

Small-and Medium-Sized Enterprise Development Projects

Project Summary

Subsector	Economic Development
Location	Nationwide
Project Cost	\$10.0 Million (combined)
Project Type	Food Processing and Goods Manufacturing
Project Executing Firm/Agency	Ministry of Commerce
Funding Agency	Not Identified



Project Outline

After years of stagnation, the economy of Afghanistan is currently experiencing commercial stimulation due to the large influx of expatriates working in the country who are spending money and spurring consumption. This significant contingent of foreigners bring a demand of western goods that are considered luxuries in Afghanistan. Afghan businessmen are presently meeting these demands by importing goods such as bottled water and processed food products, but as demand and competition increases, some of these products will be more competitive if produced locally.

There is a large, well-connected Afghan Diaspora population returning to Afghanistan that is seeking to rehabilitate former family businesses or start new ones. In all cases listed below, the entrepreneurs already own the land and facilities, have obtained necessary government permits, but require an investment partner for partial financing. The financing requirements vary from project to project.

Technical Description

The following list represents small- and medium-sized enterprise development opportunities to be developed in conjunction with the Ministry of Commerce (MOC) and the Afghan Diaspora and local businessmen. All projects are located in Kabul unless otherwise stated.

1. Two dry fruit processing and packaging plants for the domestic and export markets. The export potential will amount to approximately 2,000 tons per annum. The two companies approved by MOC for these plants are Nadir Nassary Ltd. and Amm Co. Ltd.
2. Poultry, beef, and dairy processing plants. The company approved by MOC for this enterprise is Danishmand Ltd.
3. Toilet fittings, equipment, and pipe manufacturing facilities. MOC has approved Mohammed Akbar Hussain Khel Ltd. for this enterprise.
4. A tomato-processing plant in Parwan. The company approved for this enterprise is Basir Popal Ltd.
5. A carpet-weaving plant in Mazar-e Sharif. The company approved for this enterprise is Basir Popal Ltd.
6. A grape juice processing plant and *Ghee* (clarified butter) production facility. Yasar Idress Ltd. has been approved to implement the project.
7. A glass and plastics manufacturing plant in Kandahar. The company approved for this enterprise is Asadullah Wafa Ltd.

Project Site

The projects sites for these business opportunities are in Kabul, Mazar-e Sharif (northern Afghanistan), Parwan (north of Kabul), and Kandahar (southern Afghanistan).

Project Status/Timeline

The project sponsors are ready to begin procuring equipment and start production as soon as they have identified investment partners. The duration for each project initiation will vary according to project size and scope. In order to capture the appropriate markets, projects must be implemented in a timely fashion. Therefore the implementation of projects is expected to begin between 6 and 18 months.

Equipment and Services

The project opportunities require funding as well as equipment to begin development. Most firms have partial financing and are searching for equity partners for the remainder of the investment.

Required equipment for the production facilities includes:

- Dried fruit processing and packaging equipment
- Meat and dairy products processing and packaging equipment
- Toilet fittings, equipment, and pipe manufacturing equipment
- Tomato processing and packaging equipment
- Citrus fruit processing and packaging equipment
- Vegetable fat extraction and processing equipment
- Glass and plastics processing and manufacturing equipment
- Electronic alarm and security systems, CCTV, and parameter walls
- Water supply and treatment facilities
- Power generators, electrical wiring, and lighting
- Computers, printers, photocopiers, scanners, office supplies, and office furniture

U.S. Competitiveness

The U.S. is a leader in much of the required machinery and equipment. U.S. investors participating in these enterprises can get a combination of superior quality and competitive prices if they invest in U.S.-manufactured equipment.

Project Financing

Each project sponsor will provide up to 50 percent of the financing, the remainder to be provided by co-investors.

Conclusion

Currently, the Afghan economy cannot meet growing demands. Without locally produced goods, merchants import products at a higher price and pass on these costs to the consumer. Savvy local businessmen see many worthwhile opportunities for generating money and restarting businesses. Investing in Afghanistan is not for the faint-hearted. Although the project sponsors own the land and have received government permits, due diligence is necessary for each of the project opportunities listed above.

Key Decision Makers

Organization or Company Name	Raisin and Other Dry Fruit Export Promotion, Inc.
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