



المنظمة الإسلامية للأمن الغذائي
Islamic Organization for Food Security

L'Organisation Islamique pour la Sécurité Alimentaire

Concept Note

“AFGHANISTAN AGRIBUSINESS & INVESTMENT FORUM”

Faisalabad (Pakistan)
14-15 September 2023



BACKGROUND OF AFGHANISTAN'S ECONOMY

During the last two decades, Afghanistan's economy was steadily increasing year by year. There has been growth in every economic sector. Data from the World Bank shows that Afghanistan's Gross Domestic Product (GDP) increased from \$4 billion in 2002 to \$19 billion in 2019 – showing an increase of a whopping 38% over 18 years which translates to an average GDP of 2.1% per year. Agriculture remains Afghanistan the most important source of employment for over 75% of Afghanistan's population, the growth prospects for the economy are predominantly

Main agricultural products	Wheat, rice, barley, fruits, nuts, wool, mutton, sheepskins, lambskins, saffron
Main Industries	Small to medium-scale production of steel, carpets, bricks, textiles, soap, furniture, shoes, fertilizer, apparel, food products, non-alcoholic beverages, mineral water, cement; handwoven carpets; natural gas, coal, copper
Labor Force	14.4 million
Exports	1.48 billion USD
Main export commodities	Fruits and nuts, handwoven carpets, wool, saffron, cotton, hides and pelts, precious and semi-precious gems, and medicinal herbs
Imports	7.23 billion USD
Main import commodities	Machinery and other capital goods, food, textiles, petroleum products, cooking oil, sugar, tea

In 2020, the economy contracted by 8.2% due to falling production because of disruptions in supply chains and exports. The pandemic has also had a significant impact on MSMEs, resulting in reduced employment opportunities for many across the country. Unemployment and underemployment stood at 39.5% in 2017, and experts predicted that unemployment and poverty would worsen to record highs.

The fall of the Afghan government in 2021 against the background of the withdrawal of US troops has raised several questions regarding international and unilateral sanctions against the country, including the recognition of the de facto Government. The seizure of power in the country turned the movement into the basis of political power in Afghanistan. This means that restrictive measures now affect the country as a whole. Any economic transactions with a country are subject to a variety of restrictive measures. This situation has simply paralyzed official economic ties with Afghanistan. The humanitarian damage to the population of the country, along with the hardships of the war, turned out to be colossal.

AFGHANISTAN'S INFRASTRUCTURE

Infrastructure remains a critical component for long-term economic growth and development in Afghanistan. Since 2002, Afghanistan has rebuilt existing infrastructure and developed new ones. Key progress includes the building of roads, airports, railway lines, optical fiber networks, dams, schools, and much more. Still, the country is faced with huge infrastructure challenges. Investment opportunities are at an all-time high and require long-term commitments from investors. Afghanistan needs investment in hydropower dams, renewable solar energy plants, Kabul ring road, urban transport, civil aviation and trade facilitation, dry ports and transport logistics, rehabilitation of existing and new irrigation schemes, irrigation intake canals, water storage reservoirs for rainfed agriculture and irrigated agriculture, and housing.

AFGHANISTAN'S GEOGRAPHY AND POPULATION

Afghanistan is a landlocked country situated between South Asia and Central Asia. In fact, it is considered a land bridge to South & Central Asia and Europe due to its strategic location. It is bordered by Tajikistan, Uzbekistan, and Turkmenistan to the north, Iran to the west, Pakistan to the south and east, and China to the Northeast. The population of Afghanistan is about 32.9 million people, 76% of which live in rural areas. It is projected that in 2025 the population will reach 40 million people.



INVESTMENT IN THE AGRI-FOOD SECTOR OF AFGHANISTAN AND OPPORTUNITIES



The investment incentives vary from a low number of competitors to rich natural resources and the availability of an inexpensive labor force.

Afghanistan's total arable land constitutes nearly 58% of its total land area. Total arable land is close to 37,910 hectares. Since 76% of Afghans live and work in rural areas, therefore, agriculture has mainly dominated Afghanistan's economy. Agriculture, including the agribusiness sector, has the potential to become one of the biggest economic sectors in Afghanistan.

Afghanistan is historically known for its expertise in the production of hand-made products. Such production is often done by self-employed entrepreneurs, families, or SMEs. In this respect, SMEs are important drivers of economic growth in Afghanistan. Investors can partner with Afghan SMEs and establish viable businesses. For instance, investment in value-chain activities related to livestock skins and leather, by offering guaranteed returns and profit margins on a sustainable basis.

At present, due to the sanctions, it is difficult to deliberate on the investment attractiveness of the country and the influx of investments in the country soon. However, for example, The President of the Republic of Kazakhstan expressed confidence that a secure and stable Afghanistan would open up new horizons for expanding trade and economic ties and sustainable development of Asian countries. The President of Kazakhstan also commented, that "despite our political views, and personal convictions, we nevertheless must not leave Afghanistan and its people alone with unprecedented difficulties and the threat of a humanitarian crisis".

IOFS HUMANITARIAN PROGRAM FOR AFGHANISTAN

Afghanistan is a full-fledged Member State of the Organization of Islamic Cooperation (OIC) and the Islamic Organization for Food Security (IOFS). In such context and considering the dire and bleak humanitarian situation Islamabad, the 17th Extraordinary CFM on the Humanitarian Situation in Afghanistan in which a comprehensive Resolution was adopted by the participating Member States, which launched an “**Afghanistan Food Security Programme**” and identified the IOFS for taking necessary efforts for the implementation of this Programme on the following operative paragraphs: in Afghanistan, on 18-19 December 2021, the Islamic Republic of Pakistan hosted, in which a comprehensive Resolution was adopted by the participating Member States, which launched an “Afghanistan Food Security Programme” and identified the IOFS for taking necessary efforts for the implementation of this Programme on the following operative paragraphs:

- *Decides to launch an Afghanistan Food Security Programme, and requests the Islamic Organization for Food Security (IOFS) to undertake necessary work in this regard using the capacity of the Organization’s Food Security Reserves, when necessary;*
- *Encourages OIC Member States, international donors, the UN Funds and Programmes and other international actors to generously contribute to the Afghanistan Food Security Programme.*

In such context, H.E. Mr. Yerlan Baidaulet, IOFS Director General, immediately appointed an **AFSP Task Force** at the Secretariat, and initiated several consultations with different OIC Member States and relevant OIC institutions. In this context, an MoU was signed in January 2022 with the Islamic Committee of the International Crescent (ICIC) for it to partner with the IOFS in the implementation of AFSP, particularly for its important distribution network it has in Afghanistan that is materialized through the country’s Red Crescent.



The AFSP is Afghanistan Humanitarian Relief initiative to which Kazakhstan has ensured its support to IOFS since the very first moment. In fact, within the AFSP, in the immediate response, the IOFS puts forward four (04) Projects that are open for voluntary help and donations. It is extremely important to IOFS cooperate with the World / OIC organizations to arrange humanitarian help to Afghanistan and obtain sponsorship for the realization of its projects, as follows:

1. The supply of wheat flour to Afghanistan: providing 15,000+ tons of wheat flour, donation needs -10 mln. USD.
2. The IOFS-ICIC partnership for Afghanistan emergency food support: providing early response food packages through IOFS-ICIC AHOPEC Center to Afghani vulnerable population – immediate humanitarian assistance to the targeted population of 300,000 people, equal to 50,000 families, budget – 24 mln. USD.
3. The Model case for cereal cultivation and flour production: project assumes a model farm with 100 ha and further establishes cooperatives of farmers. Cost 360,500 USD. The project brings the sustainability of food supplies for long – term perspective. One model project can feed 730 Afghan people throughout the year.
4. Drinking water cleaning. Assisting in providing the Afghani people with access to safe and clean water. IOFS has agreed with Bondh E Shams (Pakistan-based global charity company providing clean water around the world) on supplying water cleaning systems to Afghanistan. Arranging sufficient supplies of the modern water filtration systems to Afghanistan shall prevent casualties from water-borne illness, improve community health, and relieve the burden of carrying water for long distances

AFGHANISTAN AGRIBUSINESS & INVESTMENT FORUM

In view of the foregoing, the IOFS believe that investments are vital for Afghanistan to develop the economy and bring the country out of the humanitarian crisis, otherwise, the country will face catastrophic consequences. In this context, it would be timely to hold and Investment Forum in Faisalabad, Pakistan to sensitize the outside world on the need for support the country towards its economic recovery.

The proposed Forum **objectives** are as follows:

- To discuss the challenges of Afghanistan for developing the agri-food sector; while promoting it as a prospective country for investment and identify the current possible areas for investment in order to ensure the well-being and achieve a new quality of life for citizens.
- To build a platform for linking potential investors with projects, exchanging experiences, discussing global investment trends, strategies, and forecasts; and for B2B connections among agri-good participants of Afghanistan and OIC Member States particularly inclusion of sub sectoral themes on cold storage solutions, cold chain logistics, poultry, fruit processing and packaging as the urgent needs of the sector.
- To explore the opportunities for developing trade between Afghanistan and remaining OIC Member States, identify the pool of products to export and import, and available trade transactions particularly boosting intra OIC trade especially for high quality seeds of horticulture like potatoes, tomatoes and cucumber other agricultural inputs.
- To expand awareness on current humanitarian projects for Afghanistan that are open for donations and to find donations.
- To develop an investment guide with the pool of the projects on Afghanistan agri-food business and promote it through OIC.
- To encourage cooperation between business and science in order to implement innovations and know-how to the agriculture and food production within the OIC geography.

Other arrangements of the proposed Forum would include:

- **Format:** in-person.
- **Time:** September 14-15, 2023
- **Venue:** University of Agriculture Faisalabad, Pakistan
- **Language:** English

Partnership: The Conference would be organized by the IOFS in partnership with the Islamic Chamber of Commerce, Industry and Agriculture (ICCIA); Afghanistan Chamber of Commerce and Investment (ACCI); University of Agriculture Faisalabad (UAF) and United Nations Assistance Mission in Afghanistan (UNAMA), Turkish Cooperation and Coordination Office (TIKA) and active participation of the following Institutions:

- OIC General Secretariat (Humanitarian Department)
- Islamic Development Bank (Afghanistan Humanitarian Trust Fund)
- Afghanistan Investment Support Agency (AISA)
- World Association of Investment Promotion Agencies (WAIPA)
- Islamic Solidarity Fund for Development (ISFD)
- Center for Trade Policy Development “QazTrade” JSC
- Commercial Sections of OIC Member States in Kabul (i.e. Turkey, Iran and Kazakhstan and others)
- others

For the successful holding of the proposed Forum, the following **Responsibilities & Funding** are to be taken into account:

The IOFS will take the main responsibility for the event arrangements with organizations and companies of OIC Member States, as well as for the event content development, including the agenda, list of participants, and experts.

The **funding** for the organization of the above-mentioned Forum will be maintained as follows:

- University of Agricultural Faisalabad: i) arrangement of venue, including conference room, technical equipment (simultaneous interpretation equipment, headphones, microphones, LCD-screen, and others); ii) one official lunch on behalf of the organizers of the event; iii) design and printing of promotional materials; iv) airport and city transportation and v) accommodation. Note: the reimbursable expenses are subject for discussion.
- ICCIA, IOFS, TIKA, UNAMA: speakers' travel expenses and one official dinner for the participants.
- Other participants: travel expenses, including airline tickets, local transportation, meals, and other expenses, will be maintained independently by each organization or individual that is attending the Forum or arranged by sponsors.

As for **Participants**, it would be suggested for

- Potential investors, people with capital, owners, and business leaders who are interested in expanding their investment horizon, exploring new investment opportunities, diversifying investments, and understanding the value of professional networking.
- World and OIC organizations and funds that are interested to provide sponsorship for humanitarian programs in Afghanistan.
- Afghanistan IPA, Afghanistan Chamber of Commerce and Investment, which will present and further connect with the existing pool of projects in the agri-food sector.
- OIC and Afghanistan export / import agri-food companies.
- Afghan and other countries agripreneurs and researchers.