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PROJECT APPRAISAL REPORT (PAR) PD-AAC-438-A1

1. PROJECT NO. 306-11-755-080	2. PAR FOR PERIOD: 3/29/70 TO 1/15/71	3. COUNTRY Afghanistan	4. PAR SERIAL NO. 71-9
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5. PROJECT TITLE: ECONOMIC PLANNING

A.I.D. Reference Center
Room 1656 NS

7. PROJECT DURATION: Begin FY 1961 End FY 1971	8. DATE LATEST PROP 8/20/69	9. DATE LATEST PIP 5/15/70	9. DATE PREP FOR PAR 3/28/70
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10. U.S. FUNDING	a. Cumulative Obligation thru Prior FY: \$ 2,421	b. Current FY Estimated Budget: \$ 351	c. Estimated Budget to completion After Current FY: \$ -
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME Robert Nathan Associates	b. CONTRACT, PASA OR VOL. AG. NO. AID/nesa 186
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I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
DEAD	AID/W	HOST		
X			Recommend to AID/W the extension of the Nathan Team to June 1972 in order to assist the MinPlan, together with the Soviet, French and German Advisory Teams, complete the preparation of the RGA's Fourth Five-Year Plan	May 1971
X		X	MinPlan and the Nathan Team to complete the preparation of the Five-Year Training Program for MinPlan personnel	Summer 1971
X	(& contractor)		Much closer liaison should be maintained between the contractor and USAID.	continuous
<p>Note: If the first recommendation is not accepted by AID/W this is the final PAR for this project. If accepted, a final PAR will be prepared in June 1972.</p> <p>Clearance: AD/DP:CUyehara <u>[Signature]</u></p>				

D. REPLANNING REQUIRES	E. DATE OF MISSION REVIEW
REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input checked="" type="checkbox"/> PRO AG <input checked="" type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	None

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Lawrence Crain <u>[Signature]</u> 4/20/71	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Bartlett Harvey <u>[Signature]</u> 4/20/71
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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW		MEDIUM		HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5	
1. Robert Nathan Associates					X							X	
2.													
3.													

Comment on key factors determining rating

Relations with the Afghans and technical qualifications of the contract team have been superior.

Other performance factors have been as planned.

4. PARTICIPANT TRAINING			X									X	
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Comment on key factors determining rating

The RGA and the contractor have not selected and trained a sufficient number of Afghans.

English language ability is rated as a negative factor.

5. COMMODITIES				X					X				
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Comment on key factors determining rating

None

6. COOPERATING COUNTRY	a. PERSONNEL			X									X
	b. OTHER				X								X

Comment on key factors determining rating

Continuity of project leadership, ability to implement project plans, technical skills of project personnel, planning and management skills, technical man-years available, adequacy of pay and allowances, availability of reliable data/statistics, legislative changes relevant to the project are factors judged to be critical to project success and are factors rated as negative during the reporting period.

7. OTHER DONORS									X				
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(See Next Page for Comments on Other Donors)

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II. 7. Continued: Comment on key factors determining rating of Other Donors

Other donors (e.g. USSR and France) are primarily concerned with individual enterprises (France) or in identifying public sector projects they wish to finance (USSR). A principal objective of the USSR is to encourage the expansion of the public sector.

The FRG team supports the regional development program to Paktia and provides accounting assistance to various public enterprises, e.g. the monopolies and the Public Sector textile industry.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY		FY ____	FY ____	
			TO DATE	TO END			
See pages 3A, B & C	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED		See Pages 3A, B & C				
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
1.	See pages 3A, B & C						
2.	COMMENT:						
3.	COMMENT:						

Project Outputs - Progress to Date

- A. Quantitative Indicators: No readily identifiable significant indicators.**
- B. Qualitative Indicators for Major Outputs.**
 - 1. RGA officialdom is more serious about the planning exercise.**

Comment: First, the inability of RGA officials in the past to evaluate projects led them to accept whatever foreigner advisors recommended. This has resulted in a debt of some \$600 million and an increasing debt repayment schedule (1349 was about \$20 million and increasing to about \$40 in AFY 1355 (1976-77)). Second, the inability to formulate their own projects led to a dependence upon foreign recommendations and the simultaneous inability to utilize multilateral lines of credit.

RGA officials are beginning to recognize that Afghans must get themselves out of the difficulty they are in - foreigners cannot do everything. Lack of any total review of inputs to reinforce development has led to the present stagnation; Afghans recognize that to get on-the-road to development they must now conduct reviews and analyses of input requirements and determine corrective actions. Projects must support a policy which has been determined by analysis for each sector; nonetheless, pressures still are exerted for "pet" projects. There is now a willingness, in contrast to five years ago, to do battle for adherence to a determined goal for a sector. This willingness is notable in public health and agriculture, and development of a realistic approach to financial capabilities.

- 2. Increased awareness of need for valid and reliable data.**

Comment: Several ranking Afghans are aware that there is a dire need to obtain information which will enable them to act realistically to solve the problems facing their country and to be able to measure the effectiveness of action. Partial evidence of this is found in the recent establishment of a government information center to collect what economic data is available and publish such for use by planners and in the recent move to establish a statistical information system.

- 3. Establishment of an institutional capability to identify, prepare, and implement development projects and activities.**

Comment: The RGA has asked the UNDP and IBRD to provide assistance and is awaiting replies.

4. Foreign Training program, utilization and retention of trained personnel in the Ministry of Planning.

Comment: Personnel in the Ministry of Planning have lacked an English language capability which would permit them to go abroad for training and there has been no program for personnel development. The Ministry is now negotiating an in-house English language training program to be conducted by the Peace Corps to prepare employees for foreign training. The Ministry, working with the Nathan Team, is establishing a five-year training program for such professional employees in the Ministry, 100 of whom will be trained abroad.

5. Ministry of Planning institutional and organizational changes to be effected.

Comment: The failure in the past to institute continuing work programs in the Ministry has led to excessive peaks and valleys in work load and performance. So far, work has been concentrated on the Five-Year Plans and on the Annual Development budget. Attempts to monitor the Plan or the Budget have been very spotty. The Ministry is now creating project files to enable it to monitor programs and is trying to get vehicles to enable personnel to make on-site visits and inspections.

The 1349 Budget was presented to the Wolesi Jirga late in the Afghan 1349 fiscal year. The Ministry is trying to change its system so that beginning in AFY 1351 (March 1972) it will be able to present the AFY 1351 budget before that budget year begins in March 1972. The 1350 Budget was prepared on time to present to the Jirga during its first sessions.

Although the Ministry needs annual planning prior to preparing the financial budget this has not yet been achieved.

6. Enhancement of the planning function.

Comment: The High Economic Council was established to recommend economic policies to the Cabinet. In the past the Council has not functioned consistently or effectively. It was reestablished in August 1970 but is not yet operating effectively. Procedures and concepts of operation have been prepared but have not yet been put into practice. Its future is not yet clear.

7. Effective operation of the Ministry of Planning.

Comment: There are too few trained people in the Ministry and too often they are not used well. The President level is developed fairly well but lacks well trained supporting staffs. The effectiveness of top leaders is further reduced by a general failure to delegate authority. As part of the training program, it is hoped that each top level executive will be given a deputy who can perform in the absence of the chief. This would allow President level personnel to be sent abroad for training.

8. Effective Direction of Planning activities.

Comment: Generally, more is expected of the Ministry of Planning than its location in the RGA organizational hierarchy will permit. As long as the RGA keeps this unit on the level of other ministries it will have difficulty in attaining the status it needs to overcome the general feeling that the Ministry of Planning is an equal and therefore a Ministry which need not be obeyed. Formal elevation to the Prime Minister's Office would improve the status of the Ministry as the spokesman of the Prime Minister in exerting a more positive influence and control on the planning function. This organizational change would be made truly meaningful only when there is a clear RGA commitment to economic development and an unequivocal mandate is given to the government to carry out a series of strong economic policies.

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PRGP? YES NO

To develop and encourage the adoption of economic and fiscal policies designed to optimize the mobilization of resources for economic and social development; to improve and expand data on which more effective economic planning can be based; to strengthen economic policy and planning institutions; to encourage the adoption of planning techniques which support and encourage private initiative, investment and capital formation, and to effect improvements in fiscal and organizational operations.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<ul style="list-style-type: none"> - Effective development program - Valid and reliable planning data available - Effective planning organization - Appropriate system for Planning 	<p>The Fourth Five-Year Plan is being developed with foreign advisory assistance of less magnitude than before; the RGA is completing arrangements for the development and installation of a statistical information system; the RGA is considering a reorganization of the planning function; the staff of the Ministry of Planning is getting necessary experience; and various techniques of planning have been tried and modified to fit Afghan requirements. Some specific problems are contained in the "Project Outputs - Progress to Date", Pages 3A, B and C.</p>

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To encourage and assist the mobilization, wise investment and efficient management of public and private resources directed toward achieving a sharply increased rate of economic growth.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

If the project purpose is achieved it would make a significant contribution to the programming goal. This possibility, however, is far from realization at this time because of the numerous obstacles mentioned in this PAR, and most importantly the absence of a decisive commitment to economic development and ability to carry out in a decisive manner the necessary economic policy changes.