

Cannabis and Development

An introduction to sustainable development issues in the global cannabis policy debate

KEY POINTS

- Millions of people have found a lifeline in the illicit cannabis economy in these past decades, but traditional cannabis producing countries and cannabis farmers in the South are confronted with huge obstacles to participating in the emerging legal markets.
- In the architecture of regulated markets it is vital that the socio-economic needs and rights of these traditional cannabis producers are not overlooked and that ‘no-one is left behind’ in this historic transition.
- The empowerment of small producers need to be at the core of the regulation model, which requires affirmative action, support for cannabis cooperatives and capacity building in order to ensure that a greater share of the value chain is retained and returned to small farmers and local communities.
- Current policy dynamics around legal regulation of cannabis for adult non-medical use point towards the exclusion of traditional illegal supply chains and full import substitution supplying the regulated market exclusively from domestic and primarily indoor or greenhouse growing facilities.
- The rapidly expanding legal cannabis markets are increasingly captured by corporate businesses. Cultivation is more and more shifting from the South to the North, from small farmers to big companies, and from outdoor to indoor, with negative impacts on sustainable development goals (SDGs).
- The myth that small farmers are unable to meet basic quality standards and to comply with international Good Agricultural and Collecting Practice (GACP) guidelines needs to be challenged, not only for recreational markets but for medical cannabis markets where product certification—for good reasons—requires the highest standards.
- Additional arguments for including traditional farmers can be found in quality advantages of native cannabis strains, and in the environmental impacts and huge carbon footprint of indoor growing.

Cannabis policies around the world are on the move. More than sixty countries today allow some form of medical use of cannabis, and legally regulated markets for non-medical adult (or 'recreational') use are gaining ground in the Americas and Europe. In recent years, several Caribbean, African and Asian countries with long cannabis histories have started to join this trend, hoping it could also offer them new development opportunities. Millions of people have found a lifeline in the illicit cannabis economy in these past decades, but traditional cannabis producing countries and cannabis farmers in the South are confronted with huge obstacles to participating in the emerging legal markets. The sustainable development aspects of the illicit cannabis economy and the prospects for traditional growers to transition to legally regulated cannabis markets have not received much attention thus far in the policy debate. The legal market spaces have to a great extent been created from scratch, with a dominant role for Northern-based corporations, rather than trying to find a 'just transition' of the illegal cannabis market and ensuring that 'no-one is left behind'.

Cannabis livelihoods

According to the 2020 *World Drug Report*, "the information available is insufficient to produce scientifically accurate global estimates of the area under illicit cannabis cultivation",¹ making it currently impossible to estimate how many small-scale farmers depend on illicit cannabis cultivation. Previous rough calculations of global cannabis cultivation made by the United Nations Office on Drugs and Crime (UNODC) produced vastly different ranges. "In fairness", according to UNODC, "most States would have little knowledge of how to make such an estimate. Given that most consumption is domestic and many societies do not regard cannabis as particularly problematic, most would have little incentive to invest much time in making such a calculation."²

The 2009 *World Drug Report* mentioned a range of 200,000–641,800 hectares (ha), based on global production estimates of cannabis herb in the range of 13,300–66,100 metric tons (mt) and of cannabis resin from 2,200–9,900 mt.³ Africa plays an important role in those UNODC estimates, producing roughly a quarter of the world's cannabis herb and with Morocco being the world's largest producer of cannabis resin.⁴ More recently, UNODC has avoided providing new global production estimates and merely points out the high levels of uncertainty, since cannabis can be grown (indoors or outdoors) in almost every country in the world. Nowadays UNODC only gives examples of cultivation estimates in selected countries, plus some basic data reported by law enforcement agencies on eradication and seizures to illustrate the magnitude of the market.

In the case of opium poppy and coca, UNODC has published annual crop-monitoring surveys since 2000.⁵ Cannabis crop surveys, however, were undertaken only in the period 2003–2005 for Morocco, 2009–2012 for Afghanistan, and most recently in 2019 for Nigeria. The latest Moroccan survey estimated that 72,500 ha of cannabis were cultivated in the northern Rif region in 2005 by some 90,000 households.⁶ Other observers have estimated the number of Moroccan households depending on *kif* and hashish production at around 140,000, representing more than a million people.⁷ For Afghanistan, UNODC's latest cannabis survey estimated for 2012 a range of 8,000–17,000 ha involving some 65,000 households.⁸ And in 2019, the area under cannabis cultivation in Nigeria was estimated at 8,900 ha (range of 5,300–18,200 ha) in the six states covered by the survey (out of a total of 36 states).⁹

Other significant traditional supply sources for regional and international markets include Albania, Cambodia, Colombia, Eswatini, Ghana, Indonesia, Jamaica, Kazakhstan, Laos, Lebanon, Lesotho, Malawi, Mexico, Nepal, Pakistan, Paraguay, Philippines, South Africa, Sudan, St

Vincent and the Grenadines, and Thailand. In spite of the lack of reliable data about the extent of cultivation or volumes of export, there is no doubt that illicit cannabis cultivation provides an essential subsistence economy for millions of small farmers and rural workers around the world. In the emerging architecture of regulated markets it is vital that the socio-economic needs and rights of these traditional cannabis producers are not overlooked.

‘Alternative Development’ and ‘Fair Trade’ cannabis

Several countries have expressed interest in using the rapidly opening licit spaces in the global market as an ‘alternative development’ opportunity for small farmers currently producing for the illicit market. While ‘crop substitution’ and ‘alternative development’ became a major issue in UN debates these past decades for coca and opium poppy, only a handful of such projects were ever set up for cannabis farmers in Lebanon, Morocco and Indonesia. Repeated calls, especially from African countries, for more development investment in this area never triggered much interest from the international donor community. The recent regulation trend, however, potentially offers a new perspective on providing licit livelihood options for subsistence farmers currently dependent on the illicit cannabis economy.¹⁰ Instead of shifting to other crops, in this scenario farmers would be licensed to continue growing cannabis, adapting their cultivation to meet the quality standards required to sell their products for legal purposes.

Across Africa, countries have started to review cannabis policies with an eye on the development potential of the emerging global legal markets, primarily focused on the medical, hemp and CBD markets. Just in the past five years, Congo, Eswatini, Ghana, Lesotho, Malawi, Morocco, South Africa, Uganda, Zambia and Zimbabwe

have all introduced legislation allowing the production and export of cannabis for medical and industrial purposes. Local farmers, however, are faced with huge obstacles to access the strictly controlled schemes, and there is *“fear that only cash-rich foreign firms will be able to take advantage of Africa’s market, locking out domestic producers and erecting a familiar model based on raw material extraction with limited in-country value addition”*.¹¹ Criminal records, high licensing fees, certification requirements and the limitation of medical purposes create *“a dual model where established businesses benefit from the reforms while small producers’ activities remain outlawed and suppressed”*.¹²

Colombia, where medical cannabis was legalised in 2016, has experienced similar difficulties with involving small farmers and preventing a corporate capture of the local cannabis industry.¹³ Similar patterns are also visible around the wave of legislative changes in the Caribbean, following the 2018 Report of the CARICOM Regional Commission on Marijuana. Among its recommendations, the Commission urged that *“Small farmers and small business persons should be included in production and supply arrangements with appropriate controls limiting large enterprise and foreign involvement”*.¹⁴ In Jamaica, however, initial plans for ‘alternative development’ projects with traditional farmers have struggled to get off the ground.¹⁵

The dismantling of the EU-Caribbean preferential trade agreement led thousands of small banana producers to shift to illegal cannabis cultivation to survive the economic fallout from the once profitable banana industry. In agricultural commodity markets like coffee, cacao or bananas, ‘fair trade’ brands have been introduced in an attempt to protect small farmers against falling prices on the global market. Calling on ‘ethical consumerism’ and ‘corporate social responsibility’ (CSR), those fair trade pockets had to be reconquered in an established fully liberalised

market, while the transition from an illicit to a licit global cannabis market is still in an incipient stage. Theoretically, this may offer better conditions to shape its contours and introduce social justice and fair(er) trade principles from an early outset.¹⁶ To improve market opportunities for certain products may require branding based on quality advantages of native cannabis strains and organic cultivation, or the use of 'geographical indications' or 'denominations of origin' certification.

A key principle for more equitable terms of trade is that producers are not just seen as providers of raw materials but as value creators. The empowerment of small producers and community benefit sharing need to be at the core of the regulation model, which requires affirmative action, support for cannabis cooperatives and capacity building in order to ensure that a greater share of the value chain is retained and returned to small farmers, rural workers and local economies.¹⁷ Preferential access schemes and lowering barriers to entry for marginalised and criminalised communities alone, however, will not guarantee them access to these new markets. It also requires deliberate state intervention to rein in the power of big corporations to dominate or monopolise the market, for example by putting legal limits on foreign investment at the cultivation level, on vertical integration, and on foreign ownership and acquisition of local licensed companies.

Market dynamics and access barriers

The booming cannabis market covers many products with distinct characteristics, regulatory frameworks and quality requirements, resulting in a variety of access barriers for small producers.

The fastest growing legal cannabis industry this past decade has been the medical cannabis market. Roughly fifty countries now allow

some form of medical use of cannabis-based medicines, either in herbal form, natural extracts or pharmaceutical preparations made from purified cannabinoids. At the UN level, the medical properties of cannabis were confirmed by the WHO after an extensive review process leading in December 2020 to the deletion of cannabis from Schedule IV of the 1961 Single Convention, reserved for controlled substances with limited or no therapeutic benefit.¹⁸ According to figures reported to the International Narcotic Control Board (INCB), 650 mt of cannabis was produced globally in 2020 for medical and scientific purposes, 70% by the UK and Canada alone; in terms of international trade, 75% of exports came from Canada.¹⁹ Lesotho was the only traditional producing country in 2020 able to export a significant amount (6 mt or 5% of global exports), mainly produced in a greenhouse facility by local company *MG Health*, the first medical cannabis producer in Africa to meet the EU Good Manufacturing Practice (GMP) guidelines.²⁰ Smaller amounts were exported in 2020 and 2021 by Colombia, Jamaica and Uganda.

The primary access barriers for small producers are related to the dominance of a 'Western' pharmaceutical model in the main medical cannabis markets, the model also promoted by the WHO and especially by the INCB, which is drafting guidelines on 'International Drug Control Requirements for the Cultivation, Manufacture, and Utilisation of Cannabis for Medical and Scientific Purposes'.²¹ The preference for strictly standardised pharmaceutical preparations favours high-tech and capital-intensive indoor growing facilities rather than obtaining the raw materials from outdoor growers, thereby also reducing the risk of 'leakage' to the illicit market. The narrative that basic quality standards cannot be met by small farmers also serves the commercial interests of pharmaceutical and cannabis companies trying to capture the medical cannabis market. Both the WHO and the European Medicines Agency (EMA), however,

have developed special Good Agricultural and Collecting Practice (GACP) guidelines for plant-based medicines, many of which are grown outdoors, including opium poppy legally cultivated for the medical opiates market.

Another fast-growing legal market is the hemp industry based on cannabis varieties with a low THC content—between 0.2% to 1% depending on national law—used to produce textiles, paper, construction materials, hemp seeds and oils, and increasingly also for the extraction of CBD. These hemp varieties are less sensitive to climatological conditions, so farmers in the South lose their comparative advantage and have to compete with large-scale industrial outdoor plantations in Canada (more than 20,000 ha), Europe (>50,000), U.S. (>60,000) and China (>65,000). Still, the increased demand for fibre and CBD products do offer possibilities for small farmers using cannabis as a multi-purpose ‘flex crop’ as quality standards are less rigid compared to the medical market.

In principle, access barriers should also be lower for the emerging legal recreational market, which potentially offers the most promising option for traditional farmers who have supplied those markets illegally for decades to transition out of illegality. The policy trend towards legal regulation of cannabis for adult non-medical use, which started in Uruguay, the U.S. and Canada, is now rapidly gaining ground in Europe with legislative initiatives or experiments in Germany, Luxembourg, Malta, the Netherlands, and Switzerland. The principal access barrier to these markets, however, comes from international law restrictions embedded in the UN drug control conventions and EU law, leading countries to opt for a closed domestic market to avoid additional legal problems related to international trade. Current policy dynamics thus point towards the exclusion of traditional illegal supply chains and full import substitution supplying the regulated market exclusively from domestic and primarily indoor or greenhouse growing facilities.

Conclusions and recommendations

Sustainable development arguments are largely absent in the cannabis policy debate, also due to the fact that traditional producing countries are lagging behind in the regulation trend, only recently starting to catch up and conquer a place in the global medical market. In North America and Europe, countries are struggling to find solutions for the conflicts with their international law obligations, situations that present the opportunity for the inclusion of Southern growers within the framework of new legal arrangements for cannabis trade. But in the absence of demands from traditional producing countries to protect their—presently illegal—share in global cannabis supply chains, millions of small farmers and rural workers in the South are at serious risk of losing their livelihoods.

The rapidly expanding legal cannabis markets are increasingly captured by corporate businesses, often linked to the pharmaceutical, alcohol or tobacco industries. Cultivation is more and more shifting from the South to the North, from small farmers to big companies, and from outdoor to indoor, with negative impacts on sustainable development goals. The policy trend away from prohibition and repression towards legal regulation is a positive development, but the millions of people around the world currently depending on the illicit cannabis market for their livelihoods should not be left behind in this historic transition.

The myth that small farmers are unable to meet basic quality standards and to comply with international GACP guidelines needs to be challenged, not only for recreational markets but for medical cannabis markets where—for good reasons—product certification requires the highest standards. Approaches applied in the past and in other agricultural markets, like alternative development, fair trade or appealing to voluntary

CSR or sustainability certification schemes, are unlikely to guarantee a legitimate place for traditional cannabis farmers. Concerted efforts are needed from policy makers to reduce entry barriers, to expunge criminal records, to establish preferential access schemes, and to impose restrictions on corporate capture.

Farmers need support to organise themselves in order to fully participate in cannabis policy discussions and in the design of regulatory frameworks, at national, regional and global levels. Farmers' cooperatives also need training and support from governments and responsible investors to move up in the global value chain by becoming involved in processing and marketing. Special cannabis trade regimes with lower entry barriers for small producers can be established at the national and regional levels to protect traditional and indigenous practices, instead of exclusively focusing on opening trade doors to global markets dominated by Western pharmaceutical models.

Additional arguments for including traditional farmers can be found in quality advantages of native cannabis strains (using 'geographical indications' or 'denominations of origin' certification for example), and in the environmental impacts and huge carbon footprint of shifting cultivation from the South to the North and from outdoor to indoor growing. Imported hashish, primarily from Morocco, still represents a significant market share in Europe, and there are no good reasons for European countries to recreate indoors the climatological conditions required for quality hashish production. In the Netherlands, for example, around a quarter of coffeeshop sales comes from imported hashish, and even if local simulations could satisfy consumer preference, it would come at a high cost in terms of carbon footprint and for the livelihoods of farmers in the Moroccan Rif.

Finally, regulating countries need to coordinate more to find legal solutions for the inevitable conflict with their international law obligations and to legitimise international trade between them. That urgent discussion should include sustainable development arguments and a North-South dialogue with traditional producing countries. Several of these issues will be explored in more detail in subsequent policy briefs.

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