



Horticulture Value Chain Development Project
Funded by the Agence Francaise de Developpment (AFD)
Contract Number - N.12/ CAF1049

**HVP Strategic Objective 4: *A soundly based and profitable
Citrus Industry in Eastern Afghanistan is developed***



Mission Report 29th March to 30th April 2016

Gerrit J Booyens: Citrus Value Chain Consultant

AFGHANISTAN CITRUS VALUE CHAIN:

MISSION REPORT

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Author	Gerrit J. Booyens
HVP Strategic Objective # 4 Project Manager	Muhammad Aziz Saeedi
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The author's views expressed in this publication do not necessarily reflect the view of the ANHDO HVP Project Management Team and or the Agence Francaise de Developpment (AFD).

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ABBREVIATIONS

ANHDO	Afghanistan National Horticulture Development Organization
ANNGO	Afghanistan National Nursery Grower Organization
AFD	Agence Francaise de Developpment (AFD)
BMP	Best Management Practices
BoD	Board of Directors
BOP	Best Operating Practices
BSC	Balanced Score Card
CC	Coordination Committee
CGA	Citrus Growers Association
CGG	Citrus Grower Group
CHAMP	Commercial Horticulture and Agricultural Marketing Program
CIG	Common Interest Group
CPN	Certified Production Nursery
CPG	Citrus Promotion Group
CTV	Citrus Tristeza Virus
FFS	Farmer Field School
FH	PHDC Field Horticulturist
FM	SO1 Field Manager
GoA	Government of Afghanistan
GSSN	Government Strategic Support Network
HVP	Horticulture Value Chain Project
IFEAT	International Federation of Essential Oils and Aroma Trades
IDEA-NEW	Incentives Driving Economic Alternatives for North, East, and West
KNGA	Kunar Nursery Grower Association
LNGA	Laghman Nursery Grower Association
MAIL	Ministry of Agriculture, Irrigation and Livestock
MC	Mercy Corps
MSN	Mother Stock Nursery
NC	National Collection
NGA	Nursery Growers Association
NHLP	National Horticulture and Livestock Program
NNGA	Nangarhar Nursery Growers Association
NVAC	Nangarhar Valley Agricultural Company (to be incorporated ex-NVDA)
NVDA	Nangarhar Valley Development Authority
PBTL	Plant Bio Technology Laboratory (Badam Bagh)
PHDP II	Perennial Horticulture Development Program
PHDC	Perennial Horticulture Development Center
PPP	Public Private Partnership
SAGAL	Strengthening Afghan Governance and Livelihoods
SCG	Small Scale Citrus Grower
SO	Specific Objective
TA	Technical Assistance
TL	Team Leader
ToT	Training of Trainers
TSSN	Trade Strategic Support Network
VC	Value Chain

Mission Calendar: 21 March to 30 May 2016

Monday	21 March 2016	Fly Johannesburg - Dubai
Tuesday	22 March 2016	Dubai - Awaiting Afghanistan Visa
Wednesday	23 March 2016	
Thursday	24 March 2016	
Friday	25 March 2016	
Saturday	26 March 2016	
Sunday	27 March 2016	
Monday	28 March 2016	
Tuesday	29 March 2016	Fly Dubai - Kabul
Wednesday	30 March 2016	Travel Kabul - Jalalabad
Thursday	31 March 2016	SO4 Status Overview
Friday	01 April 2016	Week End
Saturday	02 April 2016	SO4 Project "Catch up": SO4 Team
Sunday	03 April 2016	Performance Management: The 6 Q Exercise & SWOT analysis SO4 Team
Monday	04 April 2016	Travel Jalalabad- Kabul : Quarterly meeting
Tuesday	05 April 2016	SO4 Workplan Review: Travel Kabul Jalalabad
Wednesday	06 April 2016	Meet Nangarhar Citrus Grower Association Chairman; Preparations CGG Meeting
Thursday	07 April 2016	Prepare Workshop Team Facilitation Session Agenda and Worksheets.
Friday	08 April 2016	Week End
Saturday	09 April 2016	Coach SO4 Team on Facilitation Skills
Sunday	10 April 2016	CGG Workshop: 23 Participants (13 Growers)
Monday	11 April 2016	Debrief & document workshop
Tuesday	12 April 2016	Gap Analysis review; SWOT Analysis Component/Ranking Identification
Wednesday	13 April 2016	Review Market Feedback and impute into value chain CBA
Thursday	14 April 2016	CBA Template: SO4
Friday	15 April 2016	Week end
Saturday	16 April 2016	Travel Jalalabad- Kabul :
Sunday	17 April 2016	Steering Committee Meeting: Kabul
Monday	18 April 2016	Coordination Committee Meeting: Kabul
Tuesday	19 April 2016	Meeting Project Stakeholders Kabul; Travel Kabul - Jalalabad
Wednesday	20 April 2016	NHLP Meeting; Project Management System Review
Thursday	21 April 2016	Project Management Set up; Communication and task management
Friday	22 April 2016	Week end
Saturday	23 April 2016	B2B Capacity Building: Introduction to CBA
Sunday	24 April 2016	Nursery Evaluation & Review
Monday	25 April 2016	NHLP Nursery evaluation and Information exchange meeting
Tuesday	26 April 2016	CBA Training: Crop Establishment vs Sour Orange regrafting
Wednesday	27 April 2016	CBA Training: Grower Positioning in the Value chain
Thursday	28 April 2016	CGG Workshop Preparation: Survey update target definition;
Friday	29 April 2016	Develop mail merge and baseline for 200 database CGG
Saturday	30 April 2016	CGG Workshop : Preparation and coaching for Grower based information update

1 Introduction

Horticulture Value Chain Development Project (HVP) aims, as part of its Specific Objectives: SO4 to ensure that ***“A soundly based and profitable citrus industry in Eastern Afghanistan is developed”***.

There is an increased need for improving the citrus industry production levels & standards as well as develop and diversify the citrus value chain to meet international standards. Additional efforts for promoting public & private sector partnerships within the citrus industry in eastern Afghanistan are essential. The program is designed over three (3) years in order to permit capacity strengthening in the public and private sectors as well as institution building, which is required for long term sustainable improvements.

ANHDO /HVP will organize the local citrus producers to go into the domestic market with strength (better varieties and better packages) and start to replace imports and regain the domestic market. Partnership with Nangarhar Agriculture Directorate and Nangarhar Valley Development Authority (NVDA) as well as the organizational arrangements for the Citrus Promotion Group (CPG) will be crucial. The outcomes will be better income, reduced imports, a strong partnership and the renaissance of the citrus industry in Afghanistan.

ANHDO/HVP mobilized the author as Citrus Value Chain Expert to mentor the relevant stakeholders and provide them with the technical expertise and inputs required. Analysis of the citrus value chain was conducted and activities are recommended to increase certified production and bring it up to international standards. The public/private sector stakeholders will be updated with progress reports and advised to support coordination and partnership within the citrus industry in the regular Citrus Promotion Group meetings.

This report aims to report on the specific deliverables as outlined in the scope of work:

- 1.1 Review the Citrus Database focusing on Sour Orange and conducting SWOT analyses
- 1.2 Participate in CPG meetings and present (PPP) the Sour Orange SWOT:
- 1.3 Assess the current status of the existing processing facilities and support the team to conduct focus B2B meetings between Sour Orange growers and fresh fruit wholesalers / processors.
- 1.4 Conduct capacity building Workshops for the ANHDO CGG members.

Security restrictions inhibited field, site and farm visits but enabled increased capacity building opportunities with ANHDO SO4 Team Members. Two very successful Citrus Grower Group workshops crowned the mission with remarkable progress towards the growers changing from passive beneficiaries to active participants in the nascent Afghanistan Commercial Citrus Industry.

2 Executive Summary

Citrus Database Review

- 2.1 The Citrus Database will remain “work in progress” as more reliable information is exchanged between key stakeholders.
- 2.2 Two Citrus Grower Group (CGG) workshops conducted during this mission, mobilised grower participation in the collection, verification of the survey data. This represents significant step towards the growers accepting co-responsibility for the future of the Afghanistan Citrus Industry’s commercial future; changing the grower’s traditional role from passive project recipient beneficiary to assume an actively participating and eventually leading role.
- 2.3 Reasons for the inconsistencies in the data sets were also confirmed by the growers. It largely stems from the fact that the grower fraternity often do not have access to the information. This led to much of the production related information at best being educated guesses. The growers’ growing awareness of how little they actually know of their own orchards’ production and potential was an important tool in shifting their mindset to enhance their participation and information recording.
- 2.4 Liaison between ANHDO SO4 and NHLP (National Horticulture and Livestock Programme) was renewed to ensure the coordination and consolidation of citrus related data. Updates on NHLP citrus orchard establishment after the last comprehensive survey are in progress. Inconsistencies between the ANHDO and NHLP databases have been identified. Geographic and variety distribution, improved grower identification and location information have been requested from the NHLP Head Office by their regional management team. Although the number of growers between the ANHDO Base (1182) and NHLP (1300) seem to be within 10% tolerance, the geographic distribution of the growers indicate that the total individual growers could be as many as 1753. Both organisations expressed commitment to continually enhance the base into a meaningful source of industry information.

Sour Orange SWOT analysis

- 2.5 The Sour Orange SWOT analysis displays complex intra-SWOT complexities:
 - a) The Sour Orange single biggest strength (established base) also represents its most significant threat (oversupplied fruit into demand inelastic market) as well as the most significant, albeit controversial, opportunity to accelerate production of more marketable varieties by regrafting existing sour orange trees with scientifically acceptable varieties’ scion or budwood. A commercial cost benefit analysis indicates significant cost benefits against the cost of (re) establishing fully certified orchards. This position will be presented at the next Citrus Promotion Group meeting to be held in May 2016.

Table 1: Comparative value of Existing Sour Orange (younger than 8 Years; New Orchard Establishment and Regrafting Sour Orange into Lemon

Metric	Sour Orange (as is)	New Lemon Orchard	Regrafting
Jerib	300	300	300
Establishment cost Y0 (AFN Million)	Nil	43	29
Capex and Working Capital Requirement Peak(Establishment to Fruit on Tree)	Nil	100m in Year 4	60,3m in Year 3
Net Present Value of Total Investment AFN m (10Years)	83,2	134	252
Cumulative Tons produced by Y9	2870	7680	9600

- b) Prior Development projects ill-advised and logframe result driven “establishment of orchards” led to the grower beneficiary’s notion that he is receiving a gift. This process neglected to indicate the required commitment of time, effort and continued investment by the grower, despite the initial cost share establishment agreements. The lack of available finance to maintain the orchard between establishment and fruit bearing had one of three likely results:

- i) early orchard mortality;
- ii) suboptimal growth rate with delayed production,
or
- iii) Changing the status of the grower to orchard lessor, leasing the orchard to a trader or intermediary.

Several categories of growers thus developed spontaneously, each with its own specific need, but still referred to, treated and trained as “a grower”.

- 2.6 “Best Management Practices (BMP)” and “Best Operating Practices (BMP)” are often used interchangeably, but with strong focus on Pre-and Post harvest requirements aimed at ensuring the health and growth of the tree and orchard. Little attention was however directed at the Management Practices including variety selection, pricing and cost determination of land (orchard lease), yield and volume forecasting, value of orchard at fruit set, fruit on tree, fruit at gate and delivered in market and the required administrative recordkeeping to serve as decision making and support tool. The above confusion contributed to “Operating Practice” skills development directed at the owner of the orchard, whilst the actual operator’s skills were unaffected. The abovementioned rather confusing situation is not the result of an expert analysis, but a direct feedback from the Citrus Grower Group workshop participants on 10 April 2016. This “Grower discovery” combined with the ANHDO SO4 Team’s realisation of its significance is regarded as an important turning point in approach, attitude and future action.

Sour Orange Processing Capacity

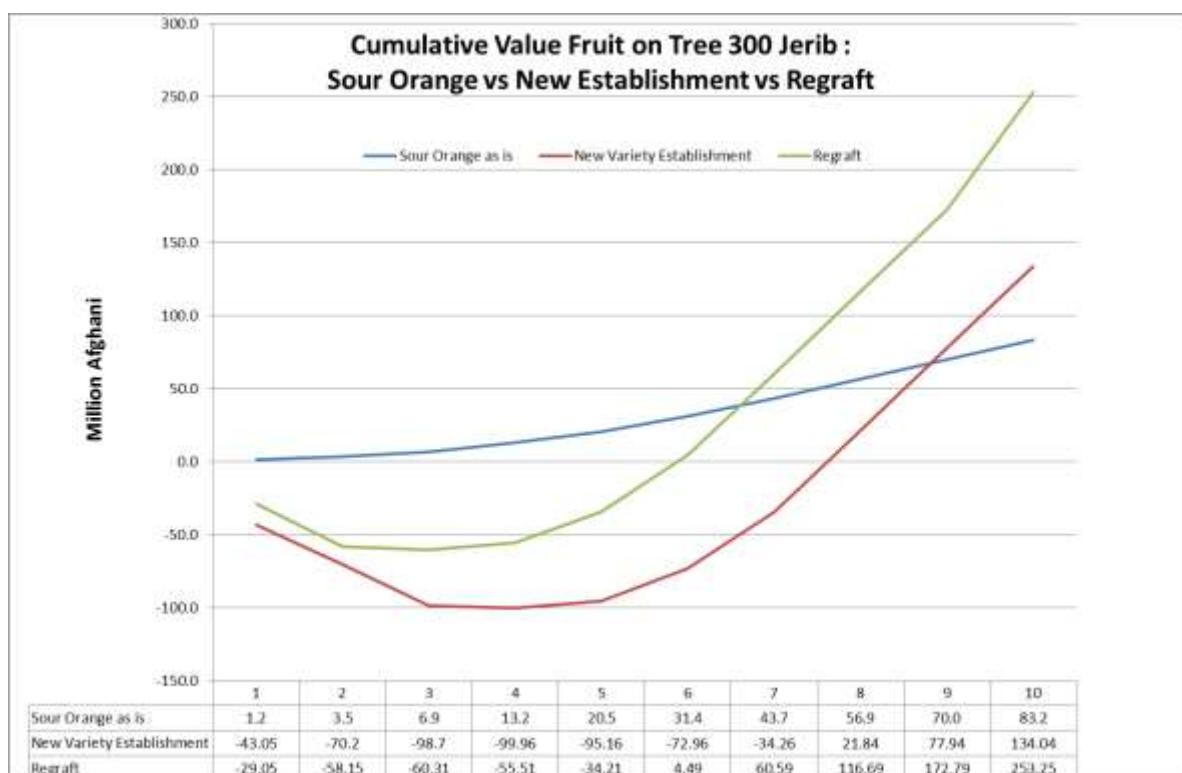
- 2.7 Security restrictions inhibited the visiting of plants and processing facilities.

- 2.8 Comprehensive debriefing of the ANHDO SO4 team revealed the following:

Although very promising product development and marketing trials are in progress, it is unlikely that the procurement of sour orange by currently identified processing capacity will exceed 1% in the project lifespan. The perceived benefit of the linkage is also weighted towards the processor, premised on the low sour orange price. The impact of the processing will not have the desired impact of significantly reducing the supply of sour orange to stabilise or strengthen overall pricing or grower revenue levels.

- 2.9 The mission’s capacity development effort was focused on “why” and with “who” B2B and or market linkages are necessary in the prevailing conditions, rather than on the “what”, “how” and “when”.

- 2.10 The impact of Sour Orange Processing disappears into insignificance as a moderator of sour orange volume when compared to the impact that Regrafting of Sour Orange trees younger than 8 years into more marketable varieties can bring about. Graphic illustration is provided in graph below



- 2.11 This mission focus on Sour Orange did provide the opportunity to open the discussion on the potential regrafting

ANHDO SO4 Team Capacity Building Initiatives

- 2.12 Group and Individual team member mentoring sessions were held on daily base, with the exception during security restricted and travelling days.
- 2.13 Performance and task management, group facilitation skills, data collection and market intelligence tools, cost benefit analysis techniques, and development of appropriate skills development and value chain component assessment instruments were addressed. Internet capacity and velocity upgrade will be justified under separate cover to facilitate continued remote support. The enhanced internet capability will also contribute to productivity enhancement of particularly the Project Manager and Logistics officer who will be able to participate in Kabul based meetings on Skype rather than spending up to six (6) days per month on the treacherous journey between Jalalabad and Kabul.

Citrus Nursery Assessment

- 2.14 Unreliable quantitative forecasting by the Nursery Grower Associations (NGAs) contributed to only 52% (18996) of the most recommended variety saplings projected (36632) in October 2015, to be available for sale in the first quarter of 2016.
- 2.15 On site nursery assessments by the PM SO4 indicated that only 30% of the 52% complied with the quality requirements set for the establishment of commercial orchards.
- 2.16 Project pressure from the NHLP on supplying nurseries not only fully utilised the available saplings but also gave rise to the emergence of a "semi-certified" sapling category.
- 2.17 Prevailing management practices in nurseries will inhibit and most likely preclude growers with future Global GAP aspirations from being accredited against current standards. Accreditation guidelines require applicant growers to provide proof of propagation material certification as well as water, soil or substrate, and pathogen

quality management systems of the nurseries. The obvious disadvantage will however only be evident at least five years after orchard establishment and preclude any Afghanistan grower to supply any of the multinational supermarkets requiring GlobalGAP certification.

Table 2: Recommended variety saplings grafted vs sapling sold 2016 (source NGAs)

Recommended Variety	Saplings grafted for 2016	Certified Saplings Sold 2016
Lemon	12367	11845
Eureka	185	
Femminelo Seracusano	9352	11105
Mayer	2830	740
Sweet Orange	24265	7151
Lane late	835	
Navelina	5690	990
Navelina Navel	3820	1674
Navelina VCR	1540	190
Sanguinelo Moscato Cusana	12380	4297
Grand Total	36632	18996

3 Key Recommendations

Nurseries & ANNGO		Responsibility	Date Due
3.1	Engage with ANNGO, NGA and CPG to resolve qualitative and quantitative issues in certified sapling availability over next three years.	SO4	May '16
3.2	Resolve Quality Management Systems (QMS) required by growers from nurseries to not compromise future certification with international certification bodies	SO4	May '16
3.3	Agree priorities of Citrus specific training manuals and task sheets to support NGA members and ANNGO	HVP; SO4; ANNGO	June '16
3.4	Conduct detailed semesterly nursery assessments and submit results to ANNGO & CPG.	SO4	June '16
Sour Orange			
3.5	Present grafting commercial dynamics to CPG and resolve technical hurdles	SO4	May '16
3.6	Agree regrafting plan if approved and accepted	SO4	July '16
3.7	Investigate Citrus Aurentium and Neroli essential oil potential	Int Cons	July '16
Citrus Grower Group			
3.8	Maintain momentum in Citrus Grower Group liaison and bi-monthly workshops	SO4	Ongoing
3.9	Establish basic CGG secretariat in SO4 Office to facilitate preliminary membership mobilisation, communication and information dissemination	SO4	Ongoing
Citrus Promotion Group			
3.10	Agree Road Map to Afghanistan Citrus Strategy	SO4	May '16

4 Mission Actions, Conclusions and Recommendations

Strategic Objective 4: A soundly based and profitable citrus industry in Eastern Afghanistan is developed

R1. The newly reborn citrus industry in the eastern region of Afghanistan reaches significant levels of production and quality standards and provides increased regional economic opportunities

Deliverable 1: Review the Citrus Database focusing on Sour Orange SWOT analysis;

Actions during Mission	Conclusions	Recommendations
Cost benefit analysis conducted on different sour orange market dynamics and production options	Oversupply of sour orange, even at suboptimal agricultural practices will continue and exert further downward pressure on pricing due to inelastic demand, and exploitative trading practices.	Continue survey update to enhance accuracy of predictions to improve quality of recommendations.
	Although exciting product development and market trials are currently being conducted, current sour orange processing capacity will have limited impact on the oversupply position in the medium term.	Investigate the production of Neroli and Citrus Aurentium Oils as alternative to create revenue generating opportunities for sour orange growers.
	The regrafting of sour orange trees with more marketable varieties can kickstart the commercial industry with at least 24 000 trees within 2 years potentially yielding a cumulative of 9600 tons by year 10.	Present regrafting commercial position to CPG to define formal risk assessment and policy review.
Review update Questionnaire	Growers Group engagement in 3 rd Review of citrus database projected to provide enhanced trends on production dynamics.	Growers to increase participation in surveys to improve their understanding of the reasons for and results of the review.
Coordinate data collection and synthesis with NHLP Management	Disparity between two major stakeholders' information bases exist.	Compare, edit, combine, and consolidate databases.
	Growers geographical distribution differs significantly due to naming conventions spelling and potential translation deficiencies.	

Deliverable 2: Participate in CPG meetings and present (PPP) the Sour Orange SWOT

Actions during Mission	Conclusions	Recommendations
Conduct workshops with Team on using SWOT analysis as operational management tool	Team moving away from Value chain inadequacies to focusing on what they can do with what is available and how inadequacies can be addressed.	Continue to use the 6Q technique to focus discussions and deliberations around specific issues rather than generic topics
Facilitating SWOT	Growers unaccustomed to be	Allow broad participation by all salient

reviews by Citrus Grower Group	listened to rather than talked to.	stakeholders at all times to ensure buy-in and ownership of process.
CPG Meeting Presentation Scheduled for 11 May 2016		Due to the need to conduct a second workshop with the CGG Group before the CPG and the timing and availability of key participants the CPG was postponed to 11 May 2016

Deliverable 3: Assess existing processing facilities and support the team to conduct focus B2B meetings between Sour Orange growers and fresh fruit wholesalers / processors

Actions during Mission	Conclusions	Recommendations
Debrief SO4 Value Chain Manager and Team	Product development and marketing trials in progress on sour orange squash and marmalade products.	Keep track and report on progress with commensurate planning and direct processor/farmer linkage efforts.
	Net impact on sour orange supply moderation unlikely to change by more than 2% with current processing capacity.	Investigate alternative supply moderation initiatives: Regrafting Neroli Oil distilled from sour orange blossom Citrus Aurantium cold pressed peel oil Identify and pursue linkage with high volume concentrate producers/users
	Existing capacities in essential oils production in Jalalabad unexplored	Assess existing essential oils production capacity in Jalalabad Link processors with the Essential Oil Incubator in South Africa and IFEAT (International Federation of Essential Oils and Aroma Trades)
	Success story potential: The successful linkage of Citrus Diamante grower with processor illustrate ANHDO SO4's knowledge management role in citrus industry	Follow through on Citrus Diamante marmalade and squash market trials and publish subsequent successful linkage after signing of procurement contract between grower and processor.
Reasons why linkage with processors is important rather than enabling actual "meet and greet" facilitation.	The principal reason for the linkage is to remove sour orange from fresh market in effort to stabilise and secure income potential due to oversupply and price and demand inelasticity	Pursue commercial value of Regrafting after consensus approval from CPG

Deliverable 4: Conduct capacity building Workshops for the ANHDO Field Team and CGG members

Actions during Mission	Conclusions	Recommendations
Facilitation skills workshops with SO4 Team members		Continue with exercises and remote contact with International consultant between missions
Assessing SAGAL Established Citrus Grower Association who on DAIL demand requested support from ANHDO SO4		Integrate dysfunctional grower groups into CGG on condition that the participation and commitment is to move towards commercial production.
Two CGG Workshops		Continue with bi-monthly meeting following Strategy Road Map steps

conducted by SO4 Team		
Prepare CGG for participation in CPG		Next CPG meeting to be held on 11 th May 2016,. Three CGG representatives to be elected to represent growers.
Support ANHDO SO4 Field Team to conduct and improve understanding of:		
Citrus Database and field survey		
VC assessments,		
Cost benefit Analysis		
Assessment of Nurseries		
Citrus marketing related issues		
Data collection and analysis tools		
Performance management and task planning tools		

Deliverable 10: Identify gaps (weaknesses) in SO4 Team (and the projects) current citrus value chain approach and propose recommendations (ways and means) for improvement

Actions during Mission	Conclusions	Recommendations
Continuous SO4 team engagement and 2 Citrus Grower Group Workshops focused on specific positions and specific value propositions for specific stakeholders.	Breakthroughs achieved in moving away from generic value chain approach to specific review of specific value propositions for specific stakeholders and their respective role, responsibilities, mandate and required contribution to achieve collective industry objective.	Publish proposed road map to the development of the Afghanistan Citrus Industry and obtain buy in and ownership by the CPG
	Fixation on Establishment of orchards ignored the impact on growers to bridge years between planting saplings and fruit bearing.	Apply cost benefit model to demonstrate the total commitment of resources and effort to yield the required results
	Sapling availability and inadequate quality management inhibits and compromises industry progress	Accelerate liaison with ANNDO & NGA to resolve qualitative and quantitative deficiencies.
	Lack of clear distinction between Best Management (BMP) and Best Operating Practices (BMP)	Enhance distinction and role of BMP and BOP and direct correctly capacity building at appropriate target.
	Growers preparing themselves to assume active participation and leadership role moving away from a traditional passive beneficiary role.	Continue support of CGG discussion and awareness of their role as potential citrus industry leaders
Comprehensive GAP analysis and focus on critical path constraints: Critical Gaps	Inadequate production capacity to respond to market Nursery Gap: Production capacity, Quality Management Systems	Resolve growers' future certification to retail standards against non compliance of nurseries
	Available but inaccessible land	Build land mobilisation and utilisation long term cost benefit scenario to motivate change in NVDA policy Present to mandated MAIL officials to accelerate resolution
	Sour Orange Regrafting hiatus or "strategic time out" due to pending CTV research	Obtain CPG approval/or considered official restriction for regrafting
	Channel partners conflict in interest: Consistent 100% markup on CIF Import pricing in market with only 8% revenue potential on local produce.	Update improve and regularly review reversed value chain study to consider and compare citrus import dynamics to improve understanding of stakeholder vested interests and assess competitive advantage.
	Availability of reliable information	Engage CPG Stakeholders on trade information accessibility

Meetings and Workshop participation with NGA Members who attended SO1 Workshops	Dated and inadequate citrus nursery training material	Enhance citrus nursery management and operating practices to meet immediate needs and minimise quality and certification compromise or limit citrus market access in future with basic step by step task guidelines.
	Interproject short term rivalry to gain access to available saplings creates unnecessary compromises in quality with long term impact.	Continue NHLP and ANHDO Collaboration on nursery assessments, but share method and motivation comprehensively with ANNGO
	Disturbing emergence of “Semi-Certified” saplings	Clarify official ANNGO position on status and category
	Nursery Management practices potentially compromising entry into formal entry into export markets in next decade	Clarify with Global GAP certification body.
	“Third Party” customer driven accreditation and evaluation system developing	HVP, HPS and NHLP to not compromise on quality standard when purchasing saplings, despite project performance pressures.
	Sapling quantum projections diminish by 50% in three months with 70% of available saplings not meeting ANHDO SO4 quality Standards	Enhance skill and management capacity transfer to nursery growers

Annexure A:

Citrus Grower Workshop 10 April 2016: Recording of Proceedings and feedback from participants

Date: 10 April 2016

Venue PHDC Jalalabad

Participants:

Growers	Province	District	Village
Maulavi Shahzada	Nangarhar	NAN-Kama	Koz Gaheek
Haji Abdul Wahab	Kunar	KUN-Asadabad	TeSha
Haji Habib Raheem	Kunar	KUN-Asadabad	Koz Dandona
Gul Hakeem	Laghman	LAG-Mihtarlam	Deh Zyarat
Haji Mya Gul	Nangarhar	NAN-Kuz Kunar	Salampur
Shapoor	Nangarhar	NAN-Kama	Shailam-e-Rayati
Hameedullah	Laghman	LAG-AliShing	Sardarano Kelai
Ikramullah	Kunar	KUN-Khas Kunar	Malekano Banda
Walayat Khan	Kunar	KUN-Khas Kunar	Koza Arazee
Haji Muhamad Haroon	Nangarhar	NAN-Bihsud	Baland Ghar
Hekmatullah	Nangarhar	NAN-Surkh Rod	Abdullah Khan Qala
Wali Muhamad	Kunar	KUN-Khas Kunar	Kandaro Ghara
Maulavi Shahzada	Nangarhar	NAN-Kama	Koz Gaheek
Haji Muhamad Haroon	Nangarhar	NAN-Bihsud	Baland Ghar
Hekmatullah	Nangarhar	NAN-Surkh Rod	Abdullah Khan Qala
Haji Gulla Jan	Nangarhar	Surkh Rod	
Rafiq	Laghman	Qarghai	
Support Stakeholders	Organisation	Location	
Fazal Wali	PHDC-Jalalabad	Nangarhar	
Mumtaz	PHDC-Jalalabad	Nangarhar	
Nazar Gul	Extension Officer - Laghman	Qarghai	
Gul Rang	Extension Officer -Kunar	KUN-Khas Kunar	
Abdul Dosti	Head of Horticulture- Nangarhar	Jalalabad	
ANHDO SO4 Team			
Muhammad Aziz Saeedi	Project Manager SO4: Nangarhar	Jalalabad	
Fazal Huq	Value Chain – HVP	Jalalabad	
Abdul Wafi	Marketing Specialist	Jalalabad	
Nisar Fazli	Intern/Group mobilisation	Jalalabad	

1 Opening and introduction

- 1.1 The PM SO4: Mr Aziz Saeedi welcomed all participants. It was explained that in prior sessions growers and extension officers attended similar workshops and the SO4 Team did most of the talking and the participants did most of the listening. In today's session the roles will be reversed. The AHNDO SO4 Citrus team will be there to listen to the deliberations of the groups. All participants will be divided into 4 different groups with some guidelines as to what the key issues might be.
- 1.2 This is however only a guideline.
- 1.3 The objective of the days discussion is for growers and citrus production stakeholders to establish the framework for a successful Citrus Growers' Group that provides value to the members. The history of previous growers groups will be discussed and lessons learnt will be documented to prevent mistakes of the past and repeat successes.

2 Agenda and discussion guidelines

- 2.1 What is our combined Grower Association Experience

Listing of Successful Associations or groups:

Why do you believe are they successful?

List of Failed organisations/ associations/ or groups

Reasons for the failure

- 2.2 Conduct a Citrus Grower Group SWOT analysis

STRENGTHS	WEAKNESSES
What do we do well? What unique resources can we draw on? What do others see as our strengths?	What could we improve? Where do we have fewer resources than others? What are others likely to see as weaknesses?
OPPORTUNITIES	THREATS
What opportunities are open to us? What trends could we take advantage of? How can we turn our strengths into opportunities?	What threats could harm us? What is our competition doing? What threats do our weaknesses expose us to?

- 2.3 Why do we need a Citrus Growers Association?
- 2.4 Describe the need for representative association:
- 2.5 What are the characteristics of a Commercial Citrus Grower Association Member?
What services do we need/expect from an association?
Who will pay for the services?
- 2.6 Postcard from the future: Describe what the Citrus Industry will look like 10 Years from now?

3 Discussion Group Break away sessions

- 3.1 The participants were randomly divided into discussion groups and each group left with a facilitator to deliberate the future of the Eastern Provinces Citrus Growers Association.

Groups Feedback

4 Association Experience

4.1 Listing of Successful Associations or groups:

The following associations were deemed to be successful:

- a) Khateez Dairy Association: Milk collection in the district and transports to processing unit. Weekly payments for milk collected is received by farmers. Association is active, membership fees are paid.
- b) ICARDA Seed production union
- c) Nursery Growers Association
- d) NHLP Farmers Union
- e) Jewelers association
- f) Money Exchanger Association
- g) Drivers association

4.2 Characteristics for a successful association:

- a) Getting like minded farmers together to resolve their own issues.
- b) To together find opportunities for their business by combining their strengths to be stronger as a group than one would be on your own.

4.3 Why do you believe are they successful?

- a) Tangible, measurable benefits or value is provided to the members.
- b) Make things possible that is impossible to achieve on your own.
- c) Strengthening the voice of the individual through the group

5 List of Failed organisations/ associations/ or groups and reasons for the failure

5.1 Kunar, Laghman and Nangarhar Citrus Growers association established by Madera during 2008:

- a) The association was not driven by the growers but was part of the requirements of the project. Associations were registered, lived on paper only but they are now dead.
- b) Members were not selected adequately and left to pursue different objectives that brought them benefit.
- c) Association members did not know one another and could not select/elect leadership properly.
- d) No trust could be developed between growers
- e) Growers did not lead.
- f) Capacity building was not done. Reasons for the association was to create an association and not to bring defined benefits. Growers could not relate to "What is in for me?"
- g) Growers did not realise that the stakeholders are there to support them to grow the industry. It is however their own responsibility to use the opportunity to develop and define a portfolio of services that they need and can get access to as a group, which under individual instance will not be possible.

6 SWOT Analysis

<p style="text-align: center;">STRENGTHS</p> <p>Eastern Afghanistan Microclimate Quality of land Variety potential for lemon and Sweet Orange much higher than competition Water resources and access to irrigation available National collection: Information regarding varieties' characteristics filtering through to growers Access to land</p>	<p style="text-align: center;">WEAKNESSES</p> <p>BOP & BMP Skills inadequate Inavailability of Quality Saplings Lack of network of citrus professional Lack of stakeholder coordination Border control on sapling imports Knowledge & Industry unity Project dependence Lack of Islamic finance instruments. Conflict between donor project objectives and what we really need compromising our future Technology: tools, equipment, quality inputs, drip irrigation. Lack of cold storage; water Sorting Grading/ Lack of citrus specific training in FFS</p>
<p style="text-align: center;">OPPORTUNITIES</p> <p>Growing awareness of the Growers' industry leadership role We have time on our hands/ Available human resources Availability of Project resources: NHLP/ANHDO/PHDC/NVDA Land of NVDA/ Barren land available Optimisation water resource Domestic demand far outstrips supply Improved cultivar / variety information Every moment of life presents an opportunity Willingness enthusiasm commitment growing for commercial citrus production Improved commercial focus Peer learning potential improving</p>	<p style="text-align: center;">THREATS</p> <p>Volatile Security situation Pest & disease (CTV threat; Sapling quality: (however record exist of sapling refusal) Agri land transformed into residential use. Cheap international fruit (kinnow) Increase production Sour Orange stagnant market Lack of Government Support: Border control/ Quality control/Impprt quality/ Pesticide registration Lack of Information Vulnerability of growers of misguided project and unprofessional leadership Trust and confidence rift due to prior experience and lack of tangible benefit Security of orchards: Theft animal and political risk; increasing unit cost of production Established Grower associations are deserted before they reach maturity/ all that is left is the registration paper but no life.</p>

7 Why do we need a Citrus Growers Association?

- 7.1 Unity in problems solving ,
- 7.2 Improve relationship between stakeholders
- 7.3 Improved market & products: Information, access, reduce exploitation
- 7.4 Meet Customer and consumer demand
- 7.5 Decrease expenses

- 7.6 Attract trust of people,
- 7.7 Improve grower capacity
- 7.8 Suitable market development
- 7.9 Introduction to new varieties
- 7.10 Develop accesss to financial support
- 7.11 Change from individual perspective group perspective to help in economies of scale
- 7.12 Strengthen our voice
- 7.13 Successful service provision and demonstrated success will help building of trust.
- 7.14 Access to information at lowest cost
- 7.15 To define and implement projects: mobilise external resources

8 Need for Representative Growers' Association:

- 8.1 What are the characteristics of a Commercial Citrus Grower Association Member?
 - a) Have citrus orchard; bigger than 3 Jeribs
 - b) Active participation in association and sessions
 - c) Pay agreed fees
 - d) Honest person
 - e) Respect by laws of association
 - f) Enthusiastic participation
 - g) 18 Years & older
 - h) Everybody should accept criteria.
 - i) Committed to the quality standard: continuous improvement
- 8.2 What services do we need/expect from an association
 - a) Messages: continuous exchange of information from the grower to stakeholders; and messages from Stakeholders to growers
 - b) Market formation: pricing for different volumes and standards and locations
 - c) Development of Management tools: Budgets, pricing determination from orchard, to fruit to market decision support on variety selection and performance.
 - d) Alert messages: Pricing/ Local and imports per variety/per market
 - e) Weather;
 - f) Availability and pricing of saplings;
 - g) Recommendation of saplings/varieties to be used;
 - h) Nursery benchmarking ito sapling quality, input pricing and availability: clear communication on performance of saplings in orchards.
 - i) Seasonal pest and Best Operating Practice triggers.
 - j) Mobilise external resources:
 - Government incentive
 - Government programmes
 - Donor programmes
 - Financial instruments,
 - Processing opportunities
 - k) B2B meetings for processing

- l) Technical Assistance to Plan and establish commercial orchards of recommended and marketable varieties
- m) Market access: make it possible to get grower closer to market and less dependant on middlemen
- n) Strengthen voice package message; (define lobby) and interest groups
- o) Capacity Building: Access to expert group to improve efficiency.
- p) Improving my own sustainability/livelihood/profiability/ money/benefit by participating in the Grower Group.

9 Who will pay for the services

- a) Members will at least have to contribute proportionally
- b) Supporting organisations

10 Postcard from the future

10.1 Describe what the Citrus Industry will look like 10 Years from now?

- a) By 2025 the Eastern Afghanistan citrus growers will satisfy 30% of the local citrus market requirements
- b) Sapling and input availability have improved to satisfy the need to establish the commercial growers
- c) Farmer economic position have improved and citrus is the most profitable crop in the region
- d) A strong self sustaining Growers Association provides services to members and and the industry and is funded from a part of the benefit they realise for the growers.
- e) The growers have established a pack house facility to meet premium local demand and to prepare for exports (25 to 50% local importation target was set by Group 2)
- f) Collection centres exist in all grower districts to collect fruit and transport to the packhouse facility and market
- g) Best Operating and Management practices are audited by the Association auditors and growers achieve a 90% pass rate
- h) Variety mix was improved and only most recommended varieties were established from 2017 to 2020. Growers are familiar and up to date with the varieties' performance and requirements.
- i) Specialised territories for specific varieties have been identified to match the climate and conditions with the requirements demanded to optimise the specific varieties' production performance.
- j) The Sourcing and dissemination of information leads the charge for change.
- k) The Grower association has developed strong leadership and there is no doubt that the Grower Group assumed the leadership role in the industry.

10.2 Learnings and Resolutions

- a) Grower representative will reconvene before the end of April to take an active role in the industry's information gathering.
- b) Three representatives will be elected to represent growers at the next Citrus Promotion Group meeting
- c) The needs of different categories of growers ((i)Orchard Lessor, (i)Fruit on Tree, (i)Fruit at Gate, (i)Fruit at Market) are different and should be addressed specifically with the urgent intent to guide appropriate growers into the commercial capacity.

- d) The most important learning expressed by the growers was that their individual success depends on a strong effective association bringing them benefits they cannot achieve on their own. It will however require commitment and leadership to manage their own affairs.

Annexure B

Gap Analysis: Afghanistan Citrus Industry

1 Introduction

The gap analysis was conducted in support of populating the Afghanistan Citrus Strategy Design and Implementation Framework, as illustrated in the Balanced Score Card under development over the last 16 months. The strategy design framework further aims at providing a roadmap for the Citrus Promotion Group to collaboratively develop a robust strategy for submission to the Ministry of Agriculture, Irrigation and Livestock and other support Ministries for acceptance and endorsement.

The Gap, Swot, Cost Benefit Analyses and modelling, have all been aligned and find application within the definition of priority activities to assist the industry and its stakeholders to arrive at and fulfill the common vision of the industry stakeholders.

2 The Visioning Process

A variety of visionary statements can be identified in the current and prior Logframes and in the "industry speak". It is however stated in generic terms such as:

"A soundly based and profitable citrus industry in eastern Afghanistan is developed"

"enhancement of capabilities of the private sector"

"uplifting of horticulture (yields, quality standards, market value)"

"move towards citrus import substitution"

"lead to future international exports"

"Private & public stakeholders strengthen their partnership around the agreed strategy for the Citrus industry"

Aligning the relatively short term (4years) of the project with the 25 year horizon of the citrus industry presents the industry with a challenge of ensuring that the desired end state is clearly defined and the road map clearly charted in order to ensure that no short term action will adversely influence the long term desired destination.

3 Road Map to achieving the Industry Vision

The road map was outlined in prior reports and presented to the Citrus Promotion Group. Until this mission (April 2016) limited citrus grower input was received. A major breakthrough was achieved with the two workshops held with the initial founding members of the Citrus Grower Group. The group expressed very specific visionary desires. The final desired destination was defined as **"a citrus industry that meets at least 30% of the local Afghanistan citrus demand in the next decade"**.

This statement, albeit at an early stage of realisation that they are active participants in the strategy rather than passive beneficiaries, they provided some metrics against which the current position and required journey route and steps can be measured.

The Road Map and the Balanced Score Card is outlined in the following two tables:

4 Road Map to Afghanistan Citrus Industry Strategy

Table 3: Road Map to an Afghanistan Citrus Strategy

Process Fundamentals	1	Ensure Grower Leadership and Gain Industry and Government Support for Strategy	
	2	Ensure Comprehensive scope	Development perspective (Institutional Capacity, Skills, Land & Infrastructure)
			Competitiveness and sustainability perspective
			Stakeholder Perspectives
			Institutional Network (Public and Private) Perspective
			Compliance and Regulatory Perspective
Analyse – Where are we Now?	3	Comprehensive Assessment of CPG, NGO, CBO, & PS, PPP's	Benchmark Business Environment
			Assess Capacity: Operational, Infra, Institutional, Knowledge
			Review main markets, resources, current performance.
			Evaluate capacity to respond
			Evaluate Current Approach to Development
	4	Apply Value Chain Analysis Identify Critical Success factors and assess value options to	Acquire greater value
			Retain Greater value
			Add Value
			Create Value
			Distribute Value
	5	Confirm Stakeholder Demands and Needs	Current Participants in the Value Channel
			Potential Participants in the Value Channel
			Aspiring Participants in the Value Channel
	6	Review essential trade / production / institutional support services	Competency development
			Knowledge Management & Trade Information
			Production & Trade Finance
			Quality and Risk Management
	7	Assess Available Resources within Target Areas, Public and Private Sectors	Support services
			Finance
			Institutions
			Programmes
	8	Prepare a SWOT Analysis	People
Strategic Focus – Where do we want to be	9	Create or reconfirm the Vision (or adapt current Vision if necessary)	
	10	Specify Priorities	
Formulation and management – How do we get there	11	Establish the Framework for Managing and Monitoring the Strategy	Confirm Strategic Considerations
			Determine Objectives
			Specify Performance measures
			Set Targets
	12	Formulate a Plan of Action	Specify initiatives
			Identify Responsible Organisations
			Allocate Resources
			Set the Implementation Schedule
	13	Maintain the Community, Public Private Partnership for Strategy Implementation	

5 Citrus Grower Group: Stakeholder & Institutional /Organisational Capacity

Table 4: Gap Analysis- Citrus Grower Group

Perspective	Stakeholder & Institutional /Organisational Capacity			
Objective	Citrus Grower Group			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
CGG to own and lead citrus strategy with Cohesive Common Vision Robust institutional framework, Industry Ownership & Leadership & Collective Capacity to respond to market demand	Several registered but dysfunctional / dead CGGs	No linkage to overall strategy / no strategy	Project driven	Create Grower AIDA: Awareness, Interest, Desire, Action
			No common goal defined	Facilitate visioning process
			Citrus growers largely passive beneficiaries	Illustrate benefits of collaboration
		No Portfolio of services/ tangible benefits	No capacity	Develop portfolio & support capacity building aimed at vision
				SO4 mandated as CGG Secretariat
		Elected representative leadership	Election by default	Facilitate leadership ID & Development
		Definition of different categories of growers: Land owner/lessors; orchard lessor/seller; bulk fruit on tree; farmgate fruit	Marginalised position of Grower in Value Chain vs Trader/ Sharecropper/ Intercropper	Clarify & grower discovery of roles and responsibilities of value chain participants for each grower/landowner

6 Citrus Promotion Group: Stakeholders & Institutional Capacity

Table 5: Gap Analysis- Citrus Promotion Group

Perspective		Stakeholders & Institutional Capacity			
Objective		Citrus Promotion Group			
Desired/Future State	Current State	Gap (Y/N)	Gap Description	Factors	Remedial Action
Citrus Strategy Implementation Forum:	Talk shop with limited impact	Y	Nascent body with assumed leadership by SO4	No common vision	Roadmap to Afghanistan Citrus Industry Strategy
				No defined strategy	
				Current forum protecting vested interests of individual links rather than industry	Clarified role, responsibilities, mandates and action
				Transition from nursery to commercial production phase	

7 Capacity to respond to Local Market Demand & Initiate Exports: Development Perspective

Table 6: Gap Analysis - Capacity to Respond to Market

Perspective	Development			
Objective	Capacity to respond to Local Market Demand & initiate exports			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
200 000 tons of required variety mix (Local market only)	Production potential of 1700 tons; estimate of actual between 650 and 1300 tons	Imports: Fresh: 192 000 ton Processed: 25 000 ton	Lack of production factor coordination and synchronisation	Activate/mobilise production factors
Land: 25 000 jeribs (5000Ha) planted with certified and/or marketable varieties	+/-2645 jerib garden sized (Ave 1,7Jerib) orchards; NVDA 14740 Jerib ¹	14740 jeribs largely un/underutilised	Inadequate policy framework	Mobilise NVDA land with enabling policy to long term leasing or title transfer
Capital: Afn 8250m (US\$120m)	At current cost SCG: Afn872m (US\$12,7); NVDA Afn4808m (US\$70m) ²	Limited private investment;	Donor & project driven establishment support	Build market driven business case, raise potential awareness & attract private investment
			No working capital Y1 to 5	
			Limited Awareness, Availability and acceptance of financial instruments	
Entrepreneurship: BMP in place meeting GAP standard	Little if any evidence	BMP i.t.o. planning, design, management decisions not performed by Grower community	Project dynamics	Differentiate clearly between BMP & BOP.
				Develop and implement decision support tools
				Celebrate, reward and publish success

¹ Growers actually surveyed to date: 1067 total jerib = 1852

² Historical investment largely unproductive

Perspective	Development			
Objective	Capacity to respond to Local Market Demand & initiate exports			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
Labour: BOP meeting GAP standard: 100kg per tree	Productive trees yield 2014: 18.35kg	Limited BOP & harmful practices	Intermediaries often responsible for OP.	BMP Contracting support where intermediaries are involved
			Intercropping practices aim at intercrop	Define supportive/synergistic intercropping strategy
			Extractive practices by intermediaries	Clarify contracting terms in terms of Pre & Postharvesting practices

8 Certified Sapling Input: Development & Competitive Perspectives

Table 7: Gap Analysis Certified Sapling Input

Perspective		Development & Competitive		
Objective		Certified sapling input		
Desired/Future State	Current State ³	Gap Description	Factors	Remedial Action
Certification Process Quality & Quantity Compliant supply of propagation material: (2016: MRV ⁴ Demand NHLP 780j: 62400 HPS: 16000	Total MRV available: 18996 Quality Compliant: 5700 Total across species: 41753	Non availability of saplings single biggest current constraint in developing citrus industry	Operating and management practices: Planning & Actual performance highly inconsistent	BOP Manuals
				Demonstration nursery as FFS
				Early & contiuous communication on planning
				Long term supply agreements
	Grafted: 106K(100%) Sapling Sales: 43K (43%) MRV 18K (16,9%) Quality OK: 6K (6%)		Management	Customer / contract audits
				QMS BMP & BOP Manuals
				Awareness of non compliance impact
				Increase compliant MSN
			Enhance ANNGO/NGA/Nursery	

³ Nursery Performance table included below

⁴ MRV= Most Recommended Varieties

Perspective	Development & Competitive			
Objective	Certified sapling input			
Desired/Future State	Current State ³	Gap Description	Factors	Remedial Action
			practices	growers awareness of long term strategy
				"Accredit preferred suppliers to major projects: NHLP/HVP/HPS"
				Develop training manuals and skills sheets
	Only assurance of ANNGO label is source of rootstock and budwood		MSN budwood production/availability	Develop nursery evaluation and audit survey
			Perceived Conflict of interest between nursery and growers	Major clients to conduct semester nursery audits & coordinate results
			Short term view compromising long term grower certification	Structured move towards Global GAP standards ⁵
				Clarify guidelines & legislate in ANNGO by law
Emergence of Semi Certified category				

⁵ Comprehensive Guideline can be downloaded in Excel format from
http://www.globalgap.org/export/sites/default/.content/.galleries/documents/130411_gg_ifa_cl_af_cb_fv_v4_0-2_protected_en.xls
 Or in Pdf from
http://www.globalgap.org/export/sites/default/.content/.galleries/documents/160201_GG_IFA_CPCC_PPM_V5_0-1_en.pdf

9 Sour Orange Supply Management: Competitiveness

Table 8: Gap Analysis Sour Orange Supply Management

Perspective	Competitiveness			
Objective	Sour Orange Supply Management			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
Sour Orange volumes match inelastic demand dynamics	Oversupply with severe market pressure	SO consumed as condiment & flavour not for consumption as fruit	Orchard establishment decision not market driven	Orchard development to be directed at best market information re variety performance, market demands, required practices, and commensurate investment
			Decision based on Project "Gift" ⁶	Full life cycle to be considered in orchard establishment costs ⁷
			Current Oversupply with accelerated wave approaching ⁸	Cease any propagation and or sales of SO Saplings Enhance awareness and potential of Most Recommended Varieties
			Single biggest moderation of volume is absent BMP & BOP	
			Retail price from grower highly elastic: Oversupply no price	
			Consumer Demand & retail prices inelastic: reduction in price will not increase sales	
			Processing capacity not sufficient to	Identify alternative processing potential

⁶ Decision to establish orchards dominated by projects, with little attention to the 5 to 7 year bridging period between establishment and fruit bearing. Decision table included as Table below

⁷ Establishment costs vs orchard establishment support outlined in Table 1

⁸ Projected Sour Orange Production outlined on Page 14 below

Perspective	Competitiveness			
Objective	Sour Orange Supply Management			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
			moderate volume	Investigate Neroli fragrance and peel oil potential: Assess Afghanistan essential oil capacity
Optimised utilisation of established Sour Orange base: Regraft 780 Jeribs to provide			Unutilised potential as rootstock for regrafting	Resolve CTV / regrafting issue.
				Regraft 780 Jerib on trees younger than 7 years
			Limited Budwood available	Register preferred & alternative MSNs ⁹

⁹ Proposal for alternative MSN development submitted by SO4: awaiting response

10 Citrus Trade & Export Support Services: Institutional Capacity (Trade services)

Table 9: GapAnalysis- Citrus Trade and Export Services

Perspective	Institutional Capacity			
Objective	Citrus Trade & Export Support Services¹⁰			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
CPG & CGG Secretariat provide information and VC Partner linkage to: - Knowledge Management, Trade Information & Intelligence - Business Promotion - Facilitation And Advocacy - Export Development - Skills & Management Competency Development - Quality & Risk Management Services	SO4 provides: Variety Brochure Best Operating Practice Brochure & Training Citrus FaceBook page B2B Grower/Processor Organisational Skills	Current focus on what, how, when, where obviously required services are required. WHY steadily developing; Grower driven needs analysis work in progress;	Pre-defined Logical Framework limitations	Focus on LF defined actions with Grower buy in
			Target beneficiary "confusion" misdefinition	Ensure and narrow down target Focus on high impact, low cost interventions
			Underutilised Grower & CPG involvement and engagement	Mobilise CGG members as service ambassadors
				Stimulate and measure AIDA: Awareness, Interest, Desire, m Action.
				Survey Impact annually
				Publish and celebrate success at CGG & CPG
Cohesive and Common Vision Focused Channel Partnership	Value Chain Links' conflicting interest	Inverted "Import" Value chain significantly more valuable to Wholesaler community than local production	Mark up on imports in order of 100% to 140% on CIF (Gross Revenue US\$101m)	Identify and lobby VC Partner wholesalers
		Wholesaler /Importer disincentive to engage	Commission on Local Production: 8%: Gross Revenue (US\$1K)	Build Consumer awareness & expectation
		Trader vested interests dependent on ignorant growers	Growers traditional VC position as Lessor/ Fruit on	Develop CGG Intermediary Consolidator" Bargaining Tool
				Advertise availability, quality benchmarks & restrictions on local citrus
				Build grower awareness & understanding of pricing determination and cost benefit

¹⁰ Detailed potential support services listed in Annexure C

Perspective	Institutional Capacity			
Objective	Citrus Trade & Export Support Services ¹⁰			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
			Tree producer	analysis
				Enhance Best Management Practices
			Lack of production finance	Enhance grower's understanding of cost of not extending BOP & BMP practices
				Enhance Finance Instrument understanding
				Link to ADF & Banks

11 Quality Standards to enable future Exports: Competitiveness

Table 10: Gap Analysis - Quality Standards to Enable Future Exports

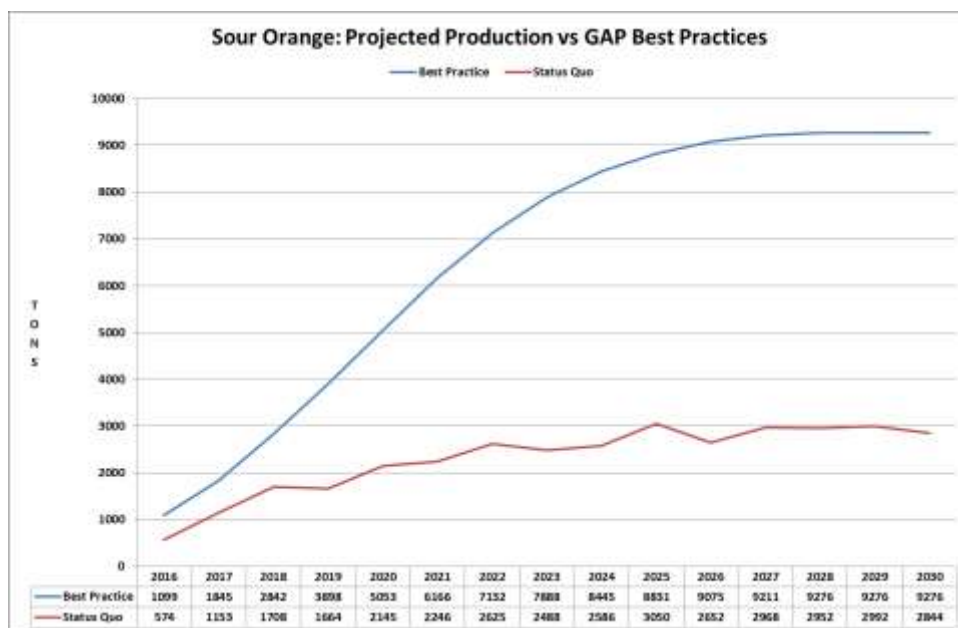
Perspective	Competitiveness			
Objective	Quality Standards to enable future Exports			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
Industry meets & exceeds International Standards i.t.o. <ul style="list-style-type: none"> - Fruit Quality and standards - Process integrity - Food safety - Traceability 	Quality protocol in draft	Current expansion of orchards could be disqualified from multinational retailers in future due to current management practices in nurseries.	First stab at establishing protocol	Review, implement, measure, correct with full awareness f all participants
Current actions don't inhibit international GAP access in future	Nursery propagation practices not compliant to Global GAP standard		ANNGO certification scheme practices do not comply with Global Gap Management practices as outline in	Address: Site and Soil management Pest monitoring and control Media and root pathogen testing every three months Water treatment and testing every three months

Perspective	Competitiveness			
Objective	Quality Standards to enable future Exports			
Desired/Future State	Current State	Gap Description	Factors	Remedial Action
				Substrate management practices Propagation facilities management and maintenance practices Safety & Hygiene Risk Assessments Training records Hazards and First Aid Trading terms and sales history

12 Sour Orange Projected Volume growth as young orchards start production

Due to inadequate pre-harvesting practices, the Sour Orange orchards surveyed produce between 20% and 50% of their “true to type” potential. Even at this production level the market is under severe pressure with Sour Orange often left unmarketed as the labour cost is not justified by the yield or resultant revenue. The expected production curve, even at the current level of pre-harvest activity is expected to double in the next three years and quadruple by 2020.

Figure 1: Sour Orange: Projected Production vs GAP Best Practices



This volume growth is the result of the orchard establishment that occurred in the last 8 years. Sixty percent of the surveyed orchards will come into production in the next 6 years (24 000 trees out of a total of approximately 40 000.)

The lack of Good Agricultural practices, for once, could be the ally of the Sour Orange market as the potential curve at best practice indicated in the **Figure 1** alongside.

The vested investment in Sour Orange orchards can be optimised commercially if regrafted with Most Recommended Variety or at least marketable variety budwood. This commercial decision should however be cleared by the Citrus Promotion Group after considering the risk associated to the spreading and or tolerance of the Sour Orange to CTV.

This issue will be presented to the CPG at the next CPG meeting scheduled to be held on the 11th May 2016.

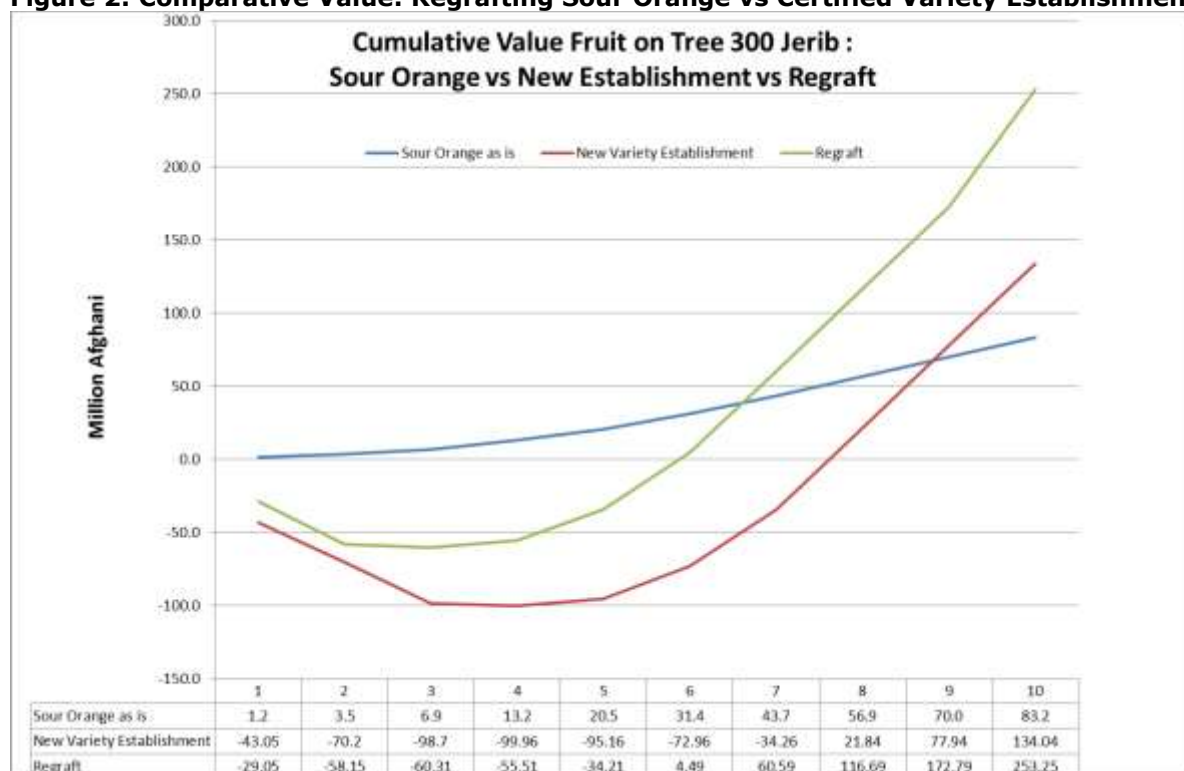
13 Projected Value and Volume projections: Regrafted Sour Orange (with Lemon) vs New Variety Orchard Establishment

The projected current value of a Jerib of regrafted Sour Orange orchard, without discounting time value compares favourably to the establishment of new variety orchards and could lead to the acceleration of production by almost two years.

The orchard establishment cost, inclusive of the labour and working capital for a certified variety orchard amounts to an estimated Afg 330 000 whilst the cost of regrafting a Jerib of Sour Orange will absorb Afg 193 000 before positive cash flow is experienced with the start of fruit production.

Regrafting the available 24000 Sour Orange trees younger than eight years, translates into creating 300 Jerib into a more marketable variety, albeit not certified. The comparative value projections are significantly in favour of the regrafting option.

Figure 2: Comparative Value: Regrafting Sour Orange vs Certified Variety Establishment



The assumptions used in the above projection are as follows:

Metric	Sour Orange	New Lemon Orchard	Regrafting
Jerib	300	300	300
Establishment cost Y0 (AFN Million)	Nil	43	29
Capex and Working Capital Requirement Peak (Establishment to Fruit on Tree)	Nil	100m in Year 4	60,3m in Year 3
Net Present Value of Total Investment AFN m (10Years)	83,2	134	252
Cumulative Tons produced by Y9	2870	7680	9600

Annexure C: Potential Citrus Grower Group Services Portfolio

TRADE INTELLIGENCE

DISSEMINATION

- Enquiry/ Reply service
- Web pages; website with trade information
- Newsletter - Bulletin - Magazine (regular publications)
- Seasonal Alerts / Selective dissemination
- Access to a trade library / Reference centre
- Catalogue/ Database of trade information resources
- Skill Sheets
- Best Management Practices

BUSINESS CONTACTS

- Local company directory / database
- Exporters directory/ database
- Virtual catalogue of products and services of input providers
- Foreign importers / Foreign partners
- Competitive intelligence
- Business opportunities / Trade leads
- Information on tenders / Information on projects
- Trade fair information

MARKET INFORMATION

- Market characteristics
- Market trends
- Fresh Wholesale
- Pricing
- Competitive fruit
- Volume
- Processor requirements
- Packaging requirements
- Standards and Quality trends and minimum requirements
- Success stories

MARKET ANALYSIS

- Market identification / Market potential
- Product-specific market briefs / Sector studies
- Market reports by geographical markets (local market/country/ region)
- Market selection analysis
- Diversification studies

EXPORT DEVELOPMENT

EXPORT READINESS

- Export potential studies
- Export readiness assessment
- Product design and development
- Preparation of marketing plans
- Incubator services

EXPORT COUNSELING

- Export finance
- Export quality; standards; technical regulations
- Compliance with market access requirements
- Export packaging and labelling
- Trade laws and trade regulations; legal aspects of trade
- Costing and pricing
- International purchasing and supply chain management
- Trade facilitation: customs, transports, logistics
- Intellectual property

EXPORT ENVIRONMENT

- Contribution to the design of export strategies
- Initiatives to build public-private partnerships
- Services offered in cooperation with other Trade and Industry Support Institutions
- Use of ICT and new technologies
- Trade and environment
- Corporate Social Responsibility aspects

BUSINESS PROMOTION

BUSINESS GENERATION

- Preparation of business agendas
- Exporters' missions
- Invitation of buyers
- Trade fair participation
- Buyer-Seller meetings; business rounds
- Other promotional events (e.g.: taste & fruit quality testing)

MARKETING & BRANDING

- Press release
- Use of local/ foreign media
- Use of promotional materials
- Marketing campaigns
- Country branding

INVESTMENT PROMOTION

- Identification of investment opportunities
- Visits to potential investors
- Invitation of potential investors
- Investment seminars (how to invest in - -)

FACILITATION AND ADVOCACY

EXPORT PROCEDURES

- Export procedures
- Issuance of certificates (e.g.: certificates of origin)
- One-stop-shop / Single windows

BUSINESS IN TRADE POLICY

- Participation in trade negotiations
- Encouraging private/public dialogue and partnerships
- Following up on trade agreements

LOBBYING/ ADVOCACY

- Lobbying in the country
- Lobbying in the markets (FTR)

INFRASTRUCTURE

- Office facilities
- Meeting facilities
- Web site design and development; web applications
- Internet access provision

HUMAN RESOURCES

- Language courses
- Translation - Interpretation
- Training courses in international trade
- E-training / Distance learning programmes