

Final Report Aug 2006-Feb 2007

Perennial Crop Support Program – Kandahar USAID/ALP-S/ROP



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1. INTRODUCTION

This is a report of Roots of Peace (ROP) “Perennial Crops Support and Marketing Program for Kandahar” activities between August 2006 and February 2007. These activities were funded via USAID Task Order No. 306-M-00-05-00516-00, Afghanistan Alternative Livelihoods Program—Southern Region (ALP-S), Job Order No. ALPS-IP-13, Job Order Title “Perennial Crops Support Program-Kandahar”.

In essence, these activities represent an on-the-job training experience for the participating merchants from Fresh Fruits Exporters Union of Kandahar (FFEUK) and Dried Fruits Exporters Association of Kandahar (DFEAK). Through this experience, ROP assisted FFEUK and DFEAK test the physical and financial feasibility of exporting fresh chilled grapes and pomegranates to previously untried and tried international markets like India, Dubai, Saudi Arabia, Kuwait, Ukraine, Moscow, Netherlands and elsewhere.

The participating merchants were typical Afghan fresh/dried fruit exporters of FFEUK and DFEAK. They had years of experience exporting dried fruits and un-refrigerated fresh grapes and pomegranates to relatively undemanding clients in Pakistan. However, they were inexperienced in preparing and exporting high-quality dried fruits and fresh refrigerated and un-refrigerated grapes and pomegranates.

ROP guided FFEUK and DFEAK in sorting and cleaning the grapes, pomegranates and dried fruits prior to packaging. ROP demonstrated how the grapes must be packaged, pre-cooled and then placed in short-term cold storage, followed by transport either via land or air to the international market places. Beside that ROP also demonstrated how the pomegranate must be packed for different international markets like India, Saudi Arabia and Dubai. ROP led the merchants through the Customs procedures with the help of commercial clearing agents at both ends of the export channel. ROP also assisted the merchants locate and deal with the international buyers in the international markets. ROP arranged for the domestic and international transport of the chilled grapes and fresh pomegranates setting in place procedures that the merchants will likely use in following years. However, it is important to state business deals were arranged for FFEUK and DFEAK on FoB Kandahar and C&F bases and clearly that these fresh and dried fruits were not exported under the name of Roots of Peace. They were exported under the names of the participating Afghan merchants from both the mentioned traders association in Kandahar.

Under Perennial Crops Support Program for Kandahar, besides marketing, ROP also provided extension services to grape and pomegranates farmers and business development services to the members of FFEUK and DFEAK for improving their business skills. ROP’s extension teams met with farmers and provided them updated extension knowledge and trained them in field days for using particular agro inputs against disease protection and for improving the quality of the fruits in vineyards and orchards. ROP hired Kabul Group Consulting Firm and they trained the members of the FFEUK and DFEAK for business management, business administration, use of computer for business, writing business plan and helping FFEUK and DFEAK in getting on operating loan from the bank etc.

The body of the report is divided into sections addressing the following subjects:

- A description of fresh and dried fruits products produced in Kandahar.

- Extension and technical knowledge transferred to Farmers.
- Activities on Business Development side for improving business skill of the traders in FFEUK and DFEAK.
- The next section discusses issues and considerations impacting the industry.
- Next is a section discusses ROP recommendations for improving the industry.

2. PERENNIAL CROPS IN KANDAHAR

2.1. Fruits production

Kandahar is one of the most well-known fruit-producing areas in Afghanistan. It produces very good quality fresh and dry fruits in large volumes for export to international markets. Kandahari fresh produce with export potential includes grapes, pomegranates and muskmelons. Almonds, raisins and figs from Kandahar are in demand in international markets and are having export potential.

2.1.1. Grapes and Pomegranates

Grapes

Many varieties of grapes are grown in Kandahar but Shondulkhani (a seedless, green, longer-shaped grape variety) is a variety of grape good for exports and available in large volumes in Kandahar. Shondulkhani grapes are dried for making good quality green raisins too. There is another variety known as Gerdak (a seedless, green, round-shaped grape variety). This variety of grapes is usually dried for producing red and green raisins in Kandahar.

Pomegranates

Kandahari pomegranates are very famous for their good taste, favorable appearance and bigger size. Kandahari pomegranates are in demand in Pakistan, India, Dubai, Saudi Arabia, and some other Middle Eastern countries

2.1.2. Dried Fruits

Raisins

There are many varieties of raisins: green raisins, red raisins, black raisins, etc.. The green (seedless) Shondulkhani Raisins have higher prices than other varieties because they face higher levels of demand in international markets.

Almonds

Afghan almonds from Kandahar are in very high demand in international markets. Most of the different varieties of almonds are of export quality. Afghan traders export almonds with shells and without shells depending on buyers' requirements.

Figs

Figs are also produced in bigger quantity in Kandahar. This product is usually exported to India and Pakistan in bigger quantities. These are also sold in smaller quantities in the domestic markets.

2.2. Fresh/dried fruits exports from Kandahar

Before the Russian invasion, Kandahari traders were exporting more than 70,000 MT of fresh/dry fruits annually from this area to different international markets. However, following the invasion, 25 years of war and internal disputes shut off all exports from Kandahar, resulting in damaged trade relations between Afghan exporters and international buyers and the loss of former and potential markets. Today, Kandahar fresh fruits are exported almost exclusively to Pakistan and dried fruits to Pakistan and India. Pakistani buyers take advantage of the fact that they are the primary export market for Afghan produce and pay Kandahari traders low prices for their products.

This area can once again be the source of earning much more foreign exchange for Afghanistan by producing more fresh/dry fruits, supplying quality produce, and strengthening trade relations between Kandahari traders and potential buyers in different potential international markets.

3. SECURITY IN KANDAHAR DURING THE PROJECT

The security in Kandahar was very bad August 2006 and the terrorists were targeting NGO's employees to kill them and prevent development activities in Kandahar. Many different NGO's employees were killed as a result. Moreover, it was very risky to travel by road between Kabul and Kandahar: bombs and rocket launchers targeted vehicles of NGOs or other US-related organizations on the road to stop their activities in Afghanistan.

In spite of these extremely dangerous conditions, it was very important for ROP to perform during the project period for its Perennial Crops Support Project for Kandahar. It was very hard for RoP employees to work to facilitate exports of fresh fruits from Kandahar without risking their own lives.

RoP Marketing was well aware of their responsibility to facilitate exports from Kandahar. The marketing team, exercising caution at all times, started their activities in Kandahar during the grape harvest and was able to implement a modified Pilot Marketing Program for a period Aug-Feb 2007 for project from ALP-S.

4. TRADERS ASSOCIATIONS IN KANDAHAR

Working with individual traders on grape exports is generally easier than working with a group or association of Afghan traders. However, entering and capturing market share in new markets bears a degree of risk and may not be initially profitable. Forming a consortium would diffuse the risk and potential losses, as the risk would be shared by all of the members of the group who participated in the marketing and export experiments. For these reasons the associations in Kandahar could do a better job in finding and making space in potential international markets as compared to individual traders. RoP worked under the project with FFEUK (Fresh Fruits Exporters Union of Kandahar) and DFEAK (Dried Fruits Exporters Association of Kandahar) to assist them on extension, marketing and business development side.

4.1. Fresh Fruit Exporters Association of Kandahar (FFEUK)

The Fresh Fruit Export Union of Kandahar (FFEUK) has been organized to promote the export of fresh fruit from the Province of Kandahar, Afghanistan. FFEUK is comprised of above fifty member traders capable of exporting fresh fruit from the region.

4.2. Dried fruit exporters association of Kandahar (DFEAK)

The Dried Fruit Export Association of Kandahar (DFEAK) has been organized to promote the export of dried fruit and nuts from the Province of Kandahar, Afghanistan. DFEAK is comprised of forty member traders capable of exporting dried fruit and nuts from the region. DFEAK traders export processed and non-processed dried fruit, along with shelled and unshelled nuts.

5. PROJECT ACTIVITIES IN KANDAHAR

The project started in August and by the time ROP was ready to assist in exporting a bigger quantity of grapes, quality grapes in smaller quantity was available in the area. So, the next major fresh perennial crop targeted was pomegranates.

RoP Marketing played a major role during period of the project to facilitate exports from Kandahar. RoP Marketing worked with FFEUK, DFEAK and international buyers willing to purchase produce from Afghan exporters. RoP worked on extension side to educate farmers for protecting the vineyards and orchards from diseases and to be able to produce good quality fruits. RoP also worked on business development side and provided trainings to FFEUK and DFEAK for better management of their business and for making them capable of doing business like modern businessmen.

Because of problems and issues (mentioned under “Lessons learned from Kandahar Grape Season 2006” of 5.4), achieving the goals set by Perennial Crop Support Program for Kandahar was not easy but the Marketing Team put all of its energy and skills into action. The Team facilitated exports to different potential international markets, including India, Saudi Arabia, Dubai and Kuwait, to test those markets’ demand and potential for Afghan grapes and pomegranates.

5.1. Business Development

ROP hired Kabul Group Consulting Firm (KGC) for providing training to the members of the FFEUK and DFEAK for business management, business administration, commerce and market management, use of computer for business, writing business plan and helping FFEUK and DFEAK in getting on operating loan from the bank etc.

Following is the table showing the KGC deliverables and accomplishment on business development side during the project (Please also see Training Tracker Table in Annexes for more details about trainings provided).

Business Development Accomplishments Toward Completing Deliverables	
Deliverable	Accomplishments
One business plan each for FFEUK and DFEAK	One of them is Completed
One business plan each for a typical fresh fruit and a nut merchant business	Completed
Established, operating accounting system for each association	Is introduced and on job training is completed.
Introductions to business lenders	Already Introduced and is in process
One operating loan obtained for FFEUK and DFEAK	In process
Minutes of an Annual Meeting	Is organized
Record Book of Meetings and Decisions Established	Already Done
End of Season Financial Report	
Setting up a committee to accomplish a task such as building a wall around the pack house or purchasing packaging equipment	Committee is organized

Instruct association members on how to build capacity of the association through classroom and on the job training and provide training materials and tools to enhance their business management practice and capabilities.	Two phase classroom trainings and on job trainings are done to both associations and as well as currently one training is going on.
Provide training and assistance to the association members on the adequate management of association funds for long term gains by setting aside funds for future marketing and promotion plans for export of fruits.	It is already discussed and they are committed to their future activities.

5.2.Almond Processing Line Installation at DFEAK

As of the writing of the report, the almond processing line has been physically installed in Kandahar. The team is now working with the manufacturer, EMC, to secure missing parts and required modifications to get the equipment running as needed. 13 remaining items are to be shipped to Kandahar within the next 6 weeks. The first group of these items will ship March 14th from California. This shipment, plus two additional shipments will complete the parts needed to size, shell, clean and sort the wide range of Afghan almonds. Bob Lemos will travel to Afghanistan in late April or early May to install and initiate training on the new equipment.

The DFEAK Association remains committed to the project, but the excessive delays in delivering the equipment has stressed our relationships. Delivery of the equipment on the timetable below is crucial.

Time Table for Project Completion

	Feb	Mar	Apr	May									
	26	5	12	19	26	2	9	16	23	30	7	14	21
Parts Manufacturing – Group #1													
Shipment Group #1													
Parts Manufacturing – Group #2													
Shipment Group #2													
Design Layout Group 3													
Parts Manufacturing – Group #3													
Shipment Group #3													
Bob Lemos in Afghanistan													
Installation & Unit Testing													
System Testing													
Trials vs Manual Methods													
Equipment tuning													
Planned													
On Schedule													
Late													

5.3. Extension services

ROP's provided a team of extension workers for providing assistance to the farmers in extension services. There was Extension Field Supervisor and extension field workers working under Chief of Party for providing the extension trainings and knowledge to the farmers. Extension teams used to meet with farmers and used to provide them updated extension knowledge and trained them in field days for using particular agro inputs against disease protection and for improving the quality of the fruits in vineyards and orchards ((Please see Training Tracker Table in Annexes for more details about trainings provided by the ROP Extension Team)

5.4. Exports to International Markets

As traders will not willing to risk their money in exporting to new markets and they were not feeling good to sell their products on commission or partnership bases with international buyers, so FoB Kandahar based sales deals were arranged for most of the fresh fruits exported to different international markets. The fruits sold in smaller quantities to Saudi Arabia, India and Dubai but large volume of pomegranates were sold on FoB Kandahar bases to a buyers brought to Afghanistan buy ROP from India for buying the pomegranates from Kandahar.

5.4.1. Visits to identify buyers in different markets

Report on ALP-S Marketing Trip to India (September 14-21, 2006)

Mr. Azizullah of Habib Hasam Pvt. Ltd and Mr. Peer Muhammad (RoP, Export Marketing Manager) were the travelers in this trip. Mr. Azizullah was taken on trip to India come up with pomegranates exports to India after making deals with Indian importers and buyers in this trip.

During the trip, he realized the potential of exports of fresh fruits to India. He visited Delhi wholesale market, Amritsar wholesale market, Wagah border and some clearing agents. He met with fruits importers/commission agents and a packaging technocrate in Delhi and Amritsar wholesale markets during his visits.

In Delhi he met with "KLG imports & exports" and "KBS Pvt. Ltd" and some other importing trading companies. After meeting all trading companies, he selected "KBS Pvt. Ltd" to start exports to. KBS Pvt Ltd will be working on commission bases costing 7% for his services.

In Amritsar, Azizullah met with "Malik Singh & songs" and "RGK importers & exporters". But, as Amritsar fruit market is not a big fruit market which could consume bigger quantity of fruits consignments of, Azizullah decided that "KBS Pvt Ltd" will handle sales of fresh fruits in Amritsar for his company. Azizullah also met with Jaspal Singh and Avtar Singh (clearing agents on Wagah border on Indian side) and got information about all the necessary papers that one needs to make for exporting to India and for clearing consignments on Wagah border. He also found out the different costs related to the handling and clearing of consignment on Wagah border on India side.

On Wagah border, Mr. Azizullah saw the potters' handling the products while transferring the consignments to and fro the Wagah border and so he realized what kind of packing is required so that there is less damage to the packed fruits on Wagah border.

"KLG imports and Exports" and "KBS Pvt Ltd" were encouraged to come to Kabul to make deals with Afghan traders.

KBS and didn't come with any imports from Afghanistan but KLG made a trip to Afghanistan and they made deals with Afghan Kandahari traders on FoB Kandahar bases. KLG were encouraged for stay in Kandahar to make the deals in Kandahari traders directly and to supervise the packing, cleaning and sorting process of pomegranates in Kandahar. KLG was the main exporter of the pomegranates in India.

Report on ALP-S Marketing Trip to Ukraine (November 8-15, 2006)

Afghan business delegation was contained on Mr. Muhammad Nader of Nader Naseri Ltd , Mr. Abdul Shukoor of Ashk Co. Ltd and its main focus was on export of normal quality Kandahari Red raisins and high quality Kandahari green, red, black raisin and other dried fruits to Ukraine markets.

Afghan business delegation met with Mr. Mohammad Asif Dilawar (Ambassador of Afghanistan in Ukraine), Mr. Aseel (1st Secretor in Embassy of Afghanistan in Ukraine) and Mr. Zaheer 2nd Secretor in Embassy of Afghanistan in Ukraine) in Kiev and discussed some of the trade related topics. Trader requested the Ambassador to work with Ukrainian Government and try to remove or reduce the custom duty on Afghan products. He was also requested to work on some of the problems that Afghan traders face with Ukraine Custom office on the border as they damage the Afghan product and packaging when they search usually for illegal material in the consignments.

Afghan delegation also met with Dr. Robert E. Lee (Chief of Party), Mr. Andriy Yamak (Deputy Chief of Party) and Mr. Andriy Andryushko (Sr. Agribusiness and Marketing Specialist) working on USAID's Agricultural Marketing Project in Kiev. They invited the delegation to come to their Conference in which Hundreds of potential people related to trade and agriculture will be present. The delegation requested Mr. Rahim (Director of Ukrprodimpex-91 trading Company) to represent them in the conference that is going to be held in December, 2006 as the delegation will not be able to participate in that conference.

In Odessa and Dnipropetrovsk, the delegation went to the retail market and they saw the packed products to know what kind of packaging the retail market demands for. The delegation also met with "Zorenoe Nibo" (Trading Company based in Odessa), "Prodmaster" (Trading Company based in Odessa) and dried fruits whole sale company called Yaran-Dnepr (Trading Company based in Dnipropetvosk). After trading companies based in these cities saw the sample, they got interested in Afghan green raisin, red raisin, black raisin and almonds products of Kandahar and they said that they need to further discuss things on the prices. Afghan business delegation still has to up date them with new FoB Kabul prices of Kandahari products.

In Luhansk the delegation met with Ukrprodimpex-91 (Trading Company). This trading company already was in contact with these traders to import Kandahari red and green

raisin to Ukraine. During trip to Luhansk the trading company made very good understanding with Afghan businessmen and they initially are planning on export of 800 MT of red Kandahari raisin (between Ukrprodimpex-91 and Nader Naseri Ltd) and 500MT of green Kandahari raisins (between Ukrprodimpex-91 and Ashk Co. Ltd.) to Ukraine. The afghan traders and Mr. Rahim of Ukrprodimpex-91 are still in the process of making understanding to come up with a trade agreement for making these two deals happen.

Later on, after the delegation got back to Kabul, Mr. Rahim of Ukrprodimpex-91 and Mr. Muhammad Nader of Nader Naseri Ltd came up with a deal of exporting 1300MT of Kandahari red raisins to Ukraine on partnership bases.

Short Report on ALP-S Marketing Trip to Dubai (January 12-17, 2007)

Mr. Abdulrahman (Representative of Dried Fruit Exporter Association Kandahar) was taken on trip to Dubai for linking them with buyers in Dubai and for export opportunity for Afghan dry fruits in Dubai.

During the trip, meetings were arranged for the representative of DFEAK with other potential dried fruits importing trading companies, Commission Agents, wholesalers and retailers. He visited “Al-Ras Dried Fruit Market” in Dubai. Beside that he visited Fresh Fruit Market of Dubai and met with Mr. Khaleel-ur-Rahman (Manager of Fresh Fruit Company) (Fresh Fruits Company is a potential fresh fruits importer and imported Kandahari grapes in previous seasons) to discuss things about grape and pomegranates exports to Dubai from Kandahar .

In Al-Ras dry fruits market the DFEAK representative met with Mr. Mohd Sharif who is one of potential dried fruits dealer buying American almond in Dubai and exporting it to Pakistan. After two days meetings both the parties got interested to open an office in “Al-Ras Dry Fruits Market” jointly to feed Dubai dry fruits markets with Afghan dry fruits and work on possibilities onward Dubai for exporting to other international markets like Europe, USA etc.

During the trip, the representative of DFEAK met with many dry fruits buyers companies but four companies were very interested in different varieties of Afghan Dry Fruits and Nuts. They include Royal Golden Trading, Rashwel Compnay L.L.C., AL Maya Trading Co. L.L.C. and Best Food Company L.L.C.

The companies mentioned above asked for sending them samples of dry fruits with information of C&F Dubai Prices in the beginning of each dry fruit season from the representative of DFEAK to make understanding on sales and prices issues.

During the trip, DFEAK representative realized the potential of Afghan green cumin in Dubai markets. But buyers were asking for 100% clean cumin. The representative was interested in the cumin deals and so he got interested in buying equipment for cleaning Afghan green cumin.

Fresh Fruit Company also asked for the samples of Kandahari grapes and pomegranates with C&F price information in the beginning of season to finalize deals in future.

Short Report on ALP-S Marketing Trip to Netherlands (February 4-8, 2007)

Mr. Hajji Abdul Ahad (President of Dried Fruit Exporter Association Kandahar) was taken on trip to Amsterdam (Netherlands) for linking DFEAK with a potential buyer based in Amsterdam (Netherlands), for educating them for importance of properly packed quality products for export to the western world and for showing them the export opportunity for Afghan dry fruits in Netherlands.

During the trip, meetings were arranged for the President of DFEAK with YME KUIPER B.V (raisins and other dried fruits importing trading company based in Amsterdam) and with their potential customers (wholesalers and Supermarkets) buying high quality dried fruits products.

He visited the raisin processing facility and warehouse of the YME KUIPER where different products from most parts of dried fruits supplying company were under process or stored.

He visited Supermarkets selling quality dried fruit in Amsterdam. He was shown properly packed quality products in different quantities from different other countries on sale in the supermarkets.

He visited Bakeries making cakes and cookies using raisins and nuts in them. Beside that, he also visited one another company producing the ingredients for these cake and cookies making bakeries where he also saw an upgraded laboratory testing their items for insuring the quality and hygienic products supply to their customers.

Beside the potential meetings and potential export possibilities with Yme Kuiper BV, Afghan business delegation visited a big bakery known as “Bake for Life”, a company supplying bakery ingredients known as “ESBACo”, a big nut and other dried fruits importing company known as “DELI NUTS” and three different supermarkets. Visits to the bakery, trading companies and supermarkets added a lot to the knowledge of DFEAK president about the importance of quality and packaging.

By visiting the bakery, president realized how big industry is this in Netherlands and that the bakeries there need a supply of huge volume of raisins daily for making cakes. By visiting supermarkets, the president come to know that the quality is must for customers to buy dried fruits products. Visit to ESBACo gave him an idea of turning the chipped almonds into ingredients for cakes and so they can export chipped items to the companies like ESBACo in Netherlands. Visit to “DELI NUTS” showed potential to the DFEAK president for nuts and other dried fruits export to Netherlands as he could see products from all over the world imported for sales in Netherlands.

President of DFEAK and Yme Kuiper B.V both decided to work on export/import of dried fruits from Afghanistan. They decided to start the exports first from only raisins products and later on they can add other Afghan products like pistachio, almonds, kernel of apricots etc for export to Netherlands. Both the parties agreed that they can use Yme Kuiper B.V as a door for Afghan dried fruits exports to Europe.

Yme Kuiper B.V already asked DFEAK to provide them a 20 ft container (15MT) full of different dried fruits that they deal in so that can use them as samples for marketing Afghan dried fruits through their company before the next season starts in 2007. Kuiper

B.V will be buying the dried fruits products from DFEAK on Fob Kandahar or C&F Karachi or Rotterdam seaport bases and will paying DFEAK through bank transfer according to terms they agree on

5.4.2. Fresh and dried fruits exported out side Afghanistan

RoP Marketing supported the fresh/dried fruits exports to different international markets exhibiting potential for Kandahari fruits products. The table below represents fresh and dried fruits exports shipped during the program to India, Saudi Arabia, Dubai, Ukraine and locally to PRT forces. Following table provides the details of quantity and value of shipped products beside other important details.

ACTIVITY	PARAMETER	TOTAL	Aug	Sep	Oct	Nov	Dec	Jan	Total (MT)
FRESH FRUITS									
TARGET QUANTITY	Tons	180	20	80	50	30			
ACTUAL EXPORTS	Tons		4.33	10.7	92.1	71	-	-	178.13
VALUE OF EXPORTS	Dollars		\$8,227	\$10700	\$96,705	\$75,260			
PER KILO REALISATION	Dollars/kilo		\$1.90	\$1.00	\$1.05	\$1.06			
DRIED FRUITS									
TARGET QUANTITY	Tons	1,000		100	200	300	200	200	
ACTUAL EXPORTS	Tons		1.8	22	113	105	124.5	94.5	460.8
Contract-Raisin Sales	Tons	800					1300		1300
VALUE OF EXPORTS	Dollars		\$4,500	\$85,800	\$454,260	\$384,300	\$372,255	\$280,665	
PER KILO REALISATION	Dollars/kilo		\$2.50	\$3.90	\$4.02	\$3.66	\$2.99	\$2.97	

Table of FFEUK and DFEAK members that RoP worked with under the project

S#	List of Traders RoP supported in exports during the life of project	
	Members of FFEUK	Members of DFEAK
1	Sayed Yaqoot Shah (H. Nana)	Haji Abdul Ahad
2	Haji Abdul Bari (Baridad)	Haji Nasrullah
3	Akhter Mohammad.	Haji Nasrullah
4	Ahmad	Haji Abdul Rehman
5	Haji Muhammad	Haji Muhammad Shah
6	Haji Abdul Majeed	Haji Payenda Muhammad
7	Haji Sayed Mohammad	Haji Noor Ali
8	Muhammad Hossan	Haji Abdul Bari
9	Haji Abdul Wahab	Haji Fazal Ahmad
10	Niaz Mohammad	Haji Yar Muhammad
11	Haji Sabet	Ghulam Sadiq
12		Haji Azizullah
13		Habiburrahman
14		Haji Abdul Ali
15		Haji Muhammad
16		Haji Abdul Aziz
17		Haji Nooraddin
18		Haji Abdul Aziz
19		Haji Muhammad Daud
20		Haji Abdurrasool
21		Wazir Ahmad
22		Haji Nazar Muhammad
23		Haji Niamatullah
24		Haji Muhammad Zaher
25		Haji Khodaiddad
26		Haji Nazar Muhammad
27		Haji Muhammad Zarif
28		Haji Muhammaddullah
29		Haji Muhammaddin
30		Haji Shaikh Muhammad
31		Haji Abdul Qadir
32		Faiz-Ul-Haq
33		Abdul Maliq
34		Haji Muhammad Daud
35		Haji Muhammad Naim
36		Haji Hayatullah
37		Haji Abdul Jalil
38		Haji Abdul Basheer

Exports Tracker

Cost analysis and profits of products shipped

Grapes and pomegranates were almost totally sold on FoB Kandahar basis. A Fixed price of US\$0.83/kg (US\$830/MT) was paid to FFEUK members on FoB Kandahar bases for packed pomegranates. Following table is holding more details about the sales.

Fresh Fruits (4.33MT grapes and rest pomegranates) Export				
Month of export	Quantity (MT)	Price/MT	Total sales	25%profit
August	4.33	\$800	\$3,464	\$866
September	10.7	\$830	\$8,881	\$2,220
October	92.1	\$830	\$76,443	\$19,111
November	71	\$830	\$58,930	\$14,733
Grand total	178.13	\$830	\$147,848	\$36,962

Dried Fruits were mostly exported to India and were sold on FoB Kandahar basis too. In some cases, they were sold on C&F basis but importer was covering the all the cost after loading of the consignment in Kandahar. Following table is holding more details about the sales.

Dried Fruits Export				
Month of export	Actual Export	Price/MT	Total sales	20%profit
August	1.8	\$2,500	\$4,500	\$900
September	22	\$3,900	\$85,800	\$17,160
October	113	\$4,020	\$454,260	\$90,852
November	105	\$3,660	\$384,300	\$76,860
December	124.5	\$2,990	\$372,255	\$74,451
January	94.5	\$2,970	\$280,665	\$56,133
Grand Total	460.8	\$20,040	\$1,581,780	\$316,356
Contracted raisin sales				
Month of Contract	Export Volume	Value/MT	Total value	Profit from Sales
December	\$1,300	\$800	\$1,040,000	

5.4 Lessons Learned From Kandahar Grape Season 2006

To achieve the RoP Marketing Program's objective of finding new potential markets for grapes from Afghanistan, RoP provided assistance in logistics, customs, shipping, and marketing etc. To some extent RoP Marketing achieved this objective, but getting positive results from most of the exports to various markets was difficult for a number of reasons. Following are some of the major reasons behind shortfall in export exportations to various potential international markets and recommendations to mitigate these shortfalls:

- **Risk-Averse Traders.** Traders should be informed and encouraged to participate in these test-marketing experiments, as exporting to potential international markets other than Pakistan is an investment in their future.

- **Preference to C&F, Fixed price and commission bases deals on FoB bases.**
Traders should no sell products all the time on FoB bases but they should export to other markets on fixed price, C&F and commission bases as selling on FoB bases keeps them dependent on the buyer.
- **Disregard for Quality.** Traders need to be further educated about quality requirements for other potential markets.
- **Security.** Government and local community responsible for security should provide a peaceful working environment for the extension services, processing and marketing experts to oversee the progress on extension services, processing and marketing components of the program and be able to provide guidance wherever required.
- **Skeptical Buyers.** This problem needs productive work on the part of the extension department, processing, packaging, logistics, customs, and all other export-related procedures and formalities.
- **Insufficient Trader Participation.** The Traders should make use of the programs available to learn how to execute profitable exports to various potential international markets. After the completion of the projects the traders must be self-sufficient and self-sustaining.
- **Expensive Packing.** Domestic packing was inadequate for grapes and packing imported from India was expensive. A factory in Afghanistan should be created that can produce the packaging demanded by the importer or customer in the potential international markets at a reasonable cost for Afghan exporters.

6. ISSUES AND CONSIDERATIONS

This section discusses some of the specific issues facing the fruit industry and future opportunities.

6.1. Agriculture Credit for Small Farmers

There is a great need for farmer credit and lending institutions that can handle microcredit. Ag credit is very much-needed, hard to find, and has impossibly high interest rates.

Kabul Group Consulting tried to get loans for FFEUK and DFEAK members but they found the Kandahari traders un-organized with documents of their property that could be used as guarantee for paying back money to the bank.

6.2. Afghan Box and Carton Factory

One of the biggest concerns of Afghan traders involved in international fresh fruit sales, especially for grapes, is the shipping carton. A new Afghan box factory that is able to make an international-quality carton at an affordable price is a must if Kandahar is to compete in the world market. Cost, availability and quality are all major considerations. The factory must be flexible to make cartons or boxes for all fresh and dry fruit, nuts and other Afghan products to be sold in the foreign market.

6.3. Marketing problems

The countries producing fresh/dried fruits able to compete with Afghan fresh/dried fruits because of the good sized, appearance and cheaper prices. Because of the Russian war, Kandahar didn't make any improvement in agriculture sector as a result Kandahari products are good in taste as they were but they don't have good/uniform size and appearance. Moreover, Afghan farmers usually has to spend more money for irrigating the orchards/vineyards with water pump and they don't have commercial orchards/vineyards to produce fruits on a very large scale and supply the product to markets with lower prices that's why the fruits prices are often high and higher price doesn't attract the buyers.

Logistic is also one of the major problems in Kandahar. There is no local source providing the refrigerated shipping services. Non-refer containers and high wall trucks are the only source of shipping in Kandahar.

6.4. Process Equipment Problems

The project plans to install new mechanized almond processing lines was flawed in a number of ways, but with perseverance we will complete this effort. Continued support from ALP-South team has allowed this project to continue and the work should be completed in May.

Primary Issues:

- The equipment was supposed to be “plug and play” installation. This was a custom designed system that had to be greatly modified to handle the wide range of Afghan almonds. With the large number of refinements, this has been more of a R&D project. These refinements caused excessive project implementation delays.

- The switch to mechanized processing from manual processing was not really considered to be an issue. Given the long history of manual processing of nuts, this transition is a major component of the work.
- Having any organization, whether it is Chemonics, ROP or some other organization, between the manufacturer and the customer is a bad arrangement. It would have been a much simpler operation to connect the customer with potential suppliers who would then make their own selection, establish their own terms and deal with the implementation issues on their own. The other alternative is to treat it as an R&D project and conduct a trial installation first before involving private investment.

7. RECOMMENDATIONS

ROP's main work task with FFEUK, DFEAK and farmers and traders was to open international markets for Afghan fresh and dried fruits. The following are some recommendations to make progress towards this objective:

There are two kinds of security issues that must be taken into account by the government and NGOs to accomplish marketing tasks. Both are very important and play a considerable role in implementing marketing programs together with Afghan farmers and traders.

- NGOs should consider the security situation and should facilitate their employee's travel to places and plan accordingly where security is a problem.
- NGOs should inform government authorities in detail about their programs and ask for Government assistance in ensuring security where the program will be implemented.

7.1. Extension Services

Having export-quality produce is critical to find a good market for fruits. There should be programs supporting extension services. Extension department is responsible for achieving the goal of growing quality products in vineyards and orchards by training the farmer and educating the farmer about current technology. The extension department should work with the farmers supplying fruits to the exporters.

7.2. Good Export-Quality fresh/dried fruits

International markets with potential for Afghan fruits are accustomed to high quality products. Good quality fresh/dried fruits are very important for entering and capturing market share in international markets. Traders and farmers need to be further educated about quality requirements of their potential markets.

7.3. Workers for Processing Grapes

Trained workers are required to process grapes in the packing facility so that they can clean, sort and pack fruits especially fresh fruits; untrained workers do not know about the quality levels demanded in international markets. An experienced supervisor is required. Permanent, trained workers can be trusted more for her/his quality of work as compared to daily hired workers.

7.4. International Trips for Marketing and Supervising Sales

International trips are very important for marketing purposes and for troubleshooting problems found in the export process. While exporting to new markets it's important to travel to the receiving market to see that everything is going well with sales and handling. The person(s) traveling should be an NGOs' employee and the exporter. It is important for the RoP employee to travel so that he can report on the receiving market and better know and understand the buyers and their demands.

7.5. Inadequate Shipping

Private sector should be encouraged to develop shipping companies to provide refer and non-refer containerized shipping services in the country for international shipments to enable the transportation of exports.

7.6. Almond Processing Lines

The equipment installation is almost complete and is planned to completed by the end of the project extension. It is important that we follow through on this project and finish what we started.

7.7. Long-Term Projects

Certain complex problems require long-term projects and involvement of community organizations willing to promote Afghanistan, such as NGO's, the private sector and Afghan Government organizations. These projects include upgrading vineyards with varieties of quality grapes demanded in international markets, educating and updating farmers' technology, capturing international market share, and solving logistical problems. Short-term projects can't achieve all of these important goals. As such, long-term projects should be designed for that purpose.

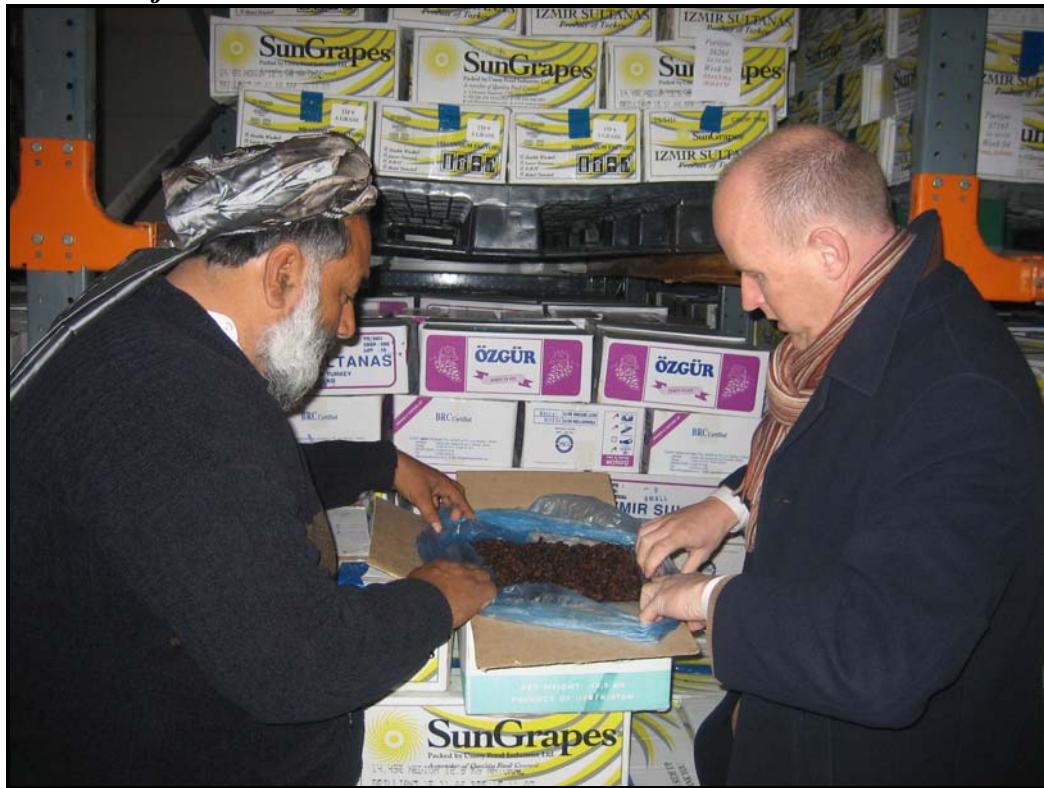
- Trellising vineyards is a vital step for these grape farmers to dramatically increasing their income.
- Irrigation is an acute problem for all crops in Kandahar with prolonged droughts impacting yields and eliminating growing areas.
- Upgrading low-value crop areas to higher-value crops (grapes, pomegranate, almonds...)

8. ANNEXES

Annex 1: Training Tracker

ACTIVITY	PARAMETER	TARGET								Percent Complete
			August	Sept	Oct	Nov	Dec	Jan/Feb	Total	
TRAINING MEMBER (FFEUK)		15							49	326.66%
TECHNICAL	Nos. of persons		14							
BUSINESS					10		5			
FINANCIALS				20						
Fruit FARMERS TRAINED	Numbers	400	674	8	20	556	45	667	1970	492.5%
PACK-HOUSE WORKERS	Numbers	60	31	32					63	105%
MARKETING TRIPS (FFEUK)	Total Round Trips	8								
INDIA	Nos. of trips	2		2					2	100%
MIDDLE EAST/ Asia		2								0%
Dubai		2								
Ukraine		2			2				2	100%
TRAINING MEMBER (DFEAK)		10							16	160%
TECHNICAL	Nos. of persons		8							
BUSINESS							5			
FINANCIALS				3						
NUT PLANT INSTALLATION										
INSTALL GUIDANCE	Nos. of persons	5						1	1	20%
TECHNICAL TRAINING	Nos. of persons	2								0%
MANAGEMENT		2								0%
COMMERCIAL MGMT		2								0%
MARKETING TRIPS (DFEAK)	Total Round Trips	8								
Dubai	Nos. of Trips	2						2	2	100%
MIDDLE EAST/Asia		2								0%
Ukraine/Azerbaijan		2			2				2	100%
Europe		2							2	100%

Annex 2: Project Pictures



President of DFEAK and Mr. Henk of Yme Kuiper B.V trying to make understanding about the quality of product required for exports to Netherlands



DFEAK's President with important persons from "Bake for Life" bakery and Yme Kuiper B.V.



After motivation for business from RoP, KLG on the spot in Kandahar for making business deals for pomegranates exports to India



Nader Naseri Ltd in process of discussion with Ukrprodimpex-91 trading Company for possible business deals of Kandahari red raisins exports to Ukraine



First ever Dried Apricots export to USA in last 30 years



DFEAK Representative in process of discussion with Haresh Gagwani, Manager-Al Ras Branch (Al Maya Trading Co.) and visiting their cold storage facilities in Dubai.



DFEAK Representative with Eng. Taha Freihat, Asst. General Manager of Best Food Company



DFEAK Representative with Khaleel-ur-Rahman Manager (Air Shipment) of the Fresh Fruits Company and visiting their cold storage facilities in Dubai.