

CASE STUDY

Afghan Pharma Ltd. & World Vision Afghanistan (WVA)
Herat & multiple provinces | 2010 to present

16 Years of NGO-Private Sector Collaboration in Afghanistan's Health Supply Chain



Why This Case Matters

This case documents 16 years of collaboration between a locally owned Afghan pharmaceutical company and an international NGO, covering procurement, storage, and distribution of medicines across multiple provinces. It is the longest-running NGO-private sector relationship in this study and illustrates what sustained engagement can produce in terms of local business capacity. It also raises questions that are directly relevant to ACBAR's localisation agenda: how much local leadership exists within a long-term supply contract, whether the capacity gains are sustainable without continued NGO funding, and what structural changes would be needed to give a well-qualified Afghan company more than an implementer's role.

1. Background

Afghan Pharma Ltd. is a locally owned company, registered as an Afghan company in accordance with the laws of Afghanistan. It is headquartered in Herat and currently operates in all 34 provinces. Its distribution network extends beyond provincial centres to include communities and villages. The company specialises in the importation, storage, and distribution of medicines, medical equipment, and consumables. It operates in accordance with Good Storage and Distribution Practice (GSDP) and Medicines Quality Assurance System (MQAS) standards, which are internationally recognised benchmarks for pharmaceutical supply chains.

Afghanistan's health supply chain faces persistent structural challenges: fragmented distribution networks, inadequate storage infrastructure, regulatory complexity, and heavy dependence on international procurement frameworks. Access to essential medicines in rural and remote areas is directly affected by whether private distributors have the geographic reach, technical capacity, and compliance systems to serve those communities.

2. The Collaboration

Structure and roles

Afghan Pharma has supplied medicines and health products to World Vision Afghanistan (WVA) under a service provision and supply contract since 2010. WVA, an international NGO, provides funding, sets procurement requirements, and maintains programme oversight. Afghan Pharma is responsible for procurement of supplies, storage management, and distribution to WVA's health programme locations.

Key decisions are made jointly but within WVA's project framework. Afghan Pharma describes its role as implementation and logistics, including preparing supplies, meeting contract specifications, and ensuring timely delivery. WVA defines standards, manages donor accountability, and retains control over programme design.

WVA pays Afghan Pharma to procure and deliver medicines, which are then distributed by WVA to communities free of charge. In some instances, Afghan Pharma also provides medicines to WVA at no cost.

What this model looks like on the locally-led development spectrum

In the localisation literature, partnerships are often described along a spectrum from fully externally-led to fully locally-led. Afghan Pharma sits toward the implementer end of that spectrum: it executes high-quality logistics work within a framework designed and controlled by an international NGO. This is not a criticism of either organisation. It reflects the structure of most NGO-private sector arrangements in Afghanistan's health sector, where international accountability requirements and donor procurement rules shape the terms under which local firms can participate.

The more useful question for ACBAR's purposes is what it would take to shift Afghan Pharma's role further toward local leadership. The company has 16 years of experience, international-standard compliance systems, and multi-province operational reach. A company in this position could contribute beyond logistics execution if its role were expanded to include more meaningful input into strategic and procurement-related decisions. This could also open space for broader discussions on longer-term sustainability and how dependency on international NGO funding is managed over time, alongside existing humanitarian delivery models. Afghan Pharma has not had a direct role in WVA's procurement policy so far, nor has it been formally consulted on which areas to prioritise or what medicines to stock. This positions Afghan Pharma primarily as an implementer within a donor-defined system, with limited formal influence over upstream programme or procurement decisions. However, it is ready to provide advice and collaborate within a more locally focused approach.

Coordination

Coordination between the partners has been consistent, combining regular meetings, monthly reporting, formal email communication, and WVA's e-tender platform for procurement processes. The company describes this combination as effective. The use of a formal digital procurement system alongside direct communication channels has supported both accountability and operational responsiveness over the long term.

3. Challenges and Constraints

Afghan Pharma described the day-to-day operational relationship as smooth, with no significant risks or challenges identified in routine coordination over a 16-year period spanning COVID-19, the 2021 political transition, and the 2025 international funding disruptions. However, during these sensitive periods, external operational challenges were experienced; Afghan Pharma managed the impact by diversifying its customer base and avoiding dependency on a single client or funding source.

The constraints the company identified are systemic. Customs clearance delays and force majeure conditions have caused periodic disruptions. More fundamentally, the misalignment between international procurement standards and national regulatory frameworks has limited Afghan Pharma's ability to source medicines from local Afghan producers, even where those producers could meet quality requirements.



Align international procurement policies with national policies to facilitate sourcing medicines, especially from local producers.



Afghan Pharma representative

This is a structural point with direct relevance to localisation. When international NGO procurement requirements are calibrated to global supplier standards, Afghan producers are excluded from supply chains regardless of their actual capacity. Afghan Pharma, despite being a local company, is itself subject to and shaped by these international standards. Changing this would require deliberate policy adjustment by NGOs and their donors.

4. Results and Outcomes

Business and operational growth

Sixteen years of consistent engagement with WVA has produced real organisational strengthening in Afghan Pharma. The company has invested in storage infrastructure, quality assurance systems, and staff training, reaching compliance levels that many competitors in Afghanistan cannot match. Its distribution network has expanded and its experience in managing international health projects has grown considerably. Afghan Pharma currently employs more than 750 staff and is represented across all 34 provinces of Afghanistan. The company has experienced gradual revenue growth over time and actively collaborates with organisations beyond WVA, indicating that its operational base is not limited to a single bilateral relationship.

Access to medicines for communities

Communities across the provinces where WVA operates have benefited from more reliable access to essential medicines and health supplies. Afghan Pharma's distribution reach has been a practical enabler of that access. Afghan Pharma connects medicines to rural communities through district-level distribution points, from which medicines are distributed directly onwards to the relevant service points and communities.

Local economic linkages

The distribution operation engages local suppliers and service providers in transport and logistics, generating some economic activity beyond Afghan Pharma itself. The scale of this and which types of local businesses benefit most is not specified in the available data.

Employment The company reports that the collaboration created employment opportunities, including for women in administrative, logistics, and distribution roles. Approximately 10 per cent of employees are women. The employment of women is guided by the company's human resource policies and inclusion principles, and is considered part of its approach to strengthening women's participation in the health sector, rather than being incidental.

Under current conditions and in line with applicable regulations in the country, women's employment is largely concentrated in administrative, logistical, and specialised roles, with some limitations on their presence in certain operational areas.

The sustainability question

Afghan Pharma's growth over 16 years has been driven substantially by WVA contracts. The company now has the technical standards and operational capacity to compete for other international contracts. WVA contracts currently account for 3.25 per cent of Afghan Pharma's total revenue. The company also maintains active sales to hospitals, pharmacies, public and private health centres, and international NGOs across the country. In the event of a reduction or cessation of WVA funding, it is not expected to create serious pressure on cash flow or contract volume. In this regard, Afghan Pharma is moving within its strategy towards increasing financial sustainability, reducing dependency on donors, and strengthening a market demand-driven business model.

5. Key Lessons

- Long-term contracts produce real capacity gains: Sixteen years of consistent engagement has built genuine organisational strength in Afghan Pharma: better systems, higher standards, broader distribution reach. This is a direct result of stability. Short project cycles and annual contracts rarely produce the same depth of capacity development. Where the private sector partner meets quality requirements and the NGO has programme continuity, long-term supply arrangements are worth pursuing deliberately.
- A local firm as implementer is not the same as local leadership: Afghan Pharma is a high-performing local company operating within a framework set by an international NGO. The benefits are real, but the decision-making authority remains with WVA. Moving this relationship toward genuine local leadership would require Afghan Pharma to have meaningful input into programme design, procurement standards, and strategy, not just operational execution. Crucially, a company with Afghan Pharma's experience and reach could, in principle, have the capacity to contribute beyond implementation toward broader discussions on sustainability and reduced dependency on international funding. This may include considerations such as commercial engagement with local health markets or alternative financing channels, alongside humanitarian delivery models.
- International procurement standards can structurally exclude local producers: Afghan Pharma's recommendation that NGOs align procurement policies with national frameworks reflects a structural barrier that affects the entire local pharmaceutical sector. When quality and compliance requirements are set at international levels without accompanying support to help local producers meet them, local sourcing becomes impossible regardless of intent. There are two complementary approaches to this problem: NGOs and donors can adjust procurement frameworks to recognise local standards, and at the same time invest in helping capable local firms build toward international standards through structured capacity development. Both approaches are worth pursuing. What matters is that excluding local producers is treated as a solvable problem rather than an unavoidable feature of quality assurance.
- USD contracts and forward procurement planning are practical business enablers: Afghan Pharma's specific recommendations that contracts be denominated in USD and that NGOs provide annual and six-month procurement forecasts in advance are practical and low-cost changes that would significantly improve Afghan Pharma's ability to plan, invest, and price competitively. These are worth noting as concrete asks that other local private sector actors in health supply chains likely share.
- Sustainability requires a plan beyond donor funding: The capacity Afghan Pharma has built is real and durable in one sense: the company's systems and standards exist independently of any single contract. However, continued exposure to NGO procurement means it remains partly influenced by external funding cycles. Its existing engagement beyond WVA indicates some level of diversification, but longer-term resilience depends on continued expansion of its commercial client base alongside NGO contracts.

6. Connections to the Wider Research Findings

This case illustrates several dynamics discussed in the main report:

- Procurement and supply contracts as the most common model: The Afghan Pharma-WVA arrangement is the most prevalent type of NGO-private sector engagement in Afghanistan: an NGO holds the programme and the funding, a local firm delivers against contracted specifications. The report notes this model is widespread but rarely moves toward strategic partnership or shared decision-making.
- The funder-implementer power dynamic: Despite 16 years of collaboration and Afghan Pharma's high technical capacity, the fundamental structure remains NGO-led. This is consistent with the report's finding that local actors participate primarily as implementers rather than strategic partners, regardless of their experience or capability.
- International procurement as a structural barrier to localisation: Afghan Pharma's specific experience with procurement policy misalignment supports the report's broader argument that regulatory and procurement frameworks actively constrain local market participation, even for well-qualified local firms.
- Sustainability as the unresolved question: The report identifies transition from humanitarian dependency towards greater economic resilience as a key development issue. Afghan Pharma's case illustrates partial movement in this direction, alongside continued engagement in NGO-led procurement systems.