

Second RALF Projects Workshop

Theme: Markets, Market Processes, Marketing: National and International Context

**Sunday, November 20, 2005, 8:30-4:30,
RAMP Conference Room, Ministry of Agriculture, Animal Husbandry and Food
(MAAHF), Kabul**

Presentation of RARE

(N.B. This was a spoken presentation, not supported by PowerPoint.)

Research is carried out on several different technologies under RARE, such as drip irrigation, and mushroom production, as well as on more sociological topics such as community decision-making and what might affect decisions on whether to adopt technologies as alternatives to growing opium poppies. With the marketing theme in mind, however, it was decided to concentrate on only two aspects of this project that are especially relevant to marketing, namely out-of-season vegetable production under poly-tunnels, and the Organic Export Feasibility Study.

Poly-tunnels

The concept of out-of-season vegetable production is entirely market oriented. It is based on the perception that prices are higher when field production is low, or non-existent, and that a certain investment to enable production and sale during that period will therefore be economically worthwhile.

As well as testing the practical success of a low cost polythene tunnel design, RARE is also conducting a market survey. It was started at the end of May 2005 and observations have been made each week since. Three stallholders in both Kandahar and Lashkar Gah markets are asked what is the price, and origin of a number of common vegetables for sale, together with assessment of their quality. Prices are starting to rise now. For tomato and eggplant, prices reach a peak in February that lasts till May. Prices start to fall in June.

On the basis, therefore, that we want production to start in February, and that it takes 10 weeks from sowing to harvest, seeds were sown in late October to produce seedlings, and the poly-tunnels are being erected now to be ready for the seedlings to be planted out into them in mid to late November. Last year, the polythene was removed in April.

Next year, we would like to examine multiple uses of the poly-tunnels in order to spread the investment over several enterprises. We aim to try drying apricots and raisins, and growing a catch crop of Chinese radish in them before winter.

Also concerning marketing, we need to think about which product it is actually best to produce using the poly-tunnel technology. Until now, RARE has concentrated on their use for out-of-season vegetable production, but alternatively they could be used for early seedling production.

Compared with open field production, poly-tunnels depend on making a relatively high investment in a small area of land. The economic return is a function of the area of land enclosed, and the time period for which it is enclosed. Out-of-season vegetable production makes use of the poly-tunnels for much of the winter, but the area of production is confined entirely to the area covered by the poly-tunnels. Seedlings, for planting out in an open field, would only make use of the poly-tunnels from February onwards – a much shorter time period than for vegetables – but if they are then planted out into an open field, the effective area benefiting from the technology is much larger than the area covered by the poly-tunnels themselves. The profit is therefore potentially greater.

The problem with seedling production is the market. Buyers must have trust in the product in order to buy it, and farmers often do not have trust in the quality of seedlings (or even the seeds) on offer in the bazaar. They prefer to produce their own seedlings grown from seeds they have produced themselves.

This illustrates a point made in an earlier presentation by Dr. Fazl, who pointed out that trust in the products on sale is a feature of more advanced markets, and that the markets in Afghanistan have generally not reached that stage of development. This is something that Afghanistan must aim for.

A less obvious aspect of out-of-season vegetable production relevant to marketing that I would like to mention concerns the probable locations in which such production might be situated. Given that the markets for the products are likely to be in towns, it is possible that this technology would be adopted in peri-urban areas. This is not certain. The RARE pattern of poly-tunnel is low cost and small scale, and it might be adopted by farmers with an eye more to home consumption, or sale at a very local level. This is something that RARE will attempt to monitor if the uptake is sufficient for it to be observable.

However, a question raised by Adam Pain, in relation to the monitoring of the impact of this project, is whether, if this technology is adopted only in peri-urban areas, it would be an effective alternative to growing poppy. There is the further supposition behind this question that opium poppy is likely to be grown in more remote areas because it is illegal.

Thus there are several areas in which more information is required, starting, of course, with:

- 1) the question of whether the technology is successful, i.e., whether farmers themselves are willing to invest in the kind of low cost poly-tunnel that RARE is investigating.
- 2) The second question is, if farmers are willing to invest in this kind of poly-tunnel, which type of farmers are they, and are they located exclusively in peri-urban areas?
- 3) Thirdly, is it true that opium poppies are grown only in more remote areas?

The first question is the immediate concern of RARE. The second question, on who will adopt this technology, can only be answered when a reasonable sample of farmers are using the poly-tunnels. The third question is one that NGOs should not be seen to be investigating, and we should rely for our evidence on this on organisations such as UNODC.

So I cannot produce an answer to the question of whether poly-tunnels are likely to be used as an alternative to the opium poppy here, but this is a question that is typical of those likely to be asked about RALF research, so I think it is of interest here, and if any participants can offer answers, or parts of the answer, I should be glad to hear from them.

Organic Export Feasibility Study

Another of RARE's Outputs, that is entirely concerned with marketing, is the Organic Export Feasibility Study. This is being carried out by the UK organisation, the Henry Doubleday Research Association.

It is being conducted in three phases. Phase 1 is already complete, and a report is available on it. You can have this report in hard copy (please apply to G. Dolman, Mercy Corps) or in soft copy (obtainable either from the RALF website, or by application to Geof Dolman, email gdolman@mercycorpsfield.org).

Consultants from HDRA will be visiting Afghanistan as part of this study, but Phase 1 was a desk study, conducted in England, to ascertain in the first place whether the subject was worth the investment of pursuing. It may therefore have limited interest for those who are already well-versed in the realities of Afghanistan and its markets. However, it does contain useful information on the markets for dried fruit in Europe and America, and a very informative section on the requirements for organic certification, again mainly in Europe and USA.

I would like to make it as public as possible that this study is being conducted. The possibility of organic exports is often mentioned, and it seems likely that other organisations might commission a study of the idea, and it would be wasteful if the same ground were covered twice. If another organisation did wish to do a study on this question, it should at least be coordinated with this one.

The conclusion of the Phase 1 report was that, "There is no insuperable constraint to a pilot attempt to develop an organic export initiative in Southern Afghanistan". It concentrated primarily on fruit and nut orchard crops, but suggest that mulberry and pomegranate, herbs and spices, etc., should also be considered. It suggests that the markets in Europe and USA might be saturated, and that Russia, the Middle East and South Asia are more promising in the medium term.

My own feeling concerning organic exports is that it would be difficult to establish if there is no domestic market for the products. There is a kind of "Catch-22". Suppliers do not want to invest in a particular kind of production unless they are sure of a market. Meanwhile, wholesalers and retailers do not want to promise a market for a product unless they are sure of the supply. A leap of faith is needed. The producers and the retailers have to believe in each other, but neither has a basis for belief to begin with.

Furthermore, for an overseas market, the volume of the assured supply demanded by the retailers is relatively large. The situation is different if there is a domestic market. The marketing chain is much shorter and economies of scale are less necessary, so it is possible to start both production

and retailing activities in a small way to test the market. A larger investment can then be made if the market proves receptive.

The initial perception of organic product is that there would be no domestic demand. However, I actually question this. There are many food items sold in Afghanistan in two forms, local (or national) and foreign (or agricultural).

The local product is termed “watani” (i.e. national). It is perceived as being produced without pesticides or artificial fertilizer and the quality is perceived as being better. They are sold side-by-side with foreign products, or with products produced domestically, but using artificial fertilizers. The latter may look more attractive but they are sold for a lower price.

A very common example is eggs. In many shops beside the high street, you can see stacks of watani eggs beside Pakistani eggs. The watani eggs are small, an unattractive off-white colour and often rather dirty, while the Pakistani eggs are large, pure white and clean. The Pakistani eggs sell for 4 Afs each, while the watani eggs sell for 7 Afs – and they sell at the higher price because they are much nicer eggs. I pay the extra and get watani eggs, myself.

Eggs are not the only example. There are also fruit – apricots, peaches, apples – cream (or qaimak), wheat, rice and other commodities, all of which can be bought as a watani product, or as an imported product. At least in the case of wheat, the distinction is made not between the country of origin – the two forms on offer may both be produced in Afghanistan – but the type commanding a higher price has been grown without pesticides or fertilizer: the organic concept exactly.

Thus the concept of organic production, or something very similar, does exist in Afghanistan, and organic products do command a higher price, because they are perceived as being of higher quality.

The possibility of developing a domestic market for organic produce based on the watani concept needs development. However, I believe this development is possible, and this in turn makes it much more likely that organic exports could be feasible. In my opinion, this is a real possibility for Afghanistan.