NOVIB-RALF Multi-Stakeholder Programme in Afghanistan: Natural Ingredients for Food, Cosmetics & Pharmaceuticals

RALF 02-07

Value Chain Development of Natural Ingredients for Sustainable Livelihoods in Afghanistan

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The NI Programme in Afghanistan

- Multi-Stakeholder Programme for Natural Ingredients for Cosmetics, Pharmaceuticals and Food:

6 selected Natural Ingredients:

- *Glycyrrhiza glabra* (Shireen Buya, Liquorice)
- *Cuminum cyminum* (Zira, Cumin)
- *Ferula asa foetida* (Hing, Devil’s dung)
- *Carum carvi* (Carabia, Caraway)
- *Artemisia cina* (Terkh, Wormseed)
- *Ziziphus jujuba* (Onab, Ber, Jujube)

→ Framework conditions for involving different actors
Programme history (1)

• 1st phase: August 2003: NOVIB inviting ProFound for identification and assessment of interest and commitment:
  – Formation of a multi-stakeholder group with strong NGO participation, added by representatives from scientific, government, private sector, and donor community
  – Formulation of first ideas and possible lines of intervention
Programme history (2)

• 2nd phase: November 2003:
  – Consolidation of the ideas, interest and commitment on basis of identified opportunities in first phase
  – Agreement on the next steps and process: Supply and Market Analysis
  – Selection of the local expert survey team, on behalf of the whole group of stakeholders
Programme history (3)

• 3rd phase: 2004:
  – Product selection exercise by local expert survey team
  – Participatory evaluation of products through product selection matrix
  – Feasibility study: more in-depth elaboration of various strengths and weaknesses of selected species and their marketability
  – Review of the process, the participation of various parties, and strengthening of NGO involvement

➢ **RALF/ICARDA showing interest in partnering up with the NI Programme**
NGOs:
CHA, TLO, AKF (together working in 9 provinces)

Service providers:
Ministry of Agriculture, Dept. of Forestry & Rangeland
University of Kabul, Faculty of Pharmacy
Anadolu University, Turkey
UNIFEM

Management & Coordination:
Novib as Principal Investigator for RALF Project
ProFound for Management and Technical Support
From Resource to Market

- Resource Assessment and Conservation
- Sustainable Supply Chain Management (sustainable utilisation)
- Value Addition & Product Development
- Market Requirements: GACP, GMP, HACCP, ISO, etc.
- Total Quality Control Systems (incl. resource management !)
- Building of trust between stakeholders: collaborative management set-up and tools, such as joint (participatory) Value Chain Analysis and development
Role of Actors

- Organising the sector, promoting and articulating the communication between the players
- Being productive to the companies, identifying and understanding their needs, while at the same time ensuring fair sharing of benefits between all actors
- Being pro-active towards government to help implement regulations of international laws and requirements
- Obtaining existing information and regulations concerning Guidelines on GMP and GACP, HACCP, traceability, documentation & logistics
- Making this available to all actors and facilitate implementation thereof
Role of Actors (2)

- Work on trust (visits !) and transparency, sticking to agreements
- Include sustainability criteria and value chain approaches in Business Plans
- Development of Quality Management Systems and Control (GACP, GMP, HACCP); (Organic) Certification
- Facilitation of interaction with suppliers and buyers; assist in cost calculation and pricing
- Work with Companies to develop Export Management Plans
Project Outputs RALF 02-07

Timeframe 2005-2006 (de facto start 04/2005):

• Investigating mechanisms for sustainable resource management and utilisation of the 6 selected species
• How to generate community-based economic opportunities
• Contribute to policy and regulations
Project Strategy (longer term)

- Value chain analysis of the 6 selected natural ingredients
- Introducing sustainable resource management practices, rules and regulations
- Provide access to processing technologies
- Product quality improvements and control
- Facilitate market access
- Lobby and advocacy
External and Internal Analysis

External Analysis ↔ Prod. Selection ↔ Internal Analysis

- Market Facts and Trends
- Trade Structure
- Costing and Pricing !!
- Market Requirements
- Market Audit:
  - Competitive Analysis
  - Sales Channel Assessment
  - Logistics
  - THE VALUE CHAIN ANALYSIS
Market Selection

Local / Regional / International Markets:

• Desk vs. field research
• Statistics and registration of trade
• Trade structure
• Market requirements vs capacities
• Product development requirements
• Logistics
Product selection

**Identification of the right product:**
- Proper botanical identification and use of (trade) names!
- Why this specie/product?
- What variety and part of the specie?
- How can the product be used and developed?
- How to deal with variations in quality?
- Feedback from potential buyers (B2B contacts)!
- Value Chain Analysis

**Product Selection Matrix (UNCTAD-Biotrade, based on FAO):**
- Selection on basis of market, ecological, socio-economic and technological criteria
The VCA Process: from External to Internal

**VCA tool**: well-informed decisions for assisting community-based enterprise development, in terms of when and where in the supply chain to add value, including:

- Resource Assessment and Conservation
- Sustainable Supply Chain Management: sustainable utilisation
- Value Addition & Product Development
- Legislation and Control
- Market Requirements: ISO, GACP, FSC, GMP, HACCP, etc.
- Quality Control Systems
- Building of trust between stakeholders: value chain development
- Who is responsible: *Value Chain Planning as a Management Tool*
What is a Value Chain?

- An illustration, as a map, analysing the entire (export) delivery process from (international) buyer back to raw materials, design and component inputs.

- Performance evaluation at each stage and linkage in comparison to the requirements of: buyers, strategic options, markets.

- Maps show precisely where interventions are required, their logical sequence and how to structure export supply to add or capture value.
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