



**USAID | AFGHANISTAN**

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# Afghanistan Value Chains High Value Crops

ANNUAL REPORT

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2019

# Annual Report

**Fiscal Year 2019**

## **USAID AFGHANISTAN VALUE CHAINS-HIGH VALUE CROPS**

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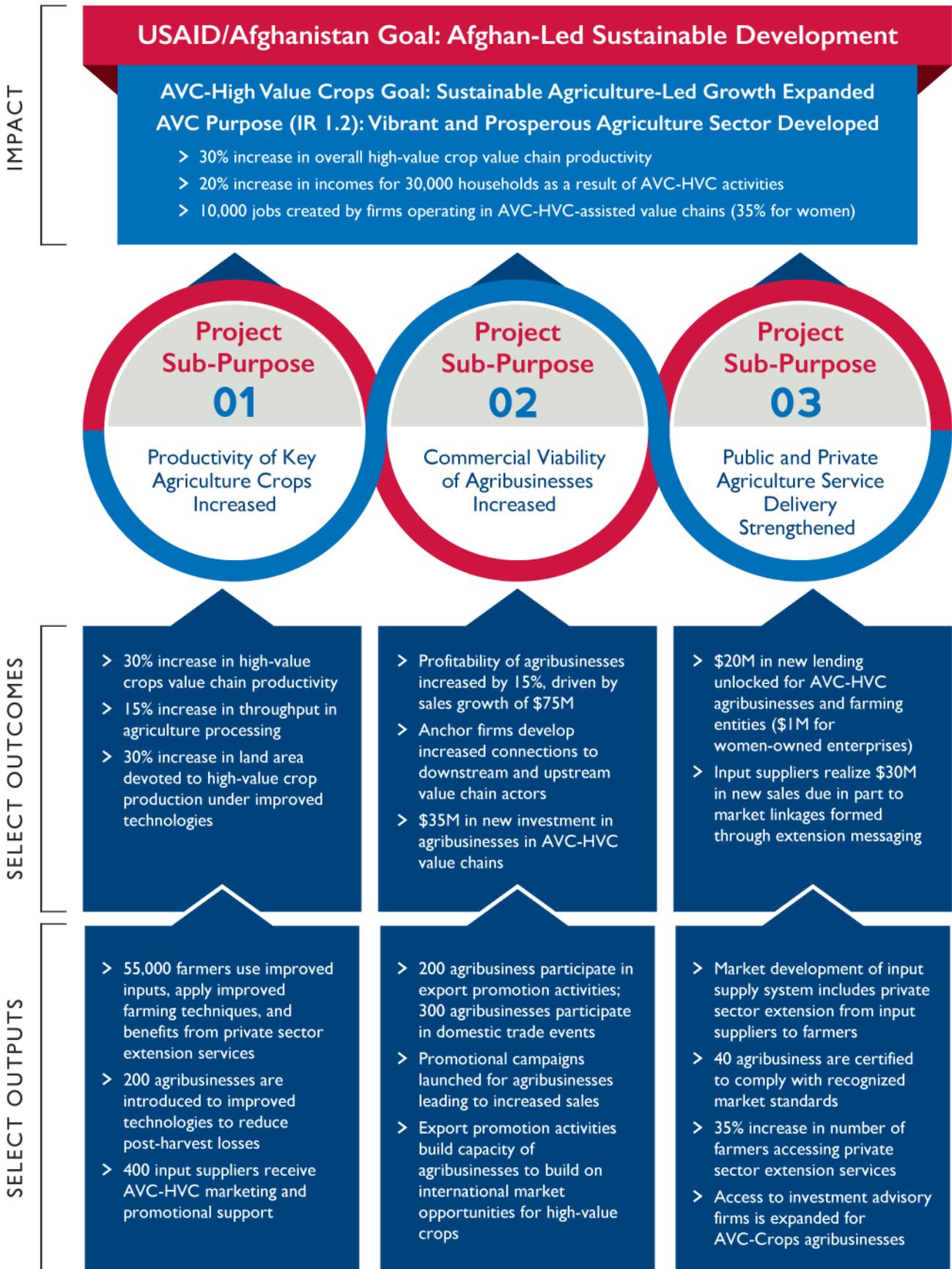
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## Abbreviations and Acronyms

ADF	Agricultural Development Fund
AMELP	Activity Monitoring, Evaluation, and Learning Plan
AVC	Afghanistan Value Chains
B2B	Business-to-Business
B2P	Business-to-Producer
CAAI	Catalyzing Afghanistan Agriculture Innovation
COR	Contracting Officer's Representative
CTJ	Central Asia Competitiveness, Trade and Jobs Activity
DAIL	Directorate of Agriculture, Irrigation and Livestock
EERs	Environmental Review Reports
FY	Fiscal Year
IPM	Integrated Pest Management
IT	Information Technology
M&E	Monitoring and Evaluation
MAIL	Ministry of Agriculture, Irrigation and Livestock
MAPA	Market Actor Partnership Note
MEL	Monitoring, Evaluation, and Learning
MoCI	Ministry of Commerce and Industries
MOU	Memorandum of Understanding
PREIA	Pakistan Regional Economic Integration Activity
STTA	Short-term Technical Assistance
TOF	Training of Farmers
TOT	Training of Trainers
USAID	United States Agency for International Development

# Results Framework



# Executive Summary

The Afghanistan Value Chains (AVC)-High Value Crops project exemplifies USAID's new approach to promoting rapid, inclusive and lasting growth in the agriculture sector. The project combines the fundamentals of USAID's Private Sector Engagement Strategy and the priorities of the USAID Afghanistan Country Development Cooperation Strategy 2019-2023 to devise tools and approaches to unlock the potential of private firms for greater competitiveness, trade, and jobs. The project bases its implementation approach on market systems development, seeking to modify market players' incentives and behavior to address market failures.

AVC-High Value Crops illustrates the shift from traditional agricultural development to the provision of management consulting for agribusinesses. The project uses anchor firms (i.e. well-established agribusinesses positioned to drive systemic change) as entry points and partners. Firms are selected based on their growth potential, influence on the value chains, and commitment to make investments to upgrade their operations and grow. The project then provides them with highly targeted firm-level technical assistance and facilitates their access to finance and investment facilitation services.

During fiscal year (FY) 2019, the first year of implementation, the project exceeded 15 of its 20 contractual performance targets by substantial margins. AVC-High Value Crops delivered 200 percent of development outcomes on USAID's investment for maximized impact. These overachievements were not a result of having set low bars as the targets were ambitious. Rather, the outcomes can be attributed to:

1. An implementation strategy based on in-depth local knowledge and sound economic development principles;
2. The ingenuity, commitment, and determination of project staff; and
3. The project's close coordination with the USAID Contracting Officer's Representative (COR).

By bringing together these factors, AVC-High Value Crops was able to partner with 83 firms and, through them, have a positive impact on 17,500 households. The project enabled over 12,400 farmers to access new agricultural practices and technologies and facilitated signed export agreements worth nearly \$62 million for Afghan businesses, with \$5 million delivered to date. This was accomplished while maintaining a clientele consisting of 30 percent women and 35 percent youth.

The project selected interventions with the highest returns on investment. This involved reducing the emphasis on Afghan-only trade missions, organizing successful incoming buyers missions, and being more selective regarding trade show participation. This allowed AVC-High Value Crops to optimize the use of U.S. Government resources while delivering visible, tangible, and sustainable U.S. foreign assistance results to Afghan farmers and agribusinesses.

In addition to the activities under the project's scope of work, AVC-High Value Crops collaborated with the USAID Mission to update its Pesticide Evaluation Report and Safer Use Action Plan, which is being submitted together with the project's annual report.

Year one's results confirm the soundness of the project's selection of value chains, implementation strategy, and types of firm-level technical assistance, as well as the strategic and tactical decisions made during the implementation of field activities as part of an adaptive management approach. The following two years will be crucial for the realization of second-round effects of activities – specifically on exports, jobs, and investment – which will propel the agriculture sector into a transformational phase with a positive and direct impact on the growth of the rural economies.

## Top-Line Results

 **83**

Anchor firms driving value chain growth

 **12,482**

Farmers with increased access to quality inputs and production techniques

 **\$6.3M**

In incremental sales of agribusinesses

 **638**

New men and women employed by anchor firms and their networks

 **\$7M**

In additional investment in agriculture

 **\$5M**

In incremental exports



## Overview

AVC-High Value Crops aims to transform the Afghan agri-food system from a collection of loosely organized agribusinesses into a highly coordinated, efficient, and competitive market system. AVC-High Value Crops' market systems development approach uses anchor firms as entry points to address the root causes of market failures. The project partners with these lead agribusinesses to jointly identify the constraints to their expansion and co-create upgrading strategies to bolster their ability to penetrate and consolidate their position in international markets. Through this approach, AVC-High Value Crops drives the growth of the agricultural sector.

## Implementation Partners

**Texas A&M AgriLife Research** is highly experienced in working with agriculture and agribusinesses in Afghanistan, starting with the PEACE Project in 2006. Texas A&M provides expertise and training in agricultural extension and advisory services and food safety standards.

**RSI Consultancy** is an Afghan firm responsible for providing the project with technology-based monitoring and evaluation (M&E) systems, field surveys, and data analysis. RSI also provides regional M&E specialists to ensure coverage of project activities.

**CrossBoundary Consulting LLC** is an investment advisory firm focused on frontier markets with investment facilitation experience in Afghanistan. CrossBoundary serves as a neutral intermediary between investors and Afghan enterprises, providing a range of services that include developing financial models, conducting financial institution due diligence, supporting negotiations, structuring transactions, and creating value addition strategy.

**Alcis USA** provides the geographical information advisory and remote sensing services to the project. This covers geographic data visualization and analysis to assist work planning, value chain spatial analysis, and remote activity monitoring.

**ACDI/VOCA** is an economic development organization that fosters broad-based economic growth, raises living standards, and creates vibrant communities. Based in Washington, DC, ACDI/VOCA has worked in 146 countries since 1963, and in Afghanistan for over 15 years. They contribute to designing the upgrading strategies, drafting deal notes, and facilitating market linkages.

## Implementation Model

The project's activities are organized in three components. The first supports demand-side interventions, the second ensures the availability of supply, and the third strengthen value chain support service providers.

The activities under the three components were designed based on the project's in-depth knowledge of the agriculture sector, gathered through the contractor's many years working across Afghanistan. They seek to generate systemic change along the value chains by modifying the incentive structure influencing firms' decisions. In addition to being encouraging, the results of the first year of implementation confirm that the project is on the right path to revolutionize the agricultural sector and unleash its potential to drive rapid, rural economic growth.

### **Component 1: Transforming Value Chains Through Anchor Firms**

Under Component 1, the project's technical team identifies large-scale agribusinesses and completes a screening process to assess their growth potential and the willingness of the owners to make investments to upgrade their firms. Following the assessment, the project and anchor firms co-create upgrading strategies which lead to detailed action plans that outline areas for technical assistance and the firm's investment commitments. This information is then distilled into Market Actor Partnership Notes (MAPAs), which constitute umbrella agreements under which the firms and project sign one more sub-agreements termed Deal Notes.

The project also facilitates firms' participation in domestic and international trade events and provides investment advisory services under Component 1.

C1

### **Component 2: Improving Quality and Quantity of Produce Available to Anchor Firms**

Activities under Component 2 are designed to guarantee a consistent supply of produce with the volume and quality required by anchor firms' buyers. Specific activities include strengthening farmer organizations, both formal and informal; making introductions to anchor firms; and fostering business relationships.

Recognizing the complexities associated with managing ever-growing producer networks, the project introduced eProd, a supplier management software that allows anchor firms to organize and manage procurement from large numbers of farmers while maintaining individual profiles. The software also allows for the introduction of automated price premiums and price discounts based on quality.

To assist farmers to meet stricter standards and benefit from increased productivity, the project delivers training of trainer (TOT) courses to input suppliers and anchor firms. Participants are then equipped to train farmers on areas such as quality-enhancing technologies, crop protection, quality control, and post-harvest handling. The project also facilitates government extension workers' participation in the TOT programs, ensuring that they are up to date on technologies and practices that comply with international standards.

To track the delivery of technical recommendations, the project piloted SMS-based extension messaging with three anchor firms, an activity that will be expanded in year two. Input suppliers that participated in the TOT program were provided with promotional materials and prescription pads which were also used by the project to monitor the dissemination of extension information.

Considering the economic importance of post-harvest losses in high-value crops, especially perishables, the project launched the Young Innovators in Agriculture Competition. The competition encourages students in agriculture and veterinary vocational schools in the four regional hubs to produce technology innovations to reduce post-harvest losses.

C2

### **Component 3: Strengthening Critical Value Chain Support Providers**

Activities under Component 3 seek to enable anchor firms and service providers to harness the potential of the new market opportunities. The focus is on compliance with food safety and quality standards achieved through training, technical assistance, and certification services.

Recognizing the importance of additional capital to expand agro-processing capacity and produce procurement, the project supports anchor firms to access finance. This includes technical assistance in developing business plans based on the upgrading strategies co-created with the anchor firms, producing audited financials, and navigating the loan application process. The project has established a strong relationship with the Agricultural Development Fund (ADF), the preferred agricultural lender in the country, with relative success. This is complemented by agricultural credit shuras, which consist of public events that bring together agribusinesses and financial institutions to learn about financial products available to the agriculture sector.

Trade logistics are particularly complex and costly for Afghan exporters and constitute the greatest constraint on the sector's competitiveness. The project addresses this issue from two angles: 1) by facilitating the establishment of a refrigerated container terminal with a global shipping line for exports via the port of Karachi, Pakistan, and, 2) by seeking ways to reduce the time and cost of transport through Central Asia in collaboration with USAID-funded activities in Central Asia and Pakistan.

C3

## Theory of Change: Our Operating Logic



### YEAR 01

#### Interventions and First-Round Effects

- > The project will provide technical assistance to anchor firms to access new markets.
- > The project will assist the agribusiness sector to remove barriers currently limiting the competitiveness of Afghan produce, including high transport costs and policy and regulatory bottlenecks.
- > Once the anchor firms identify concrete and profitable trade opportunities, the project will provide them with assistance to meet buyers' requirements, including food safety and quality certifications, packaging, and shipping arrangements
- > The increased demand derived from new export contracts will encourage anchor firms to increase local purchases.



### YEAR 02 AND ONWARDS

#### Second-Round Effects

- > Stricter quality and food safety requirements from international buyers, including traceability, will incentivize value chain coordination, fostering long-term relationships and the payment of quality-based price differentials.
- > The promise of assured markets and price incentives for higher-quality produce will encourage farm investment, specifically in productivity-increasing and quality-enhancing technologies and practices.
- > Increased demand for agricultural technologies and good agricultural practices will result in greater demand for agricultural inputs and private sector extension services.
- > The resulting expansion of areas growing high-value crops, the adoption of technologies and practices at the farm level, and the expansion of agro-processing capacity will result in a higher demand for labor. This, in turn, will create rural jobs both on-farm and off-farm.
- > Higher production, produce prices, and non-farm jobs will increase household incomes and propel the rural economies, while enhancing the coordination, growth, and sustainability of the value chains.



Success is about  
partnerships that  
bring value

# Key Activities and Accomplishments by Component

## Component I:

### Transforming Value Chains Through Anchor Firms

*Component I identifies anchor firms and supports them to increase their operating scale and to expand their markets and sales. This entails aligning and strengthening the companies' procurement and distribution networks, improving their technical processes, and helping them to overcome market access obstacles, especially for export markets.*

#### Summary

In FY 2019, AVC-High Value Crops partnered with 83 anchor firms to initiate the transformation of Afghanistan's agriculture sector. The collaboration between the project and the anchor firms entailed a series of demand-side interventions to introduce market stimuli to promote the rapid growth of anchor firms and generate demand for produce. These activities led to the co-creation of 129 upgrading strategies to serve as roadmaps for rapid growth, 8,897 business linkages between market actors, \$62.8 million in confirmed business deals, and \$7 million in additional investment in agriculture, including a \$360,000 transaction from a US firm.

#### Background

In Afghanistan, agricultural value chains are led by two types of enterprises:

- Those producing for the domestic market. They typically operate as family enterprises and focus on increasing profits by either reducing supplier prices or compromising product quality, rather than reducing inefficiencies. This creates a cycle in which farmers have little or no incentive to invest in productivity and quality-enhancing technologies, agro-processors are hesitant to invest in improving their processing lines, and highly price-sensitive buyers remain the bulk of the customer base.
- Export companies. These firms differ from the ones operating in the domestic market in that they cannot compromise in quality; they must meet the minimum standard in their end market. The spectrum of firms within this segment ranges from slightly sophisticated to highly automated, and among the latter, the governance structure is typically more robust.

Export companies constitute approximately 60 percent of the project's clientele due to their relative openness to change, their governance structure and more strategic approach to management, and, derived from their scale, their ability to promote change among a larger number of farmers and service providers.

The project put in place a rigorous screening process before engaging with agribusinesses in the co-creation of business upgrading strategies. The Chief of Party and Deputy Chief of Party screened rapid assessments and determined which firms could proceed to the concept note stage. A Technical Selection Committee composed of five experts then reviewed the concept notes. Only those firms' whose concept notes were approved proceeded to develop Market Actor Partnership Notes (MAPAs) with portfolio managers for review by the Kabul office.

**Table 1. Concept Note Development and Evaluation by Region**

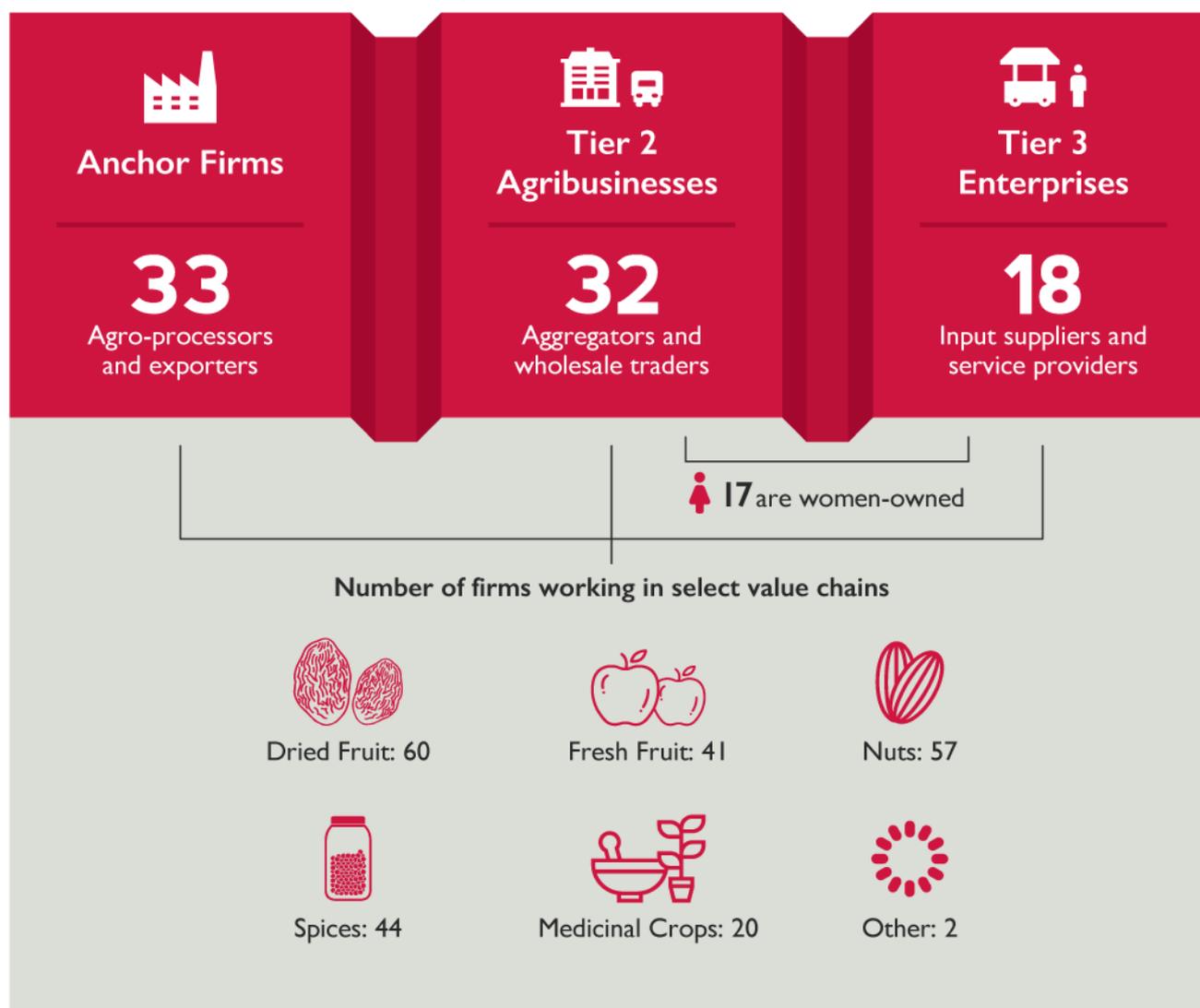
Region	Rapid Assessments	Concept Notes	Business Upgrading Strategies
East (Kabul and Nangarhar)	43	28	23

Region	Rapid Assessments	Concept Notes	Business Upgrading Strategies
North	45	44	32
South	47	32	31
West	81	50	43
<b>Total</b>	<b>216</b>	<b>154</b>	<b>129</b>

During FY 2019, the regional offices produced 216 rapid assessments, of which 154 were further developed into concept notes, and 129 advanced to the business upgrading strategy stage. Of those, 86 were approved and transformed into MAPAs. One was cancelled due to unreasonable expectations by the firm and another was cancelled in late September after the firm could not produce required documentation. A third is pending a contract modification.

Thus, the project surpassed the target of 25 anchor firms for its first year, formalizing partnerships with 83 firms. This includes tier two and tier three agribusinesses, out of which 17 are women-owned enterprises.

**Figure 1. Firms with Formal Partnerships**



## Task 1.1 Co-create upgrading strategies with anchor firms

**Objective:** Develop tailored strategies in partnership with firms to promote their growth in capacity and scale.

### Activities and Progress in FY 2019:

The project, working closely with the owners and managers of anchor firms, co-created 129 upgrading strategies in FY 2019. The strategies mirror those typically conducted by management consulting firms. They consist of action plans to maximize the firms' growth potential by addressing process, product, functional, channel, and intersectoral dimensions while recognizing resource, institutional, and practical constraints. For tier two and tier three firms, the project developed simpler, yet informative, strategies as a reflection of their lower operating complexities.

The project used the upgrading strategies' action plans to develop comprehensive, targeted, and effective packages of firm-level technical assistance. By contributing to robust MAPAs and Deal Notes, the upgrading strategies reduce the need for multiple agreements, thereby increasing the efficiency of project support.



### Areas of Technical Assistance

The project’s technical assistance encompassed a range of business needs. The two areas with the highest demand, branding and marketing and quality enhancing training of trainers (TOT), demonstrate the firms’ interest in penetrating new markets and complying with stricter standards.

**Table 2. Technical Assistance Offered by AVC-High Value Crops**

Type of Support	Number of Firms
Branding and Marketing	72
TOT	56
Machinery	42
eProd	39
Access to Finance	32

Type of Support	Number of Firms
Certification	23
Embedded Consultants	3
Farmer Field Schools	2

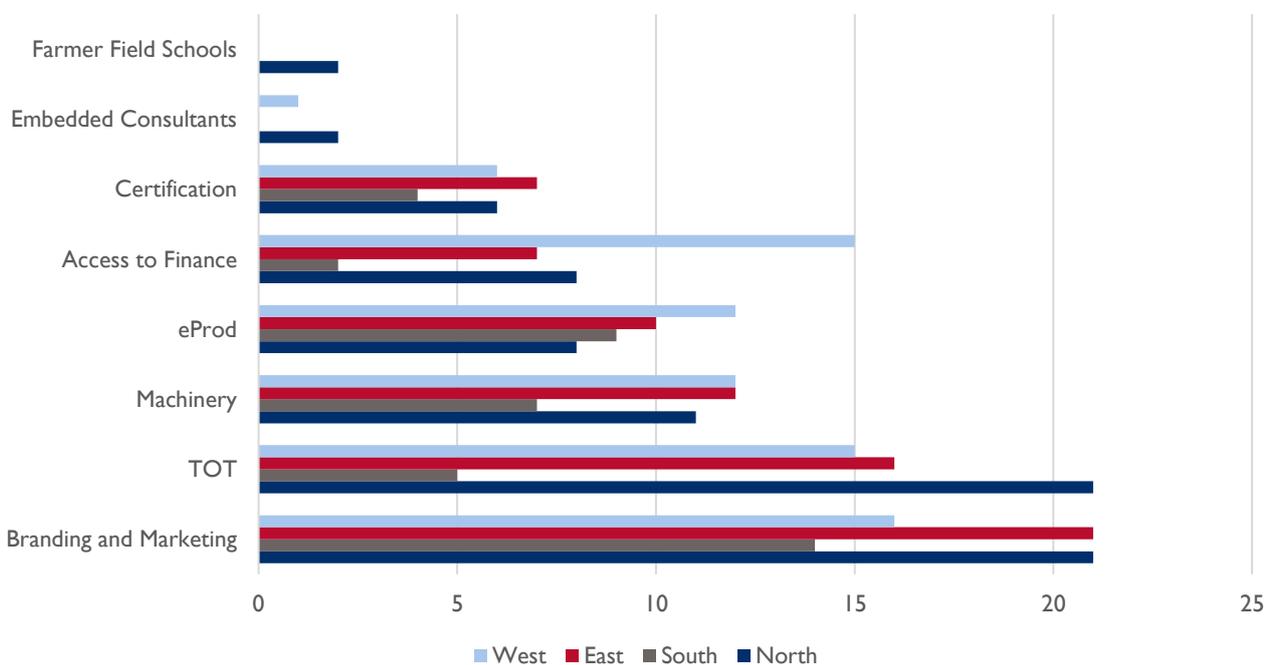
- **eProd:** The project made anchor firms' adoption of eProd a requirement for technical assistance. For more information, see Task 2.2.
- **Branding and Marketing:** Seventy-two firms received support in branding and marketing. This included assistance with designing marketing strategies/plans and market entry strategies and participating in local and international trade events.
- **Training of Trainers:** The TOT focused on two areas: 1) quality production practices and 2) integrated pest management (IPM) and crop protection. The former focused on training anchor firm employees so that they could in turn train their suppliers. This led to agribusinesses training over 4,600 farmers. The latter focused on training input suppliers on the latest crop protection technologies. Through these TOTs, input suppliers provided extension services to over 7,860 farmers.
- **Machinery:** Forty-two firms requested assistance with procuring machinery. To build on previous USAID-funded support while reducing dependency on donors, AVC-High Value Crops capped the project's contribution at \$50,000 and required a 50 percent cash contribution from the recipient. The project's contribution limit was reduced to \$25,000 for tier two and tier three agribusinesses. Only after the firms made their payments directly to the supplier did the project disburse its contribution, also directly to the supplier. Deal Notes and MAPAs with aggregators, service providers, and input suppliers did not include machinery of any kind.
- **Access to Finance:** The project supported 34 companies to submit loan applications for \$11.7 million. Rather than simply referring clients to financial institutions, AVC-High Value Crops has worked hand-in-hand with the firms to co-design business plans based on upgrading strategies, produce financial projections and audited financial reports, and apply for loans. The project also established a mutually beneficial partnership with Agricultural Development Fund (ADF) whereby the project promotes their financial services and ADF refers clients that they cannot serve in a timely manner.
- **Certification:** Twenty-three firms requested assistance with food safety certification, a result of their exposure to more stringent markets through trade events. By the end of FY 2019, the project had conducted 10 pre-audits and produced 10 action plans outlining the activities and investments needed to achieve certification. The project will continue to coordinate with the firms to ensure their adherence to the actions plans and timelines. The project will also conduct another round of pre-audits in November. The first audits by international certifying bodies will take place in January 2020.
- **Embedded Consultants:** Three of the upgrading strategies prioritized hiring consultants to design systems and train personnel, especially in the area of quality control. While the project worked with the firms to produce scopes of work and select the consultants, as a risk mitigation strategy, the firms hired the experts and provided them with accommodation, meals, and transport. The project then reimbursed the firms the cost of the consulting fees.
- **Farmer Field Schools:** Two farmer agricultural input suppliers operating in Balkh province requested assistance with farmer field schools for the dissemination of advanced crop production practices, including solar pumps and drip irrigation.

On June 3, AVC-High Value Crops signed a MAPA with Nesa Agriculture Company, a family business owned and operated by two sisters, Mrs. Bolghais Azizi and Mrs. Afsana Azizi. Through this agreement, the project will support the company to make quality-enhancing technologies available to their supplier network, establish relationships with international food retailers, and increase their throughput through the adoption of agro-processing technologies. This will enable Nesa contribute to over 100 farm households' incomes in Herat and Nimroz provinces.

"We're looking forward to increasing our saffron exports and the number of farmers that we're currently working with in Herat province," said Mrs. Bolghais Azizi.



**Figure 2. Type of Technical Assistance by Region**



**Challenges:**

The project's Gender Analysis, submitted in February 2019, strengthened the project's efforts to target women-owned businesses. While this improved the number of upgrading strategies and Deal Notes for women-owned firms, the majority of women-owned enterprises remain tier two and tier three agribusinesses (i.e. firms that either directly supply goods to anchor firms or provide services within the anchor firms' catchment areas). The project will incubate these businesses over the coming year so that they can play more prominent roles in the target value chains.

## Task 1.2 Link anchor firms with upstream and downstream value chain actors through B2B events

**Objective:** Facilitate new trade relationships along value chains to expand production and distribution networks.

### Activities and Progress in FY 2019:

Between June and September 2019, AVC-High Value Crops facilitated 8,897 business linkages between market actors through business-to-business (B2B) and business-to-producer (B2P) events held during 30 regional B2Bs, five domestic exhibitions, seven international exhibitions, and a buyers mission.

Most agro-processing and trading firms in Afghanistan operate within small networks of producers and wholesalers. Traditionally, these networks have conducted business transactions governed by social capital rather than written contracts. While this modus operandi may be adequate for small businesses, it has constrained the expansion of production and distribution networks. With contracts – especially those encompassing groups rather than individuals – becoming increasingly popular, AVC-High Value Crops has sought to build coordination at two levels: 1) between anchor firms and potential suppliers, and 2) between anchor firms and wholesalers and retailers.



A representative of Amin Karim Corrugated Boxes presents during a B2B event with produce traders in Kandahar City.

The project organized and facilitated B2B events with the purpose of facilitating the establishment of formal trade relationships cemented by contracts and profits. The contracts, working backward to farm production and forward into product distribution, encourage mutual accountability and compliance and positively affect incomes along the value chain. Of the nearly 9,000 business linkages established, the largest numbers came from the regional offices where anchor firms were introduced to and pitched themselves to farmer groups as potential buyers. The project also facilitated meetings between input suppliers and farmer organizations, as well as with individual farmers, through a series of intensive business promotion activities that spanned the five regional project operating platforms.

**Table 3. Summary of Regional B2Bs and B2Ps Organized by AVC-High Value Crops**

Region	Number of B2Bs and B2Ps	Number of Businesses <sup>1</sup>	Number of Producers (M/F)	Number of New Linkages
East (Kabul and Nangarhar)	7	71	298 (239/59)	1,946
North	6	54	301 (178/123)	1,885
South	6	37	268 (162/106)	2,123
West	11	78	509 (282/227)	1,984
<b>Total</b>	<b>30</b>	<b>240</b>	<b>1,285 (861/515)</b>	<b>7,938</b>

<sup>1</sup> Includes anchor firms, financial institutions, and other businesses.

**Table 4. Summary of Buyers' Missions, Domestic, and International Exhibitions**

Number	Name of Event	Number of Afghan Companies	Location	Number of New Linkages
<b>B2B Events During Buyers Missions</b>				
1	Rumi Spices Buyer Mission	6	Kabul	6
2	Turkish Buyer Mission	3	Kabul	8
<b>Total</b>	-	<b>9</b>	-	<b>14</b>
<b>B2B Events During Domestic Exhibitions</b>				
3	Spring Ag Fair Kabul	3	Kabul	15
4	Summer Ag Fair Kabul	2	Kabul	29
5	Herat Ag Fair	2	Herat	108
6	Kandahar Ag Fair by AWCCI	1	Kandahar	0
7	USAID/OAG	5	Kabul	0
<b>Total</b>	-	<b>13</b>	-	<b>152</b>
<b>B2B Events During International Exhibitions</b>				
8	Gulfood Exhibition 2019	4	Dubai, UAE	26
9	13th China Nuts and Roasted Seeds Industry Exhibition	2	China	47
10	Made in Afghanistan - Mumbai Trade Mission	10	Mumbai, India	147
11	Passage to Prosperity Central Asia, Almaty	12	Almaty, Kazakhstan	33
12	World Food Istanbul	5	Istanbul, Turkey	91
13	SIAL	19	New Delhi, India	285
14	Passage to Delhi	13	New Delhi, India	164
<b>Total</b>	-	<b>65</b>	-	<b>793</b>
<b>FY 2019 Total</b>	-	<b>87<sup>2</sup></b>	-	<b>959</b>

<sup>2</sup> This figure includes firms that participated in more than one trade promotion event. The number of unique firms participating in trade events is 50.

## Challenges:

During FY 2019, it was evident that most anchor firms, farmers, and input suppliers had not yet realized the need to more closely collaborate and establish highly coordinated value chains, which constitute the *sine qua non* condition to meet international standards and achieve systemic growth. Perceiving and acting on the need for greater coordination is one of the second-round effects of market development which the project expects to start observing in FY 2020.

## Task 1.3 Facilitate anchor firms' engagement in trade promotion activities

**Objective:** Support anchor firms to participate in trade promotion events to expose them to best business practices and facilitate business deals.

### Activities and Progress in FY 2019:

AVC-High Value Crops facilitated the participation of 87 firms in 14 trade promotion activities which led to \$62.8 million in confirmed business deals and \$56.5 in potential deals for a total of \$119.3 million. Eleven of the firms were women-owned, and they accounted for 18 percent of confirmed deals.

The incentives anchor firms derived from an exposure to industry best practices and new business deal opportunities through trade events, especially buyers missions and international trade shows, have a direct and positive effect on the adoption of quality and food safety standards. Of all activities, trade promotion has the greatest potential to incentivize the modernization of agro-processing lines. The project expects to see the second-round effects (e.g. growth of supplier networks and increased job opportunities) begin in FY 2020.

AVC-High Value Crops pursued three primary modalities of trade promotion: incoming buyers missions, local and international trade shows, and trade missions, mainly organized in partnership with other USAID implementing partners.

### Buyers Missions

AVC-High Value Crops organized a successful first buyers mission that generated over \$18 million in deals for Afghan firms. With support from the commercial attaché of Afghanistan in Istanbul, representatives of four Turkish companies with membership in the Turkish Dried Fruits and Nuts Importers Association visited Afghanistan on July 25-26 and met with Tak Dana Dry & Fresh Fruit Process Company and Boustan-E-Sabz. The companies signed deals for \$18.56 million, of which \$10.58 million will be shipped before the end of the year. The visit ended with a signing ceremony attended by the Director of Trade Policy of the Ministry of Commerce and Industries (MoCI), the Private Sector Development Director of the Ministry of Agriculture, Irrigation and Livestock (MAIL), and a representative of the Women's Chamber of Commerce. Based on this success, the project is planning a buyers mission focused on pine nut producers for Chinese companies in October 2019.

Incoming buyers missions, an innovation introduced by the project, were the most cost-effective interventions in terms of concrete deals. This can be attributed to the project's pre-selection of anchor firms based on buyers' requirements, which ensured that companies could consistently provide the right type of product at needed volumes. In addition, there is a self-selection process in which both the buyers and sellers are willing to undertake risks and costs to close deals. The firms that visit Afghanistan are genuinely interested in doing business and come despite security risks. Likewise, the anchor firms invest in accommodation, meals, armored transport, and armed security for the buyers during their visit.

**Table 5. AVC-High Value Crops-Supported Firms' Participation in Buyers Missions**

Name of Event	# Afghan Companies	Location	Confirmed Deals (USD)	Potential Deals (USD)	Total (USD)
Rumi Spices Buyer Mission	6	Kabul	0	16,000	16,000
Turkish Buyer Mission	3	Kabul	7,976,800	10,584,650	18,561,450
<b>Total</b>	<b>9</b>	<b>-</b>	<b>7,976,800</b>	<b>10,600,650</b>	<b>18,577,450</b>

### International Trade Exhibitions and Missions

The project facilitated the participation of 87<sup>3</sup> firms in 14 international and local trade events, which resulted in almost \$55 million in confirmed deals. The results from international events accounted for the vast majority of deals.

**Table 6. AVC-High Value Crops-Supported Firms' Participation in International Trade Shows and Exhibitions**

Name of Event	# Afghan Companies	Location	Confirmed Deals (USD)	Potential Deals (USD)	Total (USD)
Gulfood Exhibition 2019	4	Dubai, UAE	<b>4,631,699</b>	18,602,000	23,233,699
13th China Nuts and Roasted Seeds Industry Exhibition	2	China	0	29,462,870	29,462,870
Made in Afghanistan - Mumbai Trade Mission	10	Mumbai, India	17,816,843	1,330,227	19,147,070
Passage to Prosperity Central Asia, Almaty	12	Almaty, Kazakhstan	269,955	1,302,960	1,572,915
World Food Istanbul	5	Istanbul, Turkey	17,193,153	772,400	17,965,553
SIAL	19	New Delhi, India	0	0	Observers
Passage to Delhi	13	New Delhi, India	6,008,381	3,302,900	9,311,281
<b>Total</b>	<b>65</b>	<b>-</b>	<b>45,920,031</b>	<b>54,773,357</b>	<b>100,693,388</b>

Paradoxically, one of the most successful trade shows was Gulfood Exhibition 2019 where the Afghan companies attended as observers and did not have exhibits. However, thanks to the project's efforts to "work the floor" and organize side meetings, the four companies secured \$4.6 million in confirmed deals. AVC-High

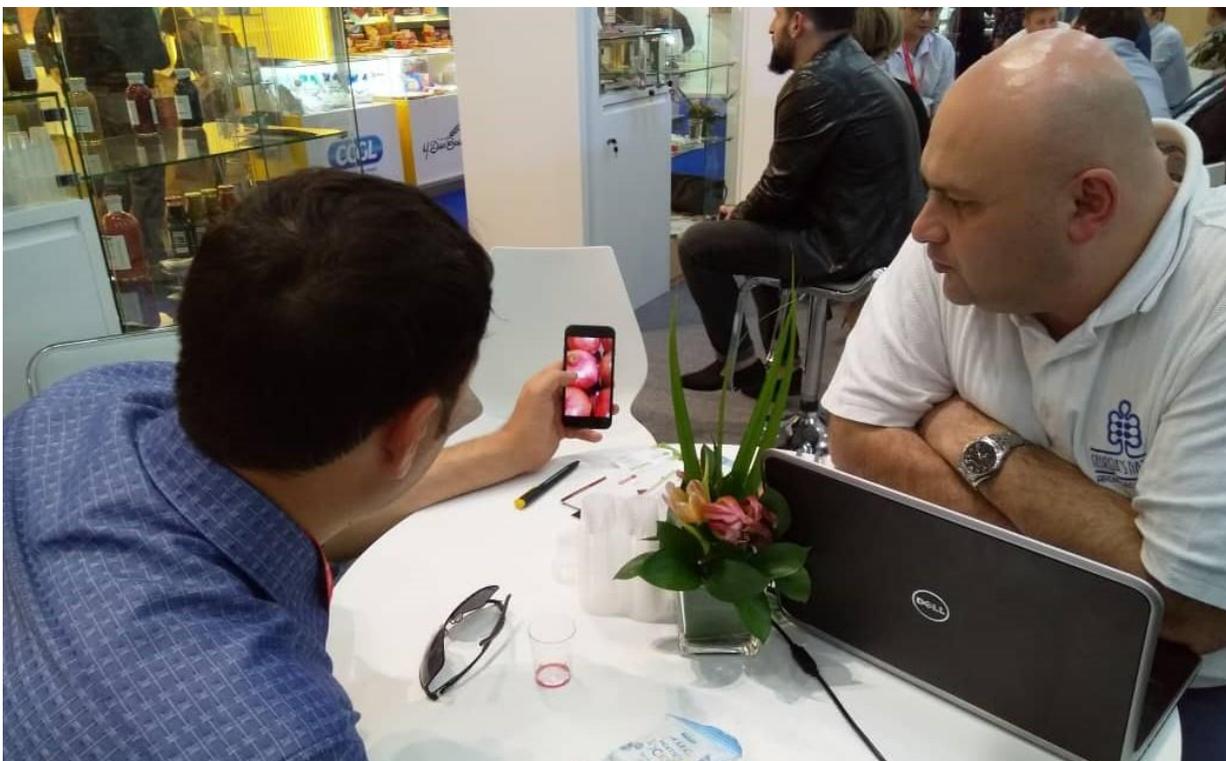
<sup>3</sup> This figure includes firms that participated in more than one trade promotion event. The number of unique firms participating in trade events is 50.

Value Crops’ successful approach was documented in the Marketlinks publication, “Four Ways to Help Partner Firms Optimize Their Trips to International Trade Shows.”<sup>4</sup>

*Drukshsan Shamal, an Afghan exporter of fresh fruit, nuts, and spices, met with customers in Mumbai as part of the Passage to Prosperity trade mission. The firm’s participation led to over \$4 million in signed deals with Indian buyers, of which more than \$200,000 is confirmed. AVC-High Value Crops’ support also enabled the company to visit several Indian manufacturing companies to learn about cleaning, processing, and packing machinery. This provided the company with valuable information on technologies that could improve their overall performance to attract customers in both overseas and local markets, for better productivity.*



The results from international trade exhibitions also confirmed that significant untapped demand exists in the Chinese market, especially from dried fruits and nuts and saffron. Indeed, two anchor firms supported by the project secured deals for almost \$30 million at the 13th China Nuts and Roasted Seeds Industry Exhibition. These outcomes and follow-up conversations with Chinese industry associations have prompted the project to plan a buyer mission and lead 23 Afghan firms’ participation in the 17th China Agricultural Trade Fair in November 2019.



*The President of Kanda Fruit discussing trade terms with an importer from the Republic of Georgia during Gulfood 2019.*

<sup>4</sup> <https://www.marketlinks.org/post/four-ways-help-partner-firms-optimize-their-trips-international-trade-shows>

## Local Trade Exhibitions

AVC-High Value Crops supported the participation of 13 agribusinesses in five local exhibitions which generated approximately \$2,300 in deals. This limited success can be attributed to the fact that anchor firms, as large-scale and well-established companies, have little to no appetite to sell small quantities of produce in local events.

**Table 7. AVC-High Value Crops-Supported Firms' Participation in Local Trade Shows and Exhibitions**

Name of Event	# Afghan Companies	Location	Confirmed Deals (USD)	Potential Deals (USD)	Total (USD)
Spring Ag Fair Kabul	3	Kabul	0	0	0
Summer Ag Fair Kabul	2	Kabul	0	0	0
Ag Fair Herat	2	Herat	2,389	0	2,389
USAID OAG Open House	5	Kabul	0	0	0
Kandahar AWCCI	1	Kandahar	0	0	0
<b>Total</b>	<b>13</b>	<b>-</b>	<b>2,389</b>	<b>0</b>	<b>2,389</b>

## Challenges:

Afghan-only trade missions had the lowest return for investment. AVC-High Value Crops sponsored the participation of 35 firms in three Afghanistan-only trade missions and the firms were only able to sign sales agreements for \$5.9 million. This was due to several factors, including: a) buyers' limited interest in attending an Afghan-only event, b) an overwhelming number of Afghan businesses competing for a small number of buyers' business, and c) the high cost associated with organizing and holding an event only for Afghan exhibitors, which limits the prospects of benefiting from economies of scale. In the future, unless USAID decides otherwise, the AVC-High Value Crops project will focus on international trade shows and incoming buyers missions.

## Task 1.4 Facilitate investment advisory services to anchor firms

**Objective:** Link anchor firms with potential diaspora investors, financial institutions, and impact investors to materialize debt and equity transactions.

### Activities and Progress in FY 2019:

The total amount of new investment in agriculture, derived from project activities is \$7,063,605, which includes debt finance, self-investment as a result of the project's technical advice, and a line of credit facilitated by AVC-High Value Crops' partner CrossBoundary, and the project's first foreign investment transaction, securing a \$360,000 for Talay Sorkh Company Limited. Talay Sorkh is a saffron exporter based in Herat province that employs more than 2,000 women to hand-harvest the flowers. The project provided support to InFrontier, a frontier investment fund, and Rumi Spice, a company that sources from Talay Sorkh and puts top-quality, sustainably farmed, Afghan saffron on the shelves of U.S. retail stores like Whole Foods and in the kitchens of Michelin-starred chefs. The investment established a credit line for Talay Sorkh, enabling the firm to increase its exports.



Talay Sorkh saffron marketed by Rumi Spice.

Thirteen high-potential transactions remain in the project's \$16 million pipeline with an average deal value of \$1.2 million. The project's Transaction Advisory Team has engaged closely with the 13 firms, conducting multiple interviews to better understand their business operations and investment needs. These deals are rated with a medium to high likelihood of closing.

AVC-High Value Crops' support is guided by an Investment Landscape Analysis and Investment Facilitation Guidebook developed by CrossBoundary. The latter constitutes the framework for providing support to investment deals for high value crops. The report was finalized in February and was used to train project staff in April.

**Challenges:**

Afghanistan's growing insecurity and political uncertainty are affecting prospects for private investment in agriculture; the market is increasingly seen as high-risk. The project plans to find ways to adapt and manage expectations in coordination with USAID.

A woman wearing a blue protective suit, a blue headscarf, and a light blue surgical mask is focused on sorting through a large tray of dark, irregularly shaped produce, likely walnuts, in a processing facility. She is wearing blue nitrile gloves. In the background, another worker in similar attire is visible, also working with produce. The setting appears to be a clean, industrial environment with stainless steel trays and overhead lighting.

Improving  
produce quality to  
supply high-end  
markets

## Component 2: Improving Quality and Quantity of Produce Available to Anchor Firms

*Component 2 enables anchor firms to introduce demand-side stimuli and increase market certainty to both incentivize producers to increase productivity and improve quality produce and to support the rapid expansion of their producer networks.*

### Summary

In FY 2019, AVC-High Value Crops introduced 33 firms to eProd, a supplier management system, with positive results; trained 94 trainers who delivered extension services to 7,860 farmers; and signed partnership agreements with three farmer organizations. The project also launched two activities to combat post-harvest losses. The first is the Young Innovators in Agriculture Competition, a national activity aimed at engaging students of vocational agricultural and veterinary schools in the development of technologies, which has gained regional and national media attention. The second is the construction and maintenance of evaporative charcoal coolers. The project has already received requests for technical assistance to build the first privately own coolers beginning in March 2020.

*“USAID is providing us with technical assistance to improve the quality of our products so we can access the international markets and increase our productivity in order to enhance our country’s exports. We are thankful for USAID’s support,” said Abdul Bari, the Operations Manager at Hayatullah Khan Fazli Limited. [Watch here.](#)*



### Background

The lack of consistency in the volume and quality of produce available to large agribusinesses continues to be a binding constraint on their growth. While access to inputs and access to capital often prevent farmers from increasing productivity and investing in quality enhancing technologies and practices, uncertainty is the key factor limiting farm investment.

Uncertainty has become the ubiquitous companion of farmers in rural Afghanistan, especially in the context of markets, climate, and security. Therefore, in the absence of certainty, most farmers decide to minimize farm investment – especially in cash crops – to the point at which they produce just enough marketable surplus to make up for staple food shortages. Contrary to conventional wisdom, it is not always a lack of training, extension services, or access to inputs that limits productivity and quality.

AVC-High Value Crops is working closely with anchor firms to strengthen vertical coordination along the value chains; to send the right signals to farmers in the form of producer contracts, quality-based pricing, and private extension services; and to encourage the establishment and strengthening of formal and informal farmer organizations.

Similarly, according to project estimates, 35 percent of high value crops experience decay, resulting in economic losses between harvest and delivery to market; 16 percent of produce is entirely lost. In the context of Afghanistan, addressing these issues requires local solutions that do not rely on electricity, are mobile, and

can resist the extreme weather conditions. The Young Innovators in Agriculture Competition brings about an opportunity to capitalize on local talent and knowledge to address these issues.

## **Task 2.1 Strengthen farmer organizations**

**Objective:** Improve farmer organizations' efficiency and production quality to optimize the supply chains linking farmer groups to anchor firms.

### **Activities and Progress in FY 2019:**

AVC-High Value Crops signed partnership agreements with three farmer associations, laying a foundation for future collaboration and assistance.

Recognizing the role of farmer organizations in achieving economies of scale, reducing transaction costs, and organizing supply chains, the project made every possible effort to engage them to facilitate linkages with anchor firms and boost their participation in the dissemination of agricultural technologies. Unfortunately, their long-term relationship with international development organizations has resulted in a level of dependence incompatible with the project's offering.

AVC-High Value Crops reached out to 10 farmer associations: Kandahar Dand & Daman Farmers Association, Kandahar Nursery Growers Association, and Arghandab Farmers Association in the Southern region; Aqcha Melon Farmers Association, Bakhtar Secondary Livestock and Agriculture Cooperative, Aybak Dried Fruits Seller Association, Jawzjan Social Nursery Association, and Firoz Nakhchir Orchard Association in the Northern Region; and Afghan Women Saffron Growers Association and Pashtun Zarghon Saffron Kar Women Ltd. in the Western region.

Seven of the ten associations requested free equipment and compensation to attend training sessions, in addition to special compensation for their leaders. Therefore, the project only signed MAPAs with three: Aybak Dried Fruits Seller Association, Afghan Women Saffron Growers Association, and Pashtun Zarghon Saffron Kar Women Ltd. The project will support these three associations and ensure that activities proceed on schedule in FY 2020.

### **Challenges:**

The project's interactions with farmer associations reinforce the notion that the market incentives derived from increased exports and increased demand for produce have not yet reached them. This is despite the groups' participation in various B2B events with anchor firms. The project will continue to engage with the associations in FY 2020, enabling anchor firms to send them signals to which they may respond. The project hypothesizes that once the anchor firms start paying higher prices and reward farmers who deliver higher quality produce, the farmer organizations will approach the project for technical support.

## **Task 2.2 Introduce supply management systems for progressive agro-processors and exporters**

**Objective:** Support anchor firms to adopt specialized information technology (IT) systems to improve supply management efficiency.

### **Activities and Progress in FY 2019:**

Thirty-eight anchor firms are now using eProd, a supply management system for agribusinesses. In April, AVC-High Value Crops supported a first round of 17 firms to install the software. The firms received training on staff registration, produce flow, and farmer registration. The training sessions were conducted across the country over 22 days. To strengthen the training results and help put lessons into practice, anchor firms were required to complete a series of tasks over a two-month period. eProd designed the tasks and continues to provide remote support to the companies as they work on completing the program.

Following the successful first round, the project launched a second round for 16 firms with recently signed MAPAs in July and August. They received the same initial training and tasks. During these training sessions, the 17 firms from the first batch were invited to participate on the fourth day to learn about collection registry and the communication module to help them send SMS messages to farmers in their network through eProd.

**Table 8. Anchor Firms that Received eProd Training and Software by Region**

Training	Men-Owned Companies	Women-Owned Companies	Total Companies
East	5	0	5
North	8	1	9
South	9	0	9
West	6	4	10
<b>Total</b>	<b>28</b>	<b>5</b>	<b>33</b>

The project’s portfolio managers worked closely with the firms to overcome their initial hesitation and follow the task schedule set by the trainers. Similar to the case with value chain coordination and the provision of private extension services, the rate of eProd adoption and firms’ interest were correlated with their need to trace produce. The project’s efforts were strengthened by the inclusion of the first round of firms in the refresher trainings in July. To date, all firms from the first round have completed the data entry and registration tasks and all but one from the second round has as well.



Participants at the eProd training session in Kabul in July.

**Challenges:**

Not all anchor firms have realized eProd’s potential. This is expected to change as firms obtain food safety certifications, which require traceability, and they realize the need for quality-based produce pricing.

**Task 2.3 Improve access to and utilization of improved inputs and services**

**Objective:** Increase access to and adoption of modern agricultural technologies and inputs through stronger business linkages and extension services.

**Activities and Progress in FY 2019:**

While increasing access to improved inputs and services is a supply-side activity typically addressed by delivering trainings, the use of inputs and services requires demand-side *stimuli*. Based on this notion, AVC-High Value Crops adopted a three-prong approach aimed at:

- Equipping suppliers of agricultural inputs and extension service providers—both from the governmental and NGOs—with up-to-date knowledge on crop protection, specifically IPM, safe pesticide use, and post-harvest handling practices for high value crops.
- Introducing a demand-side incentive. This entailed launching an intensive TOT program for employees of anchor firms, as well as tier two and tier three agribusinesses, with the expectation that they would train their suppliers, making the adoption of the improved practices a condition to maintain the commercial relationship.
- Facilitating B2B meetings between input suppliers and farmers so that the former could introduce their products and services.

### Training of Trainers for Input Suppliers

AVC-High Value Crops processed MAPAs with 28 input suppliers. Twenty-nine staff from these businesses, along with 26 extension service officers from the Directorate of Agriculture, Irrigation and Livestock (DAIL), received TOTs on topics related to crop protection, IPM, delivering extension services, and quality enhancing technologies.

In the case of input suppliers, the training was complemented by a module on how to promote their businesses, market their services and build client databases.

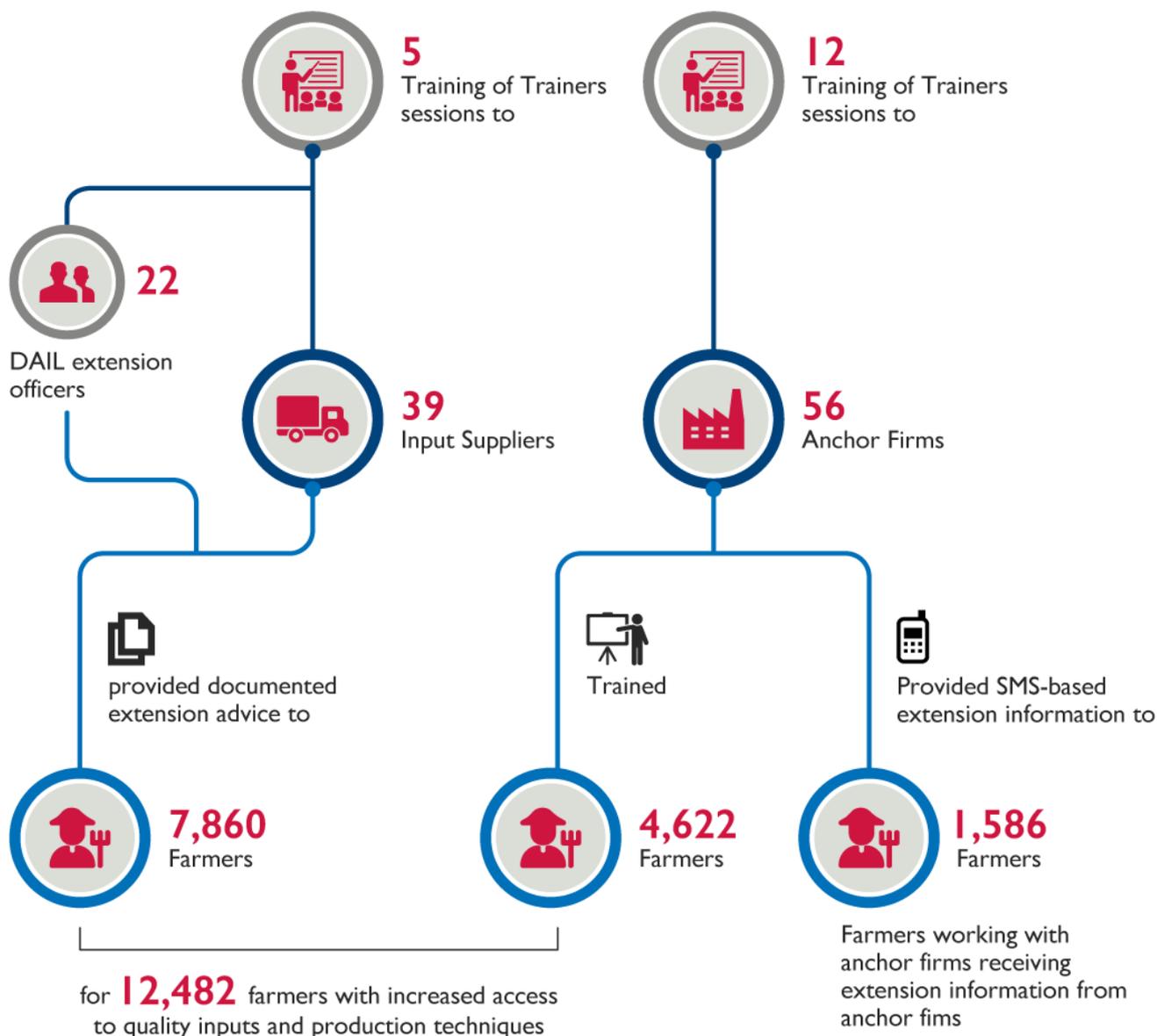
### Training of Trainers for Anchor Firms

AVC-High Value Crops delivered 16 three-day master trainings where 133 technical staff of anchor firms and 73 lead farmers learned how to increase quality produce in the apricot, almond, pistachio, saffron, and raisins. The training also covered topics such as safe pesticide use, methods for delivering extension services, and post-harvest handling and quality control.

Following the delivery of the TOTs, the technical staff of the anchor firms led 91 training of farmers (TOF) sessions for 114 farmers in August and September. Women represented 78 percent of trainees.

**Table 9. Training for Farmers by Anchor Firms**

Regions	Firm	# of ToF Sessions	# Farmers Trained (Female)
East (Kabul & Nangarhar)	16	9	715 (18)
North	15	23	1541 (1085)
South	3	8	172 (152)
West	22	66	2194 (879)
<b>Total</b>	<b>56</b>	<b>106</b>	<b>4,622 (2,134)</b>



The project worked with nine firms to pilot a SMS-based system for the delivery of extension information. Through this system the companies were able to disseminate messages to encourage their suppliers to put in practice crop protection and post-harvest handling technologies, as well as to announce produce collection times. In the pilot phase, 1586 farmers received several extension messages each. In FY2019 the project will continue this initiative, especially with saffron exporters, whom showed greater interest.

**Table 10. SMS-based Extension Information System**

Firm	Location	Number of farmers receiving SMS
Babae Saffron	Herat	73
Faizi Saffron	Herat	72
Khorshid Saffron Production and Packing Co.	Herat	229
Talay Sorkh Afghan Ltd.	Herat	423
Pashton Zarghon Saffron Kar Women Ltd.	Herat	325
Mahtab Saffron	Herat	162
Takdana Dry & Fresh Fruit Process Company	Kabul	40
Boustan Sabz Agriculture Company	Kabul	247
Afghan Made	Kabul	15
<b>TOTAL</b>		<b>1,586</b>



USAID is supporting Drukshshan Shamal, a women-owned almond producer, to improve the quality of almond production in the Khulm district of the Balkh province. In August, AVC-High Value Crops facilitated a two-day training for 16 company employees on almond post-harvest management and quality control. Using the lessons learned, the company led a TOF a few weeks later for 21 people where staff passed along the skills and techniques they learned to produce high-quality products and efficiently use orchards. By working with companies like Drukshshan Shamal, AVC-High Value Crops is empowering private sector firms to lead efforts in their area to improve operations and build profits along the value chain, from farmers to company employees, for transformational growth.

## Input Suppliers' Participation in B2Bs

In FY 2019, 25 input suppliers participated in B2B events. During the B2B events, the input suppliers made sales pitches to farmers and representatives of farmer organizations. These interactions facilitated relationships, supporting their integration into key value chains, and gave rise to 1,404 linkages.

**Table 11. Input Suppliers Participation in B2B and B2F Events**

Region	B2B Events	Input Suppliers	Producers (M/F)	New Linkages
East (Kabul and Nangarhar)	2	4	102 (102/0)	212
North	4	10	238 (135/103)	578
South	4	8	248 (188/60)	496
West	3	3	118 (69/49)	118
<b>Total</b>	<b>13</b>	<b>25</b>	<b>706 (494/212)</b>	<b>1,404</b>

### Challenges:

Insecurity constitutes one of the key factors preventing input suppliers to leave the urban centers and promote their products. The case of government extension agents is no different, as insurgent groups operate freely, especially in areas producing high-value crops, where they extract rents from farmers. For this reason, the SMS-based system is a promising option.

### Task 2.4 Reduce post-harvest losses

**Objective:** Introduce an array of low-cost but effective technologies to reduce post-harvest losses and pilot them in partnership with the anchor firms.

#### Activities and Progress in FY 2019:

##### Young Innovators in Agriculture Competition<sup>5</sup>

Over 460 students learned about the importance of finding solutions to post-harvest losses thanks to the Young Innovators in Agriculture Competition launched by AVC-High Value Chains in partnership with Catalyzing Afghanistan Agriculture Innovation (CAAI) on April 24, 2019 in Kabul. The competition and its associated trainings encourage students in agriculture and veterinary institutes to develop technologies that help tackle post-harvest loss and improve Afghanistan's agricultural competitiveness. Following regional competitions in September, five teams of students are now preparing for the national competition's final, which will take place on October 29, 2019, in Kabul. The top three winners will receive an internship at an agribusiness and a cash prize.

<sup>5</sup> More information in the Gender and Youth section of the report

**Table 12. Young Innovators in Agriculture Competition Regional Outcomes**

Place	Group Name	Value Chain	Total Marks
<b>North</b>			
First	Grape Packaging and Storage Center	Grapes	97
Second	Solar Drying Machine	Grapes	80
Third	Almond Shaking Equipment	Almond	59
Fourth	Grapes Storage Center	Grapes	49
<b>South</b>			
First	Miwand	Pomegranate	98
Second	Daman	Grapes	89
Third	Miwand	Pomegranate	87
Fourth	Daman	Grapes	81
<b>East</b>			
First	Asmayee	All Types of Fruit	83
Second	Arefan	All Types of Fruit	43
Third	Tezhoshan	All Types of Fruit	40
Fourth	Peshtazan	All Types of Fruit	38
<b>West</b>			
First	Now Awaran Asr Technology	Saffron	70
Second	Qahramanan	Saffron	68
Third	Group Taza	Grapes	57
Fourth	Alam Daran	Grapes	51

### Evaporative Charcoal Coolers

Evaporative charcoal coolers have been in use in East Africa for over 20 years with significant success. Charcoal coolers are especially effective in places with less than 30 percent humidity and windy environments, highly consistent with the conditions of rural Afghanistan. A cooler with a capacity of 18 cubic meters can easily keep a metric ton of tomatoes at 10 degrees below the outdoor temperature, and away from sunlight, thereby extending the shelf life of produce for 24-48 hours, until suitable transport is available. The cost of an 18-cubic meter cooler does not exceed \$400, and the operating cost is virtually zero.

In July 2019, AVC-High Value Crops conducted a TOT in Parwan province for seven anchor firms and four artisans on the construction and operation of evaporative charcoal coolers. The participants, which included portfolio managers and private artisans from the four regional hubs, built two evaporative charcoal coolers in each region, trained more artisans, and held 42 field days to demonstrate this low-cost technology for short-term storage to farmers and anchor firms.

**Table 13. Evaporative Charcoal Cooler TOT Participants**

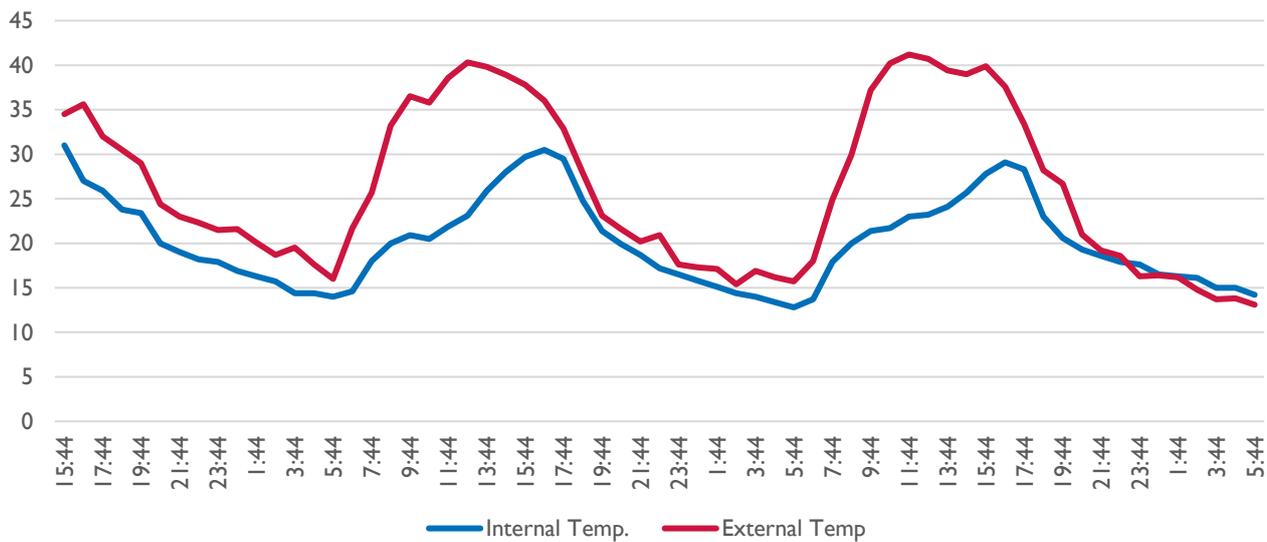
Regions	Firm Participants	Carpenters	Project Staff	Total Participants
South	0	1	2	3
North	0	1	1	2
East	7	1	5	13
West	0	1	1	2
<b>Total</b>	<b>7</b>	<b>4</b>	<b>9</b>	<b>20</b>

**Figure 3. Evaporative Charcoal Coolers Constructed with AVC-High Value Crops Support**



The project is analyzing the effectiveness of the charcoal evaporative coolers as an option for short-term storage (i.e. from harvest until the collection by anchor firms) by installing digital thermometers inside and outside each unit and by assessing the stored produce’s level of decay. Preliminary results show that this technology is far more efficient in Afghanistan than in East Africa and India where it was initially developed. This is evident by the larger temperature differentials (internal vs. external), which in Afghanistan surpassed 18 degrees Celsius, compared with 11 in India and 13 in East Africa. This derives from stronger winds and lower relative humidity, characteristic of Afghanistan.

**Figure 4. Evaporative Charcoal Cooler No. 4 Kandahar Temperature Differential in Celsius over a 48-Hour Period**



AVC-High Value Crops has received three requests for technical assistance from farmer organizations to assist them build more units, at their cost, in March 2020.

**Challenges:**

The adoption of quality enhancing technologies will undoubtedly require strong market incentives for farmers to make the strategic decision to invest in improving the quality of cash crops over food crops. This is likely to be observed in years two and three of the project as the market incentives trickle down from anchor firms to their suppliers.

A worker in a blue and green uniform, hairnet, and mask is handling green bell peppers in a yellow crate. The worker is wearing a blue and green long-sleeved shirt with reflective stripes, a white hairnet, and a blue surgical mask. They are wearing white gloves and are focused on the task. The background shows another worker in a similar uniform and mask, and a yellow crate filled with green bell peppers. The scene is set in a clean, industrial environment, likely a food processing facility.

World-class safe  
produce, the new  
brand of  
Afghanistan

## Component 3: Strengthening Critical Value Chain Support Service Providers

*Activities under Component 3 strengthen vertical coordination and increase the efficiency of the value chains aligning and leveraging support service providers such as financial institutions, business development support providers, and shipping and transport companies.*

### Summary

In FY 2019, AVC-High Value Crops strengthened the relationship between anchor firms and service providers for greater competitiveness along value chains. Following a prioritization process, the project conducted food safety pre-audits for 10 firms in the fourth quarter with the first certifications scheduled for January 2020. The project also facilitated firms' access to finance, securing \$5.5 million in agricultural credit of which \$4.45 million has already been disbursed. Seeking to address one of the binding constraints to the competitiveness of Afghan agriculture, AVC-High Value Crops signed a Memorandum of Understanding (MOU) with MAERSK, the world's largest shipping conglomerate, to conduct a feasibility study for the establishment of a container terminal in Afghanistan. If built, the container terminal has the potential to reduce shipping costs by up to 40 percent.

*“Competing in the international markets is becoming tougher day by day. USAID has helped us develop our capacity to improve the quality of our products, the packaging, meet international standards, compete in international markets, and increase our exports, which contributes to the creation of more jobs for Afghans and improves the economy of our country,” said Waseeq Ullah, Business Development Manager of Tak Dana.*  
[Watch here.](#)



### Background

While improving the quality and quantity of produce available to anchor firms is necessary for agricultural transformation, support service providers play a crucial role in ensuring that value chains function optimally. Recognizing this, AVC-High Value Crops adopted a demand-driven, bold, and innovative approach to enable anchor firms to comply with international grades and standards, access finance for growth, and use competitive and reliable shipping and transport services.

Food safety standards are becoming increasingly important to defining the structure and the institutions governing the production and trade of agricultural products. Changes in these standards and their implementation systems are heavily influenced by consumer preferences and typically formalized in the form of policies and regulations. While Afghan traders currently sell their products to markets in Pakistan and India without having to comply with strict regulations, compliance becomes an unavoidable requirement for entering more sophisticated markets.

Similarly, access to finance, especially value chain lending and trade finance, has the potential to accelerate the growth of the agricultural value chains through enhanced competitiveness. Since the establishment of the ADF, agricultural credit has proven to have a positive and significant impact on the efficiency of crop production, agro-processing, and marketing enterprises in Afghanistan.

As important as compliance with grades and standards and access to finance are for trade expansion, the availability of affordable and reliable shipping and transport services is what will ultimately determine the likelihood of Afghan exporters to succeed in the international markets.

### Task 3.1 Enable compliance with grades, standards and other marketing requirements

**Objective:** Support anchor firms to meet regulatory requirements and consumer expectations in target markets for greater trade.

#### Activities and Progress in FY 2019:

An internationally certified food safety auditor conducted pre-audits of 10 anchor firms in September and October. The process included: a) the determination of the specific type of food safety certification required by each firm, depending on the product and the end market, b) a pre-audit of the firm to identify the managerial and infrastructure changes required to meet the requirements for the certification, and c) production of an action plan and timeline for the certification of each firm.

A second group of 10 firms will undergo food safety pre-audits in November and, at the same time, the food safety expert will assess the level of progress of the first group of firms. It is expected that five to six firms will obtain their certifications in January 2020.



The food safety expert advises Talay Sorkh Company staff on food certifications for saffron exports during a visit to Herat.

**Table 14. Firms Receiving Food Safety Pre-Audits**

Region	Anchor Firm	Value Chain
September-October Pre-Audits		
West	Talay Sorkh Afghan Commercial Company	Spices (Saffron)
West	Mahtab Saffron Company	Spices (Saffron)
West	Faizi Agricultural, Horticultural and Livestock Services Company	Spices (Saffron)
North	Jamshid Ramin Ltd	Dried Fruits and Nuts
North	TAK Dry Fruit Company	Dried Fruits
North	Shadian Co Ltd	Medicinal Crops
East	Tak Dana Dry & Fresh Fruit Process Company	Dried and Fresh Fruits
East	Bozurg Afshan Dry Fruit Process	Dried Fruits and Nuts
East	Afghan Made Manufacturing and Export Company	Dried Fruits and Nuts, Fresh Fruits and Spices
East	Benazir Yakta Trading Company	Dried Fruits and Nuts

Region	Anchor Firm	Value Chain
November Pre-Audits		
West	Pashton Zarghon Safron Kar Women Ltd	Spices (Saffron)
West	Baba-e-Saffron Company	Spices (Saffron)
West	Khorshid Saffron Production and Packing Company	Spices (Saffron)
West	Gowhar Naab Saffron Production, Processing and Packing Co	Spices (Saffron)
North	Fardin Firdaws Ghafoory Ltd	Dried Fruits and Nuts
North	Mohammad Hashim Hussain Zada Ltd	Dried Fruits, Nuts, Herbs and Spices
North	Nawras Cultivation Processing & Agricultural Company	Spices (Saffron)
East	Rumi Trading LLC	Dried Fruits, Nuts, and Spices
East	Amini Sadri Ltd	Fresh Fruits
South	Hayatullah Khan Fazli Ltd	Dry and Fresh Fruits

### Challenges:

Before the project secured a food safety consultant, perceptions of Afghanistan's security and the lengthy visa process deterred two candidates.

### Task 3.2 Increase access to finance

**Objective:** Increase anchor firms' and farmer organizations' access to value chain finance, lines of credit, and trade finance.

#### Activities and Progress in FY 2019:

With support from AVC-High Value Crops, 34 companies submitted loan applications to the ADF. The ADF approved 16 for a total of \$5.5 million and disbursed seven loans for \$2.62 million, which, with the project's contribution under Deal Notes, totals \$4.5 million.<sup>6</sup> Women-owned companies accounted for 29 percent of the applications and 31 percent of the approved loans. AVC-High Value Crops served as an intermediary, supporting the anchor firms to prepare financial and technical documentation for loan applications.

**Table 15. Access to Finance Summary**

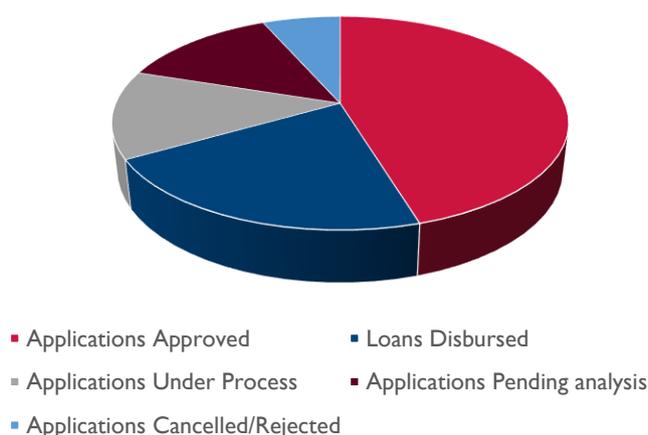
Descriptions	Numbers	Amount (AFN)	Amount (USD)
Applications Submitted to ADF	34	879,725,000	11,729,667
Applications Approved	16	416,050,000	5,547,333
Loans Disbursed	7	196,749,975	2,623,333
Applications Under Process	3	122,425,000	1,632,333
Applications Pending analysis	5	122,800,000	1,637,333

<sup>6</sup> As per the approved AMELP, Indicator SP 2.2 includes value of loans disbursed and project's contribution under Deal Notes.

Descriptions	Numbers	Amount (AFN)	Amount (USD)
Applications Cancelled/Rejected	10	60,450,000	806,000

While approved loans stand at \$5.5 million, borrowers are experiencing difficulties registering the collateral, a necessary step for any lender to release the funds. The issue, according to the ADF clients, derives from corruption at the courts, where court officials demand bribes to register the collateral. This negotiation process is what in essence is delaying the disbursement of loans.

**Figure 5. Loan Applications by Status in September 2019**



### Challenges:

Due to court officials' rent seeking behavior, registering collateral is taking up to three months – far longer than the expected timeline of a week – which hinders the ADF's ability to disperse loans. This, in turn, is negatively affecting the project's performance indicator tied to loan disbursements.

### Task 3.3 Increase efficiency of agricultural shipping and transport

**Objective:** Address transportation barriers to improve refrigerated shipping and transport options for agricultural exports.

#### Activities and Progress in FY 2019:

Second in importance after insecurity, but related to the same, is the challenge brought about by insufficient and costly transport services. According to project calculations, shipping refrigerated produce to markets such as the United Arab Emirates, as well as to major cities in the European Union, results in a cost disadvantage between \$220 and \$400 per metric ton, as compared to Afghanistan's competitors. Transporting dry goods to the same markets also results in a cost disadvantage between \$100 and \$260 per metric ton. While transport costs are not the only factor inhibiting Afghanistan's competitiveness for agricultural products, the impact in terms of foregone revenue is up to \$46.6 million annually.

As part of the project's decisive efforts to overcome this barrier to growth, AVC-High Value Crops signed an MOU in September with MAERSK, the global logistics conglomerate, to partner on the establishment of a reefer terminal in Afghanistan. As the first step, the project and MAERSK will commission a feasibility study. The activity will start on November 15 and the presentation of findings is scheduled for January 10 in MAERSK's office in Karachi, Pakistan.

Parallel to this, the project is collaborating with the USAID Central Asia Competitiveness, Trade and Jobs (CTJ) Activity and the USAID Pakistan Regional Economic Integration Activity (PREIA) to identify ways to

increase trade transport efficiency in the region. As part of this collaboration, AVC-High Value Crops and six of its clients will participate in the Central Asia Trade Forum in November. The three USAID Missions (Afghanistan, Central Asia, and Pakistan) have also approved a joint trade transport study for the region which will begin in November. The study will identify and prioritize opportunities and challenges for all three projects to address. Findings will be presented at the Trade Logistics Forum in Termez, Uzbekistan on December 2.

## Progress on Gender and Youth

The inclusion of women and youth is at the core of AVC-High Value Crops. Twenty-nine percent of Afghanistan's population, or 8.5 million people, are men and women between the ages of 15 and 29, and 11 percent, or 3.1 million, are women between the ages of 30 and 59. Assuming these statistics reflect the population in rural areas of Afghanistan, integrating 40 percent of Afghans into formal employment in agriculture has the potential to propel the sector in an unprecedented way.

The project's strategy for advancing women's equality and empowerment and ensuring opportunities for youth is to make the business case to anchor firms (and other market actors) that there is money to be made by hiring and partnering with women-owned businesses. This approach is informed and shaped by experienced gender and youth staff in all of the regional offices. AVC-High Value Crops takes the same approach to promoting youth employment, enterprise development, and linkages with anchor firms. By doing so, the project integrates women's empowerment and youth inclusivity into interventions from the moment the project presents a value proposition to a potential anchor firm.

Thus, the selection criteria for anchor firms includes the potential to engage women as either suppliers or employees, as well as provide meaningful employment for young people. These constitute opportunities for strengthening their current roles and for introducing women and youth to value chain nodes where they do not currently operate. In both regards, the potential may lie within the anchor firm itself or in other firms that benefit from the anchor firm's growth and project interventions. All Deal Notes are structured to underscore opportunities and include requirements to increase the participation of women and youth in the anchor firm and its value chain.

*Women are the very center of the agricultural development process. Providing women with opportunities to make economically meaningful contributions at the farm, at the firm, and at the market level is a **necessary condition** for the sector and the economy to thrive.*

## Gender Analysis

Early in the implementation of the program, AVC-High Value Crops' Gender and Youth team conducted a Gender Analysis. The project's findings were consistent with *a priori* knowledge about the role of women in agriculture, yet, the project also uncovered nuances that constitute challenges and opportunities to upgrading women's role in the high value crop value chains.

For example, the team found that regardless of whether they are permanent or seasonal employees, women are on average paid 40 percent less than male workers and the majority of seasonal workers are usually below age 15.

An unsurprising finding was that anchor firms perceive women to be strong contributors to agro-processing, but do not envision their role to change from the provision of basic services in crop production to managerial positions. In fact, during the project's review of agribusinesses, no women were in managerial roles. The project also corroborated that women usually undertake the most excruciating, difficult and monotonous jobs, which are precisely the ones that raise the value of the crop. Nonetheless the great majority are not remunerated. Moreover, in cases such as pine nuts and pistachios,



*AVC-High Value Crops held multiple focus group discussions at the project's regional offices when developing its Gender Analysis. Male and female producers and entrepreneurs identified opportunities to increase and improve the terms on which women participate in targeted value chains.*

women are grossly underpaid and, in some instances, they are only given the pinecones and pistachio shells to be used as fuel, as compensation.

While in the majority of cases, it is evident that women, by the sole nature of their gender, have enormous disadvantages, there is evidence that in some areas of the country societal norms are evolving and becoming more permissive, encouraging women to access education, seeking employment outside the household and pursue careers in business.

During this exercise, the project identified a series of opportunities to increase and improve the terms in which women participate in the high value crops value chains. Among them: a) in the short-term, graduating women from being unpaid laborers to working in anchor firms would constitute the first step towards legitimizing their contribution, while at the same time supporting increases of household income, b) enabling women to take on administrative roles, as a first step in their path towards managerial roles, c) for crops in which women play a leading role at the farm level, the delivery of extension services by women has the potential to have a stronger and lasting impact on crop productivity, and d) supporting the establishment of women only first-stage processing centers would provide a culturally acceptable way to provide women with job opportunities, while contributing to the rapid growth of the high value crops value chains.

AVC-High Value Crops can play a pivotal role in the integration of women to high value agriculture, in ways that promote their dignity, contribute to behavior change, and, consequently, promote systemic change. The latter will result in more efficient and profitable enterprises, more jobs, and higher incomes.

Priority activities should include:

- Encouraging anchor firms to provide employment opportunities to women, initially in the processing lines, but with clear growth opportunities. The project is uniquely positioned to introduce incentives to pursue this objective.
- Incubating, in partnership with other USAID programs, female-owned agribusinesses and integrating them into the supply chains of anchor firms.
- Incentivizing private service providers and, to the extent possible, MAIL and other donor-funded initiatives to recruit female extension workers to ensure that women are also beneficiaries of technology transfer.

AVC-High Value Crops signed 19 MAPAs with women-owned firms. The project also manages 17 women-owned companies in business incubation, especially in eastern and southern regions.

**Table 16. MAPAs with Women-Owned Firms**

MAPA No.	Organization	Value Chain				
		Dried Fruit	Fresh Fruit	Nuts	Spices	Medicinal Crop
MAPA-AVCC-019	Herat Golden Spice					
MAPA-AVCC-026	Nesa Agricultural Company					
MAPA-AVCC-028	Drukshsan Shamal LTD					
MAPA-AVCC-031	Khokoly Rah Afza Foods Production Company					
MAPA-AVCC-032	Rumi Trading LLC					
MAPA-AVCC-033	Pashtun Zarghon Saffron Kar Women Ltd					
MAPA-AVCC-034	Shams Rufoq Saffron Agricultural and Livestock Co					
MAPA-AVCC-035	Bano-e-Dehqan Agricultural Services Company					

MAPA No.	Organization	Value Chain				
		Dried Fruit	Fresh Fruit	Nuts	Spices	Medicinal Crop
MAPA-AVCC-040	Chahar Fasel Watan Fruits Packing Company					
MAPA-AVCC-041	Benazir Yakta Trading Company					
MAPA-AVCC-046	Kandahar Bagh LTD					
MAPA-AVCC-047	Sadat Ghafori Brothers Import Seeds and Breeding Co					
MAPA-AVCC-050	Green Gold Agribusiness Company					
MAPA-AVCC-052	Setara Dry Fruits and Nuts Processing					
MAPA-AVCC-053	Afghan Women Saffron Growers Association					
MAPA-AVCC-054	Kobra Khawari Agricultural and Livestock Company					
MAPA-AVCC-055	Armaghan Jam Company (AJC)					
MAPA-AVCC-061	Green Organic Agricultural Production Company					
MAPA-AVCC-062	Mumtaz Yousofzai					

## Facilitating Women’s Participation in Trade Promotion Events

AVC-High Value Crops supported women-owned Afghan agribusinesses to promote their products at local, regional, and international trade events for greater exports. Project assistance included identifying relevant international target markets, facilitating their participation in exhibitions, and preparing firms to present and pitch products to buyers.

In addition to its general trainings, the project delivered an orientation session for the seven women-owned participating companies in the Almaty Trade Show, Passage to Prosperity Central Asia Trade Show taking place on August 1-4, 2019.

Of the 50 firms that participated in project-supported trade promotion activities, women-owned firms represented 22 percent. Their sales accounted for approximately 18 percent of confirmed deals.



Ms. Bibi Maliha Shams, owner of Shams Rufoq Saffron Co., participating in the Passage to Prosperity Trade Mission in New Delhi, India. Shams Rufoq works directly with approximately 200 farmers from Ghoryan, Enjil and Noghra districts.

## National Young Innovators in Agriculture Competition

The project's Gender and Youth team organized the National Young Innovators in Agriculture Competition, an activity aimed at engaging Afghan youth to help tackle the problem of post-harvest losses in high value crops.

The participating teams represented agriculture and veterinary vocational schools from five provinces (Kabul, Balkh, Nangarhar, Herat, and Kandahar). The students who signed up for the competition participated in the six-month bootcamp, which included training in post-harvest processes and technologies for three value chain categories of economic importance for Afghanistan (i.e. fresh fruits, dried fruits and nuts, and spices). Students were also mentored on developing technology prototypes and trained to pitch to investors (shark tank style). Over 400 students participated in the six-month training and over 130 students participated in the competition in teams of five. The regional competitions took place in September and the National Challenge will take place in October in Kabul. During this event, the students will pitch their innovations to representatives of agribusinesses, financial institutions and development organizations.

*Young students' ingenuity was on display at the Western regional competition for post-harvest loss solutions in Herat province and Afghan firms are eager to test their innovations. During the competition sponsored by USAID through AVC-High Value Crops, Now Awaran Asr Technology presented a machine designed to dry and clean saffron of foreign materials. This sparked Mahtab Saffron's interest. The firm, which processes and exports saffron, had been conducting a worldwide search for such a machine and was ready to buy one – no matter the cost – if they could find it. Now, Awaran Asr Technology's machine will help Mahtab Saffron remove human hair from its products, improving the firm's efficiency in ensuring high-quality export products. Not only will this boost the company's exports, but this will support homegrown technological innovations for Afghanistan's agricultural sector. With USAID's support – and interest from businesses like Mahtab Saffron – young Afghan students are encouraged to become involved in their country's agricultural sector and boost its growth.*



Students participating in the Young Innovators in Agriculture Competition.

Following the competition's launch, AVC-High Value Crops and CAAI held a series of intensive training and coaching sessions across five regions of Afghanistan. Four-hundred-sixty-three 14th grade students, of which 164 were female, learned about the types of factors influencing post-harvest losses, technologies,

and their economic impact, and took part in practical sessions, such as field visits to companies. This prompted 133 students to form 26 teams to compete in the competition. They participated in a second set of trainings on business development which taught them how to structure their technology ideas, produce prototypes of their solutions, and pitch their innovations to agribusinesses, financial institutions, and development organizations. These trainings, along with the competition, support young men and women's participation in Afghanistan's agricultural sector and harness the ingenuity that youth bring to addressing the problems constraining its growth.

## Agricultural Credit Shuras for Female Agribusiness Entrepreneurs

AVC-High Value Crops organized four regional Women's Agricultural Credit Shuras in Mazar-e-Sharif, Jalalabad, Kandahar, and Herat to provide women with information on obtaining credit. Microfinance institutions and financial experts spoke to the participating entrepreneurs about applying for credit and led an interactive session where participants filled out credit applications and received feedback. As a result, the women gained confidence in their ability to apply for credit. Many expressed their intention to submit applications after the event, which will help rectify women's current underrepresentation within agricultural credit beneficiaries.

Representatives from DAIL and the Directorate of Women Affairs also provided support and information about business registration and services available to women entrepreneurs.



*Participants listen to a speaker at the Women's Agricultural Credit Shura in Mazar-e-Sharif in March.*

## Lessons Learned

As AVC-High Value Crops completes its first year, the project has identified areas where changes can be made to boost its effectiveness moving forward. This includes the following:

- **Adopt an adaptive management approach.** While the project team managed to meet most of its performance targets for FY 2019, there were numerous challenges that demanded adjustments to the project's implementation approach. An adaptive management approach provides needed flexibility, allowing the project to shift its emphasis across activities in response to an ever-changing environment. This approach necessitates seamless communications with USAID and rapid responses, but it also improves the project's ability to deliver impactful results.
- **Coordinate to maximize windows of opportunity.** The first six months of implementation were a period of adjustments between the contractor's technical approach and USAID's expectations. As an example, USAID required that AVC-High Value Crops limit the scope of the first batch of Deal Notes to installing eProd and observing firms' commitments to its use before executing the second batch of Deal Notes. This pushed back the launch of firm-level technical assistance by 2 ½ months, consequently delaying the achievement of results as the time to influence the adoption of production technologies had passed.
- **Account for insecurity's effects on market systems.** Previous experience in Afghanistan supports the notion that market actors respond to incentives despite challenges affecting the transparency and efficiency of market systems. The current security situation, however, is limiting entrepreneurs' ability to respond. A common example is input suppliers' resistance to leave urban centers and interact with rural communities to promote their goods and services. Through an informal survey the project found that input suppliers require \$40 per farmer to overcome security concerns and train farmers in the field. Thus, assuming a 10 percent profit on inputs, each farmer would need to buy \$400 worth of agro-chemicals for input suppliers to provide training and technical assistance on a commercial basis. This phenomenon has also begun to affect aggregators and anchor firms who are less willing to move into the rural areas to increase the procurement of produce. While insecurity is outside the project's sphere of influence, its effects will need to be factored into the implementation strategy.
- **Adjust assistance in light of anchor firms' limited technical capacity.** Most of the anchor firms working with the project are large-scale agribusinesses with over \$1 million in exports per year. Nonetheless, many have less sophisticated business management and technical abilities than were originally expected. Similarly, their reaction time is slower than it was initially anticipated. This is especially true of business communications, even when it involves co-investments from the project. AVC-High Value Crops will need to include best practices in business management and business etiquette as part of its firm-level technical assistance and promote greater exposure to international competitors to address this issue.
- **Manage firms' expectations.** While 15 years of foreign assistance to Afghanistan's agriculture sector has contributed to building and strengthening value chains, it has also created a sense of dependency among private enterprises. The project struggled to convince agribusinesses of the value proposition for firm-level technical assistance with limited co-investments in machinery and equipment. Firms' expectations were often unrealistic, in the vicinity of \$250,000 in project contributions. This was difficult to counter when other USAID-funded projects are able to provide such support. Indeed, the project had to cancel a partnership agreement with a firm in Herat due to unreasonable demands. Yet, the project was successful in enlisting companies thanks in large part to its staff who developed convincing arguments and pursued entrepreneurs with a serious interest in upgrading their firms.
- **Emphasize addressing high transport costs.** Apart from insecurity, the high cost of transport continues to be one of the greatest constraints on exports. Agribusinesses' options are complicated by the fact that Iran offers the most affordable route, yet it contains regulatory barriers on trade. This situation demands institutional arrangements with shipping lines and logistics companies. It will also require the investment of USAID funds to catalyze private investment to activate the northern and

eastern corridors. AVC-High Value Crops has made inroads in negotiations with shipping lines through its collaboration with USAID's CTJ project in Central Asia, but there remains a need for significant investment.

## Summarized Performance Monitoring Plan Indicator Table

SUMMARIZED PMP INDICATOR TABLE						
Indicator		Year 1 Target	Year 1 Target Achieved	Year 1 Achievement as % of Annual Target	LOP Target (Y1-Y5)	Comments
<b>Purpose: Vibrant &amp; Prosperous Agriculture Sector Expanded</b>						
P1	Number of households benefitting from agriculture and alternative development interventions in targeted areas.	10,000	17,521	175%	55,000	Overachievement is the result of the project engaging with input suppliers and anchor firms to provide extension services.
P2	Percentage increase in household income from licit agriculture in targeted areas.*	20%	18%	90%	20%	Underachievement derives from the fact that the few farmers have perceived and responded to the market incentives introduced in the value chains in year 1.
P3	% increase in value chain productivity.	5%	11%	220%	30%	Farm productivity was influenced by favorable weather conditions. The project's efforts are reflected in anchor firm productivity.
<b>Sub-Purpose 1: Productivity of Key Agricultural Crops Increased</b>						
SP: 1.1	Number of farmers with increased access to quality inputs and production techniques.	6,000	12,482	208%	55,000	Overachievement is the result of the project engaging with input suppliers and anchor firms to provide extension services.
SP: 1.2	% change in production for key products.	15%	24%	160%	15%	
SP: 1.3	Number of for-profit private enterprises, producers organizations, water users associations, women's groups, trade and business associations and community-based organizations (CBOs) that applied improved organization-level technologies or management practices with USG assistance.	25	33	132%	225	Overachievement is the result of the project engaging with input suppliers and anchor firms to provide extension services.
SP: 1.4	Number of linkages (B2B, businesses to financial institutions, and businesses to producers and traders) developed as a result USG assistance.	6,250	8,897	142%	31,250	The overachievement derives from the project's aggressive effort to facilitate backward linkages through B2Bs.

SUMMARIZED PMP INDICATOR TABLE						
Indicator		Year 1 Target	Year 1 Target Achieved	Year 1 Achievement as % of Annual Target	LOP Target (Y1-Y5)	Comments
SP: 1.5	Number of individuals who have received USG-supported short-term agricultural sector productivity or food security training.	1,000	4,806	481%	8,000	The overachievement is due to the engagement of anchor firms in the provision of farmer training following TOTs.
<b>Sub-Purpose II: Commercial Viability of Agribusinesses Increased</b>						
SP: 2.1	USD sales of firms receiving USG-funded assistance*	\$5,000,000	6,338,937	128%	\$75,000,000	Overachievement derives from the project's aggressive efforts during international trade shows.
SP: 2.2	Value of agriculture-related financing accessed as a result of USG assistance*	\$5,000,000	4,450,829	89%	\$20,000,000	The \$550,000 shortfall derives from corruption issues for collateral registration, which delayed loan disbursements.
SP: 2.3	Number of firms with increased profits.	25	22	88%	275	The 12percent shortfall is due to the late launch of firm-level technical assistance.
SP: 2.4	Net (total) increase in private sector employment for assisted agribusinesses,, full-time equivalent.	600	638	106%	10,000	
SP: 2.5	Number of agriculture firms benefiting directly from USG supported interventions.*	25	83	332%	325	The engagement with tier two and tier three agribusinesses enabled the project to increase its clientele and consequently its impact.
SP: 2.6	Number of export agreements between AVC-High Value Crops supported traders/exporters and its receiving entities.	150	154	103%	2,000	
SP: 2.7	Value of targeted agriculture commodities exported with USG assistance.*	\$2,000,000	\$5,053,933	253%	\$25,000,000	Overachievement derives from the project's aggressive efforts during international trade shows.
SP: 2.8	\$ USD new investment in agriculture sector.	\$7,000,000	\$7,063,605	101%	\$35,000,000	
<b>Sub-Purpose III: Public and Private Agricultural Service Delivery Strengthened</b>						
SP: 3.1	Number of public or private sector extension providers expanded or improved.	50	61	122%	500	Overachievement is the result of the project's engaging with input suppliers and anchor firms to provide extension services.

SUMMARIZED PMP INDICATOR TABLE						
Indicator		Year 1 Target	Year 1 Target Achieved	Year 1 Achievement as % of Annual Target	LOP Target (Y1-Y5)	Comments
SP: 3.2	Proportion of farmers/producers, working with anchor firms/agribusinesses receiving extension information from anchor firms.	1,500	1,586	106%	30,000	
Cross-Cutting						
CC: 1.1	Proportion of female participation in U.S. Government-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment).*	1,200 (20%)	5,264 (30%)	150%	11,020	The overachievement derives from the project's team efforts (and belief) in the integration of women at all stages of project implementation.
CC: 1.2	Percentage of participants in U.S. Government-assisted projects designed to increase access to productive economic resources who are youth (age 15–29).*	900 (15%)	6,111 (35%)	233%	8,265	The overachievement is due to the deliberate inclusion of youth in all project activities.

## Performance Monitoring Context

AVC-High Value Crops' M&E unit is led by an Afghan MEL Director who manages a Monitoring, Evaluation, and Learning (MEL) and Environmental Compliance Specialist and a MEL Coordinator in the Kabul office, as well as MEL Coordinators and Senior MEL Officers in all four regional offices. The unit also coordinates with RSI Consulting, which manages the day-to-day M&E collection and analysis efforts.

### Baseline Data

AVC-High Value Crops completed its baseline data reporting with RSI Consulting, which was used to map out M&E efforts for the life of the project. The baseline data provides a roadmap for data collection methods, including how data and information will be defined, collected, organized, and analyzed. It also outlines the steps required to ensure data's reliability and validity so that the project accurately measures performance against contractual targets.

The project will continue to use a rolling baseline collection method for agribusinesses, baselining firms as they enter the program. The project proposed this adjustment in January 2019 after finding the approach to be more compatible the activity cycle. These efforts have been complicated by some agribusinesses' unwillingness to share information and/or poor recordkeeping. To address this, the AVC-High Value Crops technical team is working closely with the M&E team to build rapport with the firms and gain their support.

The baseline data also informed the development of the AVC-High Value Crops' Activity Monitoring, Evaluation, and Learning Plan (AMELP). The AMELP defines all indicators and targets which are tracked in the project's PMP table.

### Data Management System

The project's subcontractor, RSI, developed a data management system that collects and houses all M&E data associated with AMELP-defined indicators. The system has a data entry portion, which is conducted on android tablets in the field, and a display portion, which is in the form of a dashboard viewed on a secure site with username and password required. To date, 14,522 producers, of which 3,947 are women, have been registered in the Data Management System, and 699 were randomly selected and baselined as part of the M&E efforts to capture performance.

### Progress on Environmental Mitigation and Monitoring

AVC-High Value Crops had no technical or operational activities that required active environmental mitigation and monitoring. The project brought onboard an international environmental consultant in January to help review 23 Deal Notes activities and train the Environmental Compliance Specialist. The current pipeline of activities is not expected to have significant environmental compliance implications. However, during routine monitoring visits, the M&E team will review the mitigation measures required and ensure they are implemented.

**Table 17. M&E Monitoring Visits by Region**

Region	Visits
North	61
South	54
East	83
West	85
<b>Total</b>	<b>283</b>

# Financial Information

## Cash Flow Report and Financial Projections (Pipeline Burn-Rate)

Cumulative expenditure at the end of FY 2019 was \$7,297,596.28, representing 53 percent of the \$13,897,265.00 obligated. Overall, the \$7,297,596.28 spent in FY 2019 was 39 percent lower than the \$11,947,847.00 projected for the year. This was due to the following factors:

- A two-month delay in project startup;
- A delay of 2 ½ months in the launch of formal firm-level technical assistance derived from USAID’s guidance regarding the design of Deal Notes; and
- Delays in the procurement of machinery due to issues associated to technical specifications.

However, the project’s projections continue to be accurate over the longer term as activities and spending are well managed.

Projections for FY 2020 are expected to remain fairly stable, with expenditures averaging \$950,000 per month beginning in January 2020. For monitoring purposes, AVC-High Value Crops prepares monthly projections and monitors activities for completion and compliance. The project will continue to focus on enhancing technical activities through efficient procurement, contracting management, and close implementation monitoring. The momentum in activity implementation is projected to be sustained.

The field operations team, with support of the Home Office, continues to review internal processes to improve efficiency, target projections, and ensure compliance with DAI and USAID regulations.

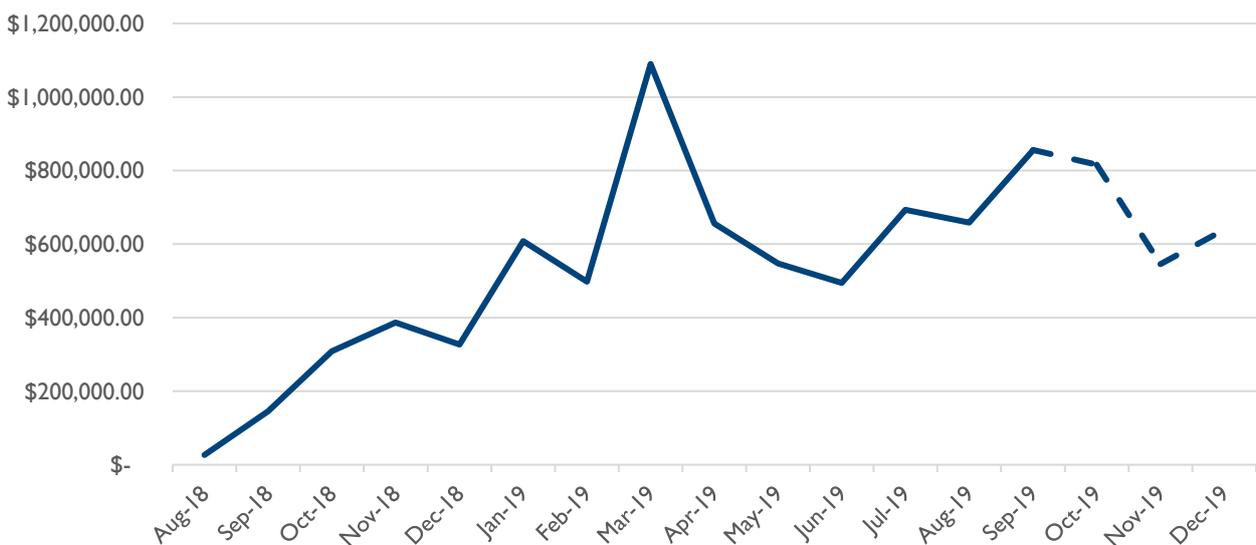
At the end of the reporting period, the project has an unspent obligation of \$6.6 million. AVC-High Value Crops will maintain prudent, efficient spending in FY 2020 to enable the project to meet its objectives and remain within the obligated funds.

T.E.C.: \$33,482,672 (base period)

Cumulative Obligation: \$13,897,265.00

Cumulative Expenditure: \$7,297,596.28

**Figure 6. AVC-High Value Crops Monthly Expenditure**



## Partnership Agreements

MAPA No.	Organization	Value Chain				
		Dried Fruit	Fresh Fruit	Nuts	Spices	Medicinal Crop
MAPA-AVCC-001	Tak Dana Dry and Fresh Fruit Process Co					
MAPA-AVCC-002	Mahtab Saffron Company					
MAPA-AVCC-003	Talay Sorkh Afghan Commercial Company					
MAPA-AVCC-004	Wais Sodais LTD					
MAPA-AVCC-005	Zeyaratjah LTD					
MAPA-AVCC-006	Faisal Fahim LTD	CANCELLED				
MAPA-AVCC-007	Momtaz Akrami Ltd					
MAPA-AVCC-008	Firdaws Nawab Nadiri LTD					
MAPA-AVCC-009	Afghan Red Pomegranate					
MAPA-AVCC-010	Boustan E Sabz Agriculture Company					
MAPA-AVCC-011	Afghan Moman LTD					
MAPA-AVCC-012	Hayatullah Khan Fazli LTD					
MAPA-AVCC-013	Fardin Firdaws Ghafoory LTD					
MAPA-AVCC-014	Jamshid Ramin LTD					
MAPA-AVCC-015	Khalid Faizan Food Production Company					
MAPA-AVCC-016	Tak Dry Fruit Company					
MAPA-AVCC-017	King Khan LTD					
MAPA-AVCC-018	Mohammad Hashim Hussain Zada LTD					
MAPA-AVCC-019	Herat Golden Spice					
MAPA-AVCC-020	New Yaqoubi LTD					
MAPA-AVCC-021	Noor Abas Fazal LTD					
MAPA-AVCC-022	Khalil Rehan Foods Production Company					
MAPA-AVCC-023	Sami Hamid LTD					
MAPA-AVCC-024	Kanda Fruits Process Co					
MAPA-AVCC-025	Arghandab LTD					
MAPA-AVCC-026	Nesa Agricultural Company					
MAPA-AVCC-027	Afghan Made Manufacturing & Export Company					
MAPA-AVCC-028	Drukshsan Shamal LTD					
MAPA-AVCC-029	Sayed Ahmad Khushkyar Ltd					
MAPA-AVCC-030	Shadian CO LTD					
MAPA-AVCC-031	Khokoly Rah Afza Foods Production Company					
MAPA-AVCC-032	Rumi Trading LLC					
MAPA-AVCC-033	Pashtun Zarghon Saffron Kar Women Ltd					

MAPA No.	Organization	Value Chain				
		Dried Fruit	Fresh Fruit	Nuts	Spices	Medicinal Crop
MAPA-AVCC-034	Shams Rufoq Saffron Agricultural and Livestock Co					
MAPA-AVCC-035	Bano-e-Dehqan Agricultural Services Company					
MAPA-AVCC-036	Bozurg Afshan Dry Fruit Process					
MAPA-AVCC-037	Mustafa Ansari Dry Fruit Company					
MAPA-AVCC-038	Zabit Wazir Ltd					
MAPA-AVCC-039	Mazar Balkh Saffron Production, Process and Packing Company					
MAPA-AVCC-040	Chahar Fasel Watan Fruits Packing Company					
MAPA-AVCC-041	Benazir Yakta Trading Company					
MAPA-AVCC-042	Amini Sadri Ltd					
MAPA-AVCC-043	Babae- Saffron Company					
MAPA-AVCC-044	Faizi Agricultural, Horticultural and Livestock Services Company (Faizi Saffron)					
MAPA-AVCC-045	Khorshid Saffron Production and Packing Co					
MAPA-AVCC-046	Kandahar Bagh LTD					
MAPA-AVCC-047	Sadat Ghafari Brothers Import Seeds and Breeding Co					
MAPA-AVCC-048	Aybak Dried Fruit Sellers Association					
MAPA-AVCC-049	Sama Azizi Trading					
MAPA-AVCC-050	Green Gold Agribusiness Company					
MAPA-AVCC-051	Noor Ahmad Zamand Ltd					
MAPA-AVCC-052	Setara Dry Fruits and Nuts Processing					
MAPA-AVCC-053	Afghan Women Saffron Growers Association					
MAPA-AVCC-054	Kobra Khawari Agricultural and Livestock Company					
MAPA-AVCC-055	Armaghan Jam Company (AJC)					
MAPA-AVCC-056	Zarati Giah Co. Ltd					
MAPA-AVCC-057	Monir Ahmad Khoishkiwal Ltd					
MAPA-AVCC-058	Hussain Zada Ltd					
MAPA-AVCC-059	Mohamamd Muhsin S/O Ghulam Dastagair Sole Proprietor					
MAPA-AVCC-060	Zubair Agricultural & Livestock Input Supplier					
MAPA-AVCC-061	Green Organic Agricultural Production Company					
MAPA-AVCC-062	Mumtaz Yousofzai					

MAPA No.	Organization	Value Chain				
		Dried Fruit	Fresh Fruit	Nuts	Spices	Medicinal Crop
MAPA-AVCC-063	Nawras Cultivation Processing & Agricultural Company					
MAPA-AVCC-064	Aryan Agriculture Medicinal Store					
MAPA-AVCC-065	Bukhdy Bami Agriculture and Livestock Services Company					
MAPA-AVCC-066	Drukshsh Sabz Agriculture and Medicine Store					
MAPA-AVCC-067	Karwan Sabs Agriculture and Livestock Service Company					
MAPA-AVCC-068	Sayara Sabz Agriculture and Livestock Services Company					
MAPA-AVCC-069	Omid Khurshid Noor LTD					
MAPA-AVCC-070	Rehan Balkh Agriculture and Livestock Co					
MAPA-AVCC-071	Asia Silk Road Agriculture, Irrigation and Livestock Company					
MAPA-AVCC-072	Mohammad Shafiq Azimi LTD					
MAPA-AVCC-073	Nasir Azizi Agriculture Services Company					
MAPA-AVCC-074	Rumi Spice PBC	CANCELLED				
MAPA-AVCC-075	Roots Agricultural and livestock Services Co					
MAPA-AVCC-076	Eshaqzai Mohammadi Ltd					
MAPA-AVCC-077	Afghan Trust Agricultural Activities Co					
MAPA-AVCC-078	Zaland Sarsabz Ltd					
MAPA-AVCC-079	Sheen Zar Agriculture Trading Co Ltd					
MAPA-AVCC-080	Helal Hadawal Agricultural and Seeds Co					
MAPA-AVCC-081	Housin Sena Mohammadi Ltd					
MAPA-AVCC-082	Etamadi Agriculture and livestock Co.					
MAPA-AVCC-083	Mohmmad Osman Farahia Co.					
MAPA-AVCC-084	Paliz Sabz Agriculture and Livestock Services Company					
MAPA-AVCC-085	Brotheran Tabibi Agriculture Input Supplier Co Ltd					
MAPA-AVCC-086	Bakhtar Flour Mill	INACTIVE - PENDING AVC-HVC CONTRACT MODIFICATION				

### USAID AVC-High Value Crops Subcontracts

Total value of subcontracts ceiling value to date: \$11,266,983.08

Total value of subcontracts obligation to date: \$1,930,177.63

Total number of subcontracts awarded to date: 6

**Table 18. Active Sub-contracts**

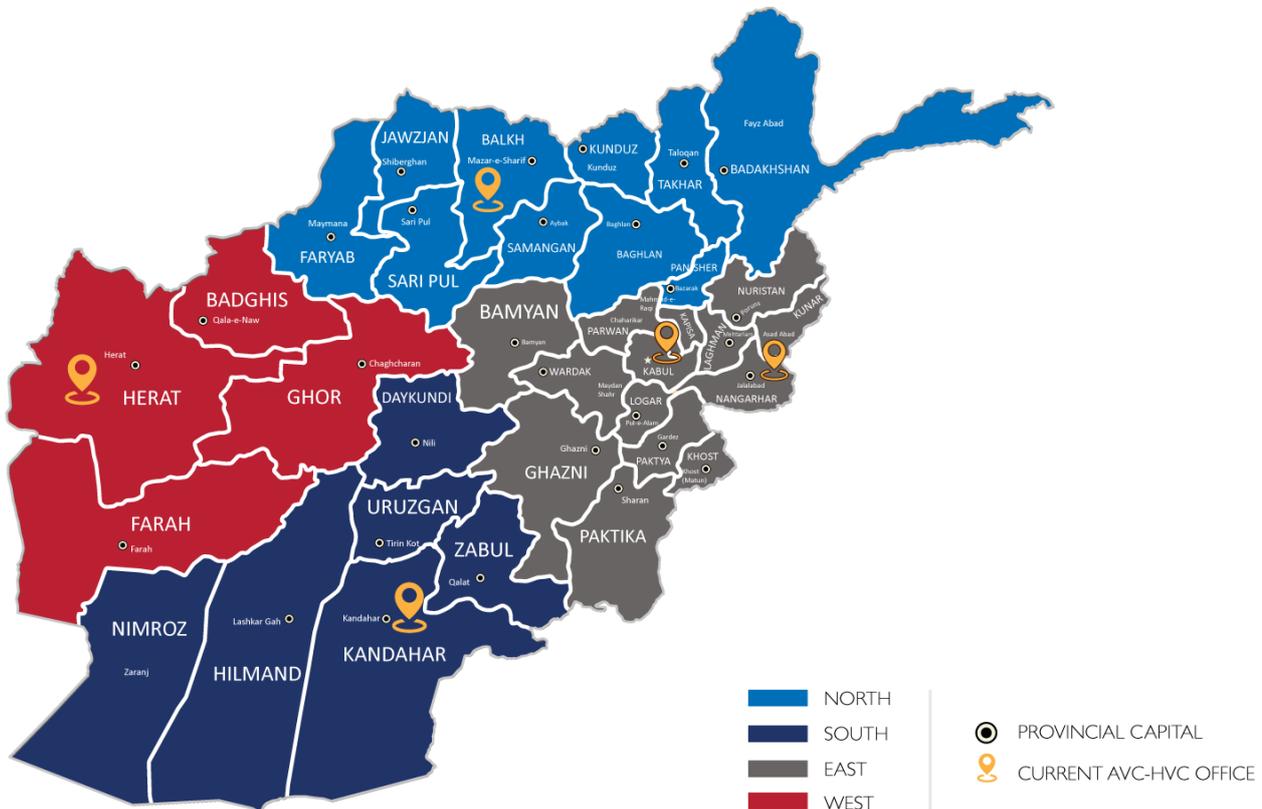
Name	Status	Type	Start Date	End Date	Area of Coverage	ceiling Cover	Obligation Amo
Cross Boundary LLC	Active	Subcontract IQC	8/2/2018	8/1/2021	Investments	\$ 1,000,000.00	N/A
Aegis Defense Services LLC	Active	Subcontract - T&M	10/1/2018	8/1/2021	Security	\$ 1,981,608.08	\$ 380,782.63
Rahman Safi International (RSI) Consulting	Active	Subcontract - FFP	9/1/2018	8/1/2021	M&E	\$ 3,412,018.00	N/A
Texas A&M AgriLife Research	Active	Subcontract - CPFF	11/1/2018	8/1/2021	Targeted implementation assistance	\$ 1,953,051.00	\$ 744,034.00
ACDI/VOCA	Active	Subcontract - CPFF	9/20/2018	8/1/2021	Targeted implementation assistance	\$ 2,198,363.00	\$ 652,390.00
ALCIS	Active	Subcontract - T&M	1/21/2019	8/1/2021	GIS & Mapping	\$ 721,943.00	\$ 152,971.00

CPFF = Cost, plus fixed fee  
 FFP = Firm-fixed price  
 T&M = Time and Materials

## Project Administration

In FY 2019, the project quickly established operations in Afghanistan. These efforts were kickstarted by the Start-Up Team comprising three specialists from DAI’s home office. The Start-Up Team established operational and financial processes to ensure conformity with USAID rules and regulations and DAI policies and procedures. The team also identified office space, began key procurements to ensure a sustainable working environment for the project team, and ensured appropriate financial systems were up and running. By the end of the first quarter, AVC-High Value Crops had offices operating in Kabul, Jalalabad, Kandahar, Herat, and Mazar-e-Sharif.

**Figure 7. AVC-High Value Crops Offices**



## Personnel

The Start-Up Team contributed to the recruitment and onboarding of key personnel and the first tier of technical and operations staff. Today, the project has a staff of 121 people and is well equipped with the skills to implement activities. Reviews of human resource needs and skills are carried out frequently to ensure performance efficiency and productivity.

AVC-High Value Crops also used short-term technical assignments (STTAs) throughout FY 2019 to bring in expertise and support technical activities and deliverables. This included the following:

**Table 19. STTAs in FY 2019**

Name	Assignment	Time in Country
Allison Greenberg	Upgrading Strategy	January
Sahil Gulati	Upgrading Strategy	January
Tracy Mitchell	Value Chain Analysis	January
Roland Smith	Value Chain Analysis	January – February
Brian Dotson	Value Chain Analysis	January – February
Jan Willem	Value Chain Analysis	January – February
Tom Lenaghan	Value Chain Analysis	January
Lydia Mbevi	Gender Analysis	January
Ron Sissem	Environmental Review	January
Zia Stanikzai	IT Setup	January
Ariwan Susey	TAMIS Customization	January
Jan Willem Van Casteren	e-Prod Installation and Training	April
Edwin Mshila	e-Prod Installation and Training	April – May
Andrew Hull	Deal Notes Management	April – May
Soline Miniere	Investment Facilitation	April
Jessica Ho	Investment Facilitation	April
Mona Alsubaei	Investment Facilitation	April
Andrew Hull	Deal Notes Management	April – May
Andrew Philip	Almaty Investment Promotion Event	June
Andrew Harvey	PERSUAP Update	June
Brian Dotson	Value Chain Analysis	June
Fazal Wali Abas	Pomegranate and Apricot Production and Quality Control TOT	June
Mohammadi Karimi	Almond Production and Quality Control TOT	June
Bashir Ahmad Nusrat	Saffron Production and Quality Control TOT	June

Name	Assignment	Time in Country
Jitender Sehgal	Branding and Packaging	September
Marie Diuf	Food Safety Audits	September

Throughout FY 2019, AVC-High Value Crops reinforced staff compliance with USAID and DAI policies and procedures through trainings. This included a procurement training for all operations and senior technical staff in February; an Annual Ethics and Anti-Harassment Trainings for all full-time staff and subcontractor employees in July; and a Trafficking in Persons awareness campaign and certification in July.

## Security

The project continuously reviews Afghanistan’s security situation and adjusts its security protocols and activities accordingly.

The project relies on the capable local staff team to carry out activities and international experts to provide capacity-building to the team to limit the security challenge. However, as security risks heighten, it has become more difficult to attract international consultants for STTAs. The use of a dedicated armored vehicle is also expected to improve expatriates’ movement, allowing them to reach more production areas, which will strengthen the project’s effectiveness.

A woman wearing a white hijab and a teal surgical mask is focused on her work in a food processing facility. She is wearing a teal long-sleeved shirt and blue gloves. In the foreground, there are large piles of sliced, dried orange carrots on a stainless steel table. In the background, another woman in a white hijab and teal mask is working at a different station. The scene is brightly lit, and the overall atmosphere is one of a clean, professional food processing environment.

Women...  
putting the value  
in high-value  
crops