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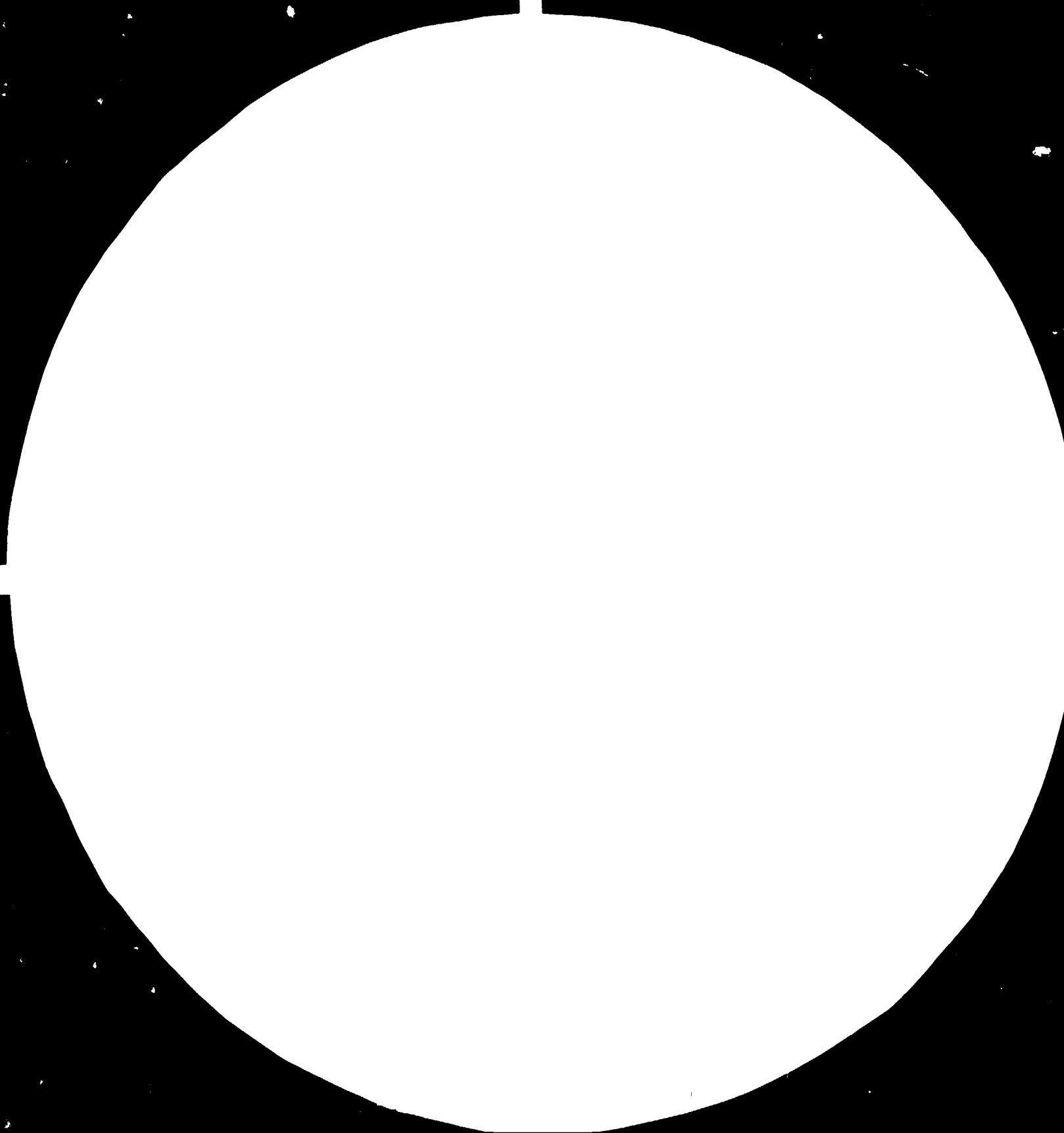
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12923

6 September 1983

English

Afghanistan.

ASSISTANCE TO THE INVESTMENT PROMOTION

AND

DEVELOPMENT DEPARTMENT OF THE STATE PLANNING COMMITTEE

SI/AFG/82/304

Terminal Report

Prepared for the Government of the  
Democratic Republic of Afghanistan  
by the United Nations Industrial Development Organization,  
executing agency for the United Nations Development Programme

Based on the work of O. Hrachovina.

Industrial Implementation Adviser

United Nations Industrial Development Organization

Vienna

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This report has not been cleared with the United Nations  
Industrial Development Organization which does not, therefore,  
necessarily share the views presented.

EXPLANATORY NOTES

1. Afghan year starts on 21 March. Current Afghan year is 1362 (21 March 1983 to 20 March 1984)

2. National Currency in Afghanistan is "Afghani" (Afs. for more units)

3. Official rate of exchange is  
1 US\$ = 55.00 Afs.

United Nations Operational rate of exchange (June 1983)  
1 US\$ = 82.00 Afs.

4. FDPIL - Foreign and Domestic Private Investment Law.

5. IPDD - Investment Promotion and Development Department of the State Planning Committee.

6. IDBA - Industrial Development Bank of Afghanistan

7. SPC - State Planning Committee

A C K N O W L E D G E M E N T S

The author of this Report gratefully acknowledges the continued assistance and co-operation made available to him by officers of the State Planning Committee among whom special mention should be made of the following in particular:

Mr. G. M. SHAHBAZ, Adviser, State Planning Committee

Mr. N. SOURKHABI, President, Investment Promotion &  
Development Department, State  
Planning Committee

Mr. K. M. Kohsar, Director General, same office

Mr. A. B. Momand, Director, same office

Thanks should be expressed to Mr. H. YARI, Programme Officer, UNDP, Kabul for his support and assistance as well as administrative arrangements which made it possible to accomplish the field work.

A B S T R A C T

The purpose of this Special Industrial Services Project "Assistance to the Investment Promotion and Development Department of the State Planning Committee" has been to provide assistance in developing the industrialization programme for the country, preparing a survey on existing private production and investment services, working out standard procedures for assessing the viability of new industrial facilities.

The six month duration project began with the Industrial Implementation Adviser arriving in Vienna for briefing on 7 March 1983 and subsequently reporting at Kabul for duty on March 11. The field duties were terminated on 2 September 1983, when a trip to Vienna for debriefing was undertaken.

A survey of over 50 private enterprises was undertaken through visits to companies. Information received during interviews with managers and entrepreneurs based on answers to two questionnaires, prepared separately for the operational and recently approved new projects, were to identify potentially important points for the analysis of general symptoms as well as the main specific problems of the private industrial sector.

In Afghanistan small and medium-scale private industries, which have been established under the 1353 Foreign and Domestic Private Investment Law (FDPIIL), account for over 230 certified enterprises utilizing Af\$. 1.380 million of capital resources and providing employment to over 14,000 persons. It could be stated that provisions of the FDPIIL may be considered as conducive to the promotion and development of private industries.

Private manufacturing industry is dominated by small productive units with still little inter-industry dependency and heavy reliance on imported raw materials. Private industries' contribution to the country's production has been much below what is warranted by the size of the country, availability of agricultural crops, materials and other productive resources. Main factors responsible for this situation were identified, recommendations for the future action presented and procedures for assessing new investment proposals worked out. Suggestions for the improvement of rudimentary control were also submitted.

A mid-term Progress Report was presented to be used as a basis for discussion with Government officials relating to any revision or modification of existing Government instruments for assistance to private sector industries.



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I N T R O D U C T I O N

The Government of the Democratic Republic of Afghanistan requested UNIDO's assistance in defining a country-wide industrialization programme involving all types of Government activities related to private industrial sector. In particular, a survey of existing private production and investment services was to be made and a role of the private sector in relation to overall industrial development defined. Furthermore, a standard scheme for assessing the viability of new private industrial manufacturing projects was to be developed.

A study should have been undertaken based on the working visits to existing private industry's enterprises to be used as a basis for developing a new approach to industrial implementation activities including the setting of priorities for Government assistance of all types and the promotion of investment opportunities to private investors.

The activities are to result in promotion, development, guidance and control of the foreign and domestic private investments in line with the terms of reference of the Investment Promotion and Development Department of the State Planning Committee.

The Government of the Democratic Republic of Afghanistan has assigned a high priority to the project and in April 1979, requested assistance in its execution. In April 1982, UNIDO prepared a project proposal, which was approved by its Division of Industrial Operations.

The Industrial Implementation Adviser reported at duty station on 11 March 1983 on a six month assignment under the Special Industrial Services assisted project SI/AFG/82/804 "Assistance to the Investment Promotion and Development Department of the State Planning Committee", which has been acting as co-operating agency. The appropriate job description and work plan can be found hereto in Annexes 1 and 2.

In conformity with the above mentioned objectives a survey of over 50 private enterprises was undertaken, general symptoms as well as the main specific problems identified and recommendations to modify instruments used for assistance to private sector industries presented to the Government in a expert's mid-term Progress Report. On its basis a decision

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was passed in which the Government set-up potentially important measures to be worked-out and followed as far as further expansion of private industries productive capacity within the context of the development of national economy are concerned.

## I. RECOMMENDATIONS

The country's planning machinery, in order to fulfil its role in providing communication links among vital centres of power and expertise, bargaining and negotiating among diverse groups, evaluating performance and performing other functions necessary for expediting action, should be flexible enough to meet new conditions and promote new and more creative policies and activities.

To assist in any such adaptations which may be considered with respect to the private sector industries, the following recommendations have been suggested:

1. National planning machinery should establish a mechanism for fixing and ranking the objectives for private sector industries for a given period. Even if these goals are not fully realized, such an exercise would be successful to the extent to which it serves to mobilize the people's energies. It would contribute to nation-building, since the central and peripheral organizations and the machinery of consultation would help bring together the diverse interests in a society. Although the role of Government should continue to be to create favourable conditions to encourage the development of productive capacities of the private sector, the Government should not hesitate to intervene when private initiative fails to take up the opportunities.

2. Closer co-operation under the programme of a planned inter-dependency between the public sector and private enterprises should be considered as an important means of remedying the under utilization of machinery and equipment in some private industry units thus preventing a serious waste of excessive and sometimes scarce productive resources. Also establishment of common regional processing facilities for groups of producers (textile dyeing, leather finishing, etc.) should be promoted through loans and other incentives.

3. Government policy should be such as to strive for the maintenance of conditions of monetary stability. This, coupled with the achievement of normal conditions, will be a significant factor in achieving the investment targets of the socio-economic plan also by the private sector.

4. Credit facilities and Government subsidies should play important role in streamlining private industrial development into nationally desired fields and activities. Government's responsibility to make available long and short-term finance should be exercised in favoring those enterprises introducing new techniques of production, using local resources with higher degree of valuation and those with export orientation on a competitive basis.

5. Since investment credit institutions are reluctant to grant loans to enterprises having little collateral or security to offer, there is a need to review conditions under which equipment financing could be done, to review presently applied collateral and insurance schemes and to evaluate reasons for non-utilization of funds earmarked for investment loans to private industry.

6. Since a high proportion of the total agricultural exports are sold in their unprocessed state, investment policy and other supportive measures should aim at increasing the productive capacity by bringing new ideas of processing (packaging of raisins, nuts-coating etc.), new forms of organization and management (stocks' closer ~~to~~ foreign markets etc.).
7. Creation of industrial areas and establishment of industrial estates by the Government authorities should be viewed as an important element and supportive measure. The establishment of a new area in Kabul would be useful in promoting inter-industry dependence and making possible certain external economies. Infrastructural investments should also be undertaken in the major rural areas and provincial cities thus offering industrialists factory sites for lease at reasonable rentals. In this connection an effort should be made to call on physical planning to prepare necessary location studies and proposals for functional land use based on the evaluation of needs and requirements of specific types of industries (tanneries, food and light industries, mechanical industries, etc.).

8. To bring about rationalization into transportation requirements a policy of Government tariff subsidies and incentives should be considered. It should foremost support the establishment of joint services, as for example common purchasing, sales, export marketing and other similar services, which would result in considerable savings in costs and consequently in increased turnover of the enterprises. Private producers associations and export promotion institutions should be encouraged to play an important role in this respect.
9. In reviewing the level of tariff protection a procedure should be found for a study and consideration of each individual case in order to establish whether (after certain number of years) the industry concerned has been able to develop into a competitive, viable industry. The results of such periodic reviews should be evaluated to ensure that protection is not used as a price - supporting measure, resulting in cost to the consumer without corresponding benefit to economy or for speculative purposes.
10. If the import substitution policy is to have desired impact, it has to be co-ordinated with the import policy as such. It has been argued that cheap and illegal imports have been responsible for weak performance of



certain enterprises (detergents, soap, plastic shoe, sweater knitting etc.). Although the orientation of private investment policy on import substitution should be further pursued, the import content should be periodically scrutinized to avoid speculation and to promote greater use of domestic materials whenever feasible.

11. With respect to balance of payments the Government should endeavour to create such economies which maintain the rates of return at levels which would attract private investments. Incentives should be considered and measures taken to encourage channelling of proceeds from exported goods in the desired direction, i.e. for financing necessary imports of raw materials and equipment for production,
12. Further export promotion measures should be considered jointly by Government organs and promotion institutions which would give priority and preferential treatment to investments in manufacturing and agricultural activities with an export potential, introduce measures and policies designed to improve competitiveness of export commodities, improve internal and external marketing channels and lead to expansion of existing markets and tapping the new ones. In order to enable the delivery of exportable goods to their destination

at the right time and with the right price the Government should keep marketing (including transportation tariffs) under constant review.

13. To offset the technological handicap and to benefit from international expertise and know-how co-operation with foreign firms should continue to be promoted. Special attention should be given to such a co-operation with barter countries which guarantee sale of a substantial part of production in foreign markets.
14. Measures should be found using a revised industrial tariff for those enterprises whose rational behaviour in electricity consumption cannot be questioned.
15. In view of a need to give to individual entrepreneurs continuing assistance from the stage of pre-investment to that of operation most of the above-mentioned measures should be integrated in a comprehensive programme aiming at concerted action to be taken by respective Government departments. Basic responsibility for its preparation and gradual implementation rests with the Investment Promotions and Development Department (IPDD) of the State Planning Committee which is to be properly staffed to serve as a secretariat to the Investment Committee and to exercise duties as mentioned in Annex 3.

16. Since the operations of the IPDD can be effective only if it could rely upon a large array of Government Ministries, public corporations and other action agencies to carry on specific programmes, policies and projects, it is proposed that an Advisory Board to the Investment Committee be established. It should consist of representatives from the Ministries - members of the Investment Committee (at the level of presidents) as well as of Investment Development Bank of Afghanistan. A vice-chairman of the State Planning Committee should chair its meetings which are to be held every month and decisions are to be acted upon by the Ministries and other institutions the representatives of which might be invited to participate in the Board's proceedings. This makes the Advisory Board an action-oriented body the establishment of which is covered by article XX of the FDPIL whereby the IPDD should initiate regulations necessary for achieving the goals called for in this Law.

The Board is to initiate appropriate actions which would help to clear problems encountered by private industries and identified by the IPDD, such as production bottlenecks, market development, choice of technology or of general symptoms, such as lack of finances or insufficient capacity utilization (sub-contracting and co-operation with public sector

industries) as well as indication of fields and priorities to be picked-up by private sector investments. It will also scrutinize individual investment proposals in order to determine whether and to what extent they can contribute to the desired results prior to their submission to the Investment Committee for approval. Main functions and activities of the proposed Advisory Board are listed in Annex 4.

17. The Advisory Board, if established, could serve also as a co-ordinating body to the UNIDO assisted project - Industrial Extension Service Centre - which is to provide assistance in institutionalizing a range of comprehensive and integrated services catering for the existing and new small and medium - scale industries in all sectors of economy. The Government request for such assistance was also endorsed by UNIDO Project Formulation Mission which visited Afghanistan last February/March.

### III. FINDINGS

(Account of activities)

#### A. Achievement of Immediate Objectives

1. The Government of the Democratic Republic of Afghanistan assigns a high priority to ensuring the promotion, development, guidance and control of the foreign and internal private investments inside the country in line with the terms of reference of the Investment Promotion and Development Department of the State Planning Committee.
2. The purpose of the project was to initiate a comprehensive analysis of the situation of the private industrial sector in the country, where about 240 small and medium enterprises operate under the licence issued on the basis of the Foreign and Domestic Private Investment Law (see Annex 15).

The Government sees their operation as unsatisfactory, since they do not fulfil the requirements as regards return on investment. Based on the study, new approaches to industrial development activities should have been formulated under the project, including the setting up of priorities for Government assistance and the promotion of all types of investment opportunities to private investors. A detailed description of the purpose of the project can be found hereto in Annex 1.

3. As requested by the Government, the Adviser prepared a work programme, which is in line with the above mentioned objectives. Detailed information is

given in Annex 2.

4. The first part of his time in Kabul the Adviser devoted to gaining an understanding of the needs of the project, to studying relevant legislation and official documentation, and to collecting of general information on the private sector industries.

5. Since there have so far not been created in the country the necessary pre-conditions for a comprehensive study based on data resulting from much more extensive and accurate private industries survey (census), two questionnaires were prepared separately for the operational and recently approved new projects to be used as a diagnostic tool in a field situation.

6. In close collaboration with counterpart personnel a list of companies to be visited was prepared and visits undertaken with the aim to provide supporting information to identifying general symptoms as well as the main specific problems and potentially important points.

The results of such a review, made on the basis of the working visits to 36 operational projects, have been documented in the visiting sheets to be found hereto in Annex 5.

7. Similar approach was used with respect to the newly approved investment projects. The intention was to specify steps and procedures used in the implementation and follow-up in the direction of project development. Findings along these lines can be found hereto in Annex 6.

8. Owing to the actual specific situation, the operation of some 40 enterprises have temporarily been suspended due to various reasons, varying from the lack of market, irregularities in the provision of productive inputs, up to the consequences of the owners' departure from the country. Results of a survey, although undertaken on a narrow basis, have been presented hereto in Annex 7.

9. In order to introduce and strengthen preparatory works which can be identified as a project preparation within an integral process of project development, a draft form "Investment Project Proposal" was prepared (see Annex 8). It is to assist in identifying and formulating technical, economic, financial and managerial aspects which are necessary for accomplishing the objectives of the project idea. Usually, all the information requested in this form should have been provided in a feasibility study. This, however, is not a common practice in the country, hence greater need for a thorough justification of answers received.

10. Only after project preparation has been completed the evaluation is to be made whereby the technical and financial information about the project are confronted with relevant data about its economic environment. Basic criteria and methodology have been worked out, (see Annex 9) on the basis of which the project is to be recommended for selection, modification or rejection.

In this process a close co-operation of development agency (IPDD), financial institutions and other relevant organs (the municipality's physical planning, water and

electricity departments, standard and norms department etc.) is of utmost importance.

11. In view of the need to build-up and maintain up-to-date information regarding input components and output performance of operational projects a draft project sheet was prepared (see Annex 10) to facilitate an operative access to basic data required for industrial programming as well as planning purposes. An index card form is recommended for quick reference. A rear side of the card should be used for control purposes, mainly in connection with the verification of changes in project's components since its inception.

12. To further improve a system of projects' control activities, the introduction of industrial capacity diagnostic sheet (see Annex 11) is strongly recommended. The purpose of annual review of projects' operations based on a confrontation of data obtained during working visits and those provided for in the respective balance sheets is to identify the main bottlenecks, to contribute towards more economic use of scarce raw materials, better distribution of loans and provision of other measures of assistance which are essential for successful operations of private industries.

13. In connection with the establishment of the Price Policy Department of the SPC, advisor's assistance was required in this field. A note on the price control of the private sector industries can be found hereto in Annex 12. Similar advise was rendered to the Municipality of Kabul on the method used for selection of industrial sites (see Annex 13).



14. In accordance with the terms of reference a mid-term Progress Report was prepared by the Adviser and submitted through the UNDP Office to the Government to be used as a basis for discussion with Government officials relating to any revision or modification of existing Government instruments for assistance to private sector industries.

B. Utilization of Project Results

1. Preparation of a rather comprehensive Progress Report, in accordance with the Adviser's job description, has proven to be conducive to the utilization of project results. Its findings and recommendations have been extensively used in the preparation of a policy paper on the performance of private industry, which the State Planning Committee was supposed to submit to the Council of Ministers.

2. The Council's Operational Committee (Presidium) passed on 27 June 1983 a decision the aim of which is "to achieving further expansion of private industries' productive capacity through promotion of investment and strengthening of control in the interest of the further development of national economy".

3. In accordance with this directive a new draft Foreign and Domestic Private Investment Law (with respect to the presently applied law see Annex 15) is to be considered which may reflect some of the recommendations put forward in the Advisor's reports.

4. Modifications in existing Government instruments are to be expected in line of finding new ways and means to facilitate financing of private industrial activities which should attract new private investors and orient them on products most needed in the country.

5. Anticipated strengthening of control activities will be oriented first of all on a proper justification of raw materials' imports as well as on the price levels of products manufactured on the basis of such imported inputs.

6. The Government's directive also recognizes the importance of setting-up necessary norms and standards aiming at the substantial increase in quality of goods produced by the private sector and supplied to local and foremost to foreign markets.

7. According to the above-mentioned Council's decision a representative of Da Afghanistan Bank is to participate in deliberations of the Investment Committee which is the highest authority to approve new investment projects. This gives the central financial institution an opportunity to play important role in shaping-up monetary and lending decisions and, hopefully, in strengthening the administrative significance of accounting and auditing operations.

SUMMARY OF FINDINGS

Characteristic of the Policy:

1. The Government of the Democratic Republic of Afghanistan has been showing a high positive approach towards private sector. By proclaiming the Basic Lines of Revolutionary Duties of the Government of the Democratic Republic of Afghanistan (Saur 20, 1357) it has reiterated its support for the putting into force provisions of 1353 Foreign and Domestic Private Investment Law (FDPIL). This has been further confirmed in the statement of the Democratic Republic of Afghanistan regarding private industry (Saratan 20, 1358) together with the specific decisions for the implementation in the fields of retail and wholesale trade, foreign trade, taxation policy and financial assistance through extension of loans.
2. The recognition of the Government's positive support to the private industry is, among others, apparent from the fact that the Investment Committee approved on 28 March 1983 the registration of some 36 new private industrial enterprises representing the total investment of Afs. 72 million and employment possibilities for over 2,000 persons.
3. It could be stated that provisions of the FDPIL may be considered as conducive to the promotion and development of private industries.

Role of the Private Sector Industries:

4. In Afghanistan small and medium-scale private industries, the performance of which was to be assessed by this UNIDO assisted project, account for over 230 certified enterprises utilizing Afs. 1,380 million of capital resources and providing employment to over 14,000 persons.

5. They perform a number of specific functions in the country. In the first place, the private industry provides a broad enough range of consumer goods whose manufacture is not, or is not yet, feasible on a large scale owing to a shortage of certain production factors or to restricted market demand. Relatively low-levels of purchasing power and difficulties in transport and communications are some of the factors causing market restrictions, which may be gradually removed as the country's economy progresses.

6. In this manner private industry performs and in the future will continue to perform an important role in the development and growth of necessary industrial structure.

Performance of the Private Sector Industries:

7. In the present circumstances, when the defense and security problems assume the country's priority, thus resulting in major changes in the deployment of labour force, it has not been possible to satisfy fully the energy, communication and transportation needs of the private industries.

8. Effort has been made, however, to look into problems from a much broader perspective and orient recommendations accordingly.

9. Results of the survey, undertaken under this project, whereby over 50 private industries have been visited and interviews made with their managing personnel based on the prepared questionnaires (for details see Annexes 5 and 6), indicate the following main problems:-

(i) Manufacturing industry is dominated by small productive units with still little inter-industry dependency and heavy reliance on imported raw materials.

(ii) There is little inter dependency and co-operation with public sector industries as far as machinery production, supply of raw materials and use of services are concerned.

(iii) There is a lack of co-ordination between various Ministries and relevant bodies concerning development strategy for the private sector industries in which the complementarity with the public sector industries should play an important role.

(iv) There has been little effort made and results achieved as to the preparation of a stock of bankable projects which would provide basic orientation for industrialists together with supportive measures as to the meaningful streamlining of the initiative into desired fields of national economic activity.

(v) The really sizeable private industrial units can be found in the Kabul area only. There is a need to undertake infrastructural investments in the major rural areas and provincial cities closer to sources of agricultural raw materials which would improve employment and income levels and bring about more balanced industrial growth in all parts of the country.

(vi) Private industries' contribution to the country's production has been much below what is warranted by the size of the country, availability of agricultural crops, materials and other productive resources.

(vii) Many factors can be held responsible for this situation:

a) - The limited size of market has been further aggravated by the development of a lucrative import trade conditioning the great portion of town consumers for foreign goods thus further restricting market possibilities for local producers;

b) - Lack of necessary infrastructure which would create sufficient external economies, such as transportation problems which hamper the flow of imported raw materials and other products to and from the provinces, as well as of exportable goods. Air freight outlets have been further limited thus creating problems for the exportation of perishable goods. Rising tariffs for these services are being reflected in the price structure of imports as well as exports, making it less competitive. Country energy balance has been strenuous with the electricity being the main source of industrial energy. Means should be found for more economic use of electricity.

c) - There is a need for adequate application of incentives thus providing more encouragement to private industry, such as more meaningful custom tariff protection of those industries whose prospects of developing into viable establishments, both from the point of view of

quality and price, are good. Heavier emphasis should be placed on export promotion mainly through extension of long and short term financial assistance.

d) - With few exceptions, the standards of technology, management and skills are in general low and so is the productivity. Most of the local investors are unable to provide necessary information establishing the magnitudes, both in physical and monetary terms, surrounding the construction and operation of investment projects. Accounting and auditing services leave much to be desired thus causing problems in the present state of income tax administration and making price control impossible. Under the present circumstances possibilities for arbitrary assessment of tax returns cannot be excluded. There is a need to give to individual entrepreneurs continuing assistance from the stage of pre-investment to that of operation.

These factors combined keep costs of production high and make Afghan manufactured goods less competitive.

(viii) Investment Promotion and Development Department of the State Planning Committee, within the authority of which falls private industry development under the FDPIL, is not properly staffed to cater to day-to-day administration of projects and at the same time



to provide guidance to private investors through preparation, evaluation, implementation and follow-up of industrial investment proposals. No small industry service institute, industrial extension centre or equivalent agency providing technical assistance as a major function are in operation or in the process of establishment.

III. ANNEXES

- Annex 1 - Job Description
- Annex 2 - Work Programme
- Annex 3 - Strengthening of the Investment Promotion  
and Development Department of the State  
Planning Committee
- Annex 4 - Advisory Board to the Investment Committee
- Annex 5 - Review of Operational Projects
- Annex 6 - Review of Newly Approved Projects
- Annex 7 - Review of Projects Operations of which Have  
Temporarily Ceased
- Annex 8 - Investment Project Proposal
- Annex 9 - Basic Criteria for Project Evaluation
- Annex 10 - Project Sheet / Controlling Sheet
- Annex 11 - Industrial Capacity Diagnostic Sheet
- Annex 12 - Note on the Price Control of the Private  
Sector Industries
- Annex 13 - Selection of Industrial Sites
- Annex 14 - List of Visited Government Officials
- Annex 15 - Foreign and Domestic Private Investment  
Law of 1353(1974)

# UNITED NATIONS

Annex 1



## UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO 15 November 1982

Request from the Government of the Democratic Republic of Afghanistan

for Special Industrial Services

INTERNAL

### JOB DESCRIPTION

SI/AFG/82/804/11-01/31.4.A

Post title	Industrial implementation adviser
Duration	Six months
Date required	As soon as possible
Duty station	Kabul
Purpose of project	To assist the Ministry of Planning in developing the industrialization programme for the country, preparing a survey on existing private production and investment services, working out standard procedures for assessing the viability of new industrial manufacturing facilities.
Duties	<p>The expert will be attached to the Investment Department of the Ministry of Planning and will assist the Department in all activities related to industrial development planning. He will specifically be expected to:</p> <ol style="list-style-type: none"><li>1. Take part in the preparation of a comprehensive study of the private industrial sector, including visits to companies if necessary.</li><li>2. Revise the questionnaires used for assessment of activities of private companies to include all essential factors, some of which may have been inadvertently omitted.</li><li>3. Assess the effectiveness of existing Government instruments used for assistance to private sector industries, recommend modification and improvements if needed, and assist in the introduction of new methods and proposals.</li><li>4. Elaborate a methodology (i.e. forms, procedures, etc.) for assessing the viability of new industrial manufacturing facilities, including an appropriate control system for .... / .. implementation and follow-up</li></ol>

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Applications and communications regarding this Job Description should be sent to:

Duties

5. Assist the Government in the implementation of the proposals and recommendations as required.

The expert will also be expected to prepare a technical report setting out the results and findings of his assignment and his recommendations to the Government on future action which might be taken.

Qualifications

Industrial economist with extensive experience in the preparation, evaluation and management of industrial projects, preferably both at the enterprise and the national (Government) level. High level industrial financial management experience an asset.

Language

English

Background Information

The Government has decided to strengthen the private industrial sector and assist in the establishment of plants in the country in order to:

- a) accelerate industrial development;
- b) create conditions for the absorption of technology;
- c) increase the export capacity of the country's industry.

The Government intends to achieve this through the promotion, development, guidance and control of foreign and internal private investments in the country in accordance with the plans of the Investment Promotion and Development Department of the Ministry of Planning.

The new project as producing a comprehensive analysis of the situation of the private industrial sector in the country, where about 142 medium-scale factories have become operational, but which are seen as unsatisfactory by the Government since they do not fulfil the requirements as regards return on investment. Based on the study, new approaches to industrial development activities will be formulated, including the setting of priorities for Government assistance and the promotion of all types of investment opportunities to private investors.

W O R K P R O G R A M M E  
for Mr. O. HRACHOVINA, Industrial Implementation Adviser,  
SI/AFG/82/804

	March	April	May	June	July	August
1. Reporting at Kabul 11 March 1983						
2. Study of Internal Procedures	—					
3. Preparation of Questionnaires		—				
4. Selection of Companies to be visited			—			
5. Field Visits to Companies			—			
6. Progress Report and its Finalization				—		
7. Preparation of Project Sheets, Proposals for Control System					—	
8. Methodology for Assessing New Projects						—
9. Assistance in the Implementation of other Recommendations						—
10. Draft Final Report						—
11. The end of Mission 2 September 1983						—

STRENGTHENING OF THE INVESTMENT PROMOTION AND DEVELOPMENT  
DEPARTMENT OF THE STATE PLANNING COMMITTEE

In view of the objectives set out in the country's Socio-Economic Development Plan the Government planning discipline, the organization of the planning system and the administration of the national economy are to be further enhanced in order to speed up development activities and further strengthen the productive capacities of all the sectors, which also include the encouragement and better organization of activities of the private sector in the national economy.

To achieve these results the activities of the IPDD have to be strengthened in all respects, i.e. in analysing and planning new investment proposals, in providing technical services and exercising control functions over operational projects. Immediate objectives could be formulated as follows:

Analysis and Planning:

In order to obtain necessary information on private sector's anticipated contribution, a survey undertaken by the adviser should be completed to include all medium - scale industries (first stage) and later the remaining certified establishments. Co-operation with the Central Statistical Office and the Ministry of Finance should be

strengthened to revise the balance sheets content which should include also data useful for industrial programming (input content, value of production, output mix i.e. other services than production and other operating characteristics to be specified).

Information so obtained should be analysed with the aim of showing in what industrial branches private industry shows satisfactory level of efficiency. Establishments, which have declared losses or low levels of profit, should be further investigated.

Under the regional network, an enquiry should be prepared and addressed to the provincial authorities with the aim of obtaining indication of realistic possibilities for private investments based on local raw materials and agricultural products to be further processed. Procedure for establishing the magnitudes, both in physical and monetary terms, surrounding the inception and operation of these investment projects are to be discussed with the respective departments of the State Planning Committee and other Ministries. The individual investment proposals should be scrutinized to determine whether and to what extent they can contribute to the desired results.

Evaluation of Investment Proposals:

Economic theory and practice uses whole set of criteria which are to facilitate the choice of projects that will meet the national objectives most effectively, which are used to modify projects in order to make their contribution more positive and which assist in the decision to reject projects which, even after modifications, cannot adequately serve the national objectives. These project evaluation techniques, however, do not solve problems automatically or easily. Any project evaluation methodology can be easily discredited and its usefulness negated if there is not the will on the part of the authorities concerned to apply it properly. The problem of the absence or shortage of explicit and workable criteria for project evaluation in Afghanistan should be overcome by focusing the attention on a certain minimum elementary reasoning which is to determine if a project is acceptable, not how acceptable it is.

The starting point for an overall project evaluation should usually be a techno-economic feasibility study. This is, however, in the local private sector practice virtually non-existent. It is therefore suggested that before a definite decision of the project request is made the following principal objectives should be thoroughly analysed.



a) whether the investment proposal is so promising that an investment decision can be taken on the basis of the information given by the investor;

b) whether the project concept justifies a detailed analysis of the possible inter-relations with the public industry, adjustments in the import policy with respect of its import substitution effect, changes in the export proceedings due to its export orientation, difficulties which may occur due to heavy dependency on loan, ownership structure etc.;

c) whether any aspects of the project are particularly critical to its feasibility and necessitate an in-depth investigation (standards, quality tests, other surveys and technical studies as for example safety standards, environmental impacts etc.).

Such an industrial programming exercise should be undertaken in co-operation with the respective departments of the SPC, Ministries in order to specify various aspects of an investment project, the clarification of which is required as prerequisite of or in support of the project request, particularly for medium-scale investment projects.

The analysis should take into account the availability of capital, labour, raw materials, domestic and/or foreign markets, import substitution and export promotion possibilities

etc., as well as the objectives, priorities and requirements as set for in the country's Socio-Economic Development Plan.

Criteria to determine the compatibility of private investment proposals with the objectives of the plan should be applied as follows: effects on balance of payments, profitability, contribution to value added (value of sales of work done and value of non-industrial services rendered by the establishment), indirect effects (preferential use of local materials etc.).

Technical services:

There is an urgent need to up-date basic data on operational projects through ascertaining structural changes which have occurred since the inception of the project (actual capacity, machinery installed, required inputs, achieved volume of production and its marketability). Detailed list of information to be collected is attached.

Procedure should be worked out for the estimation of future market demand for individual and/or group of products in order to determine the portion which might, or should be picked up by the private industries. In this respect, co-operation with the Ministry of Commerce should be strengthened. Difficulties may, otherwise, be contemplated as to the capacity utilization due to the absence of market studies.

There is a need to establish basic criteria (on technically sound basis) for the estimation of necessary raw material content for a given volume of production. This is to avoid speculation and gradually set up certain standards to be followed by all the industries (average consumption of rayon yard per a unit of cloth).

To achieve higher utilization of installed equipment, co-operation among private sector industries and/or public enterprises should be initiated whenever possible. This also applies to the establishment of joint production services (dyeing, textile printing etc.) for which proposals should be made.

Record of Government purchases from the private sector industries should be established and periodically reviewed (quantities, prices, quality of delivered products etc.).

Control facilities:

In the absence of established standards and criteria for analysis technical and financial soundness (in some countries, if the capital/output ration is above 3.5, the project's operation is considered to be un-satisfactory) the controlling activities should be oriented on acquiring information through visits and their consecutive comparison with data presented in the balance sheet.

An extensive survey should be undertaken as to the reasons for temporary non-operation of approved projects. Bottlenecks should be analysed, ways and means found to solve the problems aiming at an early resumption of operations.

The time spent between the approval of the project request and the commencement of operations should be shortened through the follow-up measures to be worked out.

Establishment activities:

Information on the ownership together with the actual shares distribution should be up-dated.

Procedure for the issuing licenses authorizing projects operations should be reviewed (at present licence is being issued by the Ministry of Commerce).

Closer co-operation should be established with the Kabul Municipality aiming at setting up a co-ordinated policy for the type of service-oriented activities (Municipality licence) and enterprises established on the basis of the FDPIIL. Adopted measures should avoid tax evasion and contribute towards building up of viable productive units.

Information on small and medium scale industries to be collected

(in the form of index cards, to present the information by industry, i.e. machine tools, electric motors etc., and location). The cards should contain the following information:

1. Category of industry.
2. Name and address of the factory (telephone number)
3. Name and address of the business office (head office) of the factory.
4. Legal status of enterprise: private, partnership (private, public, foreign).
5. Capital invested for:
  - a) Land and buildings;
  - b) Machinery and equipment;
  - c) Other capitalized expenses.
6. Working capital
7. Source of capital
  - a) Own capital;
  - b) Loan under the FDPIL;
  - c) Commercial loan;
  - d) Loan from other sources.
8. Equipment and technology used
9. Details of items manufactured (quantity, value)

10. Whether it received any tender (co-operation with public enterprises) and if completed satisfactorily.
11. Whether the unit is engaged in subcontracting (particulars of the principal firm).
12. Details of raw materials and semi products used: quantity, local, imported
13. Number of workers: skilled, semi-skilled, unskilled, managing staff.
14. Special remarks regarding marketability of the products.
15. Information on main problems encountered.

ADVISORY BOARD TO THE INVESTMENT COMMITTEE

It is suggested that the following fields of activities be undertaken:

a) advising on a set of mutually interlinking criteria and incentives affecting, encouraging and directing private investors into fields which constitute the most positive contribution to the development of the country's economy as a whole;

b) identification of specific investment opportunities and organising such studies to be carried out, with the assistance of financial institutions and other specialists, which would justify private investments. In the case of major projects (joint ventures, mixed enterprises etc.) Government may engage foreign experts;

c) advising banking institutions on programmes of financial assistance to small and medium private enterprises according to national priorities;

d) advising on the type of equipment, machinery and tools, as requested in private investment proposals, which can be manufactured and serviced in public sector enterprises and laboratories;

e) enlisting private industrial establishments for purchase programmes of Government departments and providing guidance for the execution of orders for these departments.

f) periodically reviewing tax and other incentives as to whether they fulfill the main objectives, i.e. to encourage investment and discourage speculation;

g) advising on establishment of a complex cluster of interlocking agencies and organs (departments' advisers, financial specialists, water board, electricity supply and municipality people etc.), who possess necessary knowledge and are exercising special responsibilities for handling critical problems affecting the entire city and country. Through the mobilization of their knowledge it should be possible to fill all important roles in overcoming the bottlenecks and achieving quick results;

h) subject to allocation of Government funds services of other experts (from industrial sector, university and research institutions) may be initiated whenever necessary, mainly on a part-time consultation basis;

i) helping to initiate export - promotion programmes for groups of commodities within the export-promotion scheme to be worked out for the country as a whole;

j) advising on preparation of a regional network which is to estimate productive capacities of individual provinces based on local raw materials and other productive resources to induce private sector investments.



Review of Operational Projects

Comments on Operational Projects

Chemical Industry  
Light Industry  
Food Industry  
Metal Works  
Pharmaceutical Industry  
Construction Materials  
Paper and Carpentry  
Other Industries

Visting Sheets on the following Operational Projects:

KABUL Plastic	PAMIR Felez
MILLEI Plastic	KHORASAN Felez
ZARABI Plastic	MAIHAN Felez
HOUSHAN Plastic	KABUL Felez
ALAMI Plastic Bags	FAROUQ Workshop
MAQRUDI Plastic Mills	SALAR Workshop
PAMIR Industries	HOECHST Afghan
Sherkato Sahami Sanai Afghan	SIDDIQ Laboratory
KABUL Textile	MARBLE & BETON Factory
ARABI Textile Mill	Afghan Casing Co.
SHAMS Textile	JAM Fruit Processing
MAQSUDI Textile	BABAK Food Processing
FIROZ Knitting	KAM Soft Drinks Co.
SADAT knitting	NAKEL Macaroni
DERWISH Tanning	RAHIMI Chicken Farm
EWAZ BADGHISI Ltd.	Afghan EVEREST Packaging
SALANG Carpet Washing	SAMIMI Kobel
AHU Shoe & Leather Factory	ARIA Folklor Fashion
EAGLE Shoe Factory	KHANNA & ANNADHANAM

Comments on Operational Projects

Chemical Industry:

Among eight operational projects visited, only one claimed to reach the rated capacity. On an average, the installed capacity in these enterprises has been utilized on 37 percent. Since the content of imported raw materials in this industrial branch is almost 100 percent, these industries are experiencing difficulties in the regular supply of imported chemicals for the plastic shoes, plastic utensils, plastic bags, soap and tyre retreading due to the unfavourable rate of exchange which in the absence of exportable produce they can obtain on the money market only. On an average, these industries have been able to import only 50 percent of raw materials planned in the approved documents. Also supply of labour has been more than 55 percent short of the original expectation. Even lower was the provision of electricity (an average of 36 percent) which in this type of technology is crucial and led to frequent stops in the production. Most of the plastic shoe producers complained about substantial quantities of illegally imported products which may amount up to 30 percent of the total local production. With respect to soap production, it was pointed out that due to the delays in the shipment and transportation of necessary raw materials the production capacity was utilized to the extent of 5 percent only and to satisfy local market, importation of low quality products was allowed thus impairing the market for the factory's products. Hence, the Government contracted 38 percent of last year's production, thus saving the company from even more disastrous financial losses, which reached Afs. 5 million in the last year.

Recommendation:

A thorough analysis should be made as to the total production capacity of plastic shoes which seems to be highly in excess of local needs if enterprises utilize their capacity. Arrangements should be worked out for the regional importation of raw materials avoiding delays in transportation which lead to the increase in the level of working capital beyond the economically justified rate. Since the production of these industries is almost entirely for import substitution and is of vital importance for the supply of cheap footwear for the local consumption, the problem should be discussed as to finding meaningful solution to the rate of exchange for the provision of justified quantities of raw materials import to cover the country's needs in these products. Illegal importation should be curtailed by all means available to the Government.

Light Industries:

Among the eleven enterprises of light industries visited, the lowest utilization of the installed capacity is in the area of textile production. They have worked on an average of 23 percent of capacity, the main reason being difficulties experienced in importation of raw materials, mostly rayon yarn, and scarcity of labour (in average 18 percent of needed personnel). Also the supply of electric power was low, meeting only 32 percent of their needs. These difficulties led, in case of two enterprises, to a serious lack of liquidity causing problems in the loan servicing. No textile industry indicated problems connected with the sale of their products proving that a high demand persists in the local market.

With respect to knitting factories, which represent small production units oriented to sweater manufacture, the utilization of installed capacity is higher, (38 percent), mainly due to employment of temporary workers and lower dependency on the supply of electric power. Machinery used is mainly hand-operated.

Tanning industry has shown 50 percent utilization of capacity mainly due to problems in the supply of electricity and labour. There have been problems with the regular flow of raw hides and skins from the provinces. Since these industries are almost totally export-oriented, the situation reduced the Country's foreign currency earnings.

Carpet production and carpet washing in the Kabul area (which is not representative since the majority of carpets is being produced in the provinces) is experiencing difficulties in the supply of wool for their production as well as trained labour force, thus utilizing an increased number of temporary workers. Narrowing export possibilities especially on the West European markets pose serious marketing problems. Although some of these are due to non-economic considerations at play, a number of carpet importers in those countries decline to accept carpets which are being washed in Afghanistan for reasons of quality.

Among the leather shoe factories visited there is one which is the biggest producer in the Country, with a capacity of almost 300 thousand pairs a year. This is being utilized up to 77 percent mainly due to its own tanning process and lesser dependency on the importation of raw materials. The market problems have been eased by the Government, which purchased up to 23 percent of its production.

Conclusion:

The importance of this industrial branch to satisfy the local market needs is undisputed. Measures should be taken aiming at the higher utilization of installed capacity in the textile producing enterprises including the printing processes which have been for years idle due to shortage of labour. These measures should be supplemented by such an import policy, which would make full use of the import substitution role these industries are able to perform.

The prospect for the sweater producing industries is being weakened by the influx of non-licensed cottage producers operating on the basis of raw materials which are coming into Country mostly through illegal channels.

Further development of tanning industries has been curtailed due to the pending settlement of location problems. Tanning process is accompanied by a great volume of industrial wastes (oil and grease, toxic metals, sulphide), which have direct bearing on the location of these industries since they have to be properly treated before disposal. Speedy solution to the construction of wastes treatment plant should be found which would allow further expansion of these very promising export oriented industries.

Marketing arrangement for the carpet industries should be in the fore front of attention of the authorities concerned. Export promotion should be productive and should provide producers with the financial support (loans by the Export Promotion Bank) aiming at a re-organization of the market by decreasing the role of middleman.

Although the plastic shoes are sharing a great portion of the market mainly due to its price accessibility to a low income population, the role of leather shoe production should be further strengthened since it uses locally available raw material. Such an orientation should be further pursued thus increasing the value added. Importation of leather supplies should be avoided in favour of inter-dependency with other industries using local leather.

Food Industry:

Performance of the six visited enterprises of this industrial branch has been better as compared to other branches. This was mainly due to a good market prospects for casings in European countries. The quality of Afghani casings has been maintained high thanks to the employment of specialists from Middle Eastern countries. Some of them are still employed. It should be possible to further increase (by 20 percent) the country's export of casings if air freight tariffs were not increased.

Raisin cleaning factories have been operating at 60 percent capacity mainly due to market problems. While exports to the barter trade agreement countries have been growing year by year, the market prospects in Western Europe have declined mainly due to increase in custom tariff and introduction of a minimum price. This measure favours the European producers. Moreover, the Export Promotion Bank reduced from 50 to 30 percent the short-term loan which local producers have been able to get on the value of signed contracts with importers.

The only existing soft drink company has been working on almost 90 percent of capacity mainly due to transportation problems and scarcity of labour (temporary workers are mostly used). Nevertheless, the prospect for further development is good and it is planned that within a year the production will be increased three times due to expansion of the factory and procurement of more productive equipment. Macaroni producing factory operates at low capacity (2%) for the reason of scarcity of flour on the market. Since it has not been possible to use directly imported sort of flour which is convenient for the production, the manufacturer had to procure it from the bazaar at higher cost.

Although there is a big demand for eggs and chicken meat (broilers) on local market, the private farmers as well as cottage raisers have difficulties in obtaining industrially produced feed with necessary nutritional and health protective values. As a consequence, the farmer visited had to stop production of broilers and even the sole orientation on egg production has been marked by the substantial loss (up to 45 percent) of hen stock.

Conclusion:

Measures should be taken providing further support to the export oriented casing industries. Airfreight connection to European markets should be rationalized using cold storage facilities in the European countries on rental basis. This would facilitate expeditious accessibility of the product on the market and hopefully decrease the delivery time and also allow earlier repayment of loan to

the Export Promotion Bank. An effort should be made jointly by casing industrialists and agriculture services to secure as much casing for production as possible (at present loss up to 30 percent) and its regular flow from the provinces and centres of animal production. Incentives should be paid to those who concentrate casing from small farmers for further processing and exportation.

In view of the declining market possibilities for raisins on the West European market, new forms of raisin processing should be found (small packaging for ready offer to consumers, chocolate coating etc.) which would enhance sales possibilities and provide room for diversification of investment possibilities to entrepreneurs. The same situation applies to nuts and their use in diversified production of candies and other exportable products with higher content of value added.

Metal works:

Within the general metal works projects, the three factories manufacturing steel furniture were visited. They were established to cater mostly for the needs of various Government institutions ~~varying~~ from ministries to public schools. Almost 100 per cent of their production is being sold to these clients. The establishment producing steel profiles is also selling almost 90 percent of its products to the Government. If there can be a suitable mechanism between the organs in charge of Government procurement, and those responsible for further development and orientation of private industry, it should have been possible to achieve more optimal utilization of in stalled capacity in these enterprises.

Conclusion:

Since many private service-type enterprises, which came into being on the basis of the licence issued by the Municipality of Kabul, also operate in



this field, there is a need for greater degree of co-ordination based on the estimation of local market demand.

As the enterprises have gained experience in the field of general metal works, the possibilities for production inter-dependency with construction industries and large public enterprises on a contractual basis are to be investigated. A proposal was put forward by one of the entrepreneurs to produce press-cookers. Since no standards for such type of products (safety) have been established the desired diversification did not materialize.

Pharmaceutical Industries:

Among the visited pharmaceutical industries there are two diametrically different types. There is a modern establishment set up as a joint-venture with the foreign producer who is able to provide necessary know-how as well as the access to licensed raw materials used for the production of drugs. Thanks to the over-time work and employment of over 40 percent women this establishment's results surpassed the listed capacity. Together with the scheme of distributional channels in the provinces the company has been able to gain a substantial portion of the local market. Almost 99 percent of imported raw materials are being transported by air. Rising production <sup>led</sup> costs, the company to request the price increase. The decision by the Government organs is pending.

Another pharmaceutical establishment has modest equipment but its place as a producer of basic drugs (vitamins, disinfection materials etc.) has been very useful to the market.

Conclusion:

With respect to pharmaceutical industries, there is an important point to be clarified, i.e. the application of the provisions of the Generic Drug Law which does not allow the Government hospitals to use locally produced medicines. Yet, the Ministry of Public Health exercises its control over this production and no drug is allowed on the market without its certification. There is a need for specialization of drug production between the Government operated institute and the private producers. Greater orientation on use of the local medicinal plants and products is desirable. The establishment with a high level management and production organization should be used as a training centre for personnel of the Government operated pharmaceutical institutions on a permanent basis.

Construction Materials:

A factory producing polished stones and marble tiles : operates in the average on a 30 percent of capacity mainly due to lacking raw materials the transportation of which have been curtailed forcing the establishment to use up almost the entire stock from previous years. Since the marble quarries are Government operated (state monopoly on this national resource), the private enterprises have been experiencing difficulties in the regular flow of stones. Also the rising cost of transportation increases the production costs and makes the products less competitive with those from the public sector enterprise.

Conclusion:

Effort should be made to initiate an agreement on the specialization of production between the public and private sectors taking into account the productive capacity of the installed equipment and availability of raw materials. It should

be possible to achieve substantially better utilization of installed capacity mainly through long-term orders for the production of pre-fab parts to be used in future public work projects (i.e. sewage and sewerage), if the Government can provide the basic raw materials.

Paper and Carpentry:

A carton production factory is one of the few which was established on the basis of a study. It was anticipated that the enterprise would cater to the needs of almost the all raisin exporting firms. However, many of them have established their own carton making production, thus creating marketing problems for the factory for which this should have been a prime concern.

Conclusion:

A new market study should be undertaken to ascertain the structure of the present market needs and possible future diversification of the enterprise's line of production. The sole dependency (95 percent) on the packaging material for the raisin exports seems to be a narrow field to secure the financial stability for this enterprise.

The visited carpentry establishment represents a production unit using up to 90 percent manual labour due to its orientation on furniture which has mostly been supplied to the embassies and Government departments. Therefore, it has to rely on a highly variable market. Thus the factory cannot develop a more modern production line. The present use of the local wood is non-economical, since it is oriented on the best pieces only, the rest being scrap.

Conclusion:

In view of the difficulties in obtaining wood suitable for the furniture manufacture from the provinces, a diversification programme should be initiated aiming at the more rational use of timber (plywood etc.). This would also create

more favourable conditions for further development of the furniture industry.

Other Industries:

A visited folklore fashion enterprise is entirely export-oriented using traditional embroideries applied on dresses (blouses and skirts) produced from the local cotton or viscose fabrics. This type of production offers employment opportunities to women (mostly at home). The foreign market can be further expanded through improved quality controls. (Association of Handicraft Producers), regular supply of locally produced fabrics (Baghrani factory) and of embroideries from the provinces. Exportation of embroideries alone should be curtailed in favour of the folklore dresses, production of which increases the value added.

Visiting Sheet

Date: 10 May 1983

Visit to KABUL PLASTIC  
Persons met (position in the Enterprise)

Mr. A. KARIM - President.

D. Generalities: prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1351 as a joint private company  
(also socks knitting enterprise) Govt. show interest

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		full capacity	Actual	
PVC	ton	900	600	Singapoor
Polypropylene	ton	360	180	Japan
Polyethylene	ton	400	250	Japan

Stock (How many months) 3-5 months

-easily

-what problems experienced Transportation from the boundaries; rate of exchange increases cost of production.

1.2. Processes: (brief Description):

Plastic shoes and products (use of blowing methods 10% extruding 30% injection 60%).

How can be modernized new molds.

-Technology locally available  
easily

difficulties

/-imported:

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Plastic shoes	900 tons	351 tons	1) Lack of labour 2) flow of raw materials is insufficient.
Plastic utensils	200 tons	65 tons	
Garden hoses	100 tons	45 tons	
Plastic sheets (bags)	400 tons	148 tons	
		3 shift 2 shifts	

How can be expanded: not for the time being.

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power:	453 kwh	250 kwh
Water:	own well (40% recirculation)	

Problems experienced: If the electricity supply does not improve, additional investment of Afs. 2.5 million would be needed to procure a generator (100kw).

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	actual	
- Skilled		15	
- Nonskilled		67	
- Foreman		8	mostly temporary
- Management		4	
	total 300	94	

Problems experienced:

3. Maintenance:

- Own workshop
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports  
80% 20%
- problems experienced: Locally produced molds are 35% cheaper as compared to the imported.

4. Marketing:

- Production in Stock: 3 months
  - Annual Sales : of which Government contracts:
  - Competition met: Illegal imports imitation of design.
  - Annual Exports: none.
  - Import substitution: only 10% is a legal import.
- Problems experienced: Sales through sales agents in provinces.

5. Investment:  
and Location

Initial		Actual Afs. 60 million
-Total Outlay: Afs. 56 million	Of which fixed investment:	Afs. 45 million
	Working capital:	Afs. 15 million
	Loan	NONE
	Others	

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: Increased stock of raw materials called for an increase in the working capital by Afs. 5 million.

6. Prospects and Recommendations:

Illegal importation of plastic products seems to be a limiting factor for the further expansion of production in this well managed enterprise.

Visiting Sheet

Date: 9 May 1983

Visitto MILLI PLASTIC SHOES  
Persons met (position in the Enterprise)

Mr. EWAZ ALI - President  
100% joint stock private company

D. Generalities: /(prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
PVC compound	ton	full capacity -actual 700	Hong Kong 52%, France 17%, Singapur 31%,
Liner	1000 metre	100 40	Taiwan.

Stock (How many months) 3 months

-easily

-what problems experienced transport problems from the border  
(2 and more months delay)

1.2. Processes: (brief Description):  
melting and pressing of plastic shoe

How can be modernized change of design

-Technology locally available  
easily difficulties

-imported: 100%

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs



1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
1 million pairs	546.500 pairs	1) rate of exchange increases costs
		2) transportation of raw materials
		3) cuts in power supply
		4) lack of labour

How can be expanded: installation of new machinery  
(in 2 shifts capacity of 588000 pairs)

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power:	200th. KWh	114648 KWh (2 months no supply)
Water:	own - used one for irrigation	

Problems experienced: expected cuts in power should be announced beforehand.

2. Labour

If expansion is projected, employment would increase

	Annual	full capacity	actual
- Skilled		12	6
- Nonskilled		108 2 shifts	9 1 shift
- Foreman		4	4
- Management		6	6
		<hr/> 130	<hr/> 25

Problems experienced:

Required on-the-job training (2 years). Frequent changes in labour force wastes this effort.

3. Maintenance:

- Own workshop own
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports  
50% 50%
- problems experienced:

Own production of molds saves 50% of expenses for imports

4. Marketing:

- Production in Stock: 14 days
- Annual Sales : of which Government contracts: none  
n.a.
- Competition met: Total local production estimated at 13 million pairs
- Annual Exports: none (illegal imports almost 4 million pairs)
- Import substitution:

Problems experienced: change of design - other producers imitate.

5. Investment:  
and Location

	initial		Actual Afs. 26.5 mill.
-Total Outlay:	Afs. 6.5 million	Of which fixed investment:	Afs. 14 million
		Working capital:	Afs. 12.5 million
		Loan	none
		Others	

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? yes  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

- a) Installed capacity has been increased thanks to highly productive machinery.
- b) Illegal imports impair the prospects for local producers
- c) Respect for the design use should be discussed with the Producers' Association.

Visiting Sheet

Date: 3 May 1983

Mr. Rasul-Manager

Visit to ZARABI Plastic  
Persons met (position in the Enterprise)

D. Generalities: /(prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1350, Government shows interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
	Full Capacity	Actual	
Polyethylene ton	200	60	W. Germany
Mellanine "	60	15	Austria

Stock (How many months) 1 - 2 months

-easily

-what problems experienced Transport from the border 1-2 months

1.2. Processes: (brief Description):

Production of plastic utensils (injection, blowing and pressing methods)

How can be modernized not for the time being

-Technology locally available easily difficulties

-imported: 100%

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs

## 1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
260 ton	75 ton	1. Supply of electricity 2. Transport of raw materials 3. Rate of exchange

How can be expanded: Only after present capacity has been fully used

## 1.4. Infrastructure: (Annual Consumption)

Power: not answered

Water: own well

Problems experienced: No supply of electricity for 4 months

2. Labour

If expansion is projected, employment would increase

	Annual	Full production	Actual
- Skilled		5	3
- Nonskilled		8	3
- Foreman		4	4
- Management			
		<u>17</u>	<u>10</u>

Problems experienced: During the last year 7 workers drafted to the army.

3. Maintenance:

- Own workshop No.
- Outside : by private enterprise 80%      public enterprise 20%
- spare parts available locally - through imports 20%
- 30%
- problems experienced: None

4. Marketing:

- Production in Stock: 14 days
- Annual Sales : of which Government contracts: None  
Afs. 5 million
- Competition met: Local producers
- Annual Exports: None
- Import substitution: Prices of imported utensils are 20% higher  
(plus 20-30% custom tariff).

Problems experienced:

Supply of products to the provincial agents  
(Kandahar, Mazar-i-Sharif, Herat)

5. Investment:  
and Location

	Initial	Actual: Afs. 8,1 million
-Total Outlay:	Afs. 5,5 million	Of which fixed investment: Afs. 4,1 million
		Working capital: Afs. 4 million
		Loan None
		Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? **Industrial Area**  
If not where would you settle?

Problems experienced: None

6. Prospects and Recommendations:

1. Transportation should be improved
2. Low utilization of installed capacity does not allow to reach  
break-even-point. (Last year's balance sheet shows a loss of  
Afs. 1,4 million).

Visiting Sheet

Date: 20 April 1983

Visit to ROSEAN PLASTIC Mr. Roshan - President.  
Persons met (position in the Enterprise)

- D. Generalities: prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

A typical family enterprise, established 1358.  
Govt. show no interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Elastic materials	kg	1200	Local bazar.

Stock (How many months) On the flow basis

/-easily

-what problems experienced Direct import of raw materials would improve the economies.

1.2. Processes: (brief Description):

Plastic cutting, welding, printing.

How can be modernized Through procurement of adjustable molds.

-Technology locally available

/easily

difficulties

/-imported: 100% japan.

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Afs. 900 000	Afs. 400 000	1) Lack of market. 2) Importation of cheap products (mostly illegal)

How can be expanded: after 2-3 years only.

1.4. Infrastructure: (Annual Consumption)

Power: Afs. 3000 /year

Water: not relevant.

Problems experienced:

2. Labour

If expansion is projected, employment would increase

Annual

- Skilled
  - Nonskilled
  - Foreman
  - Management
- Family enterprise

Problems experienced: none.

3. Maintenance:

- Own workshop self 80%
- Outside : by private enterprise 20% public enterprise
- spare parts available locally - /through imports
- problems experienced: none

4. Marketing:

- Production in Stock: own shop (1 month)
- Annual Sales : of which Government contracts: two thirds (contractual basis)  
400 - 500 000 Afs.
- Competition met: other producers, cheap imports.
- Annual Exports: none.
- Import substitution: could be 100%.

Problems experienced: Government's procurement practice should comply with the Procurement law (prior to importation, the Departments should buy locally made products).

5. Investment:  
and Location

- Total Outlay: Afs. 0.5 million
- Of which fixed investment: Afs. 300 000
- Working capital: Afs. 200 000
- Loan NONE
- Others

Future expansion requirements: Own resources  
/Loans  
Other sources

Is the present location satisfactory? no  
If not where would you settle? closer to the market.

Problems experienced: A request should be made to the Kabul Municipality.

6. Prospects and Recommendations:

A family enterprise, established under the FDPIL for fiscal reason (taxholiday).



Visiting Sheet

Date: 20 April 1983

Visit to AZAMI PLASTIC BAGS Mr. M. S. HASHIMI - Director.  
Persons met (position in the Enterprise)

D. Generalities: prime concern, experience gained, Government's  
interest in the project - Government and / or  
Foreign promoter - legal structure)

Established 1349 (one of the first producers)  
Govt. interest. Idea was brought in from W. Germany, Pakistan.

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Polyethylene ton	250	Japan.

Stock (How many months) 6 months (50 tons above normal)

-easily

-what problems experienced Transportation from the border.

1.2. Processes: (brief Description):

Plastic film making, cutting, bag making.

How can be modernized not considered.

-Technology locally available  
/easily difficulties

/-imported: 100%

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
250 ton	50 ton	1) Supply of el. power.

How can be expanded: not considered.

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power:	300 000 kwh	40 000 kwh
Water:	Own well.	

Problems experienced:

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	actual
- Skilled		
- Nonskilled		
- Foreman		
- Management		

Problems experienced:	40	9
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3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available/locally - through imports
- problems experienced: none.

4. Marketing:

- Production in Stock: none.
  - Annual Sales : of which Government contracts:  
50 tons
  - Competition met: other producers
  - Annual Exports: none.
  - Import substitution: no legal importation allowed.
- Problems experienced: none.

5. Investment:  
and Location

- Total Outlay: Afs. 2 million
- Of which fixed investment: Afs. 1 million
- Working capital: Afs. 1 million
- Loan NONE
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: none.

6. Prospects and Recommendations:

Proliferation of this establishments is not conducive to the development of a viable industry, utilizing the advantage of scale.

Visiting Sheet

Date: 16 April 1983

Visit to MAQSTUDI PLASTIC MILLS Mr. M. Mehdi, Director, Accounting.  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's  
no. interest in the project - Government and / or  
Foreign promoter - legal structure)

Prevailing interest in textile production )see separate sheet)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		full capacity	actual	
Ployethylene (Yukalon)	ton	110	84	Japan

Stock (How many months) 2 months

-easily

-what problems experienced Delays at the border and transportation  
problems.

1.2. Processes: (brief Description):

Plastic film making, cutting, bag making.

How can be modernized not for the time being.

-Technology locally available  
/easily

difficulties

/-imported: 100% Pakistan

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
150 tons	60 tons	1) lack of interest.

How can be expanded: no expansion.

1.4. Infrastructure: (Annual Consumption)

Power: not answered  
Water: not relevant.

Problems experienced:

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	actual	
- Skilled		2	plus temporary workers to satisfy the demand.
- Nonskilled			
- Foreman			
- Management			
	total 30		

Problems experienced:

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available/locally - through imports
- problems experienced: none

4. Marketing:

- Production in Stock: none
- Annual Sales : of which Government contracts: none  
60 tons
- Competition met: local producers.
- Annual Exports: none
- Import substitution: 100%

Problems experienced: Illegal importation

5. Investment:  
and Location

-Total Outlay: Afs. 3 million      Of which fixed investment: n. a.  
Working capital: n. a.  
Loan                                    NONE  
Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

It seems that the owner has lost interest in the project.

Visiting Sheet

Date: 30 April 1983

Visit to SANTR INDUSTRIES LTD  
Persons met (position in the Enterprise)

FARESH SHAH, General  
Manager.

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1349 as a joint company (49% foreign interest)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
F-U foam	ton	130	W. Germany
Cloth	metre	250000	Local (Bagrami)

Stock (How many months) 6 months (2 months under normal conditions)

-easily

-what problems experienced Delays in transportation from the border.  
Bagrami factory stopped producing printing cloth. Bazar's products are more expensive.

1.2. Processes: (brief Description):

Polyuretan matraces production.

How can be modernized Not for the time being.  
(Diversification - detergent - powder)

-Technology locally available  
/easily difficulties

-imported: 100%

-Know how -Available  
-Must be imported through / Experts India  
Licenses  
Designs

1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
F-U foam	130 ton	70 ton	1) Worker problem

How can be expanded: no expansion (diversification)

1.4. Infrastructure: (Annual Consumption)

Power: 20000kw/month. (for 3 months no supply)

Water: own.

Problems experienced:

2. Labour

If expansion is projected, employment would increase

	Annual	full capacity	actual
- Skilled		20	14
- Nonskilled		10	2
- Foreman		2	2
- Management		2	2
		<u>34</u>	<u>20</u>

Problems experienced:

on the job training up to 6 months.

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports 100% W. Germany.
- problems experienced: none.



4. Marketing:

- Production in Stock: 1 month.
- Annual Sales : of which Government contracts:  
Afs. 13 million
- Competition met: none
- Annual Exports: none
- Import substitution: 100%

Problems experienced: Rate of exchange and transportation tariff increase the cost of imported raw materials. Flow of products to provinces.

5. Investment:  
and Location

	Initial	Actual Afs. 14/7 Ml.
-Total Outlay:	Afs. 4.8 Million	Of which fixed investment: Afs. 2.4 million
		Working capital: Afs. 3.5 million
	Loan	
	Others	supplier's credit (150 days)

Future expansion requirements:	Own resources	Diversification (detergent)
	Loans	
	Other sources	

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

- 1) A request for the price increase of finished product (by 25%) is under consideration.
- 2) Supply of printed cloth from the local sources should be secured.

Visiting Sheet

Date: 15 May 1983

Visit to SHERKATE SAHAMI SENAI AFGHAN  
Persons met (position in the Enterprise)

Mr. Mohd. AMIN-Managing Director

D. Generalities: /(prime concern, experience gained, Government's interest in the project - Government and / or / Foreign promoter - legal structure)

Established 1351 as soap making (80%) and tyre rethreading (20%) factory; mixed company - Government's share 20% (Pashtany Tejaraty Bank)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Chemicals for soap making	1000 ton	12 *	USA
Rubber for tyre recapps	1000 pounds	20 *	USA

Stock (How many months)

-easily

-what problems experienced \*last year no imports

1) Rate of exchange increases the cost

2) Transportation problems ( 14 months on border)

1.2. Processes: (brief Description):

Soap making (Anti-freeze as a by-product)

tyre rethreading.

How can be modernized

-Technology locally available easily

difficulties

/-imported: 100% USA

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Soap	12000 ton	534 ton	1) lack of raw materials
Tyre	5000 pcs.	500 pcs.	2) Lack of electricity
Rethreading	(project 13200 pcs.)		3) lack of labour

How can be expanded: diversification (construction paint)

1.4. Infrastructure: (Annual Consumption)

Power: 150 KW/day - Actual 1.5%  
 Water: own

Problems experienced: own generator would further increase costs

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled		60	40
- Nonskilled		20	
- Foreman			
- Management		20	10
		<u>100 (project 352)</u>	<u>50</u>

Problems experienced:

Although capacity utilization is low - labour force employed has been high since there are specialists who cannot be lay out.

3. Maintenance:

- Own workshop 90%
- Outside : by private enterprise 10% public enterprise
- spare parts available locally - through imports Air-shipped
- problems experienced: none

4. Marketing:

- Production in Stock: none
- Annual Sales : of which Government contracts: Afs. 15 million  
Afs. 40 million
- Competition met: cheap imports
- Annual Exports: possibility up to 7th ton if capacity fully used
- Import substitution: 5th. ton import (1361) can be substituted.

Problems experienced:

cheap import sets low standards for soap production

5. Investment:  
and Location

- Total Outlay: Afs. 23 million
- Of which fixed investment: Afs. 7 million
- Working capital: Afs. 16 million
- Loan Afs. 30 million (Pashtanay Tejaraty Bank)
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? yes  
If not where would you settle?

Problems experienced: According to the balance sheet for 1361 a company  
suffered a loss of Afs. 5 million.  
Financial position allows to pay interests only.

6. Prospects and Recommendations:

- a) Study should be made as to the possible utilization of raw materials, other than US origin .
- b) It should include also marketing aspects aiming at a review of import policy.

Visiting Sheet

Date: 3 May 1983

Visit to KABUL TEXTILE CORP.  
Persons met (position in the Enterprise)

D. Generalities: Established 1973  
(prime concern, experience gained, Government's  
interest in the project - Government and / or  
Foreign promoter - legal structure) 100% Private  
 also import and export business - 15 million Afs. annually  
 \* initially 1.3 million-US\$ loan - now paid back  
 (S. Korea)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Fillamon Rayon	ton	300	S. Korea, Japan, Taiwan,
Acetate Yarn			
Chemicals, Dyes	"	50	Thailand USA

Stock (How many months) 3 - normal

-easily Border crossings 50% USSR  
 -what problems experienced 50% Pakistan  
 2 years ago letter of credit 4 million \$ (P.T. Bank, Bank Millie, Export Promotion Bank)  
 -up till now 3 million \$ paid back - delivery retained at custom house

1.2. Processes: (brief Description): (worth 250.000 \$)  
 cloth making, weaving, inspection, washing, seizing, wire drafting,  
 dyeing, printing, finishing, inspection, packing  
 \*if done

How can be modernized None within next two years  
 nylon, polyester cloth discouraged by  
 the Banks's practices

-Technology locally available  
easily difficulties

-imported: 100% (initial loan)

-Know how -Available Experts 1-3 years \*  
 -Must be imported through Licenses  
 Designs

\*part of the contract  
 with the supplier of  
 technology

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
2.9 million metres	1962-83 650000 only	Scarcity of labour

How can be expanded: No expansion foreseen

1.4. Infrastructure: (Annual Consumption)

Power: Normal 1 million. kWh. Last year 250th kWh  
 Water: Own well waste 5 m<sup>3</sup> water/day (outside land) Last year during 3 months no supply

Problems experienced:

Electricity supply vital - Environmental protection

2. Labour If expansion is projected, employment would increase

	Annual	Full capacity	Last year	
- Skilled		300	35	one shift only
- Nonskilled		107	41	(initially 11 hours)
- Foreman		5	2	Wages: basic salary
- Management		15	12	plus bonus
		<u>427</u>	<u>90</u>	3 Afs. per m. (2 and more 100 m)

Problems experienced:

Drafted about 300 employees (of which 12 white cards) - when training of newcomers completed - drafted into army  
 Social Programme- Cost of food 20-22 Afs.(obligatory 15 Afs.)  
 dispensary - Medical doctor 8-12 hours daily.

3. Maintenance:

- Own workshop yes out of 3 workers actually one only.
- Outside : by private enterprise 70% public enterprise 30% Jangalak (permanent co-operation)
- spare parts available locally 10% through imports 90%
- problems experienced: none

4. Marketing:

- Production in Stock: none Sale through four wholesale
  - Annual Sales : of which Government contracts: - Agents- Advanced payment +  
650.000 metres 2.5% commission
  - Competition met: imports only
  - Annual Exports: -
  - Import substitution: Custom tariff imprts 76% (value)  
Production inputs 7 Afs.
- Problems experienced: Tariff protection not sufficient

5. Investment:  
and Location

- Total Outlay: Afs. 188 million
- Of which fixed investment: 128 million
- Working capital: 60 million
- Loan Afs. 16 million- of which 8 million paid
- Others -

Future expansion requirements: Own resources not considered now  
Loans  
Other sources

Is the present location satisfactory? Industrial Area - yes  
If not where would you settle? -

Problems experienced: L/C practices  
rate of exchange

6. Prospects and Recommendations:

1. Settlement of the issue - release of raw materials - vital not only for the factory, but also for the national economy as such
2. Supply of electricity, scarcity of labour
3. To check tariff protection
4. Rate of exchange
5. Protection of environment (dye and other wastes)

Visiting Sheet

Date: 9 May 1983

Visit to AHADI TEXTILE MILL.  
Persons met (position in the Enterprise)

Mr. A. W. Ahadi - President.

- D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 12 years ago, as a 100% private enterprise. Present owner purchased it in 1970.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Actual</u>	<u>Source of Supply</u>
Staple yarn	1000 pounds	F. capacity 500-600	120	S. Korea (should be local cotton yarn)

Stock (How many months) 6 months (normal)

-easily

-what problems experienced Delays at the Karachi Port and transportation problems.

1.2. Processes: (brief Description):

Weaving, dyeing, screen printing (has not been used for years).

How can be modernized through the change of the depreciated machinery.

-Technology locally available easily

difficulties

/-imported: W. and E. Europe.

-Know how

/-Available

~~-Must be imported through~~

Experts  
Licenses  
Designs



1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
3 million metre (3 shifts)	700 thousand (1.5 shifts)	1) Scarcity of trained labours 2) Supply of raw materials 3) Lack of liquidity. 4) Cuts in the supply of electricity.

How can be expanded: Not for the time being.

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power:	900 thousand kwh	200 thousand kwh

Water:

Problems experienced: Waste water into a sedimentation tank.  
(The municipality should collect waste sediments on a regular basis)

2. Labour

If expansion is projected, employment would increase

	Annual	full capacity	actual
- Skilled			
- Nonskilled			
- Foreman			
- Management			
	total	200	40

Problems experienced: Mostly temporary workers.  
(required on-the-job training 6 months)

3. Maintenance:

- Own workshop Yes.
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports  
80%
- problems experienced: none

4. Marketing:

- Production in Stock: none (on flow basis)
  - Annual Sales : of which Government contracts: none
  - Competition met: Bagrami (Public enterprise), cheap imports.
  - Annual Exports: none
  - Import substitution: The share of the local market not known.
- Problems experienced: none.

5. Investment:  
and Location

- Total Outlay: Afs. 50 million
- Of which fixed investment: Afs. 35 million
- Working capital: Afs. 15 million
- Loan
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: Low level of production leads to increase costs .  
(break-even Point )

6. Prospects and Recommendations:

- a) Limited supply of inputs (see above) curtails the production to such an extent that the profitability has been threatened.
- b) It seems that the owner is loosing interest in the project.

Visiting Sheet

Date: 13 April 1983

Visit to SHAMS TEXTILE Mr. EHMAM , President.  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1361 govt. show interest (outstanding issue is the legal proceedings on purchase of the factory building)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Rayon yarn	tons	70	provided through the Ministry of Commerce.

Stock (How many months) 3 months

-easily

-what problems experienced It has been claimed that the direct import of raw materials would be cheaper.

1.2. Processes: (brief Description):

Rayon cloth manufacturing.

How can be modernized Through procurement of 30 additional looms.  
(after the ownership of the building has been settled)

-Technology locally available  
/easily difficulties

-imported: 100% (Pakistan)

-Know how

-Available

-Must be imported through

Experts (machinery instal-  
Licenses lation)  
Designs

**1.3 Volume of Production:**

<b>Annual Capacity</b>	<b>Annual Production</b>	<b>Reasons for not Utilization of Capacity</b>
300 thousand metres (2 shifts)	150 thousand metres	1) Lack of raw materials. 2) lack of labour.

How can be expanded: Additional machinery

**1.4 Infrastructures (Annual Consumption)**

Power: Afs. 20 000/month. (no delivery for 2-3 months)

Water: own well.

Problems experienced:

**2. Labour**

If expansion is projected, employment would increase

	<b>Annual full capacity</b>	<b>actual</b>
- Skilled		3
- Nonskilled		8
- Foreman		1
- Management		2
	total 35	14

Problems experienced:

Mostly temporary labour force (one month on the job training not sufficient)

**3. Maintenance:**

- Own workshop Common facilities at industrial estate.
- Outside : by private enterprise      public enterprise
- spare parts available locally - through imports 20%  
80%
- problems experienced: none

4. Marketing:

- Production in Stock: 20 days
- Annual Sales : of which Government contracts: none.  
150 000 meters
- Competition met: Local producers.
- Annual Exports: none
- Import substitution: Good prospect (prices of imports higher by one third)

Problems experienced: none.

5. Investment:  
and Location

-Total Outlay: not answered

Of which fixed investment: n. a.

Working capital:

Loan request made to IDBA for Afs. 4 million.

Others

Future expansion requirements: Own resources  
/Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: Action on a loan application pending (satisfactory  
settlement of legal possession of the building)

6. Prospects and Recommendations:

Unless the mentioned problems have been settled, there is no prospect for an improved performance of this enterprise.

Visiting Sheet

Date: 16 April 1983

Visit to MAQSOUDI TEXTILE Mr. M. MEHIDI, Director Accounting  
Persons met (position in the Enterprise)

- D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)  
Also owns a spinning mill and plastic bags producing establishment.  
Textile mill was established 13 years ago (previously thread making)  
100% private.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Rayon yarn	ton	50-60	S. Korea, Taiwan
dyes	"	10	W. Germany

Stock (How many months) on the flow basis.

- easily
- what problems experienced none.

1.2. Processes: (brief Description):  
Production of rayon yarn, setting and dyeing.

How can be modernized none foreseen.

-Technology locally available easily difficulties

-imported: 100% Pakistan (expert during brake-in period)

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
9 360 thousand metre	820 000 metre	1) Cuts in the power supply. 2) Lack of labour (out of 176 locms 84 are working).

How can be expanded: none foreseen.

1.4. Infrastructures: (Annual Consumption)

Power: not answered  
Water: own.

Problems experienced: Environmental (noise and dyes disposal) due to location in urban area.

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	actual
- Skilled	-	24
- Nonskilled	- (3 shifts)	- (1 shift)
- Foreman	-	3
- Management	-	1
	960	28

Problems experienced: 80% workers from the provinces of temporary basis.

3. Maintenance:

- Own workshop Yes.
- Outside : by private enterprise public enterprise
- spare parts available locally - <sup>50%</sup> through imports <sup>50%</sup> 2 months stock
- problems experienced: none.

4. Marketing:

- Production in Stock: none
- Annual Sales : of which Government contracts: none  
820 thousand metre
- Competition met: not important.
- Annual Exports: none
- Import substitution: share of the market not known.

Problems experienced:

5. Investment:  
and Location

- Total Outlay: not answered
- Of which fixed investment: not answered
- Working capital:
- Loan
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? no.  
If not where would you settle?

Problems experienced: Due to factory's location in the urban area, there are frequent complaints from neighbour citizens.

6. Prospects and Recommendations:

- a) It seems that the owner is losing interest in proper management of the factory.
- b) Thorough analysis of the company's balance sheet is to be made to ascertain the real reasons for the unsatisfactory performance of this enterprise.



Visiting Sheet

Date: 26 April 1983

Visit to FIROZE KNITTING Mr Mohammad Ali. President  
Persons met (position in the Enterprise) 100% Private.

D. Generalities: (prime concern, experience gained, Government's  
interest in the project - Government and / or  
Foreign promoter - legal structure)

Established 1338. Govt. interest, but no outside help provided.

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
acrylic yarn 1000 kg.	full capacity Actual	S.Korea, Japan, Hongkong
	12 3	

Stock (How many months) 6 months

-easily

-what problems experienced Transportation problems from the border.  
(8-12 months) - lost shipment.

1.2. Processes: (brief Description):

sweater knitting, shawls , jersey, sport wear fabrics

How can be modernized not considered

-Technology locally available  
easily

difficulties

-imported: 100%

-Know how

-Available /

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Sweater 15000 pcs.	5000 pcs.	1- Lack of market 2- Transport of raw materials. 3- lost materials - not covered by insurance. 4- competition from cottage industry (wild operators)

How can be expanded:

1.4. Infrastructure: (Annual Consumption)

	Full capacity	Actual
Power:	Afs. 21th/year	Afs. 14th/year
Water:	not relevant	

Problems experienced:

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled		10	3
- Nonskilled		12	8
- Foreman			
- Management		$\frac{4}{26}$	$\frac{3}{14}$

mostly temporary

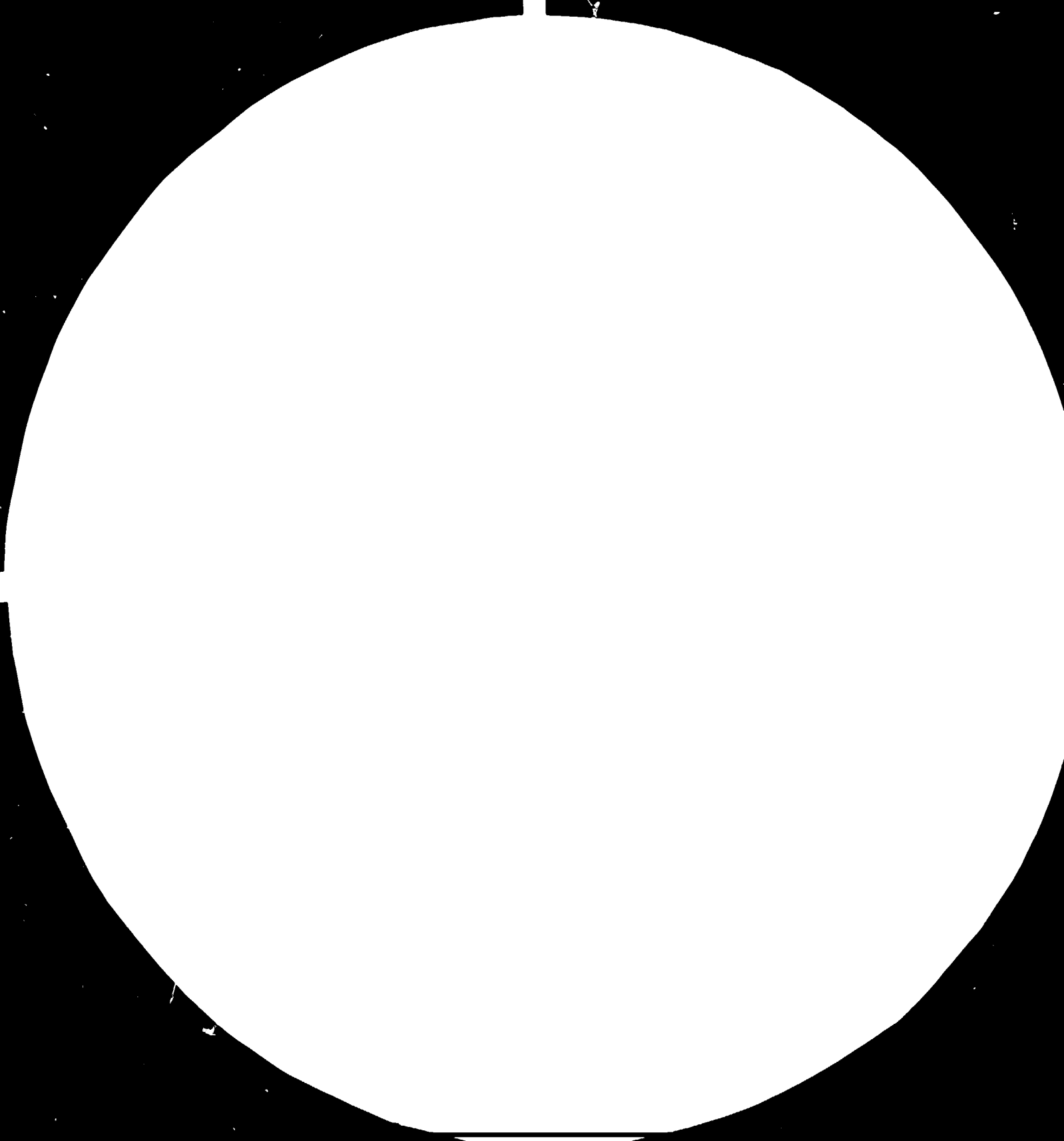
Problems experienced:

Changes in temporary labour force not conducive to desired quality of production

3. Maintenance:

- Own workshop Yes
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports /
- problems experienced: None.

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4. Marketing:

- Production in Stock: 1 month
- Annual Sales : of which Government contracts: None.  
not answered
- Competition met: non-licenced operators
- Annual Exports: None.
- Import substitution: No legal import allowed.

Problems experienced: Flow of goods to provinces (previously 80% of production) is slow.

5. Investment:  
and Location

-Total Outlay: Afs. 1,75 million      Initial      Actual Afs. 5,1 Million  
Of which fixed investment: Afs. 2,2 Million  
Working capital:  
Loan      None.  
Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory?      Yes.  
If not where would you settle?

Problems experienced: Performance does not correspond to the increased outlay.

6. Prospects and Recommendations:

See      1.1. Raw material  
         1.3. Production  
         2. Labour  
         4. Marketing

Owners seem losing interest. Current uncertainties present risks which they are not prepared to undertake.

Visiting Sheet

Date: 19 April 1983

Visit to SADAT KNITTING Mr. Olam Hassan - President  
Persons met (position in the Enterprise) 100% private.

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1360  
Govt. interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		F. Capacity	Actual	
ACRYLIC	1000 kg	20	17	Taiwan, S. Korea
THREAD	Afs. 1000	60	20	

Stock (How many months)

-easily

-what problems experienced Transport from borders (40% Pakistan, 60%USSR)

1.2. Processes: (brief Description):

Sweater knitting  
(Originally also socks - did not materialize)

How can be modernized not during next 3 years.

-Technology locally available  
easily difficulties

-imported:

-Know how Available  
-Must be imported through Experts  
Licenses  
Designs

## 1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Sweaters	24000/year	11000/year	Out of 8 knitting machines purchased only 5. No sock making machines provided.
Socks	33600/year	none	

How can be expanded: depends on availability of capital.

## 1.4. Infrastructure: (Annual Consumption)

	full capacity	Actual
Power:	Afs. 16000	Afs, 10000
Water:	not relevant.	

Problems experienced: none serious.

2. Labour

If expansion is projected, employment would increase

	Annual	full capacity	Actual
- Skilled		24	10
- Nonskilled		10	5
- Foreman		—	—
- Management		<u>3</u>	<u>3</u>
		37	18

Problems experienced: Five skilled workers have been drafted in the army. on the job training (5-6 months) required

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports
- problems experienced: none



4. Marketing:

- Production in Stock: none
  - Annual Sales : of which Government contracts: none  
own shop
  - Competition met: Other producers (non - licenced)
  - Annual Exports: none
  - Import substitution: no import in this quality line allowed.
- Problems experienced: none

5. Investment:  
and Location

- Total Outlay: Afs. 4.2 million
- Of which fixed investment: Afs. 2.3 million  
Working capital: Afs. 1.9 million  
Loan Afs. 1.5 million - 0.5 still outstanding.  
Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced:

6. Prospects and Recommendations:

Analysis should be made of the originally anticipated schedule of operations (as compared to the actual situation); up-dating of the in-put content is necessary.

Visiting Sheet

Date: 7 May 1983

Mr. M. Saleh-Vice-President

Visit to DERWISH Tannery

Persons met (position in the Enterprise)

D. Generalities: prime concern, experience gained, Government's  
~~interest in the project - Government and / or~~  
Foreign promoter - legal structure) 100% private (family enterprise)

Established in 1355, previously export of dried skins  
(300 000 pcs/year at 50 percent price of processed one)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		Full capacity	Actual	
Sheep skins	pcs	600 000	300 000	different provinces
Chemicals	ton	300	150	W. Germany

Stock (How many months) 1 month - skins

-easily 6 months - chemicals

-what problems experienced Difficulties in concentrating skins  
in the provinces.

Long delivery time for chemicals.

1.2. Processes: (brief Description):

White blue and pickle tanning (semi-finished)

How can be modernized not considered

-Technology locally available 20%  
easily difficulties

-imported: 80%

-Know how X-Available  
-Must be imported through Experts  
Licenses  
Designs

## 1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
600 000 pcs	300 000 pcs	1. Lack of foreign market (80%) 2. Transportation problems

How can be expanded: not for the time being

## 1.4. Infrastructure: (Annual Consumption)

Power: actual 100 KWh/year

Water: own well (wastes in a tank 384 sq.m.- disposal into open terrain)

Problems experienced: None

2. Labour

If expansion is projected, employment would increase

	Annual	Actual
- Skilled		4
- Nonskilled		33
- Foreman		3
- Management		<u>40</u>

Problems experienced:

Turnover in the labour force (draft) affects economic performance of the enterprise.

3. Maintenance:

- Own workshop
- Outside : by private enterprise 100% public enterprise
- spare parts available locally - through imports
- problems experienced: None

4. Marketing:

- Production in Stock: **On a flow basis**
  - Annual Sales : of which Government contracts:  
300 000 pcs
  - Competition met: **none**
  - Annual Exports: **100% (50% Italy, 50% USSR)**
  - Import substitution: **not relevant**
- Problems experienced: **Export promotion should be further improved.**

5. Investment:  
and Location

	<b>Initial</b>		<b>Actual: Afs. 30 million</b>
-Total Outlay:	<b>Afs. 10 million</b>	Of which fixed investment:	<b>Afs. 10 million</b>
		Working capital:	<b>Afs. 20 million</b>
		Loan	<b>Afs. 10 million</b>
		Others	

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? **Yes (Industrial Area)**  
If not where would you settle?

Problems experienced: **None**

6. Prospects and Recommendations:

The enterprise will expand in line of wool processing.  
Effort should be made to fully process the skins and export finished products.

Visiting Sheet

Date: 4 May 1983

Visit to EWAZ BADGHISI LTD.,  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1367 (as a family trade exists for 25 years)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Silk	(40%)	7-10	Local
Wool	(60%)		

Stock (How many months) 2 months

-easily

-what problems experienced Kandahar wool processing factory temporarily closed - no supply is forthcoming.

1.2. Processes: (brief Description):

Carpets making and washing

How can be modernized not relevant - hand production

-Technology locally available /easily difficulties

-imported:

-Know how -Available  
-Must be imported through Experts  
Licenses  
Designs

## 1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Carpets	800 m <sup>2</sup>	550 m <sup>2</sup>	Brake-in period (full capacity will be achieved in 2 years)
Gelims	8000 m <sup>2</sup>	2000 m <sup>2</sup>	

How can be expanded:

## 1.4. Infrastructure: (Annual Consumption)

Power: not relevant

Water: own (No machinery for carpet washing installed)

Problems experienced:

2. Labour

If expansion is projected, employment would increase

Annual

- Skilled	80	
- Nonskilled	208	(working at home)
- Foreman		
- Management	<u>12</u>	
	300	

Problems experienced:

3. Maintenance:

- Own workshop not relevant

- Outside : by private enterprise public enterprise

- spare parts available locally - through imports

- problems experienced:

4. Marketing:

- Production in Stock: 2 months
  - Annual Sales : of which Government contracts: none
  - Competition met: <sup>2500 m<sup>2</sup></sup> other producers
  - Annual Exports: will be 90%
  - Import substitution: none
- Problems experienced: New marketing channels should be developed with the assistance of the Government.

5. Investment:  
and Location

- Total Outlay: Afs. 5 million
- Of which fixed investment: Afs. 0.5 million
- Working capital: Afs. 4.5 million
- Loan
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: none.

6. Prospects and Recommendations:

- a) Marketing channels should be reviewed to reflect the actual situation on European and other markets (carpet washing and stocking in Europe, air transport charges etc.)
- b) Financial assistance to producers, whose export earnings are invested in this and other selected branches (use of local raw materials) should be stepped out.

Visiting Sheet

Date: 24 April 1983

Visit to SALANG Carpet Washing Mr. M. FEDA - President.  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1359 as a 100% private enterprise.  
Govt. has no interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Detergents kg	60	Local market

Stock (How many months) 1

/-easily

-what problems experienced The owner was not aware of the possibility to import raw materials at a lower custom rate.

1.2. Processes: (brief Description):

Carpet washing and cleaning

How can be modernized By introducing also a dry process.

-Technology locally available easily difficulties

/-imported: W. Germany

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs



1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
60000 m <sup>2</sup>	36000 m <sup>2</sup>	1) lack of electricity supply 2) scarcity of labour.

How can be expanded: Subject to government policy, where, by exported  
carpets should be washed in Afghanistan

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power:	46000 kwh	28000 kwh.

Water: own well (waste into a septic tank.)

Problems experienced: Environmental problems in the area, where the  
enterprise is located.

2. Labour

If expansion is projected, employment would  
increase

	Annual	full capacity	actual
- Skilled		18	5
- Nonskilled		10	5
- Foreman		-	-
- Management		2	2
		<u>30</u>	<u>12</u>

Problems experienced:

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports
- problems experienced:                      none.

4. Marketing:

- Production in Stock: on a flow basis
- Annual Sales : of which Government contracts: none  
not answered.
- Competition met: Washing done by non-specialists
- Annual Exports: none
- Import substitution: not relevant

Problems experienced: compulsory washing of exported carpets would enhance the opportunities for further expansion.

5. Investment:  
and Location

	Initial		Actual
-Total Outlay:	Afs. 1.97 million	Of which fixed investment:	Afs. 3.2 million
		Working capital:	Afs. 2.9 million
		/ Loan IDBA	Afs. 0.3 million.
		Others	

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? No.  
If not where would you settle? Industrial area.

Problems experienced: A request has been made for 1 jeerib of land.

6. Prospects and Recommendations:

- a) Possibility of establishing a prospective carpet washing industry in the country should be investigated. It seems that the private investors would be willing to undertake the opportunity if a policy of incentives favoring exports of washed carpets was introduced.
- b) Suitable location of such an enterprise should be studied (availability of water, wastes treatment).

Visiting Sheet

Date: 16 April 1983

Visit to AHC, Leather and Shoe Manufacturing Co. Ltd. Mr. RAHMATIAN, President.  
Persons met (position in the Enterprise)

- D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)  
Established 20 years ago; actual status - joint company  
(49% foreign holding, 51% local private share holders)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Shoe uppers	(sq ft)	766 000	Local production
Lining		364 000	Italy
Soles		55 000	W. Germany

Stock (How many months)

- easily Local origine
- what problems experienced Transportation delays (upto 6 months)

1.2. Processes: (brief Description):

Vegatable and mineral tanning materials,  
Uppers and lining making.  
Shoe manufacturing  
How can be modernized not anticipated in the next 2 years.

- Technology locally available easily difficulties

/-imported:100%

- Know how
- Available
- Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
286 000 pairs	220 000 pairs	
Production of leather for sale was terminated 5 years ago (environmental protection)		1) lack of imported new materials. 2) Cuts in electricity supply. 3) Scarcity of labour.

How can be expanded: through a change of depreciated machinery.

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power: Public supply	500 kwh/day	230-250 kwh/day.
Water: own.		

Problems experienced: Waste water cleared by sedimentation only.

2. Labour

If expansion is projected, employment would increase

Annual	full capacity	actual
- Skilled	433	308
- Nonskilled	19	71
- Foreman	18	14
- Management	63	56
	<u>533</u>	<u>449</u>

Problems experienced: on the job training only

3. Maintenance:

- Own workshop 90%
- Outside : by private enterprise 10%      public enterprise
- spare parts available locally - through imports      rest
- problems experienced: none.

4. Marketing:

- Production in Stock: less than one month.
- Annual Sales : of which Government contracts: 23%  
220 000 pairs
- Competition met: none.
- Annual Exports: (5 years ago - 500 000 semiprocessed skin/year)
- Import substitution: 10-15% of the local market.

Problems experienced: If there were no second hand shoes imported in the country, there would be a better market.

5. Investment:  
and Location

-Total Outlay: Afs. 220 million      Of which fixed investment: Afs 60 million  
Working capital:                      Afs.160 million  
Loan  
Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.

If not where would you settle? Tanneries were suppose to be re-located in the  
KAMARI INDUSTRIAL AREA. CONSTRUCTION WAS STOPPED  
By THE AUTHORITIES 3 YEARS FOR ENVIRONMENTAL  
REASONS. ACTION HAS BEEN SINCE THAN.

Problems experienced:

6. Prospects and Recommendations:

LOCATION OF TANNERIES SHOULD BE REVIEWED IN ACCORDANCE WITH THE RESULTS OF  
THE STUDY OF ENVIRONMENTAL IMPACTS (SEE MR. SEDWICK'S REPORT).

Visiting Sheet

Date: 13 April 1983

Visit to EAGLE SHOE FACTORY  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 16 years ago as 100% private company (family type).

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Shoes.	pair	10 000	W. Germany
Uppers	pair	10 000	Italy
leather	sq. ft.	30 000	India

Stock (How many months)

-easily

-what problems experienced Rising costs (30% of raw materials is being air-transported. Increases in the rate of exchange)

1.2. Processes: (brief Description):

Mostly (60%) hand production of leather shoes.

How can be modernized not for the time being.

-Technology locally available easily difficulties

/-imported: 100%

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
400 pairs/day	30 pairs/day	1) High cost of raw materials. 2) lack of labour.

How can be expanded: no expansion foreseen.

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power:	20 000 kwh	2 000 kwh
Water:	one.	

Problems experienced:

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	actual
- Skilled		3
- Nonskilled		9
- Foreman		3
- Management		3
	150-180	18

Problems experienced:

Scarcity of labour force seems to be a secondary factor.

3. Maintenance:

- Own workshop Yes.
- Outside : by private enterprise 15% public enterprise
- spare parts available locally - through imports
- problems experienced: One machine has been idle for many years. There is no local specialist who would be able to fix it.

4. Marketing:

- Production in Stock: 1 month.
  - Annual Sales : of which Government contracts: 60% (yearly contract)  
7000 pairs.
  - Competition met: AHO Shoe factory.
  - Annual Exports: none.
  - Import substitution: Share of the market not known.
- Problems experienced: increasing costs make the products less competitive.

5. Investment:  
and Location

- Total Outlay: n. a. Of which fixed investment: n. a.
- Working capital:
- Loan
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced:

6. Prospects and Recommendations:

- a) Insurance companies exclude the coverage of "civil commotion and war risks", what makes the importation procedure difficult;
- b) Importation of raw materials via Karachi Port is connected with the verification of trade licences by the Pakistani Authorities. This creates a substantial delays in the delivery of materials (more than 6 months)



Visiting Sheet

Date: 29 March 1983

Visit to PAMIR FELEZ Mr. Ghul. Mohd. MEZCZADA--President  
Persons met (position in the Enterprise) 100% private

D. Generalities: ((prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure))

Established 1959 (formerly ARIANA FELEZ)  
Government shows interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Sheets, profiles	Million Afs.	2.3	local market

Stock (How many months) 3 months ( under normal conditions one month would be sufficient)

-easily

-what problems experienced transport tariffs increases the costs (more than 10%)

1.2. Processes: (brief Description):

Steel furniture and safes manufacture

How can be modernized not for the time being

-Technology locally available 30%  
easily difficulties

-imported: 30%

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Afs. 15 million	Afs. 12 million	

- 1) Scarcity of labour
- 2) Cuts in electricity supply
- 3) Transportation problems (discourage the direct import - lower custom tariff not used)

How can be expanded: no expansion

1.4. Infrastructure: (Annual Consumption) full capacity

Power:	Afs. 63000/year	actual Afs. 50000/year
Water:	not relevant	

Problems experienced: expected cuts in power supply should be announced beforehand

2. Labour

If expansion is projected, employment would increase

	Annual	full capacity	actual
- Skilled		50	20
- Nonskilled		70	40
- Foreman		3	3
- Management		3	3
		<u>126</u>	<u>66</u>

2 shifts (mostly temporary workers)

Problems experienced:

On-the-job training has no impact due to turn-over of temporary workers.

3. Maintenance:

- Own workshop Own
- Outside : by private enterprise public enterprise
- spare parts available/locally - through imports
- problems experienced: none

4. Marketing:

- Production in Stock: 1 month
  - Annual Sales : of which Government contracts: 100%  
Afs. 12 million
  - Competition met: other producers (private as well as public)
  - Annual Exports: none
  - Import substitution: no importation allowed
- Problems experienced: Government procurement policy should be reviewed  
in favour of enterprises licenced under FDPIL

5. Investment:  
and Location

- Total Outlay: Afs. 3.3 million
- Of which fixed investment: Afs. 2.4 million
- Working capital: Afs. 1.9 million
- Loan none
- Others

Future expansion requirements: Own resources 50%  
Loans 50%  
Other sources

Is the present location satisfactory? yes  
If not where would you settle? if expansion - Industrial Area

Problems experienced:

6. Prospects and Recommendations:

See 4) Marketing

1.4) Infrastructure

Visiting Sheet

Date: 17 April 1983

Visit to KHORASAN FELEZ  
Persons met (position in the Enterprise)

D. Generalities: / (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1356 as a 100% private company  
Government shows interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		full capacity	actual	
Metal sheets and profiles	ton	600	63	local market

Stock (How many months) 3 months

-easily

-what problems experienced Due to transportation problems, material is being procured from local market at higher cost.

1.2. Processes: (brief Description):

steel furniture, safes  
(originally conceived for aluminium products)

How can be modernized diversification (production of press cookers)

-Technology locally available  
/easily

difficulties

-imported:

-Know how

/ -Available  
-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Afs. 63 million	Afs. 6.3 million	1) Lack of labour 2) Supply of Electricity 3) Government procurement

How can be expanded: Through diversification (Metal doors and windows), simple agricultural machinery, press-cooker

1.4. Infrastructure: (Annual Consumption)

	full capacity	actual
Power:	Afs. 30.000/year	Afs. 10.000/year
Water:	not relevant	

Problems experienced:

2. Labour If expansion is projected, employment would increase

	Annual full capacity	Actual
- Skilled	10	3
- Nonskilled	59	20
- Foreman	3	1
- Management	2	2
	<hr/> 74	<hr/> 26

Problems experienced:

temporary workers

3. Maintenance:

- Own workshop yes
- Outside : by private enterprise - public enterprise -
- spare parts available/locally - through imports
- problems experienced: none

Simple machinery is produced in the factory itself.

4. Marketing:

- Production in Stock: 2 months
- Annual Sales : of which Government contracts: 100%  
Afs. 6.3 million
- Competition met: other producers
- Annual Exports: none
- Import substitution: no importation allowed

Problems experienced:

Producers working under the municipality licence are able to compete  
(after the expiration of tax holiday)

5. Investment:  
and Location

- Total Outlay: Afs. 2 million
- Of which fixed investment: Afs. 1,5 million
- Working capital: Afs. 0.5 million
- Loan
- Others none

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

- a) Diversification programme should be worked out  
(Ministry of Agriculture should be approached  
with respect to agricultural machinery and  
Ministry of Mines and Industries with respect  
to pressure cookers).
- b) Purchasing procedure should be reviewed thus  
the Investment Promotion and Development Dept.  
be kept informed and instrumental in final  
awarding orders.

Visiting Sheet

Date: 14 May 1983

Visitto MAIHAN FELEZ  
Persons met (position in the Enterprise)

Mr. Mohd. Sidiq-Vice President  
Mr. Abdul Samad- D.G. Accountant  
joint stock company (6 share holders)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1352 (adviser from Japan)  
Government's interest

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
	Full capacity	Actual	
hard rolled strips ton	1000	216	Japan

Stock (How many months) 4 months

-easily

-what problems experienced Problems at Karachi Port (L/C Bank Millie)

1.2. Processes: (brief Description):

Profile making (17 shapes)

How can be modernized substitution for depreciated machinery

-Technology locally available  
easily

difficulties

/-imported: Japan

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
1000 ton/year	216	1. lack of electricity

How can be expanded: modernization

1.4. Infrastructure: (Annual Consumption)

Power: 15 KW/hour at full capacity ( now 4 KW/hour)

Water: own

Problems experienced:

Electricity indispensable, lack of drinking water  
(pipeline should be built)

2. Labour If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled		13	7
- Nonskilled		17	17 temporary
- Foreman		1	1
- Management		<u>2</u>	<u>2</u>
		33	27

Problems experienced:

on-the-job training 1 - 2 months

3. Maintenance:

- Own workshop own
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports
- problems experienced: none



4. Marketing:

- Production in Stock: none
  - Annual Sales : of which Government contracts: 90% + Public Sector (Jangalak)  
n.a.
  - Competition met: 10% cheaper than import
  - Annual Exports: none
  - Import substitution: yes - quantity not known
- Problems experienced: none

5. Investment:  
and Location

	initial		actual Afs. 18
-Total Outlay: Afs. 12 million		Of which fixed investment:	million
		Working capital:	4 million
		Loan none	14 million
		Others -	

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? yes  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

Visiting Sheet

Date: 15 May 1983

Visit to KABUL FELEZ  
Persons met (position in the Enterprise)

- D. Generalities: prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)  
Established 1347 as 100% private family enterprise  
Government showing interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		Full capacity	Actual	
Profiles	pcs.(6 m length)	20.000	14000	W. Germany
Sheets	pes.	8.000	5000	Japan(70%), W. Germany (30%)

Stock (How many months) 6

- easily
- what problems experienced Producers insist on accepting FOB price
  - transportation from the borders takes 6 months to 1 year.

1.2. Processes: (brief Description):

steel furniture (for offices and schools)

How can be modernized design

-Technology locally available  
/easily difficulties

-imported:

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Afs. 25 million (300 ton)	Afs. 17 million	1) lack of labour 2) lack of electricity 3) delay in transportation 4) market problems

How can be expanded:

1.4. Infrastructure: (Annual Consumption)

Power: 60th KWh (at full capacity), actual 28th KWh  
Water: not relevant

Problems experienced:

Last year no delivery for 5 months

2. Labour

If expansion is projected, employment would increase

	Annual Full capacity	Actual
- Skilled	20	50
- Nonskilled	80	40 (of which 20 temporary)
- Foreman	n.a.	n.a.
- Management		
	<u>100</u> (project proposal total 45)	<u>45</u>

Problems experienced:

Temporary workers cannot substitute for those who are permanent.

3. Maintenance:

- Own workshop yes
- Outside : by private enterprise                      public enterprise
- spare parts available/locally - through imports
- problems experienced: none

4. Marketing:

- Production in Stock: none ( samples only)
- Annual Sales : of which Government contracts: 100% (last year)  
Afs. 17 million
- Competition met: other local producers
- Annual Exports: none
- Import substitution: no import allowed

Problems experienced: none

5. Investment:  
and Location

-Total Outlay: Afs. 1.5 million

initial

Of which fixed investment:  
- Working capital:  
Loan Afs. 3 million  
Others (IBDA)

Actual Afs.12 million  
Afs. 9 million  
Afs. 3 million

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? no  
If not where would you settle? Puli-Charkhi Industrial Area  
(building ready for occupation  
in 6 months time)

Problems experienced: none

6. Prospects and Recommendations:

- a) Rationalization to transportation problems should be found.
- b) Government procurement policy should be reviewed.

Visiting Sheet

Date: 24 April 1983

Visit to FAROUQI WORKSHOP  
Persons met (position in the Enterprise)

100% private

D. Generalities: / (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1356

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
No direct import of raw material		Bazar

Stock (How many months)

-easily  
-what problems experienced none

1.2. Processes: (brief Description):

Overhaul of engines and diesel pumps

How can be modernized No plans

-Technology locally available easily difficulties

-imported: 100%

-Know how -Available  
-Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Afs. 2 million	Afs. 600.000	1. lack of labour 2. lack of electricity

How can be expanded: no expansion

1.4. Infrastructure: (Annual Consumption)

Power: 24th KWh (full capacity), actual 12th KWh

Water: not

Problems experienced: Frequent cuts in the supply

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled		15	2
- Nonskilled		10	2
- Foreman		5	1
- Management		1	1
		<hr/>	<hr/>
		41	6

Problems experienced:

Work requires skill. All workers drafted.  
No white card received (6 applications)

3. Maintenance:

- Own workshop yea
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports
- problems experienced: none

4. Marketing:

- Production in Stock: none
- Annual Sales : of which Government contracts: none  
Afs. 600.000
- Competition met: - n.a.
- Annual Exports: -
- Import substitution: -

Problems experienced: none

5. Investment:  
and Location

-Total Outlay: initial                      Of which fixed investment: Present Afs. 4 million  
Afs. 2.8 million                      Working capital:                      3.6  
Loan                      Afs. 2 million                      0.4  
Others -                      (1.4 million paid)

Future expansion requirements: Own resources 50%  
Loans 50%  
Other sources

Is the present location satisfactory?    yes  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

Owner seems to be discouraged by the lack of labour.

Visiting Sheet

Date: 14 April 1983

Mr. Farouq - Accountant

Mr. Akajan - Technical engineer

Visit to SALAR WORKSHOP CO., LTD  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1355 - joint stock company, Government interest

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Various parts Afs.	180.000	100% import (various sources)

Stock (How many months) one year

-easily Yes

-what problems experienced Difficulties in flow of imported parts.

1.2. Processes: (brief Description):

engine and diesel pumps overhaul (1375 units)  
crankshaft, regrinding, line bore, cylinder head re-building (bo-ring-  
How can be modernized surfing).

no modernization (replacement of depreciated machines)

-Technology locally available not available  
easily difficulties

/-imported:

-Know how

-Available

-Must be imported through

Experts (installation)

Licenses (of new machinery)

Designs



1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Total units 1375	405 units	Afs. 445th.
Regrinding		
Connecting rod rebore, alignment	326 sets	221th.
Cylinder boring	237 units	257 th.
Liner bore	245 units	119th.
Liner processing	190 sets	169th.
Diesel pumps overhaul	94 units	107th.
Valve overhaul	495 sets	351th.
Surfacing	111 units	65th
How can be expanded:	1744th	something due to the price increases

1.4. Infrastructure: (Annual Consumption)

	1981 - 82	1982- 83
Power:	19000 KWh	6000 KWh + generator set (5% price increase)
Water:	own	

Problems experienced: supply of electricity

2. Labour

If expansion is projected, employment would increase

	Annual 1981-82	1982-83
	Full capacity	Actual
- Skilled	16	12
- Nonskilled	16	11
- Foreman	2	2
- Management	6	5 including)
	<u>40</u>	<u>30</u>

Problems experienced:

Government released 5 skilled mechanics

3. Maintenance:

- Own workshop own
- Outside : by private enterprise - public enterprise -
- spare parts available locally - through imports 100%
- problems experienced:

4. Marketing:

- Production in Stock: -
  - Annual Sales : of which Government contracts: none  
Afs. 1.7 million.
  - Competition met: other private enterprises
  - Annual Exports: -
  - Import substitution: -
- Problems experienced: no marketing problems

5. Investment:  
and Location

- Total Outlay: Afs. 5.5 million      Of which fixed investment: Afs. 5 million
- Working capital:                      0.5 million
- Loan    -
- Others    -

Future expansion requirements: Own resources      n.a.  
Loans  
Other sources

Is the present location satisfactory?      yes  
If not where would you settle?      not for the time being (next  
establishment in Industrial Area)

Problems experienced: -

6. Prospects and Recommendations:

1. Supply of labour is a key problem
2. Present location close to the market.  
However, if expanded, new location should be found.

Visiting Sheet

Date: 14 May 1983

Visit to HOECHST AFGHANISTAN AG. Mr. E. NEUMANN - Managing Director  
Persons met (position in the Enterprise) Mr. SHAH - Manager.

D. Generalities: / (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1972 as a mixed company (Hoechst 49%\*, IDBA 27%, private interests 24 shares)

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
There is an extensive list of material used, 99% of which is being imported from the approved licensors and 1% is locally made.		

Stock (How many months) 1-3 months. (auxiliaries 6-8 months)

-easily

-what problems experienced Due to transportation problems a substantial part is being air-shipped, what increases cost of production more than 10 times.

1.2. Processes: (brief Description):

Manufacture of ointments, tablets, capsules, coated tablets, syrups, drops, ampules and powders.

How can be modernized New equipments are to be procured to produce more advanced drugs; new packaging line.

-Technology locally available easily

difficulties

Imported: 100%

-Know how

-Available

-Must be imported through

Experts temporary

Licenses \*\*

Designs

\*: Hoechst parent company takes care of the quality control and from time-to-time send experts (training also at the Bombay Subsidiary).

\*\* : Licence agreement with five foreign companies (fees: 2.5% out of the turnover)

## 1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for <del>not</del> exceeding the <del>utilization</del> Capacity
Production Units	25.1 million	31.5 million	- 15% over-time labour - index $\frac{1982}{1981} = 125.3$

How can be expanded: Modernization

## 1.4. Infrastructure: (Annual Consumption)

Power: 450KWA/hour  
Water: Own (45 meters deep well)

Problems experienced: Stand-by generator cannot take care of all the requirements (for emergency only)

2. Labour

If expansion is projected, employment would increase

	Annual	F. capacity	Actual
- Skilled		73	70 of which 40% women
- Nonskilled		76	79
- Foreman		-	-
- Management		<u>1</u>	<u>1</u>
total		150	150 + 150 in depots

Problems experienced: On the job training at the site. Possibilities to use training facilities in Bombay (subsidiary) or in W. Germany are scarcely used.

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports 100% (airlifted)
- problems experienced: none

4. Marketing:

- Production in Stock: 3 months (Depots: 2 in Kabul & 7 in provincial cities)
- Annual Sales : of which Government contracts: none (Generic Drug Law prevents it)  
1982 Afs. 487 million.
- Competition met: none.
- Annual Exports: none
- Import substitution: could be 100%

Problems experienced:    Increasing cost of raw materials require an increase in selling prices which have been fixed for the last seven years.  
A decision by the Government is pending.

5. Investment:  
and Location

- Total Outlay: Afs. 110 million      Of which fixed investment: not answered.
- Working capital:
- Loan    Afs. 114 million (local banks)
- Others

Future expansion requirements: Own resources  
  /Loans  
  Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

- a) Processing of the request for the price increase will determine the realization of the prepared expansion programme.
- b) There is a room for a negotiated specialization of production between the Government Laboratories and private drug producers.
- c) The Government should make use of the possibility to train its managerial and pharmaceutical personnels in the company's facilities in Kabul as well as abroad.

Visiting Sheet

Date: 19 April 1983

SIDDIQ LABORATORIES  
100% private  
Mr. Chulam Siddiq-President  
Visit to SIDDIQ LABORATORIES  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)  
Established 1944, Government interest (application of FDIIL) and control by the Ministry of Public Health.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Vitamines	1000 kg	2	W. Germany
Hormones	kg	20	"
All analgestic	1000 kg	10	France (30%), W. Germany
Antibiotics	kg	100	W. Germany

Stock (How many months)  
6 months

-easily

-what problems experienced All material air-shipped-increases costs.

1.2. Processes: (brief Description):

Grinding, mixing, drying, tablets making, injections production, balm and syrup making, disinfection tincture

How can be modernized not for the time being.

-Technology locally available  
easily

difficulties

-imported: 100%

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Vitamine tablets	40th bottles	20th bottles	1) Lack of electricity 2) Lack of labour
Syrups	100 bottles	50th bottles	
Desinfection	70 bottles	35 bottles	
Ointments	220th tubes	110 the tubes	
Injection	250 the ampules	100th ampules	
Distilled water	200th litres	100th litres	

How can be expanded:

1.4. Infrastructure: (Annual Consumption)

	Full capacity	actual
Power:	Afs. 70th/(annually)	Afs. 35th
Water:	Own	

Problems experienced: Power supply crucial.

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	Actual
- Skilled	12	1 shift
- Nonskilled	3 2 shifts	
- Foreman	1	
- Management	2	
	<u>18</u>	+ 20 temporary women

Problems experienced:

to provide training and achieve observation of hygienic procedures very difficult when frequent changes of labour.

3. Maintenance:

- Own workshop yes
- Outside : by private enterprise 10% public enterprise none
- spare parts available locally - /through imports
- problems experienced: none

4. Marketing:

- Production in Stock: 1 month (quality control by the Ministry of Public Health)
- Annual Sales : of which Government contracts: none (Generic Law prohibits)  
n.a.
- Competition met: cheap imports
- Annual Exports: -
- Import substitution: none

Problems experienced:

importation of medicines which can be manufactured locally. Application of Generic Law.

5. Investment:  
and Location

-Total Outlay: *N.a.*                      Of which fixed investment: *N.a.*  
Working capital:  
Loan  
Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? *Yes*  
If not where would you settle?

Problems experienced:

6. Prospects and Recommendations:

Quality control should be reviewed (delayed sale draws on financial resources).

Generic Law is a brake on production.



Visiting Sheet

Date: 18 April 1983

Visit to MARBLE AND BETON COMPANY  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1339 and in 1349 sold to present owner  
(100% private)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		F.Capacity	Actual	
Marble	cu. metre	502	81	all local provinces
other stones	"	5390	213	(Parwan, Logar, Kandahar,
cement	ton	430	260	Helmand, Foryab, Kabul)

Stock (How many months) 1-3 years (no delivery for 3 years.)

-easily

-what problems experienced Since the marble queries are in the hands of Government, arrangements should be made for the regular supply to producers

1.2. Processes: (brief Description):

Cutting and polishing of marble and other stones, production of terrazo, tiles, pre-fabricated and handicraft goods.

How can be modernized not for the time being (although the equipment has been depreciated)

-Technology locally available easily

difficulties

-imported: 100%

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

## 1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Polished stones	1597 tons.	741	1) lack of raw materials 2) scarcity of labour 3) limited market due to slackening construction activity.
Tiles	31358 sq m.	7811	
Polished marble	502 cu m.	29000 pcs.	

How can be expanded: not foreseen

## 1.4. Infrastructure: (Annual Consumption)

	F. Capacity	Actual
Power:	535000 kwh	240000 kwh
Water:	own (Waste into sedimentation tanks)	

Problems experienced:

2. Labour

If expansion is projected, employment would increase

	Annual	F. Capacity	Actual
- Skilled		92	21
- Nonskilled		120	35
- Foreman		5	3
- Management		16	10
		<u>233</u>	<u>69</u>

Problems experienced: There is an insurance and medical scheme for the factory's employees in operation.

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports 100%
- problems experienced:

4. Marketing:

- Production in Stock: 3 month.
- Annual Sales : of which Government contracts: 7%  
1360 Afs. 9.86 million
- Competition met: Public enterprises.
- Annual Exports: No importation allowed.
- Import substitution:

Problems experienced: Slackening construction activity limits the prospects for sale of factory's products.

5. Investment:  
and Location

	Initial Afs. 9 million	Actual Afs. 25 M.
-Total Outlay:	Of which fixed investment: Afs. 9.6 m.	
	Working capital: " 15.4	
	Loan NONE	
	Others	

Future expansion requirements: Own resources  
/Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: To modernize depreciated equipment. a loan is required.  
There is no collateral available to guarantee a 20 million Afs loan.

6. Prospects and Recommendations:

- a) If the market does not improve, there is no prospect for a modernization. A public enterprise is equipped with up-to-date machinery with which this depreciated equipment will not be able to compete.
- b) Agreement should be negotiated with the Ministry of Public Works as to the use of factory's production capacity for the manufacturing of pre-fab to be used in the development projects (sewerage etc.)

Visiting Sheet

Date: 10 May 1983

Visited to ARCHAN CASING CO. M. Sharifzada - President  
Persons met (position in the Enterprise) 100% private.

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1355; foreign interest and expertise (Syria) was terminated; Govt. shows interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		Full capacity	Actual	
casings	hanks*	250 thousand	212 thousand	Kabul, Kundoz (60%)
Salt	ton	600	400	Mazar-sharif, Ghazni, Faryab (40%)
				Mazar Sharif (salt)
Stock (How many months)		1 year. (Agents to collect. Commission 2 Afs/piece)		(Cold storage)

-easily

-what problems experienced Concentration should be improved.

1.2. Processes: (brief Description):

Washing, sorting, measuring, salting.

How can be modernized not relevant (will remain a hand work)

-Technology locally available easily

difficulties

-imported:

-Know how

-Available

-Must be imported through

/Experts

1 expert still on premises.

Licenses

Designs

## 1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
250 thousand hanks	212 thousand hanks	1) in-flow of raw casing from provinces.
		2) Air transport tariff, cold storage in W. Germany or elsewhere in W, Europe.

How can be expanded: Solution of these problem would allow an increase of production by 20%.

## 1.4. Infrastructure: (Annual Consumption)

Power: not important.

Water: own

Problems experienced: none

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled	Total	52	56 of which 15 temporary workers (two shifts)
- Nonskilled			
- Foreman			
- Management			

Problems experienced:

Temporary workers cannot substitute for permanent labour force.

3. Maintenance:

- Own workshop not important.
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports
- problems experienced: none

4. Marketing:

- Production in Stock: 1 month.
- Annual Sales : of which Government contracts:  
not answered.
- Competition met: none
- Annual Exports: 100% (W. Germany 90%, France 10%)
- Import substitution:

Problems experienced: Air transport should be reviewed.  
(Tariff and links to W. Germany)

5. Investment:  
and Location

Initial

Actual Afs. 12.7 Ml.

- Total Outlay: Afs. 5 million
- Of which fixed investment: Afs. 2 million
- Working capital: " 10.7 million
- Loan none
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

- a) Subject to satisfactory solution of air transport connection to W. Europe, including tariff rate (increases cost by 50%), the quantity of export can be further increased.
- b) In-flow of raw casing from provinces should be improved to make a greater use of export opportunities.

Visiting Sheet

Date: 12 May 1983

Visitto JAM FRUITS PROCESSING  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1359 as 100% private company  
Govt. show interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
	Full capacity	Actual	
Nuts	150 kg/hour	6 tons/year	SAMANGAN/BADAKHSHAN PROV.
Raisins	2000 kh/hour	1600 tons/year	Parwan Prov.

Stock (How many months) 1 month.

-easily

-what problems experienced Transportation from the provinces as well as to foreign markets.

1.2. Processes: (brief Description):

Raisins washing drying and packaging.  
Nuts(shelling and drying)

How can be modernized Not relevant.

-Technology locally available  
easily

difficulties

/ -imported: 100%

-Know how

/ -Available  
-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Total 5500 tons	Nuts 6 tons Raisins 1600 tons.	1- Low price on the foreign markets. 2- Lack of working capital

How can be expanded: not relevant.

1.4. Infrastructure: (Annual Consumption)

	full capacity	Actual	No supply for
Power:	50 kw/hour	5 kw/hour	3 months.
Water:	None.		

Problems experienced: Advance notice should be given of expected cuts in the power supply.

2. Labour

If expansion is projected, employment would increase

	Annual Full capacity	actual
- Skilled	2	2
- Nonskilled	82	28
- Foreman	<u>16</u>	<u>15</u>
- Management	100	46

Problems experienced: None.

3. Maintenance:

- Own workshop Yes.
- Outside : by private enterprise public enterprise
- spare parts available locally - through imports /
- problems experienced: None



4. Marketing:

- Production in Stock: Seasonal.
- Annual Sales : of which Government contracts:  
Not answered.
- Competition met: other producers.
- Annual Exports: last year 1600 tons of raisins, 6 tons of nuts.
- Import substitution: Not relevant.

Problems experienced: Decrease in short term loans from the Export Promotion Bank (from 70 to 40 percent)  
Prohibitive custom duties in the EEC countries  
Transportation problems - lost container.

5. Investment:  
and Location

-Total Outlay: Afs. 24 million	Of which fixed investment: Afs. 16 million
	Working capital: Afs. 8 million.
	Loan None.
	Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes  
If not where would you settle?

Problems experienced:

6. Prospects and Recommendations:

- a) If financial facilities and assistance are not improved (Export Promotion Bank) the owner will reportedly be forced to close the factory.
- b) The Government should take measures to protect the legitimate interests of raisin exporters to the EEC countries markets.
- c) Diversification programme should be conceived.

Visiting Sheet

Date: 8 May 1983

Mr. Babak-President

Visit to BABAK Food Processing  
Persons met (position in the Enterprise)

D. Generalities: prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1358 (export of fruits during last 50 years)  
Government's interest (Ministry of Commerce)

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		Full Capacity	Actual	
Raisins	ton	5500	3300	Provinces: Parwan, Kandahar, Logar, Ghazni, Kabul

Stock (How many months) Seasonal (agents in provinces)

-easily

-what problems experienced None

1.2. Processes: (brief Description):

Washing, trashing, separating, packing of raisins

How can be modernized not necessary

-Technology locally available  
easily

difficulties

-imported: 100% USA

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

## 1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
3000 ton	5000 ton	1. Lack of market 2. Lack of labour 3. Supply of electricity

How can be expanded: not for the time being

## 1.4. Infrastructure: (Annual Consumption)

	Full capacity	Actual
Power:	Afs. 50000/year	Afs. 30000/year
Water:	own well	

Problems experienced:

2. Labour

If expansion is projected, employment would increase

Annual	Full Capacity	Actual	
- Skilled	15	10	(1 shift, employing 50% women)
- Nonskilled	100	50	
- Foreman	3	2	
- Management	4	4	
Problems experienced:	122	66	

In view of the labour intensive process used in the factory a decrease in employment affects the production.

3. Maintenance:

- Own workshop No.
- Outside : by private enterprise Afs. public enterprise  
20000/year
- spare parts available locally - through imports
- problems experienced: None

4. Marketing:

- Production in Stock: on flow basis
  - Annual Sales : of which Government contracts: All exports through the Government channels (trade agreements)
  - Competition met: other local producers
  - Annual Exports: own exporting company - 3000 ton (10% of the country's export)
  - Import substitution: none
- Problems experienced: Quality control by the Dept., of Raisin Export of the Ministry of Commerce

5. Investment:  
and Location

- Total Outlay: Afs. 106 million
- Of which fixed investment: Afs. 6 million
- Working capital: Afs. 100 million
- Loan Afs. 8 million (paid back)
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? yes (Industrial Area)  
If not where would you settle?

Problems experienced: None

6. Prospects and Recommendations:

In addition to the problems listed, there is a need to review the level of loans from the Export Promotion Bank (a reduction from 50 to 25 percent of the value of exported commodity is not conducive to export promotion).

Visiting Sheet

Date: 25 May 1983

Visited to KAM Corporation  
Persons met (position in the Enterprise)

Mixed - Govt. 12.5 % shares  
(Ministry of Finance)  
283 Shareholders 87.5 %

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1971 on commercial basis

1. Production: Soft drinks (Coca-cola, Fanta, Sprite, Tonic, Soda)

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Concentrates	Unit *	4500	Pakistan, Ireland
Chemicals	ton	63	U.K. -airshipped
Sugar	ton	700	Govt. Monopoly
Bottles	Gross.	5000	

\*1 unit = material for 8000 bottles of drink  
Stock (How many months) 3 (normal)

-easily

-what problems experienced 1) Transportation (concentrate must be cooled)  
2) Custom clearance at Karachi Port.

1.2. Processes: (brief Description):

Water treatment, syrup purification, bottle washing, and sterilization, inspection, filling, inspection, expedition + cooling unit + CO<sub>2</sub> plant.

How can be modernized

expansion - new plant (building ready) with 3 times capacity  
(36000 bottles / hour)

-Technology locally available  
easily

difficulties

-imported: 100% W. Germany

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Bottles/hour	12000	10500	1) Lack of Labour 2) Lack of Power supply

How can be expanded: New equipment (present plant will be moved to Mazar-i-Sharif)

1.4. Infrastructure: (Annual Consumption)

Power: 232 KW/hour - actual 180 KW/hour

Water: Own (5 cu.m /hour) -purification plant

Problems experienced:

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled		14	6
- Nonskilled		27	16
- Foreman		6	3
- Management		5	2
		<u>52</u>	<u>27</u> + Sales and 120 transport

Problems experienced:

Substitution with temporary labcurers un-satisfactory (6 month training required)

3. Maintenance:

- Own workshop Yes
- Outside : by private enterprise public enterprise 15% Jangalak
- spare parts available locally - through imports 100% (big stock)
- problems experienced: None

4. Marketing:

- Production in Stock: (in the season 15 days - in winter 3.5 months)  
 -Annual Sales : of which Government contracts:  
   924000 cases (24 bottles each) - 12% to Government  
 -Competition met:                  None  
 -Annual Exports:                  None  
 -Import substitution:              100%
- Problems experienced:              A request was made for a price increase (from Afs. 8 to 9)  
   due to cost of raw material. Decision pending.

5. Investment:  
and Location

initial Afs. 30 million

- Total Outlay: Afs. 86 million           Of which fixed investment: 52  
   Working capital:                  34  
   Loan            Afs. 28 million (IBDA) - 5 mil. paid.  
   Others           -

Future expansion requirements: Own resources    Afs. 100 million  
   Loans                                Afs. 280 million (IBDA)  
   Other sources                   -

Is the present location satisfactory? Yes  
 If not where would you settle?

Problems experienced: Road in the vicinity of bottling line should be  
   paved (Municipality) for hygienic reasons.

6. Prospects and Recommendations:

- a) Prospects for expansion are good.
- b) Transportation via Karachi port should be improved (company should pay for 15000 gross of bottles, \$ 2.6 (worth Afs. 32 million) demorage (plus 14 % interest). Law suit in process.

Visiting Sheet

Date: 16 May 1983

Visit to NAKEL MACARONI MAKING CO.  
Persons met (position in the Enterprise)

ABDUL AHMAD - Director-Accounting  
100% private

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1364, own initiative, Government interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Flour ton/year	Full capacity 90	Actual 1.8 From Bazaar (illegal importation)

Stock (How many months) 1 month

-easily

-what problems experienced legal export from Pakistan not allowed, local flour not suitable for macaroni production.

1.2. Processes: (brief Description):

Macaroni making (dough mixing machine, drying machines, packing)-  
quality control by the Ministry of Public Health (monthly); if situation improves (new machinery)

How can be modernized

-Technology locally available -  
easily difficulties

-imported: from Pakistan

-Know how

/-Available  
-Must be imported through

Experts  
Licenses  
Designs



1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
90 ton	1.8 ton	1) Lack of electricity 2) Lack of flour 3) Lack of labour

How can be expanded: -

1.4. Infrastructure: (Annual Consumption)

Power:	full capacity 250th KWh	actual 5634 KWh
Water:	Own - 35 m deep well	

Problems experienced: electricity indispensable

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	Actual
- Skilled	5	1
- Nonskilled	16	8 temporary
- Foreman	2	-
- Management	<u>2</u>	<u>2</u>
	25	11

Problems experienced:

3. Maintenance:

- Own workshop
- Outside : /by private enterprise bazaar public enterprise
- spare parts available locally - /through imports
- problems experienced: None

4. Marketing:

- Production in Stock: 10 ton (from previous year)
- Annual Sales : of which Government contracts: ~~none~~  
12 ton (sale of stock)
- Competition met: none
- Annual Exports: none
- Import substitution: 100%

Problems experienced:

5. Investment:  
and Location

- Total Outlay: Afs. 2.5 million
- Of which fixed investment: 1.5 million
- Working capital: 1.- "
- Loan: none
- Others: -

Future expansion requirements: Own resources  
/ Loans  
Other sources

Is the present location satisfactory? yes  
If not where would you settle?

Problems experienced: none

6. Prospects and Recommendations:

- a) Since there is a substantial difference between the bazaar price of flour (Afs. 30/kg) and that from the Government Silo (Afs. 12.6/kg), an enquiry should be made with the Ministry of Commerce as to the provision of flour.
- b) Supply of flour important for setting up the price and constitutes a prerequisite to future expansion.

Visiting Sheet

Date: 9 May 1983

Visit to BAHETI CHICKEN FARM  
Persons met (position in the Enterprise)

Mr. Rahimi, President  
100% Private.

D. Generalities: / (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1357 (1 year course in Canada)  
Govt. interest.

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u>		<u>Source of Supply</u>
		Full capacity	Actual	
Feed mix	ton	87	50	Local market

Stock (How many months) 2 months

-easily

-what problems experienced availability of corn, other feed and medical protection components. No direct import possible.

1.2. Processes: (brief Description):

Broilers  
Egg production

How can be modernized not considered

-Technology locally/available  
/easily

difficulties

-imported:

-Know how

/-Available  
-Must be imported through

Experts  
Licenses  
Designs

## 1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Broiler	18000 birds	none	1200 hens lost during the last year due to sickness.
Hens	2000 birds	800	
3-day chickens	-	50000	

How can be expanded: Depends on the supply of feed and protective components.

## 1.4. Infrastructure: (Annual Consumption)

Power: n. a.  
Water: own

Problems experienced: not relevant.

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled			
- Nonskilled			
- Foreman			
- Management			
		total 11	3 (members of family)

Problems experienced: not relevant.

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports
- problems experienced: not relevant

4. Marketing:

- Production in Stock: none
- Annual Sales : of which Government contracts:  
not answered
- Competition met: plenty of opportunities
- Annual Exports: none
- Import substitution: no importation

Problems experienced:

There is a need to import parent stock, feed and medication.  
Customs duties should be reviewed.

5. Investment:  
and Location

- Total Outlay: Afs. 5.7 million
- Of which fixed investment: not answered
- Working capital:
- Loan Afs. 3.7 million (IDBA)
- Others
- During last 3 years balance sheet at loss.

Future expansion requirements: Own resources  
Loans Afs. 2 million (agricultural stock)  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: to save the farm - new loan is required.

6. Prospects and Recommendations:

Solution should be found to these pressing problems:

- a) Importation of parent stock
- b) Provision of feed concentrate. (either by the Govt. or direct import)
- c) Provision of medication at reasonable cost.
- d) Financing through the Agricultural Bank.

Visiting Sheet

Date: 16 May 1983

Visit to AFGHAN EVEREST PACKAGING  
Persons met (position in the Enterprise)

MR. CIRACHEL - Manager.

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1353 on the basis of a study (by USAID advisory center) as a joint stock company (2/3 Afghani shareholders, the rest Foreign interest)

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>		<u>Quantity</u>		<u>Source of Supply</u>	
		Full capacity	Actual		
Craft floating	ton	700	443		Sweden
Paper					
Glue	ton	30	22		Pakistan/India
Stock (How many months)		6 months (normal)			

-easily

-what problems experienced -Transportation from the border.  
-Rate of exchange increases the cost.

1.2. Processes: (brief Description):

Cutting and gluing of corrugated paper.  
Gluing, stapeling and printing carton boxes

How can be modernized Not for the time being

-Technology locally available easily difficulties

/-imported:

-Know how Available  
-Must be Imported through Experts  
Licenses  
Designs

## 1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Cartons	700 ton	443 ton	1) Lack of market 2) Cuts in the power supply. 3) Lack of labour. 4) Rate of exchange.

How can be expanded: rationalization and specialization of production within the sector.

## 1.4. Infrastructure: (Annual Consumption)

Power: Not answered

Water: Own.

Problems experienced: To announce any expected cuts in the electricity supply beforehand.

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	actual
- Skilled	-	-	6
- Nonskilled	-	-	14 mostly temporary
- Foreman	-	-	-
- Management	-	-	12
	134 (3 shifts)		32 (1 shift)

Problems experienced: on the job training requires 1 year.

3. Maintenance:

- / Own workshop
- Outside : by private enterprise                      public enterprise
- Afs. 100000/year    45%
- spare parts available locally - through imports      India                      25%
- problems experienced: none

4. Marketing:

- Production in Stock: on the flow basis.
- Annual Sales : of which Government contracts: none  
Afs. 1.2 million
- Competition met: other producers.
- Annual Exports: dependent on the export of raisins for which the cartons are used.
- Import substitution: no import allowed.

Problems experienced: Since the production is 95% oriented on the packaging material for exported raisins - such a dependency (seasonal) is not advantageous for the production process.

5. Investment:  
and Location

-Total Outlay: Afs. 20 million      Of which fixed investment: Afs. 12 million  
Working capital:                      "      8 million  
Loan                                      NONE  
Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory?      Yes.  
If not where would you settle?

Problems experienced:                      none

6. Prospects and Recommendations:

- a) Diversification programme should be prepared on the basis of a market study which is to be undertaken.
- b) It seems that the company should be more active in searching for such possibilities, which would bring about a higher utilization of the installed capacity (also introducing consumer packaging of raisins etc.)



Visiting Sheet

Date: 17 April 1983

Visit to SAMIMI MOBEL - 100% Private  
Persons met (position in the Enterprise)

D. Generalities: / (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1349 (Local Expert), Govt. interest

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
Local timber cu.metres	20/ months	PAKTIA Province

Stock (How many months) depleted (3 months)

-easily

-what problems experienced inflow of timber difficult-price increase from Afs.3500 cu.m. to Afs.2500 at present

1.2. Processes: (brief Description):

Furniture production (50% individual orders  
50% for open market)

How can be modernized Change in design (each year)

-Technology locally available  
/easily difficulties

-imported:

-Know how /-Available  
-Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Afs. Million	6	2	1) Lack of raw material 2) Lack of labour

How can be expanded: No expansion for the time being

1.4. Infrastructure: (Annual Consumption)

Power: 110 th. Afs.(full capacity) 25th Afs. Actual

Water: own

Problems experienced: Mostly handwork

2. Labour

If expansion is projected, employment would increase

	Annual	Full capacity	Actual
- Skilled		30	6
- Nonskilled		70	24
- Foreman		2	1
- Management		1	1
		<u>103 *</u>	<u>32</u>

Problems experienced:

\* project approval - 75 employees

3. Maintenance:

- Own workshop
- Outside : /by private enterprise public enterprise
- spare parts available /locally - through imports
- problems experienced:

None

4. Marketing:

- Production in Stock: 3 months production
- Annual Sales : of which Government contracts:  
Afs. 2 million (50% to Embassies)
- Competition met: (60 % cheaper than public enterprise)
- Annual Exports: None
- Import substitution: 100%

Problems experienced: None

5. Investment:  
and Location

- Total Outlay: n.a. \*                      Of which fixed investment: n.a.
- Working capital:
- Loan     Afs. 1.3 million
- Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes  
If not where would you settle?

Problems experienced: \*Outlay will be revaluated in the next balance sheet.

6. Prospects and Recommendations:

- a) Good prospects due to recognized quality
- b) Supply of timber-limiting factor.

Visiting Sheet

Date: 17 May 1983

Visit to ARIA FOLKLORE FASHION  
Persons met (position in the Enterprise)

Ms. GOLALAI - President

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established 1360 as a 100% private enterprise

1. Production:

1.1. Raw Materials (Annual Consumption)

	<u>Unit</u>	<u>Quantity</u> full capacity	<u>Actual</u>	<u>Source of Supply</u>
Cotton cloth	1000 m	100	24	100% local (Bagrami Public Co.)

Stock (How many months) 1 month.

-easily

-what problems experienced Bagrami plant is not able to satisfy the enterprise's needs.

1.2. Processes: (brief Description):

Dress, blouse and skirt making, using folkloristic embroidery applications.

How can be modernized not relevant

-Technology locally available

/easily 60% hand work difficulties

-imported: sewing machines

-Know how

/-Available

-Must be imported through

Experts  
Licenses  
Designs

## 1.3. Volume of Production:

	Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
Cloth	100 000 metre	24 000 metre	1) lack of fabric

How can be expanded: Market promotion.

## 1.4. Infrastructure: (Annual Consumption)

Power: not relevant  
Water: - " -

Problems experienced: none

2. Labour

If expansion is projected, employment would increase

	Annual full capacity	actual
- Skilled		
- Nonskilled		
- Foreman		
- Management		
total	500	212
Problems experienced:	90% of women work at home	

3. Maintenance:

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports
- problems experienced: none

4. Marketing:

- Production in Stock: on flow basis
- Annual Sales : of which Government contracts: none  
Afs. 1 million
- Competition met: none
- Annual Exports: 100%
- Import substitution: not relevant.

Problems experienced: Export oriented enterprise -  
promotion through incentives and publicity required  
(Handicraft Fairs)

5. Investment:  
and Location

-Total Outlay: Afs. 1.8 million      Of which fixed investment: Afs. 0.8 million  
Working capital: Afs. 1 million  
Loan Afs. 200,000 IDBA  
Others

Future expansion requirements: Own resources  
Loans  
Other sources

Is the present location satisfactory? Yes.  
If not where would you settle?

Problems experienced: none.

6. Prospects and Recommendations:

- a) System of incentives should be reviewed to provide further support for this type of export oriented industries.
- b) Supply of cotton cloth should be guaranteed through a contract initiated by the Private Investment Department.

Visiting Sheet

Date: 17 May 1983

Visit to M/S KHANNA AND ANNADHANAM  
Persons met (position in the Enterprise)

D. Generalities: (prime concern, experience gained, Government's interest in the project - Government and / or Foreign promoter - legal structure)

Established in 1972 as a foreign auditing company.

1. Production:

1.1. Raw Materials (Annual Consumption)

<u>Unit</u>	<u>Quantity</u>	<u>Source of Supply</u>
not relevant		

Stock (How many months)

-easily  
-what problems experienced

1.2. Processes: (brief Description):

Audit of accounts

How can be modernized

-Technology locally available easily difficulties

-imported:

-Know how                      -Available  
-Must be imported through Experts  
Licenses  
Designs

1.3. Volume of Production:

Annual Capacity	Annual Production	Reasons for not Utilization of Capacity
-----------------	-------------------	---

On annual basis, only 14 companies (mostly public) use services of the company. Of them 3 private companies (Hoechst, Tyre Rethreading and soap factory, IAM) have their account regularly audited.

How can be expanded:

1.4. Infrastructure: (Annual Consumption)

Power: not relevant

Water:

Problems experienced:

2. Labour

If expansion is projected, employment would increase

Annual

- Skilled	5
- Nonskilled	-
- Foreman	-
- Management	2

Problems experienced:

3. Maintenance: not relevant

- Own workshop
- Outside : by private enterprise                      public enterprise
- spare parts available locally - through imports
- problems experienced:



4. Marketing:

-Production in Stock:  
 -Annual Sales : of which Government contracts: 95%

-Competition met:  
 -Annual Exports:  
 -Import substitution:

Problems experienced:

5. Investment:  
and Location

-Total Outlay: not relevant      Of which fixed investment:  
    Working capital:  
    Loan  
    Others

Future expansion requirements: Own resources  
    Loans  
    Other sources

Is the present location satisfactory?  
 If not where would you settle?

Problems experienced:

6. Prospects and Recommendations:

- a) Although the accounts are being audited by this independent firm the government does its own auditing for tax purposes.
- b) Non-audited balance sheets data do not provide a reliable basis for analysis of enterprise's performance.
- c) A proposal should be considered (jointly with the Ministry of Finance) as to the possibility of introducing unified accounting systems for various types of industries differing by their size ( Small / Medium)
- d) Enterprises should be instructed on its use and a follow - up be made.
- e) Balance sheets' content should be reviewed to include also the data for evaluation and programming.

Review of Newly Approved Projects

Comments on Newly Approved Projects

Project Preparation

Production

Marketing

Site and Infrastructure

Foreign Contribution

Government Assistance

Industrial Investment Project Questionnaires  
on the following Projects:

JAVID Plastic

BABAK Plastic Bags

HARIRAM Paint Making

Detergent Powder

KABUL Shirt Making

JAVED Industries

DARWISH Wool Processing

HAMID Salt Refinery

Chicken Feed Co.

HABIB Chicken Raising

MAZAR Cold Storage

SAHIM Industry

GHARIB JAR Ltd.

Toilet Paper Making

WAIS Wool Washing

Comments on Newly Approved Projects:

Out of 36 projects which have been recently approved by the Investment Committee it was possible to visit fourteen. They represent a sample of four enterprises of chemical industries, three of light industries, four of food industries, two of metalworks and one of paper and carpentry industries.

On the basis of prepared questionnaire the following findings were made:

- a) Project preparation: It has been ascertained that not a single project has been based on a techno-economic study. There has been no modernization and only one case of expansion of existing enterprises. The main reason being that the tax holiday (4 years in the Kabul area and six years in other provinces) is conducive for the establishment of new enterprises only. It has been a common practice that the most entrepreneurs continue to keep their business activities along with the production thus making the evaluation of their performance difficult (lack of separate accounting).
- b) Production: Even two months after the approval of projects most of entrepreneurs have not requested and seriously evaluated competitive pro-forma offers from the future suppliers of equipment. In the absence of an adequate technical guidance this usually leads to mis-investment, whereby equipment is brought into the country and only after problems occur (technical as well as capacity utilization) solution is sought. Although the handicraft background creates conditions conducive to rapid acquisition of necessary trade, no contractual arrangements have been made for foreign experts to stay in the country during the break in period (not speaking of local specialists to be trained abroad). Under these prevailing circumstances it is extremely difficult to present specific requirements on

the utilities required and composition of labour force (foremen, management) which would allow a meaningful analysis of the value added. The early stage of the country's industrialization can be seen also from the very limited interdependency of newly established works with other enterprises. The handicraft character still prevails thus limiting orientation on more progressive methods of production, organization, marketing and management.

- c) Marketing: It can be said that the survey of visited enterprises confirmed the fact that marketing is the weakest side of project preparation. Most industrialists were not able to give accurate enough reply to such questions which would prove their knowledge of the basic points which have to be taken into consideration in any market analysis, as for example, what is the total demand for the manufactured products in the country, to what extent the demand has been presently met by local production and by imports, whether the tariff rate gives sufficient protection to products intended for production etc. There has been very little utilization of distribution channels which would secure adequate accessibility for new products on the market. Although the provision of the Purchasing Law has been in force, no satisfactory procedures have been established to make it into a workable arrangement.
- d) Site and Infrastructure: Another weak point is the location of newly established enterprises. Only after the application is approved, the location is considered, thus creating numerous problems connected with obtaining necessary land, provided with infrastructural facilities. In most cases, such a practice implies additional requirements on investment (either private or public).

The visits to the Pul-i-Charkhi industrial area show that the allocation of land to the existing enterprises has been generous enough. Most of the plots are big enough to accommodate much larger enterprises. There are a few exceptional cases where inside the plots, gardens have been established. There is a need for an improved physical planning and design both on the part of investors as well as the authorities. The intention that the application for a project be accompanied by a drawing giving details on the factory's layout has not been respected.

According to the presently applied practice, the availability of banking facilities is being analysed only after the project has been approved. Financial analysis of the project is done by the bank at the stage when the project has already been approved. Such a practice is not conducive to a more economic selection of projects during the initial stage of their conception.

There has been virtually no attention given to the possible environmental impacts of projects. It is well known that the situation in this respect has been serious whether the enterprise is located in the Pul-i-Charkhi, Industrial Estate or Industrial Area, not speaking of the enterprises located in the city of Kabul itself.

- e) Foreign Contribution: With respect to foreign contributions desired (equity participation, loans to finance licensing, know how, technology, assistance in management, foreign market accessibility, product development, training of personnel etc.) there can be little done under the present conditions. However, in case of some barter countries, there seems to be a greater interest in establishing joint venture enterprises the production of which can be set apart against the payment of investments made. These possibilities have not been fully used mainly due to lack of guidance in the project preparation.

- f) Government Assistance: The majority of entrepreneurs when asked in what field (by which institution/ministry) the Government assistance is desired was not able to give any answers. This is indicative of a substantial gap between the concept of free initiative and the overall responsibility for the development of the sector along the lines of securing the benefits for the national economy as a whole. It also proves that entrepreneurs are not fully aware of what kind of assistance the Government bodies could and should be able to provide.
- The review of the anticipated commencement of operations after the final approval of the project indicates that there has been no rush in early scheduling of the commercial operations. Although the FDPIL anticipates such operation to be commenced within a year, due to lack of enforcement such a provision, has had no effect.

UNIDO PROJECT  
SI/AFG/82/804

Industrial Investment Project Questionnaire

1. Project Title: JAVID PLASTIC

Submitted by: HAMIDULLAH

Legal Structure: 100% private

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Salesman (plastic shoes)  
Afs. 150000/year (locally made)

2.2 Is it a new enterprise? yes

If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study?

If yes, indicate the kind:

3. Production: 45000 pairs of plastic shoes/year. (100% used plastic)

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) no.  
2 machines - this year  
- " - next year

- Utilities required 45HP/day - inlet sufficient

- Manpower

skilled	3
unskilled	11
foreman, management	2
	<hr/>
	16

3.2. Do you expect any interdependency with other enterprises?

Used plastic (collection)

4. Market:

- 4.1 What is the total demand for the manufactured products in the country? no problem to sell, if the price is low.
- 4.2 How is the demand presently met?  
-by local production 100%  
- imports none (legal) allowed
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection?
- 4.4 If export is foreseen, indicate the major countries (percentage share):
- 4.5 Are there any distribution channels used (Government contracts foreseen?) Sales agents (commission Afs. 1/pair)

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? Yes.  
- indicate size of land required: one jeerib  
- indicate preferred location: Shahrara
- 5.2 Is infrastructure available at site? yes  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project? none  
(annual quantity of wastes):
- 5.4 Are the banking facilities available? IDBA - Afs. 500000 requested

6. Foreign Contribution Desired:

none

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.)  
6.6 Training



7. Government Assistance Desired:

In what field, by which institution/ministry: IPDD

8. Indicate tentative time table for the implementation:

When application submitted? 8.1.1362  
28 March 1983

When approved by the Investment Committee?

When the commercial operation expected to start? 2 months after licence is issued.

9. Further information of possible interest:

8 May 1983

Industrial Investment Project Questionnaire

1. Project Title: BABAK PLASTIC BAGS

Submitted by: Mr. Haji Habibullah Babak

Legal Structure: 100% private.

Project: Production of 200 tons /year of plastic bags for raisins exportation.

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Raisins cleaning factory  
Carton making factory

2.2 Is it a new enterprise? Yes (Diversification)  
If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study? no.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) Equipment delivered (to be installed)

- Utilities required

- Manpower

skilled 10

unskilled 16

foreman, management 4

3.2. Do you expect any interdependency with other enterprises? no.

4 Market:

- 4.1 What is the total demand for the manufactured products in the country? 10% of production for own needs  
90% for sale
- 4.2 How is the demand presently met?  
-by local production 100%
- imports illegal only
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? no import
- 4.4 If export is foreseen, indicate the major countries (percentage share): not foreseen
- 4.5 Are there any distribution channels used (Government contracts foreseen?)

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? To be located in the existing compound at Poli Charkhi.
- indicate size of land required:
- indicate preferred location:
- 5.2 Is infrastructure available at site? Yes.  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project? none  
(annual quantity of wastes):
- 5.4 Are the banking facilities available? not necessary

6. Foreign Contribution Desired:

- 6.1 Equity participation (source):
- 6.2 Loan to finance licensing, know-how, technology
- 6.3 Management
- 6.4 Market access (where?)
- 6.5 Services (engineering, product development etc.) 1 expert to install the equipment
- 6.6 Training

7. Government Assistance Desired:

In what field, by which institution/ministry:

8. Indicate tentative time table for the implementation:

When application submitted? 19/4/1359

When approved by the Investment Commission? 1360

When the commercial operation expected to start? 1362

9. Further information of possible interest:

Late commencement of operation due to the difficulties in providing a Pakistani expert to install the machinery.

14 May 1983

Industrial Investment Project Questionnaire

1. Project Title: HARI RAM, PAINT MAKING

Submitted by: HARI RAM - President.

Legal Structure: Personal property.

Project:

2.1 Brief description of entrepreneur's current business activity (quantity and quality of products manufactured): Plastic paint, dry colors, zinc paste, synthetic emails, varnishes.

2.2 Is it a new enterprise?

If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study? no.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) already imported

- Utilities required available

- Manpower

skilled 6

unskilled 2

foreman, management 1

3.2. Do you expect any interdependency with other enterprises?

Locally produced plastic cans (Watan Plastic)

4. Market:

- 4.1 What is the total demand for the manufactured products in the country? 500 000 kg.
- 4.2 How is the demand presently met?  
- by local production none  
- imports 100%
- 4.3 If the products now on the market are imported, will the tariff rate give sufficient protection? Yes
- 4.4 If export is foreseen, indicate the major countries (percentage share): none foreseen
- 4.5 Are there any distribution channels used (Government contracts foreseen?) not necessary

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? Located at Poli Charkhi.  
- indicate size of land required:  
- indicate preferred location:
- 5.2 Is infrastructure available at site? Yes  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes): none
- 5.4 Are the banking facilities available? Yes.

6. Foreign Contribution Desired:

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.)  
6.6 Training

7. Government Assistance Desired:

In what field, by which institution/ministry:

8. Indicate tentative time table for the implementation:

When application submitted? 9/1/1358

When approved by the Investment Commission? 25/2/1358 (1980)

When the commercial operation expected to start? 1362

9. Further information of possible interest:

Later commencement of operation due to the owner's military service.

UNIDO PROJECT  
SI/AFG/82/804

Industrial Investment Project Questionnaire

1. Project Title: DETERGENT POWDER

Submitted by: M/S SAMIR Industries Ltd., (Mr. Paresh P. Shah - Managing Director)

Legal Structure: 40% Foreign - 60% Local (private)

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): P-U foam (capacity 130ton/year - actual 100% invest substitution 70 ton/year.)

2.2 Is it a new enterprise? Yes (diversification)  
If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study?

If yes, indicate the kind: Market study - custom tariff not known (importation 6000 tons/year.)

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) no. W. Germany Pro-forma received.  
India

- Utilities required 40kw/day  
25000 l/day

- Manpower 10  
skilled 12  
unskilled 2 (foreign)  
foreman, management

3.2. Do you expect any interdependency with other enterprises? none



4. Market:

- 4.1 What is the total demand for the manufactured products in the country? 5000 tons/year
- 4.2 How is the demand presently met?  
-by local production 5%  
- imports 95%
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? Yes.
- 4.4 If export is foreseen, indicate the major countries (percentage share): 10% (Pakistan)
- 4.5 Are there any distribution channels used (Government contracts foreseen?) through wholesale.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? Yes (existing enterprise)  
- indicate size of land required:  
- indicate preferred location: Poli Charkhi
- 5.2 Is infrastructure available at site? Yes (including buildings)  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes): Circular cooling system
- 5.4 Are the banking facilities available? Yes. (outside)

6. Foreign Contribution Desired:

- 6.1 Equity participation (source): 40% private
- 6.2 Loan to finance licensing / know-how, technology depending on the source of equipment.
- 6.3 Management 1 expert.
- 6.4 Market access (where?) - PAKISTAN
- 6.5 Services (engineering, product development etc.) 1 expert to install the equipment
- 6.6 Training on the job.

7. Government Assistance Desired:

In what field, by which Institution/Ministr: none

8. Indicate tentative time table for the implementation:

When application submitted? 10 July 1987

When approved by the Investment Committee? 1362 (1983)

When the commercial operation expected to start? 8 months after the licence has been issued.

9. Further information of possible interest: It will take 4 years to reach full capacity in detergents; Production of soap at later stage; new equipment required.

5 May 1983

Industrial Investment Project Questionnaire

1 Project Title: KABUL SHIRT MAKING PLANT

Submitted by: MR. RAMNAT - President

Legal Structure: 100% Private (Joint stock)

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): WHOLESALERMAN (Afs. 10 million /year)

2.2 Is it a new enterprise?

If it is an expansion/modernization of existing industry what is the reason? Yes

2.3 Is the project being established on the basis of a study?

If yes, indicate the kind: Own study - Annual import 300 000 shirts.

3. Production: Capacity 138 000 shirts /year.

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) Pro-forma from Japan.

- Utilities required not yet estimated

- Manpower

skilled	4	It is anticipated that 90 % will be women.
unskilled	17	
foreman, management	4	

3.2. Do you expect any interdependency with other enterprises? - 100% imported materials  
- Plastic bags.

Market:

- 4.1 What is the total demand for the manufactured products in the country? For European type shirts a great demand exists.
- 4.2 How is the demand presently met?  
- by local production 20%  
- imports 80%
- 4.3 If the products now on the market are imported, will the tariff rate give sufficient protection? Yes (Afs. 100 /shirt.)
- 4.4 If export is foreseen, indicate the major countries (percentage share): at a later stage
- 4.5 Are there any distribution channels used (Government contracts foreseen?) Through wholesale.

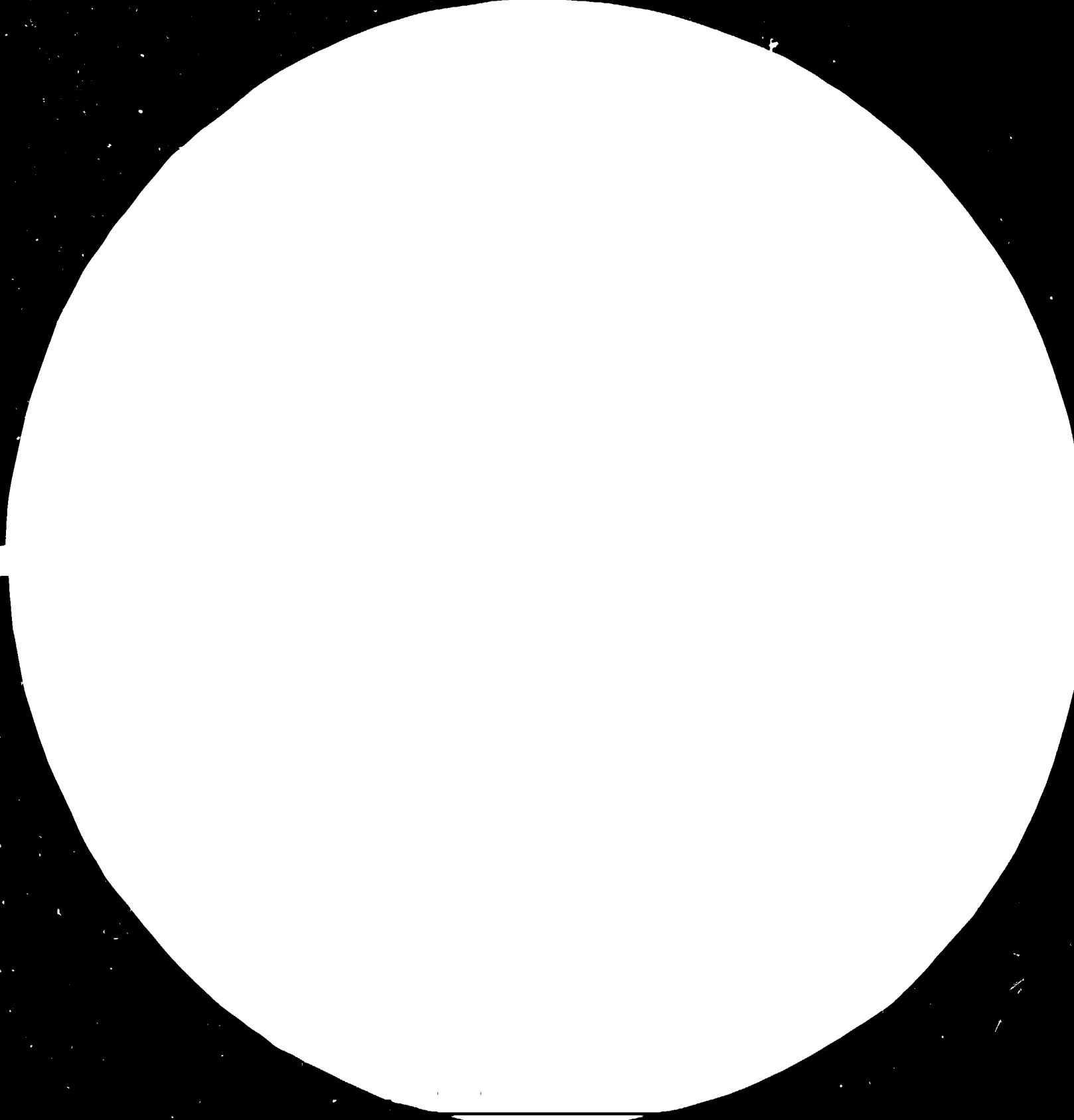
5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? Yes.  
- indicate size of land required:  
- indicate preferred location: Foli Sokhta (own property)
- 5.2 Is infrastructure available at site? not yet  
If not, is additional investment needed? will provide.
- 5.3 What are the environmental impacts of the project? none  
(annual quantity of wastes):
- 5.4 Are the banking facilities available? An application to the IDBA for Afs. 4 million made.

6. Foreign Contribution Desired:

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.) 1 expert to install equipment  
6.6 Training

83.12.05  
AD.85.03





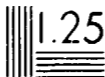
1.0 2.5

1.1 2.2



1.2 2.0

1.3 1.8



1.8 1.6

2.0 1.4

2.2 1.25

2.5 1.1

7. Government Assistance Desired:

In what field, by which institution/ministry:

8. Indicate tentative timetable for the implementation:

When application submitted?

13/7/1361

When approved by the Investment Committee?

1362

When the commercial operation expected to start?

6 months after the  
delivery of equipment.

9. Further information of possible interest:

If the product meets the quality requirement, there should be  
a good prospect for gaining the market.



UNIDO PROJECT  
SI/AFG/82/804

Industrial Investment Project Questionnaire

1 Project Title: JAVED Industry

Submitted by: Mr. Amanullah - Owner-President

Legal Structure: 100% private

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured):

expansion of the enterprise established in 1355

2.2 Is it a new enterprise?

If it is an expansion/modernization of existing industry what is the reason? Expansion, modernization; new market possibilities

2.3 Is the project being established on the basis of a study?

If yes, indicate the kind: no (own experience)

3. Production:

sweater knitting - 13000 pcs/year

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts)

- Utilities required increase in the electricity intake from 7000 to 12000 KWh/year

- Manpower	From:	To:
skilled	1	1
unskilled	10	20
foreman, management	1	1
	<u>12</u>	<u>22</u>

3.2. Do you expect any interdependency with other enterprises?

No

Market:

- 4.1 What is the total demand for the manufactured products in the country? Increased production from 5 to 13000 pcs/year will be sold.
- 4.2 How is the demand presently met?
  - by local production 80%
  - imports mostly illegal
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? yes (10-15%)
- 4.4 If export is foreseen, indicate the major countries (percentage share): 50% Iran
- 4.5 Are there any distribution channels used (Government contracts foreseen?) Direct sale

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available?
  - indicate size of land required: not important
  - indicate preferred location: Share Nau - existing premise
- 5.2 Is infrastructure available at site? yes  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes): none
- 5.4 Are the banking facilities available? Request for IBRD's loan-Afs. 2 million

6. Foreign Contribution Desired: None

- 6.1 Equity participation (source):
- 6.2 Loan to finance licensing, know-how, technology
- 6.3 Management
- 6.4 Market access (where?)
- 6.5 Services (engineering, product development etc.)
- 6.6 Training

7. Government Assistance Desired:

In what field, by which institution/ministry: -

8. Indicate tentative time table for the implementation:

When application submitted? 1361

When approved by the Investment Committee? 1362

When the commercial operation expected to start? in one year

9. Further information of possible interest:

The entrepreneur is a dynamic person.

A time schedule for the achievement of increased productive capacity should be fixed in order to avoid tax evasion.

7 May 1983

Industrial Investment Project Questionnaire

1 Project Title: DARWISH Wool Processing Co.

Submitted by: Mr. DARWISH, Mohammad Saleh.

Legal Structure: 100% locally owned.

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Tanning factory.

2.2 Is it a new enterprise? Yes.

If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study? no.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) Second-hand equipment. Use of wool from the tannery (for carpet production)

- Utilities required none (existant)

- Manpower

skilled

unskilled

foreman, management

total 20

3.2. Do you expect any interdependency with other enterprises?

none (own wool)

4. Market:

- 4.1 What is the total demand for the manufactured products in the country? Plenty of demand for carpet wool.
- 4.2 How is the demand presently met?  
-by local production 100% (not sufficient)  
- imports none
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? not relevant
- 4.4 If export is foreseen, indicate the major countries (percentage share): no.
- 4.5 Are there any distribution channels used (Government contracts foreseen?) direct sale to producers.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? Location in existing premises.  
- indicate size of land required:  
- indicate preferred location:
- 5.2 Is infrastructure available at site? Yes  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project? will use tannery (annual quantity of wastes): septics.
- 5.4 Are the banking facilities available? IDBA Loan Afs. 3.8 million

6. Foreign Contribution Desired:

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.)  
6.6 Training

7. Government Assistance Desired:

In what field, by which institution/ministry:

8. Indicate tentative timetable for the implementation:

When application submitted? 10/9/1359

When approved by the Investment Committee? 4/3/1360. Late arrival of equipment from U.K.

When the commercial operation expected to start? 1362

9. Further information of possible interest:

- a) Second hand equipment almost depreciated. Spares not available. Investment policy should set-up principles for utilization of second hand equipment in newly established projects.
- b) Environmental impacts of the project should be studied by a specialist and preventive measures be taken.

25 April 1983

Industrial Investment Project Questionnaire

1. Project Title: SALT REFINERY

Submitted by: Haji Abdul Hamid

Legal Structure: 100% Private

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Same factory at KARTI CHAR since 1356 (low capacity)

2.2 Is it a new enterprise?

If it is an expansion/modernization of existing industry what is the reason? Expansion from 3 tons/year to 300 tons/year.

2.3 Is the project being established on the basis of a study? No.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) Ordered from Bulgaria

- Utilities required Increase in the electrical power inlet.

- Manpower

skilled	5
unskilled	15
foreman, management	2

3.2. Do you expect any interdependency with other enterprises?

Although local deposits exist at various places, great quantities are being imported from Pakistan (in 1978-79 over 2.3 million kg). No contract with the Govt. has been concluded as to the supply of raw salt from the public quarries.

Market:

- 4.1 What is the total demand for the manufactured products in the country? not known
- 4.2 How is the demand presently met?
  - by local production few hundred tons
  - imports 2.8 million kg/year.
- 4.3 If the products now on the market are imported, will the tariff rate give sufficient protection? not known
- 4.4 If export is foreseen, indicate the major countries (percentage share): at the later stage.
- 4.5 Are there any distribution channels used (Government contracts foreseen?) no.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available?
  - indicate size of land required:
  - indicate preferred location: KARTI CHAR (actual)
- 5.2 Is infrastructure available at site?  
If not, is additional investment needed? to increase electrical power inlet.
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes): 20-40 % of raw salt.
- 5.4 Are the banking facilities available? no application made.

6. Foreign Contribution Desired:

- 6.1 Equity participation (source):
- 6.2 Loan to finance licensing, know-how, technology
- 6.3 Management
- 6.4 Market access (where?)
- 6.5 Services (engineering, product development etc.) installation of
- 6.6 Training equipment.



7. Government Assistance Desired: Ministry of Mines and Industries - raw salt.

In what field, by which institution/ministry:

8. Indicate tentative timetable for the implementation:

When application submitted? 30/10/1367

When approved by the Investment Committee? 8/1/1362

When the commercial operation expected to start? 6 months after delivery of equipment.

9. Further information of possible interest:

Quality of salt is important not only to satisfy consumers' needs, but also the production requirements (casing-increases the selling price).

7 May 1983

Industrial Investment Project Questionnaire

1 Project Title: CHICKEN FEED Company.

Submitted by: Ministry of Commerce + Private Interests

Legal Structure: mixed.

Project:

- 2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Ministry of Agriculture - Genetic Impacts, The State Planning Committee - Project Preparation, Ministry of Commerce, raw materials.
- 2.2 Is it a new enterprise? Yes.  
If it is an expansion/modernization of existing industry what is the reason?
- 2.3 Is the project being established on the basis of a study? no.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts)

Basic equipment installed.

- Utilities required Available at the site.

- Manpower

skilled

unskilled

total 25

foreman, management

3.2. Do you expect any interdependency with other enterprises?

Public enterprises - Silo, Flour mill, cotton oil seed factory.

Market:

- 4.1 What is the total demand for the manufactured products in the country? 200 - 300 000 birds of poultry/year.
- 4.2 How is the demand presently met?  
- by local production 90% (not on scientific basis)  
10% (limited possibility)  
- imports
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? Yes.
- 4.4 If export is foreseen, indicate the major countries (percentage share): none foreseen.
- 4.5 Are there any distribution channels used (Government contracts foreseen?) 180 Govt. projects + 300 registered private poultry raisers. The price (17 Afs./kg) should be accessible to farmers.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available?  
- indicate size of land required: For the time being located at Poli Charkhi, later at Baghlan.  
- indicate preferred location:
- 5.2 Is infrastructure available at site?  
If not, is additional investment needed? Yes.
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes): not important.
- 5.4 Are the banking facilities available? Yes.

6. Foreign Contribution Desired:

- 6.1 Equity participation (source): none for the time being.
- 6.2 Loan to finance licensing, know-how, technology
- 6.3 Management
- 6.4 Market access (where?)
- 6.5 Services (engineering, product development etc.)
- 6.6 Training

7. Government Assistance Desired:

All the Ministries concerned.

In what field, by which institution/ministry:

8. Indicate tentative time table for the implementation:

When application submitted? 4/12/1361

When approved by the Investment Committee? 1362

When the commercial operation expected to start? 6 months after the licence is issued.

9. Further information of possible interest:

This project falls within the Government's policy to support chicken raising industry in the country for which financial and technical assistance also to the private industry should be forthcoming.

Industrial Investment Project Questionnaire

1. Project Title: CHICKEN RAISING (Small scale)

Submitted by: RUHULLAH HABIB

Legal Structure: 100% private.

Project:

2.1 Brief description of entrepreneur's current business activity (quantity and quality of products manufactured):  
FIRST UNDERTAKING (TRADE PARTNERSHIP)

2.2 Is it a new enterprise?

If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study?

If yes, indicate the kind: NO. (SELF-MADE MAN) - ECONOMIST BY PROFESSION.

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts)

NO

- Utilities required WATER, POWER, OWN

- Manpower

skilled

unskilled

foreman, management

15

2

3.2. Do you expect any interdependency with other enterprises? NO.

Market:

- 4.1 What is the total demand for the manufactured products in the country? NOT KNOWN
- 4.2 How is the demand presently met?  
- by local production YES.  
- imports no.
- 4.3 If the products now on the market are imported, will the tariff rate give sufficient protection? /
- 4.4 If export is foreseen, indicate the major countries (percentage share): NO.
- 4.5 Are there any distribution channels used (Government contracts foreseen?) NO.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available?  
- indicate size of land required: 5 jb. (arable land to be used irrigated -used as fodder ground)  
- indicate preferred location: DARULAMAN
- 5.2 Is infrastructure available at site? NO.  
If not, is additional investment needed? YES. WILL UNDERTAKE.
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes): WASTES WILL BE USED AS FERTILIZER
- 5.4 Are the banking facilities available? APPLICATION TO THE IDBA FOR A LOAN OF AFS. 3 MILLION. WILL BE MADE, ONCE LAND IS AVAILABLE.

6. Foreign Contribution Desired:

- 6.1 Equity participation (source): LOCAL
- 6.2 Loan to finance licensing, know-how/technology 3 Million
- 6.3 Management
- 6.4 Market access (where?)
- 6.5 Services (engineering, product development etc.) NOT REQUIRED.
- 6.6 Training NOT REQUIRED

7. **Government Assistance Desired:**

In what field, by which institution/ministry: The Municipality of Kabul to allocate the land.

8. **Indicate tentative time table for the implementation:**

When application submitted? 13.6.1361

When approved by the Investment Committee? 8.1.1362

When the commercial operation expected to start? 6 month after acquisition of the land.

9. **Further information of possible interest:**

The entrepreneur intends to establish a new herd of hens for breeding purposes (on experimental basis). The herd, which will demonstrate the highest resistance to local conditions, will be raised for the market, thus increasing the production of eggs and poultry.

CONCLUSION

It was recommended to prepare a letter containing the information on the land required, which seems to be the main bottleneck of the project to become operational. The Kabul Municipality should then be approached.

14 May 1983

Industrial Investment Project Questionnaire

1. Project Title: MAZAR COLD STORAGE PLANT LTD.,

Submitted by: Mr. Mohammad Zaher

Legal Structure: 100% private.

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Import & Export (Afs. 50 million/year)

2.2 Is it a new enterprise? Yes.

If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study? no.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts)

Ice making (70%), cold storage (30%).

- Utilities required 80 kv generator.

- Manpower

skilled

unskilled

foreman, management

total 19

3.2. Do you expect any interdependency with other enterprises?

Vegetable and fruit growers (2000 tons/year)



4. Market:

- 4.1 What is the total demand for the manufactured products in the country? not estimated.
- 4.2 How is the demand presently met?  
- by local production none in Mazar-i-Sharif.  
- imports none
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? none
- 4.4 If export is foreseen, indicate the major countries (percentage share): none
- 4.5 Are there any distribution channels used (Government contracts foreseen?) no.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? Yes.  
- indicate size of land required:  
- indicate preferred location:
- 5.2 Is infrastructure available at site? Own generator  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project? none.  
(annual quantity of wastes):
- 5.4 Are the banking facilities available? Yes.

6. Foreign Contribution Desired:

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.) Installation of equipment.  
6.6 Training

7. Government Assistance Desired:

In what field, by which institution/ministry:

8. Indicate tentative timetable for the implementation:

When application submitted? 8/1/1961

When approved by the Investment Committee? 1962

When the commercial operation expected to start? in one year

9. Further information of possible interest:

25 April 1983

Industrial Investment Project Questionnaire

1. Project Title: SAHIM Industrial Plants Ltd.

Submitted by: Mr. Haji Ghulam Sakhi, President.

Legal Structure: 100% Joint Stock Company.

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Workshop (Municipality licence - Afs. 3 million/year)

2.2 Is it a new enterprise? Yes  
If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study?

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts)

Steel products (doors, stoves, coolers, boilers)

- Utilities required 50 kw/hour

- Manpower

skilled total 9

unskilled

foreman, management

3.2. Do you expect any interdependency with other enterprises?

none

Market:

- 4.1 What is the total demand for the manufactured products in the country? not estimated
- 4.2 How is the demand presently met?  
- by local production 40%  
- imports 60%
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? Yes.
- 4.4 If export is foreseen, indicate the major countries (percentage share): no.
- 4.5 Are there any distribution channels used (Government contracts foreseen?) no.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? no.  
- indicate size of land required: 1 Jeerib  
- indicate preferred location: Poli Charkhi (not settled)
- 5.2 Is infrastructure available at site?  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project? Negligible  
(annual quantity of wastes):
- 5.4 Are the banking facilities available? No application yet.

6. Foreign Contribution Desired: none

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.)  
6.6 Training

7. Government Assistance Desired:

In what field, by which institution/ministry:

8. Indicate tentative time table for the implementation:

When application submitted? 17/6/1361

When approved by the Investment Committee? 1362

When the commercial operation expected to start? in one year after  
location has been solved.

9. Further information of possible interest:

- a) Since the initial out-lay is Afs. 2 million only, there is no good prospect for the implementation of the ambitious production programme.
- b) Location has not yet been solved.
- c) Credit worthiness seems to be low to provide the owners with the necessary finance.

25 April 1983

Industrial Investment Project Questionnaire

1. Project Title: GHARIB JAR Ltd.,

Submitted by: Mr. Sayed Mohammad Shah - President

Legal Structure: 100% Private.

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Import - export (Afs. 50 million /year)

2.2 Is it a new enterprise? Yes.  
If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study? Yes.

If yes, indicate the kind: Project sheet by the IDBA.

3. Production: 1000 tons - wire (14 and 24 SWG) - 1 shift  
3 to 5 million bulbs /year - 2 shifts

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) So far no pro-forma received

- Utilities required	190 KW at 440 volts	
	1300 gallons of water a day.	
- Manpower	Wire	bulbs
skilled	6	not estimated
unskilled	8	(type of equipment)
foreman, r. anagement	2	

3.2. Do you expect any interdependency with other enterprises? no.

Market:

- 4.1 What is the total demand for the manufactured products in the country? 1000 tons of wire (bulbs not estimated)
- 4.2 How is the demand presently met?  
-by local production  
  
- imports 100%
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? 25 to 37 percent
- 4.4 If export is foreseen, indicate the major countries (percentage share): none
- 4.5 Are there any distribution channels used (Government contracts foreseen?) 80% to the government  
20% local market

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? yes.  
  
- indicate size of land required: 1 Jeerib  
- indicate preferred location: Poli Charkhi
- 5.2 Is infrastructure available at site? Yes  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes): not estimated (septic will be built)
- 5.4 Are the banking facilities available?

6. Foreign Contribution Desired:

A possibility of a joint venture with a British firm is being explored.

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.)  
6.6 Training

7. Government Assistance Desired: .

In what field, by which institution/ministry: Ministry of Mines and Industries  
(STANDARD)

8. Indicate tentative time table for the implementation:

When application submitted? 14/12/1361

When approved by the Investment Commission? 1st approval 1362

When the commercial operation expected to start? 2 months after the 2nd approval.

9. Further information of possible interest:

- a) There is a need to standardize the use of produced wire prior to the procurement of equipment.
- b) Since this is an import substitution project with a substantial production capacity, importation of products should be adjusted accordingly.
- c) In view of the bulk of production to be sold to the Government, an agreement (contract) should be negotiated to secure the anticipated outlet.



5 May 1983

Industrial Investment Project Questionnaire

1. Project Title: Toilet Paper making plant.

Submitted by: Mr. Ramnat - President  
Mr. A. Bashir - Vice President.

Legal Structure: 100% Private.

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Whole-sale(cloth) - Afs. 10 million /year

2.2 Is it a new enterprise? Yes  
If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study? no.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts) So far no pro-forma has been received.

- Utilities required Will be estimated on receipt of technical specification.

- Manpower  
skilled 2  
unskilled 5  
foreman, management 2

3.2. Do you expect any interdependency with other enterprises?

Elastic bags

4 Market:

- 4.1 What is the total demand for the manufactured products in the country? Over 10 million roles
- 4.2 How is the demand presently met?  
-by local production 30%  
- imports 70%
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? Yes 10%
- 4.4 If export is foreseen, indicate the major countries (percentage share): not relevant
- 4.5 Are there any distribution channels used (Government contracts foreseen?) no, direct sale to the bazar.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available?  
- indicate size of land required: own property  
- indicate preferred location: at Poli Charkhi
- 5.2 Is infrastructure available at site?  
If not, is additional investment needed? Yes(basic)
- 5.3 What are the environmental impacts of the project? (annual quantity of wastes): an application will be made to the IDBA
- 5.4 Are the banking facilities available?

6. Foreign Contribution Desired: none

- 6.1 Equity participation (source):  
6.2 Loan to finance licensing, know-how, technology  
6.3 Management  
6.4 Market access (where?)  
6.5 Services (engineering, product development etc.)  
6.6 Training

7. Government Assistance Desired:

In what field, by which institution/ministry: Ministry of Commerce (reduce the importation)

8. Indicate tentative time table for the implementation:

When application submitted? 1.12.1367

When approved by the Investment Committee? 8.1.1362

When the commercial operation expected to start? 4 months after a licence has been issued.

9. Further information of possible interest:

25 April 1983

Industrial Investment Project Questionnaire

1. Project Title: WAIS Woolwashing Plant.

Submitted by: Haji Mohammad Wais

Legal Structure: 100% Private

Project:

2.1 Brief description of entrepreneurs current business activity (quantity and quality of products manufactured): Import and Export (10 million US\$/year)

2.2 Is it a new enterprise? Yes - 3500 ton of washed wool/year.  
If it is an expansion/modernization of existing industry what is the reason?

2.3 Is the project being established on the basis of a study? no.

If yes, indicate the kind:

3. Production:

3.1. Do you expect any problems with respect to the provision of the equipment (incl. maintenance and spare parts)

Alternative 1. New equipment from India (barter country)

Alternative 2. Second-hand equipment from W. Germany.

- Utilities required

Located in Foli Charkhi . Industrial area.

- Manpower

skilled 20

unskilled 70

foreman, management 10 (3 shifts)

3.2. Do you expect any interdependency with other enterprises?

Collecting of non-processed wool - 10 000 ton/year.  
(no problems expected)

Market:

- 4.1 What is the total demand for the manufactured products in the country? not quantified, demand exists from the carpet industry.
- 4.2 How is the demand presently met?  
-by local production 100%  
- imports none
- 4.3. If the products now on the market are imported, will the tariff rate give sufficient protection? no import.
- 4.4 If export is foreseen, indicate the major countries (percentage share): after 2-3 years of operation.
- 4.5 Are there any distribution channels used (Government contracts foreseen?) agents in Ghazni, Kandahar, Herat.

5. Site and Infrastructure:

- 5.1 If the plant is to be built, is land available? Yes.  
- indicate size of land required:  
- indicate preferred location:
- 5.2 Is infrastructure available at site? Yes (partly)  
If not, is additional investment needed?
- 5.3 What are the environmental impacts of the project?  
(annual quantity of wastes):
- 5.4 Are the banking facilities available? Yes. Applications should be processed by the IDBA within 6 months.

6. Foreign Contribution Desired:

- 6.1 Equity participation (source):
- 6.2 Loan to finance licensing, know-how, technology
- 6.3 Management
- 6.4 Market access (where?)
- 6.5 Services (engineering, product development etc.) Installation of machinery.  
(1 expert for 1 year)
- 6.6 Training Sorting of wool - 1 expert  
for 1 year.

7. Government Assistance Desired:

IDBA loan

In what field, by which institution/ministry: Ministry of Commerce to include provisions for the exportation of washed wool in the trade agreements.

8. Indicate tentative time table for the implementation:

When application submitted? 21/12/1961

When approved by the Investment Committee? 1962

When the commercial operation expected to start? 1 year after delivery of equipment.

9. Further information of possible interest:

Typical industry based on the use of ample local raw material.  
Full support should be forthcoming.

Annex 7

Review of Projects the Operation of which have Temporarily Ceased:

Out of the total 231 projects which received the certificates authorizing their operation in accordance with the FDIIL some 40 have temporarily ceased their operation.

The reasons which led to the suspension of production were discussed with the officials of the Investment Promotion and Development Department with the following results. The most affected are the industries in the light industrial branch, followed by foodstuff, soap industries and chemical industries. These together represent thirty out of the total 40 non-operational industries. During the discussions the following reasons for non-operation were given: family reasons (in most instances the owner left the country), cuts in the supply of electricity, inability to compete, difficulties in the supply of raw materials, market problems, other non-specified reasons. Out of these criteria the most frequent are the family reasons (35 percent), followed by market problems (23 percent), non-competitiveness (15 percent), supply of raw materials, supply of electricity and other non-specified reasons (27 percent).

Out of the total 40 non-operational enterprises 30 are located in Kabul area, 2 in Parwan, 4 in Kandahar, 1 in Nangarhar and 3 in Kunduz.

It has been possible to visit four non-operational factories only. This has been mainly due to problems in locating the owners or their managerial staff who were not able or willing to discuss the problems experienced in depth.

Following is a brief account of the discussions made:

Pamir Battery - Established in 1957 as a joint venture with the British firm LUCAS (49 percent share of capital). Shortly after the joint

venture was established the partnership ceased to exist and the invested foreign capital was paid back to the foreign partner. Now it is totally Afghan owned.

The establishment reached the highest capacity in the year 1358, i.e. 1000 assembled batteries a year from all components imported from England. Foreign expert withdrew after 6 months brake-in period. LUCAS company is no more interested in further co-operation.

The factory had 16 employees of which 4 were foremen and managerial staff. The main reason for stoppage of the operation was the 43 percent higher price of the assembled product as compared to imported batteries. Since 1358, the company does not operate, doing occasional work only.

Being located in the Kabul Industrial Park in rented premises (Afs. 2.4 million loan) the owner had difficulties even to pay the rental fees (Afs. 162,000 a year, plus 6 percent interest) and has forfeited payment (25 percent from the outstanding 13 year instalments). His credit worthiness is low and he does not qualify for a loan from the Industrial Development Bank of Afghanistan where he applied in 1361 for Afs. 3 million.

Conclusion:

The machinery is of high quality and operational. Its worth is estimated at Afs. 3,9 million. Lack of working capital can be overcome through finding a financially sound partner with the necessary know-how and access to the supply of needed raw materials. No attempt has been made to switch to the overhaul of used batteries the supply of which is ample. Excessive import content is not encouraging for this type of industries. Custom tariff (5 percent on raw material and 15 percent on imported product ) does not seem to provide enough protection. A new study should be made as to the competitiveness of offered price for assembled batteries and those imported.



Afghan Tyre & Rubber:

It was established in 1952 with the capacity of 3000 recapped tyres a year, employing 15 labourers. The highest level of operation was reached in 1960 (2,300 pcs/year). While the equipment is of Indian origin, the material for recaps had been imported from Thailand. When the owner sent the last order based on the open letter of credit, this company refused to delivery the goods. Also the Indian Firestone subsidiary showed no interest in any business deal. Yet the producer had in his hands a contract with the local city-bus company for recapping 2700 pcs of tyres during the year 1969 which he could not accept because of lacking of raw materials.

The factory was located in Jangalac area within the settlement causing environmental problems. These were subject of frequent complaints. The owner applied for two plots in the Pul-i-Charkhi (he operates also a marble tiles factory) Industrial Park. While the application for one plot was refused, the decision with respect to the second one is still pending with the Ministry of Mines and Industries.

Conclusion:

Since the price for a recapped tyre is about 50 percent of that for a new one, it is in the interest of national economy to support this type of industrial activity. Furthermore, Afghanistan being a land locked, should be interested to economize on the transport costs. The raw material used for a recap of one tyre is 1/8 of weight of new one. Also the import substitution should play an important role in finding solution for the outstanding problems of this establishment.

Khalil Detergent Industries:

It was established in 1353 with the highest production (50 tons of detergent powder a year) reached six years later. Since then the operation ceased for reasons of high cost of production. The producer was not able to compete with the price of imported products. Reportedly it is mainly due to low custom tariff protection. Tariff for a kg of imported raw material is 9 Afs. and for the ready product 2,8 Afs. At present the market price for 1 kg. imported product is 72 Afs. while the production cost of the same quantity has been estimated at Af. 65. Cheap imports, legal (imported by the Govt. Afghan Cart Corporation) or nonlegal set the price, which the local producers, using imported raw materials procured at the money market rate of exchange, cannot meet. The entrepreneur is prepared to sell the equipment which is worth Afs. 7,8 million.

Conclusion:

Since the annual consumption of detergent powder has been estimated at some 4000 tons/year the enterprise producing 1 percent of the annual need has no chance of surviving. The unhappy end to its operation proves a gross misinvestment of funds as well as the lack of techno-economic study. There is a need for a thorough analysis of chances this project has for resumption of operation (present cost and availability of raw materials, type of detergent which can be produced on the installed machinery) Keeping in view of the current import policy, an agreement on the socialization of production in the given enterprise on such a type of detergent which would not be imported into a country / Custom tariff rate applied on the importation of raw materials for such a production should be agreed upon prior to resumption of operations.

Operational Status of licenced private enterprises:

<u>Branch</u>	<u>Total</u>	<u>Operational</u>	<u>Non-operational</u>	
Chemical Industries	41	35	6	15
Light Industries	84	70	14	35
Foodstuff Industry and Soap	67	57	10	25
Metal Works	21	17	4	10
Pharmaceuticals	2	2	-	-
Construction Material Industry	2	1	-	2
Paper and Carpentry Industry	10	10	-	-
Other Industries	14	9	5	13
	<u>241</u>	<u>201</u>	<u>40</u>	<u>100</u>

Break down of non-operational enterprises by location:

	<u>Total</u>	<u>Kabul</u>	<u>Parwan</u>	<u>Kandahar</u>	<u>Nangarhar</u>	<u>Kunduz</u>
A- Family Reasons	14 35	10	-	3	1	-
B- Supply of Electricity	3 7	-	2	1	-	-
C- Non-Competitiveness	6 15	6	-	-	-	-
D- Supply of Raw Materials	5 13	5	-	-	-	-
E- Market Problems	9 23	9	-	-	-	-
F- Not Know	3 7	-	-	-	-	3
	<u>40 100</u>	<u>30</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>3</u>

Basic Criteria for the Project

Evaluation

1. Basic concept of the proposed project
2. Investment and financing
3. National profitability and employment
4. Supplementary considerations
5. Guidelines for the basic criteria

1. Basic Concept of the Proposed Projects:

- 1.1. Is the investment proposal so promising that an investment decision can be taken on the basis of the information given by the investor?
  
- 1.2. Does the project concept justify a detailed analysis of the possible inter-relations with the public industry, adjustments in the import policy with respect of its import substitution effect, changes in the export proceedings due to its export orientation, difficulties which may occur due to heavy dependency on loan, ownership structure etc.?
  
- 1.3. Are there any aspects of the project particularly critical to its feasibility and necessitate an in-depth investigation (standards, quality tests, other surveys and technical studies as for example safety standards, environmental impacts etc.)?

2. Investment and Financing

- 2.1. Does the value of anticipated fixed assets comprise all the components: equipment, installation cost, land acquisition, cost of buildings and contingencies on fixed assets?
- 2.2. Does the cost of equipment contain anticipated transportation cost to site?
- 2.3. Does the initial investment reflect in addition to fixed assets and working capital, also preliminary expenses (licence fees, consultancy, training of personnel etc.)?
- 2.4. If you add to initial investment an amount of interest during construction, does the amount correspond to total investment listed in the application?
- 2.5. Does the listed amount of working capital reflect assets required to operate a project under normal circumstances: cash accounts receivable, inventories of both inputs and final products? (In case of uncertainties, use the guideline No. 1 listed separately.)
- 2.6. Is the equity capital sufficient to cover the investment outlays in the years of construction period?
- 2.7. Is the long-term finance (equity plus long-term loans) sufficient to cover project's fixed investment and the estimated working capital requirements?
- 2.8. If you divide the amount of long-term loans by the equity capital is the ratio close to 0.74 (which is considered satisfactory)?

3. National Profitability and Employment

- 3.1. Is the earning capacity (social surplus) of the project in a normal year of operation big enough to allow for its further expansion? (In case of uncertainties, use the guideline No. 2 listed separately).
- 3.2. Can the anticipated outflow of the project in foreign currency (import of capital goods, equipment, machinery, replacements, raw materials, components, semi-finished goods; royalties, repatriation of profits and capital) be justified on the basis of the import substitution (estimated savings in foreign exchange owing to the curtailment of imports of the items the production of which has been taken up by the project), strategic significance of a product, changes in the policy of import restrictions?
- 3.3. Can the anticipated inflow of the project in foreign currency be ascertained on the basis of bilateral or multilateral trade agreements or is it subject to interplay of forces of supply and demand on international market?  
In the second case, what arrangements in export promotion should be made to ascertain the project's expected prospect?
- 3.4. What are the estimated savings in foreign exchange owing to the curtailment of imports of the items the production of which has been taken up by the project (to be calculated at c.i.f. value of the quantity of previously imported items which will now be produced by this project and supplied to the domestic market)?
- 3.5. Is the anticipated direct employment of skilled labour and managerial staff based on the output of technical and/or other educational facilities?
- 3.6. Does the project contribute to indirect employment in backward and forward projects?

4. Supplementary Considerations

- 4.1. Does the implementation of the project require additional capital investment to augment the infrastructural facilities required? If so, have their costs been included in project's investment costs or are they to be viewed within the context of the Country's development programme?
  
- 4.2. Does the project contribute to raising of local skills and technical capabilities of the Country? Is the importing of foreign expertise based on trade agreement with a foreign country or is it a part of the contract for the delivery of equipment?
  
- 4.3. Do the inputs used in the project, production processes within the project and project's outputs cause any harm to the natural environment? If so, what measures are being anticipated to protect the environment?



5. Guidelines for the Basic Criteria  
used in the Project Evaluation

Guideline No.1: Estimating working capital requirements

- Step 1: Divide annual operating expenditure at full production (a sum of manufacturing, marketing and administrative cash expenses) by 365 to arrive at daily operating expenditure.
- Step 2: Estimate expected average number of days for which raw materials' supplies have to be held in store.
- Step 3: Estimate average period of manufacture (duration of the production cycle).
- Step 4: Estimate expected average number of days for which the final product is stored until delivery.
- Step 5: Estimate expected average terms of sale (number of days between delivery of goods and payment dates) and deduct average terms of purchase (average number of days between receipt of supplies and payments of invoices).
- Step 6: Add number of days of steps 2 through 5 and multiply with daily production expenditure (step 1) to arrive at order of magnitude for net working capital requirements.

Guideline No.2: Net value added for a single year (NVA)

$$NVA = O - (M1 + D) \text{ for that year}$$

where

O = Sales revenue

M1 = Value of material inputs and services  
purchased from outside the project to  
obtain the above output

D = Annual depreciation

Social Surplus = NVA - wages and salaries for a given year

CONTROLLING SHEET ( Changes in Actual and Planned Inputs and Outputs)

PERFORMANCE	Equipment/Parts	Raw Materials	Labour	Actual Production	Annual Sales	Balance Sheet
Preoperational Activities						
1st Year's Operation						
2nd Year's Operation						
3rd Year's Operation						
4th Year's Operation						
5th Year's Operation						

RESULTS OF CONTROLS: Findings: Proposed Action: Results of Previous Control

DATE :  
PERSONS: \_\_\_\_\_

DATE :  
PERSONS: \_\_\_\_\_

DATE :  
PERSONS: \_\_\_\_\_

Overall Evaluation  
 Checklist on data contained in the balance sheet:  
 a) Sales revenue (at ex-factory price)  
 b) Manufacturing cash expenses (Material Local, Imported)  
 Date of Completion: \_\_\_\_\_  
 Signatures: \_\_\_\_\_  
 Any other marketing problems: \_\_\_\_\_

State Planning Committee, Investment Promotion and Development Department

Annex 10

Code: \_\_\_\_\_

PROJECT SHEET

Legal Status: Private \_\_\_\_\_  
 Joint Venture \_\_\_\_\_  
 Foreign Participation \_\_\_\_\_

Title/Name: \_\_\_\_\_  
 Scale: Medium \_\_\_\_\_ Small \_\_\_\_\_

Shareholders: \_\_\_\_\_

Objectives: \_\_\_\_\_

Approved Production Capacity:  
 Product(s) Unit Capacity/year

Investment: Local Foreign Total  
 Initial Equity \_\_\_\_\_  
 Loans \_\_\_\_\_

\_\_\_\_\_

Equipment and Parts:  
 Kind Quantity Price/unit Total-Afs.

Marketing:  
 Product(s) Unit Expected Sale/year  
 Local  
 Export  
 Local  
 Export  
 Local  
 Export

Raw Materials : Total-Afs.  
 Kind Quant. Price/unit Local  
 Imported

Percentage of Sales to Government: \_\_\_\_\_

Location: \_\_\_\_\_  
 Area m<sup>2</sup> \_\_\_\_\_

Overall Evaluation: \_\_\_\_\_

Infrastructure: Power Intake \_\_\_\_\_  
 Water  
 Own \_\_\_\_\_  
 Public \_\_\_\_\_

Application: \_\_\_\_\_

Approved: First: \_\_\_\_\_  
 Second: \_\_\_\_\_

Licence issued: \_\_\_\_\_

Commencement of Operation: \_\_\_\_\_

Labour:  
 Number of shifts One \_\_\_\_\_  
 Two \_\_\_\_\_  
 Three \_\_\_\_\_

	No.	Salary	Benefits	Total/year
Skilled	_____	_____	_____	_____
Non-Skilled	_____	_____	_____	_____
Temporary	_____	_____	_____	_____
Foreman	_____	_____	_____	_____
Management	_____	_____	_____	_____
Total:	_____	_____	_____	_____

Foreign Experts: \_\_\_\_\_

Foreign Remittance: (per year)  
 Wages to experts \_\_\_\_\_  
 Profits (dividends) \_\_\_\_\_  
 Interest \_\_\_\_\_  
 Others (royalties, insurance) \_\_\_\_\_

INDUSTRIAL CAPACITY DIAGNOSTIC  
CHECKLIST FOR THE YEAR \_\_\_\_\_

Enterprise: \_\_\_\_\_ Principal Activity: \_\_\_\_\_

Product	Production Process:		Raw Materials:			Raw Materials used per unit of production	Distribution:		
	Annual Production		Imported	Local	In Stock		Sold Locally	Exported	In Stock
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Marketing and Prices:

Who are your principal competitors? \_\_\_\_\_

What is your market share? \_\_\_\_\_

What are and how do you establish your ex-factory prices? \_\_\_\_\_

Do you sell in your own shop or what distribution channels do you use (in Kabul, in provinces)? \_\_\_\_\_

Any other marketing problems: \_\_\_\_\_

Labour Safety:

To what extent the basic regulations and protective measures are being applied and observed? \_\_\_\_\_

Have there been any labour accidents? \_\_\_\_\_

Social Benefits:

(Describe any medical and Fringe benefits applied) \_\_\_\_\_

Checklist on data contained in the balance sheet: \_\_\_\_\_  
 a) Sales revenue (at ex-factory price) \_\_\_\_\_  
 b) Manufacturing cash expenses (Material Local, Importd) \_\_\_\_\_

Overall \_\_\_\_\_

Date of Completion: \_\_\_\_\_ Signature: \_\_\_\_\_

Evaluation: \_\_\_\_\_

PERSONS: \_\_\_\_\_  
DATE: \_\_\_\_\_

PERSONS: \_\_\_\_\_  
DATE: \_\_\_\_\_

PERSONS: \_\_\_\_\_  
DATE: \_\_\_\_\_

Results of Previous Centre

Proposed Actions

Code						
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UNIDO Project  
SI/AFG/82/804

### Investment Project Proposal

1. Title: \_\_\_\_\_ Location \_\_\_\_\_  
 Project Summary: \_\_\_\_\_  
 (describe) \_\_\_\_\_  
 New Project \_\_\_\_\_  
 Extension \_\_\_\_\_
- ENTREPRENEUR: Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Partners: \_\_\_\_\_
- Legal Structure:  
 -100% locally owned   
 -Joint venture   
 -Joint sector   
 (State & Private)
2. What products or services are to be provided  
 (annual capacities, number of shifts etc.)
3. If you have analysed marketing possibilities
- 3.1. Who will be the customers  
 on the local market?  
 (direct sale or through agents)
- 3.2. If exports are anticipated, name the  
 countries where your products will be  
 competitive
- 3.3. If the product is already locally made,  
 at what price does it now sell? What  
 the advantages of your product will be?
4. What raw materials will be needed? \_\_\_\_\_  
 Indicate local source \_\_\_\_\_  
 (to what extent it is reliable) \_\_\_\_\_  
 If import is anticipated, indicate expected source,  
 price and import duties \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
5. What is your previous experience?
- 5.1. Is the know-how locally available?
- 5.2. Are the foreign experts (licence) required?
6. How many persons will be needed to  
 operate the plant (at full capacity)
- of which:  
 Skilled  
 Temporary  
 Foreman  
 Management

7. Where is the plant to be built?

7.1. Is the land available?  
If not how much it will cost?

7.2. Is there a road \_\_\_\_\_  
Water \_\_\_\_\_  
Electricity in adequate  
quantity? \_\_\_\_\_

7.3. Is the building available? \_\_\_\_\_  
If not, how big it should  
be and how much it will cost? \_\_\_\_\_

7.4. What will be the annual quantity  
of wastes? How it will be disposed of? \_\_\_\_\_

8. Describe the equipment needed:  
(locally made, imported-country of origin)

8.1. What is the estimated cost?  
(How was this cost determined)

9. How do you anticipate financing of the project  
will be done?                      Own        1000    Loans    1000    Foreign    1000  
Sources    Afs.                      Afs.                      US\$

Raw materials \_\_\_\_\_

Wages, salaries \_\_\_\_\_

Other costs(electricity etc.) \_\_\_\_\_

10. What is your time estimate for the  
project, considering the need for:

Month / Year

Processing of application \_\_\_\_\_

Agreement by Government \_\_\_\_\_

Securing of land \_\_\_\_\_

Obtaining of bids (equipment and  
raw materials) \_\_\_\_\_

Securing of finance \_\_\_\_\_

Construction of factory plant \_\_\_\_\_

Commencement of try-out operation \_\_\_\_\_

Full operation \_\_\_\_\_

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Signature of the Applicant:

NOTE ON THE PRICE CONTROL OF  
THE PRIVATE SECTOR INDUSTRIES

The Determinants of the Price Level

Every government has to strive for the relative stability of consumer prices. This effort can be also described as a curtailment of the rate of inflation. However, for a country involved in foreign trade, as is the case of Afghanistan, there is a strong influence of imported inflation which is a factor to be counted with. Therefore, there is a need to build-up necessary institutional structure for the price stability to function adequately.

First of all an effort is to be made to establish such an interest rate system which will not be impaired by inflation. This requires to control prices not only in the private sector, but to retain prices at rational levels all over. The Government policy has been to keep down prices of basic foods and fuel, which means subsidies which require a sizable share of Government resources. On the other hand if the perception of actual profit and loss is distorted, the private investment will not be forthcoming, thus the loss of productive capacities. It is well known, that excessive inflation makes the private sector to invest excessively in stocks and real estates due to uncertainties on the future value of money. Such a development could lead to a disarray and finally break down in the foreign exchange markets when, say, bank sales of foreign exchange are at fixed prices.

In Afghanistan, prices are greatly affected by fluctuations in agricultural output. Attention should, therefore, be given to this branch of economy.

In the second place, the level of prices is also affected by the rate of foreign exchange. An analysis is to be made as to whether the free market exchange rate is a cause of the inflation or an effect of them.

As the third price-determinant is the average quantity of money which households, firms, and other subjects participating in the economic life hold, there is a need to analyse whether the increased demand for money is a consequence of the growth of income or whether the average cash balances have increased more rapidly than national income. Normally the demand for money grows more rapidly than the developing economy. Only if a great portion of output is produced and consumed without monetary transactions (as may be the case of Afghanistan), the picture may be distorted.

The above-mentioned explanation is far from complete. It is to illustrate only, that the price control cannot be considered as a set of administrative measures only, but requires a joint approach by various Government organs and institutions.

#### Approaches to a Price Policy

To deal with this problem is a gradual introduction of planning into the price structure.

Price projection should be introduced which is a sum of projections reflecting the expected development of value levels of the economy in a given period (five years). This is predetermined by

- a) structurally bound objectives of the overall economic development (projection of material balances);



- b) Quantitative proportions of productive factors consumed in the reproduction process as a consequence of given structural distribution of productive factors (increases in investments, capital flow, availability of labour) in a given period;
- c) Development of a qualitative side of the reproduction process ( productivity of production factors which determine the effectiveness of national economy).

Such an exercise supplemented with the anticipated effectiveness in foreign exchange ( cost of production and rate of exchange) would give a picture of necessary costs of production factors and corresponding price structure to be used as a yardstick in the development and control of price structure.

As far as the private sector industries are concerned there is a need for major improvements in the cost analysis of private enterprises. Accountancy should be improved and balance sheets reviewed. Balance sheet should provide information as per the annex. On their basis it would be possible to arrive at cost of production and at the ex-factory price which is a determinant of the selling price .

Integrated Financial Analysis for Tax Purposes

(Thousand of Afs.)

1. Income:
  - 1.1. Sales revenue (at ex-factory prices)
  - 1.2. Subsidies
  - 1.3. Residual value (in final year)
  
2. Operating Costs:
  - 2.1. Manufacturing cash expenses
    - 2.1.1. Material imported
    - 2.1.2. " local
    - 2.1.3. Wages foreign
    - 2.1.4. " local
    - 2.1.5. Other manufacturing expenses
  
  - 2.2. Marketing cash expenses:
    - 2.2.1. Material imported
    - 2.2.2. " local
    - 2.2.3. Wages foreign
    - 2.2.4. Wages local
    - 2.2.5. Sales and excise taxes
    - 2.2.6. Other marketing expenses
  
3. Administrative cash expenses:
  - 3.1. Material
  - 3.2. Wages foreign
  - 3.3. " local
  - 3.4. Other administrative expenses
  
4. Operating cash expenses (2 + 3)
5. Depreciation
6. Interest

---

7. Taxable profit ( 1 - 4 + 5 + 6 )

Criteria for selection of suitable industrial sites

The following locational factors are to be investigated:

- a) access to the site - a proximity to the main transportation roads and arteries. Acreage of land should be sufficient to allow further development;
- b) area should be large enough to accommodate jobs. It should correspond to a well conceived lay-out plan for a given factory;
- c) area should consist of a sound land which would permit a construction of the factory based on the type of equipment used. Low land is to ~~the~~ be reclaimed;
- d) area should be secured as to the water supply and should allow for the effective system of liquidation of wastes (storm water and sewer capacity, industrial effluent treatment);
- e) area should not have a too valuable agricultural land. Topography should be suitable for the typical grid - pattern lay out of an industrial area;
- f) a proximity to present and future residential areas with the supply of skilled and semi-skilled labour should be considered in order to minimize the length and costs of the job trips;
- g) ownership of the land in a given area should be taken into consideration as to the cost of land to be purchased.

It is suggested, that a comparative evaluation of the sites be made. For such an evaluation, criteria should be worked out. These should constitute a set with given weights.

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Following criterion and its weights could be offered:

Site:

	10 points	
1. Sufficient size	8	"
2. Compactness	6	"
3. Topography	9	"
4. Low agricultural value	8	"
5. Low residential occupancy	5	"
6. Number of owners		

External services:

	10	"
7. Road connection	9	"
8. Water supply	6	"
9. Electricity at site	8	"
10. Sewage (possibility)		

Other factors:

11. Proximity to labour - present	8	"
12. " to labour - future	7	"
13. Interference with other users' development	6	"

Total 100 points

To arrive at an overall comparison, the sites considered should be rated against each criterion and given scores in the range from 0 to 2 (0 being least advantageous, most costly) in such a way, that the sum of scores distributed among the sites makes 3 for each single criterion. By multiplying the scores by the weights and summing them up, preliminary conclusions about the comparative advantages of the proposed sites can be drawn to facilitate the final selection.

List of Government Officials

- Council of Ministers - Dr. Masir
- Ministry of Commerce - M. Ayub "MASSOMI", President,  
Afghan Raisin  
Dr. Ismail- Economic Advisory Centre
- Ministry of Mines and  
Industries - Sultan Aziz, President of Excavation
- Industrial Development  
Bank of Afghanistan - H. K. AZIZI - Project Manager  
H. AZIZ - Deputy Manager
- The Kabul Municipality - ABDUL RAHMAN , President, Planning Dept.  
LEKRADG - Director General
- Industrial Sarai - M. Rasuli, Managing Director
- Industrial Estate - M. GHAFOURI, Director
- Private Producers  
Association - RAHIM MAJID, President
- Afghan Handicrafts  
Association - NAIK GHAZIZOI, President
- Industrial Co-operatives - M. SHAHWALI, Chairman
- AFGHAN CART CO. - M. FAQIR, President  
Helali, Director General for Sales  
AHMAD, Director General for Imports

FOREIGN AND DOMESTIC PRIVATE INVESTMENT LAW OF 1974 (1974)

This is an unofficial publication of the approved English language version of the new investment law. The titles to the articles appear only in the English version and are not a part of the law. In the event of a difference in interpretation between the English version and the official Bari version, the Bari version shall prevail.

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Article XXIII	Effective Date of Present Law
Appendix A	Schedule of Court Service Fees for Approved Investments

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June 10, 1974

DRAFT: June 5, 1974

## FOREIGN AND DOMESTIC PRIVATE INVESTMENT LAW OF

### Article I. Purpose

The purpose of this law is to encourage, protect, guide, and control private investment for the creation and expansion of industries, and to provide necessary collaboration between public and private investment for the purpose of the progress, coordination, and balanced development of the national economy.

### Article II. Characteristics of Desirable Investments

For the purpose of increasing national income, private investment shall be based on a majority of the following bases/characteristics:

1. Maximum use of Afghan raw materials,
2. Maximum use of Afghan manpower,
3. Import substitution,
4. Increase in quantity and value of exportable items,
5. Satisfaction of the common needs,
6. Use of Afghan industrial products, and
7. Maximum value added.

### Article III. Qualifications of Private Investments

Private investments by real persons or legal entities shall benefit from exemptions and favorable treatment and shall be obliged to fulfill their obligations as specified in

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the present law, provided that the following conditions are met:

1. The investment should have been officially approved and registered by the Investment Committee according to the provisions of the present law.
2. The investment should be made by real persons or legal entities authorized to conclude and execute such transactions.
3. The books of account of the investment should be audited annually at the expense of the investor by an independent auditor who meets international standards and who is acceptable to the Ministry of Finance of Afghanistan.
4. The investment is within the scope of the field of investment and projects determined by the Investment Committee to be appropriate and acceptable for private investment under the present law.

Article IV. Scope for Private Investment

The Investment Committee shall meet at least once a year to determine the list of approved projects and shall cause the list to be published at least once a year in the local press.

Article V. Benefits and Privileges

Investments that have been approved by the Investment Committee according to the provisions of this law shall benefit from the following exemptions and special treatment:



1. Exemption from taxes on all income of the company for a period of four consecutive years beginning with the year in which the first sale of goods or services of the approved investment occurs.
2. Exemption from personal income tax and corporate tax on all dividends for four consecutive years beginning with the year in which a dividend is first distributed, provided that the tax exemption shall in no event extend beyond the seventh year from the date of approval of the investment.
3. For projects that are going to be established outside of Kabul Province, the duration of the exemptions referred to in paragraphs (1) and (2) of this article shall be increased by two years.
4. For capital goods, spare parts for replacement, raw materials, and semi-finished goods not produced in the country and necessary for the establishment or current production of the approved investment, the following favorable customs duties are applicable:

Capital goods: exempted (in accordance with Article 26 of the Customs Law).

Spare parts: ten percent (on the basis of the invoice for the goods at the customs port or the unit price).

Raw materials and semi-finished goods: twenty percent maximum (on the basis of the invoice for the goods at the customs post or the unit price).

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Within the twenty percent maximum rate, the customs duties for individual raw materials and semi-finished goods shall be determined and announced by the Investment Committee at least once a year prior to the beginning of the year on the basis of their classification and considering the custom duties on similar imported goods and the provision of Article II of the present law. Passenger automobiles, aircrafts, trucks, ordinary construction materials, and office furniture shall in no event be exempted from the customs duty.

Imports that come under the above exemptions or reductions must be registered by the Customs Presidency of the Ministry of Finance and a copy of the registration must be sent to the Chairman of the Investment Committee.

If a dispute arises as to the interpretation of the present law with respect to whether a specific import is to be regarded as essential, such dispute shall be considered in the first instance by the Investment Committee, which shall express its views. If the Investment Committee opinion is adverse to the petitioner, he may appeal to the Primary Commercial Court in Kabul whose decision shall be final and binding.

5. Approved investments are exempt from payment of stamp taxes, registration fees, and other legal fees levied by the court in connection with the procurement of civil or commercial judicial documents and deeds related to their investment. However, investors are required to pay court stamp taxes to the acquisition of judicial orders necessary for the above mentioned documents and deeds as they are not exempted in the solution in regarding the judicial fees.

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6. Interest on foreign loans that are part of an approved investment is fully exempt from income taxes.
7. Products of an approved investment shall be exempt from payment of export taxes according to the provisions of the Customs Law, provided that such products are permitted to be exported.

Article VI. Proper Use of Benefits

Proper use of the exemptions and prerogatives provided in the present law shall be controlled by the Investment Committee. In case of proof that an investor abuses the exemptions and prerogatives, the Investment Committee has the authority to withdraw these benefits.

Article VII. Capital, Profit, and Debt Service Repatriation

Capital, profits accruing to foreign investors, and interest installments on loans received from abroad may be freely repatriated in the original foreign currency on the basis of the Da Afghanistan Bank free market rate in accordance with the following conditions:

1. Payment of principal and interest to the extent of the obligation in the credit agreement.
2. Profits of the foreign investment at the end of any fiscal year after submission to the Ministry of Finance of an auditors certificate in accordance with Article XII of the present law.

3. Registered foreign capital and such reinvested profits as shall have been registered after five years from the date of approval of the investment at an annual rate not to exceed twenty percent of the total foreign capital invested and registered.
4. With respect to the imposition of foreign exchange controls, the foreign investors shall enjoy equal rights with Afghan nationals regarding the availability of foreign exchange.

Article VIII. Licensing Fees for Patents and Know-how

The purchase price or licensing fee for patents or know-how that are part of an approved investment may be repatriated in accordance with the legal obligation to make such payments, provided that such purchase price or licensing fee has been approved by the Investment Committee as constituting a part of the approved investment.

Article IX. Non-discrimination According to Nationality of Capital

There shall be no discrimination between Afghan capital and foreign capital invested pursuant to this law as regards facilities, prerogatives, tax and customs obligations, keeping of accounts, and judicial and arbitration procedures.

Article X. Evaluation of Investment-in-kind and Intangibles

Investments in kind and intangible assets shall be evaluated at current international market prices. In case of disagreement, the valuation shall be done by an independent professional firm acceptable to the Investment Committee.

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Article XI. Repatriation of Expatriate Salaries

Foreign personnel of approved enterprises may repatriate up to sixty percent of their income net of taxes through the Da Afghanistan Bank at the latter's free market rate of exchange.

Article XII. Equal Treatment of Foreign and Afghan Nationals

Foreign companies, investors, and personnel within the scope of this law shall be subject to the same obligations as similarly situated Afghan nationals with respect to rights, taxes, customs duties, and other fiscal obligations.

Article XIII. Accounting and Auditing

Enterprises within the scope of this law are required to maintain regular books of account, a balance sheet, and a profit and loss statement which must be audited annually by an independent auditor who meets international standards and is acceptable to the Ministry of Finance of Afghanistan. Copies of the auditor's report shall be submitted annually by the private enterprise to the Ministry of Finance and the Chairman of the Investment Committee.

Article XIV. Sale of Shares

Shares of approved investments may be freely sold to any Afghan or foreign national, provided that such sale is within the limit set up in Article XVI of this law and in accordance with the Commercial Code of Afghanistan; however, these shares cannot be sold to a foreign government or governmental agency.

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Article XV: Transfer of Proceeds of Sale of Shares and of Liquidation

The proceeds of the sale of shares of foreign nationals in an approved investment sold to the Government of the Republic of Afghanistan or to Afghan nationals may be transferred through the Da Afghanistan Bank at the latter's free market rate of exchange in accordance with Article VII of this law.

In case of liquidation or bankruptcy, after the completion of the required legal procedures therefor, the remaining net assets belonging to foreign nationals after the liquidation are transferable abroad as provided above.

Article XVI. Limitation of Foreign Equity

Foreign investment under the present law shall only be made in the form of a joint venture with Afghan capital and the share of foreign investment in a given investment cannot exceed forty-nine percent.

Article XVII. Government Purchase of Local Products

Government departments and enterprises are required to purchase their necessary supplies and services from enterprises established under the provisions of this law, provided that such supplies and services produced in Afghanistan shall not be substantially different than similar imported goods and services and that the price of the local goods and services shall not be more than fifteen percent higher than importable equivalents.

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Article XVIII. Expropriation

Property of an approved investment cannot be expropriated except as provided for by the applicable law and upon issue of an order of the competent court. Expropriation of the property of an approved investment can be carried out only in the public interest and after compensation made according to the provisions of the law.

Article XIX. Disputes

Except for the case mentioned in the foregoing article, disputes arising from the application of this law between the Investment Committee and foreign nationals shall be settled in accordance with the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, provided that the Investment Committee and foreign investor agree to do so. Such agreements shall be transmitted to the Secretary General of the International Center for the Settlement of Investment Disputes as provided by the above Convention.

In the absence of agreement by the Investment Committee and foreign investors to submit to arbitration as provided above, disputes between the Investment Committee and foreign investors shall be settled as follows. Each party shall appoint one arbitrator, who shall then jointly select a mutually-acceptable third arbitrator within thirty days. If within this period a third arbitrator is not selected, or if the second arbitrator is not appointed within thirty days after the other party has appointed and given notice of its arbitrator, then such arbitrator or arbitrators shall be appointed by the Secretary General of the above-mentioned International Center.

The arbitral tribunal composed of the above three arbitrators shall determine its own rules of procedure and shall assess costs between the parties.

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Decisions shall be taken by majority vote of the arbitrators.

The arbitral award shall be in writing, shall contain a statement of the reasons on which it is based and shall be published in the Official Gazette.

The arbitral award shall be accepted by the parties as the final adjudication of the dispute.

Article XX. Investment Committee Composition and Operation

The Investment Committee shall be composed of the following ministers or their authorized representatives: the Minister of Planning, the Minister of Commerce, the Minister of Mines and Industries, the Minister of Finance, and the Minister of Agriculture and Irrigation. The Minister of Planning shall serve as permanent chairman of the Investment Committee. In his absence, the Minister of Commerce shall act as chairman.

The Investment Committee shall convene at least once each month to consider investment applications and related matters. Decisions of the Investment Committee shall be by simple majority vote of the members of the committee.

The Investment Committee shall prepare, for submission to the government, the regulations necessary for achievement of the goals established in the present law.

The Investment Committee shall undertake selected and effective measures in accordance with the provisions of this law for the fulfillment of its objectives.



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Article XXI. Single License and Import-Export Restrictions

The license issued on the basis of final approval by the Investment Committee shall constitute the only license required under the law of the Republican Government of Afghanistan for an approved investment. The approved investment cannot export goods which are not of its own production nor import goods other than those necessary for its own production.

Article XXII. Abrogation of Former Law and Retroactivity

1. After the effective date of this law, the Foreign and Domestic Private Investment Law of 1345 shall stand abrogated.
2. The investments which have been approved under the terms of the Foreign and Domestic Private Investment Law of 1345 are obliged to offer foreign shareholdings for sale on the basis of the provisions of Article XV of the present law.

Article XXIII. Effective Date of Present Law

This law shall enter into force after publication in the Official Gazette.

APPENDIX A

SCHEDULE OF COURT SERVICE FEES  
FOR APPROVED INVESTMENTS

<u>Registered Amount</u>	<u>Fees</u>	<u>Other Registered Documents</u>
Up to Afs. 1,000,000	Afs. 2,000	Afs. 1,000
From 1,000,001 to 5,000,000	Afs. 8,000	Afs. 4,000
From 5,000,001 to 10,000,000	Afs. 20,000	Afs. 12,000
From 10,000,001 to 15,000,000	Afs. 40,000	Afs. 20,000
From 15,000,001 to 20,000,000	Afs. 60,000	Afs. 32,000
From 20,000,001 to 30,000,000	Afs. 80,000	Afs. 40,000
From 30,000,001 to 50,000,000	Afs. 120,000	Afs. 60,000
Above 50,000,000	Afs. 200,000	Afs. 80,000

