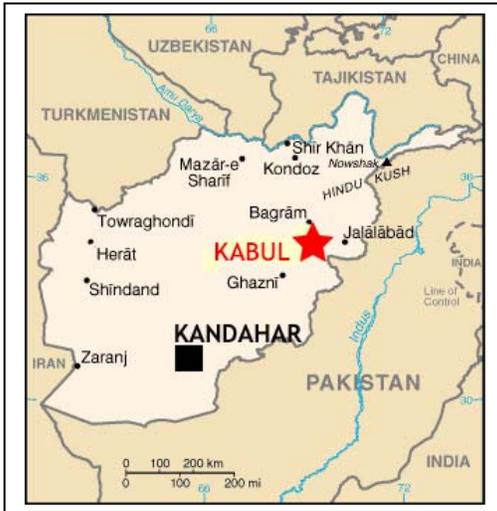


Sugar Beet Production and Processing Project

Project Summary

Subsector	Agribusiness
Location	Kandahar, Afghanistan
Project Cost	\$50.0 Million
Project Type	Agribusiness
Project Executing Firm/Agency	Naser Group
Financing Agency	Not Identified



Project Outline

The project sponsor for this sugar beet project is the Naser Group based in Herat, which closely associated with the Qaderi Group a prominent freight forwarding company with five major offices in Kandahar, Herat, Mazar-e Sharif, and Kabul.

Past studies funded by UNIDO, FAO, and DANIDA recommended irrigated sugar beet production over an area of 72,000 hectares in the valley formed by the Hari Rud river between Maru and Ghuryan on the border with Iran. Sugar beets had previously been grown in this area on a small scale along with cotton. To produce the proposed 1,500 metric tons per day of sugar, the factory will require 50,000 metric tons of beets. Currently there is no sugar production in Afghanistan. The business plan envisions that by the third year the factory would yield 7,000 metric tons of sugar products. The project sponsor estimates that the project would be capable of replacing 10 percent of high cost sugar imports now supplied from neighboring countries.

Technical Description

The potential for sugar beet production and processing has been studied on and off for the last 50 years in the Herat area. In the early 1950s a small pilot project was launched approximately 300 kilometers north of Kabul. It no longer functions, but for some time a commercial project has been of interest using a series of studies for beet production conducted by international agencies. Associated with the Qaderi Group is a former deputy minister from the Ministry of Mines and Industries who played a leading role in the early industrialization of Afghanistan and was also associated with previous studies.

The project requires a feasibility study that would build upon and validate these earlier investigations. Funding for this initiative will likely come from the soon-to-be inaugurated USAID Rebuilding Agricultural Market Program (RAMP) project, which will be targeting the redevelopment of agribusiness in Afghanistan. This project is likely to be one upon which the RAMP will focus.

Import statistics relating to sugar beets are not reliable, but the market price for refined white sugar is about \$500 per metric ton. Based on 1972 consumption figures of 50 grams per person of sugar per day, Afghanistan will need 100,000 metric tons of sugar to meet domestic demand. Total project cost for production and processing is expected to be \$50.0 million.

Project Site

Beet production will take place along the Iranian border in Herat province; the production facility is proposed at an industrial site in the city of Herat.

Project Status/Timeline

The project requires a feasibility study to build upon and validate the earlier investigations. There is a high potential for RAMP to be involved in the sugar beet production, which is expected to commence by August 2003.

Equipment and Services

The feasibility study will determine the equipment and services necessary for the project. Some of the equipment required for the plant operation are listed below:

- Sugar beet slicer;
- Diffuser;
- Juice purifier;

- Evaporators;
- Crystallizer;
- Centrifugals;
- Pulp processors; and
- Packing machine.

Technical assistance is expected to come from United Nations Industrial Development Organization (UNIDO) and the Afghan government. Early feasibility studies indicate that the project is viable.

U.S. Competitiveness

If funding is secured from RAMP, there may be cause to procure only U.S. manufactured equipment.

Project Financing

This project is expected to receive strong support from the USAID RAMP project, which will likely participate in the development of domestic markets for the output of this planned production and processing.

The project promoter is prepared to provide a modest degree of investment capital and in-kind contributions for the start-up of the project. There is a possibility of Overseas Private Investment Corporation funding for export-oriented projects of this nature. The sponsor is seeking a strategic technical joint-venture investor to help develop the project.

Key Decision Makers

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