

# PRESS RELEASE

United Nations Development Programme

Afghanistan Country Office, Shah Mahmood Ghazi Watt, Kabul



## AFGHAN ROSE OIL, AN ATTRACTIVE FRAGRANCE FOR INTERNATIONAL MARKETS

**June 02, 2004 Kabul** – Afghanistan has attracted its first private investor for its fledgling rose oil industry. Following a series of presentations to public and private investors and donors by UNDP and Altai Consulting, the first private investor committed \$100,000 in start-up funds for the project. Several other international investors have also shown significant interest in the project.

“Rose cultivation builds on Afghanistan’s agricultural strengths, and presents a strong opportunity to fulfill a niche market globally. This project aims to give Afghan farmers access to high added value international markets through implementation of distilling and processing units in the country” says Ercan Murat, Country Director of UNDP in Afghanistan.

The positive results of a market study on the feasibility for rose oil production in Afghanistan shows how attractive growing roses commercially is in this country. The study was conducted over the first three months of this year and analyzed the market and production feasibility of rose oil in Afghanistan. Funding for the study was provided by United Nations Development Programme (UNDP) through the Ministry of Rural Rehabilitation and Development’s (MRRD) National Area-Based Development Programme (NABDP), with support from HD-Investment.

The study, conducted by the Kabul-based firm Altai Consulting and German Agro Action, found that fragrance products present a potentially lucrative export. There are several advantages for Afghanistan. Roses are easily cultivated in the country and rose oil is easy to transport due to its low volume. The high market value for rose oil can increase the livelihoods of farmers and possibly serve as a substitute for poppy cultivation in the long-term.

There is a history of fragrance production in the Afghanistan: the Damascena rose [Damask rose in English] was grown in Afghanistan for hundreds of years. Up until the 1970s, rose oil was produced in the Kabul Province. The study identified potential investment sources for re-igniting the industry.

The study focused on a market based approach. As first step of the study Altai Consulting conducted numerous interviews with wholesale buyers and key stakeholders from the Flavor and Fragrance Industry in Europe and the United States. It was found that the demand for rose oil is large and that buyers are looking for new suppliers.

“UNDP is a strong supporter of private sector growth both to empower ordinary Afghans and to make investments sustainable. We see highlighting investment opportunities and access to markets as important part of promoting sustainable agriculture,” says Mr. Murat

UNDP is currently exploring innovative ways to match donor funds with private investment. The NABDP aims to promote macro-economic recovery and longer-term development in ten priority areas. This market sector assessment study is the first of several designed to encourage the growth of the private sector in Afghanistan. It is also in line with a new UNDP initiative, the Partnership for Private Sector Development, to help build private-sector capacity in Afghanistan.

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