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## ROLE OF AGRIBUSINESS IN RURAL DEVELOPMENT: CONCENTRATION IN AFGHANISTAN

**Mohammad Saleem Rahmani**

*MBA. Scholar, Department of Agricultural Economics and Farm Management, Assam Agricultural  
University, 785013*

*Corresponding Author Mail ID: [saleem.rahmani777@gmail.com](mailto:saleem.rahmani777@gmail.com)*

### **Abstract**

Agribusiness is a very important growth and development motor especially for those countries whose economy sectors, as a whole, hold major positions within the agricultural sector. It discusses the multi-layered role of agribusiness in rural development in general, taking into particular consideration Afghanistan. The article will speak about the situation in Afghanistan's industry at present, challenges it is facing, examples of good practice in agriculture programs, efforts of the government to promote this sector, and international organizations' involvement. The review outlines strategic importance of agriculture for Afghanistan's economy and identifies opportunities for productivity and jobs-creation through targeted investments. This report is on the prospect for job creation in Afghanistan, and it puts a big emphasis on the enabling business environment by attracting private investment.

**Key words: Agribusiness, Afghanistan, Job Creation**

### **Introduction**

Agribusiness is a significant growth and development motor especially for countries whose economy sectors hold significant positions in the agricultural sector. It involves farming and processing activities subsequently embraced by its further distribution, marketing, and other related ones in the production of agricultural products. To many developing nations, agribusiness remains the only sector supporting more than just mere livelihoods; that is ensuring food security and promoting sustainable development.

Afghanistan is an agricultural country, and it has a great and valuable heritage. This is because almost 70% of the population is involved in agriculture, making agribusiness highly significant to the revival of the economy as well as the reviving of the countryside of this country. For a long period, however, conflicts and environmental challenges had posed a hindrance to the sector as well as infrastructural deficits.

It reviews the multi-layered role of agribusiness in rural development in general, with special reference to Afghanistan. The article will present the current state of the industry in Afghanistan, challenges facing it, models of good practice in agribusiness initiatives, efforts by government to support this sector, and international organizations' involvement. Addressing all the above facts will position the capacity of agribusiness as a possible catalyst for sustainable rural development in Afghanistan.

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### **Understanding Agribusiness**

#### **Definition and Scope**

Agribusiness is a broad term that encompasses all the business enterprises that have activities in farming. Major categories that may be able to

classify the number of steps of an agricultural supply chain include the following:

**Production:** It is the primary base stage, including crop and animal growing. This includes growing crops and animals which are edible crops and fibers, amongst others; breeding and raising livestock. Using the production methods, it can be primarily crude agricultural practice or may be highly mechanized one, or even utilize high-tech advanced technology in order to boost yield yet keep efficiency high.

**Processing** After the production, raw agricultural products are converted into ready-to-eat products. That means milling wheat to flour and canning vegetables or che, cheese, and yogurt. The processing attaches value to the raw material and makes it attractive and available to consumers as it also increases its life span.

**Distribution:** This is the process of movement of produce from farms to markets. Distribution networks consist of systems of transport such as trucks and railroads together with shipping combined with storage facilities that ensure the products arrive at the buyers in good time. For items to be fresh at the time of their reach to the consumers, effective distribution is very fundamental.

**Retailing:** This would most likely be the last stage of business in agriculture; here, the final products go directly to consumers. Examples can be supermarkets, farmers' markets, or even the internet. It is at this stage where production meets consumption; thus bridging the gap between producers and consumers. Purchasing decisions are also taken during this stage.

Agribusiness is crucial not only to add value to the produce but also to create employment along the entire supply chain. In rural areas' economic viability, agribusiness contributes directly to local economies and livelihood.

### Why Agribusiness in Rural Development?

**Agribusiness is significant to rural development for the following reasons:**

**Economic Development:** Agribusiness significantly contributes to the national GDP and

to the total rural local income levels. It encourages agricultural productivity and efficiency to spur a local economy. For instance, increased output can translate to higher income for some farmers and related businesses in the entire economy.

**It creates employment:** The agribusiness industry provides various jobs directly and indirectly. From the farm labourer's up to the processing plant worker, the retail staff, agribusiness creates jobs of varieties in rural communities. Such job creation is important for reducing the rates of unemployment in rural regions.

**It improves food security.** A thriving agribusiness industry is critical to food security. Agribusiness increases agricultural productivity and productivity with the objective of reducing food scarcity thus improving national food security. In that regard, it results in a lower poverty rate due to relatively affordable foodstuffs to consumers.

**Infrastructure development:** most agribusinesses require updated, upgraded rural infrastructure, especially in transport networks, storage facilities, and access points to markets. Improved infrastructure will improve agribusiness but also improve the overall quality of life in general rural areas by upgrading health services and education services

### Afghan Agribusiness Landscape

#### Current Situation of Agriculture

Agriculture forms the back bone of Afghanistan's economy, accounting for around 25 percent of Afghanistan's Gross Domestic Product, and employing around 70 percent of its working population, mostly in the rural areas. The Subsistence farming is a dominant feature of the sector, whereas wheat, maize, pomegranate fruits, almonds, and nuts, and livestock are the principal crops. Afghan agriculture, despite playing such a crucial role in the economy, however, suffers from many problems:

**Low Productivity:** Most of the farmers have been using the traditional methods alone and do not adapt to the more modern ones of

farming. Consequently, the yield of cultivation and agriculture drops to a large extent and reduces their efficiency.

**Infrastructure Deficiencies:** Low road network and unavailability of proper storages hinder the access to markets by the farmer. Severe losses also occur during post-harvesting as it cannot be transported properly.

**Access to Markets Issues:** Poor access to markets leaves fewer farmers in a position to sell their crop and produce at market prices. Most of the farmers lack all or any of the resources or information regarding what enables effective management of market conditions.

### Principal Agricultural Products

#### Afghanistan's agricultural production features:

**Grains:** Wheat is the crop widely grown in Afghanistan and often forms a staple in many Afghan dishes. Other grains such as maize feature considerably in the Afghan diet.

**Fruits and Nuts:** Afghanistan produces healthy fruits of pomegranates and apricots together with nuts like almonds and walnuts. There is a large amount of these products abundant for domestic consumption and exportation.

**Livestock:** Livestock areas include sheep, goats, cattle, and poultry. These animals source a percentage of the meat and other dairy products in most local diets and provide economic importance to many families.

#### Agribusiness Sector Challenges in Afghanistan

**Some exist and limit the development of agribusiness in Afghanistan:**

**Conflict and Instability:** For an extended period, inner conflict has destabilized farming, which, in turn, has compelled many farmers to leave their lands. Such instability scares investment required for agribusiness expansion.

**Climate Change:** Afghanistan is faced by very significant climate change factors including droughts and floods resulting in reduced agricultural productivity. Probable rainfall patterns make it difficult for farmers to have a

clear program on planting and harvesting seasons.

**Access to Finance:** Small-scale farmers are not given any kind of access to credits that they would pump more money into seeds, fertilizers, equipment, or even irrigation systems. Lack of finance signifies that they cannot enhance productivity.

**Regulatory Barriers:** Weaker regulatory frameworks classify business as unfriendly and un-supportive to entrepreneurship within agriculture. They face bureaucratic bottlenecks in their operations.

**Lack of Education Deficits:** No education or training programs are available; hence, most farmers are unable to obtain modern agriculture practices or learn about market dynamics. This eventually furnishes a deficiency of producing new ideas or enhancing techniques.

#### Government Initiatives Favoring Agribusiness

Having considered agribusiness as one of the immediate instruments to be put to use to revive the economy as well as uplift the rural population, the Afghan Government has undertaken some measures:

**Policy Frameworks:** The policies make it change by the Ministry of Agriculture to improve agricultural productivity with research programs focused on innovation in agriculture. The policy frameworks are modernizing farming practices in agriculture as they support sustainable agriculture.

**Community-Based Projects:** Even though projects like the CBARD project emphasize support amongst the smallholder producers, it offers trainings on best practices and to markets one should access. Therefore, these projects empower local communities by strengthening their capacity to produce properly.

**Infrastructure Improvements:** The government has invested in upgrading rural infrastructure by implementing various projects on irrigation systems and transport networks considered fundamental to efficient movement of goods. Improved infrastructure supports the farmers'

access to markets and decreases post-harvest loss.

**Input Subsidy:** Some governments have come up with input subsidies to reduce the costs of inputs such as seeds, fertilizers, pesticides, among others required by the farmer. That should make agriculture economically viable at the cost for small-hold producers.

**Capacity Building Initiatives:** In capacity building workshops and training programs, they are taught contemporary agricultural practices that do not waste resources but yield high productivity. Capacity building ensures that the farmer is enlightened on knowledge that appropriately grows agricultural practices.

### **Success Stories of Agribusiness in Afghanistan**

There are special success stories for agribusinesses which are available in Afghanistan in spite of some heavy issues with regard to its growth:

**Horticulture Development:** The export of pomegranate has increased the farmers' income significantly and coupled with increased cultivation, better market relations. Empowering the farmers with knowledge through horticultural development programs towards attaining sustainable output gain in crops quality.

**Livestock farming:** Livestock farming has featured as an essential enterprise in generating income from dairy products mainly yogurt and sheep meat. With improved programs in the welfare of animals, productivity has improved at grassroots while food security was enhanced at local levels.

**Value-Adding Programs:** Processing units have been established which add value and therefore provide employment in communities. It has a cooperation of resource groups pooling together to raise money for local processing facilities with an increased bargaining power while negotiating with buyers.

**Organic Farming Practices** Organic farming has been going up with some Afghan farmers as well who are also looking for better soil health and niche markets locally and

internationally for their sustainably made products.

Agro-Tourism Ventures Enterprises within the agro-tourism scope have great prospects since these help maintain the Afghan culture by describing their farming practices. Such ventures present different types of income and increase the understanding of local products in the minds of the visiting tourists.

### **International Organizations and Role**

International organizations played a key role in changing Afghan agribusiness sector:

**FAO Programs:** FAO's seed distribution programs are now rejuvenating agricultural productivity at a time of great need and also adding up to sustainable vocational training for the farmer.

**USAID Programs:** USAID works to enhance the food security through technical assistance that boosts domestic agricultural productivity, besides such a needed investment in infrastructural projects considered important towards community resilience building in relation to conflict-related challenges.

**IFAD Support:** The IFAD takes the financing support combined with the training packages targeting the small-scale farmers who are currently facing a need to build their capacity within rural communities. Knowledge sharing increases sustainable livelihoods through agriculture.

**World Bank Projects:** The World Bank has heavily invested in irrigation systems in the country-an area given that the problems of water scarcity affect many parts of the countries. The investments therefore, are not just for short-term yields but sustainability in the long run within different agricultural sectors across the varied topographies in the country.

### **Prospects for Agribusiness in Afghanistan**

The prospects of agribusiness in Afghanistan will depend on the following factors:

#### **Improvement of the Investment Climate**

Government reforms to make an enabling

environment shall attract private investment due to rationalized regulations aimed at promoting entrepreneurship within the agribusiness industry.

### **Capacity Building Activities**

Training programs on modern farm techniques shall impart skills in the farmers, which would enhance production levels and would be conducive to academic-NGO linkages as part of the process of knowledge transfer .

### **Market Access Strategies**

Infrastructure development such as roads shall facilitate better accessibility to the markets while reducing post-harvest losses by a great extent; introduction of cooperatives shall enhance bargaining among small-scale producers.

### **Enhancement Initiatives for Sustainable Practice**

The sustainability push will thus benefit the environmentally conscious consumer around the world while unlocking new markets in exports through organically produced or sustainably sourced products.

### **Innovations Regarding Application of Technology**

Technology applications like mobile applications may improve the communication regarding weather forecasts or market prices so that farmers at the crucial junctures of planting seasons or harvest time will have better information.

The ability to address these factors strategically by making use of a co-operation approach of government agencies with the support mechanisms of international organizations comes with great promise that agribusiness in Afghanistan stands a good chance on its road to improving economic strength in the midst of the problems the country's people are afflicted with.

### **Recommendations to Improve Agriculture Business in Afghanistan**

For making this sector even stronger, several strategic recommendations can be followed, which include:

### **Enhance Farming Education**

Enhance programs to educate new farmings is the way to increase the productivity of Afghan farmers in the following forms:

- Engage universities from around the world with curricular development dedicated to its local relevance.
- Establish training centers wherein master farmers share their expertise through the teaching of new farmers on the best ways how to engage in such practice.
- Affording vocational training through which potential young minds can be prepared for various career opportunities in the future.

### **Infrastructural Upgradation**

Infrastructural investment to be provided for developing market access:

- Road connectivity schemes from remote farming villages to the urban markets should be taken up
- Cold storage facilities are to be developed near production areas; these can help diminish post-harvest losses extensively.
- Irrigation systems to be invested in. These will ensure a steady supply of water during the growing seasons even when climate variability sets in.

### **Cooperative Models**

Cooperativeness among smallholder farmers can be encouraged and thus improves bargaining power:

- Promotion of cooperatives that aggregate resources-this will make them better bargaining powers while negotiating prices with buyers
- Legal service support to aid cooperatives in being able to access the rules and regulations
- Long term capacity building in the management of cooperatives

### **Improved finance access**

- Expand access to finance is crucial for making subsistence agriculture producers



- Contract with micro-finance institutions which provide loan products that can be phased with seasonal cash flows which occur among farmers
- Community Savings Groups. Educate the society on cultures of saving. Once saved monies are good sources of security or collateral while borrowing from banks.

### Technology

The use of technology can be accepted as one of the positive aspects of improving the communication between the producers:

**Mobile Apps:** One can come up with mobile apps that may update on factual information about weather updates or market prices; hence a real-time decision at a critical time when planting seasons or harvest seasons.

**E-literacy:** One should facilitate e-literacy to engage everyone on the best ways of using technologies appropriately.

### Sustainable practices

High emphasis on agricultural sustainability:

- Encourage organic farming among the producers, as such moves would cater to the environment-conscious consumers across the globe and open up new overseas markets that focus on ethically sourced products.
- Tax exemption or subsidiaries for those adopting the greener approach would encourage more farmers toward the same over time.

### Conclusion

Then agribusiness happens to become a crucial input in the affairs of rural development in Afghanistan, it's basically an agricultural-dependent country, and in such a scenario it becomes one of the foundational backbones for its economy as well as for the source of livelihood for millions staying across its varied landscapes today under the trying state wherein they face problems largely stemming from conflict-related issues of past decades alongside climate change

impacts which impinge on productivity levels as a whole across most sectors involved therein also!

This challenge will be addressed with focused policies toward entrepreneurship in conjunction with international support to unlock all this potential inherent in the sector and take us into future years! Strengthening agribusiness forms part of the push toward real economic growth but plays a vitally important role for ensuring food security and improving livelihoods throughout rural communities across Afghanistan.

There is a bright prospect of a very bright future if the agribusiness stands out in front-end driving development in this beautiful nation known all around the whole world; so long as the stakeholders continue to strive over these barriers that now plague our communities today.