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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE AID REPRESENTATIVE

American Embassy
Islamabad, Pakistan

June 13, 1988

Ms. Julia Chang-Bloch
Assistant Administrator
Bureau for Asia and Near East
Agency for International Development
Washington, D.C. 20523

Dear Julia:

Attached for Washington's review and approval is a copy of the proposed amendment for the Commodity Export Program (CEP), Project No. 306-0205. The primary objective of the original CEP project was to provide cross-border humanitarian assistance to the Afghan people to support the efforts of the Alliance. The project was designed to have two main elements, a logistics system and commodity imports, to achieve this objective. Since the signing of the Geneva Accords in April, 1988 and the initiation of Soviet troop withdrawals from Afghanistan, conditions are changing rapidly and we must be ready to respond. As a result of increasing areas of the country coming under Afghan resistance control and in the anticipation of the repatriation of millions of refugees, we have expanded the scope of this project to include three new components. They are:

- Transportation: Added to enable us to focus on the enormous logistical problems associated with providing for those in need who have remained in Afghanistan or will be participants in resettlement. A two-part effort will involve: (1) the supply of heavy equipment and related equipment to rebuild roads; and, (2) the provision of vehicles necessary to move humanitarian commodities and people. Maintenance will also be included in this component.

- Mine Detection and Clearing: Included to enable us, if A.I.D. policy permits, to finance the training of Afghans and limited equipment. The presence of three to five million mines in Afghanistan is the most immediate obstacle to rehabilitation and resettlement. I recognize that this element will warrant careful Washington review and discussion.

- Studies and Surveys: Added to allow us to provide valuable information to A.I.D. and other donors to make sound decisions concerning new areas of assistance which could be financed based upon experience over the next three years of the amendment.

These three new components will complement and expand the current CEP to respond to the demands of rehabilitation, repatriation and resettlement of free Afghanistan.

The proposed amendment was reviewed by the Mission's Project Review Committee on May 23, 1988. Participating in the review were USAID/Pakistan's Assistant Controller and Regional Legal Advisor, and our Contracting Officer. Their comments have been incorporated in this proposed amendment. I will be in Washington July 5-7 and would plan to attend the ANPAC review along with Val Mahan. I would request that the ANPAC be scheduled during this period to permit my attendance.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Miller", with a long horizontal line extending to the right.

John M. Miller
Acting AID Representative

Enclosure: a/s

AMENDED
ACTIVITY APPROVAL MEMORANDUM (AAM)
FOR THE COMMODITY EXPORT PROGRAM (CEP)
PROJECT NO. 306-0205

Office of A.I.D. Representative for Afghanistan Affairs

June 1988

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AMENDED ACTIVITY APPROVAL MEMORANDUM (AAM)

FOR THE COMMODITY EXPORT PROGRAM (CEP)

I. SUMMARY:

The Commodity Export Program (CEP) began in August 1986. The original Life of Project funding was \$24 million (grant). An interim amendment of \$5 million increased this grant funding to \$30 million. The original Project Assistance Completion Date (PACD) was August 14, 1989.

The CEP is currently being implemented by a U.S. contractor, the American Manufacturers Export Group (AMEG). An assessment completed in May 1988 (Annex D) by a team from Development Associates, Inc. gave high marks to the accomplishments of the CEP and recommended that it be continued, with the addition of new components in order to support resettlement and rehabilitation as conditions within Afghanistan permit.

The original CEP was conceived as a transfer of resources to respond to critical humanitarian needs and U.S. interests. In the present situation those interests are served if the CEP, by supplying commodity resources and the logistics for their delivery, provides the building blocks of rehabilitation and renewed economic activity. The new components of the project described in this amendment are necessary to permit the flow of a significantly increased level of humanitarian commodities during resettlement, but are equally necessary for interventions related to rehabilitation. Components of this project that are now linked might well, under more stable circumstances, evolve into independent projects.

Recommendation: That this amended AAM be approved with a revised Life of Project funding of \$88 million (an additional \$58 million grant) and a revised PACD of August 14, 1991.

Beneficiaries: People of free Afghanistan

Grantee: Obligation of funds will be through contracts with U.S. firms to provide the necessary goods and services. In the absence of a officially recognized cooperating government, a traditional bilateral project agreement is not possible. If during the course of the project a government is established in Afghanistan which is recognized and determined to warrant support by the United States Government (USG), then a bilateral project agreement will be pursued.

Source and Origin: United States, Pakistan, Afghanistan and, when approved in writing by the A.I.D. Representative, countries appearing in A.I.D. Geographic Code 935.

Project Elements: This amended project consists of five components: logistics system; commodities; transportation systems; mine detection and clearing; and, studies and surveys. The first two components are principally a continuation of activities begun under the original CEP and the remaining three are new activities.

The logistics system consists of five services provided by contract personnel based in Pakistan: procurement, transport, storage, accountability, and monitoring. The contractor also provides some or all of these services for other AID/Rep-supported projects, the PL-480 program, and the Afghan Humanitarian Relief (AHR) flights and DOD-donated surplus commodities.

The CEP commodities have been of a humanitarian nature, e.g., food, clothing and transport equipment needed to move the commodities. Under the amendment commodities will consist primarily of food, clothing, breeding stock, etc., while transportation assets such as trucks and pack animals will be supplied under the transportation component.

The logistics system and commodities components implemented by AMEG at present will be re-bid because of the greatly expanded scope of the effort.

The transportation system component will (through funding of technical assistance, commodities and operating costs) support the free Afghan leadership to take a substantive role in the repatriation of liberated areas and support the movement of the refugee and displaced populations. This component will support the Islamic Unity of Afghan Mujahideen (IUAM) or a successor entity representing the people of free Afghanistan with pack animals, vehicles, machinery, improvements of the road network and maintenance of assets supplied under the program. The purpose of this component is to ensure that liberated areas of Afghanistan receive vital food and support and, thereby, a new free Afghan government gains credibility as a governing entity. The transportation system will also contribute capital resources and management expertise necessary for rehabilitation during and after resettlement.

The transportation system component will be implemented by both the procurement contractor and a second contractor to manage road works and maintenance to be selected through competition, based upon RFP development undertaken concurrently with the review of this amendment.

The mine detection and clearing support component will (if U.S. policy allows) support the free Afghan leadership to initiate mine detection and clearing operations. This component could help train and equip a cadre of Afghan "experts" to operate independently to address the enormous task of mine detection and clearing. Clearing of mine fields is an integral part of resettlement and rehabilitation. Mine detection and clearing support could be provided through interagency agreements or through assistance from the private sector as appropriate, assuming that a policy decision is taken in Washington to permit A.I.D. financing of this component.

The studies and surveys (pre-feasibility and feasibility) will cover subjects relating to the commodity program, the logistics needs in Afghanistan, and related activities. These studies will be needed for planning as well as the design of specific rehabilitation and, later, reconstruction follow-on or new projects for possible A.I.D. and other donor financing. The studies component will be carried out by a U.S. firm under a Mission IQC.

Funding:

CEP FUNDING
(\$000)

<u>Component</u>	<u>Original</u> <u>Funding</u>	<u>Amendment</u>	<u>CEP</u> <u>Total</u>
Logistics system	5,900	6,900	12,800
Commodities	24,100	22,000	46,100
Transportation system	0	19,000	19,000
Mine Detection and Clearing Support	0	7,600	7,600
Studies and Surveys	<u>0</u>	<u>2,500</u>	<u>2,500</u>
Total	30,000	58,000	88,000

II. BACKGROUND

A. Historical Overview

The CEP and its amendment should be viewed in the context of the complex political and security environment in which it operates. This environment has given rise to strong Congressional backing for the Cross-Border Humanitarian Assistance (CBHA) program and to U.S. policy of support to the Afghan resistance. At the same time, the security conditions affecting project implementation have posed several constraints (and challenges) to A.I.D. management. These are constraints that are not encountered in traditional A.I.D. programs. It is within this extraordinary environment of outside forces that the CEP project has been implemented. The role of Congress, U.S. policy, operational procedures, and the security environment are summarized below as factors that affected the direction of the CBHA program and the role of the CEP project.

1. Congress

In the spring of 1985, the U.S.G., at the urging of Congress, decided as a matter of policy to provide humanitarian assistance to war-affected Afghans inside Afghanistan. Beginning with the reprogramming of \$8 million in disaster assistance funds (Section 451), the program has grown to its current FY 88 level of \$73 million made up of Economic Support Fund (ESF) and Development Assistance (DA); PL-480, Title II; and Department of Defense (DOD) resources. Given the unusual circumstances surrounding the CBHA program, Congress wrote the "notwithstanding any other provision of law" clause into A.I.D.'s legislation in recognition of the need to provide A.I.D. the ability to adopt flexible implementation strategies.

2. U.S. Policy

A.I.D. has played a key role in implementing U.S. policy to support the resistance in a unified Afghan effort to resist Soviet domination. Given the significantly large needs of the war-affected in Afghanistan, it was of paramount importance to respond rapidly, with wide geographic coverage to give momentum to the resistance and induce Afghans to remain in their country. The large amounts of commodities required under these conditions argued for assistance under the CEP to be planned and implemented through the Alliance's Logistics Committee. The A.I.D. Representative anticipates the continuation of this relationship in the foreseeable future unless changing circumstances dictate a modification.

3. Operational Procedures

In FY 1985, the CBHA program was initiated by a series of Washington-administered grants to both American and European PVOs. Subsequently, it was decided to establish the Office of the A.I.D. Representative for Afghanistan Affairs (AID/Rep) to be located in Islamabad. The August 13, 1985 Action Memorandum to the Assistant Administrator for Asia and Near East Bureau described a unique process of approving activities for the CBHA, and the delegations of authority needed to execute and implement activities ("projects"). These were approved on August 26, 1985 and have since guided the AID/Rep. The Mission has been required to operate in uncharted waters from the standpoint of not having time-tested, established operating rules, procedures, and documentation for both design and implementation of a unique program.

As one recent AID/W review describes it: "The uniqueness of this program not only derives from its cross-border nature but also from its inherent tensions. The AID/Rep and his staff must delicately balance operational relationships (AID/ANE, USAID/Pakistan, and PVOs) with political relationships (GOP's "existing mechanism", the IUAM, Embassy/Islamabad, other embassies, and the U.S. Congress) just as they must balance short term, war-related humanitarian objectives with long term, developmental concerns. Throughout all, they must weigh expediency against responsible resource management in facing the sometimes equally compelling priorities of war casualties and accountability audits."

4. Constraints

a. Security

Owing to the GOP's concern over the risk of conflict with the Soviet Union if it openly participated in the CBHA program, a mantle of strict security was placed over the CBHA program and project operations. Also on security grounds, travel of U.S. citizens and residents was restricted in the border areas of Pakistan as well as inside Afghanistan. This constraint affected A.I.D.'s ability to monitor end-use of project resources and to evaluate their impact on Afghans. Since the GOP was sensitive to widespread publicity of program and project activities, misunderstandings resulted over the objectives of the program.

b. Travel in Afghanistan

U.S.G. policy now prohibits U.S. citizens or residents who are employees of A.I.D. and U.S.-funded contractors or grantees from venturing into Afghanistan so long as there is a significant Soviet presence

and a security threat. This policy has obvious implications for the AID/Rep's ability to monitor the end-use or impact of resources delivered to Afghanistan. U.S. PVOs are already lobbying for the removal of this prohibition.

As we look to the future under changed conditions, current policy will need to be re-examined to test its validity or to recommend a change. With the potential for a significantly increased CEP project, in both scope and funding, it will become imperative for the AID/Rep's Office to acquire access to project areas (where commodities are delivered) in Afghanistan. Increased access will permit us to monitor the end-use of A.I.D.-financed commodities, obtain information on impact of our assistance (particularly with respect to the resettlement of refugees and displaced Afghans), and to use this information to increase the effectiveness of our assistance.

The AID/Rep will endeavor to understand the security situation in Afghanistan and, in consultation with Embassy officials, to assess whether a change in policy concerning the travel of A.I.D. officials, and A.I.D.-financed U.S. contractors and PVO representatives should be recommended. Through periodic reporting, we will keep Washington policymakers informed of changes in security conditions.

B. Summary to Date of the CEP

The CEP was approved in August 1986 to procure and distribute needed humanitarian commodities to the free Afghan people remaining in Afghanistan. Primary responsibility for implementation of the project was given to a U.S. procurement firm, AMEG.

In the early days of project implementation, it was discovered that the means of transport were an even more serious bottleneck than had been anticipated when the original AAM was written. Therefore, the largest portion of project funds, \$14.9 million, was used for the procurement of vehicles, pack animals, and ancillary transport equipment and materials. Deliveries through March 1988 included:

<u>Quantity</u>	<u>Description</u>
204	3/4 ton Pick-up trucks
163	Heavy 4x4 Trucks (7 ton)
28	Tractors and Trolleys
940	Pack Mules (670 from the U.S.)
16,800	Blankets
31,500	Pairs of Boots
16,610	Shalwar Kameez (traditional dress)
68	Rock drills (for making caves for shelter)
145,617	Food packs (4 persons for 1 week)

The foregoing was supplemented by Title II wheat and surplus items from the Department of Defense. Funds made available in accordance with the McCollum Amendment to the DOD appropriation financed: (1) DOD-arranged flights for the transport of pack animals and other materials; (2) the shipping costs for some of the trucks; and, (3) purchase of some of the mules and trucks. Essentially for information purposes, a separate AAM for the DOD activities was prepared in October 1987 (see Annex F).

The CEP contractor procured the commodities listed above, and set up systems for controlling the flow of the commodities to the points where they were turned over to the Alliance parties' representatives. It has also assisted in the handling of the AHR flight cargo and in monitoring PL-480 deliveries.

C. Present Trends

The signing by Pakistan and Afghanistan of peace accords concerning the withdrawal of Soviet troops from Afghanistan is a welcomed development which will alter the framework in which the CEP is being implemented. Some decisions and policies made under previous assumptions may now have little or no validity.

The amendment contends with a new set of uncertainties. These include the: (1) reduction in fighting; (2) evolution of the Alliance into a more effective governing entity and the continuing movement toward a provisional government; (3) time needed for the existing Afghan regime to be superseded by a new government; (4) level and conditions of economic assistance other donors (possibly including the USSR) may provide in the future; (5) the rate at which the Afghan refugees and displaced return to their homes; and, (6) the post-war conditions of the economy and environment of Afghanistan. The AID/Rep recognizes these uncertainties, and recommends the need for flexible implementation mechanisms and constant policy review for the amended project.

III. Rationale and Strategy

A. Rationale

The withdrawal of Soviet troops will make possible the return to their homes in Afghanistan a large portion of the Afghan refugees in Pakistan, Iran and other countries as well as the estimated two million internally displaced. Within this context, the international donor community, under UN leadership, will face challenges in assisting Afghan refugees in a major repatriation and resettlement effort. In complementing this effort, it is equally important to assist the Afghan refugees to rebuild their homes and to become productive members of their society. An amended CEP project is designed to facilitate achievement of this objective while it continues to benefit Afghans who did not become refugees.

The amended CEP activity will also have political ramifications of a kind which may be more significant than its predecessor.

A significant civilian population will come under the control of the resistance in liberated areas of Afghanistan along with the repatriation of refugees and internally displaced families. It is imperative that the Afghan resistance be able to demonstrate its capability to govern and to provide the basic needs of the people in free areas. In fostering the return to civilian rule, it will be crucial for the Afghan resistance leadership, in whatever form it takes, to deliver resources to gain support and strength from the civilian population. A.I.D. assistance, under these conditions, can play a key supporting role.

This project is not presently developmental in nature -- conventional development assistance must await the completion of the relocation phase and substantial progress in the rehabilitation phase. However, some elements of this project (i.e., the transportation component) will either carry over or provide the basis for development activities when circumstances permit. The organizational structure, machinery and equipment and the experience with the road works and maintenance operations will be valuable assets for the Afghans for rehabilitation, as and when they move into reconstruction and development.

B. Strategy

Project strategy builds on experience gained in working with the Afghan resistance and having a basic understanding of conditions inside Afghanistan. This experience will be of immense value to the UN family of organizations which are planning a major repatriation and resettlement

effort. The project is designed to complement this effort, and activities will be coordinated with UN plans and programs. Since the pace and numbers of refugees who are likely to return in the ensuing months are unpredictable, the project's strategy is based on being prepared for the rapid delivery of assistance in the event there is a large-scale return of Afghans. This will minimize suffering and provide an incentive for Afghans to remain at home once they return.

The project strategy derives from the emergency nature of the current situation. However, the Mission has longer range interests which can best be served by moving as rapidly as circumstances permit toward a more orderly, planned, conventional mode of supporting the free Afghans. As conditions change over the next few years, opportunities may appear in a more stable environment to apply the resources of the project -- through a CIP or other initiatives directed at the private sector -- to reconstruction and economic objectives. The new components of the project described in this amendment are increments necessary to address problems associated with immediate needs in liberated areas, resettlement and rehabilitation but are equally necessary for interventions related to reconstruction. It is also anticipated that certain components of this project that are now linked could evolve into independent projects as circumstances warrant.

IV. PROJECT GOALS AND PURPOSES

This project is designed to bridge the present period of conflict and a future period of improved security in which refugees and internally displaced persons return to their towns and villages in Afghanistan. Thus, the project has two goals and purposes, with each relating to the particular security environment which may prevail. It is conceivable that one goal and purpose could be guiding operations in one part of the country while the other goal and purpose would dominate in another area.

Project Goals

- 1) Ease the burden of the war on those in free Afghanistan as long as the war lasts; and
- 2) Help Afghans re-establish themselves quickly in their towns and villages as soon as security permits.

Project Purposes

- 1) Provide humanitarian commodity assistance to meet urgent food, clothing, shelter and rehabilitation needs of Afghans.
- 2) Support free Afghan authorities and the international donor community to repatriate the refugees by providing for their basic needs over the short term and instilling self-sufficiency for the long term.

The assistance in support of these goals and purposes will be provided in ways which will promote Afghan institutional development.

V. PROJECT DESCRIPTION

The purpose of the original CEP was the provision of humanitarian commodities to the people of free Afghanistan. Achievement of this purpose would enable, to the extent possible, the remaining Afghan population to remain in their home villages where they would: (1) provide support to resistance forces; (2) avoid migration to Soviet-controlled areas; or (3) avoid becoming refugees in Pakistan and Iran. The commodity support project will continue to operate in a similar milieu under this amendment, though with the departure of Soviet forces and the return of refugees the need for additional support is expected to grow significantly. The Amendment is designed to allow the Mission to meet the current need and to respond in a timely manner when the resettlement and rehabilitation of Afghanistan begins.

The amended project will consist of five components: 1) logistics system; 2) commodities; 3) transportation system; 4) mine detection and clearing support; and, 5) studies and surveys. The first two will be a continuation of the original project. The third with its emphasis on the internal Afghan road network is a new component and will enable A.I.D. to respond to a primary constraint to the success of the first two components. This will put greater attention on the massive problems of moving commodities and people. The fourth component deals with the enormous problem of mines. To permit the safe return of refugees as called for under the Geneva Accords, the mine fields must be cleared. The fifth component, studies and surveys, will enable the Mission to be responsive to the changing needs of the Afghan people.

The five components are described in greater detail below. To expedite Mission operations, the leasing or renting of facilities, including houses, warehouses, vehicles, etc. may be considered. It must be understood that because of the current conditions these descriptions are illustrative and will change as the transition from a wartime situation to stability warrants.

A. Logistics System

The logistics system will continue to provide services for this project as well as other A.I.D. projects and their contractors, PL-480 commodities, plus DOD-donated surplus and PVO-donated commodities. Because of anticipated expansion of activities, the logistics system used under the CEP will be competitively bid after approval of this amendment. This system provides four different services with the exact mix and extent of services depending on client, source/origin and nature of commodities. They are:

1. Procurement Services: The actual solicitation of bids or price quotations by means and from sources appropriate for the commodities and circumstances.

2. Storage Services: CEP commodities are presently stored in facilities in Peshawar or Quetta prior to delivery. This practice will continue for the foreseeable future, though the project will probably need additional warehouse space to be leased or constructed. When security conditions permit, and when justified, forward staging or storage facilities in Afghanistan may be needed. Therefore a plan for a supply system in Afghanistan has been prepared, the main feature of which is a network of three major regional distribution centers and five secondary distribution centers (See Annex G).

The logistical description above of CEP commodities applies to other projects' commodities as well except that other projects may have their own storage facilities. In those cases, the CEP contractor arranges to have the suppliers deliver the commodities directly to those storage facilities. That practice will continue.

Currently, PL-480 wheat is delivered to the GOP at Qasim. On a replacement basis, the GOP arranges for either wheat (Peshawar) or flour (Quetta) to be issued from GOP warehouses where it is picked up by party trucks. It is possible that, in the future, implementation of the PL-480 Title II program will no longer be associated with the current CEP contractor but become the responsibility of a separate organization. The possible shift would place the Title II program in the hands of an organization with a strong basic knowledge of PL-480 operations as well as the appropriate systems of monitoring and accountability to provide assured management of the program.

DOD-donated commodities now go directly from the USAF airplanes which land in Islamabad to GOP warehouses for eventual delivery to the parties. The practice of landing in Pakistan may continue indefinitely, but the Mission could eventually take over the responsibility for arranging delivery to the appropriate Afghan authorities in Afghanistan. Suitable arrangements will have to be made at that time for additional storage services under AID/Rep control.

As part of the storage system, an Animal Holding Facility (AHF) is in operation on the outskirts of Peshawar, consisting of several buildings, barns, stalls and training areas. During the current period of change and uncertainty, the procurement of mules from the U.S. has been stopped and local mule procurement has been resumed. The current expectation is that the CEP mule program will continue for at least the near term, while the resumption of U.S. mule procurement remains an open question.* The possibility of extending support to pack animal transport systems in the form of fodder, equipment, and medicine is presently under review. There are a number of options for the future of the AHF, such as: (1) using it for processing other donor provided animals (including mules, oxen, and other draft animals); (2) a training facility for draft animals; and, (3) a staging area for breeding stock.

3. Accountability Services: Current systems for accountability have varied. In general, well-organized and well-run systems of documentation, security and inspection are in place except for PL-480 Title II. The degree of accountability for commodities varies by activity. In one of the simplest operations -- DOD-donated surplus commodities -- accountability is limited to witnessing the unloading of cargo from the USAF airplanes on to GOP trucks, verifying that the cargo matches the USAF flight manifest and later reconciling the GOP cargo receipt documents with the USAF manifest. In contrast, with A.I.D.-financed commodities, accountability begins with the competitive process of procurement including the distribution of commodities to the parties and end-use monitoring. The recent assessment indicated that the present operation has a complete and professional document accountability system as well as a good physical security system for A.I.D.-financed commodities where delivery is taken by the CEP contractor. That system will continue with modifications made as circumstances dictate.

4. Monitoring Services: At this time, the CEP contractor is responsible for end-use monitoring of those commodities financed by the project, PL-480 Title II wheat and DOD-donated commodities. In the past, because of the dependency on the GOP to transport commodities to the Alliance, monitoring was limited to observing the parties' trucks moving over the border, and surveys of markets around Peshawar and Quetta to see if commodities had been diverted into Pakistani markets. The contractor has recently begun monitoring efforts in Afghanistan which will be expanded over the course of the amendment period. In the future, the monitoring of the market places around Peshawar and Quetta will continue, and monitoring within Afghanistan will be increased as fast as security and personnel recruitment permit. Monitoring within Pakistan will be modified as the GOP's role in the logistical system now providing commodities to Afghanistan changes.

It is anticipated that under the amended CEP, training in logistical operations will occur using the present procurement/delivery system. Seventy-seven of the 94 local hires now working for the CEP contractor are Pakistanis. As stability comes to Afghanistan, there will be a huge movement of people and goods into and within Afghanistan. The need for people trained and experienced in logistical operations will explode. When the CEP contractor extends its logistical system into Afghanistan, it will need an increased number of Afghans to operate that system.

* Recently a U.S. private group has shown an interest in donating mules.

MATRIX OF CONTRACTOR LOGISTICAL SERVICES

<u>Services</u>	<u>Client or Activities*</u>			
	<u>CEP</u>	<u>Other</u> <u>Projects</u>	<u>PL-480</u>	<u>AHR</u> <u>Flights</u>
Procurement	High	High	None	None
Transport	High	Little	None	Little
Storage	High	Little	None	Little
Accountability	High	Little	Medium**	Medium
Monitoring	High	None	High	Medium

* General level of involvement and responsibility of the CEP contractor.

** In Pakistan: A new mechanism, using an experienced PVO, would remove this responsibility from the CEP contractor.

Training Afghans in logistical operations should begin as soon as possible so there will be a core group ready to operate or assist in the operations of logistical activities -- regardless of the circumstances. On-the-job training at project facilities, supplemented by classroom activity would be the quickest and most effective way of carrying out this training.

The CEP contractor will prepare a training plan with a combination of classroom and on-the-job exercises. By rotating students between classroom and a variety of practical work experiences (planning, receiving and releasing commodities, security, accountability, monitoring, etc.), up to 20 Afghans per class may be trained. Two months per class would produce 120 trained Afghans in one year -- a small number in relation to the expected need, but a start. If done properly, the 120 could fulfill the role of trainers themselves. It is not planned at this time to institutionalize an Afghan procurement/commodity management element; rather the intention here is to utilize an existing operation to generate skilled manpower to facilitate movement into Afghanistan and, on a limited basis, to increase the skilled manpower pool.

A training instructor may be needed to set up the training program, prepare teaching materials for translation into local languages and teach the first

classes. On-the-job training would be handled by on-board contractor staff as part of their duties. Costs relating to this output are also included in the logistics system line item in Section VI.

B. Commodities

The amended project will continue to supply humanitarian commodities to the population of free Afghanistan. In the past commodities were in the form of food, clothing, shelter items, and transportation equipment (including mules). The commodities provided were necessary to support the population under wartime conditions. Changes are anticipated as Afghans resume a normal life and begin to rehabilitate their country. The commodities which are planned during the amendment period will still be from the short list which was developed during the initial project period.

Because food security will be critical for Afghans who return or have remained in their country, the CEP amendment will provide the majority of its amended commodity budget for food (\$22 million). Clothing, shelter supplies, breeding stock, seeds, etc. may also be provided. Because of the difficulty of projecting the specific needs of the populace in liberated areas and the magnitudes of commodities required to meet these needs, the mix of commodity is expected to change as we gain experience during implementation of this amendment.

C. Transportation System

This is a new component for the CEP project. Because of the anticipated need to develop a transportation network both to move supplies to Afghanistan (through Pakistan) and within Afghanistan, a separate transportation component is necessary.

The intent of this activity is to provide trucks, mules and other necessary equipment to permit the more effective and efficient transfer of commodities to free Afghans. A related element of this component consists of a road works operation. Heavy machinery along with the proper technical assistance will be provided to allow the free Afghan authorities to improve the major road network. This component will not be a road building activity, per se, but aim at the rehabilitation of the existing primary road network. Limited repair and improvement of secondary and tertiary roads will also be handled by the Agricultural Sector Support Project (ASSP) working through the existing administrative and technical capacities of that project. The activity under the CEP will not compete with ASSP activities but will complement them.

Comparatively little detailed information is available at this time concerning the conditions of roads in Afghanistan (roads herein include bridges) other than that they have been heavily damaged or destroyed during the war. Mines have been sown throughout Afghanistan reducing the utility of the road network. While vehicles, people, and pack animals move over the roads and trails, movement is much slower and more dangerous than it otherwise would be due to poor road conditions. Thus, more vehicles are needed to move people and commodities than might otherwise be the case if the roads were repaired or cleared. Poor roads also increase the cost of transport due to wear and tear on the vehicles, increased fuel consumption and reduced productivity of the rolling stock. Therefore, any program to move commodities or people must consider not only the transport equipment but the road conditions.

The information available about current road conditions in Afghanistan has been largely obtained from Afghan drivers who have driven across the border. It confirms the poor conditions of the limited mileage of roads in Afghanistan. For example, it now takes eight to ten hours to drive from Peshawar to Kabul, whereas in prewar days it took only four hours. A professional, systematic analysis is needed of road conditions so as to plan the exact amount of equipment, materials and people needed to open, improve or replace roads. However, we do not have the luxury to await such an analysis. The need is immediate in order to respond to this serious constraint to the delivery of humanitarian commodities, return of refugees and enhancement of commercial trade envisioned over the short term.

A limited amount of heavy equipment has already been bought under the CEP, with procurement of ancillary equipment already started. Plans are being prepared to put this equipment into use soon in repairing roads. The road repair needs, however, are far greater than this limited amount of equipment can ever handle and there is no free Afghan Ministry of Public Works yet in existence. Therefore, technical assistance in the organization, management, planning, operations and maintenance, etc. along with training and equipment, is needed to organize and carry out an urgent program of high priority road repair essential for the movement of returnees and supporting commodities. This should be considered a pilot effort that might at some later point develop into a separate project, perhaps in another donor's portfolio.

A model for a road works unit is described in Annex B. For the purposes of this presentation, the support of this unit is included with the discussion of the transportation component. Whether the Afghans see fit to include the road repair and maintenance functions with the transportation function remains to be seen. From A.I.D.'s perspective, the organization and management of technical assistance for both the transportation function and the road works function argue for unity. Administration, finance, and maintenance services

for both functions should be unified to avoid duplication and to ease the management burden on the free Afghan government. One contractor could provide assistance to both elements.

The Mission has arranged for consultancies to prepare a Request for Proposal for an institutional contractor to provide technical assistance and management support for the transportation component, including road works and maintenance. The RFP, which will describe in further detail the contractor's scope of work under this component will be submitted to AID/W for technical review and approval before release for contracting action, assuming approval of this AAM amendment.

D. Mine Detection and Clearing Support

Virtually every area in Afghanistan where Soviet, Republic of Afghanistan (RA) and resistance forces have been engaged is littered with mines. Some estimates put the number of mines as high as five million. Additionally, it is clear that Soviet/RA mining continues in connection with the recent advances made by the resistance. The problem of mining is exacerbated by the fact that there is a diversity of types of mines being used, with both metal and plastic devices employing a variety of triggering mechanisms. There is no rapid and effective technology available for the clearing of these mines. It is generally agreed that the mines in Afghanistan represent an enormous undertaking in terms of their detection and removal, and a critical hazard to the return of the refugees and the re-establishment of agricultural production.

It is unlikely that the USSR will meet its responsibility for mine clearing in a timely and productive way, if at all. There is probably little available in terms of maps or records of where much of the mining has been carried out; the USSR may turn over records that do exist to the RA. Neither the Soviets nor the RA will be able to do mine clearing in those areas which fall under the control of the resistance. While the idea of a UN-sponsored mine clearing effort has been discussed, the reality of such an effort appears a long way off. The refugees will probably not wait for widespread U.N. or bilateral mine clearing operations to get underway. Already there have been many casualties from mines among those attempting to return to areas recently under resistance control. It is believed that some have been forced to return to Pakistan because of their presence. Direct U.S. assistance to mine detection/clearing, and the form and mechanisms for that assistance are currently under review in Washington.

This component of the CEP is furnished in the event that it becomes U.S. policy for A.I.D. to manage U.S. resources directed at mine detection and

clearing. If A.I.D. policy permits financing of mine detection, a number of implementation options and strategies, including the provision of technical assistance from the U.S. military and/or private firms to train the Afghan citizenry will have to be explored. For planning and budgeting purposes we are assuming an interagency agreement.

E. Studies and Surveys

It is expected that this project and the overall A.I.D. program will be moving from the provision of commodities for humanitarian efforts toward provision of commodities (mainly capital assets) for rehabilitation dictated by rapidly changing circumstances in Afghanistan. The movement of people and commodities and resumption of productive activities will be enormous and place tremendous demands on the existing and future logistical and transport facilities. Therefore, A.I.D., other donors and the free Afghan authorities will need studies concerning: (1) the needs, specifications, consumption rates, capacity of people to pay, sources of supply, etc. for commodities; (2) the logistical systems needed to manage the commodities from the initial planning stage through procurement to storage and delivery to the intended end-users; and, (3) the physical transport infrastructure needed for the expansion and improved effectiveness of the facilities (people, organizations, and physical infrastructure) involved with commodity movement. A.I.D. will want to explore the possibilities of using the resources (commodity, human and systemic) provided by the CEP and other appropriate projects as a foundation for operations directed at the enhancement of the weakened Afghan economic infrastructure (especially rural micro-industries and basic financial infrastructure). The studies component will be the exploratory and planning vehicle.

These studies should be operations or action oriented (some would be project feasibility studies) and directed towards the needs identified during the repatriation and early rehabilitation stages. Studies of a longer range and broader nature needed for macro-planning for reconstruction and subsequent economic development would also be funded under this project.

The inclusion of this component is justified as A.I.D. has a field staff that can: easily identify study needs; quickly provide financing; quickly contract for the studies; and, manage preparations for the studies. No other donor now has that capability. Other donors could use these studies for decisions concerning their assistance programs. In this way, a small amount of A.I.D. funds can be leveraged to obtain much larger amounts of assistance provided by other donors as well as maximize the impact of existing project efforts. A.I.D. financing of a study would not imply or commit A.I.D. to funding any activities recommended.

It is planned that the studies component will be executed by means of a long term IQC with a consulting firm with a broad range of skills in various areas of economic development. Not only would such an arrangement facilitate a rapid response to a requirement but, more importantly, the continued association with one firm would foster a continuing and knowledgeable relationship with the firm's senior analysts, enabling a high degree of continuity, and the accurate selection and briefing of short-term consultants.

An illustrative list follows:

- Consumption-type commodities: estimates of needs and supply of consumption-type commodities during the repatriation/rehabilitation stage.
- Credit: macro-economic studies of credit relating to Afghans' capability to pay so as to move from donated relief supplies to a CIP type operation as soon as possible.
- Commodity trade patterns: study of how commodities are traded, moved or otherwise enter the market and move to the end-users.
- Procurement systems and practices in Afghanistan: studies of how commodities are bought, sold, traded, financed, and transported/delivered.
- Warehousing: inventory of facilities in Afghanistan; estimate of needs for warehousing with special emphasis on grain storage; plan for the provision of warehousing to meet any shortfalls.
- Roads: survey of road conditions in Afghanistan; estimate of road needs; estimate of efforts needed to open, maintain or build additional roads.
- Rolling stock: survey of trucks, mules and other means of moving people and commodities, maintenance and spare parts problems, etc.
- Import/export patterns: study of pre-invasion trade patterns and recommendations for redirection and expansion of trade.
- Private Sector: review of the role of the Afghan private sector, and measures and means for expanding its participation in the Afghan economy.
- Rail transport: study the feasibility of extending rail links from Pakistan into Afghanistan.
- Air transport: review conditions of airports and their facilities, particularly in relation to relief and rehabilitation needs.

VI. FINANCIAL PLAN

Costs Basis:

A. The logistics system (contractor operations):

Total operating costs (salaries, overhead, logistical support, fee, etc.) are presently running about \$155 thousand per month. This is used as the starting point for this budget line item. (Note: numbers have been rounded off).

During the three-year remaining life of the CEP as proposed under this Amendment, it is estimated that the cost of this component will remain relatively constant except for inflation. Thus it is estimated for budgeting purposes that for FY 1989 the costs will run \$175 thousand per month, for an annual total of \$2 million. During FY 1990, costs are estimated at \$190 thousand per month, for an annual total of \$2 million. During FY 1991, the estimate is \$208 thousand per month, for an annual total of \$2 million.

This would mean a total of \$6.9 million for the logistics system component during FY 1989-91.

B. Commodities:

Estimates of possible cost of commodity needs in recently liberated areas are not yet known. These estimates as related to returnees vary widely. One global approach taken by an A.I.D. consultant (Annex A) used as a starting point the cost per person now in the Pakistani refugee camps of \$100. Assuming four million returnees who would need support for two years, a total cost of \$400 million per year would result. The USG cannot provide anywhere near this total. The CEP commodities component is proposed at \$22 million over the next three years (not including transportation assets). The majority of commodity expense will be in the acquisition of food. Clothing, shelter type items and possibly breeding stock will also be provided. It is obvious that this will not provide all the necessary commodities for the rehabilitation, but it will serve as a focal point and a first demonstration project for other donors to design and implement their own assistance efforts.

C. Transportation System:

Technical assistance contract costs are estimated at \$1 million during FY 1989, and \$1.5 million per year during FY 1990 and FY 1991, including local staff. Transportation system commodity costs (largely during FY 1989) will be \$13 million, including purchase of tractors, trucks, heavy equipment and spare parts for trucks and heavy equipment. The total budget for the transportation component is \$19 million.

D. Mine Detection and Clearing Support:

During FY 1989, requirements will be: PASA personnel \$500,000; local employees \$50,000; start-up costs (site preparation, vehicles, equipment) \$250,000; logistical support \$100,000; local EOD team salaries \$450,000; EOD team equipment and supplies \$450,000; or a total of \$1.8 million.

During FY 1990, funding needs will be: PASA personnel \$500,000; local employees \$50,000; logistical support \$100,000; local EOD team salaries \$1.8 million; EOD Team equipment and supplies \$450,000; or a total of \$2.9 million.

During FY 1991, requirements will be: PASA personnel \$500,000; local employees \$50,000; logistical support \$100,000; local EOD team salaries \$1.8 million (based on the assumption that only half of the salary costs during FY 1991 are paid by the project); EOD Team equipment and supplies \$450,000; or a total \$2.9 million.

The total three year budget for the mine detection and clearing component is estimated to be \$7.6 million.

E. Studies and Surveys:

\$650,000 for studies will be utilized during the first year of the amended project. The second year a number of specific project feasibility studies will be done, some resulting from the surveys of the first year, therefore, \$1.2 million is budgeted. The third year, follow-on studies as well as new studies will be conducted, therefore, \$650,000 will be budgeted. The total budget for studies under the amended CEP is \$2.5 million.

AMENDED CEP
ILLUSTRATIVE BUDGET *
 (\$000)

<u>Component</u>	<u>Original</u> <u>CEP</u>	<u>FY</u> <u>1989</u>	<u>FY</u> <u>1990</u>	<u>FY</u> <u>1991</u>	<u>Total</u> <u>Amendment</u>	<u>Total</u> <u>CEP</u>
Procurement/delivery system	5,900	2,100	2,300	2,500	6,900	12,800
Commodities	24,100	7,000	7,300	7,700	22,000	46,100
Transportation	0	7,950	5,650	5,400	19,000	19,000
T.A.		(1,000)	(1,500)	(1,500)	(4,000)	
Commodities		(5,950)	(3,150)	(2,900)	(12,000)	
Operational Costs		(1,000)	(1,000)	(1,000)	(3,000)	
Mine Detection & Clearing	0	1,800	2,900	2,900	7,600	7,600
T.A.		(550)	(550)	(550)	(1,650)	
Commodities		(700)	(450)	(450)	(1,600)	
Operational Costs		(550)	(1,900)	(1,900)	(4,350)	
Studies and Surveys	0	650	1,200	650	2,500	2,500
Amendment total		----- 19,500	----- 19,350	----- 19,150	----- 58,000	-----
CEP total	----- 30,000				----- 58,000	----- 88,000 =====

* As events in Afghanistan unfold, these figures could rise.

VII. IMPLEMENTATION PLAN

A. Uncertainties Facing Implementation:

The many uncertainties which will impact on the implementation of this project demand maximum flexibility in order to respond to the rapidly changing conditions in Afghanistan. The more obvious uncertainties include:

- pace at which areas will become free of Soviet/RA troops and degree of security in those areas.
- timing and rate of return of the refugees now in Pakistan and the internally displaced in Afghanistan.
- fate of the present Kabul government.
- magnitude of humanitarian aid needed to sustain life and resume productive activities.
- types, levels and timing of assistance from other donors.
- extent of coordination and cooperation among donors.
- timing and nature of the development of free Afghan organizations and needs of the Afghan de facto authorities (both central and regional).
- timing for conditions to permit A.I.D. contractors to set up operations inside Afghanistan.
- condition of roads, bridges, and storage facilities.
- the whole range of changes within Afghanistan as it moves from existing conditions towards a period of normalcy.

B. Institutional Relationships:

1. A.I.D. Representative Office in Islamabad: Until security conditions are well-established and a provisional or interim Afghan government is established and functioning, the office will continue at its present locations in Pakistan, but with an increased staff. At such time as an acceptable government is established in Kabul, the Mission will propose the establishment of a permanent presence in Afghanistan.

This project will be managed by a U.S. direct hire designated as a Special Projects Officer (SPO). He/She will be assisted by individuals being hired under personal services contracts. The use of a U.S. PSC civil engineer is contemplated to assist with the transportation system component. A key support person within the Mission is the Contracting Officer. We will draw upon the USAID/Pakistan and AID/W staffs for legal, engineering and technical support as needed.

2. A.I.D. and project relationships with the Afghan leadership: The future relationships of A.I.D. with the Afghan de facto authorities will be influenced and determined by factors included in Section VII.A. above.

3. The A.I.D. relationships with the GOP: The extent of involvement of the GOP in the implementation of this project will also be influenced by the the factors noted above. Initially, the GOP will have a major voice in decisions concerning the commodities to be provided, and how they will be transported, stored and accounted for. The GOP is at present a major player in the proje . However, its role will diminish as the effectiveness of the free Afghan leadership and institutions improve.

4. The American contractors for other A.I.D. projects: At this time, these are the Management Sciences for Health (MSH) for the health project, the University of Nebraska at Omaha (UNO) for the education project, and Volunteers in Technical Assistance (VITA) for the agricultural project. The CEP contractor buys locally all or nearly all of the medical supplies used in the health project. For reasons discussed in the assessment report, the assessment/redesign team for the health project will review whether this project should set up its own medical procurement system. UNO has used the CEP contractor services for only limited local procurements. Future use of these services is uncertain at this time. VITA has used contractor services a bit more, but its commodity needs are expected to increase many fold in the near future, resulting in a greatly expanded use of the CEP contractor's services. The continued role of the CEP procurement contractor as a purchasing agent for the expanded commodity needs of the agricultural project would have to be examined.

5. Other Parties: The Mission has relationships with other parties that have a bearing on this project, including: USDA for the PL-480 program; the DOD for donations of surplus property, the AHR flights, and mine detection and clearing; and the UNHCR, WFP and other international and bilateral donors which will be involved with refugee repatriation and rehabilitation.

IMPLEMENTATION SUMMARY CHART

<u>Component</u>	<u>Inputs</u>	<u>How Provided</u> (A.I.D. Direct Contracts)
1. Logistics System (including AHF and training)	U.S. personnel and local staff, warehouses, etc.	U.S. contractor to be selected
2. Commodities	Commodities from U.S., Pakistan, Afghanistan and third countries	Same as 1. above
3. Transportation System (including road works)	Technical assistance, commodities, operational costs	U.S. contractor to be selected
4. Mine Detection & Clearing	Technical assistance, commodities, operational costs	PASA to be selected
5. Studies and Surveys	U.S. & local consultants	U.S. contractor to be selected for a Mission IQC

UN organizations are already beginning their planning for the return of large numbers of refugees who might return during the latter part of 1988, with the balance of those wishing to return doing so in 1989. Given the possibility of the foregoing refugee movements, even if delayed by a number of months, it is imperative that steps be taken now to begin to organize and preposition materiel for the overwhelming needs that would be generated by such a mass movement of people.

VIII. ISSUES AND DESIGN CONCERNS

A. Need for Flexibility:

The Mission is working in an environment unprecedented for A.I.D., with more unknowns and uncertainties than knowns and certainties. Therefore, the "notwithstanding" clause, which provides some flexibility, will continue to be used sparingly and only when operating conditions justify. This flexibility must continue into the implementation of the amended CEP, if A.I.D. is to respond to the urgent needs of Afghans in an evolving political environment.

B. Premature Return of Refugees:

It is important that the international donor community not contribute to a tragedy by encouraging the premature return of large numbers of dependent refugees in circumstances where they could not be sustained. The Mission must act in a prudent fashion, balancing the desire for resettlement of liberated areas with realistic timetables for repatriation. What is clear, however, is that the Afghan refugees, not the international donor community, will judge when conditions permit their survival and return to Afghanistan.

C. A.I.D. Dependency:

Some concern has been expressed regarding the possibility that the CEP was overly dependent on one contractor, AMEG, in that the contractor has been tasked with the bulk of the procurement for the entire Mission portfolio as well as other responsibilities.

In considering the implications of having the bulk of the procurement done by one contractor, the Mission reviewed the idea of opening U.S. and Third Country procurement to another contractor. This idea has been rejected because it would generate confusion as a different contractor attempted to interface with a well-established and in some cases elaborate (the AHR flights, for instance) logistical system. In sum, the unified procurement operation already in place works well and is timely; to have introduced a second player would have been dysfunctional.

Nonetheless, in recognition of the significant higher levels of commodity procurement anticipated by this amendment, the Mission plans to issue an RFP for contract services including commodity procurement, delivery and technical assistance upon approval of this amendment.

D. Road Works and Maintenance:

The organizational formulation for the transportation system, including logistics, and road works and maintenance presented is necessarily illustrative. The Alliance is meeting to work out the details of what may well become a provisional government. This entity will include an operational arm, possibly a "ministry", responsible for transport and the practical interaction with the international donors who will play a major role in the repatriation and support of refugees and internally displaced Afghans. At the same time this AAM is being reviewed, expert assistance will be focused on the design and requirements of an appropriate transportation unit. It is clear that the support for this unit -- equipment, planning, technical assistance, and financing -- must be available as soon as possible. The inclusion of this component in the amendment is based upon the experience of the Mission that the provision of timely and appropriate T.A. and commodity support to Afghan institutional development can result in the rapid and successful development of operational capacity. AID/W will be continuously consulted as assistance modalities are further refined for this rapidly changing, but critical component.

At some time in the future it is anticipated that the Mission's support for internal Afghan transportation facilities will evolve into the development of government controlled assets. At a future point, policy discussions with a stable, free Afghan government will be desirable to encourage privatization of transportation assets (trucks, warehouses, etc.)

For the present, however, the circumstances do not permit more thorough planning and analysis, especially if the resources are to be delivered in a timely manner. It is imperative to proceed with this component now.

E. Levels of Vehicle Procurement:

AID/Rep has consistently been concerned about the numbers of vehicles being provided relative to the amount of the non-transport humanitarian goods being supplied to the resistance. The supply of vehicles was in response to a continuing need voiced by all elements of the resistance and knowledgeable elements of the GOP. However, the rough benchmark sought was parity between the carrying capacity provided and the amount (by weight) of other humanitarian commodities made available under the program. This search for parity, necessarily based on rough estimates and calculations, permitted the early 1988 judgment that the provision to the resistance of an additional 140, 7-ton trucks would bring about a rough equilibrium between the A.I.D.-supplied transport capacity to the parties and the probable size of the A.I.D. commodity pipeline over the near term. That judgment was part of the basis for an AID/W waiver to procure the 140 trucks from a code 935 source.

Since the granting of the waiver, a number of important changes have occurred:

- Because of funding limitations only 105 of the planned 140 trucks have been procured. They have not yet been distributed.
- The political decision has been made to provide those vehicles not to individual parties, but to the Alliance, as part of an Alliance or free Afghan government-run transport system.
- There is no reason to assume that all the vehicles previously supplied to the parties will be available in a controlled fashion for use by the Alliance or a provisional government.
- The manifest need in the near term to transport great amounts (presently incalculable) of commodities and several million people and to support a successful repatriation of Afghan refugees.

It appears then that earlier efforts to search for an equilibrium between A.I.D.-donated goods and the transport assets is no longer appropriate. The total need for commodity movement will far exceed the level of transport capacity which could be brought into play from currently available resources.

It seems evident that with the 105 trucks about to be provided, the Alliance, or Afghan provisional government, will be in a logistically strong position vis-a-vis more newly arrived participants who may be involved in the resettlement effort. Together with a growing political profile, this fact will assure that Alliance logistic services will be one of the pillars of the resettlement effort. That said, the estimate of the need for an additional 200 trucks to be provided under the transportation component appears reasonable at this time given the magnitude of the transport burden facing the Afghans. The need and management capacity of the Alliance will be carefully reviewed prior to commitment of additional vehicles.

There are two key factors which will affect vehicle management under the CEP: (1) Accountability for the proper use, and (2) appropriate maintenance and provision of spare parts to support the vehicles. The development of these capabilities within the evolving free Afghan government will determine the magnitude of vehicle procurement under the CEP.

6. Vehicle Maintenance: Recent exchanges between the Mission & AID/W regarding the feasibility of a vehicle maintenance center made clear Washington's concern regarding the utility of a maintenance center located in Pakistan and operated as a central facility with A.I.D.-supplied technical

assistance. With the potential for a centralized Afghan logistic system operating in Afghanistan and the lessened importance of party-owned transport assets, the nature of the problem has changed. However, the problem itself is still there: with the intention of supplying vehicles to a transportation system, A.I.D. must assure itself that there is a capacity to maintain them.

Aspects of the problem which have changed include:

- With the expected opening of Afghanistan, maintenance should be where the trucks are; if the free Afghan government has regional depots, the maintenance capacity should be close by.
- While it might be argued that some dealers had the responsibility to maintain a supply of spare parts in Pakistan, that is probably not at all feasible in Afghanistan. Therefore, availability of spare parts within Afghanistan could be a problem.
- If, as presently contemplated, A.I.D. supplies U.S.-made heavy vehicles, then spare parts availability from the private sector in either country cannot be counted on.

The Mission will address this problem in the RFP as a point to be dealt with by T.A. contractors in their proposals, with due consideration for the evolving nature of the Afghan transportation organization. We expect that proposals will put forth variations of a scenario in which maintenance training is provided and a centralized spare parts warehouse is temporarily operated in Pakistan (as long as the T.A. contractor is constrained to operate from there). Trained personnel, tools and spare parts would flow to satellite depots in Afghanistan, where maintenance of vehicles would take place. There would be little or no investment in structures for spare parts or maintenance facilities. Spares supplied would be for all makes of the A.I.D.-supplied fleet, though it will be the Mission's policy to encourage any U.S. supplier to make a long-term commitment to maintain and stock spares for their vehicles.

LX. MONITORING AND EVALUATION PLANS *

A. Current Monitoring:

A detailed description of the present monitoring system is found in Annex C. In general, the establishment of a monitoring system has been constrained by and predicated upon the degree of access permitted. In the individual cases of DOD Afghan Humanitarian Relief commodities, PL-480 wheat and CEP-financed commodities, the monitoring varies according to how the commodity is transported and turned over and where it is turned over. Constraints arise from the limited access inside Afghanistan and security concerns. As the Soviets withdraw and security concerns lessen, monitoring inside Afghanistan will expand and thus overall monitoring will improve.

1) CEP Commodities: The audit trail for CEP commodities starts prior to purchase and currently runs to physical delivery to the resistance parties in Peshawar and Quetta. Visual monitoring, reinforced by GOP monitoring, assures delivery of goods to the border. Periodic review of party warehouses and stock records are carried out as are market surveys in Pakistan.

2) DOD Afghan Humanitarian Relief Commodities: DOD commodities are taken into possession by the GOP immediately upon delivery by a USAF aircraft. In the past, there have been difficulties in reconciling USAF manifests with GOP accounting documents, primarily because of differences in nomenclature. This problem should be overcome shortly because the materiel is currently being stored in a newly-leased warehouse, where verified counts can be assured. The GOP takes the commodities and turns them over to the Afghans without CEP contractor participation. As with the CEP commodities, contractor market surveys are the primary monitoring activity.

3) PL-480: PL-480 wheat is turned over to the GOP upon receipt in Qasim. The contractor verifies the delivery. Swapped GOP wheat (milled flour in Quetta) is currently turned over to the parties in Peshawar, with the CEP contractor participating. Monitoring consists of random travel with the convoys to the border, periodic warehouse (and records) checks at the border, and market surveys.

One activity recently started on a continuing basis is visits inside Afghanistan to develop feedback on the utilization of all commodities. These visits necessarily involve training of monitoring personnel and carefully planned itineraries, including introductions to commanders. This program will grow and will be primarily beneficial in the area of impact assessment. A

* Monitoring in the context of the CEP refers to inspections and checks to determine that materiel provided by the program is not being diverted from its intended use and to provide feedback on the impact of that use.

further activity providing insight into the use of commodities provided by the CEP and DOD are meetings with the Afghan Logistics Committee. Largely anecdotal reportage at these meetings provides excellent feedback on the use of donated materiel.

B. Mission Monitoring of the CEP Contractor:

Primary responsibility for monitoring the CEP contractor's performance and monitoring efforts falls on the Special Projects Officer responsible for the CEP. This officer is also responsible for dealing with the Afghan Logistics Committee in response to possible or reported instances of diversion. Extremely heavy demands on this individual in the past have limited the level of attention he has been able to devote to monitoring efforts. The provision to the officer of two Assistant Project Officers (one already on-board) and the expected part-time services of a Civil Engineer will go a long way toward assuring improvement in the CEP contractor's monitoring efforts, particularly as lessened security concerns permit greater monitoring inside Afghanistan.

C. Mission Monitoring System:

The Mission has designed a monitoring and data collection system into each of its projects, recognizing that there are unique aspects in each activity which need to be addressed. The sectoral projects (agriculture, health, education) have more experience at this time with monitoring systems inside Afghanistan than has the CEP.

A personal services contractor position has been established to provide full time attention to monitoring and related issues. The initial focus will be on assessing the project monitoring systems. Particular attention will be paid to the effectiveness of the systems in obtaining end-use and impact information, and to finding commonalities among the systems which can be exploited for overall program benefit. The Mission plans to move as quickly as possible to integrate the individual project monitoring systems to obtain cross-check project data where possible. The monitoring PSC also will work toward a Mission program information system which will provide impact data on a geographic basis.

D. Evaluation:

This amendment follows the just completed evaluation undertaken by Development Associates. A second outside evaluation will be scheduled in the next 19 to 24 months, if the Mission determines that another project extension should be considered. It is possible that changing circumstances in the next year or two will require one or more replacement projects. In such case, new project design teams will carefully examine the experience of this project in the areas relevant to the new project ideas.

X. DEVIATIONS FROM STANDARD REGULATIONS

A. Notwithstanding Clause:

Section 904 of the International Security and Development Assistance Act of 1985 contained the following clause: "The President may make available funds authorized to be appropriated to carry out Chapter 4 of Part 11 of the /FAA of 1986/ (relating to the Economic Support Fund) for the provision of food, medicine, or other humanitarian assistance to the Afghan people, notwithstanding any other provision of law." Section 541 of the Appropriation Act extends the same language to the appropriation of funds.

An Action Memorandum dated August 13, 1985, which recommended that the authority to use the "notwithstanding clause" be given to the A.I.D. Representative along with all the authorities already delegated to A.I.D. Mission Directors in ANE, was approved by the AAA/SER on August 15, 1985 and by Acting AA/ANE on August 26, 1985. Delegation of authorities to the A.I.D. Representative identical to that given other posts was conveyed in State 269634, August 31, 1985. Clarification of the application of the "notwithstanding" clause has been provided in letters from ANE/GC and especially State 184924, June 16, 1987.

This authorization has been used sparingly in the design and implementation of the CEP as well as other projects.

B. Waivers and Deviations Needed for this CEP Amendment:

1. Audit: The determination signed by the A.I.D. Representative on September 2, 1986 will continue to apply. Any other contractors involved with the CEP will have to have a new determination concerning deviation from normal audit requirements if and as long as the the sensitivity of the conditions warrant.

2. Limited or Sole Source Procurement: This amended AAM assumes that the long term contracts for logistics and commodity procurement activities, technical assistance for the series of studies and for management of the transportation component will be awarded on the basis of normal, open competition. If conditions should necessitate limited or sole source procurement for one or more of these contracts, a determination with appropriate justification will be prepared for approval by the A.I.D. Representative.

3. Vehicles from non-U.S. sources: At this time, it is not anticipated that any sizeable further procurement of vehicles or heavy construction equipment from Japan or other non-U.S. countries will be needed. If circumstances should require additional non-U.S. vehicles, a determination with appropriate justification will be prepared for approval by the A.I.D. Representative.

ANNEX A

PRELIMINARY ANALYSIS OF AFGHAN RELIEF AND RESETTLEMENT REQUIREMENTS

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VI. First-year Illustrative Budget for Relief & Reconstruction	9

Based on a paper prepared by Thomas Pooley, Development Associates
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I. Refugees, Displaced Persons and Indigent Population

(a) Refugee Numbers and Relief Planning Base:

Determination of the actual size of the refugee population is one of the most troublesome and perplexing aspects of a relief effort. The complexities in respect of the Afghan situation are manifold. The mobility of the resident and refugee is often unrestricted. Many nomadic tribes leave their villages for cooler locations during the hottest seasons; others leave periodically to pursue economic or other interests. There is speculation that refugee registration figures have been inflated, principally with regard to family size and through double or multiple registration.

The problem of relating refugee registration numbers to actual relief requirements is further complicated by two important factors. The first, which compounds the potential for oversupply and diversion, is that food requirements are often calculated on the basis of an adult ration, whereas children comprise over half of the refugee population. The second, which has served to ameliorate the effects of possible oversupply is that the logistical and distribution problems will reduce the actual provision of relief supplies well below planning levels.

Afghans in Pakistan constitute the largest refugee population in the world today. Government of Pakistan figures show a total of more than 3.0 million registered refugees with over 2 million in the Northwest Frontier Province, about 700,000 in Baluchistan and the balance in Punjab. These refugees are located in about 340 villages along the border and it is estimated that the former homes and villages of more than 80 percent of the refugees lie within 200 kilometers of the border.

No exact data is available on the number of refugees in Iran, but the figure most often quoted is about 2 million with the largest concentration in Meshhad. These are Dari-speaking Afghans who have relatives in Iran and have integrated themselves in some cases into the Iranian community. So well have some of these refugees integrated themselves into the local community that some experts feel that less than half will eventually return to Afghanistan.

Smaller numbers of refugees have fled to other countries such as India, Turkey and the United States. No data is available on the number of Afghans in India, but probably more than 10,000 reside

there. Turkey has received 5,000 Afghan refugees - mostly highly skilled carpet weavers who are Turkmen, Uzbeks, Khirgiz and Khazaks. Because of the demand for their skills in Turkey, most of these refugees may not return.

About 14,000 refugees have emigrated to the United States. These are overwhelmingly middle class educated Afghans. These refugees constitute a useful pool of experts and skilled workers sorely needed for the rebuilding of the Afghan society and economy.

(b) Displaced and Destitute People:

War has inflicted serious suffering on the population that has remained in Afghanistan. It has been estimated that up to 1 million Afghans have been killed. Some estimates indicate that more than 2 million people have had to flee their homes and sought safety and refuge in environs of the larger population centers of Kabul, Jalalabad, Quandahar, Herat and Mazar-e-Sharif.

The GNP has been steadily declining in recent years. According to one report, the per capita gross national product is about \$200 per year. Other sources, however, indicate that the per capita income may be as low as \$130 per year. These figures would imply that a significant part of the population, probably more than 2 million, are living at or below a subsistence level and will need humanitarian assistance to the same degree as the returning refugees.

The current Afghan Refugee Feeding Program in Pakistan is costing about \$100 per refugee per year. The GOP is providing about half of this cost from its resources and the international community is providing the rest. Using this figure of \$100 as a rule of thumb, about \$800 million a year will be needed for repatriation, relief and resettlement of 8 million refugees and displaced persons in Afghanistan. Because the cost of this emergency will be staggering and the international community will have to bear a greater share of the costs than it has in the Pakistan program, it is unlikely that the international community will be able to mobilize the resources in a timely manner and at the magnitude required to meet the total humanitarian needs.

Taking into consideration the above and that: (1) the refugee figures are unreliable and possibly inflated; (2) some of the refugees and displaced persons will have resources to meet their own needs; (3) the agricultural production in Afghanistan and food supplied by USSR is sustaining most of the current population; and

(4) the limited capacity of the country to effectively distribute food aid, the implications are that a more realistic planning base for relief assistance should be for the provision of humanitarian assistance to 4 million people -- 3 million refugees and supplemental needs for 1 million displaced persons. The cost would be about \$400 million a year for at least 2 years.

Historically the U.S. Government has provided about half of the resources needed for large relief resettlement programs. Therefore, we may assume that the U.S. Government will be asked or expected to provide \$200 million annually of which half will be food aid provided through the World Food Program and half in cash contribution. In respect of the cash contribution, \$60 million per year might be channeled to the appropriate U.N. agencies (UNHCR, WFP, UNICEF, FAO and WHO) and \$40 million used each year for procurement of essential commodities (hiring/purchase of trucks, pack animals, construction equipment, medical supplies, agriculture implements, etc.) and for meeting part of the costs incurred in establishing a logistical system for the distribution of relief assistance.

II. Estimation of Food Requirements

While man does not live on bread alone, the Afghan comes close to it. Wheat is the single most important ingredient in his diet. Usually in determining wheat requirements in a national food deficit situation, a single formula is used: total population times a standard ration minus the quantity of local available wheat minus the quantity of imported wheat = wheat shortfall. Since data is not readily available on the population and on local wheat production and commercial/grant wheat imports, other means will have to be used for establishing a planning figure.

It has already been mentioned that because of low absorptive capacity and logistical limitations the best that the international community may be able to provide is sufficient food for 4 million people. Dr. Ray Hooker has used an adult ration of 186 Kg. per capita per year to determine the requirements of the current population in Afghanistan. An adult ration of 186 kg. of wheat per year (500 gr. per day) appears to be too high to use in determining the wheat requirements for the 3 million returning refugees. Since more than one half of the returning refugees will be children, a lower ration of 150 Kg. per year is more accurate. Assuming this is appropriate also for the displaced persons in Afghanistan, about 600,000 tons of wheat from sources outside of Afghanistan will be needed to fill the first year food aid requirements for the 4 million people.

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On the assumption that cereal production increases by 10 percent, the figure should decline to about 400,000 tons in the second year of the relief operations.

The quantity of wheat being provided by the USSR on commercial or grant terms is unknown, but for the sake of this exercise, we assume the USSR has been providing and will continue to provide about 200,000 tons. If this assumption does not hold, the major Western food donors would need to provide any shortfall.

In addition to wheat, three important items in the Afghan diet are cooking oil, tea and sugar. These three commodities were being provided by WFP to the refugees in Pakistan, but currently only cooking oil is being distributed. The focus of the intervention in the Afghanistan relief operation will be primarily wheat. The distribution of 600,000 tons of wheat will be more than a challenging problem for the Afghans and the international community, to say nothing of other commodities (ghee, sugar and tea) in the distribution pipeline. Since the bulk of these three commodities are usually imported into Afghanistan, the free market mechanisms should be able to deal with distribution.

Should it be decided to provide edible oil, tea, sugar or pulses under either the relief program or through intervention in the commercial sector, some estimated quantities that may be required are as follows:

<u>Commodity</u>	<u>Daily per Capita Ration</u>	<u>Number of Beneficiaries</u>	<u>Total Quantity per Year (M/T)</u>	<u>Estimated ^{1/} Commodity \$</u>
Edible Oil	30 Grams	4 Million	43,800	43.8 million
Sugar	20 "	"	29,200	20.4 "
Tea	3 "	"	4,380	8.8 "
Pulses	40 "	"	58,400	17.5 "

Food donors should be discouraged from providing milkpowder (DSM). It is a difficult commodity to store and distribute, and it is often ends up being sold on the local market. More important, DSM is often diluted with contaminated and/or unboiled water, creating serious illness. Some children have lactose intolerance and the DSM could result in diarrhea for these children even if the water was safe.

^{1/} Excludes ocean freight, handling and internal transport and storage costs.

III. Estimation of Storage and Transport Requirements

It is assumed that upon the return of the refugees to Afghanistan, the transportation infrastructure used in the current Refugee Feeding Program in Pakistan (RFPP) will be used and extended at least to the border areas. The RFPP program is described in detail in a report prepared for the World Food Program (WFP) by UNICONSLT dated June 1986.

The UNICONSLT report makes several important points:

1. The inland transport of relief food between the ports of Karachi and Qasim and the provinces of the NWFP, Baluchistan and Punjab should not cause any difficulties - even for increased volumes of over 600,000 tons per annum - for the next 3 to 4 years.
2. An overflow of relief goods which cannot be transported by rail for valid reasons, should be carried by private trucks or NLC ^{1/} trucks at prevailing market rates.
3. There appears to be no necessity to provide donated trucks to the GOP/NLC for their link of the transport system, as there is sufficient transport capacity available in the private sector and within NLC for the next 3 to 4 years for any overflow cargoes the railways cannot carry.
4. There is no need for the donor community to provide to Pakistan any additional equipment for cargo handling, road/rail transport and distribution within the foreseeable future.

The UNICONSLT report implies that there are no serious transport constraints or logistical bottlenecks in moving up to 600,000 tons of relief commodities from the ports to the Quetta and Peshawar areas. However, the Afghans, the GOP and the international community now need to concentrate on the problems of moving the relief commodities from these two in-transit sites to central warehouses in Afghanistan, other provincial depots, and on to district or end-use locations.

It is difficult at this early stage to speculate on how the relief operations will develop. However, it is likely that two central food depots will, at first, need to be established at Qandahar and Jalalabad, later extended to Kabul, then followed by central warehouses in Herat and Mazar-e-Sharif. If the Western donors provide 600,000 tons of wheat per year, roughly 150,000 tons would move from Quetta to Qandahar and 450,000 tons from Peshawar to the Jalalabad/Kabul area.

^{1/} Note: The trucks used by Pakistan's National Logistics Cell for these transports belong to NLC's own purchased truck fleet. The donated trucks are used by NLC exclusively for distribution of relief food within the provinces.

Since relief distributions will probably be made on a quarterly basis, and maximum storage requirements are probably 80 percent of the quarterly total, storage for about 30,000 tons will be needed in Qandahar and 90,000 tons in the Jalalabad/Kabul areas. About 400 trucks carrying 10 tons each will be needed to move the wheat to the central warehouses in Afghanistan.

Plans for moving the relief supplies from the central warehouse to distribution points at district and village levels have not been formulated. Also, no data are available regarding the locations and populations of the areas of resettlement. Various types of transport will have to be used at this stage, including trucks, pack animals and porters. A "guesstimate" is that about 400 trucks with 2-5 ton capacity will be needed to bring the relief goods to the distribution points. In addition, smaller warehouses will have to be established at these distribution sites.

There is no way at this time to determine the number of final distribution points, but for planning purposes one may assume that each of the five central warehouses will serve to supply 30 distribution sites each or a total 150 final distribution centers. The relief program will probably employ anywhere from 1000 to 5000 people, including administrators, clerks, warehouse personnel, truck drivers, laborers, etc.

IV. Estimation of Food Relief Costs

There are too many unknowns at this time to prepare a definitive budget. The following is a preliminary budget illustrating costs associated with the transport and distribution of 600,000 tons of wheat.

	\$
Wheat @ \$125 per MT	75,000,000
Ocean Transport @ \$75/MT	45,000,000
Internal Transport & Storage in Pakistan @ \$45/MT	27,000,000
Internal Transport Storage & Handling in Afghanistan @ \$50/MT	30,000,000
Distribution Costs @ \$10/MT	6,000,000
Misc. Costs	<u>7,000,000</u>
TOTAL:	\$190,000,000

V. Non-food Aid Requirements

In addition to food during the relief phase, attention must be given to basic housing and medical needs. Also roads will have to be reopened, agricultural land brought into production, water supplies restored, schools re-opened and basic infrastructure re-established.

Preliminary indications are that when the refugees begin to return home, the GOP plans to provide them with a 3-month wheat ration, blankets, cooking utensils and tents for one-third of the refugees. The Western donors will probably be asked to provide the funding for the blankets. If one blanket is shared by 2 persons, 1.5 million will have to be procured. If each blanket costs \$4 each, then \$6 million will have to be pledged by the donors. Also many of the displaced persons returning to their homes will need similar assistance. Therefore, an additional 500,000 blankets, will be needed.

Housing:

Housing types in Afghanistan vary with terrain and available building material. The most common type consists of two or three-room in a rectangular shape and made of mud or sun-dried bricks covered with mud and straw plaster. Flat roofs of rammed earth interlaced with twigs are supported on mat-covered beams.

There is no doubt that war and abandonment has destroyed and damaged many of the village houses. In repairing these houses, the largest expense to be incurred by the refugee will be the purchase of roofing poles. VITA has suggested that alternatives to the wood, wattle, adobe roof construction be explored, because roofing poles may be in short supply due to deforestation. The use of prefabricated concrete, steel roof struts or plastic sheeting should be tested.

Health

Very little information is available on the health and nutrition status of the Afghan refugees. Health care for the refugees in Pakistan has been developed by the GOP with the assistance of UNHCR and more than a dozen voluntary agencies. In the refugee camps, tuberculosis (TB) is considered the single most serious health problem. One Volag representative reported that up to 50 percent of the women visiting his mobile health unit have TB. Parasitic infestation, respiratory and gastro-intestinal problems, diarrhea/dysentery, eye infections, and malaria are among the most common illnesses. Some experts believe that Afghanistan now has the world's highest infant morbidity and mortality rates. The health situation in Afghanistan is precarious.

In most of the large refugee relief and resettlement programs such as in Thailand, Somalia, Ethiopia and Sudan, voluntary agencies have played a major role in providing basic health services. Similarly a large number of PVOs are already providing such services to refugees in camps in Pakistan and to areas within Afghanistan. These experienced PVOs have the capability to extend and expand their services into Afghanistan if and when peace returns. In addition to these on-site PVOs, other PVOs such as CARE have in the past implemented health sector projects in Afghanistan.

Dr. William D. Oldham, Management Sciences for Health (MSH), reports that more study on the health needs of Afghanistan needs to be done. As a pure guess, he estimates that during the "relief phase," resource requirements may be in the range of \$50 million the first year and much more in the second, perhaps \$80 to 100 million.

Agriculture:

During the relief phase, the focus of grant assistance should be on assisting the returnee to produce sufficient food to sustain himself and his family. During the reconstruction phase, the goal should be to regain pre-war agriculture production levels.

To regain self-sufficiency, the farmer will require seeds and simple farm implements, such as iron plows, hoes, shovels, and pickaxes. For planning purposes, it is assumed that 80 percent of the repatriating families would be returning to farming. Of these 40 percent might carry back tools or cannot be reached in an initial distribution. It might be that about 275,000 families will need grant assistance in the form of farm implements and seed at a cost of \$25 per family or a total of around \$7 million. An additional \$1 million may be needed for threshers and milling equipment at the village level.

During the reconstruction phase, VITA estimates that about 3000 tractors, 75,000 pair of oxen, or some combination of these may be needed. A suitable credit mechanism will have to be found to encourage the purchase of oxen and tractors. The cost for this component would be about \$75 million. Given the likely lack of a credit system, the need to use the logistics system primarily for food, and the difficulty in procuring the oxen and tractors, a first year cost of this component may be in the order of \$25 million.

The number of lowhead lift pumps needed to bring the land back into production to pre-war levels is not known. The best "guesstimate" at this time is that \$5 million worth of pumps will be required. VITA, CARE and WASH (an S&T/Health contractor) have expertise in this area and could provide valuable assistance in designing an appropriate program.

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Road Construction

No information has yet been made public in respect of the damage inflicted by war on the road system. Both the major roads as well as secondary roads will be in need of major repair. For planning purposes, a figure of \$60 million is included in the illustrative budget.

IV. First Year Illustrative Budget for Relief and Reconstruction

Food aid	\$ 190.0 Million
Housing needs	25.0 "
Basic Health Services	50.0 "
Farm Implements and Seed	8.0 "
Tractors and Oxen	25.0 "
Lift Pumps & Water Schemes	10.0 "
Blankets, Clothing & Cooking Utensils	7.0 "
Transportation (non-food)	20.0 "
Road Rehabilitation	60.0 "
Administrative & Other Costs	65.0 "
TOTAL COSTS:	<u>\$ 460.0 Million</u>

ANNEX B

ROAD WORKS UNIT

A Plan for Deployment of Heavy Construction Machinery Inside Afghanistan

I. BACKGROUND

Ten units of heavy construction equipment have been received under the Commodity Export Program (CEP). The equipment consists of four light bulldozers, three heavy dozers and three motorized road graders. It was procured for issuance to the Alliance, to be used in their areas of control for rehabilitation of roads and other appropriate infrastructure projects.

With the planned Soviet withdraw of its military forces from Afghanistan, and the anticipated repatriation of Afghan refugees, the Office of the A.I.D. Representative has initiated a review to determine the best possible utilization of these valuable assets in a "post hostility" setting.

II. A MOBILE CONSTRUCTION TEAM FOR RURAL RECONSTRUCTION

The equipment which has been delivered, if supplemented with other equipment needed for transport and technical support, could be used effectively to begin addressing the vast destruction that has occurred in rural Afghanistan. If agriculture is to thrive once again, feeder roads into the innumerable fertile, irrigated mountain valleys will be needed, as well as reconstruction of other facilities. A self-contained, mobile heavy equipment unit could promptly respond to priority needs throughout much of the land.

Such a unit is proposed herein. The primary function of the Unit would be to provide the Alliance with a capability for reconstruction of roads and rural infrastructure. Its primary responsibility would include road rehabilitation and maintenance, as well as construction of new feeder roads leading from major roads into agricultural areas.

The Unit would also be available for:

- Reconstruction and extension of primary and secondary irrigation canals.
- Clearing of war damaged buildings and rubble in villages and preparation of building construction sites.
- Construction of small earth dams and terraces.
- Construction of shallow wells and farm ponds.

Attachment I is a Table of Personnel and Equipment showing present and supplemental equipment, as well as operators and technical/supervisory personnel required by the Unit under two different plans. The optimal plan provides for three sub-units, or crews, to operate at separate (but nearby) locations on different projects. The second plan, which is less expensive, provides only two of these crews with a reduced amount of specialized equipment. Personnel requirements for both plans are based on having the equipment operate for two eight- to ten-hour shifts each day.

Attachment II is a cost estimate for the supplemental equipment required under both the two-crew and three-crew options. This estimate is illustrative, based on limited information available on short notice in Pakistan.

III. DEPLOYMENT ISSUES

- Experience in pre-war Afghanistan showed the futility of using heavy machinery for rural development work. Dozers and graders sent to remote areas quickly went out of service due to mechanical breakdown, lack of fuel or unreliable operators.

In the near term, there is little likelihood of establishing an authoritative central government. Unsettled conditions will exist for a considerable time period, during which local, undisciplined leaders could compete for this highly visible equipment. Once assigned to work in an area, the Unit likely would not be able to depart for other priority assignments.

In response to the above issues, the following points obtain:

- The construction team recommended herein is to be equipped and structured in a way that will minimize the occurrence of out-of-service problems in remote areas. Spare parts, operators, mechanics and fuel should be always within easy reach of any unit of equipment, assuming competent management and adequate operating budgets.

The possibility of local leaders commandeering or otherwise misusing the equipment is real and a concern. Although such an adverse turn of events is possible, it is far from certain that such a situation will develop. Too many of the Alliance leaders will be unwilling to squander a hard-fought victory, and these cooler heads may well prevail.

It is considered likely that the services of the Unit will be urgently needed to support refugee resettlement. Several million refugees will return to innumerable remote villages where crops have not been harvested for several years. Food shipments, to be economically feasible, will require large transport vehicles which are not able to traverse present roads. The Unit can provide invaluable assistance by rehabilitating these roads, straightening, widening and smoothing sections where passage is now impossible. Machinery, rather than manual labor will be required to complete the work quickly in mountainous terrain.

Food deliveries on the scale expected above have never before been required in Afghanistan, and the roads to many sections of the country have never had the required capacity. The only comparable event in Afghan history was the famine relief of 1971-72, when military vehicles and airdrops were required to supply five provinces. That emergency was short-lived, whereas food deliveries for resettlement could extend over a year or more.

IV. RECOMMENDATIONS

1. To enable effective deployment, the equipment which has been delivered should be supplemented with other equipment as shown in the attached Table of Personnel and Equipment. Initially, the two-crew option should be adopted.
2. The Unit should be created as an instrument of the Alliance or provisional government. It should be asked to appoint a steering committee and to nominate candidates for the personnel positions shown on the Table of Personnel and Equipment.
3. The Unit should be equipped and trained to undertake the functions and responsibilities cited in Section II above.
4. Because extensive work of the types outlined above will be required in the reconstruction of Afghanistan, this initial organization of the Unit should be considered a pilot undertaking. If successful, the organization should be used as a model for additional teams to be mobilized as soon as security conditions permit.
5. Initially, operations of the Unit should be limited to relatively secure areas near the Pakistan-Afghanistan border. However, the Team, as a self-contained, mobile organization, should be prepared to move quickly to any location in Afghanistan under the direction of properly constituted, appropriate authority.

6. Specific projects to be undertaken by the Unit should be selected by an appropriately constituted committee.
7. The Unit should be provided with technical assistance as soon as possible. Arrangements should be made for up to two-person years for a senior consultant with field construction and maintenance experience and six months of short-term consultancies for persons with other skills. The senior consultant should be assigned immediately for an initial period of 90 days, to accomplish the following tasks:
 - a. In cooperation with the Alliance (or provisional government) and GOP representatives, review the supplemental equipment list, determine spare parts requirements and prepare specifications for all needed equipment and spares. Assist in tendering and placement of orders for all equipment.
 - b. Prepare an organizational plan, position descriptions and personnel compensation plan.
 - c. Prepare the first annual operating budget of the Unit.
 - d. In cooperation with the Alliance (or provisional government) and the GOP, identify potential operators and mechanics. Assess their skills and training needs, and design appropriate training programs.
 - e. With the assistance of the GOP, implement training of operators of the dozers and graders, which are already available.
 - f. Prepare a master schedule of preventative maintenance for all equipment items and indoctrinate maintenance personnel in its application.
 - g. Prepare recommendations for non-routine maintenance and repairs (nth echelon).
 - h. After the supplemental equipment and spare parts arrive in Peshawar, assist in organizing the Unit and provide further training for equipment operators and maintenance personnel.
 - i. Recommend further technical assistance that the Unit may require, based on progress made during the initial of consultancy.

ATTACHMENT 1 - Road Work Unit

Table of Personnel and Equipment

<u>Personnel</u>	<u>Qty</u>	<u>Equipment</u>	<u>Qty</u>	<u>Utilization</u>
General Superintendent	1	Sta Wagon, hvy dty, 4 dr, 4 wd, diesel	1	Supervision
Asst General Superintendent	1	Truck, pickup, 3/4 ton, 4 dr, 4 wd, diesel	3 (2)	Supervision, supplies, utility
Civil Engineer	3 (2)			
Unit Foreman	6 (4)			
Operator	6	Dozer, D-8	3	Road const/rehab in rock & heavy soils
Oiler/mechanic	3			
Driver/mechanic	2	Tractor/flatbed unit for D-8s	1	Hauling D-8s to sites
Operator	8	Dozer, D-4	4	Canals, small dams, terracing, light roadwork
Oiler/mechanic	4			
Driver/mechanic	2	Tractor/flatbed unit for D-4s	1	Hauling D-4s to site
Operator	6	Grader, motorized	3	Road const/rehab
Oiler/mechanic	3			
Operator	6 (4)	Front loader, wheeled, 2 cu yd bucket cap	3 (2)	Loading rock materials onto dump trucks
Oiler/mechanic	3 (2)			
Driver	12 (8)	Truck, dump, 6 cu yd cap	6 (4)	Hauling rock mat'ls to soft roadway sections
Oiler/mechanic	6 (4)			
Operator	2 (0)	Roller, vibratory, self propelled, 8-10 ton cap	1 (0)	Compaction of granular roadbeds
Oiler/mechanic	1 (0)			
		Roller, sheeps- foot, hitch to dozer	1 (0)	Compaction of cohesive soils on roads, dams
Driver	2	Tanker, water, 1,500 gal cap, truck mounted	1	Service water trailers
Oiler/mechanic	1			

<u>Personnel</u>	<u>Qty</u>	<u>Equipment</u>	<u>Qty</u>	<u>Utilization</u>
		Trailer, water, 500 gal cap, hitch to dumptrk	3 (2)	Store and distribute water for soil compaction
Driver	4 (2)	Tanker, fuel, 1,000 gal cap, truck mounted	2 (1)	Service equip, vehicles, and fuel trailers
Oiler/mechanic	2 (1)	Trailer, fuel, 500 gal cap, hitch to dump trk	3 (2)	Store fuel at each site
Master mechanic	1	Vehicle, special purpose, equip	1	Oiling, lubricating and light mainten- ance, all equip.
Helper	2	service and and maintenance		
Operator	6 (4)	Compressor, aid trailer mounted, ___ cfm, ___ psi	3 (2)	Rock excavation for roads, irrigation and shallow well projects
Oiler/mechanic	3 (2)	rating, equipped with jack hammer, rock drill and compactor		
Day laborers hired locally as needed. Not a permanent part of Unit.		Hand tools for road maintenance, incl. shovels, rakes sheelbarrows, picks, sledges, etc.		Roads (finish grading, rock surfacing, rock walls, etc.), small irrigation canals, shallow wells, etc.
Storekeeper	1	Quantity sufficient for 150 man labor crew.		
Asst. Storekeeper	1			
Driver	4 (2)	Crane truck 10 ton cap w/open box, general purpose	2 (1)	Hauling camping equipment, day laborers, tools, etc.
Oiler/helper	2 (1)			
Camp Supervisor	1	Camping equipment, incl tents, sleeping and cooking needs for ___ persons		Complete support for sustaining team in remote areas for extended periods
Cook	3			
Guard	6			

NOTE: Table is based on team consisting of three crews, each working two shifts. Personnel and equipment numbers enclosed in parentheses are for two crews working two shifts.

ATTACHMENT II - Road Works Unit

Cost Estimates for Supplementary Equipment

<u>Item</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Two Crew</u>		<u>Three Crews</u>	
			<u>Qty</u>	<u>Amount</u>	<u>Qty</u>	<u>Amount</u>
1. Sta wagon, hvy dty 4 dr, 4 wd, diesel	ea	16,000	1	16,000	1	16,000
2. Truck, pickup, 3/4 ton 4 dr, 4 wd, diesel	ea	13,000	2	26,000	3	39,000
3. Dozer, crawler, D-8	ea		3		3	
4. Tractor & flatbed for D-8 dozers	ea	90,000	1	90,000	1	90,000
5. Dozer, crawler, D-4	ea		4		4	
6. Tractor & flatbed unit for D-4 dozers	ea	70,000	1	70,000	1	70,000
7. Grader, motorized	ea		3		3	
8. Front loader, wheeled, 2 cu yd bucket cap	ea	72,000	2	144,000	3	216,000
9. Truck, dump, 6 cu yd cap	ea	60,000	4	240,000	6	360,000
10. Roller, vibratory, self propelled, 10 ton	ea	60,000	0	0	1	60,000
11. Roller, sheepsfoot, drawbar for dozer	ea	10,000	0	0	1	10,000
12. Tanker, water, 1,500 gal cap, trk mtd	ea	42,000	1	42,000	1	42,000
13. Trailer, water, 500 gal cap	ea	7,000	2	14,000	3	21,000
14. Tanker, fuel, 1,000 gal cap, trk mtd	ea	35,000	1	35,000	2	70,000
15. Trailer, fuel, 500 gal cap	ea	7,000	2	14,000	3	21,000

Item	Unit	Unit Price	Two Crew		Three Crews	
			Qty	Amount	Qty	Amount
16. Vehicle, spcl purp for equip service and repair	ea	39,000	1	39,000	1	39,000
17. Compressor, aid, trl mtd, ___ cfm @ ___ psi, eqpd w/ jack hammer, rock drill & compactor	ea	30,000	2	60,000	3	90,000
18. Hand tools for road maint, incl shovels, rakes, whlbrows, picks, sledges, etc. for 150 man crew	set	20,000	1	20,000	1	20,000
19. Crane truck, 10 ton cap w/open box, general purpose	ea	55,000	1	55,000	2	110,000
20. Camping equip, incl tents, sleeping & cooking needs for 110 men	set	75,000	1	75,000	1	75,000
CIF Karachi:				\$940,000		\$1,349,000
20. Spare parts @ 25%:				<u>235,000</u>		<u>337,250</u>
Subtotal:				\$1,175,000		\$1,686,250
21. Inflation @ 10%:				<u>117,500</u>		<u>168,625</u>
Subtotal:				\$1,292,500		\$1,854,875
22. Port and inland transportation charges @ 3%:				<u>38,775</u>		<u>55,646</u>
GRAND TOTALS:				\$1,331,275		\$1,910,521

- Notes: 1. Prices and amounts for items 3, 5 and 7 not indicated. This is basic equipment which has already been purchased.
2. Costs are illustrative only, based on limited information available on short notice in Pakistan.

ANNEX C

MONITORING ACTIVITIES

GENERAL

The monitoring of CEP commodities, DOD humanitarian assistance commodities and PL-480 Title II wheat, for war-affected Afghans, is considered to be the responsibility of every CEP contractor employee while in the field.

Monitoring as such consists of spot checks in market areas and the observation of USAID donated vehicles moving throughout Peshawar and Quetta areas. Verbal and written reports are received regarding sightings of DOD supplies, PL-480 wheat/flour movements and transport equipment including mules. These spot reports plus regular monthly reports from both Peshawar and Quetta are retained at the CEP contractor's Islamabad office, with copies to O/AID/REP for action as deemed necessary.

Monitoring is considered to be the visual extension of the contractor's extensive audit trail. This computer audit trail includes all Purchase Orders for CEP commodities, by date of procurement, date of receipt and date of issue to specific parties. The data base file for PL-480 wheat allows specific reports for total wheat received within the "wheat for war-affected Afghans" program. Such reports can be generated by arriving vessel, site location (Peshawar/Quetta), and monthly quantities issued to the seven parties, with first destinations from Peshawar area shown. The recent addition of a Islamabad project warehouse allows for improved accounting for DOD humanitarian assistance. The data base file now includes cumulative totals for all DOD commodities received from flight 1 through 50. Receipt of DOD commodities through the new warehouse allows for joint AID/GOP verification of arriving commodities and assures improved transshipment of PVO cargoes.

CEP/ISLAMABAD

A computer program has been developed at the CEP contractor's Islamabad office to store monitoring data periodically submitted by assigned and incidental monitors at both Peshawar and Quetta. The data base contains date of periodic report, the name of monitor(s), dates of actual visit/observation, sites of observation, types of CEP commodity observed and remarks regarding commodity observation.

The monitoring data program has been designed to provide reports similar to those submitted on a particular date or to extract specific data from the total data base, i.e., all reports of visits/sightings by a specific monitor, report of all visits to a given market or area by date sequence, and report of all specific commodity sightings by location and date sequence, with special circumstances/remarks of observations.

CEP/PESHAWAR

At Peshawar specific day-to-day monitoring is carried out by the Senior Commodity Specialist, six Commodity Monitoring and Surveillance Team members and one photographer. Inspection and surveillance is carried out in three specific areas on a continuous basis, i.e., visiting markets in the Peshawar area, observing issue of wheat to the seven parties from the GOP agricultural warehouse and accompanying wheat and the party convoys carrying CEP commodities to the border areas.

Visits to the Peshawar market areas are scheduled throughout the normal work week, with 58 separate visits per week. Monitors look for any CEP, DOD or PL-480 items in the markets. A sighting will be followed by attempts to ascertain the quantity available, the source of shop-keepers supply and the market sales price.

Issues of wheat from the GOP warehouse is observed during distribution to the seven parties. Spot checks of individual bags are made to assure correct weight and to ascertain the individual bag count loaded into party vehicles.

Monitors accompany party vehicle convoys to party warehouses and/or assembly areas near the Afghanistan border. En route, monitors observe vehicular traffic and visit market areas. The discharge and count of commodities into party warehouses is also observed. In many instances reports are received that show subsequent dispatch of wheat to individual commanders in Afghanistan and to specific provinces.

Two locally licensed small vehicles are dedicated for use by the monitoring team for trips to the border and for market visitation.

Efforts are underway to expand monitoring into Afghanistan. In this regard, the first official monitoring trip was made to Paktia Province from 4/19/88 to 4/24/88. A monitor reported seeing food packages, tea, sugar, blankets, ghee, pickup trucks, PL-480 wheat, etc. The monitor was accompanied by the CEP contractor's official photographer and numerous pictures were taken. A trip report of this initial monitoring trip to Afghanistan was submitted on May 2, 1988.

CEP/QUETTA

At Quetta specific day-to-day monitoring is carried out by the Commodity Specialist and two Commodity Monitoring and Surveillance Team members. At Quetta monitoring is limited to two specific areas: (1) visiting market areas in Quetta, and (2) observing the issue of flour to the seven parties. Security restrictions imposed by the GOP have prevented monitors from accompanying the convoys to the border areas.

Visits to market areas are scheduled throughout the normal work week, at the rate of 28 visits per week. For the most part, only limited numbers of jackets, sleeping bags and boots have been found in the markets. Sightings have been limited to three to four market areas with reports that all items were purchased by shopkeepers from individual Afghan Mujahideen. Repeated sightings of the same items at the same markets have been reported. This seems to indicate a limited quantity and demand in the local market for DOD items.

Issues of flour are observed from the local mill under contract to the GOP. To date, all PL-480 wheat arriving in Quetta has been milled and issued as flour. Reports state that transport of flour into Afghanistan is less restricted than that of wheat from Peshawar. This allows the transport and use of flour within its shorter shelf life. Monitors spot check a number of bags from each truckload to assure the correct weight of individual bags. The quantity of bags loaded into individual trucks is also recorded.

GOP policy prevents routine accompaniment of convoys from Quetta to the Afghanistan border area. Actual visits to the border area have been limited to approximately three, and performed with the express permission of the GOP.

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ANNEX D

AN ASSESSMENT
OF THE
COMMODITY EXPORT PROGRAM (AFGHANISTAN)
FINAL REPORT

By

Development Associates, Inc.
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Arlington, Virginia 22204

May 1988

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ASSESSMENT OF COMMODITY EXPORT PROGRAM

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FOREWORD

Indefinite Quantity Contract Delivery Order No. 27 of March 29, 1988 tasked Development Associates, Inc. of Arlington, Virginia to send a four-person team to Islamabad, Pakistan to assess the on-going implementation of the Commodity Export Program (Afghanistan), Project No. 306-0205, in the context of its original design. Based on that assessment, the team was to prepare a revision of the Activity Approval Memorandum (AAM) to respond to improvements or changes identified and to provide for future project operations in appropriate directions and magnitudes of AID support.

The detailed statement of work for the assessment study is appended as Annex A. The composition of the assessment team is listed in Annex B.

The team carried out its work in Islamabad and Peshawar, reading appropriate documentation and interviewing personnel of the Office of the AID Representative, a Government of Pakistan liaison officer, personnel from the projects which utilize the services of the procurement contractor hired to implement the Commodity Export Program (CEP), the personnel of the CEP contractor, representatives of the United Nations High Commissioner for Refugees (UNHCR) and the World Food Program (WFP), Pakistani railroad officials, and others interested in or carrying out humanitarian assistance activities in Afghanistan.

Preliminary findings were presented orally to the AID Representative on April 19, 1988. The draft final report, reflecting the AID Representative's comments and AID/REP staff's review of preliminary drafts, was submitted May 5, 1988.

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I. THE SETTING

An assessment of the Commodity Export Program (CEP) cannot be made or understood without some discussion of the setting in which it was designed and is being implemented. There are nine aspects or elements critical to an assessment of and appreciation for what has been accomplished by the CEP to date: (1) the war; (2) political; (3) legislative; (4) organizational (bureaucracy); (5) overall program of AID's Cross-Border Humanitarian Assistance (CBHA); (6) relationships; (7) staffing and workloads; (8) uncertainty; and (9) U.S. policy.

1. The War: A war has been going on in Afghanistan since 1979. This is a reality that impacts on every aspect of the CBHA program, including the CEP. It had a major bearing on the CEP design and how it is being implemented. No documents available to the Evaluation Team ever defined "humanitarian assistance" but those responsible for the program have defined the term in the broadest sense, and the Office of the AID Representative for Afghan Affairs (AID/REP) is unaware of any criticism by, among others, the Regional Legal Advisor, General Accounting Office, a recent Mission Management Assessment Team and the Regional Inspector General, all of whom have reviewed the operations of CBHA. In this type of non-conventional war, the line between civilian and warrior is blurred. Most males are both civilians and warriors, depending on the time and place. A wounded person needs medical help; a hungry person wants food; a cold person needs clothing and shoes. The war is no respecter of person. In this conflict, the entire population (male/female, young/old) which supports the resistance consider themselves involved in a Jihad (holy war) and thus Mujahideen (holy warriors). Therefore, no distinction between civilian and military is considered practical. The only distinction of importance for this program has been between lethal and non-lethal support.

2. Political: In the summer of 1984, the U.S. Government, at the instigation of the U.S. Congress, made a policy decision to provide humanitarian assistance to the Afghan people inside Afghanistan who were resisting the Soviet armed forces and/or having their welfare adversely affected by the war. The Administration used the emergency assistance authority of the Foreign Assistance Act (Section 451) to reprogram \$8 million for use in FY 1985 and FY 1986. Prior to this time, the U.S. Government provided no humanitarian assistance to these people, although help to the refugees in Pakistan (now estimated at about three million) has been given for years. The CBHA, the CEP, and this assessment concern only people within Afghanistan, even though implementation begins in Pakistan. Political decisions started the CBHA and they have a far more direct bearing on both the design and implementation of CEP than on any conventional AID project.

3. Legislative: As noted above, Congress urged the Administration to use emergency assistance reprogramming authorities to initiate humanitarian aid to Afghanistan. For FY 1986, Congress earmarked \$15 million specifically for Afghanistan, and enacted the "notwithstanding" clause which plays a major role in its implementation: (Section 904: "The President may make available funds...for the provision of food, medicine, or other humanitarian assistance

to the Afghan people, notwithstanding any other provision of law.") Congress gave approval to use PL-480 commodities for the CBHA. It passed the McCollum Amendment to the Department of Defense (DOD) appropriations bill to provide funds to fly: (a) DOD surplus commodities of a non-lethal nature and PVO-donated items to Pakistan for distribution to the Afghan people; and (b) Afghan wounded to Europe and the United States.

4. Organizational (bureaucracy): The USAID/Afghanistan mission was closed in 1979. After the 1984 political decision regarding Afghanistan was made, the CBHA was initiated by a series of AID/W grants to PVOs, both American and European. After a few months it was decided to establish the Office of the AID Representative for Afghanistan Affairs (AID/REP) to be located in Islamabad. The August 13, 1985 Action Memorandum to the Assistant Administrator for the Asia and Near East Bureau described a unique process of approving activities for the CBHA and the delegations of authority needed to execute and implement activities ("projects"). These were approved on August 26, 1985 and have guided the AID/REP Office. AID/REP has been operating in unchartered waters from the standpoint of not having time-tested, established operating rules, procedures, and documentation for both design and implementation. The Evaluation Team kept this in mind during its work.

5. Overall Program: During the spring and summer of 1986, the AID/REP Office designed five new projects, in addition to implementing a number of on-going grants to PVOs which were either operating in Afghanistan or helping Afghans prepare for humanitarian operations in Afghanistan. At that time it had a staff of four professionals. Some \$30.8 million of funds were obligated in FY 86 for projects and PVO grants (\$18.9 million), the PL-480 grant of wheat (\$8.9 million), and DOD McCollum Amendment transportation costs \$3.0 million). FY 1987 was the effective startup of implementation of four of the five activities--the PVO program was inherited in full operation. Obligations increased to \$42.4 million, up 38 percent over FY 1986. The FY 1988 level is estimated at \$67 million.

6. Relationships: The CBHA program to Afghanistan is unique in another way which has critical implications for implementation: there is no host or cooperating government to be involved in design and implementation. Instead, there are:

(a) the seven Afghan political parties who are fighting the war (most of the three million refugees in Pakistan are associated with these parties);

(b) the Islamic Unity of the Afghan Mujahideen (IUAM), or Alliance, an umbrella organization of the seven parties which has had little staff or organization of its own; and

(c) the Government of Pakistan (GOP), which has been providing a safe haven and assistance to the refugees since the beginning of the war.

Since the GOP was running a risk of conflict with the Soviet Union by providing a safe haven, it was concerned about the additional risk that might be involved in a CBHA program run by the U.S. Government. It permitted the

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program, therefore, on the conditions that the GOP would maintain tight surveillance over it and there would be no publicity of the program in Pakistan. This restriction on openness has created misunderstandings about the program and resulted in extraordinary oversight efforts. The GOP generally serves as representative for the interests of the Afghans in the CEP.

As one recent AID/W review describes it: "The uniqueness of this program not only derives from its cross-border nature but also from its inherent tensions. The AID/REP and his staff must delicately balance operational relationships (AID/ANE, USAID/Pakistan, and PVOs) with political relationships (GOP's "existing mechanism", the 7-party Alliance, Embassy/Islamabad, other embassies, and the U.S. Congress) just as they must balance short term, war-related humanitarian objectives with long term, developmental concerns. Throughout all, they must weigh expediency against responsible resource management in facing the sometimes equally compelling priorities of war casualties and accountability audits."

7. Staffing and Workloads: The new AID/REP Office, which was set up to carry out the unusual and bold mandate from Congress, consisted only of the AID Representative and his secretary in September 1985. Subsequently two professionals arrived in January 1986 and a third in March; a small secretarial staff was added. This small group undertook to design five unique projects for an unusual program within a few months while it was going through the usual organizational startup pains.

In addition to that workload, the small staff had to contend with (a) beginning a PL-480 wheat program which had its first shipment of some 20,000 tons by the end of 1986, and (b) the DOD-sponsored "McCullum flights" (47 USAF flights to date, plus six by charter for airlifting Tennessee mules) which involved DOD-donated non-lethal surplus and PVO-donated commodities and movement of Afghan wounded to Europe and the U.S. for medical treatment. The McCullum flights were particularly time consuming for the few members of the AID/REP staff because of the varied nature of their cargoes, extensive involvement and coordination with the GOP and the DOD, and arrivals always being at night with a short two to four-hour turnaround time.

8. Uncertainty: War, by its very nature, is a time of constant change and uncertainty. Urgency and expediency often determine and influence actions; crisis management is the norm rather than the exception.

The signing by Pakistan and Afghanistan of peace accords concerning the withdrawal of Soviet troops from Afghanistan came during this project evaluation. Anticipation of the possibility of peace has substantially altered the framework in which the CEP has been being implemented. Decisions made under previous assumptions can now look out of place.

The evaluation of the CEP and the design of a follow-on project based on this evaluation contended with such unusual uncertainties as: pace and locations of reduction in fighting; evolution of the seven resistance parties into a more effective alliance and the continuing movement toward an interim government; time needed for the existing Afghan regime to be superseded by a new

representative government; level and conditions of economic assistance the USSR may provide in the future; the rate with which the refugees return to their country; and the postwar conditions of the economy and environment of Afghanistan. These conditions have manifested themselves in the CEP project by the need for flexible and evolving implementation mechanisms and constant policy review.

9. U.S. Policy: U.S. Government policy prohibits U.S. direct hires and U.S. nationals who are employees of U.S.-funded contractors or grantees from venturing into Afghanistan. This has obvious implications for AID/REP's ability to monitor the end use or impact of resources delivered to Afghanistan.

II. THE PROJECT

A. Purpose

The Activity Approval Memorandum (AAM) for the Commodity Export Program (CEP) listed the immediate project goal as: "to establish a CEP that substantially increases and expedites the provision of humanitarian commodities to the general population in Free Afghanistan. The CEP is designed to have a quick political and development impact." Other purposes mentioned include "providing the means for Afghans to remain in Afghanistan and to encourage Afghanistan refugees in Pakistan to return to their homeland," "strengthen the institutional fabric of the Alliance" and "supplement and be supportive of discrete AID project activities in the education and health sectors."

The Action Memorandum for the Assistant Administrator of the Asia and Near East Bureau (ANE) which requested authorization of the CEP stated the purpose of the CEP as simply "to develop an organized supply system for humanitarian goods to help support the Afghan people in free areas of Afghanistan." In the Summary Statement of the Memorandum, it is stated that an institutional development effort with the Alliance is not envisaged. Presumably this overrode a statement on the following page of the memorandum that "Developing institutions and Afghan management capability is one of the program's key objectives."

The Activity Authorization of August 8, 1986 which approved the CEP project states that the activity will provide "for all aspects of the procurement and distribution of needed humanitarian commodities to the free Afghan people remaining in Afghanistan and for technical assistance in connection therewith."

The AID Representative told the Assessment Team that the purpose of the CEP was to show political support for the Alliance and to assist the Mujahideen take care of the people in their areas in free Afghanistan. There was no expectation of institution building or of obtaining a development impact.

B. Project Elements

The project has two elements:

(1) the selection and delivery of humanitarian assistance commodities to the Alliance parties for onward shipment into free Afghanistan; and

(2) a contract with a private firm for procurement and delivery services.

The Action Memorandum requesting authorization of the CEP states that a wide range of basic humanitarian goods would be eligible, such as "food, agricultural commodities, medical supplies, transport items, clothing, shelter and animals." An extensive positive list was included in the AAM as Annex 5.

The Action Memorandum cites the following responsibilities for the contractor, American Manufacturers' Export Group (AMEG):

a) procure and arrange for the delivery to the Alliance parties of the commodities financed under the project;

b) procure commodities for the health, agriculture and education projects; and

c) assist the AID Representative in monitoring distribution of goods supplied from the U.S. on the Department of Defense (DOD) flights financed by McCollum Amendment funds in the DOD budget.

The AMEG contract and its amendments have added the following responsibilities:

1) Monitor the delivery of PL-480 Title II commodities;

2) Establish a capacity to perform surveillance and monitoring, as well as accounting, of commodities to the degree feasible; and

3) Establish a pack animal holding operation in Peshawar.

III. PROJECT ACCOMPLISHMENTS

The status of project funding as of March 31, 1988 is as follows (in \$ 1,000):

	<u>Obliga- tions</u>	<u>Commit- ments</u>	<u>Expendi- tures</u>
CEP Commodities	21,523	15,600	11,177
Program Operations	785	610	542
AMEG Contract	4,932	3,000	2,620
AMEG Logistic Support	<u>891</u>	<u>700</u>	<u>623</u>
Totals	28,131*	19,910	14,962

* Includes \$1,071 from DOD Afghan Humanitarian funds (McCollum Amendment).

A. Commodity Support

The status of commodity procurement as of March 31, 1988 follows (values in \$ 1,000):

<u>Item</u>	<u>Purchased</u>			<u>Quantity Delivered</u>
	<u>Qty</u>	<u>Value</u>	<u>%</u>	
<u>Transport equipment</u>	—	<u>11,224</u>	<u>75</u>	—
Cargo trucks	268	7,281	49	163
3/4-ton pickups	224	1,687	11	204
Earthmoving equipment	10	883	6	—
Mules	1,090	959	6	940
Other	—	414	3	—
<u>Clothing and blankets</u>	—	<u>582</u>	<u>4</u>	—
Blankets	22,400	142	1	22,400
Boots (pr)	48,920	310	2	39,400
Shalwar Kameez (traditional dress)	23,728	130	1	23,728
<u>Food</u>	—	<u>3,024</u>	<u>20</u>	—
Tea, black & green (Kg.)	95,642	176	1	95,642
Sugar (Kg.)	102,456	173	1	102,456
Ghee (cooking oil—tins/2.5 Kg)	87,800	181	1	87,800
Food packs (4 persons/1 week)	199,817	2,250	15	145,617
Food packs (one day)	125,000	244	2	—
<u>Other</u>	—	<u>87</u>	<u>1</u>	—
TOTALS	—	14,917	100	—

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The quantity of commodities procured and delivered during the 18 months the project has been active far surpasses the normal start-up of a new activity. It is especially impressive given that the chassis of the trucks had to be procured offshore and then special bodies had to be added in Pakistan. This was to keep the trucks from becoming targets once they entered Afghanistan. Considerable time and effort were devoted to the design of the food packs. Concurrent with the procurement for this project, the contractor (AMEG) also had to initiate procurement for the agriculture, education, and health projects. The latter was particularly complicated and time consuming.

The foregoing commodities were supplemented by PL 480 Title II wheat (43,300 tons delivered by March 31, 1988) and DOD surplus items. The quantities procured under CEP are greater than would ordinarily be possible because the McCollum Amendment DOD funds have been used to pay transportation costs for the mule shipments from the U.S. and one shipment of trucks. It also has been used to purchase some trucks.

B. Contractor (AMEG) Achievements

The start up of AMEG operations was extremely rapid and smooth in spite of not having an office for the first three months and having to cancel plans to use a local contractor to supply all local staff and place all national employees on personal services contracts. Four of the five initially approved U.S. contract personnel arrived in Islamabad within two months of contract signing. The first major procurement started less than a month later.

AMEG has been able to place orders about as fast as CEP funds have been obligated. AMEG has also provided local procurement services for three other AID contractors—over \$1.67 million in over 300 purchase orders or contracts. The procurement of medical supplies for Management Services for Health has been complicated and time-consuming. The contractors implementing the health, agriculture, and education projects were generally satisfied with the service they had received from AMEG.

In addition to procurement, AMEG arranges for receipt of CEP commodities and their distribution to the Pakistani counterpart or the representatives of the Alliance parties. It also assists the AID Representative in handling the DOD McCollum flights and monitoring PL-480 distribution.

AMEG not only purchases mules in Pakistan and the U.S. for use as pack animals in Afghanistan, it also trains the mules and mule handlers from the parties. Nearly 900 mules have been trained and issued to the parties and over 700 mule handlers have been trained at AMEG'S Animal Holding Facility near Peshawar.

AMEG quickly set up a good document and action system for commodity procurement and delivery. It was a little slow in setting up a complete financial system, but that has now been accomplished. AMEG's records for both finances and procurement seem well arranged and complete.

AMEG is tasked with certain commodity monitoring responsibilities, including some checking within Afghanistan. The first monitoring across the Afghan border recently began; previously, monitoring was limited to: a) following

trucks to the border and observing their unloading; and b) surveying markets in border towns in Pakistan to ensure that commodities were not coming back across the border. On a couple of occasions, a video camera-equipped Afghan followed commodities across the border. It appears that very few of the commodities have found their way back to Pakistan.

For a detailed assessment of AMEG's operations, see Annex C. Some issues arising from the assessment are discussed in Section IV below.

To write the AAM, AID chose AMEG, under an 8(a) set-aside approved by AA/ANE on August 21, 1985, with the idea of using the firm to implement the activity. AMEG's people had extensive overseas commodity import program experience. The design of this unusual project to meet a unique situation was carried out rapidly and competently and it was approved expeditiously--once GOP approval was given to move forward with the design.

The AID Representative on August 8, 1986 signed a determination that AMEG should be awarded the contract for implementation without competition under the "notwithstanding" clause rather than as an 8(a) set-aside to avoid the delays of going through the U.S. Small Business Administration. The resulting contract was signed on August 14 and the first AMEG person arrived about six weeks later. The ability of the AMEG team to have achieved so much in a relatively short period of time reflects favorably not only on the AMEG team but on the AID Representative and his staff.

Due to the "notwithstanding" legislative clause (Section 541 of the Foreign Assistance Act), AID has unusual flexibility to implement the CEP project; it has used it sparingly, but when necessary. The implementation of this project is outstanding in many ways as a result of the intelligent and imaginative use of this flexibility.

IV. ISSUES, CONCLUSIONS, AND RECOMMENDATIONS

A. Achievement of Project Purpose

The Activity Approval Memorandum (AAM) included statements in the purpose statement (II above) which normally would be reviewed in assessing the success of the project; however, these statements were not carried forward in the Action Memorandum to the Assistant Administrator which recommended approval of the project or in the authorization document. The latter states simply that the project is to provide "for all aspects of the procurement and distribution of needed humanitarian commodities to the free Afghan people remaining in Afghanistan and for technical assistance in connection therewith." In our discussion of the statements in the AAM with the AID Representative, we were told that the primary purpose of the project was to show political support for the Alliance and to assist the Mujahideen take care of the people in their areas in free Afghanistan.

Thus, in its simplest terms, the project can be said to have been successful if needed humanitarian commodities were distributed to Afghan people in Mujahideen areas, and the assistance under the CEP provided political support

for the free Afghan leadership. Because monitoring of the distribution of CEP commodities in Afghanistan is just beginning, there are no data available to identify or quantify the direct beneficiaries of the humanitarian goods provided under the project. Pakistani authorities who monitor the program state that the goods go into Afghanistan. The monitoring by AMEG personnel up to the border and in markets in Pakistan close to the border also supports the conclusion that the bulk of the goods go into Afghanistan consigned to local commanders. We conclude, therefore, that the commodities are being distributed to the Afghan people in the Mujahideen-controlled areas inside Afghanistan.

The assessment team did not meet with the Logistics Committee or other officials of the Alliance. Afghans associated with other AID projects, while differing on some specifics, seemed convinced of the general utility of the CEP commodities. Through the Alliance technical committees set up to administer their projects, the CEP and the projects for which it procures have helped create and strengthen the operational capacity of the Alliance in the provision of social services. A Pakistani counterpart has informed AID/REP, and members of the Logistics Committee have confirmed that, thanks to the additional support from CEP and other sources, they were able to continue activities in Afghanistan during the winter this year for the first time. There are other indicators of growing strength and success by the Alliance in political and military terms, but clear linkages to this project cannot be shown. Nevertheless, the team feels there is sufficient information to conclude that the CEP activities have supported the political objectives of the free Afghan leadership.

B. Commodity Selection

1. Selection Process

Initially the commodity selection process directly involved the Alliance parties through their Logistics Committee--one representative from each party. The Committee members were given a list of commodities from which they were to choose within an allocation of \$250,000 per party. After they had prepared their lists and discussed them with AMEG and AID, the GOP counterpart and AID/REP decided to use the first tranche of funds for vehicles. Logistics Committee members were then given the opportunity to establish the mix of vehicles (heavy cargo trucks vs. pick-ups).

Because of the difficulty of convening the Committee--the members are also responsible for military logistics and travel a lot--and the large amount of time spent trying to get consensus, the GOP counterpart and AID/REP generally have decided, since the first meetings, which commodities will be supplied to the parties. The subsequent meetings of the Committee have been used to focus on operational details--misuse of vehicles, requirements for truck bodies, composition of the food pack, etc.--and to try to confirm that the commodities procured responded to the priorities of the Committee.

The initial experience with the Committee provided a lesson that will be useful when the large scale repatriation and rehabilitation efforts begin, and is a useful "lessons learned" for any Mission operating an emergency type

program. The initial list presented to the Committee was quite extensive, with the result that the lists received from the parties ranged from 5 to 30 items, with the consolidated list totalling 60 items.

This was clearly unmanageable and AID/REP decided to dispense with the concept of a "positive list." The Logistics Committee had agreed that food and transport assets were their highest priorities, so AID/REP and the GOP decided on procurement within those priorities. The parties' lists were used as general guidelines of the parties' interests. The short list that evolved with experience included: transport equipment (heavy cargo trucks, pick-ups, and mules); food (tea, sugar, cooking oil, and food packs used in concert with PL-480 wheat), clothing (boots, traditional dress and blankets), and construction equipment (rock drills for making shelter caves and road clearing equipment).

An alternative, which might have helped get the process off on a better basis, would have been to ask the Committee members for their three highest priorities within a few general categories, then prepare a short list (with prices) and discuss with them individually how they would like to spend the funds available for the next tranche.

For emergency type programs, it is essential to restrict the number of commodities that will be furnished. Otherwise, it takes too long to get procurement started and it takes a much more complicated commodity delivery system. Although the current commodity list will likely change in the up-coming rehabilitation period, there probably will continue to be a big need for vehicles, possibly mules, and for equipment to rehabilitate roads. The supply of food may be largely taken care of by the international relief effort. The principal new requirements may include building materials, communications equipment, furniture and supplies for newly established offices, and equipment for rebuilding small private sector activities which support the agricultural effort.

The likely categories of commodities to be required are discussed in the Activity Approval Memorandum (AAM) for the follow-on project. To prepare for the potential rush in procurement activity that could come with the start of repatriation/rehabilitation, AMEG could begin, as time permits, to assess the procurement implications of the probable additions to the procurement list. Based on their assessment, they could prepare for unusual or difficult procurement actions; they might even suggest that certain commodities should not be put on the positive list for AID financing.

2. Vehicles

In the scope of work for this assessment, we were asked specifically to review/assess the appropriateness of the concentration on transport and related support.

Over 60 percent of CEP commodity procurement has been for vehicles and ancillary equipment and 6 percent each for pack animals and earthmoving equipment. Twenty-five percent of the commodity funds has been used for food,

clothing, or shelter needs. It should be noted, however, that the transport assets provided under the CEP also deliver PL-480 wheat, DOD surplus items, and commodities sent into Afghanistan by the other AID/REP projects.

In the first meeting of the Logistics Committee, the need for transportation assets was voiced. All six of the commodity lists turned in after the first meeting of the Committee included vehicles; four of them also included mules. Thus, it was clear at the outset that supplying vehicles and pack animals was essential to having a humanitarian assistance program.

Since deciding how to apportion their first allocation of funds for vehicles, the Committee members have not participated directly in the decisions on how to allocate funds between transport assets (vehicles and mules) and other CEP commodities or on what the mix should be between different kinds of vehicles. Initially, it was safe to assume that whatever could be provided under the project was a "drop in the bucket" in relation to needs. However, some of the parties complained at the outset about the roughly equal distribution of vehicles between the parties, claiming that some were already much better endowed than others. (The issue of resource allocations was covered in pp. 02-15 of the AAM which recommended initial allocations should be on an equal basis.) In a later allocation some party representatives are reported to have been disappointed to receive so many pick-ups; they would have preferred the larger cargo trucks. Thus, it is not clear that the "drop in the bucket" statement is still accurate--at least for some parties and some specific items.

Because of AID/REP's concern about how to determine the number of trucks and mules that should be procured in relation to the amount of other humanitarian goods being supplied, AMEG attempted an analysis of the carrying capacity of the fleet being procured in relation to the amount of CEP humanitarian goods to be transported. The latest version of the study, which takes into account the vehicle order in process, concludes that there is approximate equilibrium between the carrying capacity and the cargo to be carried. The 60 percent down time assumed in the calculations seems high, but this may be offset by the need of the parties to use the fleet provided under this project to carry other humanitarian goods they purchase with funds provided by other donors.

The difficulty of deciding how many vehicles are needed by whom has been further complicated by the signing of the Geneva Accords, which suggests the possibility of the repatriation of some three to five million refugees in a relatively short period of time--once repatriation starts--and the creation of a free Afghan government structure. The GOP counterpart is recommending the procurement of a substantial quantity of additional vehicles to be turned over to a new Afghan logistics organization. This organization would carry out the free Afghan leadership's responsibilities for, inter alia, the welfare of the repatriated refugees and displaced persons, as well as needy Afghans who have remained in their villages. The assessment team concurs in having an Afghan capability along the lines suggested and has recommended more detailed study of just how this capability might be supported in the CEP follow-on project.

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It is anticipated that no additional vehicles will be turned over to the parties unless some critical requirement is identified; rather, any new purchase of vehicles would be for the new free Afghan government and its logistical services unit. It is important to begin soonest to identify the individuals who are likely to be the cadre of the new organization, and to develop the commodity and technical assistance needs that will be necessary to make this organization effective in what is likely to be an unprecedented movement of people back to Afghanistan as soon as reasonable security conditions permit. The Team suggests that AID/REP seek to identify and recruit an Afghan who could participate and assist in the planning for this activity and serve as AID/REP's liaison with the Afghan logistical unit when established.

The principal vehicle purchases to date have been from Japan. Given security considerations, purchase of U.S. make vehicles was not appropriate. Given both price factors and the urgent need, purchase from Japan was justified. Understandably, the parties subsequently wanted to standardize with the same type and make of vehicle that was initially purchased. With the likelihood of improved security, AID/REP is intending to buy subsequent vehicle and heavy equipment from the U.S. If there should appear to be a continuing need for non-U.S. make vehicles for security reasons, it may be appropriate for AID/W to ask the Japanese or German governments to finance some vehicles under assistance they may in the future provide to a free Afghan government. Such an approach might receive a more sympathetic hearing now that the Geneva Accords have been signed.

No spares were ordered with the vehicles because the GOP counterpart told the CEP project officer that spares were available in country. Later it turned out that this information was not totally accurate--spares were available for the Toyota pick-ups, but not for the drive-train/suspension systems of the 4-wheel drive Hino trucks. These parts have limited availability and can be very expensive.

After AID/REP was informed that some of the trucks were developing problems that could not be handled locally, particularly with the 4-wheel drive transmission, AMEG was tasked to do a survey of repair/maintenance facilities available locally and a study of the feasibility of establishing a central maintenance facility for Alliance-owned trucks. The AMEG study, which was presented to AID/REP in December 1987, concluded that:

a) Alliance trucks are wearing faster than they would under normal operating conditions because of the rough terrain they are used in, unskilled drivers, lack of preventive maintenance, paucity of spare parts, and the lack of a properly equipped maintenance facility. If these problems could be overcome, a truck's productive life could be increased by 35 percent, i.e., 10 extra work days per month of road time.

b) Needed spare parts cannot be obtained in new, used, rebuilt, or re-manufactured quantities to maintain their fleets. Local maintenance facilities are inadequate, expensive, and insecure.

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c) AID/REP should: 1) import a two to three-year supply of critical spares immediately; 2) lease or construct a maintenance facility and warehousing for the spare parts; and 3) provide training in vehicle preventive maintenance. In short, AID/REP should establish a vehicle maintenance and training facility in Peshawar to support the fleets provided to the Alliance parties under the CEP program. Subsequently, another facility might be set up in Quetta.

AID/REP was prepared to accept the recommendation to set up the facility, but AID/W turned it down. In the meantime, AID/REP has had to procure some spares for distribution to the parties to meet urgent needs. While the recent turn of events in Afghanistan suggests it may no longer be appropriate to set up a repair maintenance facility in Peshawar, the need for spares will be continuing and can be met without establishing a full-blown center.

The assessment team believes that steps should be taken now to set up a spare parts inventory, servicing the Alliance fleets plus any additional units that may be established by the free Afghan government authorities to handle the repatriation/rehabilitation stage. The inventory should be considerably more limited than that proposed in the Anderson report, focussing on expensive and critical items generally not available in country. The team recommends that AMEG be tasked to do this. AMEG already has responsibility for procurement and warehousing of many CEP commodities; it is natural that it maintain the procurement function for the spares during the hectic repatriation and rehabilitation period at least. At an appropriate time, the function could be passed to an appropriate organization, including possibly the private sector. The issue raised by AID/W about putting too many eggs in the AMEG basket is dealt with in IV. D. below.

RECOMMENDATION: (1) That AID/REP task AMEG to prepare a specific proposal for a limited spare parts inventory to be set up in Peshawar or Islamabad and that AID/W approve the concept and related procurement.

3. Earthmoving Equipment

On October 27, 1987 AMEG placed an order with a local firm for the procurement of three Komatsu GD 611A Graders, three Komatsu D85A bulldozers, and four Komatsu D40A bulldozers with standard equipment at a price of \$883,000. This was a rush order passed on by the Pakistani counterpart who, for security reasons, insisted on non-U.S. manufactured equipment.

The assessment team reviewed the internal correspondence relating to the justification for non-U.S. purchase, but there was no documentation spelling out the need to be met with the specific items of equipment, the organization which was to receive the equipment or its technical and financial capability to use the equipment, etc.

The project officer told the team that the equipment was requested by the GOP counterpart on a rush basis to meet urgent operational needs. At the time, movement into Afghanistan by the usual routes was being interdicted, and it was intended to use the equipment to open new routes through the mountains. Since the order was placed, the breakthrough occurred on the Geneva Accords, and the on-the-ground situation has changed dramatically. The mission to be performed with the equipment no longer exists.

The assessment team in one of its first working papers suggested that rehabilitating roads would be an urgent activity in the repatriation/rehabilitation period. Because of the special circumstance with the heavy equipment, the project officer already had a committee working on a plan for the use of the equipment. The April 20, 1988 version of the plan recommends the creation of an Afghan Construction Team (ACT) as an instrument of the Alliance. It is proposed to set up either two or three units that could operate relatively independently.

The assessment team supports the plan of the project officer to bring in a TDY expert to develop the committee's work further. The current plan would require the expenditure of an additional \$1.3 million for equipment for the two-unit operation and \$1.9 million for the three-unit operation. This does not include materials for bridge reconstruction or repair of asphalt roads which surely would be needed also for the plan to be effective. The operating costs of the units have not yet been established.

The plan recommends an extensive mission for the equipment, including repair or construction of irrigation infrastructure, as well as road rehabilitation. The team recommends that the mission initially be confined to road rehabilitation, air field repair or lengthening, or other activities which are clearly high priority for meeting repatriation, relief, and immediate needs. Most irrigation infrastructure repair will require primarily hand labor and hand tools with some help from smaller equipment. The team suggests that the TDY assistance include at least two persons. One would focus primarily on the definition of the mission of the unit and the preparation of a plan of operations, while the second would establish the needs for the maintenance and repair of the equipment.

4. Mules

Some 1,090 mules have been procured under the CEP project, of which some 670 have been purchased in the U.S. and transported to Pakistan by DOD-funded charter flights. With the completion of the present cycle of trainees, over 770 Afghan mule handlers will have been trained. The mule program is well designed and well run.

Mules were initially purchased in Pakistan. As the number being purchased rose, the prices began to rise, and the Pakistani counterpart became concerned about the impact of continued purchases. AMEG checked out the possibility of purchasing mules in China, Thailand, and Turkey with no success. They learned that a substantial number of mules were available from the U.S., so procurement was initiated there. The U.S. mules are reported to be superior to local mules—stronger and more easily trained. The costs, however, including the cost of transport (which is paid from DCD McCollum funds), is about four times that of the locally procured mules.

The mules are sent into Afghanistan from the border camps of the Alliance parties and then, in most cases, they return to the camps for a period of rest before going on the next trek. The parties have requested feed be provided for the mules during this rest period. Up to now, AID/REP has been reluctant to do so since this would, in essence, be providing operating costs and there would be little chance of monitoring the use of the feed.

Recently, the parties and the GOP counterpart have agreed to regular visits to the camps by a representative of the Animal Holding Facility to check out the mules and provide veterinary services as needed. The need for the feed has been verified. With regular visits, it will be possible to monitor the use of any feed supplied—or at least monitor the condition of the mules and thereby ascertain if they are being properly fed. Given the situation discussed below, it is desirable to obtain more information about the mules' condition and how they are being used; providing food could help do that.

RECOMMENDATION: (2) Mule feed be provided to the parties at their border holding facilities for a four-month trial period—and continued if justified.

Purchases of mules in the U.S. have been suspended, and local purchases will be resumed if it appears justified. With the signing of the Geneva Accords and the likelihood of reduced conflict along the Pakistan-Afghanistan border, it is possible that the need for the mules will be reduced. There is evidence that one party has allowed a limited number of mules to return to Pakistan and be offered for sale. This issue is being taken up with the Logistics Committee and party involved. AID/REP will also be meeting with the Logistics Committee and the GOP counterpart to review the future need for mules, and then determine whether to continue the mule program.

With the uncertainty about the future of the mule program, attention has been given to the eventual use of AMEG's Animal Holding Facility. Proposals for its use include:

- a) Bringing in American jacks to start a program to up-grade local breeds.
- b) Starting a pilot project to train and use the mules as draft animals to help compensate for the decimation of the bullock herds in Afghanistan and the impossibility of injecting into the country in a relatively short time either sufficient tractors or bullocks to make up the shortage.
- c) Serving as a holding facility in which bullocks purchased for transfer to Afghanistan would be checked by veterinarians to ensure that diseased animals are not being sent across the border.

All of the foregoing are worth considering, but additional information should be gathered about the probable need for mules in postwar Afghanistan, the strength of any cultural bias that might exist against using mules as draft animals, the magnitude of the bullock program that might be anticipated in the next year or two, etc. The assessment team suggests that AMEG and VITA be jointly tasked to prepare an options paper which could serve as the basis for an AID/REP decision or, if time permits, for review by the Agriculture Sector Support project assessment team. The options paper should also address the pros and cons of the Animal Holding Facility continuing as a part of the CEP project vs. being placed under the Agriculture Sector Support project, with the personnel being shifted from AMEG to VITA. The latter would seem desirable if the role of the Facility shifts away from its present mission.

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5. Food Packs

AMEG has devoted a lot of effort to developing the food pack, including consultations with members of the Logistics Committee and nutritionists in Karachi. Besides all the research that went into developing the packs, there have been difficulties with the firms producing the packs. In the first major purchase, 92,000 were produced and distributed to the parties. The Logistics Committee members indicated that they were well received, but made some suggestions for changes that have been incorporated in the second large procurement just effected.

The concept behind the food pack was that PL-480 wheat was being distributed to the more accessible areas and the food packs were designed to go by mule caravan to the more remote areas or to areas where trucks would not go for security reasons. As security improves, there will probably be less need for the food packs. However, they might still be needed for remote villages during the first year of the rehabilitation phase.

If the intended beneficiary should be an Afghan villager who might have stayed in Afghanistan, a cheaper food pack probably could be designed which would still be in accord with the basic Afghan diet: wheat flour, lentils, ghee (cooking oil), tea, and sugar. The expensive rice could be eliminated, only one type of an inexpensive tea and one inexpensive lentil included. Assuming the same size pack, this would permit the wheat flour ration to be increased; in Afghanistan, malnutrition is more likely to be the result of a calorie deficiency than a protein deficiency. The cheaper and more nutritious local brown sugar should be supplied in place of the refined white sugar. The spices appear to be more to Pakistani taste than to Afghan diets.

In a mass feeding program of the type that can be expected during the first year of the repatriation of the refugees and displaced persons, food packs will only be cost effective in meeting special circumstances. The mass programs will need to focus on one or two commodities, which for Afghanistan probably should be wheat and tea.

C. Project Monitoring

AMEG has established an excellent paper trail for funds utilization and for commodities up to the border. It also has been checking markets near the border to determine if AID-supplied commodities were coming back from the border and being sold in Pakistan. Except for a limited number of DOD surplus items, this appears to have been insignificant.

AMEG monitors have reviewed some of the border warehouse records and onward shipping documents. It appears that most, if not all, of the parties do keep some records on their shipments. AID/REP has been unable to get reports on the movements of CEP goods beyond the border.

The AMEG contract tasks AMEG to establish end-use monitoring (task 13) and "to develop and implement, to the maximum degree possible, systems to account for the appropriate disposition of resources once they leave his hands, whether in Pakistan or Afghanistan. To the degree feasible, the monitoring system developed by the contractor should reflect upon the program impact of the provision of commodities." (task 18)

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On December 19, 1986, the AMEG Team Leader wrote the AID/REP for permission to set up Surveillance and Monitoring Units in Peshawar and Quetta. The units' sole function "will entail monitoring the delivery and impact of CEP commodities in Afghanistan. These units will pursue the trail of commodities from point of issue to end-user (when feasible). Among other tasks, the units would collect data concerning end-use of commodities from individuals returning from Afghanistan." Amendment No. 4 (February 1, 1987) of AMEG's contract authorized "activity by non-American contract employees in Afghanistan as well as Pakistan."

On March 4, 1987, the AID/REP Evaluation and Monitoring Officer transmitted to AMEG a very comprehensive "Data Collection, Monitoring and Evaluation Plan" for CEP, Afghan Humanitarian Relief Commodities (DOD excess), and PL-480 commodities. As indicated in the memorandum, the Chief of Party had participated in the development of the plan. Future quarterly progress reports were to report on progress toward answering the questions listed in the monitoring plan, using the indicators for each question.

The quarterly report was to contain an analysis of the information needed for answering the questions. It was recognized that the extent of information would vary between reports, but each quarterly report was to treat each question, either substantively or on the status of data collection.

It was not until December 23, 1987 that the AMEG Team Leader submitted a program for carrying out cross-border monitoring. He said that cross-border monitoring would begin in early January. The first trip under this program was made in April 1988.

AMEG submits a monthly report on CEP monitoring to the CEP Project Officer and one on PL-480 to the Program Officer, who is also responsible for the Title II program. AMEG's quarterly reports contain copies of the monthly reports previously submitted, without summaries or analysis. No reports appear to have been submitted which respond specifically to the March 1987 Monitoring Plan.

A meeting was held in October 1987 with participation of AMEG and the contractors of the other three projects located in Peshawar to explore the possibility of developing a short list of information needs to which each group's monitors could be alert during their cross-border visits. Discussions were held regarding the sharing of cross-border monitoring information. A follow-up meeting at which each party would submit its short lists has not yet been held. AID/REP's CEP Project Officer said that other priorities had prevented him from following up on the meeting and more forcefully insisting that AMEG comply with the March 1987 plan and AMEG's announced intentions at the end of 1986. He also pointed out the difficulties inherent in doing cross-border monitoring in this project compared to the projects administered by other contractors, e.g., the greater dispersion of the commodities and the fact that the commodities have been distributed to commanders who have no direct relationship to CEP project personnel. The GOP has also been more reluctant to permit border surveillance, let alone cross-border surveillance, for this project than for the others.

AID/REP is establishing a special monitoring unit to facilitate the integration and analysis of monitoring information being collected by the contractors' monitoring programs, to expand the information being received, and to advise the contractors on their monitoring programs. Recruitment is in process for a personal services contractor to serve as monitoring and data collection specialist for cross-border humanitarian assistance. He/she would be stationed in Peshawar and would report to AID/REP's Regional Affairs Officer/A.

RECOMMENDATION: (3) AID/REP instruct AMEG to discontinue the practice of including copies of previously submitted monthly reports in their quarterly reports and to include instead: a summary report of its monitoring, citing the findings of note and action taken thereon; and a response to the questions in the March 1987 Monitoring Plan or some indication of how AMEG intends to respond to them.

D. Contractor Services

A summary of AMEG's achievements is provided in II. B. above, and a more detailed assessment of the contractor's performance is included in Annex C. This section focuses on an issue raised recently by AID/Washington. Is AID Representative running the danger of overloading the contractor? AMEG is an 8a firm, relatively new, and this is its first major contract.

We found that the AMEG team arrived quickly, was immediately thrust into action, and generally has performed well under the conditions prevailing. Its staff has developed an expertise in local procurement and commodity management in Pakistan to supplement the experience in these fields that they brought to their jobs. On the other hand, the firm has no experience in running a major technical assistance operation such as is being considered for the Afghan logistical unit and the heavy equipment unit in the follow-on project. The team does not think it would be prudent to give AMEG responsibility for these activities.

We have also looked at the trends in procurement and estimated the impact of the repatriation and rehabilitation phases on AMEG's work load. We anticipate a considerable increase in procurement in the follow-on project. In addition, procurement for the Agricultural Sector Support project is increasing and can be expected to balloon when repatriation starts. The Education Sector Support project may pick up some with repatriation. When security conditions permit relocation efforts to begin, there will be a need to quickly set up a logistical system within Afghanistan for U.S.-donated commodities to be provided under the AID/REP's program; AMEG would be the logical choice to manage it.

We looked at the Health Sector Support project and found that its procurement workload was expanding the fastest. It can be expected to increase geometrically even without repatriation. The latter can expand requirements dramatically. We concluded, therefore, that there might well be serious overload of the contractor and that steps should be taken to reduce some of the functions it performs. We concluded that it would be desirable to shift the in-country procurement for the Health Sector Support project to another contractor and to drop one of the functions--the procurement service agency

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functions for U.S. and third country procurement. With regard to these PSA functions, there are many potential contractors who can perform this service well without having special knowledge of Pakistan and Afghanistan--in contrast to local procurement for which country-specific knowledge is especially valuable. AMEG does not have a great deal of experience with this function and does not have a large home office staff to perform it.

Health project procurement is already responsible for about 50 percent of the AMEG procurement workload and is the activity likely to expand the greatest in the future. Furthermore, health logistics systems are traditionally separated from other logistics systems because of their highly specialized nature. We believe, therefore, that the health procurement function should be shifted from AMEG soon--before the big crunch comes with repatriation. We leave to the health project assessment team (to begin June 1, 1988) to recommend whether the procurement should be taken over by MSH or some other organization.

RECOMMENDATION: (4) AMEG be relieved of the requirement to procure for the Health Sector Support project as soon as alternative arrangements can be made and put into effect.

RECOMMENDATION: (5) AID/REP do a competitive contract for PSA services for U.S. and third country procurement under the follow-on project; AMEG would continue to provide such services until the new contract was operational.

While we are recommending that AMEG be relieved of some of its workload because of the anticipated expansion of procurement and commodity management duties that will be needed during the repatriation and rehabilitation periods, we are impressed with how well they have performed in a very high pressure environment, and the expertise developed in local procurement and commodity management. There are good operating reasons for having only one incountry logistical system (other than for health). AMEG should continue this operation and prepare to extend its operations into Afghanistan as soon as conditions permit. AMEG should also begin training Afghans in logistical operations.

RECOMMENDATION: (6) AID/REP continue to contract with AMEG under the new project for the continuation of the services now being provided--less those mentioned in recommendations 4 and 5--plus training.

E. Follow-On Project

The CEP project has been dealing with a special emergency type situation since its inception. The needs have been great and project commitments have already exceeded the original life of project funding. The need for cross-border assistance continues, but this could change--to another type of emergency situation.

With the signing of the Geneva Accords April 14, 1988, there may be improved security in parts of Afghanistan following the departure of the Soviet troops. This could lead to the repatriation of over three million refugees from Pakistan and possibly two million from Iran. It is conceivable that large numbers could begin to move this summer. Steps should be taken now to begin to organize for the nearly overwhelming needs that would be generated by such a mass movement of people—potentially the largest experienced in modern times.

Even on the assumption that the UN family will take the lead on repatriation and other donors will also contribute substantially to the resettlement and rehabilitation effort, there will still be a substantial need for U.S. assistance on a bilateral basis. Furthermore, since the AID Representative has a contractor already in place who is experienced in procurement and commodity management in Pakistan, AID will be in position to meet emergency needs that are sure to arise.

The follow-on project to the CEP, therefore, needs to provide for a continuation of CEP-type activity for at least a year, probably longer in some areas. At the same time, there is need to get ready for the return of the refugees and be in a position to make a major contribution to the rehabilitation phase.

In looking at likely scenarios for the repatriation and the tentative plans of some of the UN participants, it appears that the biggest bottleneck is likely to be in the movement of commodities, and possibly refugees, from the UN-organized distribution points in Afghanistan to districts—and villages in some cases. An urgent need, therefore, is to assist free Afghanistan officials to plan for and organize logistical services to prevent such a bottleneck from occurring in the areas under their administration. Additional commodity support and technical assistance are likely to be needed by the new free Afghanistan authorities to meet the challenge of rehabilitation and planning for longer term reconstruction.

In view of the new challenge, it is proposed that the follow-on project be titled Afghan Rehabilitation Support (AFSUP). It would have three main purposes:

- 1) continue cross-border humanitarian commodity assistance to war-affected areas;
- 2) supplement multilateral resettlement assistance; and
- 3) plan for, and help the free Afghan authorities undertake, a massive repatriation and rehabilitation activity.

The project would have the following components:

- 1) General Commodity Support — cross-border humanitarian assistance until security improves, then rehabilitation help to the repatriated refugees and internally displaced persons;
 - 2) Procurement and Delivery System -- continuation of AMEG contract in support of commodity assistance;
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3) Afghan Road Works and Logistics -- commodities, technical assistance, and possibly some operating costs to permit the free Afghan authorities to organize for and support the forthcoming large scale repatriation and rehabilitation. Further study is needed to establish requirements.

4) Studies and Surveys -- concerning the expansion and increased effectiveness of (a) the supply and demand aspects of commodities; (b) the logistical system which delivers the commodities; (c) the physical transport infrastructure which supports the logistical system; and (d) macro-economic issues, e.g., trade.

The foregoing will be elaborated in the AAM being prepared concurrently with this assessment report.

The upcoming period is likely to be more trying and difficult than the unique circumstances of the recent past. It is imperative, therefore, to maintain maximum flexibility to be able to respond to changing circumstances (read potential disasters). The "notwithstanding" circumstances will continue to prevail.

Given the possibility that a million refugees could conceivably start returning in a few months to the Kandahar area, it is important to authorize and fund this project this fiscal year so that the expanded activity can be initiated soonest.

SCOPE OF WORK FOR THE ASSESSMENT

Article III - Statement of Work:

The team will review/assess the operations, and progress to date, of the CEP, with the objective of identifying possible improvements given current institutional and political constraints. This will include a review/assessment of the following:

- a. commodity procurement, management, control, and accounting procedures in use by the contract team;
- b. timeliness and effectiveness of technical assistance provided by the contract team;
- c. the organizational and management structure of the contract team in light of geographical and institutional relationships which exist;
- d. the monitoring and accountability efforts of the project;
- e. the criteria used to select commodities supplied under the CEP;
- f. the utility or impact of these commodities;
- g. the degree to which the concentration on transport and related support (e.g. pack animals, spare parts, maintenance, training) is appropriate.

The team will also prepare a revised Activity Approval Memorandum (AAM), the Afghan program equivalent of a project paper, which incorporates the appropriate changes and suggestions derived from the review/assessment described above. In addition, the revised AAM will incorporate consideration of the following:

- h. the appropriateness of an extension/expansion of the CEP in light of possible changes in the political/economic situation;
- i. optional funding levels for the CEP with upper limits appropriate for existing and potential circumstances;
- j. a new life of project and project completion date;
- k. broad policy parameters which would permit the A.I.D. Representative to alter operations in light of changed circumstances;
- l. alternative logistic mechanisms and arrangements which might be used in light of dramatically changed political conditions;
- m. waivers necessary in the execution of an amended activity.

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COMPOSITION OF ASSESSMENT TEAM

James L. Roush, Team Leader

Former AID foreign service officer, 25 years service, programming and economic analysis, systems, Mission Director. Consulting since 1979, including a number of evaluations and management assessments, the most recent being of the Andean Disaster Reconstruction program in Bolivia, Peru, and Ecuador.

Robert B. Pooley, food relief specialist

Recently retired from AID. His last post was Chief, Office of Voluntary and Humanitarian Programs in USAID Indonesia. He also has worked in AID as a refugee officer and as Deputy Chief of the PL 480 Title II Division in AID/W. He also has had extensive service with the World Food Program.

Michael J. Prehn, Transportation Specialist

Currently serving as Director of the General Motors Reload Project, developing rail shipping patterns. Extensive experience with Conrail and other railroads. Has done consulting for the World Bank in Korea and Brazil.

Ralph M. Singleton, Project Development Officer

Served 22 years with AID, 18 years overseas in six countries. Extensive experience in project design and in project implementation. Has had three years of consulting experience since retirement from AID.

ASSESSMENT OF CONTRACTOR'S PERFORMANCE

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ASSESSMENT OF CONTRACTOR'S PERFORMANCE

I. GENERAL ADMINISTRATIONA. Meeting Initial Schedule:

Accomplishments: The initial schedule of events as laid out in the AAM and the actual completion of the actions are below. AMEG met or exceeded the schedule on those activities within its control, but AID had some minor slippage on its actions. These slippages within AID, however, are normal and were not significant in getting the project implementation started.

	<u>Action Responsibility</u>	<u>AAM Planned</u>	<u>Actual</u>
AAM to AID/W	AID/REP	6/25/86	
Project Authorized	AID/W	7/15	8/8/86
PIO/T to Contract Off.	AID/REP	7/25	8/13
AAM O.K. by Alliance/GOP	AID/REP	8/15	
Memo of Understanding discussed with Alliance	AID/REP	8/30	
TA Contract Signed	AID/REP-AMEG	8/30	8/14
TA Team in Pakistan	AMEG	10/15	9/25
Team meets 1st McCullow	AMEG	10/21	9/27
Financing mechanism estab.	AID/REP-AMEG	10/30	10/5
First procurement begins	AMEG	11/30	11/21
Deliver first commodities	AMEG	12/30	12/10

Difficulties: No major difficulties were encountered.

Evaluation Comments: These actions were completed in a remarkably short time compared to a normal project where one to two years might pass between completion of a project paper and arrival of contractor personnel or beginning of project implementation. For these actions to be completed in only a few months for an unusual project in a unique setting reflect very favorably on the AID bureaucracy and all individuals involved in both AID and AMEG.

B. Staffing Levels:

Accomplishments: The AAM anticipated a total of seven American personnel provided by AMEG, with six to arrive at project startup and the seventh when the Quetta warehouse became operational. The contract reduced this to six, with five to arrive initially and the 6th (warehouse) in the second year. Contract amendment No. 8 (11/10/87) increased the total to seven by adding two new positions (commodity management specialist and procurement specialist). Contract amendment No. 9 (12/2/87) added an eighth position (transport/warehouse).

<u>Name</u>	<u>Position</u>	<u>Date Arrived in Pakistan</u>
Bazos	Finance/Adm.	9/25/86
Freed	Procurement	9/27/86
Lawrence	ACMO/Peshawar	9/29/86
Barnes*	AHF Manager - Vet	9/29/86
Manz	CMO/Team Leader	10/09/86
Ottenberg	AHF Manager - Vet	2/22/87
Peterson	Transport/Warehouse	08/07/87
Thieme	ACMO/Quetta	12/01/87
Hatsukano	Procurement	1/13/88

*Barnes was medi-evaced in January 1987 and replaced by Ottenberg.

Regarding the local support staff, the AAM anticipated a total staff of 50 people. The contract documents do not specify the size of local staff. By April 1988, the local staff had grown to a total of 94.

Difficulties: The magnitude of local procurement with a number of unanticipated problems (quality control, identification of acceptable suppliers, capacity of suppliers to fill orders, etc.) resulted in the need for a much larger local staff than anticipated in the AAM. AMEG reported little difficulty in finding qualified local personnel although it experienced a false start in that it initially planned to have some local staff provided by a local firm under an umbrella contract (per USAID recommendation). Before contracting for this service, however, AMEG's investigation of the contractor showed that this would be unsatisfactory. Therefore, AMEG hired all personnel under personal services contracts (PSC). This meant, however, that AMEG had to set up a complete personnel system during the first months -- a major task for the Finance/Administrative Officer that was not anticipated.

Evaluation Comments: AMEG did not seem to have difficulty in locating and hiring qualified American personnel. AMEG had to submit to AID/REP three candidates for each position with the AID/REP deciding on the most suitable candidate. The American personnel all seem to be well qualified for their positions. The lack of any changes in personnel during the first 18 months, except for the replacement of one who had to leave for medical reasons, along with the desire of all to return for second tours, indicates good selection initially with good morale being maintained in difficult working and living conditions. Credit for the first must be given to AMEG home office in recruitment and AID/REP in its selections, while much credit for the second must be given to the team leader and USAID/GSO for its logistical support to the team.

The team leader should not be expected to also fulfill a specialist function as required in the existing contract (both commodity management officer functions as well as team leader); being team leader for this project is a full time job.

The Finance/Administrative Officer has a strong administrative background, but very limited experience in finance and accounting. He unfortunately received no guidance from company headquarters, which did yet have a complete

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corporate accounting system and no field accounting manual. This resulted in some weaknesses in the accounting system (discussed in accountability section) which have been largely resolved. AMEG should have anticipated this problem and provided short term accounting skills during the first months to set up the financial system. This Officer recognized his weakness in this area, but apparently did not request the needed assistance (see Accountability Section for discussion). He is otherwise well qualified for his position and seems to be doing an outstanding job.

All other Americans have extensive experience in their fields, much of it overseas. Several retired AID people on the team had worked together previously. All seem to have considerable respect for each other and seem to be working well together as a team. No evidence of friction, internal conflict, etc. was observed. All are hardworking and dedicated. The Americans have provided help to two local employees who encountered damages during the April ammo dump explosion. Procurement Officer Freed has been particularly aggressive in obtaining lowest prices in procurement negotiations.

Observations of AMEG's local staff during casual visits to AMEG offices as well as extensive time spent there going through files indicate that the local staff know their jobs and are productively engaged in work. There was no idle social gathering and chatter observed. Requests for documents were met promptly and in effective manner. Their work seems to be well organized. Reports and memos written by local staff about monitoring and inspection activities were informative and well written. The files are maintained in excellent condition. USAIDs could take some lessons from AMEG files maintenance.

C. Budget:

Accomplishments: The budget for the two major components (AMEG operations and commodity procurement) is as follows:

<u>Component</u>	<u>AAM</u>	<u>Original Contract</u>	<u>Contract thru Amend. No. 12</u>
	(US\$ 000)		
AMEG Costs	5,900	5,350	5,823
Commodities	41,600	18,610	21,237
Afghan Humanitarian Relief*	---	---	<u>1,071</u>
Total	47,500	23,960	28,131

*These are McCollum funds which are authorized under project 306-0206, but put in the AMEG contract for implementation. Although McCollum Amendment activities were included in the AAM and original contract, no funding was provided to AMEG for this purpose until contract amendment no. 7, June 23, 1987.

Difficulties: No major difficulties appear here although the tranche funding approach to the AMEG contract resulted in constraints in their internal budget planning and additional work in preparing budget tables for allocation of each tranche of funds. The costs of logistical support provided by USAID/GSO were overlooked in the initial contract and had to be included in amendment 1 (September 25, 1986) by reducing the amount of funds available for commodities. This was not a major action.

Evaluation Comments: The AMEG budget is surprisingly close to the AAM estimate although AMEG has one additional American which adds about \$200,000 per year to the budget. The budget for commodities reflects funds availability rather than specific, targeted needs. Although AMEG has authority to shift up to 15% of funds among line items for its own operating expenses, it would seem more realistic to also include a contingency amount as a contract line item. The AMEG F/AO informally keeps a contingency in his planning. Estimating line item costs to the dollar is an exercise in exactness that does not reflect realities of operations. Line item estimates to the nearest \$1,000 in future budget preparation would reduce time spent in budget revisions and indicate that these are estimates rather than precise amounts. Estimating to the nearest \$5,000 or \$10,000 would be even better.

D. Obligations, Commitments, Expenditures:

Accomplishments: Unlike nearly all AID projects overseas, funds are not obligated through agreements with cooperating or host governments but through the AMEG contract because there is no cooperating government to be a party to a project agreement. Commitments, in the context of CEP, are the purchase orders or purchase contracts that AMEG executes. Expenditures reflect either (a) the reimbursement from AID for AMEG expenses or (b) disbursements by AMEG for commodity procurement using funds advanced by AID for this purpose.

Evaluation Comments: The uncertain timing and amounts of obligations is a limiting factor in the placement of procurement orders and planning. AMEG seems to be able to quickly place orders whenever it receives additional obligated funds so the pace of obligations determines the pace of commodity procurement. The infrequent large levels of commitments and expenditures reflect large vehicle orders.

E. Startup of Operations:

Accomplishments: Some information regarding the fast startup of implementation is provided in A above (Schedule). The USAID GSO had permanent housing ready for each team member upon his arrival. The AID/REP provided office space and warehouse facilities in Peshawar which had been used for many years by USAID/Afghanistan programs so it was available immediately and operations began there in October 1986. The warehouse center in Quetta began operations in May 1987. The latter was not planned to be set up in the first year of operations. AMEG began procurement within weeks of arrival. In fact, the first AMEG person to arrive (Bazos) had to meet a McCollum flight only two days after his arrival in country.

<u>Month</u>	<u>Obligations</u>	<u>Commitments*</u>	<u>Expenditures</u>
		(\$ 000)	
Aug. 1986	3,760	-	-
Sept.	-	-	-
Oct.	-	20	185
Nov.	-	2,000	124
Dec.	-	2,080	323
Jan. 1987	-	100	159
Feb.	3,400	2,300	131
Mar.	6,700	200	217
Apr.	-	2,000	287
May	-	300	311
June	1,071**	1,600	2,175
July	-	200	593
Aug.	-	200	2,715
Sept.	-	200	696
Oct.	-	1,100	741
Nov.	5,000	300	629
Dec.	-	600	606
Jan., 1988	-	3,200	183
Feb.	-	1,500	378
Mar.	<u>8,200</u>	<u>200</u>	<u>1,797</u>
	28,131	18,100	12,250

* Commitments are for project commodities only and does not include costs of AMEG operations. Obligations and expenditures include AMEG costs also: \$5.8 million of obligations are for AMEG costs and \$3.3 millions of expenditures are for AMEG costs. At the end of March 1988, \$4.2 million of obligations for commodities remained uncommitted.

** This amount is McCollum funds included in the AMEG contract and not CEP funds. The McCollum funds were allocated: \$105,000 for equipment, \$851,000 for vehicles and pack animals, and \$115,000 for in-Pakistan transportation cost of vehicles.

Difficulties: The commitment rate (e.g., commodity procurement purchase orders and contracts) is linked to funds available through the obligating actions and not to the project needs.

Difficulties: One startup difficulty was the false start in obtaining local employees through a local company. This delayed initial operations somewhat and placed a major, unanticipated burden on the Financial/Administrative Officer who had to quickly establish a personnel system and hire a large number of local employees. The team had to work out of the home of one member for three months until they found a suitable building (large, two-story house) for its Islamabad office which GSO leased on behalf of AMEG.

Evaluation Comments: The startup of this project was remarkably fast and reflects both the skills and the feeling of urgency by all concerned. It demonstrates that startup of implementation does not have to require many months if not years. AMEG recovered nicely from its early local hiring problem.

II. PROCUREMENT:

Accomplishments:

A. CEP: The procurement record through March 1988, on a disbursement basis, is \$11.2 million. In addition, AMEG has commitments for some \$4.4 million in purchase orders and contracts outstanding for which bills have not yet been submitted or paid; about \$5.9 million was uncommitted at the end of March.

The procurement was carried out through 60 purchase orders and 22 purchase contracts.

B. Other AID Programs: AMEG also serves as procurement agent for three other AID projects for Afghanistan: Health Sector Assistance (0203), Education Sector Assistance (0202) and Agriculture Sector Support (0204). Almost all the procurement has been from Pakistani sources. Funds are transferred from the other projects to AMEG to pay for this procurement. AMEG charges no fees to the other projects.

<u>Client</u>	<u>3rd Qtr 87</u>		<u>4th Qtr 87</u>		<u>1st Qtr 88</u>		<u>Total</u>	
	<u>Costs</u>	<u>P.O.</u>	<u>Costs</u>	<u>P.O.</u>	<u>Costs</u>	<u>P.O.</u>	<u>Costs</u>	<u>P.O.</u>
MSH	738	81	751	18	108	98	1,597	192
UNO	3	2	0	0	0	0	3	2
VITA	<u>1</u>	<u>3</u>	<u>54</u>	<u>2</u>	<u>12</u>	<u>2</u>	<u>67</u>	<u>7</u>
Totals	742	86	805	20	120	100	1,667	201

MSH = Management Sciences for Health; UNO = University of Nebraska/Omaha; VITA = Volunteers for International Technical Assistance; P.O. = Purchase Orders.

In the above table, P.O. represents purchase orders issued by AMEG. A purchase order may be for one or more separate line items. The supplier may deliver all commodities at one time or in separate deliveries. The amount of work involved for one purchase order is about the same regardless of its value. Thus, while the value of AMEG's procurement for MSH in the first quarter of CY 1988 decreased considerably, the number of purchase orders processed by AMEG increased about fourfold.

In addition to the purchase orders, AMEG issued for MSH five purchase contracts in the first four months of 1988 for a total of \$250,000. A purchase contract rather than purchase order is used for procurement from a single supplier for more than \$25,000. The five contracts involved informal, competitive procurement (request for price quotations sent to those Pakistani firms previously identified as making the commodities to be bought) for 50 different line items. Price quotations from several different firms were received for most of the procurement actions. A procurement for one line item totalled \$60,000, while another contract for 23 line items totalled only \$34,000.

C. Source of Procurement: About two thirds of the procurement to date has been from Japan (vehicles and heavy equipment) and most of the balance from Pakistan. The only substantive procurement from the U.S. has been the 674 mules.

It is doubtful that pipeline data for recent orders would change the source distribution very much. As the transport fleets become adequately equipped with trucks, the procurement from Japan should decrease substantially. However, as long as the main commodities provided for relief remain food and clothing, procurement from the U.S. is not likely to increase.

Difficulties: AMEG encountered some minor difficulties in its first purchases of vehicles from Japan. AMEG used the USG's regional procurement office (RPO) in Tokyo for the first order based on the guidance provided by USAID/Pakistan. Upon learning of the RPO fee, however, AMEG negotiated directly with the Japanese supplier for subsequent orders, thereby saving not only the RPO 2% service fee but locked in most favorable exchange rates by using a different financing mechanism and obtained lower prices. Although not calculated, the total savings probably were substantial.

AMEG initially bought mules in Pakistan, but its volume soon drove up prices and created some shortages. After researching several other countries as a source of mules, AMEG ended up buying mules from middle Tennessee. As of the end of April, six McCollum-financed chartered flights (747s) had airlifted about 684 mules. AMEG had to have a special ramp made locally for the unloading of the mules.

AMEG encountered many problems with quality control, adequate supplies, etc. with local purchases of food and medicines. AMEG had to do considerable market research for local suppliers with the assistance of a pharmacist expert from the U.S. provided by MSH to inspect about one half of the local pharmaceutical manufacturers. The remaining half are being inspected by a second MSH pharmacist. AMEG also had to do many other market surveys to prepare short lists of eligible local suppliers for its limited competition actions.

Evaluation Comments: The procurement operation has been far more labor intensive than anticipated. Extensive market research was needed for all except the vehicles. The many actions necessary before the first food packs were ready for delivery to the Afghans took much AMEG staff time. They had to first determine the contents of the food packs based on Afghan tastes, product availability, nutritional values, costs, durability and ease of transport, and local availability throughout the year in desired quantities without disturbing the local markets. Research about local suppliers had to include quality control testing. Even after the initial contract was awarded, frequent plant inspection was needed to insure desired quality control. Some food packs had to be returned to the supplier due to poor quality.

AMEG faced some difficult challenges in its initial procurement actions. Few procurements seemed to be routine, normal or carried out without encountering problems. The three outside clients (MSH, VITA, and UNO) seemed to be satisfied with AMEG's services although some minor problems and communications mixups occurred during the first procurements. The volume of procurement for MSH, together with MSH's general procurement experience, might make it desirable in the near future for MSH to set up its own local procurement capability, especially if MSH's commodity needs should increase by several fold as is expected. Another factor concerning possibility of MSH operating its own local procurement system is the fact that the specialized nature of medical supplies often require a separate and special logistical system anyway. VITA's commodity needs, while small to date, are expected to increase many times in the near future. UNO's commodity needs have been very minor to date as a significant portion of its needs are for special printing services.

AMEG has about topped out on the learning curve for the product items it has been buying to date; i.e., vehicles from Japan, local foods, food packs, local medical supplies. Therefore, unless new products are required, AMEG should be able to handle a large increase in the level of commodity procurement with only a little local staff increase.

III. TRANSPORTATION/STORAGE/DISTRIBUTION

Accomplishments:

A. Transportation: AMEG arranges or coordinates a variety of transportation services depending on the product and source of funding. AMEG does not have its own fleet of trucks. Commercial transport services, US Department of Defense aircraft and charters, and GOP and Afghan trucking equipment are all used at various times to move goods from the supplier through either AMEG or GOP warehouses to the border warehouses of the seven Alliance parties. The CEP-financed goods move on commercial carriers, arranged by the suppliers usually on a CIF - Peshawar basis. The two shipments of PL-480 (total of 43,300 tons of wheat) moved by ship to Karachi, then rail to GOP warehouses in Peshawar and Quetta. Alliance trucks picked up the wheat from those warehouses and from the flour mill in Quetta for movement into Afghanistan.

Surplus U.S. military property of a non-weapons nature have moved to Pakistan on some 47 flights by U.S. Air Force C-5 and C-121 aircraft. The mules from the U.S. were air-lifted on six chartered flights arranged by DOD. AMEG American personnel have met all DOD flights beginning with number 9 on September 27, 1986 to verify the manifest contents. Tonnage figures are not available as cargo manifests are expressed in boxes (various sizes and weights) and pallets. AMEG's role is limited to (a) meeting the flights to verify the cargo that is unloaded directly onto GOP trucks for movement to GOP warehouses where it is eventually delivered to Afghan party warehouses; (b) reconciling the GOP warehouse inventory (provided a few days after commodity arrival) with the USAF manifests; (c) for those commodities destined to U.S. PVOs or other contractors such as MSH, taking physical possession and moving the commodities to AMEG warehouse in Islamabad to await eventual delivery to the designated PVO or contractor; and (d) for any CEP-financed commodities (only mules to date), taking delivery into the AMEG system as soon as released by GOP.

B. Storage: The bulk of the CEP-financed commodities (vehicles excepted) are delivered by the suppliers directly to the AMEG warehouses in Peshawar and Quetta. The mules, however, go to the AMEG Animal Holding Facility (AHF) in Peshawar for training. The PL-480 wheat is stored in GOP warehouses in Peshawar and Quetta. The surplus DOD-donated equipment goes directly to GOP warehouses. The local commodities bought for other projects (except MSH) go into the AMEG warehouse in Islamabad; medical supplies are delivered by suppliers to MSH's warehouse in Peshawar.

C. Distribution: The CEP-financed commodities and PL-480 wheat (flour in Quetta) are delivered to the warehouses of the seven parties on the border near Peshawar and Quetta for the parties to transport over the border into Afghanistan. AMEG's responsibilities end when delivered to the parties' trucks at the GOP or AMEG warehouses, although AMEG inspectors accompany some convoys to the border. AMEG has no delivery responsibilities for the DOD surplus commodities after loading on GOP trucks at the airport. AMEG arranges for delivery of project commodities to MSH, VITA or UNO storage facilities where those contractors take responsibility for delivery to the end users.

Difficulties: AMEG obtained written approval on February 22, 1987 to have a transportation officer (Faistenhammer) on 5-month TDY to fill this position which was budgetted in contract amendment 4 (Feb. 1, 1987). The position was expected to be filled on a long term basis by Mr. Gus Ganiko, but that did not materialize and Mr. Peterson arrived in August 1987 on long term assignment as transportation officer. However, due to oversight and lack of contracting capability in AID/REP, the contract was not actually amended to provide this position until December 2, 1987 (amendment 9). Given the magnitude and variety of transportation facilities used, the lack of a long term, permanent transportation officer might have hindered early operations. Since AMEG picks up responsibility for the transport of commodities at different stages in the physical movement depending on product, source of funding, etc., and has little to no operational control over some modes of transport (e.g., the USAF flights), AMEG sometimes encounters difficulties that would not have occurred under normal procurement circumstances.

AMEG does not have control or responsibility for most of the storage facilities used in the CEP and other activities. AMEG personnel are rarely permitted in the GOP or Alliance warehouses.

Evaluation Comments: AMEG appears to have fulfilled its responsibilities in these areas in a satisfactory manner, especially considering its limited control of facilities and the urgent nature of such procurement. The Transportation Officer has almost completed the computer programming to place all inventories and transport information on AMEG's computer data base. He already has a fully functioning computer-base tracking system. The AID/REP and AMEG have done a commendable job in making the maximum use of all transport facilities available to them from other funding sources.

IV. TECHNICAL ASSISTANCE (including training):

Accomplishments: In spite of the frequent reference to technical assistance in the AAM and the authorization documents, AMEG does not provide TA except to a limited extent in the mule program. None other is called for in the AMEG contract. The only training provided (not counting any on-the-job

training for AMEG local employees as part of their becoming proficient in their jobs) is to the Afghan mule handlers and this was not anticipated in the AAM planning. Some 770 Afghans have been trained in two-week courses in the care and handling of the mules.

Difficulties: There seems to have been no special or unusual difficulties encountered by this activity.

Evaluation Comments: Although the TA/training activity has been very little and of a nature not anticipated in the AAM, it would seem that AID/REP is missing a good opportunity to use a valuable resource (the experience and competency of the Americans in AMEG) to improve and increase the skills of Afghans in logistical operations. Now would be a good time to begin training Afghans who might become a trained cadre for the core of an Afghan transport or logistical unit when one becomes operational in Afghanistan. The TA/training involved in the mule program is being carried out in a professional and highly competent fashion.

V. ACCOUNTABILITY

Accomplishments: Regarding the physical security and accounting for commodities bought for the project, AMEG quickly established a set of forms and controls that provides a "paper trail" for all procurement.

Each procurement action begins with a "procurement request" (PR) prepared by AMEG and initialed by either AID/REP or by the requesting AID contractor. Rules and forms concerning competition (open, limited or sole source), price analysis, award of contract (over \$25,000) or purchase order (under \$25,000), receipt of commodities (Receipt and Inspection Report), and issuance to AMEG's client (issuance form) were prepared and used from the first days. AMEG has prepared a written set of instructions ("Purchasing System") which has not yet been issued, although AMEG apparently has been following those procedures from the first.

AMEG maintains a separate file folder for each procurement action (some 347 separate purchase orders and 22 purchase contracts to date) with these documents in each folder documenting the transaction from initial request through delivery or release to its client. AMEG personnel witness the arrival and release of all commodities (for DOD-donated surplus property release is to the GOP trucks at the airport upon commodity arrival). An April 1987 report by consultant Harold Gill (see below) stated: "The commodity procurement, storage and issuance system appears to provide adequate control. AMEG personnel have a lot of logistics experience and are familiar with AID's procurement rules and requirements."

The situation regarding financial controls and the accounting system was somewhat different. In March 1987, Harold Gill, a retired AID auditor, came to Islamabad on the first of several trips under a short term PSC with AID/REP to review the financial records and procedures of all American contractors working in Pakistan for the Afghan program. His April 10, 1987 report on AMEG's accountability and control procedures indicated that the AMEG office did not have an accounting system as such, although "currently, there is

little risk that AID has paid ineligible costs or that AID has not received what it has paid for." At the time, the Financial/Administrative Officer had a completely documented voucher back-up record system which rapidly would have become unwieldy. Gill concluded that AMEG needed a simple but complete set of books. He observed that while the Financial/Administrative Officer needed (but hadn't yet received) guidance from AMEG's Houston office, he had on his own initiative established some procedures and had obtained a copy of the MSH field accounting manual. AID later learned that this new 8(a) company did not have a corporate accounting system fully installed until the fall of 1987.

At the time of Gill's visit, AMEG had not yet begun to buy commodities locally for the project other than for its own operating needs. AMEG had placed two large (over \$1,000,000 each) orders in Japan for vehicles. Thus it did not have too many transactions to record as the payments to Japan were handled by the AMEG Houston office as were the dollar expenditures for AMEG operating costs. Although the Finance/Administrative Officer began to introduce some of the needed financial records, he needed outside professional accounting help. A few months later, the AID/REP disapproved an informal request by the AMEG Vice-President for AMEG to bring out a financial expert to help install a complete financial system. It was turned down on the grounds that this was a corporate responsibility and an overhead expense.

Mr. Gill reviewed AMEG's financial system again during a September 1987 trip. His September 30, 1987 followup report concluded: "All-in-all, there have been substantial accounting and reporting improvements since the last report was issued in April 1987. Most of the accounting recommendations made in the prior report have been implemented and there is good control over AID resources. The logistics process appears to be working well. However, an operation the size of AMEG should have a double entry set of books...It is not clear from information available in Pakistan whether or not Houston has a complete set of books. If they do, the reporting from Islamabad provides adequate information for Houston to account for the AID/REP contract. However there has been little feedback from headquarters in terms of financial statements or instructions for accounting and reporting."

Mr. Gill visited the AMEG's home office in January 1988. He reported that AMEG's fiscal year 1987 accounts had been audited by a CPA and given a clean opinion. AID's Inspector General's auditors in January 1988 reviewed AMEG's home office records to determine the final overhead rate for the previous year and provisional overhead rate to use for 1988. The home office had some weaknesses in its financial system in 1987, but it had taken considerable corrective action. Mr. Gill made some recommendations for some minor additional actions and concluded: "The new accounting system (Houston) is adequate to AMEG's needs. Once the above corrective actions are taken, AMEG should be in good shape--barring any negative discoveries during the IG audit."

Apparently, Mr. Gill was satisfied with the progress made by the AMEG office in Islamabad because his March 10, 1988 report covered only the concerns of the AMEG Financial/Administrative Officer about line item budget control. Mr. Gill concluded that "The program support element of the AMEG contract is not out of control...the areas of concern...are normal operational conditions."

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Difficulties: The AMEG field staff had many immediate operating concerns placed on it (first order for commodities placed within two months which was for about \$2 million of vehicles, working out of one member's residence for three months, setting up and handling the first PL-480 shipment of wheat which arrived only one month after the team, meeting two DOD flights per month, etc.). Understandably, some things received less attention than others. Early establishment of a complete field accounting system adequate for the task facing AMEG was one of them. The lack of a complete, computerized accounting system in the AMEG Houston Office also handicapped the AMEG Islamabad team.

Evaluation Comments: The AMEG headquarters were negligent in not providing sufficient short term help in the first months to set up an adequate financial system, especially since the Finance/Administrative Officer had limited accounting background. The review and constructive advice of Mr. Gill was well received by the AMEG people and helped them resolve these problems.

The financial system now seems to be adequate and working well. The documents supporting each monthly voucher are well organized and presented in an orderly manner. However, it might be timely to have an audit made of the AMEG field records. The Evaluation Team understands that the IG audit was limited to overhead justification (a copy is not yet available in Islamabad for review) while the CPA audit of the 1987 books was concerned with the Houston books only.

Nothing more needs to be added to Mr. Gill's conclusions regarding logistical controls ("The logistics process appears to be working well.")

VI. MONITORING

Accomplishments: This task is difficult to evaluate as there is such a contradiction between intent stated in various documents and the reality of border crossing and travel in Afghanistan. The AAM (page 28) states: "...will carry out commodity accounting end-use monitoring functions. This may involve employing Afghan nationals to periodically conduct test-checks of border staging areas, and may even involve accompanying convoys and reporting on receipt and end-use of commodities at final destinations in Afghanistan."

The AMEG contract tasks AMEG to establish end-use monitoring (task 13) and "to develop and implement, to the maximum degree possible, systems to account for the appropriate disposition of resources once they leave his hands, whether in Pakistan or Afghanistan. To the degree feasible the monitoring system developed by the contractor should reflect upon the program impact of the provision of commodities." (task 18).

On December 29, 1986, AMEG Team Leader wrote the AID/REP for permission to set up Surveillance and Monitoring Units in Peshawar and Quetta. The units' sole function "will entail monitoring the delivery and impact of CEP commodities in Afghanistan. These units will pursue the trail of commodities from point of issue to end-user (when feasible)." Among other tasks, the units would collect data concerning end-use of commodities from individuals returning from Afghanistan.

Amendment No. 4 (Feb. 1, 1987) added the following (task 20): "Establish a capacity to perform surveillance and monitoring, as well as accounting, of commodities to the degree feasible. This capacity may include the ability to generate audio-visual evidence of commodity utilization as well as the impacts of other programs operated by the Office of AID/Representative. This effort may include activity by non-American contract employees in Afghanistan as well as Pakistan."

On March 4, 1987, the AID/REP Evaluation Officer (John Gunning) wrote the AMEG Chief of Party transmitting the "Data Collection, Monitoring and Evaluation Plan" for CEP, Afghan Humanitarian Relief Commodities, and the PL-480 commodities. "You (Manz) participated in the development of this plan which now has been approved as the official monitoring plan for the above three activities. Your quarterly progress reports in the future should report on progress toward answering the questions listed in the monitoring plan, using the indicators for each question." Question H concerned the extent the trucks and mules are used to take commodities to the end users while Question J concerned the extent CEP responds to actual humanitarian needs of the general Afghan population. The plan recognized that "The full realization of such a monitoring and evaluation (M&E) plan may be affected and perhaps impeded to some extent by some of the constraints surrounding the implementation of this project and the unusual arena within which it operates."

On December 23, 1987, the AMEG Chief of Party wrote the AID/REP to describe its monitoring program. The memo stated that AMEG would commence cross-border monitoring in Afghanistan in January 1988.

AMEG personnel have been monitoring the arrival into Pakistan of commodities from the very first week. They monitor at every stage up to delivery to the Alliance trucks (to GOP warehouses in case of DOD-donated surplus commodities) where the trail ends except for accompanying some convoys to the Afghan border. In mid-April 1988, AMEG sent a team of two Afghans (one a cameraman) into Afghanistan to monitor the end use of commodities. A second team is in the process of being recruited.

AMEG has 8 Afghans and Pakistanis in Peshawar and Quetta to monitor movement of commodities and conduct market surveys to see if any commodities are being diverted into the Pakistan market. Their periodic reports are included in the AMEG quarterly progress reports.

Difficulties: With a war going on in Afghanistan that has ill-defined and constantly changing front lines, normal end use monitoring is impossible. Although these difficulties are somewhat recognized in the documents quoted above, the documents do call for end use monitoring. Another difficulty, separate from but related to the security conditions in Afghanistan, is the role of the GOP in the movement of commodities within Pakistan. The GOP has been reluctant to permit AMEG monitors to operate within their warehouses or witness some of their loading of commodities. The GOP has not been fully cooperative about allowing the monitors to even accompany the Afghan convoys to the border.

Evaluation Comments: If sending monitoring teams into Afghanistan has been impossible in the past, the key project documents should have reflected this rather than tasking AMEG with end use monitoring. At least two other AID contractors are carrying out regular monitoring within Afghanistan, although those projects more easily lend themselves to this monitoring (a limited number of known project-type sites). Since AMEG has finally sent its first monitoring team into Afghanistan, the Evaluation Team can only urge that this effort be increased to the maximum extent feasible. AMEG quarterly reports should respond to the questions in the March 1987 memo cited above or explain why it is not feasible to do so and recommend a revised plan.

VII. COMPLIANCE WITH CONTRACT TERMS

Accomplishments: The four general tasks assigned to AMEG are so vague and general as to render it impossible to state whether they have been met.

The 20 specific tasks (18 in the original contract plus 2 added by amendment) are more definitive, but some duplication or overlap exists among them. The 20 tasks as written in the contract are being carried out with the following exceptions:

Task 8 to establish a positive list and update as needed: A long positive list was included in the AAM. The complete list was never used as such in making procurement decisions and has never been changed. AMEG responds to requests from AID/REP and the Alliance by way of the GOP liaison officer for a very limited number of items so the positive list has never played an important implementing role.

Task 9 to collaborate with the Alliance on allocation of CEP: In practice AMEG takes instructions from AID/REP and the GOP liaison officer on what to procure and how to allocate commodities to the different parties. AMEG has limited contact with the Alliance and that is through the GOP liaison officer.

Task 10 to determine the humanitarian nature of commodities, etc.: This decision is made by others and passed on to AMEG although AMEG does make market surveys to determine availability.

Task 18 to (among other actions) monitor the impact of commodities to extent possible: Monitoring difficulties are discussed in Section VI above.

Task 20 to carry out surveillance and monitoring: This seems to be a duplication of task 18. The comments above regarding task 18 apply here.

In addition to the specific tasks, AMEG also was to take four other actions:

1. Prepare initial 6-month logistic plan; furnish incremental 6-month plans for AID/REP approval: This was never done and apparently the AID/REP has never requested it. It seems that events have been moving too fast and all involved parties have faced too many uncertainties to make a logistic plan a useful operating and planning document.

2. Prepare quarterly reports: AMEG has been doing this, with its first report covering about the first nine months. The reports, however, do not contain much statistical data, cumulative data, problems, etc.

3. Meet weekly with the AID project officer: Although the AMEG chief of party meets often with the AID project officer and talks to him regularly on the telephone, the location of the COP in Peshawar reduces the frequency of meetings. Other Americans on the AMEG staff who are stationed in Islamabad are in frequent contact with the AID/REP.

4. Develop relationship with the Alliance: Very early it became apparent that the GOP liaison officer for the Alliance would be the spokesman for the Afghans and direct contacts between AMEG and Afghan party officials have been discouraged or prevented except at the few meetings of the Afghan Logistics Committee. AMEG had no control over the nature of its relationship with the Alliance.

Difficulties: The working environment in which AMEG found itself was somewhat different from that anticipated in the AAM. The relationships with the Afghans and the GOP as well as the way in which procurement decisions were made evolved in an unanticipated manner. Some tasks have been beyond the control of AMEG while operating realities changed the need for other contractual tasks. For example, the positive list played no useful role in procurement decisions so updating it became unnecessary.

Evaluation Comments: Overall, AMEG has complied with its contract in a satisfactory and acceptable manner. AMEG did not fully carry out several of its contractual responsibilities due to operating constraints and factors beyond AMEG's control. Shortcomings in monitoring are discussed in Section VI. When the contract is amended again, the general and specific tasks sections as well as the other assigned actions should be rewritten to reflect the changing circumstances and existing realities.

VIII. OVERALL MANAGEMENT ASSESSMENT

Accomplishments: Throughout this assessment are comments which indicate that the contractor has performed in an admirable fashion and that the AID/REP guidance has been fast and constructive. Both have responded constructively to a rapidly changing environment. Both have kept the objectives of the CEP in mind rather than concentrating on following procedures.

The size and composition of the AMEG staff seem appropriate for the job at hand. The American personnel are well qualified, hard working and dedicated to the program. They have been aggressive in obtaining the best prices, maintaining quality control, and meeting delivery deadlines. Their background of AID and military experience (especially in Indo-China) make them uniquely qualified to implement the CEP. They have recruited a competent staff of locals, although the ratio of Afghans to Pakistanis should be improved.

Their internal procedures, records, files, etc., are well organized, complete and satisfactory. AMEG's procurement practices were established quickly although its financial system was delayed in being put in place. This was a reflection on the AMEG home office inexperience as this was its first exposure to supporting a field operation.

The location of the AMEG chief of party in Peshawar has been questioned. Although Peshawar has been the center of action regarding relationships with the GOP liaison officer and the Alliance as well as the bulk of distribution of commodities to the parties, the AID/REP approvals and guidance came from Islamabad. Now the Peshawar operation is established and running smoothly; however, improved reporting, long range planning, and closer coordination with the AID/REP Office are becoming more important. Therefore, serious consideration should be given to moving the COP to Islamabad.

Difficulties: AMEG and the AID/REP have been implementing a project that is unique in AID's history. A new set of documents had to be created; more waivers were needed than normal; the special "notwithstanding" clause was used to respond quickly. Crisis management was the norm due to circumstances beyond the control of AMEG or the AID/REP. The AMEG (and AID/REP) had a tremendous workload throughout the life of CFP. The extensive local procurement placed special demands on AMEG as even USAID/Pakistan had not procured locally in a manner that would have provided helpful experience.

Evaluation Comments: AMEG needs to give more attention to its reporting and to longer range planning to the extent that circumstances permit. The AMEG home office should be assigned these tasks and requested to explain how it will fulfill these responsibilities.

The AMEG workload and staffing (both Americans and locals) should be monitored regularly so adjustments in staffing can be made quickly to reflect changes in operations such as: (a) removal of procurement for MSH from AMEG; (b) switch in U.S./third country procurement to a PSA; (c) increase in procurement for the agriculture, education and other projects; and (d) establishment of operations in Afghanistan as and when security permits.

The evaluation team did not obtain any evidence to indicate that AMEG might be unable for financial or managerial reasons to continue to fulfill its contract. (Note: the GAO report and the AID/W audit of overhead were not available to the team.) On the contrary, AMEG should be stronger in every way now than when it was first awarded its contract. With the changes recommended in this assessment, AMEG should be able to continue to provide satisfactory service. A mission always has a degree of dependency on a single contractor when that contractor is charged with providing all project inputs. In this regard, AID/REP does not face an unusual situation. Recommended changes will reduce this dependency. It does not make sense at this time to establish a second in-country procurement/delivery system, except for the health project. However, the AID/REP should expect improved reporting, annual audits of AMEG/Islamabad books, and more formal structured meetings as aids to its project monitoring and as early warning mechanisms of possible weaknesses or problems.

ANNEX E

AMERICAN MANUFACTURERS EXPORT GROUP COMMODITY EXPORT PROGRAM PURCHASING SYSTEM

Introduction:

AMEG Contract 306-0205-C-00-6011 requires that AMEG provide Procurement Services for the CEP and for other contractors of the O/AID/REP. All procurements over a limited dollar value, set by the FAR, require transactional pre-approval by the USAID Contracting Officer. In lieu of transactional approval the USAID Contracting Officer may approve a "Purchasing System". Since the CEP requires frequent "crisis" procurement action it is considered appropriate to operate under an approved "Purchasing System".

The intent of the following Purchasing System is to assure that competitive pricing is acquired as often as possible without interfering with the goals of O/AID/REP. As stated in FAR 52.244-5 entitled "Competition in Sub-Contracting", "The Contractor (AMEG) shall select suppliers on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract".

General Policy:

The Purchasing System is an attempt to conform to A.I.D. policy and regulations regarding contracting for project goods and services as set forth in the assistance instrument (Activity Approval Memorandum) and the Federal Acquisition Regulations (FAR). The Purchasing System is designed to apply to the extent practical, the provisions of the FAR and/or the supplemental A.I.D. Acquisition Regulations (AIDAR) to the A.I.D. Commodity Export Program (CEP) to Afghanistan. This system sets out policies and procedures that implement and compliment the FAR, support the program as authorized by the Foreign Assistance Act (FAA), and the assistance instrument (Activity Approval Memorandum), to facilitate sub-contracting in the foreign assistance field in general and the A.I.D. program to Afghanistan in particular. The Purchasing System describes the policies and procedures for procurement actions, including competitive, non-competitive and special situations.

It is AMEG's policy to obtain competition in procurement to the maximum practical extent.

AMEG will utilize Fixed-Price type contracts except when authorized in advance in writing by the USAID Contracting Officer.

A. INITIAL DOCUMENTATION REQUIRED TO COMMENCE PROCUREMENT:

With the exception of Small Value Procurements under \$50 (Petty Cash Procurements defined in paragraph D-5-d) all purchases made by AMEG are initiated ONLY by the receipt of a Procurement Request Form (PR).

1. Procurement Requests (PR) from the following Programs are the only PR's acted upon by the AMEG Procurement Office:

AMEG Commodity Export Program (Program and Project Support Commodities).

VITA Agric. Sector Program (Program Commodities)

MSH Health Sector Program (Program Commodities)

UNO Education Sector Program (Program Commodities)

2. Completion of the Procurement Request Form (PR)

The initiating Person/Program must provide the following information and clearances before it will be accepted by the AMEG Procurement Office:

Information:

Date of Request
Name of Initiating Person and Program
Quantity of commodity
Commodity Specifications
Estimated Unit Pricing
Requested Delivery Schedule
Shipping Address

Clearances: (signatures of)

PR Initiator
Program Team Leader*
O/AID/REP Project Officer**

NOTE: The Team Leader of the PR initiating Program will insure, prior to his clearance of the PR, that the procurement requested does not exceed the funds budgeted for the commodity to be purchased (Exception-\$1,000 or less procurements approved by AMEG Procurement Officers or AMEG Area Commodity Managers).

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- * AMEG initiated Procurement Requests REQUIRE the approval of the AMEG Team Leader when:

... the procurement is for Project Support Commodities (expendable and non-expendable) valued at more than \$1000. (Small Value Procurement Limit).

NOTE: Approval for procurement \$1000 and under can be given by the AMEG Procurement Officer. (When procurement is made by AMEG Procurement Office). When procurement is made by an AMEG Field Office, approval for procurements of expendables \$1000 and under can be given by the Area Commodity Management Officers in Quetta and Peshawar and the AHF Manager in Pabbi.

... the procurement is for Program Commodities

- * VITA, MSH and UNO initiated Procurement Requests ALWAYS REQUIRE approval of the VITA, MSH or UNO Team Leader regardless of commodity type or cost.
- ** VITA, MSH and UNO initiated Procurement Requests ALWAYS REQUIRE approval of the Special Projects Officer O/AID/REP.
- ** AMEG initiated Procurement Requests REQUIRE the clearance of the Special Projects Officer of the O/AID/REP when:
 - ... the procurement is for Project Support Commodities (non-expendable) valued at more than \$1000.
 - ... the procurement is for Program Commodities.

3. MSH, VITA and UNO must inform their home offices of the initiation of a Procurement Request on same day the PR is sent to the Project Officer O/AID/REP for clearance.

B. EXCEPTIONS TO FAR PROCUREMENT PROCEDURES:

Reference:

FAR Part 52 Paragraph 52.244-2 Subcontracts Under Cost-Reimbursement and Labor Contracts.

Activity Approval Memorandum (AAM), Commodity Export Program Project No. 306-0205, Part VI, Section E.

Contract 306-0205-C-00-6011 Part I Section A and Part II Section C paragraph 1.

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1. Source and Origin:

With the exception of those commodities listed on the Positive List in the appendices of the AAM (i.e., food products) AMEG will not procure any of the following goods or services without the prior written approval of the Contracting Officer:

- a. Agricultural Commodities
- b. Motor vehicles *
- c. Pharmaceuticals *
- d. Pesticides
- e. Plasticizers
- f. Used Equipment
- g. U.S. Government owned excess property
- h. Fertilizer

* Motor Vehicle and Pharmaceutical procurements are a significant part of AMEG's procurement activity. Sections "J" and "I" respectively, present CEP procurement procedures for purchase of Motor Vehicles and Pharmaceuticals.

NOTE: As per AID Handbook 14 - 752.7004 Paragraph (d) "Ineligible goods and services" as listed below will NOT be procured:

- a. Military Equipment
- b. Surveillance Equipment
- c. Commodities and services for support or police or other law enforcement activities
- d. Abortion Equipment and Services
- e. Luxury goods and gambling Equipment
- f. Weather modification equipment

With the exception of restricted items listed above, AMEG, MSH and UNO have the authority to procure commodities from 935 source/origin countries including Afghanistan, while VITA must acquire source/origin waivers when purchasing from countries other than the United States, Pakistan and Afghanistan. The first priority of procurements made by AMEG for the CEP, MSH, VITA and UNO will be to make every effort to buy from the United States when the commodity required is responsive to commodity specification, priced competitively and can be shipped within the time-frame required by the CEP, VITA, MSH and UNO programs.

2. When soliciting offers from suppliers, without the aid of advertising, IFB's and RFQ's, it is necessary to use alternative resources. AMEG/Pakistan will use Pakistan sourced business directories, Telephone Business Directories, Industry Handbooks and responses from a general advertisement published in four Pakistan newspapers with the approval of the O/AID/REP. AMEG/Houston will use similar journals and directories (Dunn and Bradstreet - Thomas Register) to source United States manufactured products. For 935 procurement, other than Pakistan, offers will be solicited through trading companies representing manufacturers in those countries and directly from manufacturers and suppliers found in International Trade and Industry Directories.

C. METHODS OF PROCUREMENT, APPROVALS AND REQUIRED DOCUMENTATION TO THE FILE:

The procurement approvals and required documentations vary with the type of procurement procedures used.

Each procurement procedure, not to include Petty Cash Procurements, has the following approvals and documentation requirements in common:

Each procurement must have an individual file folder opened on receipt of the Procurement Request Form. When the file is opened the PR is placed in the file and a Table of Contents (Sample Table found in Appendix A) must be stapled to inside left of the folder. The assigned Procurement Agent has responsibility to verify that each action appropriate for the type of procurement procedure used, has been accomplished.

Each procurement requires the completion of a fully approved Procurement Request.

Generally, solicitation of at least three sources may be considered to promote competition to the maximum extent practicable. (FAR 13.106 Paragraph (b-5) Requests for Quotation (Sample form found in Appendix C) are sent for procurements estimated to exceed \$10,000 while verbal inquiries are acceptable for solicitations under \$10,000.

Each procurement requires the Procurement Agent to complete a Quotation Analysis Form to evaluate the responsiveness of each offer.

The procurement procedures vary and are categorized as follows:

Non-Competitive Negotiated Procurement; Competitive Negotiated Procurement (over \$25,000) and Small Value Procurement (\$25,000 and under).

Note: Purchase requirements may not be fragmented to avoid competition requirements.

A "Negotiated" procurement is defined as any contract awarded without using sealed bidding procedures. (Ref. FAR 15.101)

Each negotiated procurement (over \$1000) requires the completion of a Negotiation Memorandum insuring that the required procurement actions have been taken.

1. Non-Competitive Negotiated Procurement

When non-competitive negotiated procedures are used, AMEG will require the supplier to provide Cost or Pricing Data detailing all of the costs for material, labor, overhead, transportation and profit margin that, in total, equal the final negotiated price. AMEG will then complete a Cost or Pricing Analysis to determine whether the "final negotiated price" is appropriate. If the AMEG Procurement Officer approves the final negotiated price he will write an Action Memorandum providing justification for other than full and open competition and forward it with the Purchasing Contract Draft to the O/AID/Rep Special Projects Officer for approval if under \$100,000 or to both the Special Projects Officer O/AID/Rep and the AID/Rep Contracting Officer for approval is over \$100,000. Once the Contract is approved the supplier will sign the Purchasing Contract and a Certificate of Current Cost or Pricing Data confirming the accuracy of his Cost or Pricing Data and confirming that the final negotiated price is his most competitive.

2. Competitive Negotiated Procurement: (procurements over \$25,000)

All procurements that are competitively negotiated for an invoice value exceeding \$25,000 must be supported by a Certificate of Current Cost or Pricing Data signed by the supplier that states he has provided his most competitive pricing.

3. Small Value Procurements: (\$25,000 and Under)

Small Value Procurements are procurements in the amount of \$25,000 or less. Procurement Procedures vary with the value of each Small Value Procurement as follows:

- a. Petty Cash Procurements under \$50: (For AMEG Project Support Procurements Only)

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A Petty Cash procurement is the purchase of Project Support commodities not exceeding \$50 per transaction.

Petty Cash procurements do not require the use of a Procurement Request, Request for Quotations (written or verbal), Quotation Analysis, Purchasing Contracts or other procurement forms discussed in the Purchasing System. The control of Petty Cash Funds, however must be under daily control of a U.S. hire at each AMEG location.

b. Small Value Procurements to \$1000

The Procurement Officer, Area Commodity Management Officers or AHF Manager may make purchases for \$1000 or less without obtaining competitive quotations as long as they deem the price reasonable. Repetitive purchases must be distributed equitably among qualified suppliers.

NOTE: These small value purchases up to \$1000 can only be made when the Approved Facility Budget for these supplies/services is not exceeded.

c. Small Value Procurements between \$1000 and \$10,000:

Oral quotations are to be requested from a minimum of three sources. Oral quotations are to be noted on the AMEG Telephone Quotation Form, giving names, telephone numbers, product description, price and availability. Construction Contracts require written quotations for contracts over \$2,000. The Purchasing Contract is issued to the lowest responsive offeror unless the Procurement Officer determines that the lowest responsive bidder does not conform to the specifications requested and/or the delivery schedule does not meet program requirements.

d. Small Value Procurements between \$10,000 and \$25,000:

Written quotations are to be requested from a minimum of three sources using the AMEG Request for Quotation Form. Upon receipt of the completed RFQ's, a Quotation Analysis Form is completed. The lowest responsive offeror must be given the award unless the Procurement Officer determines that the product does not conform to the specifications stated in the RFQ and/or does not meet the delivery requirements of the RFQ.

D. STEPS TO BE TAKEN SPECIFIC TO THE AMEG/PAKISTAN PROCUREMENT OFFICE FROM THE RECEIPT OF THE PROCUREMENT REQUEST TO THE POINT DETERMINATION IS MADE FROM WHICH COUNTRY TO SOURCE:

(For procurement of MSH, VITA, UNO, and CEP commodities)

1. The AMEG/P Procurement Specialist records receipt of the PR and assigns a PR number in the PR log book on the day it is received.
2. The Procurement Specialist reviews the PR for accuracy and appropriate clearances. If information is inaccurate, incomplete or if appropriate clearances are not provided, he will return the PR to the initiating person for correction and re-submission. Return of PR is noted on the PR log book. (AMEG PR number is then reserved for re-submission after clearances and/or corrections are made and returned - if the PR is not returned the number is voided and NOT re-assigned)
3. If the PR calls for the product to be sourced from Pakistan, the Procurement Specialist acquires the AMEG/P Procurement Officer's clearance evidenced by his signature. He then assigns an AMEG Procurement Agent to accomplish the procurement. (See Section "Pakistan (935) Sourced Commodities")
4. If the PR is accurate and properly cleared and is to be sourced in the United States or 935 countries other than Pakistan the AMEG/P Procurement Specialist presents it to the Procurement Officer for his clearance. The Procurement Specialist is then responsible to acquire the clearance of the AMEG Fiscal Officer to insure funding is available to AMEG/Houston. (Clearance evidenced by signature of Fiscal Officer on lower left-hand corner of PR). Once both clearances are received, the Procurement Specialist communicates the PR by telex to the AMEG/Houston Procurement Officer. A copy of the PR is to be forwarded to AMEG/Houston as documentation for their files. The telex serves as confirmation for the AMEG/Houston Office to procure. No procurement action is to be requested of AMEG/H without the establishment of an approved PR by AMEG/P.

E. STEPS TO BE TAKEN FOR U.S. SOURCED (000) COMMODITIES UP TO THE POINT COMMODITIES ARE SHIPPED TO PAKISTAN:

1. When AMEG/P advises AMEG/H that procurement action must be taken, the AMEG/H Procurement Officer will research the market for pricing and availability of commodities requested for procurement, i.e., verbal or written Requests for Quotation with the exception of purchases under \$1000.

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2. When VITA, MSH or UNO procurement is requested AMEG/H will call the U.S. offices of these organizations and inform them of the receipt of the procurement request and confirm that the VITA, MSH or UNO Pakistan has contacted them about the PR.
3. Procurement Officer/AMEG/H will complete a Quotation Analysis to determine price competitiveness and responsiveness to specifications and delivery schedule requirements. Three different quotations are normally required unless extenuating circumstances prevent it.
4. In the case of VITA, MSH or UNO procurement, an invoice for the full cost of the procurement including purchase price, inland transport, inland insurance, special packing, storage, air/ocean freight etc. will be sent to the stateside office. This invoice must be paid to AMEG/H prior to AMEG/H issuing a Purchasing Contract.

NOTE: According to the Funding Agreement between AMEG and VITA/MSH/UNO and according to AID Regulations, no payment to the Supplier will be made until written documentation evidences shipment of commodities.

5. A Purchasing Contract will be issued.
 6. AMEG/Pakistan Procurement Specialist will be informed by telex that the purchase has been made and advised on shipping information, i.e., name of transport and expected date of arrival in Pakistan.
 7. AMEG/H Procurement Officer will send Purchase Contract to AMEG/P to insure they arrive prior to the arrival of the commodities in Pakistan. Each purchase Contract number will note the name of the organization initiating the procurement request, i.e., VITA, MSH, or UNO. CEP procurements have no such notation.
- F. STEPS TO BE TAKEN ONCE IT HAS BEEN DECIDED TO PROCURE COMMODITIES FROM 935 COUNTRIES OTHER THAN PAKISTAN TO THE POINT COMMODITIES ARE SHIPPED TO PAKISTAN:

1. When it is determined to use 935 source/origin countries for procuring commodities, the AMEG/Pakistan Procurement Office will notify the AMEG/H CEP Project Officer of the determination by telex. The AMEG CEP Project Officer will decide whether the procurement is most economically and efficiently handled from the AMEG/Houston or AMEG/P Procurement Office. In all cases the financing for a procurement from the United States or 935 countries will come from AMEG/Houston.
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2. Within three (3) days of the telex requesting assignment of the procurement office responsible, AMEG/Houston will advise AMEG/Pakistan (via telex) of the decision.
 3. If AMEG/Houston is responsible, the Procurement Office (AMEG/Houston) will proceed with its market research, acquiring completed Requests for Quotations and then advise AMEG/Pakistan when a Purchasing Contract is issued with supporting information. (Documentation of competitive pricing is to be evidenced by completion of Quotation Analysis Form and attached completed Requests for Quotations or Supplier proformas). The AMEG/H Procurement Office will forward a copy of the Purchasing Contract to AMEG/P to insure its receipt prior to delivery of commodities. It is the responsibility of AMEG/H to monitor all procurement activity from market research through receipt of product in Pakistan.
 4. If AMEG/Houston CEP Project Office assigns the AMEG/Pakistan Procurement Office the responsibility to procure from 935 source code countries, AMEG/P will acquire competitive pricing through use of Requests for Quotations, evidencing this by completion of a Quotations Analysis Form with attached completed Requests for Quotation or Supplier proformas. When the supplier is selected, AMEG/P will advise AMEG/H (via telex) to issue a Confirmed Irrevocable Letter of Credit to the supplier. AMEG/H will immediately advise AMEG/P (via telex) the date of issuance. It is AMEG/P responsibility to monitor 100% of the procurement activity.
- G. STEPS TO BE TAKEN ONCE IT HAS BEEN DECIDED TO PROCURE COMMODITIES FROM PAKISTAN TO THE POINT COMMODITIES HAVE BEEN SHIPPED TO PAKISTAN "SHIP TO" ADDRESS:
1. Once the Procurement Agent has been assigned to a specific Procurement request (PR) he must research the Pakistan markets for the commodities requested.
 2. A minimum number of three quotations should be solicited for each line item (exception: purchases under \$1000). These solicitations must be evidenced to file with a completed Request for Quotation (for purchases over \$10,000) or AMEG Telephone Quotation Form (for purchases under \$10,000). To save on procurement time the proformas for any one line item need not be acquired more than once in three months unless unusual circumstances develop within the three-month period that would affect pricing. These written proformas must be summarized on a Quotation Analysis Form. During this time, prior to a purchase contract being issued, the file will be kept in suspense

under the PR number. Since pricing is not the only factor affecting the decision from where to purchase a commodity, the promised shipping dated and origin of the commodities may be noted.

3. Given the special instructions of the initiating organization noted on the PR, the Team Leader of the initiating organization will determine whether waivers are required for either restricted commodities, source and origin and/or sole-source/proprietary procurement. If so, the Team Leader will have the responsibility to insure all required waivers are acquired and submitted with the PR to the AMEG Procurement Office. Any PR's received by AMEG requiring waiver action but without waivers attached will be returned to the PR initiating organization's Team Leader. AMEG Project Support and Program Commodity waiver requests are the responsibility of the AMEG Procurement Officer.
 4. Purchasing Contract is issued. The signatures of the AMEG Procurement Officer, AMEG Fiscal Officer and the supplier are required. The signature of the AMEG Fiscal Officer certifies that funds are available and obligated for the purchase of the stated commodities.
 5. The AMEG/P Procurement Officer insures that the Procurement Agent in charge of host country procurements monitors his purchase from market research through receipt at warehouse of the PR initiating organization. In the case of 935 (non-Pakistan) and 000 source code procurements the AMEG/P Procurement Specialist will monitor procurement and shipping progress.
- H. ONCE THE PURCHASED COMMODITIES HAVE BEEN SHIPPED FROM THE UNITED STATES, 935 SOURCE COUNTRIES OR PAKISTAN, THE FOLLOWING STEPS MUST BE TAKEN FROM RECEIPT OF THE COMMODITIES TO WHEN THE COMMODITIES ARE ISSUED TO THE BENEFICIARIES: (Either the Parties of the Alliance, MSH, UNO, VITA, or CEP).
1. Upon receipt of the commodities ordered (via McCollum flight, international ocean/air carrier or host country transport) a Receiving and Inspection Report (RIR) is completed by the receiving organization (i.e., organization that initiated the Procurement Request). The RIR is to be returned complete with discrepancies and damages noted to the AMEG Procurement Office within one week from receipt of goods. If any AMEG facility initially receives the commodities order by AMEG/H or AMEG/P the AMEG Facility Manager will insure that an RIR is completed and a corresponding Issuance Report (IR) provided when transferred to the PR initiating Program.

NOTE: For all CEP initiated PR's - the Receiving Clerk from either AMEG/Peshawar, AMEG/AHF, AMEG/Islamabad or AMEG/Quetta, will issue an RIR upon receipt of commodities.

2. At the time when CEP commodities are turned over to the Parties an Issuance Report (IR) is completed and signed by the Party Logistics Representative or his alternate. The Procurement copy of this completed IR must be forwarded to the AMEG/P Procurement Office within three (3) days of issuance date.

EXCEPTIONS: Due to special program considerations involving security, political sensitivity etc., the CEP may be restricted from having direct contact with Representatives of the Afghan Alliance. On these occasions when no representative is available, a receipt without letterhead is received with the signature of the host country representative and a Party representative (not the approved Logistics Rep). This paper will serve as an "interim" receipt. The acquisition of the signature of the approved Party Logistics Representative will be tasked to the host country representative. The signature of the appointed Party Logistics Representative on the IR must be provided to the AMEG Area Commodity Management Officer within one month of the issuance of commodities.

NOTE: All activity on a given procurement will be documented by an entry into the Procurement Data Base. Therefore receipt of the Procurement Request opens the file and subsequent issuance of the Purchase Order(s), Receiving and Inspection Report (RIR) and Issuance Report (IR) keep an up-to-date status on each procurement. The sum total of commodities issued (evidenced by the IR) must equal the amount purchased. Any discrepancies and reasons for the discrepancies must be noted to the Purchase Order file.

3. When MSH, UNO, VITA or CEP Support commodities are received at the shipping address, the recipient organization issues a Receiving and Inspection Report (RIR). Within one week of the receipt of commodities the RIR Procurement Copy must be sent to the AMEG Procurement Office.
4. The AMEG Area Commodity Management Officer at Quetta and Peshawar (in the case of the CEP only) will provide a monthly activity report to the Procurement Office (for submission to the O/AID/REP) by the tenth of each month. This summary will provide information on RIR's issued and what IR's have been issued against them. This should reflect the balance of commodities in inventory and also indicate an aging of the

inventory. This information will give the O/AID/REP ability to intercede with the host country or the Alliance to expedite pick-up of commodities.

5. All activity on a given PR or PO/Contract will be noted by entering the data into the Procurement Data Base. Entries will be made by the Procurement Office up to the issuance of the PO/Contract. After the PO/Contract has been issued all entries will be made by the Trans/Monitoring Office.

I. VEHICLE PROCUREMENT:

1. When Transport assets are purchased for the AID/REP programs right-hand drive vehicles are sometimes required. Since right-hand vehicles are not manufactured in the U.S. we, by necessity, purchase elsewhere. To facilitate the waiver process and AID Worldwide waiver for right-hand drive vehicles 11,000 lbs Gross vehicle weight is used as source/origin authority. Vehicles over 11,000 lbs require special approval from M/SER/OP/COMS. Each transaction for vehicles requires USAID Contracting Office approval since vehicles are classified as "Restricted" commodities.

The unit dollar value of vehicles is so great that the Procurement Office will be responsible for insuring a Vehicle Accountability File is maintained with individual receipts for each vehicle issued. Further the AMEG Procurement Office will insure that proper registration of the vehicle is completed for the various Parties and/or committees of the Alliance. Each unit will have an individual Official Receipt signed by the Party Representative or is alternate signifying his receipt of the vehicle and the registration documents.

NOTE: Prior to issuance of the vehicle a Grant Letter will be drafted by the AMEG Procurement Office to be signed by the AID Representative with clearances from the Contract Officer and the O/AID/REP Special Projects Officer for the CEP.

J. PHARMACEUTICAL PROCUREMENT:

1. Pharmaceuticals may be procured in Pakistan but ONLY from MSH approved sources. MSH, will take reasonable steps to insure the efficacy and quality of production by having these suppliers inspected and pre-approved by an Industrial Pharmaceutical Consultant. The short-listed group of suppliers will be the only sources from which AMEG will procure.

2. MSH will provide AMEG a forecast of the pharmaceutical, surgical and expendable supplies and equipment they need for six months. This list (pharmaceuticals by generic name) will be sourced by requesting suppliers to provide a written quote (Request for Quotation) to the AMEG Procurement Agent. The AMEG Procurement Agent will acquire MSH line item approval for each item he was requested to purchase. MSH's signature beside the line item on the Quotation Analysis signifies they approve of the purchases and have taken reasonable steps to insure efficacy and quality of production, verified source and origin and shelf-life.
3. All pharmaceuticals will adhere to AID rules on expiration dates as stated in the A.I.D. Commodity Eligibility Listing - Page 113 (TM 15:83 January 1, 1983) Paragraph IA Special Requirements "Expiration Dates". Further per the above mentioned manual AMEG will require that invoices of the supplier state clearly the active ingredients and expiration date.
4. A Memorandum of Agreement has been drafted by AMEG for MSH approval. A draft of that agreement is found in Appendix J.

K. SPECIALLY APPROVED PROCUREMENT PROCEDURES FOR PURCHASING OF ANIMAL HOLDING FACILITY PROJECT SUPPORT AND PROGRAM COMMODITIES:

Several items purchased to date by the AHF should continue to be purchased by them. These items are Mules, Fodder for the mules and saddlery. These items in units and in cost for the total quantity purchased will always fall within the requirement for a Purchase Order or Contract, however, it is not reasonable or feasible to use these methods by the AHF. The AMEG Animal Holding Facility Manager will request the approval of a standing or blanket Procurement Request approved by the AMEG Team Leader and the Special Projects Officer. This Blanket PR will authorize the AHF Manager to purchase mules, fodder and saddlery as needed with the proviso that for fodder and saddlery a minimum of three competitive prices in the form of written quotations be acquired every three months. These quotations must be kept on file at the AHF. Any increase in price from the lowest responsive offeror requires another market survey yielding at least three competitive written quotations. The competitive pricing for mules is tested each time a mule is purchased therefore no written quotation is required but a memo outlining the standard method used to insure competitive pricing must be placed in the AHF procurement file. This memo must be approved/signed by the Special Project Officer. Procurement of all other Project Support expendable and non-expendables over \$1000 must follow the standard procurement procedures using an approved Procurement Request discussed earlier in this Purchasing System.

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NOTE: No procurement of \$1000 or less can be completed without verification from the AHF Manager that the Approved Facility budget has NOT been exceeded for that budget.

L. REPORTING REQUIRED FROM AMEG/HOUSTON AND AMEG/PAKISTAN PROCUREMENT OFFICES:

AMEG/Houston and AMEG/Pakistan will provide a monthly activity summary of procurements in process. This report will provide information on commodity type, quantity, ship date, name of organization for which it is procured and comments on progress. This report should be sent from AMEG/Houston to AMEG/Pakistan to be consolidated for O/AID/REP by the last day of each month. AMEG/Pakistan must provide a consolidated copy to the AMEG/Houston CEP Project Officer, AMEG/Pakistan Team Leader and Project Officer O/AID/REP by the 10th of each month.

M. MATRIX CLAUSES REQUIRED ON AND FIXED PRICE CONTRACTS:

Each Purchasing Contract issued by AMEG will have a Special Conditions sheet attached clearly stating the FAR and AIDAR clauses incorporated by reference.

N. OTHER SPECIAL CONDITIONS INCLUDED FIXED PRICE CONTRACTS:

Normally AMEG will state that liquidated damages at the rate of 1% per day up to ten days (10%) will be reduced against payments due the supplier for late delivery of the commodities ordered.

AMEG will also place a "Stop Work Order" or "Termination Order" on a Purchasing Contract because of late delivery; because commodities delivered do not meet the specifications; because evidence is made available that questions the supplier's ability to perform.

O. IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST:

AMEG procurement shall be conducted in a manner above reproach, with complete impartiality, and with preferential treatment for none. Transactions relating to the expenditures of A.I.D. Funds require the highest degree of public trust and an impeccable standard of conduct, the employee is to strictly avoid any conflict of interest or even the appearance of a conflict of interest in AMEG-contractors relationships. the official conduct of AMEG personnel must be such that they would have no reluctance to make a full public disclosure of their actions.

1. Solicitation and Acceptance of Gratuities by AMEG Personnel

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No AMEG employee may solicit or accept, directly or indirectly, any gratuity, gift, favor, entertainment, loan or anything of monetary value from anyone who:

- (a) has or is seeking to obtain AMEG business
- (b) has interest that may affect the performance or non-performance of the AMEG employee's official duties.

2. Reports Suspected Violations

AMEG personnel shall report any suspected improper business practices, personnel conflicts, and/or solicitation and/or acceptance of gratuities by AMEG personnel to their immediate U.S. supervisor.

The supervisor shall report suspected violations to the AMEG Team Leader.

The Team Leader will immediately provide a written report to the Contracting Officer. A copy will be sent to the Special Projects Officer or the O/AID/REP.

3. Treatment of Violations

Before taking any action against a suspected violator, the AMEG Team Leader will initiate an investigation to determine whether:

- (a) An AMEG employee has solicited or has taken a gratuity.
- (b) A contractor has offered or given a gratuity to an AMEG employee.
- (c) The gift or entertainment was such as to indicate an intent to obtain a contractor favorable treatment in relation to official AMEG business.

Q. INVENTORY OF PROGRAM AND PROJECT SUPPORT COMMODITIES FOR THE CEP:

All AMEG CEP procured Program Commodities are received and kept in inventory at AMEG Warehouse facilities in Quetta and Peshawar. A stock Card System of inventory management is used.

All AMEG CEP procured Project Support Non-Expendable commodities which have a unit value of \$50 or more are to be added to AMEG's Site and Master Inventories. The Site Inventory will list entries by date, Purchase Order/Contract number and purchase price. The Master Inventory

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will provide this information and additionally designate location as follows:

- AMEG Islamabad Office
- AMEG Islamabad Warehouse
- AMEG Peshawar Office/Warehouse
- AMEG Peshawar Annex
- AMEG Animal Holding Facility
- AMEG Quetta Office/Warehouse

Each location "Manager" will insure that these Project Support Non-Expendable commodities are placed on their Site Inventory at the same time they receive the commodity and issue the Receiving and Inspection Report or in some cases the AMEG Payment Transaction Form (used for satellite AMEG facility procurements authorized by AHF Manager, Area Commodity Management Officers or the Procurement Officer for purchases \$50 to \$1000.

The property is added to the Master Inventory by the AMEG Administrative/Fiscal Office at the time it receives a Receiving and Inspection Report or a AMEG Payment Transaction Form (with accompanying invoice) certifying the item has been received.

The Site and Master Inventories are certified by the location Managers and AMEG Admin/Fiscal Office annually.

* Re-saleable items such as clocks that are less than \$50 in unit value are also kept on the Site and Master Inventories.

APPENDIX A

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Procurement Agent Assigned: _____

Procurement Request Number: _____

Purchase Order/Contract Number: _____

INSTRUCTIONS: Procurement Agent will verify that action has been taken as stated by initialing and dating each entry.

<u>Action to be Taken</u>	<u>Date Action Taken</u>
1. Received Fully Approved Procurement Request Form	_____
2. Requests for Quotation sent to prospective Suppliers (copies enclosed of those sent)	_____
3. Quotation Analysis Form completed (copies of returned RFQ's and Quotation Analysis enclosed)	_____
4. Negotiation Memorandum (if applicable) Completed and Enclosed	_____
5. Purchase Order/Contract Issued	_____
6. Supplier's Acknowledgement Received	_____
7. Receiving and Inspection Report Received	_____
8. Supplier's Invoice Received	_____
9. Order for payment given to AMEG Fiscal Office	_____

ANNEX F

XD-ABA-102-B
63862

ACTIVITY APPROVAL MEMORANDUM

AFGHAN HUMANITARIAN RELIEF

PROJECT 306-0206

OCTOBER 1987

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1. SUMMARY

The Afghan Humanitarian Relief (AHR) program, involving the cooperative efforts of the Department of Defense (DOD), the Department of State (State), and the Agency for International Development (AID), began in FY 1986 when Congress authorized DOD to transport humanitarian supplies to Pakistan for the benefit of war-affected Afghans. U.S. Air Force cargo planes airlift DOD excess non-lethal materiel, AID-purchased, and privately donated humanitarian goods to Pakistan for delivery to Afghan resistance representatives for use inside Afghanistan. Flights returning to the U.S. are used to evacuate a limited number of Afghans with war-related injuries which cannot be adequately treated in Pakistan for medical treatment in the U.S. and elsewhere.

The purpose of the AHR program is to help sustain and ameliorate the living conditions of Afghans inside Afghanistan by providing them a wide range of life-sustaining supplies, by giving them the opportunity to obtain advanced medical attention to treat their war wounds, and, by so doing, to help demonstrate the U.S. commitment to the Afghan cause.

The AHR program is relatively small in terms of funding compared to the overall O/AID/Rep (Office of the AID Representative for Afghanistan Affairs) Humanitarian Assistance Program (\$7 million of DOD funds actually utilized in FY 1987 by DOD and AID, compared to an AID/Rep program of \$30 million plus PL 480 Title II commodities that year.) Yet the impact of the AHR program in terms of workload for the AID/Rep staff, direct programmatic involvement of the GOP, and potential to support other projects far outweighs its financial size.

At times, when 2 or 3 AID/Rep officers, contractor personnel, and numerous GOP officials and laborers must repeatedly work late at night to arrange for and receive flights which bring in relatively low dollar value cargo, it may seem that the tail wags the dog. Yet the program brings intangible benefits which are highly significant: the donated cargo clothes and succors people living in war time conditions; Afghan morale is buoyed by the knowledge that advanced medical treatment can be made available for at least a few of the most seriously wounded; and the patient program helps make known the Afghan cause around the world.

Program implementation is managed by a complicated inter-agency effort consisting of DOD, AID, and State. Each has a specific role to play with respect to policy oversight (State), field administration (AID), and supply logistics and flight operations (DOD). Ground rules for program operations are established by the Government of Pakistan (GOP).

This Activity Approval Memorandum was initiated by the O/AID/Rep in order to collect in one place all the diverse information and guidance about the program; to raise a number of issues for Washington resolution; and to recommend program changes which could evolve from legislative initiatives. A project authorization in the normal AID sense is not required since funds were appropriated to DOD which has transferred a portion to AID for implementation. Inter-agency deliberation and resolution of several issues is needed, however, and AID Washington is requested to convene an interagency committee to do so.

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II. DESCRIPTION AND RATIONALE

A. Background

U.S. interest in the Afghan cause is very strongly held and longstanding. Since the Soviet invasion of Afghanistan in December, 1979 the Administration and the Congress have sought means to alleviate the suffering of the Afghan people who have experienced eight years of war: bombings, hunger, internal dislocations, and massive depopulation to neighboring countries. For those remaining inside, life is exceedingly hard as the reduced population faces inadequate shelter, food, health and social services, while basic agricultural infrastructure and other productive assets are laid waste.

With strong Congressional sponsorship, AID has been providing direct cross-border economic assistance to the Afghan people since FY 1985, beginning with financial support to Private Voluntary Organizations (PVOs) engaged essentially in health, and expanding in 1986 to the establishment of a longer term humanitarian support program which now involves food, health, education, agriculture, and the supply of a wide range of humanitarian commodities directly to the resistance.

In FY 1986 Congressional sponsors most deeply committed to support of the Afghan resistance sought a means beyond the mechanisms available under the Foreign Assistance Act to provide support which would have an immediate and tangible humanitarian impact and would effectively reflect the U.S. commitment to the Afghan cause. This impetus was successfully translated into legislation permitting the transport of DOD non-lethal excess supplies

and humanitarian commodities to the Afghan people. Section 305 of PL 99-145, the Defense Authorization Act of 1986, permitted the use of \$10 million for such transportation costs. With its passage, the Afghan Humanitarian Relief (AHR) program was born. (ANNEX A contains the relevant legislation.)

Immediacy in implementation and impact was the hallmark of the Congressional mandate. Direct high level Administration and Congressional representations were instrumental in obtaining highest level Government of Pakistan (GOP) consent to the program. Involved agencies (DOD, State, AID) were charged with rapidly developing operational procedures, assigning responsibilities, coordinating with GOP counterparts, and moving the goods. These actions were taken, excess property was quickly identified, and the program quickly got underway. The first flight occurred in March 1986, delivering sleeping bags, footwear, blankets, and similar items on a USAF C-5.

Because supplies are delivered to Pakistan for onward delivery to Afghanistan, GOP terms and conditions under which the program can operate are controlling. Timing and numbers of flights, initial destination (always Islamabad), and the types of cargo which may be carried must have GOP approval. The GOP provides the logistic support for receiving the cargo, warehouses it, determines the distribution and controls its delivery to the Islamic Unity of the Afghan Mujahideen (Alliance). For the GOP, larger security concerns are overriding, and color the conditions under which the program works.

The program was also intended to make a dramatic public statement of U.S. support to the Afghan cause. In this respect, the patient airlift portion is the most successful, as this activity is very gratefully received by the Afghan political parties and individuals, and it has been instrumental in directing public attention and sympathy in the U.S. and other participating countries to the war. GOP strictures regarding the delivery of commodities (no publicity permitted in Pakistan or wanted elsewhere, and GOP control of onward consignments to Afghanistan) mean that there may be limited understanding of the U.S. connection to the donated excess items when delivered to the ultimate recipients.

The types of commodities being provided now, through DOD and through PVO donations, are generally appropriate to a war-time situation. If political conditions were to change and a peace agreement were reached, an entirely different kind of relief effort might become appropriate, and the mechanisms for providing assistance would likely be quite different. Thus, unlike other AID projects, it is not possible to assess an appropriate time frame for this program. Even within the short year-to-year time horizon under which it now operates, we cannot assess the impact of the program relative to total needs. Humanitarian supplies to the Afghan resistance come from a number of other donors on which little information is available. While we know the needs are enormous, we know few specifics on total needs, absorptive capacity, or the fit between our program and that of other donors.

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C. Legislative Authorities

The program was initiated in FY 1986 following the legislation in Section 305 of PL 99-145, the Defense Authorization Act, and the appropriation of \$10 million in Section 101(b) of PL 99-190, for transportation of humanitarian relief for war-affected Afghans, under direction of the Secretary of State. Section 1454 of PL 99-145 (Sec. 2547 of Title 10, U.S.C.) contemporaneously authorized the transfer of excess non-lethal DOD supplies to the Secretary of State to distribute for humanitarian relief. Thus with DOD funds and excess commodities, the program could commence once agreement was reached with the Government of Pakistan. Language of the Congressional Conference Report for FY 1986 made it clear that transport of Afghan patients for medical treatment was a fully acceptable element of the program. Of the initial \$10 million, \$2.7 million was utilized by DOD for costs incurred by the U.S. Air Force in moving cargo, and \$312,000 was utilized by the AID/Rep Office for implementation costs.

In FY 1987, the DOD Authorization and Appropriation Acts broadened the use of the authority to other countries, although the major emphasis remained on Afghanistan. FY 1987 legislation provided another \$10 million, permitted carryover of \$7 million remaining from FY 1986, and added new language permitting the transfer of not more than \$2.5 million of these funds to the Secretary of State for necessary costs of managing the transportation of humanitarian relief supplies and for transportation costs outside the United States. The language also indicated that out-of-country costs could include both the acquisition and lease/rental of local transportation assets, including beasts of burden.

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FY 1988 proposed legislation maintains the same general authorities as the FY 1987 legislation, provides \$13,000,000 for the year, but does not permit a carryover of unspent FY 87 funds.

Although the program involves DOD funds and flight logistics and is run under the policy direction of the Department of State, in practice, AID administers it in Pakistan and is responsible for liaison with the GOP. The GOP provides very significant logistics support, without which the program would not be feasible. In FY 1987 \$2.5 million were first transferred to State by DOD, then from State to AID. The latter transfer was accomplished in a Memorandum of Understanding between State and AID in April, 1987 (ANNEX B). Of this amount, \$2 million was made available for the Afghan program. The involvement of three agencies in the funds transfer greatly complicated a simple intent.

D. Description/Experience to Date

By the end of FY 1987, the AHR program had evolved into a smoothly functioning pattern of twice monthly DOD flights; usually a C-5 plane delivering 36 pallets (60-80 tons) of DOD-excess cargo or PVO donated goods and transporting returning patients who have completed medical treatment abroad; and, a smaller C-141 carrying eight to nine pallets (12-15 tons) of similar cargo. Whereas the C-5 departs Pakistan empty, the reconfigured C-141 serves as a medevac flight for outbound war-wounded patients for whom pro-bono treatment has been arranged in North American, European, or Middle Eastern countries. The C-5 is not suitable as a medevac plane for the numbers of patients being sent on any one flight; it is configured for cargo and too expensive to operate if only a small portion of its space is utilized. The C-5's do bring returning patients to Pakistan and on one early occasion did transport war wounded from Pakistan.

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Initial experience included some teething problems which have since been worked out. A few initial shipments included inappropriate goods or poor condition goods, indicating the need to inspect for quality and to select DOD excess cargo from a field-approved list of items which are culturally appropriate and for which there is a clear need. Most western-style clothing, for example, is culturally inappropriate, although selected items such as warm jackets or footwear are much appreciated. The AID/Rep office and the GOP have jointly developed an approved list which is now used by DOD.

PVO donations initially contained some unsuitable items, and there was a need to develop guidelines for PVOs to assist them in controlling the items sent. PVO-donated goods now are generally concentrated on medical supplies and equipment which are directly useful to the PVOs' local facilities in Pakistan. Thus, their utility is high.

Initial patient evacuations involved the development of a complex administrative routine to ensure timely completion of all actions needed to permit their departure: medical screening and arrangement of treatment to be donated in the U.S. or a third country; documentation, including patients' and escorts' travel documents from the GOP and visas from receiving countries; physical movement of patients from refugee camps or hospitals in Peshawar to Islamabad and onward. To help patients with cultural and dietary adjustment and language difficulties, and to provide physical support beyond the medical care itself, sponsoring voluntary groups or individuals are sought for each case, preferably with Afghan connections. For virtually all of these patients this event is a first experience outside their culture. This fact adds

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considerably to the trauma already inflicted by their medical conditions. Generally they are illiterate, speak only Pushto or Dari, and own little beyond the clothes they are wearing. Injuries may have resulted from participation in combat or from indiscriminate bombing and strafing of civilian populations.

A special logistics case was the delivery of the first load of 111 mules and a lead horse in September 1987 via a DOD charter using a company specializing in the movement of animals. Mule procurement and delivery is expected to become a regular feature of the program, with a similar specialized flight every five weeks or so. To the extent AHR funds are available, the purchase price as well as the transport costs of mules can be funded.

The decision to procure mules from the U.S. rather than Pakistan or other sources was taken after an exhaustive review of available options. Pakistani mules are available, and a number have been purchased. Clearly their cost, at \$700 per head, is substantially less since no air delivery is required. In contrast, the delivered cost of the first load of U.S. mules totaled \$4800 per head, including extra-ordinary one-time costs. Procurement of large numbers of pack animals is contemplated, however; the Afghan Parties have indicated a need for perhaps as many as 2000 over the next year or two. Some animal losses are inevitable both from direct attacks and the physical stress of the journeys. There are many areas of Afghanistan which are accessible only by pack animal. Some animals stay inside to be used exclusively for internal movements. Thus large purchases are appropriate.

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Regular purchase of large numbers of mules in Pakistan would, however, put considerable inflationary pressure on local prices, and probably deplete the already short supply, affecting the Afghans' ability to procure mules using other resources. Price increases would also affect the GOP's ability to procure for its own needs. Therefore a long-term, all-Pakistan procurement was ruled out.

Other options, including procurement from Turkey, China, and other countries were examined. There have been serious impediments to such procurement, including lack of agreement on prior inspection and the right of rejection of sub-standard animals, high incidence of animal disease in some countries, involvement of third country governments, logistic problems in bringing them to Pakistan, and high prices (up to \$2500 excluding transport costs from China, for example). The O/AID/Rep will continue to explore these options to the extent possible. For now, mule procurement appears most feasible and appropriate from the U.S. (Publicity given the arrival of mules in Pakistan, however, has raised concerns in the GOP about exposure of its facilitation of assistance to the Afghan resistance.)

While the first mule shipment was a high cost experiment, it is expected that there will be some reduction in costs for future shipments. For example, a last minute delay in the flight schedule on the part of the GOP resulted in a cancellation fee by the charter of \$116,000, over \$1000 per head. As we and the GOP gain experience in handling animal logistics, flight scheduling should become routine as it is for other cargo, and this kind of cost should not be repeated.

E. Relation to Cross-Border Humanitarian Assistance (CBHA)

Although the AHR project is funded from a DOD appropriation, activities have been integrated effectively with AID's humanitarian program. The AHR program is itself a support effort for the broader CBHA activities. The O/AID/Rep is the designated implementing entity in Pakistan, and makes effective use of its relationships with the Alliance's Logistics and Health Committees in managing the commodity supply and patient evacuation portions of the AHR program. Lists of acceptable cargo have been developed by the coordinated efforts of O/AID/Rep and the GOP, with feedback from the Alliance Logistics Committee. The Party doctors who constitute the Afghan Health Committee identify patients, do the initial screening, assist patients in obtaining documentation, and assemble them for transport to Islamabad.

The AHR program augments AID's financial resources. Authorization to fly AID-financed cargo on USAF planes alongside DOD excess supplies or on Military Airlift Command chartered aircraft enables the AID budget to buy more commodities or services than would otherwise be the case. To the extent that AHR funds are available to finance some of the transport costs for AID's health, education, agriculture, and commodity programs, the financial contribution will increase. Thus far, however, only limited amounts have been available for this purpose. While undoubtedly there is always room for improvement, both activities are effectively integrated programmatically and administratively, with mutually reinforcing benefits.

III. IMPLEMENTATION ARRANGEMENTS

From a relatively simple concept consisting of a program for the delivery of DOD excess property to the Afghan resistance and airlifts of patients to the U.S. and other countries for pro-bono medical treatment, the AHR program has expanded to related humanitarian elements. It now permits procurement of transportation assets and delivery of project-financed and PVO-donated commodities. Each involves complex implementation arrangements, all controlled by the terms established for the program by the Government of Pakistan. In essence, this means GOP approval of all deliveries and flight schedules, and GOP receipt, warehousing, and onward delivery of all commodities. The program is heavily dependent on GOP logistics support. The program has learned by doing. There were some early instances of unmanifested items, or goods destined for recipients (PVOs) who did not have prior approval of the GOP. In some cases, laborious negotiations by AID/Rep staff were necessary before such cargo was released. This illustrates the need for full manifesting of cargo and prior approval of the GOP for all intended recipients.

A. Excess DOD Property

Cargo Selection: DOD's Office of Humanitarian Assistance, within the International Security Assistance office (DOD/ISA/HA), guides the selection of excess non-lethal property by the Defense Logistics Agency from the Defense Re-utilization and Marketing Organization (DRMO) warehouses. On a few occasions in the early months of the program, some poor quality or

inappropriate items were delivered. A positive list has been developed in response to this problem, and very strict quality criteria have been applied. Materials delivered are now satisfactory. The positive list (ANNEX C) includes certain clothing items, tents, medical supplies, hand tools, field equipment, certain dried food items, et al. As eligible items become available, they are: accessed for the Afghan program; inspected, packed, and labeled; and then shipped to Andrews Air Force Base or Rhein-Main Air Force Base for airlift to Pakistan.

Delivery: USAF flights generally occur twice monthly. One C-5 with the capacity to carry 36 pallets (60-80 tons) arrives early in the month and one C-141 carrying 8-9 pallets arrives later in the month. (The C-141 is utilized on the return flight as a medevac plane for war-wounded Afghans; hence, it carries medical personnel and equipment to Islamabad in space that otherwise could carry 4 more pallets.) And if they can be conducted without public attention, a flight for mules will be added to the schedule every five weeks or so.

Flight schedules are set weeks in advance through consultation among the AID/Rep, GOP, and DOD/ISA/HA offices. Delivery to the Pakistan air base (Chaklala) must meet strict schedules, and because of a complex process of receiving flight clearance, schedule changes can be accomplished only with great difficulty. To meet GOP security requirements, the airplanes arrive,

unload, and depart within a few hours, and always at night. This adds a significant level of complexity to the logistical arrangements. GOP personnel unload cargo, using AID/Rep supplied forklifts as well as GOP forklifts and trucks. AID/Rep and AMEG contractor personnel meet each aircraft and observe unloading. Cargo is transferred on GOP trucks to a GOP warehouse, where it is subsequently counted, examined, and its suitability determined by the GOP. Neither AID nor AMEG personnel are able routinely to observe this process. Delivery of commodities to Alliance representatives at border points is accomplished by GOP personnel. A very significant contribution, in both manpower and rupee costs, is made by the GOP in running the logistics of this program.

B. PVO-Donated Commodities

PVOs have also been provided guidelines regarding acceptable commodities, after first shipments included some inappropriate items. Some PVO-donated commodities are designated for the Alliance and are therefore treated in the same fashion as DOD- AND AID-financed materiel. PVO commodities being sent to PVO recipients are not dispatched on C-5 flights, which aircraft are dedicated to Alliance-bound cargo to prevent confusion and error in distribution. PVO items are generally stockpiled until there is a sufficient amount to fill a C-741 plane. The GOP receives and inspects these items as it does Alliance-bound goods; but, unlike Alliance-destined goods, the GOP transfers PVO donations to the AMEG warehouse in Peshawar for subsequent pick-up by the PVOs' local representatives. There are no face-to-face deliveries by the GOP to the PVOs. (See ANNEX D.)

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C. Project Financed Commodities

In FY 1987, a DOD General Counsel determination advised that AHR funds could be used to transport AID-financed commodities. It is thus expected that AHR funds will be used, to the extent available, to transport goods financed under the Commodity Export Program or sector projects.

D. Transportation Assets

The legislation also permits the use of AHR funds to purchase and transport to Pakistan transportation assets for use in delivering humanitarian commodities, such as trucks and pack animals. Pack animals represent a special case in terms of implementation arrangements. In late FY 1987 the first load of 111 mules and one lead horse was transported. The AID procurement contractor, the American Manufacturers Export Group (AMEG), purchased the mules in Tennessee, and assisted the GOP with the special arrangements needed to off-load and handle the animals in Islamabad. A DOD charter with a firm experienced in moving animals, Flying Tiger, carried the mules in a 747 cargo aircraft. The orchestration of extremely complicated actions in the U.S. and Pakistan by DOD, the charter, AMEG, the AID/Rep staff, and the GOP indicated the clear feasibility of moving large numbers of pack animals into Pakistan.

After arrival in Islamabad, the animals are held in GOP facilities until they can be transported by truck to the Commodity Export Project's Animal Holding Facility in Peshawar, where they and their future Afghan handlers are trained. Delivery to the border depots is accomplished by the GOP or the parties, sometimes in trucks supplied by the U.S. program.

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E. Patient Airlift

DOD lawyers have interpreted Section 305 of PL 99-145 as amended to authorize the program to airlift patients to the U.S. and other countries for pro-bono medical treatment. This interpretation is based on the language of the Congressional conference reports. A complex process of patient nomination, examination, selection, placement, documentation, transport, care, and return is involved. AHR-financed AID/Rep grants provide technical assistance in patient screening and selection in Peshawar by the International Medical Corps (IMC), an American PVO, and in patient placement by the Intergovernmental Committee for Migration (ICM), an international organization. Other important actors are the Alliance Health Committee, DOD/ISA/HA, the GOP, AID/Rep staff, and Consular staff.

Selection: Each of the seven Afghan party physicians nominate war-wounded patients in stabilized condition which require treatment outside Pakistan. The AHC performs initial screening against program criteria.

Typically, patients have orthopedic problems, burns, amputations, and other conditions for which treatment can be completed within six months. Civilian casualties, including women and children as well as fighting men are eligible, although the preponderance of patients who make it to the Pakistan border and are available to be included have been men. IMC provides services of specialists (usually orthopedic surgeons) who are flown in each month to

screened patients nominees against specific criteria, complete detailed medical records are recommend a course of treatment. After each month's screening, ICM sends the medical records (including photographs of each patient recommended for treatment) simultaneously to ICM offices in Geneva and Washington for placement. Although all screening has been done in Peshawar to date, we are considering ways to hold some screening in Quetta to make it easier for patients coming from Southern and Western Afghanistan.

The role of ICM includes both narrow operational activities and broader functions. Upon receipt of patient diagnoses, the ICM staff in the U.S. and Geneva seek pro-bono medical services in the U.S. and other countries. In addition to the U.S., Belgium, Canada, Egypt, the Federal Republic of Germany, Greece, Ireland, Italy, Norway, Sweden, Switzerland, and the United Kingdom have participated thus far. ICM also secures visas for patients going to countries other than the U.S.; when possible, provides Dari and/or Pushto speaking escorts on the flights; manages patient movements from airfield to airfield; and arranges commercial flights to the ultimate destination from Rhein-Main or Andrews Air Force Bases. ICM persuades physicians and hospitals to donate services; identifies individuals and PYOs, including Afghan mutual assistance associations, who will sponsor and support the patients and escorts during periods of out-patient treatment; counsels those sponsors and patients; and negotiates agreement of involved governments to permit entry. ICM, as an international organization with long experience in assisting refugees and migrants, is ideally suited to carry out these functions.

IV. BUDGET AND COST CONSIDERATIONS

A. Budget

In FY 1986, \$10 million was made available for the AHR program, of which \$3 million was utilized: \$312,000 was spent directly by the O/AID/REP for administrative costs in Pakistan using a fund citation from the USAF. These expenses included costs associated with both patient screening and placement. DOD expended \$2.7 million for flight and administrative costs. \$7 million in FY 1986 funds were carried over to FY 1987. During that year there were nine flights carrying 300 tons of DOD excess cargo and 20 tons of PVO-donated cargo, at an average cost of approximately \$200,000 per flight.

In addition to the \$312,000 actually used by AID, \$1 million in FY 1986 USAF funds was made available to O/AID/Rep to cover such GOP-incurred administrative costs as expenses for vehicles, drivers, and warehousing. The GOP undertook logistics services with the expectation of reimbursement, and requested \$1 million in reimbursement in September, 1986. AID/Rep required a detailed substantiation of costs, but the GOP did not provide this information and the unexpended \$1 million was returned to DOD. While it appears that the GOP does not intend to press this particular claim, it is possible that future requests for reimbursement of some of their operations costs could be presented as charges against the program. (It is already planned that in 1988, rental for the Islamabad warehouse for cargo from ARFs will be paid by AID/Rep from funds transferred from DOD.)

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In FY 1987, \$17 million, including \$7 million of FY 1986 carry over funds were available for the program. DOD utilized nearly \$5 million for costs associated with 26 Afghan relief flights, at an average cost of \$186,000 per flight, and transferred \$2 million through State to AID for the Afghan program. Additional funds were expended for similar but smaller programs elsewhere, yet over \$7 million remained unutilized by the Afghan or other country programs by the end of the year.

DOD funds for Afghanistan were allocated as follows (some amounts are extrapolations from preliminary estimates):

\$2,520,000	for 21 X C-141 ARF flights (an average of \$120,000/flight)
1,000,000	for 4 X C-5 ARF flights (an average of \$250,000/flight)
305,000	for 1 X 747 PAT flight for transport of mules
960,000	for DLA cargo preparation
115,000	for cancellation charges of mule transport
<u>100,000</u>	for DOD administration costs
\$5,000,000	- total utilized directly by DOD
<u>\$2,000,000</u>	- transferred to O/AID/REP
TOTAL:	\$7,000,000 - for Afghanistan

Program demands for administrative costs in Pakistan had grown rapidly in 1986, and it became clear that associated costs, such as lease or purchase of local transportation assets, could require substantial funds. In FY 1987 the legislation therefore explicitly endorsed the transfer to State of up to \$2.5 million for administrative and local transportation costs. \$2 million of this was subsequently provided to AID for the Afghan program, all of which was fully utilized as follows:

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<u>Amount</u>	<u>Received by</u>	<u>Purpose</u>
\$53,400	AMEG	Purchase of support vehicles for the program (buses, truck)
1,017,600	AMEG	Vehicles and pack animals for Alliance use in transporting humanitarian supplies into Afghanistan (includes costs of moving vehicles from Karachi to Quetta and Peshawar)
609,000	ICM	Patient placement
195,000	IMC	Patient screening
<u>125,000</u>	IMC	Transporting medical supplies into Afghanistan
TOTAL: \$2,000,000		

Funds transferred to AID are utilized in accordance with AID rules and regulations, based on the State/AID/Memorandum of Understanding of April, 1987, which transferred the funds, and legal guidance provided by the three agencies.

A significantly greater proportion of the total funds could have been absorbed by the O/AID/Rep if more funds could have been transferred to AID. Total AID/Rep costs in FY 1987 for transportation-related costs which were potentially eligible for AHR financing but were financed out of the AID/Rep's other project funds were as follows:

Purchase of 352 vehicles and 200 mules	\$5,480,000
for Alliance Parties	
Transport costs of PVOs financed by	250,000
AID/Rep grants	
Transport costs of sector projects	
financed by AID/Rep contracts	
- Health	150,000
- Education	200,000
- Commodities	250,000
- Agriculture	<u>100,000</u>
TOTAL:	\$6,430,000

If AHR funds had been fully utilized in this manner, the positive impact of the project on the overall Afghan Humanitarian Assistance Program would have been much greater. Funds saved in other projects could have been utilized for the purchase of more commodities or expanded project activities.

In FY 1988, funds transferred to AID/Rep from DOD may again be legislatively limited. Were AHR funds transferred to AID in an amount mutually agreed between AID and DOD, however, an illustrative FY 1988 AID/Rep budget, reflecting the increasing momentum and maturity of CBHA, might be the following:

AID/Rep administrative costs for flights (includes warehouse rental, forklifts and vehicle purchases)	\$80,000
IMC grant for patient screening	130,000
ICM grant for patient placement	750,000
Project related transport costs	
Health	400,000
Education	415,000
Commodities	2,050,000
Agriculture	625,000
PVO transport costs	350,000
Purchase of Mules (1000) for parties	1,000,000
Purchase of vehicles (100-10 ton) for parties	<u>2,200,000</u>
TOTAL:	\$8,000,000

The grant costs for patient screening and placement are a fixed commitment and will have first priority against whatever funds are transferred to O/AID/Rep. The remaining funds will be allocated against the next highest priority requirements.

B. Cost-Effectiveness

It can be argued that the cost-effectiveness of moving DOD-excess cargo and PVO donations, given the high flight costs, is low. It would be difficult, however, to place a value on the commodities, which are excess to the needs of the Defense Department and generally are well used before delivery to Pakistan. Many of the commodities such as blankets, footwear, and clothing could be purchased new in Pakistan for significantly less than the per-ton transport costs from the U.S. (See ANNEX E.) AHR funds are not, however, available for purchases of commodities of this sort, as distinct from transportation assets and services.

Intangible factors enhance the value of the program beyond that of the donated goods: the value to individual patients and to Afghan morale of the patient treatment program; and the demonstration of US commitment to the Afghan cause. While the program plays a very positive role in the U.S.'s Afghan efforts, its cost-effectiveness could be greatly increased if new purchases were permitted, and its impact increased if significantly larger amounts could be transferred to AID and allocated to transport costs of other projects.

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V. MONITORING CONSTRAINTS AND ARRANGEMENTS

A. Constraints

As indicated above, this unique program operates under the strict guidance and control of the GOP. This fact becomes the primary constraint to any attempts to monitor the program.

Like AID's other cross-border activities, opportunities for end-use monitoring inside Afghanistan are very limited. Unlike these other programs, opportunities for monitoring the movement of commodities inside Pakistan are also limited. The GOP receives the cargo at the Islamabad air base, off-loads it, and transports it to GOP-owned and controlled warehouses. While AID/Rep and AMEG staff may and do observe unloading, they are not present when cargo is broken down, examined, counted, and allocated to the Afghan political parties. The GOP also controls the physical delivery of commodities to party representatives at border areas, for onward movement inside Afghanistan. American officials are not permitted in these areas for security reasons; and though Afghan and Pakistani employees of AMEG are sometimes permitted to go to party depots near the border when wheat deliveries are made, they are not present when the DOD excess commodities are transferred.

A member of AID's Inspector General's staff has examined this issue. On a one-time basis only, the GOP allowed the IG access to its system of accounting for these goods. From this experience, it appears that the GOP itself does have an appropriate system of accounting; but since AID does not normally have access to this data or to physical observation of the transfer of the commodities to the Afghan parties, AID's ability to monitor in any real sense is quite limited.

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B. Approach

AID has sought increasing involvement of its contract staff (AMEG) with the GOP in the logistics process. Some opportunities have been afforded to AMEG staff to visit GOP warehouses and observe the condition of the commodities. O/AID/Rep is also arranging the lease of an additional warehouse for this cargo. While the warehouse will be GOP staffed, it will be dedicated primarily to the AHR commodities and not to other GOP activities, so it is expected that AID/Rep and AMEG staff will have more access to this warehouse.

After deliveries have been made to the Afghan parties by the GOP, AMEG conducts market surveys near border areas and in Peshawar and Quetta, as a check on items flowing back into Pakistan. While one cannot rule out the possibility of individual Mujahideen selling a particular item if it is not a current priority need, any systematic diversion of commodities is likely to be detectable through these surveys. To date, little evidence of diversion has been observed.

End-use monitoring inside Afghanistan is not feasible. In other AID projects, the use of Afghan monitors is underway; for example, to check on deliveries of supplies to schools or clinics. DOD-donated items, however, often have no special identifying characteristics (particularly after markings have been removed by the GOP). Many goods such as are being transported under this program are also being made available through a number of other country sources. It is highly unlikely, therefore, that a monitor could determine the supplier of all AHR-type goods he might locate.

PVO-donated cargo is less problematic, as it is turned over to the AMEG warehouse in Peshawar after the GOP has inspected it. PVOs then arrange to pick it up directly from AMEG and full accounting of that transaction is possible. The PVOs' use of these items, whether in facilities in Pakistan or inside Afghanistan, is tracked by them in the same manner as their other activities, generally involving monitors and systems of receipts.

Special procurements such as mules or trucks are also monitorable within Pakistan. Both are dispatched to AMEG facilities by the GOP, and are subsequently turned over to the Afghan parties. Mules are branded by AMEG when first received and trucks are given identifying marks, so that any major reflows into Pakistan are detectable. A few AID-financed vehicles were observed in Peshawar and immediate remedies taken. Thereafter, abuse of vehicles has been rarely observed.

The patient program is fully implemented and monitored by AID and its grantees. IMC and ICM keep full records on patient selection, evacuation, treatment, and return to Pakistan.

C. Experience to Date

A Data Collection, Monitoring, and Evaluation Plan for this activity was prepared in March, 1987, as part of a broader plan for monitoring the

Commodity Export and PL 480 programs (ANNEX F). The elements of the plan which are most practical for AHR commodities are data collection inside Pakistan and market surveys.

AMEG's monitoring of AHR commodities presently consists of regular market surveys in the larger bazaars in Peshawar and Quetta and in the bazaars of the border towns. To date, limited amounts of certain of the commodities (field jackets, trousers and sleeping bags) have occasionally appeared. Inquiries with vendors inevitably reveal that large quantities of the material are not readily available. This suggests that those which are for sale are the result of individual Mujahideen monetizing clothing and equipment issued to them. This is a limited, predictable phenomenon which does not detract significantly from accountability for the program and underscores the importance of supplying items which meet priority needs only.

In order to maintain systematic tracking of AHR commodities which reconcile with DOD manifests and GOP distribution reports, AMEG is developing a computer-driven data base. It is expected that existing discrepancies in the two types of reports will be accounted for when differences in nomenclature are overcome. Problems with packing list counts will be pinpointed when AMEG begins participating in receipt/inspection at a new warehouse facility dedicated to AHR shipments.

VI. LESSONS LEARNED AND ISSUES FOR REVIEW

After more than 18 months of implementation experience, a smoothly running operation is in place. Thousands of operational details have been worked out through the experience of receiving 36 cargo flights and dispatching 500 patients for care abroad. Flights are successfully scheduled and received, cargo off-loaded and allocated, and patients identified, documented, placed, treated and returned. The requirement for this success has been an extraordinary coordinated support effort among the involved departments and agencies, GOP, contractors, and Alliance representatives in which timing of each action is crucial. The cost has been a vastly disproportionate burden of effort, particularly on the AID/Rep staff. This program, which in dollar terms is less than one-quarter of the value of the AID/Rep programs, requires hundreds of person-hours of effort for each flight.

Major lessons learned include:

- need for clear delineation of responsibilities among the three involved U.S. agencies and between Washington and the field;
- need for significant contractor support in cargo handling and for patient screening and placement activities, given the workload involved; and
- need for assiduous inspection of both DOD excess property and PVO donated goods for both quality and suitability for the program.

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The following operational and policy issues have become apparent, the resolution of which could greatly strengthen the impact of this program and improve its efficiency and cost effectiveness. They are ripe for review now by AID and other cognizant agencies.

A. Washington Program Coordination

In the past there have been several occasions when one or another entity has been slow or unresponsive to field requests, when the interagency process itself has radically slowed action or when unexplained program problems arose. This has included the cumbersome interagency transfer of funds from DOD-to-State-to-AID, a process which consumed well over 4 months in FY 87; the lengthy process of obtaining legal determinations or interpretations of legislation regarding operational questions (e.g., regarding the possibility of funding purchase of trucks or transport of project commodities with AHR funds). These are now resolved, but new questions are always arising in this complicated program.

Issue: The AID/Rep has consistently advocated establishment of unitary responsibility for coordination of program support actions required in Washington. Clearly, State will always provide policy oversight as it does in every other aspect of AID's programs, and equally clearly only DOD can carry out the flight logistics and movement of supplies. What is needed is a single locus of responsibility for assuring that all

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U.S.-based backstopping functions are carried out by whichever entity is appropriate. Since implementation responsibilities are lodged in AID in the field, the AID/Rep should be able to look to AID/W's ANE Bureau for program management support. Since ANE/SA now has two persons assigned to the Afghan program, this office may be in the best position to provide support.

Recommendation: Washington should identify a single locus of coordination responsibility for this program. This office will ensure interagency coordination of all responses to field or other requests and ensure that issues do not fall between stools.

Recommendation: Washington responsibility for liaison with ICM should be lodged in AID, which is a party to the grant, not State, which is not. (The management of the grant clearly is the responsibility of O/AID/Rep, not Washington.)

B. Program Management

Currently, it is understood that AHR is intended as a resource for the overall Humanitarian Assistance Program. State provides policy guidance and interpretation, and sometimes serves as liaison with ICM on patient placements. State also receives the funds allocation from DOD for costs incurred outside the U.S., and subsequently transfers these funds to the AID/Rep. DOD is responsible for collection and delivery of excess non-lethal military supplies and delivery of PVO cargo, including all aspects of flight planning and execution. AID implements the program on the ground, bearing primary responsibility for liaison with the GOP and Alliance representatives.

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Issue: If the program is to support the broader effort carried out by the AID/Rep program, then the AID/Rep should decide, in consultation with DOD, what gets financed and when, from the total funds allocated to Afghanistan.

Obviously there are practical limitations stemming from factors outside the knowledge or control of the AID/Rep affecting the capacity of DOD to mount flights and the availability of appropriate cargo.

Recommendation: Within this constraint, the AID/Rep should have a clear ability to establish priorities among potential uses of AHR funds: for procurement of transportation assets, transport of project and DOD excess commodities, transport of PVO goods, patient evacuation costs, and any other eligible costs. After the needs of other country programs are taken into account, and the total amount allocated to the Afghan program is known, the AID/Rep should, in consultation with DOD, annually (or more frequently, if necessary) establish budget categories for planning purposes. This should help both DOD and AID/Rep staff to plan flights, help project managers deal with project commodity needs, and reduce the crisis management aspect of the program which currently results in a significant workload burden on the AID/Rep staff. To the extent that one program element is more cost effective than another, systematic planning should also maximize program impact.

Recommendation: To establish priorities in a meaningful sense as discussed above, funds should be allocated to the AID/Rep for administration to the maximum extent possible.

C. Legislative Changes

Several factors which make the program bureaucratically difficult or time-consuming, with consequent implications for workload and efficiency, stem from the legislative authorities underlying the program. Some of these are the directive that the program be operated under the direction of State; the limitation on funds transfer from DOD to State/AID; and the limitation of DOD-supplied items to excess, not new goods.

Issue: While working within current legislative authorities, the involved agencies should look to the future and seek legislative changes which will enhance program efficiency, impact on Afghan humanitarian needs, and improve cost effectiveness. Consultations among the agencies and with relevant Congressional Committees should begin promptly.

Recommendation: AID should play a major role with DOD in consultations with Congress with regard to any legislative changes.

Recommendation: The following legislative changes should be considered:

- The reference to program direction by State should be dropped. State can and would retain its policy oversight responsibility without this language. [Note: the Ambassador believes it unwise to reopen the question of internal administration of the program with Congress.]
- Funds should be transferred from DOD directly to AID. This operational role for State serves only to delay the process, and has no programmatic function.

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- Authority to transfer funds to AID should not be limited to a specific amount. Rather the legislation should provide general authority, with actual amounts to be determined through discussion between AID and DOD.
- DOD should have authority to procure new items for the Afghan program when the available surplus items are not fully appropriate. For example, certain highly useful items such as warm socks or fuel bars rarely come into the excess stocks, but would be easily and cheaply obtainable by DOD. Similarly, available items are sometimes not the best ones for the program. Winter items supplied in warm months, even in good condition, run a much greater risk of being sold or traded by individual Mujahideen who have other immediate needs. DOD cannot reserve such useful items as warm sleeping bags or winter clothing until needed by the Afghan program. Storage in Pakistan would raise problems with regard to logistics, cost, and potential for diversion.

[Note: In considering whether to request authority to purchase a range of new items, we must recognize that such a request may blur the distinctions between this program and the AID-financed commodity program (CEP), and might raise questions in some quarters as to the need for the AHR program for Afghanistan. This question should be carefully considered by the involved agencies before any request for legislative change on this point is transmitted to Congress. The association of DOD with AID in the Afghan program is productive and augmentative to the FAA financed program. If an effort to achieve legislative changes enabling fuller utilization of DOD's capabilities were to result in Congressional action to have AID be the sole channel for humanitarian assistance for war-affected Afghans, resources could be lost without compensating gain. The objective should be to supply the maximum amount of USG humanitarian resources, on a time-critical basis, using the most cost-effective approaches we can muster, to our Afghan clients. DOD plays an important role in this effort by commanding assets unavailable to AID. Any change should be directed at mobilization of more resources and better exploitation of them, not the elimination of a participant's real contribution.]

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-- If authority for new purchases using AHR funds is not approved, AID should seek authority to request DOD to purchase new items using the O/AID/Rep's own project funds. Piggyback purchase of bulk items such as footwear could save the AID program a significant amount of money.

D. Inappropriate Passengers and Unmanifested Cargo

On some occasions, passengers without appropriate country clearance have been permitted transport on AHR flights. Also, unmanifested cargo, sometimes inappropriate for a humanitarian program, has been in individuals' personal baggage, both arriving and departing. The special arrangements for arrival of these flights which are permitted by the GOP mean that normal customs and immigration checks are curtailed. The counterpart's ability to simplify procedures for the program does not constitute a license to violate GOP laws. When inappropriate items are suspected or found, cognizant GOP authorities are placed in a difficult situation. A continuation of the problem might jeopardize the GOP's continued support of the program. Such action could also lead to unfavorable publicity for the overall humanitarian program and potentially harm our objectives.

Recommendation: A written statement of both Pakistani and U.S. rules concerning cargo should be provided to every passenger. It should include notice that baggage will be inspected by the GOP and unauthorized items may be subject to confiscation. (A proposed hand-out is at ANNEX G for Washington comments and approval.)

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Recommendation: DOD should conduct baggage checks of boarding passengers at Andrews and Rhein-Main Airports. No unmanifested cargo other than personal baggage should be carried.

Recommendation: No passenger should be boarded without country clearance, which can only be obtained from the field. Country clearance should be coordinated through the AID country desk officer. No exceptions should be permitted by DOD or State.

Recommendation: Patients' personal baggage should be examined by the USAF crews in Islamabad for any inappropriate items, and all baggage arriving in the U.S. should be examined by U.S. Customs, irrespective of the position of the passenger.

E. Congressional Staff Visits

Congressional staff visits are helpful to the program, as they provide an opportunity for first-hand understanding of conditions on the ground as well as direct discussion of progress and problems with the AID/Rep staff. The ready availability of transport on the Relief Flights has understandably resulted in staffers' arriving with these flights.

In the past, these visits have tended to be concentrated in late summer, with as many as 13 staffers accompanying a flight during the summer recess in August 1987. The combined workload involved in dealing with a flight, programming an effective visit for the staffers, and meeting the regular workload, at times becomes overwhelming to the limited AID/Rep staff.

Recommendation: Congressional staffers should be encouraged to space their visits over the year, so the AID/Rep staff can give them the full programming support required and still meet other responsibilities. If staffers request ARF schedule changes for their convenience, they should be informed of the disruption a change can cause throughout an extensive system. If staff visits are proposed for times which pose major problems for the AID/Rep office, Congressional offices should be requested to re-schedule. The designated single manager in ANE should undertake this responsibility.

F. Program Grants for Patients

The pro-bono patient placement program is working well and is highly effective politically, both in increasing awareness of the Afghan cause in the U.S. and twelve other countries, and in providing a highly valued type of support to the Afghans. ICM has indicated that its ability to place larger numbers of patients may be constrained by the non-medical costs to supporters in the communities who assist patients and their escorts. For example, sponsors may house, feed, and pay incidental expenses of patients and escorts for a number of weeks or months. ICM has proposed that small program grants to cover such costs might encourage additional sponsors to undertake the difficult task of assisting the patients, and thus increase the numbers which could be treated. Moreover, the grants would enable the sponsors to improve the quality of the experience of these patients, who generally are outside their culture for the first time in their lives. The program was established as a pro-bono effort,

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however, and we would not want to alter this basic premise. Moreover, provision of per patient grants up to \$1000 as proposed by ICM would be costly; up to \$420,000 per year if we continue one patient flight per month with a maximum of 35 patients.

Recommendation: ICM's proposal does not now adequately justify initiation of AID funding of program grants. If ICM is able to demonstrate that patients are not being accepted because of these costs, AID and DOD might then consider providing small grants to a limited number of patients on a trial basis.

G. Patient Transport Costs

Those segments of patient travel which must be carried out on commercial flights have been financed thus far from the \$2 million allocation administered by the AID/Rep. This budget item is heavily subscribed, while \$7 million in DOD funds were not obligated in FY 87.

Recommendation: If the portion of the AHR budget allocated to the AID/Rep continues to be strictly limited, commercial patient transport costs within the U.S. or within Europe should be financed directly by DOD, not by the AID/Rep grant to ICM.

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H. Transport Costs of other AID/Rep Projects

The Health, Education, Agriculture, and Commodities projects all have significant costs for transport of goods inside Afghanistan. These costs fit within the purposes of the AHR program.

Recommendation: AHR funds should be used, as available, for these transport costs.

I. Workload implications of the program

The AHR Program continues to demand a disproportionate level of effort on the part of all AID/Rep staff, despite the involvement of contractors in monitoring of commodities and support of the patient program. This is to the detriment, at times, of the AID-funded projects which are the primary charge of the office. Acceptance of the recommendations above will greatly help the program move to a more smoothly managed one which is more effectively integrated with the rest of the Humanitarian Assistance program.

Recommendation: Adoption of the earlier recommendations.

DOD AUTHORIZATION ACT FOR FY 86

Section 305, P.L. 99-145.

- (a) AUTHORIZATION OF FUNDS -- There is hereby authorized to be appropriated to the Department of Defense for fiscal year 1986 the sum of \$10,000,000 for the purpose of providing transportation for humanitarian relief for persons displaced or who are refugees because of the invasion of Afghanistan by the Soviet Union.
- (b) TRANSPORTATION UNDER DIRECTION OF SECRETARY OF STATE -- Transportation provided with funds appropriated pursuant to the authorization in this section shall be under the direction of the Secretary of State.
- (c) MEANS OF TRANSPORTATION TO BE USED -- Transportation for humanitarian relief provided with funds appropriated pursuant to the authorization in this section shall be by the most economical commercial or military means available, unless the Secretary of State determines that it is in the national interest of the United States to use means other than the most economical available. Such means may include the use of aircraft and personnel of the reserve components of the Armed Forces.

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EXCESS PROPERTY

Sec. 1454, P.L. 99-145.

(a) AUTHORITY TO PROVIDE NONLETHAL EXCESS PROPERTY -

Chapter 151 of title 10, United States Code, is amended by adding at the end thereof the following new section:

2547. Excess nonlethal supplies: humanitarian relief

- "(a) The Secretary of Defense may make available for humanitarian relief purposes any nonlethal excess supplies of the Department of Defense.
- "(b) Excess supplies made available for humanitarian relief purposes under this section shall be transferred to the Secretary of State, who shall be responsible for the distribution of such supplies.
- "(c) This section does not constitute authority to conduct any activity which, if carried out as an intelligence activity by the Department of Defense, would require -
 - "(1) a finding under section 662 of the foreign Assistance Act of 1961 (22 U.S.C. 2422); or
 - "(2) a notice to the intelligence committees under Section 501(a)(1) of the National Security Act of 1947 (50 U.S.C. 413);
- "(d)(1) The Secretary of State shall submit an annual report on the disposition of all excess supplies transferred by the Secretary of Defense to the Secretary of State under this section during the preceding year.

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- "(2) Such reports shall be submitted to the Committees on Armed Services and on Foreign Relations of the Senate and the Committees on Armed Services and on Foreign Affairs of the House of Representatives.
- "(3) Such reports shall be submitted not later than June 1 of each year.
- "(c) In this section:
- "(1) 'Nonlethal excess supplies' means property, other than real property, of the Department of Defense -
- "(A) that is excess property, as defined in regulations of the Department of Defense; and
- "(B) that is not a weapon, ammunition or other equipment or material that is designed to inflict serious bodily harm or death.
- "(2) 'Intelligence committees' means the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives."
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DOD AUTHORIZATION ACT FOR FY 87

Sec 331. Extension of Authorization for Humanitarian Assistance

(a) Transportation, Administration, and Distribution of Humanitarian Relief Supplies to Afghan Refugees - Section 305 of the Department of Defense Authorization Act, 1986 (Public Law 99-145; 99 Stat. 617), is amended -

(1) by inserting "(1)" before "There" in subsection (a);

(2) by inserting "and for fiscal year 1987 the sum of \$10,000,000" after "sum of \$10,000,000" in subsection (a);

(3) by adding at the end of subsection (a) the following new paragraph:

"(2) Of the funds appropriated by the Department of Defense Appropriations Act, 1986 (as contained in section 101(b) of Public Law 99-190; 99 Stat. 1189), for operation and maintenance for the Air Force, \$7,000,000 shall remain available for obligation until September 30, 1987, for the purpose described in paragraph (1) (including providing transportation of excess nonlethal supplies of the Department of Defense made available for humanitarian relief purposes under section 2547 of title 10, United States Code). Such funds shall be in addition to funds appropriated pursuant to the authorization in paragraph (1), and

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(4) by adding at the end the following new subsections:

"(d). Authority to Transfer Funds - The Secretary of Defense is authorized to transfer to the Secretary of State not more than \$3,000,000 of the funds appropriated pursuant to the authorization in this section for fiscal year 1987 to provide for (1) paying administrative costs of providing the transportation described in subsection (a), and (2) providing for the acquisition of transportation assets for the distribution of supplies outside the United States to accomplish the purposes of this section.

"(e) Availability of Funds - Amounts appropriated pursuant to the authorization in subsection (a) shall remain available until expended, to the extent provided in appropriation Acts."

(b) Reports - The Secretary of Defense shall submit to the Committees on Armed Services of the Senate and House of Representatives two reports, one of which shall be submitted not later than 60 days after the date of the enactment of this Act and the other not later than June 1, 1987. Each such report shall contain (as of the date on which the report is submitted) the following information:

- (1) The total amount of funds obligated for humanitarian relief under section 305 of the Department of Defense Authorization Act, 1986 (Public Law 99-145; 99 Stat. 617) (as amended by subsection (a)).

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- (2) The number of scheduled and completed flights for purposes of providing humanitarian relief under section 305 of such Act.
- (3) A description of any transfer (including to whom the transfer is made) of excess non-lethal supplies of the Department of Defense made available for humanitarian relief purposes under section 2547 of title 10, United States Code.

CONFERENCE REPORT ON FY 87 AUTHORIZATION FOR HUMANITARIAN ASSISTANCE

The conferees recommend that a total of \$17.0 million be authorized for appropriation in fiscal year 1987 and that all funds remain available until expended. Of this total, \$10.0 million represents new authorization; and \$7.0 million represents fiscal year 1986 funding whose availability has been extended.

Of the total available, the conferees agree that \$3.0 will be for the purpose of administrative costs for managing the transportation program and for transportation costs outside the United States. The charges for transportation outside the United States may include both acquisition and lease/rent of local transportation assets.

The House bill included a worldwide distribution provision for \$3.0 million. The funds were to provide worldwide transportation of excess materials as defined in section 2547(b) of title 10, United States Code.

Because the destination of these excess materials was not defined, the House provision was not accepted by the conferees. However, the conferees did agree that they would look favorably upon a Department of Defense reprogramming request, within the total amount authorized, for the refugee problems in the region of the Thailand and Cambodia border subject to the following guidelines:

(a) The Department of Defense shall provide a prediction of unobligated balances within this account as of September 30, 1987.

(b) The maximum amount of funds available for reprogramming for other than Afghanistan refugees is limited to \$3.0 million.

(c) The status reports required in the bill language will include unobligated balance estimates and plans for Thailand-Cambodian humanitarian relief.

The reports required by this section are to satisfy conferee concerns about prior year unobligated balances and efficient obligation of fiscal year 1987 funding amounts.

CONFERENCE REPORT ON FY 87 APPROPRIATION FOR HUMANITARIAN ASSISTANCE

The conferees agree to provide \$10,000,000 as proposed by the Senate instead of \$6,000,000 as proposed by the House. In addition, both House and Senate versions of the bill provide for a reappropriation of \$7,000,000 made available in fiscal year 1986 for humanitarian assistance. Thus, the total available in fiscal year 1987 for humanitarian assistance under the terms of the conference agreement is \$17,000,000.

The conferees have included language in the Act which permits the transfer of not more than \$2,500,000 to the Secretary of State for necessary costs of managing the transportation of humanitarian relief supplies and for transportation costs outside the United States. It is the understanding of the conferees that out of country transportation costs may include both the acquisition and lease/rental of local transportation assets, including beasts of burden.

In addition, the conference agreement permits the use of up to \$3,000,000 for the worldwide distribution of excess non-lethal supplies for humanitarian relief. The conferees understand that these funds may be used to alleviate refugee problems in the region of the Thai-Cambodia border.

Finally, the conferees are concerned that during the operation of this program in fiscal year 1986, damaged and improperly maintained materials were provided to refugees. The program managers are directed to take action as necessary to ensure that the goods are visually inspected prior to shipment and that care be taken that all goods shipped are usable and of good quality.

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FY 87 CR-HUMANITARIAN ASSISTANCE

For transportation for humanitarian relief for refugees of Afghanistan, acquisition of transportation assets to assist in the distribution of such relief, and distribution of excess non-lethal supplies for worldwide humanitarian relief, as authorized by law: \$10,000,000; Provided, that not more than \$2,500,000 may be transferred to the Secretary of State to provide for necessary expenses related to the transportation of humanitarian relief; Provided further, that of the funds provided under "Operation and Maintenance, Air Force" in Public Law 99-190, \$7,000,000 shall remain available for obligation until September 30, 1987, for non-lethal aid to Afghanistan.

MEMORANDUM OF UNDERSTANDING
BETWEEN THE DEPARTMENT OF STATE AND
THE AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBJECT: Transfer of Funds to Provide for Necessary Expenses Related to the
Transportation of Humanitarian Relief

BACKGROUND

In 1986, Congress authorized to be appropriated to the Department of Defense \$10,000,000 for the purpose of providing transportation for humanitarian relief for persons displaced or who are refugees because of the invasion of Afghanistan by the Soviet Union. Congress directed that the transportation provided pursuant to this authorization be "under the direction of the Secretary of State." The part of this program involving expenditure of funds in Pakistan was administered by the AID representative to the US Embassy in Pakistan, pursuant to an agreement with DOD concerning the expenditure of funds, and, in accordance with the legislation, under the general direction of the Department of State.

In 1987, Congress authorized for fiscal year 1987 an additional \$10,000,000 for the extension of authorization for humanitarian assistance (and permitted the carryover of \$7,000,000 in unexpended 1986 funds). The Secretary of Defense was authorized to transfer to the Secretary of State not more than \$3,000,000 of these funds to provide for (1) paying administrative costs of providing specified types of transportation, and (2) providing for the acquisition of transportation assets for the distribution of supplies outside the United States.

The appropriation for FY 1987 provided that "not more than \$2,500,000 may be transferred to the Secretary of State to provide for necessary expenses related to the transportation of humanitarian relief."

PURPOSE

This Agreement is entered into between the Department of State (State), and the Agency for International Development (AID) to transfer to AID for expenditure, subject to this agreement, the funds transferred to the Department of State pursuant to the above-mentioned legislation. The purpose of the transfer is to allow AID to continue to administer these funds on a day-to-day basis, subject to the general policy direction of the Department of State.

AUTHORITY

These funds are transferred from State to AID pursuant to Section 4(b) of the Migration and Refugee Assistance Act of 1962.

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FUNDS TRANSFERRED

The Department of State shall transfer to AID the \$2,500,000 transferred by the Department of Defense to the Department of State. The funds shall be transferred from State's Migration and Refugee Account (Account No. 1971143) to AID's International Disaster Assistance Account (Appropriation Account 11X1035).

TERMS AND CONDITIONS

1. It is understood that the authorization for the appropriation of these funds requires that transportation provided with such funds be under the direction of the Secretary of State.
2. \$2 million of these funds will be available for immediate utilization by AID in connection with assistance to displaced Afghans. It is the intention of State and AID that these funds will continue to be administered on a day-to-day basis by the AID representative in the US Embassy in Pakistan. AID shall obligate and expend the funds by entering funding arrangements deemed appropriate for the execution of the Agreement.

The Department of State will be responsible for the general policy direction of the program and the Bureau of Near East and South Asian Affairs ("NEA") will remain the point of contact within the Department of State. This will be implemented in the field by the US Ambassador to Pakistan, and in Washington by the Deputy Assistant Secretary for NEA. The Department of State has determined the basic method of implementation and has directed AID to utilize it. AID and State shall consult on the appropriateness of expenditures. The Department of State understands that the conditions in the countries concerned may preclude AID from applying normal accountability to its implementation in either country. NEA and AID will consult with relevant Congressional committees to ensure full understanding of these special circumstances.

3. The remaining \$500,000 of the transferred funds will not be expended without the prior approval of the Department of State.
4. AID shall provide the State Department a yearly report describing the implementation of this program. The report will include but not be limited to a summary of the items, quantities, dates and the PVO or foreign government organization receiving the DOD excess supplies transferred under this Agreement. The report shall be submitted by May 1 of each year.

This Agreement is entered into on behalf of the Department of State and the Agency for International Development by the undersigned authorized officials this 10th day of March 1987.

DEPARTMENT OF STATE

AGENCY FOR INTERNATIONAL DEVELOPMENT

Signed: Undersecretary Speirs

Signed: Julia Chang Bloch
Assistant Administrator

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POSITIVE LIST OF ACCEPTABLE ITEMS

Clothing

Blankets
Trousers (cold weather)
Boots (leather, canvas, rubber)
Field jackets
Field jacket liners
Flak jackets (body armor)
Flight jackets
Flight suits
Gloves/mittens
Hats (cold weather)
Overcoat
Fuel bars
Parkas
Ponchos
Poncho liners
Shirts (all types)
Sleeping bags
Sleeping bag covers
Stockings
Sweaters
Thermal underwear

Food (no pork or animal meat;
no canned items)

Field rations (LRPs)
Freeze dried fruits
Freeze dried fish
Freeze dried vegetables
Powdered milk
Powdered eggs
Multiple vitamins

Equipment

Back packs and pack frames
Burners (kerosene for cooking)
Camouflage netting
Canteens
Canteen Belts
Canvas bags for netting
Compasses
Duffle bags
Ear plugs
Flashlights
Generators (field, 220V, 5-7 KW,
must be operational)
Heaters (kerosene)
Knives (small)
Mess gear (need not be complete)
Mine detectors
Parachutes (cargo or personnel)
Net slings
Pots and pans (field cooking
equipment)
Rope (nylon or fiber)
Radios (walkie-talkies)
Rubber fuel bladders (small -
medium size)
Shelter halves
Sleeping mats (including
rubberized air mattresses,
do not have to be inflatable)
Sunglasses
Snow glasses
Tarpaulin (no dry rot)
Tents (all sizes but should be
complete with poles and ropes)
Water bottles (rubber, plastic,
metal; 10-30 gal. cap)
Web belting

Medical Supplies/Equipment

Bandages/dressing (must be sterile)
First Aid Kits (individual & general purpose)
Flea powder
Pill containers
Medicated foot powder
Microscopes
Soap detergent
Surgical instruments (orthopedic & general)
Surgical packs
Water-sterilizing tables
Wheelchairs

Furniture

Beds and mattresses
Carpeting
Chairs (steel or stackable plastic)
Cots (folding canvas, wood or aluminum frame)
Tables (stainless steel)

Tools

Axes
Carpentry tools
Drilling tools
Hatchets
Mechanics tools
Plumping tools
Shovels (including entrenching tools, wood or metal handle)
Telephone wire

(Tool kits need not be complete)

PRIVATE VOLUNTARY ORGANIZATION CARGO ON
AFGHAN HUMANITARIAN RELIEF FLIGHTS

Section 305 of the DOD Authorization Act of 1986 provides for transportation of humanitarian cargo for war-affected Afghans. That cargo may include DOD-excess non-lethal material and private sector commodities. The cargo is carried on USAF planes designated Afghan Relief Flights. The flights also carry war-wounded Afghans to countries outside Pakistan where they receive pro-bono care.

1. The Office of the A.I.D. Representative in the U.S. Embassy, Islamabad, Pakistan manages the patients and commodity process at that end under the direction of the Ambassador.

2. DOD's Office of Humanitarian Assistance arranges for the transportation of DOD-excess commodities, PVO-donated supplies, and Afghan patients. The State Department provides policy direction and chairs an interagency task force. The U.S. Agency for International Development Office of South Asia, helps coordinate AID/REP approvals of PVO commodity shipments.

3. Each proposed shipment must be cleared in advance by the Office of the AID Representative/Islamabad. Proposals (specifying the type, condition and volume or weight of the cargo) may be addressed (1) by telex #5864 (AEISL-PK) to O/AID/REP, U.S. Embassy, Islamabad, Pakistan; (2) by mail to AID, Office of South Asia, 3310A State Department, Washington, D.C. 20523, or (3) by phone to the Afghanistan Desk (AID/ANE/SA) at (202) 647-3517.

4. Donated commodities may be consigned to either the Alliance of Afghan resistance parties or to the Pakistan office of an American private/voluntary organization which is registered with the Government of Pakistan and is involved in assisting Afghans in Afghanistan. The commodities may not be consigned to one designated party or person within the seven-party Alliance, or to a non-American PVO, or to a PVO assisting Afghans only in refugee camps in Pakistan.

5. After notification of O/AID/REP approval, contact the DOD Office of Humanitarian Assistance (202)-697-9675) to arrange for packing and shipping to a designated DOD air base.

6. To facilitate distribution upon arrival each box must be marked with the contents and the name and address of the consignee. The estimated dollar value of each shipment must be provided to DOD when the cargo is accepted for the flight.

Guidelines for Voluntary Contributions:

Only non-lethal humanitarian goods are eligible for this transport assistance.

The most useful commodities would include:

- Medical supplies for field hospital uses, e.g., surgical tape, syringes, sterile bandages, surgical equipment and instruments (orthopedic and general), surgical packs, microscopes;

- Medicines with at least 6 months shelf life.

- Field gear, such as blankets, cots, tents, sleeping bags and covers, duffel bags, ponchos, small, or medium tents (new or used, but clean and in good condition, without rot, rips, or stains), water bottles, canteens and belts, water bags, mess gear, ear plugs, entrenching tools, nylon rope, back packs, first aid kits, snow glasses, portable generators (5-7 KHz), air mattresses, rubber fuel bladders.

- Men's and boy's cold weather clothing (new or used, but in good condition, clean and without major rips or stains), e.g., field jackets, flight jackets, thermal underwear, fatigue shirts, sweaters, parkas, gloves, leather shoes/boots, and socks. (Afghan men do not wear Western-style trousers; Afghan women generally do not wear western style clothing.) Unwearable clothing will not be shipped.

- Dry good fabrics, in solid colors, suitable for clothing. Donated food is not appropriate for transport on Afghan's Relief flights.

NOTE THAT, BECAUSE DONATED COMMODITIES FOR WHATEVER ADDRESSEES ARE NOT ALWAYS IN THE CONTROL OF U.S. GOVERNMENT ENTITIES, NO RESPONSIBILITY IS ASSUMED BY THE OFFICE OF HUMANITARIAN AFFAIRS OF THE DEPARTMENT OF DEFENSE, THE USAF, THE AGENCY FOR INTERNATIONAL DEVELOPMENT, THE DEPARTMENT OF STATE, OR THE U.S. EMBASSY IN ISLAMABAD FOR SAFEGUARDING OR TIMELY DELIVERY OF THE COMMODITIES. THEY ARE SENT AT DONORS' RISK.

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COST EFFECTIVENESS

22 U.S.C. 2357, Sec. 607 (c) (added as (b) by FA Act of 1968 and redesignated as (c) by PL 95-424): "...[N]o Government-owned excess property shall be made available...unless...

(C)... the residual value, serviceability, and appearance of such property would not reflect unfavorably on the image of the United States and would justify the costs of packing, crating, handling, transportation, and other accessorial costs, and that the residual value at least equals the total of these costs."

DATA COLLECTION, MONITORING AND EVALUATION PLAN

I. Introduction

This Plan covers the monitoring and evaluation of the Commodity Export Project and the in-country portions of two other programs: PL 480 Title II Food Program and the DOD-financed Afghan Humanitarian Relief Program. AMEG in the future may also be assigned responsibility for monitoring commodities procured through other projects as well.

A separate PL 480 Operational Plan describes AMEG responsibilities for the monitoring of the PL 480 Title II Program commodities from their arrival in-country, through their transport, receipt and release by the federal and provincial ministries of agriculture. This Plan covers AMEG monitoring responsibilities for the commodities thereafter. A copy of the monitoring portion of the PL 480 Operational Plan is attached. (The Operational Plan also covers AMEG responsibilities for monitoring the receipt of commodities to be monetized until their receipt by the purchasing institution.)

Non-lethal excess DOD material and other humanitarian commodities are transported under the DOD financed Afghan Humanitarian Relief Program. AMEG monitoring responsibilities under this Plan begin with the arrival of the commodities in Pakistan. (AMEG is not responsible for further monitoring of commodities consigned to PYOs after their delivery to the PYO concerned.)

The collection and use of performance data will be crucial to the effective management of this project. Periodic feedback on project effectiveness will flag problems as they arise and permit quick corrective action. This strategy will ensure that performance data is readily at hand for effective management problem-solving and decision-making. The thrust of this approach will be the sequential purchase of management information--essentially, a series of user-driven mini-evaluations throughout the project's life.

The full realization of such a monitoring and evaluation (M&E) plan may be affected and perhaps impeded to some extent by some of the constraints surrounding the implementation of this project and the unusual arena within which it operates.

The first constraint concerns the existing mechanism employed for the handling of commodities from the time it reaches Pakistan up to the transfer of commodities to the Alliance. Only to the extent that the contractor has direct involvement with the movement of the commodities through Pakistan or has access to records, will monitoring according to this plan be possible.

The second constraint is that only indirect information is likely to be available on the movement and use of goods within Afghanistan. The commanders receiving commodities will be requested by their parties to provide information on the receipt and end-use of commodities. We cannot assure absolute compliance with this request nor can we verify the accuracy of data provided. We will assume that the commodity requests are generated by the needs of the general Afghan population in the commanders' areas and, therefore, there exists a strong motivation to assure their delivery and use by the intended beneficiaries.

To the extent possible, project-hired monitors will be used to gather effectiveness data on project activities within Afghanistan. While the project will strive to develop a system for regular collection of data by such monitors, it will take time to build up to this level. Gradual movement will be necessary to assure compliance with GOP monitoring policies, reduce the personal safety risks of these monitors and increase the likelihood of collecting reliable data. In the formative stages data collection will likely be somewhat irregular and based on a sampling approach.

This M&E plan includes critical project questions, suggested indicators, proposed methods of data collection and the types of analyses which may be performed on the data. While comprehensive in nature and based on discussions with the Technical Assistance (TA) Team, this plan has been developed during the embryonic stages of project implementation and is based on "conceptions" of data needs and what level of monitoring may be possible.

As implementation progresses and performance monitoring begins, the TA Team will have a better understanding of the types of data that are truly useful for managing their project and the extent to which performance monitoring will be possible given actual constraints imposed by GOP policies and the war-time conditions inside Afghanistan. At this point and periodically throughout the life of the project, the TA Team is encouraged to make appropriate modifications in this plan that reflect what is useful and possible. This document should, therefore, be viewed as an evolving plan.

II. Users of the Information

The primary users of the information generated by this system will be AMEG and the AID/Rep.

III. Institutional Locus

The institutional locus of data collection and analysis is the AMEG Surveillance and Monitoring (S&M) Unit in Peshawar. This unit will be responsible for the following types of activities:

monitoring commodity deliveries;

- ensuring that all procurement, delivery and end-use records are kept up to date;
- regularly collecting from the Alliance information provided by commanders on the receipt and end-use of commodities;
- supervising any direct monitoring of end-use;
- periodically collecting data concerning end-use of commodities from individuals returning from Afghanistan;
- periodically conducting market surveys;
- computerizing the data;
- regularly analyzing the data to identify problem areas and feeding it into the on-going management planning and redesign process;
- preparing quarterly reports for the AID/Rep; and
- conducting special studies requested by the AID/Rep.

IV. Questions, Indicators, Data collection Methodologies & Analysis

- A. Question: What is the procurement lead time for each of the commodities? What steps in the procurement process might benefit from alternative methods that will shorten the total procurement time and reduce costs? Are requests coming in on a timely basis given this lead time and the season for which items are needed?

Indicators

- average number of days from the time a request is placed with AMEG until delivery to the parties for each type of commodity ordered;
- for each type of commodity, average number of days between the following events:
 - parties place list with AMEG---AID/Rep receives request;
 - AID/Rep receives request---AID/Rep forwards request to GOP;
 - request given to GOP---AMEG receives approved list;
 - AMEG receives approved list---AMEG Procurement Officer receives order;
 - AMEG Procurement Officer receives order---Commodities delivered to Pakistan or are ready in Pakistan to be picked up;
 - commodities delivered to Pakistan---Commodities are cleared through customs;
 - commodities are cleared through customs---Parties receive commodities;
 - parties receive commodities---Commodities leave transient border facility for transport into Afghanistan;

- commodities leave transient border facility for transport into Afghanistan---Commodities are distributed to intended beneficiaries.
- average number of days from the time a request is placed with AMEG until the approximate time it is needed.

Data collection Methods and Analysis:

Data on the indicators listed above will be collected on a continual basis as part of the project's data collection, monitoring and evaluation system. A procurement/delivery log that notes the dates for the events listed above will be maintained by the Surveillance and Monitoring Unit (S&M). These dates will be derived from reviewing various documents (Party lists, approved procurement list, bill of lading or airway bill, receipt from customs, commander reports on receipt and end-use of commodities, etc.) and through verbal reports received from the AID/Rep and the Alliance concerning these events. The surveillance and Monitoring Unit will regularly tabulate the average number of days taken to complete the various segments in the procurement and delivery process to identify any commodity items with excessive procurement lead times and any segments which are taking an unreasonable amount of time and need attention. Through this type of monitoring, AMEG will also be able to assess the timeliness of requests and provide the Alliance with a schedule that can help guide requests for seasonal goods.

B. Question: What items should be eliminated from the positive commodity list because of their intrinsic high management burden, excessive procurement lead time or other factors which make the items impractical for the project?

Indicators:

- items that chronically present a high management burden, excessive procurement lead time, cost overruns or other factors which make the items impractical for the project;
- items that have a high frequency of being found in Pakistan;
- items that are found to be too difficult to maintain during the delivery process;
- items that consistently prove to be of poor quality from available sources.

Data Collection Methods and Analysis:

Data on these indicators will be collected by several different methods. A review and analysis of the procurement/delivery log and a comparison of actual costs to the "fair market value" will provide the S&M Unit with information on the first indicator. The second indicator will be collected by conducting market surveys in Pakistan. The third and fourth indicators will be collected by a combination of the following two methods: observation of the care requirements and durability of items throughout the procurement/delivery process within Pakistan by those responsible for doing spot checks; interviews with GOP and Alliance on commodity maintenance problems; examination of end-use reports received by the Alliance from commanders; interviews with individuals returning from Afghanistan.

C. Question: What items should be added to the positive commodity list?

Indicators:

- humanitarian, practical items that frequently appear on Alliance wish lists but are not currently on the positive commodity list;
- humanitarian non-listed items that are raised frequently in AID/Rep/GOP/AMEG/Alliance discussions as potentially useful to the general Afghan population.

Data collection Methods and Analysis:

Data on the indicators listed above will be accessed by simply reviewing periodically Alliance wish lists and AMEG notes kept on meetings held with AID/Rep, GOP or the Alliance. These items can then be reviewed for possible inclusion in the positive commodity list.

D. Question:

Which procurement sources have consistently met standards of high quality, reasonable cost and timely delivery? Which procurement sources have not consistently met these standards? To what extent are the project procurement practices insuring an optimal balance in standards among competing sources? (e.g., higher cost source may be preferable due to significantly better quality and reliable delivery).

Indicators:

- procurement sources that regularly provide commodities that meet standards of high quality, reasonable cost and timely delivery;

- procurement sources that regularly provide commodities that are of poor quality and/or entail cost overruns and/or do not meet specifications and/or are delayed in delivery.

Data Collection Method and Analysis:

Information on the indicators listed above will be generated by reviewing the timing information and the comments section of the procurement/delivery log, individual records kept on the performance of each procurement source and commander feedback on the quality of individual commodity items. The S&M Unit will periodically review this information to gain an understanding of the strengths and weaknesses of the various procurement sources and the extent to which the procurement practices are insuring an optimal balance in standards among competing sources.

E. Question:

To what extent are commodities being properly cared for at each stage of movement and delivery?

Indicators:

- handling procedures employed for each commodity category;
- condition of commodities.

Data Collection Methods and Analysis:

The data collection method to be used for obtaining information on the indicators above will be direct observation by AMEG of handling

procedures being employed and the conditions of the commodities at various stages in the process. An analysis of this information over time will flag those handling procedures which may benefit from fine-tuning.

F. Question:

To what extent are animal care standards being met by those charged with handling pack animals to ensure a long, high performance working life?

Indicators:

- feeding, medical and general maintenance practices employed;
- overall condition of the animals: weight, condition of the skin, injuries, medical problems.

Data Collection Methods and Analysis:

Information on the indicators listed above will be collected by periodic observation/examination by the AMEG veterinarian of the animals before they go into Afghanistan and of those returning.

G. Question:

What positive or negative unanticipated effects have resulted from the performance disbursement system (allocating funds to parties based on ability to perform)?

Indicators:

- frequency of complaints received from parties regarding the commodity process;
- frequency of complains received from parties about other parties and their commodities;
- increased bickering among parties regarding commodities;
- increased efficiency in ordering commodities;
- increased efficiency in delivering commodities;
- an increase in orders that demonstrate good planning and an emphasis on the humanitarian needs of the general Afghan population;
- number of Alliance orders which must be redone.

Data Collection Method and Analysis:

The information on the above indicators will be collected in part by informal qualitative methods where AMEG will periodically discuss with the AID/Rep observations of and experiences with the Alliance logistical representatives regarding any positive or negative effects that may be linked to the performance disbursement system.

Information obtained during these meetings will be supplemented by a content analysis of orders placed and an accounting of the average number of orders that must be redone. Analysis of these data will provide trends indicating the degree to which this disbursement system is having a positive or negative effect. It may indicate assistance needed to manage any unintended negative effects.

H. Question:

To what extent are transport vehicles and pack animals utilized for transporting our commodities to end users? To what extent have the modes of transport selected proven effective given the war-time conditions and terrain?

Indicators:

- uses made of transport vehicles;
- uses made of pack animals;
- effectiveness of vehicles as a chosen mode of transport inside Afghanistan;
- effectiveness of the particular pack animals as a chosen mode of transport inside Afghanistan.

Data Collection Method and Analysis:

Data on the indicators listed above will be collected by several different methods. Market surveys conducted in Pakistan may provide information on the first two indicators. For the most part, however, information on these indicators will be generated by interviews held with commanders returning from Afghanistan on the uses made of the vehicles and the pack animals within Afghanistan and their effectiveness in serving transport needs. Information on these indicators will also be obtained through observations made by AMEC-hired monitors and by informally interviewing European and other PVO reps returning from Afghanistan.

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1. Question:

To what extent are commodities filtering back to Pakistan via illegitimate trade routes?

Indicators

- frequency of AMEG-procured commodities appearing in large quantities in the Pakistan border markets;
- reports of failure of commodities to reach their final destination inside Afghanistan.
- repeated requests for items a limited absorptive capacity in Afghanistan.

Data Collection Method and Analysis:

Data on the first indicator will be collected through market surveys conducted by the S&M Unit on a quarterly basis. This will provide AMEG with an immediate indication of problems and the need for a quick and effective response. Over time, a trends analysis can be performed to determine if there are particular items that chronically end up in the markets of Pakistan, which may then be considered for elimination from the positive commodity list. The S&M Unit will also closely monitor the extent to which commodities procured are accounted for by commander receipts. Periodically, the S&M Unit will also perform content analyses of the Alliance requests to determine if there is a suspicious overuse of commodities with a limited absorptive capacity.

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J. Question:

To what extent are we responding to the actual humanitarian needs of the general Afghan population?

Indicators:

- nature and usefulness of the commodities procured;
- Afghan absorbtive capacity for commodities procured;
- demonstrated use of commodities;
- estimated losses of commodities by the time they are transferred to each commander;
- geographic dispersion within Afghanistan for each commodity type delivered;
- approximate numbers of Afghans receiving commodities delivered (e.g., 100 received shoes, 200 received jackets, etc.);
- when food is delivered, average number of weeks the food supply lasts for X numbers of households;
- an estimate of households reached in the target area as a percent of total households.

Data Collection Method and Analysis:

Information on the first two commodities will be available through a content analysis of the commodities procured. Data on the remaining indicators will be generated through feedback from the commanders. Soon after a commander completes a delivery, they will be asked to complete a short form indicating receipt of the

commodities, the use and adequacy of the commodities received, and households served by the commodities. The completed form should then be given to the Alliance which in turn should be made available for S&M review. When possible, this data will be supplemented by data obtained through observations made by AMEG-hired monitors and informal interviews held with PVOs and other individuals returning from Afghanistan.

Data Collection Method and Analysis:

Information will be available through a review of the project expenditures. This ratio should be derived on a bi-annual basis by the S&M Unit to check for excessive outlays.

V. Special Studies

Rapid, low-cost studies will be undertaken to examine variations in expected implementation plans and outcomes of project activities as indicated by data generated by the on-going monitoring and evaluation system. Rapid, low-cost studies will also be useful for responding to special information requests by the AID/Rep.

VI. Feedback

The AMEG S&M Unit will be responsible for preparing a quarterly report containing an analysis of the information needed for answering the questions listed above. Because of the nature of the activities and the irregular collection of end-use data, in particular, the extent of the information contained in each report will differ. Nevertheless, quarterly reports should treat each question, either substantatively or on the status of data collection.

At the beginning of each quarter, reports should be submitted for review to the AID/Rep. Within a week of submission, a meeting should be set up with AID/Rep staff to review the findings and determine what actions are necessary and who will be responsible for taking such action.

VII. Budget

Costs associated with data collection, monitoring and evaluation will come from the project budget.

VIII. Evaluation Schedule

The data contained in the quarterly reports will provide an empirical basis for the findings and recommendations of the mid-term and final evaluations. The scheduling of both evaluations should occur in time to respond to pivotal project decisions concerning this project and any follow-on activities that may be planned.

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REQUIREMENTS FOR TRAVELERS ON AFGHAN RELIEF FLIGHTS

1) No one is permitted to board an ARF aircraft for travel to Islamabad who has not received country clearance from the mission. The clearance request: 1) must be sent not later than 14 days before the flight arrival date; 2) must state the purpose of the visit; and 3) must list support requirements. If clearance is received, the passenger is to be listed on the manifest and named in the DOD/HA "Passenger and Cargo" cable sent five days before the flight arrival date. All visitors must have valid visas for Pakistan; no airport visas are issued.

2) Baggage of visitors is to be restricted to personal effects. No unusual electronic devices, explosives, firearms, or supplies for particular parties of the Alliance or individual commanders are to be carried. The ARFs are permitted by the GOP to bring humanitarian supplies to Pakistan for GOP distribution to the Alliance parties or to bring supplies supporting PVO projects assisting the Afghans in Afghanistan. The ARFs are not to carry packages for individuals associated with PVOs which are for their personal use.

For ARF passengers deplaning in Islamabad, the normal customs formalities are not followed, but the substantive purposes of GOP customs are not thereby to be circumvented. Carrying on ARFs dutiable items for people not entitled to duty free imports violates Pakistan law and U.S. policy.

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3) Passengers arriving on ARFs should not expect to be met by representatives of organizations other than the Office of the AID Representative for Afghanistan Affairs. Visitors to Pakistan via ARFs depart the airfield after arrival and return to the airfield for departure only in the company of the O/AID/REP control officer. While at the airfield, movement is restricted and photographing personnel and activities is forbidden.

4) Passengers may depart on ARFs only if they have been manifested for the flight by DOD with the concurrence of the O/AID/REP in the U.S. Embassy Islamabad.

5) Baggage of departing passengers--U.S. officials and Afghan patients-- will be searched by GOP, AID/REP, and DOD/HA officers and by USAF aircraft crew members. Explosives, firearms, narcotics, and any other items that if carried to Saudi Arabia, the Federal Republic of Germany, the United States or other countries touched by the ARFs would violate the laws of those countries and/or bring discredit to the USG will be confiscated and a report of such action will be sent to DOS, DOD, AID, and the relevant office of the branch of the U.S. Government which employs the offender. Should an Afghan patient be the offender, the sponsoring party of the Alliance will be notified, and the GOP and AID/REP will determine appropriate action.

6) Baggage of all persons entering the U.S. on an ARF is subject to search by U.S. Customs against the declarations made by the travelers. So that the Afghan program as a whole and its Relief Flight component are and are seen to be humanitarian in character, U.S. Customs is asked to examine all baggage carried on each ARF, not only a statistical sample or profile match. Delays should therefore be expected at Andrews AFB before deplaning passengers can go to onward destinations.

ANNEX G

SUGGESTED DISTRIBUTION NETWORK

Since its establishment, the Commodity Export Program (CEP), has played a significant and vital role in providing commodities for end users across the border in Afghanistan. This program can be enhanced for the resettlement/rehabilitation of refugees. There will be an urgent and paramount need for the provision of humanitarian relief assistance.

In order to have an effective, immediate and controlled commodity contribution program it would be feasible to establish commodity main base stations at all of the following major and densely populated cities of Afghanistan:

1. Kabul
2. Kandahar
3. Herat
4. Balkh

Commodities can be transported into Afghanistan via only two border crossing points, Span Buldak Chaman (Quetta) and Torkhan (Peshawar) stored at Kabul and Kandahar main warehouses for distribution and forwarding to Balkh and Herat main stations as well as to substations.

JURISDICTION OF CONTRIBUTION

1. Kabul Main Base Station
 - i) Kabul Province
 - ii) Logar Province
 - iii) Wardak Province
 - iv) Paktia Province
 - v) Parwan Province
 - vi) Bamyan Province

2. Kandahar Main Base Station
 - i) Kandahar Province
 - ii) Helmand Province
 - iii) Nimroz Province
 - iv) Uruzgon Province
 - v) Zabul Province

3. Herat Main Base Station

- i) Herat Province
- ii) Badghis Province
- iii) Fara Province

4. Bulkh Main Base Station

- i) Bulkh Province
- ii) Jowzjan Province
- iii) Faryab Province
- iv) Samangon Province

SUB-BASE STATIONS

a. Ghazni

- 1. Ghazni Province
- 2. Paktika Province

b. Mangarhar

- 1. Nangarhar Province
- 2. Kunner Province
- 3. Lagman Province

c. Kunduz

- 1. Kunduz Province
- 2. Baghlan Province
- 3. Takhar Province
- 4. Badakhshan Province

d. Ghoor

Since Ghoor is located in high terrains and the only suitable road is limited from Kabul passing through the central part of the country, it is essential to have a sub-station there to be able to contribute commodities, via pack animals to the villagers.

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