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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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**ENGLISH** 

Solidarity Meeting of Ministers of Industry for Co-operation in the Industrial Development of the Democratic Republic of Afghanistan

Kabul, Afghanistan, 14-17 May 1979

REPORT

## Explanatory notes

## Abbrevations of organizations

AIM	Afghan Institute of Management
ESCAP	Economic and Social Commission for Asia and the Pacific
ISI	Indian Standards Institute
IPF	indicative planning figure
ILO	International Labour Organisation
MMI	Ministry of Mines and Industries
TCDC	technical co-operation among developing countries
UNCTAD	United Nations Conference on Trade and Development

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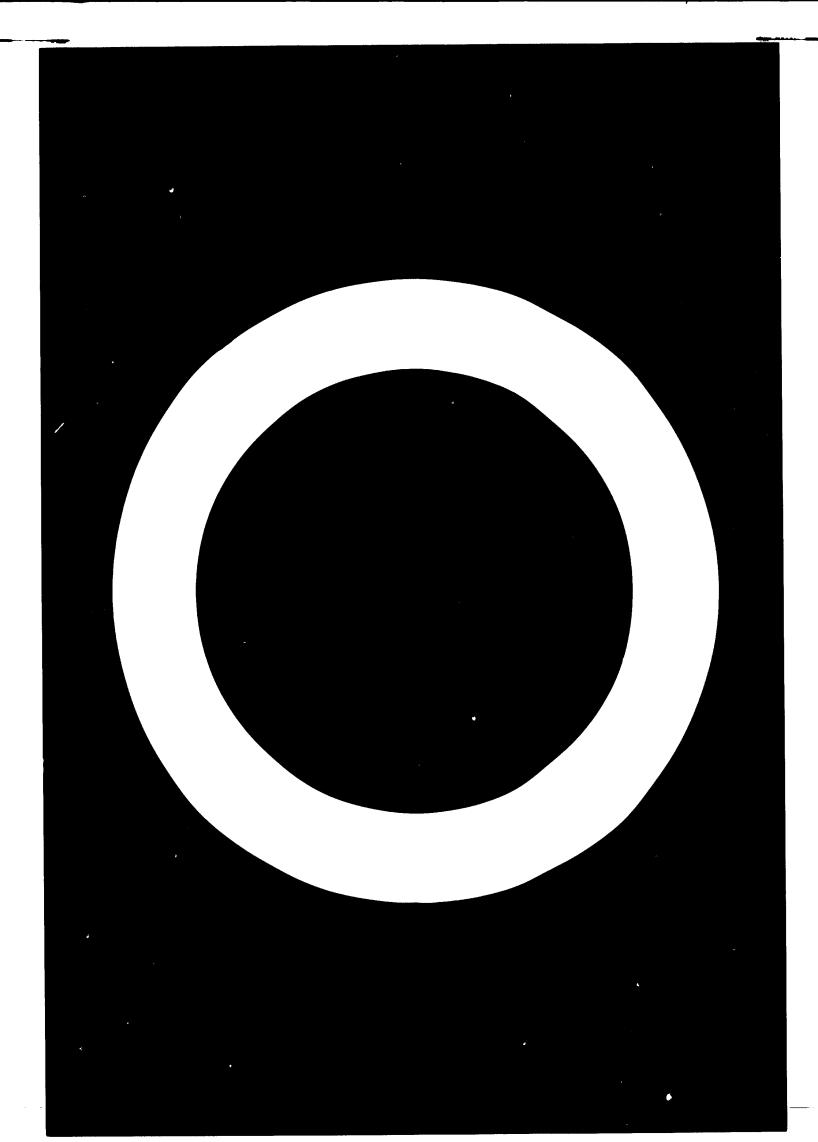
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## Corrigendum

Page 11, last paragraph, first line

For Fxecutive Director read Executive Secretary



#### PREFACE

The Second General Conference of the United Nations Industrial Development Organization (UNIDO), held at Lima, Peru, in March 1975, emphasized the need for strengthening co-operation between developing and developed countries and among the developing countries themselves. Through the Lima Declaration and Plan of Action on Industrial Development and Co-operation adopted by the General Conference, the international community declared its firm conviction that industry was a dynamic instrument of growth essential to the rapid economic and social progress of developing countries. Furthermore, it expressed its firm intention to promote industrial development through concerted national, subregional, regional, interregional and world measures to improve the economies of developing countries, particularly those of the least developed. The Lima Declaration and Plan of Action also viewed self-reliance within the developing world as essential to the achievement of a new international economic order.

The Lima Conference and subsequent international forums on economic and industrial development recognized the interdependence of all members of the world community and the need for closer economic and technical co-operation among them, regardless of their differing economic and social systems.

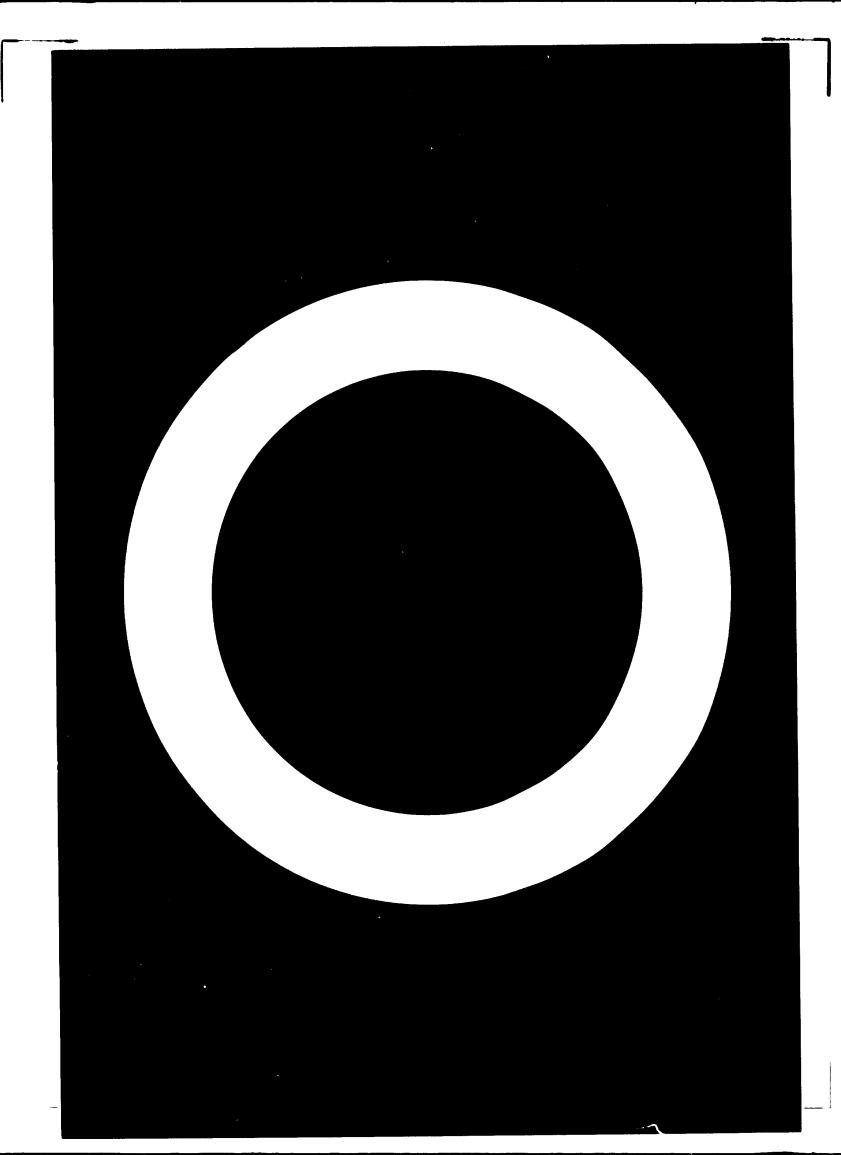
Subsequent to the Lima Declaration and Plan of Action, a group of ministers from developing countries, meeting at New Delhi, India, in January 1977, made specific recommendations for carrying out a series of programmes, whereby the more advanced members of their group could assist the economic and industrial growth of the least developed.

At a meeting of Ministers of Industry of the Economic and Social Commission for Asia and the Pacific, held at Bangkok in November 1977, it was also decided to establish a club for co-operation among developing countries, particularly for the benefit of the least developed countries.

The Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries, adopted at Buenos Aires, Argentina, on 12 September 1978, expressed the developing world's determination to achieve national and collective self-reliance.

Subsequently, a Solidarity Meeting of Ministers of Industry for Co-operation in the Industrial Development of the Democratic Republic of Afghanistan was held at Kabul from 14 to 17 May 1979, the first in a series of meetings each to be focused on the industrial growth of one of the least developed countries.

The present document contains the report of the Meeting and other material pertaining to it.



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#### INTRODUCTION

A Solidarity Meeting of Ministers of Industry for Co-operation in the Industrial Development of the Democratic Republic of Afghanistan, organized by the United Nations Industrial Development Organization (UNIDO) in co-operation with the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Government of Afghanistan, was held at Kabul from 14 to 17 May 1979.

The main purpose of the Meeting was to explore ways in which the participating countries could co-operate in promoting the industrial development of Afghanistan. Much of the discussion centred on project proposals that had been jointly prepared by UNIDO and the Government of Afghanistan and submitted to the participants prior to the Meeting and on a paper presented by the Government of Afghanistan setting forth requirements that could be met through bilateral and multilateral co-operation within the framework of technical co-operation among developing countries (TCDC) and suggesting methods of co-operation among the participating countries and host country that might be used to meet these requirements.

#### RECOMMENDATIONS

#### The Meeting recommended:

- 1. That an effective follow-up mechanism be created within the Government of Afghanistan to ensure optimum utilization of the assistance offered at the Meeting. Through this mechanism the Government would maintain a continuous contact with the participating countries and ensure harmony between the assistance and the ongoing programmes in industry.
- 2. That UNIDO, with the assistance of ESCAP through its joint division, maintain constant liaison with the Government of Afghanistan and provide the requisite assistance and support and recognize the important role that the network of senior industrial field advisers could play.
- 3. That UNIDO/ESCAP, in co-operation with the Government of Afghanistan, reconvene the Meeting at an appropriate time to consider what further steps might be taken to promote the TCDC approach based on solidarity, as had developed at Kabul.

#### I. ORGANIZATION OF THE MEETING

The Meeting was attended by representatives of the following countries:

Afghanistan, Algeria, Bangladesh, Cuba, India, Indonesia, Libyan Arab Jamahiriya,
Nigeria, Pakistan, Philippines, Romania, Senegal, Sri Lanka, Thailand, Turkey
and Yugoslavia. Staff members from UNIDO, ESCAP and the Office of the United
Nations Development Programme (UNDP) at Kabul were also present. Annex I
contains a list of participants.

### Opening addresses

In his message to the Meeting, Noor Mohammad Taraki, General Secretary of the Central Committee of the People's Democratic Party of Afghanistan and President of the Revolutionary Council of Afghanistan, welcomed the participants and wished success for the Meeting.

He referred to his Government's policy of pursuing the principle of oo-operation with the developing countries and would make its contribution to the betterment of human life. He therefore anticipated that the Meeting would pave the way for concrete co-operation among the participating countries. He also referred to the resolve of the Government to create an independent national economy. Determined efforts were being made to develop and modernize agriculture and to promote the rapid growth of industry. He recalled the decrees that had been issued to bring about land reforms and other basic structual changes that would lay the basis for sound development. Recent years had witnessed some qualitative changes in the struggle of the developing countries for socio-economic progress and against the prevailing injustices. They were striving together and a new sense of unity bound them together.

He noted the efforts being made by international organizations to attain a new international economic order. He believed, however, that their efforts would prove effective only where there was extensive co-operation among the developing countries.

He was happy that, to implement the decisions taken by the Second General Conference of UNIDO at Lima and by the Conference on Technical Co-operation among Developing Countries in Buenos Aires, this Meeting had been convened in

<sup>1/</sup> See "Report of the Second General Conference of the United Nations Industrial Development Organization" (ID/CONF.3/31), chap. IV, "The Lima Declaration and Plan of Action on Industrial Development and Co-operation", transmitted to the General Assembly by a note by the Secretary-General (A/10112). Also available as UNIDO public information pamphlet PI/38.

<sup>2/</sup> Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (United Nations publication, Sales No. 78.II.A.11).

Kabul as a concrete step. He expected that this historic gathering would manifest, as much as possible, co-operation among the developing countries and would lay the basis for their solidarity.

Hafizullah Amin, Prime Minister and Minister of Foreign Affairs of the Government of Afghanistan, also addressed the Meeting. He explained how the Government was seeking to achieve expansion of industries and the speedy modernization of agriculture. Socio-economic reforms directed by the recent decrees were providing a sound basis for such historic endeavours. The Government was seeking assistance of all friendly countries.

He underlined the importance that his Government attached to industrial development. The allocation of over 50 per cent of the development resources to industry and generation of power in the first five-year plan was a clear testimony to this concern. The Government felt that speedy growth, including that of the agricultural sector, could be achieved only on the basis of sound industrial levelopment. Without minimizing the role of small industries, it attached the highest importance to basic industries.

Mohamad Ismail Danish, Minister of Mines and Industries of the Government, expressed the hope that the decisions of the participants would not only provide effective ways of rendering financial and technical assistance for the industrial development of Afghanistan, but would also establish a new pattern of co-operation among the developing countries. Afghanistan, in addition to facing the obstacles experienced by the other developing countries, suffered from the special handicaps of a land-locked country. For these exceptional handicaps, it deserved special assistance.

He spoke about the determination with which the Government was trying to bring about socio-economic reforms to pave the way for industrialization and mechanization of agriculture. The country faced stupendous financial, technological and social obstacles. Industry was at a preliminary stage of development and contributed an insignificant share to the gross domestic product. Afghanistan had abundant natural resources, potential for energy and considerable manpower. All these factors needed to be harnessed purposefully for development. The Minister also referred to the experience of his country in the field of economic and technical co-operation with the neighbouring and other friendly countries. He expressed the hope that the contacts provided by this Meeting would considerably expand the soope of co-operation.

He referred to the first five-year development plan, initiated in March 1979. It emphasized the development of basic industries. The development priorities of the country were truly reflected in the portfolio of assistance proposals that had been prepared with the assistance of UNIDO and ESCAP. He was confident that the portfolio would serve as a good basis for discussion.

Abd-El Rahman Khane, Executive Director of UNIDO, thanked the Prime Minister for being present at the Meeting and for lending special significance to it. He felt confident that the idea that inspired the Meeting would undoubtedly make a small beginning in the realm of practical and tangible implementation. There were seeds in it which would sprout and bear fruit one day.

The Executive Director referred to the massive mandate to promote economic co-operation among developing countries expressed in the Lima Declaration and the Buenos Aires Plan of Action and the increasing emphasis being attached to the South-South dialogue in the realization that the developing countries had a great deal to give each other. The experience gained by many developing countries in the past two or three decades was certainly of direct relevance to the others. Yet, even the most deprived among them could give something within the broad concept of TCDC, as each country needed the experience, the support and sympathy of all the others.

What had been lacking, however, was a concrete plan of action, something tangible and specific, something planted on firm ground. The Round-Table Ministerial Meeting on Industrial and Technological Co-operation among Developing Countries held at New Delhi in January 1977 took a step in this direction by proposing that some of the developing countries could act together, placing a special focus on a few selected least developed countries. The present Meeting was in pursuance of that idea. The Executive Director emphasized that the real dramatic personae were the participating countries themselves. The Meeting had also to be guided by the sense of priorities of the Government of Afghanistan. It was in that spirit that the portfolio of assistance projects had been prepared for consideration by the Meeting.

The Executive Director suggested that the mechanisms of co-operation must be kept flexible. He expressed the readiness of UNIDO to provide any assistance required to promote and implement the results of the Meeting. It was for the participants to make the Meeting a fruitful exercise, a turning point in the history of economic co-operation among developing countries.

A message from J.B.P. Maramis, Executive Secretary of ESCAP, expressed his regret that he was unable to attend the Meeting, due to unavoidable official business that kept him in Bangkok. He recognized the historical significance of the Meeting, which represented the force of new idea of co-operation, with immense potential.

Full content had yet to be imparted to the political independence of the developing countries. They still suffered from grossly unequal economic relationships with the developed countries. They were generations behind in terms of technological progress, and their negotiating power was limited. The need of the hour was to make a determined drive to break the third world's economic dependence on the developed world.

He pointed out that the leaders of the third world had emphasized the value of co-operation among the developing countries to achieve self-reliance. The varying degrees of experience and technological advancement, if shared, could enhance their collective self-reliance. They had also recognized the special obligation of the more advanced developing countries to assist the least developed ones, not in a spirit of charity but in recognition of the collective benefit to all.

The Executive Secretary complimented the Executive Director of UNIDO for setting in motion this concrete initiative to secure assistance for Afghanistan in the field of industrial development. He was confident that the success of this Meeting would establish a pattern of assistance that might in future be followed for the benefit of the other least developed countries.

The Executive Secretary recalled that ESCAP had taken a similar initiative under the aegis of the Club established by the meeting of its ministers of industry held in Bangkok in November 1977. In consultation with the Government of Afghanistan, ESCAP had identified some specific needs in industry and had projected them to the member Governments of ESCAP. Later, ESCAP was happy to merge its efforts with the global programme undertaken by UNIDO.

The Executive Director assured the participants that ESCAP would be most willing to play the role that might be assigned to it in implementing the agreements reached at the Meeting. UNIDO and ESCAP would work together to implement the recommendations of the Meeting.

### Election of officers

The Meeting elected M.I. Danish (Afghanistan) as Chairman, S. Matkaliev (Yugoslavia) as First Vice-Chairman, I. Jimeta (Nigeria) as Second Vice-Chairman and M. Islam (Bangladesh) as Rapporteur.

## Adoption o' the agenda

The Meeting adopted the following agenda:

Statements presented by the heads of delegations

Bilateral and group discussions with the Afghan authorities on specific projects

Pledging of technical and/or financial aid by the participating countries Other business

Adoption of findings and recommendations

The Meeting adopted a timetable that provided an opportunity for informal meetings among the participants and bilateral discussions between the representatives of Afghanistan and of the other participating countries, assisted by the officials of the United Nations bodies.

The participants visited the Pul-i-Charkhi industrial area and had the opportunity to observe a number of functioning industrial units.

The Meeting expressed its gratitude to the Government of Afghanistan for the excellent arrangements that had been made for the Meeting and the warm hospitality that had been extended to the participants.

The Meeting also placed on record its appreciation for the message of Noor Mohammad Taraki for his inaugural address.

## II. COUNTRY PAPER: INDUSTRIAL DEVELOPMENT OF AFGHANISTAN, PROBLEMS AND PROSPECTS

In its endeavour to industrialize the country rapidly, the Government of Afghanistan has had in mind the basic target set by the Lima Declaration and Plan of Action, i.e., the achievement by the third world countries of at least a 25 per cent share in world industrial output by the year 2000. To be able to contribute efficiently to these efforts, Afghanistan, as one of the least developed countries, needs assistance from both the developing and developed countries.

The main purpose of this paper is to highlight some of the ideas that guided the selection of the industrial projects proposed for the consideration of the countries participating at this Meeting, to assist in clarifying certain topics and to elaborate on possible mechanisms of co-operation among the participating countries in implementing these projects in Afghanistan.

The basic criteria applied in selecting the projects were:

Improving the performance of public enterprises

Adding value to exports, including setting up new export-based industries

Import substitution, including reducing value of imports

Manufacturing support to priority activities or priority sectors
in the development plan

Improved availability of essential consumer items

## Planning for industrialization

The Government of Afghanistan attaches great importance to the country's industrialization. Its policy has been indicated in the "Basic Lines of Revolutionary Duties of the Government of the Democratic Republic of Afghanistan" (27 April 1978). Through this document, the Government has expressed its intention of eliminating economic backwardness, creating an independent national economy, accelerating the rate of growth, developing and modernizing agriculture and animal husbandry, industrializing the country and raising the standard of living of the masses.

Its policy is to protect domestic industries against the competition of foreign products and to encourage, protect and control private investment in industries and small— and medium—size enterprises. Following the "Basic Lines" the preparation of the country's first five—year development plan started about a year ago. The plan as a whole is still under preparation. It is envisaged that over 50 per cent of the total investment in the public sector during the five—year plan will go towards developing industry, mining and energy.

The annual plan for the first year (1979/80) of the five-year period has been finalized. The following are some of the important features of the plan relating to the industrial and mining sectors:

- (a) Efforts will be made to strengthen the organizational structure, improve business efficiency and raise the productivity of industrial enterprises in the public sector;
- (b) Special measures will be adopted to assist those public enterprises that are not operating satisfactorily;
- (c) The implementation of industrial projects that have been found feasible on the basis of techno-economic studies will be accelerated;
- (d) Techno-economic studies, geological investigations and other necessary steps shall be undertaken to provide a sound basis for selecting viable industrial projects;
- (e) Priority will be given to projects for which the raw material basis already exists or is likely to be available in the not too distant future (minerals, agricultural products, industrial by-products etc.);
- (f) Geological exploration, mineral surveys and laboratory tests will be itensified to provide a reliable and comprehensive inventory of Afghanistan's mineral wealth;
- (g) An important place is assigned to the participation of workers unions in industrial enterprises; their role in production and management is being strengthened; it is expected that a progressive labour law, the first of the kind in this country, will be promulgated soon;
- (h) Infrastructural, industry-supporting institutions are being reorganized (Afghan Institute of Management, Industrial Development Bank, Norms and Standards Department, Labour Department and others). Creation of new institutions is being envisaged (e.g., Infrastructure Developing Agency, Small Industries Developing Agency).

The Government, fully aware of the importance of science and technology for further economic and social development, intends to establish a ministerial agency for science and technology.

The establishment of a national centre for the transfer of technology is under active consideration with the co-operation of the United Nations Conference on Trade and Development (UNCTAD) and ESCAP. The Government will also involve UNIDO at an appropriate time to ensure that industrial aspects are fully taken into account.

One of the main goals of the Government is to raise the standard of living. Measures are being taken to foster rural development, including the resettlement of nomads, to improve the quality of life of the rural masses, which form the vast majority of the population of the country.

The Government is fully aware that only through increasing the gross national product and the <u>per capita</u> income of the Afghan people can it substantially increase their purchasing power and thus expand domestic consumption, which is one of the requirements for industrial growth.

## Specific requirements for industrial development

In terms of industrial development Afghanistan's needs are basically the same as those of most developing countries.

## Training of national industrial cadres

The lack of adequately trained and experienced professional cadres in industry is one of the basic problems Afghanistan encounters in designing and implementing programmes in the mining and industry sector. Moreover, there is no comprehensive training programme in this sector; and existing training programmes cannot meet the needs of the country for personnel to operate industrial and mining establishments.

The "brain drain" further aggrevates this situation. At the TCDC Conference in Buenos Aires in 1978, Shah Wali, Deputy First Minister and Minister of Public Health, expressed the view that the developed countries should follow a code of conduct according to which they would employ technical personnel of developing countries only after obtaining clearance from the home Government of such personnel. The Government of Afghanistan is keen to adopt all measures that will overcome this problem; one such measure is to create more and better job opportunities in the country. Rapid industrial growth is one of the principal methods of achieving this aim.

Some important measures adopted by the Government of Afghanistan that will have an important bearing on the industrial development of the country include the passing of decrees that have relieved the peasants from the burdens of usurious loans, given equal rights to women to enable them to participate in all the activities of the country and brought about social justice in the agricultural sector through land reform. The decrees relating to peasants and land reform will lead to increased agricultural productivity, which will form the basis of increased industrial production.

Though some kind of incentive salary and wage system does exist in the country, the Government intends to make it an even more efficient tool for raising the productivity of the economy. Wages and salaries will be matched to the productivity of the individual.

Though several effective measures have been undertaken by the Government in the field of education and training, there still remains plenty of room to assist the Government in overcoming the difficulties arising in the implementation of industrial and mining (as well as other) development programmes, owing to a lack of adequate numbers of trained and experienced personnel.

Technical personnel such as factory managers, accountants, engineers (electrical, mechanical, chemical, production, maintenance), laboratory and other technicians, foremen and other qualified personnel are in short supply even among existing industrial units in the country. Large numbers of such personnel will be required additionally for the new units that are under erection or will be set up in the near future. Adequate training facilities will be needed for training personnel.

Training should encompass all training and education above the secondary level, university (or equivalent) and postgraduate courses, special short and medium-term training programmes within colleges or institutes and on-the-job training in factories, research institutes, engineering design offices and other related establishments.

The Covernment launched a comprehensive, nation-wide literacy campaign to raise the educational and cultural level of the population. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is deeply involved in the campaign. The five-year plan also lays great emphasis on extending the network of general education, and it is envisaged that the total number of students will double and in the primary schools triple.

A particular weak point in the country's educational system is the gross inadequacy of vocational training, which badly affects the national economy, and indeed the industrial growth of the country. However, this area is also receiving consideration in the new five-year plan, and the number of graduates from vocational training and other technical institutes is expected to double by the end of the plan period. The quality of education is to be improved by bringing in new methods of teaching, a new syllabus etc.

Proposing, financing and assisting in implementing an appropriate system of vocational training in Afghanistan would represent a considerable contribution towards Afghanistan's industrialization.

In the enclosure No. 5 of the Project Portfolio, the training requirements of some of the public enterprises in Afghanistan are listed. This list was prepared in connection with the proposed assistance of the ESCAP Club to Afghanistan approximately one year ago, and by no means represents a comprehensive account of present needs; it does not include, for example, all the new industrial projects planned or under implementation, but it does give a useful picture of typical needs in professional cadres of Afghan industry.

Specific training programmes, related to individual projects the participating countries may wish to assist in, will be worked out jointly by these countries and the Government of Afghanistan. It is important to emphasize that in most cases when planning for new industrial projects, the training activities should precede or at least concur with other project development activities.

## Technical assistance to public enterprises

Both public- and private-sector industries suffer from a shortage of scientific management and lack of clear demarcation of authority. There is great need for accounting personnel and institutions. In public and private enterprises, financial control systems, production planning, market research and systematic sales organization are not well developed. Owing to the absence of cost accounting and preparation of regular balance sheets, industrial enterprises are unaware of their oconomic and financial position.

Though the Government is making every effort to improve the quality of management, business operation and productivity in public enterprises, the situation is still far from satisfactory, particularly in some older enterprises with worn-out machinery, obsolete technology etc. (e.g., Kabul ceramics factory, Project Proposal No. 15 in the Project Portfolio).

While this sort of assistance is covered in Project Proposal No. 2 ("Provision of finance and accounting advisers for existing government industries") which relates to financial management and control, accounting practices and related fields, similar assistance is required in other managerial fields, such as production, purchasing, marketing and maintenance.

To improve the situation, the Government has taken steps to reorganize the Afghan Institute of Management (AIM), the activities of which are numerous and mainly aimed at upgrading all kinds of managerial skills needed in existing industrial enerprises and in future enterprises. A detailed account of AIM activities may be obtained upon request. Here again some ideas on the extent and professional structure of the technical assistance needed can be obtained from enclosures 2, 3 and 5 in the Project Portfolio.

Detailed technical assistance programmes will be worked out jointly after discussions.

## Infrastructural build-up

Because of the expanding industrial sector in Afghanistan, the need for infrastructure and institutions for supporting industry is acute. Necessary measures have to be taken quickly to ensure economic and industrial progress according to what is planned. Otherwise bottle-necks can occur. One example may be given. While industry in Afghanistan during the past 10-15 years has developed gradually, little has been done to ensure an indigenous supply of spare parts for machinery and equipment through local manufacture. Some machines in industrial establishments have been idle because of lack of spare parts, and on this account the economy has already incurred heavy financial losses. This was the case with Chori cement factory in 1978 and the Kabul ceramics factory.

The situation is aggrevated by the fact that Afghanistan is a land-locked country and thus it usually takes a long time for supplies (spare parts, process materials) to reach the country after an order has been placed. However, the Government is aware of the situation and is taking steps to improve it (see also Project Proposal No. 29 in the Project Portfolio).

As already mentioned, industrial infrastructure is at an early stage of development. Several institutions supporting industry are being assisted by United Nations agencies, and some foreign experts are working with AIM, the Industrial Development Bank of Afghanistan and other government institutions.

<sup>3/ &</sup>quot;Infrastructure" in this particular case comprises facilities, institutions and services of specific need to industry; general infrastructure such as communications, telecommunications, power and utilities, dwellings and similar items is not included.

In some cases bilateral assistance to the Ministry of Mines and Industries has been and continues to be substantial. The Indian Government's technical and financial assistance in planning, developing and setting up a small-scale industrial park in Kabul, mainly intended to support private entrepreneurs, may be cited as an excellent example of technical co-operation between developing countries; another example, showing co-operation with a developed country, is the assistance of the USSR in building up the geological, mineralogical and other departments of the Mining Division in the Ministry of Mines and Industries.

Several infrastructural projects have been included in the Project Portfolio, e.g., Nos. 5, 6, 7, 8, 9 and 10. Some more may be mentioned as possible subjects of negotiation between MMI and potential donor countries:

Technology Transfer, Development and Industrial Research Institute
Afghan Textile Institute

Afghanistan Institute for Leather, Skins and Furs

Afghan Industrial Engineering Design Office

Afghan Institute for Research and Development of Alternative Sources of Energy

Afghan Institute for Maintenance, Repair and Conservation of Industrial Machinery and Equipment

Industrial Data and Information Centre and other similar institutions

All plans and programmes, including the training component, will have to be worked out between the Afghan authorities concerned and the potential donor countries. It is, however, essential at this stage that the donor countries be identified, preliminary work programmes be worked out, and basic arrangements be negotiated so that detailed government planning may be carried on.

## Strengthening and further developing of engineering industries

The importance of metal and light engineering industries for a developing country cannot be overemphasized. While the Jangalak Industries at Kabul by itself represents a valuable asset of the Afghan economy and may be considered a nucleus for disseming experience gained during more than 20 years and generating other similar industrial establishments in Afghanistan, it suffers from the deficiencies suffered by most Afghan industries. A detailed account on the present position of that industry is given in the Project Portfolio (No. 1) which may be used for ready reference. Since some more metal and light engineering industries have been included in the Project Portfolio (Project Nos. 29, 30, 31, 32 and 33), it is felt by the Government that a specialized group or section

within MMI should be set up to streamline, co-ordinate and supervise all activities related to metalworking and engineering industries in Afghanistan. To achieve this aim, the assistance of one or two highly experienced experts in engineering industries to work within that section will be required and, presumably, may be available from a more developed country of the third world.

Project Proposal No. 34 ("Mini steel complex") was deliberately omitted from the above group of light engineering projects, since it may better be described as heavy or metallurgical industry, It may, however, initially be dealt with by the same specialized group within MMI. What is urgently required at this stage is the technical assistance of one or two experienced metalurgical engineers, steel mill and rolling mill specialists, to assist MMI in preparing a set of techno-economic studies for this project, which is being given top priority by the Government. Some of the points needing consideration in this project will probably be its location and its sources of raw material.

## Presentation of techno-economic reports

In the past considerable amounts of money and much time and effort were spent on certain industrial projects only to find later that there was either no sizeable market for the related products or the raw material basis was not appropriate. Consequently, the Government would like to avoid, in the future, similar disappointments and frustrations that come from undertaking projects that may turn out to be not feasible at the present stage of the country's development. This approach, it is believed, is of mutual benefit to the Government of Afghanistan and the donor countries.

The 34 potential projects listed and described in the Project Portfolio were chosen from among 70 projects, with the best intention of having feasibility studies carried out before implementing them. This does not necessarily imply that all of them will become viable industrial projects. The Government would like donor countries to assist in carrying out such prefeasibility or feasibility studies to establish the viability of the proposed projects. Indigenous capabilities to undertake market research and forecast demand have developed sufficiently as to provide adequate services to the potential donor countries in handling the domestic market.

This is the general approach; in some cases one of these steps may be omitted and a feasibility study only carried out. More information will be given to the representatives of the potential donor countries upon request.

## Mechanisms of co-operation

## Financing

The following mechanisms may apply to co-operation between Afghanistan and the donor countries in establishing co-operative relations under TCDC:

Grant-in-aid

Long-term soft loans

Joint-venture agreements

Agreement for co-operation in training, industrial research, exchange of industrial information and other similar fields

It is well known that Afghanistan's financial resources are limited, and this indeed is the reason it is asking assistance from friendly countries, preferably as a grant-in-aid and/or agreement for co-operation. This would demonstrate to the rest of the world the political will of the third world countries to launch a realistic programme of co-operation among themselves and to carry it out in a spirit of sacrifice and collective self-reliance.

Long-term loans may be suitable if the terms, to be negotiated, are favourable and mutually acceptable.

Joint-venture agreements, as a rule, will not be appropriate, but may be considered in special cases and under very favourable circumstances for Afghanistan. Triangular arrangements in specific cases may also be considered, i.e., two donor countries with complementary assistance capabilities may join in assisting Afghanistan in developing and implementing industrial projects. One country, for example, may have at its disposal financial means while the other, being at an advanced stage of development, may provide expertise, training facilities, hardware etc. Such arrangements would indeed strengthen the spirit of co-operation among developing countries. Afghanistan will expect UNIDO and UNDP to continue to play a specific but practical catalytic role in helping to achieve these development objectives under such triangular or bilateral arrangements.

## Joint working teams

The Government of Afghanistan suggests that joint working teams consisting of the representatives of donor countries and those of Afghanistan be set up to deal with individual projects, assuming that all necessary decisions and arrangements have previously been finalized by all Governments involved. The assistance of UNIDO, ESCAP, UNDP and other United Nations agencies will be required at all times.

Afghanistan, as its part in the co-operation programme to be worked out at this Meeting, can provide assistance in conducting market research and carrying on studies related to the raw material basis, availability of power, utilities and manpower. It can help to cover the local costs of project activities. Detailed work programmes and other related documents will have to be negotiated for each case with the assistance of the sponsors of this Meeting.

## III. CONSIDERATION OF ISSUES

The Meeting reiterated the crucial significance of economic and technical co-operation among developing countries to attain the new international economic order, reduce their dependence on the developed world and strengthen the solidarity and collective self-reliance of the third world. Through their first development efforts, the developing countries had acquired valuable experience and achieved varying degrees of economic growth and technological advance. The patent complementarities between them, and relevance and appropriateness of the experiences and technological assets to one another, provided immense potential for mutually beneficial exchanges. The Meeting asserted that only through solidarity, sustained by concrete co-operation between them, could the developing countries enhance their bargaining strength vis-a-vis the developed countries and seek to remove the inequities between them.

The Meeting recalled the Lima Declaration and Plan of Action, which had presented numerous measures to promote co-operation among the developing countries in the field of industry. It also referred to the Plan of Action adopted at the TCDC Conference in Buenos Aires. It noted, however, that the concept of co-operation had largely remained at the stage of discussion and deliberation; little concrete progress had been made in implementing the measures agreed to earlier. The Meeting, therefore, welcomed this initiative of UNIDO and ESCAP in bringing selected developing countries together to deliberate on the possibilities of co-operation in carefully conceived programmes and projects.

The Meeting reaffirmed the special obligation of the developing countries to assist the least developed among them. Such assistance could not be viewed as charity; its benefits would flow in both directions. They all would benefit from solidarity and collective self-reliance. The Meeting pointed out that a country was rarely uniformly backward or advanced in relation to another in all segments of economic activity. Developing countries at different levels of growth had immense potential for give and take, which they should utilize for their mutual benefit. Irrespective of their levels of development, they could derive immense advantages from increased trade and exchange of technology.

It was noted that there had been a strong expression of will on the part of the developing countries to assist the least developed ones. The Lima Declaration and Plan of Action had included a section setting out numerous measures

that could be taken to assist in the industrial development of the least developed countries. These had been further elaborated in the TCDC Conference at Buenos Aires and at the meeting of the non-aligned countries at Arusha. The Meeting observed, however, that the ESCAP initiative in establishing a Club for the assistance of the least developed countries and the current initiative of UNIDO in holding solidarity meetings for the benefit of selected least developed countries were the first concrete steps to implement the resolutions of intent. The Meeting welcomed the innovative initiative of the two organizations in identifying the needs of selected least developed countries and in preparing specific assistance proposals for the consideration of the other developing countries. The Meeting expressed the confidence that this was a step in the right direction. With success demonstrated in a few cases, it would established a new mechanism of co-operation. The Meeting placed on record its appreciation of the Executive Director of UNIDO for his personal initiative and enthusiasm in this matter.

The Meeting noted with appreciation that ESCAP and UNIDO had merged their efforts to organize the Meeting.

The Meeting appreciated the thorough and systematic preparatory work that had been undertaken for this Meeting. With the assistance provided by UNIDO and ESCAP and the Kabul office of UNDP, the Government of Afghanistan had identified its specific needs in the field of industry. On the basis of such identification, proposals for assistance had been elaborated. The documentation made available to the participants had assisted them in gaining a clear idea of the requirements of Afghanistan and in formulating the responses of their Governments.

The paper presented by the Government of Afghanistan explained precisely the approach of the Government to development, in particular industrial development. The Meeting noted that the contribution of industry and mining to the gross domestic product was less than 4 per cent and the employment provided by the sectors was also marginal. The Meeting, therefore, noted the emphasis that had been placed in the first five-year plan on the growth of the industrial sector and generation of electricity. It was also noted that the contribution of the handicrafts and cottage industry sector to GDP was over 8 per cent and that it employed 18 per cent of the total labour force. The Meeting expressed the hope that, keeping in view the vital importance of this sector in the national economy, due attention would be

paid to its modernization and further growth. Steps should be taken to evaluate promotional institutions, financing and marketing arrangements etc. The Meeting also noted the high preponderance of raw materials and non-processed merchandise in Afghan exports. These were exposed to the vagaries of the international markets and fluctuating terms of trade. The Meeting underlined the urgent need to establish processing arrangements within the country to add value. Materials such as raw cotton, fruits, vegetables and natural gas had immense potential for processing within the country. The Meeting noted the measures of protection against imported goods that were contemplated to induce the growth of infant industries. It, however, expressed the hope that the aspect of efficiency would not be lost sight of, even in the initial stages of industrial development.

All delegations expressed their solidarity with Afghanistan and voiced their willingness to provide the assistance that they could. Several delegations recalled the age-old relations of their countries with Afghanistan and referred to existing bilateral arrangements for co-operation. Others pointed out significant identity between the problems, aspirations and anxieties of their countries and those of Afghanistan.

The hope was expressed that the Meeting would result in the provision of specific and substantial assistance to Afghanistan. It pointed out, however, that the problems of development were gigantic and that only through efforts sustained over a certain period could any significant results be achieved. It was felt, therefore, that this Meeting would only be the beginning of a process, which would be pursued systematically. The Meeting emphasized the need to establish efficient arrangements for the follow-up of decisions of the Meeting within a specific time and its monitoring. Such arrangements needed to be made by the Government of Afghanistan and by the international agencies supporting the programme of assistance.

The Meeting felt that the mechanism for assisting Afghanistan should be kept flexible. The countries having bilateral mechanisms could choose to use them. The others could seek the assistance of international agencies.

The forms of assistance had also to be left to decisions between the Government of Afghanistan and the Governments of the donor countries. The forms of assistance could be as diverse as outright grant, loan, equity participation in joint ventures and provision of expertise and training facilities.

The Meeting observed that the offers of assistance should be guided by the priorities of the Government of Afghanistan. The paper presented by the Government and the Project Proposals provided a fair idea of such priorities. The Meeting also emphasized the need for an endogeneous policy framework, which would facilitate the flow of external assistance and would create a suitable climate for its optimum utilization.

Some delegations observed that, in view of the requirements of intragovernment consultation, they were not in a position to make specific offers of assistance on behalf of their Governments. It was hoped that the responses of such Governments would be forthcoming. The deliberations in this Meeting would assist those Governments in arriving at appropriate decisions.

Bilateral discussions were held between representatives of the Government of Afghanistan and of the Governments of other participating countries, with UNIDO and ESCAP officials present. In these discussions the details of the proposals were explained and the interest of the participating countries in offering asistance was indicated. Arrangements for follow-up action were also discussed. The conclusions of the discussions are set out in annex II.

On the question of funds needed to provide assistance, it was pointed out that many developing countries that had expertise and training facilities to offer found it impossible to bear the external costs in foreign exchange. The Meeting urged that a system be evolved, whereby such costs would be met by third parties or international organizations. Such a system could provide a great stimulus to oc-operation among developing countries.

## IV. BILATERAL DISCUSSIONS ON PROJECT PROPOSALS

It was decided at the Meeting to arrange a series of informal, bilatera's meetings between each delegation and the representatives of the Afghan Government. UNIDO/ESCAP also attended these informal discussions, which gave an opportunity to each delegation to seek clarifications, if any, on the scope/content etc. of any of the project proposals and firm up its interest in specific projects. The records of these discussions are given below.

## Record note of discussions between the Government of Afghanistan and the Algerian delegation

Project proposals were examined and identified for possible co-operation. The Algerian delegation, without committing itself in any respect, selected the following projects for submission to the relevant Algerian authorities:

## Project No.

30

complex

Feasibility studies of industrial and mining projects 4 Setting up of a cigarette manufacturing unit 18 Improvement and development of the packaging industry in 22 Afghanistan covering (a) glass bottle making and metal caps and filter-proof caps; (b) tin containers and metal containers for canning; (c) plastic packaging; (d) printed paper cartons and ribbed cardboard cartons; (e) wooden crate packaging Establishment of sheet and hollow glass manufacturing facilities 23 with metal caps and pilfer-proof caps Setting up of an agricultural and irrigation aids manufacturing

It would be up to the Algerian authorities to decide on their participation in any of these projects within the limits of the available resources of Algeria.

# Record note of discussions between the Government of Afghanistan and the Bangladesh delegation

The Government of Bangladesh was prepared to provide the services of experts to cover the first phase of Project Proposal No. 7 (Rationalization of approval procedures, package of incentives and laws and rules regarding private investments, 6 man-months); No. 8 (Establishment of national standards and quality control institute with a quality control laboratory, 3 man-months); and No. 9 (Establishment of a food testing and quality control laboratory, 6 man-months). It could also provide two financial management and cost control experts for six months each to cover a part of the requirement of expertise for Project Proposal No. 2 (Provision of finance and accounting advisers for existing government industries). In relation to component C of Project Proposal No. 24 (Utilization of molasses for alcoholic beverages for export), the Government was prepared to send an expert for six months to examine the feasibility of such a project.

The Government was also prepared to send experts in the following fields to train personnel in Afghanistan:

Area	Number of trainers	Duration
Cotton textile weaving	2	1 year
Lawyers to prepare international contracts, documents and regulations relating to international		
oontracting, bidding eto.	1	3 months
Accountants	3	1 year
Expert in project evaluation	1	1 year

The experts would be seconded to Afghanistan from public-sector organizations and would be performing similar functions to those they performed in Bangladesh. The Government of Bangladesh would continue to pay their salary and emoluments and would expect a modest foreign allowance and the cost of international travel to be borne by some other source.

The Government of Bangladesh also offered the following training to Afghan personnel:

Area	Number of trainees	Approximate duration (months)
Textile industry		
Finishing technician	3	
Management	3	
Spinning technician	4	
Weaving technician	3	6–12
Fertilizer (urea) production and thermal power plant		
Production manager	1	
Planning manager	1	
Industrial development consultancy	l	
Economists related to Industrial Development Bank operations	1	6

While the local costs of training would be borne by the Government of Bangladesh, the international travel costs, salary etc. would have to be covered from some other source.

# Government of Afghanistan and the Cuban delegation

Cuba expressed warm support for the UNIDO initiative and commended the approach that had been developed to enable concrete shape to be given to the TCDC concept of participation by developing countries in the industrial development of a specific country, namely, Afghanistan, through the implementation of a concrete pattern of assistance to specific projects. It regretted that owing to the last minute cancellation of the visit of the leader of the Cuban delegation to the Meeting, it was not in a position to extend specific commitments concerning projects for which it could accept responsibility. However, it desired to receive Afghanistan's proposals for projects in which it might take an interest. The Ambassador undertook to take these up with his Government and to do his best to secure Cuban participation in this effort. Generally, he felt that Cuba would be in a position to provide technical assistance rather than any substantial amount of financial assistance.

Afghanistan requested Cuba to examine the list of projects presented at the Meeting with a view to identifying jointly areas in which Cuban assistance might be feasible. This was agreed to and, accordingly, the four projects listed below were identified as those for which the Ambassador would recommend to his Government that it accept responsibility.

Project No. 9	Establishment of a food testing and quality quality control laboratory
Project No. 17	Setting up of a sugar manufacturing unit based on cane-sugar
Project No. 18	Cigarette manufacturing unit, including technical assistance for developing tobacco cultivation
Project No. 23	Extablishment of a sheet and hollow glass manufacturing facility with metal cap and pilfer-proof caps

In connection with Project No. 23, Cuba would check to see whether the necessary experts could be released from Cuban manufacturing facilities.

Afghanistan agreed to convey these proposals to the Government of Cuba for its consideration through the Ambassador. The Ambassador promised that he would take up the proposals with his Government on a very urgent basis as soon as they were received.

Afghanistan thanked Cuba for the interest given and hoped that a positive response would be secured very early.

## Record note of discussions between the Government of Afghanistan and the Indian delegation

India reaffirmed its belief in the importance of the Meeting and gave its fullest support to the approach of developing a positive programme of action with reference to a specific country, in this case, Afghanistan. It reiterated its willingness to make the maximum contribution possible to assist Afghanistan to implement the tasks represented by the project proposals, based on the priorities highlighted in the country paper on Afghanistan prepared for the Meeting. Afghanistan was invited to suggest the projects for which it would particularly like India to take responsibility.

In the selection of these projects and their implementation, emphasis was given to the specific requirements of Afghanistan as presented in the country paper. These were: improvement of training; development of public industrial enterprises; strengthening of industrial infrastructure; development of model and light engineering industries; planning, financing and implementation of a mini steel plant; carrying out pre-investment studies; and development of appropriate indigenous capabilities in several fields, including market research and raw material assessments.

In the light of the discussions summarized below, the Indian delegation agreed to assist and co-operate with Afghanistan in projects as indicated by the latter as having priority. It was observed that several of these projects could be dovetailed into projects being implemented under the aegis of the Indo-Afghan Joint Commission.

The details of the projects to be set up in Afghanistan under Indo-Afghan bilateral oc-operation and the modality of the implementation are given below.

(1) Project No. 8 Establishment of a national standards institute and quality control centre with a quality control laboratory

Afghanistan had given this project high priority because of the need to establish national standards and specifications and the methodology for laying the foundation of self-sustaining industrial growth in Afghanistan. It had recently set up a Department of Norms and Standards and considered

the rapid development and sound functioning of this Department to have one of the highest priorities among infrastructure programmes, because it would result in the promotion of industrial development of Afghanistan on sound lines, enabling Afghanistan to compete effectively in the international market and also to meet legitimate consumer expectations in the domestic market. The Indian Standards Institution (ISI) had considerable experience in developing national standards, based on use of indigenous materials, and laying down specifications for industrial application and quality control. The Indian delegation agreed that an expert team from its national institution (ISI) would appraise the urgent requirements of Afghanistan and present a study indicating the organizational, technological and equipment facilities necessary for developing a national institute in Afghanistan for standards and quality control.

(2) Project No. 34 Setting up of a mini steel complex covering steel making and merchant steel rolling

Project No. 33 Modernization and establishment of foundry facilities for grey iron and steel castings and a forging shop

Afghanistan requested India to take responsibility for the project regarding the mini steel complex, which was very important to the Afghan economy.

The Indian delegation was of the opinion that, consistent with the objectives of the Meeting and the approach adopted towards it, namely project specificity and responsibility for assisting in the implementation of a complete project idea, it would be desirable to include in a project for which responsibility was accepted by a country, the backward and forward linkages to provide assured and continuous supply of raw materials, with respect to both quantity and quality, on the one hand, and a viable, self-sustaining product range on the other. This, of course, would be subject to the capability and interest of the particular country oo-operating with Afghanistan. But the approach should be that if there was such willingness and capability on the part of the developing country, then the scope of the project had to cover the range of activity required to ensure that the project was selfcontained and not dependent on, as far as practicable, the vagaries and uncertainties of other projects for its success. Afghanistan, in principle, had no objection to this approach regarding some of the projects it had listed for consideration by India.

In accordance with this approach, India pointed out that while it agreed that a steel project was essential in Afghanistan, and the establishment of this industry would reduce massive imports of steel items that were being transported at greater cost in freight, proper planning of the project could also facilitate the optimum utilization of the iron ore, coal and natural gas reserves in Afghanistan. As there were some reservations about the extent of scrap availability, particularly over a period of time, the possibility of setting up a sponge-iron plant based on utilization of natural gas and a steel plant based on the direct reduction process was also discussed. In this context, it was agreed that the utilization of iron ore from the Hajigak area could be considered. Also, India felt that since metal melting technology was basically involved in both projects, they should preferably be combined into a single venture, with appropriate phasing of implementation.

The Indian delegation, referring to the specific request of Afghanistan that these industries be developed in the public sector, stated that similar capabilities had already been developed in India in the public sector, notably MECON, HEC and SAIL. Personnel from other public-sector enterprises would be sent to Afghanistan to assess the feasibility of establishing the above-mentioned projects and to draw up a phased programme for setting up the various segments of this industry as necessary to meet Afghanistan's urgent needs. These industries, particularly those relating to the foundry and forge shop, an electric-arc furnace based on scrap and a merchant rolling mill, could initially be sustained, if necessary, by imports to supplement the supply of local scrap, and in due course could be supported through the development of the basic steel industry in Afghanistan.

Afghanistan welcomed India's suggestion and offer and pointed out that the direct-reduction furnace idea had been included by UNIDO in the first instance, but had been dropped out in the final statement. If India was of the same view, Afghanistan welcomed it.

(3) Project No. 22 Improvement and development of the packaging industry in Afghanistan, covering printed paper cartons and ribbed cardboard cartons, including establishment of a paper manufacturing unit

Afghanistan, in line with India's approach as already discussed above, would like the scope of the paper packaging project to be enlarged to include the manufacture of paper. It referred to a project

report already prepared for a pulp and paper plant with a capacity of 10 tons per day based on utilization of waste paper and agricultural wastes. The location was originally proposed for a site near Kabul. Another site might have to be considered because of problems relating to water supply, availability of raw materials and effluent disposal. The Indian delegation agreed to having its public-sector corporation HPC conduct a feasibility study for this project. It was also agreed that particular attention would be given to the end-product requirement relating to packaging material.

### (4) Project No. 20 Development of a silk manufacturing centre

Afghanistan had a small base for its sericulture programme but would like to expand it systematically. Since it had the potential to provide substantial employment in rural areas, raise rural incomes and earn valuable foreign exchange, the Government attached high priority to this project. The project should be comprehensive, covering egg production, reeling and twisting, and weaving, on the lines comprehensively developed in the project proposal text circulated in the UNIDO document.

Afghanistan was also considering development of facilities in Herat for extending the cultivation of mulberry to augment egg production etc.

It also proposed to set up subcentres at Kabul, Baghlan and Kunduz. The Indian delegation agreed that the feasibility of the development of silk manufacture as proposed by the Afghan Government would be studied by a team of experts from their national institution concerned with the development of sericulture and silk textiles.

## (5) Project No. 13 Establishment of a manufacturing unit for concrete spun pipes

Afghanistan required a substantial amount of concrete piping for irrigation, water supply and sewerage and would require even more piping in the next 5-10 years. Since these essential items involved heavy freight costs, a project for manufacture of these items was considered necessary.

As the provision of drainage, sewerage and protected water supply for urban areas and irrigation field channels had one of the highest priorities, the only alternative to manufacturing concrete spun pipes required for these projects would be to import steel pipes, which would increase the costs and difficulties enormously. There was an old cement manufacturing plant in Jabul Seraj (about 60 km from Kabul) on which it could be based. Alternatively, it could be based on imported cement. Later, the establishment of a cement manufacturing

unit could also be included in the project as envisaged by India to assure sustained raw material supply by the unit. As cement was a basic raw material for these products, it was agreed that it was necessary to establish linkages between the manufacture of these products and cement factories in Afghanistan, particularly the Pul-i-Khumri cement plant. This plant, which had a capacity of about 100 tons per day, needed to be modernized and expanded. The Indian delegation agreed to study the feasibility of setting up these projects and of linkages with cement projects in Afghanistan having the Pul-i-Khumri cement plant capacity.

(6) Project No. 32 Solar energy, biogas plants and other rural energy systems

In the context of the emphasis given by Afghanistan to the development of science and technology and its application to rural areas, appropriate co-operation in this field between India and Afghanistan would be identified for development of rural energy systems based on non-conventional sources of energy - biogas, solar energy and wind energy. UNIDO was considering undertaking a project covering the scientific and technological aspects. The Indian agency would be willing to co-operate with UNIDO in this project. For a specific programme of rural energy systems, the Indian delegation agreed that a team of experts could identify and help in setting up an appropriate and comprehensive rural energy system in an area identified by Afghanistan.

(7) Project No. 3 Setting up of an entrepreneurial development programme

Project No. 5 Setting up of an infrastructure development agency

Project No. 6 Creation of a small industries development agency

The Indian delegation agreed to prepare a study on setting up organizational and training facilities required for developing small industries and developing Afghan entrepreneurship in the small-scale, rural and cottage sectors. Afghanistan appreciated the assistance already given by India in these sectors relating to construction of industrial estates, provision of experts, supply of plant and equipment and provision of training facilities. Afghanistan was also giving priority to the establishment of an infrastructure development agency, which would be entrusted with the responsibility for setting up industrial areas with infrastructural facilities relating to electricity and water supply as well as consulting services. The Indian delegation agreed to give a model for setting up this agency on the lines evolved in

India based on its new industrial policy. The feasibility studies indicated above relating to small industry infrastructure and entrepreneurship development would also indicate facilities to be developed for training, consultancy and preparation of project outlines for small-scale entrepreneurs.

- (8) Project No. 30 Setting up of an agricultural and irrigation aids manufacture complex covering:
  - (a) Tractor assembly and progressive manufacture
  - (b) Farm implements
  - (c) Diesel engines and irrigation pump sets
  - (d) Biogas plants

There was a need for establishing a tractor assembling unit, manufacture of farm implements, assembly of diesel engines and irrigation pump sets, a biogas plant, and manufacture of spares for tractors and commercial vehicles. The Indian delegation stated that these projects could operate on a viable footing on the basis of standardization of end-products relating to tractors, diesel engines, irrigation pump sets and commercial vehicles. This would also promote the setting up of agro-service centres and complexes of light engineering industries. It was agreed that HMT, a public-sector undertaking in India that manufactured machine tools and tractors and had set up several light engineering complexes and training centres both in India and other developing countries, would study the feasibility of setting up these projects in Afghenistan.

### (9) Project No. 10 Establishment of fumigation facilities

In the interest of agricultural development as well as augmenting exports, fumigation centres were required, particularly for raisins, cotton, hides and skins, which constitute a substantial segment of Afghanistan's export trade. To increase the value added of these products and the earnings of agriculturists, several fumigation centres had to be set up.

The Indian delegation agreed to prepare the project for setting up a model fumigation centre with details of the equipment required. The expert team would also consider fabrication of some of the equipment in Afghanistan.

This centre, which could be set up with Indian assistance, could also be duplicated at other places. Afghanistan agreed to provide for land and plant construction. India would assist in setting up one important project, which could serve as a prototype centre.

(10) Project No. 19 Setting up of a modern rice milling and solvent extraction complex

Modern rice milling techniques and solvent extraction units were required for efficient utilization of rice bran. It was agreed that India would conduct a feasibility study for setting up a modern rice milling and a related solvent extraction complex. These units could serve as suppliers of essential intermediate products for manufacture of soap, oil cakes and animal feed. India agreed to prepare a feasibility report for setting up this project with particular reference to the raw material available and utilization of end-products.

Both sides noted that the assistance and co-operation indicated in respect of the above-mentioned projects could be linked to important projects agreed to by the Indo-Afghan Joint Commission, namely, setting up a paper plant, manufacture of agricultural equipment, including water pumps, establishment of a mini steel plant, establishment of a centre to provide shortterm consultancy and supply of equipment for agricultural extension services. It was also observed that several projects indicated above, such as those relating to silk, solvent extraction, rice milling etc. would be established in industrial estates that are being considered by the Indo-Afghan Joint Commission for establishing three industrial estates at Mazar-e-Sharif, Herat and Kandahar. The Indian delegation stated that the assistance given in respect of feasibility studies etc. for the above-mentioned projects would be completed withir. six months, and India would provide financing for this work. Afghanistan would provide counterpart facility, internal travel, accommodation for the Indian experts and also make available the data and any other studies with reference to the above-mentioned projects.

Afghanistan wished confirmation from India that in respect of the projects for which it had accepted responsibility it would not confine assistance to the first phase but would remain responsible for the complete project and its successful operation.

The Indian delegation drew the attention of Afghanistan to the clear statement contained in its address to the Meeting in which it had pointed out that India's experience had been that mere appreciation of a feasibility study, without responsibility for its implementation and commissioning tended

to become irrelevant. All these feasibility studies had to result-oriented, and matched with training facilities, so that viable projects were commissioned and operated by the people of Afghanistan. The Indian delegation had already pledged India's assistance in removing the immense difficulties that impeded easy and effective transfer of technology and had categorically stated that there were no reservations in India's complete offer of the technologies it had developed. It had also pledged assistance to Afghanistan in building up a system of monitoring the implementation of these projects and had urged the conference to set a schedule for implementing the projects. In the light of this, India felt that there should be no ambiguity in the mind of the Afghan Government that, subject to the economic and technical viability of the project being established in the prefeasibility or feasibility study, the absorptive capabilities of Afghanistan being sufficiently promoted in the particular area, and the terms of the assistance being mutually agreed upon, India's assistance would be forthcoming for not only the implementation and construction of the project but also the very necessary participation in the training and assistance in management of the project until it had reached the take-off stage.

For implementing the projects after the feasibility studies etc. had been completed, it was agreed that India would supply the equipment on terms of financing to be discussed and mutually settled, generally on the basis of the terms extended by the Industrial Development Bank of India to friendly developing countries. The modalities of the implementation would be considered by the two countries bilaterally on the basis of the studies and other assistance given above.

Afghanistan appreciated the assistance and co-operation of India in respect of several projects relating to priority fields of industry, public health, irrigation, power, science and technology. It was agreed that the follow-up on the UNIDO solidarity projects as formulated in these discussions with reference to the priorities of Afghanistan would be undertaken bilaterally by India and Afghanistan, and would further serve to strengthen and promote the close and friendly relations between the two countries.

# Government of Afghanistan and the Indonesian delegation

The Government of Indonesia was prepared to provide training facilities to Afghan personnel in the following fields:

Food testing and quality control
Manufacture of bricks and tiles
Manufacture of glazed tiles and sanitary ware
Small-scale fruit and vegetable processing
Cigarette manufacturing
Packaging and glass bottle industry
Soap manufacturing
Textile technology
Cement
Urea fertilizer
Leather
Metal working
Building materials
Pulp and paper

The training facilities offered included institutional and on-the-job training. The trainees would include operators, foremen and engineers. The period of the training would vary from six weeks to six months, depending on the discipline and the level of the trainees. Two trainees would be accepted in each of the disciplines.

Regarding costs, the Government of Indonesia was prepared to bear the local training costs, boarding and lodging of the trainees and their local transport. The cost of international travel would have to be derived from some other source. It was suggested that if the Government of Indonesia found it difficult to meet the expenditure from its budgetary sources, it could consider utilizing a component of the Indonesian IPF, which could be earmarked for utilization in other developing countries. The representative of Indonesia promised to have these suggestions considered by his Government.

The Government of Indonesia also offered to undertake a prefeasibility study for the packaging and glass bottle project (No. 22). While the Government was prepared to bear the salary of the experts needed for the purpose, the foreign allowances and international travel costs would have to be derived from some other source.

# Record note of discussions between the Government of Afghanistan and the delegation of the Libyan Arab Jamahiriya

The Libyan Arab Jamahiriya extended its fullest support to the Meeting, particularly to the new approach and strategy behind it. There were excellent relations between the Libyan Arab Jamahiriya and Afghanistan, and certain technical and cultural agreements between the two countries had been ratified. Unfortunately, the delegation had not received any mandate concerning the Libyan position on any specific project. However, the Ambassador undertook to take up in his country the question of extending financial assistance for any two projects from the project proposals contained in the UNIDO document, which the Government of Afghanistan would identify for Libyan assistance, the modalities and terms of the financial assistance being worked out later.

The following two projects were identified for this purpose.

Project No. 25 Setting up of a salt-refining and iodization complex

Project No. 28 Establishment of a drug and pharmaceutical industry factory

If the Libyan Arab Jamahiriya extended financial assistance for these projects, it would be implemented by supplementing the requisite technical/managerial assistance, training and plant and machinery supply components from one of the other developing countries.

It was agreed that global tenders assigning responsibility for any area within the project outside the developing countries would not be consistent with the basic underlying philosophy of TCDC.

The Ambassador of the Libyan Arab Jamahiriya reiterated that, though there was no mandate for committing assistance, he would be very happy to take up these two projects in his country. He intended to visit Tripoli for this purpose within the next two or three days to secure a decision.

Afghanistan very warmly thanked the Libyan Arab Jamahiriya for the interest shown in the Meeting and hoped that the efforts of the Libyan Ambassador would bear fruit very early.

# Record note of discussions between the Government of Afghanistan and the Nigerian delegation

In conformity with the spirit of the Solidarity Meeting and as recommended in Conference Room Paper No. 1, the possibilities of Nigeria's technical assistance to Afghanistan within the framework of the Solidarity Meeting were discussed. The Ambassador stated that he had not yet received any mandate from his Government concerning the project proposals submitted prior to the Meeting. To facilitate the discussion, the Ambassador informed the group that Nigeria had only embarked on the development of the following industries:

Textile industry
Assembly of vehicles
Steel industry
Leather industry
Oil refining

The Ambassador suggested that the Afghans might examine the various project proposals being discussed and other areas of technical co-operation that could help the two countries to decide on possible areas of co-operation in economic and industrial development.

After exploring the needs and requirements of Afghanistan, the project on agriculture and the manufacture of irrigation aids (No. 30) was found to be suitable for co-operation. Interest was also expressed in the textile industry and oil refining. The Afghan representatives also expressed their interest in training facilities for Afghan nationals in the above-mentioned fields as well as in university education in Nigeria.

It was mentioned that Nigeria had given a number of soholarships to students from other developing countries. The Afghan representatives requested that ways of possible financial donations of the Nigerian Government to Afghanistan be explored. The Ambassador promised to make recommendations to his Government concerning the fields mentioned above.

# Record note of discussions between the Government of Afghanistan and the Pakistan delegation

The delegation from Pakistan expressed its sincere desire to assist the Government of Afghanistan within the framework of co-operation visualized by the Solidarity Meeting held at Kabul within the limits of its resources.

The assistance Pakistan could provide in the important field of training of technicians could be provided by Pakistan institutions, especially in textiles, leather, engineering and metalworking industries. In certain institutes supervisory—level technicians could be trained. Pakistan also had the capacity to provide on—the—job training facilities in respect of many consumer goods industries, engineering and chemical industries, including fertilizers.

Pakistan had the capacity to provide expertise in planning and operation of various industries, such as textile, packaging, cement, sugar, fertilizers, machine tools and electrical equipment. Pakistan experts could prepare feasibility studies and provide consulting services in various fields, including market surveys.

As part of economic co-operation between the two countries, the Government of Pakistan was of the view that public- or private-sector industrial enterprises in Fakistan could co-operate with similar enterprises in Afghanistan. Pakistan, however, was not a capital-exporting country. It could supply managerial expertise, raw materials and machinery and in certain cases some capital investment, provided the investment was found to be a viable proposition. It had the capacity to fabricate cement plants, textile machinery, sugar plants and many kinds of agricultural implements.

The portfolio forwarded to Pakistan contained proposals that were more in the nature of identification of projects rather than fully elaborated project documents based upon feasibility or even prefeasibility studies. A great deal of work was needed to formulate proper proposals. Moreover, it was clear that Pakistan was in no position to make any financial commitment at this stage. It could only indicate the broad areas in which it had the capability to provide assistance, preferably in kind. If cost was shared by some other agency as well, Pakistan could provide experts and bear the normal expenses incurred for them in Pakistan with a supplemental effort of UNIDO

to meet the foreign allowances and the Government of Afghanistan to meet the local expenses in Afghanistan. There was scope for great flexibility in working out the details.

Afghanistan wished to receive assistance in training in the textile, cement, sugar, leather and metal industries. The delegates from Pakistan stated that Pakistan was in a position to provide training in those fields.

With respect to textiles, training could be of two kinds: first there could be theoretical, formal institutional training for a fixed period. For example, there could be three-year graduation courses after the intermediate level. Secondly, Pakistan could provide supervisory training in textile plants. This training would be short-term and intended to upgrade the expertise of the visiting technicians. Pakistan wished to be informed of the level and extent of the training required. The duration of the training would also have to be clearly specified.

Pakistan wanted further information before it could accept specific proposals or indicate the extent of its involvement. It needed to know the number and level of the persons to be trained not only in textiles, but also in each subsector, the duration of the training and the qualifications of the persons to be trained. On receipt of the requisite information, it would work out with the training institutions and industrial units where the training could be provided.

The projects in which Pakistan was interested and its position in regard to each is given below.

Number of project	Project title	Comments
1	Rationalization of product mix of Jangalak workshop	Pakistan cannot take up the project in its entirety. However, if Afghanistan could intimate what sort of training would be required and the number of trainees, Pakistan could provide some of the training facilities under this project.
4	Feasibility studies of industrial and mining projects	Pakistan has the capacity to undertake feasibility studies. It would like to wait for Afghanistan to intimate its specific requirements.

Number of project	Project title	Comments
6	Creation of a small industries development agency	Pakistan is interested in the proposal.
16	Establishment of small-scale fruit and vegetable plants	Pakistan could provide training facilities, raw materials and advisory services.
1% 27	Cigarette plant Soap manufactures	The private sector could collaborate on the whole project. It would, however, like to know the policy of the Government of Afghanistan regarding investments, including safeguards against expropriation. It would be possible to provide experts in growing and curing tobacco and also in manufacturing cigarettes.
24	Optimum utilization of molasses and beet pulp by establishing a network for the following products:	Pakistan could provide advisory services and equipment.
	<ul> <li>(a) Prepared animal feed</li> <li>(b) Bakers' yeast</li> <li>(c) Alcoholic beverage for export</li> </ul>	ges
22	Improvement and development of the packaging industry in Afghanistan covering:  (a) Glass bottle making and metal and pilfer-proof  (b) Tin containers at metal containers for canning etc.  (c) Plastic packaging  (d) Printed paper can and ribbed cardocartons  (e) Wooden crate packaging	caps caps nd  g
29	Establishing a genera engineering and repai workshop network with regional workshops, mobile repair units and central spare parts manufacturing unit	r study. Certain components could

Number of project	Project title	Comments
30	Setting up of an agricultural and irrigation aids manufacture complex covering	Pakistan could assist in the assembly of farm implements and irrigation pump sets.
	<ul> <li>(a) Tractor assembly and progressive manufacture</li> <li>(b) Farm implements</li> <li>(c) Diesel engines and irrigation prosets</li> <li>(d) Biogas plants</li> </ul>	amp
31	Setting up a unit to manufacture low horse power electrical motors and distribution transformers in low voltage range	Pakistan would be prepared to make a feasibility study. It could also manufacture and supply certain components.
33	Modernization and establishment of foundry facilities for grey iron and steel castings and forging shop to manufacture  (a) Radiator grills for room heaters  (b) Taps and valves (c) Hand tools, power	
	tools and cutting	ng tools

# Record note of discussions between the Government of Afghanistan and the Philippine delegation

The pledge made by the President of the Philippines at Nairobi to assist the least developed countries had been translated into a formal programme for implementation in 1980. The programme consisted of training courses in specific areas of agriculture, aquaculture, industry and rural banking. The Philippines would be willing to consider the training of two nominees from Afghanistan in each of the 10 courses offered during the programme period. The Philippine Government would bear the total cost of their international travel, training, and living allowance. Four of the courses under this programme would cover elements of Project Proposals Nos. 3 and 6. In response to an earlier request, the Philippine Government had arranged for training two Afghan candidates in a private copper mining company. Training and living expenses were to be covered by the Philippines while international travel costs were to be covered by UNIDO.

With respect to Project Proposals Nos. 21 (ready-made garments), 22 (manufacture of packaging materials) and 34 (mini steel complex), the private sector in the Philippines had the necessary expertise, which could be of interest to the Government of Afghanistan. If Afghanistan indicated its desire to organize study tours for Afghan personnel, the Ministry of Industry of the Philippines would be willing to make arrangements with the appropriate private firms. However, the costs of such trips would have to be borne by the Afghan authorities or by an international organization.

# Record note of discussions between the Government of Afghanistan and the Romanian delegation

The Government of Romania, welcomed the idea of the Solidarity Meeting at Kabul and expressed its interest in principle in the proposals listed below.

Project number	Project title
4	Feasibility studies of industrial and mining projects
5	Setting up of an infrastructure development agency
9	Establishment of a food testing and quality control laboratory
11	Setting up of a modern sawmill and down-stream product manufacturing complex
12	Manufacture of bricks and tiles (roofing and facade)
26	Manufacture of ossein/gelatin
27	Improvement of soap manufacturing unit in Afghanistan
<b>2</b> 8	Establishment of a drug and pharmaceutical factory
31	Setting up a unit to manufacture low horse power electrical motors and distribution transformers in low voltage range

# Record note of discussions between the Government of Afghanistan and the Senegalese delegation

Senegal conveyed its best wishes to Afghanistan. Even though Senegal was a young country with limited economic capabilities and keenly engaged in the task of promoting its own industrial development, it warmly appreciated the approach developed by UNIDO in the form of these solidarity meetings. The Government of Senegal was willing to provide within its limitations whatever assistance it could and to share its experience and the conspicuous successes that it had achieved in some areas with Afghanistan. The very fact that Senegal had sent a delegation all the way to Afghanistan to participate in the Meeting demonstrated its feeling of solidarity with the developing world and its faith in self-reliance as an increasingly relevant factor in accelerating growth.

Afghanistan warmly appreciated Senegal's participation and the sentiments conveyed, and said that it would greatly appreciate and welcome whatever assistance Senegal was in a position to offer.

Senegal's assistance and sharing of experience could be of relevance to Afghanistan in the areas described below.

### (1) Cottage industries, particularly handicrafts

Senegal had been very successful in organizing the production development and marketing of this sector, involving both principal areas, namely, the artistic area and the production and services area. Two organizations had been developed by Senegal as responsible for this work, SOSEPRA and SONEPI. Senegal invited a delegation of two or three members concerned with this activity in Afghanistan to visit Senegal to study this programme and particularly to study the working of these two organizations, so that this programme could be adapted for use in Afghanistan.

Senegal also agreed to provide the services of an expert to visit Afghanistan to study and to draw up a proposal for a similar effort in Afghanistan. Senegal agreed to provide the technical assistance and to cover the visit of the expert at its own cost and requested UNIDO or another organization to finance the costs of international travel for the Afghan teams and the costs in Senegal of the technical study team.

### (2) Small and medium-scale industry sector

Project No. 6 Creation of small-scale industries

Project No. 7 Rationalization of approval of procedures, package of incentives etc.

Senegal had been quite successful in organizing and developing its small-scale industry sector and placed considerable reliance on this sector for its further growth. The organization responsible for this sector was SONEPI. Senegal would be pleased to receive a study team from Afghanistan and also to provide for the visit of an expert to assist Afghanistan in developing its own facilities in this respect. It would examine the question of accepting some of the financial implications of the visit of its expert on request by Afghanistan, but requested UNIDO to finance the costs of international travel for the Afghan team and the cost in Senegal of the technical study team.

(3) Project No. 9 Establishment of a food testing and quality control laboratory

Project No. 30 Setting up of an agricultural and irrigation aids manufacture complex

Senegal had an Institute for Food Technology and a good manufacturing unit for agricultural implements which was due to undertake tractor manufacture also in a short time. The latter was called SISCOMA. Senegal would be happy to receive an Afghan team that would study these facilities, which might help in the establishment of similar facilities as contemplated by this project. The question of financing would have to be separately considered by Senegal. It would be appreciated if UNIDO assistance in respect of items such as international travel and costs in Senegal could be arranged.

UNIDO was not in a position to commit any financial assistance, as requested. However, the proposal would be considered. It was agreed that Afghanistan would send a formal request of the Government of Afghanistan to the Government of Senegal to enable it to respond on these lines.

# Record note of discussions between the Government of Afghanistan and the Sri Lankan delegation

Sri Lanka was ready to provide in Sri Lanka to Afghan personnel the training listed below.

Area of training	Number of trainees	Approximate duration (months)
Textile industry	)	
Management	5	
Ginning, pressing and vegetable oil production		
Maintenance engineer (mechanical)	6	
Management	8	
Industrial engineer	6	
Industrial manager	6	
Mineral exploitation	>	6 <b>-1</b> 2
Cost calculation	5	0=12
Fertilizer production and thermal power pump		
Financial manager	1	
Cost calculation	1	
Industrial development consultancy		
Economists and engineers involved in Industrial Development Bank operation	5	(years) 1

The Government of Sri Lanka was also prepared to send experts to Afghanistan to impart training in the areas listed below.

Area of training	Number of trainees	Approximate duration (years)
Textile industry		
Marketing	4	<b>1-</b> 2
Ginning, pressing and vegetable oil production		
Production manager	4	1-2
Cement		
Production manager	3	1-2
Cost calculation experts (coal mining)	3	1
Oil and gas exploitation		
Accountant	2	0 <b>.5-1</b>

Area of training	Number of trainees	Approximate duration (years)
Fruit and vegetable processing		
Marketing	1	1-2
Quality control	1	<b>1-</b> 2
Industrial development consultancy		
Economists to work on feasibility and techno-economic studies	1	3
Lawyer to prepare international contracts, documents etc.	1	3
Accountant	3	1-3
Expert in project evaluation	1	1

The State Graphite Corporation of Sri Lanka was also prepared to accept, without any financial commitment to Afghanistan, engineers for the training listed below.

Area of training	Duration (months)
Shaft sinking, drilling and blasting	1
Over-hand stoping for graphite extraction	2
Raising and winning and underground diamond drilling	1
Timbering, roof supporting and mine maintenance	1
Workshop practice (repairs of pneumatic drills, air compressors, water pumps)	1
Underground surveying	0.5
Mill: curing, separating and grinding of graphite and laboratory testing for mill control	0.5
Geophysical prospecting for graphite and plotting	1

With regard to the bearing of costs, the Government of Sri Lanka had not taken a decision. On receipt of clear indication from the Afghanistan authorities regarding the training particulars or the offer of experts that they would like to utilize, the Government of Sri Lanka would decide what part of the cost it would be in a position to bear.

# Record note of discussions between the Government of Afghanistan and the Thai delegation

Thailand offered to provide training facilities for Afghan personnel in Thai institutions and industrial enterprises. The disciplines in which training could be provided were not specified. It was suggested that, keeping in view the aggregate of offers for training facilities made by the participating countries and also keeping in view the facilities available in Thailand, the disciplines could be suitably identified. The representative of Thailand made available to the representative of Afghanistan the forms through which nominations for fellowships for the Afghan personnel would be transmitted. It was felt that, among others, fruit processing and canning could be an appropriate area in which Afghan personnel could seek on-the-job training in enterprises in Thailand.

To overcome language difficulties it was suggested that Afghan trainees be sent in groups of about five; at least one member of each group should be conversant in English. During 1980, training for two such groups could be sought.

Arrangements for bearing the cost of training of Afghan personnel in Thailand was under consideration by the Government of Thailand, and a decision was expected soon.

# Record note of discussions between the Government of Afghanistan and the Turkish delegation

Turkey expressed appreciation of the approach adopted by UNIDO in the Solidarity Meeting and confirmed it would do everything within its capability to ensure the success of the Meeting. It had studied the Project Proposals carefully and identified the areas in which Turkey could accept responsibility. It proposed to undertake responsibility for complete projects covering delivery of complete plants (with marginal supplementary imports from other countries where the complete items in the plant did not fall within its own range of manufacture) installation and commissioning, testing facilities as required, assistance in training of Afghan personnel, both in Turkey and in Afghanistan, and in operating and managing the project up to a definite stage.

Afghanistan warmly appreciated the careful preparation by Turkey and thanked Turkey for participating in the Meeting.

The projects for which Turkey was prepared to accept responsibility are listed below.

Project No. 24 Optimum utilization of molasses and beet pulp by establishing manufacture of prepared animal feed etc., including the setting up of a new sugar manufacturing plant based on sugar-beet

Turkey could supply the complete plant, machinery and equipment covering about 85 per cent of the total hardware of the sugar factory. Afghanistan referred to the proposed new sugar factory at Herat based on sugar-beet, and Turkey accepted responsibility for the project.

However, the irrigation potential required for extending the area under sugar-beet would take about four years to complete. Turkey has good experience in manufacturing prepared animal feed based on the beet-pulp utilization project, which used the wastes of the existing Baghlan factory (also under expansion). The new beet-sugar plant could be studied and taken up after the irrigation project had reached an advanced stage. This was accepted in principle by Afghanistan.

Project No. 12 Manufacture of bricks and tiles (roofing and facade)

Turkey offered to accept responsibility for the delivery unit of the complete unit (with marginal requirements for imports), installation, commissioning, operation, management and training of Afghan personnel also.

Afghanistan accepted the offer in principle.

Project No. 15 Manufacture of bathroom glazed tiles and sanitary ware

The project involved the revival and rehabilitation of the Kabul and Kunduz ceramics factories, and the addition of equipment necessary to take up the manufacture of the aforesaid end-products. Turkey confirmed its capability in this area and accepted responsibility for this project. Turkey was in a position to supply the complete plant except for the presses, installation and commissioning and to provide facilities for training in operation and management as required. Afghanistan accepted the offer in principle.

<u>Cement plant</u>. Turkey expressed its willingness to set up and operate a complete cement plant. It had the capability of supplying about 85 per cent of the total factory.

### Tanneries project, textiles (cotton and woollen) project

Turkey expressed its interest in assisting Afghanistan in these projects as mentioned in the ESCAP proposals.

It was agreed that Afghanistan would write to Turkey separately about these three projects. It was noted that Turkey had recently commenced the manufacture of textile spinning and weaving machinery, under licence from the Federal Republic of Germany, and had the know-how for producing valonia extract (tannin) required for tanning hides and skins.

Turkey suggested the pattern of assistance to cover these proposals:

- (a) An Afghan exploratory team would visit Turkey, the complete financing of which would be met by Turkey. This team would comprise top-level technical experts/managers/civil servants from the Government of Afghanistan, being the persons who would head the projects to be taken up with Turkish assistance. They would visit Turkish factories in these fields to see for themselves and assess Turkish capabilities therein and report their findings to their Government;
- (b) A Turkish identification mission would then be sent by Turkey to Afghanistan to stay as long as necessary to prepare the prefeasibility studies for each of the accepted projects and determine its techno-economic viability. This mission would be a comprehensive one covering experts in the various fields required for this purpose. The costs of this mission would also be borne by Turkey, with some local support from Afghanistan;
- (c) Contracts would be concluded between Afghanistan and Turkey based on the outcome of these missions in the fields in which viability of the projects had been established, setting out the terms on which the assistance would be provided, the modality of implementation and the scope of the project;
- (d) The pattern of assistance suggested by Turkey envisaged a 50-50 sharing of the software costs of the project, Turkey providing its half share as an outright grant and Afghanistan providing or securing the other half on a matching basis from other sources outside developed countries.

The costs of Turkish equipment, as also the costs of construction in Afghanistan, would be covered by a Turkish loan, the terms of which would be mutually agreed upon and the costs of equipment acquired from other countries being financed by Afghanistan or from other sources outside the developed countries.

To facilitate the smooth operation of the technical assistance, the Central Bank of Afghanistan and Turkey would open accounts in local money for the respective Governments. The proceeds of Turkish exports to Afghanistan would be paid to the local account of the Turkish Government in Afghanistan Central Bank. The Turkish Government would be given authorization to use Afghan proceeds of the Turkish exports for defraying the expenses of the technical co-operation project in Afghanistan.

Afghanistan thanked Turkey for the interest shown and undertook to write forthwith about the projects to be taken up.

# Record note of discussions between the Government of Afghanistan and the Yugoslav delegation

The Yugoslav Government made the following offers:

### (A) Grant-in-aid

(1) Project Proposal No. 16 Establishment of small-scale fruit and vegetable plants

Yugoslavia had decided to meet the entire cost of supply of equipment and installation, testing and start-up required for the establishment of a small-scale fruit processing and vegetable industry. The different components of this proposal are given below in dollars.  $\frac{4}{}$ 

Project component		ce of finance Afghanistan	UNIDO	Total
Equipment, installation and operation	236,842.10	-	-	236,842.10
Construction and infrastructure	-	47,368.42		47,368.42
Expertise (first and second phase)	21,600.00	12,315.78	7,105.26	41,021.05
Training	3,789.49	8,526.31	4,263.15	16,578.94
Miscellaneous	-	-	10,421.05	10,421.05
Total	257,494.73	68,210.52	21,789.74	352,231.57

The total cost of the entire project was \$352,231.57 and the outright grand-in-aid that would be provided by the Yugoslav Government was \$257,494.73

(2) Project Proposal No. 9 Establishment of a food testing and quality control laboratory

The proposed contributions to be made by the Government of Yugoslavia, the Government of Afghanistan and UNIDO are given below in dollars.

<sup>4</sup> Reference to dollars is to United States dollars.

Project	Source	of finance		
component	Yugoslavia	<b>Af</b> ghanistan	UNIDO	<u>Total</u>
Establishment of project	9,473.68	1,421.05	1,421.05	12,315.78
Equipment, installation and operation	94,736.84	-	-	94,736.84
Construction and infrastructure	-	47, 368.42	-	47,368.42
Experts	6,631.57	5,684.21	1,421.05	13,736.84
Training	5,684.21	3,368.42	2,842.10	11,894.37
Miscellaneous			6,631.57	6,631.57
Total	116,526.31	57,884.21	12,315.78	186,726.31

Thus the total cost of the project came to \$186,726.31. Of this, Yugoslavia would make an outright grant of \$116,526.31.

### (B) Feasibility studies

The Government of Yugoslavia had committed itself to undertake at its own cost feasibility studies for two projects. Once their viability had been established, consideration would be given to provision of long-term, soft loans after detailed discussions with the Afghan Government. The following projects were selected:

- (1) <u>Insecticides and pesticides formulation</u> (one of the projects listed under Project Proposal No. 4)
- (2) Medicinal herbs. This project, for the establishment of a plant for the extraction of active ingredients from medicinal herbs, was an entirely new project not officially presented by UNIDO and the Government of Afghanistan.

On behalf of UNIDO, no commitment was made about the proposal regarding its own financial contribution. However, the matter might be considered.

### Annex I

### LIST OF PARTICIPANTS

### Afghanistan

A.A. Abawi, President, Department of Industry Ministry of Mines and Industries

H.M. Nausadi, President, Geological Survey Department Ministry of Mines and Industries

H. Nawabi, Deputy President, Afghan National Petroleum Company Ministry of Mines and Industries

M.K. Popal, President, Planning Department Ministry of Mines and Industries

M.G. Rahimi, Deputy Minister of Industry Ministry of Mines and Industries

M.H. Siddique, President, Afghan Management Institute Ministry of Mines and Industries

T. Zamani, Director-General of Science and Technology Ministry of Planning

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- M. Islam, Secretary, Ministry of Industries
- C.M. Murshed, Ambassador of Bangladesh in Kabul

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- P.P. Oviedo, Secretary, Embassy of Cuba in Kabul
- R.P. Garcia Pelaes, Ambassador of Cuba in Kabul

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- B. Chatterjee, Special Assistant to the Minister of State Ministry of Industry
- A.F. Couto, Additional Secretary, Ministry of Industry
- N. Dayal, Director, Ministry of Commerce

- P. Johari, Joint Secretary, Ministry of External Affairs
- A. Maiti, Minister of State, Ministry of Industry
- J. Daulat Singh, Charge d'Affaires, Embassy of India in Kabul
- S.K. Singh, Ambassador of India in Kabul
- S. Singh, Second Secretary, Embassy of India in Kabul

### Indonesia

- A. Gandakusuma, Indonesian Embassy in Kabul
- A. Gunadirdja, Ambassador of Indonesia in Kabul

Scepranjoto, Staff of Director-General of Basic Chemical Industry

Suhartoyo, Director General, Basic Metal Industries Ministry of Industries

### Libyan Arab Jamahiriya

E.O. Elherik, Ambassador of the Libyan Arab Jamahiriya in Kabul

### Nigeria

I. Jimeta, Ambassador of Nigeria in Vienna, Austria

### Pakistan

- K.U. Faruqui, Joint Secretary of Industry
- A. Khan, Minister of Education
- S. Afghan Khan, Second Secretary, Embassy of Pakistan in Kabul

Mufti, Joint Secretary, Economic Affairs Division

### **Philippines**

J. Tiglao, Assistant Secretary, Ministry of Industry

### Romania

P. Sin, Commercial Counsellor, Embassy of Romains in Teheran

### Senegal

H. Mamadou, Director of Cabinet

### Sri Lanka

N.D. Fernando, Deputy Minister of Industries and Scientific Affairs

### Thailand

C. Oonjit, Chief Engineer of the Ministry of Industry

### Turkey

- T. Aktan, Engineer, Sumer Bank
- E. Arsan, Technical Insepctor, Sumer Bank
- K. Bulutoglu, Minister of Public Enterprises
- A. Demirbag, First Secretary, Embassy of Turkey in Kabul
- T. Dengis, Adviser to the Minister, Ministry of Public Enterprises
- S. Ercan, General-Director for Science and Technology Ministry of Industry
- K. Tusum, Undersecretary, Ministry of Industry and Technology

### Yugoslavia

- M. Jovanovic
- T.B. Malbasic, Ambassador of Yugoslavia in Kabul
- S. Matkaliev, President, Federal Committee of Industry and Energy
- B. Scepanovic, Senior Adviser, Ministry of Industry and Energy

Annex 11

# POTEBILIAL ICIT. ASSISTABLE, MY COMMINY AND TYPE

		Lateine	functet conicoe	Swooly of plant.	Estimated financial implications	I implications	-
Project number a/	Project title or brief description	Afghan personnel	in Afghanistan	sachinery.	Planned outlay (fus)	ნი (ება [1	Honers
				Algeria			
4	Foreibility cludies of industrial				•		Expression of
•	and mining projects				200		commitment of farial.
3	tion on instantant attaces of				2,993 000		Financing to be
2 :					OND EX		decided by Algerian
22	Fockaging industry				855 5480		authorities at a later stage
30 57	notion glass memora wrimy Agricultural and irrigation olds memufacturing complex				1 9/1 UM		
				Bangladesh			-
,	1 i i i i i		6 pan eesths		33 000	Participant	Cost of first phase
						country will pay regular salaries	only: to un
<b>35</b>	National standards and quality control institute laboratory		3 som son the		1 1/2 1000	and emoluments. Foreign allouance	Cust of first phase only: \$10 000
-	family the bac has been feet for					mational travel to	4
n	laboratory		6 san seaths		173 000	be borne by third party	only: \$10 000
2	finance and accounting advisors		12 ean earths		358 000		Assistance to existing Alghan enterprises
2 <b>4</b> c	Utilization of mulasses for alcoholic beverages for export	u	6 san sonths				framine the feasibility of the project
ı	Catton textile weaving		24 man months		2 350		Iraining of Atghan personnel
•	Proparation of international contracts,	its,	3 man months		565		Irdining of Afghan
•	Accountants		36 pan ponths		140		personnel Training of Afghan oursonnel
1	Expert in project evaluation		12 mais months		1 580		personnel training of Afghan personnel

Annex 11	Annex II, Bangladesh (continued)						
		***		Soule at plant	tstimated fina	istimated financial implications	
Project meder	Project title or brief description	Iraining of Atgnus personnel abroad	Experts' services in Afghanistan	eachinery, equipment	Planted outlay (fus)	Pledging	Remarks
,	lextile industry; finishing technician	3 x (6-12) senths			/नुप्रक्षद १	tocal costs of train- ing will be covered	Cost of training of Afghan personnel:
							Bangladesh: tirst month in Dacca and
ı	lextile industry management	$3 \times (6-12)$ months			) 588 E	International travel	Chittagong \$226, following months
	laxille spinning technician	4 x (6-12) senths			/ <del>1</del> 792 1	costs, salary etc.	\$194/sonth.
	lextile industry; weaving technician	3 x (6-12) months			/Abac E	true sume other suurces	
•	fertilizer (Urea) production; production manager	1 x (6-12) sonths			1 190		sonth \$161, tollowing sonths \$129/south
ı	Fertilizer (Urea) production; planning manager	1 x (6-12) months			1 1964/		
•	industrial development communitancy industrial development economist	1 x (6-12) months			/4 <sup>n</sup> f 1		
				abba			63
6	food testing and quality control				1/3 000	No tire comitment was oftered	
7	Cane-su car manu lacturing				1 193 000		principle, provided the Government of
: <u>2</u> 2	Cigarette manufacturing				2 993 UCD		Atghanistan wrote to the Government of Cuba
23	Hollow glass manufacturing				t3 ann		specifying its requirements
30	Hational standards and quality control		india will send a team of experts		1 172 000	Continuing interest in	
2	institute taboratory founder and force project		for appraising		1 822 000	undertaking feasibility studies was indicated.	
3 75	Nini steel complex		feasibility of		13 494 000	Besides feasibility	
22	Manutucture of all kinds of packaging		these projects. India will prepare		000 84	studies, and meso projects will be conducted by Endia at	
20	Silk mamulacturing centre		A team of experts will study the project.	ect.	2 199 000	an estimated cost of up to 1361,000	
13	Concrete spun pipes manufacturing		indian experts will study	study	000 c/2		
32	Selar and wind energy utilization		A team of exports in rural energy systems will be sent to Afgianistan.	n rural be sent	unin 1s		India also agreed to assist UNIUO in the solar energy project

				Sumply of plant.	Isinaled inamial implications	ial implications	Parachs
Projeci sueber	Project little or brist description	Iraining of Atgham personnel abread	Experts' services in Afghanistan	sackinery,	Planned outlay (\$US)	, Piedying	
	(atomosphis) development		India will propare		90		
_	eger.back		a study for setting		3		
ع	Saull-scale industries development		and training		12 (100)		
•	agency		facilities.		: :		
s.	Infrasiructure development agency		india will give a		8		
			up the agency				the expert team will consider
30	Agriculture and irrigation aids		India will study		1 971 000		the fabrication of some
	earw tac ture		of these projects.				equippent in Alghanistan
=	funigation centres		India will prepare		mic vc/		
2			the project for setting up model				
			tunigation centre.		IND CYC		
2	Rice milling and solvent extraction		India will propare a feasibility study.		<b>3</b> 5		
	plat		-				
					43 000	the tweernment of	to the \$12 000 indicated in
u	Runufacturing of all types of	The training				Indonesia is	project proposals \$31 000
	parkaging and glass botiles (	facilities offered				prepared to bear	were added.
	food testing and quality control	and on-the-job				the local training	the cost will be too earn
	Reconfacture of glazed tiles and	training. The				custs, boarding	\$498 and each following
	s.milary ware	trainees will include	•			the trainees,	ounth \$361/sonth.
	Manufacture of bricks and tiles	operators, foreson				and their local	foreign allowances and
ı	Seall-erale fruit and vecetable					transport. The	Indunesian experts who will come
	processing	will vary from six				tional travel	to Afghanistan (proj. No. 22),
	Cigarette esquifacturing	weeks to six months,				viii have to be	will have to be from some
Ī	Leat le technology	discipline and the				covered iron	other source
•		level of traineus.				Source	
ı	Spare design of the spare	Li comment in and					
	Conent	of the disciplines					
t	Urea tertilizer	•					
	Leather						
	Retal working						
	Building naturials						

Annex 11	Annes II (Loninmed)						
				Summer of colour	tsiimiled linute	Estimated timerated teptications	
Project nomber	Project title or briet description	felling of Algran personnel abroad	Experts' services in Atghanistan	equipment	Planned outlay (\$US)	Pledging	Remarks
			libyan Arab Jamahiriya				
	Salt relining and lodization complex		-	9 <b>1</b> 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	543 500	timancing assistance promised no fixed	the projects will be implemented by lectnical
9.2 1.2	istublishment of a drugs and pharmacouticals factory	See remarks	See remarks	מני בנוקי אם	000 112 1	- B (1	
			#igerla				
95	Agriculture and irrigation aids			٠	1 971 000	Possibility of	Interest but no tixed commitments were expressed
	lextile industry					by Migeria will be	by the delegation of
1	Oil industry					פאלין סנפת	lite amount is for Pirase t
							and Phase II as indicated in the Project Proposals
			Pakistan			the delenation of	Usire to assist the
-	Jangalak industries-rationalization of roduct mix	Some training facilities could			553 000	Pakistan stated that it is	Government of Alghanislan
-4	feasibility studies	be provided			14 000	not In a position	possible assistance are
• .	on in the desired desired on the				:	to make any	training of experts, pre-
٥	Spail-Scale Hous (Fles Geveraping agency				701 85	Inducted commit-	studies, consultancy
35	Small-scale truit and vegetable plants	Iraining tacilities could be provided			194 500	staye. for ther information is	services and market surveys. Managerial
8	Cigarettes nametacturing plant		Experts could be provided		2 993 000	required for acceptic	experiss, raw materials, mathinery and in certain cases part of capital
21	Soup manufacture		txperts could be provided		1 903 000	project proposers, elc.	investment could be supplied. Capacities
<b>54</b>	Molasses and beet pulp utilization		Advisory survices could be provided	Machinery and equipment could be supplied	2 719 5W		to tabricate cesent and sugar plants, textile sachinery etc. are existing
22	Manutactoring of packaging materials		Expertise in printed cardward cartons possible	Certain components could be manufactored	000 F Y		
5A	Vehicles and agricultural aids maintenance netwurk		Assistance in assembly of tarm implements could be provided		own 222 4		
30	Agriculture and irrigation aids namiactore		feasibility study could be prepared		1 9/1 (800		

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Pakistan (
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				Summer of tof and	tstinated tinancial implications	implications	
Project m <b>s</b> ber	Project title ur brief description	raining of Algram  persumme    abroad	Experts' services in Afghanistan	machinery, equipment	Planned outlay (Bus)	Pledging	Koperks
=	Manulacture of electric motors and transformers		feasibility study could be prepared		MO ON	•	
33	Foundry and furge project		Metallurgical expertise cuuld be provided		1 822 UND		
7	Entrepreneurial development programme	2 trainees accepted		Philippines	005 3E	futal cost	
æ	Small-scale industries development agency	2 trainees accupled			58 000	will be burne by Philippines	
21	Ready-made garments		Expertise is available		206 5 00	No financial commitments	
3.4	Packaging industry Nini steel complex				13 494 0.00		A sludy tour may be organized to private firms in Milippines
-	teasibility studies of industrial and			- Kusen ia	14 000	No Thancial	interest in principle was ex- pressed by the Coverneent of
\$	Intrastructure development agency				12 000	were specified	Komania for assisting Afubanistan in these project
÷ 1:	lood testing and quality control laboratory Sav mill and down-stream product manufactur- ing complex				974 000		proposals. The appecific type an extent of assistance was not specified
12	Bricks and tiles (rooting, façade)				222 UNU 1 153 SUU		
<b>₹</b> ₹	Penntacture of ossein/gelatine Soav mantacturing				1 903 1000		
. 2	Orugs and pharmacouticals tactory				4 214 000		
5	tlectric autors and transfereers annotating unit				0.00.04		

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Annex	

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		Iraining of Afghan	fxperts! services	Samon of	Estimated financial implications	al implications	-	
Pruject number	Project title or brief description	personnel	in Afghanistan	plant, machinery, equipment	i Taimed outlay (fus)	Pledying	Kenerks	1
			- (ribeuas					1
			•			, T 3	the consequent the	
,	Cottage industries, particularly	2-3 Atghans are	l expert tros			Dinon tehanac	Garage of Cooper to	
	handicrafts	invited to visit	Senegal would			חבקו וווב וחנקו	or refrage to the second	
		Senegal for	visit Atghanistan			custs. UNITED	provide assistance to	
		studying the	to study and draw			or any other	Alghanistan, vittiin its	
		relevant experiences	up a proposal			urganization	limitations was expressed.	
			•		50 000	to cover other	the areas of Butually	
9	Small-scale industries development	2-3 Atghans are	l expert from			custs, e.g.	ucceptable assistance	
	agency	invited to visit	Senegal would			international	were identitied	
		Senegal tor	to study and draw			travel etc.		
		relevant experiences	up a proposat					
•	forth tradition and majity and the							
<b>D</b>	rood testing and quality control	Allege and and a second			173 IIDH	No tipanoual		
					<u> </u>	Cummitments		
30	Apricultural and irripation aids				_^	101910		
;	manufacturing complex	Semegal to study these			1 971 000	Specified.		
	•	1201111165.				requested		
			- Sri Leska					
	A. Iraining facilities offered to Atghan							
	persunnel in Sri Lanka:							
,	lextile industry - eanagement	$5 \times (6-12)$ months			9 442	Un receipt of		
						clear indication	-	
	uluning, pressing and vegetable oil production:					from the Atghanistan authorities re-	istan	
	Maintenance engineer, mechanical	6 x (6-12) months			13 497	garding the training	ping	
	-	8 × (6.12) souths			105 /1	particulars or the		
					707 64	experts that filley	,	
	Industrial engineer	o x (0-12) souths			184 7	ON PALL PINGS		
	Industrial manager	6 x (6-12) months			13 497	Government of		
ı	Missers and bifation:					Sritanka will		
)						decide what part	•	
	Cost calcutation	5 x (6-12) sonths			744 6	ut the cost it		
,	lentilizer production and thermal power plant:					undd be in a position to bear		
	Panester (el puent)	1 x (6-12) months			2 134			
					10.4 11			
	Cust calculation	$1 \times (6-12)$ menths			NC 1 7			

Project nuebor				C. C	ביים וויים וייים וויים וייים ויים וייים וייים וייים וייים וייים וייים וייים וייים וייים וי			
, ,	Project title or brief description	personnel personnel abroad	Experts! services in Afghanistan	machinery, equipment	Planned outlay (\$US)	Pledging	Reserks	1
,	fruit and vegetable processing:							
	Accountant	$1 \times (6-12)$ months			2 134			
•	Cost calculation	1 x (6-12) sonths			2 134			
	Industrial development consultancy:							
	Economists and engineers involved in industrial development bank operation	5 x 1 year			18 884			
	B. Experts from Sri Lanka to impart training in Afghanistan:	61			•			
	Textile industry - marketing		4 x (1-2) years		21 388 5/			
•	Ginning, pressing and vegetable oil production:	: 60			7.			
	Production manager		4 x (1-2) years		21 388=/			
1	Coment manufacturing:				10		_	-
	Production manager		$3 \times (1-2)$ years		12 193 <sup>±7</sup>		- 00	- 68
•	Coal mining:				73		-	-
	Cost calculation experts		3 x 1 year		12 193 <sup>±</sup> ′			
,	Oil and gas exploitation:				7			
	Accountant		$2 \times (6-12)$ months		/=892 <b>↑</b>			
1	fruit and vegetable processing:				/5			
	Marketing expert		$1 \times (1-2)$ years		809 <del>†</del>			
	Quality control expert		$1 \times (1-2)$ years		/ <del>-</del> 909 +			
1	Industrial development consultancy:							
	Economists to work on feasibility studies	ies	1 x 3 years		19.374			
	lawyer to prepare international contracts, bid documents etc.	cts,	1 x 3 years		19.374			
	Accountant		$3 \times (1-3)$ years		12 193 <sup>£7</sup>			
	Expert in project evaluation		1 x 1 year		4 199			
•	fraining in mining operations:							:
	Shaft sinking, drilling and blasting		1 month		60 4		The State Graphite Corporation of Sri Lanka is prepared to	500
	Overhead stoping for graphite extraction	<b>u</b> o	2 month		818		accept, without any financial	ia.

		training of	funeric services	ant.	Estimated linancial implications	I implications	
Iroject Project tilte or brief description number		Afghan personnut abread	in Afghanistan	equipeent	Planned wutlay (\$US)	Pledging	Kesarks
Raistng and vinning and under- ground diamond drilling	J under-	1 month			RD *		comitment to Atghanistan, engineers for training in the listed sinian mentions
limbering, roof supporting and mine maintenance	ling and	1 south			90 t		Cust of international travel not included.
Markshep practice (repairs to equipment)	ins to				90+		first month \$409, following months \$345/month; based on
Underground surveying		+ month			<b>50</b> 8		
Mill: curing, separating, grinding ut graphite etc.	ing, grinding	a south			20%		
Gauphysical pruspecting for graphite and pletting	g tur graphito	. 1 son th			<b>30</b> 1		
training facilities for Afghan personnel in thailand:	han personnel			that I and		Arrangements for bearing the cust of fraining of	to get over difficulties of language, it was suggested that the Afghan trainees should be
fruit prucessing and canning Uther tields of training yet to be identitied	ng yet to	furation and other details will be agreed upon at a later stage; see also remarks		t.		Alghan persumel in that and was under consideration of the tweethert of that land and a decision was expected soon	sent in groups of about five trainees, at least one of whom should be cunversant in finglish. During 1980 training for two such groups could be sought
Motasses and beat pulp utilization	ization	Iraining of Atghan	Jurkish experts'	turkey proposed to under-	2 719 5400	the pattern of	Exchange of exploratory expert
Manutacture of bricks and tiles (roofing and façade)	i les	personner in Turkey in these and other fields,	training,	complete projects covering delivery of complete plants	000 022 1 039 000	suggested by Jurkey envis-	turkish delegation. Contracts for viable projects would then
Munutacture of glazed tiles and sanitary ware	pue	would - in principle - be	managing pro- jects/factories	instatation and commissioning, testing facilities etc. Sur also adias out transition		ayed a 50/50 sharing of the software costs	be concluded, seting out the terms and conditions of the assistance and the modality of
Cement plant		Destion and other details	would - in principle be	and reacts columns		of the project; larkey provid-	implementation as well as the scupe of the project
Cotton textile mills		wilt have to be norked out for	availabte. Details vill have			ing its hult share as an	
Muslen textile mills		each concrete	to be worked out			outright to the	
Sugar (baet) tactories		project	for each concrete project			Atglesmistan providina pr	

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Project mether	Project title or brist description	Instaing of Afghas personed abroad	Experts <sup>®</sup> services in Afghonistan	Supply of plant, eachinery, equipment	Supply of plant. Estimated financial implications eachievry. Planed outlay Pleuging equipment (Sus)	<u>implications</u> Moments Pledging	
						or securing the other half on a matching basis from ether sources. (for details seu related Record note.) An ustimate of cost to be burne by	
<b>9</b> 6	Small-scale fruit and vegetable plants food testing and quality control laberatory	lac) uded	included	inc luded	lutal 352 231.57 Yug. 257 496.73 latal 186 726.31 Yug. 116 526.31	Yusgoslav share ts un an uutright grant-in-aid basis. Skare of Afghanistan	- 79
•	feasibility studies: Formulation of insucticides and posticides					clarition frequestion of fea- sibility studies is on a grant-in-aid basis. It prujects turn to be viable, consideration uill be given to provision uil burgiven sult huan	0 -

1. The figures in column B (Planned outlay) are taken from the Project Portfoliu propared by MB100, except in the case of Yugaslavia. Hotes:

2. All other data and particularly proposals and/or commitments of the Governments concurned, are bused on the ufficial conference papers (record noted) as distributed during the ECDC Solidarity Meeting.

-/ As in the Project Partfolio.

b/ tur six nunths.

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