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PREPARATORY ASSISTANCE FOR THE DEVELOPMENT OF  
A TRAINING CENTRE FOR INDUSTRIAL MANAGERS

UC/AFG/88/251

THE REPUBLIC OF AFGHANISTAN

Terminal report\*

Prepared for the Government of the Republic of Afghanistan  
by the United Nations Industrial Development Organization

Based on the work of Raymond Stimbre,  
expert in institutional building and  
training for industrial management

Backstopping officer: U. Loeser, Feasibility Studies Branch

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\* This document has not been edited.

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## OBJECTIVE

1. The objectives in visiting Kabul, Afghanistan, were:

1) In co-operation with government counterparts (CODAPI):

To discuss details of the government's request for technical assistance in building up national capability and establishing a Training Centre for industrial management.

2) To discuss and clarify the function of the Centre, including its area of activities for the coming five years.

3) To prepare a technical report and draft project document containing:

(i) Proposals for training activities (including Training of trainers) in order to build up national capability of the cadre of the Central Office for Development and Promotion of Private Investment;

(ii) Proposals for effective institutional schemes of the Centre and its functions.

## APPROACH

2. The Official was on Mission for one month in Kabul, during which time he visited 12 enterprises from the private sector, 5 Ministries, 1 Afghan Manufacturers Association, 1 women's organization, the National Exhibitions Park, the Industrial Park and the Industrial Development Bank of Afghanistan not to mention the Central Office for Development and Promotion of Private Investment (CODAPI). The main thrusts of his activities were:

- To observe of the industrial private sector.
- To discuss policies developed by relevant Ministries.
- To assess the needs for strengthening CODAPI.
- To clarify the needs for building up an Industrial Management Training Centre with CODAPI as mother institution.

## PRESENT SITUATION

Before the Revolution (1978) the government's aim was to concentrate and centralise most of the industries in the Public Sector. At this time, the private sector had been very active for many years but was not considered as an important economic agent. To day, the government's policy has changed. The Private Sector will be developed in order to increase the over-all manufacturing outputs. Many decisions have been taken to facilitate the creation of new enterprises. In terms of policy, law and regulations, banking, supporting institutions, almost everything is there but, unfortunately, the war has created so many economical and social disturbances that although most of the entrepreneurs and manufacturers have kept their businesses running, the constraints to be faced are numerous (just to mention a few: conscription which takes out of the industry men between 16 and 45 years old, emigration, sometimes physical destruction, transport impossible or very difficult and expensive, lack of energy supply and also, the interruption of technical bi-lateral or international assistance, or the freeze of all joint-ventures) and to day, even if the government policy is satisfactory, Afghan industrial development will depend mainly on the possibility of bringing quick and effective solutions to the brain-drain and skilled manpower hemorrhagy, since some of the emigrated skilled workers will be keen to return home but many good technicians and managers will not. The question clearly formulated is: how to compensate for the manpower loss?.

The handicrafts and cottage industry and the medium or bigger scale industries contribute together about 12 % of the GDP. This contribution to GDP could be easily doubled within one decade if the manpower problem was solved.

The present Mission Report will highlight the situation, as it has been perceived during the mission, and propose some practical solutions to the above mentioned problems.

## SECURITY

It is possible to fly from Kabul to Mazar-i-Sharif easily and possible to work in such areas with minimum risk. It is hoped that the over-all situation will improve and permit access to other parts of the country. As far as a project for industrial management training is concerned, Kabul and Mazar-i-Sharif would represent about 50% of the industrial field.

## ACKNOWLEDGMENTS

The consultant has been provided with the all needed means (briefing, adequate documentation, meetings, secretariat facilities) by UNDP and by the Counterpart Institution, the Central Office for Development and Promotion of Private Investment (CODAPI), Kabul.

The assistance provided by both UNDP and CODAPI made the mission easy, pleasant and fruitful. Mr. Ross Mountain, UNDP R/C a.i., Mr. A.W. Assefi, President General of CODAPI, the Afghan Manufacturers Association, and His Excellency the Deputy Prime Minister Eng. Sayed Amanuddin Amin (Economic Affairs) have showed a great interest in such a UNDP/UNIDO Mission.

## FINDINGS

Despite the war, most of the Entrepreneurs have kept their business running, what ever be the hard conditions.

Among the main difficulties we can mention:

Hemorragey of skilled workers, technicians and managers (conscription for the men between 16 - 45 years old, or emigration, or displacements).

Necessity to employ very young people (children between 9 and 15/16 years old) who have not yet the required forces to do the job. Necessity also to promote "old" workers at the level of supervisors (45-60 years old) eventhough they do not have appropriate education, technical knowledge or profile for that kind of job.

Production quality has decreased in many cases due to the departure of quality control technicians, or of the trainers or of experienced supervisors.

The difficult situation over the years has also stopped almost all kind of technical assistance from foreign countries. Most of the joint-ventures have been frozen. The technical documentation does not come anymore. Travel for business is nevertheless authorized.

The enterprises have to face lack of electricity and power shortages. Although most firms are equipped with generators, the shortages of fuel makes the maintaining of production

difficult. From the black market, the fuel available can cost 10 times the official cost.

Transportation is a big problem when the country is landlocked like Afghanistan is. Depending on the neighbouring countries state of political relationships, transportations is often delayed or stopped for a while. With USSR, transports in transit is possible. Procurement of equipments or raw materials is now possible by air freight, with direct flights from some countries.

Procurement of raw materials is not easy even for domestic raw materials: tannery for example, where there is a lack of hides which are exported through the Pakistan border, unprocessed and often without paying any taxes, meanwhile the shoe-making industry is short of hides.

Spare parts are not available but local production sometimes can replace the missing items.

Additional to the lack of skilled workers, some enterprises have reached a fair level of quality but many minor defaults are remaining because of a lack of accurate equipment, special tools or attachments.

For many manufacturing activities, the products cannot be improved because of lack of expertise, know-how, knowledge of new better adapted technologies (leather-goods, fur goods, shoes-making, furniture). All Entrepreneurs, without any exception, request to be technically assisted with specialized expertise.

When there is no problem of technology, they would like to be advised on product design (for export) or in marketing practices or commercial documentation (which markets for export? How to get in touch?).

The motto seems to be "please don't let us alone like that without any possibility to look at new techniques, new products. We shall not re-invent every process, please help us in expertise and info and then, we can do the job properly, by ourselves". It is difficult not to agree with them!

The CODAPI (See further the special chapter about CODAPI).

CODAPI is understaffed in terms of Expertise (Production, Finances/Accounting, Economic, Consultancy and Training Methods).

The functioning budget is inadequate. Some useful visits are not paid just because the monthly allocation of fuel to run the CODAPI's cars is consumed long before the end of the month.

Difficulties experienced in hiring (very scarce) right people, due to low salaries.

The CODAPI staff would like to be trained specifically in Industrial Management Development. They would know about the Entrepreneurship Development Programmes.

#### NEEDS FOR BUILDING AN "IMTC"

There is an official request from the Government. All relevant Ministries visited agree on such a project and understand already clearly which advantages could be taken from it, in their own sphere of activity.

The Afghan Manufacturers Association is just waiting impatiently for such a "IMTC".

Industrial Serais Project AFG/85/018 - Extension Services for Industrial Serais. See the Annex C where a detailed technical note has been written about it.

CONCLUSION AND RECOMMENDATIONS

There is not any kind of Management Training Institution in Afghanistan. The Engineer College and Polytechnics or Trade School are not in charge of providing the students with managerial techniques. The set up of an IMTC would be an adequate answer to the industrial needs.

The government has taken extremely positive actions in order to develop the Private Sector, during the last 3 years.

The main constraint discovered during the mission is the severe lack of skilled workers, technicians and managers. The only practical solution for such a problem is the launching of an Industrial Management Training Centre, under the very effective CODAPI, whose aim will be to accelerate the development of the industrial productivity

Productivity increase is the only possible solution.

In 3 years, the productivity should be improved by 30%. Such an improvement would compensate 30% of the absent operators and technicians or managers. In this respect the project AFG/88/251 could be considered as an emergency programme.



ANNEX A

VISITS

25th January 1990

UNDP : D. Manson, OIC

The Official has been immediately provided with adequate documents related to other projects more or less connected with the mission, or general socio-economic data.

A tentative programme for visits was already prepared and some appointments made.

27th January 1990

UNDP - Meeting with D. Manson OIC.

Ministry of Planning

Mr. K. Azizi Deputy Minister

Mr. Y. Ayoubi Foreign Economic Relations

Mr. N. Bekeran, Head of UN Affairs, Foreign Economic Relations

Mr. K. Azizi pointed out the interest taken by the government in developing the Private Sector of Industry and agro-allied industry, as well as handicrafts, which contribute more than Afs. 4 billion to the value of the gross products of the factory portion. The gross product of the private portion (factory and handicraft) will make more than 53% of the country's total gross product in the industrial sector. A growth rate of 3.3% is anticipated. (Factory portion: 56% growth, handicrafts: 25%).

The government policy about the development of the private sector is illustrated by several vital decisions:

- The building up of the Central Office for Development and Promotion of Private Investment (CODAPI),(1987).
- The Domestic and Foreign Private Investment Law in year 1987.
- The set up of the first Industrial Serai, in Kabul.
- The Creation of the Industrial Park in the Pull-i-Charkhi area and its foreseen extension.

The Consultant explained how an Industrial Management Training Centre would be a useful tool for CODAPI, mainly in providing the Basic Management Practices to the Industrialists with emphasis on Entrepreneurship Development Programmes.

Asking questions about a possible privatisation of some Public Sector Enterprises such as Jangalak and also to which extent joint-ventures could be established, the answer is clear: Yes - All Ministries are ready to help it.

The development of the industrial private sector is well supported by the government, and the Industrial Development Bank of Afghanistan (IDBA) is providing the potential Entrepreneurs with the needed loans.

#### CODAPI

Meeting with Mr. A. W. Assefi, President General. Discussion about the building up of an Industrial Management Training Centre under CODAPI. Exchange of views. Decision to start collaboration between the Vice-President of CODAPI and the four Presidents, Heads of Department (Planning, Evaluation of Projects, Technical Assistance, Handicrafts Coordination).

28th January 1990

"All Afghanistan Women's Council", Kabul (Training Centre).

After discussion with Mrs. Pari Soltan-Mohammadi, Regional Adviser on Women in Development and Senior Adviser to UNIFEM on Mission in Afghanistan, The Consultant was invited to visit the above mentioned Organization in order to make a short evaluation of the existing potentialities for developing a small garment production enterprise. The proposal coincides with one of UNIFEM's strategies which stipulates building on Afghan Women's traditional skills for increasing their opportunities for training, employment, better income and self-reliance. 1/

The facilities of the Centre are good, many rooms for small workshops, an old but roomy building in good state. Sewing machinery and small equipments are still running, but only good enough to give the women a basic practice. Nevertheless, the products are relatively well finished. The quality of the carpet weaving workshop is splendid, although the women work on looms lying horizontally on the ground. Some of the best pieces are exhibited in the Museum. The material cutting is purely traditional, as are the finishing operations.

One hundred women are trained every year in this place but the Women's Organization has other Centres of activity (almost 500 women are receiving such training in Kabul and outside Kabul).

Although the Centre has a show-room, sales of the products are not well organized nor stimulated. Nevertheless, the total sales value of the products contributes 25 percent of the year's budget of the Centre.

If the "All Afghan Women's Council" could get the adequate technical assistance it requires, within next three years, it should become financially autonomous since productivity could easily be increased fourfold.

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1/ This subject was also raised by and is of great interest to UNIDO's Industrial Human Resources Development Branch of the Department of Industrial Operations. It was agreed that they would contact UNIFEM directly.

After 15 years of practice, productivity cannot be improved without the introduction of adequate technology and training adapted to new processes. A UNIDO Technical Assistance would be highly advisable for:

1. Appraising the potential for the project.
2. Project development and formulation.
3. Training in industrial production processes and maintenance.
4. Organizing of the enterprise (Industrial Organization, Status.)
5. Technology and equipment.
6. Financial and organizational management.

The Ministry of Small Industry Promotion is supportive of the idea. If the project is successful the experience and expertise can be easily transferred to other productive activities, or multiplies in Kabul vicinity. Hundreds of women could be trained and provided with jobs.

As the profitability (because of an existing potential market) will be appreciable as soon as the first "pilot project" is implemented, the Industrial Development Bank of Afghanistan (IDBA) would undoubtedly provide the new production units with adequate loans. The production units would be in the private sector.

The impact on women's employment would be considerable. It is a low investment project.

Meeting with CODAPI's Vice-Presidents and all Presidents, Head of Development.

(Mr. Abdul G. Nakhsbandi, Mr. Kayham, Afif, Azizi and Ghiasi). First discussion about the details of the government's request for technical assistance in building up national capability and establishing a Training Centre for Industrial Management. First analysis of the function of the centre and its possible areas of activity for the coming five years.

Comments are made further through the special chapter devoted to CODAPI. Present and Future.

29 January 1990

Afghan Manufacturers Association (AMA Private Sector)

Meeting with the AMA Vice-President F. R. Ensaf, and Eng. Abdul Quddus Majeed, Consultant attached to AMA.

The AMA comprises of more than 300 Active Members (all Private Industrialists) and is very active. The AMA constitutes a link between its Members and the government. Obviously, the relationships between this Association and CODAPI are excellent through a permanent and fruitful collaboration.

The main facts mentioned were:

80% of the skilled workers have emigrated, or have been conscripted by the army. This hemorrhagy has lead to a serious disruption of the industrial private sector and although the potential market is good, many orders cannot be satisfied due to the lack of skilled workers, supervisors or managers. There is a strong fear that the emigrated skilled workers and technicians or engineers will not come back to work in the country even after an expected settlement.

The opportunity to strengthen CODAPI and particularly in building up an Industrial Management Centre was received extremely positively. It is mentioned also that too many managers or so-called managers are now in charge just because the right ones are no longer available. As a result, the productivity is generally low, some quality problems are not solved, the machinery not properly maintained, serviced or repaired. There is a demand for basic management practices training (costing, pricing, production management, quality control, marketing, finance, accounting, preventive maintenance and so on) It is also thought that an Entrepreneurship

Development Programme would certainly be of primary interest to accelerate Industrial development at medium and small-scale enterprise level.

Investment Law : It is said that the translation of this Law is discutable and some omissions are mentioned. A new version would be certainly welcome. Proposals are made in this regard. The Law should be more attractive for foreign investors.

Sectorial offices in the Ministries: It is underlined that 7 sectorial offices do not simplify formalities for entrepreneurs who would prefer to have only one interlocutor, CODAPI, which has been created with the whole responsibility for projects identification, evaluation and technical assistance for implementation.

It is suggested to move these Sectorial Offices from the relevant Ministries to CODAPI where the concentration, exchange of information and co-operation, would be of benefit the Ministries themselves and more for importantly the potential Entrepreneurs. CODAPI shares the same opinion.

30th January 1990

Hoechst Pharmaceutical Factory-Kabul.

A Joint-venture enterprise, 51% government, 49% Hoechst. A very good example of what a joint-venture well established can bring in the country in terms of organization, technology, industrial management, training, production quality, results.

The plant organization is perfect. The workers, 65% women, 35% men, are well trained and enjoy to working in such an enterprise.

Hoechst Kabul has presently taken 45% of the national market. The factory runs in one shift instead of two because of shortages of fuel.

The main problem is the procurement of the raw materials (now, imported by air freight). Working conditions are very good. Salaries and wages satisfactory.

Although the sale prices are slightly higher than those of its competitors, since the quality is known to be the best, there are no sales difficulties.

The mixity of workers does not create any problems. This point is important for the future. Since more and more, women will have to replace the missing people at work and they certainly will progressively take a more important place in Afghanistan's development.

#### Zaher Nazir (Fruit processing) Raisin

There are about 20 small enterprises involved in raisin processing. Before the revolution, 65,000 Tons were exported, now, only 40,000 T. This factory exports 300 T/year (100% of the production. 50% to USSR, 30% to England, 20% to Germany.

The manpower strength is 120 persons whereof 45 are permanent staff.

Although there is a line production process, the facilities are not very sophisticated and the quality of products could be certainly improved. There is a Raisin Institute which controls the quality of exported raisin.

The opportunity to create a Co-operative, or any association of small exporters in order to improve packaging, quality control during the process, and the capacity to pay for adequate advertising, has been discussed.

Jan Nut Factory - raisin processing.

DG: Dr. Rahim Akbar. 3,000 Tons/year exported to USSR, England, Germany and France. Simple but very good organization and lay-out. The first choice seems really to be of first quality.

It is obvious that 50% of the dried raisin is exported to USSR but at a very low price and also at a very poor level of quality. Is it the best solution?

The work is complicated due to the fact that 2 very different levels of quality co-exist. The cost of the process for export to Europe, or Japan, is 4 or 5 times more expensive than to USSR. (Why not rediscuss the terms of Contracts with the USSR in order to improve quality and consequently the income of exporters?).

The Afghan raisin which is certainly among the best in the world is a valuable national product and would normally procure much more income if the packaging process and marketing practices were improved.

31st January 1990

National Exhibition Parks (at Chaman Hozeri)

In the past, was very active. It is now a too much quiet place. The facilities are exceptionally good, unfortunately not visited. For the future, when a settlement is there, new activities could be imagined to be held this particularly pleasant park.

Why not as a Commercial and Exhibition Centre?



Leather and AHO Shoe Factory, Kabul

President: Mohammad Shah Ramatyar. Production Manager Eng. said Abdul Hesen.

This enterprise is an interesting example of integrated production, starting with the slaughtering, tannery of hides and shoe making. The machinery is old but still in good condition. The problems of lack of skilled workers is also to be faced here. Lack of good Technicians and Supervisors too. Oldest workers have been promoted to replace those who left the country, or the job for conscription. Although the quality of the leather is generally good, in the manufacturing process, many defaults occur. The workers are not sufficiently trained, experienced technicians have left the country.

The production is about 300 hides and 1,000 pairs of shoes per day. This output could be easily doubled if the raw material procurement difficulties were solved.

Too many hides unprocessed, are illegally exported to Pakistan. Some limitation and regulations should be established by the relevant Ministry.

Because of the highly added value produced by AHO, a special effort should be made to provide them with the needed raw materials. The present export of hides unprocessed does not give any appreciable income to the country.

AHO is requesting UNIDO assistance in two areas: 1) Improvement of Tannery Technology 2) Improvement in shoe making process. A study tour for the Production Manager would be of great help. The present first quality of some products could immediately become exportable if some minors improvements were made at the design stage.

1st February 1990

Milli Plastic (Shoe Factory)

President: Mr. Awaz Ali. Manpower strength: 100. Working in 3 shifts. 3 supervisors. 1 Production Manager 15 years of functioning. 100% Afghan Capital.

Thanks to the use of first quality raw material and good machinery (4 automatic cycles molding machines) the products are good. Problems with moulds being very expensive and not repairable in Afghanistan. One new machine is on order. The market is important. Milli Plastic can easily compete with the importations from Pakistan. Same problems as other industrialists (electricity and fuel shortages). The yearly production of 1,200,000 pairs of plastic shoes could easily be increase if these difficulties were alleviated and although 20 other competitors run the same kind of business in Kabul.

Large problem with industrial costing and sales pricing. The costs of raw materials are fluctuating rapidly. The anticipated changes of cost are not made. As a result the last exercise was not beneficial. There is no accounting specialist. It is obvious that the lack of technical knowledge at the level of costing, pricing, budget control costs a lot to the enterprise. This is typically a problem which would be solved with the availability of an Industrial Management Training Centre under CODAPI. At least, one hundred accountants are immediately needed.

Bakhtar Bicycles

President: F.U.R. Ensaf.

Bicycle assembly-line. All parts imported from USSR. Good quality of work. 25,000 bicycles sold this year, expected sales for next year: 40,000 at a very attractive price (50 % lower than Indian and Chinese imports). The potential market is huge. Why not to launch 2 or 3 other assembly lines to Mazar-i-Sharif, Herat or Kandahar?

Saturday, 3th of February 1990

Industrial Serai "Baricote" in Kabul

Visit with Mr. Yarman, Vice-President of the IDBA and the team of Presidents of units (21) housed by the Serai.

The IDBA (Industrial Development bank of Afghanistan) has already made operational in Kabul a first so-called "Serai" (a handicraft and small industry centre or park).

The existing Serai No: 1 named Baricote, has been located in Kabul town since 1983. It is the only one in Afghanistan. Two visits have been paid by the Consultant to Industrial Serai of Kabul. The second one in order to consider more in detail the range of products.

The building itself has been used without modification: it was not really conceived to house handicrafts and small-scale enterprises, nevertheless the 21 units enjoy it mainly because electricity power and water supply are available 24 hours/24. Garment workshop, tailoring, leather goods production, knitting, carpet/rug weaving, plastic shoe making are among the most popular activities. An IDBA Official is in charge of the Serai. The Serai cannot accommodate much more than 500 employees (presently 450. 2,000 square meters). The rental is very moderate. After six years of existence, the Serai No: 1 proved to be satisfactory for the users themselves who can exchange experience, advices, ideas or share some facilities, and for IDBA which is capable to keep a general supervision of the whole and also advice on loans and repayments. It must be underlined that IDBA can get easily the repayments at almost 100 %. This is quite exceptional and prove the advantages of such a Serai organization. It must be mentioned also that the small-scale entrepreneurs have remained within the Serai and continue to make their activities profitable.

Some of the Units have already tried to get contracts for exporting one part of their products, but there are some shortcomings. Just to name a few:

Machinery extremely primitive. Poor technologies. Lay-outs inadequate. Production management and quality control poor. Industrial engineering work and time study unknown, similarly there is no preventive maintenance. At the product level itself there is an obvious lack of good design, furthermore there is a need for marketing techniques. (surveys, sales, distribution export promotion).

For all these reasons, IDBA was desirous of obtaining such needed expertise and know-how to upgrade the present Serai No: 1. The idea is also to develop two others Serais better adapted, one in Mazar-i-Sharif for traditional handicrafts activities (carpet weaving, fur and leather goods, embroidery, jewelry, silk weaving and so on) and another one in Kabul to house metal, wood and plastic workshops. This is the aim of the UNIDO project "Extension services to Serais - AFG/85/018". Please refer to the Prodoc and see our short memo about it.

#### Kabul Felez Factory

40 workers during winter, 90 in summer time. 100% male workers. Products: metal-wood furniture for houses, offices, hospitals.

The permanent staff (about 50) are paid even if there is not enough work to do. They are experienced and Kabul Felez like other industrialists has to face the scarcity of skilled workers. This small-medium enterprise is very effectively managed. The leadership is competent. The general organization is pretty good, the workshops are well organized and clean.

The products themselves are relatively well designed and the quality is good. Some of the classical items will be exported to USA, soon.

Just two small weakness points to mention:

- The product design should be improved for export.
- The assembly techniques could be also improved. (need to apply the "Value Analysis" at the engineering - drawing stage).

Kabul Felez, a good sample (and good example) of a successful small-medium scale private enterprise, has a good turnover, 300 million Afs. per year with 50-90 workers, to be compared with Jangalak Factories (public sector) 400 million Afs./year with 1,500 employees.

This enterprise (Kabul Felez), will develop quickly as the conditions in Afghanistan become normal (settlement) and when the above suggested improvements take place.

Sunday, 4th February 1990

Ministry of Mines and Industries

Meeting with Eng. Motashebzada, Deputy Minister.

The Deputy Minister would like to have the possibility of obtaining more technical information from UNIDO (his telex: 260 MINES AF) particularly the books about industrialization processes, industrialization projects methodology and so on.

It is also agreed that Jangalak (Auto repairs and building, engineering, metal works,...) still under the Ministry of Mines and Industry (public) could be transferred from public to private, but under some conditions (rather as a whole and not in separated factories or departments) concerning Jangalak, which has always been useful but at high cost for the government, for decades, it seems that the government generally agrees on the possible and advisable privatization of this big industrial compound. The main question is certainly now, how to do it? And it is not so easy.

We think that it is not possible to operate any transfer from public to private sector without a preliminary technical-economical study. It would be certainly of prime importance for a UN agency like, UNIDO to consider this aim as a project whose main objectives would be to determine the technical-industrial and financial value of the fixed assets:

- Buildings, parks, store houses.
- Machinery, equipments and tools.
- Manpower importance in terms of know-how.

Then, to make a marketing survey, in order to find out which are the more desirable products to be kept in production, after redesigning.

Then, to look for potential "entrepreneurs", successful entrepreneurs, selected from the private sector, who would wish to extend their present range, or volume of production. Then, to prepare the framework of contracts (renting, leasing, buying, status) between the Ministry in charge, CODAPI, IDBA, Afghan Manufacturers Association and the candidates.

Jangalak could be a fantastic tool for the country, but the success of such transfer depends mainly on the right approach and adequate treatment of the problem. It is really a project to be considered and implemented like an important industrial project has to be.

Industrial Development Bank of Afghanistan (IDBA)

President: Mr. Hayatullah Azizi.

The IDBA owned by the government is a specialized development bank, providing medium and long term credits to the manufacturing sector, in particular to small and medium scale industries and also to handicrafts activities (70 persons where of 20 are engineers). Meeting with Mr. H. Azizi, IDBA President, Mr. Yarmand, Vice-President and Eng. K. Aziz, IDBA Project Manager.

Discussion about the Industrial Serais and their future. Objectives and activities of the UNIDO Project AFG/85/018, for which IDBA is the government executing agency. How the CODAPI strengthening and the launching of an Industrial Management Training Centre could provide some technical assistance to the Serais themselves in terms of management practices.

IDBA enjoys this idea to have two complementary UNIDO projects. It is clearly and once more said that the industrial sector, handicrafts and manufacturing, needs to be strengthened thanks to specialized expertise. It must be underlined that the handicrafts and cottage industry subsector in Afghanistan is estimated to employ about 200,000 men and women and contribute to the GDP by 6-7 %.

The IDBA is also pleased to know that the CODAPI future Industrial Management Training Centre (INTC) will take care of the medium and small-scale enterprises of the Industrial Park in Pull-i-Charkhi (Kabul) and of its future extension, as well as the enterprises located in Mazar-i-Sharif or other provinces. As IDBA has already established a representative office in Mazar, contacts will be eased.

It is noticed that CODAPI and IDBA have close and friendly relationship. Last but not least, IDBA although being a government owned bank has a dynamic behavior, like any private commerce and industry development bank. IDBA mentioned also that there are no Management Consultancy firms in Afghanistan. The AFG/88/251 project is therefore of prime importance.

Monday, 5th February 1990

Ministry of Light Industries and Food-Stuff

Meeting with Mr. Mir Ahmad Shah, Deputy Minister and Mr. Hashemy, President of Light Industry.

22,000 workers are employed within this subsector. In Kabul, but also in Mazar-i-Sharif, the industrialists have kept their activities running, although the present working conditions are bad. Very interested to know that CODAPI will set up an Industrial Management Training Centre (IMTC), the Deputy Minister insists on the provincial needs for management development and training, Mazar-i-Sharif but also Herat and Kandahar should be taken into consideration by the project. It is said also that the country needs not only engineering graduates but also assistant engineers, technicians and supervisors.

Ministry of Agriculture

Meeting with Dr. Aboubakr, Deputy Minister.

95 % of the products come from the agriculture private sector. Therefore, important efforts are made to develop it rapidly in order to increase the production of food. Farm production has fallen by substantial amounts since 1978 and the fall in production of animal fodder has been as severe as the fall in the number of livestock. Several projects are planned to produce eggs, chickens, or cattle meat. (19 projects for Afs. 275 million in capital). Land is sold to the farmers at a low price (5,000 Afs/ha) by the government. Presently 157 projects in 9 provinces are under implementation (53 for livestock, chicken poultry, cattle, 104 for agriculture itself).

The main problem to face is the production of food for animals. 2 factories are expected to be functioning within the next 2 years, one government owned with Bulgarian technical assistance, the second one, private with USSR. There is also a



problem of energy, the existing gas is not pure enough to be used without being processed. Solar energy could offer good solutions if the UNDTCD project AFG/85/017 is successfully implemented in the near future. (Will it be?).

The Ministry takes care of Veterinary medicine (11 millions of vaccine doses are locally produced and administered (30 main clinics, 80 small ones, 5 laboratories for diagnosis)).

In each project, additionally to technological aspects, the management practices cannot be let aside. How could the 300 managers and assistants be trained in accounting, costing, pricing, budgets control, stock administration, preventive maintenance, sales? The future CODAPI/INTC should normally be capable to train the managers in business-plan designing, and management practices. Would it be possible to send some of them an study tours? The Deputy Minister thinks that 160 projects which require inputs in technologies and management practices training, should be taken into consideration by UNDP, after a government request.

Tuesday, 6 February 1990

SALAR Engineering Workshop

Eng. Salar, President.

50 employees, whereof 20 are skilled operators, adminst. 6. semi or unskilled 24. All machines and tools are running and in good condition (lathes, grinding, boring, drilling machines to repair parts of engines like crankshafts, sleeves, valves. The capabilities of skilled workers are at high level, some teenagers are really capable of operating the machines-tools with precision. More than 500 engines per year are reconditioned here, partly or in whole. The enterprise has a roster of about 2,500 customers. The building itself is very old and free space is scarce. Future development will be limited by the shortage of space.

The consultant explained the advantages of the cold metallisation by projection of particules which agglomerate and re-load the used parts. Salar Workshop is very interested in such modern technology. They would like to receive short documentation and quotation from UNIDO. (see UNIDO engineering section, Project EMAMA, SIKASSO, MALI, where such a regeneration process has been utilized successfully).

This medium enterprise has an important potential for future development and could be chosen as small pilot-unit to inject new technologies and processes.

#### Other meetings

##### Meeting with His Excellency the Deputy Prime Minister Eng. Sayed Amanuddin Amin (Economic Affairs)

H.E. came to CODAPI office to discuss with Mr. Assefi, CODAPI President General and the UNIDO Consultant, about the opportunity to set up under CODAPI, an Industrial Management Training Centre.

H.E. has given a general picture of the government policy for the private sector particularly during the last three years.

- Creation of CODAPI under the Council of Ministers.
- New "Domestic and Foreign Private Investment Law (1987)"

The IDBA (Industrial Development Bank) is still on intensive activity and will be the government Executing Agency for the Project AFG/85/018 Extension Services for Industrial Serais.

The present Industrial Park of Pull-i-Charkhi (Kabul) will be extended. Some others Industrial Parks will be created soon.

The government expects to be capable of attracting foreign investment through joint-ventures, in order quickly obtain the required technologies and know-how.

H.E. confirmed also his decision to appoint immediately some "Private Sector Liaison Officers" in 7 provinces. They will be selected, briefed and technically directed by CODAPI.

H.E. kindly shared the consultant's opinion about the best way to face the negative effects of the past and present situation at the level of the manpower, conscripted or emigrated. Only a quick and important increase of the industrial productivity could alleviate the shortage of skilled workers, technicians and managers. An increase by 30 % within the next 3 years wouldn't be unrealistic if the adequate inputs are injected into the private sector.

It has been agreed that a future IMTC should immediately spread its actions in Kabul and outside Kabul. That CODAPI, already effective and well perceived by the entrepreneurs, should be strengthened. That the IMTC would have to launch special productivity development plans and special entrepreneurship development programmes for training and promotion.

H.E. hopes that UNDP will consider favourably their request and that, very soon, the implementation will take place.

Meeting with the Deputy Chief for Asia and Pacific, UNDP N.Y.

Mr. Pavel Kral, UNDP New York. Mr. Assefi (CODAPI). Mr. Azizi, President of IDBA. Mr. L. Fernando and Mr. Murshedi UNDP Kabul.

About the objectives of the project "Extension Services for Industrial Serais" AFG/85/018, and its connection or complementarity with the Draft Project CODAPI "Industrial Management Training Centre (IMTC). The language used during the meeting sounded very "entrepreneur type"!

10-16 February 1990

The Central Office for Development and Promotion of Private Investment (CODAPI)

Study of the 4 departments. Functions. Problems. The role of the future Industrial Management Training Centre (IMTC). Possible evolution of CODAPI for the 5 coming years.

Facilities

CODAPI is accommodated in a very small building (a villa) the place is already cramped for 50 persons, CODAPI should move to a bigger and more convenient building. For the future IMTC, a separated building could be found near the Industrial Park in order to be very close to the enterprises. It can be also imagined that CODAPI would received a specialized new building big enough to accommodate also the IMTC.

CODAPI has been set up in 1987, a bit later the Investment law was updated. CODAPI is placed under the Council of Ministers. The procedures regulating the CODAPI's activities have been established by CODAPI itself and approved by the Ministry of Justice and Council of Ministers.

Internal Organization and Structure:

President General: Mr. W. Assefi, Vice-President Mr. Nashbendi, 4 presidents, Head of Departments. 50 staff whereof 18 graduates.

Handicrafts and Manufacture Coordination Department  
(Mr. Haykan)

Was supposed to make surveys on the existing enterprises, and statistics and also to study the possibilities of promoting some of them particularly in trying to attract the foreign investors and International Agencies technical assistance. Unfortunately, the international agencies, due to the situation

in the country, stopped their activities for most of them. meanwhile another department called "Craftmen Union of Afghanistan" was created by the government with the same purpose and was granted with privileges, as a result, Craftsmen became attracted by such an organization and deserted the CODAPI Department.

This department decided to avoid any duplication and therefore will be involved in the investigation activities (a section of Evaluation Department) which have until now been a little neglected because of the lack of trained staff available. This section will be upgraded at the level department and will replace the Handicrafts Department declining activities. (only 2 staff in this Department).

Evaluation of Projects - Feasibility Studies Department:

(Mr. Afif)

Staff strength: 10 whereof 5 engineers graduates.

During the last three years, more than 300 projects have been studied and approved by the relevant ministries and CODAPI (Board). The volume of work is already important and will regularly increase. The Department is lacking of documentation about technologies and specific industrial processes, sourcing of raw materials, machinery, equipment tools and instruments, prices, potential markets. A methodology technical assistance is highly expected from UNIDO in these areas as well as basic informations on processes and recommended types of technologies and equipments.

Inside the Department, a section named Investigation is supposed to check all implementations in terms of raw materials imported duty free and other privileges in order to avoid any abuse. This section unstaffed until now will become a Department, replacing Handicrafts.

Technical Assistance Department (Eng. Azizi)

This department is providing a kind of nursing technical assistance to all new projects, in terms of formalities (to get land, construction permits and electricity-water supply). Authorizations for procurement of import raw materials or machinery. Services rendered are numerous. When an enterprise is supposed to export its products, the Department also eases the administrative difficulties with Customs, in order to get the duty free, passports, travel authorizations, and so on. All these services are very much appreciated by the candidate entrepreneurs.

Many procedures should be reviewed and simplified. The volume of work is important. Additionally to the new enterprises, the Departments visit the existing enterprises to provide advice and similar services. It must be mentioned that there is a lack of technical expertise for such conselling. Staff Strength: 11 whereof only 3 are graduates.

Planning Department (Eng. F. Ghiasi):

Responsible for preparing the Yearly Plan for the Industrial Private Sector, looking over the entrepreneurs on a quarterly basis and ensuring that data related to their production or sales are collected. When an entrepreneur is not hitting his targets, the Planning Department enquires about the possible reasons, constraints and problems and proposes some solutions.

The planning section is also responsible for contracts with foreign countries, in order to expedite them when a joint-venture is under implementation.

Follow-up of decrees, new regulations for information of the CODAPI staff and Enterprises is also one of their responsibilities. The planning Department is in charge of CODAPI foreign relations and fellowships. Department staff strength: 5 whereof 3 are graduates.

For all four Departments administrative tasks represent almost 60 % of the total volume of work. It is obvious that they need to computerize all information and to design tailored programmes for each Department. All departments are in favour of this course of action. The time saved from administrative work will be converted into technical assistance and the improvement of evaluation methods.

#### Staff

50 persons, whereof 18 are graduates. The staff strength breaks down in specialities as follows:

1 English, 1 Pedagogy, 1 Literature, 1 Education, 3 Law  
1 Financial Law, 2 Economic, 1 Electro-mechanic, 2 Chemical,  
2 Civil Engineering, 3 Hydrology

As we can see, the range of technical specialities is not so bad, nevertheless we must stress the absence of graduates in:

- Business Administration
- Management
- Marketing
- Data Processing
- International Business and Law

Economic should also be increased at the level of PH.D. In technical field: Engineers in Textile, Tannery - leather goods, weaving areas are needed.

Out of 50 persons, only 34 can be called Managers, Graduates or Technicians. The others are support staff.

A questionnaire applied by the Consultant gave interesting indications about what kind of occupations the CODAPI staff would prefer if they were allowed to get it:

- 17 Extension Services to Enterprises
- 5 Training Activities
- 2 Accounting
- 1 Counselling
- 1 Management and marketing

- 1 General Management and Training
- 1 Studies, Surveys and Research

Pretty good range of wishes if we consider the aim of CODAPI.

Age average for graduates: 40, for others 32.

Ambiance of work, relationship, dynamism are excellent.  
The leadership is strong and very active.

### Activities

Out of 780 registered enterprises from the private sector, 400 projects are still active despite many constraints generated by the situation in the country. That represents 13,140 workers whereof only 5,500 are permanent staff, the others are employed on a temporary basis. 330 projects have been studied and approved in the last 3 years. More than one hundred are expected per year, for the coming 3/5 years. Out of 330 projects, only 140 are implemented. If a project is not too big, nor too much sophisticated in technology and equipment the project can be implemented in less than one year from conception, but depending on the sourcing of specific equipment, it can take between two and three years.

The main difficulties met in implementing the approved projects are:

Availability of land. The first Industrial Park located at Pull-i-Charkhi (Kabul) is already fully occupied.

An extension is foreseen which will double the present area.

Delivery of machines and equipments: through others countries (USSR, Iran, Pakistan).

Energy supply: frequent shortages of fuel

Foreign currency (hard) availability, domestic inflation.

Lack of skilled manpower.

Lack of management.

It is obvious that a settlement would solve almost immediately most of these problems.



CODAPI, today and tomorrow

CODAPI although a still young institution, has proved its efficiency and, its best performance is may be to have made the existing or potential entrepreneurs confident in it. The relationships are excellent not only with the entrepreneurs themselves but also with the IDBA, the Chamber of Commerce and Industry and others Institutions.

CODAPI is lacking expertise in economics, marketing survey, production management, finances and accounting, personnel management. In a word, CODAPI needs to be strengthened in industrial management techniques, business administration and also in methodology.

There is no specific mechanism to identify the areas where potential projects could exist, to prepare opportunity studies or to assess the management training needs. Rehabilitation of industries has not yet been sufficiently considered but, because of its success, CODAPI is already and will be more and more solicited by the Government to be in charge of many other responsibilities. There is a real danger of being overloaded, which will dissipate their energy.

An Industrial Management Training Centre (IMTC) would bring an expertise for the CODAPI's staff strengthening. Furthermore, the IMTC would be a tool very useful to develop quickly the existing enterprises.

CODAPI is today perfectly aware of its shortcomings and limitations. Its willingness for self-improvement is strong and adequate inputs are expected.

ANNEX B

LIST OF AGENCIES, ESTABLISHMENTS AND OFFICIALS VISITED

UNDP

Mr. R. Mountain, Resident Representative a.i., Kabul  
Mr. D. Manson, Senior Admin. Adviser, Kabul  
Mr. L. Fernando, Programme Officer, Kabul  
Mr. A.Z. Murshedi, Programme Officer, Kabul  
Mr. P. Kral, UNDP New York, Deputy Chief, RBAP Division

Government of Afghanistan

Prime Minister: Mr. Amin, Deputy Prime Minister

Ministry of Planning

Mr. Khairullah Azizi, Deputy Minister  
Mr. Yasin Ayoubi, President, Foreign Economic Relations Dept.  
Mr. Najib Bekeran, Head of UN Affairs, Foreign Economic Relations

Ministry of Industry and Mines

Mr. Nohtasib Zada, Deputy Minister

Ministry of Light Industry and Food-Stuff

Mr. Ahmad Shah Hashemy, Deputy Minister

Ministry of Agriculture

Dr. G. Aboubakr, Deputy Minister

Women Organization Institute, Kabul (Training)

Mrs. Zahera Dadmal, Director

Private Sector

Mr. A.W. Assefi, General President, Central Office for  
Development and Promotion of Private Investment (CODAPI)  
Mr. A. Nashbandi, Vice-President General (CODAPI)  
Mr. Azizullah Azizi, President  
Mr. Farid Ghiasi, President, Planning Department  
Mr. Ghalilullah Kayhan, President  
Mr. A. Baqui Afif, President

Industrial Development Bank of Afghanistan (IDBA)

Mr. Hayatullah Azizi, President  
Eng. A.R. Yarmand, Vice-President  
Eng. Hayatullah Aziz, Project Manager

Afghan Manufacturers Association

Mr. F.R. Ensaf, Vice-President  
Mr. Abdul Quddus Majeed, Consultant for AMA

National Exhibition Park

INDUSTRY

Private Sector

HOECHST Pharmaceutical  
Zaher Nazor (raisin processing)  
Jam Nut (Fruits processing)  
AHO Shoes Factory, kabul  
Hari Plastic Factory  
Bakhtar Bicycles  
Kabul FELEZ Factory (metal furniture)  
SALAR Engineering Workshop  
Solar energy project

Industrial Serai: 21 projects

- 34 -

TO : Mr. Ross Mountain, Resident Representative a.i. UNDP  
FROM : Raymond Stimbre, UNIDO Consultant  
DATE : 17 February 1990

Note on a possible "UNDP Package" for rehabilitation  
and industrial development

Please find hereafter a few comments about the projects:

- ILO - Basic Skill Training (to be redesigned)
- UNIDO - Extension Services to Industrial Serais
- UNIDO - Industrial Management Training Centre

The ILO project, if reconsidered at the level of objectives and targets, could be of great interest for reconstruction and rehabilitation of a community's facilities using and developing the ILO previous experience in Quetta and applying it extensively in Afghanistan. For the time being, the Prodoc is a bit unrealistic (inputs/outputs) and moreover, would duplicate and overlap with the two following UNIDO projects. See the comments on ILO project, hereafter.

The two UNIDO projects:

- AFG/85/018 - Extension Services to Industrial Serais
  - AFG/88/251 - Industrial Management Training Centre
- are complementary and are applied on two fields of activity:
- Handicrafts (Industrial Serais) AFG/85/018
  - Manufacturing (Industrial Parks) AFG/88/251

It seems advisable to define clearly the objectives, targets and possible complementarity of the 3 projects.

COMMENT ON: EXTENSION SERVICES FOR INDUSTRIAL SERAIS  
48 months, Kabul, Mazar-i-Sharif, UNIDO, AFG/85/018

Project document: extremely clear, well documented, consistent. Please refer to the Prodoc itself. In order to make it short, just a few remarks:

Context analysis very clear, like is also the project justification

To erect the Industrial Serai No: 2 in Mazar-i-Sharif and to develop in it a "Family" of traditional handicrafts activities such as textile and skins leather, carpet/rug weaving, embroidery, tailoring, leather and suede product, knitting, silk weaving, jewelry, is perfectly logical since Mazar has an old brilliant tradition in these areas. In order to keep the old know-how, the project should search among the "Ancients" those who could help to revive such know-how, and, products design will have to keep up Afghan authenticity. The Industrial Serai No: 3 in Kabul, comprises of metal, wood and plastic processing units, will be of great help also. UNIDO is expected to bring in the appropriate technology (machinery), product design, quality improvement and export promotion for all 210 units housed in the 3 Serais. The project will operate mainly at the operators and supervisors level and its "Demonstration" component with 10 "Demonstration Units" will have many positive motivating effects over thousands of craftsmen.

\*Project strategy and institutional arrangements at the level of co-ordination, CODAPI should imperatively be a member of the Project Advisory Committee since CODAPI is already taking care of most of the Serai No: 1 units and furthermore, with its new Industrial Management Training Centre (IMTC) CODAPI will be capable to provide the Serais with industrial management practices, the Serais being one target among others of CODAPI/IMTC (Project AFG/88/251). There will be a clear co-operation agreement between the two UNIDO projects, working vis-

a-vis the Serais, on a continuous complementary process and CODAPI/IMTC will provide assistance to the "Extension Services for Industrial Serais" Project AFG/85/018 on punctual request basis.

Development objective and immediate objectives: quite clear.

Inputs: OK, but only 18 man-months for short-term consultants who are supposed to bring the adapted (to local conditions) technologies, seems a bit short since the UN Volunteers, eventhough they are Engineers graduates, don't know very much in terms of specific experience. The short-term Consultants should be experienced specialists, this is what is urgently needed by all small entrepreneurs. It would be advisable to spend the 18 m/m on a continuous basis from the beginning of the project and afterwards to add 18 others m/m. Afghanistan needs specialized experts.

CTA profile: He should really be a practitioner (Engineering graduate) with a wide experience of such activities (handicrafts, textile leather goods, knitting and so on) and he also must have been an entrepreneur (medium and small-scale industry). Not easy to recruit! The whole project is based on his technical and managerial experience (that is also why an important input at the level of short-term Consultants is advisable). If the CTA is not of strong calibre, the project will collapse.

Conclusion: apart the above remarks, the project is well conceived, designed, the outputs will certainly be important for the private sector of handicrafts and small-scale enterprises. The two UNIDO projects AFG/85/018 and AFG/88/251 are complementary.

COMMENT ON: AFGHAN VOCATIONAL TRAINING PROJECT  
2 years, Kabul, Mazar-i-Sharif, Quetta  
Cross Border -ILO

1. The analysis of the context is good. It is also obvious that UNDP should take appropriate action to save the outputs (and inputs . 1 million US\$ in equipment) of the Afghan Refugee Vocational Training Project (VTP) in Balochistan, funded by UNHCR. Especially the fixed assets of the ILO Project Quetta should be transferred to UNDP Kabul (or at least the required funds should be provided in order to keep the Quetta Project on stand by).

2. The project objectives are rather vague and there is a confusion within the targets themselves, government role, specialized national institutions or associations, public and private sector, industrial and rural environment.

2.1. In Terms of an emergency programme, the whole part of the project related to rural environment is very good because of the immediate applications of such a programme by the communities - it may be very advisable to concentrate and to reinforce the inputs in order to draw an optimal profit of the project mainly in two areas:

- Basic skill training for reconstruction (proper use of the local raw materials available, clay, wood, sand, water), to rebuild the destroyed or damaged houses.

- Basic skill training directly related to get rural life moving again i.e. basic carpentry, electricity installment, metal tool repairing, auto repairing, traditional tools for handicrafts, sanitation, water supply and so on, for communities facilities rehabilitation.

In this regard, the needs are huge and the idea to develop the mobile training units is excellent.

2.2. As far as the professional activities are concerned the ILO Prodoc can bring semantic confusion and we must give a clear definition of what we call Vocational Training and what skilled workers means - let us go through two different traditional activities like carpet-weaving or leather or fur goods and engineering for example.

Carpet weaving: any Afghan child who has been working in this area since 5/7 years knows much more than any ILO or UNIDO expert. He has integrated centuries of traditional practices. He is capable of memorizing (without any paper or device), hundreds of operations: in one word, he is a skilled worker. Isn't he?

Engineering: in Kabul some children 15 years old have often 4 or 5 years of practice on machine tools. They are capable of operating a lathe, a grinding machine and of reproducing spare parts or grinding a crankshafts or engine valves, using micrometers and others measuring instruments. They are, at least semi-skilled or skilled workers eventhough they don't know how to calculate economical cutting speeds.

Vocational training is really applied to get skilled workers. It takes time and there is no Vocational training worthy to speak of without professional trainers who are experts their speciality. Considering the UN staff inputs of this project: (one CTA, only one ILO Vocational Training Expert and "government (?) training advisers"), how would it be possible to train 1,000 skilled personnel?

2.3. It is now agreed and well understood by all concerned that 85% of the country's exports of manufactured goods are made by the private sector. Subsequently, and it is the new government policy, all inputs available must be injected through the private sector. How could the Ministries, which do not have the required number of experienced civil servants, for (policy



making, regulations, coordination socio-economic development plan) be capable of dealing with vocational training matters? Furthermore the following institutions should have been taken into consideration:

The Central Office for Development and Promotion of Private Investment (CODAPI) is on the verge of setting up an Industrial Management Training Centre to develop entrepreneurship and take care of 400 medium or small scale enterprises (or of the new ones, one hundred a year). (AFG/88/251).

The Industrial Development Bank of Afghanistan (IDBA) is on the verge of erecting new Industrial Serais (1 in Kabul, 1 in Mazar-i-Sharif) after a successful implementation of the first "Baricote Industrial Serai" in Kabul. All these Industrial Serais have handicraft development as their main objective. An appropriate UNDP/UNIDO Project is ready to be implemented. (AFG/85/018).

The Afghan Manufacturers Association with 300 members is very active and, with CODAPI constitutes a very effective link between industrialists and entrepreneurs of the Private Sector and the Government. If any serious so-called "Vocational Training" Project is to be created it should be closely linked with the above specialized institutions and associations.

### 3. Conclusion and recommendations

The objectives of the ILO project are too vague, the targets are not sufficiently defined, the inputs do not accord with the intricacy of such a project and moreover the existing institutions which are specialized in private sector development (CODAPI, IDBA, AMA) have not been taken into consideration for the implementation. Nevertheless, the project's objectives related to the rural environment and refugee VTP are pertinent.

It is recommended to concentrate the inputs of the project on the following applications:

- Basic Skill Training, for reconstruction of houses destroyed.
- Basic Skill Training, for rehabilitation of the communities facilities (basic tools for basic carpentry, metal working, electricity sanitation, water supply and so on).

As far as handicrafts (traditional) and medium or small-scale enterprises are concerned (manufacturing) we shall have:

- a) The Industrial Serais Project (extension and services) which is perfectly adapted and will cover Kabul, Mazar-i-Sharif and progressively others provinces (AFG/85/018) - production methods, product quality and design, export promotion.
- b) The CODAPI Industrial Management Training Centre (IMTC) AFG/88/251 which aim is to develop the industrial management practices of 700 small-scale and medium enterprises, will especially develop tailored entrepreneurship programmes. Training of Trainers for industry is also a part of its objectives.

For these two above projects, the institutional arrangements are clear. The two projects are tailored to fit with the Private Sector (100 %).

In order to avoid confusion, duplication and overlapping, it would be advisable that ILO reconsider it's project document and, taking advantage of it's VTP good experience in Quetta, to enlarge it through the whole country of Afghanistan.

A Vocational Training system is highly needed, but it will be, for the future an integrated system inside the Industrial Network of the Private Sector. It is not a simple affair and the present ILO Prodoc is not adequate for that purpose.

Under the above conditions a revised ILO project document should be considered as an emergency programme and would certainly be supported by UNDP.

\* UNDP Package for rehabilitation and industrial development in Afghanistan

ILO - AFG ?/?, UNIDO - AFG/85/018 and AFG/88/251

A. Reconstruction and rural communities facilities rehabilitation.

ILO Project "Basic skill training", 24 months (Prodoc to be redesigned as hereafter).  
(The present title is "Afghan Vocational Training System").

<u>Where</u>	<u>Targets</u>	<u>Objectives/Outputs</u>
Rural environment - villages - small towns damaged - Quetta/cross border Kabul. Extensively through the country. Government Executing Agency: Ministry of Rural Development (?)	- Refugees coming back home - unemployed unskilled people, villagers - isolated small enterprises (not housed in Serais nor in Industrial Parks).	1. Self-reconstruction of houses. 2. Basic skill training needed to restore communities facilities (carpentry, metal works, water supply, sanitation). Squads of reconstructers trained. Instructors trained. Equipment of additional Mobile Training Units/Teams trained.

B. Handicrafts development and export promotion through UNIDO

AFG/85/018 - Extension Services to Industrial Serais 48 months

Kabul Industrial Serais No: 1 and 3 Mazar-i-Sharif Industrial Serai No: 2 then ... others provinces. Government Executing Agency: IDBA	- 4000 craftsmen in Serais I, II, III + - 10 Demonstration Units. Effects over 55/65000 employees in handicrafts.	1. Improvement in production methods, products quality and design over 210 handicrafts Units. 2. Export Promotion for 40 Units, primarily from Ind. Serai No: 2 Mazar-i-Sharif. 3. Develop counterpart capabilities to carry out independently the extension services after project termination.
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C. Manufacturing Productivity Improvement through UNIDO

AFG/88/251 - Industrial Management Training Centre 36 months

under Central Office for Development and Promotion of Private Investment (CODAPI)

Kabul <u>"CODAPI/IMTC"</u>  Mazar-i-Sharif <u>IMTC/Cell</u> + Audits, seminars, consultancy assistance to other provinces.  Government Executing Agency: CODAPI	- 1000 medium and small-scale enterprises (Kabul + Mazar-i-Sharif) - 3000 Managers, techni- cians, supervisors from: - Industrial Serais - Industrial Parks - 60 Enterprises chosen as <u>focal points</u> for Productivity Improvement. - 300 potential enterpre- neurs.	1. <u>Strengthening of CODAPI</u> a) Bringing in Management Expertise to CODAPI, staff (50) b) set up of a computer-unit (15) 2. <u>Set up of an Industrial Manage- ment Centre (IMTC)</u> Training of Trainers - TOT/20 Training of Managers-Technicians 3. <u>Direct applications of Ind. Mana- gement Techniques in the field,</u> thanks to: IMTC's training activities. CODAPI's Consultancy, Assistance, and CODAPI/IMTC: lauching of Entrepreneurship Development Programmes.
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