

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

RALF Project Number	RALF01-16
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1. SECTION A: ADMINISTRATIVE INFORMATION

1. Project Title	Western Afghanistan (RALF) Agroenterprise Action Research Program
2. Start and Finish Dates	1 st June 2004 to 31 st May 2006
3. Target areas in Afghanistan	Rural Communities in Ghor Province

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SECTION B: PROJECT PROFILE

8. Project Summary (600 words)

Typical NGO agricultural development interventions in Afghanistan have focused on the supply side, increasing productive capacity through introduction of improved crop varieties and more efficient cropping systems. These innovations have resulted in increased yields, but have not contributed to real gains. The absence of market linkages and market support systems, especially post-harvest handling, storage and distribution facilities continue to constrain farmers' ability to increase returns and develop sustainable livelihood options.

Through the development of market linkages and using an agroenterprise approach, CRS along with its partners will identify and promote alternative agricultural based livelihood opportunities for rural farmers in the western province of Ghor. This participatory action research project involves a demand-led initiative that will address constraints to market access (market research, facilitation of market linkages, supply chain coordination) and establish support systems.

Project outputs will include the development of crop specific market strategies, introduction of improved technology and best practices and the development of value added processing and storage activities.

To support the research outputs for RALF, CRS will collaborate with the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT). Based on the market assessments, CRS and its partner will implement a comprehensive approach that combines activities having immediate, clear benefits to productivity and income with longer-term marketing and capacity building to stimulate sustained agroenterprise development. The project will examine all levels of the market chain and will include capacity building in markets and marketing for actors in the supply chain – including producers, suppliers, processors, traders and staff of relevant Afghan government ministries. The agroenterprise program will go beyond production and market research activities to support concrete business negotiations.

In 2002, CRS began working with local NGOs in western Afghanistan to strengthen rural livelihoods in remote areas through cash-for-work infrastructure projects and by providing livelihood inputs (such as seed, fertilizers, wool for carpets, and tools) to the very poorest communities in the region. CRS has a fully staffed field office in Herat with sub offices in the Ghor districts of Tulak and Shahrak. RALF project field activities will be implemented in the western province of Ghor, a province that has seen a sharp increase in the production of poppy, ranking it 5th largest producer in the Afghanistan.

CRS and its partner will support the structure of supply chains by forming Technical Working Groups (TWiGs) and farmer associations. Collective action in production and marketing will create economies of scale and support increases in bargaining power of producers. TWiGs will support sustainable relationships among actors in the supply chain. Technological innovations will support increases in cultivated areas and yields via improved crop management technologies.

RALF Agroenterprise falls into a broader demand driven agroenterprise concept CRS and its partners are developing for Western Afghanistan. This RALF agroenterprise project for rural farmers will complement a proposed RAMP (Rebuilding Agricultural Markets in Afghanistan Program) agribusiness proposal submitted by CRS to Chemonics.ⁱ The RAMP agribusiness proposal concentrates on developing market linkages for the better off peri-urban farmers along the Hari-Rud river basin and around Herat City. These farmers currently supply 70% of all locally produced agricultural produces to the Herat markets. The RALF agroenterprise participatory action research project will be an extension of the RAMP agroenterprise adapting results from market research, market linkages and technological innovations for poorer rural farmers. Lessons learned from RALF agroenterprise will be feed into ongoing and future rural livelihood projects. The transparent membership of TWiGs, including interested NGOs, will ensure the replication of project successes.

SECTION C: BACKGROUND/PURPOSE

11. Background / Literature Review

In a recently released National Risk and Vulnerability Assessment (NRVA), preliminary findings show Ghor has one of the highest percentages of people falling below the food vulnerability line (48%). The UNODC (United Nations) 2003 Opium Survey ranked Ghor as having the 5th largest land area under poppy cultivation. The reasons for poppy cultivation are complex, including high market demand, a relatively sophisticated supply chain, large profit margins for processors and traders, and financial credit from opium producers. In the midst of high poverty incidence and weak law enforcement, the reasons for choosing to grow poppy seem to be fairly strong.

With this in mind, this project is designed to identify on-farm and off-farm livelihood options for people in Ghor Province, specifically high-value crop production and small-scale value-adding activities, to provide economic and social alternatives to opium-poppy cultivation and increase income for rural households.

Currently, at least 75% of the Afghan population depends on agriculture for its livelihood and historically, agriculture has accounted for up to 80% of the country's export earnings. Up until the late 1970s Afghanistan was a major player on the world market for dried fruits and nuts and other horticultural products, accounting for as much as 60% of the world export market.ⁱⁱ However, after 23 years of conflict and four years of drought, Afghanistan's agricultural economy is a fraction of what it used to be. As a result, rural household's earning potential and livelihood options have been limited and poverty is rampant.

Significant constraints to the agricultural sector include poor infrastructure, weak and inefficient local markets, and competition from imports, particularly from Iran and Pakistan. These constraints limit the earning potential of rural households including farmers, pastoralists, traders, merchants, and others engaged in the formal rural economy. This condition strengthens poppy cultivation as an attractive livelihood option for rural Afghans, as it creates jobs and provides a relatively stable income.

Over the past several years, particularly since early 2002, international aid groups and the Afghan government have supported supply side, or production-oriented, agricultural development. While many of these efforts have been successful in increasing production of some crops, they have not created significant economic benefits for farmers as increases in production have driven down prices in the face of fairly static demand. In contrast, opium poppies have a relatively demand within the international market and fairly sophisticated supply chains for getting raw or processed products out of Afghanistan.

With this in mind, in order to develop and promote sustainable agricultural livelihood options for rural farm households in remote areas of western Afghanistan, there is an urgent need to identify market-driven interventions that will open up the bottlenecks in the supply chain for licit high-value crops.

Significantly, many development efforts underway in western Afghanistan are creating economic opportunities for rural Afghan households that were not possible in the recent past. For example, improvements in electrical infrastructure in Herat Province and improvements in irrigation systems and roads in other provinces are improving post-harvest systems, making transportation services more efficient, and creating potential for processing and storage of agricultural products. These improvements have the potential for enabling farmers to grow crops they have not grown in the recent past, storing products, or processing them to increase value. The development of storage and processing facilities are expected create opportunities for Afghan markets to absorb higher volumes of production than currently possible.

With this in mind, CRS conducted two rapid market assessments in Herat in 2003 to identify where market interventions could have significant impacts on income for small farmers.ⁱⁱⁱ The

assessments included interviewing producers, the local Chamber of Commerce, Ministry of Agriculture, bankers and local and export traders

The objectives of these surveys were to:

- Identify market opportunities for crops with high potential for rapid impact on farm and agribusiness incomes
- Identify interventions that would improve the environment for business development services and help foster contractual negotiations between producers and agribusiness entrepreneurs for targeted crops
- Identify activities to improve quality standards, value-adding processing, post-harvest handling and/or storage and distribution of targeted crops

Major findings of these market assessments are listed below:

1. Market-related

- § Local traders confidently say that Afghan fruits and vegetables are of higher quality than imports from Iran and Pakistan
- § An estimated US\$30 million of food imports, including processed tomato products, frozen broilers, dry beans, and other goods make it into Herat markets from Iran, Pakistan and other countries; these imports indicate high unmet demand for local farm produce and products
- § Introduction of improved varieties and other technologies have increased production of crops (particularly wheat); unfortunately increased production in 2003 in the absence of adequate storage or processing facilities drove farm gate prices below 2002 levels
- § Export traders report pent-up demand for high quality saffron and cumin from buyers
- § Saffron production has great potential in western Afghanistan; an indicator of this potential is found in concerns within the Iranian saffron industry of the emergence of Afghanistan as a serious competitor

2. Post-harvest handling/processing

- § 7-fold increases in off-season price of onions, tomatoes and fruit indicate a critical need for storage and processing facilities
- § Producers and agricultural traders consistently indicate cold storage and processing facilities as priority needs to stimulate local agricultural markets

3. Business support services

- § The let-up of the drought in the 2002/2003 season has increased rainfed wheat productivity levels (yields); however, remote farmers have had difficulty marketing wheat profitably; lack of storage or processing facilities limit marketing options; poor roads make transport to market centres prohibitively expensive for producers
- § Transport (trucking) in western Afghanistan is controlled by a few large companies and they protect this monopoly aggressively.
- § In 2004, Herat will improve its electricity supply through new high voltage lines from Tajikistan and improvements on electrical infrastructure from Iran. With these improvements, post-harvest processing and cold storage for crops like onions and tomatoes are feasible activities and more profitable than they have ever been.
- § (Financial services) Producers and traders claim that a lack of access to credit is a critical constraint for investment and development of the agricultural sector; interviews with banks and the Director of the Herat Chamber of Commerce confirm this claim

5. Business organizations

- § Producers and agricultural traders are market-oriented and eager for information and linkages that will aid them in planning and investing wisely

Given that Herat City is the primary regional market hub for western Afghanistan, the above findings are applicable to the development of sustainable agricultural based livelihoods for rural communities in most parts of western Afghanistan.

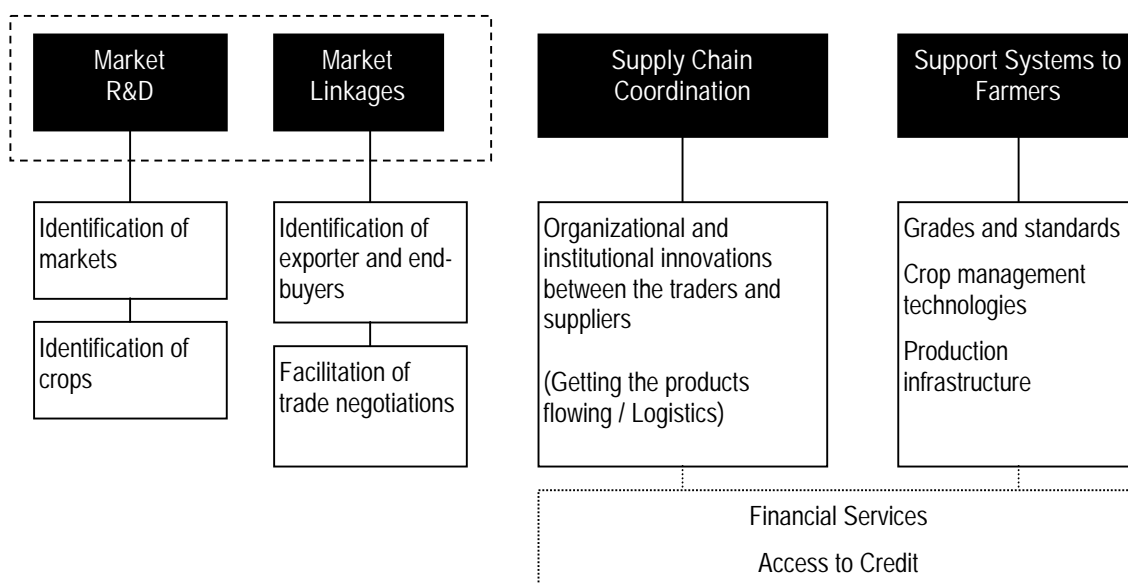
For rural farmers to have alternative demand driven agricultural based livelihoods, local, regional and international market constraints need to be addressed. Western Afghanistan is constrained in part by low returns to agriculture and extreme price volatility due to lack of storage capacity. Seasonal price differentials for tomato, onions and fruit are 700%.^{iv} These price differences result in an influx of fresh and processed commodities from Iran. Adverse impacts on the costs and livelihoods of local households and a regional economic drain are the unsurprising result. Our preliminary survey evidence indicates that food imports from Iran result in losses of foreign exchange of over \$30 million U.S. a year for Herat alone.

The absence of market support systems, especially post-harvest handling, storage and distribution facilities continue to constrain farmers' ability to increase returns. These findings from initial CRS market appraisals are consistent with those of a recent FAO survey of the horticultural sector in Afghanistan.^v

Project Methodology:

Under the RALF Agroenterprise Project, CRS and its partners will follow-up on the surveys conducted in 2003 to identify key market interventions for specific crops (including infrastructure, processing technologies and facilities, cold storage, etc) which are specifically intended to increase income potential for rural households in remote areas of western Afghanistan. To address market constraints that exist in western Afghanistan, CRS proposes to use the following model^{vi}

Figure 1. Conceptual Model for Stimulating Agribusiness in Western Afghanistan



The project methodology begins with research of markets for crops already produced in western Afghanistan. Based on its 2003 surveys, CRS identified tomatoes, saffron and cumin as 3 high-value crops with potential in international and domestic markets. However, the initial surveys were based on irrigated land near Herat markets (within 30 km of Herat City), thus giving bias to areas with access to financial services, and electricity, and requiring minimal consideration to transportation. As the RALF Agroenterprise Project will focus on remote areas, surveys will be conducted on a number of other crops, including but not limited to the following: pistachios, other nuts, dairy, honey, wheat, and potentially perfumes. The output of these surveys will be a short list of high value crops and first-stage value adding activities with strong potential for increasing incomes for rural households. It is likely that saffron and cumin will be included in this

project as both have already been identified as viable alternatives to poppy cultivation, and are already cultivated to some degree in remote areas of western Afghanistan.

Once a short-list has been established, CRS and its partners will work with local stakeholders, including producers, traders, NGOs, and relevant government representatives to form commodity-specific Technical Working Groups (TWiGs), who will be the primary target institutions for this project. CRS will work with TWiGs to identify buyers of products and facilitate supply chain innovations. The project will work with all stakeholders to identify priority support services and other interventions required to stimulate activity and innovations along the supply chain.

Project Partners

The project methodology builds on an agroenterprise model developed by the International Center for Tropical Agriculture (CIAT) under its Rural Agroenterprise Development Project.^{vii} CIAT and CRS have been collaborating in several countries in Africa through a “Learning Alliance”^{viii}, aimed at improving the long-term competitiveness of producers by increasing the uptake of innovative methods and technologies that strengthen links between farmers and markets. Rapid impact interventions and longer-term capacity building in Africa and Latin America by both CIAT and ICRISAT show that diversifying into market-driven production and focusing on value-adding activities results in substantial benefits to on-farm and off-farm rural incomes.

The RALF Agroenterprise Project will be implemented by CRS in partnership with the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) and the Centro Internacional de Agricultura Tropical (CIAT).

CIAT and ICRISAT have different but complementary strengths regarding agribusiness appropriate for this project. CIAT's strength is the Agroenterprise Territory Approach and the learning processes for developing local capacity in market-oriented agricultural development. ICRISAT's strength is on the business side of the marketing approach, with professional expertise in identifying and establishing agreements with buyers/traders on the international markets. Under RALF these strengths combine nicely. For example, in the case of Saffron, ICRISAT has supported CRS by identifying buyers in the US and UK and outlining quality grades and standards required by the international buyers.

ICRISAT will provide current market analysis and information that will provide direction to the project development. CIAT approach will test, validate and adjust marketing strategy to make it more location specific and look for longer-term gains through developing capacity for communities to replicate the process after the project has terminated.

CRS

Through OFDA and BPRM funded programs, CRS is currently implementing livelihood rehabilitation projects with rural communities in Ghor and Herat. The projects have a cash-for-work component, which allows vulnerable families access to cash while at the same time rehabilitates local productive infrastructure. The projects also have an innovative livelihood component that provides beneficiaries funds to purchase livelihood inputs of their choice, so as to assist them in rebuilding their livelihood activities. Allowing beneficiaries to select productive livelihood inputs of their choice is based on the concept that without proper market research, rural communities know best which productive inputs most suits their coping strategy. These projects have been extremely effective in generating income for rural households, strengthening local development councils (*shuras*), and providing men and women opportunities for articulating their development priorities. As Afghanistan progresses from emergency and rehabilitation to a development stage, an agribusiness approach will offer communities an informed choice as to which livelihood inputs offers sustainable alternatives to existing unsustainable livelihoods.

ICRISAT

In addition to its capacity in agricultural research, ICRISAT scientists have expertise in market research and development, as well as in the promotion of highly coordinated supply chains. This has been possible through the introduction of organizational, institutional and technological innovations at different stages in the value chain. These interventions have resulted in 100 percent revenue increases for 17,000 groundnut producers in the National Smallholder Farmer Association of Malawi (NASFAM), and are currently being expanded to a larger number of farmers in collaboration with CARE, CRS and Plan International. A similar initiative involving 32,000 farmers is underway in Northern Mozambique.

CIAT

CIAT and CRS collaborate in an agribusiness Learning Alliance in several African countries, including Ethiopia, Madagascar, Kenya, Tanzania, Uganda, and Sudan. The “Learning Alliance” is a model of mutual learning between research and development institutions that seeks to enhance the rate of uptake of innovative concepts, methods and technologies that are aimed at improving the competitiveness of smallholder production. This project is adopting CIAT's ‘territorial’ and participatory approach to agroenterprise development in which target communities (support institutions and local farmer organisations) within a given territory form local interest groups that conduct a process that initiates with the characterization of local assets and the establishment of a vision for local rural entrepreneurial development.

12. Project Goal

Provide farming households sustainable alternatives to illicit poppy cultivation.

13. Project Purpose

Identify and promote sustainable agricultural livelihood options for rural farm households in Western Afghanistan.

Providing rural communities with sustainable agricultural livelihood options will not only assist in the reduction of illicit poppy cultivation in Western Afghanistan but will also lead to longer-term poverty reduction and make households more resilient to economic instability and less vulnerable to natural and manmade shocks. Growth in agriculture benefits the poor more than growth in other economic activities because a disproportionate number of people engaged in agriculture are extremely poor as compared to other sectors^{ix}. Sustainable agricultural livelihoods can only be achieved if farming households are linked to functioning markets. To achieve the project objective it is therefore necessary to examine and improve the market supply chain.

SECTION D: OUTPUTS/UPTAKE PATHWAYS

14. Outputs

To achieve the project purpose the following outputs will be achieved:

1. Market development strategies are planned and implemented by commodity-specific producers and commodity-based technical-working-groups (TWiGs)
2. Organised producers are engaged in valued-adding activities for at least 3 marketable crops
3. Increase in sales in local and export markets for a minimum of 3 commercial crop sub-sectors.

15. Target Institutions

Through this project, CRS will initiate the formation of crop specific Technical Working Groups (TWiGs) composed of representatives of input suppliers, farmers, traders, service providers, research organizations, universities, NGOs currently working in these specific sub-sectors, as well as government institutions. TWiGs will identify research, training and technical assistance priorities through market chain analysis. With technical assistance from CRS through the Learning Alliance and ICRISAT's approach in facilitating vertically coordinated supply chains, in the, TWiGs and producer organizations will identify markets, introduce supply chain innovations and lead marketing activities. TWiGs will also provide an important forum for developing trade partnerships that lead to concrete business deals.

16. Target Areas and Stakeholders

The target areas for this project are rural communities in Ghor Province. Given the relative security in western Afghanistan, as compared to others parts of the country, Ghor presents an ideal research location. The population is largely rural and according to the recently released 2003 National Risk and Vulnerability Assessment (NRVA), Ghor is one of the most food insecure provinces in Afghanistan. The UNODC (United Nations Office on Drugs and Crime) 2003 Opium Survey ranked Ghor as having the 5th largest land area under poppy cultivation

Recent rural appraisals carried out by CRS in the Tulak and Shahrak districts of Ghor found approximately 50% of farmers to be landless farm labourers, many earning income from harvesting poppies. In identifying alternative livelihoods it will be important to develop market strategies that target both growers and landless labourers. Priority will be given to alternatives that provide a comparative source of income for growers and at the same time are labour intensive through cultivation or through value-added processing.

Poverty in Ghor Province

In past decades (prior to the Soviet invasion and subsequent destabilizing events) Ghor Province was well known for excellent quality of animal and horticultural products. Marketing was very active with buyers coming from all parts of Afghanistan to buy products from the province. With the deterioration of infrastructure, out-migration, political and economic instability, and the recent drought, markets have diminished to a fraction of what they once were.

Currently, Ghor is one of the poorest provinces in the country. The specific problems facing people in Ghor include:

- There is a lack of demand for wage labour. There is only seasonal work in wheat and poppy fields. Lack of employment is particularly a big problem for landless farm families which constitute at least 50% of the population across all districts.

- There is a high level of economic migration to Iran and areas where there is labour demand within Afghanistan (including poppy production areas in Ghor). This migration is creating problems for the remaining family members particularly that of women and children. According to UNHCR surveys, Ghor has the highest rate of child trafficking. This is attributed to poverty and poor law enforcement.
- A large part of Ghor is not accessible in winter months as roads are few and existing roads are in poor condition. As a result most of the area is cut off from markets for 4 to 5 months per year.
- Banditry, lack of transport and poor conditions of road is also creating problems for resource poor farmers to link with markets.
- Lack of basic infrastructure: Most of the villages in Ghor have difficulty in accessing medical facilities, schools, veterinary support services etc. Irrigation facilities and potable water infrastructure are also diminished.
- There is a broad range of livelihood activities within Ghor. These include, livestock production (primarily goats and sheep), crop production including wheat, barley, and a range of horticultural crops, carpet and *gelim* weaving, fuel wood collection, remittances mainly from Iran, limited wage labour, and increasing poppy cultivation. Specific activities vary from district to district between the three main agroecological zones (valley, hillside, and river basin).
- Livestock. Various surveys show that livestock populations have diminished by about 80% over the past five years, primarily due to drought. The surveys are validated by CRS experience in Ghor over the past year. Several districts within Ghor Province are known for high quality livestock and active trading with buyers from throughout Afghanistan. Chagcharan District is particularly famous for its livestock. Currently, people are struggling to restock their herds with improved weather in the winters of 2002 and 2003.
- Fruit production. Ghor is a major fruit growing area for western Afghanistan. Climatic conditions (drought 1998-2002 and temperature fluctuations in winter 2003) resulted in lower fruit setting particularly in almond and apricots. Most people are optimistic that fruit production will improve over the next several years if rain/snowfall continue to improve.
- Natural resource management. Resource poor farmers harvest many resources from open-access / public lands for their survival and to earn money. They harvest wild bush to sell it in the market as fuel wood, collect and sell black cumin, root of wild plant as a raw material for production of industrial glues, mountain flowers as alternative tea for household consumption etc. In the past the vast arid land in Ghor was under less pressure and therefore more productive. Drought, over exploitation, and population growth have created pressure on the productive resources of public land.
- With the reduction of livestock and problems with fruit production in recent years, there has been a relatively large reliance of wheat as a sole source of food and cash crop for farm families. As rainfed wheat is dependent on rainfall, an uneven distribution of rain or low precipitation in recent years is resulting in poor yield or failure of crops. There were improvements in most areas during the 2003 harvest season. The heavy emphasis of wheat-seed assistance and fertilizers in 2002 by international aid agencies increased the amount of land planted to wheat and yields improved with the improved rainfall in 2002/2003. However, increased production glutted local markets and drove down prices. Many NGOs were pressured to buy surplus production from farmers they assisted.

Rural households are the primary beneficiaries of the Agroenterprise project. However to unlock the potential of rural agriculture it will be necessary to work with and strengthen all

levels of the market supply chain, including producers, processors, traders, suppliers and transporters.

17. Uptake Pathways

CRS will link RALF Agroenterprise research to ongoing and future livelihood projects in Western Afghanistan. Findings from RALF Agroenterprise will allow CRS to assist households in making livelihood choices based on sound economic research and advice. Working with TWiGs will allow other NGOs to benefit from project activities and findings, effectively allowing for rapid uptake and expansion of project outputs.

The natural forces of market demand will also play a part in the expansion and uptake of the project. Functioning market chain linkages will attract farmers outside the project to adapt project outputs. Capacity building of market chain actors creates market intelligence that allows stakeholders to adapt to changing market demands.

CRS will coordinate with other local and international NGOs working in western Afghanistan to share the findings and conclusions of the research activities and work with them to identify appropriate development interventions for agroenterprise development.

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

RALF Agroenterprise will identify and promote sustainable agricultural-based livelihoods into rural poppy producing communities in Ghor Province.

- § The Learning Alliance approach will strengthen farmer capacity to respond more quickly to new opportunities in the changing agricultural markets.
- § By improving the efficiency of supply chains, strengthening networks of supply chain actors, and improving the flow of information through the supply chain, all supply chain stakeholders will be more capable of responding to changing agricultural market conditions.
- § By identifying and promoting value-adding activities, such as first stage processing, for products in rural areas, an expected impact from the project is an increase in on and off-farm employment and income.
- § The project will increase producers' economic assets by improving production technologies and linking more efficiently to markets.

In terms of quantifying the impact of the project, CRS will measure the following indicators:

1. Computing farm family income through whole farm analysis;
2. Additional employment generated (excluding poppy production);
3. Diversity and complexity of livelihood strategies for households involved in the project.

19. Monitoring and Evaluation

Monitoring and Evaluation Systems have been designed to measure:

1. Progress and quality of project implementation;
2. Measuring changes in farm family income through whole farm analysis;
3. Monitoring changes in behaviour at the household, community, and market (supply chain) levels

Monthly and quarterly reports to DFID will provide summary updates on progress, quality, results and impacts.

1) *Progress and quality of project implementation* – Main M&E activities will include baseline and seasonal surveys of a subset of representative producers in three agro ecological zones (valley, hill and river basin), as well as different wealth levels in these subzones. A profile of each sub-zone will be developed to include biophysical, social, organisational, economic and political concerns. Baseline study of producers will examine existing livelihood strategies for each of these subsections and role of poppy in existing coping strategy. The project will also carry out baseline and final surveys of processors, suppliers and traders to review inventory and monthly processing logs. In addition, the program will monitor specific outputs related to workshops, trainings, agricultural extension visits, field days organized, etc.

2) *Impacts on farm family income (assets)* – Impacts on household income will be based on changes in production, increase in employment generated in the project area, and the diversity and complexity of livelihood strategies among households involved in the project. Income will be measured through and proxy indicators measuring appropriate household assets. These will be collected through sub-sampling representative producers throughout the project area located in the three agro ecological zones:

(A) Mountain – undulating high lands with large dependency on common property, rainfed subsistence farming with some seasonal irrigation from small springs.

(B) Valley - flat land between large mountain ranges with pasture lands. Mixed farming (pasture and subsistence) employed with seasonal irrigation from large springs and karazes. Often regarded as zone of high poppy production.

(C) River Basin – large fields irrigated from river basin often including production of wheat, rice and orchards. Usually with better access to markets

3) Changes in behaviour within the project communities and among the supply chain actors.

The project proposes to introduce a few (at least three) commodity specific market development strategies including production, processing, storing and selling. These efforts will influence negatively on poppy cultivation area. Farmers' interest for poppy cultivation is a complex subject. Many aspects are beyond the scope of this project. However, what the project proposes is to provide alternatives to potential poppy farmers so that they could choose one or more of those options instead of illegal poppy. This is a long process. But the project will monitor the behaviour change of the farmers and other market chain actors on two counts:

- Socioeconomic feasibility of commodity specific alternative livelihood options to rural community and other market actors; and
- Behaviour change of producers and other market chain actors towards suggested / introduced livelihood options vis-à-vis poppy cultivation.

Therefore, the project will also will also monitor behaviour changes at the level of community and markets:

Community level:

1. Individual farm families adapt new livelihood options as indicated by increased area under specific crop;
2. Participatory Transect Mapping to measure changing land use pattern in the area;
3. Formation and functioning of commodity specific producers group as indicated by number of producers group formed, regularity in holding meetings, subjects discussed in the meeting, etc;

Community and Local Market Centre:

1. Volume of trade for the suggested commodities in the local market through interaction with traders;
2. Whether or not supply chain integration is occurring between project communities and traders?

The CRS project is designed to support the RALF goal of developing and strengthening livelihood activities as alternatives to poppy cultivation. A critical assumption is that the development of livelihood options in Ghor, combined with other efforts, such as state-sponsored law enforcement, will contribute to RALF's supergoal of sustainable elimination of opium poppy cultivation in Afghanistan.

20. Appraisal Issues

In identifying alternative livelihoods to poppy production, RALF Agroenterprise will primarily concentrate on increasing financial capital of rural households. However through the programs implementation strategy other livelihood sectors will be affected in a positive way.

Community social capital will be increased through the formation of crop specific producer groups and TWiGs. The formation of community based producer groups will bring together households with common interest and purpose and help to increase producers bargaining power. TWiGs membership, producers, processors, traders, transporters and other market stakeholders, will cross ethnic, economic and geographical boundaries and help strengthen connection between rural and urban communities.

Through the Learning Alliance methodology, RALF Agroenterprise will give producers skills that will reduce vulnerability and allow households to adapt to changing markets and strengthen their ability to mitigate against future manmade or natural disasters. Human capital will be further strengthened through the introduction of new skills required for value adding processes. The participatory methodology employed by the learning alliance allows communities to identify positive and negative effects of crop selection on their ecosystems, social structures, economic well-being and female members of the communities. The project will monitor effects increased financial capital will have on other livelihood sectors.

SECTION E: ACTIVITIES

21. Activities

To meet project outputs, CRS and partners will carry out the following activities:

Output 1 Activities

Market development strategies planned and implemented by commodity-specific producers and TWiGs.

- § Conduct studies on domestic and international markets for high-value crops in western Afghanistan. Identify market opportunities for at least three high-value crops
- § Contact processors, buyers, traders, and retailers to organize potential supply chains for at least 3 high-value crops.
- § Meet with existing or new community groups of women and men in target communities through focused-group-discussion to discuss constraints and assets and propose livelihood options.
- § Conduct baseline surveys on livelihood activities and household income for target areas in Ghor.
- § Form commodity-specific Technical Working Groups (TWiG) involving producers, traders, NGOs, government and other stakeholders
- § Conduct feasibility studies for processing and packaging of products with recommendations and requests from rural focus-groups and the producers traders involved in each TWiG
- § Identify first stage processing activities for selected products specifically for women and men in rural areas, seeking to identify opportunities for the generation of non-farm rural income

The main criteria used to select the three crops are;

- § Potential for quick impact and rapid income generation due to technical interventions.
- § The crop is already produced in the project area.
- § Technical interventions are simple and straightforward.
- § Significant market demand for the crop.
- § Potential for positive impact on women will also be taken into consideration.

Output 2 – Activities:

Organised producers are engaged in valued-adding activities for at least 3 marketable crops.

- § Facilitate agreements between organized producers and traders for value-adding activities and trading. Clarify roles for each group.
- § Conduct workshops for producers, traders, and members of the TWiGs in:
 - Grades and Standards for specified crops
 - Food Safety and quality guidelines for international markets
 - Packaging and Handling of products for domestic and export markets
- § Work with producer groups and/or traders to access loans or grants to support business plans for packaging centres and cold-storage facilities.
- § Provide Technology Innovation Grants to organized producers and traders to encourage quality-driven innovations, (e.g. small-scale green houses, packaging materials, or small storage facilities)
- § Producer orgs and traders are provided market information through regular TWiG meetings & information dissemination
- § Provide producers with agricultural extension services for agricultural practices for improving yield and quality of market-oriented crops

Where it makes sense to do so, CRS and its partners will provide technical services to farmers to improve productivity and quality of marketable crops identified in this project. Relevant training topics may include:

- § Farm business plans
- § Sustainable agricultural technologies (including management of improved varieties)
- § Management technologies for specific crops
- § On-farm soil and water conservation
- § Soil fertility management
- § Efficient use and management of irrigation water
- § Integrated Pest Management

The project may also establish farmer-managed demonstration plots for the introduction of new crops, varieties, or crop-management technologies.

Activities for Output 3

Increase in sales in local and export markets for a minimum of 3 commercial crop sub-sectors.

- § Meet with consolidators and retailers in export markets (Dubai, India, USA, UK, EU) to market products
- § Facilitate agreements between producer/trader associations and buyers in export markets for supplying products from organized producer/trader groups
- § Work with TWiGs to develop and implement improved marketing arrangements in local and export markets

Each activity will be assessed for adverse economic, social and environmental impact. Where negative determinations are made, activities will be redesigned with appropriate mitigation and monitoring activities to ensure project outputs can be achieved.

21. Implementation and Management

Key project staff will be shared with USAID/Chemonics RAMP Agribusiness project. This allows for reduced operational overheads, sharing of consultant's travel expenses and more importantly sharing of expertise, market information, linking of traders and experiences.

Key expatriate staff will be shared between RAMP and RALF as follows:

Program Director - 15% RALF – 85% RAMP

Senior Agricultural Advisor – 25 % RALF – 75% RAMP

Agribusiness Specialist – 30% RALF – 60% RAMP

Key national staff charged 100% to RALF includes two Agriculturalist Specialists and one Marketing Specialists.

ICRISAT 's role is to identifying markets and facilitate in developing vertically coordinated supply chains. They will also be responsible for identifying grades and standards required to penetrate local and international markets, identifying appropriate technologies and carrying out workshops and trainings to disseminate information and strengthen the capacity of market chain actors.

As the project develops and crops are identified, community capacity assessed and potential value-added activities identified, CRS may call on the services of experienced consultants in the field of agribusiness, processing and agriculture extension services.

The inclusion in TWiGs of any NGOs engaged in agriculture in Western Afghanistan, allows for the continuous sharing of project progress and outputs. TWiGs will offer participants a platform to share experiences and coordinate activities. Outputs from the RALF Agroenterprise will allow NGOs and donors involved in providing inputs (supplies) to beneficiaries to be better informed as to which inputs may have achieve greater impact.

CRS are currently implementing livelihood projects that give the beneficiary the option to select productive livelihood inputs of their choice. The concept works on the principle that, given the lack of solid market information, beneficiaries are better positioned to decide which livelihood inputs will have greatest impact on their lives. CRS envisage using outputs from RALF Agroenterprise to better inform livelihood project beneficiaries of the livelihood options that are available.

Endnotes:

- ⁱ March 14, 2004, Chemonics informed CRS that RAMP Agribusiness proposal had received technical approval from USAID review team.
- ⁱⁱ FAO 2003. Survey of the Horticultural Sector for Afghanistan.
- ⁱⁱⁱ These surveys were conducted for the development of an agribusiness project funded by USAID RAMP, which is managed by Chemonics.
- ^{iv} Findings from two rapid market appraisals undertaken by Catholic Relief Services in October and December, 2003.
- ^v FAO. Afghanistan – Survey of the Horticultural Sector, 2003. Rome, Italy.
- ^{vi} This methodological diagram was developed by Juan Estrada from ICRISAT. j.estrada@cgiar.org
- ^{vii} See Lundy et al 2003. Value Adding, Agroenterprise and Poverty Reduction: A territorial approach for Rural Business Development - Rural Agroenterprise Development Project. CIAT: Cali, Colombia. Also http://www.ciat.cgiar.org/agroempresas/pdf/learning_alliances.pdf
- ^{viii} The Learning Alliance involves ongoing capacity building and mentoring by agroenterprise experts during program design and implementation. See Lund: Learning Alliances with Development partners: A framework for outscaling research results. CIAT.
- ^{ix} DFID policy paper, Agriculture and poverty reduction: unlocking the potential, December 2003

Attachment 1: Logical Framework

RALF Project Number

RALF01-16

Project Title	Western Afghanistan Agroenterprise Action Research
Lead implementing institution	Catholic Relief Services (CRS)

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
Goal: Provide farming households sustainable alternatives to illicit poppy cultivation.	Poppy cultivation reduced by 70% by 2008	UNODC surveys	Effective law enforcement in place
Purpose: Identify and promote sustainable agricultural livelihood options for rural farm households in Western Afghanistan.	At least 3 high valued (valued-added) commercial crops identified, tested and promoted in poppy producing areas.	End of Project (EOP) Report.	Security in Project area remains stable over life of project
Outputs:			
1. Market development strategies planned and implemented by commodity-specific producers and TWiGs	By EOP, at least 3 commodity-specific market development strategies are implemented by producer organizations &/or TwiGs.	EOP Report, Quarterly reports. Development strategies on file.	
2. Organised producers are engaged in valued-adding activities for at least 3 marketable crops	At least 3 new value-adding opportunities identified and tested by EOP.	EOP Report, Quarterly reports	
3. Increase in sales in local and export markets for a minimum of 3 commercial crop sub-sectors.	Commercial agreements are established 3 commercial crops in local and/or int'l markets.	EOP Report, Quarterly reports. Copies of agreements on file.	No significant downward shocks to market prices.
Activities:			
1.1 CRS and ICRISAT conduct studies on domestic and international markets for high-value crops in western Afghanistan. Identify market opportunities for at least three high-value crops	At least 3 high value crops are selected within first 4 months of project	Monthly Updates and Quarterly Reports.	
1.2 Contact processors, buyers, traders, and retailers to organize potential supply chains for at least 3 high-value crops.	Potential supply chains for three crops are outlined in the first 6 months of project.	Monthly Updates and Quarterly Reports.	

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
1.3 Meet with existing or new community groups of women and men in target communities through focused-group-discussion to discuss constraints and assets and propose livelihood options.	At least 20 focus group meeting held and documented.	Monthly Updates and Quarterly Reports. Reports from focus group meetings.	
1.4 Conduct baseline surveys on the livelihood activities and household income in target areas of Ghor.	Baseline study completed and documented by end of month 3	Baseline study documented and on file	
1.5 Form commodity-specific Technical Working Groups (TWiG) involving producers, traders, NGOs, government and other stakeholders	Within first 6 months 3 TWiGs formed. Meeting regularly – at least once a quarter	Monthly Updates and Quarterly Reports. Minutes from meetings	
1.6 Conduct feasibility studies for processing and packaging of products with recommendations and requests from rural focus-groups and the producers traders involved in each TWiG	Feasibility studies conducted for each crop / processing option by end of month 6	Feasibility studies documented and on file	
1.7 Identify first stage processing activities for selected products specifically for women and men in rural areas, seeking to identify opportunities for the generation of non-farm rural income	First stage processing activities Identifies by end of month 9	Monthly Updates and Quarterly Reports.	
2.1 Facilitate agreements between organized producers and traders for value-adding activities and trading. Clarify roles for each group.	By end of first year establish at least 3 agreements for value added activities between organised producers and traders.	Written agreements In English and Dari	
2.2 Conduct workshops for producers, traders, and members of the TWiGs in: <ul style="list-style-type: none"> Ø Grades and Standards for specified crops Ø Food Safety and quality guidelines for international markets Ø Packaging and Handling of products for domestic and export markets 	Grades and Standards Guidelines, Food Safety and Quality Guidelines and Packaging and Handling Guidelines developed for each crop by end of year one	Written Guidelines in English and Dari.	

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
2.2 Work with producer groups and/or traders to access loans or grants to support business plans for packaging centers and cold-storage facilities.	Links to banks, microfinance institutions or traditional money lending systems established.	Monthly Updates and Quarterly Reports.	Organized producers and traders can access credit for investments for value-adding activities.
2.3 Provide Technology Innovation Grants to organized producers and traders to encourage quality-driven innovations, (e.g. small-scale green houses, packaging materials, or small storage facilities)	Number of and amount given in grants	Quarterly narrative and financial reports	
2.4 Producer orgs and traders are provided market information through regular TiWG meetings & information dissemination	Quarterly market brief prepared and distributed among producer organisations and TWiGs.	Copy of briefs in English and Dari on file	
2.5 Provide producers with agricultural extension services for agricultural practices for improving yield and quality of market-oriented crops	At least 50 demonstration plots for 3 high-valued crops set up with farmer participation. At least 300 farm leaders trained in approved technologies	Reports on demonstration plots progress and results Training modules, participant lists, and monthly reports	
3.1 Meet with consolidators and retailers in export markets (Dubai, India, USA, UK, EU) to market products	At least 10 meeting held.	Trip reports, email correspondence	
3.2 Facilitate agreements between producer/trader associations and buyers in export markets for supplying products from organized producer/trader groups	At least 3 trade agreements set up between market chain actors	Copy of agreements on file	
3.3 TWiGs develops and implements improved marketing arrangements in local and export markets	At least 3 TWiGs working effectively to improve market arrangements	Monthly Updates and Quarterly Reports.	
3.4 Provide Marketing Improvement Grants to producers/traders associated with TWiGs for improving access to export and domestic markets	Number of and amount given in grants	Quarterly narrative and financial reports	

Project Year	Year 1												Year 2												Year 3											
Calendar Year	2004						2005						2006																							
Calendar Month	4	5	6	7	8	9	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	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9			
2.4 Provide market information to TWiGs					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X												
2.5 Provide producers with agricultural extension services													X	X	X	X	X	X								X	X									
Milestones: Organised producers are engaged in valued-adding activities for at least 3 marketable crops																X																				
3.1 Meet with consolidators and retailers in export markets (Dubai, India, USA, UK, EU) to market products				X	X	X	X	X																												
3.2 Facilitate agreements between producer/trader associations and buyers in export markets					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X									
3.3 TWiG develops and implements improved marketing arrangements in local and export markets							X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X												
3.4 Provide Marketing Improvement Grants to producers/traders associated								X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X												
Milestones: Increase in sales in local and export markets for a minimum of 3 commercial crop sub-sectors.																											X									