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VOLUME I

RESPONSE TO NEW INITIATIVES: 1973

Volume I

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MEMORANDUM:

TO: All American Direct Hire, PASA and Contract Chiefs of Party

FROM: Vincent W. Brown, Director, USAID/A

SUBJECT: New Initiatives

In the attached memorandum, Dr. Hannah states the need for the Agency urgently to turn its program in the new directions we have chosen for ourselves. He emphasizes that we must develop activities which will make our commitment a reality in the developing countries.

By September 1, 1973 Dr. Hannah expects the Bureaus to have innovative project proposals in preliminary form. USAID/Afghanistan is being solicited for its contribution. Therefore, will you please consider the message in Dr. Hannah's memorandum and send skeletal outlines to the extent possible of new initiatives -- either applicable to Afghanistan or other countries -- by July 23 to the Program Office.

Since all of us are involved in furthering the goals of the Agency, I know you will give this request of Dr. Hannah your serious thought and immediate attention.

Attachment: a/s

Distribution:

Code A - Direct Hire and PASA  
R. R. Fields, TCCU  
J. H. Orr, PAS  
T. F. Teele, Checchi  
G. B. Kerr, SUNY

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington

OFFICE OF  
THE ADMINISTRATOR

June 29, 1973

MEMORANDUM FOR:           AA/PHA, Dr. Kieffer  
                          AA/TAB, Mr. Bernstein  
                          AA/PPC, Mr. Birnbaum  
                          AA/AFR, Dr. Adams  
                          AA/LA, Mr. Kleine  
                          AA/ASIA, Mr. MacDonald

The other day at staff meeting, I mentioned the urgency of doing all we can to turn our program in the new directions we have chosen for ourselves. We have begun new initiatives in nutrition, low-cost delivery systems for health, nutrition and family planning, non-formal education and experiments in educational technology, programs addressed to the unemployment problem, and programs to improve small farmer income (including support of LDC research in areas important to small farmers). We stated these initiatives in the recent program guidance to the field. We have announced our intention to move in these directions to the Congress. The new House Foreign Affairs Committee bill supports these initiatives.

We are making progress in some fields in these new directions. Programs such as the DIEDS project in health and projects in nutrition have been evolving over some time. Other initiatives such as education are still evolving.

If we are to keep the commitments we have made to Congress and to ourselves, we must do as much as possible to build these new initiatives into the FY 1975 program. This includes country projects and research, 211(d), and other experimental programs. It includes reshaping or adding to existing projects as well as new projects.

To accelerate our programming in these areas:

a. I intend to earmark in the FY 1975 budget a substantial amount of additional grant funds (possibly up to \$20 million) for new initiatives. These added funds will be allocated to regions or bureaus able to develop new projects - or add components to existing projects - in the new initiative areas. In addition to health, nutrition, population, non-formal or experimental education, we will welcome projects in improving small farmer income or in employment generation.

b. Loan proposals in these new initiative areas will be given higher priority for funding.

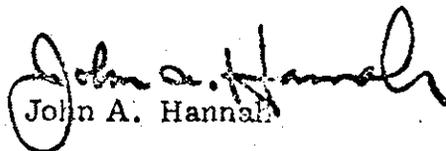
c. The Regional Administrators in Asia, Africa and Latin America should make a special effort to identify loan and grant projects to be ready for consideration in FY 1975 reviews.

d. TAB, PHA., and PFC should make a special effort to develop new research, 211(d), or similar programs in the new initiative areas by budget time.

e. These project proposals should be ready in a preliminary form by September 1 to permit the Agency to make program decisions and budget allocations for the FY 1975 budget submission to OMB. Throughout FY 1974, special efforts should be made to field the A.I.D. and contract personnel required to help complete the design of these new projects so that they will be ready for implementation in FY 1975.

f. Curt Farrar, who will rejoin A.I.D. on July 2nd as Deputy Assistant Administrator, TAB, will be in charge of coordinating this effort. He will work closely with PPC. I plan to stand ready to give him my personal encouragement.

Time is short and the FY 1975 budget process is already well advanced. My concern is that the field may not be planning to submit new project proposals in these areas partly because they do not have people to design such programs or because they may believe that there is little room for new starts. The FY 1975 program must move rapidly in support of the Agency's new initiatives and I look to you to provide the necessary leadership and program results.

  
John A. Hannah

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

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Farrar  
Memo

PRM

ASSISTANT  
ADMINISTRATOR

July 19, 1973

MEMORANDUM FOR:

AA/PHA, Dr. Kieffer  
AA/PPC, Mr. Birnbaum  
AA/AFR, Dr. Adams  
AA/LA, Mr. Kleine  
AA/ASIA, Mr. MacDonald  
AA/TA, Mr. Bernstein

SUBJECT: Accelerated Program Development Exercise

Attached is a revised version of the general paper on the Accelerated Program Development Exercise, which I think takes into account most of the concerns expressed about the draft.

In the guidelines for the FY 1975 budget review, PPC will specify the material to be submitted regarding activities to be proposed under this exercise, and the review schedule.

We have asked the TAB offices concerned to suggest program possibilities, and will pass to the regions or offices concerned, any that seem more appropriate for inclusion in their programs than in TAB's. I hope that PHA, PPC, and the regional bureaus will do the same, with us and each other.

The form of communication with the field missions is up to the regional bureaus, who will know best what is most likely to produce valid program ideas. LA has sent an excellent message to all posts.

It seems clear that we should pay particular attention to activities that involve more than one of our priority areas. Non-formal education programs can be closely related to efforts in nutrition, or low cost health services, for example. New uses of educational technology in connection with family planning, or rural development would also qualify. Grafting new elements into continuing programs of high priority may be an important element in our response to Dr. Hannah's challenge.

Attachment

Curtis Farrar

Curtis Farrar  
Deputy Assistant Administrator  
for Technical Assistance

cc:

AA/SER	Mr. Campbell
AA/OLA	Mr. Hervey
CC	Mr. Gardiner
PTP	Mrs. Bittgermann
EXSEC	Mr. Arndt
OPA	Mr. Wheeler
ASIA/DP	Mr. Shakow
ASIA/TECH	Mr. Ballantyne
LA/DR	Mr. Breen
LA/DP	Mr. Harrison
PFC/PDA	Mr. Muscat
PFC/RB	Mr. Biddle
PFC/DPR	Mr. Kimball
PFC/LPR	Mr. Handly
CONT	Mr. Brown
L/LPCS	Mr. Furman
AFR/DS	Mr. Lyman
AFR/DP	Mr. Hogan
AA/TA	Mr. Butterfield
AA/TA	Mr. Long
TA/EM	Mr. Mathiasen
PFC/RC	Dr. Fed
PFC/RC	Mr. Griffel
PFC/R	Mr. Roush

19 July 1973

Accelerated Program Development Exercise

Purpose: To increase the pace at which A.I.D. applies to the solution of development problems in the LDCs, the new thinking done over the past several years in:

- nutrition;
- low cost systems for delivering combined services in nutrition, health and family planning;
- applications of educational technology;
- non-formal education;
- increasing employment;
- improving small farmer income.

This may be accomplished by implementing expeditiously the activities already planned in these areas for FY 1974 and starting either in FY 1974 and FY 1975 at least a dozen major new activities (including expansions of existing activities). These can be projects or sector programs, funded by loans or grants, managed centrally or regionally, conducted by voluntary agencies, PASA or contract groups. The activities should involve nation-wide or large scale pilot application of new approaches in an LDC or regional groups of LDCs, or applied research conducted by LDC institutions. The emphasis will be on activities with significant impact on large numbers of people; while not overlooking smaller projects with great leverage, the exercise will focus mainly on activities with a life of project cost to A.I.D. of more than \$1 million.

Method: In the FY 1975 budget review process, identify about 25 specific new activities meeting the criteria that have good prospects of being implemented before the end of FY 1975. Organize extraordinary efforts to move these new activities forward, in the expectation that we would be able to implement only about half of them by June 30, 1975. At the same time, recognize and ensure implementation of already planned activities in these fields:

- As part of the Budget Review process, A/AID will review the continuing activities and select about 25 proposals from among the new activities submitted by the Bureaus and Offices.

- PPC will propose appropriate grant funding (including up to \$20 million for new activities) and loan funding in the Agency's request to OMB, although these funds will not necessarily be segregated from other requests.

- All 25 of the new proposals will be justified in the FY 1975 Congressional Presentation, along with the continuing activities, but perhaps with special highlighting. Such justification may be more preliminary that is ordinarily acceptable, but should not overstate the likelihood of implementation within the year.

- Special attention will be paid to providing funds for already programmed activities in the specified areas in the FY 1974 OYB, and consideration will be given to moving ahead with new activities during this fiscal year, after special justification to the Congressional Committees.

- Up to \$1 million in FY 1974 grant funds will be set aside to supplement funds otherwise available for development of the new activities identified.

- A system will be established to ensure priority access to required expertise either in or out of A.I.D. and to expedite necessary approvals.

- Periodic reports will be provided to A/AID of the status of the activities being developed.

Discussion: The activities to be pushed will, of course, remain the responsibility of the regional or staff unit that would handle them normally under present operating procedures. The special access to funding, talent and bureaucratic needle threading will be available to be called on as required, but only as a supplementary reinforcement. We must be aware, however, that the techniques for working in the areas identified are new and somewhat untried. It is important, therefore, that the best available expertise be involved from the earliest stages in each activity, and particularly that the appropriate functional offices of TAB, PPC, PHA, FFP or others, as well as the country and other expertise of the Regional Bureaus and outside talent, be called upon from the outset.

Already planned activities in these fields should not be hampered by the effort to move these new activities ahead. It is therefore important that we identify these already planned activities and ensure that they have the same priority access to expertise and expediting services as the new activities. In the Budget review process we should produce program summaries for each field which will also cover existing and new research, institutional grants, and other developmental program efforts which are expected to reach the stage of application to LDC problems later than FY 1975. This will serve the purpose of giving us a complete picture of where we stand in these fields.

There will undoubtedly be definitional problems, but it seems best to face these in relation to specific proposals. Each of the fields covered has

been the subject of considerable study, including discussion by the Administrator's Advisory Council, so that there should be no problem in understanding generally what is intended.

The last two items, increasing employment and improving small farmer income, unlike the others, are aspects of a large share of the total A.I.D. program, as well as the possible purpose of specific project or sector activities. To be included in the present exercise, proposed activities under these headings should promise a generally reliable, substantive and clearcut gain for either small farmers or the unemployed.

Other Program Considerations: In any exercise of this kind, more general issues inevitably arise. Some of these are noted here to show that they have not been ignored, and to indicate their relationship to what is proposed so far as it is now understood.

1. There has been criticism of the dwindling share of education in AID's programs. What is proposed here is not likely to change the trend of educational programs significantly in the short run.

2. This exercise is only one step toward improving the way in which the program addresses the distribution of benefits to the poorer segments of society. Other methods must be found to build considerations of equity more fundamentally into the bulk of the program.

3. The emphasis of this exercise is on field implemented programs including research by LDC institutions; centrally funded research and institutional grants that contribute to longer-term program development in these fields should, however, also be accorded priority.

4. Effective implementation of some of the activities in these areas will probably require some form of local cost financing.

5. Development of even the small number of new activities contemplated will create a demand for substantial amounts of grant funds in fiscal years after 1975.

6. The exercise may involve experimentation with procedures for handling sector activities mixing technical assistance and capital transfers (and possibly loan and grant funding) which may in turn contribute to the development of new procedures of general application.

7. The exercise will involve a limited functional focus in the budget review process, which may help identify how a broader functional focus can be achieved.

CFarrar:AA/TA

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. Arthur Reich, A-AD/DP

FROM : James Wedberg, DP

SUBJECT: New Initiatives

DATE: August 18, 1973

Following is a summary of new initiatives received from the Divisions in response to Dr. Hannah's memorandum of June 29, 1973. Three divisions, particularly Education, recommended visionary new approaches to longstanding Afghan development problems while two urged re-emphasis of existing projects. Four did not respond. In addition I include five suggestions from contractors or Afghan officials:

## AGRICULTURE

Mr. Martin argues that grant or loan assistance to "Special Commodity Groups" (growers, middlemen, processors/packers, domestic/export marketers of almonds, pomegranates, grapes, pistachios) each concentrated in 1-2 regions would increase small farmer income more than the existing nationwide functional approach to US aid to agriculture here. Comprehensive seed-to-consumer assistance to "specialty crops" would improve cultural, management, harvesting, grading, shipping, and processing methods, including extension, credit, processing plants (labor-intensive development of specialty packs), and marketing systems. Organization of the commodity group would be CP to such assistance.

Mr. Wilson, who was absent when the New Initiatives request was promulgated, has suggested two new projects verbally:

A. Overseas Marketing. One US expert would study local agriculture 2-4 months, visit changing world markets to ascertain current competitiveness of Afghan products, then take Ministry of Commerce representative and Afghan brokers/exporters to feasible markets, such as Jeddah and Persian Gulf, to make their own investigation and contacts. For example, Afghanistan might displace Australia/New Zealand as prime supplier to Hong Kong and Singapore (which fly all their citrus in from US). John Perry, former Asia Foundation-sponsored advisor to raisin exporters, and Marion Ward who did similar market liaison for USAID/Turkey, are recommended implementers.

B. Farm Equipment Manufacture. The new Czech-built Kandahar Cannery has vast unutilized space. (and 600-ton cooler which could be converted to freezer) suitable for fabrication of farm machinery.



Wilson promises memos on details of above.

### EDUCATION

Lanza makes relatively detailed and well-justified proposals for six new discreet projects, each a new initiative. Three would be bilateral, two multilateral collaboration with UNESCO and UNDP, and one a TAB project (five PPPs would be prepared Oct-Dec 73):

A. National Testing Center. USAID/MOE study resources required for development of National Educational Testing Center, leading to 5-year \$ 1.4 million project.

B. National Science Education Center. USAID/MOE/National Science Foundation study 5-year requirements of the existing Center to augment limited UNESCO support, leading to 5-year \$ 2.7 million project.

C. Magazine for Elementary Readers (and teachers/parents). Franklin Book Programs (Iran) invited to discuss project with USAID/MOE, to develop proposal for 5-year \$ 1.56 million project which would, additionally, keep dropouts literate and encourage new literates.

D. Instructional Radio. USAID/MOE/UNESCO study resources required for 3-year \$ 800,000 C&T sub-project or separate project linked with agricultural extension and teacher training.

E. Orientation to World of Work. Because better understanding of the LDC world of work (urban and rural employment skills) to allow curriculum and materials developers to make at least educated guesses is "desperately needed" (with obvious linkages to non-formal education and unemployment), TAB would study in-depth the World of Work in several LDCs and/or Afghanistan. If TAB cannot undertake, USAID would fund as 2-year \$ 150,000 bilateral project, results of which would be incorporated into ongoing projects and above new initiatives.

F. Functional Literacy/HAV. GOA/UNDP/UNESCO have finished a 1973-83 National Literacy and Adult Education Plan directed toward 2.2 million 18-35-year-olds, to be linked to any of 14 development projects in selected provinces of which Helmand Valley is largest and most important. USAID would inform GOA and UNDP of interest in discussing limited US participation and US advisor would join UN in (1) studying HAV potential for introducing nationwide literacy program and in (2) preparing a plan, leading to 5-year \$ 2-plus million project.

## PUBLIC ADMINISTRATION

Mr. Crain cites two existing programs:

A. Observation tours, invitational travel, practical training aspects of management and executive seminar elements of NDT Project, to emphasize non-formal education.

B. Permanent 211(d) liaison with prestigious US institutions to develop "special service" teams, suggesting TCCU and/or new KU contractor.

Top priority is "a capacity to achieve a set of goals through a disciplined bureaucracy" --delegation of authority, B&A systems, incentives, flexible economic policy with predictable tax levels, import duties, support prices-- but how is not explained.

## PRIVATE ENTERPRISE

Viewing the New Initiatives as a new lable ("fads/verbiage") for old programs, Mr. Zondag cites the impact of (1) PE-encouraged availability of agricultural produce for industrial processing; AKI; and tanning, raisin and wine factories, on rural income, and (2) PE-encouraged industrial development on unemployment, and suggests a new re-titled Project 116 PROP before the Checchi Contract expires. Citing PE assistance to the tanning/leather industry having "distinct impact on ... foreign exchange earnings," he suggests more such industry profiles which will prove additional export potential of \$15 million/year without major USAID effort. One new project idea:

A. Energy Research. KU/CEESAR would investigate solar energy and alternative low-cost energy uses, e.g., irrigation windmills for which German Paktia prototype exists. KU Faculty of Engineering will help finance. Arguing Afghanistan is "unique spot for experimentation in new energy saving approaches," Mr. Zondag never proposes categorical project/program, which would presumably be centrally-funded.

## POPULATION

Asserting that current preparatory projects are "not now directly assisting a FP delivery system" and that MAP's future is uncertain, Miss Langley proposes 2-3 FP trials of alternative systems of outreach from the basic health center, to ascertain which type of village health worker is appropriate to Afghanistan. She suggests 4 possible activities at \$ 60,000-100,000/year each using MAP, Ioma Luida/Indiana,

or Care-Medico as intermediaries;

- A. Village women paid by neighbors for urgent health/FP needs.
- B. Female ANMs and male Health Workers at sub-centers.
- C. Trained/supplied local Leaders (dais, bonesetters, variolators).
- D. Local pharmacists.

### OTHER SUGGESTIONS

At my and others' request, non-AID experts have contributed ideas in their respective fields, as follows:

1. Management Improvement. Vinton Fisher, University of Connecticut DATP, suggests that USAID not scatter management improvement as process, not "injections of instant resources." He offers categorical approaches to improved management within GOA and provincial administrations:

A. Focus on critical and/or responsive Ministries, and critical and/or responsive Provinces.

B. Focus on middle and senior managers (critical mass) and training of trainers (multiplier effect).

C. Focus on social, agricultural, and industrial project analysis.

D. Implementation of above can result in desirable (Hirschman's "leading sector") organization development and improvement.

E. Training in Local Development for provincial staff.

F. Mobile training teams.

G. Peace Corps develop on-site management input related to U.S. degree program.

By separate memo, Fisher offers detailed recommendations by which NDTP could be improved to address new initiatives, including quick recruitment of Morris Solomon, eminent authority on Project Analysis and Management (PAM) which Fisher recommends be added to revamped \$ 225,000/year NDT Project.

2. Helmand Agribusiness Investment. Harold W. Pillsbury, Asia Foundation, in 30-60 year \$100 million development of now-worthless 100,000 acres of Helmand desert land, beginning with 1000-5000 acre pilot project. The company would be responsible for all phases of production through marketing -- processing plants, storage, warehousing, transportation -- geared to export markets. Project, which would convert at end of lease to public-trust cooperative, would demand labor far in excess of local supply and make Afghanistan an important world producer of agricultural products. Pillsbury suggests AIG/USAID/ROA dialogue.

3. Engineering Consulting Firm. Dr. Noor Ali suggests USAID help provide a resident US consulting firm to help establish an Afghan consulting firm, for which it would act as magnet to quality staff as well. Third-country training is included.
4. New Wheat Seed. H. E. Governor Reza requests USAID cooperation in developing a source of new wheat (principle HAVR crop) seed for Helmand farmers either through (1) a HAVA plant breeding program or (2) importation of seed by first soliciting technical data on wheat varieties from world sources.
5. Sugar Mill. Dr. Noor Ali requests assistance in establishing another sugar mill.

UNITED STATES GOVERNMENT

# Memorandum

Ret to Jim Dalton

C-2

TO : Mr. Arthur Reich, A-AD/DP

DATE: August 18, 1973

FROM : James Wedberg, DP

SUBJECT: New Initiatives (continued)

The following summarizes new initiatives received subsequent to August 18 when the previous list was compiled:

## NUTRITION

Rusby develops the rationale, planning and first implementation steps (Crowley TDY, USAID and GOA consultation, workshop) for adding nutrition to present health/FP efforts, but had no time to describe how (design). The current status of nutrition knowledge in Afghanistan, possible nutrition resources, and possible nutrition-delivery institutions, would be surveyed. Nutritional deficiencies methods for correcting them, and Afghan and external resources and institutions would be identified. (End of proposal.) Rusby also describes three food enrichment possibilities:

A. Fortification. The possibilities of restoring the nutritional value, lost in processing of staple foods is considered: wheat (benefit civil servants, military), oil and sugar (limited production, import points), salt (Afghans use rock salt instead of refined), tea (promising because imports controlled).

B. Weaning Food. A palatable food for the 6-month to 12-year group, comprised of corn protein -boosted by mungbeans, mashbeans, and chickpeas, would be developed.

C. Extruded Products. High pressure processes would produce packaged food with high shelf life and same ingredients as blended food.

## RURAL DEVELOPMENT

Describing the socio-economic processes historically retarded by "development instruments failing to meet the needs of 85 percent of the people" -- central government and donor planning -- Mr. Mitchell contends that nothing will happen in Afghanistan without village awareness -- non-formal village education -- of the development process, and unless levels of planning are shifted to sub-Kabul levels more responsive to locally-expressed requirements.



A. Village Level Workers. PDD would create a 16,000 man cadre to live/work in Afghanistan's 16,000 villages, introducing through self-help, village councils, and cooperatives new ideas in conservation, reforestation, crop diversification, handicrafts, cottage industries, roads, rural electrification, public health.

B. Non-formal Media Communication. Two U Mass faculty will come to Afghanistan to explore the use of stories, songs, games, etc., to reach villagers re benefits of development. 211 (d) support is requested - (incorrectly).

C. Regional Development Centers. Five Centers responsible for regional planning and implementation of projects in rural health, nutrition, population, non-formal education, and public works as identified by village level workers would be established in Kunduz, Mazar-i-Sharif, Herat, Kandahar, and Kabul. Village workers report to provincial planners who provide direction to the regional planners and project executors (ecology, agriculture economics, forestry, construction, PH, education). Included is a training institute for village level workers staffed by 45 Americans. The five Regional Centers require 55 US advisors, the Provincial Planning Centers ten advisors. Total annual US costs once program mobilized: \$7,500,000 (TA \$5.5 million, commodities \$1 million, participants \$1 million), GOA costs \$13 million equivalent.

## AGRICULTURE

Wedberg contending that food, nutrition, and rural health comprise Afghanistan's premier rural development problems as well as A. I. D.'s priority initiatives - and Congressional intent, recommends that their sector - or subsector-wide requirements (gaps) be analyzed comprehensively before identifying which programs are suitable to US, other donor, Afghan or, preferably, multidonor participation. He suggests that food crops/livestock, nutrition, and health constitute a sequential development continuum -- from research/multiplication of seed and crops/meat produced, marketed, and consumed by children, through nutrition and MCH/delivery and preventive medicine to human resources capable of rural development. In Afghanistan, centralization, planning (and management), manpower are the primary constraints to any food-nutrition-health program, conservation (irrigation, erosion, range) comprising a secondary constraint. He developed the rationale for and has identified the following subsectors/projects for possible US/other donor assistance.

### I. Agriculture Planning Subsector.

A. Agricultural Planning. Management consulting firm would undertake Central GOA rural development planning (emphasizing food crops/livestock), training in development planning, and provincial planning. The team, located in MOP or wherever national planning power lay, would include emphasis on reorganization/output of MAI planning

staff. Periodic training courses with multiplier effect in program/project planning and design would be undertaken in Kabul and the provinces. Each province would have one resident planner to train local officials and help design a Provincial Development Plan.

B. Institute of Development Management. National focus for agriculture and RD coordination, planning, programming, management, and communication would conduct interdisciplinary training, do provincial/rural planning and evaluation, provide TA, and formulate rural research. Contractor would organize, head and staff until counterparts trained. Four-year cost \$600,000.

C. Area Development Authorities. Autonomous regional organizations for intensive agricultural development similar to HAVA, PDA, and PACCA would be established in "poor" provinces with great crop or livestock potential. Dispersed personnel would live and work closely with farmers. Three inviolable principles are self-help contributions by beneficiaries, integrated Afghan expatriate administration, and managerial/financial autonomy. Programs would include water development, crop research/extension, marketing, livestock, public works. Donors would each support an ADA for 3-5 years. Herat is suggested for pilot USAID-sponsored ADA. Average ADA would have 4-8 advisors, annual donor cost per ADA not exceeding \$800,000.

D. Agriculture Project Training. USDA's two-month agriculture capital projects course in Washington designed to prepare participants for critical analysis of feasibility of RD projects would be 1) brought to Afghanistan, and 2) required of every USAID/A participant regardless of field. Course teaches cost-benefits, socio-economic goals, relationship of agriculture to the economy, sampling, IRR, investment criteria, et al, applied to actual LDC projects such as irrigation, crops, credit, livestock, range management, fertilizer, rural public works, Cost \$1325/man.

## II. Agriculture Manpower Subsector.

A. Agricultural Training Institutes. Afghanistan has but two ineffective agricultural vocation schools and two Faculty of Agriculture students majoring in Agricultural Education to staff them. Ten of the specialized research stations would be converted to Agricultural Research and Training Institutes (ARTIs) in an effort to mass-produce agricultural technicians, from secondary school-leavers for the RD decades to come. The training, modest in facility and objectives and staffed by manager and lecturer, would exploit station activities, farm, case studies, research, and teaching resource. The Institute/Schools would be sited in all micro-climates, major agricultural regions, and subsectors, e.g., various crops, livestock, irrigation, textiles, agro-industry, forestry, agronomy/horticulture. Institutionalization is problem. Project begins with Agriculture Manpower Survey. Assistance to Faculty Agriculture Department of Agricultural Education is considered. Several donors would provide advisors to Institute Directors and lecturers, US assistance focussing on food crops and livestock training. Ten-year project including TA, training, equipment, and O&M would cost \$6-8 million less other donor input, plus small program loan.

B. OPEX. The "operating executive" TA mechanism would "Afghanize" or replace "advisors" by requiring TA personnel to fill an established operational GOA slot at Afghan salary (USAID-topped), sign Afghan contract, live in Ministry housing, answer solely to Afghan superior, and never use US facilities. The arrangement offers administrative, psychological, ideological and social advantages.

C. Agricultural Communication. News of interest to the peasant would be mass-disseminated through a market news service, radio, pamphlets, later TV, thereby stimulating literacy. USDA or midwest university would provide TA.

D. Scientific Farming Education. Faculty of Agriculture graduates who are farmers would be US-trained in scientific farming practices. If returnee leaves farm within five years he repays training costs. Pre-coup Minister of Agriculture and Ambassador agreed.

E. Pilot RD Manpower. Objective of pilot project in selected province would be testing of and increase in effectiveness of extension/agricultural manpower, planning and management, measured scientifically.

F. Machinery Maintenance. Training program/facility in O&M and repair of farm equipment would be established.

### III. Food Crops Subsector.

A two-approach program is designed: nationwide institution-building of development services critical to production and income objectives, and comprehensive help to single high value crops (Martin's Special Commodity Group) necessary to crop diversification and export income. Because of its direct impact on nutrition and rural health, the former takes priority.

A. Food Crops Subsector Analysis. Building upon the 15,000-village agricultural census and the demographic survey, a systematic province-by-province analysis (not study) of food production, distribution, and marketing would be undertaken, emphasizing wheat, corn, rice, barley, legumes, oil seeds, major fruit. Performance of the food crops subsector in terms of nutritional requirements, income, and employment would be evaluated 1974-1980. Mission-useful conclusions would identify and prioritize gaps, policy constraints, and investment required to reach goals, and provide factual base for policy decisions. US university with computer capability to stimulate subsector could do in ten months with 7-8 man phased team comprising coordinator, economists, systems analyst, agronomist, institutional analyst, and nutritionist, cost \$100,000.

B. Field Trials. (Follows USAID Research Project). USDA, PASA would provide 204 Agronomists/Trials Officers to conduct comparative trials, recommend environmental varieties, and advise/train extension on practices.

**C. Seed Multiplication (and Distribution).** Foundation seed farms established at four altitude/environmental zones would multiply breeders seed, identified as suitable by agricultural committees, under controlled production and isolation. Foundation seed is tested, certified, and sold at cost to an Afghan Seed Company for further multiplication through certified growers, further classification, storage, and release. Seed Law and Regulations are conditions precedent; project would provide enforcement. Specialists working out of each Seed Farm will assist contract growers and educate local officials. Complex project would comprise four seed farms, testing laboratory, certification agency, seed company (possibly private), seed extension, and possibly distribution. Ten-year \$4 million grant would include 4 farm managers, 4 extensionists, 2 agro-mechanics, and a coordinator. \$1 million support loan is required.

**D. Distribution Cooperatives.** Production inputs to farmers -- seed, pesticides, machinery, implements, perhaps fertilizer -- would be provided through US-established cooperatives on the PACCA model, later amalgamated into national association. US coop union contractor would suggest areas of likely receptivity and teach methods of coop establishment and farmer credit in 3-4 selected areas. USAID would provide seed capital (grant) and/or revolving fund (DL) for subsequent crop expansion.

**E. Crop Forecasting.** (Project belongs in Inputs-to-Farmers Subsector.) To develop GOA capabilities in food crop statistics prediction, gathering, retrieval, and interpreting, in-country research would develop (Turkish model) mathematical method of pre-harvest forecasting through precipitation, seed and area planted, fertilizer, other crop inputs. US would provide PASA TA and training.

**F. Grade Certification.** Official grades for wheat, corn, rice, barley and food legumes and a system of grade inspection would be developed through TA. Market news service would be developed.

**G. Storage.** Survey of existing public and private storage facilities, their 1980-1985 requirements, and optimal siting is required first. TA would help MAI with long-range storage planning and implementation, rental/construction options, and incentives, and help prospective operators with private construction and operation. MAI Crop Storage Agency would be established. Foreign loans would finance new construction.

**H. Marketing Cooperatives.** Marketing activities between producer and packing houses/export markets require cooperatives to oversee drying, grading, packing, selling, etc. See Distribution Cooperatives Project for Techniques of coop establishment, credit, etc.

**I. Food Marketing.** A National Agricultural Products Board with branches would be established to develop institutions for efficient provincial/national marketing of food crops. Its mandate would include reduction in losses, export sales, pricing, quality

control, and cost accounting. US would provide advisors to Chairman and O&M to accounting, marketing, and storage departments, and training. Ten-year cost \$2 million.

J. Export Market Development. An independent market intelligence gathering agency would keep exporters informed of prices, sales opportunities, nature of demand, competitors, trade barriers, and market potentials. Quality improvement and long-distance processing are necessary. See Wilson proposal for search for new markets.

#### IV. Crop Diversification.

A. High-value Crops. The priority and rate at which fruit and vegetables are brought in as Martin's Special Commodity Group projects should depend on nutritive value, income equalizing effect, improvement costs, fertilizer costs, input conversion, and national goals. Major fruit, vegetable, legume, and oilseed crops are ranked. A USAID or TDY study of crop and area options is necessary now, followed by full-blown feasibility studies of 3-4 specialty crops. PACCA exemplifies potential complexity of any follow-on project(s).

B. Wheat Acceleration. Assuming wheat self-sufficiency retains current priority, four small projects might be consolidated under one large Wheat Commodity Group program

1. Climatic Wheat Research. The optimum strain would be developed at each of several climatic zones. Existing Research Stations are too poorly located to help. PASA would provide TA.

2. Wheat Storage. See Koenig/Hunter.

3. Wheat Stabilization Service. See Koenig/Hunter. The ADB counterpart staffing system would be emulated. Training, equipment are required.

4. Dryland Wheat. New legislation makes cultivation on current range and illegal. Relative merits of cropland vs rangeland economically and ecologically would be surveyed, followed by TA in range law enforcement. Adaptive research into dryland wheat characteristics, farmer practices, and means of ameliorating dependency on weather would hopefully raise productivity to irrigated level. Follow-on project would impact on farmer income, employment, equity, and the poorest.

#### V. Livestock.

A. Kuchi Livestock and Range Management. Ten-year scheme would improve quality of sheep and cattle for domestic nutrition and export, and bring the nomadic Kuchis into the national mainstream and the money economy through modern range management and ranching associations in limited area. In Arghandab Valley where transmission lines cross desertland containing aquifers, Kajakai power would power tube wells to obtain pasturage. Water and fencing laws and assured export markets would provide

Kuchis the security to settle or remain herdsmen. Ten advisors would apply/teach modern veterinary practice: feed, health, insemination, quality control, trails, markets, slaughter. 15-20 ranching associations (coops) would encourage settlement and sense of community through water/property rights, marketing association, democratic leadership, schools, clinics, markets, skills. Problems of land/water use, erosion, and engineering would be solved. Grant cost \$7 million including \$4 million ~~contractor~~ contractor, \$2 million heavy equipment, and training.

### NUTRITION

Wedberg believes that any nutrition assistance demands two CPs: a fixed interministerial Nutrition Committee, and national nutrition priorities (manpower training, reduction in malnutrition-induced death and disease, food production and quality, human productivity, reduction of rural woman's work). A single agency should develop analysis, policy, prioritization, and program through ~~single agency~~ sequential Nutrition Development Plan. Through TAB immediate assistance is available in National Nutrition Planning and Evaluation of Nutrition Education, and through consultants. Zambia's pioneering techniques deserve observation training.

A. National Nutrition Center. Afghanistan focus for nutrition programming, communication, and education would coordinate planning and evaluation, training, advisory services, and communication in the food/nutrition relationship, and would identify gaps in knowledge. USAID would assist \$500,000 building and provide nutrition programmer and economic planner for \$400,000.

B. Nutrition Manpower Training. Three permanent training programs for food nutritionists, health nutritionists, and nutrition educators, and one annual Nutrition Center/KU training program for provincial ~~administrators~~ administrators  
xx ..  
would be established. TA and training cost \$1 million.

C. Food Nutrition Research. US university would investigate (1) foodstuff use by province, (2) appropriate diet-balancing foods, (3) food preservation/distribution by province.

D. Health Nutrition Research. US university would investigate (1) causes of Afghan malnutrition, (2) incidence of death and disease due malnutrition, (3) calory/protein impact on malnutrition, and later, (4) impact of nutrition on human efficiency.

E. Nutrition Education. Nationwide drive would educate isolated villagers to desirability/practice of good nutrition. Afghan Nutrition Year would use nutrition textbooks, meetings, press, radio, pamphlets, speeches to emphasize best use of local food, introduce new foods, and illuminate preservation/distribution methods. Commodities, little TA, cost \$1 million.

F. General Sanitation. Nationwide training of Health Auxiliaries in water, sewage, drainage, and pest control to develop environmental sanitation program is justified/described under Rural Health Program.

G. Improved Plant Breeding. Development of new strains to improve diet is described under expanded Research Project.

H. Crop Diversification. Development of viable new seed to diversify the diet is described under Research and Seed Multiplication projects.

I. Adult Education Texts. Food/nutrition as universal subject of beginner textbooks is described under Education Sector's Food/Nutrition Readers Project.

~~Health~~

## HEALTH

A. Comprehensive Rural Health Program. Wedberg states that time is opportune for a nationwide multidonor health delivery system to redress the currently inequitable provision of services. The \$25-30 million program would be divided among several donors, US to undertake MCH/FP component. 2000 dispensaries (one/7000 people) located within 10 km of 90-95 percent of population would be staffed by one "MCH Aide" and one Medical Aide each, responsible for preventive, educational, and simple curative services. Twelve dispensaries linked to Basic Health Center (headed by Medical Assistant), six of which linked to one referral hospital per province. Each province would have one MCH Training Center. The MCH Aide with primary education always trains in her province, receiving 12 months didactic training before returning to home wolo-swali for 6-12 months OJT and assignment. She would be skilled advocate and deliverer of nursing and hygiene, nutrition, prevention, conduct of labor, baby care, maternity, FP, health education, and under-6 clinical services. In addition to dispensary construction and Medical Aide training (which rounds out \$20 million MCH package), donors would be found for training Medical Assistants and sanitarians, MOPH Planning Unit, PH Institute, and sanitation program. The 7-year MCH Training project would cost \$7 million of which construction of 28 Centers with four hostels each cost \$4 million (contract \$2 million, commodities \$2 million). Local costs may require CIP financing. Several waivers would be needed.

## EDUCATION

Citing the irrelevancy and inequity of current education in Afghanistan, Wedberg proposes a radical shift of emphasis and resources toward requirements of the illiterate rural masses: vocational training, non-formal education, primary schools, etc. Major rural education problems included concentration of opportunities in Kabul, no coordination of education and manpower requirements, primary teachers pipeline, rural inducements for graduates, brain drain, and qualitative constraints to rural leadership. Assistance to secondary and higher education and MOE should be phased out.

A. Rural Manpower Survey. Skills required for alternative 1985 goals in 29 provinces compared to existing and projected manpower levels would be studied and analyzed in 18-24 months by US contractor for \$500,000 maximum.

B. Vocational Education. Based on Survey, multidonor project would develop system of new facilities and staff for vocational schools in health, construction, crafts/trades, and clerical skills, with US selecting field(s) of competence. US university(s) would provide on-site TA and campus training. Equipment possible, construction unlikely.

C. Textbook Distribution. To plug the gap in the C&T project, Franklin Books (under T.O.) and AID systems experts would gather data, study warehousing/storage, analyze what needs to be done to develop distribution system, and help MOE to do it. <sup>Y</sup>

D. Functional Literacy/HAVR. 1973-80 Adult Education Plan ties literacy activities to 14 development projects. USAID, GOA, UNDP, and UNESCO would jointly participate in "world of work" and "employment opportunities" research, explore HAV potential for pilot for nationwide literacy campaign, and prepare HAV plan leading to 5-year \$2 million project.

E. Functional Literacy/FP. The population message would dominate the Functional Literacy Program's communication media to reach otherwise illiterate peasants. UNDP would coordinate, Title X help finance.

F. Food/Nutrition Primary Readers. Universal use of beginner textbooks (whether for child or adult) using food/nutrition relationship as ideal subject could have long-range revolutionary impact on dietary habits. TA and little equipment might be combined with C&T subproject.

G. Nutrition Education. See Nutrition Sector.

H. Research Centre. KU Research Centre would be converted into semi-autonomous government-financed unit by which KU would undertake adaptive research into RD as requested by ministries and approved by interministerial Research Council on developmental criteria. Multidonor project would enhance and channel donor research aid.

#### UTILITIES

A. Rural Electric Cooperatives. In view of Congress' and Daoud's endorsements for cooperatives and availability of hydro potential and poletreatment plant, Wedberg would have NRECA survey immediately Afghanistan's potential for rural electricity, and provide GOA with optional locations, financing, systems, etc. If feasibility study justified, RDB would use \$5 million US loan as revolving fund to capitalize 2-3 new coops. Member villagers contribute token amount, elect leaders, and provide labor for activating US-procured material. NRECA would send advisors in management, engineering, and finance, and provide US training. High-density rural areas near hydro transmission, such as Darweshan, are suitable. Six-year grant cost \$3 million.

#### PUBLIC ADMINISTRATION

Wedberg recommends USAID undertake decentralization and anti-urbanization policies for Afghanistan in order to remove primary constraints to RD objectives.

A. Decentralization. USAID would launch decentralization program by (1) persuading policymakers that radical change is in GOA interest and (2) implementing that change. Renowned management consultant firm would analyze decentralization options using development as criteria. 2-3 year study should not be US-funded but would probably use US firm. Consultants would retain confidentiality with ROA. Implementation may require 29 mini-Kabuls each with Governor, Development Officer, Planner,

Fiscal Officer, Administrative Officer, and ministry representatives. Each provincial government would have planning/budgetting autonomy, and would compete for plan approvals, project financing, and foreign aid. All university graduates in government would be required to work in provincial administrations, with appropriate incentives, thereby solving the manpower constraint. US training and TA would comprise implementation assistance.

Agricultural Planning Subsector

The US Agricultural Review Team (Dec 71) identified the following as the "most significant" constraints to agricultural development in Afghanistan:

1. Lack of will to make development the highest national priority;
2. Lack of management skills;
3. Development planning non-existent;
4. Ineffectual reform of civil service;
5. Failure to budget resources for nominally approved projects.

If agricultural management and administration are included in this Subsector, solutions to all the above national problems would be among the objectives of an Agricultural Planning program. Such program takes on added importance when one realizes that, given the dominant role agriculture plays in the economy and employment (90 percent) and is likely to play for the foreseeable future, agricultural planning is national planning. Agricultural planning is rural development -- the two are inseparable -- and any change, for example, in national/provincial/woleswali/local administrative relationships would affect national agriculture policies/plans to a major degree. The constraints cited above are subject to project response, although the first constraint of national will would require political influence as well.

Before criticizing the MAI Planning Division too harshly, <sup>consider</sup> its constraints:

1. MAI controls but 45 percent of public agriculture-related expenditures.

The urea plant, feeder roads, Helmand and Paktia programs, rural education, etc., fall under other ministries. MAI has no program for agribusiness development.

2. GOA operating procedures do not permit dynamic action programs necessary for rapid agricultural progress. Performance is not required for tenure or normal advancement. Traditional cultural values and social relationships maintain the system.

3. Collection and analysis of agricultural data, the foundation for policy formulation and planning, has barely started. MAI planning capabilities are so limited that actions are confined to budgeting rather than data collection, analysis, and planning. Considerable non-routine data unavailable through CSO is needed for policy studies. (However CSO is essential to the planning process.) Available records do not permit expenditures to be summarized in terms of programs and goals, nor to provide cost-effectiveness measures essential for planning and administrative performance records.

4. Externally influenced Five-Year Plans had little analytical underpinning, were outdated by the second or third annual budget, had unrealistically optimistic objectives, and failed to define/quantify means and ends.

Planning Capability. The exceptionally large amount of TA per capita which Afghanistan receives is not planned, not coordinated and not nearly as effective as it should have been, because any TA offered is accepted irrespective of need, because quality was uneven, and because of the constraints on its effective use by Afghans.

"The setting of priorities, planning and coordination of TA are urgently needed. Actually these can be done only by the GOA. Foreign donors should attempt to provide encouragement and assistance to the GOA in developing this capability, but in the meantime they should give thoughtful attention to the priorities of Afghanistan's needs for such help." <sup>1/</sup>

To move toward greater aid absorption, Afghanistan must build its capability to 1) plan and program; 2) prepare and manage projects; and 3) mobilize internal resources.

USAID should impose three conditions on projects being considered for financing:

<sup>1/</sup> Nathan, p. 172

1. Sectoral analysis which relates projects to Agriculture Sectoral policies and goals, and assigns sectoral priorities;
2. Feasibility test;
3. Quick-yielding and maturing, including adequate management and management training

The sectoral planning process is the most suitable for Afghanistan now (but Ministry planning units need to be appreciably strengthened to carry it out). Long-term Agriculture Sectoral programming would provide the basis for project identification while short-term annual plans provide for budgeting. An Agriculture Sectoral Plan would provide:

1. Framework for program identification/formulation;
2. Rationale and justification for such ~~programs~~ programs;
3. Formulation of agriculture policies and priorities;
4. Coordination of programs to add up to meaningful total.

Management Capability. Three types of agricultural management assistance is appropriate at this time: 1) topmost policy level; 2) middle-level technical support; and most importantly 3) provincial operational level. The urgent need for project managers/expeditors located in the villages, woleswalis and provinces in daily contact with farmers and agribusinessmen is much greater than proliferation of policy makers, planners and administrators in Kabul. (The U. S. Agricultural Review Team argued for a USAID-financed Provincial Agricultural Development Project.) Greater impetus would be given to the extension service. Rapid agricultural development requires

simultaneous operation of a multitude of programs in water use, input supplies, production, marketing, et al. Only integrated management -- by region, province, or other subdivision -- can ensure coordination; functional fragmentation of projects is only possible at the sacrifice of integration. A new approach to coordinating rural projects is required. Economic and social change demands competence in managing non-traditional activities. Education and training, while useful, cannot substitute for experience in managerial practice. (See Area Development Authority project).

Coordinating Capability. There is little donor coordination in Agriculture or Rural Development in Afghanistan. One donor offers assistance which reflects his view of what is readily available, rather than need. Donor terms for Afghanistan often better apply to more advanced developing nations. Donor competition is wasteful, making for imprudent and inefficient allocation of resources.

"It is essential that our assistance take into account activities of other donors, the financial and personal resources available, and reflect that the US is a participant in a multilateral development effort ... we are seeking to foster greater coordination on policies and programs, thereby optimizing the use of scarce resources among donors." <sup>2/</sup>

In the final analysis such coordination is a GOA responsibility, but donors should help the government perform that ~~critical~~ critical function. In the interest of more rational planning of assistance from abroad, donors should organize themselves into a consortium which would 1) have consultative functions; 2) assist in mobilizing external resources; and 3) assist in developing internal allocation and implementation

2/ AIDTO CIRC A-461, Program Planning for FY 75 and Beyond, 4/21/73.

capabilities. However, development is indigenous -- nothing is as critical as Afghan (1) commitment to rural development; and (2) decisiveness in making and implementing decisions. Attached is list of other donor efforts in the agriculture sector.

The following four-project program would be expected to overcome problems and constraints cited above:

### Agricultural Planning

A contract team from an internationally-known development/management consulting firm (MacKinsey, A. D. Little, Nathan, MIT, etc. ,) would undertake 1) central planning; 2) training in development planning; 3) provincial planning.

1. A planning staff of professional specialists would be located in the Ministry of Planning or in the Prime Ministry planning unit, or wherever the planning power of the country lay. This would not likely be in MAI for Ministry planners are subject to national planning decisions, and the <sup>consultants'</sup> ~~experts'~~ agriculture/rural development mandate would likely involve, indeed, <sup>be</sup> dominated <sup>by</sup> ~~dominate~~, multi-sector planning. The advisory <sup>team</sup> ~~group~~ would review all proposed programs and make recommendations to the Minister/Prime Minister. It would centralize the MAI planning staff into one tight unit, and shift the residual statistics function to a new department (economic studies and statistics) responsible for 1) collecting, analyzing, and publishing commodity prices and pre-harvest prospects and estimates; and 2) research on economics of production/marketing for major products in major farm regions (See Crop Diversification). It would prepare manual on ministry responsibilities for project preparation and evaluation, and similarly institutionalize planning methodology in other ways.

2. The team would establish periodic (quarterly, monthly) training courses in appropriate aspects of development planning for policy makers, technician bureaucrats, and provincial officials. One course, for example, would develop the competence of Ministry units responsible for project preparation while simultaneously producing projects suitable for financing. Such trainees would be expected to train others.

3. If the decentralization plan described elsewhere is implemented, the contract would provide one professional planner to each of the 29 provinces, who would, through example and OJT, prepare provincial/woloswali officials in the long-range planning process and project design. The planner would <sup>assist the Provincial Planner to</sup> design a Master Development Plan for his province. If decentralization goes unimplemented, only five regional planners would be required (See Mitchell proposal for Regional Development Project).

Institute of Development Management

National focus for Agriculture and Rural Development planning, programming, evaluation, training, management, communication and coordination is essential. The \$500,000 institute, symbolically located in the poorest centrally-located province, would have four principal objectives:

1. Interdisciplinary training of provincial officers;
2. Provincial/local planning and evaluation;
3. Scientific and technical advisory service;
4. Research into provincial/local development planning and management.

The Institute would of necessity maintain close ties with the Ministry of Planning (or its equivalent) and the University. It would have a 29-section (one for each province) library on provincial/woloswali development and an information retrieval system. A US management contractor would organize, head and staff the Institute until counterparts were trained in development education. TA for Director, economist, and instructor, and US graduate training for replacement, for four years would cost \$600,000.

### Area Development Authorities

To obtain the benefits of program coordination/integration and improve administration and implementation of field-level agricultural activities, regional development organizations with autonomy to design and implement comprehensive programs for the area/province/region they serve should be established. These MAI-financed (independent resources) Area Development Authorities (ADAs) would receive foreign managerial/technical/financial assistance as now provided for irrigation and land development projects. Geographically dispersed personnel would live and work closely with farmers rather than at regional centers, thereby enhancing responsiveness to cultivators, transmittal of know-how and resources, and interchange of experience among farmers. Each ADA would have wide latitude within the perimeters of three principles not to be compromised:

1. Managerial and financial autonomy. ADA administrators should participate in the PPB process and be responsible for expenditures on post-audit basis;
2. Integrated Afghan-expatriate administration. Skilled foreign staffers would intersperse at levels of the management structure where Afghan competence is lacking until requisite Afghan skill/experience is developed.
3. Farmer/agribusiness self-help. Beneficiaries of rural improvements should a) participate in program formulation; and b) contribute labor, materials, water rates, etc. <sup>PARA</sup> ADAs would operate small, locally-designed, integrated programs concerned with such as:

- (1) Minor irrigation works, ground-water development;
- (2) Research/extension on crop production practices;

- (3) Marketing procedures;
- (4) Concepts in livestock breeding;
- (5) Rural public works.

Particular donors would support one or more ADA for 3-5 years. ADA locations preferred by USAID depend upon interpretation of A. I. D. guidelines. Nathan argues that the best, most-accessible agricultural areas should be selected for intensive integrated development<sup>3/</sup> for major impact upon production and income. Heaviest concentrations of population and irrigated land with easy market access are in Kabul, Balkh, Kunduz, Baghlan, Nangahar, Kandahar, Helmand, and Herat Provinces. Yet, with exception of Herat, these are the provinces already receiving crop improvement priority. (Major livestock (sheep) provinces are Herat, Kunduz, Baghlan, Badghis, Farayab, Jazjan, ~~Spangan~~<sup>a</sup>.) Selection of these "richest" provinces would violate Congressional and A. I. D. directives to limit future assistance to the "poorest of the poor". (In June MAI requested (1) a study of the possibilities of concentrated agricultural assistance to high-altitude Ghor, Bamiyan, and Badakhshan Provinces; and (2) US assistance with fruit and vegetable seeds adaptable thereto.) As minimum, USAID should sponsor a pilot ADA in Herat Province, the one of three provinces rich in both crop and livestock resources (others Kunduz, Baghlan) which also has low MAI development priority and the lowest commitment of MAI manpower. The objective would be to develop techniques relevant to poorer provinces later when the current search for criteria to determine the poorest is culminated.

The German-sponsored Paktia Development Authority (under Ministry of Planning) offers a better prototype than HAVA in its ability simultaneously to identify, design, construct, and

evaluate many small irrigation, road, and riverbed-protection projects while organizing programs in extension, production supplies, and rural health as well. The cost of an ADA project in one province would vary with nature of province and volume of activity underway, and increase with additional programs. Relative costs of establishing HAVA, PDA, and PACCA would provide comparisons.

TA minimum for a Herat ADA would be a manager, planner, agronomist-agriculturist, and livestock expert, who could be augmented by economist, ecologist, engineer, forester, etc. Including participant training, U.S. costs for fully-operational typical Herat ADA with multisector operations would not exceed \$800,000 annually, declining as counterparts became skilled. A one-OPEXer operation is entirely feasible for some ADAs given current conditions. (See Mitchell proposal for five RD Regional Development Centers for some staffing/costing options.)

### Agriculture Projects Training

Project preparation, implementation, and evaluation are the critical links in the planning process requiring urgent special attention. Afghanistan needs to make intensive use of the USDA biannual Agriculture Capital Projects Course, <sup>in Washington,</sup> designed to prepare participants to make critical analysis of feasibility of rural development projects, ~~in Washington~~ and request that the training program be brought to Afghanistan. In-country courses have been held in Guyana, Turkey, Dominican Republic, Jordan and Philippines. Economists teach how to 1) make financial and economic analyses; 2) compute benefits and costs from proposed projects; 3) estimate social benefits including employment generation, income distribution, and foreign exchange savings.

Technical and managerial aspects of projects are included. Subject matter includes:

1. Socio-economic goals --- production, employment, income distribution, etc.;
2. Relationship of agriculture to the economy;
3. Farm survey sampling methods and data soliciting;
4. Discounted cash flow; benefit costs, IRR analysis;
5. Shadow prices;
6. Investment criteria.

Such procedures are applied to actual LDC projects in irrigation, crop campaigns, agricultural credit, livestock production, range management, fertilizer, mechanization and employment, research, food processing, rural public works. In preparing projects for consideration for financing, participants learn how to make better choices. All of the above activities are <sup>possible</sup> ~~likely~~ candidates for USAID-sponsorship under current A. I. D.

GOA priorities. Because of its universality, the course should be required of all Afghan participants to the U. S. (beginning or end of academic training) regardless of sector if the new concentration on the rural poor is to bear fruit a decade hence.

The two-three month Washington course costs \$1325/man. Costs for two economists to hold in-country courses would depend upon number of courses, at what intervals, ~~where~~. Such project could be implemented quickly. Later it would be coordinated with the training component of the longer-range Agricultural Planning Project (above).

DP:JWedberg 8/18/73

## Agriculture Manpower Subsector

The literature on agricultural development of LDCs uniformly cites trained manpower as its top priority constraint, and the one to be addressed first. Yet no constraint to Afghan agriculture and rural development seems more underrated than non-professional skills. The entire Agriculture Manpower Subsector -- from village school farm training to Ph. D. s overseas, from mass communication to Ministry advisors -- impacts upon the new food/nutrition/rural development priorities, but some Subsector activities do so to greater degree than others. Higher education (postgraduate, Faculty of Agriculture, Veterinary Medicine) has a lower priority than before, particularly in Afghan context. The principal means by which agri-education can contribute optimally to Afghan development is mass-production of agricultural technicians (vocational training) <sup>who have been</sup> given the communication skills to pass knowledge to farmers (extension).

Need.

TA has been far from fully productive . . . . most importantly because of the constraints on its effective use by Afghans. Too often there are no counterparts, or else no sufficiently qualified or dedicated counterparts to work with the foreign technicians. . . . <sup>1/</sup>

Donors produce reports and design projects which require the university-graduate counterpart but ignore the absence of the implementer of real project objectives -- thousands of secondary school-leaving agri-technicians whose skills must bridge the chasm between the elite and the illiterate. Some managerial comprehension must be carried by workers traditionally apart from the management structure in order to develop lines of responsibilities for effective performance. Incentives must be found to encourage qualified agri-technicians

1/ Nathan p. 172

to serve and remain in their province to pass on their special skills/knowledge. The key of course is education -- general and technical, formal and non-formal, institutionalized at a low level of the education ladder.

<sup>biggest</sup> The Afghan education improvement for agriculture has been the village school, graduates of which (and of their agricultural courses) increased 150 percent in 1969-1971. But there the planning stops. Except for vocational programs in <sup>Darwishan?</sup> ~~Lashkar-Gah~~ and Baghlan, there are but two agricultural training schools -- Gulzar and Badam Bagh ~~which~~ which graduate 115 annually -- in Afghanistan. Other LDCs of equivalent size have 10-20 such institutes. *But the school was not here*  
*I am not sure where it goes but the ag school in Darwishan is there.*

The constraints to higher agricultural education, confronted by past USAID projects, are now administrative and no longer require substantive policy/planning re-orientation or resources. With <sup>the</sup> ~~a~~ veterinary school and Faculty of Agriculture each graduating about 30 per year, with 140 foreign M. S. and Ph. D degree <sup>holders</sup> (84 US) back in country, the agricultural education pyramid is top-heavy. Overseas graduates end up in guaranteed Government service which is unable to assimilate them fully. Most (including Ph. D.s) are hired without significant assignments or responsibilities (not unusual among LDCs where educational overkill is rife).

"It is evident that a substantial resource of trained professional agricultural manpower exists in Afghanistan." <sup>2/</sup> -

Project: Agricultural Training Institutes

The gap looms at mid-pyramid. As USAID and GOA program their assault on rural ~~poverty~~ poverty, that gap looms critically. Agricultural training must be redesigned to meet development needs of the mass of Afghans (Provinces which need agricultural advisors the least have 3-4 times as many per farmer as those poorest <sup>provinces</sup> ~~areas~~ which need them the most. <sup>3/</sup> Some

- <sup>2/</sup> Ag Research Rpt, Oct 72,
- <sup>3/</sup> ADB Sector Study, Dec 71.

*↑ says who. numbers say nothing, no matter how they are spread.*  
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Afghan educators concerned about the top-heavy pyramid advocate restrictive measures to suppress movement upward. But educational opportunities for agriculture/rural development must be increased rather than restricted. Others argue that quality must improve. But to 15 million illiterates who make no educational distinctions, one man <sup>who</sup> will improve their lives needs no quality degree. Needed are thousands of moderately-skilled, moderately-paid agricultural workers motivated to revolutionize peasant life and aspirations in each woloswali. When viewed in the context of the staggering needs, heretofore unaddressed, of the ~~farmer~~ peasant 85 percent of the population living in <sup>15,000 villages in</sup> 29 provinces, and ~~15,000 villages~~, perhaps technical (not professional) agricultural manpower can be called the Priority Development Problem of Afghanistan.

Needed is a system of secondary-level Agricultural Training Institutes, eventually one per province but for project purpose 10-12 will do. They would be modest in facility, staff and objectives. For other LDDs with less grievous manpower shortcomings, A. I. D. has provided extensive CA to construct and equip facilities <sup>for</sup> with so vital a nationwide development purpose. In this proposal, cost to GOA and US would be minimal due to fortuitous location of existing facilities serving related purposes; the Regional ~~R~~ Research Stations. Several could be exploited to this purpose, much as the organization of US land grant colleges where research, teaching and extension exist under one roof. Institute <sup>manager</sup> and lecturer(s) would augment station staff. Addition of dormitory and classroom would <sup>effectively</sup> provide the students with in-place facility, experimental farm, ongoing case studies, adaptive research, and occasional faculty resource in the Station's/Institute's specialized field. All micro-climates, major agricultural regions, and subsectors would be available among Agricultural Research and Training Institutes (ARTIs) for secondary school candidates to select between:

1. Kunduz ARTI, Kunduz (including Ortobloqi Farm)	Cotton, Textiles
2. Shisham Bagh ARTI, Jalalabad	Semi-tropical agriculture
3. Urdu Kahn ARTI, Herat	Industrial/Export crops
4. Mazar-i-Sharif ARTI, Mazar-i-Sharif	Food Crops
5. Bolan ARTI, Lashkar Gah	Irrigation, Resources
6. Kokoran ARTI, Kandahar	Agronomy/horticulture, Agro-industry
7. Bamiyan ARTI, Bamiyan (or Ghazni, Chakhcharan)	High altitude crops
8. Pose-i-Shan ARTI, Baghlan	Livestock
9. Sheberghan ARTI, Sheberghan	Karakul (coordinate <sup>with</sup> Karakul Institute)
10. Paktia (or Kunhar) ARTI,	Forestry
Gulzar	existing ag training
Badam Bagh	existing ag training

Project purpose is organizational: to develop in-country institutional capacity to provide adequate pre- and in-service training for food-crops and livestock subsectors personnel. toward quantitative 1980-1990 manpower requirements  
Elitist Afghan thinking must be re-oriented through assembly-line "paragriculture" training.

▲ Once Afghan priority and budget commitment are obtained, <sup>the</sup> institutionalization of the ARTI system, perhaps in collaboration with the Research Project, can be addressed: ~~These are~~ civil service/educator issues fundamental to staff motivation/psychic reward which have ~~xxx~~ crippled similar LDC institutes -- career ladder, security, salary, promotion policy, facilities/services support -- which can be overcome in a well-designed <sup>preconditioned</sup> project.

First step is a nationwide Agricultural Manpower Survey to establish the provincial manpower requirements of the Sector in ~~1982~~ 1980-1990 if <sup>optional</sup> GOA objectives are to be achieved.

secondarily it would confirm existing and projected 1975 manpower resources, and project manpower availabilities in 1980-1985 under current policies/programs. It could be done by TDY from Washington.

The Agricultural Institute Project may or may not involve a Faculty of Agriculture Department of Agricultural Education activity. (Exactly two FacAg students are majoring in Agricultural Education leading to a teaching position at a vocational school.) It will involve heavy TA: planning (systems) and administration at the Ministry, advisers to Institute Directors and subject matter (vocational) lecturer(s) at each Institute pending training of counterparts. It will train Institute staff, and Ministry education and food-crops/livestock personnel (as ancillary subsector management), in US and in-country. It will require teaching equipment (program loan), maintenance and repair of existing facilities, and Conditions Precedent. It may or may not require limited new construction, vehicles and Trust Fund. Ten-year project will cost \$6-8 million, depending on CA required, reduced by degree of other donor participation. (French assisting Octobloqi cotton farm near Kunduz; Germans assisting UNDP/FAO forestry project in Pakhtia; and Indians assisting rice/wheat/potato research and training, are likely contributors to one institute each. Japanese and Danes assist similar projects in other LDCs.) US assistance would focus on cadres for the food-crops and livestock subsectors. In the interests of decentralization, no Training Institute should be located in Kabul Province (Kabul Research Headquarters would have no training component) -- at least none would be project-assisted. The World Bank will join such an effort as soon as the Afghans get the two existing agricultural training schools to function effectively.

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Other Agriculture Manpower Subsector Projects: More modest programs have potential to greatly influence the Food-Crops and Livestock Subsectors, and Rural Development.

1. OPEX ("Operating Executive" Mechanism, originated by UN). Beyond administrative advantages, provision of operational rather advisory personnel tends to ameliorate suspicion inherent in an ideological milieu and to generate mutual trust not generally found in advisory relationships in traditional societies. The expert is disassociated from US objectives. Of OPEX,

Nathan states:

"There is a desperate need for this type of (especially helpful) assistance, especially at the provincial, district, and village levels, to assist the Government in the formulation and implementation of accelerated agricultural development and rural works programs." <sup>1/</sup>

The Minister would select the OPEXer from several candidate villages. OPEX personnel would sign an Afghan contract, fill an established GOA slot at an Afghan salary (discreetly topped off by USAID), and live in Ministry-provided housing. The OPEXer would be answerable solely to his Afghan Ministry superior who writes his appointment and for whom he writes progress reports. Under no condition would he use US facilities such as commissary or pouch. (In AF<sup>Bureau</sup>, only Ministry officials met him at airport and saw him off. He did not visit the Mission without appointment, nor appear on Mission guest lists. His friends were host nationals and OPEXers of several nationalities. He often represented the host government. At sensitive meetings with USAID he often represented the host government, to whom he repeatedly proved his allegiance to USAID's chagrin.) His world would be Afghan with all the socio-political advantages and personal disadvantages that implies.

2. Agricultural Communication. There is felt need for mass communication of news of direct import to the villager/peasant, e.g., "Market News Service". TV may eventually

do the job, but radio or pamphlet communication could be generated now. A daily service on local weather, crop, market, health, transport, education, etc., of widespread provincial/woleswali interest might stimulate literacy programs. TA from the US farm belt or USDA would cost little. Benefits to Villager and extension worker could be substantial.

3. Scientific Farming Education • Prior to coup, Minister Wakil and the Ambassador collaborated on a proposal to train farmer graduates of Faculty of Agriculture in U. S. in scientific methods of farming, as practiced. The returned trainees could not seek off-farm employment for five years, during which time the Government would subsidize him until he "finds his pattern in farming". <sup>2/</sup> If returnee does not comply, e.g., lacks interest in ~~agriculture~~ agriculture, he is charged with full cost of training.

4. Pilot RD Management Manpower • A province would be selected for a rural development project which the primary objective would be increase in effectiveness of the extension and other agricultural manpower assigned thereto. The project would include a substantial management and planning input, and planned output would be measured and evaluated ~~scientifically~~ scientifically.

5. Farm Machinery Maintenance • A program and facility for training in field operations, maintenance, and repair of farm machinery would be established, with potential for joining the ARTI system. A large private sector role would be encouraged.

(F)

NEW INITIATIVES

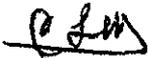
I. In a landlocked country as Afghanistan, it appears to me that an initiative to assist producers of specialty crops would be of great value to increase the income of small farmers, i. e., the growers of almonds, pomegranates, grapes, pistachios, etc. As it is very evident in this country, the producers of these specialty crops are usually individuals with small investments and concentrated in one or two regions of the country, somewhat outside the main emphasis of the usual area of project assistance. These small farmers have in the past only participated in nationwide cereal projects or other relatively large schemes which have somewhat helped them, but not really contributed greatly to individual farm income.

Therefore, I would like to suggest that either grant or loan assistance be offered to "special commodity groups". The type of assistance should be quite comprehensive combining the farmers' problems on through to the domestic consumer or final export of the commodity. These special commodity group projects could be labor intensive, i. e., processing and/or specialty packs which will have an effect on <sup>the</sup> utilized labor as well as unemployment problems. It is important that farmers producing specialty crops receive assistance on improved cultural, management, harvesting, grading and shipping techniques and processing methods. In order to support a scheme such as this an indigenous research resource will be required to backstop the extension service, credit assistance, processing plants and marketing systems.

2.

II. Providing assistance to farmers growing specialty crops should be considered only after the commodity group in the host country is organized in such a manner as being capable of utilizing technical assistance. The make up of a commodity group should include producers, middlemen, processors and packers, and domestic and export marketing services.

This type of an organization would insure as much as possible that all aspects of a specific commodity are fully covered and receive guidance thus permitting a successful project endeavor.

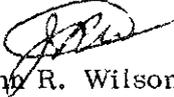


Calvin L. Martin  
July 24, 1973

UNITED STATES GOVERNMENT

*Memorandum*

TO : Mr. James Wedberg, Acting Program Officer

FROM :  John R. Wilson, Food and Agriculture Officer

SUBJECT: New Initiatives

DATE: August 18, 1973

In addition to the paper that Cal Martin gave you, I would like to add two items for the "New Initiatives" submission:

I. Agricultural Marketing

Purpose: The purpose of this project would be to increase the export marketing activities of Afghanistan in the private sector.

Situation: At present most of the exporting of agricultural products is handled in the private sector by small exporters in Kabul, Kandahar and Peshawar. As these people find loads of melons, cucumbers, tomatoes and other items at relatively low prices, they are shipped to either Pakistan or India on an infrequent basis as money appears to be free for financing these shipments. Pomegranates are another case, and table grapes seem to be a separate situation in that markets are being developed farther afield for these commodities; there seems to be a demand for pomegranates, particularly, from as far away as Singapore. There also seems to be a good demand for these items from the Persian Gulf States and could serve as a foundation for an expanded export program.

Some efforts have also been made to export mutton and melons but interference by the Government in both of these commodities have pretty well precluded the development of export markets in the oil rich countries.



Proposal: I propose that we get one man, such as John Perry, who worked with the raisin producers, or Marion Ward, who used to do the same kind of job in Turkey to come here to very briefly study the situation in Afghanistan and become acquainted with the exporters. He would then visit potential markets for all kinds of commodities in the Gulf Coast, Mediterranean Coast, Europe, Singapore and Hong Kong. He might also consider studying markets in India and Pakistan. His principle job during the first year would be to find out what is needed in all of these markets and the prices at which with commodities move. He would then be able to determine whether the location disadvantage that we have in Afghanistan, it would be possible to produce any of the commodities consumed in these markets here in Afghanistan.

Marion Ward, in his travels determined that there was a demand for fresh onions and garlic in many of these markets and that there was a large enough demand for freeze-dried onions and garlic all over the world, ~~and~~ that Afghanistan could engage in this kind of a market. The papers have been turned over to the Government but insofar as I know no action has been taken.

After the first year's series of trips, this technician would take a small group of Afghans to these same markets to introduce them to the food brokers and supporting wholesalers and encourage them to make their own arrangements for those products already produced in Afghanistan. Included in the group would be one or two representatives of the Government who would then be encouraged to do

the research needed to find out if some of the highly priced products could be produced in Afghanistan and, if so, what the economic advantage would be. These trips would be repeated three or four times a year, at the different seasons, so that after two or three years 35 or 40 of the principle producers *and exporters* in Afghanistan would have visited these markets with the intention of expanding exports to them.

Results of This Project: It would be expected that this project would result in a rather rapid but steady growth of exports from Afghanistan to the markets having surpluses of foreign exchange. The oil rich countries of the Persian Gulf, Singapore and Hong Kong are obvious targets, but included might be also some of the European countries for some products. It should result in a large increase of cargo handling by Ariana and other airlines authorized to work here, if suitable transportation arrangements can be made.

In fact, Ariana should be willing to carry most of the costs of this activity in order to develop its own business.

## II. Agr-Industry Development Based on the Kandahar Cannery:

Purpose: The purpose of this activity would be to make the cannery useful in stages and to use it as a pilot manufacturing plant for determining the possibilities existent in Afghanistan for various manufacturing and food processing activities.

Situation: Several years ago the Czechoslovakian Government built the Kandahar Cannery at the cost of almost \$2 million, to be used in the private sector. For a number of reasons the cannery failed and it was taken over by

Government and has not been used since then.

Project: This could involve a small management team to be brought in to take over management of the Kandahar Cannery on behalf of the Government or the private sector, to begin a number of activities desired by the Government. Some of the potentials listed below would have to be checked out since exact information is not available but does offer opportunities:

a. Pending construction of the Kajakai transmission line, the electric power plant at the cannery could be used in the Kandahar area to augment the supply of electricity.

b. The machine shop and workshop area could be converted into a small factory manufacturing farm equipment, and other equipment needed on a commercial basis. The workshops are completely equipped for all kinds of small manufacturing, including the manufacture of spare parts for the transportation industry, plows, shovels and other equipment.

c. The cannery has a box factory for manufacturing both wood and cardboard boxes, which could be used for going a long way for box manufacturing in the country in meeting the country's requirements.

d. It has a cooler estimated to hold 600 tons which could be converted to a 300 ton freezer. At very little expense a small freezer capable of holding up to 600 tons of frozen commodities and twenty tons of cold storage produce could be installed at the Kandahar Air port so that any planes going to New Delhi, Beirut, Teheran or elsewhere could land at Kandahar on the way from Kabul to export fruits, vegetables and meat to these markets or could be used to supply the Kabul market from the Kandahar area with very high quality commodities.

e. There is a can factory in the cannery which could be used to supply most of the can requirements of the country, if raw materials were made available. There is even reported to be (although this I have not been able to verify) a glass factory for making glass cans.

f. Canned products should be manufactured on two scales: 1) in small cans for sale in the local market; and 2) cans ~~of~~ 50-lb. capacity for export. The manufacturers should be encouraged to develop contracts with such major world-wide canners as Heinz, Campbell's and others to supply large tins of tomatoes, water-pack apricots for baby foods and juice concentrates. <sup>for re-processed nature.</sup> In fact, any commodity not requiring high standards <sup>of form</sup> ~~in~~ production could be processed to enter into mixed foods in the European and American markets.

g. Freeze-drying offers another potential. The climate is ideal for producing and harvesting such highly scented products as onions and garlic, which could be chopped and freeze-dried for export. This is a very lucrative market since these products can be packed in light plastic and shipped any place in the world, with a very low degree of perishability but <sup>for</sup> ~~as~~ a very <sup>high</sup> ~~low~~ price ~~also~~. Later on work might be done with the production of potatoes in ~~Cher~~ <sup>Buzgan</sup> and other high areas; white beans from the higher areas where water is assured and other such crops which are beginning to be in short supply. <sup>worldwide</sup> ~~and~~ money could be made by shipping without <sup>the</sup> ~~water~~ which comes in the products normally.

SUMMARY: These two projects could be very closely aligned and could be carried on simultaneously, or either one of them could be started with the other to come later. I would visualize one man at \$50,000 per year, plus another \$50,000 for transportation for the first year and \$100,000 for transportation for the second year as being the major costs for the first project. The second project would involve \$200,000 a year for personnel costs; possibly \$50,000 a year for make-ready costs in the cannery, and \$300,000 for market exploration work, supervision of producers and other costs.

AD/DP

⑨

Mr. Vincent W. Brown, Director

November 6, 1973

Mr. John R. Wilson, Food and Agriculture Officer

Calvin L. Martin, Deputy Food and Agriculture Officer

**Project Proposal - New Initiatives**

Attached is a draft project proposal outlining a "new initiative" in an area of economic development which the USAID Mission has not in any great manner previously assisted the Government of Afghanistan (GOA). Therefore, is it not appropriate that we investigate various indigenous sources to determine the possibilities of assisting with one, two, or three of the specialty crops based on indigenous seed and interest?

The project will conceptually bring together a large number of farmers and intermediaries, thus permitting the resources of all to be focused on an important production, processing and marketing problem.

In discussions with Dr. Hooker, it was generally concluded that based on the assumption that if farmers can form into common interest associations the project would successfully

- Draw small farmers into the development process by both participating in the anticipated benefits and contributing to it. This
  - would directly increase real per capita income of participating farmers;
  - would increase their productivity;
  - would contribute to increased foreign exchange earnings;
  - and would, on the evidence that an important factor in reducing population growth is the widespread infusion of economic and social benefits to the lower socio-economic group, contribute to smaller families and would bring women into paid employment (processing plants).
- Help prevent the concentrating of income into fewer and fewer hands and the socio-political problems that a highly skewed income distribution brings into being.
- Mitigate against urban migration and its attendant problems.

The project also accommodates very well the intent of the U. S. Congress in reference to foreign assistance and is compatible with the goals of the GOA.

cc: Mr. Sligh, DD  
Mr. Boshme, AD/DP

**Project Proposal - Assistance to Specialty Crop Commodity Groups**

In pondering the requests from AID/W for examining USAID efforts in undertaking "new initiatives" in host countries, and the thoughts of Mr. Daoud, President of the State and Prime Minister, put forth in his recent address August 28, 1973 to the nation -

"Agriculture - The Republic of Afghanistan will institute land reform in the interests of the majority of the people of Afghanistan as one of its major steps in the programme for fundamental reforms.

"Cooperatives and cooperative companies for agriculture, production and consumption will be established with participation of majority of farmers and in their interest. The State will reclaim and provide irrigation facilities, if possible, for arid lands. Similarly, the State will adopt scientific measures for expanding and developing animal husbandry."

It would appear that a "new initiative" should be considered in the area of assisting producers to organize into groups either on a commodity, voluntary or advisory basis, thereby enabling them to procure costly production inputs, credit, processing, and marketing knowledge in a functional manner. This would play an important part in increasing the income, productivity and profit margins of the entire specialty crop industries.

The definition of specialty crops as used in this paper will be those which are of a special nature, excellence and distinction such as almonds, pomegranates, walnuts, pistachios, garlic, onion and other specific types of fruits, vegetables and herbs, and the production of quality seed, particularly for export.

Afghanistan is a land locked country, however it has an excellent natural growing climate for several types of specific crops. Therefore, it would appear that any

Improvement in modernizing the production, processing and marketing of these crops will in turn improve the living standards of small farmers working on sub-marginal farm units. Consequently, any effort which will bring about radical changes in agricultural production techniques and the marketing organization will in turn have a beneficial effect upon the incomes of small farmers.

### Objectives

The objectives of an integrated commodity association made up of small farmers would be as follows:

1. To increase their production and income;
2. To develop a response capability within groups to take advantage of modern marketing technology;
3. To facilitate the obtaining of credit for production and marketing purposes;
4. To provide services needed and procurement of farm input requisites;
5. To encourage cooperation between farmers, middlemen, processors, and packers and internal and external distributors thereby permitting a more systematic and profitable industry operation.
6. To create a greater need for indigenous village labor through the processing and packing of specialty crops.

There is an estimated 136,000 hectares already planted to fruits and nuts producing approximately 350,000 metric tons and as far as vegetables are concerned, it is reported that the area planted amounts to about 150,000 to 200,000 hectares, which could be used as a base for this project.

Size and Value of Exports

The size and value of exports for some of the more important specialty crops being produced in Afghanistan are listed below to illustrate the importance of certain fruit and nut crops being considered in this proposal.

Exports -- Metric Tons

Year	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
A. Apricots, Total	<u>3450</u>	<u>2800</u>	<u>4187</u>	<u>3141</u>	<u>3477</u>
Apricots - Fresh	1504	379	519	4161	1120
Apricots - Dried	1941	2472	3350	1277	2115
Apricots Kernels	5	49	318	418	242
and Nuts					
B. Almonds, Total	<u>2098</u>	<u>1554</u>	<u>1704</u>	<u>1960</u>	<u>2717</u>
Almonds - Thin Shell	616	590	580	818	1144
Almonds - Hard Shell	1433	878	786	537	510
Almonds - Shelled	44	85	338	555	1063
C. Pistachios, Total	<u>1636</u>	<u>2531</u>	<u>1156</u>	<u>1271</u>	<u>1243</u>
Pistachios, Close Shell	314	199	290	261	3
Pistachios-Shelled	994	1060	793	816	1227
Pistachios Open Shell	328	1272	73	100	19

D. Pomegranates, Total	<u>9247</u>	<u>9032</u>	<u>9231</u>	<u>9231</u>	<u>7232</u>
Pomegranates-Seedless	3776	4337	4276	3776	1760
Pomegranates-Other	3071	4132	4951	5455	5472
E. Walnuts, Total	<u>4922</u>	<u>5003</u>	<u>4923</u>	<u>5022</u>	<u>3230</u>
Walnuts-Shelled	3	5	213	16	13
Walnuts-Unshelled	4227	5001	4709	5002	3216

Exports -- Value in \$1000

Year	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
A. Apricots, Total	<u>122</u>	<u>103</u>	<u>103</u>	<u>132</u>	<u>103</u>
Apricots-Fresh	250	55	101	155	30
Apricots-Dried	637	947	976	439	503
Apricots-Kernels & Nuts	3	59	579	519	1069
B. Almonds, Total	<u>1222</u>	<u>1512</u>	<u>2521</u>	<u>2443</u>	<u>2227</u>
Almonds-Thin Shell	737	614	739	943	664
Almonds-Hard Shell	302	771	302	642	429
Almonds-Shelled	101	123	210	1516	1394

C. Pistachios, Total	<u>2794</u>	<u>4284</u>	<u>2052</u>	<u>2705</u>	<u>2298</u>
Pistachios-Close Shell	413	274	327	334	6
Pistachios-Shelled	1979	2285	1656	1868	2268
Pistachios-Open Shell	402	1755	69	213	14
D. Pomegranates, Total	<u>1015</u>	<u>1419</u>	<u>1298</u>	<u>1170</u>	<u>884</u>
Pomegranates-Seedless	564	726	549	497	214
Pomegranates-Other	451	693	749	673	670
E. Walnuts, Total	<u>2129</u>	<u>2162</u>	<u>2254</u>	<u>3168</u>	<u>4103</u>
Walnuts-Shelled	4	5	219	12	15
Walnuts-Unshelled	2135	2157	2065	3156	4088

Exchange Rate

Afghanis - Equal One Dollar

1346 - 75.56

1347 - 74.47

1348 - 75.44

1349 - 83.68

1350 - 84.57

It is suggested that attention be directed to only two or three of the above mentioned crops during the early phase of this endeavor.

To commence action on this program, it is suggested that some form of voluntary commodity advisory committee be formed within the production areas. This committee will include small farmers, produce buyers or collectors, processors and packers and, probably, internal distributors and exporters. When the program gains momentum and stature and its benefits are understood by the farmers and others, a formal cooperative or association could be established. Success of this experimental production and marketing program would provide a strong stimulus for small farmers to undertake other ventures such as a village/produce packing and processing industry, credit programs, input supply outlets, technical production demonstration programs and perhaps adaptive research on special problems.

#### Advantages of Integrated Commodity Associations

1. The program will serve to increase production and incomes of small farmers;
2. The program will provide more employment opportunities for under-employed village people as well as a better distribution of village labor;
3. The marketing functions of the association will provide a stimulus to bring farmers together in a joint venture;
4. Farmers will have a large part in producing, grading and marketing their own products;
5. The formation of associations will lead to better utilization of credit and costly farm production inputs;

6. Farmer involvement in the associations will lead to better farm planning and eventually better village planning;
7. The middlemen and merchants will be working closer with farmers hence will be able to assist in the production of a better quality product.

#### Disadvantages of Integrated Commodity Associations

1. The establishment of cooperatives for promoting specialty crops have generally had a poor reputation;
2. The availability of indigenous leadership to direct, manage and plan the operations of a commodity association are inadequate;
3. The technical expertise required for grading, processing and marketing is lacking;
4. Farmers may be reluctant to join together in an association for promoting the growing, processing, and marketing of specialty crops;
5. A lack of confidence or trust existing between farmers, middlemen, merchants and the government.

#### Conclusion -

With the establishing of an integrated producer/marketing association to deal in specialty crops it would appear that the output and income per worker could be measurably increased. Also, there exists within the Afghan society indigenous resources which could provide institutional innovations for accelerating the rural development process. These institutional innovations can be based on the already known and available technical and economic information found in the country and other parts of the world. The capacity

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to organize voluntary associations of farmers, processors and merchants around a particular commodity could be an important step to bring about rapid institutional changes. Also, these associations would need to be as much as possible outside the normal government hierarchy. Hopefully the establishing of a voluntary association to increase output and income of small farmers could be carried out rather inexpensively and would aid in transforming specialty crop production from a traditional to a modern based industry. This type of a voluntary association dealing solely with a specific specialty crop would provide a real challenge to the agricultural leadership of the country and bring in immediate income increases to small farmers.

AGR:CLMartin  
8/10/73

OPTIONAL FORM NO. 10  
MAY 1962 EDITION  
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. Arthur Reich, Deputy Program Officer  
USAID/Kabul

DATE: August 8, 1973

FROM : Roy M. Miller, Acting Head, AAG/HAVR

*Roy M. Miller*

SUBJECT: Request for assistance

In a recent meeting, H. E. Mir Mohammad Akbar Reza and members of his agricultural staff held a discussion to explore the possibilities of providing farmers with a source of new varieties of wheat seed.

As wheat is the staple food of Afghanistan and the principal crop grown in Helmand Province, it is therefore economically prudent that attention be focused on the development of a source of new wheat seed. It was determined that this could be done either by inaugurating a highly technical plant breeding program in HAVA, or through the importation of seed.

It was brought out that the present facilities to undertake a rigorous plant breeding program are practically non-existent at this time in HAVA.

The other alternative, as mentioned, is to embark on a program to solicit technical data of varieties of wheat from world sources.

I was asked whether USAID would cooperate in this respect.

- cc: John Wilson
- Payenda Mohammad
- H. R. Gray
- Fred W. Miller



(CR-813)

**THE ASIA FOUNDATION**

P.O. Box 257  
Kabul, Afghanistan

Telephone : 22409  
Cable : ASIAF. Kabul

M E M O R A N D U M

REC'D C&R 1540 8/15

TO: Vincent Brown, Director, USAID Afghanistan Mission

FROM: Harold W. Pillsbury, Plant Science Advisor, Asia Foundation *HW*

SUBJECT: Agricultural Investment Proposal (as per your instructions)

DATE: August 13, 1973

The following material briefly outlines the proposal of an American Agricultural Investment Group interested in the possible development of an extensive agricultural undertaking in Afghanistan.

The general outline of the above proposal was presented to the writer in mid-June at Denver, Colorado while assigned on TDY in the United States. In essence, the plan is to come to Afghanistan and develop an agribusiness utilizing now worthless desert land. Prerequisite physical conditions include:

1. Low cost desert land.
2. Ample subterranean water, within deep well pumping depths, suitable for agricultural use.
3. Large amounts of inexpensive electrical power within readily accessible range of the deep well pumps.
4. Full government support and cooperation.
5. Permission to operate as a fully integrated agribusiness.
6. Permission to transport goods and products from Afghanistan by commercial air freighters.
7. Secure long term leases on the entire operation.
8. Import exemptions on project related equipment and supplies.
9. Other operation conditions to be negotiated after basic requirements are agreed upon.

INFO:

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DP\*  
MPT  
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ECON  
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The suggestion that Afghanistan be considered as a possible site for this project is the direct result of conversations with the prime mover of the group, Mr. Ivan Leech, and the writer from June 1 to June 4 and June 14, 15 and 16, 1973. The project in principle has been considered for other locations but no formal commitment had been made. Several of the most critical factors occur naturally in the Helmand Valley region of Afghanistan and can be manipulated at will by the proper government officials.

The project as outlined envisions a multimillion dollar investment ranging in time from a minimum of thirty years to a maximum of sixty years. A final project acreage of up to 100,000 acres is contemplated. With long range development cost estimated at \$1,000 per acre, the total land investment could reach \$100,000,000. As planned, a pilot operation of from 1,000 to 5,000 acres would be established to determine operating procedures, methods and practices. Any project of this magnitude would, of course, be a multicrop operation with the company responsible for all phases from production through marketing. Processing plants, storage, warehousing and transportation would be an integral part of this agribusiness.

Plans call for the entire project to liquidate itself at the terminal date of the negotiated lease at which time the operation would be fully converted to a public trust business operating as a cooperative for the perpetual benefit of the people of Afghanistan.

It is obvious that if such a project was successfully undertaken the benefits to Afghanistan would stagger the imagination. Although all modern techniques for crop production would be used, the demand for labor would still far exceed the local supply. The prosperity generated by such a large project would not only be very great, but more important, it would be of a long term nature.

Since the basic concept of the project is to bring now useless desert land into profitable agricultural production by the use of deep well water irrigation, there would be no adverse effect on the status quo of present agricultural activities. On the other hand, the production of private farmers would find a ready market for all produce that could meet the standards of the export trade.

With all production geared to export markets, the foreign exchange generated would have a profound influence on the national economy. As the project has been proposed the host government has virtually nothing to lose and would, in fact, gain the security of becoming an important world producer of agricultural products.

It is beyond the scope of this paper to enumerate all the benefits that could result from such a long range project but it is suffice to say that they would be very great indeed.

The leader of this group gives every indication of being a capable and serious individual and it would seem expedient for our government (USAID) to encourage further dialogue between all parties concerned.

Food Crops Subsector: An Assistance Program

Afghanistan has the potential for greatly increased agricultural output and exports, evidenced in part by the remarkably successful beginnings by those farmers who adopted HYVs and chemical fertilizers. The potential has never been realized. Though the Five-Year Plan said all the right things, implementation fell far short of expectations, and <sup>impact</sup> ~~input~~ of new approaches on agricultural production and incomes was very limited. A multiplicity of reasons are cited: lack of will, lack of skills, institutional constraints (planning, bureaucracy, management), tradition, and most often, droughts. But while severe droughts

"had a devastating impact on most agricultural activities, there was little evidence of strong underlying trends toward constructive development and there is no reason to believe that the drought interfered with notable progress that might otherwise have been made." <sup>1/</sup>

Even if the poor 1970-1972 crop performances are ignored, growth in output of all major commodities averaged only 1.6 percent annually in recent years -- even the wheat crop failed to meet demand. The more plausible explanation is one of programming rather than policy or implementation: While Five-Year Plans emphasize extension, inputs, et al, Afghan budgets and foreign largesse have bankrolled a few capital-intensive high-visibility infrastructure projects. These have yielded a 10-25 percent return on investment, <sup>while seed and</sup> ~~fertilizer yield~~ <sup>ed</sup> 300 percent on wheat, 200 percent on most crops, under likely price conditions.

"These are the main reasons for slow increases in agricultural output. If a fraction of the money and effort spent over the years on large, expensive, poorly implemented, and slow-yielding irrigation and land development projects and on Government farms in the poorest and most sparsely populated agricultural areas of the country had been devoted to assuring farmers in

agricultural.

the best irrigated/areas a larger and growing supply of fertilizer, improved seeds, pesticides, tractors, pumps, small self-help surface irrigation improvements, and TA in crops and livestock practices, Afghanistan would today be self-sufficient in <sup>food</sup> grain production.

"It would be producing and exporting more cotton, fruits and vegetables, producing more alfalfa, clover and grain for supplemental livestock feed, and exporting large amounts of mutton to Iran and the Persian Gulf area. Furthermore, the Government would not be as heavily burdened with debt problems as it is today. It would be in a position to better service its foreign debt, and could support more borrowing for more agricultural and industrial inputs. The Afghans in the rural areas would be more productively employed and more prosperous." <sup>1/</sup>

As general policy it would seem reasonable to reduce large irrigation efforts and emphasize programs for seed, fertilizer, and plant improvement and the means to get them to the farmer. Put differently, within the Agriculture Sector food crops and inputs-to-farmers should rate highest priority.

Food Crops Strategy

A phased Food Crops Subsector strategy should emphasize, in sequence:

1. Improved seed and fertilizer on existing irrigated land;
2. Double cropping and improved practices;
3. Higher value crops and new varieties;
4. Storage and distribution systems.

Research should be designed to anticipate each phase of this strategy. Afghan expenditures on adaptive research, inputs, protection and extension must be increased by at least two-thirds, probably more, but additional funding is not enough. Access to farmers must be increased several-fold by greatly expanding the field staff, improving its mobility, modernizing demonstrations, and improving farmer confidence.

<sup>1/</sup> Nathan p. 131

### Inputs Strategy

Development programs in agribusiness serve three objectives:

1. Facilitate the flow of inputs to farmers and of products to market;
2. Increase employment and income opportunity to extent of demand for farm inputs and processing services;
3. Improve agribusiness efficiency to reduce margins for benefit of producers and consumers.

The Afghan Government had, and has, no integrated program to pursue these objectives.

<sup>Its</sup>  
~~Their~~ approach has been confined to isolated large investments. Existing systems for importing, producing, and distributing farm inputs are inadequate, and will not support the intensified crop production program essential to farm production/income policy objectives - seed, fertilizer and plant protection are the keys to such success. Development and improvements in efficiency of an agribusiness industry have been left to the private sector.

A better program is needed.

An Agricultural Inputs Subsector strategy should emphasize governmental, cooperative, and agribusiness programs which greatly accelerate the flow of farm supplies and equipment - seed, fertilizer, pesticides, tractors, threshers, pumps, et al ~~ix~~ - to farmers.

### Assumptions

Looking to the immediate future, self-sufficiency in wheat production is an imminent reality. Assuming foreign TA and funding, GOA has elimination of the fertilizer constraint within its capability. The short-range concentration of HYVs and fertilizer on irrigable land provides solution to the water constraint.

However, the establishment of efficiently administered, soundly functioning institutional frameworks in research, extension, development services (seed, pesticides,

machinery, tools, distribution, storage and maintenance) to effectively utilize all agriculture sectoral resources is not in sight. Already seriously limited manpower resources are underemployed. More important is the poor state of MAI planning, management, and administration. It is the first <sup>critical</sup> institutional constraint with which this food crops program proposes to deal.

### The Program

A two-track program should be designed, 1) nationwide institution-building of agricultural development services necessary to national production and income objectives; and 2) comprehensive assistance to special commodity groups (high value crops) necessary to diversification and export marketing.

The first program of complex institutional interrelationships would attempt to link existing and proposed projects and fill gaps in the food cycle continuum from breeder's seed to consumption. Too often A. I. D. programs have selected the largest, or most visible, <sup>single problems</sup> constraints for assistance, on the usually false assumption that host country or other donors will do what is necessary to achieve joint goals. This program attempts to identify even those smallest food-crop activities in which non-performance would mean failure to achieve subsector goals. This does not mean US participation in all, or even several, of them. (Indeed other donors should undertake as many as possible, alone or jointly with USAID, assuming A. I. D.'s multidonor/collaboration style will begin to be implemented here, and the GOA ~~must~~ buttress <sup>its</sup> development rhetoric with budget commitment.) This does ~~not~~ mean USAID would overview all facets of the food crops program, not just projects, to assure required design and implementation -- fixed responsibility, if not control, rather than assumptions <sup>of responsibility --</sup> ~~fixed~~ before committing US funds.

In the institutional continuum, Agricultural Research and Extension projects, two of the most important, if uncoordinated, are already on the drafting boards. The breeder's seed from the research stations goes to field trials (small Field Trials Project), thence to foundation seed farms for multiplication, testing, and certification and to a seed company for seed extension, contract-<sup>reproduction</sup> growing and storage (complex Seed Multiplication and Distribution Project). The seed is transported (~~Farm-to-Market Roads~~) to farmers' cooperatives for distribution (Distribution Cooperatives Project) to farmers who are educated to its optimum use (Extension Project). At this point several inputs to farmers (existing AFC Fertilizer project, Crop Forecasting Project, Farm Machinery Project, tools, water, credit, etc.) complement the seed to comprise crop production, and care must be taken not to overlook a small but vital production component. The harvested crop is processed and transported (Production Cooperative Project?), graded (small Grade Certification Project), sold (Marketing Cooperative Project), and stored (Storage Project) prior to marketing (Agriculture Marketing Project). <sup>Marketing</sup> This may take three forms: export (Export Market Development Project), food processing industry and/or food enrichment (link to Nutrition Sector).

The above system would process all the major cereal grains (wheat, corn, rice, barley), and <sup>oilseeds</sup> legumes (food and feed-clover, alfalfa, et al), which impact most heavily on the nutrition problem. It is believed the Food Crops Subsector Analysis will indicate corn, rice, and ~~barley~~ <sup>the</sup> barley comprise more than 20-10-10 percent of national food grain production as currently estimated; if not, this program can help increase their output relative to wheat and thereby diversify the national diet. The other <sup>Special Commodity Groups</sup> program would address all cultural and processing aspects (management, harvesting, grading, shipping, et al) required to develop one localized specialty crop or crop industry, such as fruit and vegetables, not served by national agricultural institutions. It would impact most directly on labor/employment problems and foreign

exchange, and later, when enough crops and localities are represented, on small farmer income. The rationale for and options under this program are detailed under the following Crop Diversification section.

## Relationships

The Agriculture Research project will identify and develop new improved crop varieties adapted to four major altitude/environment zones. Concurrently with developing improved varieties, the research agronomists will determine the best agronomic practices and inputs to maximize production from the seed. On the basis of research results, the improved seed varieties will be recommended for release by the researcher. At that time, a seeds release committee, composed of representatives from research, production, extension, the seeds project and the seed company, will review performance data on the varieties recommended by the researchers and make formal approval of the varieties for release. The approved varieties, in the form of breeder's seed, will be passed to the Seed Multiplication Project for increase on the appropriate foundation seed farm.

The foundation seed farms will multiply the breeder's seed through foundation classification and sell the seed to the Seed Company which, using contract growers, will multiply the foundation seed through certified classification and distribute it to the farmers.

The Seeds Law and Regulations, the seeds testing laboratory and the seed certification program are integrated operations, each overlapping and interdependent. The Seeds Law and Regulations will establish the parameters for standards of production, genetic and mechanical purity, freedom from disease, germination rate, etc., and prohibit sale of seed as certified seed if it does not meet regulatory standards.

Enforcement personnel will inspect all phases of seed production/multiplication; production in the field relative to disease and insect control, removal of off-types and noxious weed control, <sup>and</sup> seed testing at all levels of classification for moisture content, quality and purity of seed, germination rate, freedom from disease and insect damage.

Certification will depend on adherence to all standards.

The production/extension activity in the Seed Multiplication project will translate research and production results into language the producer understands. The contract extension personnel will conduct in-service training programs for the Seed Company contract growers to improve management and production practices, maintain liaison with provincial officers relative to developments and recommendations, and coordinate with and assist the Manpower Development project to develop and conduct in-service training programs for field service personnel and producers in the food crops sub-sector.

Except as mentioned in the extension activity above, the Seed Multiplication Project may or may not be directly involved with or provide technical or financial inputs into the Seed Company's distribution effort. However there will be close cooperation and consultation between the Seed Multiplication Project and the Seed Company.

<sup>Agricultural</sup>  
The ~~Manpower Development Project~~ <sup>Program</sup> will assist the Ministry in developing the in-country institutional capacity to provide pre-service and in-service training for personnel working in the food crops sub-sector, <sup>and</sup> it will also provide U.S. training for upgrading the staff in the institutes and for Ministry personnel ~~involved~~ in the food crops sub-sector. This will be a particularly important input, since trained ancillary manpower is one major constraint to successful implementation of the project.

The Agriculture Marketing Project will assist the Republic of Afghanistan to develop an efficient and effective marketing system handling basically the food crops being produced from the improved seed developed by the Seed Multiplication Project.

Food Crops Subsector Analysis

Our mandate is to find means to help ameliorate the food and nutrition deficiencies of Afghanistan's rural poor. Yet, we do not know where the poorest are, much less the kind of food they grow and eat. Too often consultants generalize about acreage or tonnage or consumption habits based upon what reaches provincial capitals. We speculate on nationwide dietary deficiencies by extrapolating from the urban experience or pilot studies, while self-sufficient peasants ~~xx~~ far from trade routes are observed consuming homegrown mung beans, chick peas, etc.

There has been no serious and sustained program to collect and analyze agricultural data by region/province/woleswali that are prerequisite to planning and programming and implementation. We do not know the relationship between food grown, bartered, imported, and what kinds of malnutrition kills half the children before the age of five, in the same locality. We know not the volume of commerce between provinces, or of illicit commerce across frontiers. Of wheat, our most researched commodity in Afghanistan, Koenig/Hunter state:

"Considering the highly unsatisfactory situation that has so long prevailed in the field of wheat estimates, priority attention now urgently needs to be given to the enhancement of wheat statistical forecasting, gathering, retrieval, and interpreting capabilities."<sup>2</sup>

The new demographic survey subsequent to the (15,000 village) nation-wide agricultural census offers a limited primary data base, although secondary sources will be heavily utilized. Before undertaking projects in the Food Crops Subsector, a systematic, in-depth, province-by-province analysis (not study) of food production, distribution, and marketing must be completed. Several large mid-western universities, e.g., Illinois, Nebraska, Missouri, Kansas, with computer capability could do the job in 8 - 10 months for \$80,000 - \$100,000. The 7-8 man team would be comprised of a coordinator, systems analyst (agricultural statistics), production economist (regional/provincial data, questionnaire), agronomist (current production, trials), marketing economist, nutritionist and institutional analyst.

Contract objective would be to 1) analyze systematically the production system, marketing system, and various delivery systems comprising the Food Crops Subsector (emph wheat, corn, rice, barley, legumes, edible oil seed crops, major fruit crops); 2) analyze the Subsector's performance; 3) project the Subsector's performance and capacity levels to meet national goals; 4) identify components (including ~~the~~ policy) of the systems which constrain Subsector

<sup>1</sup>/ Nathan, p. 85

<sup>2</sup>/ Koenig/Hunter, p. 68

development; 5) specify (including policy) investment priorities designed to correct/lessen the effects of those constraining elements of the systems.

Performance(2) would be in terms of a) meeting the nutritional requirements of Afghanistan; b) increasing incomes (aggregate farm income, distribution of such income), c) affecting employment opportunities. To project the performance(3), a 1974-1980 planning horizon should be adopted. Analysis would focus upon those components(4) which obstruct performance; where conflicts arise within performance criteria (above), criterion of nutritional requirements will govern.

Six specific mission-useful objectives come to mind: 1) identify gaps in the production and marketing system, and each of the supporting sub-systems of the Subsector; 2) identify policy factors constraining the production system and the institutional capacity to provide inputs and utilize outputs; 3) identify kinds, nature, and magnitude of investment required to improve constraining and institutional factor gaps and attain performance goals; 4) determine which constraints must be addressed first, second, and so on and provide economic/political/social rationale how such inputs can close the gaps; 5) determine the technological potential of output with existing/improved inputs for further development of food production for domestic consumption and export; assess economic validity of technological improvements of various combinations; 6) provide GOA with well-defined factual base for policy decisions leading to improved programming of a planned food production, distribution and supply management program.

Methodology - The analysis requires a different methodology for each of five phases:

- 1) Volume flows and gross resource productivities in each subsystem of the production, marketing and institutional delivery systems will effectively describe the Food Crops Subsector;
- 2) Above Subsector characteristics will be projected to 1980, assuming no changes except projects already approved and/or operational;
- 3) Output projections will be translated into nutritional terms -- grams of protein and numbers of calories available for intra-regional consumption or inter-regional trade; to determine adequacy of these nutrients, regional nutritional requirements will be projected. Total requirements will be estimated from population projections and minimum per capita nutrient mix requirements. That diet/(portion) of this total which is traditionally supplied by the seven selected crops will be translated into minimum tonnages of each required by province/woleswali, and used in determining provincial/woleswali nutritional deficiencies.

- 4) Gaps with regard to present output and requirements, and projected 1980 output and requirements will be identified. Consequences for employment generation and income creation/distribution will be assessed, although requirements will be analyzed principally in nutritional terms.
- 5) The Subsector will be simulated. Alternative policies and remedial programs/projects will be weighed for system-wide impacts, producing insights into productivity of alternative remedial efforts which will indicate the priorities of these potential investments. These will be 1974-1980 time-phased and expected consequences assessed with regard to closing nutritional gaps, affecting employment opportunities, and changing aggregate farm income and income distribution.

DP:JWedber: 8/18/73

Field Trials

The US Agriculture Review Team has described the "need to ... improve the management of field research trials ..."<sup>1/</sup> This small but vital function bridges the gap between plant breeding research and seed multiplication, and materially enhances the viability of the Research and Seed Multiplication Projects and ultimately the food crops subsector. PASA with USDA would provide 2-4 Agronomists/Trials Officers to conduct comparative variety trials throughout Afghanistan, recommend specific varieties for each altitude/environmental area, and advise extension specialists on varieties and agronomic practices best suited to each crop.

<sup>1/</sup> p.16.

Toward a Seed Policy/Program for Afghanistan

"With the introduction of improved inputs such as seed and fertilizer, the farmer, for the first time in the country's history, has within his own control the ability to expand or contract production . . . . simply through his decision to use these modern highly-productive inputs . . . . . Given the necessary incentives productivity may be expected to rise further as more farmers turn to using improved seed and fertilizer." 1/

The emergence of seed technology adaptable to LDCs dominates every other means of improvement in all crops, especially wheat and rice. Most new seed varieties have capacity to absorb much larger quantities of fertilizer than the traditional ones and should be included in any fertilizer-based crop improvement program. Seed and fertilizer together comprise the cutting edge of the Green Revolution. Afghan <sup>who</sup> farmers have been able to purchase improved seeds and fertilizer have doubled and tripled their crop yields on identical plots of irrigated land in a single season, realizing a return of 5 Afs for each Af spent. Those "able" is the key

"Too much credit cannot be given to the local farmers for their recognition of the value of more supplies and better techniques that result in higher yields, and their eagerness to use these inputs." 2/

Benefits:

Seed production responsibility currently is divided between the Research Stations (multiplication) and the Ministry (distribution). An intensive multi-commodity seed improvement program directed at 1985 food-crop production targets likely would generate impressive additional benefits, <sup>as well,</sup> including relief to the Ministry's overworked research function and ineffective distribution function.

Research Adequacy

Research farm facilities have been improved and equipment provided. Trials of improved wheat varieties (and other crops to minor extent) laid a basis for

1/ Koenig/Hunter

2/ Nathan p. 132.

recommendations of wheat varieties for certain areas of Afghanistan. Adequacy of this work for higher elevations however is less certain. Progress in establishing 1) seed testing laboratories; 2) a machinery maintenance service; and 3) adequate seed storage for experimental seeds, has been unsatisfactory.<sup>3/</sup> Yet most research station resources at all locations are devoted to seed increase, rather than to research. This is necessary in lieu of proper seed facilities but does not contribute to badly-needed development of improved varieties and practices or new technology to boost productivity.

### Drought Impact

The short-range concentration of high-yielding varieties (HYVs) of seeds and fertilizer upon existing irrigable land, even at times of low precipitation, provides a solution to the subsector's water constraint.

Ministry MAI institutions are organized to:

"provide services such as seed multiplication and distribution... but the effectiveness of these institutions is very low and their survival in any form capable of playing a useful role in Afghan development may well depend upon extended assistance from the outside."<sup>4/</sup>

### Diversification

MAI attempts to distribute seed mainly for wheat and cotton. Despite this official emphasis, aggregative production data reveal only limited progress: National yields of wheat and cotton improved only 2 percent per year since 1966-1967. At the same time little has been done to improve other crops: Yields of fruit, nuts, vegetables and rice increased at 1 percent, yields of legumes, corn, barley and oil seeds increased not at all. Unless progress in other crop programs is accelerated, Afghanistan will be faced with no improvement in farm income and income distribution,

<sup>3/</sup> US Ag Review Team, Feb 17, 1972, p. 15.

<sup>4/</sup> Nathan p. 1

no multiplier effect on national income and employment. A nationwide seed improvement program could multiply improved seed for five or more commodities, say corn, rice, barley, oilseeds, legumes and wheat. Seed varietal improvement and fertilizer practices on corn, legumes, vegetables and grapes are nearly as effective as for wheat. For most other crops however, varietal improvement is not as advanced and potential for fertilizer absorption not as great. The wheat improvement program has had substantial spill-over demonstration effects upon production of other crops already. As declining wheat prices induce farmers to shift land, water, and labor to other crops, it becomes beneficial to direct research and seed supply programs <sup>to</sup> those crops.

Need

"Efforts to organize a program for taking foundation seed from the research organization and multiplying this seed through commercial seed production met with little success." 5/

Availability of seeds from the government seed production program has been limited. Transfers from farmer to farmer have spread HYVs where seed distribution programs failed to do so. But Koenig states that such process has been extremely wasteful, at least with wheat -- mixing of HYVs with inferior local strains requires constant up-grading. Koenig recommends a program to develop the best strain of wheat in each climatic zone. Other experts similarly stress the need for a seed project. The US Agricultural Review Team in its proposal for US assistance to Afghan agriculture made "developing seed multiplication and distribution facilities and program" one of its two development services priorities ahead of fertilizer, pesticides, et al. Nathan states

"not enough attention has been devoted to helping farmers directly and specifically to increase their production and income (by assuring) the flow of improved seeds...." 6/

and argues that Afghan agriculture strategy should emphasize first, "adoption on

5/ US Agriculture Review Team, p.15. 6/ Nathan, p.130.

all existing irrigated land of fertilizer and improved seeds ..... <sup>7/</sup>

The Asian Development Bank Study states:

"Improved technology in agriculture does not just happen; farmers must be informed and convinced, farm supplies must be made accessible to them ..... The choice of an "optional" level for the improvement of yields must include a determination to provide these requisites." <sup>8/</sup>

Project: Seed Multiplication (and Distribution)

There is documented need for new and improved varieties of cereal grains (wheat, corn, rice, barley) <sup>or seed,</sup> and food legumes adapted to Afghanistan's four environmental zones:

1. Low altitude desert areas up to 3000 feet;
2. Mid-altitude areas 3000 - 6000 feet;
3. High altitude areas 6000-9000 feet;
4. Alpine areas over 9000 feet.

In Afghanistan altitude determines to a large extent the climate, rainfall, and environment, and therefore the growth characteristics of plants: only varieties with the growth characteristics required of a given altitude/environment area will produce well in that area. Maximizing production in a given area requires that research identify varieties with appropriate growth characteristics, which are then multiplied under controlled production practices to ensure genetic purity. Constantly improved varieties constitute the prime accelerator of agriculture production. Actual provision of the fruits of such research to the farmer however dictates a logical process:

1. Identification of suitable varieties for each altitude/environmental area;
2. Multiplication of suitable varieties;

<sup>7/</sup> Nathan p. 176

<sup>8/</sup> ADB, p. 49

3. Certification of suitable varieties;
4. Extension to contract growers, and as liaison with provincial/area officers and cooperatives;
5. Release and sale to farmers.

#### Identification

To prevent casual release of varieties, now often the case, formal approval of a crop variety, based on plant breeder research and field trials, must be obtained from a committee including MAI, the concerned agronomist, field trials officer, <sup>and</sup> seed company.

#### Multiplication:

Approved "breeders" seed is passed to a Foundation Seed Farm in the adaptation area, which multiplies it through foundation seed classification under controlled production techniques and isolation to ensure genetic purity. (Seed must be multiplied in the area for which it was developed, or dramatically reduced yields result, and changes in genetic make-up cripple performance when returned to the correct area.) This Foundation Seed is sold at cost to the Afghan Seed Company for further multiplication through certified classification and <sup>for</sup> storage awaiting release. The self-supporting seed farms <sup>would</sup> not require MAI upkeep. To ensure uniform food production increases in all provinces and therefore national self-sufficiency, one seed farm must be established in each of the four zones, phased perhaps over two-year intervals according to the degree of intensive production of the agricultural area a farm is intended to serve. Acreage will vary with the demands of each zone, but the four farms will probably not exceed 10,000 acres total to meet national needs. The technical requirements of the purity and quantities involved dictate that the Seed Farms be capital machinery-intensive rather than labor-intensive.

1. Mechanical dryers, cleaners, graders, and chemical applicators are minimum requirements. Hand labor could prepare the land and plant, fertilize, cultivate and harvest the crop, which could be sun-dried, and shelled, flailed, winnowed, and bagged by hand -- but the result would be little better than the usual market product. Skilled hand labor is inevitable for detasseling (hybrid corn) and removing off-type plants.

Certification :

Eligibility as foundation or certified seed requires supervision of the growing crop and processed seed to ensure conformance to seed regulations (including legal descriptions on labels) and standards of purity, viability, and trueness to type. Inspection personnel from MAI's Seed Law Regulatory Section, trained at the seed farms, will enforce regulations and certify seed. One Central Seeds Laboratory will conduct testing and backstop enforcement personnel, though each farm will have<sup>a</sup> small lab to assure adherence to regulations. (Experience may demand branch laboratories in intensive production areas.) Foundation seed is certified before sale to the Seed Company, which has it multiplied by contract growers when it is inspected again before marketing as Certified Seed.

Extension:

Specialists working out of each Seed Farm will directly assist Seed Company contract growers and make appropriate Provincial and Woleswall officials aware of seed progress. By interpreting technical information for, and training, field service~~person~~ personnel, they provide the link <sup>to</sup> with the ultimate producer. They are not concerned with the nationwide extension service.

Release to Farmers:

The Afghan Seed Company will sell the high-quality seed to farmers through cooperative associations, provincial/wolowali/local official agriculture channels, AFC distribution system, or directly. The field service will assist with all phases of production by virtue of information gained through in-service training (above).

The Afghan Seed Company is important to certification, central to extension, and imperative for storage and distribution. Branches in each zone will receive Foundation Seed from its farm, store it, multiply it (through contract growers) to certification, store it, and distribute/sell it. With one Foundation Farm acre serving about 200 contract-grower's acres, the Seed Company would need approximately 2 million acres under contract for all cereal grains, <sup>oilseeds,</sup> and food legumes by 1985 to produce amounts of certified seed to expected Afghan requirements. The Seed Company, whose role and complexities could be compared to AFC, could be one condition precedent if A. I. D. determined it too great an enterprise to undertake under this project or if GOA opted for a private enterprise over which the project would have no control. Joint private/government seed company ventures have worked satisfactorily ~~and~~ in other LDCs, where other donors have found them a convenient vehicle for multi-donor participation.

Project Description

The purpose would be Afghan self-sufficiency in multiplication of high-quality seed to satisfy national food-crops demand by 1985 (by which time national production will have increased 50 percent attributable to universality of improved seed.) The complex project then would be comprised of 5-6 discreet interrelated activities: four Seed Farms, Testing Laboratory, Certification Agency, Seed Company, seed extension, seed

distribution. (Inclusion of important distribution functions depends upon efficacy of other untested means, <sup>of distribution,</sup> e.g., distribution cooperatives, rural development channels, AFC distribution, seed company.) A Seeds Law and Regulations would comprise the Condition Precedent to the testing and certification functions, indeed to the entire project. The cost of the ten-year project (excluding Seed Company) to A. I. D. would be \$3-4 million grant and \$1 million support loan (machinery for seed farms). Cost to GOA would be equivalent \$3-4 million for recurrent costs and @ \$500,000 capital improvements. Most of U. S. input is 10-year contract to provide four farm managers (agronomists); four <sup>Seed</sup> extension specialists; two agro-mechanics; and one Kabul-based coordinator, phased to establishment of Farms. Remaining costs are for 15-20 counter-part participants, vehicles, and one full time project manager.

COOPERATIVES

President Daoud: "Cooperatives and cooperative companies for agriculture, production and consumption will be established with participation of the majority of farmers and in their interest."

Because of the ambiguity of the term "production" (crop, food processing, industry?) cooperative, and because consumption cooperatives are more relevant to a rural development sector (where Rural Electric Cooperatives are discussed) than a food crops subsector, this discussion will be concerned with two kinds of small farmer cooperatives: Distribution (of inputs), and Marketing. The function of the transportation cooperative can be integrated <sup>with either.</sup> (The classic agricultural production cooperative is too "collective" to interest A. I. D. or to accommodate US expertise.)

Although a Cooperative Law does not yet exist, the large potential for yield and quality improvement inherent in early results of the PACCA Project indicate that traditional farmer resistance to such operational change may be broken if benefits are proven. SIDA analysis of the grape and raisin industry revealed that, in the Scandinavian view, introduction of cooperatives was actually necessary to project success. One of four PACCA purposes is "to assist in the establishment of Cooperatives".

The political benefits accruing to a US proposal to establish any kind of cooperative at this time are manifest. Other LDCs have discovered to their later amazement that midwestern Americans are more efficient at establishing, running, and transferring skills of, cooperatives overseas than Eastern Europeans. Of course the Scandinavian countries are usually ready to participate in enterprises of such obvious equity.

Generally distribution cooperatives serve the farmers' pre-crop needs, marketing cooperatives his post-crop needs. In proposals such as Cal Martin's "Special

2.

Commodity Groups" whereby US would assist all line components (growers, middlemen, processors/packers, domestic/export marketers) in the production of one specialty crop/product, the two cooperative functions could well be merged, as they are successfully in PACCA. Once a few cooperatives are established they would form a national union to protect members' vital interests. The principles underlying the establishment of distribution or marketing cooperatives are similar.

Distribution Cooperatives # bear responsibility for providing production inputs from to farmers: first the improved high-quality seed/~~from~~ the Afghan Seed Company, later pesticides, farm machinery, implements, pumps/irrigation devices, etc. They could effect the solution to the fertilizer distribution dilemma. The relationship of transportation to distribution is critical but the issues re coop-owned truck fleet vs private sector lease/contract are too complex to discuss here.

A Washington-based cooperative union would provide TA to establish pilot cooperatives in areas of likely receptivity, such as the Kohdaman Valley; team leader would be based in Kabul to confront legal/administrative/support issues inherent in a new concept of government. Farmers are given lectures, then contribute (freely) deposits to the future cooperative, understanding that a member must have a share. For necessary inputs (seed, insecticides, fungicides, fertilizer, tools, etc.) each farmer is credited (PACCA allows Afs 1500) until harvest when credits are deducted from sales. (Kohdaman Coop paid out 75% of returns the first year.) A US pilot project establishing 3-4 cooperatives might include seed capital (grant) and/or a revolving fund (DL) to finance subsequent coop expansion. Construction and equipment are not required; US and third country training would be.

Marketing Cooperatives. Pakistani buyers come across the border and "rob the farmers blind." When formation of a farmer's marketing union in the area was suggested, the reply was that "the buyers wouldn't like that."

Marketing associations bear responsibility for marketing activities between producer and packing houses, as well as export markets. They oversee drying (if necessary), ~~grading~~<sup>grading,</sup> packing, selling on local and export markets, etc. Worldwide, marketing cooperatives are more concerned with local than export markets, which are usually the domain of central government. For now, Afghan coops would do both, Coop establishment, farmer credit, and US role are described under Distribution Cooperatives.

DP:JWedberg: 8/26/73

Crop Forecasting

Food crop policy decisions, and program action, must be based on continuous forecasts and estimates -- precipitation, planting, harvesting, marketing, et al. -- needed by producers, supplies, traders, and other businessmen as well as MAI. The vital role of reliable statistics in sound crop planning cannot be over-emphasized. In view of the always uncertain and usually inadequate rainfall, and the highly unsatisfactory state of the science in the country, a project to develop the capabilities of concerned governmental agencies in food crop statistics forecasting, gathering, retrieval, and interpreting is urgently needed. Due to Afghanistan's diverse conditions, new approaches would be necessary. In-country research would develop a mathematical method of preharvest prediction by evaluating variations in precipitation, seed planted, fertilizer, area planted, and other crop inputs. US contribution would be PASA TA and third-country training.

1 - Based on Turkish model.

DP:JWedberg: 8/18/73

Grade Certification

In order to provide both farmers and merchants a yardstick for determining (1) the quality of each food crop and (2) its relative value, official grades for each commodity and a system of inspection for purposes of grade certification needs to be developed. The TA project would experiment initially with an MAI system of official grading and inspection of wheat, which would be subsequently extended in sequence to corn, rice, barley, food legumes, and perhaps clover/alfalfa. A market news service would be developed as supplement.

Wedberg:DP

Storage

"Construction of Storage Systems" which give priority to small-scale quick-yielding local projects is one the four priority programs in Nathan's agriculture strategy for Afghanistan. Private facilities especially designed for storing grain are non-existent and little is known about ad hoc storage space in the hands of producers and merchants, yet for the marketing system to function, for grain supplies to be available throughout the year from harvest to harvest, necessary private storage does exist. MAI's Food Procurement Department has storage units with 280,000 MT capacity, of which about 225,000 MT is usable, principally for the purpose of annual wheat distribution requirements. By any definition the spatial distribution of storage capacity is unequal: 58 percent is in four provinces, 27 percent in Kabul with 7 percent of the population, only 13 percent in the entire Eastern and Southern Regions; the least storage (0.4 percent of total) is in the third largest (pop one million) province. Maintenance is lax and repair or replacement is urgently required. Effective space is barely adequate for the annual wheat distribution and would not accomodate any surplus production. For a minimum wheat reserve alone, Koeing/Hunter estimate additional 225,000 MT storage space would be needed. Should ROA adopt the recommended crop diversification program and/or implement the proposed seed and fertilizer program, storage requirements for corn, rice, barley, food legumes, clover/alfalfa, etc., often of a specialized nature, would increase manyfold.

Crop Storage Project

The Food Procurement Department has never surveyed the condition/usefulness of its facilities. The Anti-Hoarding Law has precluded data on location and amounts of private storage. First, a survey <sup>is required</sup> of existing public and private storage facilities, <sup>at</sup> their adequacy in 1980-85 under

current programs, and of 1980-85 storage requirements given alternative food crop policy/ program changes, including recommendations for optimum siting of facilities for price support and stabilization of the crops. The potential role of private enterprise could be included to maximize the study's utility in policy and program decisions.

Second, technical assistance would (1) help MAI with long-range planning and implementation of amount and location of additional storage consistent with predetermined requirements of the several crops, with rental/construction options, and with incentives to private enterprises; and (2) guide prospective storage operators in private construction/operation of facilities. A new Crop Storage Unit/Agency in the Ministry might guarantee occupancy of new storage structures. This activity necessarily would be coordinated with the U.S. storage advisor in the ~~in the~~ Agricultural Marketing Project.

Third, foreign loans to a ~~strengthened~~ ADB would finance new construction. This project would hold great attraction to other donors, particularly the Scandinavians.

DP:JWedberg:10/20/73

FOOD MARKETING

The farm commodity marketing system is primitive and conducive to waste and deterioration of farm products. Most agricultural processing activities are operated at low technical efficiency, yet the cost of introducing/improving grading, sorting, and quality maintenance is not high and would not displace labor. If predicted levels of crop production are met, market expansion or realignment may be required. Opportunities (cotton, sugar) exist for export/import substitution. Inefficient use of facilities <sup>poses opportunity for</sup> permits great cost per unit reduction. New approaches are needed to establish prices, for example, of cotton and sugar beets; to increase grower prices; reduce processing margins; and force efficient operation.

An economic criterion for selection of new emphasis crops once wheat is adequate is the multiplier ~~effect~~ effect each would have in stimulating agri-business. Such development requires 1) additional effort to stimulate investment in such industries; and 2) additional domestic and foreign markets to absorb output at profitable prices. Production and marketing programs should be designed to maximize the flow of fresh and processed products to such markets, which requires that processing, transport, and distribution enterprises be encouraged through incentive and better planning. Improved marketing practices and facilities must receive emphasis at all phases.

A new National (Afghan) Agricultural Products Board would be established to develop agricultural marketing institutions needed for efficiency and competence in provincial and national marketing of food crops. Its objectives would include reduction in produce losses, development of export sales for products ~~market~~ not now major exports, phasing of prices for export-potential crops toward export parity, enforcement of grading/packing quality control, and full cost accounting as basis for establishing

2.

producer prices for individual products. The Board would be established as a wholly government-owned entity under Chapter 2 of the Commercial Code. It would be appropriately staffed and funded, insulated from political influence, and have direct lines of operation and authority. The Board would gradually expand into several regional branches. Leadership would lay with the Chairman of the Board (<sup>which comprises</sup> ~~comprising~~ appropriate Ministers) and the General Manager.

US would provide four advisors, one to the manager and three to accounting, marketing and storage departments, and limited US training in accounting and grain marketing. Ten-year project would cost \$2 million.

DP:JWedberg:10/20/73

Export Market Development

The volume of Afghanistan's export trade for most products is limited largely by capability to produce exportable surpluses, secondarily by quality control (which is being effected in the raisin and dried fruit industries).

With improved inputs and cultural practices, only a small increase in acreage would be required to saturate traditional export markets . . . . . These markets might not absorb more than about 300,000 metric tons annually. In due course it will be necessary to pay more attention to the development of new export markets? 1/

Now is the time to plan. With 60 percent of Afghan agricultural exports going to developed countries, the target of opportunity is Asia. Foreign market intelligence can obtain maximum value. Exporters need to be kept informed of prices, sales opportunities, nature of foreign demand, competitors, barriers to trade, and market potentials, information which is costly for small firms to obtain independently. Informational functions such as performed by the Karakul Institute and Carpet Guild need be incorporated nationally, perhaps under an Agricultural Products Board or an independent market intelligence gathering agency.

Meat and fruit have the most export potential. The former is discussed under the Livestock Marketing Project. Production and exports of fresh and dried fruits, and certain vegetables, are likely to reach the point shortly where quality improvements, processing for long-distance shipping, and most importantly a vigorous program in search of new markets, are necessary.

Note: See Wilson Project Proposal No. 1, "Overseas Marketing", in his memo to Wedberg of August 18, 1973 for thorough discussion of such latter program.

1/ ADB Sector Study, Dec 71, p. 108

Crop Diversification

Within the food-crops subsector the principle policy issue has been whether wheat acceleration or crop diversification should have priority. A diversified strategy achieves increases in all crops selectively through yield improvement rather than acreage adjustments. The broadly diversified approach <sup>ach</sup> serves socio-economic goals more optimal than those achieved accidentally from wheat program spillover:

1. Benefits are spread geographically, an all-crops program obviously embracing all farming areas, and incomes of large numbers of small farmers are improved. Single crop concentration is generally equivalent to degree of geographic concentration (although wheat has moderately satisfactory geographic impact here); <sup>in Afghanistan</sup>);
2. Crop selection can emphasize foreign exchange earnings (fruit, feed for mutton);
3. Crop selection can emphasize domestic prices (vegetables, legumes to produce meat);
4. Crop selection can stimulate national income (fruit, rice, food grains, feed to convert to meat);
5. Growth of agribusiness is <sup>it</sup> stimulated (multiplier effect). This may be augmented by policies to encourage such investment and to exploit domestic/foreign markets able to absorb the output at profitable prices (Export Market Project).

Wheat Program spillover is already occurring, e.g., farmers are using fertilizer on other crops. "Following the accomplishment of secure self-sufficiency in wheat, diversification of the crop improvement program would have clear advantages." <sup>1/</sup>

1/ ADB Study, p. 56

*In a country as Afghanistan where manpower resources are limited, it is probably best to use a single crop to develop an irrigation equipped with manpower, budget and agricultural facilities.*

over a wheat-only program, and diversification will be increasingly emphasized, sanctioned or not.

Declining wheat prices induce farmers to shift land, water and labor to other products. With the effort required to expand wheat technology/inputs <sup>to</sup> remaining wheat areas ~~declining~~, <sup>on the decline,</sup> application of research, extension, and input supply programs toward increasing yields of other crops becomes increasingly beneficial. The ADB study states that a comprehensive all-crops program (including cereal grains, oilseeds, legumes) will cost, and require amounts of fertilizer, roughly equal to the intensive wheat program. <sup>2/</sup>

"Introduction and adoption of higher value crops and new varieties" is one of the four priority programs in Nathan's agriculture strategy for Afghanistan. With wheat self-sufficiency imminent, USAID should assure that diversification emphasizes three classifications of food crops which promise to improve nutrition, equity, and small farmer income:

1. Cereal grains, with diet diversification as chief objective;
2. Legumes and feed grains, with livestock improvement as chief objective;
3. Fruit and vegetables, with export market as chief objective.

The programs that worked so well for the Wheat Acceleration Program do not lend themselves to production of several crops of such diversity. Mr. Martin's "Special Commodity Groups" program for fruit/vegetables would reap the benefits of early export markets. Nathan however makes self-sufficiency in cereal grains his highest "priority policy" as prerequisite to "badly needed diversification into those high-value crops ... in which Afghanistan has a comparative advantage in domestic and export markets." <sup>3/</sup>

<sup>2/</sup> p. 53.  
<sup>3/</sup> p. 120

*We are probably at this line now*

The contradiction is more apparent than real. The more important question is how a diversification policy should be programmed, by crop or by subsector-wide functional inputs (research, seed, inputs, storage, marketing) serving all crops?

Perhaps the solution lies in both. The cereals and legumes which in most instances are not appropriate as Special Commodity Groups have been addressed specifically in the proposed across-the-board Research, Seed Multiplication, Forecasting, Inputs, Extension, Certification, and Storage Projects, which <sup>collectively</sup> ~~together~~ should assure increased yields of grains and feed crops. Fruits and vegetables are inappropriate to several of the functional projects, but could well emulate intensive single-commodity programs such as FAO/SIDA has for grapes/raisins (PACCA), India for rice and potatoes, <sup>France</sup> British for oilseed, <sup>(?)</sup> China for tea, etc., <sup>on assumption</sup> ~~assuming~~ that the <sup>fruit/vegetable</sup> ~~feed~~ crops chosen for Special Commodity Groups directly accomodated new US criteria for assistance. If one assumes then that responsibility for increa sed corn, rice, barley, oilseed and feed legumes production will be borne by the subsector-wide institutional projects (big assumption in case of <sup>feed</sup> ~~feed~~ crops which demand a stimulted livestock industry), attention can be turned to fruit and vegetable production. The order in which they should be brought in as Special Commodity Group projects depends on:

1. Nutritive value;
2. Income equalizing effect;
3. Added cost of degrees of improvement required;
4. Additional fertilizer needed to effect such improvement;

5. Comparative efficiency of input conversion;

6. National goals (or special interests) served.

Ranking crops is difficult since only policy-makers can evaluate national worth related to cost and efficiency. Nathan would emphasize fruit, nuts, vegetables, (cotton) and certain oil seeds in that order (and alfalfa, clover, feed grains in the livestock sector).

Possible combinations of crops, purposes served, and levels of effort are virtually infinite.

The <sup>attached</sup> Table indicates the multiplicity of factors available to decision makers for five crop groups. Other factors influencing what crops to include when, in Martin's Special Commodity Group projects are the success of 1) Wilson's Export Market Project; and 2) the PACCA experiment. But USAID should begin now to research the various crop options, to liaison with PACCA and other interested <sup>d</sup>onors, to investigate markets, and to query GOA re preferences. Perhaps a simple in-house or TDY study of the most likely commodity groups for intensive 1975-1980 assistance -- pomegranates, melons, peaches <sup>apricots (dried),</sup> (dried), almonds, pistachios, walnuts, onions, garlic, tomatoes, oilseeds? -- would get this important program underway. Alternatively, a similar brief study of the most likely areas -- agriculturally intensive, ethnically homogeneous, innovative -- for concerted single-crop effort <sup>like</sup> such as PACCA's Kohdaman Valley would be valuable. (Parwan and Kandahar, major commercial fruit production areas, come to mind.)

Subsequently, 3-4 specialty-crop feasibility studies similar to PACCA's survey would be undertaken by California producers of processed fruit, with prospects of follow-on project(s), the possible complexity of which is indicated by the PACCA prototype.

Criteria for Rating Crops for Possible Assistance

	Nutritive Value	Income Equaliz	Cost (mil Afs.)	Fertilizer			Price Afs/MT	Impact on		
				Cost (mil Afs.)	Conversion	Receptivity		Natl Income	For Exch	Dom Prices
Fruit	High	Med	25	6	25.7	Var	8000	Med	High	Low
Grapes, * raisins	Med	Med				High	High	High	High	Low
Nuts (pistachios, almonds, walnuts, etc)	Med	Low						Med	High	Neglig
Other Fruit (melons, pomegranates, dried apricots/peaches, etc)	High	Med						Med	High	Low
Vegetables (potatoes, * onions, garlic, tomatoes, etc)	High	Med	10	6	26.1	High	4000	Low	Neglig	Med
Legumes (guar/mung beans, * chick peas, etc)	Med	Med	45	30	0.3	High	46,000	Med	Low	High
Oilseeds (cottonseed, * soybeans, etc)	High	Neglig	3	1	3.8		15,000	Med	High	Low
Sugar beets *	Med	Neglig	2	1	50.0		600	Neglig	Low	Neglig

\*Often mentioned candidates for intensive assistance.

DP:JWedberg: 8/18/73

Wheat Acceleration Program

Should ROA and AID opt to continue the current priority -- to secure the elusive self-sufficiency in wheat -- rather than shift to crop diversification, several small wheat projects come to mind. They may be consolidated as activities under one wheat Special Commodity Group project (the largest) as suggested by Mr. Martin. The first and last have been discussed in detail with Mr. Koenig.

1. Climatic Wheat Research. High-yielding varieties (HYVs) introduced into Afghanistan are constantly mixed with inferior local strains in every altitude/environmental zone, and thereby degraded and, to a degree, wasted. Growing a composite in an area for which it was not adapted exerts selection pressure on certain components and changes the frequency of genotypes. It is imperative that seed demands in a given climatic area be satisfied with seed bred in and adapted to the area. The Research Stations give high priority to wheat research (25 of 70 trials last year), principally to production practices and fertilizer use, rarely to micro-climatic testing. There is lack of understanding what climatic research could contribute if effectively conducted. The wheat research, lacking precision and reliability due to inadequate supervision -- can rather be called observation trials. This project would provide TA to intensively develop the best strain of wheat in the field at each of several climatic zones. In most instances this would not occur at Research Stations which are located in areas of high productivity rather than environmental diversity. The project would be coordinated with the Research, Field Trials, and Seed Multiplication Projects, indeed integrated into them if they were implemented expeditiously.

2. Wheat Storage. See pp. 74-75 Wheat Stabilization Program for Afghanistan for Koenig/Hunter proposal. Likelihood of Scandinavian participation is fair. See Crop Storage Project elsewhere for similar proposal concerning all cereal grains, food legumes, and livestock feed.

3. Wheat Stabilization Service. See Koenig/Hunter, Wheat Stabilization Program for Afghanistan, for detailed rationale, pp. 89-102 for project proposal. Certain specific urgently - required managerial and technical talents cannot be found in Afghanistan. The ADB interlocking system of counterpart staffing, comprising expert expatriates and Afghans in critical positions, would be emulated. Training and minor equipment also would be required. Likelihood of other donor participation is high.

4. Dryland Wheat. Authoritative opinion is divided over the economic merits of converting rangeland to dryland cultivation. Many argue that irrigable land is limited and its development unacceptably costly, that farmer dryland risks are now minimized by newly developed inputs (seed, fertilizer, pesticides, et al), that the low dryland yields relative to that of irrigated land are a function of dryland farmer ignorance of new seed/fertilizer techniques which extension will soon correct. New tractor imports will open up an additional 100,000 dryland hectares for wheat and barley next year, augmenting the existing million hectares in dryland wheat which already exceeds irrigated wheat acreage. Others contend that the wool/karakul - based export market and the importance of livestock to the economy demand that the diminishing (erosion, cultivation) rangeland be conserved at all costs. New legislation makes dryland cultivation on current rangeland illegal but

enforcement remains undeveloped. Needed are:

- A. Survey of the relative merits of cropland vs rangeland for optimum landuse economically and ecologically. TA in range law enforcement could ensue.
- B. Intensive adaptive research into dryland wheat characteristics, farmer practices, and scientific means of ameliorating the extreme dependency on weather, with objective of raising dryland productivity to level of irrigated wheat. Should the survey encourage cropland and the range law be rescinded, this project would research <sup>expansion of cultivation</sup> dryland ~~expansion~~ as well. TA and training are required.

The latter project could lead to a follow-on implementation project. It would impact most directly on small farmer income, underemployment, income distribution/equity, and the poorest.

Kuchi Livestock and Range Management

Background.

There is a severe, sometimes critical, shortage of water throughout most of Afghanistan. The country according to some geographic standards is a desert. Eight million acres of natural pastures in Afghanistan are being overgrazed by 22 million sheep and 4 million cattle. The problem, seasonal and otherwise, of the livestock industry in Afghanistan -- economic, social, land erosion, poverty -- and of the nomads ("kuchis") who maintain it, are well documented. Nomads comprise the most illiterate and unhealthy 20 percent of Afghanistan's population. Their movement across borders, and across private property when overstocked, are sources of grievous government problems. Their sheep or cattle substitute for currency, a practice which keeps them out of the economy and from sharing the fruits thereof. Their transient nature precludes effective government assistance to their vulnerable economy-- livestock -- and to ameliorate their insecurity.

USAID efforts in the 1960s to undertake a livestock project have foundered upon two political reefs:

- (1) Lack of legislation authorizing range associations, or a "cooperative law."
- (2) Lack of a land occupancy (tenure) law which would delineate the rights of private land ownership in pastoral areas.

Last December Parliament passed the requisite Cooperative Law (1) and concomitant regulations have been drawn up for government approval. The World Bank is undertaking an ambitious livestock/slaughterhouse project in Herat, and is considering one in Kandahar.

Project.

Of the five principal objectives of the Afghanistan government and of US assistance to the Helmand-Arghandab Region, one can be termed a failure: settlement of a great number of nomads. Proposed here is a ten-year scheme for improving dramatically the quality of sheep and cattle for reasons both of domestic nutrition and export, and for demonstrating the efficacy of bringing the nomads into the money economy and into the mainstream of Afghan life -- and the social benefits associated herewith -- through modern range management and ranching associations in a limited area, such as the Arghandab and upper Helmand Valleys.

The project is made unusually attractive by the fortuitous combination of low-cost Kajakai power, for which excess uses are being sought, and a surfeit of ground water, which needs to be located. Kajakai transmission lines come down into the Arghandab Valley across vast desertland currently too marginal for grazing but which contain known aquifers into which tube wells could be sunk. First, exploration would identify where the ground water is. Then Kajakai would power the tube wells to exploit it. Pasturage would result ~~result~~ from aerial seeding. Care would be taken to keep the groundwater table from rising, resulting from too much water and inadequate drainage. (Adjacent Nad-i-Ali's Green Forest, useless to agriculture for want

of drainage, is example.) Location, maintenance, and financing of the tube wells would be critical element of project design.

For purpose of project planning, the HAV has ~~assured~~<sup>fixed</sup> seasonal migration patterns: Kuchis currently settle around the river for grassland. When the new grassland around the aquifer sources became available, the kuchis would not be permanently "settled" but would remain herdsmen doing what they know best. They would be given legal control of water sources developed under the project, through water and fencing laws. (See Pillsbury re HAV livestock problems.) Assured legitimate export markets, e.g. Iran, for their expanding sheep herds would be developed to encourage their economic progress and to break the illicit smuggling traffic. (See Governor of Chakhansur Province.) Cattle-raising would be taught and encouraged, to diversify their one-product (sheep) economy.

The livestock activity would be the simplest project component conceptually (provided modern veterinary practice/technology may be applied to a resident population) implemented principally by TA: feed practices, health measures, insemination, quality control, trails and markets, slaughter/marketing practices.

The less manageable range activity is the greater challenge to project designers, requiring political will, legislative conditions-precedent, anthropological/sociological perception, and extraordinarily quick social change. Over life-of-project 15-30 ranching associations representing discreet areas would be

established on cooperative principles, each headed by a US-trained manager. A \$5 million U.S. loan would finance larger capital costs such as well-rigs; light construction, e.g., dips, fencing, watering facilities, primitive storage; and occasional heavy construction. Initial US grant assistance would be replaced by associations' financial self-sufficiency within five years. Incentives would encourage settlement and sense of community -- water obtained; water and property rights obtained and enforced; marketing associations established; democratically-obtained leadership provided; veterinarians supplied; schools, clinics, markets built and staffed -- to demonstrate social/economic/political profitability and security. Exploitation of the latent domesticity of the women is important. Beyond the human element, unusual problems of land and water use, erosion, and engineering would be addressed and their solutions implemented. Prerequisites to success are unqualified government support manifested by political action, and patient AID/W commitment to a long-term project culminating in dramatic social change and, incidentally, having high visibility.

Life-of-project <sup>grant</sup> cost would be \$7 million, principally for a contractor (\$4 million) comprising 10 advisors, \$2 million commodities ~~(mostly Di)~~ including heavy equipment, \$1 million participant training in the American West for managers of ranching associations, and \$1 million other costs. FY 75 obligation \$2 million. Project of such complexity would require fulltime DH Project Manager.

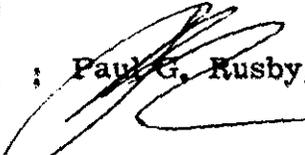
This proposal has been discussed several times with Mr. Levintow and Mr. L. Baron who endorse it. Mr. Levintow suggests that skeptical Kuchi leaders might profit from an observation trip to Tanzania to see the Masai Livestock and Range Management Pdoject, which was selected as the outstanding AF Bureau project for presentation to Congress this year.

OPTIONAL FORM NO. 10  
MAY 1962 EDITION  
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. James Wedberg, Assistant Program Officer      DATE: August 18, 1973

FROM :  Paul G. Rusby, Food For Peace Officer

SUBJECT: New Initiatives in Nutrition

Attached is a reasonably coherent assembly of the nutrition concept I have been developing since my arrival.

Hopefully it will meet your needs for today.



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

WZ

## New Initiatives in Nutrition

Fifteen years ago the writer's first assignment with CARE in India was to assess the acceptability of new moldboard plows which had been provided by CARE and distributed by the Ministry of Food, Agriculture, Community Development and Irrigation. In those days the GOI's criteria for the allocation of development inputs, be they CARE plows, fertilizer, credit or pumps, was equality of distribution according to State population with the result that I discovered CARE plows assigned one each per Taluka hence, separated by a distance of 15 to 25 miles one from the other. As might be expected, the simple paucity of plows made follow up impractical by the District Agricultural Officers to whom responsibility had been assigned, and the recipient farmers were left to their own devices and imagination with respect to utilization of this new device. Almost without exception the farmer's imagination was prolific but as regards his acceptability of the plow the results were disastrous.

Much has been learned about development, since those days in the late 1950's both about the application of development resources for long run versus short run political stability and about the importance of instruction and persistent follow-up when introducing a new idea. These kinds of choices now confront the Republic of

Afghanistan in connection with the development of a viable health and family planning program. The dominant constraint is managerial talent.

The determinants of population control are largely unknown to us except that we can perceive historically a firm relationship between broad based economic and social progress on the one hand and family size on the other. The very latest research, suggests, however, that (a) birth rates in some poor countries have dropped sharply despite relatively low per capita incomes and despite the absence or newness of family planning programs, and (b) this happened in those countries where "the broadest spectrum of the population shared in the economic and social benefits of development rather than just a small minority", and (c) motivation is a key factor in acceptance of family planning practices.

The foregoing suggests, therefore, that (a) a combination of social/economic development activities as components of a total development package have in their combination, a potential for economic/social change, greater than the sum of their separate values. (b) the development package so assembled, if applied realistically and persistently, will convey a conviction that change is attainable and is maintainable. (c) the application of such a package in the manner described may contribute that essential

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ingredient-motivation-which is necessary for the acceptance of family planning practices.

Afghanistan presently does not have the managerial talent for a nation wide application of what must be (if it is to be successful) a grass roots implementation of a comprehensive development package. A realistic alternative, therefore, is to apply the multi-faceted package to a limited geographic area under the project level direction of one adequately experienced administrator. The number of geographically distinct areas into which such pilot projects might be simultaneously launched depends upon the number of managers which can be spared for this sector of the development process. Thereafter, the expansion of the intensive project concept depends upon the speed with which additional managers can be trained out of the original intensive area schemes.

What follows is the outline of a nutrition element of a health/family planning/nutrition component of a development package to be intensively applied in a limited geographic area of Afghanistan.

How we might implement the total package, and consequently the supporting inter-relationships of each element to the total package, will be discussed after a brief description of the proposed nutrition element itself.

## NUTRITION PROJECT

### I INTRODUCTION

This paper constitutes a proposal and a working outline for USAID and ROA to consider adding a nutrition component to their present health and family planning efforts. Hoefully the paper will provide thought and discussion contributing to realistic decisions in the coming weeks.

### II BASIC PRINCIPLES

Any nutrition effort must be based upon the following principles:

1. The Republic of Afghanistan desires and will actively support a nutrition program.
2. The research, planning and implementation phases of such a program will exploit the inherent relationship of nutrition to programs of population and health.
3. The improved nutrition package will be developed from indigeneous resources to the extent feasible; it will not employ the traditional PL-480 Title II commodity imports.
4. The nutrition program which emerges will be the result of realistic developmental planning. One characteristic of such planning which will be to assure, so far as is humanly possible, continuation of the nutrition program after withdrawal of foreign assistance.

### III RATIONALE

1. Essentially nothing has been or is being done in nutrition; past errors and prior commitments do not constitute a threat to open-minded, creative, nutrition planning in Afghanistan.

2. The new Republic of Afghanistan may bring with it a new, and receptive, environment in which to launch a new development effort; the Government may feel committed to demonstrate new development initiatives among the rural people.

3. In terms of human resources development, the nutrition target group is 0-5 year olds (including pregnant lactating mothers) because the determinants of physical and mental development are (probably irrevocably) fixed during that time. Likewise the effects of malnutrition are visably most devastating in the 0-5 age group in terms of child mortality.

4. Identifying 0-5 as the prime group for nutritional investments on purely nutritional grounds, logically leads to integrating nutrition, health, and family planning inputs both human and financial, and the multi-purpose utilization of existing physical plant. In short, an effective nutrition input will augment (at relatively little additional cost) family planning and health efforts.

5. The concentration of mal-nutrition related child mortality in the 0-5 age group, probably serves as a constraint on acceptance of family planning practices.

6. An enormous nutrient loss takes place in connection with parasitic and gastro intestinal infections. The mutually supporting relationship of nutrition and health programs, therefore, is obvious.

#### IV PROGRAM DESIGN

(See Attached Outline)

#### V NEED

Nutrient Deficiencies - We are reasonably sure that 0-5 year old diet is deficient in the following:

Calories

Calcium

Vita A

Vita C

Iron

Thiamin

Riboflavin

Niacin

Results of Deficiencies - The following pregnancy, birth history and mortality/morbidity data for the Hazarajat area probably reflects position of nutritional status country-wide:

Each mother of child bearing age bore 5.8 children and 3 survived indicating a mortality rate of about 40%.

Mothers past child bearing age had 9, 6 children and 4, 4, survived 40% of the population is below 15 years of age.

90% of children (0-20 years) who died were under 5 years of age.

There is a 50% survival rate for children up to 15 years of age.

The principal cause of the above is mal-nutrition including diarrheal diseases and intestinal parasites.

## POSSIBLE OPTIONS AVAILABLE TO US

### 1. Fortification

Definition - Restoring the nutritional value of basic (staple) foods which may have been lost in processing (called enrichment in the U.S. and applies for instance to converting wheat to flour)

- increasing the nutrient level beyond those in the original product and adding other nutrients quite foreign to the original product. The procedure assumes a standard process and a limited number of production points to exert quality control.

Possibilities - Fortify wheat flour-thru the Afghan silos and for the benefit of civil servant and military families.

Fortify oil-for the entire population due to limited in-country production points and limited import points.

Fortify sugar-same conditions as oil.

Fortify salt- a standard procedure to eliminate goitre and might be done in the intensive area schemes, but generally the population uses rock salt and the fortification process requires refined salt.

Fortify tea- the most promising possibility to date because of 100% imports and thru a very few import points and is consumed by babies from 6 months.

2. Develop A Formulated Weaning Food

Definition - A non-conventional food designed especially for babies after six month of age with characteristics which make it palatable thru pre-teen ages.

Consists of approximately 70% carbohydrate base of wheat or corn, includes a protein booster tested for the essential amino acids (about 30%) and includes a mineral-vitamin premix.

Corn is less difficult to work with and requires less cooking than wheat. There is plenty of corn available in Afghanistan. Mongbeans, mashbeans and chickpeas will provide the protein booster. Mineral and vitamin premix should be available thru the pharmaceutical houses.

3. Extruded Products - High pressure cookers produce wheat, corn and rice snack products in the U.S. These processes are useful in the developing countries because packaging and shelf life problems are greatly reduced. Ingredients are essentially the same as blended food. The constraint is re-solubility necessary to reach the 6 mos old child.

Nutrition

DP:JWedberg;sm

Among the five New Initiatives, nutrition (or "food and nutrition") is listed first and nutrition/health/FP delivery second. By any standard nutrition hits the mark of the new equity/human welfare targets which AID has identified as priority development problems.

Afghanistan has no nutrition priority or policy, and no central coordinating point for bringing together the diverse components of a nutrition "sector", responsibility for which apparently languishes in one immobilized division of MOPH. In lieu of a national nutrition policy which would give Nutrition a priority within national objectives, two CPs to any nutrition assistance should be:

1. A fixed interministerial committee for Nutrition, to include the Ministeries of Agriculture and Irrigation (foodstuffs), Public Health (malnutrition), Education (diet training), Information and Culture (nationwide campaign), Finance, and Planning/Prime Minister; or single ministry responsibility with other ministeries having institutionalized representation/consultation; and
2. National nutrition priorities within the sector. For a country of Afghanistan's geography, economy, national character, and level of development, the priorities should probably take the following order (and action responsibility):
  - a. Training of nutrition manpower. (MOE)
  - b. Reduction in incidence of death and disease directly due to malnutrition. (MOPH)

3. Increased production and availability of foodstuffs. (MAI)
4. Improved quality of local foods:
  - a. Fortification of cereal grains. (MAI)
  - b. Improved plant breeding. (MAI)
  - c. Preservation and marketing. (MMI)
5. Increased productivity and work efficiency through improved nutrition. (MMI)
6. Reduction of the work burden of rural woman, who give birth to malnourished children - who cannot be looked after. (MOIC)

The priority target groups should be infants (0-5) and pregnant/lactating mothers. The nutrition strategy must be output-directed, for systematic analysis of malnutrition and its potential solutions can be undertaken satisfactorily in Afghanistan, with some exceptions identified later, with data already existing, or existing when the Demographic/Family Guidance surveys are completed, and with the assistance of Cecile De Sweeney of Johns Hopkins. The analysis, policy (policies), prioritization, and program proposals should be developed, with interministerial coordination, by a single agency such as a national nutrition institute which can influence planning decisions and the flow of budgetary resources. In Afghanistan particularly, the skilled manpower to design and implement national nutrition plans and programs must be created, through short-term training, non-formal education, TA, and experience in field implementation.

In coordination with other donors, probably multilateral, the USAID should undertake a broad attack on all of the above priorities, working with each affected ministry as appropriate under the aegis of the Interministerial Committee, according to a sequential and incremental Nutrition Development Plan subject to frequent revision. FY 1974

likely would be occupied by AID sector and feasibility studies and by GOA draft/approval of national nutrition priorities and development plan. The USAID could assist Afghanistan immediately with this planning process in the following ways (using care when requesting TAB assistance):

1. National Nutrition Planning. In 1972 an AID contractor undertook a pilot effort to develop a national nutrition plan for Ecuador, including relationship of nutrition to economic development, cost/benefit ratios, and cost effectiveness of alternative nutrition programs. The Office of Nutrition in TAB will broaden the successful Ecuador experience by applying the planning system developed there to a few more countries next year.

2. Evaluation of Nutrition Education. Lack of evaluation data makes intelligent conduct of nutrition, exceedingly difficult. ADB is sponsoring a centrally-funded project with Iowa University and Synectics Corporation to evaluate the effectiveness of alternative approaches to nutrition education in improving food behavior under varying conditions and to develop data on costs of modifying food behavior under different means and conditions. Such evaluation would provide guidance in selection of education activities to be part of an overall nutrition program. AIDTO A-1693 describes the criteria for selection of missions/countries.

3. Zambia experience. In 1969-1973 FAO/UNDP sponsored a prototype \$3 million evaluation of Zambia's several programs in nutrition education. Their techniques produced more baseline data than <sup>any</sup> LDC to date. Afghanistan could benefit from those conclusions.

4. Consultants. A Highly-regarded authorities in the field are James Pines of Trans-Century, Jim Levinson of MIT, and Robert J. Muscat (who requires more data than Afghanistan has now), should consultants be requested.

A comprehensive nationwide project program directed at the priority development problems of the nutrition sector would take about five years to get going in all 28 provinces, the most progressive of which might be underway in 3-4 years. Trained staff, now entirely lacking, is crucial. Five-year total program costs would range \$ 3-7 million, depending on extent of other donor support and unknown cost factors in remote provinces. Estimate \$4 million for AID financing of a program which would probably comprise the following interrelated projects:

1. National Nutrition Center (Institute). National coordinative focus for nutrition planning, programming, education, evaluation, communication, and coordination is essential. The \$500,000 building would take 18 months to build. The Center's objectives would be five:

- a. Planning and evaluation.
- b. Training and coordination of nutrition education.
- c. Scientific and technical advisory service.
- d. Social communication on the relationship of food to nutrition.
- e. Identification of gaps in knowledge.

The Center is vital to facilitate special interdisciplinary training of Provincial Nutrition Officers, nutrition administrators, and the like. General nutrition training would occur in MAI, MOPH, and other ministries as appropriate. The Center would offer a scientific/technical advisory service to the country at large, and a library coupled with an information retrieval system. The Center would not carry out research, for which it would commission the university, relevant contractors, or foreign donors.

USAID would initially provide a nutrition programmer and economic planner for the Center until US-trained counterparts could replace them, at cost \$400,000.

2. Nutrition Manpower Training. The proposal elsewhere for training thousands of MCH/Nutrition Aides nationwide meets requirements for a base cadre, but the top-priority requirements for training the senior and middle level nutrition administrators and implementers requires urgent attention. Needed are development of three permanent in-country training programs for MMI (food nutritionists), MOPH (health nutritionists), and MOE (nutrition educators), and one semiannual/annual Nutrition Center special training program in collaboration with KU for national and provincial administrators.

Some overseas "training for trainers" and for Ph. D. s would be required. Cost \$1 million.

3. Food Nutrition Research. The nutrition problem in Afghanistan is starvation or specialized deficiency. If specialized, the appropriate approach in terms of supplemental foods is to emphasize protein and assume calories in the protein food or the staple already available in the village. A contract with U.S. university(s), in collaboration with MAI, would investigate:

- a. Optimum utilization of each foodstuff prevalent in each province/woloswali.
- b. Determination of new foods which when introduced to each province/woloswali will balance the current diet and/or be exceptionally nutritious. Fish, dairy products, and meat alternatives could be starters.
- c. New superior methods of food preservation and distribution between provinces/woloswalis.

The objective would be to look hard at grain crops, oilseed crops, subsistence crops, etc., that (1) are prevalent in woloswalis but never appear in the marketplace or (2) are prevalent elsewhere in climatically-similar countries of the world but never appear in the marketplace. The soybean is a good example being field-tested now. The Formulated Weaning Food and Extended Products projects suggested by Rusty are fine candidates for Food Nutrition Research.

4. Health Nutrition Research. Among <sup>the</sup> 25 least Developed, protein and calory defecien-  
cies account for the bulk of death and disease due to malnutrition. A project to be contracted with American university (s) in collaboration with MOPH would investigate:

- a. The primary causes, and degree, of malnutrition in Afghanistan.
- b. The incidence of death and disease among all age groups thought to be due to malnutrition relative to other causes in Afghanistan.
- c. The calory/protein relative impact upon malnutrition in Afghanistan.

Subsequent to the above, and of importance to national planning and a national nutrition campaign, would be a study of the degree of improvement in human productivity and efficiency as result of improved nutrition.

5. Nutrition Education. As soon as research is reasonably completed, a nationwide drive to educate the most isolated villagers as to the desirability, then the practice, of good nutrition, would be launched. Captive audiences such as military and school children would be subject to relentless nutrition propaganda. Some countries have used a Nutrition Year to good effect: (1) new school texts at every grade level (Project 091 ?) relating food to health; (2) local village leadership calling meetings (with appropriate incentives for attendance) to educate on nutrition, concluding with end-of-year workday set aside for publicized nutrition conferences with charismatic national leaders, music, and loudspeakers; (3) nutrition propaganda in the press and museum including reports on food/nutrition meetings in every woloswali, similar to reports of lionization of Daoud today; (4) radio campaign superior to current Family Guidance campaign; (5) pamphlets dropped by helicopter; (6) Government notables making well-reported speeches. The campaign would concentrate upon:

- a. Best use of food distinctive to each area.
- b. Introduction to each province of nutritious diet-balancing new foods.
- c. Methods of preservation and distribution.

Cost of \$1 million principally would finance commodities, with some TA.

6. General Sanitation. The nationwide training of Health Auxiliaries (Sanitarians) in water, sewage, drainage, and pest control problems and solutions, and the development and implementation of a nationwide environmental sanitation program, are nominated under the proposed nationwide Rural Health Program for other donor assistance.

7. Improved Plant Breeding. Development of new strains, with objective of improving the diet, is discussed in proposed new Agriculture projects in Field Trials and Seed Multiplication, and is included in expanded Agricultural Research Project.

8. Crop Diversification. Research into, and verification of, imported new food-crop seed, with objective of diversifying the diet, is discussed in proposed new Agriculture projects in Field Trials and Seed Multiplication and is included in expanded Agricultural Research Project 132.

9. Adult Education Texts. A proposal to use the food/nutrition relationship as the universal subject of beginner textbooks to be used for a nationwide adult literacy campaign is discussed under the Food/Nutrition Primary Readers project in the Education Sector.

10. Food Enrichment. A fortification program for tea, which would reach the entire adult-and-child population in Afghanistan, holds great promise and should be pursued. Because of the multiplicity of production and import points, programs for oil and sugar are less encouraging. Wheat fortification implemented through the GOA military/civil servant distribution system would meet only limited urban objectives. Afghanistan does not use refined salt, required for salt fortification. See Rusby proposal.

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. Arthur Reich, A-DP

FROM : Grace Langley, *GL* Population Officer

SUBJECT: New Initiatives

DATE: 7/28/73

The present USAID population projects are important but preparatory to a population program. They are:

1. Demographic research
2. Paramedical training
3. Management problem-solving and training

Except for the \$50,000 annually of contraceptives supplies to the Afghan Family Guidance Association, and a \$50,000 annual grant to MAP, we are not now directly assisting a family planning delivery system.

MAP's status continues to be uncertain.

It is proposed to set up two or three experiments of family planning within a low cost rural health delivery system. Essentially the experiments will be trials of different systems of outreach from the basic health center exploring what type of village health worker is feasible for Afghanistan.

The extension of basic health centers throughout the country is a positive step toward more equitable distribution of resources. It still stops at one clinic per 30,000-60,000 population. The geographic area to be served by each basic health center creates even a greater problem.

Among the ideas being considered:

1. Village women with minimal training for most urgent health and FP needs who is paid a fee for her services by her neighbors;
2. Trained auxiliary nurse midwives (female) and basic health workers (male) at sub-center level;



3. Local healers such as dais, bonesetters, variolators given some training and supplies;
4. Local pharmacists.

MAP, Loma Linda-Indiana University, and Care-Medico are possible intermediaries. The cost of each of these experiments would run from \$60,000-\$100,000 a year including American public health personnel at service wage levels.

DP:JWedberg:8/18/73

## Comprehensive Rural Health Program

The Opportunity

The Fourth Five-year plan for Health allocates 63 percent of its capital budget to Basic Health Centers (BHCs) and 70 percent of its recurrent budget to BHCs, a versal to rural priorities after locating all medical training in the capital. The new Minister of Public Health announced he (1) is reconsidering plans to construct two new serum/vaccine complexes and two new hospitals in the capital, and (2) may place priority on Preventive Medicine concomitantly with BHC expansion. Donor interest is accelerating: UNFPA representatives made four visits to explore possible avenues of health/FP assistance, announcing UNFPA will provide a population officer to coordinate UN activities in this field; the German Peace Corps which supplies ten Nurse-Midwife volunteers, has offered further assistance; UNICEF contributes equipment, medicine, and vehicles to the BHCs. AID/POP, completing its review of Title 10 guidelines, has withdrawn its proscription on use of Population funds for capital construction, recurrent costs, and categorical health. Dr. Ravenholt believes the population problem is too grave to warrant continued pilot experiments: National efforts are encouraged. On January 18 Dr. Hannah directed that we give

"increased emphasis to extending low-cost health, nutrition, and family planning services in combination ... to groups ... that tend to have little or no access to such services. Dr. Hannah directed that PHA ... in collaboration with TAB, Food for Peace, and the Regional Bureaus, (devise) at least one project in each geographic region which, with AID Title

X and other funds, and where possible other donor support, gives good promise of actually providing a substantial and early broadening of effective services ..."

### The Need.

In a country where infant mortality is 20 percent and child mortality an astonishing 50 percent, 1974-75 is propitious for a visionary frontal assault on the root causes of the most fundamental health problems of Afghanistan's rural 90 percent, particularly the under-treated mother and child who receive a notoriously low percent of Afghanistan's health dollar. The time for models is past. Regardless how surveys come out, we know that 2154 (88 percent) of the 2483 hospital beds are located in eight provinces (61 percent in Kabul) that 85 percent of Afghan doctors live in the capital, that most peasants never see clinics no doctor.

Relatively the Afghan city dweller receives more medical attention in a year than the isolated farmer gets in his lifetime. The medical profession is preoccupied with curative at least the cost of preventive medicine, which at their degree of development is all the LDC afford to need. Elitist doctors and hospitals lobby for their majority cut of national health budgets, knowing that 100 rural dispensaries cost the same as one hospital, that 17 Medical Assistants (with 80 percent of a doctor's skills) cost the same to train as one doctor. The problem is absolute: The 25 LDCs cannot afford doctors and hospitals. Primitive health measures constitute 100 percent more health service than the peasant has now.

The Delivery System.

Proposed is a \$27 million multidonor rural health program reaching 90 percent of the Afghan population (excepting nomads) by 1980 in order to all but eradicate Afghanistan's most pervasive health problems. USAID would contribute \$7 million, building upon current COA pilot programs. If the program is limited to MCH and clinic delivery, the total price tag is \$22 million. Thousands of villages must be provided with simple (mud/brick) self-help dispensaries and school-leaver MCH Aides before the 180 referral BHCs and 70 referral hospitals are operational. Two thousand carefully-dispersed rural dispensaries (sub-centers?), one per 7000 inhabitants (WHO minimal standards) rather than the 28,000 currently targeted, would be located within 10 kilometers of 90-95 percent of the population. Dispensaries staffed by one young MCH-trained midwife (or retrained old midwife) hereafter called "MCH Aide" and one medical aide would be responsible for primary preventive, educational, and simple curative services. An average 12 dispensaries would be linked to a BHC, hub of preventive health activity for ancillary population averaging 84,000. Each BHC in turn would be linked to referral hospitals. Each province would average six BHCs and 70 dispensaries. Each BHC would be headed by a Medical Assistant trained for the job (rather than a doctor) and staffed by two or more MCH Aides.

With BHC construction well-advanced, three principal program components remain -- construction of 2000 dispensaries, training of MCH Aides and Medical Aides to staff them -- along with less urgent components such as a planning unit, training of Medical Assistants and sanitarians, nationwide environmental sanitation program.

USAID would undertake the \$7 million turkey construction/training MCH Aide program. The \$9 million dispensary (sub-center) construction job might be undertaken by the World Bank (anathema to Ravenholt) which made similar loan to Tunisia and Kenya. Germany should be approached re the \$6 million Medical Aide (male nurse) training package, although the Soviet Union has more expertise in this field and Percy's remarks (KABUL 6030) might encourage such overture.

Secondarily, India which has expressed interest in collaboration in rural health delivery might be agreeable to the \$3 million undertaking to establish six medical Training Centers for para-Medical Assistance. UNICEF, continuing support of improved water supply, might train sanitarians (\$250,000). Japan, launching environmental sanitation programs in Africa and querying possibilities for aid here, may be interested in assisting a similar nationwide program here. Any Scandinavian could finance training for vaccinators, laboratory technicians, compounders, clerks, or other residual BHC staff. WHO which provides 15-20 health experts could establish a \$200,000 MOPH Planning Unit. The UNEPA health/population coordinator could orchestrate the comprehensive Rural Health Program should GOA demonstrate a paucity of the necessary planning/management skills. Donor coordination is imperative at every stage, to prevent such conditions extant by which some trainees have no clinic in which to work while other provinces have unstaffed facilities.

The MCH Aide will have had 6-12 years of formal primary education. She would be a technician capable of referring a case when a complication sets in to, for example, an, otherwise simple delivery. She will receive 12 months of didactic

training in the province from which she is recruited, after which she will return to her home woloswali for her 6-12 months of OJT, and eventual assignment. Each woloswali would be allocated provincial training slots in proportion to its population within the provinces, and each province in turn would be authorized a number of trainees -- and size of training center -- relative to its population within the country. The provinces of Kabul (pop 1,623,000) and Nangrahar (pop 1,307,000) therefore would recruit twice as many trainees as Ghazni (pop 790,000) and Paktia (pop 730,000) provinces and 10 times as many as Farah (pop 219,000) and Mazar-i-Sharif (pop 157,000) provinces. The MCH Aide would be the skilled village advocate and Believer of:

	<u>Months Training</u>
1. Nursing and hygiene	1½
2. Nutrition	2
3. Prevention/cure of ailments	½ ✓
4. Under-5 clinic	1
5. Conduct of Labor/recognition of abnormalities	1½
6. Care of newborn/Infant welfare	½
7. Ante-natal and maternity	1
8. Family Guidance	2
9. Health education	2

The 7-year US project would cost about \$7 million, of which \$4.6 million would be obligated in FY 75. Construction of 28 Training Centers will cost approximately \$4 million. Of this, construction contract will be about \$2.1 million, including average four hostels (in the woloswalis where the girls will OJT) per Training Center and including 15 percent contingency. Training Center commodities will run \$1.9 million: construction materials \$1,300,000, furniture \$200,000, classroom equipment \$200,000, vehicles \$200,000. Personnel costs are \$850,000 excluding DH, and parti-

participants \$300,000.

Waivers probably would be necessary for relief from certain requirements of the Foreign Assistance Act: (1) services of a U.S., beneficially-owned and U.S., or U.S. controlled local construction firm, (2) goods of U.S. origin for construction, (3) non-employment of third-country nationals by the contractor and non-use of a third-country contractor, and (4) advertisement of tenders to firms in the U.S. Local costs probably would require Project Grant (CIP) financing by which AID would deposit the dollar equivalent in a New York bank, from which Afghan merchants would procure US commodity imports to be sold on the Afghan market for Afghans which would finance local contract and commodity requirements.

DRAFT ED:ARLanza:jrd:7/31/73

TO: AD/DP

FROM: A. R. Lanza, Chief, Education Division

SUBJECT: New Initiative

REF: Hannah Memo, June 29, 1973  
Brown Memo, July 1973

By this memo the Education Division is presenting five project and/or research proposals that fit the categories of new initiatives or additions to existing projects in new initiative areas.

- I. National Testing Center
- II. National Science Education Center
- III. Magazine for Elementary Readers
- IV. Instructional Radio
- V. Orientation to the World of Work (Research)

VI. *FUNCTIONAL LITERACY/HELMAND VALLEY*  
 As it is not currently advisable to discuss these suggestions in detail with MOE officials, we have relied on past conversations (under the previous Government) for recommending the projects suggested herein. FYI the recommended projects are not presented in any order of priority but can be so arranged if it is necessary, when we are able to discuss them with the MOE.

The Education Division is proceeding to draft PPP's in the expectation that these project suggestions are so vital to Afghan education that eventually they will be undertaken (if not by USAID/MOE in FY 75, then certainly at some later date by the MOE with U.S. or other foreign assistance).

I. National Testing Center (Educational Testing Evaluation and Guidance)

Background:

Afghanistan requires a National Testing Center to develop and implement a system of basic testing in harmony with new curriculum and materials development. Achievement and aptitude tests will help to set academic standards, identify exceptional students, allow an effective guidance and counseling system to be established.

The National Testing Center would function:

1. To facilitate the instructional program.
2. To provide the administration with the data essential for allocation of resources in a manner which can assist in realizing optimal effectiveness from the instructional program.
3. To facilitate the work of the guidance staff in their efforts to help students make vocational and educational plans compatible with their interests and abilities.
4. To supply materials and provide assistance to the teachers, administrators and other school staff for interpretation of test results in a manner meaningful to the students and patrons of the school.

5. To serve as an invaluable data source for research purposes and to encourage the research effort as well as demonstrate leadership in this area.

6. To develop an aptitude and achievement testing program that will make it possible to make decisions relative to educational advancement on data which are uniform, valid, and reliable.

7. To serve as the agency for compilation of normative data by district, region, and for the nation as a whole.

8. To take an active role in updating the record keeping system in a manner which will facilitate both storage and retrieval.

9. To serve the nation in a consultant capacity on testing problems of any type. For example, test development, test selection, test analysis, interpretation, etc.

10. To assume a position of leadership for the improvement of examination and evaluation at all levels of education.

11. To promote in-service training sessions, seminars, and workshops on measurement, and measurement related topics.

12. To cooperate fully with all agencies working toward realization of the aims of education in Afghanistan.

#### PROPOSED

1. That USAID in cooperation with the MOE undertake a study of the resources available and required for the development of a National Educational Testing Center in Afghanistan.

2. If the study conclusions are positive, a PPP should be prepared for submission during the second quarter of FY 74.

Very Preliminary Estimate of USAID Funding for five years:

15 man yrs. U.S. Advisers	\$900,000
30 man yrs. Participant Training	300,000
Commodities	<u>200,000</u>
	\$1,400,000

II. National Science Education Center

Background

The Afghan Ministry of Education in 1970 established a National Science Center. Its purpose is to improve science education in Afghanistan. With limited UNESCO assistance the Center is pursuing the following objectives:

1. To coordinate the Maths/Science curriculum teaching in Grades 1-12 throughout the country.
2. To develop Maths/Science curricula for the middle schools and lycees.
3. To ensure the proper utilization of the available laboratory equipment and to manufacture additional equipment both from local materials and from imported raw materials.
4. To develop tests for the measurement and evaluation of Maths/Science work in schools and training centers.
5. To train Maths/Science supervisors, and to give in-service training to Maths/Science teachers.
6. To enhance applied research and action research in science education.

The work of the Center is closely allied to and supportive of the major USAID/MOE Project in Curriculum and Textbook Development.

To date the Center has:

1. Completed Lab guides in Physics, Chemistry and Biology for grades 7-12;
2. Begun revisions of all lycee-level science books in accordance with revised curriculum;
3. Begun a Dictionary of Science Terminology in Dari, Pusto, English, French, German and Russian.
4. Designed and distributed science kits to selected schools for grades 10, 11, 12.
5. Conducted in-service workshops for supervisors and science teachers;
6. Procured machinery and set up workshops to locally produce simple science teaching equipment and materials.

In spite of its impressive accomplishments the Science Center has taken no more than the very first steps to meet the growing requirement for more and better science education. The Center requires more technical expertise in designing, producing and experimenting with locally produced teaching equipment and materials. The Center needs assistance in improving its in-service teacher education program using the latest technologies including radio, films, filmstrips and <sup>NSF-type</sup> science institutes. The Center needs assistance to develop a feedback and monitoring system so that improvement in personnel, materials and methods of science education may be continuous.

#### RECOMMENDATION

1. That USAID and the MOE undertake a study to determine the five-year requirements of the Science Center and how resource requirements

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are to be met. (USAID may provide experts for the study from the U.S. National Science Foundation.)

2. If the study results so indicate, a PPP is to be prepared by the second quarter of FY 74 that will provide support for development of the Science Center over a five-year period.

USAID  
Preliminary Five-Year/Funding Estimate

20 man years of Advisers	\$1,200,000
35 man years Participants	350,000
Other Training	170,000
Materials and Equipment	<u>1,000,000</u>
Total	\$2,720,000

III. Magazine for Elementary Readers

Background

USAID/TCCU/MOE are engaged in a major project of developing textbooks for grades 1-6 for the Afghan school system. The textbooks support a new curriculum designed to encourage children to think for themselves, to be creative and experimental. We must, however, constantly guard against the traditional tendency toward memorization of the textbook; the one-book for one-subject attitude must not be allowed to develop. Therefore background, supplementary reading materials are needed to reinforce the reading habit and enhance learning. Supplementary reading that is generously illustrated, requires reader response and is current can best be achieved through a small magazine format.

Franklin Book Programs introduced inexpensive school magazines into Iran several years ago with outstanding results. The monthly

publication would be geared to the new curriculum materials but could be kept current and therefore of special value and interest to teachers and parents as well as students. In addition, the magazine could be related to instructional radio programs (see other new initiatives) and might be a means for written feedback on both textbook and radio instruction effectiveness.

A further possibility is that the magazine will be useful in keeping school dropouts literate and for use with new literates.

#### RECOMMENDATIONS

1. That Franklin/Iran and Franklin/N.Y. be invited to discuss a School Magazine project with USAID and the MOE.
2. If the indications are favorable, Franklin should be invited to develop a Project Proposal for a primary school magazine.

#### USAID Very Preliminary Funding Estimate for five-years.

6 man years of Advisers	\$ 360,000
20 man years of Participants	200,000
Supplies and Materials	<u>1,000,000</u>
TOTAL	\$1,560,000

#### IV. Instructional Radio

Background: Afghanistan is well served by a Government radio network and the general population is very receptive to the radio as a source of news and entertainment. However, the full potential of radio as an instrument of education has not been exploited. The MOE does operate an Educational Broadcasting Unit (with minimal UNESCO

assistance) whose efforts have been limited to teacher-training and some support for agriculture extension services. Afghanistan education could clearly benefit from a project of Instructional Radio aimed at the classroom and designed to reenforce and supplement the new curriculum and textbook materials growing out of the Curriculum & Textbook Project including the School Magazine recommended as a new initiative for FY 75.

Proposed

1. That USAID in cooperation with the MOE and UNESCO undertake a study of the resources available and required for a three year pilot project in instructional radio.

2. That if such a project is deemed warranted a decision be made as to either including it as a sub-project of the C&T activity or as a new and separate but coordinated project.

3. That if previous findings are favorable, a PPP be prepared for submission in the Second Quarter of FY 74.

Preliminary Estimate of USAID Funding for Three Years:

6 Man Years of Advisers	\$360,000
12 Man Years of Participants	120,000
Supplies and Equipment	<u>300,000</u>
Three-Year Total	\$780,000

V. Orientation to the World of Work (Research)

It is generally agreed that formal and non-formal LDC education at all levels needs to be made more functional. There is, however, not enough known about the LDC "world of work" to allow curriculum and educational materials developers to do more than make educated

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guesses as to what and how work information should be made available to learners.

Comprehensive research into the whole question of "Orientation to the World of Work" is desperately needed, particularly in RLDC's such as Afghanistan. Such a research effort would <sup>tie</sup> ~~be~~ directly into the on-going C&T Project and would serve the needs of new MOE programs for diversifying secondary and higher education.

A better understanding of both urban and rural employment skills can significantly affect the new curricula for terminal programs at secondary school and in proposed junior colleges. In addition, non-formal education efforts and especially Adult Functional Literacy Programs should become better directed toward the "world of work," thus improving employment opportunities.

Proposed:

1. That TAB be invited to undertake an in-depth study of the "world of work" in Afghanistan and/or several other RLDC's.
2. That in the event TAB cannot undertake the study, it be funded by USAID and executed as a special project in FY 74.
3. That results of a "world of work" study be incorporated into on-going projects (C&T, Kabul University) and into the proposed new USAID initiatives including Instructional Radio, National Science Center, National Testing and Guidance Center and the School Magazine.

Proposed USAID Funding

2 Man Years of U.S. Researchers	\$120,000
Possible Local Hire	20,000
Supplies, Materials, Printing, etc.	<u>10,000</u>
	\$150,000

## VI. Functional Literacy/Helmand Valley

### BACKGROUND

In cooperation with UNDP/UNESCO the Afghan Government has developed a National Literacy and Adult Education Plan to span ten years from 1973-1983.

The first phase will be directed toward a target age group 18 to 35 (approximately 2.2 million). To make the program most effective, it is to be linked to on-going development projects in selected provinces. The planners have identified 14 development projects into which functional literacy could be integrated. The U.S. has had a major input in the Helmand Valley which is one of the largest and potentially the most important of the development projects cited. The functional literacy activity is proposed to go beyond reading and writing into a varied, new range of educational activities and courses of a functional nature. The program will be designed to meet the aspirations and needs of different economic, social and cultural groups of adults and young people in the development project area. The Helmand Valley is an excellent choice for one of the first functional literacy areas since residents now enjoy a degree of prosperity and, therefore, may be willing to make the extra effort required for literacy. Increased literacy in the Helmand Valley should serve to enhance and support economic advances already accomplished in part through U.S. efforts.

### PROPOSED

1. That Afghan Government Officials and UNDP be informed that USAID is interested in discussing limited participation in the Functional Literacy Program.

2. If feasible, U.S. advisers be included with UN advisers in studying the potential in the Helmand Valley for introducing a program of functional literacy and preparing a plan.

3. If findings are positive, then in late FY 74 a project proposal should be prepared for a five-year project.

#### USAID FUNDING

It is not possible at this time to provide a reasonable estimate of 5-year project costs. The scope of the project will determine costs as will degree of participation and investment by the UN and the Afghan Government. Suffice to say that even a minimal program will require \$2 million at least.

DP :JWedberg:8/15/73

Education for Rural Development.

For inequality, lack of universality, and irrelevancy, Afghan education has no peer in Asia. No other nation spends as little as 0.8 percent of gross national product on the Education Sector. "Runnerups" Nepal and Laos don't come close to Afghanistan's 9 percent of primary-age children and 3 percent of secondary-age children enrolled in primary and secondary schools respectively. Thousands of educated unemployed, augmented by 8000 high school and 1500 university graduates annually, while the rural economy demands manual and management skills, bear testimony to the real issue for rural development -- irrelevancy.

"... educational establishments (became) part of the larger institutional system which contains the social and economic stratification, the distribution of property, and the power structure of our society.... The most unforgivable omission ... in the education sector is the building up of an educated elite while neglecting essential education. By its inaction (GOA) helped to preserve and make more inseparable the barrier between an entrenched upper class and the masses of the people. Our educational system embodies strong, vested interest on the part of ... above all, the families in the powerful elite class who do not wish to undermine their positions provided by the inherited school system. All the facts point out that children of illiterate parents tend to fall behind in scholastic achievement and more easily lapse into illiteracy. The detrimental effects of an illiterate home and village setting begin in the preschool years when attitudes are shaped...<sup>1</sup>

The beneficiaries of Afghan education are male, urban, and upper class. In Afghanistan education itself is tending to increase the already great social segregation and widen the gulf between the classes and the masses, between the rich and poor, between urban and rural, between educated and uneducated. There

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1- Kabul Times, June 14, 1973.

is no widespread recognition among Afghan leadership of the problem, much less a national education strategy to deal with it upon which education priorities for rural development might be based. Among the manifold problems;

1. Concentration. Almost all post-secondary educational opportunities are in Kabul. This denies educational alternatives to provincial students, stimulates migration, and deprives rural areas of leadership.
2. Manpower needs. There is no coordination between the education "system" and national/provincial manpower requirements, nor a planned system of post-secondary schooling such as technical/occupational education. One consequence is to limit seriously the numbers of persons capable of meeting national/rural manpower needs.
3. Teaching. Fragmentation among the varied approaches through which employment as primary teachers may be achieved is affectively both the quantity and quality of rural education and literacy programs.
4. Rural inducements. University graduates rarely apply their competence to remote parts and no one is requesting or preparing them to do so. One-year mandatory service in rural areas before awarding of degree should be considered.
5. Brain drain. Inducements to those who have been educated abroad to return and contribute to national (rural) development are needed.
6. Leadership. The gap between secondary education and University instruction necessarily deprives students of a broad education. Specialists are therefore graduated deprived of the understanding needed for the leadership upon which national (rural) development depends. However we must take care not to equate Kabul

University with national development.

Serious questions have been raised about ... particularly, the emphasis given to rapid expansion of higher education ... The Agency needs to seek ways to improve the development impact of education, particularly its impact on low income groups.<sup>1/</sup>

Major emphasis in formal education must be given to broadening the base of the education pyramid -- the expansion of primary schools servicing rural areas -- rather than adoption of restrictive measures to hold down movement upward.

Opportunities for education related to development requirements, for rural education related to rural development requirements, must be increased rather than restricted.

But this is not likely to occur without great cost or visionary leadership unless the employment-development-education stagnation cycle is broken. Only with a dynamic rural development effort will there be great demand for the various skills on which development depends and which an effective para-professional educational system produces.

Over the next three years USAID assistance to secondary and higher education and Ministry of Education institutions should be phased out entirely. Political assistance such as faculty training which has only the most tenuous link with rural development should be discontinued immediately. Equivalent resources should be invested in rural manpower policies and programs, vocational training, literacy and adult education, food/nutrition/health education, non-formal education, and primary

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<sup>1/</sup> AIDTO CIRC A-461, Program Planning for FY 75 and Beyond 4/21/73.

education. Julius Nyerere's pioneering work, "Education for Self-Reliance" which promulgates a precedent-breaking policy for educating an agrarian society, should be distributed to Afghan policymakers. Program project possibilities:

1. Rural Manpower Survey. Numbers and types of skills required to meet alternative 1985 rural development goals in 29 provinces need to be juxtaposed with existing manpower levels and projected 1985 manpower levels assuming current training capabilities. Then analysis should indicate what increased capability in manpower training is required to meet those optional goals, and how it might be increased, in order to give policymakers the rationales and choices necessary to sound decision-making. The project could be finished in 18-24 months by 5-10 man US contract team at cost of \$500,000.

2. Vocational Education. Minister of Education Pazhwak, concerned about excessive numbers of students going into higher education, believes a student given vocational training at the middle and lycee level will have many more opportunities for employment.

The Minister described a multi-track system that would select and provide university-preparation for a few while guiding most students toward technical/vocational careers. He was not prepared to provide details ...

The time is propitious for a national vocational education policy and program, and USAID assistance thereto. Throughout the provinces technicians are in short

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1/ Lanza memo of 8/11/73 meeting of Min Ed Pazhwak, Director Brown, and Lanza. 152

supply while the country is grievously short of vocational training facilities and the people to staff the few they do have. For example, the Faculty of Agriculture has but two Agricultural Education majors leading to positions at two vocational agriculture schools. The heaviest unfulfilled rural demand for training lay in the fields of:

1. Health (laboratory technicians, Xray technicians, midwives).
2. Construction (draftsmen, construction foremen).
3. Craft/trades (electricians, plumbers, mechanics).
4. Clerical (statistical clerks, bookkeepers, typists, stenographers).

Assuming a nationwide RD manpower survey identifies requirements, a multidonor project could focus on new facilities and the means of staffing them, with USAID selecting those fields in which it has the most competence. American universities/schools with particular skills in these fields would be contracted to provide both extensive on-site TA to the (new) vocational schools and extensive contract training of teachers on the home campus. Equipment is possible, construction problematical. In the interests of decentralization, no new facility would be located near a urban area, but sited instead in the poorest provinces for symbolic value. World Bank says it wants into the project as soon as GOA can effectively operate the vocational schools it has. (See Agricultural Manpower Subsector, Agricultural Training Institutes project.)

**3. Textbook Distribution.** The achilles heel of the Curriculum and Textbook sub-project -- a national distribution system -- remains unresolved. New Ministry of Education (MOE) officials take a broader "systems" view than the old staff whose

solution was "give us ten trucks," but are currently preoccupied with the jurisdictional question of whether the Administration Department ought to have book distribution responsibility. The MOE distribution committee needs reactivation. Franklin Books should be brought in under centrally-funded Task Order to gather data; study warehousing, storage, et al; analyze what needs to be done to develop a primary textbook distribution system; then if its recommendation is acknowledged, help MOE to do it. (The Ministers' nephew is Director of Franklin Books Program/Afghanistan.) AID/W systems experts might contribute as well.

4. Functional Literacy/HAVR. UNDP has proposed that USAID and other donors help UNDP implement a just-finished GOA 1973-80 Adult Education Plan targeting 2.2 million 18-35-year-olds. Functional literacy activities would be tied to 14 on-going development projects in selected provinces, of which Helmand is the most important. Two of the research activities proposed thereunder, "curriculum orientation to the world of work" and "employment opportunities," are considered important by USAID/ED and nicely accommodate the New Initiatives. USAID should (1) participate with GOA/UNDP/UNESCO in such research, (2) jointly explore HAV's potential as pilot for introducing nationwide literacy campaign, and (3) jointly prepare a plan probably leading to a 5-year \$2 million project. Requirements of the research (1) are unknown. The feasibility study (2) would require one AID TDY American to join a multilateral team. The plan (3) would require 2-3 consultants,

who would define the requirements of the follow-on project. For details see the National Literacy and Adult Education Plan, subsequent UNDP proposals, and Lanza project proposal for New Initiatives elsewhere.

5. Functional Literacy/Family Planning. The Family Guidance Association has proposed that population/family planning objectives be incorporated into the new National Plan for Functional Literacy and Adult Education. The birth control message would comprise the subject of the various communication devices, e.g., beginners readers of the functional literacy program targetted on 14 provinces, with purpose of reaching the 98 percent of peasant women (and men) therein who cannot read and write. UNDP would probably be requested to coordinate such an effort. Title X grant would finance US participation.

6. Food/Nutrition Primary Readers. Other LDCs have found that the food/nutrition relationship makes an ideal subject, both in terms of vocabulary and national objectives, for first-year beginner textbooks. Universal utilization of such readers, carried into every home and shared with every parent, could have revolutionary impact on dietary habits over a generation. Results are particularly impressive in an adult education campaign, although primary school children are the usual target group. Such project could be combined with the Curriculum and Textbook subproject or undertaken separately with MAL and MOPH. TA and small equipment would comprise the only US inputs.

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7. Nutrition Education. See Project No. 5 in Nutrition Sector program.
  
8. Research Centre. The nine-year-old Kabul University Research Centre, conceived to be attached to the academic cadre of the university, currently ministers exclusively to the academic needs of the university. To date 159 projects dealing with investigation, implementation, and evaluation of university research operations have been undertaken. Needed is a development-oriented semi-autonomous unit attached to the university but financed by the government (and donors) which would undertake adaptive research projects relevant to rural development which would be requested by government, e.g., Ministries, provinces, other units. To this end an inter-ministerial National Research Council would sift and approve the multiplicity of requests for research, principally on criteria of developmental relevance. Realization of the project, which implementation would have a great multi donor appeal, could materially enhance Afghanistan's attractiveness as recipient of donor research assistance and serve as conduit for such assistance.

R

New Directions:

RD

Afghanistan has an agriculturally derived economy. Most of the people of Afghanistan are employed in subsistence agriculture. The source of most of the foreign exchange--rugs, karakul, opium, fruits, nuts, brandy---are produce of the agricultural sector.

Agriculture in Afghanistan is defined by one overwhelming truth: the country is a desert. There is a severe shortage of usable water throughout most of the country. Any rural development program for Afghanistan must address itself to this truth. The villagers must learn to utilize water and other resources more effectively. Development is more than hardware. Development in Afghanistan really means non-formal village education. Nothing will happen in Afghanistan without increased awareness in the villages about the process of development.

The Provincial Development Department would like to approach this need for village education through the creation of a cadre of Village Level Workers. These VLWs would live and work in the 16,000 villages of Afghanistan. They would work with the villagers to weave new ideas into the traditional fabric of the country. The VLWs could cover many aspects of village life: conservation, reforestation, the economics of crop diversification, handicrafts production, cottage industries, even such areas as teaching the villagers about the need for roads, bridges, rural electrification, or public health programs. They could serve as catalysts for development in the community, through village self-help programs, village councils, cooperatives....

211 (d) Grants: AID/Afghanistan has talked with representatives of the University of Massachusetts about non-formal education in Afghanistan. It is expected that two members of the Faculty of U/Mass will come to Afghanistan this fall to explore the possibility of utilizing non-formal media---like stories, songs, games---to reach the villagers. Our representative in AID/Washington has had some preliminary discussions with the people at U/Mass to see if some form of 211(d) Grant support would be appropriate.

D r a f t: A Regional Approach to Afghan Development

A. Background

Economic and social development processes and progress have been historically retarded by development instruments failing to meet the needs of 85% of the people. These people live in 16,000 rural villages virtually untouched by expenditures in health, nutrition, population, and non-formal education and the vast percentage of unemployed (25%) and annually underemployed (1.5 million non years) have not been gainfully utilized in the rural public works sector where not less than 13,000 kilometers of improved farm-to-market roads 26,000 culverts, and 500 bridges are needed, but not to mention constructions of thousands of potable water supply systems, and rehabilitation of thousands of existing minor irrigation schemes.

Afghanistan by definition of its develop, net needs is a graphic target for AID's new initiatives.

Centralized government planning for Afghanistan's development has failed. Three plan periods covering 16 years have been unresponsive to the needs of 85% of the people. Though this has been due to capious factors, the primary cause is that national and foreign planning has been exercised without reference to locally expressed and locally unidentified needs.

The people of the country have not participated in development planning.

This can be overcome through regional planning, based upon the five ~~geographic~~ geographical zones which comprise the basins surrounding the five urban centers of the country.

B. The Plan

Establishment of five Regional Development Centers in Kunduz, Mazar-i-Sharif, Herat, Kandahar and Kabul.

Each center would be responsible for planning and implementing projects in health, nutrition, population, non-formal education, and rural public works as identified or required by local communities through village level workers. The Regional Center would be headed by a Development Manager on whose staff personnel in the "new initiative fields" would be assigned (numbers relative to need). Village level workers would report directly to a provincially located planning staff who in turn could provide direction to the Regional Center Planning and project execution personnel.

Village level workers and other personnel would be trained at a rural development institute located in Kabul.

USAID: annual inputs, to begin in FY 75:

1. Personnel

a) For the training institute:

Ecologists	5	5
Agriculture economists		5
Foresters		5
Construction		10
Public Health		10
Non-formal education		10

b) For the five Regional Centers:

Managers		5
Regional Planning Specialists		5
Ecologists		5
Agriculture economists		5

Foresters	5
Construction	10
Public Health	10
Non-formal education	10

c) For the Provincial Planning Centers:

Planners	10
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Total USAID Personnel: 110

110 @ \$50,000     \$5,500,000

2. Commodity Support

Equipment, supplies, including  
transportation,     \$1,000,000

3. Participant Training

annually 100 @ \$10,000     \$1,000,000

Total USAID annual costs     \$7,500,000

Total RA budget     \$13,000,000

Note: above figures represent fully operational program after five years. Estimate

20% of total costs FY 75, adding 20%, annually,

Five Regions

The country can be divided into five geographical zones which comprise the five basins surrounding the five urban centers of the country.

1. Northeast: Badakhshan, Takhar, Kunduz, Bamiyan. Center: Kunduz.  
Area: 80,400 sq. km. Population: 1,922,000
2. Eastern: Bamiyan, Parwan, Kapisa, Kabul, Wardak, Logar, Paktia, Kunar, Nangarhar, Laghman, Ghazni. Center: Kabul. Area: 125,900 sq. km.  
Population: 7,106,700
3. Southern: Uruzghan, Zabul, Kandahar, Hilmand, Nimroz. Center: Kanahar.  
Area: 208,800 sq km. Population: 2,096,000
4. Western: Farah, Herat, Ghor, Badghis. Center: Herat. Area: 159,100 sq km.  
Population: 1,692, 100.
5. Northwestern: Faryab, Jawzjan, Balkh, Samangan. Center: Mazar-i-Sharif.  
Area: 78,700 sq km. Population: 1,467,100

A Plan

Goal: At the end of five years, establishment of five regional provincial development offices which would be responsible for rural infrastructure development activity in their jurisdiction.

Method: Place all of

### Rural Electric Cooperatives

The Senate foreign aid bill now requires \$20 million be spent on cooperatives in FY 74. Senator Humphrey stated the objectives of his amendment:

"to assist the poorest of the IDCs, to provide aid for the little man, to stimulate self-help and independence, and to use private organizations and resources..."

The Senator noted that in the 12 years since congress made development of cooperatives overseas a national policy, AID has not spent \$5 million/year - less than one-half of one percent of funds appropriated for TA in cooperative development.

Subsequently the Philippine Government and NRECA signed a 3-year extension of a 1969 AID contract for two rural electric cooperatives now serving 27,000 families (150,000 people). The new contract doubles the number of advisors (to ten) to bring electrification to 500,000 families (3,000,000 people) in 36 rural areas. Under a non-profit AID contract, since 1962 NRECA has assisted development of rural electric cooperatives in 29 countries.

In his address of August 23, President Decud promised:

Cooperatives and cooperative companies for agriculture, production, and consumption will be established with participation of the majority of farmers and their interest.

#### The Potential.

The 344-foot Naghlu Dam and the Darunta Dam on the Kabul River are designed to provide 68,000 kw and 12,000 kw respectively for urban and industrial use in Nangrahar Province. The Chinese-built Chari-Kar hydroelectric project will bring 25,000 kw to Parwan Province by 1974. The new 62,400 kw Mahipar Dam joins the

22,000-kw Sarobi Dam 70 miles east of Kabul in supplying power to Kabul Province. The 360-foot Kajakai Dam has unused potential of 130,000 kw. The 230-foot Arghandab Dam potential remains underutilized. Of total 1968 capacity of 275,000 kw, 241,000 kw was produced by hydroelectric plants of which industrial consumption was only 54 million kw. Despite the great potential for hydroelectric power in Afghanistan, new supplies of natural gas for industrial plants and domestic urban use is expected rapidly to change energy patterns.

In order to exploit the increasing unutilized hydroelectric potential, the immediate directives of Congress and AIB, the apparent egalitarian proclivities of the new President, the current priority attached to self-help and rural works, ( and the correlation between rural power and drop in birth rate), a survey of Afghanistan's potential for rural cooperatives should be initiated immediately.

#### The Project

For economic viability, a cheap source of hydroelectric power is desirable. Pole treatment plant capacity is usually required. Willingness of rural "communities" to cooperate in self-help activities for the common good, e.g., posthole-digging, wire-stringing, wood-cutting, for food or other incentives without immediate compensation is important. The will, mobilization, and sustained support of the central government is imperative to long-term objectives.

The Rural Development Bank would use a US loan (approx \$5 million) as revolving fund

initially to capitalize the cooperatives, to which every member villager would have contributed a token amount. The loan would procure the necessary imported U.S. or free world (941) equipment and material. Village laborers receive cash, food, or pay-in-kind. Members elect their own leaders, with whom NRECA would collaborate. NRECA would send advisors in various skills, e.g., engineering, finance, management. A pre-feasibility NRECA task force (TA at no cost to USAID) would survey geography, power potential, population density, government attitudes and capabilities, local institutions, etc., and identify at least 5 potential sites in high-density rural areas characterized by clusters of villages populated by a cohesive tribe near hydro capacity, such as Shamalan-Darweshan-Garmsel south of Lashkar Gah-Girishk (via extension of Kajakai transmission). Other potentially suitable areas would be Kabul Gorge/Jabal-us-Seraj/Jalalabad, Kunduz/Pul-i-Khumri, and Herat, Nangrahar, Logar Parwan, Kapisa, or Chakhansur Provinces. The GOA would select locations for 2-3 pilot cooperatives from these recommendations, and NRECA would undertake feasibility studies and organizational plans.

Besides the initial loan, grant funding would run \$3 million over 6 years: NRECA contract personnel \$1.5 million, commodities \$1 million, participants \$300,000, other costs \$200,000. Electric cooperatives have not been attempted in Southwest Asia before, although India has such a program. Mr. Riley and I collaborated on rural electric cooperatives in Vietnam.

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. James Wedberg - DP

DATE: July 23, 1973

FROM : PA



SUBJECT: New Initiatives

Ref: The DIR's memo, same subject

We certainly welcome the opportunity for new initiatives in the AID program, and ironically, the new regime in Afghanistan, without the restrictions of a constitution and a parliament, may well provide the setting for progressive introduction of practical, innovative approaches to improvements. Granted we do not as yet know either the character or the planned direction of the new regime; what we do know, however, is that historically, Mr. Daoud has maintained that the introduction of a constitution and of a parliament was premature.

Moreover, no one seems to argue that his pre-constitutional 10-year reign (1953-63) as Prime Minister represents the most significant period of development within this country.

With more specific reference to the areas cited in Mr. Hannah's memo, I would suggest that we as a Mission could emphasize more effectively the general area of non-formal education, in the manner of observation tours, invitational travel, and the practical training we envision in the management element and in the prospective executive seminars element of our National Development Training Project. Non-formal education, if handled properly, permits useful, practical education; whereas, formal education often over-educates the individual insofar as his usefulness in the country is concerned, and invariably leaves him not only with frustration in fruitless attempts to apply his knowledge, but also invariably elevates him in the service to the point of administrator versus implementer.

The prospective benefits to Afghanistan of the 211(d) program would also seem worthy of further consideration. I could predict considerable responsiveness on the part of the Afghan government to the idea of permanent liaison with one or another prestigious institution within the U.S. We would have been far ahead, for example, if we'd had a 211(d) program with Wyoming, Indiana, Columbia, and others who



have spent many years in Afghanistan and could in the process have developed a special service team and more permanent liaison with the local university. It's not too late to consider TOCU and whatever group receives the new contract in Education.

Foremost, however, in Afghanistan itself -- and undoubtedly in most developing countries as well -- is the need for initiatives to develop within the public sector a capacity to achieve a set of goals through a disciplined bureaucracy. Delegation of authority and responsibility; budgeting and accounting systems to assure performance, and incentive systems; and flexible economic policy with predictable ground rules as tax levels, import duties, and support prices, would be among the tools of the PA sector which need to be improved and which seem susceptible to new initiatives and innovative approach.

In a broader sense, the basic philosophy expressed in the attached article in the Kabul Times, by the editor, would seem good basic material for the types of programs currently in vogue within AID/W. It's emphasis on "the people" would seem directly responsive to Mr. Hannah's personal theme of need.

please

## What counts is the people

I have always stressed in my articles in the Kabul Times and elsewhere that what counts more is the people. This is an obvious fact but it has to be emphasised time and again in a developing country because in such nations the public at large is of the opinion that it is the establishment that counts more. The people invariably play the second fiddle.

It may be so for sometime but not always. There comes a time when the truth dawns on those who are in power or they are ousted from power in order to bow to this truth.

I have also emphasised that our people do not demand much. Their needs are much simpler as compared with those of other nations. For instance, each average man wants a job, some sort of dwelling, education for his children and basic medical care.

His job should suffice for his food and clothing and if he lives in an urban community, he should be able to pay for electrical charges and transportation costs.

He does not ask for a television set as we have not our television station yet. He does not demand a washing machine or a garbage disposal unit for his wife.

We do not have a large population for the country's total area. 17 million population in 700,000 square kilometers of land is not too much but it will be if we do

not care enough to build an elaborate network of family guidance clinics throughout the country.

I believe that by appointing the provincial governors chairmen of local family guidance associations, this programme can be pushed more effectively.

Some governors may think that because they have too many children according to modern standards, they should not be expected to accept the job. However, they can be told that by emphasising their mistakes, they can more amply demonstrate to the public the benefits of a family guidance programme because the strain must show on their wives.

By bringing more land under cultivation, we can be able to produce enough food to feed our people and export some to the deficit areas outside the country.

We can also produce enough textiles. We are building more schools and hospitals every year. But what we should stress more is a spirit of cooperation among the people through propaganda, especially over the radio that they may be continued that it is they who count and everything is done because of them and for them.

With this conviction, they will be able to contribute everything toward's their country's development.

DP;JWedberg

Decentralization.

The bitter social fruits of urbanization and centralization are everywhere in Afghanistan and growing, by any standard; income, services, productivity, underemployment, mechanization, mortality, literacy, skilled manpower, et al. Evidence of inequity is found in every page of the Ministry of Planning's Statistical Handbook, or in visible new construction, or in migration patterns of the gifted. A minimum 85 percent of Afghans living in 16,000 villages have been untouched by development, by expenditures in health, nutrition, education, transport, infrastructure, et al. Unemployment of 25 percent, and underemployment of 1.5 million man/years, go unrelieved. With 2.5 percent of the population, Kabul hosts 85 percent of the country's doctors and 61 percent of hospital beds; ten percent of the doctors and 27 percent of beds are concentrated in seven other provinces, leaving 45 doctors (5 percent) and 330 beds (12 percent) for 20 provinces comprising the poorest two-thirds of the population. The Kabul University Five-year Development Plan states two issues of greatest concern are (1) the concentration of post-secondary educational opportunities which

tends to deny such opportunities to students living in the outlying regions... stimulates migration to Kabul and tends to deprive the outlying regions of more educated leadership,

and (2) the need for inducements to KU graduates to apply their competence to more remote parts of Afghanistan.

Closely related is the question whether Kabul University adequately prepares its students for this purpose. Should

consideration be given to establishment of a required student service corps, calling for service in rural areas during one year before awarding of University degrees?

And so on in every sector. Of immediate concern to AID is the impact of urbanization and centralization on equity, employment, agriculture, and rural development. Foreign aid has been concentrated in a few relatively prosperous provinces. Intensive development activity tends to bring concentrated income distribution. Invariably infrastructure investments immediately enhance those most directly involved. New technology also skews income distribution. Wealthier better-educated individuals are more alert to new income opportunities.

Undoubtedly the need for improvement (in geographic distribution of income) is more widespread than are the benefits from the few large investment projects to which the country is so deeply committed. Future project selections perhaps should be more considerate of their geographic implications.<sup>1</sup>

Similarly opportunities for programs to increase rural employment are severely limited by the low level of rural demand. Slow complicated administrative procedures result in inaction in carrying out local agricultural plans and decisions. Emphasis is on centralized planning and generalized decision-making. Farmers and local suppliers, without whose support results are impossible, are not involved in preparing and implementing programs. No attention is given to regional, provincial, and local area planning and programming which focusses on local execution. Despite rhetorical concern there have been no government pro-

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1. ADB Study P. 33.

grams to better living conditions in rural areas for farmers, agribusinessmen, project managers, government employees, etc., which are needed to improve human productivity and stem the flow to urban centers of already high unemployment. Consequently not enough Afghan technicians and foreign advisors are located in villages and provinces where they can be utilized most effectively, and are most needed.

#### The Need.

Recent scholarly studies, the Food-for-Work Program, and field observation agree that the hard-working Afghan peasant, who manifests desire to better his life and capacity to learn, will adopt any program proven to his satisfaction to provide direct, tangible benefits to himself and his group. Consensus is that a fuller sense of participation by him, local authorities, and provincial governments in development and implementation of local programs would provide those benefits. A recent Regional Planning paper recommended measures to encourage village-level and provincial participation in the planning process and to mobilize local resources for self-help projects. But given the scale and inequity of the rural dilemma, more fundamental reform than participation may be required. At last report, actual rural expenditures were less than half of programmed appropriations, demonstrating further need to channel resources and technical assistance programmed for the rural sector directly into the rural areas. Provincial authorities are closer and hopefully more responsive to rural aspirations than administrators in Kabul.

#### The few

Successful self-help programs retain two principles:

1. Projects must be selected by the people themselves.

2. Decision-making, supervision, and local resource allocations must be done in the field.

The formula seems clear. But for the most projects, and all substantial projects, it is impossible to bypass the Central Government.

#### The Opportunity.

In his nationwide address of August 23, 1973, President Daoud stated:

Social injustices are evident in all the spheres of life. Poverty, unemployment, disease and illiteracy are over-riding the country . . . The prime condition for the successful performance of all the onerous national duties is the participation of all the people in the economic, social, and political life of the country.

In order to . . . insure improvement in the people's living standard, it is necessary to launch basic and profound economic and social reforms.

In his first meeting with Mr. Assafi, President Daoud stated he wished to regionalize Rural Development, and requested criteria for establishing Development priorities between regions and within regions. At the subsequent meeting the President said he wanted PDD to concentrate on a "regional program as distinct from a country-wide operation" and to go beyond its current scope to include health, education and small industry. They discussed the merits of regional planning and of exploiting village expertise to replace centrally controlled rural development activity. President Daoud praised Assafi as "the first president who has come to me with a planned program".

The Program.

USAID should undertake twin policies of anti-urbanization and decentralization for Afghanistan and encourage other donors to do the same. (Deurbanization has proved hopeless everywhere - the rural migrant tide can be slowed but not stopped or reversed.) Successful implementation of both such policies would remove the principal constraints to realization of agriculture and rural development objectives.

A USAID anti-urbanization policy would take several forms. It would preclude further AID investment of any kind in Afghan urban centers, particularly Kabul, Kandahar, and Herat. (Many urban planners would argue that a sound rural development policy would deny capital investment in any provincial capital, however meritorious its urbanization might seem, on grounds that the urbanization phenomenon is inevitable for even the smallest such administrative center.)

Such policy would have meant locating the ANM Training Center, AFC, and Research Institute elsewhere and denying the Kabul University project. Such policy would involve suasion with ROA and other donors, carrot-and-stick incentives, propaganda, and staff awareness of policy rationale. It would require awareness of the impact of proposed AID programs upon urbanization, much as upon employment and income distribution. Since urbanization is not one of AID's priority targets and Afghan urbanization probably is not critical enough at this time to warrant a USAID

townplanning/housing/infrastructure program anyway, it would not involve a USAID program.

USAID should undertake a priority program to implement decentralization, by which is meant transfer of government administration and power -- at least planning and budgetting -- to the ~~provincial~~ <sup>regional</sup> level or lower. Implementation of such a policy would demand a two-part program: (1) persuading highest-level ROA policy-makers that radical administrative change is in the national interest and (2) once decided, implementing that change. Given Afghan traditions, fears of tribalization, and probable ideological implications, neither persuasion or implementation will be easy nor quick. ~~And~~ One LDC carrying similar traditions, greater tribal divisions, and much greater ideological discipline made the leap once convinced decentralization was in the national interest.

1. Persuasion. An internationally renowned management consultant firm would be recruited to undertake a comprehensive analysis of the cost/benefit of various decentralization options ~~vs~~ <sup>vs</sup> current government organization, using economic development as priority. The study would be costly, take 2-3 years, and require open-minded ROA commitment to its objectives, reciprocated by the consultants' commitment to ROA development objectives. It probably should not be US-funded, but probably would utilize a US firm - MacKinsey, A. D. little, etc., are preeminent in the field. The firm would owe its allegiance exclusively to the ROA, and the classified report(s) and conclusions would remain the confidential property of ROA until it chose to implement them.

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2. Implementation. The question is not whether decentralization but how it would be best implemented and how phased. The probable outcome will be regional or, most probably, provincial centers of power. Only a disciplined authoritarian government with its eyes firmly fixed on the target -- development -- will have the courage to undertake a reform of such magnitude or the capability of withstanding so fundamental a shock to the system. For a country as impoverished as Afghanistan, constraints to successful implementation would likely be less of a cultural (traditional) nature than of a development<sup>a</sup> nature -- manpower and financial resources. The consultants would recommend means of overcoming all predictable constraints, and more importantly remain behind for several years to implement them.

Assuming "provincialization", there would<sup>likely</sup> be established 29 mini-Kabuls each of which would have a Governor, Provincial Development Officer, Provincial Planner, Provincial Fiscal Officer, Provincial Administrative Officer, and provincial representatives of every ministry, e.g., Provincial Agriculture Officer, Provincial Health Officer, Provincial Education Officer. The Planner would prepare the long-range development plan and the annual plans which implement it, and share budgetting responsibility with the Fiscal Officer, who in turn would share expenditure/implementation/evaluation responsibility with the functional officers. The design/approval and budgetting processes would run parallel to those of the Central Government, which would probably control most revenues and development funds except those locally-obtained for self-help purposes. The provincial governments would compete for plan approvals, project financing, and foreign aid. Projects would not be

approved until a provincial development policy, which incorporated equity, income distribution, social welfare as objectives, and a provincial development plan, into which the requested project was integrated, had been promulgated and approved. Individual provincial development therefore would depend upon skillful and speedy plan preparation. Personal careers would depend largely on output relative to that of competing provinces.

The manpower constraint would be solved by a simple expedient - university graduates in government would be banned from Kabul. This apparently radical departure is feasible since almost all graduates work for the Central Government. The consultants would have prepared a confidential list of the outstanding young men in government, regardless of field or tenure, for earmarking as rural leadership, position-by-position, when the time came. The 145 most achievement-oriented, including most of the higher degree-holders, would staff the top five positions in each of 29 provinces. The most brilliant of all, including the most successful Ministers and Deputies, would be sent to the most backward areas requiring "catch-up" development. Only incentives, beyond the competition and achievement (of limited value in Afghan context), would be sharply increased pay over that of the Kabul bureaucracy, a multiplicity of "perks" and comforts, self-esteem stemming from knowledge that only the best were chosen for the provinces where the personal futures lie, and comprehension that this is where the action is and that Kabul, ~~depopulated~~ <sup>denuded</sup> of intelligensia, is no place to return. And of course the Big Stick. With the exception of the Prime Ministry, and Ministries of Planning and Finance, only over-the-hill bureaucrats and relatively uneducated youngsters would staff Kabul offices until the education pipeline

ameliorates the shortfall. The lack of central backup would be hazardous, but not nearly so much as continuation of the rural status quo. Certain skills which cannot be learned on-job, such as planning and fiscal administration, would require intensive training soon after arrival "at post." (Such training might be offered by ~~other~~ <sup>foreign</sup> donors - see proposed Agricultural Planning Project.) The wave of new urbane people with modern values and skills -- a reverse brain drain -- would temporarily create 29 boom towns to be stabilized later when projects are approved and foreign aid is realized, and would permanently set the forces of social change in motion. Meanwhile the administrative and developmental revolutions finally will have begun.

U. S. assistance at the implementation stage would not need to be as circumspect as the U. S. posture at time of analysis and decision. It could take several forms, principally training and advisors at the provincial level, similar in many respects to that suggested under the Agricultural Planning, Area Development Authority, and Mitchell's Regional Development Center projects.

OPTIONAL FORM NO. 10  
MAY 1962 EDITION  
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. James Wedberg, DP

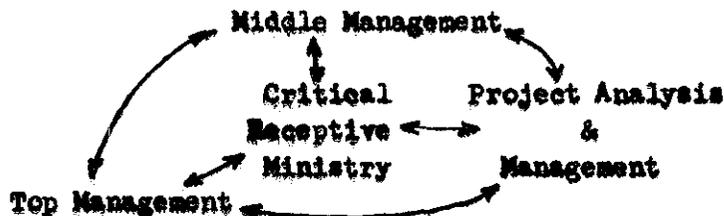
DATE: August 1, 1973

FROM : Vinton Fisher, DATP, University of Connecticut

SUBJECT: Conversion of NDTP to New Initiatives.

Herein are some thoughts on how New Initiatives can provide the momentum to link various programs for a synergistic result, i.e., each unit/project involved is benefited by and contributes to the development and management processes. The present NDTP can and is being focused to work with critical, receptive, and ready Ministers (or parts of them) and a project analysis and management element can be added or included within the NDTP to meet Khurram's stated needs in the Ministry of Planning.

The project analysis and management and the management development (with an OD and projects within ministries focus) efforts can be united with the senior level portion of the NDTP. This means a three-tiered management input to the Ministries and in a way that satisfies the New Initiatives thrust, the Asia Bureau's needs, the Afghans' interests, and, most importantly, it makes Mission and professional sense. Therefore we have something that looks like this:



Note the inter-relationships, the reinforcements, the potential economies of scale. There is a problem of overload and counterdependency if we do not orchestrate these efforts to have:

1. Maximum results through planned change
2. Economies of scale
3. Critical mass of Afghan managers and technicians (project analysts)
4. Multipliers
5. Demonstration effects
6. Linkages within and between ministries
7. Top level support and involvement
8. Self-sustaining qualities through technological transfer

The above suggest using projects within ministries as focal points to induce management changes. This is to capitalize on felt needs, to gain top support,



and to have a product that creates a climate of success. Therefore, we need successful projects to continue change efforts and to gain more takers within cooperating ministries and to attract new clients.

There is also a need to work with existing project/consulting teams presently within ministries, e.g., Management Services for Health, Peace Corps, PAS, U.N., Ford, etc. to maximize resources, to decrease conflict and increase cooperation, and to increase the output.

I can prepare a program that would unite the various units of the NDTP with a project analysis and management input. This would mean NDTP + OD + MD + PAM + FOCUS equals increased ministry and technical assistance outputs. This is accomplished while using mostly planned and committed Mission resources that can be augmented to meet the New Initiatives thrust.

Personnel are, with one exception, already in place. A person or persons can be obtained for PAM, who complement IPS/DATP's existing MD/OD and PAM services. If we act quickly we could keep a present DATP staff member who is one of the world's experts on PAM, Morris Solomon. Possibly TDY could keep him on until a full-time project is developed. My very rough estimate for such a total package, i.e. PAM and NDTP (mid and senior) which include on-site consulting (full time and part time staff), the present NDTP middle management program and a top management program, would be approximately \$ 225,000 per annum (i.e. as long as the top management program ran. Without it, the cost would be approximately \$ 195,000 per year).

INFORMAL MEMO

TO: Jim Wedberg  
FROM: Vinton Fisher  
SUBJECT: Some Ideas for New Initiatives

1. Focus on critical and for responsive ministries for demonstration effect; example; model behavior i.e, show how it could be done and do it.
2. Use critical mass of managers (middle & senior level managers) (NDTP) and multiplier (Training of Trainees) approaches.
3. Add project analysis (social/ag/industrial) and link to NDTP specific ministries (critical &/or responsive).
4. The management development program (NDTP) plus project analysis plus training of trainees can lead to an organization development and organization improvement output. (Hirschman's ideas applied to organizations i.e; leading sectors),  
*Sectors*
5. These approaches can also be used with
  - a) Provincial governors
  - b) Provincial governors staff
  - c) A critical/responsive province(s)
  - d) Training can be done in local development for province staff (see 1973/74 DATP catalog) & 1973 IPS News Letter
6. Mobile training teams can be developed.
7. The peace corps can be approached to develop a management on-site input that is related to a degree program in the U.S. (See addendum to Crain memo).
8. See Fisher/Hegaard paper in 1 June Report for many management development general development ideas.
9. See 1 June Report (1st on 2nd Chapter) for summary of management problems found in April, 1973 in Afghanistan.

Jim, I would really like to work with you <sup>on</sup> the "New Initiatives Paper". Just don't scatter resources; use multiple inputs & experiments; view the management improvement effect as a process and not as AID & most consulting firms do as "injections" of instant resources.

10. Try converting your present AID technicians to helpers & facilitators (see Sammet Wallace report on advanced seminar held for HAVA -- good ~~man~~ & good report and not have these behave as experts that help the "poor Afghans".  
*EXPERTS*

- 2 -

There could be <sup>✓</sup> more ideas if we could have talked, and it is <sup>Now</sup> now 1230 a.m. and I get up at 445 <sup>✓</sup> a.m. so if you need clarifications write, call, come and see me. a.m.

Warmest regards

Vin

P.S. Hogaards & Fisher's article has examples of programs as does IPS Newsletter.

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UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. V. Brown, D

DATE: July 30, 1973

FROM : C. H. Zondag, PE *[Signature]*

SUBJECT: New Initiatives - Mr. Hannah's Memo of June 29, 1973

If reducing unemployment and improving small farmer income are considered as "New Initiatives", I wonder if our project 116, Industrial Development, is not improperly labeled. Particularly our most recent thrust in the direction of increasing the availability of agricultural produce for industrial processing would seem to be directly responsive to "the new look". The AKI's, the tanning and raisin factories' and the wine factory's impact on rural income are all very clear illustrations of what AID/W is after while the sizable increase in private industrial development resulting from the PE Program addresses the unemployment problem in a most direct way.

If the problem is that the PE PROP is not attuned to current AID/W fads/verbiage, while the term "Industrial Development" is out of date, the Mission might well give some thought to submitting a new PROP to AID/W before the current Checchi Contract extension expires. In making this suggestion we assume, of course, that the substance of our current program will be given strong support under the new government,

A more truly innovative attempt is PE's more recent effort to get the Kabul University - CECSAR engaged in appropriate research on solar energy and alternative energy uses such as wind mills for irrigation purposes which could be built at an extremely low cost. George Thomas and I have been looking into this with the German team in Paktia and a prototype already exists which would have to be redesigned to reduce the cost further to some Afs. 5,000 so that medium size farmers could afford it. The Kabul University Engineering School has shown interest in both approaches and even indicated that it could make a small financial contribution to promote further research in this area.

Afghanistan has some unique features which make it attractive for certain types of scientific research. For instance, Kabul's location on a major



geological fault is somewhat unique from a seismic point of view. The fact that in Herat winds blow for months in one direction and that Afghanistan collects an unusual amount of sunshine, also tends to make it a unique spot for experimentation in new energy saving approaches. Granted that this is small stuff, the possibility of a breakthrough with a sizable multiplier effect is always there. For many years Mexican wheat experiments and IRRI rice were likewise small stuff until the real potential was finally realized. The fact remains that organized research and development, intimately linked on the one hand with science and on the other with the engineering and administrative arts is one of the greatest social developments of our time.

A third area which would seem to be falling in line with the new look is export promotion on which PE did considerable work during the past year. As you may notice from the attached PE paper dated July 29, 1973 on the private tanning and leather industry, the right kind of technical assistance to industry can have a distinct impact on a country's foreign exchange earnings, which should be of interest to AID/W if only from a point of view of debt servicing. In the near future I intend to write to Ted Lustig about this after we do a few more industry profiles which altogether show an additional export potential of some US 15 million a year, actually realizable without any major effort.

Please advise if PE should pursue this further because, except for the one very favorable reaction on simple solar energy research, we have never been able to impress AID/W with the type of comments made in this memorandum.

THE AFGHAN TANNING INDUSTRY

Introduction

1. At present there are ten tanning firms operating under the protection of the 1967 Foreign and Domestic Private Investment Law (FDPIL) which altogether processed some 1.25 million skins in 1971 (March 1972-March 1973). According to the respective investment applications and further consultation with Mr. D. M. Guha, UNIDO leather expert at the Investment Advisory Center, a total of some Afs. 240 million was invested in these firms. Together they employ some 830 workers.

What seems significant is that tanning and leather processing in Afghanistan is now beginning to develop into a national industry. Due to the world wide leather shortage, the investors have all the markets they can handle. If they are able to meet the proper standards to respond to this demand, leather processing could well develop into a new Afghan export industry of major importance.

2. Profile of the FDPIL Tannery Investors

Like most private investors in Afghanistan, the majority of the investors in tanneries come from a merchant background. One investor comes from a family which has been in the civil service and he himself was once a government employee. Another investor was a shepherd and a farmer before he

became a merchant and later the owner of a large tannery. All the investors, in addition to managing their factories, continue in their traditional businesses also.

Several of the investors in the tanning and leather industry have considerable financial resources. They also have a relatively high percentage of educated people among them. Of the ten investors, three are University graduates, (one from the London School of Economics), one is a high school graduate, and two finished the tenth and sixth grade respectively. The others have little or no formal education. Their age varies from 28-50 but half of them are under 35 years age. In addition to tanning, some of these firms are also engaged in manufacturing leather products such as shoes or leather garments (pustinchas).

Most of the investors in the tanning industry had been exporting unprocessed skins for some time or had been in the skin trade before they thought of processing raw skins for export. A combination of several factors such as a desire to maximize profits, to provide jobs and help the overall progress of the country and difficulties in exporting raw skins, all contributed to the decision by these investors to establish a tanning factory. One investor said that raw skins occupied a very large volume and this was beginning to cause unduly high transportation costs. Apart from taking much less space, semi-processed

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skins result in further savings due to the fact that the sheep wool and goat hair remain in the country and can be sold locally to the carpet and gelim industry.

One firm is in the exceptional position of having bought their factory from a previous investor who had in turn bought it from the government. This factory is 49 percent Swiss owned and is one of the best equipped and managed of all the tanneries. It produces not only finished leather but also leather products. One other factory also has foreign participation, since 25 percent of the ownership of this factory is in Indian hands.

One investor decided to go into the tanning industry after he already owned and operated a textile mill. His reason for this change was mainly due to the bureaucratic difficulties he had encountered in importing raw materials (rayon yarn) for his textile factory. He believes the industries based on the processing of domestic raw materials will have a much better chance to develop than those based on imported raw materials, because they are likely to face less interference from the government.

Most of the investors indicated that the technical assistance provided by IAC had proved to be extremely useful. In particular, the UNIDO-IAC leather expert Mr. D. M. Guha provided considerable technical advice to

these investors. Most firms now have their own leather technicians for regular operations and technical management. Seven firms employ foreign technicians and three have Afghan technicians.

The investors appeared to be very seriously interested in their work. They know their business and appeared to have thought their problems through before going into their new business. One investor wanted to concentrate on exporting pustinchas to the United States. A friend in the United States called his attention to the bad smell of the Afghan pustincha due to poor preparation. Speaking to others he discovered that pustinchas are highly fashion oriented and that the market for them could change rapidly. This investor then got in contact with the Investment Advisory Center and decided to invest in a tannery. The UNIDO leather expert, Mr. Guha taught him the know-how he needed. Presently, this investor is in the process of forming a partnership with an American leather company, a subsidiary of the American company. This investor feels the partnership will be very profitable because of the amount of his capital for a leather industry and the fact that the American company can provide the know-how.

3. Benefits to the National Economy

The estimated total annual availability of raw hides and skins in Afghanistan is as follows:<sup>1</sup>

Sheep Skins	4.5 million
Goat Skins	1.1 million
Cow Hides	0.7 million
<b>Total Annual Availability</b>	<b>6.3 million skins and hides</b>

Of the total available skins about 0.5 million are useless while some 1.8 million are used in the country which leaves roughly 4 million skins for export with a total export potential of Afs. 900 million semi-processed of which total Afs. 100 million would be derived from semi-processing as shown by the following rough calculation. The 1951 export value of 4 million raw skins would come to Afs. 720 million whereas semi-processing would add Afs. 180 million from which about Afs. 50 million would have to be deducted for imported chemicals.

In essence, the processing of skins for export offers three options:

a. Pickling consists of bringing the skins to the right acidity to preserve them or to prepare them for tanning. Pickling preserves the skins for a period of about 6-7 months.

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1. Guha, D. M. "Policy Recommendation for the Further Development of the Leather Industry in Afghanistan". Investment Advisory Center, Kabul, Afghanistan, April 1973, P. 2, (mimeographed).

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In essence, the processing of skins for export offers three options.

a. Pickling consists of brining the skins to the right acidity to preserve them or to prepare them for tanning. Pickling preserves the skins for a period of about 6-7 months.

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1. Guha, D. M. "Policy Recommendation for the Further Development of the Leather Industry in Afghanistan". Investment Advisory Center, Kabul, Afghanistan, April 1973, P. 2, (mimeographed).

b. Wet-blue skins are skins treated by chroming with chrome salt to have them permanently preserved. The bluish color in use is the chrome treatment. Wet-bluing the skins is one form of tanning which renders skins resistant to putrefaction permanently. These skins are actually exported in wet (damp) condition wrapped air tight in polyethylene sheets and packed in wooden boxes.

c. Finishing requires further treatment including the application of a color coating to the grain surface of the leather to give it a finished appearance and to make it more serviceable in use.

According to the Ministry of Commerce, during the last three years the number of pickled and wet-blue skins exported was as follows:

<u>1949</u>	<u>1950</u>	<u>1951</u>
319,615	907,109	1,210,001

According to Mr. Guha, semi-processed skins export about 40 Afghanis more per skin on the average during 1951 as compared to exports of raw skins. Semi-processing a skin involves a cost of foreign exchange cost of some Afs. 16 per skin. The cost of the necessary materials that need to be imported. Therefore, the net foreign exchange earned by each semi-processed skin is about Afs. 24 per skin.

The additional foreign exchange earned by exporting semi-processed skins (both pickled and wet-blue skins) in 1950 was as follows:

<u>Number of semi-processed skins exported</u>	<u>Foreign Exchange earned per skin</u>	<u>Total Net Foreign Exchange Earned</u>
907, 109	Afs. 24/skin	Afs. 21.8 million

If all the skins exported in 1950 had been semi-processed, the additional foreign exchange earned from semi-processing would have come to Afs. 32.9 million, given the fact that a total of 1, 370, 478 raw skins were also exported in 1950 making a total of Afs. 54.7 million of foreign exchange earnings based on value added alone. The additional income in 1950 from sheepwool and goat hair came to about Afs. 8 million while potential savings on this account could be in the nature of some Afs. 35 million a year. Considering that the total investment in tanneries is about Afs. 240 million, this would seem to be an excellent return in national economic terms. Had the same number of semi-processed skins reported in the above years been converted into finished leather and then exported, the earning would have been correspondingly more. 2

2. Finished skins would earn about Afs. 42/skin more. They have an Afs. 48/skin foreign exchange cost component (Afs. 25/skin to semi-process it and Afs. 23/skin more to make it into finished leather). Therefore the additional net foreign exchange which could be earned by each tanned skin for the grade leather study is approximately Afs. 42/skin and the potential net foreign exchange earned had raw and semi-processed skins been exported in 1950 as finished leather would be well over Afs. 30 million. These cost figures are rough estimates since the actual cost would depend on which of the different methods the tanneries use to produce the various types of finished leathers, considering that all skins would be finishable

However, the export of finished leather presents problems inasmuch as foreign buyers prefer to purchase semi-processed skins in order that they may tan the skins to produce leathers which meet their own specifications. For this reason Afghan exports are likely to be limited to semi processed skins for a long time.

Yet, finished leather could be used by a domestic leather products industry which could and should be developed. Only then will the full potential of the leather industry in Afghanistan be realized. Leather products made in Afghanistan could substitute for the many leather items imported into the country annually. What this could mean in terms of foreign exchange savings is clear when one realizes that in 1950 (March 1971-March 1972), Afghanistan imported some Afs. 31.4 million worth of finished leather and leather products<sup>3</sup>. In time further benefits to the nation would be the additional value and employment derived from the export of finished leather goods.

Already there have been developments in the tanning industry in this direction. One factory produces both finished leather as well as leather products, particularly shoes. Two are engaged in tanning and the manufacture of leather jackets which are exported in large quantity to Europe. As

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3. Ministry of Commerce: **Import** statistics.

mentioned earlier another factory is in contact with a subsidiary of Genesco Inc. to set up a finished leather and leather products factory. Provided better styling is available, the export of shoes could also develop into a major export industry.

In addition, Afghanistan has vast resources of fur skins like stonemart (fox, etc., which, if properly exploited, could earn a considerable amount of foreign exchange. The 1350 figures shows an export quantity of 42,371. This figure can be doubled and again, if processed locally, the export earning will be increased considerably.

To sum it up, the potential foreign exchange earnings and savings from the export of 3.5 million semi-processed skins, 200,000 pustinchas, 300,000 hides and some 50,000 properly tanned furs, plus savings from the local utilization of wool and hair saved by semi-processing would be as follows:

(In millions of Afghania)

1. 200,000 pustinchas at Afs. 1,200 each	Afs 240.0
2. 3,500,000 skins, semi-processed at Afs. 210 each	Afs 735.0
3. Wool and hair from # 2 above at Afs 7.0 per skin	Afs 24.5
4. 300,000 cow hides at Afs. 450 each	Afs 135.0
5. 50,000 tanned (non karakul) furs at Afs. 100 each	Afs 50.0
Total	Afs 1,204.5

(or U. S. \$2 million at Afs. 60 per dollar)

#### 4. Major Problems

Although most of the investors appeared to be happy and are considering further expansion, this does not mean that they do not have problems. The most common complaint was the slow and tedious bureaucracy of the government.

For instance, if it turns out that the tanneries are able to export more than their respective investment application calls for, they have to amend the application all over again or else keep their exports down to the officially approved level.

Two investors incurred considerable losses due to the February 1973 dollar devaluation. One of them had sizable losses because he just happened to have a large quantity of dollars on hand. The other investor said he has been losing about one dollar per skin since the devaluation, because even in dealing with Germany, the majority of the transactions take place in dollars.

The market for pustinchas also presents a problem. In 1350, the value of exports of pustinchas came to a little over Afs. 170 million but after that there was a decline because there is no longer such a strong demand for pustinchas. Currently the Kabul market is glutted with pustinchas which are unexportable.

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Another more basic problem is the poor quality of the skins offered on the local market. Many skins have marks due to scissor cutting when the sheep are sheared. Introducing clippers to the livestock owners would go a long way to minimize this problem. Another problem is poor slaughtering, which frequently damages many skins (flay cuts and holes) and thus makes them unsuitable for good leather processing. Each skin with flay cuts loses approximately one dollar of its export value. Besides flay cuts, there are innumerable other defects caused by diseases and insects. Sheep pox and warble holes in goats are the most damaging of all defects. Millions of Afghans are lost each year because of these two defects. These losses can only be reduced through the use of extension, education, training and improved animal husbandry.

Another problem of major concern to all these investors was the shortage of raw skins to be processed. They said that the government should prohibit the export of raw skins --about two million a year--and should only allow semi-processed or finished skins to be exported.

Finally there is an urgent need for more and better training of Afghan leather technicians. As it is, the industry depends to an unreasonable extent on the use of expatriate technicians who are able to command salaries which could and should be earned by properly trained Afghans.

5. Conclusion

The tanning and leather industry in Afghanistan provides an almost classic case of the role of agribusiness in bringing to life a segment of the agricultural sector. Apart from generating sizable foreign exchange earnings and additional employment opportunities which Afghanistan needs badly, the industry is having an impact on raising rural income. Because of increased demand for quality skins, the local price has recently shown a sharp increase which is benefitting the grass root level.

It also presents an interesting example of what a modest but well conceived and well directed technical assistance input can do in a relatively short time to lift an industry up by its own bootstraps. As pointed out under section 2 above, one of the investors started out as a shepherd. Today, the same person is traveling to Europe and meeting with businessmen from different parts of the world who are interested in buying his product.

CRZ/DMG

Kabul, July 29, 1973

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MAY 1962 EDITION  
GSA FPMR (41 CFR) 101-11.6

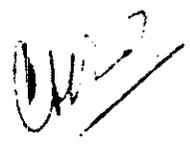
UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. Vincent W. Brown, D

DATE: August 1, 1973

FROM : C. H. Zondag, PE



SUBJECT: IDBA - USAID cooperation

This morning I had a long conversation with Dr. Noor Ali at his request. Mr. Srinivasan was also present.

Dr. Noor Ali said that the Industrial Bank was trying hard to interest private investors in the establishment of another sugar mill in which connection I mentioned to him the 1972 Urwick, Lugg and Gould study entitled "The Sugar Industry in Afghanistan". He said he would request a copy from the British Embassy and asked for my comments on the study which I gave him. He also showed interest in the Checchi recommendations for the improvement of the regulations under the Private Investment Law dated November 16, 1972 and has been given a copy of the document in question.

Dr. Noor Ali stated emphatically that current restrictions on withdrawals from bank accounts and on foreign currency transactions as well as other ad-hoc measures should not perturb us since all this would be very temporary. The Afghan economy is 95 percent private and the government just was not powerful enough to enforce strong controls. He generally oozed optimism about the private sector under the new regime. His observations were almost identical to those of Mr. Yunus Rafiq, as reported to you earlier, which sounds promising.

In discussing the respective roles of the IDBA and the IAC in the area of project analysis, Dr. Noor Ali felt that it was too early to reach any conclusions. He evidently had not been impressed by the performance of the IAC which he sees it more as an annex to the Investment Committee Secretariat, i.e. government oriented. Unfortunately, the IAC's physical transfer to the Ministry of Mines & Industries tends to enhance this image.

Dr. Noor Ali felt that the type of activities in which the IAC was supposed to engage should be independent from the government. He stressed the fact that the most important thing was people and he wanted the IDBA to finance the



establishment of an Engineering/Management Consulting firm made up of bright young University graduates. Perhaps some of the investors themselves should participate in this venture. Eventually, there should be two or three of such firms and they should compete for the business. This would be a better alternative than having a consulting staff in the Bank itself where they would be on a salary. I briefed Dr. Noor Ali on ~~our~~ efforts to get the IAC on a fee basis and to get CECSAR going at the Kabul University. He replied that the weakness in all this was that the people were on a salary instead of being faced with a swim or sink situation.

Dr. Noor Ali then asked if USAID could not lend some support to his idea by providing an institutional point of reference for an Afghan consulting firm. If a local consulting firm could be established under the supervision of or in association with a foreign consulting firm, the resulting prestige would work as a magnet in attracting and holding good people. Perhaps in time USAID could provide some training in neighbouring countries as required.

Dr. Noor Ali asked me if we could not discuss this idea with AID/W. I said that I would very much like to find a way to assist in the implementation of this idea which from a conceptual point of view might have more appeal to AID/W than the IAC. I mentioned to him that we obviously could not make any commitments in this area but that Tony Teele was leaving for Washington at the end of this week and that he should be able to get us some feedback from AID/W after which we would discuss the matter in more detail.

**BEST AVAILABLE COPY**

(CR-841)

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

ACTION:

CO W/ATT

INFO:

ASSISTANT  
ADMINISTRATOR

AUG 17 1973

REC'D C&R 0800 8/28

Mr. Vincent W. Brown  
Director  
US A.I.D./Kabul



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Dear Vince:

While you have probably received through normal distribution the recent reports of the House and Senate authorization committees, I especially wanted to commend them to you for careful reading. They are both significant documents and reflect important trends in Congressional thinking.

These reports make a strong case for the kind of aid program Dr. Hannah has been urging over the past year or so with heavy emphasis on "projects...which most directly benefit the poorest majority of the people in these countries." As you know from our recent cable and airgram on accelerated program development, we are anxious to move our programs as swiftly as possible towards the key sectors outlined in the FY 1974 A.I.D. presentation to Congress. The enclosed reports indicate that there is important Congressional support in the same directions. While these reports do not necessarily represent the views of the appropriations committees, Senator Inouye has recently emphasized similar thoughts, and Congressman Passman's subcommittee paid a great deal of attention to what A.I.D. is doing to bring our assistance directly to the common man in Asia.

Thus, while it will be some time until we know the final details of the FY 1974 legislation and while it will be several months before we have an appropriation, the functional structure of the House bill and the Senate Foreign Relations Committee's bill has such widespread and enthusiastic support that it seems certain the sector categories are virtually already cast in concrete. We must, therefore, do all we can--much more than we have--to bring our programs into accord with this general pattern. We have preliminarily culled through the recent FY 1975 Field Budget Submissions to see how they spread across the new functional authorization categories. For the Bureau as a whole, the spread-out seems to show a pattern with which we could not live. The ASIA program loan and capital project categories appear to add up to levels in excess of those we hope may be available (as the sum of new obligational authority and allocation of reflows) for these two categories for all regions. I hope that more detailed reviews of these submissions will show that our first quick spread-out of activities overlooked defensible attribution of higher funding

**ACTION**

Date Due: ~~9/6~~ 9/6  
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levels for the sectoral categories. We will be corresponding with you further during the course of our more detailed reviews but I want to alert you now to a problem of apparently serious dimensions for the Bureau and to the fact that the success of our efforts to claim resources for your total program will turn on the relation that its composition bears to the authorization categories and the funding ceilings set for them in the new bills.

I urge you to read the enclosed reports with care and share their import with your Afghan colleagues about the future directions of A.I.D. programming.

I would be delighted to hear any reactions you may have.

Sincerely yours,



D. G. MacDonald  
Bureau for Asia

Enclosure:  
As stated

200

N

September 19, 1973

Mr. Donald G. MacDonald  
Assistant Administrator  
Bureau for Asia  
Mail Stop 6724 - New State  
Agency for International Development  
Washington, D. C. 20523

Dear Don:

We have given much thought to your letter of August 17th regarding the fit of our program to the funding categories of our probable new legislation.

As a start we studied the bills and committee reports and prepared the attached summary. This formed the basis for a series of senior-staff discussions in which we considered each of our projects in terms of our understanding of Congressional intent and our assessment of the new Afghan government's developmental requirements and possible priorities. The attached listing summarizes our preliminary thinking.

It would have been relatively easy -- and inadequate -- to stop with a rationalization for a rightful place for every one of our activities in the new authorization categories. Our examination considered how well each project fits the new emphases.

We realize that, at the Washington level, GC and other interpreters of Congress' intent, combined with rather harsh budget reality, will control the make-up of AID programs of the future. Certainly, it is not a valid objective for us to try forcing the Afghanistan program into the funding mold of the new legislation (45% of funding in food, rural development and nutrition, 25% in population growth and health, 15% in education and human resource development, etc.).

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Rather, I would imagine considerable interest will mount in AID/W to redirect as large a portion as possible of programs in RLDCs such as Afghanistan into the (relatively) high funding categories. We assume this will be the case because: first, our Agency needs to show maximum acceptance of the spirit of the new mandate. (Afghanistan's program, considering its size and emphasis on basic human needs, should be able to contribute significantly to that objective.) Second, lower appropriations and compartmentalized funding make it clear that competition for funds from the lower priority categories to support activities in "special-interest" countries will be fierce.

We have not carried our thinking to the precision of a programming exercise -- obviously impossible given the uncertainties of our current situation. But we have examined our program, which already addresses Afghanistan's important needs in terms of whether its elements warrant continued funding under the new categories. We have given some attention also to the possibility that certain activities (our statistics project as an example) on the surface may appear to rate low under the new emphases -- yet are crucially important for Afghanistan -- and may be difficult or impossible to transfer to other donors.

We are aware also that we as yet have only a partial reading on (1) the new GOA's plans and (2) the areas in which U. S. assistance will be sought.

It is conceivable -- but not likely -- that GOA plans and desires will point to an AID program whose pattern is distorted in terms of the new legislation. Suppose, for instance, that the bulk of the U. S. aid sought is directed at central ministry projects (in administration, revenues, statistics, etc.) whose conformance with the new criterion of direct benefit to the poorest people may be in question but which do address this country's crucial management weakness? Obviously, more time and thought are needed as answers do not come readily. We can imagine this thinking process in Washington is intense and hope that our thoughts -- with others you will be getting from elsewhere in the field, will contribute usefully.

One assumption or interpretation we make, for instance, is that "direct benefits to the poorest" includes assisting institutions, systems or programs which directly benefit the poorest. Essential support to direct-poor-benefiting activities should also qualify for our assistance under the new legislation. (Example: Central Statistics Office capability in crop forecasting is an essential element in improved food production/management.)

Based on the above, we view applied agricultural research with probable short-term benefits as appropriate for our bilateral country aid; basic research with longer-term results is more appropriate for international or regional performance supported by multilateral or non-U. S. support.

We have discussed, without conclusion, a question raised by the apparently inconclusive status accorded development administration in the committee reports. The reports seem to stress the training of individuals without recognizing a need for technical advice in designing effective systems within which these individuals must work, yet this is one of Afghanistan's primary needs.

We see in activities which emphasize direct benefits to the poorest an inherent probability of poorer cost/benefit ratios in the classical sense. But, equations aside, there is a built-in conflict between the objectives of (1) direct benefits to the poorest and (2) better food availability in a poor and/or hungry country. The Green Revolution experience has shown the importance of the role of the larger farmer in agricultural innovation. Agricultural help to small, poor farmers is not enough in itself -- not even the correct avenue -- to increased/improved food production and commercial availability.

Obviously, observations such as these are raised not to argue points for some projects, or to combat the given nature of our guidelines, but as contributions to interpretation of those sketchy guidelines.

We look forward to further word on your thinking in the Bureau and on outside trends which will affect what we are doing here. On our side the main game is wait-and-see with respect to CCA intentions/capabilities/requests. Meanwhile, we have started our own dialogue within the Mission looking toward an optimum-effectiveness, new legislation-related, program. But there are many variables and patience is called for. We hope, too, that the facts of life in Washington will afford us the time and patience we need.

This is as far as we have gone, Don. If your folks want a different or more precise cut at this subject from us, let us know.

Sincerely,

Vincent W. Brown  
Director

Encl: Summary of Preliminary Thinking  
our Charge

Drafted by W. Brown  
Deputy Director

203

**FIRST CUT AT PLACEMENT OF AFGHANISTAN PROJECTS UNDER**  
**PROPOSED FUNDING CATEGORIES IN PENDING LEGISLATION**

**FIRST FUNDING PRIORITY: FOOD, RURAL DEVELOPMENT AND NUTRITION**

1. **Fertilizer Distribution (017)**

--meets prime criterion of being directed toward rural (poor) population.

2. **Agriculture Research Development (122, proposed FY 1975)**

-- project design must assure integration with extension activity to carry research information to farmers.

3. **Agriculture Extension and Information (127, proposed FY 1974 or 75)**

-- project design, whether directed at specific areas or crops, must assure small farmers are reached.

-- perhaps should be combined with research (project 122, above)

4. **Rural Works (131, proposed FY 1974 or 75)**

-- project design must assure new employment created and not simply provide alternative employment options (i.e., from farming).

-- edible commodities provided must not create disincentives to other programs through their effect on the market.

5. **Helmand Valley Follow-up (possible FY 1975)**

-- assume project is primarily non-capital, agricultural in nature to benefit small farmers.

## SECOND FUNDING PRIORITY: POPULATION GROWTH AND HEALTH

### 1. Family Planning (110)

-- project fits this category

## THIRD FUNDING PRIORITY: EDUCATION AND HUMAN RESOURCE DEVELOPMENT

### 1. Curriculum and Textbooks (091)

-- fits category well.

-- follow-on project aimed at middle level would be appropriate in this category.

### 2. Higher Education, Kabul University (121)

-- legislative intent places project in low priority within this category.

### 3. National Development Training (123)

-- most types of training qualify as priority activity although some parts of what is now dubbed legal training may not.

-- elements of this training project could be funded within categories 1, 2 or 3.

## FOURTH FUNDING PRIORITY: SELECTED DEVELOPMENT PROBLEMS

### 1. Industrial Development (116)

-- project fits this category but must compete successfully with special-interest-country activities in this low-funded category.

### 2. Transmission Lines (new DL)

-- fits well this transition funding category.

-- project also may qualify for first funding priority if relevance to agricultural development in river valleys is sufficient to justify

**OTHER PROJECTS: PRIORITY NOT YET DETERMINED**

1. Statistical Information System Development (124)

-- not directly aimed at poorest of the poor but includes elements of critical importance in agriculture, population, health and other basic-human-needs areas.

-- could be justified, perhaps as fitting under third funding priority since that category includes certain aspects of public administration. Funding in that category will be tight, however.

2. Financial Administration Improvement (124)

-- both the customs and revenue activities appear to have very low priority under the proposed legislation, fitting, perhaps in priorities 3 or 4 where funding will be tight.

**Blind copies sent to:**

**DD  
DP  
CO  
AD/M**

**Louis C. Stamberg   = Afghanistan Desk Officer  
Robert J. Ballantyne = ASIA/TECH  
Alexander Shakow   = ASIA/DP**

**C&R**

(CR-984)

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

ASSISTANT  
ADMINISTRATOR

ACTION: DP

OCT 18 1973

INFO: D  
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REC'D C&R 1330 10/30

Mr. Vincent W. Brown  
Director, USAID/Afghanistan  
Department of State  
Washington, D. C. 20523

Dear Vince:

I greatly appreciate your letter of September 19 outlining the Mission's preliminary thinking on implications of the new legislation for our program in Afghanistan. The time and thought that the Mission has devoted to this effort are obvious.

While we are not yet in a position to make definitive judgments, suffice it to say that we are in general agreement with your analysis and first cut at placement of Afghanistan's projects under the proposed funding categories. Barring unforeseen developments, we do not foresee major problems in accommodating the Afghanistan program to the directions reflected in foreign assistance legislation currently awaiting action in the Conference. In addition, there is likely to be greater scope for some measure of flexibility to meet special needs of the RLDCs.

As you know, one of our purposes in proposing the upcoming Asia Bureau Field Meeting in Bangkok was to provide an opportunity for in-depth discussion and exchange of views on just such issues as you have addressed. Your letter provides extremely useful background in preparing for this meeting.

As Lou Stamberg has written you, I am hoping to visit Islamabad in mid-November and look forward to meeting you there for further discussion of Afghanistan program developments. I will cable my specific itinerary when plans are firm.

Best regards.

Sincerely,

D. G. MacDonald  
Bureau for Asia

**ACTION**

Date Due: 11/8  
to: [unclear] NAN [unclear]  
Name: [unclear]  
By: [unclear]

September 11, 1973

**M E M O**

**TO : SEE DISTRIBUTION**

*Terrence J. McMahon*

**FROM : Terrence J. McMahon, Controller, USAID/A**

**SUBJECT: Proposals to Amend the Foreign Assistance Act of 1961**

1. During the past three months, the House Foreign Affairs Committee and the Senate Foreign Relations Committee (SFR C) have been studying proposals for amendment of the Foreign Assistance Act and authorization of funds under the Act for 1974 and 1975. The proposals contain a variety of interesting provisions including (1) an AID name change to the "Mutual Development and Cooperation Agency" (2) the creation of the "United States Export Development Credit Fund", (3) a provision to bring AID foreign service personnel under the Foreign Service Retirement and Disability System and (4) the introduction of five new functional development assistance categories to replace the former development loan and grant categories. (1) Food and Nutrition, (2) Population Planning and Health, (3) Education and Human Resource Development, (4) Selected Development Problems, and (5) Selected Countries and Organizations will replace the former categories of Development Loans, Technical Cooperation and Development Grants, Alliance for Progress, and Programs Relating to Population Growth.) The proposals repeatedly stress that programs to be financed by funds authorized under the new categories must directly benefit the poorest people in countries receiving assistance.

2. The House bill, titled the "Mutual Development and Cooperation Act", was passed on July 26th with certain major amendments to the Committee proposals including deletion of the provision for the Export Development Credit Fund. The SFR C completed the mark up of its bill in August for consideration by the Senate after reconvening September 5th. It will be some time before the legislation is completed, but there is considerable similarity between the bills and substantial support for the proposed changes in our authorizing legislation.

3. The Mission recently received a letter from Assistant Administrator MacDonald requesting that we give careful attention to the "Important trends in Congressional thinking" expressed in reports of the House and Senate authorization committees. He further stated in his letter that "the success of our efforts to claim resources for your total program will turn on the relation that its composition bears to the authorization categories and the funding ceilings set for them in the new bills."

4. Mr. Brown has requested that the Congressional initiatives and their probable consequences for our program be discussed at our next staff meeting on September 13th. In order to provide the basic information needed for such a discussion, I have attached excerpts from the Senate Bill and a schedule of comparative dollar amounts recommended by the House and Senate Committees for each new category of development assistance. It is important to note that the SFRC recommendation of \$592,000,000 for each of fiscal years 1974 and 1975 represents a significant reduction from the \$720,000,000 authorized for similar programs for 1972 and '73.

5. The following comments may help to clarify certain sections of the Senate Bill:

A. Sec 109. The bill permits transfer of up to 15% of the funds made available under any individual category to the other four with the stipulation that the category to which funds are transferred may not be increased by more than 25%.

B. Sec III. Not more than one-third of foreign assistance loan repayments may be allocated for relending to any individual category. An estimated \$251,000,000 in repayments on outstanding foreign assistance loans will be available for new loans in FY 1974.

6. The Reports include rather lengthy comments describing the purposes for which funds should be directed under each new category of assistance. These comments will be explained at the staff meeting to provide an indication of the Congressional intent. Examples are quoted below:

A. Sec 103. (From H.R. 9360) "A particularly important target must be those lands which have less than adequate water supplies."

B. Sec 104. (From H.R. 9360) "Policies and programs which target on bringing food, jobs, health and education to poor people, when combined with substantial, effective family planning programs, should make it possible to stabilize 'third world' population much more rapidly than reliance on either approach alone."

C. Sec 105. (From S 2335) "Funds provided under this section should be used less for higher education than in the past. More emphasis should be placed on the provision of basic education for all - especially on vocational skill."

(From H. R. 9380) "Funds should be targeted at curriculum reform, better teaching materials, and improved teacher training."

and

"In the past the United States has helped impart techniques to build public management capabilities in taxation, statistics, and civil service."

7. In an apparent attempt to demonstrate the determination of the Committee to see that change occurs as a result of the new authorization approach, the Senate Report includes a paragraph stating: "The Committee expects AID to move vigorously to implement the provisions of this act. The Committee intends to monitor AID's activities to insure that it implements both the letter and the spirit of the law."

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BuCen, Mr. Schiro  
USIS, Mr. Peppers (Acting)

S 2335  
Excerpts from the Bill

Sec 102 (b) The Congress further finds and declares that, with the help of United States economic assistance, progress has been made in creating a base for the economic progress of the less developed countries. At the same time, the conditions which shaped the United States foreign assistance program in the past have changed. While the United States must continue to seek increased cooperation and mutually beneficial relations with other nations, our relations with the less developed countries must be revised to reflect the new realities. In restructuring our relationships with these countries, the President should place appropriate emphasis on the following criteria:

- (1) Bilateral development aid should concentrate increasingly on sharing American technical expertise, farm commodities, and industrial goods to meet critical development problems, and less on large-scale capital transfers, which when made should be in association with contributions from other industrialized countries working together in a multilateral framework.
- (2) United States assistance should concentrate in particular on the development of employment-intensive technologies suitable to the less developed countries.
- (3) Future United States bilateral support for development should focus on critical problems in those functional sectors which affect the lives of the majority of the people in the developing countries: food production; rural development and nutrition; population planning and health; and education, public administration, and human resource development.
- (4) United States cooperation in development should be carried out to the maximum extent possible through the private sector, including those public service institutions which already have ties in the developing areas, such as educational institutions, cooperatives, credit unions, and voluntary agencies.
- (5) Development planning must be the responsibility of each sovereign country. United States assistance should be administered in a collaborative style to support the development goals chosen by each country receiving assistance.
- (6) United States bilateral development assistance should give

the highest priority to undertakings submitted by host governments which directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries.

(7) Under the policy guidance of the Secretary of State, the agency primarily responsible for administering this part shall have the responsibility for coordinating all United States development-related activities. The head of that agency should advise the President on all United States actions affecting the development of the less-developed countries, and should keep the Congress informed on the major aspects of United States interests in the progress of those countries.

Sec 103. FOOD AND NUTRITION. - In order to alleviate starvation, hunger, and malnutrition, and to provide basic services to poor people, enhancing their capacity for self-help, the President is authorized to furnish assistance, on such terms and conditions as he may determine, for agriculture, rural development, and nutrition. There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, \$282,000,000 for each of the fiscal years 1974 and 1975, which amounts are authorized to remain available until expended.

Sec 104. POPULATION PLANNING AND HEALTH. - In order to increase the opportunities and motivation for family planning, to reduce the rate of population growth, to prevent and combat disease, and to help provide health services for the great majority, the President is authorized to furnish assistance on such terms and conditions as he may determine, for population planning and health. There are authorized to be appropriated to the President for the purposes of this section, in addition to the funds otherwise available for such purposes, \$141,000,000 for each of the fiscal years 1974 and 1975, which amounts are authorized to remain available until expended.

Sec 105. EDUCATION AND HUMAN RESOURCES DEVELOPMENT. - In order to reduce illiteracy, to extend basic education and to increase manpower training in skills related to development, the President is authorized to furnish assistance on such terms and conditions as he may determine, for education, public administration, and human resource development. There are authorized to be appropriated to the President for the purpose of this section, in addition to funds otherwise available for such purposes, \$74,000,000 for each of the fiscal years 1974 and 1975, which amounts are authorized to remain available until expended.

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Sec 106. **SELECTED DEVELOPMENT PROBLEMS.** - The President is authorized to furnish assistance on such terms and conditions as he may determine, to help solve economic and social development problems in fields such as transportation, power, industry, urban development, and export development. There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, \$47,000,000 for each of the fiscal years 1974 and 1975, which amounts are authorized to remain available until expended.

Sec 107. **SELECTED COUNTRIES AND ORGANIZATIONS.** - The President is authorized to furnish assistance on such terms and conditions as he may determine, in support of the general economy of recipient countries or for development programs conducted by private or international organizations. There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, \$28,000,000 for each of the fiscal years 1974 and 1975, which amounts are authorized to remain available until expended.

Sec 108. **APPLICATION OF EXISTING PROVISIONS.** - Assistance under this chapter shall be furnished in accordance with the provisions of titles, I, II, VI, or X of chapter 2 of this part, and nothing in this chapter shall be construed to make inapplicable the restrictions, criteria, authorities, or other provisions of this or any other Act in accordance with which assistance furnished under this chapter would otherwise have been provided.

Sec 109. **TRANSFER OF FUNDS.** - Notwithstanding section 108 of this Act, whenever the President determines it to be necessary for the purposes of this chapter, not to exceed 15 percentum of the funds made available for any provision of this chapter may be transferred to, and consolidated with, the funds made available for any other provision of this chapter, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 25 per centum of the amount of funds made available for such provision. The provisions of sections 610(a) and 614(a) of this Act shall not apply to this chapter.

Sec 110. **SHARING OF COSTS.** - No assistance shall be furnished by the United States Government to a country under sections 103-107 of this Act until the country provides assurances of the President, and the President is satisfied, that such country will provide at least 25 per centum of the costs in any fiscal year of the entire program, project, or activity with respect to which such assistance is to be furnished, except that such costs

borne by such country may be provided on an 'in-kind' basis.

Sec III. USE OF RECEIPTS. - Not more than onethird of the receipts made available under section 203 of this Act may be used for purposes of any one of sections 103-107 of this Act in any fiscal year.

Sec II2. LIMITATION ON GRANTS. - Not more than 50 per centum of the aggregate of the funds appropriated each year under sections 103-107 of this Act shall be used for making grants.

Sec II3. DEVELOPMENT AND USE OF COOPERATIVES. - In order to strengthen the participation of the urban and rural poor in their country's development, not less than \$20,000,000 of the funds made available for the purposes of this chapter shall be available during the fiscal years 1974 and 1975 only for assistance in the development of cooperatives in the less developed countries which will enable and encourage greater numbers of the poor to help themselves toward a better life.

Sec II4. MULTILATERAL APPROACHES TO DEVELOPMENT. - Greater efforts should be made to promote and support sound multilateral approaches to the development of foreign countries. Therefore, the Secretary of State shall undertake consultations with multilateral organizations (including the United Nations) for the purpose of determining (1) how soon and which such multilateral organizations would be able to administer foreign assistance funds transferred to them by the United States Government for programs, projects, and activities for the development of foreign countries, (2) the kinds of such programs, projects, and activities which those organizations are able and will be able to administer, (3) likely methods for the administration of those programs, projects, and activities, and (4) the expectation of increased contributions by other countries to such organizations for those programs, projects, and activities. Not later than six months after the date of enactment of this section, the Secretary shall make a report to the President and the Congress with respect to his consultations, including such recommendations as the Secretary considers appropriate.

Sec II5. PROHIBITING POLICE TRAINING. - No part of any appropriation made available to carry out this or any other provision of law shall be used to conduct any police training or related program for a foreign country.

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DEVELOPMENT ASSISTANCE CATEGORIES  
COMPARATIVE AMOUNTS RECOMMENDED BY HOUSE AND  
SENATE COMMITTEES

	<u>House</u>	<u>Senate</u>
Food and Nutrition	\$ 300,000,000	\$ 232,000,000
Population Planning & Health	150,000,000	141,000,000
Education & Human Resources	115,000,000	94,000,000
Selected Development Problems	93,000,000	47,000,000
Selected Countries and Organizations	60,000,000	28,000,000
	<u>\$ 718,000,000</u>	<u>\$ 592,000,000</u>

The Senate bill notes that not more than 50% of the amounts appropriated for these categories may be used for grants. In addition, an estimated \$251,000,000 in repayments on outstanding foreign assistance loans will be available for new loans in FY 1974, in the same manner that \$159,000,000 was made available in FY 1973. (no more than one-third of the loan reflows available can be used in any one category).