



**FINDINGS REPORT OF
FIRST AGRICULTURE BUSINESS SEMINAR IN KUNAR
MAY 2009**

Background:

The importance of agriculture development cannot be undermined looking to its potentials and vital role in the economy of Afghanistan. The agriculture including livestock products contributes more than fifty percent of the country income. It employs eighty percent of the labor force and is therefore considered the largest job provider sector in Afghanistan.

The agriculture sector besides its development also requires attention toward its related Businesses' support. The improvement of this very sector requires longer term approaches and investment in actual required development projects. The participation of key players including farmers, cooperatives, businesses, processors and industry is also very important in planning and decision making process affecting them.

It is obvious that the local players know their problems and have better practical solutions towards them. The development of agriculture and its related business will not be effective without participation of afghan involved in this sector and addressing their real needs. Therefore consulting the local farmers, cooperatives, processors, related industries and businesses is the key towards delivering result oriented support and projects.

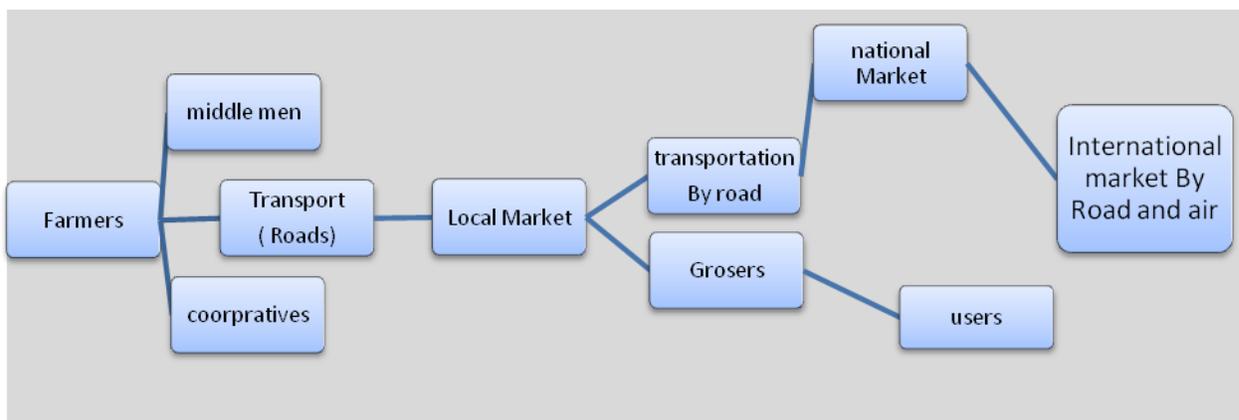
Looking to the importance of consulting the local Afghans on addressing their needs, AICB with support of its partners i.e. Department of agriculture irrigation and livestock (MAIL) and Afghan Chamber of Commerce and Industry (ACCI) initiated the first agribusiness seminar in Kunar. The seminar aimed towards exploring potential challenges hindering the development of agriculture businesses in the province and exploring practical solutions. The seminar also explored various agriculture potentials of the province.

This report will present findings, recommendations, views of participates raised during the focus group discussions and presentations throughout the seminar. This report will provide a better view of various constraints these businesses are facing and practical solution proposed. The report is generated for the consideration of policy makers, donors, implementing agencies and other related stakeholders in order to direct their funds and support in a right direction.



Some pictures from opening ceremony of the seminar

General Agribusiness chain in Kunar



Some Key Information*

- Besides nearly 1000 gem mines, **Kunar** is endowed with three bisected rivers, flows at 17000 cft in winter and 2500 cft in summer, which irrigates 27375 Ha. Of land through 21 large canals.
- Kunar is one of the four provinces of Afghanistan still having a significant cover of natural coniferous forest having 54260 hectares of area.
- Out of 24,000 Ha of agricultural land 18,000 Ha is classified as irrigated, 6000 ha as rain fed and 9000 Ha as waste land unsuitable for agriculture.
- A single dam in the province was constructed at Assadabad before revolution in mid 70 having a capacity of 700 Kilo watts but now only producing 200 kilo watts of electricity.
- There is an increase trend of growing beans and potato on high elevation near natural forests which is the main source of income for the people living in mountains.
- The main crops of Kunar are Wheat, maize, rice, sugarcane, lentils, barely, bean, cotton and vegetable like tomato, okra, cucumber, onion, potato, radish, carrots etc.
- Fruits trees are grown on an area of approximately 35 Ha of the province, included grapes, apricot, orange, walnut, persimmon, guava, plum and almond.
- In **Livestock**, there are nearly 90,000 goats, 60,000 cattle, 140 camels, 1200 horses, 1000 mules, 1700 donkeys and 1,308,350 poultry in the province.
- Milk is processed into different products like butter, cheese, yogurt and other local products. Cheese and butter are the milk products which are sold or bartered in the local market and Jalalabad.

*data collected from various sources of MAIL and MRRD surveys

Involvement of various players in the agribusiness chain added value towards reaching the seminar objectives and providing broader overview of the gaps in this important sector. The 133 participants from various agriculture related fields were divided into six focus groups in order to explore the challenges and practical solutions related to agribusiness in Kunar. Each group discussed specific issues in subgroups targeting their own sub-sector. Each group was facilitated by facilitators, comprise of AICB key staff members, for guidance and support.

The first practice of focus groups were as followings:

Focus Group A: (Traders) (20)

Included Fresh Fruits, Dry Fruits, Vegetables, Crops and herbs (20 participants)

Focus Group B: (Industries and process) (19)

Included Small and Medium Enterprises related to agriculture including, processing and packing Participation in agribusiness field.

Focus Group C: (Livestock) (20)

Included livestock, dairy production, leather, wool, meat and farms etc

Focus Group D: (24 participants)

Included Farmers, Nurseries, irrigation and cooperatives

Focus Group E: (23 participants)

Included various government departments, NGOs, UN and other stakeholders Focus Group works and Presentations

Focus Group F: (21 participants)

Female related Agri-business (chicken farms, nurseries, farmers, fish farms)



Some pictures of focus group works

The following questions were put forward for the first practice of focus groups for providing comprehensive feedback:

- 1- What are the key challenges the agribusiness sector are facing?
- 2- What are the practical solutions to these challenges?

Feedbacks from each group are as followings:

Group-A findings: (Traders)

The Group (A), which was further divided into two sub groups due to excess number of participants, was a composition of mainly traders associated with fresh and dry fruits, crops, vegetables, herbs and others. This group has elaborated the challenges faced by the traders while carrying out their routine businesses.

Group A-I	
Key Challenges	Practical Solutions
1. <i>NGOs sapling purchase from abroad</i> Most of the NGOs working in agriculture sector, supply the plants and sapling from abroad like Pakistan and other countries while the nursery association can provide all the demanded saplings in Kunar.	The NGOs should contract and purchase the plants from local nursery instead of importing from abroad for strengthening and encouraging local growers.
2. <i>Stores Problems</i> Kunar has no properly designed stores for its Agriculture Product like fruits and vegetable.	Cold stores should be constructed for storing the local agriculture productions. <i>Local awareness towards usage of cold stores is also important.</i>
3. No availability of Long-term Interest-free Loans Most of the Kunar farmers are poor and cannot afford on time necessary fertilizers or plants medicines.	Government and NGOs should provide the needed Long-term Interest-free loans to the farmers <i>Previously agriculture development banks existed, however it has been dissolved. Such banks should be established again.</i>
4. Lack of good quality of fertilizers imported from various countries	The directorate of Agriculture should control the quality of fertilizer available. <i>In this regards a testing laboratory is required</i>
5. Non-existence of modern agriculture tools.	The farmers should be equipped with new and modern agriculture tools, which will assist boost the local production <i>This can be done both on loan basis or as grants</i>
6. <i>Electricity problem</i> Kunar lacks electricity which affects each and every business in the province.	Kunar has sufficient water and dams can be created for power generation, however if it needs time than alternative energy of wind /solar and generators should provided to various business and agriculture related markets
7. <i>No abroad exposure visit arrangement</i> No organization has ever arranged any sort of	The govt. and NGOs should arrange periodic visits to other provinces and even outside the

foreign exposure visits for the experience gaining.	country for the farmer and other key players to bring the new ideas and skill to our land.
8. <i>Mobile vendors</i> Cars, caring vegetable or fruits, from other provinces and districts come to Kunar and sell the vegetable and fruits at low prices.	To maintain the confident on local green grocers the car should not be allowed to sell directly to end user but instead sell the products upon the businessmen in the province
9. <i>Lack of specific market for Vegetable and Fruits</i> Kunar has a small land for vegetable and fruits market which is itself a problem because no loaded truck can reach the shops.	There should be large enough market for Vegetable and fruits constructed by government and or other donnors
10. <i>Access to outside markets</i> Kunar businessmen unable to export local products to other markets outside Kunar province	The government and NGOs should help the traders in exporting the Kunar products outside by providing transportation facilities, creating linkages and raising awareness.
11. <i>Illegal import of saplings</i> Most of the saplings are imported from neighboring countries which have bad effects on the local producers' plants.	The government should take instant stick step toward the blockage of illegal importing of plants and saplings.

Group-A2

Key Challenges	Practical Solutions
1. <i>Businessmen financial weakness</i> Most of the businesses in Kunar fails due to the unavailability of loans and financial support.	There should be interest-free loan arrangements from financial institutions as well as from NGOs. <i>SME loan system should be created which does not exists now</i>
2. <i>Lack of electricity</i> There is no enough electricity in Kunar	The electricity should be generated from water instead of generators. Dams and Micro Hydro Power project should be implemented in order to produce sufficient electricity. <i>The usage of alternate energy such as solar and wind might also be good for some businesses</i>
3. <i>High shop rents</i> The rent of shops in Kunar is very high.	The rents should be standardized by municipality and construction of municipal markets will also help control this issue
4. <i>Absence of well organized markets</i>	The markets of fruits and vegetables should be separate from each other
5. <i>Lack of water pipelines</i> There is no proper system of water in the bazaar for drinking as well as cleanliness purposes	The proper water pipes should be installed in each suitable places in bazaar for local use

The shopkeepers in Assad Abad city are getting water from very far places for drinking.	The shop keepers are can pay monthly. In the result, the Bazaar will be having water and this will be an income of the municipality as well.
6. There are no business passport issuing authority in Kunar	The business passports should be issued in Kunar
7. Restrictions on exporting the local products of furniture outside Kunar	The bane should be removed on transporting the finished furniture to other provinces of Afghanistan
8. Restrictions on transporting the already cut timber in Kunar for exporting them outside Kunar province. The existing timber has covered most of commercial areas as well.	The existing woods which are cut should be permitted to be properly moved to other provinces so that people invest that amounts in other businesses
9. High transportation fares	The government through transport department should regularly inspect the fluctuation of fares according to oil prices.
10. No existence of factories/machines in Kunar	Small machinery/factory like that of furniture should be established by NGOs and private investments.
11. No business license/permits department in Kunar.	The license/permit issuing authority should be functional in Kunar.
12. The bad condition and no-consideration towards the illegal Nawapass Transit Rout, which has increased the transportation cost and blockage difficulties.	The Nawapass road should be included in the transit routes of Afghanistan which will help the improvement of the economy of locals.

Group (B) findings: (Industries)

The Group (B) was a composition of mainly agro industrialists including packing and processing. This group has elaborated the challenges faced by the factory owners while carrying out their routine businesses.

<i>Key Challenges</i>	<i>Practical Solutions</i>
1. <i>Lack of Electricity</i> Lack of electricity is the basic and common problem badly effecting the growth of Agri-business.	The government should give first priority and motivate foreign investment, if cannot itself, to work for the generation of electricity.
2. <i>No Industrial Park</i> There isn't any specific industrial park in Kunar.	The governor should give/specify a piece of land for an industrial park.
3. <i>Ignoring Technical People</i> No consideration of Technical and specialized persons.	The government should inspire/motivate the skilled people to work in their related fields in our own homeland instead of travelling abroad.

<p>4. <i>Lack of proper seeds</i> No or insufficient availability of proper seed.</p>	The Directorate of Agriculture should bring process machines for quality seeds. The seed production should be prioritized in Kunar and necessary technical assistance should be provided to MAIL.
<p>5. <i>No cold storage</i> Kunar hasn't any cold storage for agriculture products.</p>	The government and private sector jointly should invest in installation of cold storages for fruits and vegetables proper reservation.
<p>6. <i>No modern Agri-technology trend</i> There are no trends of importing new and modern technology closely related to the field.</p>	The donors should support the farmers by raising awareness towards using modern agriculture technologies to increase their production
<p>7. <i>Absence of technical training centre</i> There is not any agriculture technical training centre and no awareness campaign about importance of the trainings.</p>	<p>An agriculture training institute must be established which should train youths and farmers in technical issues of agriculture</p> <p>Similarly the mineral extractors need to be trained in the field of mineral extraction works.</p>
<p>8. <i>Financial weakness and ignorance from natural disaster.</i> Most of the farmer are financially very poor and also have no forecasting skills of expected disasters</p>	There should be environmental specialist in each province with the needed equipment which will keep the farmers inform of any expected coming adversity trough media.
<p>9. <i>Lack of Insect killer Medicine</i> Farmers have no good quality insect killer medicines.</p>	The provision of effective medicines should be work on for plant diseases and pests control.
<p>10. <i>Bad quality fertilization aid</i> Most of the NGOs give the farmers bad quality fertilizers.</p>	Several times farmers have been given improper fertilizers. The fertilizers and other agro medicines should be of high quality.
<p>11. <i>Weak or no irrigation system</i> Most of the fertile land either has weak or no irrigation system.</p>	Some large piece of land Like Manwara, Chagi and Lahor Dag have Karez should be given water by repairing the Karez system or other modern irrigation systems

<p><i>12. Conflicts upon natural recourses</i> Natural reservoirs are mostly remained unexploited due to the local resident mutual conflicts.</p>	<p>Kunar abundant of water reservoirs like rivers, springs and dry-sea should be properly managed in the form of dams and canal system.</p>
<p><i>13. Access through roads</i> Most of the villages have no road linkages with market which reduces the quality of good fruits and vegetable while bringing to bazaar.</p>	<p>The government should focus its investment on the construction of those road which help the farmer transport their products to market with no product or time wastage.</p>
<p><i>14. No periodic meetings for farmers</i> There is no trend of vocational and periodic meetings and seminars for farmers.</p>	<p>The farmers should be periodically trained in their related problems and issues through short term and long term trainings sessions both in field and Assadabad</p>

Group (C) findings: (Livestock)

The Group-C was divided into three sub- groups, labeled as C-I, C-II, C-II, on the bases of their mutual relatedness/non-relatedness of participants. These groups have elaborated the challenges faced and their solutions.

Fish farms/Business C-1	
Key Challenges	Practical Solutions
<p>1. Lack of fishery ponds Kunar, despite much water and favorable environment for fishes, has no sufficient fish farms.</p>	<p>Government and NGOs should make new fishery ponds and register the existence farms for assistance.</p>
<p>2. The illegal/cruel hunting of fishes The river fishes are hunted in cruel manner which completely clean up the fishes from the region.</p>	<p>The government should launch awareness campaigns through mass-media and warn the people of illegal hunting punishments.</p>
<p>3. Lack or non-existence of expert/skills personal.</p>	<p>Training should be arranged for the concerned capacity building of fishery workers</p>
<p>4. No research farm Kunar has no research farm</p>	<p>There should be research farms which ensure the matched species of fishes with Kunar environment</p>
<p>5. No awareness programs about the advantages of fishery works</p>	<p>The government and NGOs should periodically keep the people aware of the importance and benefits of fish's foster and business.</p>

Poultry Business C-II	
Key Challenges	Practical Solutions
1. No hatchery machine available in the province	There should be a chicken producing machine in Kunar which can support the dependent provinces too
2. Nonexistence of food processing/producing factory/machine in the province	Balance feeding factory/machines should be provided to the farmers of chickens
3. importing of unhealthy/ill chicken from neighbor countries	Security authority should strictly ban the import of chicken with collaboration of MAIL
4. lack of technical people, low quality medicine and vaccination problem in Kunar	The farmer should be developed in their fostering skill by training and availability of standard feeding and vaccination from Govt. and NGOs.
5. No chicken research farm There isn't any chicken research farm in the province.	MAIL/NGOs should establish a chicken research farm in Kunar to test the environment and the productive suitable chicken production.
6. Security checkpoints Within provinces the transportation of chickens has become a constant problem by national security police for corruption.	The Directorate of Agriculture should issue specific cards which show their legality in the country.
7. No help in case of problems The chicken businesses are often failed by its very exposure to diseases.	The government or NGOs should launch a program in which the effected should be given loans until his business recovery to position.
8. No specific Market Assadabad Bazar has no specific market for poultry business.	There should be a separate market location for Chicken in the Bazaar.

Nursery/gardening C-III	
Key Challenges	Practical Solutions
1. Weak irrigation system Kunar has no proper irrigation system besides having great water resources.	The agriculture Directorate should work for the canal system in Kunar
2. Plant diseases are a challenging threat for this business	There should be proper research facilities of testing the controlling plant diseases
3. No proper processed seeds availability	Well tested seeds should be distributed in the province

	The seed production facility should be establishes in Kunar
4. No effective and good quality fertilizer are available for farmers	Effective and Good quality fertilizers should be imported and the government departments should periodically test the quality of imported chemicals
5. No marketing activities for all farmers	New marketing opportunities for Kunar agricultural products should be explored.
6. No cold Storage in the province	Quality good storage systems should be established in the province
7. No process machines and equipments are available in the province such as food and vegetable process	The installment of process machines and equipment should be assured in the province.
8. Lack of the gardening tools and equipments for the business	Gardeners need free issue of gardening tools like saucers and mover etc.

Group (D) findings: (Farmers and Producers)

The Group (D) was a composition of farmers, nursery owners, Gardner and cooperatives. This group has elaborated the challenges faced and potential solutions to them.

Key Challenges	Practical Solutions
1. Farmer's lack of knowledge and skill Most of the Kunar farmer are illiterate and have no technical skills of growing quality Fruits and Vegetables	Vocational training program should be lunched for the farmers and gardeners to produced quality fruits and vegetables.
2. Lack of cold stores for storing extra fruits and Vegetables in the peak season.	The cold storage should be built to store Fruit and Vegetable for long time.
3. Packing Problem The Kunar agriculture products have demand in outside markets but due to no packing tools and machine the products cannot reach the destination in better form.	Packing should be worked on for Kunar products to facilitate the movement of fresh fruits and vegetables safely from one area/market to other.
4. Lack of markets Not enough markets have been explored by	The businessmen should be given good exposure opportunities. This is very essential to explore national and international markets for

Kunar producers for supplying their products.	all type of agriculture products.
5. Shortage of proper medicines to control pests and plant diseases	qualitative medicine and equipments should be provided to the farmers by government and NGOs for controlling the pests and plant diseases
6. Lack of Nurseries in districts	To produced improved and adaptable saplings for each area their should be a Nursery in each district.
7. Lack of proper Irrigation system	To have sustainable yield it is very necessary to have proper Irrigation system
8. Lack of Islamic loans system for cooperative members	Short and long terms interest-free loan be extended to all deserve farmers as well as businessmen.
9. Shortage of high quality Agro-chemical fertilizer in the province.	High quality Agro-chemical fertilizers should be imported and should be tested.

Group-E findings: (Stakeholders)

The Group (E) was a composition of various NGOs, UN agencies and Government officials to discuss the potential agribusiness challenges and solutions. This group has elaborated the challenges faced by the traders while carrying out their routine businesses.

Key Challenges	Practical Solutions
1. <i>No dam for irrigation</i> Most of the land though on the bank of the river lying dry due to no canal or dam system	There should be strong cemented dams and canals for irrigation.
2. <i>lack of grain, fruits and vegetables market</i> Kunar has no specific market location for its own agricultural products.	There should be a specific market location for fruits and vegetables in Assadabad.
3. <i>lack of coordination between farmers and businessmen</i> A small number of businessmen in Kunar coordinate and exchange information with farmers which benefit both the parties.	There should be farmers associations which be permanently in contacts with businessmen for sharing useful information.
4. <i>Lack of Security</i>	The investment should be motivated by

Due to unrest situation the businessmen don't have interest in investment.	providing safety environment to businessmen.
5. Bad quality of products Due to lack of skills and knowledge the farmer cannot keep with the rapidly changing face.	There should be training program for the farmer which will keep them update and improve.
6. lack of market exploration The businessmen have no way to international markets.	The government should work for the improvement of local products to compete with international rivals.
7. Illegal wood cutting problem The wood/forests are cut with no technical skills and tools which result in wastage of woods as well as harming the environment.	The government should practice the punishment in support of the illegal forest cutting.
8. lack of mineral extraction skills The minerals like precious stones, marble stones are wasted by explosive materials.	The government should regularly arrange mineral extraction skill development training for the interested people.
9. lack of loans There is no proper arrangement of interest free loan for the farmers as well as businessmen.	The banking system should be developed in the field of Islamic financing packaging of loans and investments.

Focus Group F :(Female 21 participants)

Female related Agri-business like chicken farms, nurseries, farmers, fish farms owners were asked to discuss the potential agribusiness challenges and solutions. This group has elaborated the challenges faced by them while carrying out their routine businesses.

Key Challenges	Practical Solutions
1. Poverty caused by lack of no involvement of females in the businesses. Most of the females have to search for their family food which eventually have to start begging in the bazaar because of no business opportunity for female.	Works environment should be created for women by planning specific projects like carpet spinning, tailoring centers, poultry farms etc from government and NGOs.
2. The transportation problem Most of the female student have to travel a long distance reaching to Fatimah Higher	There should be transport facilities to the Fatimah Higher Secondary School students which will facilitate their arrival on time and

Secondary School.	reduce the travel tension.
3. <i>Female farmers problems</i> Most of the female farmers facing technical as well as lack of equipment problems.	The government should contribute fertilizers and agricultural tools free to the female farmers.
4. <i>Ignoring the widows</i> the government and NGOs don't help those widows whose sons or daughters are studying and have no means of income.	The organizations should first launch a secret survey in the villages and then help the deserved widows by extending the needed financial and technical support.
5. <i>The corruption/no transparency problem</i> Most of the aid from the NGOs or government departments doesn't reach the deserve people.	The government should worked for practicing transparency trends and establish a check and balance system in the country.

Potential Agribusiness Opportunities in Kunar:

Besides the issues discussed in the focus group meetings the participants were asked to come up with ideas on existing potential agribusiness opportunities in Kunar. The participants came up with identifying the following opportunities:

Irrigation:

- Most of the flat land is lying on the bank of Kunar River which flows throughout the year and also the environment of Kunar is suitable for growing much varieties of fruits and vegetables. So by little investment the investors can gain manifold returns with less risk of failure by working on the canal system of these land.
- Due to excess water the small electricity generating plants be installed which will be useful for the small factories and machines in the province with little investments.

Live stock:

According to an estimate Kunar has 154,000 animals which play a great role in the following sectors of livestock;

- Since there are great numbers of woolen animals and the wool-made clothes are imported from Pakistan with considerable wastage of time, money and effort accompanied by high risk. So this business of converting wools into cloth of Pakool etc. has large potential as well as demand in the market.
- the collection points for cashmere of the goats, which are misused in huge quantity, need to be turned more effective because of looking at its high demand in international market.
- The poultry rearing is a good business because the environment here is very favorable for and having good demand in the market.
- Due to availability of sufficient water, fish farms in Kunar can easily be promoted by involving many women and poor of the province in this business.
- Milk processing plant can be created and there are lots of milk production in Kunar, which are not properly utilized and are used for producing the local products like butter, cheese, yogurt, water-milk and ghee etc.

- Since Kunar has many number of bee-keepers with well managed association but have no processing machine for purification.

Mineral:

- Kunar has many reservoirs of various precious stones but are sold in Peshawar due to unavailability of polishing machines and proper market.
- The marble business and machines can give good return because of the easy availability of marble stones in the province.
- The Chromites raw materials are also available which can utilized in profitable way by good government policy for the concern business.

Forest:

Since Kunar in among the four provinces of Afghanistan having a significant cover of natural coniferous forest having 54260 hectors of area, so the following business intervention opportunities exist.

- Small machines for breaking the walnut can be provided to women in houses and have good marketing opportunities.
- The government should worked-on applicable policy for this sector and furniture manufacturing industry be encouraged by providing all the required facilities and technicalities to the major players of the industry.

Conclusion:

The participation and consultation with local agribusiness players is vital towards delivering result oriented projects. These players have greater knowledge of their problems and have the capacity to participate in illuminating major challenges faced by this sector. Therefore, all the stakeholders are recommended to continuously consider the involvement of local Afghans in their related field in order to produce better plan to address the needs and experience results.

There are numerous agriculture development opportunities in Kunar, however nothing considerable has been done so far, therefore the people are looking for more result oriented and long term support.