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**Transnational Drug Enterprises (Part II): Threats to Global Stability and U.S.
Policy Responses**

**Before the Subcommittee on National Security and Foreign Affairs
Committee on Oversight and Government Reform
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Mr. Chairman and Members of the subcommittee, thank you for inviting me to submit this statement for the record. I look forward to outlining the agriculture and alternative development activities of the United States Agency for International Development (USAID) in Afghanistan.

Overview

USAID has been involved in agriculture and alternative development activities in Afghanistan since 2002 and including 2010 resources has obligated over \$ 1.839 billion (\$746 million in agriculture and \$1.093 billion in alternative development) to this effort. Agriculture is one of the priority elements of the United States Government (USG) counternarcotics strategy. More than 85 percent of Afghans depend on some form of agriculture or related agribusiness and marketing, so our work in these areas is vital. As part of the "whole of government" approach to activities in Afghanistan, USAID works closely with our United States Department of Agriculture (USDA) and Department of Defense (National Guard) Agribusiness Development Teams' colleagues to provide comprehensive assistance to Afghans who depend on agriculture and agribusiness for their livelihoods. Our alternative development programming - aimed directly at moving farmers safely away from the farming of illegal crops - is extensively reinforced by the creation of long term job and income opportunities in agriculture, economic growth and infrastructure programming.

The purpose of our work on alternative development is to create permanent, licit alternatives to poppy production to help to break the annual cycle of farmers deciding whether to plant poppy or not. Only by helping farmers move beyond subsistence crops and helping them replant the orchards and vineyards they historically relied upon and by promoting and accelerating rural economic development can this cycle be broken. Our goal is to re-establish and increase commercial agriculture opportunities, improve agricultural productivity, promote sustainable natural resource management, create rural employment and improve family incomes and well-being. New job opportunities and reliable and diversified incomes for farms and other businesses also reduce pressures on farmers and others to grow poppy or depend on the poppy industry. As a result, our programs accelerate broad-based, sustainable economic development in the poppy-growing regions, with major program activities throughout the country, followed by reintroducing historically successful investments and resources such as fruit and nut tree saplings, grape vines and trellises as well as vegetable and fodder seeds for yearly intercropping with new trees and vines until fruit and nut trees begin to bear marketable produce. We also work with Afghan private sector businesses to increase access to fertilizers, improved technology, processing and irrigation infrastructure, and both private and public sector expertise to help Afghans produce and market these high value licit crops.

Accomplishments

USAID has a record of substantial accomplishments in agriculture and alternative development programs, including:

1. Employing more than 300,000 people in cash-for-work activities;
2. Improving the agricultural productivity for 200,000 people through training in areas such as tree pruning and row planting;
3. Establishing and supporting over 600 private sector veterinary field facilities covering major parts of the country;
4. Cleaning and restoring 5,000 km of irrigation canals and water channels;
5. Facilitating the export of over 4,200 metric tons of fruit and vegetables, most recently apples to India this past fall;
6. Assisting villagers to plant 3.2 million trees, including one million high-value pomegranate trees;
7. Establishing 400 women-owned tree and vegetable seedling nurseries;
8. Establishing a market for the export of peppers and contracting with 25,000 farmers to grow them; and,
9. Distributing superior wheat seed to over 300,000 farmers - an estimated 16 percent of Afghan farmers - to increase yields by 30 to 40 percent.

The United Nations Office of Drugs and Crime Afghanistan Opium Survey for 2009 outlines important steps that are emerging in efforts to reduce opium poppy cultivation and production. For example, last year the total estimated opium poppy cultivation decreased by 22 percent from 2008 levels. This in turn helped to decrease total opium production in 2009 by ten percent from 2008 levels, with virtually all production in the same provinces where cultivation is concentrated. Supporting this, a 2010 audit of one of USAID's alternative development programs in the south found that poppy production decreased only in those areas targeted by this program .

Lessons Learned

Over the past several years, USAID has learned several lessons from our alternative development activities. I will summarize four of them:

- **Road Security:** To grow alternative crops, farmers must be able to access inputs such as sapling, seeds, fertilizers and other supplies and know that they will then have the ability to get their goods to market free from both fear of physical threat or need to pay bribes to insurgents or corrupt officials controlling farm to market roads.
- **Quick Fixes Need Follow Up:** Targeted cash-for-work activities can be useful in the short term but are not sufficient if not linked to long term development needs and must be followed by the sustained transition to alternative crops and alternative longer term income and employment opportunities.
- **Availability of Supporting Institutions:** In order to help sustain their long term investments in alternative crops, farmers need access to both private and public sector institutions that will support this switch. Access to credit, to agricultural inputs, supplies, machinery, and infrastructure (e.g., seeds, fertilizers, trellises, greenhouses, canal repair), to training on improved techniques (e.g. pruning to increase production) and expanded domestic and international markets--- all require business and government institutions to work together
- **Support to Strong Governors:** While engagement and support of the people is essential in order to develop an environment that does not tolerate the growth of poppies and supports permanent agriculture solutions, identifying and helping those strong governors who enforce this shift is critical to success.
- **The Governor's efforts in Helmand province** have been particularly effective in reducing and preventing poppy cultivation in that province. With support from the international community and USAID, Governor Mangal implemented an extensive Food Zone plan in a key poppy growing area of Helmand in 2009 to help transition farmers away from poppy. The plan includes a comprehensive pre-planting campaign, to prevent farmers from growing poppy; an agriculture phase, where provincial authorities provide fertilizer and wheat seed to farmers; and, a law enforcement campaign plan, to enforce the rule of law against farmers who have grown poppy.

Strategic Direction

We have developed a two-year USG agriculture strategy that summarizes our alternative development activities two main goals:

1. To increase agricultural sector jobs and income; and
2. To increase Afghans' confidence in their government.

Tactics for these goals are explained below:

1. GOAL: Increase agricultural sector jobs and income.
 - Increase agricultural productivity by increasing farmers access to inputs and effective extension services;
 - Regenerate agribusiness by increasing and improving linkages between farmers, markets, credit, and trade corridors; and,
 - Rehabilitate watersheds and improve irrigation infrastructure.
2. GOAL: Increase Afghans' confidence in their government.
 - Increase the Ministry of Agriculture, Irrigation, and Livestock's capacity to deliver services and promote the private sector and farmer associations through direct technical assistance to them to meet the needs of the people while also creating capacity for the Ministry to eventually receive and adequately manage and account for direct funding from the USG.

Moving Forward

USAID will continue to work collaboratively with our USDA and DOD colleagues in this arena. We will reinforce alternative development through the actions of our agriculture, economic growth and infrastructure programs. Importantly USAID applauds DOD's recent decision to add improved road security to their targets for achievement in Afghanistan. In addition, our alternative development programs will continue to focus directly on building a viable and lasting agri-business industry in poppy-prone areas -- through creating jobs, ramping up the production of small and medium scale commercial agricultural enterprises and building market linkages. Finally, we are also working to expand our technical experts at the provincial and district levels concurrently with our efforts to increase the authorities for provincial teams to more legally and effectively approve smaller, locally-based projects. We continue to increase the use of Afghan staff at all levels both within USAID and among our implementing partners. While we have a core staff of USAID technical experts and managers, over 94% (1,661 of 1,762) of our implementing partner staff working on USAID agriculture programs are Afghans.

Conclusion

Thank you for the opportunity to outline our efforts in agriculture and alternative development in Afghanistan. We look forward to working with the subcommittee as you further explore the very important topic of transnational drug enterprises.