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RONCO CONSULTING CORPORATION

AFGHANISTAN COMMODITY EXPORT PROGRAM

AID/REP CONTRACT # 306-0205-C-00-9384-00
WORK PLAN REPORT
FOR THE FIRST SIX MONTHS

APRIL 30, 1989

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I. INTRODUCTION.

- A. The Commodity Export Program (CEP) is playing a significant role in the U.S. Government's Cross-Border Humanitarian Assistance (CBHA) Program. Under the CEP, RONCO will procure, store and distribute the essential items, such as food commodities, clothings and shelter for the free Afghans in the war affected Afghanistan. In addition to the procurement and logistic services as required by the O/AID/REP, RONCO will also act as a Procurement Agent for the other AID Contractors -MSH, VITA, UNO, CCSC and others. Commodities to be procured for these contractors will include but not limited to:

MSH. Pharmaceuticals, Surgical and other related items.

VITA. Agricultural equipment, materials and implements.

UNO. Educational and related equipment and material.

CCSC. Construction, road building and maintenance equipment, parts and tools etc.

- B. RONCO believes that advanced planning is important for a streamlined commodity management, distribution and monitoring. Following pages discuss work plan for the first six months of the Contract. This brief discussion is divided into different stages of procurement and logistic activities. RONCO's staff-expatriates and FSN - located in Islamabad, Quetta and Peshawar offices will be available to implement the work plan.

II. COMMODITY MANAGEMENT.

A. PROCUREMENT.

Economical and timely procurement of any item requires proper identification, realistic delivery period and delivery point prior to initiation of a procurement cycle. The other important factor is selection of lowest responsive and the responsible supplier, on a negotiated or other basis. RONCO plans to include the following improvements in the procurement system. This will be done in accordance with the Procurement Policy already submitted recently by RONCO to the Contracting Officer:

1. Procurement Process.

Once an approved procurement request is received from the Project Officer, RONCO will issue formal Request for Quotation (RFQ) to as many prospective offerors as possible. This RFQ will include description and the required quantities and also the relevant terms and conditions of purchase as per AID and Federal Acquisition Regulations. The Purchase Contract will include all the agreed prices and quantities of the specified commodities with terms and conditions of the RFQ as part of the Contract by reference.

2. Emergency Procurement.

Subject to the availability of funds, RONCO plans to issue RFQs and contract with selected suppliers for supply of the essential food commodities on a quarterly basis with agreed partial deliveries within specified extended periods. These deliveries will meet the regular supply and issuance of food commodities to party leader or other assigned groups. To face any emergent requirement of larger quantities of food commodities, RONCO plans the following actions:

- a. In our normal Purchase Contracts, a provision will be included to state that "where necessary and under certain circumstances, RONCO reserves the right to ask for and the supplier agrees that the undelivered contracted quantity or a part thereof under the contract will be delivered urgently on a short notice".
- b. After issuance of a regular 2-3 months supply contract, RONCO will call for price quotations for an estimated quantity of certain food items with extended price validity - at least 30 days after the last date of quotations. Thus in case of an emergency, RONCO can use these price quotations to procure urgently needed commodities. If supplies from normal purchase contract were accelerated (para a. above), procurement under this system will supplement the supplies.
- c. If none above is practicable, and urgently needed items are available at higher than normal prices, RONCO will obtain approval from the Project or Contracting Officer to:
 - i. Procure the required commodity at the available higher than normal cost; or

- ii. Suggest purchase of substitute items that may be available at competitively lower cost and almost have similar nutritious value.

3. Market Surveys.

On periodic basis, RONCO will conduct market survey to cover the availability and prevailing prices of the essential food commodities. RONCO will also consult statistics published by the GOP's Agricultural Department and other related agencies. These survey reports will help in procurement of certain essential commodities specially during the post-harvest seasons. In cases of shortages, it will suggest AID/REP for possible discussions with GOP to the import of such commodities.

4. Substitute Commodities.

Certain food commodities may have longer delivery lead time. RONCO will develop a list of such items and excluding the "must items", this list can be substituted with short delivery lead time items. These recommended substitute items will only be those that would be available at comparatively lower prices but have similar or nearing equal nutritious value. Some of the dehydrated vegetables might replace lentils (Dal Chana or Lobia).

5. Import from 899 Countries.

Where shortage of certain food items is in the local market, RONCO will recommend procurement of such items from AID Geographic Code 899 countries. These could be Sri Lanka, Thailand, Philippines, Turkey, etc., that are geographically nearer to Pakistan and delivery lead time will be short. The main items that can be imported are black tea, lobia (kidney beans), chick peas or splits, etc.

B. SUPPLIER PERFORMANCE.

1. Some greedy suppliers sometimes underquote the prices with a view that at a later date and during the delivery stage, they can ask for increase in prices; or reduction in contracted quantities; or deliver inferior quality. To combat such a situation, during the currency of a Procurement Contract, RONCO plans to:
 - a. Obtain Performance Bond for at least 10% of the contract value from the selected supplier;
 - b. Follow-up with the supplier on periodic basis for delivery schedule;

- c. Periodical visits to the supplier's plant for inspection and quality control;
 - d. RONCO's Warehouse Manager will only accept delivery of those items that meet the agreed specifications.
2. Based on prior performance of suppliers, RONCO will develop and maintain a list of suppliers in the following categories:
- a. Best Performance.
 - b. Good/Fair Performance.
 - c. Poor Performance.

Development of the above noted listing and with regular updating by additional suppliers during the process of market surveys and otherwise, will help RONCO to obtain price quotations on a broader base competition.

C. QUALITY CONTROL.

Terms of Procurement Contract do require the supplier to maintain quality control of all the supplies. RONCO, however, plans to further satisfy this requirement by conducting pre-delivery inspections at the supplier's plant. If needed, these inspections will be conducted on advance notices and/or un-announced visits to the supplier's warehouse. Final acceptance of commodities at RONCO's warehouse in Peshawar and Quetta will again be subject to inspection and determination if the commodities are of same quality and specifications as ordered for.

D. WAREHOUSING & STORAGE.

1. RONCO's Area Logistics Officers in Quetta and Peshawar are responsible for proper warehousing, receipt, storage and issuance of the commodities under the CEP. The warehouse staff in Quetta and Peshawar will maintain complete inventory of each item received and issued to authorized party. Everyday at the COB, a balance of all such commodities at the warehouse will be noted for next day's opening stock/inventory.
2. RONCO will ensure that the existing warehouse space, location and conditions are adequate to store and handle the food commodities. Appropriate cleanliness with proper stacking and staging areas will be assigned for separate commodities. RONCO will also ensure that proper cross ventilation, fire fighting equipment and other facilities are available at these warehouses.

E. ISSUANCE.

As a matter of policy, each item or commodity or various commodities received at the RONCO's warehouse will be properly recorded and stored in preassigned areas or locations. These stored items will be identified by the name of commodity and date receipt at the warehouse. Availability of date receipt will help in issuing the items on a "First-come, First-out" basis. Upon issuance of each commodity to an authorized party, the Warehouse Manager will obtain a delivery receipt signed by the designated representative of interim government and countersigned by the GOP official.

F. RECORD KEEPING.

At every stage of the procurement cycle, relevant information will be stored in the newly developed centralised computer data base in the Islamabad Office. Similarly upon receipt of an approved Procurement Request, a case file will be established. All the related correspondence will be retained in this file with a check list to show dates of certain important segments of the procurement cycle.

III. TRANSPORTATION.

For movement of the commodities procured under the CEP, either from within Pakistan or from U.S. or AID Geographic Code 935 countries, RONCO's plans are as follow:

A. TRANSPORTATION IN PAKISTAN.

1. Upon arrival of off-shore items and clearance from the port of Karachi, these items will be transported to RONCO's warehouse or other designated locations in Pakistan aboard private owned contracted trucking services. Items that will arrive aboard AHR flights will be transported from Islamabad airport to RONCO's warehouse for storage and onward distributions.
2. Commodities with source in Pakistan will be delivered by the suppliers on FOB warehouse basis - transportation from supplier's point to RONCO's warehouse to be on supplier's account. RONCO will, however, coordinate transportation with the supplier, if needed.

B. TRANSPORTATION INSIDE AFGHANISTAN.

1. For carrying food and other commodities inside Afghanistan, the pack mules and the vehicles

provided to Alliance groups will be used. Due to the security reasons, no American national is allowed to cross the border. RONCO will thus rely solely on the use and availability of the vehicles and pack animals given under the CEF to the Alliance leaders.

2. For maintenance of the existing vehicles and future purchase and supply of vehicles to the Interim Government, RONCO plans to check in the local market about availability of repair and spare parts. Also we will contact the manufacturer of such vehicles for recommended actions in the repair and maintenance of the vehicles. These contacts and discussions might result in the following actions:
 - a. Select a few Afghan national for repair and maintenance training to be provided by the manufacturer of vehicles.
 - b. Arrange procurement of recommended spare parts for at least two years use.
 - c. Arrange establishment of maintenance and repair shops in coordination with ACLU in the liberated Afghan areas.

C. PURCHASE OF NEW VEHICLES.

1. From the existing inventory records, RONCO will determine utilization of the vehicles across the border. Based on the volume and movement of commodities; and possible loss of certain vehicles due to mines, or other mechanical defects RONCO plans to project future requirements of the vehicles.
2. With the liberation of additional areas within Afghanistan, RONCO anticipates that transport activities will increase significantly. In such events RONCO will calculate and propose requirements for additional vehicles that would be needed inside Afghanistan.
3. In as much as the driving in Afghanistan is on the right side of the road, RONCO will recommend purchase of vehicles made in U.S.A. In this case service of a truck specifications specialist being acquired. This will assist in procuring required heavy or medium sized vehicles from the U.S. manufacturers.

IV. MONITORING.

- A. Primarily the monitoring activities have been undertaken more on the Pakistan side than inside Afghanistan. RONCO's monitors located in Peshawar and Quetta have been confined to the local markets of Peshawar and Quetta and upto the Pak-Afghan borders. With the concurrence of GOP, a few of the Afghan nationals from RONCO's monitoring team in Peshawar have been accompanying the convoys inside Afghanistan. These monitors report in Pushto language and then it is translated into English. To improve and expand the monitoring activities, RONCO plans to:
1. Assign more and more Afghan nations to the Monitoring Team.
 2. Prepare necessary maps of Afghanistan in English showing areas where monitoring is to take place.
 3. Independent to convoys, select at random markets and areas inside Afghanistan and monitor such markets.
- B. Monitoring from Quetta side into Afghanistan is not being done because GOP has not cleared it so far. RONCO's monitors in Quetta only monitor the PL-480 wheat issuance at GOP's warehouse and certain surrounding areas of Quetta. Once GOP agrees to allow RONCO's monitors going across the border from Quetta side, RONCO will assign Afghan nationals to conduct the monitoring and report their activities.
- C. For market research and studies in Afghanistan and eventual expansion of commercial activities for revitalization of economy, role of monitors can be helpful for data collection, specially in remote areas of country. RONCO plans to design a short format (check list) in Farsi and Pushto languages to cover the market studies on the following points:
1. Condition of roads in distribution area.
 2. Method of distribution to people. Number of people served and the time involved in distribution.
 3. How bulk items are distributed and if given to Mujahideen only.
 4. Availability of storage facilities for warehousing food commodities.

5. How commodities are redistributed in remote areas.
 6. Availability of private transportation facilities in cities/towns.
 7. Shortage of commodities and market prices in each area or province.
 8. Locally available products.
- D. From the monitoring reports, RONCO plans to extract certain alarming information and point out to AID/REP for immediate attention and possible corrective actions to avoid reoccurrence of such events.

V. ANIMAL HOLDING FACILITY (AHF).

- A. The AHF located in Pabbi has been providing facilities to train the mules, imported from U.S. and some locally procured. These mules with their trainers were handed over to the Alliance leaders for transportation of cargo through difficult terrains. The last consignment of the mules is now expected to arrive on May 15, 1989. After necessary training, these mules with the trained handlers will be transferred to the Alliance leaders.
- B. The future use and operation of AHF is now entirely dependent on the pilot projects contemplated for Mule Traction Program; Dogs for Mine Detection; Provision and training of bullocks and other activities. RONCO plans to undertake a complete study and analysis of the present and future needs of the AHF.
- C. RONCO plans to determine the total cost for the initial mule traction pilot project which calls for nine teams (18 mules). At the present stage, expenses and procurement of the farm implements required for training VITA has already agreed to provide for transportation of the trainees to AHF and return the handlers with trained mules and farming implements to Agriculture Rehabilitation Scheme in Afghanistan.
- D. RONCO will coordinate its efforts with VITA for its tentative plan concerning purchase of 100 bullocks. RONCO plans to survey the local market from availability and pricing point of view. Though VITA will pay for the cost of these bullocks and delivery to AHF, RONCO will ascertain the total cost required for training of handlers, veterinary screening, and breaking of bullocks processed through the AHF.

E. RONCO is expecting six instructors with 14 trained dogs that will arrive on June 6, 1989 from Thailand. Following arrangements are underway:

- Construction of 14 kennels for dog run by June 6, 1989.
- Housing arrangement for Thai instructors in Peshawar.
- Housing of 14 Afghan handler candidates at AHF
- Supply of a 3.5 ton truck for transportation of dogs and handlers to Risalpur and back, and a vehicle for transporting Thai team.
- Purchase of ordinary dog food or Military Stress Diet (MSD).

F. AHF currently is without an expatriate specialist. As per recent approval from the Project Officer, the previous Director of AHF (Dr. Ottenberg) will be available for 60 days short term by the end of May 1989. Subject to the continued usability of the AHF, RONCO will continue search for a permanent director.

VI. REPORTING.

A. In order to have a centralised reporting system RONCO is in the process of creating a complete computerised database. Right from the stage of procurement request till the distribution and monitoring stage, all the relevant data and information will be included in the newly created data base. This will assist in direct issuance of Purchase Contracts from the available data. Also from this data, RONCO will provide reports covering:

1. Weekly Procurement
2. Monthly Procurement
3. Monthly Monitoring
4. Monthly Commodity Distribution
5. Quarterly Progress
6. Final Report

B. So far RONCO has received very small number of procurement requests and all procurement activities are in the initial stages. We plan that the new computerised reporting system will be installed or hopefully in operation by the end of May

1989. During this interim period, we plan to discuss with the Special Project Officer about the details or requirements to be included in the "Monthly Monitoring Report" and Monthly Commodity Distribution Report".

- C. RONCO's Admin/Finance Office is planning to have its financial accounts maintained separately for each activity. This will facilitate preparation and maintenance of required reports on individual account without commingling with one or the other.

VII. ADMINISTRATION

- A. Effective May 1, 1989, RONCO will take over the CEP project operations from the existing contractor. The FSN employees were already taken over by RONCO effective April 1, 1989. All these employees signed new employment agreements with RONCO.
- B. The first batch of the ex-patriat team under the Contract arrived in Islamabad on March 11, 1989. The Chief of Party recently approved by AID/REP is expected to arrive at post on May 12, 1989. Due to personal reasons, the Director, AHF had to leave the country on April 21, 1989. RONCO contacted some other potential candidates for this position, but because of the uncertain situation of AHF and the special training of Mine Dogs (to be arriving on 6/6/89), this position is expected to be kept vacant for some time. Recently AID/REP asked RONCO to arrange Dr. Ottenberg's (previous Director, AHF) short term assignment. RONCO plans to arrange for at least two months' TDY of Dr. Ottenberg.
- C. For a 3 to 4 weeks short term assignment, RONCO is arranging the services of Mr. William Algers for a Truck Specifications Specialist position. Bill is expected to arrive Islamabad on May 12, 1989.
- D. RONCO's Area Logistic Officers in Peshawar and Quetta are already on board. Inasmuch as the warehousing and delivery of commodities is under control, RONCO plans to make some improvements in the existing situation. In this connection, please see sub-section "Warehousing" under Procurement activities. In additions to the stacking and labeling the incoming food commodities, RONCO plans to make survey of the warehouses and review the maintenance and security situation. Any recommendation for improved security and continued maintenance of the warehouses in Peshawar and Quetta will be implemented in conjunction with the recommendations of the in-place management personnel.
- E. RONCO has established separate computerized accounting systems for IA funds, Program Funds and each Reimbursable Project. These account will be maintained with separate banking institutions and will provide up-to-date information about

utilization of funds under each account.

- F. RONCO's Washington office will be providing back-stop support and will continue to arrange procurement of the commodities and equipment with sources from U.S.A. or AID Geographic Code 935 countries. In addition, RONCO/W will continue to provide short terms consultants as and when required by O/AID/REP.

VIII. FUNDING

- A. Under the contract, a small amount has been obligated for program funding. It is estimated that the available funds will be sufficient to procure the traditional food commodities for few months supplies. To cover the ongoing and anticipated needs of commodities and other equipment or material for the project, RONCO will discuss from time to time, with the Project Officer for availability of additional funds.
- B. To finance procurement of items requested by the AID Contractors, RONCO will request the COF or Finance Officer of the Contractor to transfer the required funds prior to the issuance of the purchase contract.