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Contract benefits farmers and buyers

Contract farming spurs agricultural production in Parwan.



Fruit and vegetable farmers from Parwan province proudly display their contract farming agreements after the signing ceremony on July 18, 2012.

In Afghanistan, 30 percent of farm produce is usually lost to spoilage during post-harvest. Contract farming reduces these losses by eliminating transportation damage.

Farmer Abdul Wahid and 15 fellow vegetable and fruit farmers from the village of Bodikow, Parwan will sleep more soundly tonight with the assurance of a buyer at harvest. On July 18, 2012, these 16 farmers signed a mutually beneficial agreement with Boustan-e-Sabz, a large Afghan agricultural trading company. The contract gives farmers security to succeed in their business and the buyer a promise of high quality produce at the end of the season.

“This contract will be very beneficial for me,” farmer Abdul Wahid said. “Boustan-e-Sabz will provide me with fertilizer, high-quality seeds and other inputs, teach me how to properly grow and harvest my crops, provide me capital if I need it, and buy all my produce at a pre-agreed price based on prevailing market prices. I am very pleased with this agreement and I thank USAID for making this happen,” he added. “With this contract farming agreement in place, all I have to worry about is growing my crops because the market is already there.”

These 16 farming agreements have an aggregate potential worth of AFA 4.5 million (USD 90,000). The farmers will supply up to 300 metric tons of fresh vegetables such as tomatoes, eggplant, okra, chili, cilantro, leek, spring onions, cucumber and fresh fruits to Boustan-e-Sabz for a period of one year. The agreements will then be renewed annually. Karl Mahringer, general manager of Boustan-e-Sabz, explained, “Contract farming is ideal for my company. First, we are assured of the supply of a variety of agricultural produce; second, we can ensure that crops are grown according to world food safety standards, because we will be supervising the farms; and third, we will be getting good products at fair market prices.”

Boustan-e-Sabz, which exports fresh fruits and vegetables to the United Arab Emirates, India and Europe, approached USAID to help design a contract farming agreement. Boustan-e-Sabz targets up to 5,000 individual farmers from Parwan and a total of 20,000 contract farmers in Parwan, Kapisa, Kabul, Nangarhar, Hirat, Balkh, Hilmand and Kandahar.