

Provincial Profile

- Kabul Province -

1. Natural Resources (ANDS Sector 3)

Located in a valley, Kabul city is one of the highest capitals in the world situated at an elevation of ca. 1,800 m. surrounded by the Lowgar and Paghman mountains in the south-east, Qrough mountain in the south-west, Shirdarwaza in the north east, Charikar in the north and the Tangi Gharow mountains in the west.

Kabul region has a mainly dry, continental climate with four seasons and an annual rainfall of 400mm between May and November. The main vegetation is that of a semi dessert and steppe. Kabul Province comprises ***largely rainfed and very fertile rangeland*** that provides vital grazing grounds for the herds of Kuchi nomads over three months during the summer. The total area covered by rangeland in Kabul province comprises an estimated 350,296 ha (MAAHF, Dec. 2005). However, due to rapid urbanisation and expanding population in and around Kabul city, the encroachment of the rangeland is increasing following an ever increasing conversion of rangeland into mostly urban areas, and less often agriculture land.

Kabul River, the only main river in the province, is fed by springs and snowmelt runoffs from the Onais Pass in Paghman District. The ***canal system*** extending from Paghman city towards Tapa needs repairing and cleaning in order to function as a water resource. Qargha ***dam***, a lake in Paghman district with a dam has partially been rehabilitated as a recreational area. Bande Ghazi dam in Khaki Jabbar District requires rehabilitation but has good potential for tourism. The dam could also feed a canal system to increase the area of irrigated land, thereby creating on-farm labour opportunities particularly during harvest as well as enabling an expansion of the horticulture sector. Paghman District is home to the most famous, high-quality ***potable water resource*** in the Province that is already supplying Kabul's city centre through a pipe system. The economic value of this deposit needs to be further assessed.

Reforestation is an urgent need to supply the growing urban and rural construction industries. Kabul province used to offer a pleasant environment with a number of large national parks such as Tapa (Hill) in Paghman and Karez Mir that featured orchards and gardens. All parks today require considerable rehabilitation in order for the region to regain its attractiveness for tourists and recreational purposes. For example, the rehabilitation of Tapa Paghman could attract tourists and create employment opportunities for small traders and park preservation. Urban forestry, a term denoting the green areas and the green belt surrounding Kabul city, sees very few Government-led reforestation initiatives. Once rehabilitated, Qula-e-Hashmatkhan water basin in the centre of Kabul city as well as the urban garden in Chelseton have good potential to become popular recreational areas.

To date, ***electricity*** is only provided in the East of Afghanistan. Gas is imported from Iran, Turkmenistan and Pakistan. The causes of the shortage of electricity across the country is an immediate result of an outdated urban infrastructure and damages during the war, failing to meet the power demand of an urban population in Kabul that has swelled from 0.5 million in 2001 to almost 3.5 million today. In an effort to counter the energy crisis in Afghanistan, the Ministry of Energy and Water (MEW) has commissioned Indian companies to implement plans to import electricity from Tajikistan by 2009. The US\$300 million project is funded by the Government of India and the ADB and has begun in 2006 in the north of Kabul on overhead transmission lines that are to deliver power from Tajikistan. As part of this project, electricity poles are being set up between Sher Khan border with Tajikistan and Kabul, through which urban energy will be supplied. A second project to establish a natural gas power plant in northern Afghanistan is being mapped out. The energy supply will bring an enormous change to urban livelihoods and will speed up the development of businesses and industries.

Surobi District in the east of Kabul Province holds small gems resources, including Lapis Lazuli and Rubi. These deposits privately mined and are under the control of local commanders. The same District also holds small resources of Marble that are mined by private companies contracted by the Government.

Minor earthquakes, flooding after the winter months, and landslides in some parts of the Province summarise the main disaster risks in the Kabul region.

2. Human Resources

Kabul Province has an estimated population of 4 million. Kabul city is home to a mix of 3 million people belonging to diverse ethnic groups, the largest being Pashtuns and Tajiks, that settled in the region hundreds of years ago. Bilingualism (Dari and Pashtun) is common in the capital and is a result of large population movements from other provinces. International organisations currently employ a large workforce further contributing to improved levels of English language skills.

Until the late 1970s, Kabul used to be Afghanistan's *education centre* attracting people from across the world and Afghanistan. During the last 20 years, the education rate decreased as a result of the destruction of educational facilities and the increasing necessity for children to support the scarce family income. Since the fall of the Taliban in 2001, the city's numerous schools and universities are again becoming accessible also for women.

Education will prove a key component in the development of Afghanistan. There is a growing network of educational institutions comprising 9 universities (including the prestigious Kabul University, Teacher Training Colleges, Polytechnic institutes), institutions like the Institute of Health Science (HIS) and a large number of public high schools that, after the Taliban regime, have reopened their doors to girls and women. The Secondary Curriculum is currently being revised by the Government.

Emerging private businesses like Roshan, Coca Cola, and the vegetal oil industry as well as the large volume of international organisations in Kabul city provide training and employment opportunities for skilled labour.

An increasing number of repatriates from Pakistan, Iran and European countries contribute useful skills and qualifications to the country's reconstruction. Some only stay for a short-term period to build capacity.

3. Agriculture (ANDS Sector 6)

3.1 Overview

Given the temperate climate, Kabul Province is a largely *single crop zone* with only partial second cropping. The main harvest season for wheat is between August and September, and for vegetables between September and October.

The Daoud Khan regime (1972-1979) initiated the introduction of a suitable farming system by building an adequate irrigation canal system fed by the Panjir River. This system was intended to irrigate large areas of rainfed land stretching from Charikar to Qarabagh District in the northern part of the province, and the fallow land of Dahsabas District to increase agricultural productivity. However, Government plans to cover the Shimali Plains collapsed with the overthrow of the regime by internal factions.

Today, the total arable land in the Province comprises a mix of *largely rainfed* and a small area of irrigated land. Only 6% of rainfed land is available for wheat crops, while wheat, potato and vegetables are grown on the remaining 94% of irrigated land. Irrigation systems are fed by diverted rivers and the traditional (underground) Karaz system. The Karaz system was partly destroyed during years of instability and drought, as a result of which some systems have completely dried out. If cleaned and repaired, the traditional could become functional again as a main source of irrigation.

The *rehabilitation of orchards* has been identified as the main potential, given the growing urban and regional and – potential – export markets for fresh and dried fruits. Further, labour intensive *vegetable* crops constitute a high potential agriculture activity. Currently, Pakistan is the main importer of Afghan tomatoes, onions, and potatoes. These products could also drive the establishment of a local agro-processing industry and the revival of the Afghan brand name.

Enhanced crop production could provide enhanced employment opportunities in agro processing like potato chips production. Regional production of tomato ketchup and other related products could replace imports from neighbouring countries and boost the local glass (container) manufacturing and packaging industries.

3.2 Crops

Cereals, particularly wheat, and **potato** are the two staple crops in Kabul Province. While wheat is only domestically consumed, the yield is not high enough to satisfy local demands. While the wheat yield could be improved by agricultural inputs like improved seeds, technology, and fertilizers, the annual deficit in wheat yield is also a result of the increasing conversion of arable land into orchards and vegetable growing areas – mainly because these crops fetch higher prizes on local and export markets.

Kabul and Pakistani markets are also supplied by **fresh and dried fruits** from Dahsabz District. The Shimali Plains located north of Kabul extend into Parwan and Kapisa Provinces and used to mark the former line of control between the Taliban and the Northern Alliances. The plains were once famous for its vineyards and agricultural products, mainly raisins. During the war, the vineyards were destroyed – left to dry out or overgrew with weed – depriving the region of a major economic opportunity that is now slowly being recovered. In most cases, landowners (farmers) work on their own land. There are no fruit processing factories as yet, and mainly home-based employment opportunities for rural women exist as traditional methods in fruit drying prevail.

The temperate climate and good soil conditions provide good potential to develop the **horticulture** sector. While apples are currently a product of the Shamali Plains sold at local markets, there are opportunities for the successful expansion of apple growing to Paghman and Shakardarah Districts where the conditions are equally favourable. Agro processing (apples etc.) is in its infancy in Kabul Province, mainly because production is carried by small private companies. There are efforts to identify and improve successful varieties of various fruits to increase horticulture production. Once this happens, agro processing would be add economic value to the region.

Urban agriculture is quite developed in Parwan Province feeding into local market. However, a small number of experienced farmers in and around Kabul city increasingly generate sustainable incomes by growing vegetables (mostly leek and onions) and increasingly herbs (coriander, mint etc.) where the markets are. The advantages of this form of agriculture clearly lie in the immediate marketability of fresh products and sales opportunity at good prizes without high transportation and storage costs and other expenses incurred through middlemen and wholesalers. Thus, urban agriculture constitutes a good potential for small scale farmers and is expected to grow in the near future.

The climate and clearly distinguishable four seasons are conducive to **fresh flower production** as another potential of urban agriculture. Fresh flowers are currently produced during the spring and summer months in Paghman and Shakaldara Districts, and sales opportunities are dependent on this short season. The establishment of green houses would enable the expansion of local markets as well as off-season sales at a growing private and commercial market (hotels, restaurants etc.) in Kabul city.

The output of opium poppy crops in Kabul Province is negligible.

The temperate climate is perfectly suited for evergreens like pine, juniper, and picea. Given the rising demand of timber in the construction industry, **industrial timber production** based on Poplar that was traditionally grown in the Province could be turned into a thriving sector. However, while sufficient suitable land is available along the provincial canal systems, it needs to be rehabilitated in order for the agro forestry sector to be revived.

3.3 Livestock

The livestock sector in the Kabul region is **dominated by cattle (including dairy cows), sheep, goats, donkeys, horses, and poultry**. The average farming household owns between 2 to 3 cows, 2 to 4 goats and sheep, 0.5 donkeys, and 10 to 12 backyard chickens. Part of the required fodder is being produced locally, but a good part is being imported from other Provinces. Concentrate is being produced by an FAO initiated

plant and is mixed with wheat straw as the main fodder base for cattle, or as an addition to grain feed for poultry. Veterinary services and breed improvement have been taken up but don't reach out to all farmers yet.

Kabul Province has a considerably high number of medium and small scale (backyard) poultry and cattle farmers who currently sell their produce at local markets. *Livestock by-products* like eggs, meat and wool could feed into the development of the agro processing sector such as dairy and carpet weaving but require substantial investment in software (capacity building) and hardware (technology, machinery). Milk collection chains have already been set up through cooperatives, and the FAO in cooperation with the MAI have started to rehabilitate the Guzargah Dairy Plant in Kabul to increase its current daily production capacity of 2,800 litres of milk. This plant receives daily milk supplies from the adjacent dairy plant in Binihesar owned by the MAI for further processing. Binihesar Dairy produces semen straw with support by the French Government.

3.4 Fisheries

Small-scale fish farming used to exist in Qargha town but the sector has been dormant for the past few years, mainly as a result of missing inputs. There is currently a growing interest and attempts by the private sector to revive fish production in Qargha through inputs for small ponds.

Kabul's urban area sees a growing market for trout but the high costs incurred by imports of fish eggs from Iran impede the sector to take off. Local fish production could develop into a promising economic activity in the Province once local fish egg production is facilitated.

3.5 Land tenure

The average farm size in the province is about 2 jeribs, and small landowners make up the majority of farming households. There is a minuscule number of large landowners but the size of their irrigated farmland hardly exceeds 5 jerib. Sharecropping is common, particular among small size farmers. Today, a growing number of small farmers aim for alternative jobs and income opportunities mainly as unskilled labourers in urban areas as the output of their farms is insufficient to sustain their livelihoods. Among others, this trend reflects the increasing need for skills training facilitated by the private sector and the government in order for this growing labour force to be accommodated.

3.6 Agricultural support services and input supplies

Kabul is the main urban centre where all kinds of commercial inputs are available. The current shift to urban jobs or partly migration to neighbouring countries constitutes a labour problem in the agriculture sector. The effect of the drought period that has been ongoing since 2000 is yet to be seen. Though annual snowfall is sufficient, the snow melts immediately and did not feed into the natural water deposits to increase the water tables.

The Ministry of Agriculture is still in a structuring process as currently individual Departments (e.g. Extension) are being staffed and functions are being distributed. Through urgently needed, Government services to support of the agriculture sector are not yet functional.

3.7 Agricultural structures (farmer groups/organisations/larger farmers etc)

Kabul Province today sees a growing number of urban-based, privately initiated organisations with an increasing membership base, e.g. poultry and bee keeping associations that are based in Kabul city. The Afghan Veterinary Association (AVA) and the Private Dairy Association organises milk collection chains have their headquarters in Kabul but reach out to the surrounding areas.

A seed production unit provides services to the entire country. Afghan Chemicals and Fertilizer Ltd. is a semi-private company whose staffing and legislation issues are dealt with by the Government. Former Nursery Associations still formally exist but are currently inactive. The Government has a vested interest in

reshaping Farmers' Cooperatives and have established a separate Dept within the Ministry of Agriculture and Irrigation (MAI) to oversee these developments.

3.8 Agriculture related businesses

Kabul, together with the cities of Jalalabad, Heart and Mazar is Afghanistan's key *centre of trade*. Agro Chemicals like seed, fertilizers and pesticides are imported from Iran, Pakistan and India, few from the Central Asian Countries. Agro machinery (tractors, rippers, threshing machines etc.) constitutes a large trading business in Kabul, mainly supplied by Pakistan and China. From Kabul, these imports are further sold to other parts of the country. Both sub-sectors are highly relevant for the local economy.

Agro processing can be the cornerstone for Afghanistan that has the potential to contribute to improved food security for millions of people across the country. Fruit drying, dairy, cold storage (off season sales), grain mills, oil extraction as well as value addition on raw products (bakery, chips ketchup etc.) could benefit from the availability of energy for processing, once power supply is secured. Carpets produced in Kabul are sold through middlemen to wholesalers for export. Some of these traders are directly connected through carpet associations. However, the potential of growth is big and first steps have been taken by different investors and donors to realise this potential.

Apiculture has a long tradition in Kabul. The temperate climate and availability of flowering plants mainly during the spring and summer but in certain areas until the end of autumn offers ideal conditions for the revival of the apiculture sector in Kabul Province with comparatively little effort. Currently, there are small scale private honey producers whose capacity is only sufficient to supply local markets. However, most farmers rely on second-hand containers like imported ketchup bottles, jam jars and flasks for medicine to sell their produce. The potential of the apiculture sector could be realised if bee keepers are supported to improve the cleanliness of the honey, have access to proper packaging and receive support to in branding and marketing of process.

4. Other business activities (ANDS Sector 8)

In the 1970s, prior to the Soviet invasion and instability, trade and tourism flourished and were considered the main economic sectors, followed by the textile, cotton and carpet industries. To date *trade* is the most relevant economic activity and source of employment in the private sector, followed by the *construction* sector. This trend may pertain for the next few years as construction will continue, road are repaired, and waste management and drinking water provision will be organised.

Small/medium high-tech enterprises constitute a further substantial potential. Kabul's good education facilities and the availability of skilled labour will support this development, though a trend forecast would be too premature. Transport costs for raw material to Kabul and local labour costs are comparatively high which creates difficulties, or even excludes for many domains to take off.

The **services sector** (trade, finance services, Government, business travel and tourism, and SMEs for agro processing and production of high-value and high-tech goods summarise the main potential for development in the capital. Heavy industry will emerge at other places because of the limited availability of water and the dangerously high levels of air pollution in Kabul valley.

5. Security (ANDS Sector 1)

The heavy international and military presence, particular through the US airbase in Bagram, have boosted private security businesses in and around Kabul city. Partly as a result of this, the security situation in Kabul is more or less stable although unpredictable. Occasionally, IED, road-side and suicide bomb attacks mostly against Government buildings and military targets cause military and civilian casualties.

6. Physical infrastructure (ANDS Sector 8)

Twenty years of war and continuous under-investment have had a serious effect on *urban housing* and the **physical infrastructure** in the Province. Large parts of the urban infrastructure in Kabul, especially

government and municipal buildings, schools and health facilities were either dilapidated or completely destroyed. The damage or destruction of homes during the war has led to settlements of large parts of the population in unplanned areas with little access to safe piped water or proper sanitation and waste collection systems. While the construction sector is booming, many buildings are still in need of repair to help residents to obtain services. Electrical (or power), plumbing and telecommunication infrastructure is in dire need of repair and/or installation.

Apart from the main city roads, many smaller **roads** in the capital are in extremely poor conditions and need repair. While the country has no extensive highway system, three main asphalted roads/highways connect the capital with the rest of the country. The Salang road links Kabul with the northern provinces, while the Kabul-Kandahar highway is the main artery between the capital and the southern provinces, as well as the most important road in the country. The EC funded reconstruction of Jalalabad road that started in 2006 will connect the eastern provinces and neighbouring Pakistan to the economic centre.

As security has become more stable, Kabul airport is approached by new airline companies boosting businesses development and exchange.

7. Institutional constraints (ANDS Sector 8)

Though Kabul has the most advanced institutional landscape in Afghanistan, there is a **general lack of legal and social structures** in the Province which would provide the enabling environment for the development of businesses and, in the rural areas, the agriculture sector. The Government's capacity, though increasing, is still insufficient to establish and enforce a legal framework and has shown little initiative in resolving conflicts surrounding issues of land ownership.

8. Credit

Diverse financial products are currently offered by a number of established and newly emerging Microfinance Institutions, including the First Microfinance Bank (FMFB), Kabul Bank, Finca, BRAC, CARE, DACCAR, Women for Women, Madeira, CFA, and CHF. Kabul is, and will further develop into the country's centre of financial services provision.

9. Stakeholders

International and national key stakeholders are listed on http://acbar.org/display.php?page_id=7

While many international organisations have their headquarters in Kabul, most are implementing a range of development programme in different provinces of the country. The advantage of the proximity of organisations and Government departments enables a closer interaction at the national level than in the provinces.

10. Summary of key potential development opportunities

The key potentials of Kabul Province are:

- Services Sector (Government, education, health, public services, finance, trade, all kinds of professional associations, business travel and tourism, gastronomy and hotel business etc.);
- Construction and maintenance will maintain their significance and are likely continue to grow over the next few years;
- Promising opportunities exist for SMEs in agriculture processing, production and marketing of high-tech goods, and the textile and garments industry.

Agriculture will remain comparatively irrelevant, even if urban agriculture and horticulture will provide household with sources of income through the production and direct sales opportunities at urban markets.

A growing cottage industry for handicrafts (carpets, tailoring) poultry and special services will offer income opportunities in the future, particularly for women.