

Provincial Profile

- PARWAN -

Executive Summary

Parwan Province has excellent potential for economic growth mainly due to its proximity to, and good infrastructure links with Kabul. Parwan Province is situated on the Salang road, the main trade route to the north, at the crossroads to Bamyan Province in the west and to Panjsher Province in the east. Charikar, Parwan's provincial capital is one of the best places in the country for trade. Good quality irrigated farmland and a traditionally diverse agriculture with significant horticulture and livestock production complement traditional field crops. Though Parwan may not be Afghanistan's bread basket, it has potential to develop into a centre for various kinds of high value products needed in Afghanistan. Medium sized industries, small and medium enterprises in the light engineering sector and warehousing are already established and expanding. These sectors in particular attract investment because Parwan has the advantage of lower labour and land costs than Kabul.

Because of its proximity to Kabul, the population of Parwan suffered from heavy fighting during the war. Factional fighting continuous in some Districts but has so far had limited effects on the economy of this Province.

1. Natural Resources

Water: The southern side of the Central Highlands receives substantial amounts of snow during the winter months. Snowmelt runoffs from a mountain range of more than 400km feed through side valleys into the central Kabul River, which carries perennial water. Especially the area around the canal head therefore has sufficient water supply for irrigation. At the drier hillsides, soil and climate favour perennial horticulture over a large area uphill.

Soil: River plains are highly fertile areas. Only small areas of land in the plains experience lower productivity levels as a result of water logging or high salinity. The characteristic soft-rolling, mainly loess covered hillsides are depleted of soil nutrients and of low pasture quality and a carrying capacities of below 0.1 UBL. The high altitude mountains of the Central Highland Range (CHR) in the north of the Province feature slopes with high skeleton porosity, water permeability and scarce vegetation

Biomass: The actual natural vegetation is restricted to some meagre Juniper shrub zones in the higher altitudes of the CHR. However, there is potential for the rehabilitation of forests at those places where people recall the existence and profitability of Pistachio or mixed forests (Pine or rubinia are believed to have been eradicated 200 to 300 years ago). In the River plains, farmers cultivate the traditional Poplar/Willow hedges for subsistence. Herbs and grasses are scarce in the rangeland areas where invasive plants like thistles dominate. The rehabilitation of pastureland is possible through reseeding combined with rotational grazing or other methods to protect the land from overgrazing.

Minerals: Parwan used to have cement factories, and iron was previously exploited in the north. It appears, however, that economic input will drive the development of other types of industries than the processing of minerals.

2. Human Resources

The population of Parwan Province has access to good education facilities and benefits from Kabul's growing network of institutions of higher education. A Government Hospital and some private clinics deliver good quality health care services. In addition, doctors and health workers offer basic health care services at health centres established throughout the Province and ensuring good coverage of the population.

Parwan Province historically also encompassed the area that later became Panjsher Province. The area was known to be the "site of the Kings", a place where powerful people rose from a well-educated and active

population. Parwan has more rural characteristics than other high potential Provinces but its potential was recently compared by with that of a “silent diamond” the Governor of Afghanistan. A large industrial work force is available, and small to medium initiatives in vocational and literacy training, and Business Development Services are at the source of progress in economic development.

The mainly Pashton population and feudal past dominated by large Mujaheddin families are defending Parwan against the Taleban to this date. This legacy has certainly determined the Province’s political image – even though this attribute is today claimed by Panjsher Province.

3. Agriculture (ANDS Sector 6)

3.1 Overview

Parwan traditionally featured *mixed and diverse farming systems*. Milk Cattle and mixed cropping systems dominated by wheat, maize and legumes used to rotate with fodder, potato and vegetable crop production. Perennial horticulture, particularly vineyards, were well established in both lowland areas and more remote valleys. This diversity has prevailed and today characterises Parwan’s agriculture sector. Following a couple of years of recovery and research for good local varieties, Parwan has developed to become a key provider of essential products for Kabul city.

3.2 Crops

The main field crops include *wheat, maize* and *barley*, though other crops like *potato, fodder* (alfalfa, maize, barley, triticale) and *vegetables* (carrots, onion, tomatoes, okra etc.) are increasingly being cultivated on large areas of irrigated land. *Niche crops* like mint, coriander or green onion are produced at urban field and not “kitchen garden” level as in other Provinces. Farm Forestry and cottage fruit production is widely found. Fresh grapes from the region are already being exported to Pakistan and, once developed, the production of dried raisins could recover the Province’s export potential for this traditional product as well.

The diversity in agricultural production is being recovered as vegetables from Parwan supply the market in small but increasing volumes. Market development and the rehabilitation of local processing industries support this process while opening opportunities for new potentials. Further, the proximity to markets, availability of land and water provide ideal conditions for the development of the horticulture sector. However, mechanisation is still at a very low level, and the high labour costs could potentially jeopardise Parwan’s economic competitiveness with neighbouring countries producing at lower costs.

3.3 Livestock

In the remote areas of Parwan, small ruminants are kept to sustain the *traditional production of wool, meat and milk mainly for household consumption*. However, limited fodder availability from depleted pasturelands restricts this sub-sector. *Commercial poultry production* constitutes a serious option for the higher altitude zones of Charikar and the first slopes of the Salang supported by the good climate and closeness to markets. Intensive cattle production for *milk/dairy* is about to be recovered. While herd improvement will require a couple of years of investment and modernisation to achieve a high standard of production, Parwan is among those Provinces which today see the highest levels of investment in this activity. Milk is being commercialised through road-side sales, and the first groups of farmers have organised milk collection chains to supply the FAO supported dairy plant in Kabul province.

3.4 Fisheries

Fresh fish from the Salang area is famous, and many travellers stop at the riverside restaurants to enjoy a good meal. Though the climate is suited for fish farming and there is an emerging market for the product, the sector has not yet taken off. Support systems need to be set up by the Government and other agencies before the private sector can realise this potential

3.5 Land tenure

Parwan features a diverse set of land ownerships.

3.6 Agricultural support services and input supplies

Agriculture research is being supported by CGIAR¹ institutions like ICARDA² and CIMMYT³, and by NGOs. Agriculture extension services are being delivered mainly by NGOs, while Livestock Development services in almost all Districts are provided by the Aga Khan Foundation (AKF) and PRB/CTA. Contract growing is only little developed and mainly found for field crop seed production supported by FAO and NGOs like SCA⁴, which is now terminating its activities. Low quality inputs and erratic sources are available in the urban centres. Because of their close relations with the Ministry of Agriculture and Irrigation (MAI) and the good linkages with ministerial staff, the more influential farming households of Parwan are well connected with the competence centre in the capital benefiting smaller farmers through access to modern technology and inputs.

3.7 Agricultural structures (farmer groups/organisations/larger farmers etc)

Farmers associations, particularly those looking at collective marketing activities, used to exist in Parwan. New informal groups emerge from NGO activities like Farmer Field Schools and PTD/PID. However, they are still informal, but at source of self-help kind of arrangements.

3.8 Agriculturally related businesses

During the past few years, farmers in Parwan have increasingly focussed on vegetable production and sales of agricultural produce at *roadside stores*. These fruit and vegetable outlets are a new phenomenon that has emerged as a result of increased production levels and a busy traffic flow to and from Kabul. Small businesses are visible in sub-sectors like honey production, carpet making, and fruit tree sapling/ornamentals production by certified nurseries. Entrepreneurship falls on fertile ground in Parwan where innovative ideas are realised in projects by local farmers often before development work could be organised by NGOs.

4. Other business activities (ANDS Sector 8)

Parwan's favourable location at the outskirts of Kabul provides the Province with substantial potential for warehouse services. Light engineering workshop and tourism related services offer considerable potential to aspiring entrepreneurs. The Salang region has excellent springs that could supply a significant drinking water industry that could compete with foreign companies and market leaders like Nestlé.

5. Security (ANDS Sector 1)

Parwan is relatively calm. However occasional factional fighting is reported in the region.

6. Physical infrastructure (ANDS Sector 8)

The major asset for the Province is the *new Salang road* which boosts trade and exchange between the North and the South. Charikar has a *Hydro Power station* which, once rehabilitated, can provide energy for a considerable number of households and emerging industries. The overall lack of energy and bad access roads to the main road are key constraints to development of the Province.

7. (Institutional) constraints (ANDS Sector 8)

The actual situation of total deregulation can be regarded as a chance as well as a threat to development. The following crucial facts emerged in interviews across Parwan and many provinces:

¹ Consultative Group on International Agricultural Research

² International Center for Agricultural Research in the Dry Areas

³ Centro Internacional de Mejoramiento de Maiz y Trigo

⁴ Swedish Committee for Afghanistan

1. *Lack of knowledge and access to information*
 - The education system is weak – but there is access to services in other Provinces.
 - Many emigrants just have returned to secure their assets but emigrate after a short stay;
 - Trained local staff tends to shift away into donor influenced positions promising higher salaries or to urban centres of other provinces for higher salaries;
2. *Lack of services*
 - Financial and non-financial services are emerging but still do not reach out to the majority of the population;
 - Cheap imports and humanitarian distribution, as well as the lack of energy prevents from a substantial development of local enterprises;
3. *Competitiveness*
 - High salary expectations enhance production costs or negatively influence sub-sector development;
 - A lack of comfort in the country and the psychological (or justified) feeling of insecurity prevent serious investment.

The institutional constraints are complex, general and difficult to localize and target. They reflect in an environment that opens chances for pioneers, but is not yet conducive to rapid economic growth.

8. Credit

Formal financial services are available in Parwan. The institutions offer individual loans, group loans, specific loans for trade etc., micro leasing and others. Finance institutions like ARMP, BRAC, Finca etc. are active in the Province. S&C self-help groups will soon start to form. The main clients are traders and/or individuals who take out loans for trade. SMEs are more relevant clients than farmers. Statistics are available with MISFA and Projects like ARMP.

While financial services in various forms are available, the terms and conditions for these services to operate in a volatile environment are problematic and often result in abusive service charges and complicated procedures. Informal loans are widely available though are largely provided at unfair conditions and mainly used as consumption loans by households, which often find themselves trapped in high levels of indebtedness.

9. Stakeholders

Main Stakeholders are Govt. Institutions – even if weak. Local CSO hardly exist. Common interest groups are the new potential of CSO – they are being formed and trained in HID, but takes time to hand over substantial roles and responsibilities.

National authorities

National government:	1 (Services reach out to Parwan.)
Political figures:	1 (Many influential politicians originate from Parwan and the Panjsher area.)
Political parties:	3 (Many parties are occupied with internal politics.)
Military:	1 (The Airbase and large military presence in Bagram provides employment and markets.)
Central ministry official:	1 (Ministerial support is partly available.)

Regional and local

Local ministry official:	2 (Advisory services are to a certain extent available.)
Mayors and city council:	2 (They are more active in Charikar than elsewhere)
Local party officials:	3
Provincial and district administrators:	2
Local law enforcement:	3 (Law enforcement is not being overseen.)
Educational institutions:	2 (Many are in need of funding.)

Regional or local organizations

Community-based organizations:	1 (CDCs and soon DDAs will become relevant.)
Rural or other cooperatives:	3 (They formally exist but are not active. Cooperatives are considered a 'communist' legacy by some.)
Water User Groups (MIRABs):	3 (Their relevance will increase as a result of the KRBP.)
Mass organizations:	Not known.
Labour or craft groups:	1 (Common interest groups mature into formal associations.)
Agricultural extension services:	3 (Dormant, remaining staff has not been paid for many years.)
Poor unions:	Not known.

NGOs/CBOs

Advocacy NGOs:	2 (In Kabul only.)
Local and regional non-profits:	2 (Only few exist to date.)
International non-profit:	1 (Work in all areas of development.)
Environmental groups:	2-3 (NEPA can provide information.)
Women's advocacy groups:	1-2 (Where they are formed, they are helpful.)
Religious organizations - clerics, imams:	1 or 3 (Can be supportive or destructive.)
Traditional organizations - tribal leaders, organizations (Zakhat):	2 (Are largely invisible.)
Commercial and business groups - credit co-operatives, bank officials, business organizations, civic clubs or chambers of commerce:	2 (Their relevance is growing.)
Groups defined by beneficiary status, social analysis, rural appraisals, or gender analysis - the poor, the landless, the displaced, the elderly, youth, agricultural workers:	2-3 (It is still "target groups", not groups.)

The Press: 2 (Radio and TV exist, but there is no Press in Afghanistan.)

Donors: 1 (Charikar is well supported as many donors hesitant to work outside Kabul still reach out to Parwan. Parwan attracts investments of all kinds.)

10. Summary of key potential development opportunities

Agriculture and Livestock are the two sectors with the highest growth potential, followed by the SME (Agriculture and non agriculture value addition) and the services sector that includes:

- Tourism (Services for travellers. Local, or weekend tourism on the Salang road, Panjsher road and Bamyán road is significant);
- Finance and non finance BDS;
- Public Services.

The storage/grading/packaging industries have potential to develop as well as bottled (Salang) drinking water. Coca Cola and other large businesses should establish themselves in Parwan rather than in Kabul.