

**RESEARCH IN ALTERNATIVE LIVELIHOODS FUND (RALF)
RESEARCH PROJECT PROPOSAL**

RALF Project Number	RALF01-07
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SECTION A: ADMINISTRATIVE INFORMATION

1. Project Title	Restorative Agriculture and Rural Economy (RARE) Research Project
2. Start and Finish Dates	Start: 1 June 2004; Finish: 31 December 2006
3. Target areas in Afghanistan	Southern Afghanistan: Helmand and Kandahar Provinces

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SECTION B: PROJECT PROFILE

8. Project Summary

Mercy Corps believes that there is no “silver bullet” that will eliminate opium poppy production in Afghanistan. There have been repeated efforts to identify *the crop* that can serve as an alternative to opium production but the results have been modest at best. With this in mind, Mercy Corps, CAZS and the Provincial Departments of MAAH in Helmand and Kandahar will adopt a decentralised and atomised strategy, initiating and testing a large number and variety of related small projects to ascertain which may provide effective alternative livelihoods to the production of opium poppy. RARE will work to address issues related to knowledge and information and the local economy as well as export and social issues, thereby attacking the current dependence on opium poppy on a number of key fronts.

The Restorative Agriculture & Rural Economy (RARE) Research Project will concentrate on four research components that are ultimately intended to cultivate a profitable and legitimate agricultural economy:

1. Farmer-led Experimentation & Extension Services
2. Small-scale Value-added Processing
3. Organic Export Feasibility Study
4. Community Participation and Agricultural Governance

RARE will evaluate and generate appropriate farmer-led agricultural production systems, with a particular focus on specialty crops and testing methods of intensified production. A cross-cutting strategy for increasing the availability and accessibility of agricultural technical information and business development services will be explored in detail with the Helmand and Kandahar Departments of MAAH. CAZS’s research practices and capabilities will form the foundation for designing the research of this component. In addition, CAZS experience in its current DFID-funded Plant Science Research Programme will be leveraged.

RARE will test a variety of small-scale food processing enterprises to identify the extent to which they have the potential to become viable businesses. Efforts will focus on post-harvest processing opportunities for products that can be sold locally and regionally. Funding for these activities will be sourced from complementary projects already secured.

RARE will collaborate with a major institutional partner to conduct an in-depth feasibility study to evaluate the prospects and possibilities for the development of Afghan organic export markets, primarily in dried fruits and nuts.

RARE will take an experimental community based approach working through a cluster of villages (or other administrative area) and involve community leaders, farmers, traders, youth and entrepreneurs, to set local policy in favour of creating a new social and economic framework. The research hypothesis for this element of the project is that such a critical mass of leaders and residents has the possibility of playing an effective role in redirecting local economies through changing social preferences, rewarding new non-poppy businesses and using social pressure positively. Related, the project will also analyze the most constructive role the Provincial Departments of MAAH can play in this overall process.

SECTION C: BACKGROUND / PURPOSE

11. Background / Literature Review

“No country has ever been faced with a drug problem so predominant in the national economy under conditions of such pervasive poverty and weak governance. Early experience in the transitional period is that Afghan implementation capacity, particularly in the public and security sectors, is very weak, and likely to remain so for the foreseeable future. Opium has such wide economic and political ramifications that the drug problem is almost synonymous with the challenge of nation building and economic development.” “At current levels of profitability, opium would remain the crop of choice, particularly for resource-rich farmers. Poorer farmers may also be bound in to the opium economy, not so much by profits but by debt overhang and by the need to grow opium in order precisely to access land and credit. This hypothesis finds confirmation in the first results of alternative livelihoods programs in Afghanistan.”¹

The Afghan National Drug Control Strategy (NDCS) on Alternative Livelihoods recognises that the elimination of the opium economy can only be achieved if alternative sources of livelihood are available for farmers and agricultural labourers. The concept of alternative livelihoods is that adequate assets or employment are made available to provide farmers with a decent livelihood without their having to resort to opium growing. Alternative livelihoods programs include components of comprehensive rural development, farming, and off-farm and income generating programs.

The strategy accepts that an approach that addresses the different reasons why farmers grow poppy and that integrates development interventions with awareness building and law enforcement interventions will be most effective. The effect expected from alternative livelihoods programs is that household assets will be created and incomes raised in non-opium activities, to the level where opium can be removed from the cropping pattern without creating a structural poverty problem, whether through loss of income or through loss of access to the means of production. Alternative livelihoods approaches would also be expected to have a “governance building effect” through the creation of habits of mutual trust between communities and development programs (representing the state), and by the consolidation through practice of local institutions like the community councils.²

Opium poppy cultivation is one of the few current means for marginal Afghan farmers and labourers to access essential resources (land and water), necessary support services (credit, business advice, inputs), profitable markets, and/or seasonal employment. For those who have fallen below the threshold of economic independence, producing opium offers an option to earn cash income from daily labour, obtain credit, create savings, and gain access to land.³

Because of the recent, protracted drought and political instability, many of the previously profitable agricultural systems have either disappeared, diminished, or been replaced. Markets for outputs other than opium are at best uneven and often non-existent, creating great challenges for generating stable income through the remaining cropping systems.

The UNODC Opium Survey 2003 shows that in 2003, Afghanistan again produced three-quarters of the world’s illicit opium. There was an 8% increase in hectareage cultivated with poppy from 2002 and, with cultivation spreading to new areas, is now grown in 28 provinces out of 32. The total number of opium farmers increased to approximately 264,000 families in 2003 accounting for nearly 7% of the Afghan population. The income of Afghan opium farmers

¹ Options for an Anti-Narcotics Strategy; DRAFT World Bank Paper-Discussion Paper

² Afghanistan Transitional Government, National Drug Control Strategy, 2003

³ Food Security, Malnutrition and the Political Economy of Survival: A Report from Kabul, Herat and Qandahar, Afghanistan, February 2002, Sue Lautze.

and traffickers was about \$2.3 billion, a sum equivalent to half the legitimate GDP of the country.⁴

Various reasons can be attributed to the increase in opium poppy production and the decline in profitability of legal agricultural systems. Significant among these include:

- (i) the sheer profitability of opium poppy above all other currently available licit livelihood options;
- (ii) an eroded individual and public agricultural knowledge base that limits the ability of producers and provincial officials to solve production and marketing constraints such as crop diversification and intensification, market sourcing, pest control and water resources management
- (iii) lack of access to technical and business development services;
- (iv) poor or non-existent markets for alternative agricultural production;
- (v) defensive measures against the declining availability of water as a result of the recent drought, dilapidation of irrigation systems and poor water use practices;
- (vi) little to no access to productive inputs such as quality seed, credit unrelated to poppy, new agricultural tools and machinery and other appropriate agriculture technology;
- (vii) The willingness of landless farmers to grow poppy in order to access land and water and thereby earn a living;
- (viii) a large number of unemployed workers who are desperate to find a cash income and supply the bulk of the poppy labour force;⁵
- (ix) lack of legal control measures to prohibit farmers from growing poppy
- (x) lack of social cohesion to form community or regional efforts to formulate alternatives and make collective decisions about food and farming options

The nature of the opium issue in Afghanistan is extremely complex and deserves focused, sustained attention in research, strategic thinking, programming, capacity-building and advocacy.

Key constraints on licit livelihoods which this project will seek to address include:

1) A low capacity to undertake basic agricultural research, an eroded agricultural knowledge base, and poor access to technical and business development services

The operational presence of Ministries, Universities, the UN, and NGOs in rural Afghanistan is often limited by distance, poor infrastructure, donor funding, poppy-related instabilities and poor general security. Though some agencies have continued to support agricultural development, mainly through short-term agriculture rehabilitation projects, their overall impact has been minimal due to limited coverage of activities, lack of penetration to remote rural locations, lack of quality control, lack of farmer participation in project design and a lack of collaborative efforts with local authorities such as the provincial MAAH.

2) Lack of value-added processing enterprises

Afghanistan lacks sufficient post-harvest food processing enterprises to add value to the agricultural products it produces. As a result, despite the fact that it produces the base products for things like dairy products and edible oils, Afghanistan must import them, losing out on potential economic gains and increasing the cost of basic items.

⁴ UNODC / CND Opium Survey -03; Afghanistan, October 2003

⁵ Internal Document, FAO Afghanistan; January 2003

3) Market Access

Market access for profitable and legitimate agricultural production is a constraint voiced by many farmers in Afghanistan. Without new and stable market opportunities, incentives to change cropping patterns will remain low. A combined approach targeting market creation at the local, regional and international levels is proposed to address this key constraint.

4) Social, Community and Governance Issues

Increasing agricultural productivity and marketing is essential, although not the complete answer to reforming marginal rural incomes. For various reasons, such as the prolonged conflict and an unstable economy, citizen participation and social cohesion remain fragmented and often dominated by large landowners and other power figures. Although many farmers, individuals, shuras and other stakeholders express an interest in redirecting local economies away from poppy, they lack the local and regional unity to effect change and lack constructive support from local government officials, such as the MAAH.

“Conditionality” has been the main tool used by NGOs, donors and others to persuade communities to turn away from poppy cultivation (e.g. if X project is implemented in Y community, the community leaders must commit in writing that no poppy will be grown in the area). This has proven unsuccessful and is nearly impossible to monitor and enforce. Furthermore, such ‘conditionality’ compromises the position of ‘neutral’ organizations working in the area and can negatively affect the success of other components of work as trust is lost.

Process of Project Identification

Mercy Corps has been engaged in agricultural development for over 17 years in southern Afghanistan and has worked in several areas of alternative livelihoods programming including irrigation schemes, cash-for-work, community engagement, horticulture development and seed production. Since early 2002, Mercy Corps has participated in the Alternative Livelihoods Working Group under the Counter Narcotics Directorate of the Afghan Government, has attended Counter-Narcotics meetings and conferences and has maintained active coordination with partners in the alternative livelihood field including donors, other NGOs, MAAH, Ministry of Rural Rehabilitation and Development and notable individuals.

Furthermore, Mercy Corps has been a leading voice within the NGO community in examining the relationship between interdiction, eradication, good governance and alternative livelihoods and is an active member of advocacy groups and coordination cells that explore these issues.

Mercy Corps has worked to identify options to poppy cultivation in southern Afghanistan through studies, alternative livelihoods programs and on-the-ground agricultural field work. We also have invested considerable time and coordination efforts in this regard. Simultaneously, we have developed longer-term, multi-faceted programming that improves rural economies, forges stronger links with local government, explores community relationships in farming choices and enhances agricultural development overall. These programs are part of an integrated, holistic strategy to improve the rural economies of farmers in southern Afghanistan.

The above initiatives and experiences have formed the basis for RARE. RARE will build on Mercy Corps’ history of collaboration with provincial MAAH in Helmand and Kandahar and deepen it through the joint implementation of alternative livelihoods strategies. This will be strengthened through a strategic research partnership with the Centre for Arid Zone Studies, which has experience in similar climatic zones and a strong applied research methodology with an emphasis on sustainability and people’s participation.

The project includes a feasibility study for organics for the reason that while there has been much speculation about the role organic agriculture might play as an alternative livelihood (due to the often significant premiums obtained by organic products) to date, there has not been an exercise undertaken to seriously evaluate the feasibility of this endeavour.

Social and community based initiatives were included as a component because Mercy Corps believes, from significant past experience in Kandahar and Helmand, that social and community values may play a prominent role in determining the prevalence of poppy growing in a given region. The observation that opium poppy is grown in some communities in a province or district and not in others even when agro-climatic and socio-economic conditions are the same would lend credence to this hypothesis.

PARTNERS

Mercy Corps

Mercy Corps is an international relief and development agency founded in 1979 that exists to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities. The agency currently works in 35 countries reaching 6 million people worldwide and has been operational in Afghanistan since 1986. During this time, we have completed more than 50 projects spanning the spectrum of relief to development in urban and rural areas have been implemented. Work has focused on food security, agricultural development, livelihoods, economic development including micro-lending and community mobilization.

Mercy Corps' comparative advantage is its 17-year operational presence in southern Afghanistan with a heavy emphasis on agricultural development. Highlights from Mercy Corps' current programming include the Sakari Bagh nursery in Kandahar Province and the Agriculture Innovation Centre in Helmand Province (under development). Both facilities are managed in coordination with the Departments of Agriculture and include demonstration plots, hands-on training facilities and community outreach. In September 2003, the Kandahar Department of Agriculture asked Mercy Corps to be its Agriculture Advising Counterpart. Mercy Corps' experience, lessons learned, beneficial networks and, in some cases, financial resources will be complemented by its partners, the Centre for Arid Zone Studies, and the provincial MAAH in Kandahar and Helmand to further bolster the efficacy of RARE and RALF. See *Attachment 3* for a list of current programs that have a direct link to RALF.

Centre for Arid Zone Studies, University of Wales, Bangor, UK

CAZS is a self-financing, semi-autonomous unit within the University of Wales, Bangor, and has existed in its present form since 1984. For the past 20 years, CAZS has focused on worldwide research projects, technical assistance missions and training courses, involving 343 interventions of various durations in 68 countries. CAZS' purpose is to assist in the equitable development of rural areas, particularly in those areas judged arid, semi-arid or seasonally-arid, through the provision of education, training, research, management and advisory services to meet short-term individual needs as well as projected long-term requirements.

All technical assistance interventions are predicated on the twin principles of sustainability and people's participation. Environmental protection is an integrated concern in all CAZS projects. CAZS areas of intervention include:

- Crop Assessments
- Research management
- Applied & Strategic Research
- Plant Science
- Livestock Production
- Rural Livelihoods & Sustainable Rural Development
- Institution Development
- Environmental Management & Impact Assessment
- Information Technology
- Teaching/Training

CAZS' comparative advantage lies in its vast experience in crop and food assessment missions in arid zones and DFID-funded Plant Science Research. Recently CAZS has been at the forefront of an evolving international agenda to develop integrated approaches and appropriate methodology to study the physical, biological, social and economic factors that define the sustainability of rural communities.

Ministry of Agriculture and Animal Health: Helmand/Kandahar Departments

Mercy Corps has a track record of successful collaboration with the provincial MAAH in Helmand and Kandahar and believes that only by engaging them and building their capacity can the joint goal of sustainability be achieved. Mercy Corps facilitates and sponsors training of MAAH staff alongside our agricultural staff. Recently, Mercy Corps and Helmand MAAH staff attended two one-month courses at the NWFP Agriculture University in Peshawar; 'Post-Harvest Management and Process Skills' and 'Agri-Enterprise Development'.

The provincial MAAH have the distinct comparative advantage of having on-the-ground experience with agricultural systems and cultural practices in the area of research. Their institutional ability to lead extension services and agricultural education activities as well as their social role in community outreach and influence are instrumental to the successful implementation of RALF activities. In addition, MAAH's participation is fundamental to the sustainability of the proposed initiatives beyond the life of this project.

12. Project Goal

A rural economy that supports agricultural livelihoods that are legitimate, economically viable, culturally appropriate, and environmentally sound

13. Project Purpose

To test and identify means to achieve agricultural livelihoods options that are legitimate, economically viable, culturally appropriate and environmentally sound

The proposed activities are related directly to RALF's purpose of developing and promoting innovative alternative livelihood options for rural Afghans currently economically dependent on opium poppy. Instead of confronting poppy cultivation with a single, 'silver bullet' solution, RARE will test and evaluate disparate options while addressing issues related to knowledge and information and the local economy as well as export and social issues, thereby attacking the current dependence on opium poppy on a number of key fronts. All activities are demand-led and poverty-focused and, in line with DFID's objectives, are designed to be sustainable and promote stability, security and prosperity in southern Afghanistan.

RARE embodies Mercy Corps' own agricultural goal, which is: *to restore agricultural livelihoods that are economically viable, culturally appropriate and ecologically durable*. The stated objectives to achieve this goal are: (i) rehabilitation of key agriculture related infrastructure, (ii) increasing the availability and access to quality agricultural support services, (iii) increasing popular participation in agriculture development, (iv) developing agriculture vocational education opportunities that prepare a new generation of agriculture leaders, and (v) supporting the development of agriculture-based enterprises that utilize appropriate agriculture technology and create lasting employment.

SECTION D: OUTPUTS, EXPECTED IMPACT AND UPTAKE PATHWAYS

14. Outputs

Project outputs are organized into major research areas.

Farmer-led Experimentation and Extension Services

Output 1: Economic analysis of a variety of staple, cash and specialty crops (extension publication produced)

Output 2: Economic analysis of different types of improved small-scale-irrigation systems (extension publication produced)

Output 3: Review of past and current extension services, including recommendations for future market-driven supplies of agricultural support services, including technical agri-enterprise development and group/cooperative development (extension publication produced)

Small-scale Value-added Processing

Output 4: Evaluations of at least 10 different existing small scale agri-processing industries (extension publication produced)

Output 5: Case studies of agri-enterprises that prove to have value-added through experimental processing (extension publication produced)

Organic Export Feasibility Study

Output 6: In-depth feasibility study for the development of markets for organic Afghan agricultural products

Output 7: A review of the different types of organic certification and an evaluation of how this might be applied and developed in an Afghan context

Output 8: Publication of producer manuals explaining regulation of organics and guidance and instruction on organic agricultural practices

Community Participation and Agricultural Governance

Output 9: 30-month study testing the effectiveness of local decision making in encouraging alternative livelihoods (extension publication produced)

Output 10: Review and analysis of past and current agricultural governance and recommendations for future role of Provincial Ministry of Agriculture in supporting the creation of alternative livelihoods (extension publication produced)

**Note: All publications will be in English, Pashtu, and Dari.*

15. Target Institutions

The target institutions, and named collaborators, include:

Helmand Department of MAAH

The Helmand Department of MAAH will be the key local collaborator in Helmand Province. The Helmand MAAH Office and Mercy Corps have a long history of collaboration—over 15 years working together on a variety of agriculture development issues. For this project the Helmand Department of MAAH will play a key role in analyzing current production systems and reviewing the agricultural extension services. Currently, the MAAH in Helmand plays a very minor role in finding alternatives to poppy. Following this project it is expected that the Helmand Department of MAAH will be able to more adequately play a positive role in developing appropriate technology, facilitating the supply of agricultural support services, and in developing provincial level policies that are conducive to developing non-poppy production systems. It is also expected that the Helmand MAAH will develop better analytical, research, management and public presentation skills through participation in the RARE Project.

- § *Agriculture Innovation Centre, Helmand Province.* This is a newly started and jointly run project by the Helmand MAAH and Mercy Corps, in collaboration with the Helmand's Women's Association. The goal of the centre is to increase social and economic opportunities for families and households primarily involved in agriculture. An additional priority of the Centre focuses on women's role in agriculture and the development of more stable agricultural livelihoods. Much of the RARE Project in Helmand Province will be based out of the Agriculture Innovation Centre, and thus, much of the information generated during the project will be retained there. The Centre will also serve as a primary venue for workshops and other exchanges.

Kandahar Department of MAAH

The Kandahar Department of MAAH will be the key local collaborator in Kandahar Province. Similar to the Helmand MAAH, the Kandahar MAAH Office and Mercy Corps have a long history of collaboration in a wide range of agriculture development initiatives—over 15 years. The Kandahar Department of MAAH will also play a key role in analyzing current production systems and reviewing current agricultural extension services. Given the regional role that the Kandahar MAAH is sometimes asked to play because of the regional offices of many actors in southern Afghanistan (UNAMA, donors, NGOs, universities), working with the Kandahar MAAH offers a key opportunity to spread lessons learned to a broader local audience. Following this project it is expected that the Kandahar Department of MAAH will be able to more adequately play a positive role in developing appropriate technology, facilitating the supply of agricultural support services, and in developing provincial level policies that are conducive to developing non-poppy production systems. It is also expected that the Kandahar MAAH will develop better analytical, research, management and public presentation skills through participation in the RARE Project.

Centre for Arid Zone Studies (CAZS)

CAZS brings solid research abilities and an extensive network of scientists and practitioners to the project. Particularly, CAZS' DFID-funded Plant Science Research Programme offers a prominent opportunity to utilize best practices worldwide in the implementation of this project. It is also expected that there will be backflow of information in a constructive manner. The wealth of information gathered during this project will be added to CAZS growing database of best practices and is expected to contribute to the greater understanding of developing sustainable agricultural production systems in challenging natural and socio-political environments and will positively add to the larger body of alternative livelihoods work worldwide. The primary means to accomplish these goals will be through publications, workshops, and other formal and informal information exchanges.

Given the inclusive nature of the research proposed, Mercy Corps' long presence in the South and its good relations with many local stakeholders, close collaboration with a wide range of institutions and other formal and informal groups will be the norm. Although not defined collaborators of the project, the institutions that will be included in the project as secondary collaborators, include:

- Kandahar University; Agriculture Faculty
- Helmand Vocational Agriculture High School
- Sakaribagh Nucleus Nursery; Kandahar; owned by Kandahar Municipality, run by Mercy Corps
- Donors, NGOs, research institutions via workshops, working groups, reports
- Other Mercy Corps field offices worldwide via technical exchanges and international visits

16. Target Areas and Stakeholders

Mercy Corps, CAZS and the Provincial Departments of MAAH will implement the proposed project in lower Helmand and Kandahar Provinces of southern Afghanistan. This region was chosen because of the high prevalence of poppy production in the area and its dependence on poppy cultivation as a means to provide employment and cash income to marginal farmers and daily laborers. Although currently underserved, there is strong demand for agricultural technical assistance and services, and promising potential for establishing successful agri-enterprises. Mercy Corps bases these assertions on its past experience in the region implementing rehabilitation activities and alternative livelihoods programming, as well as discussions with community leaders, farmers, government officials and the donor community.

Geographic coverage under the RARE Project will be conducted via a cluster methodology. Groupings of settlements already exist in southern Afghanistan with roughly 8-10 settlements per cluster. The project will work in one cluster each in Helmand and Kandahar Provinces.

Participating farmers must be from an area that is considered 'secure' in order to facilitate continued access during the life of the project. These are areas within a 50 kilometer radius of the urban centers of Kandahar and Lashkar Gah and have the potential to involve farmers in 7 districts. Obviously, for the purposes of this project, farmers must have access to land and water and be willing to participate in the research. Mercy Corps currently works with a network of farmers in our seed multiplication and fruit tree nursery programs. As positive relationships have been developed, Mercy Corps will attempt to build on this and involve a select number of existing partners in the RALF project. These farmers were initially selected because of their willingness to work with an international NGO, try new initiatives and receive extension training and be a link to their communities. Previous experience with these programs shows that while these farmers may be slightly better off due to their access to land and water, they are positive examples for their communities. The clusters of Arghandab and Maiwand in Kandahar and Bolan and Garamser in Helmand are two areas that are areas where Mercy Corps has consistently been able to work over the last year even during times of insecurity and where farmers have been receptive to new ideas and practices. These areas are generally representative of a large part of the region, not considering the southern, desert-like areas and northern, more mountainous and extremely insecure areas.

If the budget allows, work will be extended to include additional clusters. All activities planned within the project will be undertaken at the cluster level. Broader work, such as market studies, analysis or the extension services and water resource use will necessarily extend beyond the borders of these cluster areas. Sakari Bagh Nursery in Kandahar Province and the Agricultural Innovation Centre in Lashkar Gah city of Helmand Province will be used as 'control areas' for some of the new crops, production methods and water usage work undertaken.

In each cluster, Mercy Corps will identify leading, farmer innovators, who will be the primary researchers and will serve as farmer-led experimenters and information dissemination

networks. Though the risk of working only with farmer “elites” exists, we believe that it is not inevitable, based on our significant prior experience working with farmers in southern Afghanistan. In fact, we already have well-established relationships with many farmer innovators with whom we have undertaken effective technology and information transfer projects. It is expected that agriculture groups (former cooperatives, farmer’s associations or community groups willing to engage in a joint agri-enterprise) will be key collaborators in the small to medium agri-enterprise research and, specifically, participate in any value-added processing initiatives.

Mercy Corps’ realizes that initiatives tested in these clusters and at the control sites may not be 100% replicable to other areas in the South due to climatic or geographical reasons. However, the large central belt of productive land in Kandahar and Helmand would be comparable to a large majority of farming communities in these two provinces.

In all cases, work is focused on providing alternatives for economically marginal, agrarian and pastoral households that have suffered from drought; political instability; limited economic opportunities outside of the prevalent poppy economy; destroyed infrastructure; and in some cases, displacement.

As noted in Section C, Mercy Corps has a long history of working in the agriculture sector in Kandahar and Helmand Province and currently has a number of projects underway. The following is a non-exhaustive list of profiles that provide an example of some of the main stakeholders of the project and illustrates how each has participated in the design of this project.

Farmer Innovators: Farmer innovators are key influential farmers who are keen to try new ideas. **Abdullah Waziry** living in Grishk, Helmand Province is an agriculture innovator agreeing to participate in RARE. With Mercy Corps’ support in December 2003, A. Waziry started a greenhouse business in which he is raising flowers, market vegetables and using the by-products to raise speciality turkeys for sale during high-market periods such as the Eid holiday. Within the RARE Project, Mr. Waziry may experiment further with greenhouses, water use, and specialty crops. Furthermore he may be targeted with small processing initiatives for crop surpluses such as the processing of tomatoes into paste and would be a prime candidate for organic conversion at a later date. Mr. Waziry has personally decided not to grow poppy. By the end of the project, it is expected that his ability to earn a living from new agriculture-based small enterprises will be increased. The project will track his success as well as that of other Farmer Innovators.

Community Clusters: Bolan and Hazarjuft clusters in southern Helmand are two areas in which Mercy Corps has worked for numerous years. Leaders, farmers, government officials have repeatedly expressed their interest in spurring economic development in their respective areas outside of the prevalent poppy economy. These clusters are geographically distinct and possess some social cohesion. As such they offer the opportunity to galvanise the support of many people under the traditional community leadership structure. Results of successful trials can therefore be rapidly disseminated. By the end of the project it is expected that each cluster will have an agreed upon approach to redirecting their local economies and will have proven examples of agri-enterprises that can provide livelihoods to residents within the area.

Agri-enterprise: Bolan Agriculture Cooperative is an example of an agriculture group agreeing to participate in the project. Bolan Cooperative is located in a high-profile location outside of Lashkar Gah City, Helmand that has recently been a target for poppy eradication. As a result, Bolan Cooperative has been forced to look for alternatives to poppy. In 2002-2003, Mercy Corps helped the group of farmers restart their cooperative and to start a market vegetable business. The cooperative focuses on supplying eggplant, cucumbers.

and tomato in March, April, May, when Pakistan imports are at a seasonal low and prices increase in local markets. Such cooperatives can bring together innovative farmers and educate them in improved techniques. They can also serve as a cohesive unit through which organic certification can be sought and administered, and through which products can be marketed. By the end of the project, it is expected that Bolan Agriculture Cooperative will more fully participate and help lead its cluster to develop social networks that facilitate the change over from poppy and also be an integral player in developing new agri-enterprise options. The cooperative will be a key research collaborator, and a very accessible one, given their close proximity to Lashkar Gah City, Helmand.

Sakari Bagh Nucleus Nursery and Kandahar Municipality: Mercy Corps has managed the Sakari Bagh nursery for the past 7-8 years. It is owned by the Kandahar Municipality and is situated about 30 minutes from Kandahar City in the heart of the Arghandab Valley where fruit production once boomed in the South. The Nucleus Nursery is not only a centre where fruit and nut trees (plums, peach, apricots, mulberry, almond) and grape vines are propagated and mother stock is maintained, but also it a public centre where hundreds of families visit every weekend to picnic and enjoy the natural setting. With help from the Japanese Government, the Kandahar Municipality has invested heavily in the rehabilitation of the nursery via several new infrastructure rehabilitation works (irrigation canals, protection wall, swimming pool). Given the history of the nursery as a centre of local research and public events, it is expected that the centre will be an ideal location to test new production methods and to spread knowledge generated. The close relationship with the Municipality and Governor of Kandahar in this respect will further help to propagate lessons learned.

17. Uptake Pathways

The RARE project has strong potential for rapid uptake of results during and beyond the life of RALF through existing institutional and community relationships, on-going programmes and future/pending programmes:

Existing Institutional/Community Relationships

- Mercy Corps' Sakari Bagh nursery and the Agricultural Innovation Centre are prime locations for the uptake of successes and lessons learned from the RALF project by acting as centralised points of information exchange and, in the case of the Centre, agricultural vocational education.
- Mercy Corps will ensure that MAAH staff, agriculture educational institutions and farmers groups have access to all results of the RALF project and will integrate positive lessons learned into on-going extension services, support to agri-enterprises, agricultural education and information dissemination.
- Mercy Corps will remain active in the Alternative Livelihoods Working Group, ACBAR advocacy initiatives, the Central Eradication Coordination Cell meetings and one-on-one meetings with donors, the Afghan Government at both the regional and national levels and other actors in this field in order to advocate and influence policy recommendations in alternative livelihoods.

On-going Programmes

- With EU funding, Mercy Corps will re-establish the Helmand Agricultural High School in Lashkar Gah city as part of its Southern Afghanistan Rural Recovery Programme (SARRP) and will be able to incorporate 'best practices' and lessons learned from RALF into agricultural education curriculum. Mercy Corps is establishing a longer-term link with Kabul University and its satellite facilities in coordination with the University of Illinois (through RAMP funding). Mercy Corps also has staffing links to the agricultural programs at Kandahar University and has proposed to strengthen this link by establishing paravet. basic

veterinary worker and scientific officer (veterinary-related laboratory work) certification programs there should funding be awarded (application for RAMP Animal Health consortium approved; funding to EC for Animal Health Support program pending).

- The EU-funded SARRP, which includes a component for agri-enterprise start-ups and institutional support to the provincial MAAH. Agri-enterprises that prove to have business potential will be promoted under SARRP and extension methods and information that has proven beneficial will be passed through the provincial MAAH's cooperative and extension programming supported by SARRP.
- Mercy Corps' long-term FAO-funded seed multiplication program with links to contract seed growers provides an automatic network of farmers engaged in non-poppy production. These farmers not only could serve as farmer innovators for additional alternative crops, but also act as a mechanism for transfer of knowledge in their communities. In the future, Mercy Corps plans to establish a seed and farm supply company with considerable revenue generated from seed sales. This company could provide farming inputs, tools and supplies proven successful as part of RARE.
- Longer-term, Mercy Corps' financial institution, the Ariana Financial Services Group plans to open a branch in southern Afghanistan, providing start-up capital to enterprises and support for expansion of successful agricultural groups.

Future/Pending Programmes

- Mercy Corps is collaborating with the Macaulay Institute on another RALF proposal entitled *Marketing of Livestock and Livestock Products: Market Demand, Potential Returns to Producers and Constraints to Market Access*. If funded, this project will analyze the potential for market development in livestock in two regions of Afghanistan, including the provinces of Kandahar and Helmand. The results of this project will be used as the framework for further research and programming.
- Fruit and Almond Orchard Re-establishment and Marketing. Through Mercy Corps generated funds, and potentially additional donor funds, Mercy Corps will expand its work on 48 fruit and almond tree nurseries across southern Afghanistan and will step up its related marketing activities.
- Institutional Support to Provincial-level Departments of MAAH. This project will specifically focus on building the capacity of the Helmand and Kandahar Departments of MAAH. It is expected that donor funding will soon be approved to start a capacity-building project that will build the organizational management capacity of MAAH in Helmand and Kandahar and will look at the role of these provincial offices in broader economic development of the regions. Exchange trips to the U.S are planned and an international consultant is slated to be engaged in leading this effort.
- It is expected that the results generated from the RARE Research Project will play a key role in the definition of future programming development for Mercy Corps as well as the broader development community in southern Afghanistan. Mercy Corps will apply as appropriate to donors for funding for related follow-on programmes and will ensure coordination with other partners' programs including the Central Asia Development Group (RAMP & INL funding).

18. Expected Impact: Livelihoods and poverty of current poppy growers

The expected impact of the project will stem from documented, applied research in the areas of:

- a) Farmer-led Experimentation & Extension Services**
- b) Small-scale Value-added Processing Enterprises**
- c) Organic Export Feasibility Study**
- d) Community Participation and Agricultural Governance**

In general terms, there will be a historical record of efforts, crops, business ventures and the extent to which they have been effective in offering opium poppy producers alternative production and/or livelihood options.

In terms of each research area:

a) Farmer-led Experimentation & Extension services: It is anticipated that experimental crops coupled with sufficient institutional support, access to technical services and marketing structures will provide an alternative that poppy producers find attractive when considering factors of economic return, risk, legality, etc.

b) Small-scale Value-added Processing Enterprises: It will be evident which business development experiments worked and which did not. Both results will provide input and guidance for the development of future rural enterprise efforts.

c) Organic Export Feasibility Study: Further development depends on the initial feasibility study. If the study finds that there is no market for organics, further work will not be pursued. However, if the study finds that there is potential, Mercy Corps will follow up with robust, sustained efforts to develop: a) the marketing infrastructure for organic products, b) effective organizations that aid producers in accessing specific markets for organic products and in developing and maintaining sustainable organic agricultural practices; and c) institutional capacity in the MAAH in developing appropriate organic certification standards and procedures.

d) Community Participation & Agricultural Governance

The extent to which community-based interventions have succeeded in deterring poppy cultivation will be evaluated. A baseline study will be undertaken at the outset of the project in conjunction with CAZS. A number of interventions will be reviewed throughout the project and, at the project's conclusion. Mercy Corps will compare any changes in the community's acceptance of poppy cultivation to communities where there was no such intervention. In addition, the project's work with the MAAH to test and analyze strategies in which the MAAH can positively effect change in poppy production via a variety of policies and incentives at the village and provincial level.

19. Monitoring and Evaluation

CAZS will take the lead on the monitoring and evaluation component of the project. Mercy Corps is visiting CAZS in mid May to begin face to face implementation plans of this project and CAZS will conduct their first visit to the region in early June. At this time, a concrete workplan for monitoring and evaluation, per component, will be drafted and made available to ICARDA.

Monitoring has been built into the project through integration of all activities with the Departments of Agriculture and the anchoring of the activities in existing model sites and in farmer clusters. Primary monitoring on a day-to-day basis will be the responsibility of the Mercy Corps staff in Kandahar and Helmand and the staff of the Provincial level MAAH. CAZS researchers will provide research designs, monitoring tools and will conduct regular field monitoring visits. Monitoring consists of visiting project sites, formal and informal discussions with farmer innovators and village elders. All monitoring will be documented on an on-going basis for purposes of comparison over time.

Mercy Corps, CAZS and MAAH will jointly establish detailed implementation plans for each intervention during the start-up phase. On a quarterly basis, CAZS, Mercy Corps and MAAH staff will evaluate the project by indicator and make adjustments in the implementation

workplan and calendar as needed. This will be done in person or through conference call as needed. Due to built-in flexibility of the project, changes can be made without significantly altering the project design.

A number of studies have highlighted the issue that producers' reasons and incentives for planting or not planting poppy are complex. How to measure and document this process is a challenge. Monitoring activities will likely be comprised of producer interviews done in conjunction with focus group discussions that can in turn be supplemented with aggregate regional level statistical data. It is not anticipated that the project will undertake specific monitoring of producers' area planted to poppy due to security concerns. However, the areas under project implementation will be a part of UNODC opium surveys and data will be gathered in this fashion. However, as Mercy Corps believe that poppy reduction is a complex and long-term problem, it is not suggested that the RALF research project will have an immediate effect on reduction of poppy. Nevertheless, the project will document which products, processing techniques may have potential to be alternatives to poppy production. Furthermore, the sociological aspect of the proposal will lead to more insight as to the process by which farmers make the decision to grow poppy. It is in this area where knowledge gained may be targeted towards on-going practices and impact the amount of poppy that is planted in the future.

Production and processing monitoring and evaluation is relatively straightforward and will involve specific indicators such as amount of water needed, types/ methods of fertilization, length of time to maturation, harvesting techniques/ times, production material and time costs and market rates of sale. The organic feasibility study will look at the process necessary for certification of a number of products in the target areas (including pomegranates, medicinal plants and grapes). This includes soil testing for determining the amount of chemicals or elements in the soil and the number of years necessary for the soil to be determined to be 'organic'. This information and a review of the processing for declaring products 'organic' by international standards will lead to an estimate of the cost and time for this process. The market value of current products and the estimated market value of 'organic' products will be compared to determine if the time and cost of certification warrants the implementation of organic production.

The Community Participation & Agricultural Governance component is more sociological and as such will be a more qualitative monitoring and evaluation process. In the clusters where the RARE project will occur, CAZS will oversee a baseline survey and subsequent follow-up surveys to determine the process by which farmers and communities make the decision to plant or not plant poppy. These surveys will be both individual/ family interviews as well as focus groups and focus on issues such as religion, economy, legal status and debt issues related to household income. Over time, the project will compare any changes in the community's acceptance of poppy cultivation to communities where there was no such intervention.

A review of the policies and practices of local departments of Agriculture will be undertaken to determine the 'official' role versus the reality on the ground in terms of access to information related to the illegality of poppy the perception of poppy growing by officials and agriculture extension services.

Mercy Corps, CAZS and MAAH staff will attend the annual planning workshops involving all RALF projects and will present interim results from the project and the annual work plan. These workshops will contribute to the monitoring of project activities and achievement of milestones.

All partners will be involved in compiling past relevant research information including crop studies, reports from MAAH archives and reports from existing agricultural cooperatives/ groups. On-going market data will be gathered by provincial level department of agriculture.

Activities as described in Section E relate directly to the Outputs as described in Section D and correspond to intervention area. *Refer to Attachment 1: Logical Framework* for specific indicators of each level.

20. Appraisal Issues

Since the project will be working in small, accessible and geographically distinct village clusters, it will be easy to monitor the positive and negative effects of RARE interventions on a regular basis. In addition, the number of potential negatively impacted farmers will be low since only successful trials will be expanded, and even then along sound economically and environmentally sustainable lines.

Organic agriculture offers the advantage of adding value to existing cropping practices without producing crops for which there is no local market. Such a strategy is useful as it means that at worst; crops can be sold locally without loss to the farmer. Environmentally, organic husbandry has been proven to be at worst environmentally neutral, but more often beneficial. It promotes good soil management and substantially reduces the amount of agrochemicals entering the environment.

There are potential social impacts of working in opium producing areas with an aim to reduce dependence on this crop. There are powerful figures at work within this illicit sector who will object to any interventions which impact on their business. The project will be monitored closely for negative social impacts, and appropriate measures taken in order to avoid threats to communities and project staff.

Mercy Corps recognizes the difficulty of involving women in activities (agricultural and otherwise) in Southern Afghanistan due to cultural restraints. However, recent work has shown that women are able to participate in agricultural activities in a way that can be networked out to other women, albeit in a 'compound' environment. Mercy Corps will address women's productive activities primarily through its Agricultural Innovation Center (AIC), a separate though related project that operates with funding from another donor (discussed in Section 15 of the proposal: Target Institutions). The AIC is run by Mercy Corps in collaboration with the Helmand MAAH and the Helmand Women's Association and exists to increase women's involvement in agriculture and agriculture-related income generation through training, small-scale agro-processing and public forums highlighting and promoting women's role in agriculture. There are natural links between the Mercy Corps' RALF activities and the agro-processing and crop testing initiatives that will take place as part of the RALF programme.

Production of agricultural varieties that is applicable to a nursery or garden environment can be applied to women in their compounds through outreach from the female agricultural trainers of the AIC and the staff of the Helmand Women's Association. At least one test site in a cluster will involve women and at least 3 at the control site of the AIC will focus on women's involvement. Likewise, small-scale processing equipment is being procured for the AIC under the current grant and will be used by women, both in their homes and at the AIC for the processing component. Outreach from this center will be disseminated via direct training, radio and written materials and is coordinated with the Helmund Women's Association.

As 15 women have recently been trained at the North West Frontier Province University in Peshawar on agricultural production/ processing techniques, Mercy Corps will build on this cadre of female trainers to continue outreach to women in their homes in Lashkar Gah and the surrounding areas. Efforts to recruit and train women in agriculture from the Kandahar area are underway although the women's association in this area has proven to be less willing or able to operate independently and conduct field work.

SECTION E: ACTIVITIES

20. Activities

RARE activities are grouped into four main research areas, each of which directly relates to key constraints to licit livelihoods.

Farmer-led Experimentation and Extension Services

RARE will counter the constraint of low capacity to undertake basic agricultural research, an eroded agricultural knowledge base and poor access to inputs by developing a farmer-led agriculture technology and dissemination framework. Over a three-year period, the project will develop a series of on-farm trials and interventions. These will be supported by strengthening an information dissemination network centred around farmer innovators.

A network of at least 10 farmer innovators per cluster and two control sites will test at least 15 different staple, cash and speciality crops including but not limited to:

- Spices
- Cosmetic and medicinal plants
- Essential oils
- Greenhouse vegetable gardening
- Greenhouse flower growing
- Seed Production (vegetable, oilseeds)

The effectiveness of low cost drip irrigation and other water conserving irrigation technologies also will be tested and evaluated, including but not limited to: drip, wheel-line, low pressure sprinkler and reformed flood and furrow irrigation. This is important to evaluate the potential that new technologies may have to improve the efficiency and productivity of irrigation water in water scarce, agro-climatically marginal areas. CAZS will spearhead the design of this component, leveraging its successful experience in its DFID-funded Participatory Practices in Improving Crop Production.

CAZS and Mercy Corps will conduct a review/analysis of extension services – past, present and future – in partnership with the provincial MAAH, including market-driven informational, management and agri-business development services and recommendations for the provincial MAAH's future role in supporting the creation of alternative livelihoods. This will determine the most appropriate framework for making available vital extension services, such as agri-business development services, producer organizations, pest control, soil and water management, quality seed supply and related services.

Small-scale Value-added Processing

RARE will work to counter the constraint of a lack of post-harvest processing enterprises and poor access to technical and business development services. This activity presumes that small-scale post-harvest processing may afford producers superior opportunities for alternative livelihoods than large-scale processing facilities. The benefit of small-scale facilities is that they are decentralized enough to reach large numbers of producers and they are impacted less by the high transportation costs of centralized facilities, which quickly reduces the farm-gate price and thus the attractiveness of the crop in question. They also are less vulnerable to poor security and are less affected by the current ambiguity of the legal framework for agri-business and cooperatives. In addition, because they are small, member participation tends to be high, thereby allowing the rapid infusion of investments and knowledge.

Viable solutions for small-scale landholders include intensifying production, cooperative marketing and cooperative produce processing that can fetch higher market prices at urban and regional centres. This project will focus on all of these to involve small landholders in more profitable production and marketing schemes.

Learning-by-doing commercial experiments will yield a data set that provide direction as to which enterprises can be functioning commercial entities and those that can not.

Mercy Corps, CAZS and the Provincial Departments of MAAH will test the viability of a variety of small-scale food processing enterprises through 10 community-based organizations. The enterprises will process products that can be sold locally and regionally, including:

- Improved apricot drying (sulfur) that allows longer storage and fetches a higher price
- Medicinal Plant Production and Processing
- Onion and Garlic Storage and Marketing
- Fruit and nut crops both fresh-market and dried
- Oil Crop Processing (Peanut, Sunflower, Canola)
- Grape mash production for juice and wine products
- Honey packaging

The agro-processing initiatives proposed by Mercy Corps will take place at two levels: at the farmer level and at the farmer association level. Our approach will be to test interventions directly with farmers and farmer associations by identifying ways and means to increase the return on existing agricultural products through small-scale processing (including packaging). Interventions will also be tested by Mercy Corps', Dept of Agriculture and Helmand Women's Association staff at the control sites of the Agriculture Innovation Center and Sakari Bagh Nursery. As part of the testing, Mercy Corps and CAZS will carefully track the cost of inputs, machinery, processing materials and supplies and other related costs and the return on the processed products. These will be compared to the costs and returns of the raw products (including losses incurred through spoilage), enabling Mercy Corps to determine the extent to which individual farm incomes can increase.

Production techniques that increase the value of agricultural goods will be taken up through other program initiatives in place, namely the Southern Afghanistan Rural Recovery Program, which can provide both equipment and agricultural extension education to farmers and farmers groups for the establishment of agri-enterprises. Additional program initiatives underway include the pilot agricultural alternative lending initiatives (to be funded through USAID) that will provide a range of loan products that will allow farmers access to business start-up capital.

There has not been a great deal of research to evaluate the functioning and efficiency of different aspects of agricultural markets in Afghanistan, particularly those related to horticulture and specialty crops. UNFAO, the USAID-funded RAMP project and initiatives through a consortium funded by NOVBI have done initial work in this area and the project will build on the work they have done to date. As a related activity to the initiatives described in point #1 above, Mercy Corps will conduct a market feasibility study for new agricultural raw and processed products in partnership with the Center for Arid Zone Studies (CAZS). Markets will be analyzed on a local, regional and export basis. The results will be added to the available research already conducted to create a better understanding of the functioning and the efficiency of these markets. Under current circumstances however, the lack of data makes accurate estimations and evaluations extremely difficult.

It is our belief that small-scale agro-processing has great potential to replace certain imports (e.g., tomato paste) at the local level, thereby having economic impact at both the individual (farmer) and community levels. If our assumptions are correct, we believe that market demand will lead to a scaling up of agro-processing beyond the community level to the regional level.

Market Feasibility for Organics

RARE will partially address the constraint of lack of market access by researching whether organic agricultural products could serve as one suitable alternative to poppy production.

Mercy Corps and a research partner will conduct an in-depth feasibility study to evaluate the prospects and possibilities for the development of export markets, primarily in organic dried fruits and nuts but perhaps extending to other products. The study will evaluate the market potential for Afghan organic products in Europe and the US as well as regional markets in South Asia and the Middle East.

Preliminary discussions have taken place with a number of organizations on this issue, including: The Scottish Organic Producers Association (SOPA) based in Edinburgh Scotland, the Welsh Institute of Rural Studies based in Aberystwyth, Wales, which has a well established research center on organic products and markets, and The Soil Association based in Bristol UK, one of the major organic producer associations in the UK. Now that Mercy Corps has received a favourable response from RALF about this project, we will continue our dialogue with these entities and select the most appropriate to conduct this feasibility study.

Assuming that it is indeed worthwhile to pursue the development of organic agricultural products, it will be necessary to develop transparent and efficient marketing entities to assist producers in accessing appropriate markets and to develop and maintain sustainable organic agricultural practices. Mercy Corps will evaluate and, if needed, develop and improve the institutional framework of agricultural producer associations and marketing cooperatives. This work will be done in collaboration with the University of Kabul and in conjunction with regional agricultural institutes in Kandahar Province. MAAH will be deeply involved in this activity in order to create training materials and develop appropriate organic certification standards and procedures.

Community Participation & Agricultural Governance

RARE will address social and community-based constraints by engaging village clusters and working with community leaders, farmers, traders, youth and businesses to set local policy in favour of creating a new social and economic framework. Mercy Corps' hypothesis is that these clusters can play an effective role in redirecting local economies through changing social preferences, rewarding new non-poppy businesses and using social pressure positively. Additionally, the principles of food and agricultural sovereignty will be discussed and tested with the elected cluster committees.

CAZS, Mercy Corps and the provincial MAAH will engage clusters in the above activities and monitor whether social pressure along with improved production, processing and marketing makes a difference on poppy production. This component will be measured throughout the project and will largely influence Mercy Corps' follow-on programming in the area of alternative livelihoods. The RARE project will work with the MAAH to review and analyze its most effective role in agricultural governance that will encourage alternative livelihoods.

21. Implementation and Management

Implementation

At the outset CAZS will have a central role in the design and execution of experiments. Mercy Corps together with the provincial MAAH in Kandahar and Helmand will take this forward and implement these in the field with guidance and monitoring from CAZS. Mercy Corps will be responsible for the collection and management of primary data, which will then be passed on to CAZS for analysis, presentation and publication. In addition, Mercy Corps will have a role in capacity building the extension service to take any developments to the farmers, and identifying funding for the further development of these initiatives.

Mercy Corps, CAZS and the provincial MAAH expect that the initial start-up phase of staff recruitment, establishment and agreement on the project work plan and staff organization will take three months.

Agri-enterprise selection and implementation will begin within the first four months, following detailed feasibility studies. A graduated start is important in order to train staff, to properly engage the provincial MAAH in Helmand and Kandahar and to conduct adequate product and market studies. Once this is completed, the selected enterprises will be initiated in a phased approach so as to: a) ease the management load on the project team, and b) allow for the development of potential lessons learned from different enterprises as they develop.

A nine-month feasibility study for organic markets will begin in the first quarter of the project and the results will be available by mid-2005. At this point, Mercy Corps will be able to make an informed decision about whether to proceed with this activity, including further market research as appropriate, certification standards, development of educational materials and extension services and information.

Development of social and community-based initiatives will also take place at the outset of the project. The project will conduct an initial baseline overview to identify and select target communities for the intervention. This action will be followed by a series of group discussions and community meetings to identify community needs and priorities of how groups and village leaders develop policies and priorities geared toward alternative livelihoods strategies within their communities.

Project Management

One half-time expatriate Project Manager, shared with the EC-funded SARRP program, will be responsible for overall management of the project for its duration. Support for project implementation will be provided from Mercy Corps management, logistics, administration and finance staff. The project will be executed in collaboration with existing Mercy Corps activities and programs, with additional input and assistance from CAZS in its relevant areas of responsibility.

The RARE Project Manager will oversee a team of two local agricultural staff each in Kandahar and Helmand Province and a national Program Manager. This team in each province will be responsible for developing and executing all components of the project at the field level. This will include, on-farm and farmer experimentation, organic agricultural practices and certification procedures at the farm level, development and assistance to all post-harvest processing enterprises, and all social and community based initiatives.

CAZS will be responsible for developing the initial design of both Mercy Corps on-farm experimentation, and the methodology through which experimentation with participating farmers will be executed. Day to day management and implementation will be the responsibility of Mercy Corps and the Project Director.

For coordination with other Mercy Corps agriculture activities, the RARE Project Manager will work closely with the Agriculture Programs Manager based in Kabul. The focal point of communication with DFID/ICARDA will be the RARE Project Manager and/or the Agriculture Programs Manager.

Attachment 1: Logical Framework

RALF Project Number	RALF01-07
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Project Title	Restorative Agriculture and Rural Economy (RARE) Research Project
Lead implementing institution	Mercy Corps

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
Goal: A rural economy that supports agricultural livelihoods that are legitimate, economically viable, culturally appropriate, and environmentally sound.	<ul style="list-style-type: none"> ü Poppy production decreases. ü Increase in non-poppy related jobs. 	<ul style="list-style-type: none"> ü UNODC reports. ü ATA Annual Economic Reports. 	Security maintains. Other actors in the effort to reduce poppy play constructive roles and do not endanger development-related activities at the field-level.
Purpose: To test and identify means to achieve agricultural livelihoods options that are legitimate, economically viable, culturally appropriate and environmentally sound.	<ul style="list-style-type: none"> ü # and type of legitimate enterprises identified and tested to be profitable ü # and type of new policy approaches aimed at supporting alternative livelihoods that are adopted by the Provincial Departments of MAAH in Helmand and Kandahar. ü # and type of cluster-based and community-influenced policies aimed at encouraging legitimate enterprises and agricultural production systems 	<ul style="list-style-type: none"> ü Final Project Report ü Final review and evaluation of project by RALF review board at project end. 	Security maintains. Adequate cooperation on the part on MAAH and field-level stakeholders remains constructive. Qualified national staff can be hired, trained and engaged. A qualified Project Manager can be hired.
Outputs:			
Farmer-led experimentation and extension services			
Output 1. Economic analysis of a variety of staple, cash and specialty crops (extension publication produced)	<ul style="list-style-type: none"> ü Production records illustrate profitability of each crop under real growing conditions and utility is proven or disproved. ü # and type of any new crops being produced by farmers at project end. ü Demonstrations at farmer level (# to be determined) and at 2 control sites in Helmand and Kandahar. ü +/- feedback from other practitioners and 	<ul style="list-style-type: none"> ü Enterprise budgets per crop are produced ü Results of farmer-led experiments are documented every 6-months throughout the project ü Extension Publication produced by Project End 	Security maintains. Drought does not curtail activities. Adequate markets can be sourced.

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
	stakeholders engaged in similar work		
Output 2. Economic analysis of different types of improved small-scale-irrigation systems (extension publication produced)	<ul style="list-style-type: none"> ü A selection of small-scale irrigation systems in use across each of the 2 clusters and at both control sites. ü # of systems independently purchased by farmers without subsidies ü Demonstrations at farmer level (# to be determined) and at 2 control sites in Helmand and Kandahar. ü +/- feedback from other practitioners and stakeholders engaged in similar work 	<ul style="list-style-type: none"> ü Costs and economic benefits of each different system documented ü Results of farmer-led experiments are documented every 6-months throughout the project ü Extension Publication produced by project end 	Same as above.
Output 3. Review of past and current extension services, including recommendations for future market-driven supplies of agricultural support services, including technical agri-enterprise development and group/cooperative development (extension publication produced)	<ul style="list-style-type: none"> ü MAAH verifies information contained in historical review as accurate ü Change in profits (+/-) compiled following each respective (test) supply of technical and agri-business services (ie. Improved seed, business planning, market linkage) ü # of farmers approaching project for assistance in accessing new agricultural support services ü Provincial Department of MAAH adopts new strategy of strengthening agricultural support services 	<ul style="list-style-type: none"> ü Observed operational shifts in Provincial Departments of MAAH ü Documented increase in demand of support services; ledger maintained ü Extension Publication produced by project end 	Security maintains. Provincial Departments of MAAH are receptive to the in-depth analysis. Risk that there will be obstinacies at MAAH/Kabul. Necessary Training for MAAH staff is available.
Small-scale Value-added Processing			
Output 4. Evaluations of at least 10 different existing small scale agri-processing industries (extension publication produced)	<ul style="list-style-type: none"> ü # of successful post-harvest enterprises functioning in comparison to baseline data ü +/- feedback from other practitioners and stakeholders engaged in similar work 	<ul style="list-style-type: none"> ü Entrepreneur interviews ü Extension Publication produced by project end 	Security remains stable. Business environment, capital investment schemes and/or credit markets conducive to the development of such enterprises.

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
Output 5. Case studies of agri-enterprises that prove to have value-added through experimental processing (extension publication produced)	<ul style="list-style-type: none"> ü # and type of enterprises functioning at project end ü # and type of products being produced and sold at the end of project ü # of producers, processors, traders directly benefiting from new enterprises and change in income 	<ul style="list-style-type: none"> ü Entrepreneur interviews ü Commercial and agricultural survey data ü Final Project Report 	Same as above.
Organic Export Feasibility Study			
Output 6. In-depth feasibility study for the development of markets for organic Afghan agricultural products	<ul style="list-style-type: none"> ü Economics of production and export compiled. ü Feasibility study completed with recommendations to continue with process or stop. 	<ul style="list-style-type: none"> ü Review of feasibility study by RALF review panel and other interested stakeholders 	Marketing feasibility study indicates positive results. If results are negative, further study is aborted.
Output 7. A review of the different types of organic certification and an evaluation of how this might be applied and developed in an Afghan context	<ul style="list-style-type: none"> ü Review of certification process completed with recommendations to continue with process or stop. 	<ul style="list-style-type: none"> ü Organic certification regulations in place or under development at the provincial level in coordination with national level MAAH 	MAAH is open to this type of export development. MAAH cannot respond quickly enough to take advantage of identified market opportunities.
Output 8. Publication of producer manuals explaining regulation of organics and guidance and instruction on organic agricultural practices	<ul style="list-style-type: none"> ü Producer manuals completed 	<ul style="list-style-type: none"> ü Review # of producers initiating the process of monitored organic agricultural practices and embarking on the process of receiving certification 	The (2) preceding outputs render positive results. Organic exports are determined to be feasible. MAAH is open to this type of export development.
Community Participation and Agricultural Governance			
Output 9. 30-month study testing the effectiveness of local decision-making in encouraging alternative livelihoods (extension publication produced)	<ul style="list-style-type: none"> ü Community (leaders, farmers, youth, entrepreneurs) form a committee and actively participate in process ü Areas of positive social influence openly spoken and detailed by committees and residents ü Resident interviews by RALF visitors ü A cluster-based, community-influenced approach to curb poppy production is enacted 	<ul style="list-style-type: none"> ü Minutes from monthly committee meetings ü Approaches by elected committee are documented ü Extension publication produced by project end 	Community is open to experiment with new participative approaches. Security maintains. Political figures do not intervene or become threatened. Risk of community involvement being swayed by power figures. Risk of bad feeling toward

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
			project staff at start-up.
Output 10. Review and analysis of past and current agricultural governance and recommendations for future role of Provincial Ministry of Agriculture in supporting the creation of alternative livelihoods (extension publication produced)	<ul style="list-style-type: none"> ü Provincial Departments of MAAH active participation. ü Framework for intervention on the part of the Provincial Departments of MAAH is documented and approved by MAAH. ü Clear movement in policy priorities at the Provincial level Ministry of Agriculture. 	<ul style="list-style-type: none"> ü Review and compare Ministry policy structure at outset and at completion of the project. ü Extension publication produced by project end. 	Provincial Departments of MAAH are receptive to the in-depth analysis. Risk that there will be obstinacies at MAAH/Kabul. Necessary Training for MAAH staff is available.
Activities:			
Output 1. Activity 1.1: Baseline survey of past and current cropping systems in target clusters Activity 1.2: Crops to be examined are participatively selected with farmers, traders and other relevant stakeholders Activity 1.3: Farmer innovators are identified per cluster Activity 1.4: Testing and monitoring of crops with farmer innovators or farmers currently growing selected crops	<ul style="list-style-type: none"> ü # and type of crops and production methods tested ü On farm experiments are visibly underway both on demonstration plots and among participating farmers. ü # of farmer innovators and other farmers testing new crops and production methods 	<ul style="list-style-type: none"> ü Production records illustrate profitability of each crop under real growing conditions and utility is proven or disproved. ü Mercy Corps monitoring ü MAAH oversight and supplementary evaluations by outside parties and other stakeholders. 	New crop material (seeds, cuttings, saplings, etc) is able to be sourced if/when necessary. Drought does not occur.
Output 2. Activity 2.1: Baseline survey of past and current irrigation practices for key local crops is conducted Activity 2.2: New, small-scale irrigation systems are sourced and tested under a variety of conditions Activity 2.3: Review of efficacy of each system compiled	<ul style="list-style-type: none"> ü # and type of small-scale irrigation systems tested and in use ü On-farm experiments are visibly underway both on demonstration plots and among participating farmers. ü # of farmer innovators and other farmers testing new irrigation methods 	<ul style="list-style-type: none"> ü Production records illustrate profitability of each irrigation system under real growing conditions and utility is proven or disproved. ü Mercy Corps monitoring ü MAAH oversight and supplementary evaluations by outside parties and other stakeholders. 	New irrigation equipment is able to be sourced at a feasible price. Drought does not occur.

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
<p>Output 3. Activity 3.1: A review of past, current and future strategies for providing technical, input and agri-business development services is examined at the farmer level, supplier level, current provider level and MAAH level</p>	<ul style="list-style-type: none"> ü MAAH verifies historical account of extension services. ü Provincial Departments of MAAH adopt some or all parts of recommendations. 	<ul style="list-style-type: none"> ü Extension publication. 	<p>MAAH is conducive to this analysis.</p>
<p>Output 4. Activity 4.1: Baseline survey of current agri-processing in Kandahar and Helmand Provinces Activity 4.2: High-potential agri-processing industries are identified and analysed for profitability</p>	<ul style="list-style-type: none"> ü # and type of agri-processing industries in Kandahar and Helmand compiled. ü Income generated and # of jobs provided by each current agri-processing industry compiled. ü Quantitative comparison made between current agri-processing industries and identified "high-potential" agri-processing industries identified for start-up. 	<ul style="list-style-type: none"> ü Baseline survey data. ü Interviews with enterprise management. ü Extension publication. 	<p>There exist profitable agri-processing enterprises to develop. Local and regional trade routes remain open.</p>
<p>Output 5. Activity 5.1: Project acts as catalyst to start or support "best bet" agri-processing industries Activity 5.2: Capital investment and other agri-business development services are sourced in collaboration with entrepreneurs. Activity 5.3: Process of development of agri-enterprises is documented throughout the project cycle.</p>	<ul style="list-style-type: none"> ü # and type of agri-processing industries actually started. ü # and type of jobs created. ü Amount of capital sourced for investment. ü % self-contribution by agri-processing industries for start-up ü Other agricultural support services demanded and absorbed by agri-processing industries. 	<ul style="list-style-type: none"> ü Visits to agri-processing industries. ü Case Study Document. 	<p>Corruption is at a low. A banking system in Afghanistan extends to the provinces. Enterprise managers have adequate financial abilities to properly manage accounts.</p>
<p>Output 6. Activity 6.1: Relationship forged with international organization specializing in organic production, certification, and international sales. Activity 6.2: Consultant from above organization hired to conduct feasibility study.</p>	<ul style="list-style-type: none"> ü Agreement between MC and outside organization formalized. ü Study completed. 	<ul style="list-style-type: none"> ü Memorandum of Understanding between MC and organization and Consultant Contract signed. ü Review of work completed by end of calendar year 2004 summarized. 	<p>A willing and capable organization can be found. There is a market for such organic export produce.</p>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
<p>Output 7. Activity 7.1: Given Activity 6.2 is successful, a consultant is hired to review and provide a framework for organic certification in Afghanistan Activity 7.2: Findings are exchanged with MAAH and a preliminary work plan to develop organic certification is agreed upon</p>	<ul style="list-style-type: none"> ü Consultant hired. ü Organic Certification Recommendations for Afghanistan is produced. ü MAAH, MC, and other project participants and stakeholders are involved in discussion to determine to way forward for policy development. 	<ul style="list-style-type: none"> ü Report distributed to relevant stakeholders. ü A plan of action following the meeting with MAAH is agreed upon. 	<p>MAAH is conducive to work. Certification is possible in Afghanistan.</p>
<p>Output 8. Activity 8.1: Given Activity 7.1 is successful, a consultant will be hired to write producer manuals and instructions on organic agricultural practices.</p>	<ul style="list-style-type: none"> ü # and type of manuals produced. ü Manuals reviewed and accepted by MAAH. 	<ul style="list-style-type: none"> ü Final manuals in hand. 	<p>Same as above.</p>
<p>Output 9. Activity 9.1: Community leaders, farmers, local traders, residents, youth within the target cluster are brought together to discuss local ways directing local economies Activity 9.2: A committee is formed that is charged with drafting a cluster-based and community-influenced approach to decreasing poppy cultivation and building a new local economy Activity 9.3: Monthly meetings with committee takes place in which project staff and MAAH participate Activity 9.4: Various trainings and workshops take place as necessary (to be further determined during project) Activity 9.5: End of project review by cluster committee detailing the efficacy of the approach and outlining recommendations.</p>	<ul style="list-style-type: none"> ü Community members elect a committee. ü # and demographic profile of persons on the elected committee. ü # and type of trainings that committee members participate in. ü A cluster-based, community-influenced approach to decreasing poppy cultivation and building a local economy is documented. 	<ul style="list-style-type: none"> ü Minutes of monthly committee meetings. ü End of project impact assessment by committee members, community members, MAAH, and RARE project staff is compiled. 	<p>Communities are conducive to these activities.</p>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
<p>Output10. Activity 10.1: Review of the past role of the Provincial Departments of Agriculture is conducted Activity 10.2: Participative survey conducted with farmers, traders and other pertinent stakeholders to gauge opinion on the most effective role of Provincial Departments of MAAH Activity 10.3: Provincial Departments of MAAH test new approach to their role in agriculture development and related poppy reduction and document results</p>	<ul style="list-style-type: none"> ü MAAH approves the historical account of the Provincial Departments of MAAH past and current roles. ü # and type of changes and improvements enacted by Provincial Departments of MAAH. 	<ul style="list-style-type: none"> ü Survey data compiled. ü Provincial Departments of MAAH interviews. ü Extension Publication produced by project end. 	<p>MAAH is conducive to this review. Provincial Departments of MAAH have the capacity and authority granted by MAAH/Kabul to determine best practices within their provincial boundaries.</p>

Attachment 2: Work plan: Activities and Milestones

RALF Project Number	RALF01-07
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Project Title	Restorative Agriculture and Rural Economy (RARE) Research Project
Lead implementing institution	Mercy Corps

Project Year	Year 1												Year 2												Year 3								
	2004												2005												2006								
Calendar Year	2004												2005												2006								
Calendar Month	5	6	7	8	8	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Project Month	1	2	3	4	5	6	7	8	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	
Output 1. Economic analysis of a variety of staple, cash and specialty crops																																	
Activity 1.1: Baseline survey of past and current cropping systems in target clusters																																	
Milestones: Survey Complete									X																								
Activity 1.2: Crops to be examined are participatively selected with farmers, traders and other relevant stakeholders																																	
Milestones: Initial crops selected										X																							
Activity 1.3: Farmer innovators are identified per cluster																																	
Milestones: Farmers Identified										X																							
Activity 1.4: Testing and monitoring of crops with farmer innovators or farmers currently growing selected crops																																	
Milestones: Ongoing activity																																	
Output 2. Economic analysis of different types of improved small-scale-irrigation systems																																	
Activity 2.1: Baseline survey of past and current irrigation practices for key local crops is																																	

Project Year	Year 1												Year 2												Year 3								
Calendar Year	2004						2005						2006																				
Calendar Month	5	6	7	8	8	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Project Month	1	2	3	4	5	6	7	8	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	
conducted																																	
Milestones: Survey complete									X																								
Activity 2.2: New, small-scale irrigation systems are sourced and tested under a variety of conditions																																	
Milestones: Ongoing activity																																	
Activity 2.3: Review of efficacy of each system compiled																																	
Milestones: Review completed																																	
Output 3. Review of past and current extension services, including recommendations for future market-driven supplies of agricultural support services, including technical agri-enterprise development and group/cooperative development																																	
Activity 3.1: A review of past, current and future strategies for providing technical, input and agri-business development services is examined at the farmer level, supplier level, current provider level and MAAH level																																	
Milestones: Review completed									X																								
Output 4. Evaluations of at least 10 different small scale agri-processing																																	
Activity 4.1: Baseline survey of current agri-processing in Kandahar and Helmand Provinces																																	
Milestones: Survey complete										X																							
Activity 4.2: High-potential agri-processing industries are identified and analysed for																																	

