

Cultivating Growth

Enhancing Economic Development in
Afghanistan through Strategic Value Chain
Analysis in Farah, Badghis, and Herat



Introduction


The provinces of Herat, Farah, and Badghis in Afghanistan's western region hold immense historical and cultural significance. However, despite their potential, these provinces face numerous socio-economic challenges that have hindered their development.

These provinces are home to many vulnerable farmers and small and micro-enterprises, who face numerous challenges such as limited access to inputs, finance, and market information, which affect their ability to compete in the local and global markets.

The importance of a value chain approach lies in its ability to address the interconnected nature of economic activities. For instance, the water, energy, and agriculture sectors are deeply intertwined in the production of crops and food products. Analysing these interdependencies is crucial for devising integrated and sustainable strategies for economic growth and resource management.

Moreover, the Value Chain Assessment (VCA) considers the social and environmental dimensions of development.

It aims to prioritize

-  | Inclusivity
-  | Gender equality
-  | Sustainability

ensuring that the benefits of economic growth are equitably distributed among local communities and that natural resources are managed responsibly for future generations.

Considering this, a comprehensive VCA became critical and therefore was conducted to identify and analyze the afore mentioned key sectors and value chains within Herat, Farah, and Badghis.



Photo credit: Adroit Associates

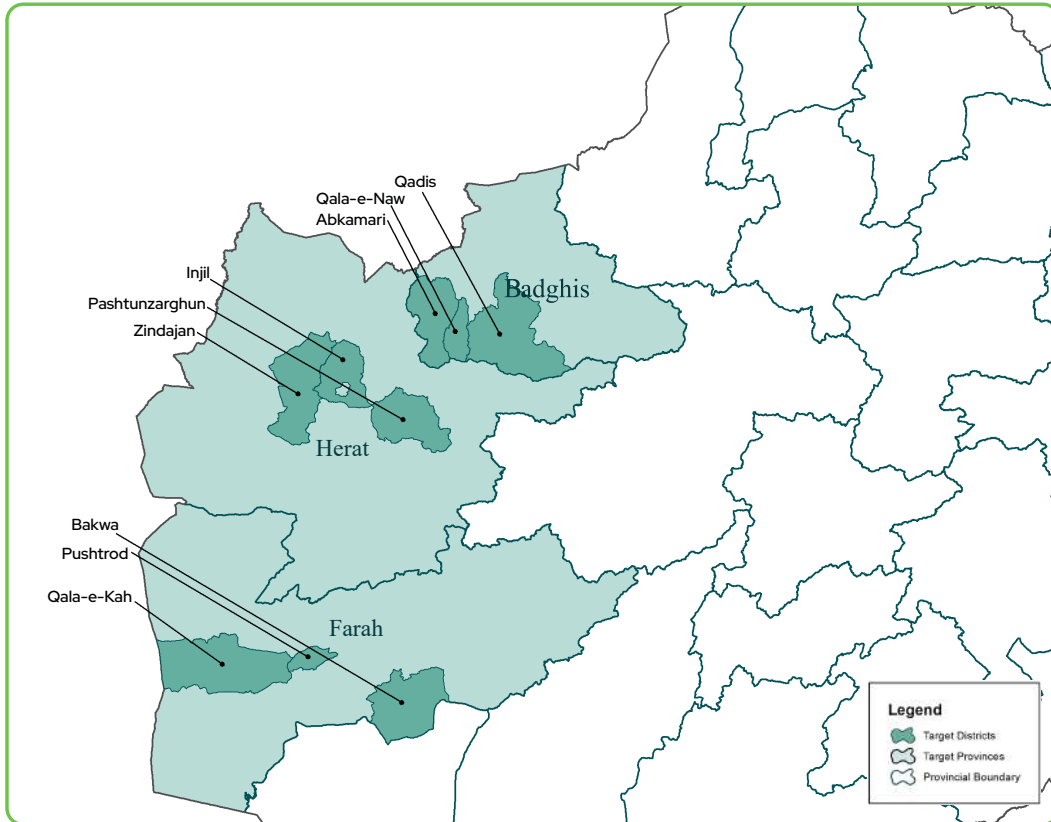
Project Overview

The project involved an in-depth value chain analysis.

Initially, it focused on evaluating the donor's recommended value chains such as saffron, silk, and raisins.

Additionally, the project aimed to identify three more promising value chains within the provinces of Herat, Farah, and Badghis.

Data collection for product identification and value chain analysis took place in the following districts:







Throughout the project duration, **six new products were identified for value chain analysis.** However, as the project's scope allowed in-depth analysis for only three

additional products, the Value Chain Selection Tool was utilized to determine the most promising value chains. **Consequently, the in-depth analysis covered:**

-  Saffron
-  Silk
-  Pistachio
-  Raisin
-  Honey
-  Jujube

The analysis included:

 40 Focus groups with primary producers	 455 Questionnaire-based surveys targeting entrepreneurs	 100 Participant observations	 40 Key informant interviews involving various stakeholders
---	--	---	---

Methodology

For this project, identifying and analyzing value chains were distinct requirements. Initially, a thorough secondary review of online literature was conducted to pinpoint key value chains. This led to the identification of potential products for analysis.

To narrow down the selection, key informant interviews with provincial business chamber members were conducted. The final selection of the most promising value chains for in-depth analysis was made using the Value Chain Selection Tool.

In comprehensive value chain analysis, managing the involvement of numerous stakeholders is crucial. Therefore, mapping stakeholders meticulously is essential. This was achieved through market shed studies at local, district, and provincial levels.

Additionally, understanding the backward linkages, which involve the resources required for production, was vital to grasp the production system and the value changes at each stage of the value chain.

Subsequently, data collection for the six selected value chains included:

-  Focus groups with primary producers
-  Questionnaire-based surveys with aggregators or processors
-  Market shed studies
-  Key informant interviews with wholesalers and retailers
-  Participant observations in relevant markets



Photo credit: Adroit Associates

Key Findings

Each value chain, with its unique characteristics and market demands contributes to:



Honey

Farah has seen a surge in honey production, offering environmental sustainability, employment, and engagement for women. Projections suggest that with proper infrastructure and support, Farah's honey production could see significant growth in the coming years.



Silk

Silk production in Herat encompasses a combination of agriculture and manufacturing, offering economic growth and self-employment opportunities. The silk industry is segmented into mulberry cultivation, silkworm seed production, rearing, reeling, twisting, and weaving. Different silkworm species produce various silk types, catering to diverse consumer needs. The silk industry has evolved to cater to both traditional handloom techniques and advanced power loom methodologies.

Saffron

Saffron production in Afghanistan, while nascent, offers potential as a high-value regional and international export, with Herat province being a major production hub. Saffron's labour-intensive nature allows for significant employment opportunities, especially in rural areas. The industry faces challenges from fluctuating weather conditions, but with government and NGO support, it shows promise for growth. The international demand for Afghan saffron is robust, with consistent growth, and its health benefits further fuelling the demand.





Photo credit: Adroit Associates

Raisin

Raisin production in Herat is primarily a by-product of fresh grape cultivation. The process is labour-intensive, with most farmers having small landholdings. The industry faces challenges, including a lack of accurate market information, high equipment costs, and limited access to credit. Nonetheless, raisins remain a significant export commodity, with potential for further growth.

Pistachio

Badghis province, known for its pistachio cultivation, has experienced growth in production, offering economic and employment benefits. The industry faces challenges, including droughts and political instabilities, but ongoing efforts aim to promote sustainable and profitable pistachio cultivation. With proper management, Badghis can spearhead a pistachio-led economic revival in Afghanistan.



Photo credit: Adroit Associates



Photo credit: Adroit Associates

Jujube

The jujube market in Farah province has seen exponential growth, with significant investments in cultivating the value chain. The increasing demand, both locally and internationally, has led to rising prices, indicating the growing importance of jujube in the market. The versatility of jujube, both as a fresh fruit and in its dried form, underscores its significance in the value chain and evolving market trends.

Sustainable Practices

Value chains for products like honey, silk, raisins, saffron, jujube, and pistachios are a confluence of tradition, innovation, challenges, and opportunities. However, promoting environmentally sustainable practices across all value chains is essential for ensuring their long-term success.

Key techniques include:



Organic Farming



Water Conservation



Renewable Energy Use

Lessons Learned



Holistic Collaboration is Key

The importance of fostering integrated efforts among all stakeholders—including farmers, local governments, and NGOs—was a critical takeaway. This approach ensures the seamless flow of benefits and resources across the entire value chain, enhancing overall productivity and stability.



Adaptability to Market Demands

The project highlighted the need for continuous market research to adapt to the changing market demands and consumer preferences.



Empowerment Through Training

Providing comprehensive training and capacity building for smallholders and local entrepreneurs not only improves the quality of produce but also empowers communities to innovate and improve their practice independently.



Infrastructure Investment Drives Growth

Investments in essential infrastructure such as roads, storage facilities, and processing plants have proven vital in stabilizing the value chains. These improvements facilitate easier access to markets, reduce post-harvest losses, and increase the profitability of agricultural products.



Government and Policy Support

Government support in terms of favorable policies, subsidies, and technical assistance was underscored. Such support is crucial for mitigating risks that come with agriculture and artisanal practices, particularly those influenced by external factors like climate change and global market fluctuations.

Future Outlook



Strengthen Collaboration and Integration

A holistic approach that fosters collaboration among stakeholders can enhance productivity and market reach, and ensure shared best practices, reduced costs, and increased market influence.



Encourage Formation of Cooperatives or Unions

Cooperatives can offer small producers them better negotiation power, pooled resources, and protection against market volatilities. Additionally, cooperatives can be a hub for shared resources, training, and market information.



Investment in Training and Modern Equipment

Tailored training programs for each value chain, from beekeeping to silk production, can ensure high-quality outputs. Modern processing and packaging equipment, shared among co-operatives, can improve product shelf life, appearance, and marketability.



Pricing and Cost Analysis

A detailed cost analysis across all value chains can identify inefficiencies and areas for cost reduction.



adroit
associates

Get in Touch

HQ Office in the United States

+1 614 966 6925
info@adroitassociates.org
www.adroitassociates.org
655 Metro Place South, Suite 600,
Dublin, OH 43017, United States

Afghanistan Country Office

+93 784 27 27 73
afg@adroitassociates.org
www.adroitassociates.org
House 28, Street 03, Qala-e-Fathullah,
Kabul, Afghanistan