

Should *Khat* Be Banned? The Development Impact

by Degol Hailu, Policy Specialist, UNDP, Caribbean

The global trade in *khat* is controversial. The United States and most countries in Europe have banned it, considering it a psychotropic substance. But it contributes significantly to farmers' livelihood in Eastern Africa (see the new book, Anderson et al. 2007). Though public officials in the region denounce its consumption, they benefit from the foreign exchange and tax revenues that it generates. So, how should this contradiction be resolved?

In Ethiopia, during 1990-2004 over US\$ 413 million was earned from exporting 86,625 metric tons of *khat*. Accounting for up to 15 per cent of the total value of exports, it has become the second largest earner of foreign exchange. Two thirds of all *khat*, much of it exported, is produced in eastern Ethiopia (see the Figure). During 1980-2002, the Government collected 10.7 billion birr in revenue from taxing domestic and export trade in *khat*.

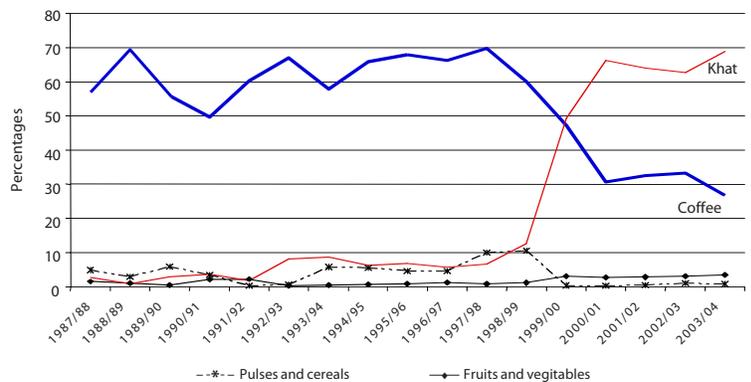
Why do Ethiopian farmers cultivate *khat*? Examining recent history provides an explanation. In the early 1990s, the Government introduced the strategy known as Agricultural Development-Led Industrialization (ADLI). It was designed to increase land productivity through various means, e.g., construction of rural roads, access to fertilizer, subsidized credit, improved seeds and water management. ADLI led to increased use of fertilizers and pesticides and an almost 50 per cent increase in cultivated area.

Production of major crops increased from 64 million kg before ADLI to 85 million kg afterwards. However, output prices have been falling in recent years. There have been several reasons: a slow process of urbanization, limited agro-processing activities and weak export markets. The terms of trade have moved against agriculture because input prices have grown faster than output prices. Consequently, while agricultural value added per worker in the non-*khat* sector was 310 birr in the 1980s, it declined to 266 birr during the period 1990/91-2002/03.

Earnings from coffee dropped from 2.1 billion birr in 1999 to 1.9 billion birr in 2004. Its price per pound declined from US\$ 123.4 in 1995 to US\$ 26.9 in 2002. Earnings from pulses and cereals have also declined while those from fruits and vegetables have remained low (see the Figure). While farmers accumulated debts during the years of high prices, they have struggled to repay them now that prices have collapsed.

In response, farmers have increased the cultivation of *khat*. The plant has many advantages: it is resistant to many crop diseases, grows in marginal land, requires low labour inputs and can produce up to four harvests per year. Thus, its net return per acre is often greater than that from coffee. While *khat* accounts for only 13 per cent of total cultivated land, it contributes 30-50 per cent of farmers' total cash income per year.

Share of Total Export Earnings from Eastern Ethiopia, 1987-2004



Source: Anderson et al. 2007.

Ethiopian farmers have responded to growing consumption of *khat*, which cuts across age, gender, religious, income and geographical boundaries. Mass consumerism is increasing in the neighbouring countries of Djibouti, Kenya and Somalia and as far away as Yemen and Uganda. Members of the Diaspora—Ethiopians, Somalis and Yemenis in Europe and North America—still consume *khat* and have become a major source of foreign exchange earnings.

However, few anti-*khat* campaigners acknowledge the importance of *khat* to the economies of Eastern Africa. The International Narcotics Control Board is leading the campaign to ban *khat*. In contrast, the World Health Organization has not yet found justification for restricting the availability and use of *khat*.

Since the evidence on the health consequences of *khat* remains inconclusive, a more feasible option than banning *khat* is to establish a system of regulating its production, distribution and consumption that takes into account its critical contribution to farmers' livelihoods. This option would involve licensing *khat* retailers, setting age limits for consumption and establishing a system of quality control for the product.

Prohibiting the cultivation of *khat*, by contrast, would threaten the livelihoods of many farmers and traders, and likely drive many of them deeper into illegal activity or into poverty. Criminalising those who have to rely on *khat* production for their survival is not the answer. The discussion of *khat* needs to be placed within a development framework instead of being dominated by a mindset that stresses illicit 'substance abuse'.

Reference:

Anderson, David, Susan Beckerleg, Degol Hailu and Axel Klein (2007). *The Khat Controversy, Stimulating the Debate on Drugs*, Oxford: Berg Publishers.