GLOBAL ALLIANCE FOR IMPROVED NUTRITION (GAIN)

Wheat Flour & Edible Oil / Ghee Supply Chain Assessment of Afghanistan

Assessment Performed by:

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Global Alliance for Improved Nutrition (GAIN)
Wheat Flour & Edible Oil / Ghee Supply Chain Assessment of Afghanistan – Final Report

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Executive Summary

I. This supply chain assessment has been performed with the objective to perform a situation analysis of import of two major food products, namely, wheat flour and edible oil / ghee to Afghanistan. To ensure adequate accuracy of our analysis, as part of this assessment considering limited availability of related data from official sources, we defined our methodology for this assessment to develop reliable estimates through reviews of data with major importers and other stakeholders involved in the supply chain of the two products. Most of the data is collected from the ledgers of major importers and triangulated wherever possible to other sources such as the edible oil and wheat flour unions and Afghanistan Investment Support Agency (AISA). We were able to secure import data from Central custom authorities in Kabul however it is difficult to believe in terms of its reliability and validity.

II. Following key parameters have been used for our analysis to recommend a fortification intervention:

i. Which product could target highest proportion of food vehicle demand?
ii. Which product could target highest level of beneficiaries?
iii. Which products are prevalent in different parts of the country?
iv. What is the consumer preference in regards to different products

Wheat Flour Supply Chain

I. As part of this assessment performed in 7 large urban centres of the Afghanistan we identified 128 unique brands of wheat flour which are being sold and consumed in Afghanistan. These brands are mainly imported from Pakistan or Kazakhstan or produced in Afghanistan. A summary of annual production and sales of wheat flour clustered by countries and number brands is as follows:

Source Country of Wheat Flour	MT	%
Pakistan	680,480	62%
Kazakhstan	314,349	28%
Afghanistan	110,000	10%
	1,104,829	

Total Imports and Local Production of Wheat Flour in Large Flour Mills

	No. of Brands	Imports (MT)	%
Major Brands	27	630,860	57%
Minor Brands	32	272,820	25%
Very Minor Brands	33	100,710	9%
Brand for which data not available*	36	100,439	9%
	128	1,104,829	

* 10% of all other brands

1. The four bands of various identified brand by materiality are done using following criteria:
   Major Brand:
   Having of more than or equal to 15,000 MT per annum sale / consumption.
   Minor Brand:
   Having more than or equal to 5,000 MT but less than 15,000 MT per annum sale / consumption.
   Very Minor Brands
   Having less than 5,000 MT per annuam sale / consumption.

2. As per our analysis there are in total 27 major brands which cover 57% of total wheat flour produced and consumed in Afghanistan and 15% of total wheat flour demand of Afghanistan.

3. The detail listing of brands covered including expected sales or consumption volume, source of information and country of origin is provided as part of this report as Appendix A. Further, a list of major importers and distributors is also attached as Appendix B. A document covering pictures and basis information of 68 brands is also provided as Appendix C to this report. Further, the questionnaire used for the purpose of this assessment is also attached as Appendix D of the Report.

Edible Oil (Ghee) Supply Chain

II. As part of this assessment performed in 7 large urban centres of the Afghanistan we identified 195 unique brands of Edible Oil (Ghee) which are being sold and consumed in Afghanistan. These brands are mainly imported from number of countries. A summary of annual production and sales of Edible Oil (Ghee) clustered by Brand types developed based on materiality is as follows:

Edible Oil (Ghee) Total Annual Consumption

	No. of Brands	Imports (MT)	%
Major Brands	16	274,329	64%
Minor Brands	16	63,260	15%
Very Minor Brands	72	73,739	17%
Very Minor Brands with No Data Available	91	20,566	5%
	195	431,894	
Expected local production**		32,392	
Total Imports & local production		464,286	

* 5% of all other brands
**7.5% of total imports

Major Brand:
Having import of more than or equal to 8,000 MT per annum
Minor Brand:
Having import of more than or equal to 3,000 MT but less than 8,000 MT per annum
Very Minor Brands
Having import of less than 3,000 MT per annuam

III. As per analysis there are three major countries from where edible oil is imported in Afghanistan, namely, Malaysia, Pakistan and UAE. The accumulated share of these three countries in total supply of Edible Oil (Ghee) is around 83%.

IV. The detail listing of brands covered including expected sales or consumption volume, source of information and country of origin is provided as part of this report as Appendix E. Further, a list of major importers and distributors is also attached as Appendix F. A document covering pictures and basic information of 167 is also provided as Appendix G to this report. Further, the questionnaire used for the purpose of this assessment is also attached as Appendix H of the Report.

V. For any food product sold in Afghanistan all brands should be required to register with the regulator. In case of Food Product it could be Ministry of Public Health Afghanistan or ANSA the standard setting body. A labeling regulation should also be developed and enforced so that only registered brands are sold and these are labeled with registration number;

VI. The currently association of traders related to Wheat Flour and Edible Oil are not effective and they lack in coordination and data compilation. Since it is envisaged that development partners would like to work with Private Sector Partners, capacity building of said association should be considered as critical intervention of food fortification program in Afghanistan;

VII. As part of this assessment we have identified major brands which are imported from countries like Pakistan, Malaysia, UAE and Kazakhstan. Using this information a project could be designed with focused approach targeting producers of identified major brands of Wheat Flour and Edible Oil (Ghee); and

VIII. Since this assessment has revealed almost all major producers and exporters of Wheat Flour and Edible Oil to Afghanistan, we need to capitalize on this effort by creating a periodic supply chain data up-dation mechanism through continuous communication with major players. This could be performed through once in a six month structured interview process. This will help in timely monitoring of supply chain changes of Wheat Flour and Edible Oil in Afghanistan.

1. Introduction, Scope and Methodology Adopted

1.1 Introduction

GAIN in Afghanistan has been endeavouring for improvement in nutritional conditions of the population. For this purpose GAIN has been pursuing food fortification projects, as part of which two key fortification vehicles identified are Wheat Flour and Edible Oil and Ghee. Afghanistan being a land locked country with limited water and agricultural resources, substantially depends on import of food products from neighbouring and other regional countries. Accordingly, GAIN initiated the process to perform supply chain assessment of Afghanistan covering said two food products. The scope of work for this assessment is presented below.

1.2 Scope of Work

1.2.1 The scope defined by GAIN for this assessment is as follows:

i. The quantity of Vegetable oil / ghee and wheat flour being imported to Afghanistan clustered - by countries;

ii. Identify major importers and wholesalers of both commodities across Afghanistan, located in major trading centers;

iii. Document what brands of Vegetable oil / ghee and wheat flour are available across Afghanistan, including details of:

   a. Document variances in product prices between major trading centers (such as Kabul, Kandahar, Herat, Mazar-e-sharif and Jalalabad) across Afghanistan;

   b. Which brands are labeled as being fortified and when labeled as fortified, document the specifications given on the products;

   c. Which brands are imported, from where and to which possible locations in what quantities and what are related approx. quantities; and

   d. Also document identifiable consumer preference with respect to the quality of the products within Afghanistan Market.

iv. Map distribution channels for Vegetable oil / ghee and wheat flour within Afghanistan.

1.3 Methodology Adopted

1.3.1 For effective execution of this assessment following key tasks were performed in systematic manner:

i. Interviewed the representatives of the following organizations:

   a. Ministry of Commerce
   b. Afghanistan Investment Support Agency (AISA)
   c. GAIN Afghanistan
   d. Afghanistan Customs Department
   e. Edible oil/Ghee and wheat flour Union

ii. Had discussions with Afghanistan Customs Department to understand the process and supply chain of wheat flour and edible oil / ghee imports to Afghanistan;

iii. Visited custom authorities at six provincial customs departments;

iv. Mapped major importers of edible oil/ghee and wheat flour in Mazar-e-Sharif, Herat, Kandahar, Jalalabad, Khost, Kunduz and Kabul to secure related contact information, brands imported and sale / consumption volume;

v. Using the data received from custom authorities performed analysis and estimated the volume of edible oil/ghee and wheat flour imported in Afghanistan from various countries;

vi. Based on data captured, interviews performed and confirmations secured compiled the data clustered in following parameters:

   a. Mapping of major importers in Afghanistan of Wheat Flour and Edible Oil / Ghee;
   b. Mapping of major brands of Wheat Flour and Edible Oil / Ghee in Afghanistan; and
   c. Summary of imports to Afghanistan

vii. For structured assessment process standard questionnaires were used for data collection. For the purpose of this assessment we performed interviews and filled designed questionnaire for 50 importers and distributors Wheat Flour in Afghanistan and 96 importers and distributors of Edible Oil / Ghee;

viii. Compiled all data collected and calculated approximate total annual sales / consumption of both food products and discussed the same with related association representatives and assessed the reasonableness of the export quantities assessed from our data analysis;

ix. Referred to old reports through a structured desk review process to compare assessment findings with related findings of other assessments / studies performed on similar topics;

x. Discussed with key stakeholders about critical matters around the supply chain of Wheat Flour and Edible Oil / Ghee in Afghanistan from the perspective of following key aspects:

   a. Availability of grain and raw material for the processing and production of said food products;
   b. Regulatory environment;
   c. Quality control environment;
   d. Brand controls;
   e. Fortification conditions;
   f. Private sector perspective – Competitiveness; and
   g. Economics.

xi. Since the objective of this exercise is to identify supply chain process so that it could be used to design food fortification program addressing major producers and importers of Wheat Flour and Edible Oil of Afghanistan, we analysed the data with the objective to identify major producers and importers based on materiality criteria set by our team and documented in the report;

xii. Based on analysis performed, drafted the assessment report and forwarded it to GAIN for review and comments; and

xiii. Finalized the report after incorporation of comments received from GAIN.

1.3.2 For effective execution of this assessment we had meetings with following persons excluding the major importers who are listed in separate sections of this report:

S. No.	Name	Designation & Organization
1	Mr. Omer	Director Strategic Reserve, MAIL
2	Mr. Tariq Sarfaraz	Licensing In-Charge AISA
3	Abdul Hafiz Omari	Acting TRSU Manager, Afghan Customs Department
4	Eng. Shafi	Head of edible oil traders union
5	Haji Asef	Head of food traders union

2. Wheat Flour Supply Chain

2.1 The total annual expected wheat flour demand of Afghanistan is in range 4.19 million Metric Ton (total population of Afghanistan multiplied by average consumption per capita per month. For this purpose per capita per month consumption of wheat flour used is 12.7 kg per month which is one of the highest in the world).

Total Population of Afghanistan*	27,500,000
Per-Capita Per Month Consumption - per kg**	12.7
Estimated Annual Consumption in Tons	4,191,000

*from Central Statistical Office of Afghanistan.

** As per Industry and Market Analysis Performed by Altai Consulting for GAIN in 2010

2.2 Accordingly, the remaining balance of consumption of 3,086,171 MT is processed through local Chakkis all over Afghanistan. It is around **74%** of the total wheat flour consumption in Afghanistan. The availability and consumption of wheat flour produced by flour mills has been increasing.

2.3 As per market study performed by Altai Consulting of Afghanistan for USAID and DAI in 2007 the total demand of wheat flour was in the range of MT 3.93 million including around MT 532,000 imported from regional countries as per information provided by FAOSTAT of 2005. Accordingly, in 2007 it was assessed that approximately **84%** wheat flour produced by Chakkis (Zirandas). There are more than 30,000 Chakkis spread all over Afghanistan.

Wheat Flour Afghanistan 2007 Analysis

	MT	
Imports	532,000	14%
Local large Scale Production	100,000	3%
Wheat Flour Produced by Chakkis - Zirandas*	3,300,000	84%
	3,932,000	

* All information from FAO, UNICEF, Grain Industry Alliance and Altai Consulting Estimates

2.4 In 2010 GAIN engaged Altai Consulting to perform Industry and Market Analysis. In the said report the annual consumption of wheat flour is in the range of MT 4 million to MT 4.8 million which include MT 200,000 wheat flour produced by local wheat flour mills. Further, it is stated that approximately 70% of the wheat flour is produced by Chakkis. Accordingly, it could be concluded that there is declining trend in consumption of wheat flour produced by Chakkis, since its demand reduced from 84% in 2005 to **70%** in 2010. The Per Capita consumption rate used in calculation as noted in Paragraph 2.1 above has been taken from the report of Altai Consulting of 2010. But it seems that the population figures used by Altai are higher than the one we have used in this report. Our figure of population is the official figure of the Government of Afghanistan.

2.5 It is important to note in all the reports of supply chain studies performed till now related to food products in Afghanistan detail analysis and identification of supply chain at producer, importer and distributor level and identification of various brand was not available. This is the first time that detail list of brands available in market and assessment of brand wise sales or consumption has been captured so that focused food fortification program could be designed.

2.6 As part of this assessment performed in 7 large urban centres of the Afghanistan we identified 128 unique brands of wheat flours which are being sold and consumed in Afghanistan. These brands are mainly imported from Pakistan or Kazakhstan or produced in Afghanistan. A summary of annual production and sales of wheat flour clustered by countries and number brands is as follows:

Source Country of Wheat Flour	MT	%
Pakistan	680,480	62%
Kazakhstan	314,349	28%
Afghanistan	110,000	10%
	1,104,829	

Total Imports and Local Production of Wheat Flour in Large Flour Mills

	No. of Brands	**Imports (MT)**	**%**
Major Brands	27	630,860	57%
Minor Brands	32	272,820	25%
Very Minor Brands	33	100,710	9%
Brand for which data not available*	36	100,439	9%
	128	1,104,829	

* 10% of all other brands

2.7 The four bands of various identified brand by materiality are done using following criteria:

Major Brand:
Having of more than or equal to 15,000 MT per annum sale / consumption.
Minor Brand:
Having more than or equal to 5,000 MT but less than 15,000 MT per annum sale / consumption.
Very Minor Brands
Having less than 5,000 MT per annuam sale / consumption.

2.8 We were not able to identify expected sales or consumption annual volumes for all brands. But we tried to collect the information about the major brands. Accordingly, with respect to brand for which we were not able to collect the volume information we have estimated an overall volume figure equal to 10% of accumulated identified volume of sale or consumption.

2.9 The classification of 128 identified brands of wheat flour among three countries and four brand bands is as follows:

Country-wise No. of Brands

	Pakistan	Kazakhstan	Afghanistan	Total
Major	19	3	5	27
Minor	21	10	1	32
Very Minor	23	10	-	33
Brand for which data not available*	13	23	-	36
	76	46	6	128

Country-wise No. of Brands

	Pakistan - MT	Kazakhstan - MT	Afghanistan - MT	Total - MT
Major	405,860	125,000	100,000	630,860
Minor	169,300	93,520	10,000	272,820
Very Minor	69,050	31,660	-	100,710
Brand for which data not available*	36,270	64,169	-	100,439
	680,480	314,349	110,000	1,104,829

2.10 As per our analysis there are in total 27 major brands which cover 57% of total wheat flour produced and consumed in Afghanistan and 15% of total wheat flour demand of Afghanistan:

	Brand Name	Country	Sales / Consumption MT	Producer
1	Aman	Pakistan	15,000	Al-Aman Flour Mills
2	Aria	Afghanistan	20,000	Arya Flour Company
3	Asli do siwan Marka	Pakistan	15,000	Rizwan Flour Mills
4	Asman	Afghanistan	15,000	
5	Baby Chap	Pakistan	32,000	Ejaz Flour Mills
6	Bilal Ata	Pakistan	15,860	Bilal flour mills, Quetta Pakistan
7	Camel mark	Kazakhstan	55,000	
8	Dachi Marka Special Atta	Pakistan	15,000	Haq Bahoo Flour & Gen. Mills
9	Darwaish Atta	Pakistan	19,000	Darwaish Abad Flour Mills
10	Habib Sultan Atta	Pakistan	19,000	Habib Sultan Flour Mills
11	Hamdard Special Atta	Pakistan	22,000	Hamdard Flour Mills
12	Inqilab	Pakistan	25,000	Al-Mutawakal Roller Flour Mills
13	Izat Atta	Pakistan	21,000	Darya Flour Mills (Pvt.) Ltd
14	Itemad Atta	Pakistan	23,000	Itemad flour mills, Quetta Pakistan
15	Kauk Chap	Pakistan	17,000	Ejaz Flour Mills
16	Kauk chap	Kazakhstan	20,000	
17	Mir Khel	Afghanistan	20,000	
18	Nadim Ata	Pakistan	24,000	Nadeem Flour & Gen. Mills
19	National Ata	Pakistan	18,000	National flour mills, Sarki Road, Quetta Pakistan
20	Phool	Pakistan	17,000	New Al-Hilal Flour Mills
21	Sadiq	Pakistan	18,000	
22	Special Atta	Pakistan	42,000	Sadiq Abad, Rahim Yar Khan Pakistan
23	Special Maida	Pakistan	27,000	Chaman Flour Mills
24	Taib Zaida	Afghanistan	30,000	
25	VIP Ata	Pakistan	21,000	Sadiq Abad, Rahim Yar Khan Pakistan
26	Watani	Afghanistan	15,000	
27	Yoga	Kazakhstan	50,000	
			630,860	
	% of total large scale wheat flour import and production		57%	
	% of total Wheat Flour Conumption		15%	

2.11 The detail listing of brands covered including expected sales or consumption volume, source of information and country of origin is provided as part of this report as Appendix A. A list of major importers and distributors is also attached as Appendix B. A document covering pictures and basis information of 68 brands is also provided as Appendix C to this report. Further, the questionnaire used for the purpose of this assessment is also attached as Appendix D of the Report.

Limitations & Findings of this assessment

2.12 Some of the limitations of the supply chain assessment related to wheat flour are as follows:

i. There are more brands which may be available in market imported from Iran especially in the western provinces of Afghanistan. But these are not branded and sold in whole sales and retail shops as open wheat flour. These are not included in our assessment. We understand that the volume of this category is not material;

ii. We were not able to secure any data from custom authorities of Ministry of Finance Government of Afghanistan. Since they done keep any consolidated record in their data base with respect to Wheat Flour;

iii. The supply chain cycle of Wheat flour involves importers who are influential tribal lords in various regions of the country. These traders are not officially registered with registration authorities. These traders control trade routes both formal and informal. The importers and distributors listed in Appendix A cannot directly import from any country they have to work as sub-importer of said trader. This is market practice without any official interface. Accordingly, it is not possible to reconcile the names of Afghan Importers mentioned in Pakistan side report with the importers reported in this report;

iv. There are number of brands in market but there is no regulatory control on quality assurance and branding. As per existing regulations in Afghanistan there is only requirement to register businesses but there is no known regulation to register brands in Afghanistan and only registered brands with approved labelling could be sold; and

v. Assessment of identification of fortification levels is difficult. As per general data collected through survey it could be concluded that the current level is only 3% to 4% of total wheat flour production in Afghanistan.

Recommendations

2.13 For any food product sold in Afghanistan all brands should be required to register with the regulator. In case of Food Product it could be Ministry of Public Health Afghanistan or ANSA the standard setting body. A labeling regulation should also be developed and enforced so that only registered brands are sold and these are labeled with registration number; and

2.14 As part of this assessment we have identified major brands which are imported from Pakistan and Kazakhstan and produced in Afghanistan. Using this information a project could be designed with focused approach targeting producers of identified major brands.

3. Edible Oil (Ghee) Supply Chain

3.1 The total annual expected Edible Oil demand of Afghanistan is in range 396,000 Metric Ton (total population of Afghanistan multiplied by average consumption per capita per month. For this purpose per capita per month consumption of edible oil used is 1.2 kg per month.

Total Population of Afghanistan*	27,500,000
Per-Capita Per Month Consumption - per kg**	1.2
Estimated Annual Consumption in MT	396,000

*from Central Statistical Office of Afghanistan.

** as per fortified edible oil standard of Afghanistan - 40g per capital per day.

3.2 As per market study performed by Altai Consulting of Afghanistan for USAID and DAI in 2007 the total demand of Edible Oil (Ghee) was in the range of MT 300,000:

Edible Oil (Ghee) Afghanistan 2007 Analysis

	MT	
Imports	250,000	83%
Local large Scale Production	50,000	17%
	300,000	

3.3 The consumption level stipulated in 2007 was 11 kg per person per year. Whereas, when GAIN engaged Altai to perform an Industry and Market Analysis in 2010 the figures substantially changed to 22.8 kg per year per capita. Accordingly, total market size of Edible Oil (Ghee) also substantially increased to a range of MT 400,000 to 575,000 per annum. It is estimated that more than 90% of the Edible Oil (Ghee) is imported from various countries. For the purpose of our report we have used the consumption level as stipulated in the fortified edible oil standard approved ANSA. The basis on which ANSA prescribed the average annual per-capital consumption level of 40 grams is presented in following paragraphs.

3.4 The information on edible oil and ghee consumption levels is both scarce and conflicting. Following sources of information could be considered for this purpose:

i. Afghanistan does not appear on the United Nations Food and Agriculture Organisation Food Balance Sheet (FAO FBS) though it does appear on FAO Trade;
ii. Altai has conducted two surveys, for two different clients, using two different methodologies and reported two significantly different consumption data sets; and
iii. The vegetable oil and ghee industry in Afghanistan has indicated their assessment of the market share of the local industry as well as their assessment of how much of that market share they themselves account for.

All of the above sources of information are interlinked though they do approach the issue of national consumption from different perspectives in Afghanistan.

3.5 Altai has produced two reports, in 2007 and 2010, both of which focussed on consumer consumption data. In the 2007 study Altai used Central Statistics Office (CSO) information whereas in 2010 Altai used personal interviews at household level as well as investigating the distribution chain. The results of these studies were dramatically different at 11.1 Kg and 23 Kg per capita per annum respectively. Communication between GAIN Afghanistan and Altai on this discrepancy led to the conclusion that the higher number was the more reliable. The 23 Kg was split as Oil – 2.8 Kg and Ghee – 20.2 Kg/capita/annum. Urban communities had higher consumption than rural communities at 25.2 and 21.6 Kg/capita/annum respectively. In summer consumption decreases by ±40%. Warm regions such as Jalalabad consume less than cold regions such as Bamyan at 19.2 and 28.8 Kg/capita/annum. The above data results in an average consumption of 23 Kg/capita/annum or 63 g/person/day (the 2008 study equates to 30 g/capita/day). The only other published data found was from FAO Trade indicating vegetable oil (including hydrogenated) imports of 352,814 MT for 2010 which equates to 12.1 Kg/capita/annum. But when this figure was collaborated with other related information such as imports and information provided by the large exports to Afghanistan the conclusion were different.

3.6 The general consensus is that Afghanistan is 80 to 90% reliant on imports to satisfy the market (though this could not be verified through any documentation). Using an import figure of approximately 353,000 MT/annum or 12.1 Kg/annum of imports then the total consumption can be calculated at 12.1/0.9 and 12.1/0.8 or 13.4 to 15.1 Kg/annum based on 90% or 80% import reliance respectively. This equates to 37 and 41 g/capita/day respectively. Using industry data Momin are clear they only supplied 5,000 MT in 2012 (down from 10,000 MT is 2010), Sphinghar were less clear on their production which they estimated at 20 to 30,000 MT in 2012 and Saniazada (a new player in the market) could, theoretically, supply 4,500 MT. Total local production would, therefore, be in the order of 30 to 40,000 MT. 30,000 MT being 20% of the market equates to a total market of 150,000 MT but imports are known to be in the order of 353,000 MT. 40,000 MT being 10% of the market equates to a total market of 400,000 MT which is a very good approximation (350,000 + 40,000 = 390,000 MT) and would equate to approximately 13.7 Kg/capita/annum (12.1/353,000 x 400,000) or 38 g/capita/day. A comparative analysis of all approaches is follows:

Source		g/capita/day
Altai	2008	30
	2010	63
FAO Trade	80% import reliance	41
	90% import reliance	37
Back calculate from Industry	80% import reliance	19
	90% import reliance	38
WFP	Range 24,000 to 36,000	

Discussions in Afghanistan with ANSA were indicating a consumption of 40 g/day was more likely and the consensus feeling was that the WFP model of 30 IU/g would be a more logical. The overall conclusion was that the calculations from this point onwards will use the 40 g/day. But our study reveals that today supply of edible oil is much higher.

3.7 As part of this assessment performed in 7 large urban centres of the Afghanistan we identified 195 unique brands of Edible Oil (Ghee) which are being sold and consumed in Afghanistan. These brands are mainly imported from number of countries. A summary of annual production and sales of Edible Oil (Ghee) clustered by Brand types developed based on materiality is as follows:

Edible Oil (Ghee) Total Annual Consumption

	No. of Brands	Imports (MT)	%
Major Brands	16	274,329	64%
Minor Brands	16	63,260	15%
Very Minor Brands	72	73,739	17%
Very Minor Brands with No Data Available	91	20,566	5%
	195	431,894	
Expected local production**		32,392	
Total Imports & local production		464,286	

* 5% of all other brands
**7.5% of total imports

Major Brand:
Having import of more than or equal to 8,000 MT per annum
Minor Brand:
Having import of more than or equal to 3,000 MT but less than 8,000 MT per annum
Very Minor Brands
Having import of less than 3,000 MT per annuam

3.8 The above noted total import and consumption of Edible Oil (Ghee) in Afghanistan has been higher than the expected demand. This is indicative of Altai Consulting's 2010 report projects. As per our analysis the per-capital per day consumption is in the range of 46 grams per day. Accordingly, it is concluded that the market size is little higher than the one stipulated using the consumption level defined in the new edible oil standard of Afghanistan. After checking the information from multiple sources including exporters and producers and regulators the figures looks reasonable.

3.9 We were not able to identify expected sales or consumption annual volumes for all brands. But we tried to collect the information about the major brands. Accordingly, with respect to brands for which we were not able to collect the volume information we have estimated an overall volume figure equal to 5% of accumulated identified volume of sale or consumption. Further, an estimate of 7.5% of total imports has been used to estimate the local production of Ghee in Afghanistan.

3.10 The classification of 196 identified brands of Edible Oil (Ghee) among 15 countries is as follows:

	No. of Brands	% of Brands	Volumn (MT)	% of Volumn
Afghanistan	1	0.51%	-	0%
Egypt	1	0.51%	-	0%
England	1	0.51%	-	0%
Germany	1	0.51%	-	0%
Indonesia	10	5.13%	12,300	3%
Malaysia	121	62.05%	212,807	46%
N Korea	1	0.51%	-	0%
Pakistan	20	10.26%	116,162	25%
Russia	17	8.72%	8,259	2%
Saudi Arabia	1	0.51%	-	0%
Spain	1	0.51%	-	0%
Turkey	7	3.59%	5,100	1%
UAE	11	5.64%	56,200	12%
Ukraine	1	0.51%	500	0%
USA	1	0.51%	-	0%
	195		411,328	
Estimated Volumn of Brands for which Data not available			20,566	4%
Total Expected Imports of Edible Oil in Afghanistan			431,894	
Estimated Local production of Edible Oil in Afghanitan			32,392	7%
Total availability of Edible Oil in Afghanistan			464,286	

3.11 As per analysis there three major countries from where edible oil is imported in Afghanistan, namely, Malaysia, Pakistan and UAE. The accumulated share of these three countries in total supply of Edible Oil (Ghee) is around 83%.

3.12 As per our analysis there are in total 16 major brands which cover 59% of total Edible Oil (Ghee) market of Afghanistan. The list of major brands is as follows:

Brand Name	Producer	Country of Origin	Quantity
Al Sehee		Malaysia	15,000
Alokazay	Alokazay Jabal Ali Free Zone UAE	UAE	25,000
Ashraf Yadgar	Ashraf Industries (Private) Limited	Pakistan	13,000
Farooq Banaspati	Farooq Ghee and Oil Mills (Pvt.) Limited	Pakistan	36,562
Gulab	Bilour Ghee Industries	Pakistan	12,367
Laila - Momin	Momin Oil Mills UAE	Malaysia	19,000
Momin	Momin Oil Mills UAE	UAE	30,000
Mujahid	Waheed Hafeez Ghee Industries (Private) Li	Pakistan	24,000
Obaid Aman	Aman Bacha Industries SDN BHD	Malaysia	21,000
Pamir 121	BT Royal Industries	Indonesia	8,100
Ramin		Malaysia	8,300
Shifa - Momin	Momin Oil Mills UAE	Malaysia	12,000
Shahista		Indonesia	9,500
Shama	Associate Industries Limited	Pakistan	10,500
Sohail	Sohail Vegetable Ghee Mills Private Limited	Pakistan	22,000
Watan - Momin	Momin Oil Mills UAE	Malaysia	8,000
			274,329
% of total imported edible oil market			**59%**

3.13 The detail listing of brands covered including expected sales or consumption volume, source of information and country of origin is provided as part of this report as Appendix E. List of major importers and distributors is also attached as Appendix F. A document covering pictures and basic information of 167 is also provided as Appendix G to this report. Further, the questionnaire used for the purpose of this assessment is also attached as Appendix H of the Report.

Limitations & Findings of this assessment

3.14 Some of the limitations of the supply chain assessment related to Edible Oil (Ghee) are as follows:

i. There are more brands which may be available in market imported from number of countries, but we understand that the volume of this category is not material;

ii. We were able to secure data from custom authorities of Ministry of Finance Government of Afghanistan, but after our validation of data we concluded that the information provided was not reliable since its accuracy with respect to timings, source country and branding was not clear;

iii. The supply chain cycle of Edible Oil (Ghee) is comparatively clear since most of the import of edible oil is done through official channels since exporter have to secure tax refunds for settlements in their territories;

iv. The imports from Pakistan of major brands is in the range of 25% of total consumption. This only represent the brands which were identified as part of the locations where survey was conducted. As per interview it is know that there other brands also from Pakistan which are being sold in Afghanistan which are either imported informally or if imported informally are imported in different brand names with our labeling of production source information.

v. There are number of brand in market but there is no regulatory control on quality assurance and branding. As per existing regulations in Afghanistan there is only requirement to register businesses but there is no known regulation to register brands in Afghanistan and only registered brands with approved labelling could be sold; and

vi. Assessment of identification of fortification levels is difficult. As per general data collected through survey it could be concluded that the current level is only 4% to 5% of total edible oil imported and consumed Afghanistan.

Recommendations

3.15 For any food product sold in Afghanistan all brands should be required to register with the regulator. In case of Food Product it could be Ministry of Public Health Afghanistan or ANSA the standard setting body. A labeling regulation should also be developed and enforced so that only registered brands are sold and these are labeled with registration number; and

3.16 As part of this assessment we have identified major brands which are imported from Malaysia, Pakistan and UAE. Using this information a project could be designed with focused approach targeting producers of identified major brands.

3.17 It is important to note that in all the reports of supply chain studies performed till now related to food products in Afghanistan does not cover detail analysis and identification of supply chain at producer, importer and distributor level and identification of various brands was also not available. This is the first time that detail list of brands available in market and assessment of brand wise sales or consumption has been captured so that focused food fortification program could be designed. Accordingly, it is recommended that for all future interventions in Afghanistan the data compiled as part of this assessment could be used.