

PD-ART-234
87396

COMMODITY EXPORT PROGRAM
ACTIVITY AUTHORIZATION AMENDMENT NUMBER EIGHT

Name of Country: Afghanistan
Name of Program: Commodity Export Program
Program Number: 306-0205

The O/AID/REP Commodity Export Program was authorized on August 8, 1986 under Section 904 of the International Security and Development Act of 1985 with a life-of-program funding not to exceed \$24,500,000. The Activity Authorization has subsequently been amended seven times:

March 7, 1988: life-of-program funding level increased to \$30,000,000

August 16, 1988: life-of-program funding level increased to \$61,400,000; PACD extended to August 14, 1991; component added for studies/surveys

November 4, 1988: component added for mine detection activities

November 29, 1988: life-of-program funding level increased to \$77,900,000; component added for transportation

July 24, 1989: amendment to permit support for spokesperson's office of the Afghan Interim Government

August 2, 1990: life-of-program funding level increased to \$87,400,000; PACD extended to December 31, 1992

March 29, 1992: PACD extended from December 31, 1992 to June 30, 1994

The CEP Activity Authorization is hereby further amended to increase the life-of-project funding from \$87,400,000 to \$109,000,000. All other terms and conditions of the original Activity Authorization and subsequent amendments shall continue to have full force and effect.

Date:

6-25-92


Jonathan Sperling, Acting
AID Representative for Afghanistan

Clearance:

B.Ali, SSPO/PDIS
N.Hardy, PRO
R.DeBruce, O/FM
M.Ward, RLA
J.Sperling, D/AID/REP

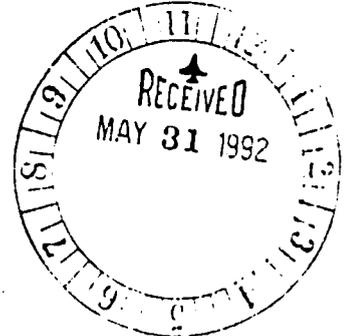
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UNCLASSIFIED STATE 171603

ACTION AREP INFO: AMB DCM REF RAO AID ECON DAO
POL POLM SE/11
VZCZC10746
PP RUEHIL
DE RUEHC #1603 1502211
ZNR UUUUU ZZH
P 292209Z MAY 92
FM SECSTATE WASHDC
TO AMEMBASSY ISLAMABAD PRIORITY 3093
BT
UNCLAS STATF 171603

31-MAY-92

TCR: 04:27
CN: 39453
CHRG: AID
DIST: AREP
ADD:



AIDAC FOR AIDREP/AFGANISTAN

E.C. 12356: N/A

TAGS:

SUBJECT: IEES FOR 1) TECHNICAL SERVICES SUPPORT PROJECT,
306-0203 AND 2) COMMODITY EXPORT PROGRAM 306-0205.

REF: (A) STATE 098097 (B) ISLAMABAD 006051
(C) ISLAMABAD 006187 (D) ISLAMABAD 006707
(E) ISLAMABAD 007418 (F) ISLAMABAD 08037

1. BEC, MKUX, CONCURS WITH PROPOSED LANGUAGE DRAFTED BY
O/AIDREP FOR ADDITION TO THE CURRENT CEP AND THE TSSP
IEES. MKUX APPROVES THE IEES WITH THESE REVISIONS AND
REQUESTS MISSION REVISE THE IEES AS SOON AS POSSIBLE AND
SEND TO ASIA/DR/TR FOR MKUX SIGNATURE.

ACTION	
Due Date:	6/2/92
Action	
Taken:	
Date:	6/2/92
Initial:	

Sarah Farrell

THANKS FOR YOUR QUICK RESPONSE TO OUR REQUEST FOR
ADDITIONAL CLARIFICATION. BAKER
BT
#1603

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UNCLASSIFIED STATE 171603

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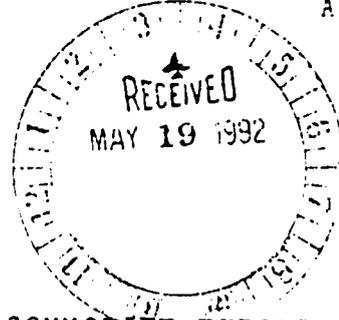
Attachment A

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ACTION AREF INFO: AMB DCM REF RAO AID ECON DAO
POL POLM SE/11
VZCZCILC046
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ZNY UUUUU ZZP
P 181730Z MAY 92
FM SECSTATE WASHDC
TO AMEMBASSY ISLAMABAD PRIORITY 2800
BT
UNCLAS STATE 157291

18-MAY-92

TCR: 23:01
CN: 35820
CHRG: AREF
DIST: AREF
ADD:



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5-19

AITAC PLS. PASS TO AID/REP AFGHANISTAN

F.C. 12356: N/A

TAGS:

SUBJECT: CONGRESSIONAL NOTIFICATION FOR COMMODITY EXPORT PROGRAM

1. THE CONGRESSIONAL NOTIFICATION FOR REQUEST 326-3225...
COMMODITY EXPORT PROGRAM IN THE AMOUNT DOLS 23,120,000 HAS
BEEN SENT TO THE HILL ON MAY 14, 1992. THE DOLS
23,000,000 INCLUDE DOLS 7,222,222 EHR, DOLS 3,222,222
HEALTH, AND DOLS 12,222,222 ISF GRANT FUNDS.

2. WE WILL ADVISE SEPTAL WHEN CN HAS EXPIRED WITHOUT
OBJECTION AND OBLIGATION CAN BE INCURRED. BAKED
BT
#7291

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ACTION AID INFO: AMB LCM ECON AREA / 5

NNNN VZCZC110217
PP RUEHIL
DE RUEHC #5180 1702236
ZNR UUUUU ZZH
P 182237Z JUN 92
FM SECSTATE WASHDC
TO RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 3542
RUEHBK/AMEMBASSY BANGKOK PRIORITY 4912
RUFHGA/AMEMBASSY DHAKA PRIORITY 7302
RUEHJA/AMEMBASSY JAKARTA PRIORITY 5345
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9203
BT

21-JUN-92 TOR: 03:27
CN: 45895
CHRG: AID
DIST: AID
ADD:

File
CEP
Project wide

Burch

NNNN UNCLAS STATE 195180

AIDAC FOR USAID CONTROLLER AFGHANISTAN

E.O. 12356: N/A

TAGS:

SUBJECT: EXPIRATION OF CONGRESSIONAL NOTIFICATIONS...

FYI: THE HOLD WHICH WAS PLACED ON NOTIFICATIONS FOR THE FOLLOWING PROJECTS HAS BEEN LIFTED EFFECTIVE 6/16/92.

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1. AFGHANISTAN - 308-2205, COMMODITY EXPORT PROGRAM NOTIFYING DOLS 7,000,000 (ARDN/G); DOLS 3,000,000 (HE/G); DOLS 12,000,000 (ESP/G).

2. CAMBODIA - 442-2102, HUMANITARIAN AID TO THE CHILDREN AND VICTIMS OF WAR DOLS 2,000,000 (CS/G). HOLD STILL IN EFFECT FOR PROJECT 442-2102.

3. INDONESIA - 497-2300, FINANCIAL MARKETS NOTIFYING DOLS 500,000 (EHR/G); DOLS 300,000 (PSEE/G).

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4. BANGLADESH - 308-2201, FAMILY PLANNING AND HEALTH SERVICES NOTIFYING DOLS 2,000,000 (P/G); DOLS 1,350,000 (CS/G).

5. INDIA - 396-2525, AIDS PREVENTION AND CONTROL NOTIFYING DOLS 1,200,000 (HE/G); DOLS 200,000 (PI/G); DOLS 600,000 (DG/G). BAKFR

BT
#5180

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
AID Representative for Afghanistan

Activity Approval Memorandum
Amendment No. 3
Commodity Export Program
Project No. 306-0205

June 1992

UNCLASSIFIED

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EXECUTIVE SUMMARY

As long as the legacy of war continues to inflict suffering on those Afghans remaining in Afghanistan and impedes the return of Afghan refugees, the need for humanitarian and rehabilitation assistance will remain. Subsistence commodities must be provided until resettled and repatriated Afghans can become self-sufficient. Mines and other unexploded ordnance that impede transportation and resettlement and repatriation of war-affected Afghans must be neutralized. Reconstruction of roads and other infrastructure necessary to revitalize economic activity must take place in order to make self-sufficiency a reality. The activities of the Mission are dedicated to providing this assistance. Since the CEP is the Mission's most flexible tool with which to respond quickly and effectively to changing Afghan assistance needs, there is a compelling need to continue to support CEP project activities during the difficult period between cessation of hostilities and the establishment of a bilateral program. The game plan of the Mission is, therefore, to maintain the current level and nature of CEP activities at least through calendar year 1993 when the Mission expects to have a better understanding of both the conditions under which the program will operate and what the most urgent needs will be.

Current CEP activities which will be continued through the proposed amendment to the Activity Authorization are grouped into four components. Under the procurement and logistics component, the CEP provides relief commodities and other emergency assistance to Afghans affected by the war and natural disasters such as earthquakes and floods. And, the CEP provides procurement and logistic support for most AID/REP contractors and grantees. The CEP also provides logistic support for Department of Defense sponsored Afghan Humanitarian Relief activities. Under the mine detection component, the CEP manages trained dogs and their handlers who work with Afghan de-mining NGOs to locate mines and other unexploded ordnance inside Afghanistan. Under the transportation infrastructure component, the CEP employs heavy construction units inside Afghanistan to reconstruct roads and bridges damaged and neglected during the war. Under the studies component, the CEP provides cross-sectoral and sectoral analyses of socio-economic conditions inside Afghanistan which help direct current assistance and provide the base for future project activities.

The proposed amendment to the CEP Activity Authorization provides for the increase of life-of-project funding from \$87,400,000 to \$109,000,000 for a period from December 31, 1992 to June 30, 1994. This level of funding will be sufficient to carry out project activities at current levels through the end of calendar year 1993 when the Mission expects that a bilateral program will be established and project activities transferred to Kabul as well as for an additional six-month period for a gradual phasing out of the project should that become necessary.

LIST OF ACRONYMS

AAM	Activity Assistance Memorandum
ACLU	Afghan Construction and Logistics Unit
AHR	Afghan Humanitarian Relief
AMEG	American Manufacturers Export Group
ARCS	Afghan Road Condition Survey
ATTC	Afghan Technical Training Center
CBR	Consultant Bureau for Reconstruction
CCSC	Construction Control Services Corporation
CEP	Commodity Export Program
DCA	Data Collection Analysis
GOA	Government of Afghanistan
HRD	Human Resources Development
MDD	Mine Detection Dog
MOU	Memorandum of Understanding
MTP	Manpower Training Program
NGO	Non-governmental Organization
O/AID/REP	Office of the USAID Representative for Afghan Affairs
PACD	Project Assistance Completion Date
PVO	Private Voluntary Organization
UNILog	United Nations Logistics Operation
UNOCA	United Nations Humanitarian and Economic Assistance Programs Relating to Afghanistan
USG	United States Government
VITA	Volunteers in Technical Assistance
WFP	World Food Program

COMMODITY EXPORT PROGRAM

AAM Amendment No. 3

I. INTRODUCTION AND PROJECT HISTORY

A. Context of Program Activities

The world has witnessed incredible changes in recent years, culminating in the disintegration of the Soviet Union in 1991. The collapse of Communism and the end of the Cold War, whose last major struggle was played out in Afghanistan, have not, however, eased the suffering of the many millions of Afghan people for whom war, and the awful legacy of war, remain a grim reality.

As many as five million Afghans have been driven out of their country by the war and are living as refugees in Pakistan and Iran. For those who have remained inside Afghanistan, life is a daily struggle for survival. Thirteen years of fighting have destroyed homes, schools, roads, health facilities, and rural irrigation systems. There are probably as many land mines in Afghanistan as there are people. These conditions have made many areas of Afghanistan virtually uninhabitable.

Sporadic fighting between mujahideen, Kabul regime forces and among resistance groups continues in spite of the fall of the Najibullah government. Yet even if hostilities were to cease the rehabilitation of critical elements of the physical infrastructure and de-mining of roads and villages remain a pre-condition to a large-scale repatriation of refugees. Meaningful progress toward attaining these improvements cannot be made without technical and financial assistance from international donors.

Particularly hard-hit in 1991 were the people of Khost, where heavy fighting raged for many months; Southwest Afghanistan, which was affected by disastrous flooding in the spring; and Nangarhar Province, which experienced a severe earthquake in February. The survival of these and other Afghans faced with similar crises and unable to turn to a central government for assistance, depends on a quick response from international assistance groups. O/AID/Rep, through its technical assistance contractors under the Commodity Export Program ("CEP"), has played a crucial role in providing such assistance.

When a peace settlement is achieved, and as repatriation commences on a mass scale, the new central government will be too weak financially to be able to provide the basic subsistence commodities necessary to support the returning refugees until they can return to economic self-sufficiency. The CEP is a

flexible mechanism that will enable the Mission to respond quickly with relief assistance when such a resettlement occurs.

B. History of the CEP

The O/AID/Rep initiated the CEP in August 1986 to provide a quick and responsive mechanism for the provision of food, clothing, and other humanitarian assistance to Afghans remaining in resistance-controlled areas of Afghanistan. The project was funded at \$24.5 million with a three-year completion date. In June of 1988, the Activity Approval Memorandum (AAM) was amended to add resettlement and rehabilitation objectives to the original concept of the project as a vehicle for the provision of relief assistance. A second amendment of the AAM in June of 1990 extended and provided additional budget support for on-going activities and proposed a pilot program to promote CEP-related micro-enterprise development.

The Project authorization has been amended six times, increasing the life-of-project funding from the original amount of \$24.5 million to the current level of \$87.4 million. The original Project Assistance Completion Date (PACD) of August 14, 1989, has been extended to December 31, 1992.

When the CEP began, the Mission selected American Manufacturers Export Group (AMEG), a U.S. 8(a) contractor, as the technical assistance contractor to procure the CEP-financed relief commodities, to develop a logistics network for the delivery of the commodities to intended recipients inside Afghanistan, and to monitor the transit of commodities to the Afghan border. AMEG also performed procurement services for the O/AID/Rep's health, education and agriculture projects and assisted the Mission in performing certain logistics tasks associated with the distribution of commodities transported to Pakistan on U.S. Air Force cargo planes under the Afghan Humanitarian Relief (AHR) Program. O/AID/Rep later called upon AMEG to provide logistics and monitoring support for a cross-border PL-480 wheat program. In the second quarter of FY 1989, RONCO Consulting Corporation (RONCO) replaced AMEG as the technical assistance contractor following competitive bidding on the contract.

Delivery of CEP, AHR and PL-480 commodities inside Afghanistan was initially left up to the individual parties of the Afghan resistance. This decision was based on several factors, including the Mission's inability to operate directly inside Afghanistan, the desire to enhance the credibility of and support for the resistance leaders, and the policy of developing Afghan capabilities. In the initial years of the project, the largest share of CEP program funding went to the purchase of vehicles and pack animals to facilitate the delivery of commodities by the resistance leaders.

In 1988, the decision was made to support the creation of the Afghan Construction and Logistics Unit (ACLU), an Afghan organization outside the political sphere of the seven parties, to transport a portion of the PL-480 wheat and CEP commodities. An additional function of the ACLU was to provide transport for refugees returning home and to provide them with commodities to assist in their resettlement. Since poor road conditions caused by war damage and lack of maintenance often hampered transport operations inside Afghanistan, the ACLU was also given the mission of repairing and rebuilding damaged roads and bridges in order to open and upgrade transport routes in Afghanistan. AMEG procured trucks and construction equipment for the ACLU and initially provided limited technical assistance utilizing TDY personnel. However, in light of the scope of the intended operations of ACLU, the Mission opted to retain a technical assistance contractor to provide more comprehensive technical support to ACLU. In January of 1989, the O/AID/Rep selected Construction Control Services Corporation, an 8(a) contractor, to perform that function.

The widespread presence of land mines throughout Afghanistan poses an ever-present hazard to people living in Afghanistan and is a major deterrent to any large-scale return of refugees to Afghanistan. The inability of the transport sector to operate in this environment has stifled normal commercial activity in many areas. The Mission responded to this problem in FY 1989 by initiating a CEP pilot program to use German Shepherd and Belgian Malinois dogs to detect mines. Such dogs had been effectively used in mine detection elsewhere but were not being employed by any assistance groups in Afghanistan. This pilot program, conducted by RONCO, has proven to be extremely successful.

In the summer of 1988, a studies element was added to the CEP in order to provide the O/AID/Rep with research, analysis, and evaluation services to be utilized in establishing program direction. The competitively selected technical assistance contractor, a joint venture between Nathan Associates and Louis Berger (Nathan/Berger), has conducted thirteen studies to date. These studies, which are made available to other organizations involved in Afghan assistance efforts, have had practical application in the activities not only of O/AID/Rep but of those other organizations as well. It is expected that, after the Mission's return to Kabul, this research base will provide a useful foundation for rehabilitation and economic development activities of the new government as well as for international assistance donors.

The Nathan/Berger contract has also proven to be a useful and flexible mechanism for providing design and evaluation services for the sectoral projects. For example, Nathan/Berger teams, in 1991, did the initial draft of the Activity Approval Memorandum

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for the new Human Resources Development Project and, in 1992, conducted an evaluation of the Health Sector Support Project.

C. Selected CEP Accomplishments

Among the key achievements of the CEP from its inception through December 31, 1991, are the following:

- Procurement of over \$67 million worth of commodities, including more than \$38.5 million for other Mission projects;
- Provision of procurement services for over 18 Mission contractors and other organizations.
- Provision of logistical support for 113 Afghan Humanitarian Relief flights.
- Establishment of the ACLU, an Afghan-run organization with the capability to construct, repair and rehabilitate transportation infrastructure in Afghanistan. Construction work began in January of 1990 and, since that time, ACLU has completed rehabilitation and/or new construction of 129 kilometers of road and erected 7 bridges.
- Establishment of the Afghan Technical Training Center (ATTC) in response to the need for trained mechanics to maintain and repair ACLU equipment and machinery. This program has a literacy component in addition to its primary technical focus. The ATTC has trained over 190 people to date. This highly successful program was recently transferred to the Manpower Training Program of the ESSP project and is expected to be consolidated with other training activities as part of the soon to come on stream Human Resources Development (HRD) Project.
- Establishment of the mine-detection dog program, with facilities in Peshawar and Quetta. The dogs and their handlers are deployed in conjunction with Afghan de-mining non-government organizations (NGOs) operating under the auspices of Operation Salam of the United Nations. These teams have cleared 574 kilometers of road and deactivated 4,322 mines and other unexploded ordnance.
- Provision of monitoring services in support for the distribution of over 200,000 metric tons of PL-480 wheat.

- Funding of a series of "think tank" studies which are relevant to current assistance programs or to future economic development possibilities in Afghanistan.
- Rapid response (by RONCO) to calls for aid following an earthquake in Nangarhar Province in February of 1991 and extensive spring flooding in southwest Afghanistan in 1991.
- During the Persian Gulf Crisis evacuation, a core group of RONCO employees remained to insure the safe receipt and storage of orders in the pipeline. Similarly, while the ban on cross-border operations was in effect from July to December of 1991, RONCO arranged for the warehousing of goods destined for Afghanistan which were held up during the suspension.

II. PROJECT DESCRIPTION

A. Current Project Context and Amendment Rationale

The O/AID/REP anticipates that an agreement will be reached with the Government of Afghanistan for the establishment of a bilateral AID program based in Kabul by mid-to-late-1993. Transition from the current cross-border program to a bilateral program is expected to take from 12 to 15 months. Once transition is complete, a reassessment of the CEP, as well as implementing, contracts and agreements will be required to adapt to changing conditions in Afghanistan. However, subsistence commodities must be provided until the repatriated Afghans can become self-sufficient. Reconstruction of roads and other infrastructure necessary to revitalize economic activity must be implemented to make this self-sufficiency a reality. The activities of the Mission are dedicated to providing this assistance. Since the CEP is the Mission's most flexible tool with which to respond quickly and effectively to the changing and unpredictable assistance needs of the Afghans in the present environment of political uncertainty and transition, there is a compelling need to continue to support the CEP.

The game plan of the Mission is, therefore, to maintain the current level and nature of CEP activities at least through the end of calendar year 1993. Any substantive redesign of those activities will not be undertaken until there is greater assurance that the base of program operations will indeed be moving to Kabul. At that time, the Mission will have a better understanding of both the conditions under which the program will operate and what the most urgent needs will be. Therefore, this amendment proposes an eighteen month extension of the PACD, through June 30, 1994, and an increase in project funding of \$21.6 million, bringing the total life of project funding to \$109

million. This level of funding will be sufficient to carry out project activities through the end of calendar year 1993. At that time, the Mission will have a better sense of whether the cross-border program activities will be transferred to Kabul or, failing a political settlement in Afghanistan, be wound down. If the program is to be closed out after calendar year 1993, the June 30, 1994, PACD provides for a six-month period beyond that date to allow for an orderly shut-down of the program.

B. Project Status and Direction

The four primary components of the CEP are: (1) procurement and logistics, (2) operation of the mine detection dog (MDD) program, (3) restoration of the transportation infrastructure, and (4) the conduct of studies relevant to the rehabilitation needs of Afghanistan.¹ The status and direction of each of these components will be discussed in turn.

1. Procurement and Logistics

A central role of the CEP has always been the procurement of commodities and provision of logistical support for the Mission sectoral projects and their contractors. This remains true today. In FY 1991, RONCO provided such services for 18 separate organizations, including each of the sectoral project technical assistance contractors and, on a smaller scale, certain private voluntary organizations (PVOs) and various units of the Afghan Interim Government. In FY 1991, the dollar value of such procurements totalled \$12.5 million. Procurement in compliance with A.I.D. rules and regulations is a complicated process in which RONCO has built up a considerable expertise. The use of a single contractor to act as procurement agent for virtually all of the Mission's needs eliminates the necessity for each contractor to develop this expertise in-house and results in greater overall efficiency in staffing, with a concomitant cost saving to the U.S. Government.

In addition to procurement for the other sectoral projects, RONCO also procures commodities for the CEP account. Initially, a significant portion of the CEP budget went to the purchase of relief commodities and the transportation assets with which to deliver them to people living inside Afghanistan. Over the life of the project, and particularly in FY 1991, the emphasis has shifted from relief to rehabilitation goals such that it is now contemplated that relief commodities will generally be provided only in response to natural disasters and other emergencies, and

¹ The private enterprise component, added in the June 1990 AAM Amendment, was deferred until such time as conditions in Afghanistan are more conducive to private sector development.

in the case of a major resettlement of refugees. Persons displaced by fighting in Khost received such emergency assistance during FY 1991, as did victims of spring flooding in the southwest Afghanistan and those displaced by an earthquake in February in Nangarhar province. The flexibility of the CEP project enabled the O/AID/Rep to respond rapidly to these emergencies.

With the major resettlement of refugees, the Mission plans to procure essential commodities through RONCO and distribute them through UNILOG, using mechanisms set up by the United Nations. In order to be prepared for a continuing major resettlement, the Mission tasked RONCO with developing a contingency plan to insure the supply of essential commodities. This effort involved compiling a list of the required food and non-food commodities and the lead time needed to procure such items, identification of sources of supply and, where appropriate, negotiation of contractual arrangements to insure timely delivery of such items. RONCO's FY 1992 budget includes \$800,000 for provision of food and non-food emergency relief commodities. The bulk of the commodities are in place and can be transferred as soon as specific requirements are identified.

RONCO has continued to provide logistical support for AHR flights. During the second quarter of FY 1991, a change of policy virtually eliminated the role of the Government of Pakistan and left responsibility for handling AHR flights with O/AID/Rep and RONCO. It was expected that the number of AHR flights in FY 1992 would remain approximately level, at about one per month. However, O/AID/REP has identified and is requisitioning excess construction equipment and bridges through the AHR program. So, in addition to the flights arriving with excess cargo, there are land and sea shipments anticipated in the future.

Major expenditure categories for the \$12.5 million in total RONCO procurements (funded primarily by the other sectoral projects) in 1991 were as follows: fertilizer - 34%, pharmaceuticals - 27%, construction equipment - 15%, agricultural equipment - 11%, transportation equipment - 5%, seeds - 3%, office equipment - 3%, and miscellaneous - 2%. A new procurement underway in FY 1992 is for a telecommunications facility which will allow for communications among base stations in Peshawar and Quetta, nineteen VHF remote access stations and up to 88 mobile (vehicle) installations. This system was developed in response to the near total lack of a dependable telecommunications network inside Afghanistan, a situation which raises significant security concerns for those working inside Afghanistan in the provision of humanitarian assistance. In addition, the inability to access and transmit information when needed significantly hampers the effectiveness of those working inside Afghanistan. If, as is expected, U.S. citizens will soon be permitted to travel within Afghanistan in support of O/AID/Rep programs, this situation would not be tolerable. When completed, the new system will link O/AID/Rep offices in Peshawar and Quetta, its contractors, direct

hires, PVOs, and others associated with O/AID/Rep. The procurement and installation of the new system is expected to cost approximately one million dollars and be completed by October of 1992.

The receipt and distribution of PL-480 wheat is now being handled by the United Nation's World Food Program (WFP) and it is not expected that any significant level of activity will be required of the CEP contractors.

2. Mine Detection Dog Program

In 1988, the CEP mule handling facility employed a veterinarian who, fortuitously, was familiar with the successful use of German Shepherd dogs to detect mines in Thailand. The inherent flexibility of the CEP permitted the Mission to undertake a pilot activity, utilizing 14 German Shepherd dogs contributed by the Royal Thai Government, at its existing animal holding facility. The pilot was a success and this activity has evolved substantially. Mine-detection dogs and their handlers now operate in conjunction with Afghan de-mining NGOs under the aegis of the United Nations' Operation Salam. Since the dog teams were first deployed in 1989, the dogs have located and the de-miners have deactivated 949 anti-personnel mines, 359 anti-tank mines, and 3,217 unexploded munitions and fragments. A total of 591 kilometers of roads and 309,311 square meters of mine-fields area have been cleared. These figures increase daily.

As a result of the success of this program, the Mission has given the go-ahead for the contractor, RONCO, to increase the number of dogs from the present level of 44 to 100. The number of dog handlers and concomitant personnel will increase proportionately. It is expected that the physical facilities at Quetta and Peshawar will require some modifications to house the expanded operations.

Although the accomplishments of the program, which are summarized above, are impressive, clearing upwards of 10 million mines in Afghanistan is a daunting goal, and one which will clearly require many years to accomplish. Therefore, the Mission has sought a way to insure the ongoing viability of the program beyond the time when the U.S. decreases its level of activity in the region. Accordingly, in February of 1992, the Mission and the Office of the Coordinator for United Nations Humanitarian and Economic Assistance Programs Relating to Afghanistan (UNOCA) executed a memorandum of understanding (MOU) pursuant to which the parties will undertake an eighteen-month program designed to build up the competence of the mine detection dog program staff and to create an independent Afghan NGO which can attract funding from a wide variety of sources. At the end of this period, UNOCA may assume full financial responsibility for the MDD program, depending on conditions at that time.

Pursuant to the terms of the MOU, the O/AID/Rep will undertake to provide training to develop Afghan staff competence in the

following areas: finance, administration and management; training in field operations and logistics; dog and handler retraining and re-motivation; and veterinary skills. It is expected that, at the end of this period, the newly-created NGO will have the capability to continue its mine clearance activities in coordination with other Afghan NGOs. If, in the judgment of the O/AID/Rep, that goal has been accomplished, the physical assets of the program will be transferred to the Afghan NGO at that time. If unforeseen conditions prevent UNOCA from assuming financial responsibility for the MDD program at that time, the Mission would reconsider its decision to divest itself of this program.

3. Restoration of Transportation Infrastructure

The ACLU was formed shortly after the conclusion of the Geneva Accords in April of 1988, when conventional wisdom expected an early peace settlement and rapid, large-scale repatriation of refugees. The ACLU was formed for the dual purpose of (1) providing the transport capability to enable refugees to return to Afghanistan and to supply the commodities necessary for their resettlement, and, (2) repairing the transportation infrastructure of Afghanistan to facilitate the return of refugees and to allow the resumption of commercial activities. Reflecting its dual purpose, the ACLU was organized into a transportation division and a construction division. Because an end to hostilities did not materialize as expected, the repatriation process has proceeded more slowly than anticipated. In addition, it became apparent that the private commercial transportation sector was adequate to meet the needs of the program for commodity distribution for the foreseeable future. As a result, in the summer of 1991, the decision was made to disband the transportation wing of the ACLU.

On the other hand, the need for the construction capability of the ACLU has not been diminished by the slow pace of the repatriation process. In fact, improvement in the transportation infrastructure is in many areas a prerequisite to the resumption of normal economic activity in Afghanistan. The activities of ACLU will literally pave the way for the return of refugees on a mass scale. ACLU's ability to respond to numerous requests for assistance in road and bridge repair and construction projects has been constrained by lack of capacity. In order to better meet the demand, in the first quarter of 1992, ACLU was authorized to increase the number of its construction units from four to six. Although some of the requirements for additional equipment can be met by the transfer of rolling stock from the former transportation unit and by the acquisition of certain excess equipment from the Persian Gulf through the AHR program, it is expected that an additional investment of approximately \$1.8 million in capital equipment will be needed to fully equip the two additional units. This acquisition will be financed with previously authorized funds.

Decisions regarding the deployment of ACLU's construction units

have been made primarily on the basis of evaluation of the many competing requests from third parties, as well as on observations of ACLU crews working inside the country. However, in order to best deploy the limited assets available for road rehabilitation to the areas of greatest need, the decision was made in 1991 to strengthen the process for selection of projects. The first step in this formalization process was to establish criteria for justifying proposed projects and to create a mechanism for evaluating proposals submitted. The principal elements of the criteria for selecting construction projects for roads and bridges include: significance to the repatriation and resettlement of Afghans; development impact; cooperation and support of local authorities; safety and security of equipment and personnel; and, technical and financial feasibility. All proposed construction activities must be reviewed and recommended by the ACLU Advisory Committee prior to submission to O/AID/Rep for approval. Exceptions to this process can be made only in an emergency. The criteria for selection were established by consultation between O/AID/Rep and CCSC in early FY 1992.

An additional difficulty in planning ACLU's activities has been the lack of information regarding the condition of roads inside Afghanistan. To remedy this problem, the decision was made to undertake an inventory and condition survey of all important roads in Afghanistan. This activity, called the Afghan Road Condition Survey (ARCS), is being done by ACLU, either through its own forces or through subcontracts with Afghan NGOs such as VITA and Consultants Board for Reconstruction (CBR). Approximately half of the 25 provinces are deemed secure enough at present to accommodate survey teams. Ten of these provinces will be surveyed in FY 1992. Initial assessments have begun. Following the fall of the Najibullah government, the usefulness of ARCS was demonstrated by the quick response of ACLU to perform emergency survey work. As a result, ACLU was able to respond almost immediately with repair work on the Torkham road leading from Pakistan to the Afghan capital. Other critical emergency repairs have also been effected.

The road construction schedule of ACLU was adversely affected by the ban on cross-border activities in 1991. Although ACLU employees were not covered by the ban since it is an independent Afghan organization, the cut-off of supplies, particularly of diesel fuel for construction equipment and cement for masonry, severely curtailed operations. Ultimately the decision was made to shut down the operations of all but one of the construction units and to bring vehicles and equipment to Peshawar for heavy maintenance. The single unit remaining in operation was carrying out a project in Badakshan province under a joint venture agreement with CBR, an Afghan NGO. CBR was able to procure adequate supplies on the local market to keep this construction unit operational during the assistance ban. The O/AID/Rep intends to foster similar joint venture activities with Afghan NGOs such as CBR in the future in order to spread ACLU's capability more widely and to develop the viability of such

private enterprises within Afghanistan.

In order to provide the ACLU with a pool of skilled workers to conduct its activities, the Afghan Technical Training Center (ATTC) was established to train Afghans in the operation and maintenance of vehicles and construction equipment. The ATTC program was recently merged into the Manpower Training Program (MTP) conducted under the Education Support Sector Project. The activities of the MTP are being transferred to the new Human Resources Development Project. While it is likely that many graduates will continue to pursue opportunities with ACLU upon graduation, this transfer will undoubtedly expand the potential pool of enrollees and will at the same time open up additional opportunities for graduates. No additional in-house staff will have to be added to conduct training courses because it is planned that the training will primarily be conducted by other organizations which have training programs in Peshawar, such as the University of Nebraska, the International Rescue Committee, and Volunteers in Technical Assistance. In some cases, short-term consultants may be brought in to conduct training courses.

It is O/AID/Rep's goal to foster the technical and managerial competence of ACLU in order to enable it to function as an independently viable Afghan organization. In furtherance of this goal, a training program designed to impart finance, operational and managerial skills, as well as English language skills, is under way. Five hundred people are scheduled for training in FY 1992. Such training efforts will continue to receive emphasis through the end of this project.

4. Studies Component

The Nathan/Berger contract is a flexible resource tool for the preparation of studies in diverse technical areas which will assist in the planning, design and implementation of projects to provide assistance to Afghanistan for its reconstruction and the beginning of socio-economic development. Thus far, Nathan/Berger has completed 21 products ("delivery orders"), most of which have been studies, but which have also included evaluations, pre-feasibility consultancies, and the provision of experts in various sectoral areas to the AIG and the Afghan resistance.

In FY 1992, Nathan/Berger will conduct a number of studies in support of the O/AID/Rep's analytical agenda. For example, the contractor will complete a series of studies designed to provide information about the production, distribution and usage chains for narcotics and to identify viable anti-narcotics strategy options for Afghanistan. When a fully functioning government is established in Afghanistan, its ability to make measurable gains in the eradication of narcotics production will be critical to the ongoing provision of U.S. aid to Afghanistan. The Nathan/Berger studies are designed to provide a foundation for such a successful anti-narcotics campaign.

In another example, as a follow-on study to the cross-border

trade studies previously conducted by Nathan/Berger, the contractor will, in FY 1992, conduct a study of the Afghanistan transportation system. This study will contain a description and analysis of the road transportation system of Afghanistan, including freight rates for points between locations in Afghanistan and border points with Pakistan and possibly Iran and the Central Asian States. The study will analyze the economics of the transportation sector, how it is financed, how freight rates are determined, and what constraints are imposed on transporters. When this is combined with information in the ARCS survey, a very useful set of data on transportation in Afghanistan will be available to the Government of Afghanistan and to donors to assist them in project preparation and decision making.

III. IMPLEMENTATION PLAN

A. Implementation Schedule

The Mission expects that the major milestones to be accomplished by the CEP through calendar year 1993 will be implemented according to the following timetable:

- Second quarter of FY 1992 through third quarter of FY 1993 - phased increase in number of mine-detection dogs to 100;
- Fourth quarter of FY 1992 - complete addition of two ACLU construction units;
- Fourth quarter of FY 1992 - complete transition plans for moving project operations inside Afghanistan;
- Fourth quarter of FY 1992 - complete life of project implementation financial and procurement plans for construction, procurement and logistics activities;
- First quarter of FY 1993 - complete emergency repairs to Torkham-Kabul road;
- First quarter of FY 1993 - complete installation of telecommunications system;
- Early fourth quarter of FY 1993 - evaluation of CEP;
- Fourth quarter of FY 1993 - transfer of MDD operational and financial responsibility to UNOCA;
- End of first quarter of FY 1994 - complete ARCS for all provinces in Afghanistan;
- End of first quarter of FY 1994 - complete repair work on at least 450 kilometers of road as well as 18 reinforced concrete and a number of temporary bridges;

- June 30, 1994 - project assistance completion date (unless Mission decides to extend the current CEP or design a new activity).

B. Transition to Kabul

The O/AID Rep is operating under the assumption that either the base of program operations will move to Kabul over the next 18 months or the A.I.D. program to Afghanistan will be terminated or greatly reduced. The move to Kabul presumes the establishment of a fully functional government in Afghanistan. When that occurs, the O/AID Rep (or USAID/Afghanistan) will negotiate a bilateral agreement with the host government. These negotiations will entail the review of existing project activities. This process will inevitably result in the reshaping of existing programs. Depending on the priorities of the future Afghan government, some existing programs may be abandoned altogether, and new programs may be designed. Depending on the individual program activities and the conditions existing at that time, it may be appropriate to either re-compete contracts or to continue with the current contractors for a period of time to assist in the transition. Because of this uncertainty, major substantive redesign of current O/AID/Rep program activities is being deferred.

Notwithstanding the uncertainty of the present situation, the O/AID/Rep and its contractors are taking steps now which will facilitate the transition to Kabul and, to the extent appropriate, ensure the ongoing viability of its assistance activities. As discussed previously, ACLU and MDD program staff are being trained to operate these entities as viable, independent Afghan organizations, which will be able to continue to contribute to the reconstruction and rehabilitation of Afghanistan without dependence on U.S. technical assistance. These entities could be spun off to operate as business entities in the private sector, or could continue to function as NGOs able to attract funding from a variety of international donors. It is possible that, because of the expertise they have developed, members of the ACLU staff will be tapped to join the GOA Department of Public Works.

Nathan/Berger is producing studies which will provide a useful foundation for planning development activities when a legitimate government is established in Afghanistan. The study of the Afghanistan Transportation System will build on the Afghan Road Condition Survey being conducted by ACLU. These studies are being done now to point the way for donor intervention in the reconstruction effort once a peace settlement is reached. The Narcotics Control Strategy Options study will identify viable options which a future Afghan government can pursue to control narcotics production, which will be critical to the certification required for bilateral USG assistance.

RONCO has, in a low-key fashion, been replacing some of its Pakistani employees with Afghan nationals who will be better able to operate inside Afghanistan. At present, well over half of

RONCO's staff is Afghan. When the Mission does move to Kabul, the bulk of commodities procured in support of the Kabul Mission will likely flow through Pakistan, via Peshawar or Quetta. RONCO, with its existing offices in Peshawar, is well-situated to discharge the procurement function during the transition of the program to Kabul. Should problems develop in moving goods through Pakistan, RONCO would consider and explore shipments through the Commonwealth of Independent States.

C. Contracting and Procurement

1. Contracting

Of the three technical assistance contracts for the CEP, the RONCO and CCSC contracts had options to renew to February 28, 1994, and August 14 1993, respectively. These options were recently exercised. The Nathan/Berger contract has no renewal options beyond December 31, 1992. No decision has yet been made as to whether to compete or to seek a waiver to extend the Nathan/Berger contract.

The staffing levels of the technical assistance contractors are not expected to change significantly as a result of this AAM amendment; however, there will be some minor changes as a result of the increase in the number of ACLU construction units and the expansion of the MDD. RONCO will be adding approximately 90 dog handlers and concomitant personnel to its MDD staff over the next 15 months. Each of the construction units to be added to ACLU will require approximately 100 additional employees. CCSC will not add any additional staff.

2. Procurement

RONCO procures all commodities for the CEP and acts as a procurement services agent for other Mission contractors, procuring all items other than readily obtainable consumables, such as replacement parts and fuel for vehicles. RONCO has adopted a formal procurement policy to insure compliance with applicable government regulations. The authorized source, origin, and nationality of goods and services procured under the CEP and other Mission projects is the U.S., Pakistan, Afghanistan, and, when agreed to in writing by the A.I.D. Representative, countries in A.I.D. geographic code 935. Because procurement is handled centrally by a contractor that has considerable expertise in the area, the Mission can confidently assert that the Mission procurement function is carried out in accordance with applicable law.

D. Monitoring and Evaluation

1. Monitoring

The nature of monitoring of the CEP activities has changed as the nature of the CEP activities has evolved. When the CEP was

primarily involved in the distribution of relief commodities, RONCO employed a full staff of monitors who verified, to the extent possible under the circumstances, that those commodities reached the intended beneficiaries. In FY 1991, due to the cross-border assistance ban and the decision that any further CEP commodity distribution would be of an emergency nature, RONCO's monitoring staff was cut from 25 to 6 authorized positions. The remaining monitors are involved in the distribution of excess DOD commodities arriving on the AHR flights.

Monitoring of the road rehabilitation and construction activities is carried out primarily by senior ACLU engineers from the ACLU Engineering Department who regularly visit the job site to verify that the work is proceeding according to the plans and specifications and to inspect materials to insure quality. In addition, a quality control engineer is always on the job site as part of the construction team. After a project is finished, ACLU employees return to the site periodically to determine whether any repairs or maintenance are needed. These ACLU employees report back to ACLU management who in turn consult with CCSC management. The addition of a third-country-national construction supervisor, expected in the third quarter of 1992, will further improve monitoring.

In addition to direct monitoring by the CEP contractors, the Data Collection and Analysis (DCA) Unit of the O/AID/Rep provides an additional check on the activities of this, as well as other, Mission sectoral projects. The DCA Unit currently employs four monitors who are deployed inside Afghanistan to verify the existence, and observe the operations, of activities funded by the Mission. Thus, if the DCA monitors were working in an area where ACLU is or has constructed a road, the team would provide feedback on the existence of and condition of the road.

The reports of the contractors' monitors, contractor quarterly and other reports, and discussions with contractor staff are all used to assess project impact and to identify and resolve project implementation problems.

2. Evaluation

When the last AAM amendment was done in June of 1990, it was contemplated that an evaluation of the CEP would be conducted in late spring/early summer of 1992, six to eight months prior to the December 31, 1992 PACD. It was expected that the evaluation would then be used to make recommendations for the future direction of the project. Given the suspension of activity for half of CY 1991 and the existing unsettled conditions in Afghanistan, it makes sense to defer any substantive redesign of the project until it is known whether the program will move to Kabul and what the GOA's plans and priorities will be. Therefore, it is proposed that the evaluation be deferred until the early part of the fourth quarter of FY 1993. Decisions on substantive redesign of the project and whether or not to renew or re-compete the technical assistance contracts would then be

made on the basis of fresh observations and recommendations contained in the evaluation, rather than on information that is a year out of date.

Some of the issues which the evaluation will likely address include the following:

- Under the circumstances then prevailing, are the CEP activities still relevant to the Afghan situation?
- Is centralized procurement still a good idea?
- Has the transfer of the MDD program to UNOCA occurred as expected? Has the program staff acquired sufficient expertise such that creation of an independent Afghan NGO is feasible? Will UNOCA have the funding necessary to carry on the program activities?
- Has a large-scale return of refugees to Afghanistan occurred? If so, has RONCO played a major role in the provision of relief commodities to assist in their resettlement? If no mass return has occurred does it still make sense to plan for such eventuality, and if, so, on what scale?
- Has the construction of roads by ACLU had an impact on the economic activity inside Afghanistan and thereby encouraged the return of refugees? Should such activities be continued?
- What is the role of ACLU likely to be following a peace settlement in Afghanistan? Have the managerial, administrative and technical skills of the ACLU staff been developed to the point that ACLU will be able to operate as a private sector enterprise? Is it likely that the ACLU, or its individual members, will play a role in the future government of Afghanistan?

IV. FINANCIAL PLAN

A. Discussion of Expense Categories

In its contracts with RONCO and CCSC, the Mission has established three categories of expenses: technical assistance, logistics support, and program. Generally, technical assistance includes the cost of home office and in-Pakistan staff. Logistics support costs are expenses associated with providing housing and office space to resident contractors which are paid by the Mission on behalf of the contractors through an arrangement with USAID/Pakistan. Program costs include commodity procurement, logistics related to the handling and delivery of commodities, program-related short-term technical assistance, recurrent and capital costs related to the ACLU and the Mine Detection Dog program, and other similar costs. The Nathan/Berger contract

only provides for technical assistance and program expense categories, as the contractor does not have resident staff in Pakistan for whom the Mission must supply logistical support.

B. Obligations Table

Because the O/AID/Rep has no recognized host country government counterpart, all CEP funds are obligated to the three contractors. The table attached hereto as Appendix A sets forth past and planned project obligations.

C. Project Expenditures Analysis

Attached hereto as Appendix B is a table which contains historical and planned expenditures for all elements of the project from its inception through the proposed PACD of June 30, 1994. This budget assumes the continuation of program activities through the end of December, 1993, followed by a rapid but orderly shut-down of activities thereafter or a redesigned CEP project operating out of Kabul.

The proposed budget continues the trend noted in the last AAM Amendment away from the procurement of relief commodities. This results in a higher ratio of technical assistance to commodities procured in the later years of the RONCO budget than in earlier years (2.2:1 ratio in 1991 vs. 0.22:1 from the project inception through March 1990). This comparison is significantly distorted, however, because by far the vast majority of commodities procured by RONCO are charged to other projects and therefore do not appear in the CEP budget. When these procurements are added in, the ratio becomes 0.26:1. Much of the procurement was from DOD excess stocks, so costs do not reflect the full value of the commodities. Furthermore, the same amount of TA is needed for these materials as for new commodities, so the ratios could be modified even more. The higher technical assistance costs are also attributable to the fact that in early years, the contractor procured a large volume of relatively few types of commodities; whereas now, with the large number of clients served, RONCO procures a huge variety of items, many of which have a small dollar value. At present, the number of line items which RONCO has in process in any given quarter ranges from 600-850.

The other most notable trends revealed in the budget are the size of the CCSC budget, which will increase by 77% in FY 1992 over FY 1991, and in the MDD program line item, which will increase by 110% over the same period. These increases are due to the previously discussed decisions to increase the number of ACLU construction units from four to six and to increase the number of mine-detection dogs to 100.

Included in the projected obligations and expenditures tables, but not included in the budgets for any of the technical assistance contractors, is a contingency amount of approximately \$3.8 million. The CEP is the Missions' tool with which to react to any emergencies or other unforeseen needs, but this tool can

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be put into action only if sufficient authorized but unobligated funds are available. In light of the unpredictable political situation in Afghanistan, the Mission estimates that \$3.8 million is required to maintain an appropriate level of preparedness for such contingencies.

Approved:



Jonathan Sperling, Acting
AID Representative for
Afghanistan Affairs

6-2-72

Date

Clearance:

Basharat Ali, SSPO: (in draft)^{15/11}
Nancy Hardy, PROG: (in draft)^{2/11}
Raymond DeBruce, CONT: (in draft)^{15/11}
Mark Ward, RLA: (in draft)^{1/11}

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306-0205 COMMODITY EXPORT PROGRAM
PAST AND PLANNED OBLIGATIONS

Appendix A

CONTRACTOR	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92 Planned	FY 93 Planned	1-3Q FY 94 Planned	LOP TOTAL
AMEG/RONCO	\$3,760,000	\$10,100,000	\$16,200,000	\$13,650,000	\$6,378,500	\$5,700,000	\$3,000,000	\$8,400,000	\$0	\$67,188,500
LS	\$296,472	\$295,000	\$300,000	\$885,000	\$300,000	\$325,000	\$500,000	\$400,000		\$3,301,472
TA	\$881,050	\$1,923,648	\$2,131,032	\$1,813,800	\$2,450,000	\$2,881,500	\$2,500,000	\$6,100,000		\$20,681,030
PROG	\$2,582,478	\$7,881,352	\$13,768,968	\$10,951,200	\$3,628,500	\$2,493,500	\$0	\$1,900,000		\$43,205,993
CCSC				\$3,500,000	\$7,350,000	\$5,931,000	\$12,500,000	\$6,200,000	\$0	\$55,481,000
LS				\$410,000	\$100,000	\$300,000	\$300,000	\$300,000		\$1,410,000
TA				\$750,000	\$1,750,000	\$1,700,000	\$2,000,000	\$2,100,000		\$8,300,000
PROG				\$2,340,000	\$5,500,000	\$3,931,000	\$10,200,000	\$3,800,000		\$25,771,000
NATHAN/BERGER				\$722,000	\$850,000	\$500,000	\$0	\$428,000	\$0	\$2,500,000
TA				\$157,000	\$240,000	\$154,200	\$0	\$99,226		\$650,426
PROG				\$565,000	\$610,000	\$345,800	\$0	\$328,774		\$1,849,574
Contingencies	-	-	-	-	-	-	-	\$3,830,500	-	\$3,830,500
ANNUAL TOTAL	\$3,760,000	\$10,100,000	\$16,200,000	\$17,872,000	\$14,578,500	\$12,131,000	\$15,500,000	\$18,858,500	\$0	
GRAND TOTAL										\$109,000,000

306-0205 COMMODITY EXPORT PROGRAM
PAST AND PLANNED EXPENDITURES

Appendix B

Program Element/Contractor	Expenditure 8/86 to 9/30/89	Expenditure FY 1990	Expenditure FY 1991	Planned Expenditure FY 1992	Planned Expenditure FY 1993	Planned Expenditure 1-3Q 1994	TOTAL
Logistics (Ameg/RONCO)	\$35,248,327	\$8,821,323	\$5,136,807	\$7,618,500	\$6,860,000	\$3,503,543	\$67,188,500
<i>Logistic Support</i>	\$1,265,852	\$277,902	\$255,391	\$500,000	\$450,000	\$552,327	\$3,301,472
<i>Technical Assistance</i>	\$5,837,341	\$2,207,257	\$3,204,995	\$3,900,000	\$3,900,000	\$1,631,437	\$20,681,030
<i>Program</i>	\$28,145,134	\$6,336,164	\$1,676,421	\$3,218,500	\$2,510,000	\$1,319,779	\$43,205,998
<i>Logistics</i>	\$849,639	\$619,244	(\$331,272)	\$500,000	\$225,000	\$800,000	\$2,662,611
<i>Commodities</i>	\$27,241,495	\$5,346,543	\$1,483,503	\$1,400,000	\$1,400,000	\$400,000	\$37,271,541
<i>Mine Detection Dogs</i>	\$54,000	\$370,377	\$484,302	\$1,018,500	\$635,000	\$0	\$2,562,179
<i>PSI/AID/Rep Support</i>	\$0	\$0	\$39,888	\$300,000	\$250,000	\$119,779	\$709,667
Construction (CCSC)	\$931,323	\$3,763,643	\$5,971,921	\$10,630,000	\$10,400,000	\$3,784,113	\$35,481,000
<i>Logistic Support</i>	\$85,000	\$230,486	\$169,614	\$300,000	\$350,000	\$774,900	\$1,910,000
<i>Technical Assistance</i>	\$458,508	\$1,063,786	\$1,367,836	\$1,900,000	\$2,000,000	\$1,509,870	\$8,300,000
<i>Program</i>	\$387,815	\$2,469,371	\$4,434,471	\$8,430,000	\$8,050,000	\$1,499,343	\$25,271,000
<i>ACLU Operating Expense</i>	\$280,197	\$773,742	\$2,830,668	\$3,500,000	\$4,000,000	\$1,249,343	\$12,633,950
<i>Capital Procurement</i>	\$54,743	\$1,189,656	\$969,126	\$2,300,000	\$400,000	\$0	\$4,913,525
<i>Parts/Construction Material</i>	\$52,875	\$505,973	\$455,486	\$1,000,000	\$2,000,000	\$250,000	\$4,264,334
<i>Sub-Contracts</i>	\$0	\$0	\$179,191	\$1,400,000	\$1,500,000	\$0	\$3,079,191
<i>Training</i>	\$0	\$0	\$0	\$230,000	\$150,000	\$0	\$380,000
Studies (Nathan/Berger)	\$359,172	\$527,289	\$400,313	\$600,000	\$613,226	\$0	\$2,500,000
<i>Technical Assistance</i>	\$118,366	\$246,567	\$186,267	\$0	\$99,226	\$0	\$650,426
<i>Program (Studies)</i>	\$240,806	\$280,722	\$214,046	\$600,000	\$514,000	\$0	\$1,849,574
Contingencies	-	-	-	-	\$2,720,000	\$1,110,500	\$3,830,500
GRAND TOTAL	\$36,538,822	\$13,112,255	\$11,509,041	\$18,848,500	\$17,873,226	\$7,287,656	\$109,000,000

*This negative entry resulted from a \$500,000 correction of items previously charged to logistics which should have been charged to commodities and the mine detection dog program.



~~PA 127-27~~

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE AID REPRESENTATIVE

American Embassy
Islamabad, Pakistan

June 25, 1992

ACTION MEMORANDUM FOR THE ACTING AID REPRESENTATIVE

FROM: Sarah Fassett, PDIS 

SUBJECT: Commodity Export Program (306-0205)
Activity Authorization Amendment Number Eight

Action Requested: You are requested to approve the Commodity Export Program (CEP) Activity Approval Memorandum Amendment Number 3 and to amend the CEP Activity Authorization to increase the life-of-project funding from \$87,400,000 to \$109,000,000.

Background: The Commodity Export Program (CEP) was authorized on August 8, 1986 with a funding level of \$24,500,000 and a project assistance completion date (PACD) of August 14, 1989. Since that time, the CEP Activity Authorization has been amended seven times to increase the level of funding to \$87,400,000 and to extend the PACD to June 30, 1994. Initially, the CEP was designed to procure and deliver relief commodities such as food and clothing to war-affected Afghans. Subsequent amendments to the CEP provided support for resettlement of Afghan refugees and rehabilitation of the Afghan transportation network. Currently, the CEP consists of four components: procurement and logistics, mine detection, transportation infrastructure, and independent studies.

Under the procurement and logistics component, the CEP procurement services contractor provides food, clothing, and other relief commodities and other emergency assistance to Afghans displaced by fighting and natural disasters such as floods and earthquakes. The procurement services contractor also provides procurement and logistic support for almost all AID/REP contractors and grantees, and logistic support for the Department of Defense sponsored Afghan Humanitarian Relief air and sea shipments, which transport surplus commodities for delivery to war-affected Afghans and Afghan patients being evacuated for pro bono medical care.

Under the mine detection component, the CEP procurement services contractor procures and manages 63 trained dogs and their handlers who operate in conjunction with Afghan de-mining NGOs to locate mines and other unexploded ordnance currently impeding transportation of commodities, repatriation of Afghan refugees, and posing risks to rural Afghans. In an effort to strengthen Afghan de-mining capabilities and to insure continuation of the program, the O/AID/REP has reached an agreement with The United

Nations Office for Coordination in Afghanistan (UNOCA) to develop this component into an independent Afghan NGO and eventually shift managerial and financial responsibility to UNOCA.

Under the transportation infrastructure component, the Afghan Construction and Logistics Unit (ACLU), with the technical assistance of Construction Control Services Corporation, a CEP contractor, employs heavy construction units inside Afghanistan to reconstruct roads and bridges. In response to the high demand for bridge and road repair, early this year the CEP increased the number of ACLU construction units from four to six. This component is part of the AID/REP's effort to strengthen Afghanistan's rehabilitation capabilities and to facilitate repatriation of Afghan refugees and resettlement of war-affected Afghans.

Under the studies component, the CEP provides cross-sectoral and sectoral analyses of socio-economic conditions inside Afghanistan. Completed studies include the analysis of cross-border trade and credit; future studies will help develop anti-narcotics strategies for Afghanistan and analyze road transportation systems and freight rates. The studies component also provides the AID/REP with a method of securing project evaluations, pre-feasibility assessments, and expert consultants.

Discussion: Now that settlement of political conflicts in Afghanistan and the installation of an interim Afghan governing Council have taken place, the need to continue CEP project activities outlined in the Activity Approval Memorandum (AAM) Amendment has intensified. The AID/REP expected that as a result of settlement there would be a mass return of Afghan refugees and that the demand for assistance would become acute. These expectations are being met. Relief from economic hardship and the rehabilitation of the Afghan infrastructure must be provided until the repatriated and displaced Afghans become self supporting and can reconstruct their homeland. Since the CEP is the Mission's most flexible tool with which to respond quickly and effectively to the changing and unpredictable assistance needs of the Afghans in the present environment of political uncertainty, there is a compelling need to continue to support the CEP.

Amendment No. 3 to the CEP AAM documenting the need to increase the funding level and extend the PACD has been reviewed and all clearances have been obtained. The Initial Environmental Examination required by AID regulations was submitted to the Asia Bureau Environmental Officer and was approved, subject to revisions, in State 171603 (Attachment A). The revisions have been made and submitted as requested. As the proposed increase in life-of-project funding is greater than \$5,000,000, Congressional Notification (CN) was required. The CN was submitted on May 14, 1992 (Attachment B). It expired without objection on June 29, 1992.

Because of the effect the previous PACD was having on procurement and contracting activities, it was necessary to separate the extension of the PACD, which could be done quickly by the AID/Representative at the time, from the increase in funding, which requires AID/Washington re-delegation of authority for approval. Thus, the CEP PACD was extended to June 30, 1994 in Amendment No. 7 to the CEP Activity Authorization; this amendment will provide the necessary level of funding.

The proposed amendment continues the current level and nature of CEP activities at least through the end of calendar year 1993. Any substantive re-design of project activities will not be undertaken until sometime in calendar year 1993 when there is greater assurance that the base of program operations will indeed be moving to Kabul. Thus, the proposed increase in the CEP life-of-project funding of \$21.6 million is sufficient to: (1) continue all project activities through the end of 1993; (2) expand the ACLU operations; (3) enable the CEP to respond to emergencies and meet unforeseen assistance needs; and, (4) provide for an orderly shut-down of the program by June 30, 1994 should that become necessary.

Authority: Under the Ad-Hoc Delegation of Authority dated March 29 1992 (Attachment C) you are authorized to amend the CEP Activity Authorization to increase the life-of-project funding to \$109,000,000.

Recommendation: It is recommended that you sign the attached O/AID/REP Commodity Export Program Activity Authorization Amendment Number Eight to increase the life-of-project funding from \$87,400,000 to \$109,000,000.

Clearances: B.Ali, SSPO
N.Hardy, PRO
J.M.R. DeBruce, O/FM
J.May, O/CC
M.Ward, RLA
J.Sperling, D/AID/REP

5/13/92 5/27/92

