

ISN 91966
PD-ABK-045

PROPOSAL FOR

AGRICULTURAL PROGRAMS
IN S. W. AFGHANISTAN:

CASHMERE DEVELOPMENT INITIATIVE
DRIED FRUIT INDUSTRY REHABILITATION

15 SEPTEMBER 1992

Submitted by

MERCY CORPS INTERNATIONAL
3030 SW First Avenue
Portland, OR 97201-4796

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ANNEX 1: BUDGET SUMMARY

PART I SUMMARY SHEET

Project Title: Agricultural Programs in S.W. Afghanistan

Submitting Agency: Mercy Corps International

Funding Agency: O/AID/REP

Location: Southwest Afghanistan

Duration: Two years

Project Cost: US \$ 727,800

Goals and Objectives: To provide income generation project opportunities in the agricultural sector: Cashmere wool development and dried fruit industry rehabilitation.

Activities: Afghan women will be trained by a MCI workers to manage goats for harvesting of high-quality Cashmere fiber; marketing and distribution channels for cashmere fiber will be developed

A fruit grower/drier cooperative in Punjwai will be established; a raisin packing line will be established; cooperative members will be trained in the running and maintenance of the line

Beneficiaries: Farmers and families in the area will benefit from products harvested, processed and sold; Afghanistan in general will benefit from the foreign exchange earning commodities from these export grade products; new Afghan personnel hired to provide the services will benefit from the employment opportunity and will obtain gain revenue-generating skills

The projects will serve as a model which can be duplicated through government efforts at a later date.

MCI Contribution: Management; MCI staff & non-expendable capital assets
Expatriate advisors

Contact: Mr. Brian Walker
Agricultural Program Manager
Mercy Corps International
House 10 Arbab Karam Khan Road
Quetta, Pakistan
81-40960 (phone); 81-43019 (fax)

PART II MCI HISTORY AND BACKGROUND

Prior to the war, southwest Afghanistan was a region of significant agricultural production. Helmand province, with relatively large farms irrigated from the Helmand River System, produced a large quantity of surplus wheat for distribution to wheat-deficit regions of the country. Kandahar province produced a large quantity of fresh and dried fruit; one of the largest export commodities in pre-war Afghanistan. Livestock are abundant in the region and represent a significant portion of farmers' and nomads' assets.

Since the war, wheat and fruit production in southwest Afghanistan has dropped dramatically - as much as 75% in some regions, due to the multiple effects of abandonment of fields and orchards, reduced irrigation from lack of maintenance, and the unavailability of improved seed, nursery stock, fertilizers and pesticides.

Since 1986, Mercy Corps International has operated agricultural and medical programs from Quetta, Pakistan to support eight provinces in southwest Afghanistan. MCI projects were developed as humanitarian programs for Afghanistan in cooperation with Afghans who had come to Quetta from Kandahar to escape the effects of the war in Afghanistan. The MCI program remains true to its humanitarian foundation and its commitment that the program be managed by Afghans for Afghans, regardless of political and social affiliations.

In June 1986, Mercy Corps International (MCI), with a grant from the Office of the AID Representative for Afghanistan Affairs (O/AID/REP), began a program of providing medical training and supplies to operate health care facilities in southwest Afghanistan. Since July 1988, with funding from the Canadian High Commission, UNHCR, IRC/RAP, and UNDP, and commodity inputs from WFP, FAO, and O/AID/REP, MCI has been implementing a variety of agriculture rehabilitation projects in the provinces of Zabul, Kandahar, and Helmand.

In July, 1990 MCI began implementation of a Cooperative Agreement funded by O/AID/REP for continued agriculture and veterinary assistance for southwest Afghanistan. This agreement is currently being implemented and is focusing on a continuation of assistance for the rehabilitation of wheat and fruit production as well as pilot projects for production of cumin and apricots and an assessment survey of the southern Helmand valley.

MCI's development activities in the southwest region of Afghanistan involve over 580 employees in both the agriculture (about 120) and health sectors (about 460). Of these, more than 480 are based in Afghanistan.

In this proposal, MCI requests funding for new activities in two sectors: Dried Fruit Industry Development and Cashmere Development Initiatives.

PART III PROJECT DESCRIPTIONS

1. Cashmere Development Initiative

A. Background and Justification

Cashmere fiber is a highly prized textile fiber that comes only from goats. The fiber is finer than wool and mohair and finished goods made of cashmere fetch comparatively higher prices than other woolens. The fiber represents the insulating undercoat of the goats' fleece. It begins to grow in the autumn and is shed in the spring. Combing the undercoat from goats in the spring is the most common way that cashmere is harvested. Though market prices for raw cashmere fluctuate according to fashion trends, it is consistently a high value commodity. Between 1981 and 1990 the lowest world market price for high quality raw cashmere was US\$ 55/kg and the highest price was US\$ 200/kg.

Cashmere-producing goats are naturally found only in highland regions bordering the Himalayas. There is no specific Cashmere breed of goat, but goats indigenous to this region all produce cashmere fiber to a variable extent. The major market sources of cashmere have traditionally been Iran, Turkey, Mongolia, China, and Afghanistan and textile manufacturers in the USA have depended on raw cashmere from these sources. Political problems in Iran and Afghanistan have greatly reduced supply. Furthermore, China has developed its own capacity for finishing textile goods and is exporting less raw cashmere. This has produced a difficult situation for American manufacturers.

Goats are a common form of livestock in Afghanistan with as many as 77% of all farmers owning some goats and/or sheep. As dairy type goats are uncommon, the vast majority of goats are of the fiber and/or meat producing type. Goat hair is already widely exploited, particularly by Koochi nomads, for use in making tents, ropes, carpets, sacks and pillow stuffing. However, the goats are usually sheared and the valuable undercoat is rarely separated from the coarser guard hairs that comprise the bulk of the fleece.

Interviews recently carried out with Afghan Koochi refugees in Pakistan by a short term consultant from Tufts University School of Veterinary Medicine indicate that few Koochi recognized the potential added market value of cashmere fiber distinct from the overall fleece value which is generally low. However, when this added value was explained to them, the vast majority indicated that they would take the time to comb out the cashmere in the spring if they knew the proper techniques, had the necessary equipment, and if there was a ready market for the product. In China, yields of cashmere fiber normally range from 80-250 grams per goat per year and with selective breeding can reach 500 grams per goat. Under Afghan conditions, 10-20 goats could readily produce a kilogram of mohair per year providing a substantial boost in annual income to farmers owning goats.

B. Goals

1. To exploit the untapped commercial potential of cashmere fiber from Afghan goats through extension, training and marketing activities in order to enhance the profitability of goat raising in Afghanistan and provide added income to families depending heavily on livestock for their livelihood.

C. Project Objectives

of 1. To promote awareness among Afghan goat keepers on the special characteristics cashmere fiber and the high income potential from selective harvesting and marketing of this valuable textile fiber.

2. To train Afghan women in the proper techniques of combing, cleaning, separating and preliminary grading of cashmere fiber.

3. To promote the development of marketing and distribution channels for cashmere fiber produced in rural southwestern Afghanistan.

4. To develop a potential foreign exchange earning commodity for Afghanistan in general.

5. To improve the availability of cashmere fiber to textile manufacturers in the United States.

D. Strategy

1. Project Duration

This initiative is proposed as a two year project. In that time the following will be accomplished:

- A survey of the cashmere producing potential and cashmere quality of goats in SW Afghanistan will be completed.
- Extension activities promoting the value of cashmere and the care and management of fiber-producing goats will be carried out.
- Training programs for the harvesting, cleaning and grading of cashmere using simple technologies will be developed and conducted.
- Marketing and distribution strategies will be developed and implemented.

- Impact of production and marketing activities on welfare of livestock owners in SW Afghanistan will be monitored

2. Proposed Collaborating Institutions

Mercy Corps International- MCI has been working on agricultural projects in southwestern Afghanistan steadily since 1988. A particular emphasis has been the development of indigenous agricultural products with high market value and export potential such as dried apricots, cumin, and golden raisins. Development of a cottage cashmere industry fits in nicely with this overall development strategy. MCI has been involved in livestock projects in the region since 1990, first through the introduction of mobile vaccination and treatment teams funded through UNDP and more recently, through the development of a community based network of basic animal health workers, a project funded by USAID. MCI infrastructure and community contacts inside SW Afghanistan are well established to promote this new initiative

Tufts University School of Veterinary Medicine, Grafton, Massachusetts - TUSVM, through their section of International Veterinary Medicine, has worked extensively on livestock health and production projects throughout the developing world. TUSVM has been a collaborating partner with MCI in the USAID-funded basic animal health worker program, providing technical coordination and expertise. Dr. David Sherman, a TUSVM faculty member and currently the Technical Coordinator of the TUSVM/MCI basic animal health worker program in Quetta is an internationally recognized authority on goat health and production. He can provide technical expertise on this cashmere project.

Forte Cashmere Co.- Forte, in Pawtucket, Rhode Island, is one of the largest, if not the largest cashmere processors in the world, with extensive experience in buying, evaluating, marketing and processing cashmere. The company could provide technical expertise in evaluating the quality and market value of Afghan cashmere and are themselves a major potential buyer of the commodity. Forte and TUSVM are within 1 hours drive of each other in New England, allowing for close collaboration on the project.

3. Expatriate Personnel Required

A. Long term positions

- Technical Coordinator -2 years- To be provided by TUSVM at the onset of the project. This individual will oversee all aspects of the project with special emphasis on extension and training of women in the proper harvesting, and initial processing of cashmere fiber, the proper care and feeding of goats to improve cashmere yields, and recognition and treatment of diseases which

cause morbidity and mortality in goats, with emphasis on diseases of the skin which could adversely affect hair quality.

- Technical Backstopper -2 years- To be provided by TUSVM for duration of project. This faculty member will provide administrative and technical support to the project from the USA (15% time). A key role will be to serve as a liaison between TUSVM and Forte Cashmere Co to develop and promote project activities and progress. This individual will make 3 or 4 site visits to Pakistan/Afghanistan over the life of the project to coordinate, evaluate and oversee project activities. An administrative staff assistant at TUSVM will also be assigned (15% time) to the project to assist in administrative duties

B. Short term consultancies

- Communications Consultant - 12 weeks - A stipended student assistant to be provided by TUSVM to develop extension and training materials such as flip charts, posters and videotapes, to promote the project and facilitate training of local people in proper techniques of harvesting and initial processing of cashmere. Such training materials will have to be aimed at a non literate audience.

- Commercial Cashmere Consultant -16 weeks over 3 or 4 visits- An individual with extensive experience in the business of cashmere grading and marketing to be provided by Forte Cashmere Co. Initially, this person will evaluate the potential for development of the cashmere production in SW Afghanistan. Issues to be addressed include the following:

1. Quality of local cashmere and market value
2. Potential yields in project area
3. Potential for improving yields
4. Identification of problems associated with processing, collection, transport, and export of raw cashmere from Afghanistan

Follow up visits are expected as the project expands to address other commercial issues that may arise during project implementation

- Management and Marketing Consultant - 8 weeks over 2 visits - This consultancy is aimed at evaluating approaches to marketing of cashmere by livestock owners in SW Afghanistan which will maximize direct benefit to farmers. The consultant should have experience with organization of farming cooperatives and be able to encourage an entrepreneurial outlook among livestock owners.

E. Program Expenditures

<u>Management</u>	US\$	Rupees
Technical Coordinator Salary, benefits, administrative fee @ \$55,000/yr for 2 years	110,000	
Faculty Support (TUSVM) (15% salary and benefits) @ \$13,500/yr for 2 years	27,000	
Staff assistant (TUSVM) 15% salary and benefits @ \$4,320/yr for 2 years	8,640	
<u>Program</u>		
Short term consultants		
Cashmere consultant 96 days @ \$250/day	24,000	
Communications consultant 12 weeks at \$2000 stipend	2,000	
Marketing consultant 48 days @ \$200/day	9,600	
Local staff		
Teacher trainer (1) @ R 5,000 per month for 12 months		60,000
Trainers/extension workers/ Field monitors (6) @ R 3,500 per month		504,000
Veterinarian (1) @ R 5,500 per month		132,000

Office Manager (1) @ R 4,000 per month		96,000
Translators (2) @ R 4,000 per month		192,000
Equipment and supplies		
Computers/printers 2 laptops @ 2,760 ea, 1 desktop @ 4,400 1 printer @ 1000, 1 laser printer @ 3000 Total computers/printers	13,440	
Misc. Supplies		75,000
Motorcycles (3) @ R 40,000 each		120,000
Training Materials Silk Screened Flip Charts. Videotape Production, etc		100,000
<u>Travel</u>		
International and Local (Pakistan & Afghanistan) incl. Vehicle Operating Costs @ R 1,500 per month	39,170	
<u>Monitoring</u>		
Information Services \$ 500/month	6,000	
<u>Administration</u>		
Office Operations	10,000	
Overhead	48,254	
<u>Totals</u>		
	298,104	1,279,000
Total US \$	349,264	US \$ 51,160

2. Dried Fruit Industry Rehabilitation

A. Background and Justification

The dried fruit industry of Afghanistan has historically played a large part in both the earning of foreign exchange and in providing a significant dietary supplement to Afghans; especially in winter months. Due to the war, the Afghan dried fruit industry is in disarray. The six raisin cleaning and packing plants which were in Kandahar before the war are now all destroyed or inactive due to damage. Reports of production acreage lost and agricultural infrastructure disrupted are well documented.

The efforts of the MCI kishmish khana, and vineyard rehabilitation program will by the end of this project year, have opened up approximately 2000 hectares of vineyard in the Kandahar area. In three years, these vineyards will be producing approximately 10,000 MT of number one raisins, and perhaps as many seconds. This production represents only a portion of the total vineyards and kishmish khana being rebuilt. Therefore, a great need for post harvest/drying processing is looming. MCI proposes to organize a raisin grower's cooperative in the Panjwai District of Kandahar which would operate a raisin cleaning and packing plant to service 1500 to 2000 cooperative members.

B. Goals

1. Stimulate, on a significant scale, the dried fruit industry in Southwest Afghanistan.

C. Project Objectives:

1. Establish and encourage a fruit grower/drier cooperative in Punjwai, Kandahar district.
2. Procure, set up and run a raisin packing line in the above mentioned district.
3. Train cooperative members in the running and maintenance of the line.

D. Strategy

1. Project Duration

This initiative is proposed as a two year project. In that time MCI proposes to do the following:

- Expand trained MCI staff, enhance their expertise with more training, perhaps abroad. These staff would demonstrate the operation and management of the fruit cleaning and packing line.

- This demonstration line would eventually be sold to a grower's cooperative (which MCI would assist in organizing) or to individual growers.

2. Expatriate Personnel Required

- Consultant: specialist in post-harvest manufacturing and processing of dried fruit: 2 months at \$250.00 per day plus travel and expenses: \$15,000.00
- Dried Fruit Cooperative Advisor; full time stipended volunteer. Expenses: \$20,160.00

E. Program Expenditures

<u>Management</u>	US\$	Rupees
Dried Fruit Cooperative Advisor Stipended Volunteer Salary, benefits @ \$20,160/yr for 1 years	20,160	
 <u>Program</u>		
Short term consultants		
Technical consultant - Post-Harvest Processing Specialist @ \$250.00/day for 2 months	15,000	
Local staff		
Technical Specialists (3) @ R 5,000 per month		180,000
Support Personnel		125,000
Equipment and supplies		
Computers/printers 1 laptop @ 2,760 ea 1 printer @ 1000 ea 1 desktop 286 @ 2,360 ea Total computers/printers	6,120	

Initial line running costs, packing materials, fuel, office costs, transport (misc. supplies)		750,000	
One 3 ton per hour raisin packing and cleaning line (Valley Welding, Fresno, CA)	200,000 plus shipping		
One 10 KW generator		125,000	
Physical plant (building and water supply) establishment	15,000 (plus 50% local contribution)		
Training Materials/Costs (Includes two months in Fresno, CA for three trainees.)	25,000		
<u>Travel</u>			
International Round Trip Airfares and Local Travel	10,000		
<u>Monitoring</u>			
Information Services \$ 500/month	6,000		
<u>Administration</u>			
Office Operations	10,000		
Overhead	24,056		
<u>Totals</u>			
	331,336	1,180,000	
Total US \$	378,536	US \$ 47,200	
Dried Fruit Industry Development Total US \$	378,536		
Cashmere Development Initiative Total US \$	349,264		
COMBINED PROJECT TOTAL US\$	727,800		

**ANNEX 1
BUDGET SUMMARY**

ITEM	CASHMERE	FRUIT DRYING	TOTAL
MANAGEMENT			
1. EXPATRIATE STAFF	145,640	20,160	165,800
PROGRAM			
1. CONSULTANTS	35,600	15,000	50,600
2. LOCAL STAFF	39,360	12,200	51,560
3. COMPUTERS/PRINTERS	13,440	6,120	19,560
4. MISC. SUPPLIES	3,000	30,000	33,000
5. MOTORCYCLES	4,800	0	4,800
6. RAISIN PACKING/CLEANING LINE	0	200,000	200,000
7. GENERATOR	0	5,000	5,000
8. PHYSICAL PLANT ESTABLISHMENT	0	15,000	15,000
9. TRAINING	4,000	25,000	29,000
10. TRAVEL	39,170	10,000	49,170
MONITORING			
1. MONITORING/INFORMATION SERVICES	6,000	6,000	12,000
ADMINISTRATION			
1. OFFICE OPERATIONS	10,000	10,000	20,000
2. OVERHEAD	48,254	24,056	72,310
SUB-TOTAL MANAGEMENT ACTIVITIES	145,640	20,160	165,800
SUB-TOTAL PROGRAM ACTIVITIES	139,370	318,320	457,690
SUB-TOTAL MONITORING	6,000	6,000	12,000
SUB-TOTAL ADMINISTRATION	58,254	34,056	92,310
GRAND TOTAL	349,264	378,536	727,800

PROPOSAL FOR

AGRICULTURAL DEVELOPMENT PROGRAM
IN SOUTHWEST AFGHANISTAN:

CASHMERE FIBER DEVELOPMENT INITIATIVE

SEPTEMBER, 1992

Submitted by

MERCY CORPS INTERNATIONAL
3030 SW First Avenue
Portland, Oregon 97201-4796

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A valuable commodity gone to waste. Typical long-haired goats of Afghanistan shedding out their valuable, unharvested, cashmere undercoats in the springtime. Recognition of the value of cashmere coupled with proper harvesting, processing and marketing can bring considerable economic benefits to a multitude of Afghan goat owners and provide much needed foreign currency for the nation.

Cashmere Fiber Development Initiative

A. Primary Goal

To exploit the untapped commercial potential of cashmere fiber from Afghan goats through extension, training and marketing activities in order to enhance the profitability of goat raising in Afghanistan and provide added income to families depending heavily on livestock for their livelihood.

B. Objectives

1. To promote awareness among Afghan goatkeepers on the special characteristics of cashmere fiber and the high income potential from selective harvesting and marketing of this valuable textile fiber.
2. To train Afghan women in the proper techniques of combing, cleaning, separating and preliminary grading of cashmere fiber.
3. To promote the development of marketing and distribution channels for cashmere fiber produced in rural southwestern Afghanistan.
4. To develop a potential foreign exchange earning commodity for Afghanistan in general.
5. To improve the availability of cashmere fiber to textile manufacturers throughout the world.

C. Background and Justification

Cashmere fiber is a highly prized textile fiber that comes only from goats. The fiber is finer than wool and mohair and finished goods made of cashmere fetch comparatively higher prices than other wools. The fiber represents the insulating undercoat of the goats' fleece. It begins to grow in the autumn and is shed in the spring. Combing the undercoat from goats in the spring is the most common way that cashmere is harvested. Though market prices for raw cashmere fluctuate according to fashion trends, it is consistently a high value commodity. Between 1981 and 1990 the lowest world market price for high quality raw cashmere was US\$ 55/kg and the highest price was US\$ 200/kg.

Cashmere-producing goats are naturally found only in highland regions bordering the Himalayas. There is no specific Cashmere breed of goat, but goats indigenous to this region all produce cashmere fiber to a variable extent. The major market sources of cashmere have traditionally been Iran, Turkey, Mongolia, China, and Afghanistan; textile manufacturers

have depended on raw cashmere from these sources. Political problems in Iran and Afghanistan have greatly reduced supply. Furthermore, China has developed its own capacity for finishing textile goods and is exporting less raw cashmere. This has produced a difficult situation for manufacturers in other countries and has kept the price of raw cashmere at a high level.

Goats are a common form of livestock in Afghanistan, with as many as 77% of all farmers owning some goats and/or sheep. As dairy type goats are uncommon, the vast majority of goats are of the fiber and/or meat producing type. Goat hair is already widely exploited, particularly by Koochi nomads, for use in making tents, ropes, carpets, sacks and pillow stuffing. However, the goats are usually sheared and the valuable undercoat is rarely separated from the coarser guard hairs that comprise the bulk of the fleece.

Interviews recently carried out with Afghan Koochi refugees in Pakistan by a short term consultant from Tufts University School of Veterinary Medicine indicate that few Koochi recognized the potential added market value of cashmere fiber distinct from the overall fleece value which is generally low. However, when this added value was explained to them, the vast majority indicated that they would take the time to comb out the cashmere in the spring if they knew the proper techniques, had the necessary equipment, and if there was a ready market for the product. In China, yields of cashmere fiber normally range from 80-250 grams per goat per year and with selective breeding can reach 500 grams per goat. Under Afghan conditions, 10-20 goats could readily produce a kilogram of cashmere per year providing a substantial boost in annual income to farmers owning goats.

D. Project Duration

This initiative is proposed as a two year project. In that time the following will be accomplished:

1. A survey of the cashmere producing potential and cashmere quality of goats in SW Afghanistan will be completed.
2. Extension activities promoting the value of cashmere and the care and management of fiber-producing goats will be carried out.
3. Training programs for the harvesting, cleaning and grading of cashmere using simple technologies will be developed and conducted.
4. Marketing and distribution strategies will be developed and implemented.
5. Impact of production and marketing activities on welfare of livestock owners in SW Afghanistan will be monitored.

E. Proposed Collaborating Institutions

Mercy Corps International - MCI has been working on agricultural projects in southwestern Afghanistan steadily since 1988. A particular emphasis has been the development of indigenous agricultural products with high market value and export potential such as dried apricots, cumin, and golden raisins. Development of a cottage cashmere industry fits in nicely with this overall development strategy. MCI has been involved in livestock projects in the region since 1990, first through the introduction of mobile vaccination and treatment teams funded through UNDP and more recently, through the development of a community based network of basic animal health workers to provide essential veterinary services to livestock owners. MCI's institutional infrastructure, community relations, and security status inside SW Afghanistan are well established, and MCI is well positioned to undertake and promote this new initiative.

Tufts University School of Veterinary Medicine, Grafton, Massachusetts - TUSVM, through their section of International Veterinary Medicine, has worked extensively on livestock health and production projects throughout the developing world. TUSVM has been a collaborating partner with MCI in the USAID-funded basic animal health worker program, providing technical coordination and expertise. Dr. David Sherman, a TUSVM faculty member and currently the Technical Coordinator of the TUSVM/MCI basic animal health worker program in Quetta is an internationally recognized authority on goat health and production and will provide technical expertise on this cashmere project.

Forte Cashmere Co.- Forte, in Pawtucket, Rhode Island, is one of the largest, if not the largest cashmere processors in the world, with extensive experience in buying, evaluating, marketing and processing cashmere. The company can provide expertise and assistance in evaluating the quality and market value of Afghan cashmere and is, itself, a major potential buyer of the commodity. Forte and TUSVM are within a 1 hour drive of each other in New England, USA, allowing for close collaboration on the project.

E. Expatriate Personnel Required

I. Long term positions

- Technical Coordinator -2 years- To be provided by TUSVM at the onset of the project. This individual will oversee all aspects of the project with special emphasis on extension and training of women in the proper harvesting, and initial processing of cashmere fiber, the proper care and feeding of goats to improve cashmere yields, and recognition and treatment of diseases which cause morbidity and mortality in goats, with emphasis on diseases of the skin which could adversely affect hair quality.

- Technical Backstopper -2 years- To be provided by TUSVM for duration of project. This faculty member will provide administrative and technical support to the project from the USA (15% time). A key role will be to serve as a liaison between TUSVM and Forte Cashmere Co to develop and promote project activities and progress. This individual will make 4 site visits to Pakistan/Afghanistan over the life of the project to coordinate, evaluate and oversee project activities. An administrative staff assistant at TUSVM will also be assigned (15% time) to the project to assist in administrative duties.

2. Short term consultancies

- Communications Consultant - 12 weeks - A stipended student assistant to be provided by TUSVM to develop extension and training materials such as flip charts, posters and videotapes, to promote the project and facilitate training of local people in proper techniques of harvesting and initial processing of cashmere. These training materials will be aimed at a non-literate audience.

- Commercial Cashmere Consultant -16 weeks over 3 visits- An individual with extensive experience in the business of cashmere grading and marketing to be provided by Forte Cashmere Co. Initially, this person will evaluate the potential for development of cashmere production in SW Afghanistan. Issues to be addressed include the following:

1. Quality of local cashmere and market value
2. Potential yields in project area
3. Potential for improving yields
4. Identification of problems associated with processing, collection, transport, and export of raw cashmere from Afghanistan

Subsequent visits are intended to address other commercial issues that may arise during implementation of the project

- Management and Marketing Consultant - 8 weeks over 2 visits - This consultancy is aimed at evaluating approaches to marketing of cashmere by livestock owners in SW Afghanistan which will maximize direct benefit to farmers. The consultant should have experience with organization of farming cooperatives and be able to encourage an entrepreneurial outlook among livestock owners.

BUDGET	US\$	Rupees
<u>Management</u>		
Technical Coordinator Salary, benefits, administrative fee @ \$55,000/yr for 2 years	110,000	
Technical Backstopping		
Faculty Support (TUSVM) (15% salary and benefits) @ \$13,500/yr for 2 years	27,000	
Staff assistant (TUSVM) 15% salary and benefits @ \$4,320/yr for 2 years	8,640	
<u>Program</u>		
Short term consultants		
Cashmere consultant (salary to be paid by Forte Cashmere Co)	0	
Communications consultant 12 weeks at \$1500 stipend	1,500	
Marketing consultant 48 days @ \$200/day	9,600	
Local staff		
Teacher trainer (1) @ R 5,000 per month for 12 months		60,000
Trainers/extension workers/ Field monitors (6) @ R 3,500 per month		504,000
Office Manager (1) @ R 4,000 per month		96,000
Translators (2) @ R 4,000 per month		192,000

BUDGET	US\$	Rupees
Equipment and supplies		
Computers/printers (1)	3,000	
Misc. Supplies		75,000
Motorcycles (3) @ R40,000 each		120,000
Training Materials Silk Screened Flip Charts. Videotape Production, etc		100,000
Vehicle Operating Costs @ R1,500 per month		36,000
<u>Travel</u>		
International Round Trip Airfares (11) @ \$2,250 per trip	24,750	
Local Business Trips in Pakistan (10) @ R 12,500 per trip		125,000
Local Transport in Afghanistan @ R 3000 per month		72,000
 <u>Sub Totals</u>	 <u>US\$</u>	 <u>Rupees</u>
	184,490	1,380,000
		(= US\$ 55,200)
	(55,200)	
Sub Total US \$	239,690	
Administrative Recovery - MCI	38,350	
GRAND TOTAL US \$	278,040	

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PART I MCI HISTORY AND BACKGROUND

Prior to the war, southwest Afghanistan was a region of significant agricultural production. Helmand province, with relatively large farms irrigated from the Helmand River System, produced a large quantity of surplus wheat for distribution to wheat-deficit regions of the country. Kandahar province produced a large quantity of fresh and dried fruit; one of the largest export commodities in pre-war Afghanistan. Livestock are abundant in the region and represent a significant portion of farmers' and nomads' assets.

Since the war, wheat and fruit production in southwest Afghanistan has dropped dramatically - as much as 75% in some regions, due to the multiple effects of abandonment of fields and orchards, reduced irrigation from lack of maintenance, and the unavailability of improved seed, nursery stock, fertilizers and pesticides.

Since 1986, Mercy Corps International has operated agricultural and medical programs from Quetta, Pakistan to support eight provinces in southwest Afghanistan. MCI projects were developed as humanitarian programs for Afghanistan in cooperation with Afghans who had come to Quetta from Kandahar to escape the effects of the war in Afghanistan. The MCI program remains true to its humanitarian foundation and its commitment that the program be managed by Afghans for Afghans, regardless of political and social affiliations.

In June 1986, Mercy Corps International (MCI), with a grant from the Office of the AID Representative for Afghanistan Affairs (O/AID/REP), began a program of providing medical training and supplies to operate health care facilities in southwest Afghanistan. Since July 1988, with funding from the Canadian High Commission, UNHCR, IRC/RAP, and UNDP, and commodity inputs from WFP, FAO, and O/AID/REP, MCI has been implementing a variety of agriculture rehabilitation projects in the provinces of Zabul, Kandahar, and Helmand.

In July, 1990 MCI began implementation of a Cooperative Agreement funded by O/AID/REP for continued agriculture and veterinary assistance for southwest Afghanistan. This agreement is currently being implemented and is focusing on a continuation of assistance for the rehabilitation of wheat and fruit production as well as pilot projects for production of cumin and apricots and an assessment survey of the southern Helmand valley.

MCI's development activities in the southwest region of Afghanistan involve over 580 employees in both the agriculture (about 120) and health sectors (about 460). Of these, more than 480 are based in Afghanistan.

In this proposal, MCI requests funding for a new activity in the Dried Fruit Industry Rehabilitation sector.

PART II PROJECT DESCRIPTION

I. Dried Fruit Industry Rehabilitation

A. Background and Justification

The dried fruit industry of Afghanistan has historically played a large part in both the earning of foreign exchange and in providing a significant dietary supplement to Afghans; especially in winter months. Due to the war, the Afghan dried fruit industry is in disarray. The four raisin cleaning and packing plants which were in Kandahar before the war are now destroyed or inactive due to damage or indifference. Infrastructure for raisin production was also seriously disrupted by the conflict. Kishmish Khana, or raisin drying sheds, have been traditionally used by Kandahari growers to produce green, shade-dried raisins. Most of the many thousand kishmish khana were destroyed in the war as they provided shelter for mujahideen. Vineyards too were not spared. They were either destroyed by direct war damage, or by the general destruction of irrigation infrastructure.

Raisin exports from the Kandahar area reached an estimated peak of 20,000 metric tons in the early 1980's prior to significant military activity in the Kandahar area. This figure dropped to approximately 8,000 MT in 1990 as the war was ending. Though some export market share was maintained, it was not the same market as was developing prior to the war. At that time, nascent trade relationships in dried fruit commodities had introduced high-quality shade-dried kishmish raisins to the European market. During the war, the best Afghan raisins dropped precipitously in quality. They were sold only regionally with little hard currency return. Iranian growers have begun producing high-quality green kishmish in response to the vacuum created by the collapse of the Afghan industry.

Mercy Corp International, in a cross-border operation funded by The U.S. Agency for International Development and previously by the Canada Fund, has endeavored to assist in rehabilitating the grape and raisin producing infrastructure of Kandahar province. This work has consisted mainly of food-for-work based kishmish khana reconstruction and vineyard rehabilitation. These efforts will, by the end of this project year, have opened up approximately 2000 hectares of vineyard in the Kandahar area. In three years, these vineyards will be producing in excess of 10,000 MT of number one raisins, and perhaps as many seconds. This production represents only a portion of the total vineyards and kishmish khana being rebuilt. Therefore, a great need for post harvest/drying processing is looming.

At present there are no raisin packing lines in operation. Nor are there any which are in preparation for use. However, nearly all vineyards that are being replanted are being planted with the most popular drying variety; Shindokhani. Growers have decided that they will target the raisin market rather than the fresh grape market.

Moreover, the speed with which growers are building drying sheds (kishmish khana) indicates that they plan on maximizing the value of their product by shade drying their raisins. It follows therefore, that growers need a post-drying handling and processing system that will enhance the value of their raisins.

MCI is interested in maximizing the value of a farmer's produce for the benefit of the farmer. MCI proposes then to organize a raisin grower's cooperative in the area around Kandahar city in Afghanistan which would operate a raisin cleaning and packing plant to service 1500 to 2000 cooperative members. Members would be drawn from the pool of growers who have already worked with MCI in kishmish khana and vineyard rehabilitation.

B. Goals:

1. Stimulate on a significant scale the dried fruit industry in Southwest Afghanistan.
2. Facilitate the re-entry of Afghan dried fruit products on the international market; thus providing foreign exchange and employment for the Afghan economy.

C. Objectives:

1. Establish and encourage a self-sustaining fruit grower/drier cooperative in Kandahar city in Afghanistan.
2. Procure, set up and run a dried fruit packing line in Kandahar.
3. Train cooperative members in the running and maintenance of the line.
4. Sell the plant to the cooperative once management capacity is sufficient to insure reasonable long-term success.

D. Strategy

1. Project Duration

This initiative is proposed as a two year project. In that time MCI proposes to do the following:

- Expand trained MCI staff, enhance their expertise with more training, perhaps abroad. These staff would demonstrate the operation and management of the fruit cleaning and packing line.

- This demonstration line would eventually be sold to a grower's cooperative (which MCI would assist in organizing) or to individual growers.

2. Expatriate Personnel Required

- Dried Fruit Cooperative Advisor; full time stipended volunteer. Expenses: \$20,160.00

E. Program Expenditures

<u>Management</u>	US\$
Dried Fruit Cooperative Advisor Stipended Volunteer Salary, benefits @ \$20,160/yr for 1 year	20,160
 <u>Program</u>	
Local staff	
Technical Specialists (3) @ R 5,000 per month	7,200
Support Personnel	5,000
 Equipment and supplies	
Computers/printers 1 laptop @ 2,760 ea 1 printer @ 1000 ea 1 desk:op 286 @ 2,360 ea Total computers/printers	6,120
Initial line running costs, packing materials, fuel, office costs, transport (misc. supplies)	30,000

<u>Program, Cont'd</u>	US\$
One 3 ton per hour raisin packing and cleaning line (Locally procured)	100,000 plus shipping
One 100 KVA generator	10,000
Physical plant (building and water supply) establishment	15,000 (plus 50% local contribution)
Training Materials/Costs (Includes two months in Fresno, CA for three trainees.)	25,000
<u>Travel</u>	
International Round Trip Airfares and Local Travel	15,000
<u>Monitoring</u>	
Information Services \$ 500/month	6,000
<u>Administration</u>	
Office Operations	10,000
Overhead	22,378
<u>Totals</u>	271,858
GRAND TOTAL (FOR TWO YEARS) US\$	340,011

ANNEX 1
BUDGET SUMMARY

ITEM	YEAR ONE	YEAR TWO	TOTAL
MANAGEMENT			
1. EXPATRIATE STAFF	20,160	20,160	40,320
PROGRAM			
1. CONSULTANTS	0	0	0
2. LOCAL STAFF	12,200	12,200	24,400
3. COMPUTERS/PRINTERS	6,120	0	6,120
4. MISC. SUPPLIES	30,000	5,000	35,000
5. RAISIN PACKING/CLEANING LINE	100,000	0	100,000
6. GENERATOR	10,000	0	10,000
7. PHYSICAL PLANT ESTABLISHMENT	15,000	0	15,000
8. TRAINING	25,000	5,000	30,000
9. TRAVEL	15,000	0	15,000
MONITORING			
1. MONITORING/INFORMATION SERVICES	6,000	6,000	12,000
ADMINISTRATION			
1. OFFICE OPERATIONS	10,000	10,000	20,000
2. OVERHEAD	22,378	9,793	32,171
SUB-TOTAL MANAGEMENT ACTIVITIES	20,160	20,160	40,320
SUB-TOTAL PROGRAM ACTIVITIES	213,320	22,200	235,520
SUB-TOTAL MONITORING	6,000	6,000	12,000
SUB-TOTAL ADMINISTRATION	32,378	19,793	52,171
GRAND TOTAL	271,858	68,153	340,011