just within the specific project area.

For the Merged Ex-Tribal Areas Outside the FATA Region

- USAID should support INM in its "buy enforcement" campaign with technical assistance and funding (if not available from INM sources) in locations where the balance is close to enforcement. One possible target for AID-assisted INM activities would be the irrigated poppy growing valleys in Dir District. Once INM identifies specific targets of opportunity, a review of the USAID portfolio should be undertaken to determine how current and planned USAID

projects could be enlisted to complement and support INM efforts. However, a major transfer of funds to INM for development initiatives in the remaining major poppy growing areas should not be made. This should remain USAID's responsibility.

- USAID should plan a new, well-funded area development project in a major opium producing area, with poppy elimination as a necessary objective. Positive developmental change, in harmony with AID's charter, should be a requirement of the project. This project should provide the core technical assistance and support for local development initiatives, but require the services of as many as nine other USAID-funded projects to provide infrastructure, health, agricultural and energy development. The individual contributions, by project, are examined in Table 1, beginning on page 49.
- USAID should conduct a feasibility study and project design (complete with Project Paper for funding approval), beginning with the largest poppy production area, and consider less important producing areas only if the largest proves to be too difficult to attack.
- USAID should not justify its involvement in this project on traditional cost/benefit grounds but, rather, on the basis of the priority requirement to eliminate poppy production. Other than business-as-usual criteria and procedures should be employed.
- USAID/Pakistan should receive the direct hire staff necessary to oversee, negotiate, and coordinate this difficult, highly visible, and risky project -- which must not fail.

**IMPLEMENTING THE RECOMMENDATIONS
FOR AN AREA DEVELOPMENT PROJECT**

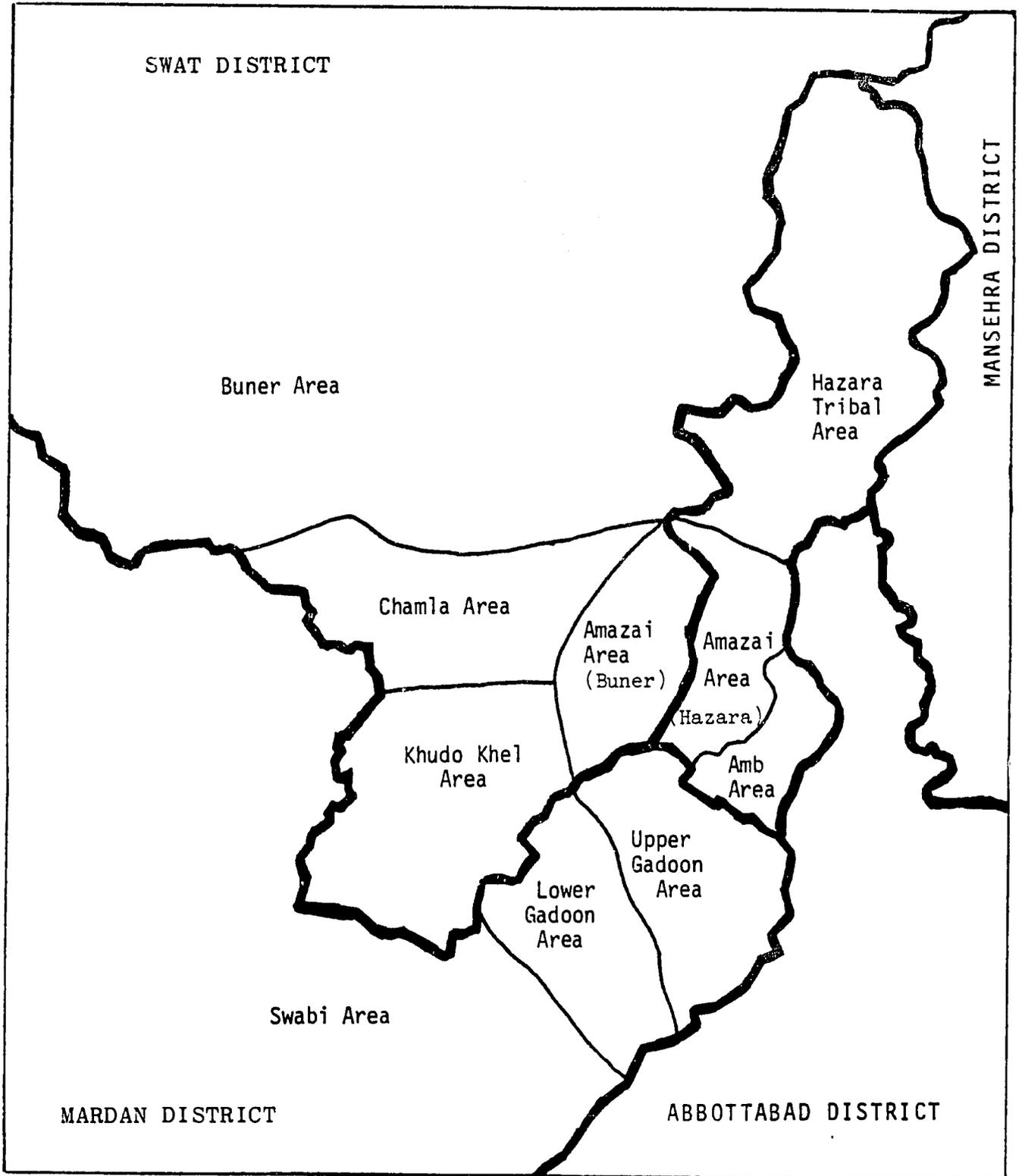
Selecting the Area

We recommend USAID begin by examining the feasibility of working in the heartland of opium production--the Gadoon area and the contiguous mountain ranges in Buner and the Hazara Tribal Area (See Figure 3). This region accounts for almost half of total poppy acreage outside the FATA region. The core of the project area, the Gadoon and Amazai regions, encompasses roughly 250 square miles, with a population, according to 1972 estimates, of over 90,000.[1] A good deal is known about Gadoon, due to a USAID-funded study completed in 1979.[2] This information supports the view that Gadoon will be a high risk undertaking. The following reasons are particularly important:

- Poppy cultivation is well integrated into the local society, with not only producers but smugglers/traffickers living in the area;
- There are few obvious alternatives for the rainfed, marginal land on which most poppies grow;
- Gadoon is well aware of the enforcement actions taken in neighboring Buner, and the leadership may attempt to organize farmers to protest against or prevent the entry of development workers and benefits;[3] and,
- It is a poor area, both in agricultural and human resources, and not self-sufficient in basic food grains. Immediate enforcement of an opium ban would reduce most small farmers to below subsistence levels. The agricultural, human, and institutional resource base must be improved to prevent major hardships under a poppy ban.

The scale of the project, in terms of the funding and length of time necessary to implement it, will depend upon a number of factors to be determined in the feasibility study/project design effort. These include the infrastructure requirements and level

FIGURE 3: The Gadoon/Amazai/Hazara Region



of benefits necessary to provide an alternative to poppy cultivation and win the support of poppy farmers. The level of investment will also depend upon any expansion of project activities to incorporate surrounding poppy growing areas as implementation proceeds. However, a project in Gadoon and the Amazai area of Buner, alone, could take easily \$25 million. A full-fledged attack on poppy production throughout the region could require a substantially larger investment.

The size of the project and the problems identified above represent a challenge for development and to developers. USAID should not shy away from this area because the job will be hard. USAID will, however, need assurance from the GOP that organized, smuggler/trafficker opposition will not endanger field workers. This issue, and the precautions to be taken in beginning a project in Gadoon, should be one important component of a feasibility/design study. If Gadoon is not feasible, then Dir and Kohistan, in that order, should be investigated.

Approving a Project and Obtaining Funding and Staff

Even with high priority projects, the bureaucracy moves with "deliberate" speed. Without extraordinary effort, a major attack on poppy production will not be launched or funded by the end of fiscal year 1983 -- fully 11 months away. To speed this project, in the midst of many other "priorities" facing USAID/Pakistan in its generally high priority program, special assistance from AID/Washington will be needed. We recommend that:

- This strategy paper be reviewed and accepted or modified during calendar year 1982. If approved, arrangements should be made for a PID to be accepted by the end of February 1983, and a feasibility study/project paper to be accepted in July. This would allow two months for review prior to the need to commit funds by the end of September.

- AID specify that the PID and Project Paper may be shortened versions of the standard models, concentrating on the wheres and hows of implementation, rather than strictly adhering to the handbook requirements. For example, an economic analysis of this project, showing overall returns to the development investment, would seem to be unnecessary;[4] and,
- AID make the necessary arrangements to provide the staff to manage, coordinate and negotiate this project. As consultants, the study team has an appreciation of what can be done by outsiders and what must be done by direct hire staff, without which the consultants cannot function or perform. The largest impediment to moving this project forward is not lack of willingness, nor interest, nor financial resources, but lack of staff. In the midst of an overall reduction in AID direct hire staff, and competition for slots in every Mission, personnel to do the Mission-related work on this project (while contractors do the implementation) must be found. In their absence, none of the priorities and good intentions of USAID (analogous to the those of local enforcement officials in Pakistan) will be realized.

Designing the Project

We have recommended an area development approach, recognizing that there is no single solution to the economic problems of Gadoon (or Dir or Kohistan) farmers. This needs to be a carefully phased effort, designed for the area as a whole. Planning is one major component (necessary, for example, to prevent each village from planting the same crop and consequently flooding the market) which can suggest directions and priorities for individual communities or the region as a whole, based upon available resources, markets and surrounding conditions. Planning is also needed to allow local communities to allocate development funds among competing needs--irrigation, roads, bridges, land leveling, crop storage, and so forth. This work should be done in conjunction with local leadership, perhaps under the overall direction of the Planning and Development Department, headed by the Additional Chief Secretary of NWFP.

Strengthening local government institutions is another necessary component. It is impossible to deliver benefits effectively to villagers without adequate delivery mechanisms. However, the existing local arms of the government are not likely to be up to the tasks demanded without additional training, transportation, information and management skills. These must be built into the project, and should be provided to local government representatives, as well as to agricultural research and extension workers, and others who can contribute to local area development.

Infrastructure development must be started early. If there is no access to the area, there will be little development impact. A road must be opened, one which connects the Swat valley with the national highway linking Peshawar and Islamabad. This would require at least a six-mile extension past existing roads, plus an improvement of tracks and trails into major valleys. Labor intensive construction would help ease the income burden while other initiatives are underway. Insofar as there is a need for electrification, water, alternative energy, and so forth, they would have to be provided, generally through existing or planned USAID projects.

Income generating opportunities should be sought in addition to those provided by basic agricultural production. With access to power and labor, the private sector contribution could be increased. This component of the project should be funded in cooperation with the fruit and vegetable marketing component of the USAID Agricultural Production, Distribution and Storage Project, as well as with other private sector initiatives planned by the Mission. The possibility of labor intensive manufacturing operations should also be explored.

The design should call for phased learning, with changes to be expected in strategy and tactics over time--a process approach to the development of the Gadoon area.

Managing the Effort

USAID will require a Narcotics Officer reporting to the USAID Mission Director, who can coordinate efforts within USAID and the U.S. Mission, as well as work with the Narcotics Coordinating Committee and insure close cooperation with INM. In addition, a project officer will be required to devote full time to this effort. Given the high degree of operational coordination with and among the involved ministries necessary at the provincial level, placement of USAID American staff in Peshawar may be required to oversee this and other projects. A contractor should be selected to provide technical assistance who is willing to assume the responsibility for overall team management, procurement and logistics support, taking as much of the burden as possible from USAID and the project officer.

The Role of INM

INM can contribute significantly to this project by providing support and assistance for the enforcement which will be required. We would propose that INM begin its involvement early, with support to local officials for mobility and information campaigns (should they be considered necessary by the feasibility study/design team). It is appropriate for INM to thump the table and call for enforcement, while using their flexible funding to encourage action when it is appropriate. INM should also take the responsibility for providing information to the GOP on the presence and magnitude of poppy cultivation. In this, INM should continue to make use of informational support from, and its close working relationship with, the Drug Enforcement Administration (DEA).

Finding an Institutional Home within the GOP

All USAID projects are negotiated at the Federal level through the Economic Affairs Division (EAD) of the Ministry of Finance. This organization coordinates the project with the operating agencies, at both the Federal and Provincial levels. This procedure will be required for a new initiative in area development, even though it has a narcotics objective. We recommend that the mission work with the EAD to design and implement this new project as it does with all other development assistance to the GOP.

The operational home for the project should be within the NWFP, where a Coordination Committee should be formed, composed of the Home Secretary, the Additional Chief Secretary, the Secretaries of Agriculture, Local Government and Rural Development, and others directly involved in the implementation of the project. This committee would serve as a mechanism for bridging inter-agency problems within NWFP, but would not get the project going.

In selecting from among the alternative approaches to the organizational placement of the project, the design team should consider:

- The implementation capacity of the institution within the local district where the project must be carried out;[5]
- The coordination capacity of the institution with respect to the various ministries of NWFP, and through the Division, District, and Sub-district hierarchy;
- The staffing of the institution and changes required to bring field staff up to the levels necessary to implement the project; and, the potential self-sufficiency of the project and its ability to carry on after the foreign resources have been expended.

FOOTNOTES

- 1 The size and population of the proposed project area have been roughly estimated as follows:

	<u>Area (sq. miles)</u>	<u>Population</u>
Upper and Lower Gadoon	150	41,000
Amazai Area (Buner)	75	10,000
Amazai Area (Hazara)	75	40,000

Population of related areas:

Amb State	8,600
Khudo Khel Area	24,800
Chamla Area	22,850
Hazara Tribal Area*	
Hazanzai	34,900
Akazai	28,000
Nazrat Khel	20,500
Basi Khel	72,000

* Excludes Mada Khel Area which is listed as Amazai (Hazara) above.

- 2 "Causes, Effects and Remedies of Poppy Cultivation in Swabi-Gadoon Area". Volume I, Resource Base (March 1978); Volume II, A Survey of Poppy Cultivators (January 1979), by Dr. Nurul-Islam Mian, Dr. M. Said, and M.A. Khan. Prepared by the Institute of Economic Studies, NWFP, University of Peshawar.
- 3 The Federal Republic of Germany, after several years of study and discussion, elected to cancel its involvement in Gadoon, based upon a belief that the safety of its field workers could not be guaranteed. Others with whom the Team spoke acknowledged the difficulties of the area, but urged that development which presented real alternatives would be accepted.
- 4 Annex C, page 1, "Current AID Policy on Narcotics" states that, "Assistance [for narcotics-related projects] must meet standard development criteria and priorities and will be funded within country levels. Standard project analysis will be followed although it is anticipated that relevant project papers will contain more analysis pertaining to the social, economic, cultural and institutional mores of producers of illicit narcotics." The Study Team does not find this consistent with the requirement to move forward on poppy substitution programs ahead of other, non-narcotic related projects. Many of the handbook requirements for project design are

justifications for expenditure, rather than guidelines for the introduction and execution of a successful project. USAID/Pakistan would be hard pressed to justify on standard criteria a major project in the mountains of Gadoon (or Dir or Kohistan) when major population concentrations are in the Indus River Basin.

- 5 The Ministry of Local government and Rural Development for example, has responsibility only for elected government bodies -- the District and Union Councils -- not for the appointed administrative heads of the District or Tehsil.

SECURING EFFECTIVE ENFORCEMENT

In following the strategy of denying benefits of USAID projects to poppy cultivators, USAID has obtained agreement by the GOP indicating its awareness of U.S. concerns and its full accord with steps to be taken to end illicit drug production. This includes "linking the provision of U.S. assistance to the efforts of the GOP to discourage illicit cultivation, opium distribution and the processing of opium into heroin" (see Annex J).

In pursuing this strategy, USAID has inserted "poppy clauses" into five projects, prohibiting benefits to poppy growing areas and calling for the GOP to repay funds if poppy cultivation continues.[1] Although there may be ambiguity over who (the GOP or USAID or both) would make a determination that poppies exist and that enforcement had not been forthcoming, the clauses, as written, provide adequate safeguards for the interests of the U.S. government and provide the flexibility in interpretation needed to respond to special local circumstances.

Securing Enforcement of a Planned Intervention into Poppy Country

Negotiating this agreement with the various agencies and hierarchies of the GOP will be a critical element of project design. Several steps would be useful:

- At the Federal level, the Ministry of Interior should be included in the negotiations. That Ministry expressed great interest in early discussions of the feasibility of this project. Agreement should be obtained with the Ministry of Finance -- based upon the previously cited policy statement of the GOP -- that this development project is to be directly linked to a narcotics objective. Federal-level concurrence with an enforcement plan to be generated by the NWFP should be required. This plan should outline specific enforcement actions scheduled to

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take place as implementation proceeds. It should be clearly stated that USAID has the right to cease funding for this project (in specific instances calling for repayment) upon the USG's determination that the scheduled enforcement is not proceeding according to the agreement.

- With the appropriate NWFP ministries, chaired by the Home Secretary, an implementation plan should be developed for the project which schedules development inputs, development outputs, and enforcement, by location and date. Enforcement covers a wide range of administrative actions including public awareness campaigns on drug abuse, pronouncements of official laws and regulations, persuasion, warning, destruction of the poppy crop at the beginning of the cropping season, its destruction prior to harvest, and the incarceration of lawbreakers.
- Some enforcement activities can be undertaken at the initiation of a project. Others must await the delivery of some development benefits to target areas, in order to prevent confrontations which the local governments are unable to handle. Enforcement must, however, be linked to development actions in a manner which is negotiated and agreed upon by local and NWFP officials -- the objective being to obtain a realistic timetable which ties development initiatives to specific enforcement efforts and holds the government accountable for the execution of the latter. That timetable may change by mutual agreement, as special circumstances dictate. However, changes in the agreed sequence in which specific development and enforcement activities are to be carried out will have to be considered carefully, as this would indicate a possible change in the linkage between development activities and enforcement.
- The importance of the narcotics problem requires that enforcement activities be undertaken as soon as possible within the constraints of the situation. It is expected that, at least in the more accessible locations of the project area, (generally those areas with viable alternatives to poppy) some reduction in poppy cultivation will be possible shortly after the initiation of the project.
- An annual evaluation of the project's development aspects by a USAID/GOP team should be planned. This would be matched by an evaluation of enforcement activities and reports of poppy cultivation levels within the project area by INM. The Mission's Narcotics Coordinatin Committee would be responsible for the final determination as to whether progress on each front justified the continuation of project funding.

Agreement on how to proceed with the enforcement schedule is required at an early date, to insure that all concerned, particularly those in the District office which must comply with the conditions and covenants, are aware of the task ahead and will contribute to a solution. Agreements generated in Washington, Islamabad or Peshawar are unlikely to lead to enforcement that is realistic and in tune with development initiatives, unless they are made during the design phase.

Modifying the "Poppy Clauses" to Allow USAID Activities in Poppy Producing Areas

The Poppy Clauses were designed to deny benefits to producing areas. They are not adequate for guiding the intervention of USAID-funded projects already in the portfolio, or on the drawing boards, into Gadoon or other poppy areas. New agreements will be necessary which refer to the overall enforcement clauses and schedules to be negotiated with the NWFP Home Secretary. While this is a technical problem, the generation of a workable modification to the existing clauses, which allows poppy production in some areas of a new project, but denies benefits to others, will be a challenging task. Insofar as USAID maintains the flexibility to respond to local conditions and determine when benefits are or are not appropriate to poppy producing areas, the problems can be dealt with through amendatory agreements.

FOOTNOTES

- 1 Table 1 in the following section describes the projects and identifies which ones have poppy clauses. Annex G presents several poppy clauses.

**INVOLVEMENT OF PROJECTS IN THE USAID
PORTFOLIO WITH THE POPPY SUBSTITUTION EFFORT**

At least nine ongoing or planned USAID projects can make a significant contribution to an area development initiative in an opium producing area. The exact contribution of each must await the determination of the area to be selected and the state of government services and infrastructure available. For example, if the national grid is accessible, the Rural Electrification Project can be tasked to run lines into the project area. If not, the Energy Planning and Development Project might more suitably be asked to provide mini-hydro installations, providing power from local sources. The Agricultural Education, Research and Extension project will have an obvious role, providing funding and personnel for field research and demonstrations on alternative cropping patterns. Similarly, PL-480 Title II food commodities can be used in conjunction with a food-for-work reforestation program, while the Project Design Fund could finance special studies, including an assessment of the impact of narcotics substitution programs in Pakistan. Table 1, which follows, summarizes the USAID portfolio, details the project components which appear to have the greatest potential in addressing the narcotics problems, and offers suggestions on how they might contribute.

While funding for the area development effort might be drawn directly from specific projects in the portfolio, the Mission has suggested a more efficient approach. That would be to budget all funds for project activities within the to-be-designed area development initiative, and then "buy" the services of institutions and specialists from other projects within the USAID portfolio. If a rural road were needed, this would entail transferring money from the Area Development Project to the GOP entity carrying out the Rural Roads Project, and utilizing the services of the organization and experts already available for

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that speciality. This would minimize the need for specialized technical assistance personnel within the core project. As the engineering, agricultural research, health, energy, forestry, marketing, storage, and other specialists are needed, they could be obtained from the other projects.

Separate funding would also eliminate prioritization problems within GOP Ministries. From the perspective of the Provincial Communications and Works Department, a rural road in Gadoon might not be a high priority. However, if special funding were allocated for that road, over and above what was to be included in the separate USAID roads project, then the attention of the Ministry could be directed to this construction assignment without a long debate over alternative locations.

Integrating Other USAID Projects into an Area Development Project

Nine major projects, either ongoing or to be started, could make significant contributions to an area development project. For this to occur, the details of each contribution, time-phased to coincide with the activities already slated, will be necessary. The negotiations with offices within USAID, and with individual project officers who oversee the nine projects, will call for early consultation, and contributions from each during the design phase. Since many of these projects are in the very early stages of development, this is yet another reason to begin soon on the Area Development Project. A staff officer should be assigned to shepherd the PID and prepare for the PP/feasibility study and design team. Unless the process is begun very soon, and pushed with unusual speed, a new project to attack opium production in Paskistan will not be operational until FY 1984.

Table 1: Summary of the USAID Portfolio and Narcotics Implications ^{1/}

Project Name Proj. No. & Duration Funding Level	Status of Project	Poppy Clause Status	Components of Project and Level of Funding by Component (where available)	Relevance of the Component to Narcotics Control Efforts of USAID
Agricultural Research 391-0296 FY 1969-85 \$4.8 million (grant) \$6.8 million (loan)	ProAg signed	Included as side letter	<ol style="list-style-type: none"> 1) Strengthening of National Agricultural Research Council 2) Construction and Furnishing of National Agricultural Research Center 3) Strengthening research program 	<ul style="list-style-type: none"> - None, national level activity - None, national level activity - Research could be conducted on alternatives to poppy as a winter crop. However, USAID can accomplish this more easily by modifying the research program of the Agricultural Education, Research and Extension Project (see below).
On-Farm Water Management 391-0413 FY 1977-85 \$10.0 million (grant) \$ 7.5 million (loan)	ProAg signed	Poppy Clause included	<ol style="list-style-type: none"> 1) Reimburse GOP for watercourse improvements made under Phase I (\$3,870,000) 2) Strengthen institutions responsible for the design and construction of waterworks (\$5,130,000) 3) Pilot program to evaluate the use of local councils for implementation of water works activities (involves construction of watercourses in canal irrigation network of NWFP) (\$1,000,000) 	<ul style="list-style-type: none"> - None, involves reimbursement for civil works completed under original agreement in which there was no poppy restriction. - None, national level activity - Poppies are not grown on the lands serviced by the Indus River Irrigation System.
Irrigation System Management 391-0467 FY 1982-85 \$90.0 million (grant)	ProAg signed	Poppy Clause included	<ol style="list-style-type: none"> 1) Rehabilitation of existing irrigation canals. (18% of effort going to canal irrigation network in Districts of Peshawar, Mardan, and D.I.Khan) 	<ul style="list-style-type: none"> - Poppies are not grown on the lands serviced by the canal irrigation system.
Agricultural Commodities and Equipment 391-0468 FY 1982-87 \$224 million (loan) \$ 76 million (grant)	ProAg signed	Poppy Clause included	<ol style="list-style-type: none"> 1) Provision of agricultural inputs (e.g. chemical fertilizers, seeds and pesticides) 2) Provision of agricultural machinery and commodities (e.g. tractors, trucks, agricultural implements, rice mills, etc.) 3) Provision of agricultural equipment and commodities required by public or semi-public bodies (e.g. heavy machinery for construction and maintenance of irrigation canals) 	<ul style="list-style-type: none"> - Once these inputs enter the distribution system, control over their final destination is limited. However, poppy cultivation is not a major user of chemical fertilizers or pesticides. - Once these inputs enter the distribution system, control over their final destination is limited. The cultivation of poppies is not mechanized, however. - Poppies are not grown on the lands serviced by the canal irrigation system. Nor are public or semi-public agencies involved in poppy cultivation.

^{1/} Information current as of August 29, 1982.

Table 1: Summary of the USAID Portfolio and Narcotics Implications (cont.)

Project Name Proj. No. & Duration Funding Level	Status of Project	Poppy Clause Status	Components of Project and Level of Funding by Component (where available)	Relevance of the Component to Narcotics Control Efforts of USAID
Population Welfare Planning 391-0469 FY 1982-87 \$25.6 million (grant)	ProAg signed	No Poppy Clause	<ol style="list-style-type: none"> 1) Management information, research, and evaluation (11.3% of funds) 2) Logistics systems and contraceptive supplies (81.1% of funds) 3) Medical research at National Institute of Technical Research 4) Training and technical assistance 	- These activities are national in scope.
Project Design Fund 391-0470 FY 1982-87 \$10.0 million (grant)	ProAg signed	No Poppy Clause	<ol style="list-style-type: none"> 1) Technical assistance needed to design projects. 2) Technical assistance and studies needed as background for development assistance strategies 	- One planned study is to analyze the effectiveness of interventions which discourage poppy cultivation (\$369,000)
Tribal Areas Development 391-0471 FY 1982-87 \$15.0 million (grant)	ProAg signed	Poppy Clause Included	<ol style="list-style-type: none"> 1) Water resources development (66% of funds) primarily Rara Irrigation Scheme 2) Road construction (20% of funds) 3) Selected rural development activities (5% of funds- remaining 10% is contingency fund) 	<ul style="list-style-type: none"> - Project will have no activities in principal poppy growing regions of tribal areas. Those scattered plots near USAID project activities (e.g. in the Rara Irrigation Scheme) are to be eliminated. - Project will assist USAID in learning how to work with tribal leadership to combine development and enforcement.
Malaria Control II 391-0472 FY 1982-87 \$41.0 million (grant)	ProAg signed	No Poppy Clause	<ol style="list-style-type: none"> 1) Program management 2) Training and strengthening of National Malaria Control Center 3) Basic and operational research 4) Commodity support and insecticides 	- These activities are national in scope. Moreover, all endemic areas of the country need to be sprayed, including poppy areas, for the project objective--elimination of malaria--to be achieved.
Rural Electrification 391-0473 FY 1983-88 \$112 million (loan) \$ 43 million (grant)	ProAg signed	Poppy Clause Included	<ol style="list-style-type: none"> 1) Institutional improvement (\$10 million) 2) Distribution function training (\$10.8 million) 3) Distribution system energy loss reduction program (\$23.9 million) 4) Strengthening of main power generation network (\$52.0 million) 5) Rural distribution system expansion (\$55.9 million) 	<ul style="list-style-type: none"> - national level activity - national level activity - national level activity - national level activity - This component will begin in 1985. Approximately 20% of the new connections will go to the NWFP (excluding the Tribal Areas). At present there is no breakdown in terms of where these electrical connections will be going. However, electrical services can be provided to poppy growing areas or not depending upon USAID policy (assuming that main lines exist which would permit expansion into the areas).

Table 1: Summary of the USAID Portfolio and Narcotics Implications (cont.)

Project Name Project No. & Duration Funding Level	Status of Project	Poppy Clause Status	Components of Project and Level of Funding by Component (where available)	Relevance of the Component to Narcotics Control Efforts of USAID
Development Support Training 391-0474 FY 1982-88 \$8.0 million (grant)	PP being drafted	Undetermined	1) Long and short term training to both public and private sectors, focusing on management, rather than technical skills training.	- An attempt will be made to bias efforts towards the NWFP. No implementation institutions have been selected, however. Some of the management training needs of a rural development project in a poppy growing area could take advantage of the services provided by such a project.
Primary Health Care 391-0475 FY 1982-86 \$20.0 million (grant)	ProAg signed	No Poppy Clause	1) Program management 2) Medical technician and community health worker training (establishment of 13 training centers and 53 integrated rural health clinics--IRHCs) 3) Program operations- provision of transport and other equipment 4) Research 5) Accelerated Expanded Program of Immunization of children against major childhood diseases.	- National and provincial level activity - 12 of the integrated rural health clinics will be in the NWFP. It may be possible to locate one of these IRHCs in a poppy growing area. One criterion for selection of a site by the government will be the existence of health facilities already. - National level activity, except where related to above - National level activity - National level activity
Agricultural Production, Distribution and Storage 391-0476 FY 1983-89 \$75 million (grant)	PID approved	undetermined	1) Food security--improving the production and distribution system for basic staples. 2) Edible oil industry 3) Fruit and vegetable marketing 4) Agro-industrial fund--provide capital for the above components and establish agro-industries.	- Each of these components could usefully be directed to poppy growing areas in an attempt to create alternative income sources for poppy farmers.
Agricultural Education, Research, and Extension 391-0477 FY 1983-90 \$75 million (grant)	PID completed	undetermined	1) Strengthen linkages between the University Grants Commission (which controls university funding, approves curricula, etc.) and the Pakistan Agricultural Research Council 2) Support for the Agricultural University of Peshawar (NWFP) in terms of faculty development, curriculum development, and outreach and extension linkage.	- Project can fund "farming systems" research on upland crops which might serve as alternatives to poppy and assistance to the extension network in order to ensure that improved agricultural techniques are disseminated to farmers in areas where poppy cultivation is endemic. - The project should provide models and personnel for high density outreach and extension services in poppy growing areas.

Table 1: Summary of the USAID Portfolio and Narcotics Implications (cont.)

Project Name Proj. No. & Duration Funding Level	Status of Project	Poppy Clause Status	Components of Project and Level of Funding by Component (where available)	Relevance of the Component to Narcotics Control Efforts of USAID
Energy Planning and Development 391-0478 FY 1983-85 \$20 million (grant)	PID approved	undetermined	<ol style="list-style-type: none"> 1) National energy planning and manpower development (\$5 million) 2) Conventional energy resource survey assessment and mapping (\$10 million for components 2 and 3 combined) 3) Coal technology assessment 4) Renewable energy research and development incl. mini-hydros, biogas, solar, and more efficient stoves. (\$5 million) 	<ul style="list-style-type: none"> - national level activity - national level activity. Primarily aims at mapping coal supplies. However the NWFP does not have any coal - Same as above - Will be relevant to rural development projects in poppy growing areas. Mini-hydros, in particular can be used to generate power in isolated, mountainous areas such as endemic poppy growing regions.
Baluchistan Area Development Project 391-0479 FY 1984-89 \$30 million (grant)	Pre-PID	undetermined	<ol style="list-style-type: none"> 1) Training and institution building at provincial government and village levels. 2) Integrated rural development programs. 3) Infrastructure creation, e.g. farm to market roads, power generation, rural electrification, renewable energy, schools, health facilities, irrigation systems, etc. 	<ul style="list-style-type: none"> - If there are poppies found in Baluchistan Province, this project will serve as a mechanism for attacking the conditions which allow them to be grown.
Rural Roads 391-0480 FY 1984-89 \$30 million (loan) \$20 million (grant)	Pre-PID	undetermined	<ol style="list-style-type: none"> 1) Technical assistance, training, and commodities needed to improve transportation research and planning (15-20% of funds) 2) Road design and construction (bulk of the funds) 3) Road maintenance 	<ul style="list-style-type: none"> - National level activity - The exact areas in which the roads will go are to be determined during the writing of the Project Paper. This project can support road construction in poppy growing areas. - Same as above.
Forestry Planning and Development 391-0481 FY 1984-89 \$25 million (grant)	Pre-PID	undetermined	<ol style="list-style-type: none"> 1) Improve national and provincial forestry planning capabilities 2) Conduct fuelwood supply/demand and marketing analysis 3) Conduct forest inventories 4) Strengthen research 5) Develop fuelwood planting programs 	<ul style="list-style-type: none"> - These activities can be incorporated into a rural development project aimed at improving the standard of living of farmers in poppy growing areas.

Table 1: Summary of the USAID Portfolio and Narcotics Implications (cont.)

Project Name Proj. No. & Duration Funding Level	Status of Project	Poppy Clause Status	Components of Project and Level of Funding by Component (where available)	Relevance of the Component to Narcotics Control Efforts of USAID
Private Sector Mobilization Fund 391-0482 FY 1983-87 \$50 million (grant)	PID condi- tionally approved	undetermined	<ol style="list-style-type: none"> 1) financing infrastructure (e.g. water, electricity, and gas) for industrial parks established by provincial small industries development bodies. 2) Technology transfer and managerial services provided to small- and medium-sized entrepreneurs. 3) Financial assistance to small- and medium-sized entrepreneurs. 	<ul style="list-style-type: none"> - Eight of these industrial parks will be in the NWFP. However, all will be in or near major population centers and none will be in poppy growing areas. - The project should be able to support private sector programs in poppy growing areas, thereby providing alternative employment and income generating opportunities to poppy cultivators.
Social Marketing of Contraceptives 391-0484 FY 1982-86 \$20 million (grant)	PID approved	No Poppy Clause will be included	<ol style="list-style-type: none"> 1) Expand the distribution of contraceptives through the private sector. It will utilize commercial firms who distribute household products for commercial sale. 	<ul style="list-style-type: none"> - This is primarily a national level activity and once the contraceptives are distributed to wholesalers there is no way to direct their distribution to or from poppy areas.

ANNEX A

SECTION 126 OF THE FOREIGN ASSISTANCE ACT

ANNEX A: Section 126 of the Foreign Assistance Act *

Sec. 126.²² Development and Illicit Narcotics Production.—(a)

The Congress recognizes that illicit narcotics cultivation is related to overall development problems and that the vast majority of all individuals employed in the cultivation of illicit narcotics reside in the developing countries and are among the poorest of the poor in those countries and that therefore the ultimate success of any effort to eliminate illicit narcotics production depends upon the availability of alternative economic opportunities for those individuals, upon other factors which assistance under this chapter could address, as well as upon direct narcotics control efforts.

(b) In planning programs of assistance under this chapter for countries in which there is illicit narcotics cultivation, the agency primarily responsible for administering this part should give priority consideration to programs which would help reduce illicit narcotics cultivation by stimulating broader development opportunities.

(c) In furtherance of the purposes of this section, the agency primarily responsible for administering this part shall cooperate fully with, and share its expertise in development matters with, other agencies of the United States Government involved in narcotics control activities abroad.

* 22 U.S. C. 2151x. Sec. 126 was added by Sec. 110 of the International Development Cooperation Act of 1979 (Public Law 96-53; 93 Stat. 363).

ANNEX B
EXCERPT FROM THE FEDERAL STRATEGY FOR
PREVENTION OF DRUG ABUSE AND DRUG TRAFFICKING

Federal Strategy For Prevention of Drug Abuse and Drug Trafficking 1982

*Prepared for the President
pursuant to*

The Drug Abuse Office and Treatment Act of 1972

Participating Departments and Independent Agencies

Department of Agriculture	Department of State
Department of Defense	Department of Transportation
Department of Education	Department of the Treasury
Department of Health and Human Services	ACTION
Department of Justice	U.S. International Communication Agency
Department of Labor	Veterans Administration

Drug Abuse Policy Office
Office of Policy Development
The White House

III. International Cooperation

Introduction

President Reagan has said he would establish "a foreign policy that vigorously seeks to interdict and eradicate illicit drugs, wherever cultivated, processed or transported." The Administration has subsequently pursued a vigorous implementation of this policy.

Drug abuse is a major national and international issue, having adverse social, political, and economic impacts on producer and transit countries, as well as the consumer nations. We are determined to reduce the effects that illicit drugs have on the American people and drug abuse issues will continue to be integrated into our foreign policy. The United States will continue to assist the governments of producer and transit nations, on a priority basis, but, the U.S. Government will be insistent that these governments gain control over the cultivation, production, and distribution of illicit drugs as is their responsibility under international treaties.

The ultimate goal of the international program is to reduce the availability of illicit drugs in the United States. Over 90 percent of the illicit drugs consumed in the United States are produced in foreign countries. The worldwide supply of marijuana, cocaine, heroin and other drugs is large and of diverse origin. The top priority is crop control at the source through destruction of illicit crops in the fields and reducing licit production to remain within legitimate needs. The second priority is stopping the transportation of illicit drugs as close to their source as possible.

Key strategy objectives are:

- Strengthening the State Department programs and law enforcement efforts to assist foreign governments in stopping the production and transportation of illicit drugs within source nations and improving interdiction efforts in transit nations.
- Encouraging and assisting governments of producer countries to undertake crop control programs.
- Developing innovative mutual assistance treaties with foreign governments directed at facilitating judicial actions against the drug trade, at seizing assets derived from drug trafficking, and at banking procedures which conceal illicit drug transactions.
- Encouraging other nations to support international narcotics control programs, financially and with other resources, including development assistance linked with crop control and cooperative law enforcement efforts.

- Encouraging international development banks to incorporate clauses in their loan agreements prohibiting any use of development assistance to enhance the growing of illicit drug crops.
- Curtailing the diversion from legitimate international commerce of pharmaceuticals and chemicals essential to the manufacture of illicit drugs.
- Increasing the effectiveness of international organizations involved in international drug control.

Basic Principles

The basic principles of the United States international drug policy are:

1. *Each country has the responsibility for reducing the supply of illicit drugs within its own borders.* The Single Convention on Narcotic Drugs and the Convention on Psychotropic Substances provide an international drug control framework for signatory nations. All of the major producer nations are signatories to the Single Convention which requires establishing controls limiting the production, manufacture, and distribution of opium, cocaine, marijuana and their derivatives. Signatories of the Psychotropic Convention are required to establish controls on the importation and exportation of psychotropic substances such as amphetamines, methamphetamines, methaqualone, and barbiturate substances. All nonsignatory nations have been requested by United Nations resolution to establish such controls.

This Administration rejects the contention that drug abuse is particularly an American problem, or a problem of Western civilization, and rejects the contention that the United States has the primary responsibility for solving this problem.

2. *The international community should seek to assist those nations which require help.* Because of political and economic considerations, some countries need help in solving drug problems. As a concerned member of the world community, and as a severely affected nation, the United States Government supports a program of bilateral and multilateral assistance for crop control, interdiction and demand reduction programs, and we encourage other governments, especially the governments of other industrialized nations, to participate fully in these international control efforts.

The United States international illicit drug control program emphasizes specific objectives for each of the three major production regions: Latin America, Southeast Asia, and Southwest Asia. We provide bilateral assistance to producer and transit countries in all three regions -- an effort which is aided by our multilateral approaches through international organizations, and, by the bilateral and multilateral programs of other concerned governments. The program also includes

controls on the diversion of licit drugs to illicit trafficking and consumption.

3. *Illicit drug cultivation and production at the source must be controlled.* The United States Government is applying more emphasis on crop control at the source in bilateral programs and is encouraging support of this activity in programs conducted by international organizations. Because of political and economic considerations, crop reductions in some producer countries are not feasible unless assistance is given to alleviate the resulting political reactions and economic effects on farmers and local economies. Therefore, development assistance has an important role in reducing the production of illicit drugs.

Foreign Policy Initiatives

The Strategy recognizes that the international illicit drug control program can be only as effective as the national programs of the governments with which we negotiate and collaborate. Our diplomatic challenge is to raise international consciousness of the illicit drug issue so that acceptance of national responsibility becomes an international reality, evidenced in increased action by affected governments -- producer nations, transit nations, and consumer nations. Therefore, the strategy of the United States is a multi-faceted policy and program approach addressing all of the international aspects of the drug abuse problem:

- The cultivation, production and distribution of drugs;
- The flow of profits associated with illicit drugs;
- The effects on other countries as well as the United States; and
- The development of broad-based, multinationally-supported control programs.

The United States' international drug control program includes:

- Diplomatic initiatives by the President, the Secretary of State, Ambassadors, and by the senior officers and staffs of Federal departments and agencies;
- Crop control, enforcement, demand reduction, development assistance, and information exchange programs;
- Multilateral efforts through international and regional organizations, research and intelligence activities; and
- Agreements with producer and transit nations, as the key to implementation.

The diplomatic initiatives are the essential first step in the international process, and these efforts are directed toward two broad

objectives: improving and expanding our relationships with the primary drug producing and transit countries, and, encouraging international participation by other developed nations.

Crop Control

Crop control can take many forms: chemical eradication, which is used by Mexico in its opium and cannabis control programs; manual eradication, which Burma and Colombia practice to control opium poppy and coca leaf cultivation, respectively; or government bans on cultivation which are successfully enforced in Turkey.

In its negotiations with producer countries, the United States assigns its highest priority to crop control, but recognizes that comprehensive crop control agreements may not be possible in all areas. The United States is reliant upon agreements with and effective action by host governments. The current political situation makes it difficult for the United States to deal directly with Laos, Afghanistan, and Iran -- all illicit opium producers.

Illicit drug production generally occurs in remote areas of the producing countries -- areas which are often beyond the effective control of the central government, populated by people who have traditionally cultivated these crops, and whose basic economic self-interest outweighs their consideration of the problems created by their harvests.

The conditions which are considered ideal for achieving control are:

- An awareness and acceptance by the central government of the national and international effects of their domestic cultivation and production; and
- A government which has the political will and capability to enforce control policies.

These conditions, which were critical to the success of the control programs in Turkey and Mexico, are not universally present in other producer countries.

The United States strategy, therefore, involves several steps. As a first step, the United States pursues diplomatic means to heighten the awareness of the governments of producer countries of not only the international effects of this cultivation and production, but also the internal effects on their own people. Such efforts are currently being enhanced by the increasing awareness, by some governments, of their domestic drug abuse problems created by this production.

The next step is to encourage the government to demonstrate its commitment to crop control through scheduled reductions in cultivation and production. The United States attempts to enhance this effort by producer countries to meet their international obligations -- and to bolster their political willingness -- through bilateral assistance programs, and through multilateral programs and diplomatic efforts directed through other governments and/or international organizations.

As discussed in more detail below, these efforts may include developmental and other forms of economic assistance, such as income replacement programs. However, the primary responsibility for action rests with the government of the producer country, and foreign assistance cannot be a substitute for political will, adequate laws, and a concerted effort by such governments to achieve control of production and distribution.

Development Assistance

Development assistance can be an effective component of a control program because an illicit drug producing area is usually an underdeveloped region in a country and its population may be economically disadvantaged. Development programs can produce alternative sources of income to the farmers, and also increase host government presence and services in the area and enhance the government's ability to institute illicit drug control measures.

The social, political, and economic consequences of change must be considered in developing a drug control program. Reducing the economic incentive to grow illicit crops, as part of a long-term goal of controlling production, has increased in importance over the past decade. While law enforcement and technological assistance may greatly improve a nation's ability to destroy illicit crops or interdict drug shipments, production in some areas is likely to continue unless the people involved are offered reasonable economic alternatives. Income replacement programs, including crop substitution, are useful for remote farmers whose involvement in illicit crop production may be their only source of income. In some countries, such development assistance is essential to obtaining and implementing the control agreement.

The United States' policy is that drug-related development assistance agreements, planned with the full involvement of host governments, should be conditioned upon concurrent agreements to reduce illicit drug production and evidence of the host government's commitment.

Enforcement Assistance

Another major goal in the international program is to encourage concurrent, strong enforcement and control measures by the host government in all source and transit countries. The Strategy includes:

- Cooperation with foreign drug control agencies including collection and sharing of intelligence on illicit drug production and trafficking;

- Bilateral assistance for equipment, training and technical services designed to strengthen foreign drug control programs; and
- Participation in and support for international regional organizations concerned with drug control.

Cooperative activity with foreign law enforcement agencies, including the stationing of U.S. personnel abroad to provide advice, training and technical assistance is conducted by the Drug Enforcement Administration (DEA), the U.S. Customs Service, and the U.S. Coast Guard.

The Strategy supports the law enforcement coordination role of two international bodies. The International Criminal Police Organization (INTERPOL) provides coordination and communications for enforcement agencies with investigative responsibilities abroad and supports 125 member nations. The Customs Cooperation Council (CCC) encourages uniformity and cooperation in illicit drug control among international Customs systems.

Reducing the Demand for Drugs

The preceding approaches are directed at reducing the supply of drugs. However, the international community has a unique capability of influencing the demand for drugs through the deterrent effect of vigorous law enforcement combined with information exchange programs, briefings, technical assistance, training, treatment demonstration projects, and conferences in producing and transiting countries. The strategy in international demand reduction includes:

- Encouraging the governments of producing and transiting countries to recognize that their populations also can be victims of drug abuse, and, thereby enlisting their cooperation in international drug control.
- Encouraging recognition of the social and economic effects of the immense sums of illegal money that challenge the legitimate economies of some nations.
- Fostering an increased awareness on the part of other industrialized nations and their governments of their domestic drug abuse problems, both to stimulate internal prevention efforts and to encourage their participation in international drug control efforts.
- Providing technical assistance in planning and developing demand reduction programs.
- Achieving active participation of international organizations and nongovernmental groups, where appropriate.

Latin America Regional Strategy

Latin America country projects continue to gain in importance due to the increasing amounts of marijuana, cocaine, and methaqualone coming from that region. The United States Government's goal for this region is to reduce coca production to the level required for traditional domestic consumption and licit needs, and eliminate marijuana before it leaves the country of origin. To curtail the international flow of illicit marijuana and cocaine from Latin America, the U.S. strategy in negotiating agreements focuses on reducing coca production through crop control and increased enforcement assistance; close coordination of rural development assistance and crop control schemes in the illicit drug cultivation regions; increased diplomatic initiatives toward gaining serious commitment and cooperation from governments to eradicate illicit drug crops; and immobilizing the traffickers and interdicting the supplies.

Projects for this region include crop eradication efforts, interdiction programs, developmental assistance, and law enforcement assistance.

Southeast Asia Regional Strategy

The Golden Triangle, consisting of parts of Burma, Thailand and Laos, is a major area of illicit opium production. Burma is the largest producer of illicit opium and heroin in East Asia. Since much of the producing area in Burma is not under full control of that government and collaboration with Laos is currently difficult for reasons not related to narcotics, U.S. resources are concentrated on eradication and interdiction of opium and heroin -- with emphasis on interdiction along the Thai-Burma border, in the interior of Thailand, and in the Shan State of Burma. However, it is also clear that progress should be made on eradication in Thailand and in Burma.

Virtually all of the Golden Triangle's heroin passes through Thailand enroute to world markets. Thailand is not only the major transit country, but also a producer of opium and has a large addict population.

United States' efforts for this region focus on country-specific crop control programs, police and Customs interdiction assistance, education, prevention and treatment technical assistance, and support of regional projects of the Association of Southeast Asian Nations (ASEAN) designed to impede illicit narcotics production, processing, trafficking and consumption.

Southwest Asia Regional Strategy

Opium production in the Golden Crescent countries of Pakistan, Afghanistan and Iran now provides a principal source for heroin in Western Europe and the United States. This region also produces marijuana and hashish. Since the United States is unable to engage in productive bilateral efforts with Afghanistan and Iran, the Strategy

supports narcotics control programs in Pakistan and interdiction programs in Turkey which is a conduit for opiates moving from Southwest Asia to Europe and the United States. In Pakistan, projects will continue to focus on crop control in the Northwest Frontier Province and on enforcement and interdiction assistance. Ancillary to the crop control initiative will be projects in rural development so that farmers who stop cultivation of illicit drugs will continue to have a source of income. Efforts in Turkey will focus on interdicting illicit opium and heroin traffic.

Roles and Functions

Section 481 of the Foreign Assistance Act established an international illicit drug control function under the direction of the President. The President's functions of negotiating, concluding, amending, and terminating international agreements related to illicit drug control have been delegated through the Secretary of State to his Assistant Secretary for International Narcotics Matters (INM).

As the United States Government agency for coordinating Federal Government drug efforts overseas, INM works toward the goal of enlisting foreign government cooperation in a variety of ways:

- *Diplomatic efforts*, in concert with other elements of the State Department, in drug producing and trafficking countries to develop international support for, and commitment to, joint illicit drug control activities;
- *Bilateral assistance* for crop control and interdiction programs in the form of equipment, training, and technical advisory services to support local efforts;
- *Participation in international organizations* to increase drug control efforts in licit and illicit drug producing countries, especially in those countries where U.S. bilateral influence is less effective;
- *Training programs*, conducted by DEA, Customs, and the Coast Guard for personnel in the illicit drug control functions abroad to strengthen interdiction and enforcement efforts;
- *Guidance, coordination, and support* of the work abroad of all United States Government agencies involved in illicit drug control; and
- *International demand reduction technical assistance efforts.*

The Agency for International Development (AID) also works with INM in the design and implementation of foreign assistance programs in developing nations which evidence drug problems.

The United States policy is that development assistance will be provided, where circumstances warrant and where budgetary limitations permit such assistance, to countries which are major producers or transit areas for illicit drugs. Agreements on development assistance should be accompanied by controls on production, and controls to insure that the funds generated do not become subsidies for growers or traffickers.

The United States International Communication Agency (USICA) provides public affairs support through its posts in U.S. embassies in countries where illicit drug production and/or trafficking has been identified as a priority issue. USICA conducts programs on drug-related issues aimed at a variety of influential audiences in these countries. The themes are: U.S. concern about drug abuse and our determination to do something about it; U.S. activities which address the problem; and the need for international attention to drug problems. USICA uses the full range of its communications resources, including the Voice of America, a world-wide press service, television production and satellite broadcasting, to carry its message to foreign audiences. It also supports local programs by acquiring and adapting U.S. materials on drug abuse prevention and control for overseas use; selects key people in the international drug field for professional exchange programs in the United States; and programs U.S. specialists in drug-related fields for seminars, conferences, and other activities before selected audiences in key countries.

In close coordination with the Bureau of International Narcotic Matters, the Drug Enforcement Administration (DEA) operates cooperative programs which provide consultation, technical assistance and training to drug law enforcement officials in foreign countries and participates in the collection and sharing of narcotics data.

International Organizations

Support for international organizations is primarily focused on the United Nations; principally, the United Nations Fund for Drug Abuse Control (UNFDAC). The United Nations programs provide an acceptable vehicle for participation on the part of countries that do not undertake drug control programs on a bilateral basis. UNFDAC programs also have the advantage of political acceptability in areas of the world where an American presence is not welcome, such as Afghanistan and Laos.

UNFDAC's programs are directed at supply and demand reduction activities, direct crop substitution projects, the strengthening of drug controls, and the stimulation and coordination of research. UNFDAC is supported by voluntary contributions from public and private sources. One of the major diplomatic efforts of the United States is to encourage other nations to increase their support of this program.

The current UNFDAC program emphasizes identifying and funding demonstration projects to stimulate further internal action by recipient governments. The program includes drug-related income replacement projects in Burma, Pakistan and Thailand.

Other United Nations organizations support drug control efforts in the social and public health areas, including the U.N. Development Program, the U.N. Educational, Social, and Cultural Organization, and the World Health Organization. The U.N. Commission on Narcotic Drugs (CND) functions as the policy-making intergovernmental body on international control. Of particular importance is the CND's function, in concert with WHO, of identifying and recommending to the U.N. Economic and Social Council the scheduling of drugs, i.e., the controls over licit narcotics and psychotropic substances. The Division of Narcotic Drugs (DND), in addition to supporting the CND, explores and recommends means of improving control of illicit drug production and abuse.

In addition to efforts in the United Nations, the United States has encouraged the Organization for Economic Cooperation and Development (OECD) to become involved in international drug control.

There are also regional organizations which make important contributions to the international control effort. ASEAN and the Colombo Plan, an economic and social development association of 27 South and Southeast Asian nations, are examples. These and other organizations support multilateral programs of planning, technical assistance and regional cooperation, in both demand and supply reduction.

The United States is a signatory to a wide range of international treaties and conventions and enforcement of such agreements continues to be an important part of our international efforts. Diplomatic efforts are directed toward encouraging other nations to either fully support the provisions of agreements already in force, or participate in new initiatives such as recent efforts to control illicit diversion of methaqualone.

Efforts are underway within the international maritime community to encourage adoption of measures to prevent false registry claims by vessels on the high seas, allow rapid verification of vessel registry claims, and support criminal sanctions against all those persons engaged in drug trafficking while aboard vessels.

A high priority is given to investigation of the financial dealings of key traffickers to disrupt international financial transactions resulting from the sale of illicit drugs. Through Articles 35 and 36 of the 1961 Single Convention on Narcotic Drugs, foreign governments can exchange the records of financial operations involved with illegal drug activity. Mutual assistance treaties also allow exchange of banking and other records, testimony of witnesses, and information in judicial and administrative documents. Income tax treaties offer another source of financial information which may be useful in pursuing the illegal profits of international drug traffickers.

Summary

The United States' international policy to control and prevent the spread of drug abuse includes: encouraging governments of producer

and transit countries to accept their national responsibilities under treaties; increasing emphasis on crop control; insisting on linkage between drug control-related development assistance and agreements on reducing production of illicit drugs; and greater international assistance from more of the wealthy and industrialized nations.

The United States will encourage and support foreign government programs to eradicate illicit drug crops by chemical spraying and other means. The destruction of illicit crops as well as strong investigative and interdiction measures are key to reducing the supply of illicit drugs.

The United States' strategies for the drug producing regions of Latin America, Southeast Asia, and Southwest Asia include the provision of assistance for crop eradication and development programs, interdiction and law enforcement support, and the sharing of information on drug abuse prevention, treatment and research.

Of particular concern is the strengthening of international organizations by encouraging other nations to be more supportive. International organizations have opportunities to provide assistance beyond those of the United States alone.

Finally, we will continue to expand and improve our own international program, not only because of our desire to stimulate other nations to do the same, but because success in the international program is critical to reducing the supply of illicit drugs in the United States. An effective program to control the production, processing and trafficking of illicit drugs overseas, as close to the source as possible, is an essential element of the Administration's Strategy.

ANNEX C

CURRENT AID POLICY ON NARCOTICS, AUGUST 5, 1982

ANNEX C: Current AID Policy on Narcotics, August 5, 1982

Section 126 of the Foreign Assistance Act instructs AID to "give priority consideration to programs which help reduce illicit narcotics cultivation by stimulating broader development opportunities." Given this mandate, it is AID's policy to seek out opportunities to design projects that provide economic alternatives to farmers in narcotics growing areas. AID's projects should also reflect the interest of the host government to increase enforcement under existing bans and more generally, to affect the climate favorably for extension of government administration and services into an area. The situation is complicated by social and cultural traditions that make sustained broadly based development efforts that address economic and quality of life concerns one vehicle to facilitate the acceptance of alternative crops. We must realize that no single crop is likely to provide a viable economic alternative for traditional drug producers. Missions are encouraged to include research components for developing and testing alternative crops in programs designed to assist development efforts in narcotics growing areas. To be successful, the application of these efforts must be accompanied by parallel eradication programs designed to enforce bans on cultivation of illegal narcotic crops. Other USG agencies and not AID are responsible for funding and monitoring of these enforcement and eradication programs. AID's role is to identify, fund and implement appropriate development programs in narcotics producing areas. Obviously, both efforts require coordination in planning and implementation at the country team level and with the recipient host government. Accordingly, it is the policy of AID to develop programs and projects to help reduce illicit cultivation by providing incentives for alternative sources of income generation. AID Missions are instructed to consider seriously income substitution projects and other development assistance activities in illicit narcotics producing areas using development assistance and/or economic support fund monies. These areas must be ones in which the host government is able to provide for the safe movement of AID personnel.

Assistance must meet standard development criteria and priorities and will be funded within country levels. Standard project analysis will be followed although it is anticipated that relevant project papers will contain more analysis pertaining to the social, economic, cultural and institutional mores of producers of illicit narcotics. Projects must receive full host government support and AID Missions should encourage their inclusion into host government's overall development plan as an indication of that support. Inclusion in long term development plans also facilitates multilateral development bank and other donor financing.

Following are elements of AID policy on narcotics:

1. AID will seek out every appropriate opportunity to encourage strongly the United Nations specialized agencies, multilateral institutions and other bilateral donors to channel economic assistance to narcotics producing areas for the purpose of discouraging illicit narcotics cultivation. Independently and in cooperation with other U.S. Government agencies, U.S. representatives in multilateral forums will be encouraged to support activities and projects that further AID narcotics objectives.
2. AID will work with appropriate USG agencies to collect, analyze, disseminate and utilize information pertaining to its development activities directly related to the control of illicit narcotics through a recently revised Inter-agency Agreement For The Sharing of Information Concerning The Narcotics Producing Regions of the World. (Annex 1) AID's contribution in this area is intended to be an important component in the increased demand for quantitative and qualitative data on activities related to alternative income generating schemes that will assist in determining future project directions.
3. In order to fulfill the Inter-agency Agreement requirement, learn more about the interrelationships between narcotics and development activities and develop a realistic narcotics strategy framework, a yearly AID narcotics analysis will be conducted by affected Missions, in collaboration with State INM officials. Further guidance will be forwarded by PPC, with regional bureau input.
4. AID will support the participation of private voluntary agencies in development of alternative sources of income in narcotics producing areas; where appropriate.
5. Depending upon the type and location of project or projects undertaken, it may be both feasible and necessary to obtain an assurance from the host government, either as a part of the project agreement or in a side letter, that narcotics production will not be permitted within the area of a project(s) assisted by AID. The agreement should provide for termination of AID funding (at AID's option) if the host government does

not comply with its eradication commitment. The use of "poppy/coca clauses" would most likely be incorporated in projects which could enhance the production of illicit narcotic crops, e.g., irrigation, etc. These clauses aim at retaining AID's flexibility, raising the consciousness level of the host government to our concerns and assures that AID funded projects do not contribute to an increase in the production of illicit narcotics. It should be noted, however, that while poppy/coca clauses may be an important tool, they offer limited leverage per se in the behavior of governments. Missions, along with State officials, are encouraged to educate host governments on the scope and depth of the narcotics problem--both within their country and internationally--so that enforcement is more likely. Projects involving basic health, education, and other such activities not directly related to the cultivation of narcotics will not be affected.

6. U.S. involvement in narcotics control and enforcement programs overseas is the responsibility of the Department of State. State will provide needed assistance in this field and give guidance as AID projects are designed to ensure that host government plans and capabilities are both appropriate and adequate to meet requirements. AID recognizes that enforcement of narcotics laws is a function of the host government and looks to the State Department to monitor host government performance in the enforcement field.
7. The Department of State, through its Bureau of International Narcotics Matters will continue to plan, finance and implement programs which can have a developmental focus. These projects are generally "pilot" in nature designed to determine the feasibility of a broad program that would provide an alternative source of income for the narcotics producer and enhance the host government's ability to enforce its anti-narcotics laws in the area. The Department of Agriculture, a new signatory to the Inter-agency Agreement, will cooperate with AID in this effort by continuing research on crop substitution measures. AID Missions should monitor the progress of pilot income substitution programs to assure that positive results are taken into consideration in host government development planning and programs and, as appropriate, in AID programs and projects.

8. The responsibility for continuing the policy dialogue on narcotics and development within AID will be centralized through the Coordinator for Narcotics Affairs, located in the Bureau for Program and Policy Coordination. The regional bureaus will continue to discharge the responsibilities for project implementation and evaluation.


M. Peter McPherson

August 5, 1982
Date

DRAFT CABLE FROM M. PETER MCPHERSON FOR MISSION DIRECTORS

The pervasive problem of drug abuse in the United States is a serious concern of mine. Drugs in our society not only have a physically debilitating effect on our youth but are also as a source of much of the crime in this country. It is incumbent upon all of us in government to do what we can to discourage drug abuse. I have recently completed a review of AID's role in the U.S. Government-wide effort to curb the availability of illicit narcotics. It is my conclusion that AID Missions should assign a high priority to development activities that has the potential of reducing cultivation of these drugs in those countries where there is a significant volume of illegal narcotics production and exportation.

Narcotics production is partially a developmental problem in that narcotics farmers are usually extremely poor with few opportunities for increasing their incomes. Thus we face real difficulties in providing economic alternatives to these farmers.

There is typically no single crop which provides a viable economic alternative for traditional narcotics farmers. The situation is further complicated by the existence of social and cultural traditions in some narcotics producing nations based on the legal consumption of products derived from the same sources as the illicit narcotics. For example, this is apparent among consumers of coca leaves in the Andean countries of South America.

Governments are generally unwilling to undertake strong enforcement measures if the result is to leave the populace markedly worse off. While cropping alternatives that produce equal or greater economic returns are generally lacking, one advantage of carefully selected alternatives for the local farmer is income stability. Narcotics cultivation and marketing is not only subject to the normal agroclimate variables of any farming effort, it also represents an unstable business enterprise in the face of enforcement and eradication measures. Thus, while we may not necessarily be able to guarantee price equivalency for farmers, appropriate development efforts could well involve a complex set of activities such as finding a suitable mix of crops, assuring free market incentives, encouraging appropriate host country pricing and marketing policies, provision of needed infrastructure such as roads, irrigation systems, supporting development of rural industries and assisting host governments in rural health care delivery and education activities. These activities should affect the climate favorably for extension of government administration services as part of the modernization process.

Enforcement is sine que non as it relates to income substitution. Without the firm commitment of the host government to suppress narcotics cultivation there is little that the U.S. can do. Some host governments have been aware of and responsive to U.S. Government concerns. Although responsibility for enforcement measures continues to reside with the State Department's INM and other U.S. Government agencies, I expect AID Missions to cooperate wholeheartedly with our Embassies and make available USAID economic analyses and exchange similar information which may be helpful in the fulfillment of their responsibilities.

One means of encouraging host government cooperation in controlling narcotics production is by attaching poppy/coca clauses to relevant project agreements as the situation may dictate. These clauses, decided on a case by case basis, would provide the mechanism to terminate projects in narcotics growing areas if the host government takes no action to enforce bans on cultivation. In general, the requirement for such clauses should be included in all projects in narcotics areas unless it is clear that the proposed project is unrelated to narcotics concerns. Reviews at the PID stage will result in agreement regarding the identification of an enforcement commitment and mechanism. It is also assumed that AID will work closely with INM and relevant mission narcotics coordinating committees to integrate INM's strategies to ensure maximum effectiveness.

Illicit narcotics production in developing countries requires a multi-faceted approach. I believe that broadly based, long-term development efforts support overall US international drug control objectives by providing incentives for abandoning the production of illicit narcotics. Missions should consider other approaches and this may involve research and testing. The economics of the narcotics situation means that the long term approach is risky and costly. However, the social impact in the U.S. and Third World countries makes this a priority. In my mind, there is no doubt that international narcotics control is a bonafide foreign policy objective issue. I am pouching a Policy Determination which provides guidance for identifying an appropriate role for AID in countries where illicit drug production is a problem. This Policy Determination has been revised to underscore the importance that I personally attach to this effort.

ANNEX D

STATEMENT OF THE AID ADMINISTRATOR BEFORE THE
HOUSE COMMITTEE ON FOREIGN AFFAIRS, APRIL 21, 1982

MR. CHAIRMAN:

I WELCOME THE OPPORTUNITY TO APPEAR BEFORE THIS DISTINGUISHED COMMITTEE TODAY TO DISCUSS AID'S ROLE IN THE INTERNATIONAL NARCOTICS CONTROL EFFORT. THE PERVASIVE PROBLEM OF DRUG ABUSE IN THIS NATION HAS BEEN AND REMAINS A SERIOUS CONCERN OF MINE. I SEE THE IMPACT OF DRUGS IN OUR SOCIETY AS HAVING NOT ONLY A PHYSICALLY DEBILITATING EFFECT ON OUR YOUTH BUT ALSO AS THE SOURCE OF MUCH OF THE CRIME WAVE WE ARE WITNESSING IN THIS COUNTRY. I BELIEVE IT IS INCUMBENT UPON ALL OF US IN GOVERNMENT TO DO WHAT WE CAN TO DISCOURAGE DRUG ABUSE. ALONG THESE LINES I WOULD LIKE TO OUTLINE SOME OF THE STEPS AID IS TAKING IN ORDER TO PLAY A LARGER ROLE IN THIS ENDEAVOR AND CONFORM WITH THE CONGRESSIONAL MANDATE.

ON OCTOBER 1, 1978, THE DEPARTMENT OF STATE ASSUMED ALL OF AID'S FORMER FUNCTIONS WITH RESPECT TO THE INTERNATIONAL NARCOTICS CONTROL PROGRAM. HOWEVER, THIS PAST YEAR AID REVIEWED IN DEPTH ITS EXISTING POLICY WITH RESPECT TO NARCOTICS AND A DECISION WAS MADE TO STEP UP OUR EFFORTS TO HELP CONTROL NARCOTICS PRODUCTION OVERSEAS BY FOCUSING GREATER EFFORT ON THE DEVELOPMENTAL ASPECTS OF THE PROBLEM WHICH IS AID'S AREA OF EXPERTISE. IN THIS EFFORT WE HAVE RECEIVED VALUABLE ASSISTANCE FROM THE CONGRESS IN THE FORM OF THE GILMAN AMENDMENT. THIS STATUTE INSTRUCTS AID TO "... GIVE PRIORITY CONSIDERATION TO PROGRAMS WHICH WOULD

HELP REDUCE ILLICIT NARCOTICS CULTIVATION BY STIMULATING BROADER DEVELOPMENT OPPORTUNITIES." WE ARE CURRENTLY UNDERTAKING A NUMBER OF ACTIVITIES DESIGNED TO IMPLEMENT THE INTENT OF THIS LEGISLATION. FIRST, I AM INSTRUCTING AID MISSIONS IN NARCOTICS GROWING COUNTRIES TO INCLUDE A REVIEW OF THE NARCOTICS SITUATION IN THEIR COUNTRY DEVELOPMENT STRATEGY STATEMENTS (CDSS). THE CDSS IS A BROAD OUTLINE OF THE DEVELOPMENT NEEDS AND GOALS OF US AID RECIPIENT COUNTRIES AND HOW U.S. ASSISTED STRATEGY AND PROGRAMS CONTRIBUTE TO THESE GOALS. IT IS SUBMITTED TO WASHINGTON FOR REVIEW AND DISCUSSION AT VARIOUS TIME INTERVALS.

SECOND, I AM CABLING ALL OF OUR AID MISSIONS WORLDWIDE AND MAKING IT CLEAR THAT I VIEW OUR CONTRIBUTION TO DEVELOPMENT PROJECTS IN NARCOTICS GROWING AREAS, WHERE FEASIBLE, AS A PRIORITY ITEM.

THIRD, I HAVE APPOINTED AN AGENCY NARCOTICS COORDINATOR TO ENSURE THAT ALL POLICY ASPECTS RELATED TO ILLICIT NARCOTICS PRODUCTION AND DEVELOPMENT PROGRAMS IS COORDINATED WITH OTHER GOVERNMENT AGENCIES AND RECEIVES ADEQUATE REVIEW BY MY SENIOR STAFF AND ME.

FINALLY, AS AN INDICATION OF OUR COMMITMENT TO ADDRESS THE PROBLEM, AID WILL JOIN THE DEPARTMENTS OF STATE, JUSTICE,

TREASURY AND AGRICULTURE IN REAFFIRMING AN EXPANDED INTER-AGENCY AGREEMENT DESIGNED TO FACILITATE THE FLOW OF INFORMATION AMONG VARIOUS GOVERNMENTAL ENTITIES CONCERNED WITH THE NARCOTICS SITUATION OVERSEAS. THESE ACTIONS WE HAVE TAKEN ACCOMPLISH TWO THINGS: (1) PROVIDE A FRAMEWORK FROM WHICH TO ACQUIRE A BETTER UNDERSTANDING OF THE NARCOTICS SITUATION IN COUNTRIES WHICH PRODUCE THESE ILLICIT SUBSTANCES; AND (2) SIGNAL OUR DETERMINATION TO ADDRESS THE NARCOTICS DILEMMA FROM A DEVELOPMENTAL PERSPECTIVE WHEN IT MAKES SENSE TO DO SO.

THE REAGAN ADMINISTRATION'S DETERMINATION TO RAISE THE PRIORITY OF NARCOTICS AS A FOREIGN POLICY ISSUE I THINK IS APTLY REFLECTED BY SECRETARY HAIG, WHEN IN HIS MARCH 2 TRANSMITTAL TO THE CONGRESS OF THE FY 1983 INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT HE SPOKE OF OTHER CONSIDERATIONS IN U.S. ASSISTANCE PLANNING. "... MORE GENERALLY, U.S. PROGRAMS OF COOPERATION ALSO TAKE ACCOUNT OF THE EFFECTIVENESS OF EACH COUNTRY'S OWN DEVELOPMENT EFFORTS, ITS POLICIES TOWARDS THE U.S., ITS RECORD OF SUPPORT FOR THE UNITED STATES IN THE UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS, ITS HUMAN RIGHTS RECORD, ITS EFFORTS TO CONTROL ILLEGAL NARCOTICS AND, OF COURSE, AVAILABLE U.S. RESOURCES." (EMPHASIS ADDED.)

I BELIEVE THAT NARCOTICS PRODUCTION IS IN PART A DEVELOPMENT PROBLEM BY VIRTUE OF THE FACT THAT NARCOTICS FARMERS ARE USUALLY EXTREMELY POOR AND LARGE SCALE NARCOTICS CULTIVATION TAKES PLACE ONLY IN DEVELOPING COUNTRIES. NONETHELESS I THINK IT IS VITALLY IMPORTANT THAT WE RECOGNIZE THE DIFFICULTIES IN TRYING TO PROVIDE ECONOMIC ALTERNATIVES TO THESE FARMERS. THE GEOGRAPHIC, SOCIAL AND POLITICAL ACCESS TO PEOPLE WHO ARE FREQUENTLY OUTSIDE OF THE SOCIETAL MAINSTREAM OF THESE PRODUCER COUNTRIES MAKE OUR ABILITY TO ACHIEVE SUCCESS IN REMOTE GROWING AREAS OFTEN QUITE DIFFICULT. THERE IS OFTEN NO SINGLE CROP WHICH PROVIDES A VIABLE ECONOMIC ALTERNATIVE FOR TRADITIONAL DRUG PRODUCERS. THE SITUATION IS FURTHER COMPLICATED BY THE EXISTENCE OF SOCIAL AND CULTURAL TRADITIONS IN SOME NARCOTICS PRODUCING NATIONS BASED ON THE LEGAL CONSUMPTION OF PRODUCTS DERIVED FROM THE SAME SOURCE AS THE ILLICIT NARCOTICS. THIS SITUATION IS QUITE APPARENT AMONG CONSUMERS OF THE COCA LEAF IN THE ANDEAN COUNTRIES OF SOUTH AMERICA.

WHILE PROVIDING ECONOMIC ALTERNATIVES TO NARCOTICS FARMERS MAY BE NO PANACEA IN TERMS OF ADDRESSING THE SUPPLY OF NARCOTICS, I STILL FEEL THAT ECONOMIC DEVELOPMENT CAN MAKE AN IMPORTANT CONTRIBUTION TOWARD THE GOAL WE ALL SEEK -- A SIGNIFICANT REDUCTION IN THE AVAILABILITY OF ILLICIT DRUGS HERE AND THROUGHOUT THE WORLD. FOR EXAMPLE, OPIUM CULTI-

VATION AND MARKETING IS DEPENDENT UPON PROPER CLIMATE AND IT REPRESENTS AN UNSTABLE BUSINESS ENTERPRISE. WHAT MANY POOR FARMERS SEEK IS ECONOMIC STABILITY AND SECURITY. THUS, WHILE WE MAY NOT NECESSARILY BE ABLE TO GUARANTEE PRICE EQUIVALENCY FOR FARMERS WE CERTAINLY SHOULD BE ABLE TO GIVE THEM A BETTER CHANCE AT ACHIEVING A STABLE INCOME FROM OTHER CROPS. ALSO, TEACHING FARMERS IN NORTHERN THAILAND, THE NORTHWEST FRONTIER PROVINCE IN PAKISTAN, OR THE UPPER HUALLAGA VALLEY IN PERU HOW TO RAISE STRAWBERRIES, ORANGES, OR OTHER VIABLE ALTERNATIVE CROPS WILL HAVE LITTLE MEANING IF THEY HAVE NO WAY TO MARKET THEIR PRODUCTS. WE MUST, THEREFORE, ADDRESS THE FULL RANGE OF DEVELOPMENT REQUIREMENTS OF THESE AREAS. THIS INCLUDES FINDING A SUITABLE MIX OF CROPS, SOUND INCENTIVE PRICING POLICIES, RESEARCH, EXTENSION, CREDIT, AND SUPPORTING EFFICIENT IRRIGATION SYSTEMS. IT IS ALSO LIKELY TO REQUIRE OTHER NECESSARY ELEMENTS, SUCH AS MARKETING DISTRIBUTION AND ANCILLARY ECONOMIC ACTIVITIES THAT CREATE EMPLOYMENT SUCH AS RURAL INDUSTRY, AND SERVICES THAT ENHANCE PRODUCTIVITY AND THE QUALITY OF LIFE, SUCH AS RURAL HEALTH CARE DELIVER. IN THE PROCESS OF PROVIDING DEVELOPMENT ASSISTANCE TO A GIVEN AREA AND ECONOMIC ALTERNATIVES AND A BETTER QUALITY OF LIFE TO NARCOTICS FARMERS, HOST GOVERNMENT ADMINISTRATIVE CONTROL WILL BE EXTENDED OR IN SOME CASES ESTABLISHED FOR THE FIRST TIME, THUS FACILITATING ENFORCEMENT IN THE AREA. PROGRAMS OF THIS NATURE MUST, OF COURSE,

BE GEARED TO THE LOCAL ENVIRONMENT. THE PLANNING AND DESIGN OF THESE PROGRAMS MUST BE DONE WITH CARE AND WITH THE FULL INVOLVEMENT OF THE HOST GOVERNMENT IF ANY MEASURE OF SUCCESS IS TO BE ACHIEVED.

ONE VERY IMPORTANT CONSIDERATION IN PROCEEDING WITH AN EFFORT TO DEVELOP ANY AREA, MUCH LESS A NARCOTICS GROWING AREA, IS THAT THIS IS A LONG TERM ENDEAVOR. CHANGING ECONOMIC BEHAVIOR OF NARCOTICS PRODUCING REGIONS CANNOT BE ACCOMPLISHED OVER NIGHT AND REQUIRES NOT ONLY COMMITMENT BUT REALIZATION OF THAT FACT.

THE ENFORCEMENT QUESTION IS SINE QUA NON AS IT RELATES TO INCOME SUBSTITUTION. WITHOUT THE FIRM COMMITMENT OF THE HOST GOVERNMENT TO SUPPRESS NARCOTICS CULTIVATION THERE IS LITTLE LIKELIHOOD THAT U.S. ASSISTANCE WILL RESULT IN ANY SIGNIFICANT REDUCTION OF ILLICIT DRUG PRODUCTION IN A GIVEN COUNTRY. THUS FAR, SEVERAL GOVERNMENTS IN NARCOTICS PRODUCING COUNTRIES HAVE BEEN AWARE AND RESPONSIVE TO U.S. GOVERNMENT CONCERNS VIS-A-VIS NARCOTICS. FURTHERMORE, ALL NARCOTICS SOURCE COUNTRIES ARE SIGNATORIES TO THE SINGLE CONVENTION ON NARCOTICS A MULTILATERAL TREATY SIGNED IN 1961, WHICH CONVEYS AN OBLIGATION TO THE INTERNATIONAL COMMUNITY TO SUPPRESS ILLICIT NARCOTICS.

ONE MEANS OF ENCOURAGING HOST GOVERNMENT COOPERATION TO CONTROL NARCOTICS PRODUCTION IS BY ATTACHING POPPY/COCA CLAUSES TO PROJECT AGREEMENTS AS THE CIRCUMSTANCE MAY DICTATE. THESE CLAUSES, DECIDED ON A CASE BY CASE BASIS, REQUIRE THE SUSPENSION OF ASSISTANCE TO PROJECTS IN WHICH OUR AID IS USED FOR NARCOTICS CULTIVATION. FOR EXAMPLE, IF AID IS FUNDING AN IRRIGATION PROJECT AND IF POPPIES ARE PRODUCED ON THAT IRRIGATED LAND, THIS WOULD REQUIRE THE TERMINATION OF THE PROJECT. THUS, WE EXPECT THE HOST GOVERNMENT WITH WHOM WE ARE COORDINATING TO ENFORCE THE LAW IN A PROJECT AREA. OF COURSE, THIS IS APPLICABLE ONLY TO PROJECTS OR PARTS OF PROJECTS, WHICH MIGHT POSSIBLY ABET NARCOTICS PRODUCTION. PROJECTS WHICH ARE NOT RELATED IN ANY WAY TO THE CULTIVATION OF NARCOTICS WOULD NOT BE AFFECTED.

WE NEED, HOWEVER, TO BE REALISTIC IN WHAT WE CAN ACCOMPLISH. AS I MENTIONED EARLIER, WE ARE SPEAKING OF DEVELOPING COUNTRIES WHICH ARE FACING, IN VARYING DEGREES, THE FULL RANGE OF DEVELOPMENTAL AND ECONOMIC PROBLEMS WITH WHICH WE ARE SO FAMILIAR. THE VAST MAJORITY OF THEIR POPULATION LIVES OUTSIDE THE DRUG PRODUCING AREA. EVEN IF THESE COUNTRIES HAVE AN INCREASING DRUG ABUSE PROBLEM OF THEIR OWN, AND SOME DO, CONTROL OF THE PRODUCTION AND USE OF ILLICIT NARCOTICS WILL NOT BE AT THE TOP OF THEIR PRIORITIES FOR THE

UTILIZATION OF THEIR SCARCE FINANCIAL AND TRAINED MANPOWER RESOURCES WHEN ONE CONSIDERS THE MANY PROBLEMS FACING THE MAJORITY OF THEIR PEOPLE.

AID, IN AN EFFORT TO ADDRESS THE COMPLEXITIES OF ILLEGAL NARCOTICS PRODUCTION HAS EXISTING OR PLANNED PROGRAMS OF AN INCOME SUBSTITUTION NATURE IN FOUR COUNTRIES: THAILAND, PAKISTAN, PERU, AND BOLIVIA. EACH OF THESE COUNTRIES PRESENT VARIOUS POLITICAL, ECONOMIC AND TOPOGRAPHICAL DIFFICULTIES. THAILAND AND PAKISTAN PRODUCE LARGE AMOUNTS OF ILLICIT OPIUM THAT IS OFTEN REFINED INTO HEROIN AND SUBSEQUENTLY REACHES OUR SHORES. PERU AND BOLIVIA ARE MAJOR PRODUCERS OF THE COCA LEAF THAT IS ILLEGALLY REFINED INTO COCAINE AND SOLD ON INTERNATIONAL MARKETS.

THAILAND

NORTHERN THAILAND FORMS PART OF THE NOTORIOUS GOLDEN TRIANGLE AND HAS LONG BEEN A SOURCE OF ILLICIT OPIUM AND HEROIN. ACCORDING TO ESTIMATES BY THE NATIONAL NARCOTICS INTELLIGENCE CONSUMERS COMMITTEE (NNICC) BETWEEN 50 TO 60 METRIC TONS OF OPIUM WERE HARVESTED IN 1980. IN AN EFFORT TO PROVIDE ECONOMIC ALTERNATIVES TO FARMERS ENGAGED IN AN AREA WHERE THERE IS SOME OPIUM PRODUCTION IN THAILAND, AID AUTHORIZED A \$10 MILLION SEVEN-YEAR PROJECT IN THE MAE CHAEM WATERSHED OF NORTHERN THAILAND IN FY 1980 WHICH IS DESIGNED TO INCREASE REAL INCOMES AND ACCESS TO SOCIAL SERVICES FOR

SOME 40,000 HILL TRIBESMEN AND ETHNIC THAIS. BECAUSE OF THE REMOTENESS OF THE LOCATION, THE PROJECT IS NO SMALL TASK. THIS IS AN AREA THAT HAS A CLEAR POTENTIAL FOR LARGE SCALE OPIUM FARMING. WHILE INDIRECT IN ITS EFFECT, THIS EFFORT TO PROVIDE LOCAL FARMERS WITH ALTERNATIVE MEANS OF EARNING A LIVING WITHOUT RESORTING TO GROWING POPPIES COULD BE A REPLICABLE MODEL ELSEWHERE IN THAILAND IF SUCCESSFUL IN MAE CHAEM. A CLAUSE IS ATTACHED TO THE PROJECT AGREEMENT TO ENSURE THAT THE FUNDS PROVIDED DO NOT SUPPORT OPIUM PRODUCTION. OTHER DONORS, INCLUDING THE UN AND THE IBRD ARE ENGAGED IN PROJECTS INTENDED TO PROVIDE ALTERNATIVE INCOME FOR FARMERS IN THE REGION AS WELL.

PAKISTAN

IN 1980, IT IS ESTIMATED THAT BETWEEN 75 AND 150 TONS OF OPIUM WERE PRODUCED IN PAKISTAN. ESTIMATES FOR THE CURRENT CROP AMOUNT TO 50 TO 80 TONS, THE REDUCTION DUE TO DEPRESSED PRICES, POOR WEATHER, AND THE OPIUM PRODUCTION BAN PROMULGATED BY THE GOVERNMENT IN 1979. THE PRINCIPAL AREAS UNDER CULTIVATION ARE LOCATED IN THE NORTH WEST FRONTIER PROVINCE (NWFP) PARTICULARLY IN THE MERGED AND TRIBAL AREAS (THE GOVERNMENT DOES NOT HAVE CENTRAL CONTROL OVER THE LATTER) AND TO A MUCH LESSER EXTENT, IN BALUCHISTAN PROVINCE.

LAST YEAR, AS YOU KNOW, THE UNITED STATES NEGOTIATED, AND THE CONGRESS AUTHORIZED A MAJOR AID PROGRAM FOR PAKISTAN IN ORDER TO ENHANCE THAT COUNTRY'S ABILITY TO FEND OFF SOVIET AND AFGHAN MILITARY INTRUSIONS AND IMPROVE ITS ECONOMIC VIABILITY. A PORTION OF THIS PACKAGE IS BEING DESIGNED TO MAXIMIZE ITS EFFECT ON DISCOURAGING THE PRODUCTION OF OPIUM. THE FOLLOWING POINTS ARE AN INTEGRAL PART OF THE ANTI-NARCOTICS EFFORT IN PAKISTAN:

1.) IN OUR DISCUSSIONS AND NEGOTIATIONS IN THE DESIGN OF THE NEW AID PROGRAM, THE MISSION HAS ENCOURAGED THE PAKISTAN GOVERNMENT TO SUPPRESS NARCOTICS PRODUCTION ON BOTH THE DEVELOPMENT AND ENFORCEMENT FRONTS. IN THIS WAY A MAJOR PART OF THE NEW AID PROGRAM SERVES AS A FORUM IN WHICH WAYS TO ATTACK THE ILLEGAL NARCOTICS ISSUE IS BEING DISCUSSED.

2.) THREE OF OUR NEW AID PROJECTS ARE SPECIFICALLY BEING DESIGNED FOR MAXIMUM IMPACT ON THE POPPY GROWING AREAS. THESE ARE: THE TRIBAL AREA DEVELOPMENT (\$15 MILLION, LIFE OF PROJECT); THE BALUCHISTAN AREA DEVELOPMENT (\$30 MILLION, LIFE OF PROJECT); AND THE INTEGRATED VILLAGE DEVELOPMENT PROJECT IN THE NORTH WEST FRONTIER PROVINCE (FINANCED BY U.S. OWNED EXCESS RUPEES). IN ADDITION, SOME OF THE RUPEES BEING GENERATED BY OUR COMMODITY PROCUREMENT SUPPORT E.G., FOR FERTILIZER IMPORTS WILL BE AVAILABLE FOR ALLOCATION TO FUND SPECIFIC NARCOTICS SUPPRESSION ACTIVITIES.

3.) IN ORDER TO ENSURE THAT NONE OF OUR ASSISTANCE IN ANY WAY ASSISTS POPPY CULTIVATION WE ARE ATTACHING POPPY CLAUSES TO ALL RELEVANT NEW PROGRAM AND PROJECT AGREEMENTS.

4.) AID IS PREPARED TO ASSIST WHEREVER DESIRABLE IN THE STATE DEPARTMENT'S BUREAU FOR INTERNATIONAL NARCOTICS MATTERS (B/INM) MALAKAND AGENCY DEVELOPMENT PROJECT WHICH WILL RECEIVE \$3 MILLION OVER A TWO YEAR PERIOD. TO THE EXTENT POSSIBLE, AID WILL PROVIDE TECHNICAL FUNDING ASSISTANCE AND IF REQUESTED BY INM, ADDITIONAL FUNDING FOR THE PROJECT IN FY 1983 AND BEYOND IF THE PROJECT IS DEVELOPMENTALLY VIABLE.

5.) FINALLY, AID IS ACTIVELY ENCOURAGING OTHER BILATERAL AND MULTILATERAL DONORS WITH PROGRAMS IN PAKISTAN TO DIRECT SOME OF THEIR PROJECTS TO THE NARCOTICS SUPPRESSION EFFORTS.

A RECENT DEMONSTRATION OF THE PAKISTAN GOVERNMENT'S COMMITMENT TO NARCOTICS CONTROL IS REFLECTED IN A LETTER FROM THE MINISTRY OF FINANCE, PLANNING AND COORDINATION TO OUR MISSION DIRECTOR IN PAKISTAN, IN WHICH THE GOVERNMENT ADVISED THAT THEY "SHARE WITH THE GOVERNMENT OF THE UNITED STATES AN AWARENESS OF AND CONCERN FOR THE SERIOUS CONSEQUENCES WHICH RESULT FROM THE ILLICIT GROWING AND PROCESSING OF OPIUM POPPY INTO HEROIN." THUS, THE PAKISTAN GOVERNMENT HAS SIGNALED THAT IT FULLY SUPPORTS OUR EFFORTS AGAINST NARCOTICS. MR. CHAIRMAN, THE FULL TEXT OF THE LETTER IS ATTACHED TO MY STATEMENT.

I SHOULD ALSO MENTION THAT THE GOVERNOR OF THE NORTH WEST FRONTIER PROVINCE IS CURRENTLY IN THE U.S. IN RECENT

DISCUSSIONS WITH AID OFFICIALS HERE, HE INDICATED HIS FULL COMMITMENT TO THE SUPPRESSION OF WHAT HE CALLED "THIS EVIL." HE NOTED THAT THE USE OF NARCOTICS WAS ON THE UPSWING IN PAKISTAN ITSELF, PARTICULARLY AMONG YOUNG PEOPLE, AND THIS HAS BECOME AN ADDED SPUR TO THE PAKISTAN GOVERNMENT'S ACTION. WHILE I FEEL THAT THE STEPS WE ARE TAKING ARE POSITIVE AND WHILE I AM PLEASED BY THE COOPERATION WE ARE RECEIVING FROM THE GOVERNMENT OF PAKISTAN I BELIEVE WE MUST BE REALISTIC ABOUT HOW QUICKLY PROGRESS WILL BE MADE. GIVEN THE INACCESSIBILITY OF THE POPPY GROWING AREAS, THE RUGGED TERRAIN, AND VIRTUAL LACK OF ROADS--COMPOUNDED BY THE LACK OF EFFECTIVE ADMINISTRATIVE AND POLITICAL CONTROL IN THESE AREAS BY THE GOVERNMENT--IT IS TOO MUCH TO EXPECT OVERNIGHT RESULTS FROM OUR EFFORTS TO PROVIDE ECONOMIC ALTERNATIVES TO FARMERS IN THESE POPPY GROWING AREAS. NONETHELESS, WE ARE COMMITTED AND WITH THE CONTINUED COOPERATION BY THE GOVERNMENT, AND BETTER ACCESS TO THESE REMOTE AREAS I AM CONFIDENT THAT WE WILL HAVE A POSITIVE IMPACT IN THE LONG TERM.

PERU

IN 1980, THE NNICC ESTIMATED THAT 40,000 METRIC TONS OF COCA LEAVES WERE PRODUCED IN PERU. OF THIS AMOUNT A SUBSTANTIAL PERCENTAGE ORIGINATED IN THE UPPER HUALLAGA VALLEY.

IN ORDER TO REDUCE COCA PRODUCTION WHILE PROVIDING SUBSTITUTE INCOME FOR SMALL FARMERS NOW GROWING COCA IN THE

VALLEY, AID AND INM HAVE BOTH SIGNED PROJECT AGREEMENTS WITH THE PERUVIAN GOVERNMENT FOR A COORDINATED UNDERTAKING. IN SEPTEMBER 1981, AID EXECUTED AN AGREEMENT IN LIMA FOR \$18 MILLION OF AID LOAN AND GRANT FUNDS AND \$8.5 MILLION OF PERUVIAN GOVERNMENT FUNDS FOR AN AGRICULTURAL DEVELOPMENT PROGRAM WHICH WILL INCLUDE CROP DIVERSIFICATION, IMPROVED EXTENSION SERVICES AND FARM CREDIT. IN THE SAME MONTH, INM AGREED WITH THE PERUVIAN GOVERNMENT ON A JOINT EFFORT TO ERADICATE COCA PRODUCTION IN THE VALLEY. INM HAS BUDGETED \$15 MILLION OVER FIVE YEARS FOR ITS ERADICATION EFFORT. INM AND AID ARE CLOSELY COORDINATING THEIR PROJECTS IN WASHINGTON AND IN THE FIELD TO ASSURE OPTIMUM RESULTS. ALSO, AN APPROPRIATE COCA CLAUSE HAS BEEN INCORPORATED INTO THE PROJECT AGREEMENT. AS SPECIFIED IN THE PROJECT AGREEMENT, THE PERUVIAN GOVERNMENT HAS ESTABLISHED A SPECIAL PROJECT OFFICE TO ADMINISTER THE PROJECT, AND PERUVIAN PERSONNEL ARE AT WORK PREPARING A DETAILED WORK PLAN FOR THE LIFE OF THE PROJECT.

I AM PLEASED ABOUT THE UPPER HUALLAGA VALLEY PROJECT FOR ANOTHER REASON AS WELL. THIS PRECEDENT SETTING COOPERATION BETWEEN INM AND AID REPRESENTS THE FIRST REAL "MARRIAGE" BETWEEN OUR LEGITIMATE INTERESTS TO COMBAT NARCOTICS PRODUCTION WHILE SIMULTANEOUSLY WORKING WITHIN THE POOR MAJORITY CONCEPT AS MANDATED BY CONGRESS. I AM HOPEFUL THAT THIS COOPERATION WILL BE DUPLICATED ELSEWHERE WHEN APPROPRIATE.

BOLIVIA

BOLIVIA IS ANOTHER MAJOR SOURCE OF ILLEGAL COCAINE IN THE WORLD AND A KEY U.S. GOVERNMENT INTEREST IN BOLIVIA IS IMPROVED NARCOTICS CONTROL; THUS, ONE OF THE BASES FOR NORMALIZATION AND CONTINUED IMPROVEMENT OF U.S.-BOLIVIAN RELATIONS LIES WITH THE INITIATION BY THE GOVERNMENT OF BOLIVIA OF MEASURES TO CONTROL NARCOTICS TRAFFICKING. THE MAJORITY OF U.S. ASSISTANCE IS BEING WITHHELD PENDING SPECIFIC ACTIONS BY THE BOLIVIAN GOVERNMENT ON THE PROBLEM. WE WILL NOT GO FORWARD WITH ANY NEW PROJECTS, RELEASE \$49 MILLION OF SUSPENDED PROJECTS OR REESTABLISH A P.L. 480 TITLE III PROGRAM UNTIL: (1) AN EFFECTIVE COCA ERADICATION PROGRAM BE INITIATED; (A PILOT PROGRAM IS ALREADY UNDERWAY IN THE YAPACANI); (2) A SATISFACTORY GOVERNMENT WIDE COCA CONTROL PLAN BE DEVELOPED; AND (3) CRIMINAL ACTION BE TAKEN AGAINST MAJOR TRAFFICKERS.

THE AID MISSION IN BOLIVIA IS DOING A PRELIMINARY STUDY FOR A CROP SUBSTITUTION/REGIONAL DEVELOPMENT PROJECT IN THE CHAPARE, THE GEOGRAPHIC AREA WHERE MOST OF THE COCA USED FOR ILLEGAL COCAINE IS PRODUCED. IF THE BOLIVIAN GOVERNMENT COMPLETES THE ACTIONS MENTIONED ABOVE WE WOULD THEN MOVE FORWARD WITH A SERIES OF DEVELOPMENT PROGRAMS AIMED AT THE CHAPARE.

UNFORTUNATELY, THE DRUG PROBLEM IS HARDLY AN EPHEMERAL PHENOMENON AND IT REQUIRES A MULTI-FACETED APPROACH. AID BELIEVES THAT BROAD BASED LONG TERM DEVELOPMENT SUPPORTS THE OVERALL INTERNATIONAL DRUG CONTROL PROGRAMS BY PROVIDING ECONOMIC INCENTIVES AGAINST THE PRODUCTION OF ILLICIT DRUGS AND VIABLE ALTERNATIVE INCOME SOURCES TO DRUG PRODUCTION.

THERE IS NO DOUBT IN MY MIND THAT INTERNATIONAL NARCOTICS CONTROL CONSTITUTES A PONA FIDE FOREIGN POLICY PRIORITY ITEM AND I WANT TO ASSURE THIS COMMITTEE THAT I WILL CONTINUE TO SEEK WAYS IN WHICH AID CAN ASSIST IN THIS EFFORT FROM THE PERSPECTIVE OF DEVELOPMENT.

THANK YOU.

E-1

ANNEX E

AID APPROVED ACTION MEMORANDUM FOR THE
ADMINISTRATOR, AUGUST 30, 1982

ANNEX E: Action Memorandum for the Administrator, August 5, 1982

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU : ES

FROM : AA/ASIA, Charles W. Greenleaf, Jr.

SUBJECT: AID Narcotics Activities in Pakistan

Problem: To respond to the concerns expressed by you and others at the recent Pakistan program review that USAID/Islamabad needs to do more on the narcotics front.

Discussion: Following the discussion of the narcotics issue at your review, we developed with Donor Lion a number of additional steps which the Mission should take in order to expand its narcotics related activities. These include:

1. Reviewing all projects in the USAID portfolio to see how they can produce maximum impact on the poppy growing regions of the Northwest Frontier Province and Baluchistan.
2. The use of AID funds -- and additional AID technical support -- for expansion of State/INM work to other parts of the merged areas, i.e. Dir and Gadoon.
3. Making AID's own Tribal Areas project more directly responsive to the Gilman Amendment, including exploring the possibility of expanding the project's activities directly into more of the poppy-growing areas.
4. Adding a full-time direct hire narcotics project officer to the USAID staff.
5. Including a special section on narcotics strategy and activities in the CDSS which the Mission will prepare by January of 1983.
6. Putting together a 2-3 man consulting team to visit Pakistan this Fall to help in the staff work associated with all of the above, and to develop recommendations for additional narcotics related activities by the Mission.

We expect the consulting team to complete its work by early November, so that we would be in a position to present our overall strategy to you by the middle of that month. It probably will be useful for us to bring Donor Lion back to Washington for this presentation, and to schedule him for informal narcotics briefings on Capitol Hill at that time.

Recommendation: That you approve the expansion of USAID/Pakistan's narcotics related activities as described above.

Approve: ESS

Disapprove: _____

Date: 8/30/82

Clearance:

DAA/ASIA:ESStaples ESS
AA/PPC:MFreedman MF

1.1
Drafted by:ASIA/PNS:FCFischer:klj 8/24/82

ANNEX F
PAKISTAN'S DOMESTIC DRUG ABUSE PROBLEM

ANNEX F: PAKISTAN'S DOMESTIC DRUG ABUSE PROBLEM

As recently as two years ago, there were no known heroin addicts in Pakistan, and little or no heroin was produced in that country. Today, this situation has changed dramatically. Current estimates put the number of heroin addicts in Pakistan at between 25,000 and 75,000. Part of the reason for this sudden upsurge of heroin addiction in Pakistan was the disruption of traditional narcotics traffic flow by the Russian invasion of Afghanistan and the political turmoil in Iran. Previously, the opium had been shipped across Afghanistan into Iran, where much of it was consumed by that country's large number of opium addicts. The rest of the production was shipped to the West. With the fall of the Shah, Iran's domestic production increased to levels sufficient to fulfill that country's domestic demand for opium. Moreover, the ability to smuggle bulk opium decreased due to the events in both Iran and Afghanistan. Since 10 kgs of opium can be refined down to 1 kg of more valuable and more easily smuggled heroin, traffickers began to refine the opium into heroin within Pakistan.

While this heroin has been produced mainly for export, its easy availability inevitably has led to increased domestic consumption. This is especially true since heroin is currently cheaper in Pakistan than anywhere else in the world. A gram of heroin, which would sell for \$3,000 in the United States, costs less than \$5 in Karachi. While traditional opium users tended to be 50 to 60 year olds, however, heroin use has been concentrated among teen-agers and twenty-year olds.[1]

This situation has been receiving increased attention and concern within Pakistan. According to the U.S. Embassy in Islamabad, during the past six months there has been a notable

increase in the number of narcotics related articles published in Pakistan's Urdu and English language press. These articles, as well as a number of editorials and letters to the editor, have generally moved from presenting the narcotics problem as primarily one created and existing in Western countries, to a growing recognition of the dangers to Pakistan of illicit use and trafficking of narcotics, particularly heroin.[2]

A major conference on the narcotics problem in Pakistan was held in September, 1982, in Quetta, in Baluchistan Province, an area which has become a major smuggling route since the route through Afghanistan was blocked. Several speakers at the conference gave detailed accounts of the drug abuse problem in various cities and regions of the country, while others commented on the inadequacy of treatment facilities in Pakistan to help addicts. The importance of the problem was underscored at the conference by the Provincial Secretary for Baluchistan, who announced that the provincial government would soon construct a 100-bed special hospital at Quetta dedicated to the treatment of drug addicts.[3]

The reasons for the increase in heroin addiction in Pakistan are still disputed. One view is that heroin in Pakistan is not a result of indigenous social problems, but a Western disease. The youth in Pakistan are taking it because it is available. Others suggest that the problem is a side effect of the rapid social changes taking place. In developing countries such as Pakistan, it is argued, adolescents and young adults are likely to have higher aspirations and better education than their elders. At the same time competition for education and work has been increasing considerably. Moreover, the process of urbanization and the consequent weakening of family relationships leads to loneliness and difficulty in adjustment. As a result, these individuals become frustrated and look for ways to escape. Heroin, because it is so available, cheap, and strong, is a major outlet for many.[4]

On October 14, 1982, President Zia, in a directive to concerned authorities, pointed out that the number of drug addicts in Pakistan was far greater than previously believed. While the government had been concentrating its efforts on preventing the smuggling of narcotics abroad, little attention had been paid to the fact that the bulk of the drugs had been consumed within the country itself. The increasing addiction rate among students was of particular concern. As a result, the President directed the law enforcement agencies and those agencies concerned with education to pay particular attention to the problem, to identify addicted students, provide the necessary treatment, and educate others to the dangers of narcotics.[5]

FOOTNOTES

- 1 Post, Richard St. F., "Narcotics: A Growing Threat in Pakistan," Text of speech made at the luncheon meeting of the Rotary Club in Karachi on August 9, 1982.
- 2 Joint U.S. Embassy/U.S.I.S. Memo, "Increased Anti-Narcotics Press Coverage in Pakistan" October 10, 1982.
- 3 The Muslim, "Call for Educating People on Drug Abuse," September 21, 1982.
- 4 Khyber Mail (Peshawar), "Seminar to Discuss Problem of Heroin Abuse," September 16, 1982.
- 5 The Muslim, "Drug Abuse Enters a Dangerous Phase," October 15, 1982.

NARCOTICS: A GROWING THREAT IN PAKISTAN

TEXT OF SPEECH BY AMERICAN CONSUL GENERAL RICHARD ST. F. POST AT THE LUNCHEON MEETING OF ROTARY CLUB IN KARACHI ON AUGUST 9, 1982

In two weeks my wife and I will be leaving Pakistan upon the completion of our three-year tour of duty. We will leave immensely enriched by our exposure here to the fascinating complex of cultures and ethnic diversities which make up Pakistan, and humbled by our brief encounter with the vast historical experience of the peoples inhabiting this subcontinent. We have been almost literally overwhelmed by the generosity and hospitality we have encountered in our travels around the country, travels which have ranged from Nagarparkhar to Baltit, from Quetta to Bhung Sharif, from Gwadar to Skardu, travels which have, in fact, been so extensive that I have been reduced to near-poverty by the cost of developing and printing my photographic record of our trips.

But I took no photographs on a trip I made last week, which was probably the shortest but also one of the most instructive and certainly the most sobering of the trips I have had in Pakistan. It has forced me to abandon my plan to use this occasion to express a few pious platitudes, a few clever witticisms, perhaps get a bit maudlin about all the friends we have made here, and leave you all in a warm glow. This will be more in the nature of a cold shower. Because what I discovered on that last trip, which was to a United Nations-supported narcotic drug treatment center in Lyari, is that while we have all been happily going about our business here for the last three years, unbeknownst to most of us an epidemic has been spreading through Pakistan, the epidemic of heroin addiction.

Please, I urge you at this point not to tune out, thinking that what I am going to talk about is a problem for the West but not for Pakistan, that it just has to do with a bunch of American hippies getting high, that heroin is something like hashish and is just used by the dregs of

society, that in any case all this narcotics use and abuse was started by the West to penetrate eastern markets so the West is just getting what it deserves. Yes, of course this is a problem for America and for those of us who are concerned over factors which could adversely affect the close relations between the United States and Pakistan. Seventy percent of the heroin seized in the U.S. last year proved on chemical testing to originate from either Iran, Afghanistan or Pakistan, a fact which inevitably has to be considered in the annual Congressional aid program review. But what I'm talking about today, what came as a surprise to me and will, I suspect, to most of you, is that heroin addiction is a serious problem right here and now in Pakistan, particularly right here in Karachi, and the addicts are not visiting hippies but Pakistanis. It is a recent phenomenon but one which has already, as I mentioned earlier, reached epidemic proportions.

Why get so excited about heroin? Because its addictive properties and its ability to reduce a human being to a virtual vegetable incapable of any function but the pursuit by whatever means of more heroin represent quantum leaps over any other drug used in Pakistan. It bears no relation to the drug variously called marijuana or charas or hashish, except that many people who become heroin addicts have first been users of those substances and were unaware or refused to believe that heroin was not any more dangerous or addictive than they are.

Heroin is produced by chemically refining opium into morphine-base which is then by a further chemical process refined to heroin-base, a process so relatively easy to perform that it could be done by someone who had taken a high school chemistry course. A further, somewhat more complicated refining process may then be used to produce heroin hydrochloride which, being water soluble, can be injected into the blood stream and maximizes the amount of a given dosage absorbed into the body. There is little evidence of use of heroin hydrochloride in Pakistan, but that is little consolation. The same effects with some small loss of efficiency of dosage can be obtained from heroin-base, which is smoked. Indeed, because it is smoked in very much the same way as other drugs in use in Pakistan, its spread here is greatly facilitated.

And what are the effects? The first few times, the new heroin user experiences an incredible euphoria, a fantastic "high" as it's known. But very quickly, the new user becomes an addict searching not for a new "high" but for relief from the intense bodily pains and cramps and spasms which set in when the effects of the drug wear off. These so-called withdrawal symptoms have been described as analogous in intensity to the pains of childbirth, but childbirth pains which are continuous and can be relieved only by another dosage of heroin. The addict deprived of another dosage cannot sleep, can become hysterical and

physically violent with risks of bodily damage to himself or others. His sole interest in life is to secure another dose of heroin. Aside from pursuit of that aim, he is incapable of functioning. He can't hold a job and if that fact deprives him of the income necessary to pursue his sole aim in life, he will rob and steal. In fact, unlike situations involving use of other drugs where there is no demonstrable connection between drug use and the crime rate, heroin addiction has a direct correlation to an upsurge in crime.

But how serious is the problem in Pakistan? As recently as two years ago, there were virtually no known Pakistani heroin addicts in Pakistan, and little or no heroin produced here. What in essence brought the heroin epidemic to Pakistan was the Soviet invasion of Afghanistan. That interrupted the main illegal narcotic traffic flow, which had previously taken the form of opium shipped across Afghanistan into Iran where much of it was consumed by Iran's one million drug addicts, 50,000 of whom were hooked on heroin, the rest being shipped onward to the West. With such shipments complicated by the warfare in Afghanistan, a premium was created for smaller shipments, and since 10 kilos of opium refine down to one kilo of heroin, heroin production was stimulated—also by the fact that it represents a value-added commodity. While the heroin was produced primarily for export, it did not take long before domestic consumption began. As I said before, two years ago there were no Pakistani heroin addicts in Pakistan. Today the most conservative estimate from authoritative sources is that there are 10,000 to 15,000 addicts in Karachi alone and at least as many as 25,000 in Pakistan as a whole. And other authorities place the figures much, much higher.

The ingredients for a further geometric upward progression in the number of heroin addicts are present in abundance. Heroin is more readily available in Pakistan than anywhere in the world and at a price cheaper than anywhere in the world. One gram of heroin in Karachi will cost 20 to 60 rupees depending on the purity, whereas one gram of 90% pure heroin (which is typical of Pakistan-produced heroin) will cost \$5,000 in the United States. One gram may last an addict for one to four days. That means that it's cheap enough for even a Rs. 50 per day laborer to get himself started, though it would rapidly take a substantial share if not all of his daily wage to support an addiction, if, of course, he could keep his job, which is most unlikely. It also means that an addiction would be relatively easy to afford for a person from the middle to upper classes, and people in these upper strata of society in Pakistan have no grounds for complacency: the 500 addicts being treated at the Lyari center which I visited included not just working class individuals but, for instance, four university medical students (who should certainly have known better). The authorities I talked to

mentioned, as another example of the spread upward of the epidemic, the case of a prominent businessman who recently discovered that his daughter's fiance' is a heroin addict. Pakistan is well on the way to emulating the example of its fellow Muslim nation, Malaysia, where, ten years ago, there were no addicts; today there are 450,000; since Malaysia is one-fourth Pakistan's size, a comparable addiction rate here would give Pakistan a population of heroin addicts numbering some 1,800,000.

Another alarming and depressing aspect of heroin use is the age group affected. Opium users tend to be 50 to 60 year-olds. Heroin use is concentrated among teen-agers and twenty-year olds. In Malaysia, it is estimated that 20% of the indigenous males between the ages of 16 and 25 are heroin addicts. The pattern is being repeated in Pakistan; at the Lyari center, I watched a 15-year-old addict being treated. Nor is the malady limited in Pakistan to Karachi. In addition to the Lyari and two other centers in Karachi, there are centers at Quetta, Hyderabad, Lahore, Rawalpindi, Peshawar and Chamla.

Not all the news about heroin is bad. The good news includes the fact that opium production in Pakistan has dropped dramatically, from 800 tons in 1979 to 50-80 tons estimated for 1982. Among the reasons for the decline were adverse weather conditions plus the fact that the over-supply produced by the huge crops in the late '70's drove down the price from a 1978 high of \$200 per kilo to \$35-\$45 today. An important factor in the decline, and an encouraging one was the Pakistani government's imposition of a ban on poppy cultivation in 1980, enforcement of which has been actively pursued by the authorities despite the difficulty of operating in the growing areas in the north. However, the drop in Pakistani production of opium may not be all that significant in relation to heroin production since the supply of opium produced in Pakistan can be readily augmented by supplies from Afghanistan. Another encouraging factor is the success of Pakistani government agencies in effecting seizures of smuggled heroin: in 1980 less than 10 kilos of heroin were seized in Pakistan, but the next years seizures increased to 347 kilos. Almost double that amount, some 600 kilos, has been seized by authorities in Pakistan in the first six months of 1982. The increase in seizures undoubtedly parallels an increase in total traffic, but that does not diminish the success of the authorities in improving enforcement procedures. In this field, as in so many others, more can certainly be done. However, in my opinion, this is a field which merits a greater priority than others, not only in terms of governmental action, but in terms of public awareness and interest which can in turn stimulate the use of greater resources to combat the evil.

Rotary is oriented toward community service. I can think of no more important service which Rotary can provide to the community it serves

here in Karachi than to contribute to public awareness of the problem of heroin addiction, to give active support and encouragement to the efforts of governmental and international agencies to cope with this problem and to assist the efforts already under way to treat those addicted and return them to be functioning members of society. I regret that I leave Pakistan on such a somber note but I feel that I will have done a service to the community I have lived in for the past three years if I have helped to alert the many friends I leave behind to the existence of a grave malady in their midst, hopefully in time for them to get it under control.



KHYBER MAIL (PESHAWAR) SEPTEMBER 16, 1982
Page-3

SEMINAR TO DISCUSS PROBLEM OF HEROIN ABUSE

The international law enforcement seminar is going to be held next month in Quetta to discuss the newly emerged problem of heroin abuse in Pakistan. In this five-day seminar (starting 19th of September), around a hundred high officials from all over Pakistan will meet to develop a strategy to fight the heroin threat.

It is only last year that Pakistan Narcotics Control Board (PNCB) organized a symposium on drug abuse which acknowledged the existence of heroin in the country. This year the same institution is forced to organise a seminar solely to discuss this opium drug.

Heroin grows fast. "I have been here ten years," says a specialist in drug treatment from Rawalpindi General Hospital. "For eight years, I never came across a single patient (of heroin addiction)."

Pakistan now has 20 to 25,000 addicts, according to a source. The PNCB agrees with the figure and roughly distributes it as follows: 10,000 Quetta, 7/8,000 Karachi, 3/4,000 Peshawar, 1/2,000 Lahore, 1,000 Islamabad-Pindi. It is now officially accepted as "our problem."

Historically, Pakistan has been world's largest opium and cannabis (hashish), producing country along with the golden triangle and Afghanistan. It remained so till 1970, when morphin tablets were produced in some areas of Lahore and NWFP. These tablets were exported to Scandinavian countries. But this trend did not last long. Focus remained on opium. Pakistan along with Iran and Afghanistan produced and exported opium in large quantities. In Iran the then Shah of Iran, Raza Shah Penlavi took stern measures regarding the situation and was successful in keeping the production down to 200-ton which was just enough for Iran's own opium eaters.

But in 1975, it was calculated that of 1, million addicts, 700,000 were heroin addicts. For this number of addicts, specialists estimate Iran needed 600 tons of opium. That amount, it is figured, came from Afghanistan, which was at that time producing 300 to 500 tons calculated to be more than its own needs.

In 1978-79, Shah was forced to leave, drugs were banned by the new regime but the opium production increased from 200 to 600 tons, which incidently is sufficient for Iran's 50,000 heroin addicts. The same year, political situation in Afghanistan changed and it became increasingly difficult to move opium to and from the two countries.

The traffickers, praised for their outstanding talent by the drug enforcement agent of America, shifted the route and moved the cargo via Baluchistan. Seeing this development, Pakistani authorities increased their efforts and it became even more risky to smuggle opium out. Subsequently, large quantities of opium, produced both by Afghanistan and Pakistan were stocked in the NWFP. Also, 1979-80 came as the largest production year (800 in tons) for Pakistan, but the market turned bad. The talent again proved worthy of praise and came out with the idea of producing heroine, which is far more easy to smuggle because it has no smell, is of lesser weight and brings a lot more money.

They started to set up their own refineries. All they needed was crude implements, some chemicals and a chemist. Heroine production started in 1980, and now we have 20 to 25 laboratories, according to a source. When asked, Miraj Hussain, Chairman of the PNCB, says that "I can't confirm" that there are any such labs in the belt.

Though 9 kg. heroin was seized in the country in late 1980, 347 kg in 1981, 750 kg. in 1982 (along with 200 kg. Pakistani heroin seized in Europe). The year 1981, marked Pakistan as the No. 1 heroin producing country in the world.

On the other hand the figures given by the govt. reveal that in 1980-81 opium production in Pakistan decreased to 85 metric tons from 800 metric tons of 1978-79.

Asked about the contradiction in the figures, the source suggested that most of the heroin could have been smuggled over from Afghanistan.

Whether produced in the NWFP's Khyber Agency, or smuggled over from some other country, we have the heroin problem here. It effects directly on the brain and the nerve cells.

Dr. H. Mubashir, who is currently treating the heroin patients says that "there are areas of permanent damage. The patient can never become 100 per cent normal." The drug is so harmful that five years ago the physician expressed the medical opinion that "we can have 50 per cent of our population on opium but we cannot afford to have even 1 per cent of our population on heroin." And now he has an average of 50 patients per month who are "regular heroin addicts."

They are not opium eaters, they are on a drug "which could quickly turn the ordinary citizen into a deprived criminal who had little chance of being cured," says a Professor of Psychiatry, Dr. J.H. Jaffe of the University of Columbia. The PNCB is of the view that heroin in Pakistan is not born out of the social problems. Its a Western social product and a western disease. The youth in Pakistan is taking it because "its available, they are curious and want adventure."

Keeping in view the fact that we now have 20 to 30 heroin dens, just in one area of Karachi (Liyari), un-countable dens in Quetta and Peshawar, and a growing problem even in such backward areas as Mipur Khas, the problem cannot be that simple, say the social scientists.

It is now everywhere. A 16-year old addict told the APP that "you can get it from almost every hotel in Saddar Bazar, Rawalpindi

and the tourist campaign site in Islamabad. I have been getting it from there for last 11 years."

Its not just the Western fad or the availability of the drug. According to some social-scientists, there are cases like Malaysia, where the social changes initiated the drug abuse of this nature. They advance two causal roots for the breakthrough of the epidemic in Pakistan.

In the countries, especially those undergoing industrialization, late adolescence and early adulthood are likely to have higher aspirations and better education than their elders. At the same time competition of education and work has increased considerably. Thus these young people despite their better education become frustrated and look for ways to escape.

Another major cause in developing countries is the process of urbanization and the consequent weakening of family relationships. In the traditional family structure it was common practice for the children, particularly the males, to follow the father's occupation. Now-a-days, however, youth from rural communities move to cities in search of lucrative employment.

When they migrate to a city they find out that the urban job which appeared lucrative from their rural background is no longer so in the city, where costs are very high. This with other pressures, such as loneliness, causes those who cannot adjust to urban life to seek an escape from their living problems and drugs offer one form of escape in general, and heroin being "so available, so cheap and so strong", in particular.

"I warn you" say (D. Winkel of US embassy. "You won't be able to contain it, cope with it". The West with higher medical facilities, superior technology, developed propaganda machinery, and a lot more money to spend, has not been able to solve the problem", I need help: save me" screams a newly addicted Pakistani female who did not take her daily dose (1 1/2 gm. per day) for two days. Her back aches so sufferably, her joints seem to dis-integrate, she physically parish without heroin. Can Pakistan afford it? can we cope with it? ask the people who see it happening.—APP.

Date: 9/20

ISLAMABAD

Page: 5P

Narcotics abuse a serious socio-economic problem

QUETTA, Sept. 19: Lt. Gen. Rahimuddin Khan, the Governor of Baluchistan, said here this evening the production of opium and other narcotics and their abuse on large-scale posed a serious socio-economic problem in Pakistan. The government, he said was fully aware of the magnitude, complexity and repercussions of drug abuse as well as the serious implications of illicit export of narcotics to various parts of the world.

The Baluchistan Governor, while inaugurating the four-day International conference on demand and supply of opiates in Pakistan, the multi-dimensional aspects of narcotics call for a comprehensive and intensive effort with the involvement of community for the eradication of the evil.

Gen. Rahim said it had always been difficult to ascertain and exactly measure the demand and supply of narcotic. The variables that govern the demand for narcotics include the social and moral values of a society, the cultural fabric, traditions, beliefs, attitudes, norms and prevalence of religious injunctions. But he said the factors that direct the quantum of supply were purely economic, in the sense that producers, processors, traffickers and peddlers of the narcotic drugs were motivated by the huge margins of profit in the narcotic business. If the demand for drugs persists, there will always be the availability of it whether a country is producing its own or illicitly importing it.

The production and trade of narcotics, Gen. Rahim said was an illegal activity and social crime. As a matter of fact it is the prime responsibility of law enforcing agencies and local administration to take immediate and effective steps to check the supply of narcotics. Today, the society is flooded with the dangerous drugs like opium, charas, heroin, morphine, maddras and others of the same family. Narcotics have become a major source of earning for specific class of businessmen, traders, peddlers, criminals and socially undesirable elements. He further stated that all sections of our population had been adversely affected by narcotic drugs and steady complicity was no exception.

The Governor said Pakistan was committed to its national and international obligations in the field of drug abuse control. This state of affairs, he said, could not be allowed to continue. Pakistan can not afford wasteful and degrading drain on the nation's human resources through the abuse of drugs. The phenomenal increase in drug trafficking and abuse deserve our urgent attention.

He said the commitment of Pakistan to international protocols and conventions regarding narcotic drugs need no repetition. "We are firmly resolved to shoulder our obligations squarely and to participate effectively in the international effort in this field."

ZIA'S MESSAGE: Gen. Ziaul Haq in his message to the International conference on demand and supply of opiates said that Pakistan shared with the rest of the world a deepening concern over an increasing frequency of incident of illicit manufacturing and smuggling of drugs and was extending full cooperation to the international community in seeking to stamp out this evil. In fact, he said, the policy being pursued firmly by the government of Pakistan was based on the conviction that a

From AZHAR MASOOD

world-wide concerted effort must be made through unreserved and wholehearted collaboration among all nations to eradicate the scourge of drug abuse.

"For in part Pakistan, Gen. Zia said, had undertaken all measures feasible within its resources to deal with this pernicious problem. It has strictly enforced the ban on the cultivation of poppy and has been hard-hitting in its policy. It has increased its vigilance

of all over land routes of entry through which narcotics are being brought in from other countries. It has strengthened its law enforcing agencies in order to haul up the traffickers and prevent their crime. It continues to control the cultivation and production of poppy and cannabis in small pockets of those outlying areas where laws are governed by local customs and traditions and providing alternative means of income to those whose principal source of livelihood has thus been affected.

THE MUSLIM

Date: 9/21

ISLAMABAD

Page: 3P

Call for educating people on drug abuse

STAFF REPORT

QUETTA, Sept. 20: The Federal Minister for Health and Social Welfare, Dr. Nasiruddin Jogezi, has said that the present government was committed to develop Pakistani society on the basis of Islamic principles, and as such eradication of social evils including drug abuse was one of its most important tasks.

Addressing the morning session on the second day of international conference on demand and supply of opiates in Pakistan here today, he assured the delegates that the Ministry of Health will join hands with all the national and international agencies in curbing the flow of drugs.

Dr. Jogezi highlighted the efforts being made to check the spread of drug abuse and called for a multi-dimensional campaign to educate the people about its ill-effects. He urged upon the parents to build and sustain relationship with their children so that they do not become victim of social disorganisation and thus potential drug addicts.

He called upon the media to play its role in the narcotics control. He said the Government of Pakistan had made it binding on all the tobacco products manufacturers to print on the packets the warning that "smoking is injurious to health". But, he said, that was not enough. Education of the people without telling them of its hazards, was not possible. He asked the Press and mass media to play its role in this respect.

The Minister for Health assured the participants of the conference that their recommendations would be given urgent consideration by the government, and the schemes

submitted by them for treatment and rehabilitation of drug-addicts will be given a top priority for implementation.

Earlier the Provincial Secretary for Health Baluchistan, announced that the Government of Baluchistan was soon to build a 100-bed special hospital at Quetta for the treatment of drug-addicts.

The morning session of the conference today was devoted to the discussion of the extent and pattern of narcotics abuse, and the resultant health hazards.

Doctor Yasmin Ahmed gave a detailed survey account of drugs abuse in Karachi City, its suburbs and in the Mekran coastal area.

Dr. Haroon Ahmed of Jinnah Post Graduate Medical Centre Karachi, said in his report that psychotropic drugs were becoming popular specially among the youth, and that the number of drug-addicts had attained an alarming proportion in the urban areas, particularly in the people of lower and upper middle classes but facilities for their treatment and administration were proving totally inadequate.

Dr. Ijaz Ahmed Khan Tareen of Mayo Hospital Lahore covered the drug abuse situation and treatment arrangements in Lahore. Prof. Karam Illahi of University of Peshawar spoke on drug-addiction in Pakistan society.

Prof. Mohammad Sajidain of Karachi University gave a detailed account on drug abuse in northern areas of the country, and suggested check on the production and manufacture of opiates.

Mahmood Farooqi, member, Pakistan Banking Council, demanded severer punishment even to the extent of death penalty for addicts.

ANNEX G

EXAMPLES OF USAID/PAKISTAN POPPY CLAUSES

Tribal Areas Development

Poppy Clause included in Project Grant Agreement (Conformed Copy), September 25, 1982.

Article 6: Special Condition - Cultivation of Opium
Poppy and Processing of Opium into Heroin.

The Government of Pakistan (GOP) agrees to undertake appropriate measures to prohibit cultivation of opium poppy and/or processing of opium into heroin or morphine base within any village or area benefiting from the Project. In the event that a determination is made that the cultivation of opium poppy and/or processing of opium into heroin is occurring in a village or area programmed to benefit or benefiting from this Project, no assistance under this Project directly benefiting that village or area shall commence and, if commenced, such assistance shall be suspended until the prohibited activity is eliminated. If the prohibited activity found to exist is not fully eliminated within a specified period of time to be agreed upon by the United States Government and the GOP, all assistance under this Project directly benefiting that village or area will be terminated. If prior to the Project Assistance Completion Date (PACD) established by A.I.D. for this Project, as it may be from time to time amended, it is determined that the prohibited activity is occurring in a village or area which has benefited from the Project and the prohibited activity is not eliminated

within a period of time to be agreed upon by the United States Government and the GOP, the GOP shall reimburse A.I.D. for all assistance that the GOP has received from A.I.D. under this Project which has resulted in direct benefits to that village or area in which the prohibited activity is occurring.

Without limitation of other provisions applicable to termination and/or refund as set forth in this Project Agreement and annexes thereto, if A.I.D. determines that A.I.D. is entitled to reimbursement under the provisions of this Article of the Agreement, A.I.D. may require the Grantee to refund the amount of any disbursements from the Grant for which there is an entitlement to reimbursement to A.I.D. in U.S. Dollars within 120 days after receipt of request therefor. Such refunds paid by the Grantee to A.I.D. shall be considered as a reduction in the amount of A.I.D.'s obligation under the Grant but may be made available for reuse under the Grant if so authorized by A.I.D. in writing.

Rural Electrification

Poppy Clause included in Project Grant Agreement (Conformed Copy), September 25, 1982

**Article 6: SPECIAL CONDITIONS - CULTIVATION OF OPIUM POPPY AND
PROCESSING OF OPIUM INTO HEROIN.**

The Government of Pakistan (GOP) agrees to undertake appropriate measures to prohibit cultivation of opium poppy and/or processing of opium into heroin or morphine base within any area benefiting from this Project. In the event that a determination is made that the cultivation of opium poppy and/or processing of opium into heroin is occurring in an area programmed to benefit or benefiting from this Project, no assistance under this Project directly benefiting that area shall commence and, if commenced, such assistance shall be suspended until the prohibited activity is eliminated. If the prohibited activity found to exist is not fully eliminated within a specified period of time to be agreed upon by the United States Government and the GOP, all assistance under this Project directly benefiting that area may be terminated. If, prior to the Project Assistance Completion Date (PACD) established by A.I.D. for this Project as it may be from time to time amended, it is determined that the prohibited activity is occurring in an area which has benefited from this Project and the prohibited activity is not eliminated within a period of time to be agreed upon by the United States Government and

the GOP, the GOP shall reimburse A.I.D. for all assistance that the GOP has received from A.I.D. under this Project, which has resulted in direct benefits to that area in which the prohibited activity is occurring.

Without limitation of other provisions applicable to termination and/or refund as set forth in this Project Agreement and annexes thereto, if A.I.D. determines that A.I.D. is entitled to reimbursement under the provisions of this Article of the Agreement, A.I.D. may require the Cooperating Country to refund the amount of any disbursements from the Grant for which there is an entitlement to reimbursement to A.I.D. in U.S.Dollars within 120 days after receipt of request therefor. Such refunds paid by the Cooperating Country to A.I.D. shall be considered as a reduction in the amount of A.I.D.'s obligation under the Grant, but may be made available for reuse under the Grant if so authorized by A.I.D. in writing.

Agricultural Commodities and Equipment

Poppy Clause included in Import Grant and Loan Agreement (Conformed Copy), April 13, 1982.

Article 9: Special Condition- Cultivation of Opium Poppy and Processing of Opium into Heroin

The Government of Pakistan (GOP) agrees to undertake appropriate measures to prohibit cultivation of opium poppy and/or processing of opium into heroin or morphine base within any village or area benefiting from this project. In the event that a determination is made that the cultivation of opium poppy and/or processing of opium is occurring in a village or area programed to benefit from this project, no equipment shall be provided or financed by A.I.D. under this project benefiting that village or area until the prohibited activity is eliminated. If the prohibited activity is not fully eliminated within a specified period of time to be agreed upon by the United States Government and the GOP, no equipment under this project shall, at any time, be provided or financed by A.I.D. benefiting that village or area. If, prior to the Project Assistance

Completion Date ("PACD") established by A.I.D. for this project, as it may be from time to time amended, it is determined that the prohibited activity is occurring in a village or area which has benefited from this project and the prohibited activity is not eliminated within a period of time to be agreed upon by the United States Government and the GOP, the GOP shall, at the option of A.I.D., either withdraw the equipment from any use directly benefiting that village or area or reimburse A.I.D. for all equipment received from or financed by A.I.D. which has resulted in direct benefits to that village or area in which the prohibited activity is occurring. Such reimbursement shall be treated as a refund under the provisions of Section 10.4(c) (Refunds of Grant) and/or 11.6(c) (Refunds of Loan) of this Agreement.

On-Farm Water Management

Poppy Clause included in the Amendatory Agreement to the Project Grant Agreement (Conformed Copy), August 18, 1982.

Article 7: New Article 10-Special Condition - Cultivation of Opium Poppy and Processing of Opium into Heroin.

The following new Article 10 "Special Condition - Cultivation of Opium Poppy and Processing of Opium into Heroin", is hereby added after Article 9 of the Project Agreement as amended:

"Article 10 - Special Condition - Cultivation of Opium Poppy and Processing of Opium into Heroin.

The Government of Pakistan (GOP) agrees to undertake appropriate measures to prohibit cultivation of opium poppy and/or processing of opium into heroin or morphine base within any village or area benefiting from this project as hereby amended. In the event that a determination is made that the cultivation of opium poppy and/or processing of opium into heroin is occurring in a village or area programed to benefit or benefiting from this amendatory Grant, no assistance under this amendatory Grant directly benefiting that village or area shall commence, and if commenced, such assistance shall be suspended until the prohibited activity is eliminated. If the prohibited activity found to exist is not fully eliminated within a specified

period of time to be agreed upon by the United States Government and the GOP, all assistance under this amendatory Grant directly benefiting that village or area may be terminated. If, prior to the Project Assistance Completion Date ("PACD") established by A.I.D. for this project, as it may be from time to time amended, it is determined that the prohibited activity is occurring in a village or area that has benefited from the amendatory Grant and the prohibited activity is not eliminated within a period of time to be agreed upon by the United States Government and the GOP, the GOP shall reimburse A.I.D. for all assistance that the GOP has received from A.I.D. under this amendatory Grant which has resulted in direct benefits to that village or area in which the prohibited activity is occurring. Such reimbursement shall be treated as a refund under the provisions of Article 11 (Refunds of Amendatory Grant) of the Project Agreement, as amended.

The provisions of Article 10 shall not, in any case, be applicable to Grant funds made available to the Government of Pakistan under this amendatory Grant for reimbursement for construction of civil works completed prior to June 30, 1981. "

ANNEX H

THE CHAMBERS OF AGRICULTURE AND FARMER REACTION TO THE
POPPY BAN ENFORCEMENT AND THE UNFDAC PROJECT IN BUNER,
SOUTHERN SWAT DISTRICT, NWFP

ANNEX: H THE CHAMBERS OF AGRICULTURE AND FARMER REACTION TO THE
POPPY BAN ENFORCEMENT AND THE UNFDAC PROJECT IN BUNER,
SOUTHERN SWAT DISTRICT, NWFP

Introduction

At the introduction of Dr. Sulyman, of INM, the Team met for lunch with the President, Secretary-General and seven farmers associated with the Chambers of Agriculture. The Secretary-General, Mr. Ikram Ullah Khan was an articulate spokesman, equipped with a radio-telephone, who was no newcomer to the politics of agriculture. He explained that the Chambers were founded with government support when it was clear that the fragmentation of farmer groups in producer associations (in tobacco, sugar cane, apples, etc.) was not helping the development of agriculture in Pakistan. The Chambers are the only sanctioned association for producers. Leadership is elected from existing farmer associations. The President, Haji Mohammad Amir, for example, had been President of one of the other farmer groups. He was an old friend of Dr. Sulyman.

Some of the farmers present for the meeting held leadership positions in local government. A member of the Union Council of a local district and a member of the District Council were present. From what the Team could determine, those present were influential and relatively wealthy farming leaders. The Secretary-General has an impressive house, the lunch was excellent and the membership had several spokesmen who were fluent in English. One of the members was an orchard owner from Peshawar, who said he had 300 acres of apples, persimmons and other trees. The Secretary-General is also a major fruit producer for the area.

The Poppy Ban in Buner, and Reaction to the UNFDAC Program

The Chambers had convened a meeting of farmer leaders in Buner and had assembled those from each of the seven valleys or areas within Buner (the seven do not correspond to the five tehsils in Buner). They had prepared a written statement, which the Secretary-General read into the record, and then gave us the copy. It is a mild but clear objection to enforcement of the poppy ban in the absence of government programs which provide alternative income and benefits. The statement is attached.

Most of the invective of farmers -- since their complaints against the government must be muted in an officially-sanctioned organization -- was directed at the UNFDAC program in Buner. This list of charges was long and very detailed, down to the salary paid the expatriate who they said provided nothing worthwhile. These charges included:

- The failure of the program to work through or with any local institution or organization, including the agricultural extension program which, under a Provincially-funded "Training and Visit" augmentation, has more than 60 extensionists in the Buner area;
- The waste and malfeasance involved in the project -- money out the back door which did not benefit the farmers;
- The inability to deliver water, to help with land leveling, to do the tasks which must be done to make any single contribution useable to farmers.

The final remark was the suggestion that the money for the project could have been far more usefully distributed to the farmers in the area, and they could have put it to work on their farms.

The Team was asked to meet with farmers in the particular areas of Buner, and to discuss their suggestions on how to design better agricultural development programs to replace the opium poppy. The Team made two public statements. The first was that poppy cultivation was against the law and against the Islamic code, and should be eliminated, although we recognized the hardships this could cause individual farmers. Second, we were not in a position to hear complaints against enforcement, since this was a GOP action. Based upon an agreement that we should obtain farmer perspectives on how to do the job better, we arranged further meetings.

The UNFDAC Project in Buner

The original project, from a development perspective, was a failure. The present FAO advisers to the project call the first phase the "old" project, and their work the "second" project. In our discussions, we received the impression that they are knowledgeable, and would make sense out of the effort if the first five years had not been so far afield. The explanation of how the project could have gotten so far off track was a lack of interest by the UN, then by the FAO, and then by the PNCB, insofar as any development initiatives were concerned. There is still no housing for expatriate advisors, who live in Tarbela or Islamabad, and only a portion of the land which could be irrigated by the UN tubewells, has been leveled, or received water.

Crop substitution was also a major failure, with the original expatriate seeking one cash crop (mint, thyme, chickens) which would encourage voluntary replacement of the opium poppy. These efforts are all now in disarray. The previous advisor replaced Dr. Sulyman, who had attempted to integrate the agricultural work with the extension workers of the agricultural department. In Dr.

Sulyman's judgement, an area which was previously deficient in basic food grains is now self-sufficient, due to the efforts of the agricultural extension service (and his leadership) in providing improved seeds and recommending fertilizer usage.

The Team understands the UN project has some money to improve a road which would lead into the Amazai/Gadoon area. This would be of interest to any USAID project in the vicinity since it would allow access from north to south for the major mountain range west of the Tarbela reservoir.

Meeting of the Small Farmers of Buner

After completing its session with the UN staff, the Team met with local farmers. The discussion centered on the lack of UNFDAC involvement with local people and local organizations. The Assistant Commissioner for Agriculture, the man who runs the expanded Training and Visit Program in Buner happened to be in attendance -- "happened" we were told -- and this noticeably dampened any complaints about the government's enforcement.

After completion of this lunch, the Team drove to another home in Chamla, where the UN project has done most of its work. Our host, Mr. Jamshed Ali, who was the most articulate spokesman for the group, had been a project manager for the Integrated Rural Development Program (IRDP), and had attended a five-month training session at the Academy for Rural Development outside of Peshawar. He retired after that program collapsed (See Annex I), and grew poppy. He no longer grows poppy, but wants more obvious contributions to development from the government and the UN program.

The statement of the Chambers of Agriculture to the Study Team is attached.

Sarhad Chamber of Agriculture N.W.F.P.

Head Office 20 Chinar Road, University Town Peshawar Pakistan

Your Ref:-

Our Ref. :-

Date 16th Oct., 1982

TO;

Mr. Edward J. Palmer,
Team Leader,
Narcotic Consulting Team,
Government of United States
of AMERICA

Memorandum;

Since the United States Government and the Govt: of Pakistan is interested in completling banning the cultivation of poppy in Frontier Province, therefore the Chamber of Agriculture of NWFP would like to put forward its suggestions in this connection.

The area where poppy has been traditionally grown is under developed and is in-habbited by small land owners often having below subsistance level land holding. Most of this area is inaccessable and mountainous having little cultivable area fit for agriculture production. Due to increase in the population and total dependance on agriculture the pressure on land is too much. Therefore, in order to earn their livelihood these people had to cultivate high value crops for supporting their large families. This could only be achieved by growing poppy as cash crop. The climatic condition, soil texture and the enviorment in the area was congenial to this crop, therefore, it became the main crop of the farmers. Since the net income from poppy was very high as compared to other crops, therefore, it found a permanent place in that area because it could support the small land owners large families.

Now the present Government has discouraged the farmers from growing poppy and baned its cultivation in most of the areas, but more relistic view needs to be taken. Simple baning the cultivation of a crop which earned the livelihood of thousands of farm families for generations in the remote

Sarhad Chamber of Agriculture N.W.F.P.

Head Office 20 Chinar Road, University Town Peshawar Pakistan

Your Ref:-

page-2

Our Ref. :-

Date: 16th October 1982

areas would not be advisable unless alternate means of earning are provided to them. For the time being the farmers may stop its cultivation due to the policy of the Government but there is every likelihood that this issue may be exploited by political elements, in future. Therefore, the United States Government should take advantage of the situation and without wasting any time starting improving the living conditions of these people, so that these people are themselves motivated against growing of this crop. For this purpose the particular areas i.e. Bunir of Swat district, Gadoon of Mardan district Kot of Malakand Agency and parts of Dir should be thoroughly surveyed for chalking out a comprehensive plan for its overall development. The means of communications have to be developed without which meaningful development can not take place. The development of this area can be affected by making lift irrigation scheme, digging of tubewell for agriculture and drinking water, improving the existing tubewell, building small dams to store rain water in hilly areas for farming purposes, building hospitals, dispensaries, Schools, technical colleges, electrification of villeges introduction of good goat sheep and dairy cows and saving good agricultural lands from erosion by erecting spurs along the rivers, promoting horticulture in suitable areas, building fruits canning juics extracting dehydrating fruits and vegetable units and agro based industries rights in those areas in order to raise the standard of living of those people.

If such schemes are properly and timely planned and actually implemented in true spirit in those areas than we are sure that the farmers of those areas will not even think of

Sarhad Chamber of Agriculture N.W.F.P.

Head Office 20 Chinar Road, University Town Peshawar Pakistan

Your Ref:-

Our Ref. :-

page-3

Date 16/10 October 82

of growing poppy because there needs would have been taken care off and alternate sources of income provided at their door steps.

We would like to add the ^{1/2}enormous amounts of funds spent on Bunir areas by United Nations drug abuse control have not produced the desired results and the people have not been satisfied. This issue needs a thoroughly evaluation by a joint team of United States officials, Provincial government and representatives of Chamber of Agriculture NWFP, so that responsibility is fixed and these mistakes are avoided in future.

We may point out Sir, that the only constraint in the future development of this area for elementing poppy cultivation would be "time" which is very precious and should not be wasted any more, the back ground which has already been mentioned in this memorandum. The Sarhad Chamber of Agriculture which is the sole Government recognised legal representative body of the farming community of NWFP, will fully cooperate with the United States Government and the United Nations Drug Abuse Control Agency in totally eliminating the curse of poppy growing in Frontier province if the alternate sources of livelihood are provided to its growers as already mentioned above. The Chamber of Agriculture has its representatives and offices all over the province and would extend all possible help in connection with contacting the farmers of different areas in this connection.

Yours truly;



(IKRAM ULLAH KHAN)
GENERAL SECRETARY,

SARHAD CHAMBER OF AGRICULTURE NWFP,
20-CHINAR ROAD, UNIVERSITY TOWN,
P E S H A W A R

ANNEX I
THE POTENTIAL FOR INVOLVEMENT OF LOCAL GOVERNMENT IN
USAID PROJECTS IN NWFP

ANNEX I: THE POTENTIAL FOR INVOLVEMENT OF LOCAL GOVERNMENT IN USAID PROJECTS IN NWFP[1]

Introduction

Successful development inevitably calls for the mobilization of the resources, skills and energies of local people, working in their own self-interest. In many countries seeking to promote rapid development, one strategy has been to promote participation from locally appointed or elected groups, and devolve planning and resource allocation to them. Pakistan has seen a number of different local development models, each advanced as the successor to the previous failure. Thus, Village Aid replaced the failed Rural Works, and, in turn, was replaced by the Integrated Rural Development Program (IRDP). The IRDP effort in NWFP was modelled after the Comilla Project in East Pakistan and directed by its founders, Akhtar Hameed Khan and Shoaib Sultan Khan. Though the IRDP no longer exists, it represents an important phase in local government mobilization in Pakistan, and its principals and the causes of its demise offer instructive insights for USAID's potential involvement in such programs.

The Beginnings of the Integrated Rural Development Project in NWFP

There is some literature, and an even larger folklore, concerning the IRDP project. Thirty-five Markaz units (rural development centers) were formed and funded during the 1973-76 period, and vestiges of their physical plant and staffing remain. IRDP was conceived in the period 1972-73 and later extensively modified by Akhter Hameed Khan and implemented by Shoaib Sultan Khan with the staff of the Academy for Rural Development, in Peshawar. A test Markaz was established in Daudzai, 10 miles from Peshawar.

The model was complex, but had proven successful in Comilla. It involved a Center with all aligned services combined with a population which was organized, mobilized and catalized to act together, in associations or cooperatives, to invest their resources to improve and develop their community. The government, based in the Center, responded to the demands of the population, but only after the people had examined their options and limitations, and had selected a path which called for their own active involvement and contribution to a solution.

The plan which emerged was detailed and concise. A five year program was developed for each Markaz, a geographic unit larger than a Union Council (area 5-20 villages) but smaller than a subdistrict (tehsil). A Markaz is, for the most part, a police district, called a Thana in other circumstances. A Project Manager for each Markaz would receive five months of intensive training at the Academy for Rural Development, then assume his post with a well developed plan for what was to be done. The first year was to be spent in learning about the local area, and enlisting the cooperation of the local citizenry. Then a fuller range of services would be offered, and the core of the IRDP -- Management, Engineering and Cooperative Services -- would be supplemented by local representatives of the nine line ministries, including agriculture, health, forestry, and education.

The programs were interrelated and coordinated with training and local organization a major component of the effort. The structure of the program involved the expansion of the Local Government Department to the markaz level in the form of a Project Manager, an Engineering Unit and a Cooperative Unit whose functions would be:

- (a) The construction of physical facilities for government departments at the markaz level;

- (b) The organization of people into Village Cooperatives to facilitate the dissemination of skills, supplies, etc., to the rural population by the government;
- (c) The preparation and execution of development plans for the markaz area, such as for land use, irrigation, and infrastructure;
- (d) The provision secretarial services for the Markaz Council when established. The Project Manager derived his authority as coordinator of the Markaz team through his capacity as secretary of the Markaz Council; and,
- (e) The expansion of the government departments to the markaz level.[2]

With much fanfare and visits from heads of state and international development experts, the IRDP was launched. In bringing local development to Pakistan, this represented a new era. In 1975, a province-wide expansion of the program was planned which would have entailed an investment of U.S. \$60 million out of the provincial budget. Unfortunately, Akhter Hameed Khan left Peshawar for Michigan State University in August, 1975, and Shoaib Sultan Khan's involvement ended shortly thereafter. The forward momentum of IRDP ended, although the bureaucracy continued to grind out buildings and staff until 1977. Even in 1982, some staff, recruited for positions in the IRDP program, continue to work at District levels in the local government program.

Why was the Program Ended?

The reasons for the cessation of the program can only be surmised. Three interrelated reasons have been put forward. First, a major focus of the IRDP was on mobilizing the masses for development and raising the consciousness of the local population. This involved ideological training of the people for mass participation in the social and economic transformation of the society.

As implementation proceeded, however, the government became concerned that it would not be able to adequately control or direct the response of the rural population, once it had been mobilized. Within the fragile political system which characterized Pakistan in 1975, the IRDP might have involved more "people mobilization" than the leadership knew how to direct.

Within any integrated development program, there is the problem of how to bring together diverse line ministries to obtain a coordinated service delivery package to rural communities. The departmental functionaries posted at the Markaz were to be controlled and administered by their respective departments, rather than the Local Government Department's representative -- the Project Manager. The Project Manager would only coordinate the development efforts of the various government functionaries posted at the Markaz, in conjunction with the village cooperatives and project committees. This approach sought to minimize departmental frictions experienced in other projects where Project Managers tried to assume overall control of the other departmental functionaries. It also sought to keep the departmental functions, seniority and promotion intact within the respective departments; and to eliminate inter-departmental jealousies so frequently cited as one of the causes of failure of the Village Aid Programme.

Related to this problem was the use of the Markaz as the geographic unit for the rural development approach. The Markaz had no legal standing, and provided no institutional home for any of the administrative officers responsible for law and order and internal stability. Thus, the IRDP did not involve the established hierarchy of the tehsil and district. A successful IRDP project called for a new unit, to make the previously inadequate services of the line ministries -- located at district levels in most cases -- now successful. This did not reflect particularly

well on either the administrative structure or the operations of the line ministries, who coordinated with, but did not take direction from, the IRDP project manager.

It would not require a Machiavellian mindset to see bureaucratic enemies of the IRDP concept appearing within the Home Secretary's establishment (as apparently was the case) and within the line ministries. A sufficient number of institutional enemies could erode the political will necessary to try new and risky ventures.

Finally, there were personal ambitions and animosities which also entered the equation. It is clear that a successful Integrated Rural Development Program, operating outside the regular channels of the government, with doctrine, dogma and dedication offered by the leadership of the Academy for Rural Development, could generate personal enemies.

Though the IRDP effort was one of the most ambitious and well planned of its kind, the combination of fear of an unleashed rural population, institutional opposition and personal animosity proved too much for it. The architects of the IRDP effort are presently within Pakistan. Should a local government component of a USAID project be considered, they could provide fascinating insights on how it would operate within the present political environment. Foreign donors, nevertheless, should consider the opportunity to support the establishment of effective local elected leadership, mobilizing local resources, skills and dedication for development.

The Present Local Government Structure

The present local government structure specifies the Union Council as the lowest elected level of government in Pakistan. These were created in the 1960's and have been promoted, or

ignored, depending upon the prevailing political climate and development approach employed. Union Councils may coincide with subdistricts (tehsils) in sparsely settled areas (such as Dir). In heavily populated areas however, the number of Union Councils per tehsil increases (in the lowlands of Mardan District, for example, there are 33 Union Councils in the Swabi tehsil). There are no officially acknowledged village leadership positions within the local government structure.

A Union Council is elected by sub-units called wards, with each ward having some representation. The Council elects its own chairman. The Provincial department of Local Government and Rural Development (LGRD) provides a secretary to each Council, to handle routine administrative matters.

Union Councils, at least in the Team's field experience in the NWFP, relate directly to District Councils, which are elected from the Union Council membership. The literature suggests that there are also tehsil councils, but the Team did not find evidence of this. Perhaps they exist in more heavily populated areas.

At the District Council level, the Provincial Department of LGRD stations a cadre, consisting of a Chief Officer and District Engineer. The engineering unit, which in the Malakand Agency consisted of two engineers and two sub-engineers, provides technical assistance for the construction of local infrastructure, funded through and managed by the District and Union Councils.

The government has been devoting an increasing percentage of its development budget to providing block grants to District and Union Councils for locally approved and implemented projects. In the Malakand Protected Area, \$140,000 had been allocated in FY 1982 for the District Council. It, in turn, had approved 24

schemes, primarily roads, culverts and bridges. The technical engineering work is done by the LGRD engineers stationed at the District. In addition, each of the Union Councils received approximately \$6,000 from the FY 82 budget allocation for its use, again receiving technical assistance from the LGRD engineering staff.

The Team did not examine the paperwork attendant with the selection of the 24 District schemes, nor had the opportunity to determine how priorities were set and alternatives selected. The construction of the local infrastructure is carried out by a Project Committee, which receives the funds, supervises the work, and is responsible for land, labor, materials, cash and the successful completion of the effort. Only when technical requirements dictate (e.g., bridges which are beyond local capacity to construct), is the work contracted out.

The Team was informed that portions of the development budget allocated to education might be directed to District or Union Councils for local implementation, but it did not observe instances of this, nor locate field staff who had first hand knowledge of such a budget transfer process.

Within the NWFP, the budget for block grants to local governments (Districts and Union Councils) was \$3.8 million dollars in FY 81, \$6.22 million in FY 82, and estimated to be \$10 million in FY 83. According to the Ministry of Local Government and Rural Development in Islamabad, preliminary discussions with the Planning Department indicate that fully 10 percent of the total development budget in the sixth 5-year plan will be channeled through local governments. This would entail a nearly 4-fold increase over the previous 5-year plan, and represents a substantial thrust toward strengthening local governments' capacity to promote development in Pakistan.

The Relationship between Elected Local Government, the Administrative Structure and Line Ministry Representatives in NWFP

Figure 1, on the following page, provides a graphic representation of three interrelated organizations:

1) The "line ministries" have their most complete representation at the Provincial level, duplicating that organization at the Division level, with fewer components at District levels. At Sub-district levels only a few of the departments within Ministries are represented.

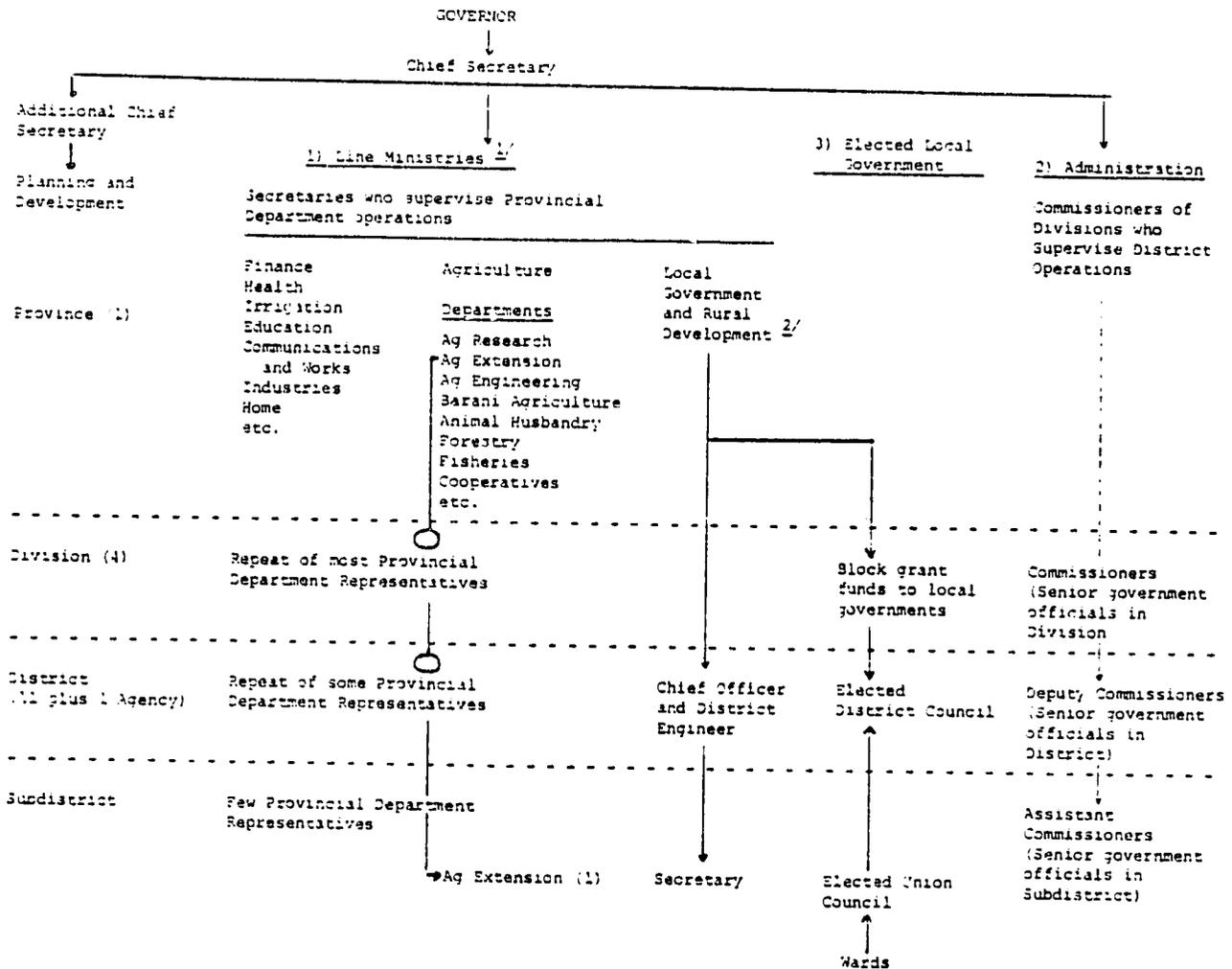
2) The Administrative structure flows from the Chief Secretary of the Province to the Commissioners of each Division, who oversee the Deputy Commissioners at the District level who, in turn, oversee Assistant Commissioners at the Sub-district level. The Assistant Commissioner is the lowest appointed administrative official in the hierarchy.

3) The local government structure begins with wards, who elect Union Councils, supported by a secretary from the LGRD. From the Union Councils, District Councils are elected with a staff and engineering specialists provided by the LGRD Ministry.

It is our impression that the District is the crux of action within the local administrative structure, and that the Division represents something of a "clearing house" of information between the District and the Provincial levels.

The Home Secretary manages the law and order forces and is on a par in rank with the Division Commissioners, who inform the Home Secretary of law enforcement problems within their respective areas.

ANNEX H, FIGURE 1: Impressionistic Organization Chart of the Interaction of Line Ministries, Administrative Structure, and Local Government in the NWFP (not including FATA)



1/ Secretaries of Provincial Departments and Commissioners of Divisions share equal ranks and coordinate their efforts.

2/ Some remnants of the Markaz staffing remain, under the Rural Development arm of the LGRD Ministry. All staff attached to the District Councils are from the Local Government arm of that ministry.

The Potential for USAID Projects to Work with Local Governments

There is a dearth of government resources in the countryside, particularly those which could provide positive contact with farmers and associations of farmers to be mobilized for development. At the lowest local government level, only an agricultural extension agent and a low-grade secretary are posted. People needed to transfer skills, organize, and upgrade human capacity must be supplied, under one or another of the ministries' programs.

The most obvious candidates within the line ministries are Agriculture and Local Government and Rural Development. The Agriculture program has already been augmented in Buner, using a modified version of the World Bank "Training and Visit" program, encompassing a four-fold increase in field staff. This would be important for any efforts to change traditional agricultural patterns. The district-level staff of the LGRD Department can also be expanded, and should be given the "community mobilization and organization" tasks required by any area development effort. This should be accomplished through expansion and support to the Block Grant Program to District and Union Councils, whereby local leadership has an active role in their own development. Because such a thrust was the heart of the IRDP model, a careful review of that program should be made to ensure that any new initiative profits from the experience of that program.

FOOTNOTES

- 1 Mr. Tariq Durrani, USAID Coordinator in Peshawar, is the source for this Annex. He was on the Faculty of the Academy for Rural Development, seconded by USAID, and was closely involved with the beginnings of the IRDP effort. He is very interested in the subject of local government in NWFP. The speculation and conjecture remain the Team's responsibility, however, and the errors in our conclusions should not be attributed to Tariq, who spent many hours with us in the field, trying to explain what was, and what is. We greatly appreciated his willingness to contribute to our education.
- 2 Annex 3, page 41, PC-1, Rural Development in NWFP (1975-1980), January 1975.

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ANNEX J

GOVERNMENT OF PAKISTAN NARCOTICS LETTER

ANNEX J: Government of Pakistan Narcotics Letter

March 25, 1982

Dr. D. Lion
Mission Director
USAID Mission to Pakistan
Islamabad, Pakistan

Dear Dr. Lion:

The Government of Pakistan shares with the Government of the United States an awareness of and concern for the serious consequences which result from the illicit growing and processing of opium poppy into heroin. The Government of Pakistan, working with the provincial authorities, has taken several steps to eradicate opium poppy cultivation and to curtail the processing of opium into heroin. The effort will continue.

The Government of Pakistan is fully cognizant of the U.S. congressional and public concern which is reflected in Section 126 of the U.S. Foreign Assistance Act requiring U.S. assistance to quote...give priority consideration to programs which would help reduce illicit narcotics cultivation by stimulating broader development opportunities unquote. On behalf of the Government of Pakistan, may I assure you that assistance provided by the Agency for International Development will in no manner, directly or indirectly, be allowed to abet opium poppy cultivation, opium distribution or processing of opium into heroin.

The Government of Pakistan is in full accord with the position of the U.S. Government as set forth in its legislation, and further, acknowledges the desirability of, wherever appropriate, linking the provision of U.S. assistance to the efforts of the Government of Pakistan to discourage illicit poppy cultivation, opium distribution and the processing of opium into heroin.

Please be assured of the Government of Pakistan's continued best efforts in this area of mutual concern.

Ejaz Ahmad Naik
Secretary (Planning)
Ministry of Finance, Planning
and Coordination
Government of the Islamabad
Republic of Pakistan

ANNEX K
SUMMARY OF ACTIVITIES AND LIST OF INTERVIEWS

ANNEX K: SUMMARY OF ACTIVITIES AND LIST OF INTERVIEWS

September 27 - Washington, D.C.

- Review of AID project papers and background materials with Neb Brashich and Fred Fischer, AID.
- Meeting with Clyde Taylor, Paul Glasoe, Herb Rathner, State (INM), Fred Fischer & Matthew Freedman, AID.

September 28 - Washington, D.C.

- Review of AID materials.

September 29 - Washington, D.C.

- Continued review of AID materials.
- Meeting and review with Fred Fischer and Neb Brashich, AID.
- Meeting with Gary Posz, State, Pakistan Desk.

October 4 - Washington, D.C.

- Continued review of AID materials.

October 5 - Washington, D.C.

- Continued review of AID materials.
- Departure for Islamabad, Pakistan.

October 6

- En route - Washington, D.C. (via London) to Islamabad.

October 7 - Islamabad

- Arrival in Islamabad.
- Meeting with Mr. William D. McKinney and Leslie Dean, Program Office USAID.
- Meeting with Dr. Donor M. Lion, Mission Director, Mr. Bryant George, Deputy Director, Mr. William McKinney, USAID, and Dr. M. Sulyman, Narcotics Affairs Unit (NAU), and Mr. Tariq Durrani, USAID Liaison Officer, Peshawar.

October 8 - Islamabad

- Review of Mission's Project Papers and other materials.

October 9 - Islamabad

- Continued review of Mission's Project Papers and other materials.

October 10 - Islamabad

- Meeting with Dr. Ronald V. Curtis, Chief, Office of Agriculture and Rural Development (ARD), USAID.
- Meeting with Dr. Linda N. Lion, Chief, Office of Project Development and Monitoring, USAID.
- Meeting with Mr. M. Charles Moseley, Chief, Office of Energy and Engineering, USAID.

October 11 (Columbus Day) - Islamabad

- Meeting with Mr. Gale U. Day, United Nations Fund for Drug Abuse Control (UNFDAC).

October 12 - Islamabad

- Meeting with Mr. Allen Hansen, USIS.
- Meeting with Mr. John Hirsch, Political Counselor.

- Meeting with Dr. Donor M. Lion, Director, USAID.
- Meeting with Ambassador Ronald I. Spiers; DCM Barry King.

October 13 - Islamabad

- Meeting with Mr. Werner Wnendt, Embassy, Federal Republic of Germany.
- Meeting with Mr. Andrew Sens, Economic Counselor.
- Meeting with Brig. (Retd.) Usman Khan, Joint Secretary Tribal Areas, SAFRON.
- Meeting with Dr. Cornelia E. Davis, Chief, Office of Health, Population and Nutrition, USAID.

October 14 - Field Trip

- Depart Islamabad for Gadoon.
- Tour of Gadoon, Swabi, Mardan, Peshawar.
- Meeting with Ms. Patty Culpepper, Vice Consul-General, Peshawar.

October 15 - Free Day - Visit to Khyber Pass

October 16 - Field Trip

- Meeting with Mr. Tariq Durrani, USAID, Liaison Officer, Peshawar.
- Meeting with Mr. Imtiaz Ahmed Sahibzada, Additional Chief Secretary, Planning and Development.
- Meeting with Mr. Usman Shah Afridi, Chairman, FATA. DC.
- Meeting with Haji Mohammad Amir, Chairman and Mr. Ikram Ullah, General Secretary, and Members of the Sarhad Chambers of Commerce, NWFP.
- Visit and tour of Bara Irrigation Project, Khyber Agency.

October 17 - Peshawar to Dir

- Travel from Peshawar to Government Rest House in Dir.

October 18 - Field Trip

- Tour of poppy growing areas in Dir.
- Meeting with Integrated Rural Development Markaz (Center).
- Travel to Mingora, Swat and Saidu Sharif.

October 19 - Field Trip

- Travel to Malakand Agency.
- Meeting with Mr. Amanullah Khan, Political Agent, Malakand Agency.
- Tour of Totakan Village, Kulungi Area, Loagara Valley, Tota Village.

October 20 - Field Trip

- Meeting with Mr. Shamsheer Ali Khan, Divisional Commissioner, Malakand Division (Dir, Swat, Chitral, Malakand Agency).
- Meeting with Mr. Tom Mulder, UNFDAC, Director of Buner Project.
- Tour of Buner Project Area.
- Visit to Kalpani Village and meeting with farmers.
- Visit to Khanoderi Village and meeting farmers.
- Return to Islamabad.

October 21 - Islamabad

- Preparation of report outline.
- Meeting with Mr. Leigh Brilliant, Mr. Stan Samuelson, INM.

October 22 - Islamabad

- Continued preparation of report outline.

October 23 - Islamabad

- Continued preparation of report outline.
- Meeting with Mr. Abdur Rehman, Joint Secretary and Mr. Wadood Ahmad Jilani, Director, Planning, Rural Development and Local Government.

October 24 - Islamabad

- Submission of report outline.
- Meeting with Mr. Leslie Dean, William D. McKinney, USAID.
- Meeting with Mr. M.Z.A. Temuri, Additional Secretary, Ministry of Interior, Mr. Abbas Hussain, Joint Secretary, Ministry of Interior, Mr. Toaha A. Qureshi, Director, PNCCB and Mr. G. A. Jan, Secretary, PNCCB, Islamabad
- Meeting with Mr. Doug Wankel, DEA.
- Meeting with Dr. Donor M. Lion, Mr. Bryant George, Mr. Leslie Dean, Mr. Ron Curtis, Dr. Linda Lion, and Mr. William McKinney to discuss submitted report outline.

October 25 - Islamabad

- Meeting with USAID to continue discussion of report outline. Dr. Donor M. Lion, Mr. Bryant George, Dr. Linda Lion, Mr. Leslie Dean, Dr. Ron Curtis, Mr. William McKinney, Charles Moseley, Bill Jansen, Ed Aker, Leon Vaughn.
- Preparation of first draft.

October 26 - Islamabad

- Meeting with Mr. Mairaj Hussain, Chairman and Mr. Toaha A. Qureshi, Director, Pakistan Narcotics Control Board (PNCCB).

- Continued preparation of first draft.

October 27 - Islamabad

- Continue preparatin of first draft.

October 28 - Islamabad

- Submission of first draft.

October 29 - Islamabad

- Revisions of first draft as necessary.

October 30 - Islamabad

- Submission of field draft.

October 31 - Islamabad

- Meeting with Ambassador Spiers and DCM Barry King to discuss field draft.
- Meeting with Narcotics Coordinating Committee to discuss field draft.

November 1 and 2 - Islamabad

- Revisions of field draft.