

# Rebuilding Agricultural Markets Program (RAMP) Afghanistan

## Life of Project Work Plan



Submitted by:

**Chemonics International Inc.**

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## ACRONYMS

ACRONYMS	
ADB	Asian Development Bank
AED	Agriculture Extension Department
AFC	Afghanistan Finance Corporation
AIB	Afghanistan International Bank
The Fund	Afghanistan Renewal Fund
Chemonics	Chemonics International Inc.
COP	Chief of Party
CTO	Cognizant Technical Officer
CO	Contracting Officer
DCOP	Deputy Chief of Party
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GIS	Geographic Information System
GOA	Government of Afghanistan
GPS	Global Positioning System
GUI	Graphical User Interface
Ha	Hectare
IP	Implementing Partner
IR	Intermediate Result
JO	Job Order
Km	Kilometer
Kg	Kilogram
LOP	Life of Project
M&E	Monitoring and Evaluation
MAAH	Ministry of Agriculture and Animal Husbandry
MEIS	Monitoring and Evaluation Information System
MISFA	Microfinance Investment Support Facility Afghanistan
MIWRE	Ministry of Irrigation and Water Resources
MOC	Ministry of Commerce
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MRRD	Ministry of Rural Rehabilitation and Development
MT	Metric Ton
NGO	Non Governmental Organization
PASA	Participatory Agency Service Agreement
PMP	Performance Management Plan
PPSD	United Nations Partnerships for Private Sector Development
PRA	Participatory Rural Assessment
PRT	Provincial Reconstruction Team
RAMP	Rebuilding Agricultural Markets Program
SME	Small and Medium Enterprises
SO	Strategic Objective
TISA	Transitional Islamic State of Afghanistan
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VBSE	Village-Based Seed Enterprise
VFU	Veterinary Field Unit
WOCCU	World Council of Credit Unions

## Preface

This document is the second in a series Chemonics International Inc. (Chemonics) is producing under its contract to provide services to USAID/Afghanistan's Rebuilding Agricultural Markets Program (RAMP). Together the documents define our implementation strategy, provide a vision of the work to be conducted over the life of the project, and define in great detail the work to be completed during the 2005 calendar year.

The series of documents include:

1. RAMP Contract: Implementation Strategy
2. RAMP Contract: Life of Project Work Plan
3. RAMP Contract: 2005 Work Plan
4. RAMP Contract: Supporting Technical Documents

The reader will see direct linkages between the Implementation Strategy, the Life of Project Work Plan, and the 2005 Work Plan. For example, the Implementation Strategy presents a broad description of the Results Framework. The Life of Project Work Plan expands this description and describes in a general way how the Results Framework links to value chains. The 2005 Work Plan will explain in great detail how project supported activities are working and will continue to increase the market value of specific agricultural products in various value chains. The supporting technical documents provide the analytical that supports the strategy and work plans.

## SECTION I. Introduction

The U.S. Agency for International Development's Rebuilding Agricultural Markets Program (RAMP) in Afghanistan encapsulates the Mission's strategy to help the people and Government of Afghanistan rehabilitate the country's rural sector, focusing specifically on enhancing food security and increasing rural incomes. In July 2003 USAID/Afghanistan executed a contract with Chemonics International Inc. (Chemonics) to "[p]rovide services in support of [the] Program." This contract is the single largest component of the overall program, which includes several cooperative agreements and a participating agency services agreement (PASA) with the U.S. Department of Agriculture.

This Life of Project Work Plan follows the *RAMP Contract Implementation Strategy*, which was submitted in final draft form to the RAMP Cognizant Technical Officer (CTO) on the 30<sup>th</sup> of September 2004. That document outlines the strategy that will guide Chemonics and its implementing partners as they execute specific tasks to rehabilitate and repair infrastructure that is critical for rural sector growth, increase the flow of capital, primarily in the form of credit, to the sector, and introduce improved technology to produce and develop markets for agricultural products. The ultimate purpose of these activities is to increase the sales of agricultural products.

This Life of Project Work Plan describes the actions the contract team will take to implement its strategy. It summarizes the actions the team has taken since implementation began almost 15 months ago, diagnoses challenges, extracts critical lessons learned, and shows how the team will apply these lessons over the remainder of the contract. Two key themes run through this document. The contract team will use its RAMP resources in an integrated manner to promote the development of key agricultural value chains. In addition it will make sure that it carries out its program in close collaboration and cooperation with other USAID-funded efforts, key ministries of the Transitional Islamic State of Afghanistan (TISA), and the efforts of other donors.

Following an overview of RAMP and the Chemonics contract, this introductory section presents the results framework through which the contract team will report its accomplishments and the market-driven value chain approach that will guide its efforts.

Following this introductory section, Section II describes in detail the actions the contract team will take to build and strengthen the key components of selected value chains. Section III describes how the team will use its resources to provide critically needed rural financial services and to rehabilitate the infrastructure that these targeted value chains need to develop profitably, providing enhanced food security and increasing rural incomes. The final section of this Work Plan presents the contract team's plan to manage its diverse efforts.

The Annexes elaborate specific portions of this work plan. Annex 5: Life of Project Time-Line provides a convenient summary of all the activities presented in this document.

### A. Overview

RAMP is a major and important undertaking. The contract between the Mission and Chemonics accounts for a major portion of the program's current resources.

#### A1. USAID's Rebuilding Agricultural Markets Program

RAMP is meeting the challenge to rebuild Afghanistan. It is the largest donor-funded initiative supporting Afghanistan's agricultural sector. This three-year program (2003 – 2006) will improve the lives of Afghanistan's rural inhabitants, who account for 85 percent of the total population, by increasing food supplies and food security, creating jobs, increasing incomes, and strengthening the competitiveness of agricultural production.

The strategic objective of RAMP is *to enhance the food security and increase the incomes of Afghanistan's rural population* by a) increasing agricultural productivity and output, and b) increasing incomes by making the linkages between producers, processors and markets more efficient. RAMP is designed to support the Afghanistan National Development Framework and strengthen the Transitional Islamic State of Afghanistan. In addition to the Chemonics contract, RAMP includes

cooperative agreements with Land O'Lakes, the Central Asian Development Group (CADG), and the International Foundation for Hope (IF Hope), and a PASA with USDA. Specific interventions under RAMP are linking rural producers with markets and input suppliers; making agricultural production more efficient, helping firms add value to agricultural raw materials; and identifying market opportunities and helping operators all along the value chain take advantage of them.

## A.2. The RAMP/Chemonics Contract

In July 2003, Chemonics International, Inc. (Chemonics) began implementing a contract<sup>1</sup> issued under RAMP. The strategic objective of this contract is to increase the marketable value of agricultural products by \$250 million over three years (July 2003 – June 2006). The contract is comprised of four components (CLINs)<sup>2</sup>:

- Management, Administration and Technical Assistance
- Physical Infrastructure Reconstruction or Repair
- Rural Financial Services
- Agricultural Technology and Market Development

The first component provides the resources the prime contractor needs to:

- identify opportunities to create and strengthen market linkages and increase sales of agricultural products, increase the flow of capital to agribusinesses and producers, and improve infrastructure vital for agricultural and rural sector development
- subcontract with implementing partners (IPs) to carry out specific activities to take advantage of these opportunities;
- monitor and evaluate the success of these activities, and quantify their cumulative impact; and
- communicate to RAMP's stakeholders about the results achieved.

RAMP stakeholders include both USAID in Afghanistan and Washington, other U.S. government departments and agencies, the Government of Afghanistan, especially the Ministries of Agriculture and Animal Husbandry (MAAH); Irrigation, Water Resources and Environment (MIWRE); Reconstruction and Rural Development (MRRD); and Commerce (MOC), as well as provincial and district authorities; and complementary projects funded by USAID and other donors.

Under its second component -- Physical Infrastructure Reconstruction and Repair – the contract team is subcontracting and managing initiatives to repair irrigation systems that are needed to expand and improve agricultural output; rehabilitate farm-to-market roads that producers need both to reach markets and to access inputs; and develop marketing infrastructure, including collection centers and wholesale markets.

The project's rural financial services component is working to strengthen and diversify the country's network of financial institutions. It is supporting microfinance institutions and working with the Afghanistan International Bank in Kabul to provide short-term credit to small- and medium-sized agribusiness firms. In addition, it is about ready to help launch a leasing company that will help entrepreneurs acquire the capital assets they need to improve value adding operations – cold storage, improved processing, refrigerated transportation. Lastly, this component is supporting the creation of an equity fund to support private agribusiness development.

The focus of the project's market development initiatives is to create more effective linkages between producers, processors and markets. Building systems that will allow market signals to travel "upstream" all the way to producers will ensure that they **produce what will sell**. Complementing this focus on markets and marketing systems, the project has and will continue to seek out opportunities to introduce improved agricultural technology to help farmers and herders' access and use new crop varieties, fertilizers and equipment to the productivity and efficiency of their operations.

<sup>1</sup> Throughout this document the words "contract" and "project" are synonymous. "Contract" refers to Contract No. 306-C-03-00-00505-00 between USAID/Afghanistan and Chemonics International Inc. The project is to implement this contract, which is part of the broader Rebuilding Agricultural Markets Program (RAMP). The convenient shorthand for this is RAMP/Chemonics.

<sup>2</sup> Contract Line Item Number

The contract team uses its resources to identify opportunities where it can “invest” its resources in an integrated fashion. Using a market-driven value chain approach it will achieve results that are greater than the sum of these individual investments in infrastructure, rural financial services, and agricultural technology and market development.

## **B. Project Results Framework**

The results framework lays out the projects strategic objective and the intermediate results (key contributing objectives) that are *necessary and sufficient* to accomplish the strategic objective and that must be monitored to indicate progress (see top section of Figure 1). The result framework presents rounded targets for each of the intermediate results that can be summed up to total the strategic objective target of \$250 million of increased value of marketable value of agricultural commodities. The results framework also illustrates our development hypothesis – that is, it illustrates how lower level objectives will lead to achievement of the strategic objective. Intermediate results (IRs) focused on commodity groups form the backbone of this framework.

### **B.1. Connecting Value Chains to the Results Framework**

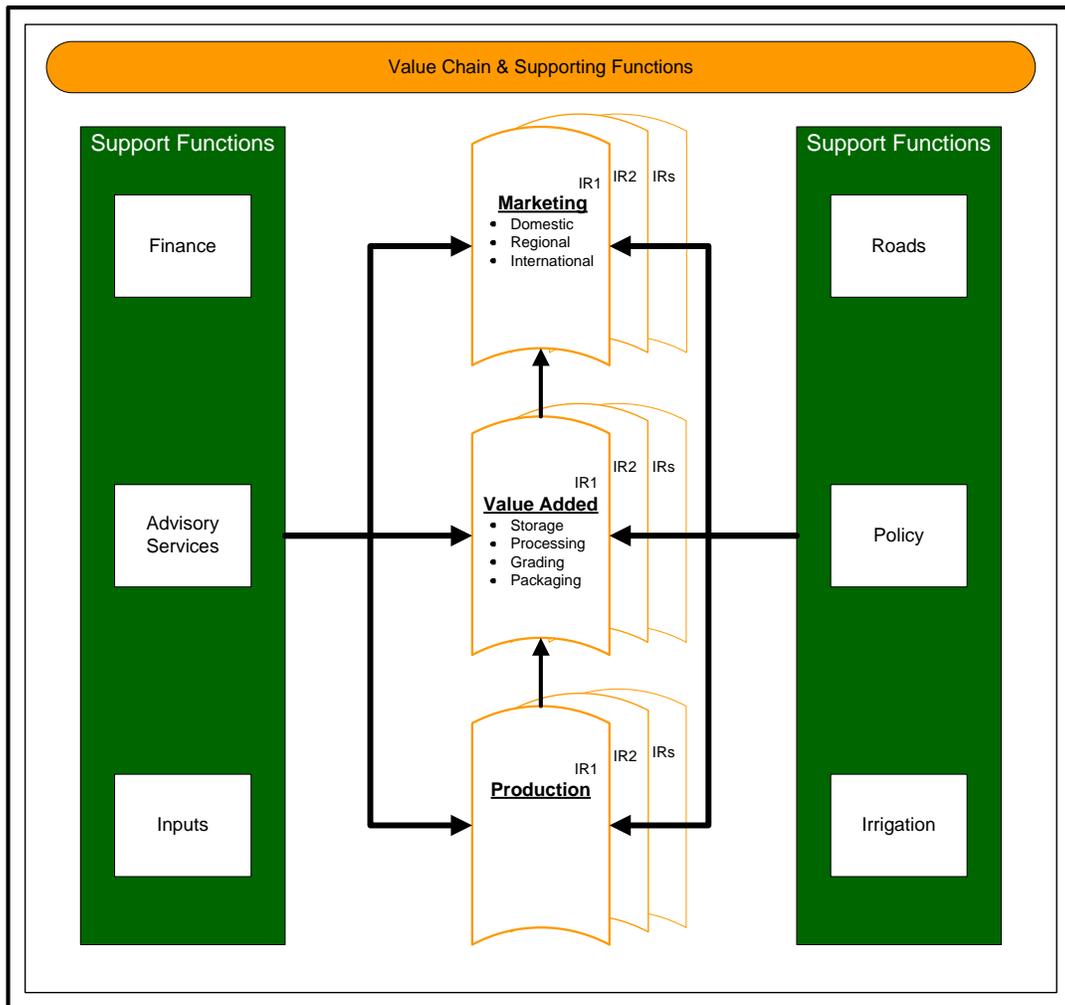
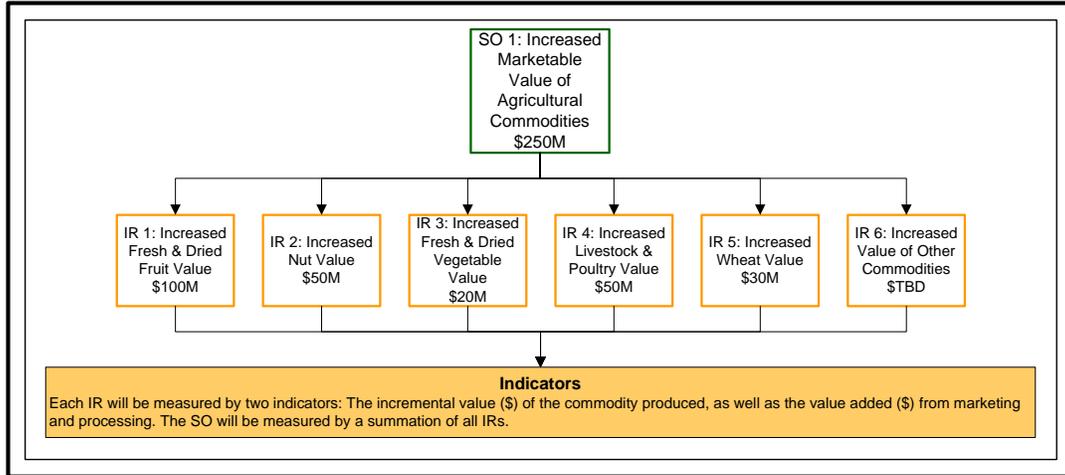
The market driven approach to value chain development illustrated in the bottom section of Figure 1 demonstrates how the commodity value chains connect with the results framework intermediate results. Specifically, the six product groups, characterized by the six intermediate results, connect with this abstracted value chain with its three primary constituents – production, value addition, and marketing.

Project activities or ‘support functions’ work to advance the value chain through the provision of financial services, advisory services (research, extension and business development), agricultural inputs, development of secondary market roads, irrigation systems, and policy services.

Other project activities, such as the rehabilitation of infrastructure, finance services, and agricultural technology and market development (value chain support functions) are not explicitly identified in the framework as they find their outlet in contributing synergies in each of our commodity groups. However, where applicable, the contributing value of major activities will be identified.

Supporting indicators for each of the six intermediate results complete the performance management plan (PMP) that is detailed in Annex 2 of this document.

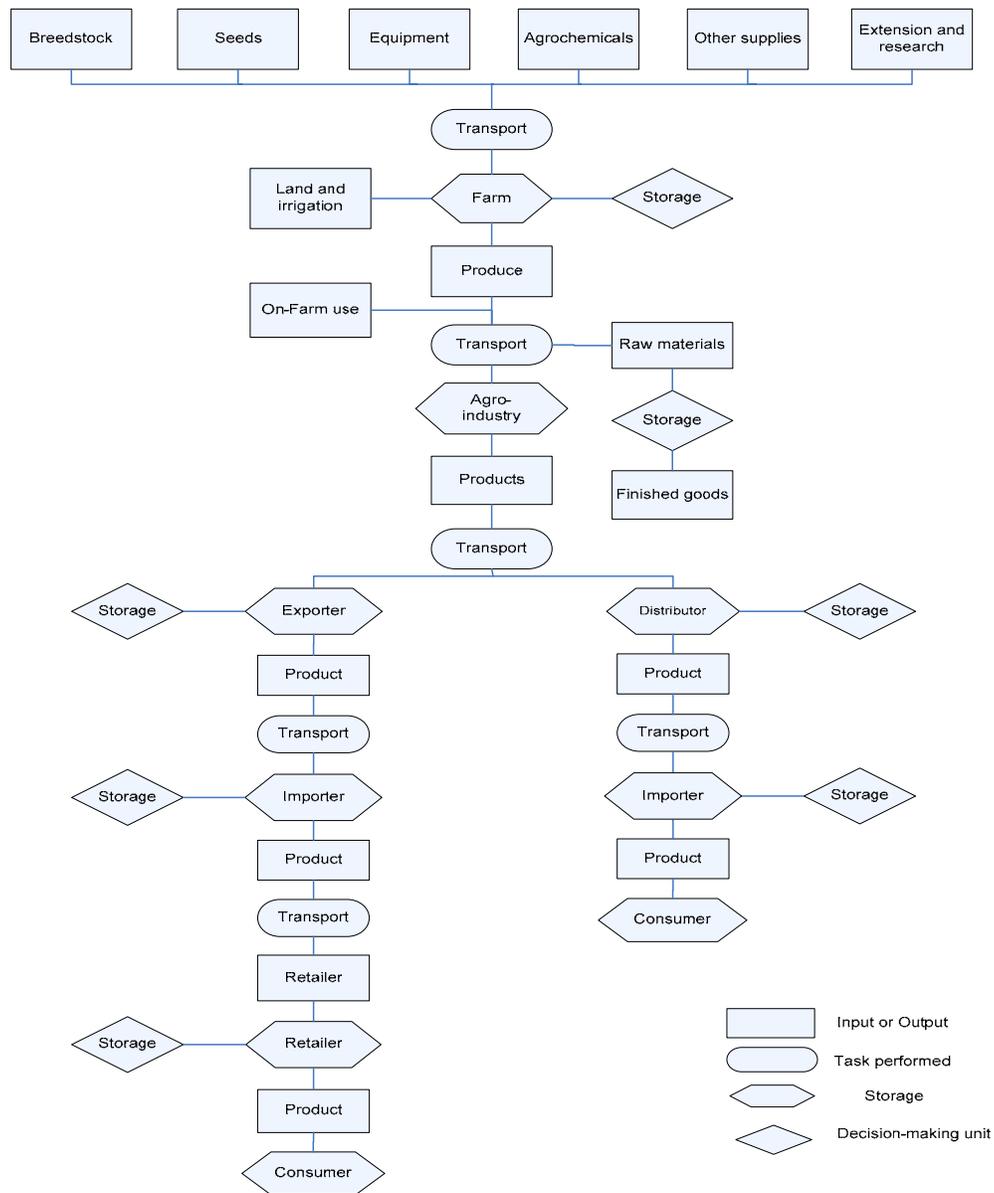
Figure 1: Results Framework and Value Chain & Supporting Functions



### C. Using a Market-driven Value Chain Approach

Using a market-driven value chain approach, the contract team will identify key constraints impeding the development of Afghanistan’s rural sector and design solutions to mitigate or alleviate these constraints. The solutions will integrate the projects infrastructure, rural finance, and agricultural technology and market development components. The key to the approach is to begin by identifying market opportunities. Market demand furnishes incentives for economic actors to address supply constraints. Figure 2 below is a representation of an agriculture-based value chain.

**Figure 2: Agriculture-based Value Chain**



Note: Labor and financing inputs occur for each task. Agro industry products may include by-products or be inputs to other agro industries including additional processing operations

Source: Austin, James E. 1996. *Agroindustrial Projects Analysis: Critical Design Factors*. Baltimore: The Johns Hopkins University Press. Page 19

An agriculture based value chain includes all the linked functions that are needed to produce, process, and market a crop or livestock product.

### C.1. Market-driven Value Chains

Although product moves physically along a value chain from producer to consumer, programmatically the starting point must be the market, not the supplier. Adopting a market-driven approach does not mean producing what you normally do and then figuring out how to connect to the market afterwards. Such thinking is “*trying to sell what you produce*,” when one needs to “*produce what you can sell*.” A market-driven approach is one that heeds what the market is demanding – quantity-, quality-, and timing-wise -- in the first place. In other words, the challenge is for suppliers, not just to link to markets, but to react to markets.

#### ***Value Chain Implementation Methodology***

To implement a market-driven value chain approach the contract team will:

- Define market needs and communicate these requirements to intermediaries – processors, transporters, warehouse operators, and producers along the value chain.
- Identify opportunities to create new marketing arrangements between buyers and producers.
- Increase access to the financial resources needed for expanding and improving operations for producers, processors, wholesalers, retailers, and exporters.
- Introduce new, innovative technology to increase production, and to make processing and marketing enterprises more efficient and competitive.
- Rehabilitate and repair critical infrastructure needed to increase production and make marketing more efficient.
- Make the regulatory and legal environment more supportive of agricultural sector development.

### C.2. Targeted Agricultural Commodities

This section describes the importance of the five agricultural product groups that will constitute the primary focus of project activities. They are: **(1) tree and vineyard fruit, (2) nuts, (3) vegetables and annuals, (4) livestock and poultry, and (5) wheat.** These product groups and specific crops within them have been selected through analyses of their domestic, regional, international market demand, cost of production, and their potential contribution to the agricultural economy<sup>3</sup>. For each agricultural product group, the contract team will develop a demand profile, identify problems along the value chain, and propose interventions to enhance agricultural output.

#### ***1. Tree and Vineyard Fruit: Grapes, Apricots & Pomegranates***

Among Afghanistan's fresh and dried fruit product group, grapes/raisins, apricots, and pomegranates hold the greatest potential to raise rural incomes. The contract team has selected these three specific products through comparative crop budget analyses, including consideration of current yield, quality, and necessary agro-inputs.

Despite some loss in acreage, production of vineyard and orchard crops has continued throughout Afghanistan's conflict period. The combined production of these three crops in 2003 was approximately 789,000 metric tons. Of this total, the domestic market consumed 42% (180,000 tons), exports accounted for only 5% (22,000 tons), and dehydration (raisins and dried apricots) and waste totaled about 53% (228,000 tons).

<sup>3</sup> This section draws upon analyses from FAO as well as RAMP-produced crop budget analyses. For the latter see RAMP Contract: Supporting Technical Documents.

The fact that over half of current production is either dehydrated and sold at extremely low prices or lost entirely to waste indicates that there is great potential for improving farm incomes by increasing sales of fresh fruit in the domestic market and by reclaiming market share in international markets.

## **2. Nuts: Almonds, Walnuts and Pistachios**

Among Afghanistan's nut product group, almonds, walnuts, and wild pistachios hold the greatest potential to raise rural incomes. The contract team has selected these three specific products through comparative crop budget analyses, including consideration of current yield, quality, and necessary agro-inputs.

The highest volumes of production are found in Parwan/Shamali Plains, Kunduz, Ghazni/Zabul and Samangan, although nut trees can be found throughout the country. Almonds and walnuts are often grown in adjacent groves, and require irrigation, pruning, and other basic care. Pistachio trees grow wild in forests in the northern part of the country, high on the mountain sides. Harvest of these government-owned community forests is strictly regulated, giving poor communities the opportunity to harvest first before opening to others. Harvest time begins with a Government announcement in early fall.

During the conflict period, many trees were destroyed either to increase security (visibility) or for firewood. Estimates of the current area of production are listed below.

- Almond acreage has steadily increased and now covers over 15,000 hectares.
- Pistachio tree acreage has decreased sharply from 33,000 hectares to 20,000 hectares.
- Walnuts were at 3,300 hectares pre-conflict and are now at 2,400 hectares.

## **3. Vegetable and Annuals: Potato, Onion, Tomato, Melon, Okra and Eggplant**

Afghanistan's vegetables and annuals crops are produced in varying yields throughout the RAMP' five target regions and will significantly benefit from RAMP interventions. The contract team will focus primarily on crops that hold the greatest share of production within the product group: potato, onion, tomato, melon, okra, and eggplant.

The team's approach to marketing fruit products will focus largely on export programs. Although RAMP will be pursuing the export of dried vegetables to respond to an identified market demand in Europe, a large portion of fresh vegetable activities will be focused on an import substitution strategy consisting of increasing production volume and extending shelf life.

## **4. Livestock and Poultry**

The rehabilitation of the agriculture economy in Afghanistan is also dependent on strengthening the national livestock and poultry sectors. Livestock ownership benefits rural populations by producing food (meat and by-products), providing food security, enhancing crop production, generating cash incomes for rural and urban populations, providing fuel and transport, and producing value added goods which can have a multiplier effect that creates a demand for services. Furthermore, livestock diversify production and income, provide year-round employment, and make risk more manageable. Livestock also form a major capital reserve for many farming households.

## **5. Wheat**

Domestic demand for cereals, especially for wheat, is high. Although Afghanistan does not have a comparative advantage in wheat production, it is vital for food security. Afghanistan is a food deficit country, requiring massive food aid every year. Cereal production, the main determinant of domestic food supply and highly dependent on rainfall amounts in winter and spring, has fallen by almost 40% since 1999, and is only half of what it was in prewar years. Estimate of wheat production suggests that rain fed wheat output has fallen by about 10%, averaging only 0.6 tons/ha due to the prolonged drought. The average national yield of irrigated wheat has also been low, about 2.85 tons/ha. The productivity of wheat will have to grow substantially to improve food security and incomes. This will be the primary source of food supply and source of employment for the escalating population, currently growing at the rate of 3.5% per annum and expected to double in 20 years.

### C.3. Integration of activities

RAMP will strengthen the competitiveness of priority commodity value chains by integrating its financial services and infrastructure components – the rehabilitation of irrigation systems, farm to market roads and local market facilities. These activities, which involve farmers, farmer organizations and new and existing entrepreneurs will complement the capital-intensive investments that USAID and other donors are financing under separate programs.

**Developing Financial Services.** The rural financial services component focuses on establishing and improving sustainable financial institutions to serve the agricultural sector's need for capital. It also strives to complement other private sector development and leverage resources and funds from commercial banks, private investors, and bi-lateral and multi-lateral institutions. By providing investment resources, private sector financial institutions can be strengthened to facilitate the long term growth of the agricultural sector. The strategy for rural finance activities is to provide a continuum of financial services through a broad range of financial institutions to stimulate lending to the agricultural sector. The capitalization interventions are designed specifically to fit that institution: a) Revolving credit facilities will be available to institutions with smaller deposit bases that need a longer term source of funds; b) Equity will be available to newly created institutions to build their capital; and c) Credit guarantees will be available to institutions which are highly liquid but need an incentive to lend within the agricultural sector.

**Rehabilitating Irrigation Systems.** Six years of drought have devastated the agricultural sector. Water is a precious resource that must be sustained if productivity is to be restored. Irrigation systems throughout the country have suffered from damage and neglect. Moreover, Afghanistan has never had a self-paying irrigation system that has mobilized enough resources for operation, maintenance, rehabilitation and management. That inability to secure financial resources for maintenance has contributed to the near collapse of most irrigation systems in the country.

The RAMP program has succeeded during FY 2003 and FY 2004 to restore diversion structures, desilt canals and provide a reliable source of water to entire irrigation system command areas and protect important structures from the destructive effects of floods. An estimated 300,000 hectares of irrigated lands have benefited directly by RAMP interventions. Through FY 2005 and FY 2006 the momentum created by the successful completion of irrigation projects in 2004 will be maintained. Additional irrigation activities will serve in excess of 100,000 hectares of land almost entirely within targeted areas of high value crop production, contributing to commodity production goals of the project..

**Rebuilding Farm-to-Market Roads.** Most secondary and tertiary roads connecting rural villages to district and regional markets are so poorly maintained as to make passage of motorized vehicles almost impossible. As a result, transport occurs at very low speeds and at high risk of damage. These conditions translate either into high transport costs, where roads are passable, or into virtual isolation of rural village markets, where they are not. RAMP will repair approximately 900 kilometers of rural roads. Under the assumption that a typical village connector road is five kilometers, about 2,000 villages in priority regions will be able to bring in seeds, fertilizer, and other inputs, and to sell crop and livestock products off farm.

**Rehabilitating and Constructing Market Centers.** Even if farmers succeed in increasing production, there is often not enough volume to attract traders to villages. Chemonics and its IPs will assist villages in the consolidation of farmers' production by constructing or rehabilitating up to 1,000 farmer association processing and packing centers, community market centers, and on-farm storage sheds. The result will give farmers better access to more traders and competitive product prices, more integrated and value-added market opportunities, less waste from crop spoilage, and lower post-harvest costs.

## SECTION II. Value Chain Elements

The previous section outlines the five product groups on which this project focuses: tree and vineyard fruit, nuts, vegetables and annuals, livestock and poultry, and wheat. To increase the marketable value of the individual commodities within these groups, the contract team is designing and implementing activities along these value chains to develop domestic and international market systems (identify the specific product demands of domestic and international markets), enhance value-added processing efforts, and increase agricultural productivity on farms.

As stipulated in the aforementioned market-driven value chain approach, the programmatic starting point for increasing marketable value is the final market (demander), not the farmer (supplier). The following sections support the “produce what you can sell” principle by first describing the contractor’s accomplishments to date with regards to identifying markets and developing market systems, addressing problems identified and lessons learned through these activities, and discussing the steps and future interventions planned for the remainder of the project. This “accomplishments/problems/next steps” structure is then repeated to illustrate interventions targeted at the other two broad segments of the value chain: processing and production.

In post conflict situations, matters of security will consistently have a significant bearing on the success of a project. Given the environment in which RAMP operates, all implementing partners have had to adjust some programmatic activities to respond to real and/or perceived threats to their security. This is especially the case for infrastructure activities such as roads and irrigation structures where implementing partners are working in remote areas more vulnerable to attacks, and where mines pose hidden threats to people and equipment. Consequently, given the amount of unanticipated security concerns, a number of interventions have not progressed as smoothly as possible or in accordance with projected time-lines. A valuable lesson learned is that many job orders issued have been too optimistic in regards to their projected geographic coverage. The issue of security will impact all value chain activities described below as well as the value chain support functions discussed in Section III. RAMP continues to work closely with PRT’s, ANSO and other security organizations to assess the threats in various regions. The contract team will adjust its operations as security warrants.

### D. Identifying Markets and Developing Marketing Systems

As domestic and international market demand is the driving force behind all project interventions, it is important to discuss the efforts made thus far to identify target markets and develop marketing systems within Afghanistan. Through these activities, the contract team has a clearer understanding of problems associated with this segment of the value chain, and has designed future tasks focused on strengthening ties to these markets, enhancing the flow of market information, and coordinating processing- and production-oriented activities to respond specifically to these demands.

#### D.1. Accomplishments to Date

An overview of project activities during the past year indicates that a large portion of implementing partners’ resources have been directed at infrastructure rehabilitation and increasing productivity at the farm-level. However, as this document illustrates, the remainder of the contract will place a greater emphasis on marketing and processing activities. To lay the groundwork for this approach the team has completed the following tasks:

**Domestic Market Assessments.** Initial participatory assessments, conducted in Kunduz, Parwan, Nangarhar, Ghazni, and Helmand provinces, were market research oriented. This included analyzing the prices, margins, and volumes of agricultural commodities along with the production potential and the processing capacity of existing facilities within the target provinces. This information, along with supplemental analyses of data collected by other NGOs within the sector, contributed to the selection of target domestic markets within these five provinces.

**Preliminary International Market Assessments.** Afghanistan has an impressive, albeit not so recent, history of exporting fresh and dried produce to regional markets. In pursuit of reclaiming a larger market share in these international markets, market assessments have been conducted to identify those products in greatest demand, the prices that buyers are willing to pay for Afghan produce (fruit, nuts, vegetables), and the quantities that could be sold at those prices. To date, studies have been made in Pakistan, UAE, India, Thailand, Singapore, Malaysia, and Hong Kong. These studies have enabled the contractor to compile information as it relates to customs regulations (duties, taxes, fees), food quality requirements, and prices/availability of transport and cold storage facilities. The trips have been particularly beneficial in establishing contacts with prospective wholesale buyers of agricultural products.

**Trade Shows.** Each year, well-established international food (and specialty product) trade shows are held to bring together buyers, processors, and suppliers to promote the trade of new and existing products, examine market trends, and share product development and marketing ideas. In June of 2004, RAMP organized a delegation of Afghan exporters, processors, agro-business specialists and horticulturists to attend the “Dried Fruit and Nut Conference” in Amsterdam. Through such trade shows and active participation in product quality control training, Afghan businessmen involved in agricultural processing and marketing have gained a deeper understanding of buyer needs and consumer preferences, phytosanitary regulations in export marketing, processing and packaging equipment requirements, and product quality certification. To further expose the Afghan processors and exporters to these necessary business practices and to a higher level of understanding in global marketing, arrangements are being made for Afghans to participate in other international, regional, and domestic trade shows and product exhibitions.

**Pilot Export Programs.** In preparation of large-scale export initiatives for upcoming harvest seasons, pilot export programs will be implemented to analyze the expected costs related to sorting, processing, and packaging, cold storage, domestic/international transport, trans-shipment requirements across borders, tariffs, product quality control and assurance, etc. To date, pilot shipments include pomegranates to Singapore and Thailand, grapes to India, and additional fresh and dried fruit and nut shipments planned for regional and international markets. Important information has been regularly collected from local processors and exporters who are exporting, albeit under less than adequate quality controlled conditions, all types of fruits produced in Afghanistan to regional markets (especially Pakistan).

## D.2. Challenges Encountered and Lessons Learned

Through involvement in the above tasks, the contract team has identified a range of problems which must be addressed in order to work towards efficient and productive market channels. These include:

**Lack of Confidence in Afghanistan’s Capacity.** Foreign buyers have expressed skepticism that Afghanistan has recovered sufficiently from the decades of conflict to be considered a reliable supplier. Although Afghanistan has previously exported fresh and dried produce, the years of absence from the markets and risk-averse suppliers, makes it almost impossible to make attractive commitments or execute purchase contracts. Due to security concerns, most importers are reluctant to travel to Afghanistan to investigate production techniques and meet with processors and exporters to negotiate terms of trade.

**No Sanitary / Phyto-Sanitary (SPS) Certification.** The expanding global economy has necessitated the creation of produce import laws, particularly SPS rules and regulations. Since Afghanistan has been unable to keep pace with the changes, there is skepticism about their ability to comply. Without a qualifying phyto-sanitary certification system set to international standards (HPLC, ELISA, HAACP, and various ISO standards), Afghan products have little chance of penetrating some of the more lucrative international markets without being further processed and re-packaged in neighboring countries where such systems exist.

**Disorganization of Actors Throughout the Marketing Channels.** As pilot export programs have demonstrated, in order for the highest yield of a good quality product to reach the market, all domestic players must cooperate to collectively receive the greatest price. Understandably it can be extremely difficult, if not impossible, to convey the macro-economic benefits of greater collaboration to a diverse audience. However, the disjointedness of

individual farmers, traders, processors and exporters prevents the sale of many agricultural products. These actors have to have incentives to work together in their marketing endeavors.

**Inaccessibility of Price Information.** Even if the aggregate marketable value of agricultural outputs increases, there are few measures in place to assure that the financial gains do indeed trickle down to farming communities. Although this is closely tied with the previous issue regarding the disorganization of actors, it is important to note that those who have the least control of their financial margins are the farmers. Unless adequate steps are made to provide accurate price information (both for agro-inputs and produce sale prices), farmers will not be in a strong enough position to negotiate trade contracts which capitalize on overall growth within the sector.

### D.3. Next Steps

The project has made significant headway in identifying market demands for developing domestic marketing systems, and will incorporate what it has learned in future interventions. In addition to conducting domestic and international market assessments and implementing pilot export programs, the team will engage in the following tasks to increase the competitive advantage of the agricultural sector. The equitable distribution of increased income across the value chains is a pragmatic intention which can not be understated. The following proposed tasks will work towards this:

**Collecting Consistent Market Data.** Previously conducted market assessments give indicative prices for a particular moment in time when the study was made. Historical price series for the targeted products, and for the grades of quality targeted, are not collected systematically by the government. However, they are being collected in selected markets by implementing partners. Additionally, price variation over time and space has been shown to vary significantly due to an unorganized transportation system, inefficient integration across markets, and poor communications. Market interruptions disrupt the otherwise regularity in price seasonality, wholesale, and retail margins. By combining the efforts of implementing partners and donor/ministerial survey teams for the collection of market information, RAMP will track market prices of priority crops. Then, if necessary, assist in redirecting the marketing efforts of implementing partners to target more lucrative markets. The market information collected will include but not be limited to, prices and margins of the standard grades for each product selected, volume of marketable surplus and products sold by standard grades, and projected trend in product prices based on expected market supply and demand.

**Strengthening Market Information Systems.** Along with the collection of market data on a regular basis, it is necessary to establish a marketing information system to process, archive and disseminate market information. The MAAH has expressed a strong interest to work with the project to form a repository of market and price information. The team will explore methods to accurately and regularly disseminate this price information to all actors in the value chain in the most transparent manner.

**Regulatory Requirements and Export Associations.** National export programs can only operate efficiently if the regulatory environment is supportive. The project team will be working closely with the MAAH, Ministry of Commerce and national, regional, and provincial chambers of commerce to coordinate efforts to establish and implement widespread use of grades and standards, establish and enforce phyto-sanitary regulations, and promote other product quality regulatory functions. These regulatory efforts will result in the need for new and/or existing commodity export associations to become better organized with greater capacity to meet the demands of the global market.

## E. Improving Value-added Processing

Processing interventions begin on the farm, where proper harvest techniques and subsequent cold storage extends the life of agricultural products. Drying vegetables and fruits, and packaging are basic second-stage processing efforts currently planned or underway. The project is also working to meet

phyto-sanitary requirements in export markets. Looking ahead, project technical assistance will work with progressive entrepreneurs to add value and increase prices of critical crops. As with other RAMP activities, the goal is to increase the marketable value of agricultural commodities through proper cleaning, handling, and value-adding processing.

## E.1. Accomplishments to Date

The project has made modest inroads to promote the longer-term development of traditional processing for adding value. Basic post harvest handling and construction of storage facilities to extend the shelf life of agricultural products is arguably more appropriate in a post-conflict environment. Planned processing development efforts, such as technical assistance in quality certification for export products, post-harvest handling, packaging, and drying techniques, is expected to contribute significantly to the overall project goal of increasing the value of agricultural products sold.

**First-stage Processing: Post Harvest.** The first intervention in *value-added* processing is right after harvest. Fruits are cleaned and sorted, and, when prices for fresh fruits are low, the fruits are dried to prevent spoilage and sold at a later date. Nuts are graded and sorted, and typically dried. Vegetables are cleaned and sorted. To date, the project has provided technical assistance in the drying of grapes, apricots, and vegetables through its implementing partners, including the Central Asia Development Group, Roots of Peace, and Development Works Canada.

**Second-Stage Processing: Reaching Markets Efficiently.** Reaching higher-value markets is a significant challenge in Afghanistan, as transport and storage infrastructure remains unorganized and inadequate. As part of the process to integrate infrastructure rehabilitation and market development, the project has constructed over 100 community or association-owned and operated agricultural produce collection centers and packing and processing centers. Many of the market centers are located alongside the over 165 km of farm-to-market roads the project has rehabilitated.

**Third-Stage Processing: Product Differentiation.** Development Works Canada has established a vegetable drying, dicing, and processing facility in Parwan province. In addition, the project has identified several private firms or entrepreneurs interested in building or rehabilitating processing facilities to absorb excess second-grade fruits, vegetables, and nuts for production of fruit juices, trail mixes, and other products.

**Collaborating with the Ministry of Commerce.** The project team has been working with the Raisin and Other Dried Fruits Export Institute of the Ministry of Commerce. Through meeting with the Export Institute and through IP meetings with Afghan processors and exporters, RAMP has successfully influenced progressive processors to rehabilitate their facilities in order to produce the product quality that fetches a higher price from international buyers. To get the products tested before packaging and shipping, an IP has purchased two sets of VICAM equipment for detecting the level of aflatoxin in nuts and will be purchasing microbiological equipment to test for Salmonella and Listeria. Plans have been made to set up the equipment at the Export Institute. To gain the cooperation and assistance of the Ministry of Commerce, the contract team has met on numerous occasions with the Minister, Deputy Minister, and the Export Development Director of the Ministry of Commerce. The Minister and the Deputy Minister have, at these meetings, clearly stated their interest in assisting the project in its collaborative role with the Export Institute.

**Fourth-Stage Processing: Packaging.** In general, agricultural products in Afghanistan are poorly packed and this is reflected in the condition of the products when they reach the buyer. RAMP has introduced higher quality packaging through various IPs, along with other cost-effective packaging options. These interventions are being evaluated in various markets where IPs are assisting Afghan processors to penetrate. Two implementing partners have explored packaging for safe transport and consumer preference: CADG and Roots of Peace. Studies on demand in Europe and Dubai have provided further insight on problems to overcome and next steps in packaging.

## E.2. Challenges Encountered and Lessons Learned

The following section describes the challenges identified and lessons learned in regard to value-added processing during the first of the contract.

**Surplus Should be Processed.** During the peak of the harvest season, markets for bulk, unprocessed commodities become saturated, as reflected in low prices. Additional processing that includes cleaning, sorting, washing and packaging will result in a higher value product and higher incomes.

**Poor Product Quality.** In order to meet the demand for higher quality necessary to export to European Union and other markets, Afghan processors and exporters attended the Amsterdam Dried Fruit and Nut Conference. Continued technical assistance will be provided for all RAMP targeted commodities to raise the knowledge and capacity of Afghan agribusiness entrepreneurs.

**Inefficiencies in Harvesting.** The tendency in Afghanistan is to keep the fruit on the vine or tree until fully ripe. Fully ripe fruit, particularly if poorly sorted, cleaned and packaged, cannot withstand the hardships of transport, therefore limiting market reach.

**Underutilized and Poorly Maintained Market Centers.** Although the contractor responded to a USAID request to complete more than 100 market centers in the first year of operation, many of the market centers (collection centers and holding bins) are under-utilized and need to be more fully integrated into the marketing systems (agricultural produce marketing and packing centers) established and with the farmer associations/cooperatives cooperating through RAMP's Implementing Partners.

**No Export Financing.** To date, credit financing of export trade is non-existent. Although this is a 'financial services' problem, the project team understands that the lack of financing has directly reduced the export of raisins to Europe, which would have subsequently increased demand for quality produce.

**Low Capacity to Package and Process.** When sold in bulk, the price of raisins is around \$1.00/kg, plus or minus ten cents. When packaged in 500 gram plastic bags, with logo and brand, and appropriate Seal of Quality, these same raisins would sell for several dollars per kilo. When mixed with other fruits and nuts, the price of the raisins jumps to \$10 dollars per kilo. When advertised and promoted for festivals and holidays, the raisin price would be almost \$20 per kilo. Third-stage processing involves cleaning and polishing the product, salting and roasting the nuts, and mixing the dried fruits and nuts in attractive, labeled, convenient-sized bags.

## E.3. Next Steps

A comprehensive CLIN 4 portfolio review will lay the foundation for next steps. This may require adjustments to Job Orders to take full advantage of the market demand for priority crops. To date, the majority of job orders issued under CLIN 0004: Agricultural Technology and Market Development have addressed challenges inherent in on-farm productivity and market linkages at the primary and secondary processing level. Moving forward, activities will be redirected towards increasing linkages with buyers and demanding the product quality and volume achievable by those farmers, processors, and exporters working with the Implementing Partners. The project team will more clearly define activities after a comprehensive portfolio review in the first quarter of FY 2005 (Oct.-Dec. 2004). Going forward the focus will be to provide technical assistance, loans and/or equity to entrepreneurs interested in agricultural processing. Potential activities include the following:

**Grape Harvest Timing.** Technical assistance to identify the appropriate time for harvesting grapes (to "maximize" marketability, that is, quality of product at the time the consumer buys the product) will be provided to farmers through trained MAAH extension agents working in collaboration with project Implementing Partners.

**Raisin Post-harvest Methods.** Technical assistance, improved input materials, and more effective handling and storage techniques are required to avoid contamination and maintain high quality raisins. Building on existing IP training programs, the project will work with Roots of Peace, other implementing partners, and MAAH extension agents to assist farmers and farmer organizations to improve drying, field collection, and storage methods. By using improved post-harvest handling techniques, quality will be enhanced and the export of good quality Afghan raisins will rise by tens of thousands of metric tons. Farmers utilizing better post-harvest handling methods will result in processors getting a better quality product and an overall reduction in the cost of processing.

**Cold Chain.** Cold chains are being developed as close to crop production areas as possible. The Grain Industry Alliance (an IP) has purchased and will install a total of twenty cold storage units plus refrigerated transport. These units will be integrated into the cold chain, market center development, infrastructure, and credit programs activities. As IPs complete pilot sales of high quality, fresh fruits and vegetables, the private sector (including farmer, trader, processor, and exporter organizations) will follow successful examples and purchase additional cold storage facilities to gain a share of the export market demand for these high value products.

**Sorting, Salting, and Roasting:** The project will identify and provide technical assistance to companies with interest and capacity to establish cleaning and sorting lines for dried fruit and nuts, and to introduce washing, salting, and roasting of nuts. The project will collaborate with the Export Institute to purchase and install product quality testing laboratories at the Export Institute and at another site (to be selected). Working with implementing partners, testing of all dried fruit and nut products before packaging and shipping will be coordinated.

**Product Quality Testing.** Laboratory equipment will be installed at the Export Institute and staff will be trained. This will enable proper analysis of Afghan dried fruit and nut products on a fee basis for sustainability. Training and technical assistance for processors and exporters on an ongoing basis to assure a consistent flow of quality tested products from Afghanistan. Brand names and logos developed through the collaboration with the Export Institute will be incorporated into the product packaging once the product testing and quality assurance programs are in place. A second laboratory will be set up at a to-be-determined site, with the options being the MAAH – food safety laboratory, a private sector facility in Kabul, or the Chamber of Commerce in Kandahar. A work plan will be developed with the Ministry of Commerce that will determine the roles and responsibilities of the Ministry and the project in collaboration with the Export Institute. The goal will be to eliminate trade barriers for Afghan products and to promote the new high value products.

**Packaging Improvement.** The project will facilitate the development of packaging operations in Kabul and other major centers by purchasing and installing packaging equipment at the most progressive farmer organized packing centers or processing centers in Kabul or in the Shamali Plains. The prototype packaging equipment will be used to test varying volumes and combinations of dried fruit and nuts. After test sampling and identifying buyers, private sector investors will be expected to invest in the necessary facilities for gaining market share in the lucrative business of mixed dried fruit and nut. Besides the packaging, the project will use its and its' IPs' experience to convince investors to purchase and install improved cartons for exporting the packages of dried fruits and nuts, and fresh fruits.

**Investment in Processing:** When buyers have been identified and market demand assessed, the project will:

- identify companies with interest and capacity to invest in fruit, vegetable, and nut processing plants;
- assist them in locating their plants in the principal producing areas (and/or industrial parks in Kandahar, Kabul or Mazar-e-Sharif); and
- assist them with developing business plans and applying for credit.

Once these agribusinesses are up and running, the project will continue to provide technical assistance and training through IPs in order to help them penetrate these export markets with an increased quality and quantity of Afghan processed products.

**Association building:** The project will promote the improved organization and development of new or existing national, regional, and/or provincial processor and/or exporter associations that conform to the product quality grades and standards, quality certification requirements, export norms and regulations of the Afghan Government and other export marketing requirements. These associations will assist the Implementing Partners to develop quality assurance programs and an effective, recognizable brand and logo on qualifying products.

## F. Increasing On-farm Productivity

Afghan farmers are improving their on-farm productivity in priority regions through on-farm demonstrations and farmer field days providing information on improved crop varieties, improved management and off-season production technologies. Access to quality agricultural inputs and farm machinery is improving through leasing and financing. A reliable source of water is being provided through irrigation rehabilitation projects. Locust and Sunn pest control projects are diminishing crop losses. Livestock numbers are increasing, partly due to improved animal health and vaccinations provided by nationwide development of private veterinary clinics and trained para-vets. Although the project emphasis is shifting to address more processing-related, market development activities, it is important that efforts supporting productivity at the farm-level continue to assure that the quality and volume of products produced is appropriately responsive to market demand.

At the farm level, the focus is on introducing new knowledge is practical methods to increase crop and livestock productivity. Specifically, the project is targeting technologies (i.e. drip irrigation, trellising, improved seed/fertilizer varieties) and agricultural products (i.e. high value horticulture crops) with the potential to significantly enhance farmers' wages over the next two years. At the moment, average agricultural wages in Afghanistan are \$2.00 per day, a substantial increase over the \$1.00 per day that predominated throughout most of the last decade. These wage rates generally reflect labor demand in grain (principally wheat and rice) production areas. As grain productivity increases, the project will advise farmers to plant more land in high-value crops. The increase in production and marketing of high-value crops will increase farmer incomes. As they produce more high-value crops and market these successfully, the demand for labor for high-value crop production will increase and farm labor rates will increase.

The following discussion outlines the accomplishments RAMP has made with regards to increasing crop and livestock yields in the program's target regions, problems identified through these interventions, and progressive steps the contractor intends to take from here.

### F.1. Accomplishments to Date

There are 14 job orders that concentrate all or in part on enhancing agricultural productivity at the farm level. Specific interventions have included:

**Agro-input Dealer Training.** Recent agricultural production has been less than in the 1970s and existing production practices often date from the 1970s. Knowledge of fertilizers, crop protection chemicals, and improved varieties of seeds by farmers and agro-input dealers is poor. The project is delivering training programs focused on agro-input dealers, those who supply the farmers in rural communities. To date, 16 agro-dealer training workshops have been held in 17 provinces. A total of 620 dealers have participated in the training. The knowledge that the dealers gain in regard to best varieties and usage of seeds, fertilizer and pest control is then transferred to farmers who rely upon their advice. The appropriate use of improved agro-inputs translates to increased productivity on the farm.

**Seed Enterprises Providing Access to Improved Seed.** The Future Harvest Consortium has demonstrated that it is effective to work directly with entrepreneurial farmers to produce quality seed. The project is developing Village Based Seed Enterprises (VBSE) that purchase seed of improved wheat, maize, potato, rice, food legume, oilseed and cotton varieties (at slightly above the market price), and receive technical assistance in seed multiplication and small business management. The seed is mechanically processed, packaged, tested for quality status, stored and sold directly or through dealers (village traders and merchants) and NGOs to other farmers in the community. Throughout the life of this activity, quality seed produced and distributed is expected to benefit at least 40,000 farm families annually, resulting in a projected 10% yield increase for target crops (mainly wheat, potato, and food

legumes). The added value from the VBSE is not only yield, but also crop diversification. To date, 4 VBSE's have been established; each managed by a group of ten progressive farmers, producing, for example, a total of 400 MT of seed wheat per year.

**Pest and Disease Control.** Locust outbreaks, in particular the Moroccan Locust (*Dociostaurus maroccanus*), and, to a lesser extent, the Italian Locust (*Calliptamus italicus*), pose an ongoing threat to agriculture in northern Afghanistan. Two job orders were issued that focus entirely on the issue of pest control. These activities reduced crop loss and controlled locust damage on over 110,000 hectares of cultivated land in several Northern provinces (Takhar, Kundu, Baghlan, Samangan, Balkh). The project is collaborating with the Plant Protection and Quarantine Department (PPQD) of the MAAH to revitalize its laboratory facilities in allow the PPQD to serve its key functions of plant pest and disease identification and control. Additionally, project agronomists have provided training to farm association members in the use of agro-chemicals for pest control. Better knowledge of how to use agro-chemicals helps beneficiaries increase their agricultural yields and temper the risks associated with agricultural production, all while ensuring that the intensification of agricultural production does not result in environmental degradation.

**Agricultural Extension Training.** Over the first year, two IPs have designed and delivered training workshops targeted at local agriculturists (both working on university faculties and with NGOs) and extension agents (both employed by the MAAH and with NGOs). These workshops are largely classified as "training of trainers," as the facilitators transfer knowledge to agriculturists who in turn deliver related training to farmers in the field, colleagues, or students of agriculture within their respective universities. To date, 22 workshops have been held for 230 participants focusing on topics ranging from Extension Methodology and Technology Transfer, Preservation of Fruits and Vegetables, Integrated Pest Management, Post Harvest Management and Marketing Skills to Vineyard Management.

**On-Fam Demonstrations and Farmer Field Days.** Although workshops are effective settings for delivering complex messages to extension workers and trainers, the best classroom for farmers is the field. In agricultural based economies comprised of small family farms, individuals look toward their neighbors and proven successes to learn new techniques for improving the quality and increasing the yield of their crops. Four IPs have organized over 495 demonstration plots in Nangarhar, Helmand, Kandahar, Parwan, Ghazni and Kunduz, drawing over 3,000 farmers to field days. Radio programs highlighting the field days and providing best practices information have reached over 100,000. The crop demonstrations have given farmers the chance to compare their own agronomic practices with the practices demonstrated. The adoption of these best practices by farmers is leading to increased productivity, increased incomes, and more emphasis by farmers on high-value crops.

**Protected Agriculture and Greenhouse Technologies.** The project is promoting the adoption of affordable and sustainable protected agricultural systems to produce high value crops. This includes using marginal or otherwise non-productive lands and water more efficiently, establishing a central demonstration and training site within Kabul and installing simple greenhouse structures at selected pilot sites with participating farmers. Six pilot greenhouses have been installed and 44 farmers, MAAH extension agents, and extension staff have received training in integrated production, protection management and the installation of affordable protected agriculture structures. The number of farmers expected to adopt the greenhouse technology is likely to increase as the farmers learn more about greenhouse operations and receive added extension services and technical backstopping from the Protected Agriculture Center at the MAAH's Badam Bagh Research & Livestock Station in Kabul.

**Livestock Health.** Livestock (predominately cattle, sheep, goats, and chickens) provide significant benefits to rural populations by producing food (meat and by-products), providing food security, enhancing crop production, generating cash incomes for rural and urban populations, providing fuel and transport, and producing value added goods which can have multiplier effects and create a demand for services. In response to a strong demand by Afghan farmers for animal health services, Veterinary Field Units (VFUs) are being established throughout the country. A typical VFU provides vaccination, medication, and treatment services by either a veterinarian or para-veterinarian (vocationally trained veterinarian assistant). When morbidity rates drop and health improves, farmers receive

more utility from their livestock. This translates into increased productivity in the field. Veterinary services also decrease overall mortality rates of the national livestock herd/flock, which equates to a greater yield of meat and animal by-products. Through this Dutch Committee for Afghanistan activity that includes training para-veterinarians, 123 VFUs are now operational, providing veterinary services to over 3,600,000 cattle, sheep, and goats.

**Woman-Focused Poultry Business Development.** Afghanistan imports approximately 50,000 MT of frozen chicken meat and 200 million eggs per year, valued (in wholesale prices) at over \$83 million. The project is responding to this strong domestic demand by strengthening the poultry sector (increasing the size and quality of the national flock) through the establishment of small women-owned poultry enterprises and poultry producer groups, and providing accompanying nutrition and rearing technical assistance, as well as business development services. To date, 25 poultry producer groups have been formed and 4,060 women (out of a LOP target of 25,000 women) have received training in poultry management. 20,249 chickens have been distributed to 2,190 of those women as initial capital for their fledgling enterprises.

## F.2. Challenges Encountered and Lessons Learned

The contract team has closely monitored job orders' effectiveness in increasing on-farm productivity. It has become clear that a number of issues require attention in order to assure productivity and output does continue to increase on Afghan farms, and proper linkages are made among the farmers, value-added processing facilities, and marketing channels.

**Coordination among Implementing Partners.** Although the project subcontractors are working toward increasing productivity, it has become apparent that the prime contractor has to provide more coordination. Although a decentralized approach to on-farm technical assistance may in some cases prove effective on a local level, the Implementing Partners run the risk of delivering mixed, or even conflicting, messages to rural beneficiaries when projects expand or the target regions of different JOs overlap. Implementing Partners are coordinating their work where possible. However, more collaborative work is needed to enhance the market impact of these IP's by integrating more activities to the marketing systems established in the project area

**Availability of Agro-Inputs.** Great strides have been made to educate wholesale and retail agricultural input dealers about the benefits to farmers of using improved seeds, quality inorganic fertilizers, and quality agricultural chemicals, and in demonstrating to farmers the effective use and application of those inputs. However, the contractor has noticed that in many communities these improved agricultural inputs are simply not available. Although dealers are knowledgeable about their benefits, they are understandably reluctant to order the improved inputs in larger quantities until a noticeable demand is voiced by their farmers. The problem of availability is compounded by the fact that many dealers and farmers do not have access to credit which would allow them to purchase the inputs.

## F.3. Next Steps

In consideration of the accomplishments to date in increasing on-farm productivity as well as the lessons learned through various problems encountered, the project will continue its existing activities with an emphasis on the following:

**Regular Implementing Partner/MAAH Coordination Meetings.** In order to enhance coordination among production-oriented interventions, the contract team will facilitate regular meetings where implementing partners can interface with one another to gain a firm understanding of all activities in the projects agricultural portfolio. On a monthly basis, the project will invite Implementing Partners to discuss progress, concerns, and issues, and to strengthen linkages to assure combined interventions are as effective as possible and are delivered in a consistent and efficient manner. The project team aims to include the MAAH in these meetings in order to draw from the Ministry's institutional experience and knowledge. Through these steps, the contract team and partners will build on the accomplishments and the progressively more integrated structure of the project to assist Afghan farmers in competitively producing agricultural products that are of high value.

**Strengthening Farmer Associations.** The project and Implementing Partners will work at strengthening farmer associations (including cooperatives) involved in seed production, high-value crop production and marketing, greenhouse production and off-season sales, and other income-generating activities. The farmer associations and cooperatives that have agreed to utilize the market centers constructed by the projects Implementing Partners will be provided technical assistance and training in producing and assembling the quality of agricultural products in demand. The management of these Associations and Cooperatives will be given marketing and business management training to build their capacity so that the associations and cooperatives will be able to add value to their agricultural products.

**Ensuring Availability of Agricultural Inputs.** Informing dealers about the benefits of the appropriate usage of agricultural inputs is only effective if those inputs are of good quality, easily available, and affordable at both the wholesale and retail levels. To address the wholesale supply, Implementing Partners will conduct regional trade meetings to strengthen business links between Afghan dealers of fertilizers, seed, and agricultural chemicals and regional input suppliers in Uzbekistan, Pakistan, etc. Emphasis will be on more efficient, input product sourcing and on establishing and/or improving the working relationship between Afghan importers and outside suppliers. Such efforts should lead to more timely input availability and lower input costs for farmers and the opportunity for Afghan dealers, armed with better product and market information, to share valuable information on agricultural inputs with farmers. A directory of regional and international input suppliers, both traders and manufacturers, will be maintained by an Implementing Partner and made available to the Afghan dealers. In addition, agricultural input prices in international, national, regional and local markets will be disseminated in conjunction with the MAAH. The project will also facilitate the provision of credit to input dealers in order to promote on-lending (at competitive rates) to farmers and increased and timely input procurement by dealers.

## SECTION III. Value Chain Support Functions

In addition to working with operators – individual producers, processors, and marketing companies who handle a crop or livestock product as it moves along the value chain – RAMP provides significant resources to improve support functions. The classic definition of a supporter or support function in a value chain is one that provides services to operators. The project focus is on two principal support functions: rural financial services, and infrastructure.

The next three sections of this Work Plan focus on finance, irrigation, and roads, respectively.

### G. Facilitating Access to Finance

The rural financial services component concentrates on increasing farmer and agribusiness access to agricultural credit and financing by establishing and improving sustainable financial structures. It also strives to complement other private sector development initiatives and leverage resources and funds from commercial banks, private investors, and bi-lateral and multi-lateral institutions. Through these interventions, private sector financial institutions can be strengthened to facilitate the long term growth of the agricultural sector.

The goal is to create a continuum of financial services through a broad range of financial institutions to stimulate lending to the agricultural sector. The following interventions to capitalize the firms are suited to the institution: a) Revolving credit facilities will be available to institutions with smaller deposit bases, which need a longer term source of funds; b) Equity will be available to newly created institutions to build their capital; and c) Credit guarantees will be available to institutions which are highly liquid but need an incentive to lend within the agricultural sector. The following sections describe the accomplishments of the rural finance component to date: challenges, lessons learned and planned future activities.

#### G.1. Accomplishments to Date

Significant strides have been made in providing direct loan capital to microfinance institutions (MFIs), and laying a strong foundation for small and medium enterprise (SME) lending, an agribusiness leasing mechanism, and an equity fund. These accomplishments, and supplemental proposed activities, significantly contribute to both the production and processing segments of individual value chains.

**Micro-lending.** In a post-conflict environment which does not have an embedded credit culture, the micro level of lending is very appropriate for the agricultural sector. Micro lending, with loans that range from \$50 - \$3,000, can have a tremendous impact throughout the sector both in the urban and rural areas. Through an Implementing Partner the project has earmarked \$5 million in funding for direct loan capital to 12 MFIs: ACTED, Aga Khan, AREA, BRAC, CARE, CHF, DACAAR, FINCA, Madera, Mercy Corps, WOCCU, and Women for Women. These MFIs are providing financial services to meet the needs of a wide range of micro entrepreneurs in the agriculture sector – producers, collectors, small processors, and traders. The micro loans are used for procuring livestock, farm tools, and other agricultural inputs such as seeds and fertilizer. These microfinance institutions are represented in 14 provinces and 77 districts throughout the country. To date, through this mechanism, 8,400 loans have been disbursed for micro enterprise activities.

**Small and Medium Enterprise Lending.** The project has developed a partnership with Afghanistan International Bank (AIB), a commercial bank in Kabul, to respond to the lack of SME financing for agribusinesses in the formal financial sector. AIB has demonstrated both the interest and ability to work with small and medium sized agribusinesses to address the shortage of working capital firms need to purchase productive equipment. AIB is managing a revolving credit facility to provide loans in the range of \$50,000 - \$500,000. The project provides a guarantee for the loans, and borrowers receive agricultural technical assistance from Implementing Partners. As the partnership with AIB is in its beginning stage, only one loan has been approved to date, a \$50,000 loan for veterinary medicine to a local agro-input dealer, referred to the project by implementing partner, IFDC.

**Equipment and Machinery Leasing.** The project has seeded the creation of a new non-bank financial institution, the Afghanistan Finance Company (AFC), to deliver leases and loans to the agricultural sector. This facility is the pioneer for providing a leasing product in Afghanistan. Leasing mechanisms not only encourage value-added processing, but also allow business owners to obtain other types of equipment without having to front the full cost of the equipment. The design of AFC mitigates some of the inherent risks in operating in the Afghan market where there is a limited legal and financial infrastructure—including collateral laws and pledge registry. Through a lease, AFC maintains the title of the equipment purchased, which eliminates the need for collateral. The AFC is expected to be operational in November 2004. The strategy for AFC is to become a sustainable entity remaining in Afghanistan beyond the life of the project.

**Equity Fund.** The project has selected the Afghanistan Renewal Fund (The Fund), as a partner to provide capital to agribusinesses through equity participation. Through capitalization of up to \$20 million, the Fund will invest in the priority economic sectors of: agribusinesses, financial institutions, light industries, and distributors. Agribusinesses are expected to be a significant portion of the Fund's investment with an initial target of at least 20% of all the invested capital in the Fund. The Fund will make investments in agribusinesses while simultaneously providing advisory services to the enterprise through its core team and external business advisors. The Fund is in the early stages of set-up and will begin to invest in enterprises by January 2005.

## G.2. Challenges Encountered and Lessons Learned

Over the past year, the rural financial services team has identified a range of issues that relate to the effective and sustainable delivery of financial services in an agricultural context. The following section outlines challenges encountered and lessons learned. These lessons provide the foundation for future initiatives.

**Identifying Bankable Projects.** One of the problems in establishing financing facilities for the agricultural sector is that the number of bankable projects and demand for services is unclear. This is the result of the disintegration of many agricultural processors and equipment dealers during the last twenty years. From most observations and technical reports, there seems to be a strong demand for SME financing in the agricultural sector. The challenge will be to market the financial services available through the projects financial partners and cull through the applications for financing to identify creditworthy clients.

**Hesitant Lending to the Agricultural Sector:** The commercial banks need convincing to target the agricultural sector. They perceive many risks involved in lending to this sector including market risks, operational risks, reputation risks, and credit risks. As banks are private sector entities focused on their own profit and long term viability, they will need to determine their lending methodologies such as target markets, loan sizes, and terms. Currently, there are nine commercial banks operating in Afghanistan and they tend to focus on money transfers, secured trade financing, and construction financing while they build a portfolio and determine the country risk from a lending perspective. As the financial industry is just beginning to re-emerge in Afghanistan, it is essential to establish diversified delivery vehicles to provide a competitive environment for financial services to all the sectors. Banks have not been very willing to provide financial services to the agricultural sector without some assistance in the form of credit lines, operational expenses, guarantees, and/or technical assistance.

**Building Financial Service Integration.** To create linkages between implementing partner agricultural projects and the rural finance programs, the project team has introduced beneficiaries of the agricultural to financial institutional partners. The premise has been that because agricultural-related lending tends to be somewhat risky and requires strong skills in agriculture, linking the MFIs and banks with agricultural activities already in place will provide more loan security (selecting clients among recipients of training programs who have gained some expertise in agriculture) and the less costly (training and technical support already provided). To date, there is little direct integration of financial services with specific project interventions along the value chains.

**Low Capacity of Local Financial Institutions.** There has not been significant support to the indigenous commercial banks because they are currently state-owned. These two banks, Millie Bank and Pashtuny Tejaraty are on the path to privatization and would benefit from any technical assistance that the project can offer. Utilizing several banks with an appropriate variety of interventions will provide more partners for agribusiness clients to access financial services. With more options for financing, a competitive environment will be fostered. Based on the current project funding, there are only enough resources to allow for interventions with one bank. It would be advantageous for the project to make available various financial interventions rather than supporting only one bank in such a nascent credit environment. In addition, support to the indigenous banks would be politically prudent.

**Legal Constraints.** Lack of legal and financing infrastructure is a major impediment to undertaking substantial domestic lending in Afghanistan. There is a lack of well articulated laws governing property rights and contracts, and only possessory pledges of movables are known and enforceable. There is no collateral law, and no operating property registry, and this greatly complicates the ability of lenders to make and enforce loan contracts through traditional guarantees. This set of circumstances not only makes lending more risky but also requires techniques different from those used traditionally by commercial bankers. The aforementioned financial institutions will have to forego reliance on collateral as security and focus on the verification of the character and repayment capacity of the borrower, using micro and SME loan analysis techniques developed in other transitional and developing economies.

### G.3. Next Steps

The constraints that the finance team has identified regarding the facilitation of appropriate financial services to the agriculture sector are complex but not insurmountable. In addition to building upon the efforts made thus far in delivering micro-loans, SME loans, leasing mechanisms, and an equity fund, the team proposes to engage in the following activities to address persistent restraints.

**Providing Business Development Services (BDS).** As the financial institutions are ready to lend and lease to agribusinesses, project clients and the general agricultural community will require business development services to meet the new requirements for obtaining the necessary credit or other financial services to build their businesses and, also, to mitigate the risk of business failure. To demonstrate their bank-ability agribusinesses are expected to submit clear and verified proposals to financial institutions to obtain working capital and fixed asset lease. To meet these business advisory needs, the project has partnered with the Partnerships for Private Sector Development (PPSD), a UNDP project, which is piloting a business development services program aimed at agro-entrepreneurs.

**Reducing Risk with a Guarantee Fund.** The commercial banks recognize the importance of agriculture in the Afghan economy, but generally do not have experience in lending to agribusinesses. Before engaging in lending to this sector, several banks with high liquidity, have requested a guarantee scheme to reduce some of the risk of lending within the sector. The project is reviewing the possibility of teaming with DEG, a private, German limited liability company, to design and establish a pilot guarantee fund for selected banks. The ultimate goal of this guarantee scheme is to build a permanent guarantee fund. Through a guarantee fund, agribusinesses could create relationships with a breadth of financial institutions.

**Facilitating Bank Training.** There is a need to strengthen the capability of the local and international financial institutions to lend to agribusinesses. For example, the newly re-licensed local banks have a history of operating in Afghanistan but lack the skills to underwrite agriculture loans. They will benefit greatly from technical assistance in evaluating agricultural deals, credit risk management (including the preparation and evaluation of business plans), cash flow analysis, appropriate documentation and maintenance of credit files, and credit administration including credit rating systems and loan monitoring. It is clear that incentives in the form of capital, guarantees, and technical assistance are needed to stimulate agribusiness bank lending. By offering bank training to all the financial institutions, the project will build linkages with the banks to present agribusiness deals to them for consideration.

**Providing Support to State Owned Banks:** The two re-licensed state-owned banks, Bank Millie and Pashtuny Tejaraty, are undergoing restructuring and are expected to be privatized. The banks have branch networks that could provide outreach to agribusinesses in the provinces. At this point, there is not clear guidance for the project to work with state-owned banks. If clearance is given and funds are available, the project plans to give assistance to these banks in the form of training and/or guarantee mechanisms.

**Promoting Financial Services to Implementing Partners.** As discussed, the project is in the process of facilitating the development of a wide financial services portfolio- targeting small, medium and large agro-entrepreneurs. However, significant efforts need to be made in communicating the availability of these services to potential partners working within the processing of agricultural projects. To facilitate outreach, the financial team will work with lending institutions to develop promotional materials describing resources and services available. These materials will also facilitate the integration of financial services with other project activities.

## H. Improving Farm to Market Roads

Rehabilitating farm to market roads is an important part of project integration in support of the value chain. By strategically improving farm to market roads in areas that have already benefited from irrigation rehabilitation, farmers have the means to move their improved production to markets. Farmers gain from higher yields and improved prices for their goods. Improved roads also reduce transportation costs and the rates of spoilage and damage to produce en route. Smaller communities become more accessible and the availability and prices for agro-inputs such as seed and fertilizers are improved.

The social benefits of improved roads are well-recognized by villagers. They benefit from easier access to family, hospitals and schools, as well as markets. They appreciate the wages that flow into their communities as a result of the road rehabilitation and recognize the role of the U.S. and the central government in rebuilding the roads. As a result, security issues on roads built under RAMP have been minimal.

Due to the varying capacities of implementing partners, the project has provided training to Afghan engineers in labor-based construction of high-quality gravel roads. Labor-based road construction balances investment in large equipment with providing as many Afghan workers with paid employment as possible. The engineers gained the practical experience necessary to become valuable resources for the future of Afghanistan's reconstruction. By providing training to Implementing Partners, all project roads are built to the same high engineering norms and standards. They are crowned, compacted and designed with appropriate culverts for drainage. Roads of this quality generally last about 3 years without additional maintenance.

All implementing partners work through local leadership to obtain the rights of way for widening the roads and to support sustainable maintenance. The project also has collaborated with UNOPS for providing the labor-based road construction training. Planning for road projects includes the appropriate ministries, other USAID contractors, other NGOs and international donors.

### H.1. Accomplishments to Date

The infrastructure team is planning to rehabilitate approximately 900 kilometers of compacted-gravel, farm to market roads over the life of the contract. During the first year, it has worked closely with 10 Implementing Partners to rehabilitate more than 160 kilometers of road, linking high intensity agricultural regions with central markets and major road systems. This investment in training and project management has paid off, and a strong team of implementing partners will carry out more than 600 kilometers of planned road projects in FY 2005 and approximately 140 kilometers of planned road projects for FY 2006.

## H.2. Challenges Encountered and Lessons Learned

RAMP's infrastructure program has identified a number of issues related to rehabilitating farm to market roads in Afghanistan. The following section outlines challenges encountered and the remedial actions taken.

**The Extent of Damage and Need for Strategy.** When the infrastructure team began planning road rehabilitation activities in the fall of 2003, it was difficult to select priority road systems for rehabilitation activities since almost all road systems in the country were in need of repair. A road rehabilitation strategy was required that would lay out the criteria for evaluating and selecting priority road projects with the greatest impact on surrounding farm communities and on agricultural output in Afghanistan as a whole.

**Varying Capacities of Implementing Partners.** The infrastructure program works primarily with local NGO's to rehabilitate farm to market roads for several reasons: 1) local NGO's have established ties to local communities; 2) local NGO's use local labor to carry out most work and inject wages into the local economy; and 3) local NGO's are cost effective. The project has provided training for Afghan engineers working for Implementing Partners on labor-based gravel road construction that adheres to high engineering standards and norms. Careful project management is heading off problems and assisting the Implementing Partners to achieve project goals.

**Sustainability.** While the roads constructed under RAMP are of high quality and expected to last for several years without additional maintenance, the ministries of Afghanistan still do not have a systematic road maintenance system. Implementing partners are doing their best to work with local communities and engage them in the ongoing maintenance of their roads. RAMP engineers also meet with the MRRD and the Ministry of Public Works to inform them of projects funded with RAMP resources.

**Coordination between Donors.** While everyone agrees with the need for coordination, no one wants to be coordinated. The donor community needs to open lines of communication and share information with other agencies about projects to avoid duplication of efforts.

## H.3. Next Steps

The infrastructure team is taking the following steps to address the problems identified and to build upon the lessons learned to date:

**Building on the Strategy.** The road rehabilitation strategy for FY 2005-2006 will continue to evaluate and select road systems that: 1) connect village and city market centers and provide connections to arterial roads and airports; 2) connect the projects irrigation activities and priority agricultural areas with high value crop production to these village and city market center; and 3) connect rural, isolated agricultural regions with high value crop production to village and city market centers.

**Coordination with PRTs.** In the evaluation and assessment process, project engineers identify roads and road-related projects in PRT regions that are worthwhile, but not an exact fit for the overall RAMP strategy. In the event that the PRTs may want to adopt the project, this information is shared with them.

**Working to Address Sustainability.** Project engineers will increase coordination with Implementing Partners, MRRD and the MPW, and with community leaders when planning and designing road activities to discuss the responsibilities of the communities in repairing and maintaining the roads once the activity is completed.

## I. Improving Irrigation Systems

As drought conditions prevail into the sixth year, rehabilitating irrigation structures and improving the productivity of the arable land in Afghanistan is essential. Irrigation projects that have already been completed are providing farmers with improved irrigation and improved yields, in some cases, for the first time in 25 years. As irrigation projects provide a reliable source of water, farmers are moving their increased production to market on improved roads.

The projects' engineering team has an aggressive program in place to rehabilitate 750 km of canals and repair more than 300 irrigation structures to improve irrigation on approximately 370,000 hectares of farm land by the end of the project in 2006. In addition to a robust construction program, the project will seek to set up a framework that will see the formation of water user association that will be self-financing for the operation, management, maintenance and rehabilitation of entire command areas.

### I.1. Accomplishments to Date

Since July 2003 the project has desilted over 320 km of canals, built water diversion structures, and protected irrigated land from flooding. To date it has repaired 229 irrigation structures and thereby improved the irrigation on approximately 306,100 hectares of farm land. Over 4,400 Afghan farmers have been employed to desilt canals during the winter season when income is scarce, injecting more than US\$1 million into local economies. Three irrigation projects in Kunduz and Baghlan were initiated and completed by March 2004, in time for the spring growing season.

**The Char Dara Irrigation Project** in Kunduz employed 2,700 Afghan farmers to remove silt from 60 kilometers of irrigation canals. This system dates back to 1891, but lack of proper maintenance resulted in canal and irrigation structures that were no longer capable of delivering the volumes of water for which the system was designed. Of the 36,000 hectares of land served by the system, 10,800 (30%) were totally unproductive because they received no water and 60% were only partially productive because water was only available sporadically, and only 10% received the quantity of water needed.

**The Bala Doori Project** running through Pul-e-Khumri in Baghlan employed 1,000 Afghan workers to rehabilitate 30 kilometers of canal. This system was built in the 1930s and served the community well, irrigating 3,000 hectares in the past, but is presently serving just 2,000 hectares.

**The Darqad Irrigation System** in Baghlan suffered from illegal intakes and water theft upstream. As a result, it has been unable to provide an adequate water supply to the region for 25 years. Seven hundred Afghan farmers worked through the winter to clean 21 kilometers of canal, commencing at the intake on the Kunduz River.

### I.2. Challenges Encountered and Lessons Learned

The section below describes challenges identified and lessons learned to date:

**Coordination between Donors, Ministries and TISA:** Lack of coordination between donors, NGOs and ministries has created difficulties in selecting and implementing irrigation rehabilitation activities. There is very little communication between ministries in Kabul and the provincial and district irrigation authorities. Some of the donor strategies are in conflict with those of the MIWRE. Project irrigation engineers are meeting with the MIWRE and MRRD in an attempt to address the situation.

**Varying Capacities of Implementing Partners:** The projects infrastructure program works with local NGO's to ensure high engineering standards and norms are maintained with all irrigation projects. However, oversight requires a high degree of vigilance and frequent site visits, which can be difficult. In some cases, projects have had to be halted and reassessed.

**Records and Data:** Most nations have established authorities and organizations that collect and maintain hydrological, geological, and other technical records and data that engineering firms use when planning, designing and implementing irrigation infrastructure activities. During the conflict, records were not maintained and some were lost. Project engineers struggle to locate hydrological and geological data. An accurate national overview of irrigation structures and their command areas is not available.

### I.3. Next Steps

Based on the challenges identified and lessons learned while planning, designing and implementing its initial irrigation infrastructure activities the infrastructure team is taking the following steps to build upon its experience.

**Improving Coordination:** The infrastructure team will continue to work closely with appropriate ministries, PRTs and local communities to facilitate greater coordination and a more collaborative environment. Coordination meetings have been held to plan improvements in communication between the Kabul and the provincial and district irrigation authorities.

**Building the Capacity of Local Implementing Partners.** The infrastructure team continues to work closely with local Implementing Partners to build their capacity and to ensure that irrigation activities are being implemented according to detailed engineering designs and high standards. Project managers will continue to visit sites regularly to provide technical guidance and direction, share best practices and provide training.

**Developing New Records and Data:** The project is drawing upon the resources of local and international irrigation engineers who have worked extensively in Afghanistan and the region to develop new records and data sets. It also will continue to work closely with local communities that have maintained their own hydrological and geological data either in writing or through word of mouth. By collecting a wide array of data, a more accurate picture is emerging.

## SECTION IV. Project Management

The management task for an undertaking as geographically wide-ranging and multi-faceted as RAMP is considerable. This section of the Work Plan discusses how the contract team will address these management challenges. To accomplish its objectives, the contract team understands that collaboration with other USAID-funded activities, key ministries of the TISA, and projects funded by other donors is essential to maximize impact. The contract team is operating and will continue to operate in a manner that is sensitive to important gender concerns and will assure that the activities funded are environmentally sustainable. The team has put into place a monitoring and evaluation (M&E) system that will continue to report on outputs and results that are verifiable. This Work Plan also includes measures to reinforce an already successful and dynamic communications effort so the word of RAMP's accomplishments reaches its stakeholders. Finally, this section of the Work Plan concludes with a proposal for a revised management structure, one that will promote integration of activities and collaboration, and an assessment of the human and financial resources required to execute the initiatives presented above.

### J. Collaborating with Stakeholders: USAID, TISA, and Donors

In addition to utilizing resources and managing IPs in an integrated manner, the contract team collaborates with a number of outside stakeholders to achieve significant and sustainable results. These parties are "outside" the manageable interest of the contract and the project's management team has no contractual authority over them.

First and foremost, management has to keep the RAMP CTO apprised of its initiatives, efforts and accomplishments. There are formal contractual obligations to do this through periodic reporting. But frequent meetings are equally, if not more important. In addition, the project has an obligation to keep other USAID-funded activities in Afghanistan current.

The Government of Afghanistan is a very important stakeholder. The project's main offices reside on the campus of MAAH and its IPs work with ministry personnel at the national, provincial and district levels. Collaboration with MAAH is imperative. In addition, the project team is working with the Ministry of Irrigation, Water Resources and Environment (MIWRE), the Ministry of Reconstruction and Rural Development (MRRD), and the Ministry of Commerce (MOC) and will continue to build upon these relationships and collaborations.

Collaboration with activities funded by other donors is also an important part of the team's value chain development approach. There are numerous international donors with a significant presence in Afghanistan. Knowing where they are funneling their resources will allow project initiatives to build on these efforts and achieve maximum results.

#### J.1. Accomplishments to Date

RAMP activities to date have been limited to advising the ministry on agricultural policy, extension services, and creation of working groups on specific issues.

**Improving the Working Relationship with USAID/Afghanistan.** The learning curve for both the prime contractor and USAID/Afghanistan during the start-up phase of RAMP and this contract have has bumpy at times. Working in a country that is recovering from decades of war, economic and political mismanagement, and is now center stage in the world's spotlight has not been easy. This environment has taken its toll on both USAID and contractor personnel. However, this situation is improving.

**Sharing Information with other USAID Contractors.** The project team has helped to establish working committees with other USAID projects and other donors to deal with such issues as animal health (EU, USAID and USDA), agribusiness privatization (in collaboration with Asian Development Bank, Ministry of Finance, Ministry of Light Industry and Bearing Point), agribusiness presence in the industrial parks (Ministry of Light Industry, Ministry of Commerce and Bearing Point), and international trade barriers as they affect agricultural products (Ministry of Commerce and Bearing Point).

**Cooperating with Government Ministries.** The contract team has established positive working relationships with a number of key ministries of the Government of Afghanistan (GOA). Within the Ministry of Agriculture and Animal Husbandry (MAAH), the project issued a JO that brought Dr. John Mellor, a world-renowned agricultural economist, former USAID chief economist and director of the International Food Policy Research Institute (IFPRI), to Afghanistan to analyze the country's economy and to recommend priority product groups and areas requiring immediate attention. As a result of this study, the Ministry has adopted a clear set of product groups upon which it will focus attention in the coming years. These are namely vineyards, tree fruit and nuts; livestock; annual fruit and vegetables; cotton and textiles; and wheat (staple food crops). In addition, the contract team has established an on-going dialogue with the Minister's Advisory Council.

In addition, the project's infrastructure team has a close working relationship with the Ministry of Irrigation, Water Resources, and Environment (MIWRE). The ministry has graciously provided office space for the team's irrigation specialists to use so that they can work closely with the ministry's experts. The contract team's senior irrigation attends the ministry's bi-weekly senior staff meetings regularly.

The contract team's agricultural unit is in close contact with the Ministry of Commerce (MOC). Several members of the contractor's agricultural unit attend a regularly scheduled meeting with the Minister of Commerce and large wholesalers, traders and exporters of food products.

## J.2. Challenges Encountered and Lessons Learned

Two major lessons emerge in regard to the team's relations with outside stakeholders. Across the board these parties are eager to receive information about the initiatives the project has launched and is planning to implement. Secondly, it is imperative that the contractor's senior management be proactive in its efforts to inform and learn from them.

**Working with USAID and other USAID Contractors and Grantees.** At times during the start-up phase of the project, relations between the contract team and USAID/Afghanistan have been contentious. It almost goes without saying that an effective way to avoid these types of problems is for the COP to meet frequently and regularly with the RAMP CTO, and other members of the USAID Mission, as directed by the CTO. A corollary to this lesson is that the prime contractor has to make sure that the IPs communicates to USAID on their RAMP-funded efforts through the proper channels.

**Working with GOA Ministries.** As is to be expected in a post-conflict environment, the line ministries with which the project works most closely are short of both human capital and financial resources. For several decades many of the well trained and educated professionals have emigrated. MAAH has limited capacity to properly carry out policy analysis and plan effectively. While some of these specialists are returning to Afghanistan to help rebuild the country, the MAAH's present capacity to properly carry out policy analysis and planning activities is limited. The same be said about the project's other ministerial partners.

Within MAAH's sphere of influence, extension is a special problem. According to the ministry's Information Management and Policy Unit, in the 1970s the country had 2,000 extension agents, many with advanced agricultural degrees, working all across Afghanistan. Today, these numbers are significantly lower, as many of the more qualified extension personnel, in regards to technical and linguistic capabilities have left the MAAH during the recent reconstruction period to find jobs with international agricultural organizations. The dearth in qualified personnel, reliance on heavily outdated resources and lack of significant donor funding to the department, has rendered the extension fairly ineffective.

**Coordination Between Donors is Limited.** Although Afghanistan benefits from the presence of many bilateral and multilateral donors, the efforts to coordinate how they deploy their resources is lacking. Theoretically, this is the responsibility of the GOA. But, as noted above, the GOA's resources to guide and direct the donor organizations are limited. This reinforces the notion that it is important for project management to be in regular contact with this group of stakeholders in Afghanistan's development, keep them informed of project initiatives, and stay abreast of what they are doing. With this information the project can design new initiatives that complement the work of others. This will create a win-win-win situation for RAMP, other donors, and most importantly the people and Government of Afghanistan.

### J.3. Next Steps

Over the remaining life of this project, the contractor will build upon the foundation it has established with key, outside stakeholders and carry out the following actions in response to the lessons learned to date:

**Responding to the RAMP CTO and USAID.** The demands upon the RAMP CTO and USAID/Afghanistan in general are tremendous. RAMP, and by extension this contract, is the major tool the Mission has to participate in and contribute to the initiatives of the USG that include multiple departments and agencies. The Counternarcotics Implementation Action Plan is one example. Here USAID, primarily through RAMP, is the lead agency for the plan's alternatives livelihoods component. In an environment where the stakes are so high, with global ramifications, it is important that the project's management keep the RAMP CTO current on all contract activities. It will do this by continuing to meet regularly with the RAMP CTO.

**Broadening Collaboration with Key GOA Ministries.** As far as working with its key GOA partners, the next steps are to build upon and broaden the working relationships that are in place. Although the contract does not include an enabling environment and institutional capacity building component, the project team has expertise to help MAAH address critical constraints in ability to plan, provide extension services, and strengthen its ability to address important issues in the livestock sector. The next step is to determine in collaboration with both ministry officials and the RAMP CTO how best to do this under the current contract, which focuses on infrastructure, rural financial services, and agricultural technology and market development.

As a result of a one day workshop hosted in collaboration with MAAH's Agricultural Extension Department (AED), department personnel, members of the Minister's Advisory Council, project IPs, and senior project managers agreed to a program to:

- Establish procedures for screening new planting materials;
- Establish procedures for registering, approving and sharing documentation on new recommendations;
- Create focus groups of agricultural informants to compile credible sources of crop and region specific crop performance knowledge;
- Compile schedules of all extension events and trainings to be distributed to IPs, the AED and other relevant parties;
- Design training modules and procedures in best practices for use in different media (radio, print, television);
- Develop a market information system to catalog and distribute agricultural data (market prices, agro-input sources, production costs, crop-specific return on investment figures etc.);
- Institutionalize a knowledge management system to document, catalog and endorse quality and appropriate agricultural technology material;
- Establish regular meetings for all project IPs to meet and discuss ongoing and planned agriculture extension activities; and
- Develop radio and television programs in support of the 2004-2005 MAAH Wheat Campaign.

The project team has taken the lead to draft and vet a Memorandum of Understanding (MOU) that will provide a firmer basis for collaboration between parties interested in improving animal health. This group includes the Vice Minister for Livestock, the Department of Animal Health, the Dutch Committee for Afghanistan (DCA), a project IP, the U.S. Department of Agriculture and the European Union (EU). Once signed, the parties to the MOU will form a Steering Committee that will meet regularly to formulate and discuss future livestock health and production issues. The project team that this agreement has the potential to serve as a model for the Ministry to influence national agricultural practices.

The project's agricultural unit will continue to collaborate with the MOC and attend the minister's regularly scheduled meeting with wholesalers, traders and importers. These meetings provide an excellent venue for the project to keep these important operators in its target value chains current on project initiatives and to develop relationships that will channel their expertise into these efforts.

The project's infrastructure team will continue to take advantage of the office space it has within MIWRE to broaden its working relationship with that critical ministry.

**Working More Effectively with Other Donors:** As described in more detail in the management section, below, the project management team will be carrying out a critical review of the current “portfolio” of JOs during the last quarter of CY 2004. This will entail field visits to meet with the IPs and assess their operations first hand. These visits also will provide an opportunity to meet with other donor-funded efforts working along the project’s targeted value chains. These meetings will help the contract team program its future efforts to better take advantage of what these stakeholders are doing and leverage its resources.

## **K. Ensuring Gender Sensitivity and Environmentally Sound Activities**

All RAMP activities involve the participation of the men and women of rural farm households and communities. Gender issues are specifically addressed in several job orders and the RAMP program will include a gender unit that assures that the issues and concerns of women are integrated and communicated. To design this component, Chemonics undertook a literature review and assessment in March-April 2004, which used a participatory methodology that explicitly engaged RAMP and USAID personnel and selected Afghan stakeholders to inform the design of the strategy.

The RAMP gender program will utilize a participatory approach that promotes productivity and efficiency by listening to the voices of farm families. The gender component will have three interconnected activities: **a) technical assistance; b) reporting and communications; c) policies and procedures**, as show in the chart at right.

The gender activities proposed will have a direct impact on farm households through the use of gender analysis and outreach to rural families, particularly rural women. The gender specialist will develop indicators that will be used to measure the success of program activities in reaching rural women.

The RAMP gender unit will function as part of the Program Development Unit. In this way, it will readily be integrated into all RAMP components, agricultural technology, market development, infrastructure, and rural finance as well as administrative and management units.

**Technical Assistance:** The gender team will lend its technical expertise to support, strengthen, and showcase existing Job Orders and will provide advice on new Job Orders. Some examples of activities that traditionally involve women that could benefit from technical support include:

- women’s poultry networks;
- fruit and vegetable production and processing;
- nut production and processing;
- rural credit schemes;
- promoting role models for women.

The gender staff will ensure that the assessments provide further insight into the roles, rights and responsibilities of women and men in RAMP project sites. This assessment of women’s roles in the rural economy will be closely coordinated with the World Bank, which is leading, along with the Ministry of Women’s Affairs, an in-depth countrywide gender assessment examining different sectors of the economy, including agriculture.

**Reporting and Communications:** The gender team will also review planned and existing RAMP Job Orders to identify lessons learned and best practices for working with women. The results of these assessments will support and inform both the RAMP communication and monitoring and evaluation units. The information also will be disseminated to the RAMP team and interested stakeholders. For example, information will be disseminated to rural women, policy makers, and international donors to improve the effectiveness of RAMP in this aspect as well as the programs of other donors.

**Policies and Procedures:** The gender unit will also be involved with the analysis of the National Risk and Vulnerability Assessment (NRVA) in three ways:

- Complement the RAMP statistical analysis of the NRVA Female Shura and the Female Wealth data files with a social science analysis that would highlight key findings and correlations.
- Closely coordinate with the Ministry of Women's Affairs as they undertake the full gender analysis of the NRVA data
- Provide leadership and technical assistance for analysis of the NRVA agriculture and marketing data sets which are disaggregated by sex

The RAMP gender program will work in close coordination and collaboration with other interested stakeholders throughout Afghanistan - government ministries, donors, non-governmental organizations, and other associations – in three ways:

- Establish a RAMP gender advisory group;
- Collaborate with relevant national and international actors; and,
- Coordinate in RAMP program sites with those working on gender and agriculture.

With thoughtful participation in the activities described, the concept of gender will be fully integrated into RAMP operations in three distinct ways:

- The RAMP leadership will be well-versed in the potential for positively affecting gender and can articulate the importance of a gender approach to the goals of the project;
- Those interested in gender analysis and women's issues are identified among the RAMP staff and among the staff of implementing partners and others; and,
- A RAMP gender specialist will provide technical assistance and serve as the point person for project information and services on gender and environment issues.

In this manner, the focus on gender analysis and issues of concern to women is not an isolated component but rather an integral part of RAMP and, in turn, the work of the USAID agricultural sector.

## **K.2. Complying with USAID Mandatory Environmental Requirements**

In July of 2004, project management and a Tellus Institute consultant reviewed JOs for compliance with USAID mandatory Environmental Requirements. In early FY05, the project will undertake the following:

- Require all IPs to follow a standardized Environmental Screening and Review Process that adequately addresses USAID Mandatory Requirements such as USAID Regulation 216 and FAA 117 and 119;
- Incorporate compliance measures by requiring successful bidders to commit, upon award and/or in the project design stage, to submit an Environmental Report Form and, where appropriate, an Environmental Review Report (ERR);
- Apply 'best practices', particularly mitigation and monitoring guidance through the project Subcontractor Welcome Kit and other project documents; and
- Through training and technical assistance, develop capacity of Implementing Partners to:
  1. Prepare and Apply the ERR to projects at the design stage;
  2. Apply environmentally sound design principles at the project design stage;
  3. Ensure effective mitigation and monitoring plans and follow up; and
  4. Apply environmental 'best management practices' during project implantation.

Tasks and Timing: (i) All project development documents will be updated with environmental review requirements by the end of the first quarter of FY05, (ii) Also in the first quarter of FY 05, a training session for all Implementing Partners will be conducted to ensure compliance with USAID mandatory Environmental Requirements. (iii) Finally, Project Managers will follow up with IPs to ensure effective mitigation and monitoring plans and follow up.

## L. Monitoring and Evaluating Achievements

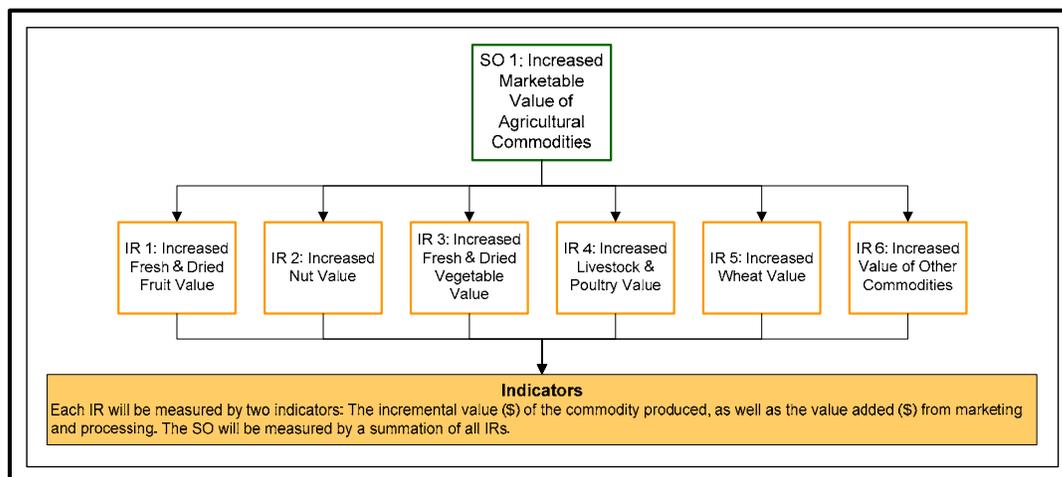
To date the projects monitoring and evaluation (M&E) system has been largely focused on baseline data collection, cost of production assessments, and plotting activities via a geographic information system (GIS). Metrics reporting, as agreed upon with USAID in September 2003, has been a key output of our activities. This activity continues with a revised set of metrics.

In order to conform to USAID's Automated Directive System (ADS) the M&E standards designed into the project results framework and performance management plan (PMP) stipulate the expected results as well as the indicators which will measure them. These include expected targets as well as additional variables vital to a full-fledged PMP. The M&E system will aim to exemplify the three hallmarks of a successful M&E system – an accurate measurement tool of project results, an integrated project management tool, as well as a project reporting tool. The starting point will be a well conceived results framework. See Figure 3.

### L.1. Results Framework

As indicated in Section B above, the results framework lays out the strategic objective and the intermediate results (key contributing objectives) that are *necessary and sufficient* to accomplish it.

**Figure 3: Project Results Framework**



## L.2. Performance Management Plan

The performance management plan (PMP) stipulates, through addition of project indicators, the timeline for achieving intended targets. The details of each indicator are presented in Annex 2. The PMP is characterized by two primary indicator types – those which measure the change in output of a particular commodity, and those which record the change in value of a particular commodity due to marketing and processing. Taken together they describe the SO indicator – *the increased marketable value of agricultural commodities*. An overview is presented here:

**Table 1: Project Indicators**

<p>► <b>SO 1: Increased Marketable Value of Agricultural Commodities</b>  - Indicator 01: Value change in output and marketing and processing from all impacted commodities</p> <p>► <b>IR 1: Increased Fresh &amp; Dried Fruit Value</b>  - Indicator 02: Value change in the output of fresh and dried fruit  - Indicator 03: Value change to fresh and dried fruit from marketing and processing</p> <p>► <b>IR 2: Increased Nut Value</b>  - Indicator 04: Value change in the output of nuts.  - Indicator 05: Value change to nuts from marketing and processing</p> <p>► <b>IR 3: Increased Fresh &amp; Dried Vegetable Value</b>  - Indicator 06: Value change in the output of fresh and dried vegetables  - Indicator 07: Value change to fresh and dried vegetables from marketing and processing</p> <p>► <b>IR 4: Increased Livestock &amp; Poultry Value</b>  - Indicator 08: Value change in the output of livestock and poultry  - Indicator 09: Value change to livestock and poultry from marketing and processing</p> <p>► <b>IR 5: Increased Wheat Value</b>  - Indicator 10: Value change in the output of wheat  - Indicator 11: Value change to wheat from marketing and processing</p> <p>► <b>IR 6: Increased Value of Other Commodities</b>  - Indicator 12: Value change in the output of other commodities  - Indicator 13: Value change to commodities from marketing and processing</p>
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\*While IR 6 is presented here, as well as in the results framework, it is expected that contributions to the SO will be minimal but it is inline with the projects overall opportunistic approach.

## L.3. Data Gathering

Data gathering will be conducted in two primary categories – a) short-term and frequent metrics data, and b) longer-term PMP indicator data which will report dollar values from output and sales.

Metrics data is reported by IPs on a monthly basis, collated by the projects M&E unit, and includes such variables as the kilometers of roads rehabilitated, or the number of livestock vaccinated. PMP indicator data – the value of agricultural output, and the value derived from marketing and processing, will have two primary sources:

- Participatory Rural Assessments (PRAs) for yield and price information; and
- Field level marketing reports of sales, or the value derived from sales where RAMP has provided technical assistance (TA) to marketing and processing activities

Initial PRAs were conducted in the fall of 2003. This provides the baseline for price, yield, and acreage information of crops grown in priority regions. Planned PRAs in the fall of 2004 and 2005 will identify changes in these variables, and will be the basis for reporting changes in agricultural output value. Marketing and processing value added data will be provided to the agricultural and financial teams by the businesses receiving direct or indirect TA from the project.

Gender, and other contributing data sources, such as the National Risk and Vulnerability Assessment (NRVA) will be collected and analyzed where possible. This includes gathering and reporting on gender information where applicable, as well as presenting contributing factors from such major activity areas as canal or road rehabilitation. Where possible, the project will complete a valuation of these activities as they contribute to the strategic objective.

#### L.4. Monitoring and Reporting Systems

Project monitoring and evaluation reporting will be characterized by three systems:

- PMP indicator data (outcomes);
- Metrics data (outputs); and
- Activity Analysis (outcomes).

**PMP indicators** report on the project's intermediate results and strategic objective: This is the primary yardstick to judge final success of the project. It is the outcome of the contract. Please refer to Annex 2. These measures will be used to compare to the target of a change in marketable value of agricultural commodities of \$250M. The breakdown in product groups is presented in Table 2.

**Table 2: Product Group Targets**

Product Group	Target \$M
Fruit	102
Livestock	48
Nuts	47
Wheat	34
Vegetables	19
<b>Total</b>	<b>250</b>

**Metrics data** reports on the outputs of the project's activities. These measures provide frequent updates to the work accomplishments of the IPs. The project will provide two sets of metrics: a major set as indicated in Table 3. This data will be reported to USAID on a bi-weekly basis.

**Table 3: Metrics Targets**

Indicator	Cumulative Total to Date	June 30th 2006 Target
<b>Infrastructure</b>		
Km. of canal rehabilitated	322	<b>750</b>
Irrigation structures rehabilitated	229	<b>300</b>
Hectares receiving improved irrigation	306,100	<b>370,000</b>
Km. of farm to market roads rehabilitated	160	<b>900</b>
<b>Financial Services</b>		
Micro Loans disbursed	8400	<b>15,000</b>
SMEs assisted through financing or TA	-	<b>200</b>
<b>Agricultural Technology and Market Development</b>		
Number of Potential Buyers Identified	-	<b>120</b>
Chickens distributed	20,249	<b>200,000</b>
Women training in poultry mgmt	4,110	<b>25,000</b>
Farmers served by extension	564,566	<b>1,500,000</b>
Livestock vaccinated/treated	3,679,222	<b>12,000,000</b>

Furthermore the contractor will report in a series of minor metrics data on a monthly basis. These will be dependent on the specifics of a job order, and are not presented here in detail. However, they will continue to provide the RAMP CTO with a valuable tool for judging work activity progress.

**Activity analysis** will provide the third view of project accomplishments. As project efforts can be divided into major activity areas such as irrigation and finance, a system will be established to complete a results valuation of major activities where feasible. For instance, while it may be difficult to establish the dollar value of policy change to the overall results framework, it will be feasible to reasonably calculate the value of irrigation improvements provided by the project. This will provide an alternate view of project outcomes.

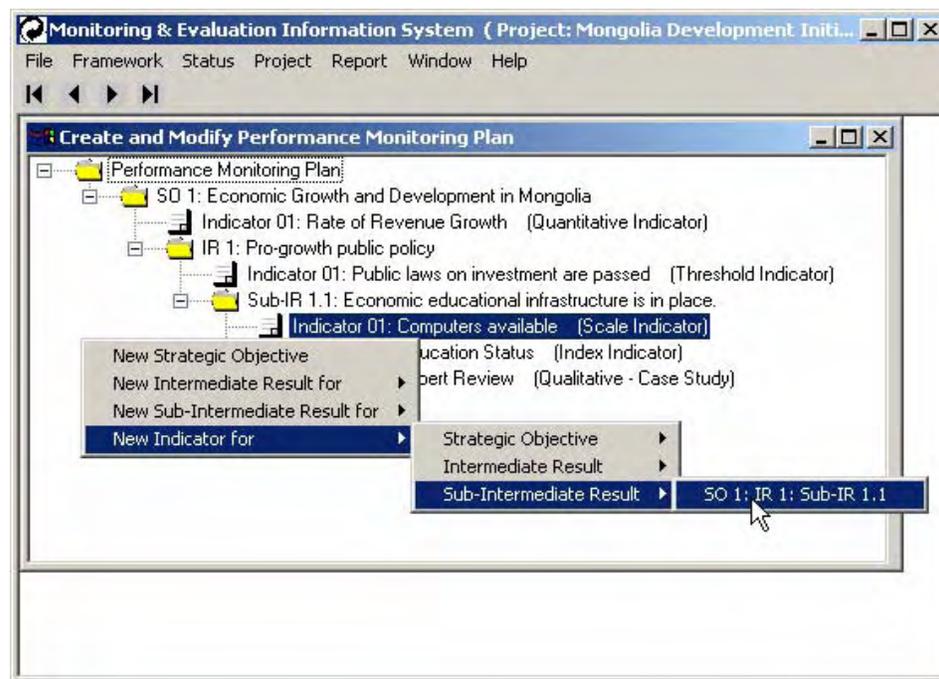
## L.5. Tools

A comprehensive geographic information system (GIS) was developed in the spring of 2004. The GIS plots activities for presentation on a map and is a valuable management tool for programming activities, assessing the implications for specific activities, and presenting projected vs. actual impacts for activities. GIS serves as a data management tool. Activities are recorded in GIS data tables and form the basis for map-making, spatial analysis, and reporting.

Secondly, the project recently deployed Chemonics' Monitoring & Evaluation Information System (MEIS), a proprietary software package designed to track and report on all elements of a PMP. Conceptually the MEIS comprises three major functions: (i) a Performance Management Plan (PMP), (ii) Work Plan activities, and (iii) a reporting function which work seamlessly together providing the needed information.

The PMP module allows the user to input pertinent PMP component information facilitating the tracking and monitoring of strategic objectives (SOs), intermediate results (IRs), and associated indicators. Included are such fields as indicator baseline, benchmark and target levels, data collection methods, and deadlines. A PMP graphical user interface (GUI) provides users with a visual outline of the PMP framework, and the capacity to amend constituent components and component fields. Please refer to Figures 4 and 5 below for screenshots. The screenshots are illustrative and are from a Chemonics project in Mongolia.

**Figure 4: MEIS Screenshot 1**



**Figure 5: MEIS Screenshot 2**

The Work Plan module of the MEIS allows users to integrate Work Plan specifics into the PMP. Work Plans serve to orient the project towards the attainment of its strategic objectives and intermediate results through the completion of specifically outlined activities. These activities are closely aligned with long-term project indicators with the aim of promoting progress towards the overall goal and purpose of the project. The Work Plan module records Work Plan activity specifics such as the person completing the activity, the timeline, and deliverables. These Work Plan activities are then tied to specific indicators setting the stage for comprehensive reporting.

The MEIS' third module is a reporting engine. Representing the ultimate usefulness of the software, the reporting function allows users to query the database and generate needed reports, such as the status of particular indicators, or activities. The reporting module integrates PMP component information with predefined Work Plan details, facilitating the linkage between the two. Depending on the need, whether micro-level management, or high-level oversight, the system can produce any number of reports, thereby providing critical information to decision-makers. The RAMP CTO will receive periodic indicator reports to stay abreast of their status.

## M. Communicating Results

In October of 2003, RAMP/Chemonics began designing an integrated, multidimensional communications program. This section of the workplan will outline the extensive scope of activities and examine the challenges and goals for the project as we move ahead.

As the largest agricultural donor initiative in Afghanistan, the RAMP communications program takes comprehensive and cohesive approach. By combining reports from implementing partners, important educational information derived from project activities and developing a strong public awareness effort, RAMP communications is:

- Meeting USAID needs for timely and effective reporting;
- Building national and international awareness of the good work being implemented by USAID/RAMP;
- Enhancing the efforts of the RAMP team and of our implementing partners;
- Providing Afghan families with information for improving their operations and their incomes;
- Strengthening awareness of development progress under the Transitional Islamic State of Afghanistan.

The communications unit is structured to serve USAID needs for information as well as a broader range of audiences. Cables become press releases and best practices fact sheets form the basis of entertaining and effective radio programs. Materials that are distributed to mass media outlets contain information useful to Afghan families and serve to strengthen positive perceptions of the Transitional Islamic State of Afghanistan. Mass media releases reinforce the message of U.S. commitment to the development of Afghanistan through USAID and successful progress toward that development. All

RAMP communication activities strive to deliver timely and accurate information in the most effective style and format.

Staffing needs for implementation of this workplan include:

- 1 Communications Specialist – international hire
- 2 Communications Associates – local hire

## M.1. Accomplishments to Date

Core communications materials such as cables are vetted through the appropriate program technical component and the COP before forwarding to the USAID CTO and Agricultural Advisor. It is essential that the CTO respond with acknowledgement of clearance so that these materials can then be repackaged for use in external distribution.

Accomplishments to date include:

- Development of communications strategy;
- Quarterly reports and periodic project updates to USAID
- Regular press releases to print and broadcast media on project successes;
- Special reports and feature articles on RAMP components;
- Regular cables on program successes;
- Regular inclusions of RAMP information in USAID Afghan Weekly;
- RAMP information provided for the USAID website;
- Production of radio programs on veterinary health and wheat best practices in partnership with implementing partners;
- Provision of briefing books and powerpoint presentations for congressional visits and other USAID special events;
- Collaboration with Internews Organization, implementing partners, other NGOs and PRTs for enhanced results in developing and distributing materials;
- RAMP website designed and launched;
- Assessment of media production facilities in Kabul;
- Development of media database to for distribution of print and broadcast materials in the appropriate language, style and format;
- Creation of a RAMP photographic library.

### Functions of Communications

The RAMP communications plan encompasses three main functions:

- I. **External** and public awareness communications to Afghan and U.S. stakeholders,
- II. **Program support** to enhance the technical assistance process and outreach to Afghan stakeholders,
- III. **Internal** communications services to USAID/RAMP.

Each of these communications functions focuses on a different set of target audiences, and contributes in an important way to achieving the overall goals of USAID and RAMP. The target audiences and communications goals for each audience are outlined in **Table 4** below. These were developed with input from USAID staff in Washington D.C. and communications consultants.

**Table 4: Program Communications: Audience, Goals and Messages**

TARGET AUDIENCES	GOALS	KEY MESSAGES
<b>U.S. policy makers</b> - USAID <ul style="list-style-type: none"> <li>• White House</li> <li>• Congress</li> <li>• International Orgs</li> <li>• International Press</li> </ul>	- Show USAID success - Maintain funding for development in Afghanistan	USAID/RAMP is strengthening Afghanistan's top economic sector (agriculture) to increase rural incomes and enhance food security. USAID/RAMP is successful, and is achieving U.S. goals in Afghanistan. The inclusion of women and their concerns receives careful consideration in USAID/RAMP activities.
<b>Afghan policy makers</b> - President's office - Loya Jirga - Af. Govt. Ministries - Provincial governments - Presidents of Agriculture - Shura/village leaders	- Influence policy - Strengthen capacity - Coordinate activities - Show USAID success - Gain participation - Secure public support	USAID is providing critical assistance to the rebuilding of this sector through RAMP. Afghan policy makers can assist the rebuilding by supporting and cooperating with USAID/RAMP. USAID/RAMP is working to strengthen the TISA. Women are central to development progress.
<b>Implementing Partners</b> -Subcontractors	- Establish effective reporting systems - Incoming: Project reports Project success stories - Outgoing: Project progress updates	RAMP will effectively communicate the success of your project to USAID. USAID/RAMP will promote the success of implementing partners to a broader audience. The inclusion and concerns of women are central to USAID/RAMP and are considered as part of your project.
<b>Project Stakeholders</b> - Farmers - Microfinance Institutions - Ag Extension Agents - Ag research orgs - Ag communications - Shuras and village leadership - Food Processors - Marketers	- Gain participation - Build capacity - Educate on best practices - Change behaviors and practices - Influence/change policy	USAID/RAMP is providing project participants with information, inputs and technology to improve their business and increase their income. The U.S is committed to improving the lives of Afghans. Progress is being made in the redevelopment of Afghanistan. Women are central to development progress.
<b>Media</b> - Local - Central (Kabul) - International (per USAID)	Reach target audiences - Improve/expand coverage of ag issues and USAID interventions in Afghanistan	The U.S is committed to improving the lives of Afghans. USAID/RAMP can provide project participants with information, inputs and technology to improve their business and increase their income. USAID is strengthening Afghanistan's ag sector to increase rural incomes and enhance food security. The inclusion and concerns of women receive careful consideration in USAID/RAMP activities.
<b>Afghan Public</b> - Non-farmers	- Show progress in development - Highlight U.S. commitment and contributions to reconstruction	The U.S is committed to improving the lives of Afghans. USAID is strengthening Afghanistan's ag sector to increase rural incomes and enhance food security. Women are central to development progress.

**I. External Communications:** The eyes of the world are focused on Afghanistan. There exists a unique and critical need to communicate the project's progress and successes to USAID, international, Afghan and U.S. stakeholders. These communications materials must be well produced and professionally packaged in a way that will resonate with all audiences, capture their attention, and deliver an accurate, compelling message.

**Table 5: Public Awareness Activities**

Communications Product - External	Target Audience
Special reports, briefing books, feature articles, scene setters, presentations	USAID, US Embassy, other US Governmental agencies, White House, Congress, US taxpayers
Press Releases for print and broadcast media, RAMP website	USAID, Afghan general public, TISA and Ministries, USAID stakeholders, White House, international media, US taxpayers
Cables	USAID, other US Governmental Agencies, White House
RAMP Website	USAID, other US Governmental Agencies, US media, US and Afghan stakeholders, implementing partners
Radio Programs	Afghan stakeholders
Assistance to Project Events	USAID, Embassy, Afghan stakeholders, Afghan influencers, implementing partners
Beneficiary stories	USAID, other US Governmental agencies, White House, international public, US taxpayers, Afghan stakeholders, Afghan influencers

**II. Program Support Activities:** This part of the communication strategy is implemented in association with the technical components of RAMP – **agricultural technology, market development, rural financial services, infrastructure rehabilitation and women in development (WID).**

The communications unit is assisting RAMP projects to achieve their stated objectives in rebuilding Afghanistan's agricultural sector by identifying communications methods and tools to facilitate changes in policies, practices of partner agencies and outreach to project stakeholders. The overall goals are:

- To enhance the rapid and comprehensive dissemination of informational materials and eliminate the need to duplicate communications efforts in each programmatic component.
- To provide the technical expertise needed to ensure quality communications materials in any format.
- To alert agribusiness entrepreneurs of opportunities
- Provide information on business development services and financing options
- Disseminate success stories that illustrate essential steps in business development and re-entering the global economy
- Present beneficiary stories highlighting Afghan women and their concerns
- Alert Afghan women to options and opportunities

All materials created for the Afghan public are translated into Dari and Pashto, written to respect cultural differences, and created to encourage high standards in terms of the roles of women, education, and civic responsibility. Because of the present low literacy rates in Afghanistan and the scarcity of televisions in most Afghan homes, radio is the primary focus for broadcast media materials and outreach to Afghan farming families.

Successful program distribution for broadcast has been achieved by working with Internews Organization for nationwide dispersal, with ICARDA who is producing their own regular radio programs, and by sending programs to Provincial Reconstruction Teams, some of which have their own radio stations.

**Table 6: Program Support Activities**

Activities	Key Audience
Production of radio programs for broadcast nationwide.	Afghan stakeholders
Distribution of informational materials in print to newspapers and magazines.	Afghan stakeholders

**III. Internal Communications Activities:** The internal communications activities outlined below support USAID reporting requirements and administrative functions of RAMP by virtue of functionality and message. They include the development of basic templates for program materials, reports and basic program descriptions that are packaged into core RAMP materials such as brochures, powerpoint presentations, and the public RAMP website. This enables reporting on multiple job orders in a consistent manner and quick responses to USAID requests for materials.

Internal communications activities include the design and production of:

- Quarterly report templates
- Biweekly update templates
- Special reports and feature articles
- Brochures
- Briefing books
- The RAMP photographic library
- The RAMP website

The development and organization of the USAID/RAMP identification materials facilitates the presentation of strong visual images and ideas the capture attention and communicate RAMP progress in a professional manner, whether the audience is the Ambassador or an Afghan farmer. Information from multiple projects and reports are formatted to a unified message that makes it clear they are working under the USAID umbrella.

## **M.2. Challenges Encountered and Lessons Learned**

As RAMP completes subcontracting to as many as 50 different implementing partners, the successful collection, control and dissemination of information for public release requires a concerted effort by all RAMP team members. This poses certain significant communications challenges for the RAMP communications unit.

- RAMP communications must capture the activities of multiple job orders and present it as one coordinated story for greatest impact.
- RAMP must be prepared to respond to USAID requests for information with short response time.
- The RAMP communications specialist relies on the cooperation of subcontractors for detailed, accurate information.

Basic reporting, writing and photography skills with a focus on stakeholders (Afghan farming families) were lacking in many implementing partner staff and RAMP project managers. To address this shortcoming, the communications unit participates in training programs for project managers and the development of templates for the Welcome Kit for subcontractors. Both project managers and implementing partners have improved in the scope and content of the material submitted for reports. The program development unit is in regular contact with subcontractors about their reports.

Outreach to Afghan farming families is limited by geography, poverty and low literacy rates. By working in partnership with Internews Organization, radio production has begun in collaboration with the Agricultural Technology and Market Development component and with RAMP implementing partners. Internews, a USAID funded organization, provides production training for local staff members and nationwide distribution for our radio productions and press releases. Partnerships with other NGOs like the National Solidarity Program are being explored to increase frequency and audience penetration.

### **M.3. Looking Ahead**

While the individual job orders are each an important piece of the puzzle, RAMP achieves its full value in the way the individual activities interrelate and complement each other so that effect of the whole project is greater than the sum of the parts. The only way to capture and communicate the full impact of this comprehensive program is to make sure that information on the many individual job orders is aggregated in one place, from which it can be packaged and disseminated in a targeted manner.

- RAMP should be the central source of information on all RAMP-funded activities, so that each activity can be put into the context of the overall project for greatest impact.
- USAID should direct subcontractors to coordinate with RAMP on any communications to key stakeholders about their individual job orders.
- Subcontractors need instruction to acknowledge USAID in their own communications to stakeholders and beneficiaries to make it clear they are working under the USAID umbrella.
- Subcontractors will be more closely coordinated to provide the information needed.

The RAMP regional offices represent another valuable tool in both gathering and disseminating information. The communications unit will collaborate with regional offices for project information and reporting, press releases, radio broadcasts and other forms of outreach at the local level.

## **N. Managing Effectively**

A project as complex and expansive as the Chemonics project under RAMP requires effective management. Making sure that the program's resources support activities that will have significant impact is paramount. To accomplish this, the project requires an operational platform that promotes both integration and coordination to achieve efficiency. Integration refers to the meshing of the contract team's internal components. Coordination encompasses the manner in which the contract team interacts with USAID and other USAID-funded activities, other USG entities such as PRTs, various ministries of the Government of Afghanistan, and other donors and their efforts.

This chapter begins with a brief review of how the contract team's organizational structure and management systems have evolved since arriving in country in July 2003. It assesses the strength and weakness of the current structure to achieve efficiency through integration and coordination. It then provides the rationale for a revamped organizational structure. The chapter concludes with a discussion of personnel and resources requirements to put this revised management structure into operation.

### **N.1. Evolution of the Management Structure: July 2003 – September 2004**

Since July 2003, when the contract was executed, the prime contractor and its subcontractors have fielded expatriate personnel and hired local staff, established offices on the campus of the MAAH, adapted its project implementation procedures to the Afghan environment, and moved forward aggressively to develop, issue and oversee job orders, i.e. subcontracts to IPs. Over the last year and a quarter, the contract team has learned a great deal about the forces at work in Afghanistan, identified opportunities for rapid rural sector development and the constraints that impede that development from happening.

In brief, the principal lessons learned during this start-up period are:

- The lion's share both of job orders issued to date and of job orders in the pipeline relate to the first of the two broad operational objectives discussed above. Almost without exception, the job orders focus on increasing agricultural productivity and output, and only secondarily on increasing incomes through effective linkages among producers, processors, and markets. Whether the job order emerges from the Agricultural Technology and Market Development component of the program, from the Rural Financial Services component, or from the Rural Infrastructure Rehabilitation component, the focus is the same: increasing supply.

- Afghan agriculture is rife with supply problems that call for urgent attention. Looked at from that perspective, therefore, this initial focus on the supply side of the equation has been well placed. On the other hand, the project must do more than increase supply. Indeed, from the very title of the program – RAMP -- that funds it, the contract team is charged with rebuilding Afghanistan’s agricultural markets. And markets have two sides, a demand as well as a supply side.

### Current Organization

This section describes the contract team’s current organizational structure and assesses its strengths and weaknesses.

The current organizational structure dates from February 2004, when the contract team created the positions of Deputy Chief of Party – Infrastructure and Deputy Chief of Party – Agriculture. In addition, it includes two Assistant Chiefs of Party, one for Program Development and the other for Program Support.

The paragraphs below briefly summarize the functions each unit performs.

**Agriculture Unit** – The Agriculture Unit is divided into two major sections: Rural Financial Services and Agricultural Technology and Market Development, paralleling the structure of CLINs 3 and 4 of the contract.<sup>4</sup>

**Infrastructure Unit** – The Infrastructure Unit manages all roadwork, irrigation rehabilitation and facilities construction. These interventions are designed around specific product value chains. The infrastructure unit works closely with the agricultural staff and has the capacity to expand should additional resources be allocated towards these important RAMP activities.

**Program Development Unit** – The Program Development Unit manages monitoring and evaluation, communications, and Job Order development.

**Program Support Unit** – The Program Support Unit includes contracts, financial management, logistics, human resources, and security subunits. The financial management unit recently expanded its capacity to process subcontractor’s invoices more quickly.

**Regional Offices** – Two regional offices are now in operation. The one in Lashkar Gah, the capital of Helmand Province, supports operations in Helmand and Kandahar Provinces. The Jalalabad, Nangarhar office covers Nangarhar, Kunar and Laghman Provinces. Plans are underway to establish a third regional office in the city of Kunduz to cover Kunduz and Baghlan provinces. Currently the regional offices support oversight of the implementing partners and the efforts of the monitoring and evaluation team (in the Program Development Unit).

**Strengths and Weaknesses of the Current Structure:** The project’s current organizational structure provided sufficient flexibility during start-up to ensure rapid, efficient mobilization. Using the structure of a predecessor project -- the Afghanistan Quick Impact Program (AQIP) -- as a base, the contractor reviewed more than 130 concept papers, solicited at the request of USAID and provided by potential IPs, during its first few months in operation. Working at a frenetic pace, the four major units -- Agriculture, Infrastructure, Program Support, and Program Development -- worked relatively independently, although they followed complementary agendas.

However, the current organizational structure does not promote and encourage integration of the project’s main lines of activities – infrastructure rehabilitation and repair; rural financial services; and agricultural technology and market development – to the extent that a market-driven value chain development project should. After an internal review, the project management team has come to the conclusion that the current structure leads to “stovepiping.” The risk is that the project is operating as and will continue to be perceived as two loosely linked efforts, one focused on infrastructure and the other agriculture. The project management team has concluded that it needs to revise the organization chart to promote both integration and collaboration.

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<sup>4</sup> CLIN is an acronym for Contract Line Item Number.

## N.2. Rationale for Revamped Organizational Structure

The proposed reorganization will help the project respond to critical management needs. Significant changes will include:

- Replacing the two current Deputy Chief of Party (DCoP) positions with a single DCoP. The foremost responsibility of this new position is to ensure that the contract team performs in an integrated manner.
- A new DCoP will oversee three senior managers, one each for infrastructure rehabilitation and repair; rural financial services; and agricultural technology and market development. These three senior manager positions correspond to CLINs 2 -4.
- The directors of each the three technical areas will be responsible for managing the IPs working in their areas of expertise and will be held accountable for the timely receipt of deliverables specified in their subcontracts. They will supervise the performance of the project's implementing partners and assure that they take corrective action when required. In addition, they will issue technical approval of the invoices that IPs submit.

In addition to these three senior managers, the new DCoP will oversee the Program Development Unit (PDU), to be renamed the Project Development Unit for clarity and the Regional Offices.

- The PDU plays an integrative function as it works across the technical components. The PDU will take the lead to mobilize the project's technical expertise to conduct assessments to identify opportunities for RAMP-funded interventions along targeted value chains. It also will carry out essential monitoring and evaluation tasks. In addition, as part of this reorganization the contractor proposes to move the currently named Financial Management Unit, which will be renamed the Project Accounting Unit for the purposes of clarity, into the PDU. This will lead to better supervision and management of the IPs' technical, contractual, and financial performance.
- Strengthening and expanding the Regional Offices is a key element of this Work Plan. The experience of the past 15 months clearly indicates that in order to a) do better diagnostic work to identify opportunities and constraints and b) to better manage its implementing partners, the contract team needs a more robust presence in the regions. Better management of IPs is synonymous with being more supportive, helping them design and implement corrective measures, and helping them communicate their results.

The proposed reorganization also changes the role of the CoP. Under this new structure the CoP takes lead to fulfill the coordination mandate. In this capacity, the COP will:

- Play the lead role communicating on behalf of the prime contractor and its IPs with the RAMP CTO. (Direct communication between IPs and the USAID CTO on RAMP-specific issues is dysfunctional.)
- Coordinate with other USAID/Afghanistan-funded contractors, cooperators, and grantees.
- Provide the interface between the project and key ministries, especially the MAAH, MIWRE, MRRD, and the MOC, as well as provincial authorities.
- Ensure that the project collaborates with activities funded by other donors. This is essential to ensure that RAMP-funded efforts are complementary and that they generate the maximum results.
- Lead the project's outreach efforts and oversee critical support functions: contracts, communications, and administration and logistics.

Annex 3: Proposed RAMP Organization Chart presents these changes graphically.

### N.3. Next Steps

In addition to implementing the new organization structure, once USAID has approved this work plan, the project team will carry out the following critical tasks, which contribute directly or indirectly to the preparation of the detailed – by crop by region – 2005 Work Plan:

- **Design a first-phase Alternative Livelihoods (AL) strategy for Helmand and Kandahar Provinces.** This task is already underway. Discussion with CADG and IFDC has prepared the groundwork for a JO that will focus on initiatives to demonstrate the potential for alternatives to poppy production. Successful demonstrations will roll out into a more widespread effort in 2005.
- **Establish Gender Unit.** The project's field operation has recruited and identified two potential candidates to fill the gender specialist's position in the PDU. It will be the responsibility of the contractor's home office to make an offer once USAID has approved this work plan.
- **Recruit for Key Positions.** Efforts already are underway to fill the positions recently vacated by the Deputy Chief of Party – Agriculture and the Chief of Party.
- **Streamline Invoice Processing and Approvals.** This is also underway. Moving the project accounting function into the PDU, as proposed above, will serve to better integrate the technical and financial management of IPs and shorten the time it takes to process and pay the IPs' invoices.
- **Launch Participatory Rural Assessments (PRAs).** Annual PRAs are a critical facet of the project's overall monitoring and evaluation (M&E) function. The M&E team has recruited the local staff needed to carry out this year's PRAs, which it plans to launch in the latter part of October.
- **Conduct a Comprehensive Portfolio Review.** This work plan proposes that project home office supervisory personnel return to Afghanistan in mid-October to carry out a complete review of all the JOs in the project's current portfolio. The criteria by which these efforts will be assessed are straightforward:
  - What was the original purpose of the JO? Given the changes that have taken place since the project began, and what the project team has learned about Afghanistan's critical agricultural and rural sector development needs, is this purpose still valid? If not, can the JO be restructured? With what, if any, involvement of the prime contractor?
  - Is the IP performing as planned? Is it meeting its deliverables? If not, why not? Is remedial action required to get the IP back on track? If yes, with what, if any, involvement of the prime contractor?
  - Should this JO be expanded, allowed to run its course, or aborted?

At the same time that it carries out this review, the contract team will gather critical information from the IPs, which it will incorporate into the crop and location specific 2005 Work Plan.

- **Complete 2005 Annual Work Plan** by mid-December 2004, in time for the RAMP CTO to review and approve before the end of the year.
- **Establish an Agricultural Research Unit.** This unit would serve as the repository of all the research and analytical work carried out by the agricultural technology and market development unit under CLIN 1. The prime contractor has an important role to play as an information hub for all of the IPs working on CLIN 4-funded JOs.

- **Strengthen Regional Offices.** The project management team envisions that strengthening its regional presence will be an important component of the 2005 Work Plan. The project needs a greater presence in the regions to better supervise and manage IPs. A regional operation in Lashkar Gah, the capital of Helmand Province, will be essential to properly manage the anticipated Alternative Livelihoods initiative, which will grow in importance significantly throughout 2005 and into 2006.

Annex 5: Life of Project Timeline presents graphically how this work will unfold.

#### N.4. Resources Required

The current contract authorizes life of project (2003-2006) funding of \$153.3 million. To date, USAID has obligated \$73.7 million. As of the end of September 2004, the project had an estimated obligated pipeline of \$44.6 million. On the surface this figure appears high. However, it is primarily a function of slow invoicing on the part of the IPs. The portfolio review described above will address this issue on a case by case basis. Table 5 provides an overview of the project's current financial status.

**Table 7. RAMP Cumulative Obligations and Financial Pipeline**

	(a) Contract Budget	(b) Cumulative Obligation FY03 & 04	(c) Invoiced to Aug. 31, 2004	(d) Accruals to Sept. 30, 2004	(e) Obligated Pipeline	(f) LOC Pipeline
<b>CLIN 1</b>	20,852,472	18,422,479	11,412,062	944,000	6,066,417	8,496,410
<b>CLIN 2</b>	67,500,000	20,633,177	6,873,593	2,410,240	11,349,344	58,216,167
<b>CLIN 3</b>	25,000,000	4,421,395	48,979	0	4,372,416	24,951,021
<b>CLIN 4</b>	40,000,000	30,212,866	5,594,811	1,849,760	22,768,295	32,555,429
<b>Totals</b>	<b>153,352,472</b>	<b>73,689,917</b>	<b>23,929,445</b>	<b>5,204,000</b>	<b>44,556,472</b>	<b>124,219,027</b>
<b>Notes</b>						
(a)1	As indicated in Section B.4 Price Schedule of the RAMP Contract, # 306-00-03-00502-00					
(a)2	Program targets based on total contract budget as indicated in Section B.4					
(b)1	Obligated amount of \$73.6 million per Contract Modification 14 issued on Sept. 29, 2004					
(b)2	CLIN allocations based on LOC estimated expenditures					
(e)	(b) - (c) - (d)					
(f)	(a) - (c) - (d)					

#### N.5. Timing

The project team proposes that USAID extend the contract (currently end date is July 2006), to the end of the 2006 spring crop season. Although most RAMP interventions may conclude before the contract expiration date, many IPs have faced program implementation delays of up to three months due to security or other bottlenecks. Several IPs already have voiced the need for an extension. This would make sense given Afghanistan's agricultural calendar. It will not be possible to measure the full impact of the project's initiatives until after the primary harvest season for annuals and wheat in the fall of 2006.

Annex 5: Life of Project Time-Line presents a graphic summary of the timing by which all the activities set forth in this work plan will take place.