

PROJECT APPRAISAL REPORT (PAR)

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1. PROJECT NO. 306-11-220-136	2. PAR FOR PERIOD: 12/15/76 TO 6/5/76	3. COUNTRY Afghanistan	4. PAR SERIAL NO. 76-15
5. PROJECT TITLE			

Kajakai Service Area Power Market Study (Phase I)

6. PROJECT DURATION: Began FY 75 Ends FY 75	7. DATE LATEST PROP	8. DATE LATEST PIP	9. DATE PRIOR PAR Initial
10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 350,000	b. Current FY Estimated Budget: \$	c. Estimated Budget to completion After Current FY: \$

11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME Haza Overseas Engineering Co.	b. CONTRACT, PASA OR VOL. AG. NO. AID/NE-C-1202
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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
USAID	AID/W	HOST		
		X	1. Contractor to prepare final report on Phase I within six months.	July 15, 1976
X	X		2. Determine and advise contractor if Phase II of Study should be modified and/or initiated.	June 30, 1976

D. REPLANNING REQUIRED						E. DATE OF MISSION REVIEW	
REVISED OR NEW:	<input type="checkbox"/> PROP	<input type="checkbox"/> PIP	<input type="checkbox"/> PRO AG	<input type="checkbox"/> PID/T	<input type="checkbox"/> PID/C	<input type="checkbox"/> PID/P	June 5, 1976
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE				MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE			
John Standish, CDE <i>[Signature]</i>				Vincent W. Brown <i>[Signature]</i>			

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TO: Memorandum for the Files

FROM: John Standish, CDE Project Manager

**Subject: Evaluation: Kajakai Service Area Power Market Survey-
Project Agreement No. 306 - 11 - 220 - 136.**

Persons Participating in Meeting:

Harza Engineering Co.: Kenneth J. Shimon, Resident Manager;
Sidney Fellows, Economist; Malcolm M. Mackenzie, Power Analyst;
Project Chicago Representative Floyd Fisher;
USAID: Messrs. John Standish, Donald Reilly, Raymond Hooker and
Richard Scott.

Date of Meeting: June 5, 1976.

Under terms of AID contract AID / NE-C-1202, the Harza Overseas Engineering Co. submitted a draft interim report of Phase I of the Kajakai Service Area Power Market Survey (ProAg 306-11-220-136). This report was distributed to the Government of Afghanistan under letters dated May 24 and June 2, copies attached. The terms of reference for Phases I and II were also distributed and were one of the basis of evaluating the contractor's performance. Copies of the report were also circulated to all the USAID representatives who participated in the meeting, which was held in CDE June 5, 1976.

John Standish, as Project Manager, reviewed the terms of reference of the Harza Engineering Co. contract, pointing out that Phase I of the contract was a stopping point for an assessment jointly by AID and the GOA whether Phase II of the contract should be implemented. Mr. Standish furnished copies of letters which were sent to the GOA and briefed the Harza representatives of discussions subsequently held with Engr. Mohammadi, General President of the Water and Power Authority, and Deputy Minister of Planning, Mr. Ferogh, regarding the need for early determination on Phase II of the Study. He advised the Harza representatives that on June 8, 1976 the GOA was planning to hold an in-house review of the project and that an official GOA position would be conveyed to USAID on June 9, 1976. Mr. Shimon, the Harza Resident Manager, pointed out that under terms of their contract his staff would be on a stand by basis for a period up to two weeks if necessary regarding any modifications changes, or clarifications in the draft interim report.

In the review of the report, Dr. Hooker raised questions as to the validity of comparing statistics based on the 1970 Farm Economic Survey and the 1974 statistics, which were provided by HAVA. After much discussion, Mr. Fellows explained the statistical technique he employed in making the comparison and indicated that further refinements would be made. It also was agreed that Mr. Fellows would review some actual HAVA statistics

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In Dr. Hooker's office for the period 1972 through 1974. These would be used as a basis of comparison of the data which now appears in Table II of the report. In response to a question as to validity of HAVA statistics, Mr. Scott stated that the statistics which come out of the Department of Statistics in HAVA are basically reliable, since the collection of data, tabulation and analysis used closely follow the guidelines previously established by USAID for HAVA.

Mr. Reilly raised a number of questions regarding the charges for hookup by WAPA. He pointed out that the report made reference both to Afs. 2100 and Afs. 4200, and that adequate explanation for the differences was not included in the report. Mr. Shimon explained that both figures are correct, since Afs. 2100 for hook up did not include the actual wiring, which was another Afs. 2100. It was agreed that this point would be clarified in the final report.

Dr. Hooker raised the question on the statistical approach used by Mr. Fellows in arriving at net income figures appearing on Table III. Mr. Fellows explained his approach, which satisfied Dr. Hooker's question. There was much discussion on the projected increase shown between the 1970 figures and 1974 figures in Table II, since there appear to be a very large jump, especially in cotton and wheat production in Marja and Nad-i-All. Mr. MacKenzie explained the 1974 figures by correlating them to the cotton ginning production at the cotton gin in Lashkar Gah.

Mr. Reilly raised questions regarding the KWH Af. rates which were used in the comparison in the correlating study in Jalalabad. After the rates were studied it was found out that an error had been made in the report, that instead of one Af, three Afs. was the correct figure. Mr. Fellows indicated that the Table would be revised in the final draft of the report. Mr. Fisher pointed out that the final report would be completed in the Chicago Office of Harza Engineering Co., and that the tables and the text would be rechecked and refined, after which the final report would be distributed to AID in accordance with the terms of their contract. It was also mutually agreed that Mr. Shimon would make representation both to WAPA and the Ministry of Planning to see if they desired any explanation or clarification of their copies of the interim report.

Project Manager's Assessment

The contractor mobilized, organized and implemented his study in an efficient professional manner. All reports were submitted in accordance with contract reporting requirements and accountability.

Attachments

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June 2, 1976

**Mr. Ali Ahmad Khurram
Minister of Planning
Republic of Afghanistan
Kabul, Afghanistan**

**Subject: Regional Electrification - Kajakai Service Area
Power Market Study - Project Agreement 306-11-220-136**

Dear Mr, Khurram:

Reference is made to my letter of May 24, 1976 regarding the Interim Report of Phase I of subject study.

Transmitted herewith are two copies of the Interim Report, as prepared by the Harza Engineering Company. We are also sending copies of the report to Engineer Mohammad Mohammadi of the Water and Power Authority, as the GOA agency most directly involved in the study.

As stated in my letter of May 24, 1976, it is most urgent that the above report be jointly reviewed as soon as possible, so that the contractor can be advised of the need, if any, for changes in Phase I of his report and whether Phase II of the study should be implemented. In this respect, attached are copies of the scope of both Phase I and II of the study as it appears in the Harza Engineering Company contract. You will note that Phase II of the study identifies an electrification plan which shall show all electric lines and facilities required to economically provide twice the power requirements for up to Year 1990. Phase II will also include a financial analysis and projection based on a suggested viable retail rate schedule. In summary, the completed study, Phase I and II, would identify a proposed course of action, but it would not include the engineering design of the system, detailed costing of commodities, or the preparation of construction drawings. These latter activities are normally associated with the engineering and construction phase of an electrification plan and are outside the scope of our project.

My staff is ready to meet with your designated counterpart personnel to jointly review the interim report and discuss action associated with Phase II of the

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study. Your early response will be greatly appreciated.

Sincerely,

/s/ Vincent W. Brown

Vincent W. Brown
Director

Attachments

cc: Engr. Mohammadi, WAPA

CDE:JStandish:lj:sp

cc : Mr. Ken Shimon, Harza Engr. Co.
NE/CD, AID/W
NE/NENA, AID/W

Clearance:

CDE:DWReilly (Draft)

DP:RRogers (Draft)

~~DD:TMcL...~~ ~~XXXXXXXXXX~~

DD:FHSligh -262

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May 24, 1976

Mr. Ali Ahmad Khurram
Minister of Planning
Republic of Afghanistan
Kabul, Afghanistan

Subject: Regional Electrification - Kajakai Service Area
Power Market Study - Project Agreement 306-11-220-136

Dear Mr. Khurram:

Reference is made to subject Project Agreement which involves a grant financed study of the electric power load which may be served through 1990 from the Kajakai Hydroelectric power complex.

In accordance with provisions of above Project Agreement, AID has contracted with the Harza Engineering Company of Chicago, Illinois to conduct a two phase study which would (1) survey and identify all existing and potential users of electrical energy in the greater Kajakai Service Area, and (2) develop a plan for meeting the needs of these users in an economical and technically sound manner. We have been informed by the contractor that Phase I of the study will be completed by the last week of May 1976 and an interim report will be ready by the end of the month.

Prior to proceeding with Phase II of the study, it is suggested that the interim report be jointly reviewed between the Government of Afghanistan (GOA) and USAID to determine whether Phase II should be implemented or additional field data in support of Phase I is required. It is most urgent that the Contractor be advised of our views as soon as possible since his staff is mobilized and will be on a stand-by status pending the outcome of our joint deliberations.

Preparatory for this review, I am designating Messrs. Standish and Reilly of our office of Capital Development and Engineering as the USAID representatives in the review. You may wish to designate counterpart GOA personnel, to represent your Government's views on the future of the study.

Sincerely yours,
/s/ Vincent W. Brown
Vincent W. Brown, Director