

**MAKING AGRICULTURE AND PRODUCTIVE
MANAGEMENT AND SUSTAINABLE USE OF
NATURAL RESOURCES THE ENGINE OF SOCIO-
ECONOMIC DEVELOPMENT IN AFGHANISTAN**

**A Policy and Strategy Framework
For The Rehabilitation and Development of
Agriculture and Natural Resource Sector
of Afghanistan**

(Draft for discussion)

Kabul, 10 February 2004

1. BACKGROUND

During the last four decades, Afghanistan has undergone drastic economic policy changes: from a semi-market-led economy of the 1960, 1970s to a highly centralised state controlled system in the 1980s and early 1990s, and to a serious lack of sound economic policy and inefficiencies of public institutions.

The fall of Taliban at the end of 2001 and the creation of an “Afghan Interim Authority” (AIA) in December 2001, followed by the establishment of “Islamic Transitional State of Afghanistan” (ITSA) in July 2002, the scale of social and economic destruction in the country became more visible. In response to the vast recovery and reconstruction needs, a large number of international organizations (UN Agencies, World Bank, Asian Development Bank, NGOs and donor organizations) arrived in Afghanistan, after an international pledge at the Tokyo Conference of January 2002.

In the face of an enormous challenge, the newly established Afghan Government recognized the need for reform and transformation of its institutions to facilitate effective and efficient response to the growing needs of the Afghan communities. The National Development Framework (NDF), which was presented in April 2002, outlined major national policies and strategic issues for the recovery and reconstruction of the socio-economic sectors. NDF offered a number of guidelines and principles to all stakeholders involved in the reconstruction and development processes in the country.

The NDF clearly articulated the **division of responsibilities** between the public and private sector. Provision of security, justice and equality, investment in human capital and social safety nets remains the responsibility of the state, while creating and enabling an environment for the private sector to actively engage in production and marketing activities. The NDF prescribes the role of the government as regulator, policy/Strategy maker monitorer, evaluator and promoter of the people’s entrepreneurial energies, while production and management of the economy is assigned to the private sector. Consequently, government institutions are tasked to reform and transform present policies, strategies and structures in line with agreed overall policy guidelines described in the NDF.

By early 2002, the Ministry of Agriculture and Animal Husbandry (MAAH) had drafted a strategy document, “ A Strategy of Agriculture and Livestock Development of Afghanistan”. The document was presented to the Cabinet in September 2003 and was approved “in principle”. Major development partners were requested to review the strategy paper and to make concrete suggestions in order to enrich it into a workable Strategy document.

A series of comments and concerns were expressed by the major development partners. As a result, the advisory council of the MAAH was delegated that with the participation of the representatives of the Ministry of Irrigation and Water Resources and Ministry of Rural Rehabilitation and Development, a working group should be formed to draft a policy/strategy framework for the agriculture and natural resources taking into account the overall national policies and suggestions and concerns expressed by the international development partners. Some of the major comments forwarded by the development partners included:

- Future Sectoral Strategy must be based on the principle policies set out and agreed by the government;

- Food security to be stressed over food self-sufficiency;
- Improved livelihoods and economic well-being of rural households stressed over improved services and goods delivery;
- Enabling farmers to respond to domestic and international markets to replace self-reliance in agriculture and livestock production;
- A rather slim public sector as a facilitator for the development of the private sector.
- Participatory policy (engaging all stakeholders), such as; government, private sector, farming communities, NGOs, local and international agencies who are involved in rehabilitation development of Afghanistan.
- Institutional reform and capacity development is required to enable the government institutions to lead the management of the rehabilitation and development of the national economy according to the new policies and strategies.

The purpose of developing this Policy/Strategy document is to broaden and enrich the existing MAAH strategy of “Developing Agriculture and Livestock”, to cover the entire agriculture and natural resource sector (water, crops, livestock, forestry, rangeland and wildlife resources). In addition, this policy/strategy document has been prepared in an attempt to mobilise external and domestic support and investment in its implementation. The revised policy/ strategy, therefore, will reflect the relevant national and sectoral policies, as well as clear definition of roles and responsibilities of the major stakeholders in the sector, namely the government, the private sector, farming communities and the international aid agencies and development partners.

Assessments and Analysis of the Present Situation of Afghanistan's Agriculture and Natural Resource Sector:

Assessment of the Present Situation:

1. Afghanistan's Agricultural Sector also referred to in a number of recent documents as "Natural Resource" or "Agriculture and Natural Resource" Sector continues to be the largest production sector in the country upon which about 85% of Afghan population depends for livelihood and is also the greatest contributor to the growth of national economy. The sector is enriched with an estimated 7.9 M ha of arable land, about 34 million of livestock population (including poultry), (FAO Livestock census 2003), about 30 million ha of pasture land (statistical year book 2001-2002), about 1.3 million ha of natural forest and numerous species of wild life. In spite of several years of development efforts during the past five decades, the sector has remained predominantly traditional due to inadequate investment and poor technology transfer and hence operating under a relatively inefficient farming system with the greater part of its production and marketing potentials still poorly tapped.
2. The sector is supported by major sub-sectors including crop production, irrigation, plant protection, animal husbandry, forest/rangeland, and wild life management. Due to its predominantly traditional nature marked by the traditional use and management of its land and water resources, the productivity of the agriculture sector also continues to be greatly affected by the amount and distribution of annual precipitation and periodic droughts occurring as a common feature of the climatic conditions in Afghanistan. Consequently, the production of crops and livestock keeps fluctuating every year depending on the severity and duration of droughts ranging from mild (once every two to three years) to severe (usually once every 30 years such as the ones in 1970/71 and 1998-2002 periods).
3. The **agriculture and natural resources sector** in Afghanistan has been severely damaged as a consequence of the last 23 years of war and conflict, coupled with four years of severe drought (1998-2002). According to UN estimates, agriculture production has been reduced to less than 50%; livestock has been reduced to over 40% among the settled population while Nomads (Kutchies) are estimated to have lost 60-70% of their stocks. A large number of people around the country depend on emergency relief food from the external sources and the return of a large number of refugees and IDPs has made the situation worse.
4. As a result of droughts, thousands of tons of wheat has been imported to meet the food needs of the country's increasing population. The need for food import was further compounded when the production capacity of the sector substantially declined as a result of over 23 years of wars and conflicts. In recent years, the quantity of wheat imports has been reported to have reached the crisis levels amounting to 1.12 million ton in 1998, 2.2 million ton in 2001 and 2.3 million ton in 2002.
5. The prolong war and conflict, together with the devastating droughts have also had severe consequences on the **environment**. Most of the country's natural resources,

such as forests have been cut down, burned and sold outside the country for cash. The little, that has remained, is being further depleted by the communities, desperate to cover their urgent needs for fuel, as well as through cross-border smuggling of timber for cash. Orchards, vineyards and wild pistachio forests have witnessed similar effects.

6. Sectoral Ministries have been severely damaged and their capacity to deliver viable and reliable services to the farming communities has been reduced to a great extent. Most qualified staff has either left the country or has joined international organisations for survival. The lack of funding through the national development budget and the absence of operational costs to pay regular salaries has further reduced the capacity of these institutions to effectively respond to the growing needs of the rural population. Those still working with the government have had limited access to training and up-dating their existing knowledge for over 20 years and many still function through approaches, systems and methodologies that have long been out-dated. Many government employees have taken up work outside the government to supplement their meagre income for sheer survival.
7. Despite the above constraints, past experience has shown that the sector has the potentials to feed the country's growing population, provide raw material to the domestic agro-industries and greater support to the growth and development of national economy. This potential was simply demonstrated during the late 1960, 1973, 1977 and again in 2003 when a combination of adequate precipitation, extended farming area, availability of improved seed, chemical fertilizers and credit facilities enabled Afghan farmers to produce sufficient quantity of wheat for domestic consumption and to produce fruit and livestock products for export in support of national economy.
8. Furthermore, of the estimated 7.9 million ha of arable land, about half of it is used for annual cultivation; 2.7 million ha of it under irrigated farming conditions. With irrigation development efforts, most, if not all, of the remaining half of the available arable land could also be brought under cultivation. A recent FAO report indicates that the existing 2.7 million ha of irrigated farm area could be expanded to 5.3 million ha or by about 100%. Another potential in the existing farm system is to maximize the utilization of irrigated farming area by increasing irrigation efficiency, improving farm practices and diversification to produce more profitable crops for greater farm income.
9. **Ownership and Management:**
At the present time, the ownership and marketing aspects of the agriculture sector in Afghanistan is represented by a mixture of owners including farmers, public and private sector engagements. In the crops and livestock sub-sectors, the production factors, land (with the exception of an estimated 20-30 thousand ha of government farms, livestock) and initial marketing of farm products are managed by farmers themselves. In the supply and marketing of seed and seedlings, the farmers, MAAH and some private entrepreneurs have been assisting farmers. However, the business is yet to become fully commercialized for security, quality and economic reasons. Agricultural chemicals (fertilizers, pesticides, animal medicines including vaccines) are supplied and marketed by both private sector and MAAH. Yet, private sector contribution is limited for lack of financial support, poor purchasing power of small and medium farmers and security reasons.

Natural forests, rangeland and wild life resources are by law owned by the state but farmers and communities are allowed to utilize these resources under MAAH Custody. Water is normally considered a nature's gift used for irrigation and drinking purposes, however, Government is taking lead in management of formal and traditional irrigation systems.

Tube wells are drilled illegally and without prior ground water survey and investigations by a small number of wealthy farmers. This activity has been intensified during the years of draught, particularly in the central and sought western provinces where the karez system forms the main source of irrigation. The unchecked continuation of tube wells drilling is expected to adversely affect the efficiency and sustainability of the karez system.

10. **The private sector**, a vital part of the Afghan economy has been subject to regular breakdowns and its involvement has been interrupted, in a number of instances with varying intervals making it difficult to be involved in the reconstruction and rehabilitation processes of their country, with no state institutions yet in place to guarantee their safety and security in the economic sector.

Destruction of rural infrastructure, coupled with the devastating drought has been a major cause for widespread collapse in both subsistence and commercial food production of crops and livestock, causing stress sales of productive assets and livestock and abandonment of homes in search of relief and work.

Access to credit is essential for the rural economy for the purchase of inputs and other essential farming and household purposes. But the war has made credit expensive and there are no fully active formal credit institutions except Agricultural Development Bank. People with saving have often left the country to avoid danger. Many farmers are highly indebted and are caught in a cycle of short-term loans not repaid because of harvest failure. This reduces their access to further credit and leaves earned income to repay outstanding loans more difficult. Land fragmentation is also one of the reasons for low income and chronic dept of farmers.

11. Both **rural and urban women**, making up over half the population and potential workforce in the country, have suffered most during the 23 years of war. Two generations have been deprived of **access to education** and most educated and qualified people have left the country, many of who may never return back to Afghanistan. Those who have managed to survive and stay on in the country are mostly involved working with international organizations and NGOs.

2. Pressing Issues and Problems to be Addressed

The most pressing issues and problems of the agriculture sector are listed in priority order as follows:

- (i) Inadequacy of irrigation water and inefficiencies of the existing irrigation systems, which limits both the area, and productivity of irrigated agriculture. Insufficient tapping of the country water resources to expand the existing irrigated farming area through the construction of new dams and canals, improving the efficiency

of irrigation practices, efficient use of available water resources based on consumption use of crops(crop requirement) and efficient utilization of ground water resources.

- (ii) Lack of institutions and programs prepared to provide short and long term institutional credit in response to growing farmers and private business demand. Over-dependence of farmers for financial and technical support in carrying out their farm investment, improvement and production activities due to the non-availability of farm credit facilities on the terms and amount required.
- (iii) Limitation of marketing opportunities and poor competing position of exportable agricultural and livestock products in the local and regional markets due to inadequate market research, lack of market infrastructure, high pre and post harvest wastage, insufficient flow of market information and high marketing cost.
- (iv) Poor technical, financial and organizational empowerment of farmers to enable them improve their farming system, upgrade farm productivity, increase farm income, generate rural employment and to participate in the effective management of natural resources.
- (v) Absence of a viable and sustainable food security system to facilitate further farm diversification based on the economic principles of competitive advantage and combating the effects of periodic draughts.
- (vi) Inadequacy and inefficiency in the existing farm input supply/marketing system to produce and distribute quality seed/seedlings, adequate amount of chemical fertilizers, pesticides, animal medicine, farm machinery and to establish a viable industry for this purpose.
- (vii) The absences of a viable and sustainable farm input quality control and certification mechanism to protect the interest of the farmers and support the participation of the private sector.
- (viii) Poor planning, implementation and management capacity of the sectoral ministries to enable them carry out core managerial and professional agricultural functions of non-commercial nature outside the skills and interest of the private sector.
- (ix) Limited participation of the private sector and the farming communities due to financial constraints, inadequate farmers organizations, poor farm knowledge and inadequate security condition for investment in various farm production, input supply/marketing and agro-industrial activities.
- (x) Substantial agricultural loss including alarming livestock mortality (up to 70% in some cases) due to poor animal health services and growing levels of pre and post harvest wastes in crops, especially horticultural crops, due to lack of effective and adequate plant protection measures. Wastes are also noted in seed rate, fertilizer and pesticides use due to poor farming practices, lack of suitable farming machinery and poor extension education to the farmers. The greatest wastes occur when the production potential of crops and livestock resources remain under utilized.
- (xi) Reduced forest cover, reckless deforestation, the lack of livelihood alternatives for forest communities and the lack of alternatives for wood use for fuel and timber purposes. These plus the complete neglect of watersheds protection are the most pressing issues affecting the viability, resource use and environmental value of the forestry sub-sector.
- (xii) The accelerated spread of poppy cultivation in several provinces of the country, encouraged in recent years for reasons of lack of agriculture assistance to the farmers as well as low price, low income and credit incentives. Curbing the

cultivation of poppy will require a package of measures including agricultural, financial (credit facilities), legislative, security and law enforcement. The option of crop substitution as often spoken of as a measure of curbing poppy cultivation or promising cash to farmers for not cultivating poppy, have proven to be ineffective.

- (xiii) Encroachment of rangelands for farming purposes in recent years caused by the annual fluctuation in wheat supply and prices as well as over-grazing and poor management have threatened the viability and sustainability of rangeland resources in support of a viable livestock industry so essential for socio-economic development of the country.
- (xiv) Uncontrolled hunting of the wild life resources including birds, fish and various species of mammals that endanger the bio-diversity enrichment of Afghanistan's natural resources.

To effectively respond to the above issues and problems, would require the enactment of sound and environmentally sustainable policies for agriculture and natural resources management, adjustment in the existing organizational structures within the sector as well in the institutional structure and functions within each sectoral ministry.

VISION

Our vision is an integrated socio-economic development approach generated by a vibrant agricultural sector built upon sustainable use of natural resources that can contribute significantly to prosperity, peace, social justice in Afghanistan.

MISSION (Mid-term)

The MAAH, together with MRRD and MIWRE, will have completed a process of reform and structural adjustment which will have laid down the foundations for a dynamic rural economy with increased production, a high level of productivity and sustainable use of natural resources.

OVERALL DEVELOPMENT OBJECTIVE FOR THE SECTOR

Majority of rural households will have improved the livelihoods and level of economic-well being (in the next 10 years), will have achieved food security, and have efficiently contributed to the national economy and reduction of poverty, through developing and improving the efficiency of sustainable agricultural, water, forestry and rangeland resource sub-sector activities, based on sound environmental practices.

4. STRATEGIC OBJECTIVES

In line with the goal of the agriculture and natural resource sector stipulated in NDF, to preserve, invest in and exploit in a sustainable manner the agricultural and natural resources of the country to improve the standard of living of the farmers in general and small poor farmers in particular, the strategic objectives of the proposed strategy are as follows:

1. The empowerment of farmers to adequately respond to the growing demand of domestic and international markets for crop, livestock and forest products through the transfer of adapted research technologies, organizing farmers in viable rural organizations, provision of institutional credit, supply/marketing of improved farm input and output, improvement and commercialization of farming system.
2. Improving the delivery of the existing irrigation systems and expanding the existing irrigated farming area by maximizing the utilization of surface and

- ground water resources and improving the efficiency of existing irrigation methods and management system.
3. Development of a viable, adequately responsive and sustainable institutional farm credit system in response to the growing need of farmers, traders and agro-industrialists and to reduce farmer's dependence on government for financial support for the implementation of their agricultural and natural resource development activities.
 4. Rehabilitation, capacity building and definition of functions of public institutions in the agriculture and natural resource sector for upgrading their planning and management capabilities and performance.
Improvement and development of a viable and sustainable farm input supply/marketing system with growingly expanded participation of the private sector.
 5. Upgrading farm productivity and farming diversification (crops and livestock) and to reduce production and marketing costs for agricultural inputs (seed, fertilizer, etc.), and outputs (crops, livestock) through more efficient use of water, land, livestock resources and farm inputs.
 6. Establishment of a viable and sustainable national food security system in support of maximum diversification of the existing farming system based on the economic principles of comparative advantage and to combating the adverse effects of periodic droughts on agriculture and natural resources production and conservation.
 7. Formulation and implementation of a waste reduction and management plan to include livestock loss due to major animal diseases, pre and post harvest crop waste, efficient and economic use of farm inputs (water, seed, chemical fertilizers).
 8. Expansion of national forest cover through the mobilization of a "national reforestation campaign", rehabilitation of degraded forest areas, protection of range land and other natural resources, natural regeneration and promotion of viable alternatives for fuel wood and timber and livelihood alternatives for forest communities who depend on forest resource, for their livelihood.
 9. Development of a viable and sustainable farm input quality control, certification and quarantine system for supporting the production, import and marketing of farm inputs and outputs.
Promotion of partnership amongst major stakeholders in the agriculture and natural resource sector and development of opportunities and more favorable environment for the private sector for further participation in the supply/marketing of farm inputs and to invest in agricultural and natural resource rehabilitation and development activities.
 10. Formulation of sub-sectoral policies and strategies in support of the sectoral policies and strategy objectives, aimed at directly focusing on the priority sub-sectoral needs.

Given the above situation analysis and the challenges ahead, the agriculture and natural resource sector strategic objectives are to support sustainable rural livelihoods and promote poverty reduction through:

- **Restore tenure security** in the rural sector as the first step towards improved utilisation of land resources and addressing the needs of the rural poor;

- **Improve the economic well being** of rural households and communities through promoting broad-based and equitable agricultural reconstruction and economic growth.
- **Reduce the vulnerability** of rural households to risks by assisting them to manage risk and where necessary providing safety-nets to ensure they do not fall below unacceptable levels of vulnerability, with strong emphasis on food security at all times.
- **Reduce** the political, social and economic **exclusion and exploitation** of rural communities by developing more accountable, participatory, efficient and decentralised governance structures.
- **Promote** and encourage the development and establishment of **autonomous farmer's organizations**, which in turn will promote sustainability and self-reliance.
- Develop a **government-led policy** and institutional framework to ensure the natural resource sector is addressed in a **coherent and efficient manner** by all relevant actors at national, provincial and local levels.
- **Develop appropriate sectoral and sub-sectoral policies** for the agriculture sector, based on sustainable and equitable use and management of the natural resources.
- **Follow-up of a sustainable agricultural economic policy** together with effective utilization of the agriculture and natural resources through the implementation of the outcome of science and technology.

5. POLICY ISSUES

The **National Development Framework** (NDF) outlines key policies for economic growth, **improved rural livelihoods**, and for **sustainable use and management of the natural resources**. The policies are based on **partnership** with all stakeholders, **community participation** and a private sector-led growth and development, guaranteeing longer-term food security in the country. In the context of private sector-led macro economic guidelines prescribed by the NDF, agriculture and natural resources sector is viewed as the main source of livelihoods for the country. Specific strategies will be designed to ensure a steady recovery of economic growth and mitigating hardship among the poor.

The NDF prescribes clearly the division of roles and responsibilities between the public and the private sector as follow:

The role of the government:

- The Government of Afghanistan ensures security, human resources development, and social justice.
- The government will enable an environment for private sector production and marketing, intervening only where the private sector is not prepared to be engaged and social condition or market failure requires.
- The Government will introduce appropriate monetary tools to avoid inflation and provide conditions for opening accounts and insurance facilities to promote and support investment.
- The government will develop and introduce certification and regulatory framework for efficient use of natural resources, like water, agricultural land, forestry, rangeland and other sectoral areas.
- The government will, in principle, function as policy and strategy maker, monitorer and evaluator of reconstruction and development processes.
- In this overall context of policy guidelines, the policy for the agriculture and natural resources sector will be based on partnership with all stakeholders, community participation in the management of natural resources and a private sector-led economic growth.
- Where government interventions are required to design and initiate specific programmes, it will make maximum use of the private sector, the NGOs and other actors already present in the field.
- By making use of hydro-technology, the government will improve the non-arable land resources and distribute them to landless and poor farmers for production and investment.

The role of the private sector:

The Private Sector will be:

- Actively engaged in the agricultural inputs and related services.
- Enabled to have access to and use state-owned assets and property, market information systems.
- Encouraged and promoted to involve in the production and marketing of agriculture and livestock products.

To achieve the sector purposes will require a range of **policy review and reform**. A number of key policy reviews are needed, which will build on the NDF identified policy reforms, and a reform agenda prepared with a work plan over the next two years. The policy reviews and reforms will include the following:

- to develop policy and strategies for sustainable use and management of **water resources**;
- to develop policies, strategies and sustainable management practices and systems, including community based management for the **crops, livestock, forestry, water and rangeland** sub-sectors;
- in terms of **agricultural policy**, commercialisation of agriculture, food security policy, approach and strategies for improving agricultural services, including agricultural marketing systems, rural finance policy, trade, and related efficient land and water resource use and tenure issues will need to be addressed;
- developing a national **environmental framework**, which will include policy, strategies, regulations and standards to cover all sectors, and to address issues related to sustainable use of natural resources;
- strategies to facilitate **private sector participation** and development in the sector;
- options to develop an efficient and cost effective **agricultural research and technology transfer system**, and community development.

In preparing the agriculture and natural resources sector Policy/Strategy framework, an important criterion will be **harmonising the sub-sector policies**. Further, given the critical need to establish a policy framework, brief issue based policies will be prepared, which will be revised on a needs basis. **Institutional capacity** will need to be strengthened to enable effective enforcement of regulations.

The Government is committed to promoting the integration of gender equality and advancement of women into the agriculture and natural resource sector. To achieve the sector strategy objectives requires an **understanding of gender issues**, and the incorporation of a gender based assessment of planned activities, and implementation of gender strategies and action plans to improve gender equity in all programme and project activities. Vulnerable groups and women headed households are a significant group in rural areas, and project interventions need to target these groups. The Government has noted that gender concerns cut across all sectors and programmes.

Wise management of natural resources promote sustainable economic growth. This will require to find a **balance between environmental protections** and the **commercial development** and use of these resources. There is a requirement for integrated approach through a **national environmental framework** to include policies, strategies, regulations and standards to cover all natural resource environmental management issues.

Tackling narcotics production in Afghanistan:

Tackling narcotics production in Afghanistan requires an integrated approach:

- **developing alternative livelihoods** for farmers to allow transition away from narcotics;
- vigorous **interdiction and prosecution** measures to counter production, sale, trafficking, processing, and distribution of narcotic into, within and out of the

country; through legal and security institutions; especially judicial and security organs.

- **reducing** the problematic use of **opium** through prevention, treatment, rehabilitation and social integration, through social institutions, especially health and education;

Given the sheer breadth of the agriculture and natural resource management sector, it is vital that there is a **coordinated** and **integrated approach** with all **national programs**.

These include:

- **DDR**: providing mechanisms, such as land distribution and technical assistance that would allow former combatants to return to the sector where the majorities were employed prior to war. In the context of this program a green force and a work force also will be established.
- **NEEP**: whilst the NEEP program provides immediate job opportunities for the rural communities and former combatants, longer-term benefit could be derived through linkage to agriculture production and marketing. In particular, development of basic irrigation infrastructure would allow to increase agricultural production and development, however, upgrading of key tertiary roads will allow farmers easier access to regional and national markets. This will ensure longer term employment and improved rural incomes.
- **PPR**: public administration reform can be facilitated through creation of job opportunities outside of the public sector. Through integrating the PPR with agriculture and natural resource management policies, particularly development of agro business and markets, the government can help increase the rate of absorption of public servants into the private sector.

WHERE DOES THE PRIVATE SECTOR STAND CURRENTLY?

SUGGESTED MECHANISM FOR THE PROMOTION AND DEVELOPMENT OF THE PRIVATE SECTOR

Afghanistan's economy is in a transition period. The country is gradually moving forward from the emergency situation toward reconstruction and development phase. During the initial stages of reconstruction, the involvement of the private sector has been limited. Whilst the farmers themselves represent the largest private sector group in the country, the greatest potential for private sector-led development lies in the provision of inputs and processing further down the value chain. Security concerns, lack of banking and access to credits, along with the absence of appropriate regulatory framework has made it much more difficult for the private sector to involve in the sector activities.

Whilst there is a requirement for a regulatory framework for the involvement of the private sector, the government will be required to making financial investment and institutional reform and development in a manner to attract the private sector engagement.

Given the longer-term objectives of private sector-led growth, addressing the real and immediate needs of farmers is a task the government needs to achieve. Farming communities must have access to basic inputs and services, while the promotion and development of the private sector is underway. In line with the overall policy, the government may address market failures through intervening in the market. Careful consideration needs to be given to the level of intervention in order to ensure minimal distortion of market. There are several options the government can take to address the immediate market failure.

Given the government policy of private sector-led growth, the best types of intervention will be those limited to enticing the private sector. This will help develop and establish markets, ensure demand driven operations and minimise the strain on government's meagre resources. Where such enticements are not sufficient, government direct management might be required. Where this is the case, the government will require keeping its interventions commercial in nature, through the establishment of commercial structures that can be handed over to the private sector when markets are functioning again.

6. MAJOR STRATEGIC INTERVENTIONS

In the context of the above mentioned complex of policies a set of complex strategy interventions are required to achieve the policy objectives in the agriculture and natural resources sector. However, it is worth noting that Afghanistan's problems cannot be resolved over night. Time and patients is needed to ensure the sustainability of changes that are brought through. Rushing through reforms and transformations with austerity measures will be painful for many people and the government needs to find out the best solutions and the required financial resources if the reform and transformation processes are going to be successful. Therefore, strategic interventions are required to achieve the policy objectives step by step.

Given the magnitude of problems facing Afghanistan, there will be a requirement to remain flexible in the implementation arrangements. To this end, the government will take a project-based approach, where smaller scale interventions in the form of pilot schemes will provide a test case, which can offer a learning process and can be applied around the country. This will allow the government to experiment with a systematic community level broader value chain approach, rather than isolated interventions. For example, focusing on a community with infrastructure investment, technology transfer and finance would provide a greater result, rather than approaching each component separately.

Change will require time and patients and appropriate mechanisms of change management will be required to make changes success, both within the government institutions and the farming community.

The following major strategy interventions would need to be undertaken by the Government in the course of the next ten years as soon as possible.

6.1 INSTITUTIONAL REFORM

The role of the Government, as articulated in the National Development Framework, is shifting from implementer to facilitator. The Government will aim to optimise the sectoral ministries support to the sector by increasing their capacity to fulfil their core functions: **regulatory, policy, monitoring and evaluation, provision of selected agricultural inputs and services and fostering the establishment of partnerships**. The long-term objective is to **decentralize** activities that can be delivered best by other organizations, public or private, when they have reached the necessary level of development. Important issues, which are cross-sectoral in nature, would be better reflected in the establishment of an **Inter-Ministerial Commission** for the natural resources sector. An Integrated approach will be required on **linking** the agriculture and natural resource sector to other **major national interventions**. Socially accepted norms and regulation will be developed to **balance between market forces and social responsibilities** to ensure maximum long-term benefit for all Afghans.

For the agriculture sector to maximize benefit from existing programmes and activities (mostly by the UN agencies and NGOs) a simple but functioning **coordination mechanism** is vital. The MAAH envisages coordination at three distinct levels, but in an integrated manner:

1. **At the national level**, coordination with a group of people representing development partners and implementing agencies in issues of policy development, strategic interventions and institutional reform. This will ensure the donor community and implementing agencies a say in the development of national policies and strategies.
An Inter-Ministerial Commission on natural resource sector will further enhance the quality of policies and development and ensures an integrated approach to recovery of development processes
2. **At the ministry level**, joint programme development and fundraising, as well as specific needs in terms of capacity building will be coordinated with all development partners. This will ensure efforts made by the different partners in the improvement of the administration and capacity building will not be duplicated, thus saving a substantial amount of resources and efforts that fall into individually designed support programmes. However, some sort of **regional coordination** mechanism would be necessary to address specific issues and common regional problems, such as research and technology transfer centres (extension centers) among others.
3. **At the provincial level** the sectoral ministries wish to develop and establish a provincial coordination mechanism for the sector. Under the auspices of the provincial authorities (the Governor), supported by a small scale secretariat the development of provincial development plans will be coordinated with all stakeholders (UN agencies, NGOs and relevant line ministry representatives. The actual planning process, however, will take place at the district and possibly at the village level, ensuring accurate information is gathered, planned programmes and activities are in response to actual needs of the farming communities. At the district level, representatives of UN agencies, NGOs and members of the communities will participate in the planning and decision-making processes.

An initial step towards improved coordination will require a **reform** of the existing **Consultative Group** (CG) for the Natural Resource Management (NRM). The improved Terms of Reference for the NRM CG will include among others the following areas:

- Establishment of a full-fledged NRM Secretariat for the sector;
- Analytical and practical differentiation between NRM as a tool for utilization or protection of natural resources;
- Identification of key issues relevant for sectors of agriculture and environmental protection in Afghanistan;
- Diversification of technical working groups;
- Strong strategic leadership through MAAH;
- Cross-fertilization with other relevant CG Groups, such as “Livelihood” and “Nutrition”

a. ENABLING ENVIRONMENT FOR GROWTH

Growth can only be achieved through **linking markets to production**. A chain of actions and interaction are required to link farmers to sources of technology, financial services, markets intermediaries and agro-processors. These linkages depend on the ability of the concerned participants to generate financial returns. The participants across the entire chain will, therefore, **require improved technical and financial capacity**.

The Government will facilitate increased **competitiveness and bargaining power** of domestically produced agricultural products and their share **in domestic and international markets**, through establishment of **strong marketing institutions** and viable marketing agents and agro-processors, and the development of an effective monitoring and evaluation mechanism.

Farmers and producers organizations in the form of groups, associations and cooperatives, working with extension services, play a vital role in the effective planning and management of agricultural and agribusiness development activities. Technology transfer, effective mechanism for credit delivery and marketing of farm inputs and outputs, will further support the processes of development and growth. To the extent that these organizations are driven by the needs of the members and operate independently within market forces, the establishment and strengthening of such groups will promote private sector development.

In line with broader trade policy, the government will strive to **attract greater investment** in the sector. This may require fiscal interventions including amendment to fees and taxation. Fiscal incentives to investment, however, should ensure sustainability of investment by avoiding the creation of special or privileged regimes for new investment. Facilitating this development will first require an assessment of the **regulatory framework and the key constraints to private sector** development. In order to develop an even playing field, a strategy also needs to be developed to transfer profit-making local NGOs into private sector companies and preparing government led enterprises for transfer to the private sector.

A fundamental element for attracting private investment to all sectors, including agriculture and agribusiness, is a clear legal framework for the **definition and protection of property rights**, including among other matters, the issue of land ownership and rights of access to natural resources, and a clear and **impartial judicial mechanism** for the resolution of conflicts and disputes.

Introduction of new technologies will increase production and productivity, making products more competitive, and open new markets. The government will focus on maximizing **rural employment** through labour intensive production with high value crops, e.g. herbs, flowers, fruits, vegetables. It is critical to identify **niche markets** for high value crops such as roses, spices, medicinal plants, and dried fruits and nuts that will generate additional cash for the economy and the rural sector.

Vertical product development will create **off farm employment** in storing, processing and marketing. The value added and processing industries is critical in its ability to generate both higher income and greater employment.

This rural growth and employment will largely be facilitated through the involvement of **small to medium scale private enterprise and industries** (especially cottage industry). In order to ensure their active involvement it is vital that they are provided with access to funding in the form of rural finance and micro credit. Promoting and developing a viable **marketing infrastructure** and **processing industry** will play a vital role in employment creation and increase in rural income, which in turn will become a vehicle for the rural growth.

One of the key constraints for the country's biggest private sector groups and farmers is land. The issue of land tenure security, and rangeland and pasture management will require the establishment of a broader **Inter-Ministerial Commission** in recognition of the multiple users. The commission will need to review current legislative framework and seek to find a balance between customary law and legislation to ensure maximum support.

6.2 NATURAL RESOURCES USE AND MANAGEMENT

Water Management and Irrigation

Water is critical for the development of the agriculture and natural resource sector. And hence its conservation, management, development and sustainable use is vital for upgrading the level of agricultural and livestock production and conservation of the environment. The management of water and water resources will remain the responsibility of the Government who will control and manage this vital and scarce resource in a fair and proper manner on behalf of the people of Afghanistan for the benefit of all.

The Government has designated the MIWRE as a responsible authority to protect, manage and develop water resources and irrigation system based on the river basin policy, strategy and management approach and consistent with the objectives of National Development Framework (NDF). For this purpose the MIWRE will establish and delegate power to the River Basin Authorities in various areas of the country to implement this new approach.

Furthermore, under its short-term policy, the MIWRE would pay special attention in the rehabilitation of both traditional and modern irrigation systems. However, in the long run, the entire maintenance cost of these networks would be born by the people who use the water for irrigation purposes. Yet, the maintenance of large reservoirs and irrigation dams will remain the responsibility of the concerned government institutions.

Based on the established rules and regulations regarding the development of irrigation structures, the Government will encourage and support the private sectors initiatives. However, the responsibility of monitoring and control of the quality of the services rendered by the private sector will remain with the concerned ministries.

Although the MIWRE has assumed the overall management responsibility of water resources, the day-to-day management of water will be realized with the active participation of the water users and water allocation decisions will be made at the lowest appropriate level.

Therefore, the Government will support the establishment and strengthen the role of the water users association (Mirab System) for rational and effective management of irrigation networks, specially the traditional network system.

This water resource management approach is expected to prove useful in development and management of water resources, efficient use of irrigation water, reduction of water losses, sustainable maintenance of irrigation system, realization of justice among up-stream and down-stream users and prevention of conflicts.

Both during the planning and implementation stages of river basins management, effort will be made to strengthen locally recognized traditions and mechanisms and to involve the participation of farmers and mirabs in all related activities including planning, implementation, supervision, evaluation, maintenance, utilization and management of irrigation network. In addition, in order to making reasonable and sustainable use of water resource and irrigation practices and to reduce water loss, it is essential that modern and adopted irrigation technology including drip irrigation method and others be applied in various farming practices. Furthermore, it is also essential to establish close working lines and interaction between irrigation engineers, mirabs and agricultural extension agents for promoting efficient and extensive water usage.

Long-term **ground water recovery** will be enhanced through comprehensive reforestation, reduction of deep well drilling through establishment of cadastre for wells, construction of small-scale water catchments, storage facilities and ponds.

Land Management and Use

Access to and distribution of land is critical to developing the agriculture sector and addressing the needs of the rural poor who rely on agricultural production for their livelihood. Given the limitation of irrigated land, it is also critical that available land is utilized as efficiently as possible to maximize production.

The most basic need is to develop a **land titling** and cadastre system that will start to keep appropriate records of ownership. This system needs to develop an integrated approach including land use plans and mapping. Land titling will need to take a systematic approach, rather than concentrating on technology. Such a system should focus on addressing the underlying issues of tenure security, rather than creating another set of records that will be contested. In particular existing customary laws will need to be taken into account, while recognising the limitations in terms of, both, access to technology and human capital in much of the country.

Sustainable Rangelands

The **key issue** concerning rangelands, as a productive resource is the deployment of more **efficient utilization and management of rangeland and fodder provision** regimes for livestock. Fodder provision includes range (pasture and browse), crop residues and fodder crops. In support of the inter-ministerial commission, there will need to be **classification and mapping** of rangeland and pasture by agro-ecological zones. Additionally, testing of perennial fodder crops such as alfalfa may provide additional opportunity for increasing productivity of selected areas.

Given the complexity of the issues and the interest of stakeholders, a **comprehensive strategy** will be developed. Representatives of **user members** will be actively involved in the process of the development of the strategy, ensuring equal **participation** of all stakeholders and the sustainability of the reformed agenda.

Forestry and Reforestation

Reforestation is essential for a number of ecological/economic reasons: climate, erosion control, income, recovery of ground water, and bio-diversity. The forests are also critical to rural households, supporting the production of timber and firewood. The government will need to find a **balance** between environmental protection and the commercial development of the forestry sub-sector, including industrial production and harvesting in selected areas.

Community forestry approach in selected areas would facilitate greater ownership and local protection of the forestry asset. Supporting non-timber forest products such as berries, mushrooms, herbs and fodder, will generate additional income and may assist in involving the communities in effective and efficient management of forests and enhance reforestation efforts

The emphasis on all strategies is on increasing the productive capacity and efficiency of farming, livestock, and forestry, all in an improved private sector environment. For these reasons, the strategic approach will be to investigate, decide upon and implement measures which achieve the optimum balance between high capacity and efficiency of agricultural production on the one hand, and conservation, maintenance and improvement of the resource base on the other. This matter applies, in different ways and magnitudes, to all agricultural land uses – rain-fed farming, irrigation, animal husbandry/rangeland and forestry. In the longer-term, it is intended to attribute the costs of maintaining the resource base to the private sector agricultural enterprises, which depend on them. For example, farmers on an irrigation scheme will pay for the maintenance of the irrigation system, which ensures good supply of water to the irrigation scheme. In short-term, however, it is accepted that the private sector, especially small farmers, will not be in a position to do this. Consequently, the MAAH will provide these services in the short-term.

6.3 EFFICIENCY OF THE PRODUCTION

Animal Husbandry

Animal plays an important role in Afghan agriculture. They count for a major source in improved nutrition, including provision of meat, milk and dairy products and utilization for farm work. The Government, through its coordinating and monitoring role, will ensure private sector involvement in **breeding and multiplication** of improved breeds and promoting the **commercialisation** of dairy, poultry, sericulture and apiculture farming and marketing.

A strategy will be developed for the sub-sector, which will include assessment of the relationship between in-country production and import of livestock products from outside the country, to allow government to make **appropriate development and trade policy** responses.

There are some **key areas** where improved services can be delivered to farmers through the private sector, including artificial insemination services for improving breed,

veterinary services and laboratories, processing industries such as meat dairy, wool and skin hides. However, government institutions will have the responsibility to monitor and control veterinary services, vaccination and animal health clinics and similar areas to ensure qualities of delivered services are in accordance with national and international norms and standards.

Veterinary services and animal health will be essential services for both settled and nomadic herders. Immediate attention is required to prevent further loss of livestock due to a variety of diseases around the country, while long-term development interventions will be necessary to prevent losses of greater magnitude in the future and provides sufficient degree of safety-net in times of droughts, epidemic diseases and similar disasters.

Commercial fish raising and other opportunities need to be assessed as a way of improving nutrition and supplementing farmer income.

Reviving Horticulture

Horticulture has long been an important sub-sector in the agriculture sector and vital in delivering food security to the rural sector. It has played an important role, both, in the domestic and international market. This sub-sector has been badly damaged, with greater losses as the result of decades of war and persistent droughts of the last four years. Areas of horticulture development will include improvements in the **production and packaging** of fruits, nuts, vegetables, and spices. Introduction of **appropriate technology**, efficient crop production measures, storage facilities, processing and packaging centres will further enhance quality and supplement farmer income. Attention also needs to be paid to diversification of production, with a focus on quality of special products, branding and marketing and promotion and development of producer/marketing organisations and institutions.

Small Scale Production

Small scale production farms and units at local (district level), especially beekeeping, mushroom growing, fish ponds and hatcheries, as well as handicraft cottage industry will further **enhance rural employment** and provide additional income for the rural community.

Furthermore, the development and initiation of an appropriate **rural finance**, in form of micro credit will enable farming communities and rural entrepreneurs to have access to financial support and to be used as an entry point in the communities.

Alternative to Poppy Cultivation

The prolonged war in Afghanistan turned the country into a fertile environment for an explosion in illicit poppy cultivation and illicit drug production. Under conditions of high uncertainty, the cultivation of **poppy provided Afghan farmers** the chance of a relatively secure and **substantial cash income**. With lack of access to legal credit, farm inputs and technical services most farmers involved in poppy cultivation, because it is one of the crops that farmers receive **advance credit** at times of hardship and need.

In a strategy document, the National Drug Control Authority of the Transitional Islamic State of Afghanistan calls for an integrated approach to tackle drug cultivation and drug

related issues. The strategy states that: *'Given the socio-economic character of the opium poppy cultivation in Afghanistan, its elimination can only be achieved through providing poor farmers and agricultural labourers sources of livelihood.'* Following this approach, there will be the need to **secure sustainable licit livelihoods**, both on-farm and off-farm, for the effected people. This implies that future strategies must be able to address issues related to landless rural people, who rely on work in the opium industry, as well as addressing the needs of landowners, especially small farmers, who might have reached a certain level of self-sufficiency by cultivating illicit poppy and will fear difficulties in maintaining status quo without growing poppy.

An overall strategy in addressing drug issues and poppy cultivation will require an **integrated approach**, where all individual (on-going) initiatives in each area are coordinated and integrated with each other in order to achieve the greatest overall impact on drug control objectives, in particular on reduction in the level of opium cultivation. The proposed Inter-Ministerial Commission for the sector will provide a viable platform to address issues and need related to poppy cultivation and production.

However, any efforts in the sector to address poppy cultivation and production will largely depend on how responsible institutions will deal with law enforcement. Without effective national law enforcement, any major effort in the sector will be doomed to failure.

6.4 SUPPORT SERVICES TO FARMERS

Rural Finance and Micro Credit

Rural finance is urgently needed to **facilitate expanded use** of chemical fertilizers, quality improved seeds, farm machinery for mechanization, and improvement of irrigation systems. Likewise, credit is required for **Afghan traders** currently engaged in the import of farm inputs to enable them expand the scope of their involvement in the sector. Availability of farm credit would also **reduce farmer's dependence** on government funding for their development activities and their dependence on local moneylenders that are currently exploiting the rural communities.

Research and Technology Transfer

Technology transfer and ongoing research are vital for continual improvement of the agriculture sector. However, a clear review needs to be undertaken on the **regulatory and institutional framework** that deliver best results and value to end users and government.

There are capacity limitations on the research and technology transfer skills in Afghanistan. It is, therefore, vital that **international and regional relationships** and connections are re-established as quickly as possible. In order to ensure maximum result from such relationships, the structure of the relationship must be changed in line with institutional changes. More specifically there is a need for a **central institute** focused on **research and technology transfer**.

Critical for the long-term success of such an institution would be the adoption of a demand driven approach for agricultural research activities and its ability to **link** its research activities with the farmers and **private sector** requirements. This linkage will facilitate a gradual confidence building condition for investment from the private sector.

In order to ensure sustainability of research activities, **on-farm research** will be given an important role, involving the farming communities in the activities.

Agriculture extension institutions and services would play a crucial role in the delivery and effective adoption by farmers of research technologies. As such, strengthening and developing an effective, efficient and adequately responsive agricultural extension services as a high priority requirement.

7 SUB-SECTORAL POLICIES AND STRATEGIES

The present document presents an overall framework for the agriculture and natural resource sector and is by no means inclusive. A series of sub-sectoral policies and strategies will be required to properly address each and every segment of the sector. These sub-sectoral policies and strategies will require in-depth assessment and analysis of the situation and will be developed over the next six months, involving substantial technical and analytical expertise.

The MIWRE has already finalized the drafting of a Water Policy (September 2003) defining water use and management, responsibilities amongst various water users, integrated management through river basin approach, water quality, water conservation, service delivery, the role of the private sector, priority in water use and international obligations. The next step is to develop a viable, feasible and sustainable strategy to implement the policy.

In the forest/range management sub-sector, the exercise began with the convening of a forest/range land management seminar in November 2003 participated by major stakeholders including professional, agricultural directors from major forest provinces and nomads representatives. An important output of the Seminar has been the formation of a working group to follow up on the conclusions and recommendations of the Seminar and to prepare the revised information and materials for the drafting of the relevant strategy document.

A working group has also been formed to discuss and assess the agricultural research technology needs and transfer mechanisms viewed in terms of farmers, researchers, extortionist and private sector perspective. The information and material collected will be used to draft an agriculture research technology transfer strategy involving research planning, management and investment assessment. Similar exercise will be initiated for developing appropriate policies/ strategies related to cereal crops, horticultural crops and livestock development.

A **demand-driven agriculture** sector requires fostering the processing industry with marketing and appropriate legislation. This will be necessary to provide an environment for the private sector investment. In this respect, the following elements are crucial:

- Reconstruction of the road network and road maintenance;
- Appropriate measures to reduce import taxes and duties, affecting trade;
- Quality standards;
- Deregulation of formal commerce and elimination of unnecessary bureaucratic complications.

Finally, the government requires creating institutional conditions that can **protect private property** and has the appropriate mechanism in resolving land disputes, on an impartial basis.