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VOLUME II

NEW STRATEGY, AND CRITERIA

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USAID SEMINAR

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Volume II

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Part I

Development of New Program Strategy and Project Criteria

EXCERPTS

from

PRESIDENT DAOUD'S AUGUST 23rd POLICY SPEECHI. The Commitment and Objective of the GOA

"We shall strive, step by step, to bring about fundamental changes in the economic, social and political life of the society in accordance with the conditions and laws governing evolution of the society and in conformity with plans, with the help of God and cooperation of our people."

A. The Rationale for the Change of Government

"... the question as to why we have sacrificed our family and class interests for national interests and the interests of the deprived classes of the country will undoubtedly arise in the minds of the public and the peoples of the world."

1. The answer to this question is:

- a. "... the unfair and anti-national policy followed by the monarchy during the past decade and the explicit reactions of the masses in Afghanistan, particularly of the intelligentsia to it ..."
- b. "... the former regimes worked against the interests of the deprived classes and against true democracy and progress of the country."

2. Analysis of Afghanistan's Progress over the Past Ten Years

"Dear Countrymen: During the past ten years a deep crisis overtook our society in the various economic, social and political spheres, which is assessed here briefly. The country's economy, which under the first and second five-year plans was achieving relative growth became stagnant and moved toward complete breakdown and bankruptcy.

- a. "Economic planning became subservient to the personal whims and fancies, lost its effectiveness for the economic growth of the country;"
- b. "... the rate of economic growth was slackened and the accumulation of capital did not take place."
- c. "The volume of capital investment by the State was reduced from year to year; private savings and capital were not attracted for the creation of industries."

- d. "... the country's economy in the past one decade, while keeping in view the annual growth rate in population, the rising prices and the rate of economic growth in similarly developing countries, instead of taking a step forward, retrogressed."
- e. "Although under the first and second five-year plans the economic infrastructure was built up to a certain degree, yet it was not utilized for economic growth and industrialization."
- f. "No notable increases in industrial production have occurred during the past decade. In the field of agriculture, too, no substantial changes have taken place."
- g. "During these ten years no effective step has been taken to improve the taxation system in Afghanistan. Taxes continue to hold an insignificant place in the state revenues. Land tax, cattle and livestock tax and income tax payable by merchants and local and foreign commercial concerns, have fallen to an extremely low level and instead, indirect taxation was resorted to, to meet the extra expenditures of the State."
- h. "In the country's foreign trade, too, during the past ten years, an open-door policy was pursued; no distinction was made between import of essential and unnecessary commodities and no improvement occurred in the import of major products from the country. No controls were imposed upon foreign exchange in the country and the previous foreign currency rates imposed on major export commodities were discarded. The monetary policy of the state regarding foreign currency was subjected to fluctuations and mal-practices of black market. Not only the foreign trade agencies and merchants were not dealt with according to law, but they were granted illegal concessions and thus the country's economy was weakened and bankrupted."
- i. "The standard of living, culture and public health in our homeland is at the lowest level in the world."
- j. "Prices went up unabatedly, but the salaries of junior government employees and manual workers in offices as well as the wages of workers did not exceed subsistence level. Poverty and unemployment rampant."
- k. "The despotism and cruelty of the influential and higher government officials became more severe and corruption spread in the administration, resulting in disgrace. Embezzlement from the state treasury and abuse of national wealth became prevalent. Embezzlement, graft, hoarding, smuggling, usury and profiteering steadily increased."

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3. Synopsis of the Current Situation

"Lags exist in all fields of our economic and social life that ought to be bridged and the drawbacks existing in the method of work overcome. The economy of the country is in great shambles and completely disorganized. Great difficulties exist in the social life of the people. The administration is absolutely corrupt and outmoded. Social injustices are evident in all the spheres of life. Poverty unemployment, disease and illiteracy are overriding the country. Discrimination and inequality have produced unsound consequences. Thus, there are tens of difficulties that should be solved, and hundreds of onerous national duties that should be fulfilled."

II. The GOA's Plans and Priorities for the Future

A. General Considerations

1. "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."
2. "To answer these questions, it should be proclaimed first of all that in the present situation, the chief and most imposing duty of the young Republican regime of Afghanistan is the consolidation of the foundation of the Republic, guaranteeing of security and immunity ..."
3. "The Republican regime of Afghanistan is desirous of profound and basic changes in the social structure of the country."
4. "The Republican state in order to defend the territorial integrity, independence as well as national sovereignty of our country Afghanistan and ... will strengthen the country's defense forces ..."
5. "The Republican state will clean up and reform the administration from the viewpoint of personnel, mode of work, efficiency and management procedures..."

B. Development Priorities

1. Industry

a. Heavy

"The Republican State of Afghanistan attaches great importance to heavy industries, such as extraction of mines, and metal and machine-building

industries, chemical industries and electric power, which insure rapid economy. Exploitation of the Hajigak iron ore for setting up of a smelting mill and industrialization of the country is our long-cherished wish."

b. Medium - Light

"The Republican state will encourage, protect and guide and control private investment and private enterprise in the field of light and medium industries as well as handicrafts, and necessary cooperation will be insured between the private and state capitals for progress, coordination and balanced economic growth."

c. Infant

"The Republican state considers the protection of national industries and handicrafts. . . . its paramount duty, and will adopt a policy of protection for home industries and commercial enterprises against the competing foreign products and capital."

2. Foreign Trade

"The Republican state will guide the country's foreign trade on the principle of guided commerce based upon national interests."

3. Money and Banking

"IN THE MONETARY AND FINANCIAL SPHERE: The Republican state will establish a strict control upon foreign exchange. The State will prevent the circulation of money in the black market at exorbitant profit and it will encourage and guarantee deposits and savings in the banks."

4. Government Revenue

" . . . will modify the system of taxation in the country on basis of preference of direct to indirect taxation."

5. Agriculture

a. Land Reform

" . . . will institute land reforms in the interests of the majority of the people of Afghanistan as one of its major steps in the program for fundamental reforms."

b. Cooperatives:

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

c. Irrigation

"The State will reclaim and provide irrigation facilities, for arid lands."

d. Livestock

"... the State will adopt scientific measures for expanding and developing animal husbandry."

e. Settlement

"The State will take steps as far as possible for resettling nomads and allotting State lands to landless people and the traces of nomadic and tribal life will thus be eliminated."

6. Housing

"It will accelerate the pace of house-construction and homes will be distributed among the homeless..."

7. Municipal Planning

"The State will improve town planning in the country and in particular, it will implement the 25-year reconstruction plan for Kabul City."

8. Transportation

"... link cities and major points of economic importance with motorable roads and it will study the possibility of building railroads in the country in the future."

9. Education

a. Literacy

"... it will strive for eliminating illiteracy among the masses ..."

b. Primary

"... will provide general and free primary education for all male and female children by expanding and increasing the number of public schools and it will also"

c. Secondary/Higher

"... pave the way for middle, secondary and higher education to train a scientific cadre."

10. Media/Culture

a. Press

"... will provide effective assistance for expanding the press and democratic publications with the object of awakening the masses ..."

b. TV

"It will also take necessary action to create television network in the country."

c. Monuments

"... the Government will take all necessary steps for protecting and preserving historical monuments..."

d. Libraries

"The State will strive to establish libraries on various levels in different parts of the country."

11. Health

a. Curative

"The Republican State will expand and develop curative medicine and state hospitals so that medical treatment may be made available, as far as feasible for all compatriots."

b. Preventive

"It will strive, in particular to expand facilities for preventive medicine and facilities will be provided to prevent the outbreak of communicable diseases."

c. Maternal-Child-Health (MCH)

"Subject to the country's financial resources the Government will establish maternity hospitals, nurseries and kindergartens to help mothers and children and promote the cause of bringing up a healthy new generation."

d. Narcotics

"In order to uproot immorality and addiction to hashish, opium and alcohol the Government will adopt vigorous measures and it will combat rising prices, hoarding and smuggling."

C. Other General Plans

1. Civil Service

"Promotion to higher government posts will be based upon suitability, piety, capability, past record, the spirit of patriotism and love of serving the country and the cause of the homeland's progress and prosperity."

2. Labor

a. "... among its first steps will fix the minimum wages for workers in ..."

b. "... also fix hours of work and will ensure equal pay for equal work."

c. "... will formulate and apply a progressive and democratic labor law for improving working conditions and protecting the personal and social rights of industrial and agricultural workers."

3. Social Security

"The Republican State will establish social security insurance for workers and other urban and rural toilers in conformity with its financial resources."

4. Price Controls

"It will make vigorous efforts to fix rents for houses, organizations and shops."

5. Equal Opportunity

"The Republican State will take steps to create equal opportunities for Afghan women in all spheres of economic, social, political and cultural life in the country."

(B)

DATE: November 26, 1973

TO: See Distribution

FROM: Arthur Reich, A-AD/DP

SUBJECT: Status of the Foreign Assistance Act of 1973

REF: State 226459

The House of Representatives and the Senate passed two separate foreign aid bills for 1973 which required reconciliation by a joint conference committee. The conference committee reached agreement on November 14 and the agreed bill has now been referred to the House and Senate for approval.

We have received a telegram which summarizes the major provisions of the agreed bill in terms of funding levels and new amendments. The agreed funding levels are presented in the attached table together with some comparative data in order that addressees may more readily interpret the significance of these levels. The data which AID/W has provided is not complete with respect to military, security supporting, and Indo-China reconstruction assistance and, therefore, we have not provided the FY 73 levels, FY 74 request, etc. for these categories.

The noteworthy amendments in the language of the agreed bill are as follows:

1. \$20 million is earmarked for cooperatives and \$125 million for population programs in FY 74.
2. A. I. D. will be authorized to use one-half of the anticipated loan reflows.
3. Recipients of A. I. D. assistance will be expected to contribute 25% of the cost of projects in cash or in-kind.
4. No grant project may exceed three years unless an extension of the project is justified to the Congress. (Note: We are not certain of the meaning of this amendment).
5. All overseas public safety activities will be terminated immediately; however, public safety training will be continued in the U. S.
6. A. I. D. may not pay for abortions or for "motivating or coercing" any person to practice abortion.

7. Housing guaranty authority worldwide will be increased from \$100 to \$305 million.

8. A development Coordination Committee will be created which will be chaired by the A. I. D. Administrator and which will include the Departments of State, Treasury, Commerce, and Agriculture, the Export - Bank, OPIC and the White House.

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Development Assistance Programs
(\$ millions)

<u>Functional Category</u>	<u>FY 72</u> <u>Approp.</u> ^{a/}	<u>FY 73</u> <u>Cont'g</u> <u>Resol.</u>	<u>FY 74</u> <u>A. I. D.</u> <u>Request</u>	<u>FY 74</u> <u>Conference</u> <u>Committee</u>
Food & Nutrition	192.0	195.8	299.6	291.0
Population Planning & Health	137.3	167.9	152.8	145.0
Education & Human Resource Development	100.2	84.4	113.8	90.0
Selected Development Problems	273.8	232.2	177.6	53.0
Selected Countries & Organizations	200.3	204.7	218.4	39.0
Sub-totals	998.7	885.0	962.2	618.0
<u>Other Categories</u>				
International Organizations	151.0	131.5	152.0	127.8
Indo-China Postwar Reconstruction				504.0
Contingency Fund				30.0
Narcotics Control				42.5
Sahel Disaster Relief				25.0
Sub-total				729.30
Total				1,347.3 b/

a/ FY 72 appropriations were in the traditional categories of grants and loans, Alliance for Progress and nonAlliance.

b/ From State 226459 which presumably excludes Committee agreement on Indus Basin grants, American Schools and Hospitals abroad, and A. I. D. administrative expenses.

B.
②

DATE: January 19, 1974

MEMO

TO: See Distribution

FROM: Arthur ~~Smith~~, USAID Office of Development Planning

SUBJECT: The Foreign Assistance Act of 1973 and Appropriations

From time to time DP and the Controller have written and distributed staff papers in an effort to explain the substantive changes in the foreign assistance legislation and to report on financial trends.

The FAA of 1973 became law on December 17, 1973 and the Appropriations Act became effective January 3, 1974. With the passage of these two acts we are able to provide some definitive information on the intent of the Congress, both with respect to substantive changes in the assistance legislation and with respect to financial availabilities. There remain, however, several areas which will require either further definition by Congress and/or an interpretation by A.I.D.'s General Counsel to clarify the intent of Congress.

A. Policy Changes.

The FAA of 1973 is amended to state that because of the changed international environment U.S. foreign assistance must be restructured to accomplish the following:

- (1) to concentrate U.S. bi-lateral programs on sharing technical expertise, farm and industrial commodities (and to concentrate less on large scale capital transfers);
- (2) to develop employment intensive technologies;
- (3) to use a "functional, sector approach" (see B. below);
- (4) to work through the private sector, including cooperatives and credit unions;
- (5) to encourage the LDCs to do their own development planning;
- (6) to give the highest priority to activities which will directly improve the lives of the poorest people (or "poorest majority"); and
- (7) to give AID overall coordinating authority under the guidance of the State Department for U.S. development related activities.

B. Development Accounting

The FAA of 1973 authorizes new obligations authority for both FY 1974 and FY 1975 according to "functional sectors" (these are also referred to as "sector accounts").

The new operational authority in the LDC loans and grants, as may be determined by the Agency, and will remain available until expended. (Hereinafter, AID had to seek Congressional approval to use unobligated balances after the fiscal year of appropriation.) The Appropriation Act establishes a limit on growth of \$300 million which amounts to 51.3 percent of new obligations authority for Development Assistance. In addition, 50% of loan requirements will be available for "functional sectors". In FY 1974 this is estimated to be \$367 million and additional availability one-half of about \$336 million; and in FY 1975 this amount is estimated to be \$466 million. The functional sectors by which funds are authorized are as follows:

Section 103: Food and Nutrition. The purpose of this sector is "...to alleviate starvation, hunger, and malnutrition, and to provide basic services to poor people, enhancing their capacity for self-help."

Section 104: Population Planning and Health. The purpose of this sector is "...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."

Section 105: Education and Human Resources Development. The purpose of this sector is "...to reduce illiteracy, to extend basic education and to increase manpower training in skills related to development."

Section 106: Highway Development Problems. The purpose of this sector is "...to help solve economic and social development problems in fields such as transportation, power, industry, urban development, and export development."

Section 107: Delegated Grants and Organizations. The purpose of this sector is to support "...the general economy of recipient countries or for development programs conducted by private or international organizations."

Table C, attached, summarizes the funding status of "Development Assistance" (i.e., the aggregate of the aforementioned five functional sectors) beginning in FY 1972 and including the FY 1974 executive request, authorization and appropriation. (Notes: data for FY 1973 under the Continuing Resolution have not been made available by A. I. D. broken out by the five "functional sectors"; A comparison of the FY 1972 level with FY 1974 Executive Request and the FY 1974 appropriation by each functional sector is revealing.)

With respect to Food and Nutrition the Congress has appropriated 58 percent more for FY 1974 than the Agency obligated in FY 1972. Given the new attitude of reaching the poorest majority directly, it may be difficult for the Agency to obligate, in FY 1974, the full amount of the appropriation. The FY 74 appropriation for Population Planning & Health is perhaps slightly less than the Agency could have employed; it may be that the Agency will avail itself of the authority (see footnote (a), Table B) to transfer additional funds to this sector account from other sector accounts - before the end of the fiscal year. The appropriation for Education and Human Resources Development is 11.3 percent less than FY 1972 obligations and 21.8 percent less than the FY 1974 Executive Request to the Congress. We can expect, given the

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Agency's former and current concentration in "education and public administration" world-wide, that a dollar transfer may be made to this account. The appropriations for both Selected Development Problems and Selected Countries and Organizations are more fractions of both the FY 1972 appropriations and the FY 1974 Executive Request. It may be anticipated that the Agency will use the full transfer authority to increase the amount of general financing available for these two functional sectors. In addition, given the shortfalls in these two sectors -- as may be viewed by the Executive -- it may be the case that a substantial share of the loan rollovers will be allocated here.

Table II is a DP estimate, based upon the above analysis, of the availabilities for each functional sector. There are three assumptions. First, the Agency will not be able to obligate all of the funds appropriated to the Food and Nutrition sector, especially given the new program criteria. Second, the Agency will make every effort to obligate the full amount of the FY 1974 appropriation in fiscal year 1974, rather than using the new authority to hold the money beyond the end of the fiscal year. Third, the Executive Branch as a whole will endeavor to transfer funds from sector to sector and use loan repayments to bring the amount of funds available for Selected Development Problems and Selected Countries as close to the original Executive Request as possible.

C. Other Assistance and Other New FIA Provisions

Table III presents a comparison of actual FY 1973 obligations, the Executive Request for FY 1974, and Authorization and Appropriation for FY 1974 for other important assistance categories.

1. Cost Sharing. Subsection 110 (a) requires that the President be assured that the recipient LDC will provide 25 percent of the cost of the entire program, project or activity. These costs may be borne by the recipient on an "in-kind" basis. The law does not detail the nature of the requirements nor does it define the method for determining total costs and proportional shares. A. I. D. intends to issue guidelines on these matters in the near future.

2. Funding Limits. Subsection 110 (b) limits the disbursement period for grant capital and project assistance to 36 months with efforts being made by A. I. D. to find other sources of financing. Projects may be extended beyond three years if there is further justification to the Congress. (The disbursement period begins when expenditures begin in the recipient country; disbursements for planning and initial preparations outside of the recipient country are not counted.)

3. Cooperation. Section 111 earmarks \$20 million for the development of cooperatives from the sum of the total Development Assistance appropriated in both FY 1974 and FY 1975 (i.e., not \$20 million for each fiscal year). It is apparently the sense of the Congress that this provision (according to the A. I. D. CG) "... will enable and encourage greater numbers of the poor to help themselves toward a better life and will strengthen the participation of the urban and rural poor in their country's development." According to

... the Agency's current policy is for cooperative development assistance to be as much.

4. Police Training and Equipment. Section 412 prohibits police training in any foreign country except for law enforcement training. A.I.D. is allowed eight months to terminate all police safety programs, except for training programs carried out in the U.S., which are allowed to continue.

5. Role of Women. Section 413 directs that Development Assistance be utilized when possible for activities which will serve to integrate women into the national economies of foreign countries, thereby "... improving their status and assisting in the total development effort."

6. Abortion. Section 414 prohibits the use of funds to pay for the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortion. According to the A. I. D. General Counsel this section is "... not intended to interfere with or curtail support for preventive maternal and child health and family planning services and related research which are provided on a voluntary basis and in accordance with the prevailing local customs and medical practices."

7. Loan Refinancing. Section 305 allows A. I. D. to reuse 50 percent of the loan repayments to carry out the purposes of Development Assistance. Loan (repayment) rescheduling will be permitted and such rescheduling will not diminish the amount available for reuse by A. I. D. The authority to use 50 percent of the loan repayments specifically is revealed July 1, 1976.

8. International Organizations. Section 301 requires the President to seek the establishment of qualified, independent groups to examine, review and evaluate the programs of the U. N., the IBRD and the ADB.

9. Reporting. Section 634 requires a comprehensive report showing as of June 30 and December 31 of each year the status of each loan (and guarantee) and each sale of food commodities for which an unpaid obligation remains. This section also requires an annual report, by January 31 of each year, covering the world-wide dimensions of debt servicing, a summary of all forms of debt relief, and a summary of net aid flows from the U. S. to the LDCs.

10. Shipping Differential. Section 640C permits the use of Development Assistance funds to pay a part or all of the differential between the costs chartering U. S. and foreign flag vessels.

11. Political Prisoners. According to the A. I. D. General Counsel the "... PAA of 1973 expresses the sense of Congress that no economic or military assistance should be provided to any government that jails its citizens for political purposes. This section has no terminal date and is tied to FY 1974 or FY 1975 authorizations."

12. World Food Shortages. The PAA requires the President to support studies of the 'world food shortage' and to support a UN conference on this subject in calendar year 1974. It also requires the President to work with GATT members and the PAA to (according to the A. I. D. GC) "... determine the need for, the feasibility of, and cost on an equitably-shared basis of establishing an international system of giving to food resources and to report to Congress on the implementation of this system by December 31, 1974." (Emphasis added by DP)

13. "Prior Notification". The Appropriations Act specifies that both the House and Senate must be advised five days prior to the obligation of any appropriated funds for all "major programs administered by A. I. D." According to the A. I. D. General Counsel the Appropriations Act does not carry forward the requirement for "prior justification" but the "prior notification" applies to all A. I. D. activities. DP is of the opinion that "prior justification" for each new project must still be made to the Senate Foreign Relations Committee and to the House Foreign Affairs Committee; however, we are seeking clarification of this question from AID/W.

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Mr. Rau, Emb/Econ
Mr. Verner, USIS
Mr. Polichetti, USIS
Mr. Oyer, Peace Corps

Table 1

SUMMARY OF DEVELOPMENT ASSISTANCE

(\$ millions)

Section/Sector Account	^{a/}	^{a/}		
	FY 1973 Actual	FY 1974 Request	FY 1974 W. E. A. Authority	FY 1974 Approp.
193 Food and Nutrition	192.0	209.6	201.	284.
194 Population Planning & Health	187.5	162.8	146.	135. ^{b/}
195 Education and Human Resource Development	100.5	118.8	90.	89.
196 Selected Development Problems	272.8	177.6	53.	40.5
197 Selected Countries and Organizations	200.3	211.4	39.	36.5
Total, Development Assistance	993.8	680.1	618.	685.0 ^{c/}

^{a/} FY 1974 Congressional Presentation, p. A-3. Prior to FY 1974 Congress appropriated funds to the categories of loan and grant (alliance and non-alliance) and population. A.I.D.'s FY 74 request was sent in these traditional categories. The FY 74 CP picked up the sector totals for actual year 1972 and made estimates for FY 73. For purposes of the above table, however, FY 72 was thought to be a better benchmark than FY 73 since no appropriations were actually made in FY 73; thus, actual obligations by A.I.D. under the Continuing Resolution were considerably less than "estimated" for FY 73 in the FY 74 CP.

^{b/} \$ 112.5 million earmarked for population activities.

^{c/} \$ 20.0 million earmarked from the total appropriated for development assistance in both FY 74 and FY 75 for 20% development of cooperatives.

Table II

ESTIMATES OF POSSIBLE FUNDING TRANSFERS TO BE MADE AMONG THE SECTORS
(\$ millions)

Sector	Account Title	FY 1974 Appropriation	Estimated		Estimated Sector Total
			Transfer ^{a/} % of approx.	\$	
100	Food and Nutrition	264	10.6	-20.2	255.8
104	Population Planning & Health	185 ^{b/}	-	-	185 ^{b/}
108	Education & Human Resources Development	80.	12.3	+ 11.0	100.
109	Selected Development Problems	40.5	25.	+ 10.1	50.6
104	Selected Countries & Organizations	26.5	25.	+ 9.1	45.6
		585.0 ^{c/}		-	585.0 ^{c/}

a/ A new section (104) is added to the PAA authorizing the transfer of funds among accounts 108 through 107. Fifteen percent of the funds made available for any sector account may be transferred out of that account into another sector account. The amount available for the account to which funds are transferred may not be increased by more than 25 percent.

b/ \$ 112.5 million earmarked for population activities.

c/ \$ 20.0 million earmarked from the total appropriation for Development Assistance in both FY 74 and FY 75 for the development of cooperatives.

Table III

OTHER MAJOR ELEMENTS OF ECONOMIC ASSISTANCE
(\$ millions)

	FY 1973 Cont'g. Resol.	FY 1974 Exec. Request	FY 1974 F. A. A. Authoriz.	FY 1974 Approp.
<u>General</u>				
International Organizations & Programs	105.	124.	127.8	125. ^{b/}
UNRWA (Arab Refugees)	-	-	2.0	2.0
American Schools & Hospitals	28.5	30.	19.	19.
India Basin, grants	10.0	15.	14.5	9.
India Basin, loans	12.0	2.2	2.	2.
Contingency Fund	25.	30.	30.	15. ^{b/}
Marshall Contract	-	42.5	42.5	42.5
African Sahel Relief	-	-	25.0	25.
Admin Expenses (AED)	50.	53.1	45.	40.
Indo-China Reconstruction Assistance	448.	632.	504.	450.
Security Supporting Assistance	-	100.	125.	112.5 ^{d/}
Supplemental Disaster Relief Assist.	-	-	- ^{d/}	150.0 ^{e/}

^{a/} \$12.0 million earmarked for UNHCR and \$14.5 million earmarked for UNRWA (Arab Refugees).

^{b/} See also "supplemental disaster relief assistance"

^{c/} \$30.0 million earmarked for Israel.

^{d/} Will require supplemental authorization

^{e/} The AID General Counsel states that it is the intent of the Congress that the funds, once authorized, be allocated as follows: Pakistan \$80 million; Sahel - \$50 million; and Nicaragua - \$20 million.

~~2A~~
D

THE NEW LEGISLATION:

NOTES ON BACKGROUND AND SUBSTANCE

I. INTRODUCTION

This paper provides that some background material on the "why" of the new legislation and on the substance written into the law. The summary presented here is quite brief. Many people will likely find it of value to refer to the hearings and legislative reports in order to obtain more detailed information.

II. BACKGROUND ON CONGRESSIONAL ATTITUDES

Congress consciously took the initiative in reviving a traditionally Executive program. This is a relatively rare event and reflects, as Congress states, a certain degree of exasperation with an intolerable situation. It is useful to read some of the reasons why this action was taken.

A. Notes from the House Committee on Foreign Affairs, MDCA Act of 1973

page 1 A principal purpose of H.S. 9360 is a major restructuring of U.S. bilateral economic assistance programs.

On April 10, 1973, 16 members of the committee wrote to the President expressing the belief that "the time has come to put an end to foreign aid as it has been conceived and administered in the past." The letter went on to set down principles on which future programs should be based.

When the administration's bill failed to reflect any changes, members who had co-authored the letter, together with other committee members, met on a number of occasions to work out new draft legislation for bilateral economic assistance.

page 8 The polls showed that Americans are most approving of tangible forms of U.S. assistance -- such as food and health aid -- rather than nebulous transfers of funds in the form of grants or loans.

The public, at the same time, is suspicious of programs which permit bureaucratic waste and diversions by graft.

The changes are not simply cosmetic, but real.

We intend change -- drastic change -- in the planning and operation of our U.S. bilateral economic assistance programs.

Moreover, the committee is prepared to exercise its oversight function to the fullest to insure that changes intended by Congress will be accomplished by the executive branch.

We urge the wholehearted support of our colleagues in the Congress for this legislation and the programs it proposes -- programs which we believe to be in the highest interest of our Nation.

page 5 While the dimensions of the problem have grown, the U.S. contribution to development assistance abroad has declined, both in real terms and as a percentage of our gross national product.

page 7 This decrease has resulted in large measure from disillusionment in Congress over seeming lack of effect of past foreign assistance.

page 1 The now much diminished U.S. bilateral aid would be concentrated on development problem-solving with less emphasis on general purpose resource transfers.

Funds are allocated according to these categories in the new bill. Projects would be selected which most directly benefit the poorest majority of the people in these countries and which enable them to participate more effectively in the development process.

page 15 Past foreign aid programs have had a heavy emphasis on large-scale capital transfers to the "third world." While the industrial sectors of recipient countries have thereby progressed, the benefits often have not "trickled down" to the poorest majority of people.

Those priorities should be directly related to meeting the basic human needs of the poorest people in the developing countries, in order to enhance their opportunities for employment, to improve the distribution of wealth, and to increase social justice.

page 16 (5) U.S. bilateral development assistance should give the highest priority to undertakings submitted by host governments which directly improve the lives of the poorest majority of people and their capacity to participate in the development of their countries.

B. Notes from the Senate Committee on Foreign Relations Report FAA 1973

page 4 The bill approved by the Committee significantly redirects our existing economic aid programs and alters past aid priorities. This fundamental redirection was primarily a Congressional initiative which subsequently received the support of the Administration. The Foreign Relations Committee felt it necessary to act to change the direction of the current program because of past serious dissatisfaction with our foreign economic aid. This dissatisfaction has been reflected in Committee reports on foreign aid bills over the last several years.

The Committee's support for bilateral assistance, however, has been mitigated by a deep concern among Committee members that the U.S. bilateral aid program, as that program is presently constituted, has not penetrated sufficiently to provide effective assistance to those who need it most, the poorest of the world's people.

This year, in providing for the continuation of a U.S. bilateral program, the Committee has taken determined action to focus our aid efforts more sharply upon the world's poor. Under the provisions in the bill reported by the Committee, bilateral development aid would be concentrated on direct problem-solving, and considerably less emphasis than in the past would be accorded to large scale capital projects and general purpose resource transfers.

page 5 The administrator of the program would be directed to select, for grant or loan assistance, projects within these categories which provide direct participation and benefit to the poorest people of each aid-recipient country.

Senator Fulbright dissented rather strongly from the Congress' view:

page 63 Senators should not be deceived. The aid program will not be changed by this bill; even the authorization labels are the same as those in the AID Congressional presentation book. The people who will administer the program will be the same as now. And they will be dispensing \$1.2 billion for the same projects and programs AID has supported in the past. This is hardly the "vigorous new initiative" claimed for this measure by its principal sponsor.

III. SUBSTANCE FROM THE LEGISLATIVE PRIORITY CATEGORIES

A. Section 103 - Agriculture, rural development, and nutrition

1. House Views

page 18 Agriculture is given a particular priority because in most developing countries it provides not only food and fiber, but also jobs for the unemployed, increased incomes for the poor and additional foreign exchange earnings.

An estimated 300 to 500 million people in developing countries do not get enough food of any type. Further, some 1.5 billion people have inadequately balanced diets and suffer particularly from protein deficiencies.

page 19 Increasing production of food grains is not, by itself, sufficient. Better distribution of foodstuffs and better nutrition are essential to increased well-being for the poor.

page 20 Rural development aims at increasing the productivity and improving the quality of life in rural areas. Projects are needed to aid small farmers and help reduce existing income disparities.

To meet these objectives, rural development funds authorized under this section should be concentrated in the following areas:

1. Local and regional institutions in which people participate in development; local government, farmers organizations, business, trade labor, professional, and other groups and also specialized authorities such as irrigation districts.
2. Local, essentially agricultural, market areas and market towns, and small cities located in them. (The U.S. rural country, with its county seat market town is an American equivalent of this concept.)
3. Local and regional financial institutions such as private banks, cooperatives, land banks, and small business banks.
4. Local infrastructure and utilities: farm-to-market roads, small-scale land improvement, rural electrification, storage facilities, water supply, and sanitation.

5. Small-scale agriculturally related industries, consumer goods, and service and construction industries oriented to meeting the needs and demands of people whose incomes are low but rising.

2. Senate Views

page 9 The Committee believes that our assistance programs must take into account the fact that large farms are not the only way to achieve increased production. In many cases, small farms can equal or exceed the productive capacity per acre of large units, provided the small farmer has access to credit and other facilities available to the large farms.

B. Section 104 - Population Planning and Health

1. House Views

page 21 However, the great majority of people still do not have access to even rudimentary health services, and birth rates are dropping only slowly in most countries. For example, despite government programs to reduce population growth, India must feed, clothe, house, and educate an additional 1 million people each month.

At that fertility level, world population will grow from the present 3.6 billion to about 6.6 billion by the year 2000 and will reach more than 10 billion in the next 50 years.

page 23 Now efforts must be launched to reach and motivate the much larger numbers in groups Nos. 3 and 4.

Groups 3 and 4 are:

3. The urban poor who have only limited or difficult access to family planning services and cannot afford them. This is a large number.

4. The rural poor who have little or no inkling of reliable family planning methods, no access to anti-fertility services, no money to pay for them anyway, and little motivation to limit their families. This is the majority in the developing nations.

For both humanitarian and logistics reasons such delivery systems should be devised in an integrated strategy to combat the related problems of inadequate health care, insufficient nutritious food, poor sanitation, and excessive population growth.

2. Senate Views

page 11 The Committee recognizes that slowing population growth requires more than access to birth control devices. Motivation to reduce family size can be increased if social and economic conditions in the developing countries improve. The funds in this chapter will enable us to help the world's poor attain a more decent life and at the same time reduce rapid population growth which threatens the well-being of everyone.

Section 104 also provides funds for health care. Eradication of disease and upgrading general health care are important components of any development program. Our health care programs must increasingly be focused on the delivery of low cost medical care to the poor through the use of paramedical personnel, rural clinics and other means. The Committee urges that efforts continue to combine the delivery of medical care and family planning services.

C. Section 105 - Education and Human Resource Development

1. House Views

page 25 Due to population increases, there are today 100 million more illiterate people than there were 20 years ago.

It has become clear that these countries cannot afford universal education as known in the West and that the academic patterns of the developed countries are inappropriate in the developing countries.

Those nations must develop low-cost, innovative systems of education to roll back illiteracy and provide their people with the requisite skills to participate in the process of development.

To that end, funds appropriated under this section should be targeted at:

1. Expanding nonformal education, much of it through local institutions, with special emphasis on literacy and low- and medium-level skills training.

2. Increasing the relevance of formal educational systems to development problems through curriculum reform, better teaching materials, and improved teacher training.

page 26

3. Aiding higher education (but in smaller quantity and in lower priority than nonformal education) to the extent that the professional skills imparted contribute most directly to development and the welfare of the poorest majority.

4. Improving the administrative capacity of government at all levels, local and provincial as well as higher levels.

2. Senate Views

page 13

The Committee urges that the 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 skills. AID is encouraged by the Committee to develop educational techniques which can be employed outside of the traditional classroom in order to bring relevant education to more people.

Office of Development Planning
March 16, 1974

Tentative List of
Criteria of a Good Project

1. Mutuality -- Regardless of the means by which a project is developed it must, by the time of agreement on implementation, be something which is mutually desired. One indicator of "mutual desirability" is the willingness of both sides to fully meet their commitments. As a general rule, USAID will have a greater assurance of mutual desirability if the project is directed toward goals and priorities which the GOA has articulated.

2. Direct Benefits to a Significant Number of the Common People -- Large number of common people should be benefited. As a general rule this should not be a theoretical or potential benefit but rather a verifiable, tangible near-term benefit. This suggests, in general, that projects which proceed only through an intermediate level -- such as improving the institutional capacity of an organization -- do not have priority. The emphasis must be on getting benefits to the people rather than developing a bureaucracy; however, if bureaucratic capabilities are enhanced in the process, there should be a greater probability that the benefits will be sustained after the termination of the project. (Note: a precise definition of the target, "common people", is critical)

3. Overall Returns on Project -- The internal rate of return on the project should be relatively attractive, not less than, say, 15 percent.

4. Realism and Simplicity -- Project purposes will have a reasonable chance of being achieved, given the constraints of funds; USAID & GOA administrative capacities; and social, cultural, political and other factors. Simple project design and simple implementation plans are desirable.

5. Observable, Well Defined Project Purposes and Progress Indicators -- The dispassionate observer, critic or advocate should be able to examine the evidence which is accumulating against the progress indicators and conclude whether the project purposes are, or are not, being achieved. (Note: the development of good progress indicators will ordinarily require a baseline survey to determine the economic and social parameters of the target group(s). Progress would be expressed in terms of incremental improvement to these baseline parameters.)

6. Progress Reporting System -- An objective, workable progress reporting system must be integral to the project. Such a system requires that USAID have nearly complete access to GOA data, and mutually agreed freedom to do field research and evaluation.
7. Self Sustaining Benefits -- The benefits directed to, and received by the target group(s), will continue beyond the end of the project.
8. Sequential Programming of Inputs -- USAID inputs are made ad seriatim, after GOA performance has been demonstrated, to the maximum extent feasible.
9. 25% minimum GOA Input Toward Total Costs -- GOA must carry a reasonable share of the project costs (cash and in-kind). The new legislation requires a 25% minimum. In cases such as HAVA, wherein the GOA has budgeted at a constant level over a period of years, it may be necessary to secure an increased GOA contribution over the habitual level as evidence of the Government's intent to achieve agreed project purposes.
10. 30% minimum USAID Input Toward Total Costs -- The US inputs (all kinds, grant loan, etc.) must be sufficient to: a) show the GOA that USAID inputs are important to project success; b) make a "joint project" image plausible; and c) give the USAID whatever leverage may be needed. US inputs must be meaningful to the GOA (i. e., \$ 60,000 for an advisor may not be as meaningful as \$ 60,000 in equipment).
11. Multi Donor Projects are, in Principle, Highly Attractive -- Two or more donors working in separate but contiguous geographic areas may be desirable. Two or more donors working in functional areas which are interdependent (i. e., research and extension) may not be desirable.
12. All Resources available (Grant, Loan, PI, 480, etc.) should be used as needed or desirable -- Financial requirements are calculated on the bases of demonstrable need; the source and kind of funding (i. e. grant, loan, etc.) do not determine the parameters of the project which may be developed.
13. All Assumptions Must be Made Explicit -- Assumptions are defined as actions or conditions which are external to a project but necessary to its success.
14. Fixed Cost Reimbursement -- If a project contains a construction element, the US input will be accomplished by the fixed cost reimbursement method whenever feasible.

15. Establishing Credibility -- This is the double-edged sword whereby each party to a project must take the other seriously, plan and work collaboratively, and stay in step with the other. For the USAID and particularly in the case of a long standing project, establishing credibility anew may require some tangible demonstration (such as a hiatus between phases) that we do not wish to proceed sooner or faster than does the GOA.

DP: 4/22/74

F

STRATEGY FOR U. S. DEVELOPMENT ASSISTANCE
IN AFGHANISTAN*

I. THE LEGISLATIVE BACKGROUND

The new Fiscal Year 1974 foreign assistance legislation has been passed by the U. S. Congress. The Congressional motivation behind this legislation is that it should provide the basis for a radical change in the American foreign assistance program. Radical change is not common within our Government system; it usually occurs only when there is a deep-seated and widespread dissatisfaction with the current state of affairs. Such was the case with AID. For a number of years, foreign assistance legislation had narrowly "squeezed through" the Congress -- its many parts gaining faint approval of a wide variety of audiences. At the same time, opposition was aroused on a wide variety of fronts.

One aspect of the new legislative mandate was perfectly clear: if foreign assistance was to be justified at all, it would have to be on the basis that it resulted directly in benefits for the poor people of the world whose lives had not been improved by past development efforts. For a number of years, AID had been saying its programs benefited the little people. Unfortunately, the American people and the Congress remained

* Discussed by U. S. staff in Kabul at March 26-27, 1974 seminar on the new legislation and subsequently approved by the USAID Mission Director.

unconvinced that such benefits were occurring fast enough -- if at all. Now, even the development economists have largely disowned the "trickle down" theory which guided development planning during the 1950's and 1960's.

Critics also put forth accusations that foreign assistance had contributed to undesirable U. S. involvement in the affairs of other countries. They also pointed to examples of absolute waste in specific projects. "Horror stories" in the press about poorly-planned projects, misspent funds and weak administrative control of U. S. resources have been popular reading all too frequently. Finally, there was anxiety over current economic problems in the U. S. itself.

Not all of the opposition is rational and therefore it probably cannot be countered fully by actions within our control. Nevertheless, there are features of a "new look" which can be accomplished. The new legislative mandate demands it. If we believe in the desirability of bilateral American foreign assistance and expect to see it continue, we must:

- adapt the program to the new mandate
- change AID to achieve a positive image

The most important features of a "new look" in types of assistance and methods of operation are:

- aiming projects toward direct benefits for the less well off people

- designing projects with measurable and "provable" results
- assuring tight management of U. S. funds
- restricting new projects to short time frames
- including project activities aimed at increased incomes and improved income distribution.

II. THE USAID STRATEGY IN AFGHANISTAN

A. Policy Framework for the "New Look"

United States policy is to assist Afghanistan in meaningful ways with its social and economic development programs within our capabilities and as requested by the Government of Afghanistan. This purpose can be met as effectively with assistance projects aimed at direct benefits for the less well-off as with basic infrastructure projects. The latter are still needed, without question, but assistance with the necessary large capital investments is available through the World Bank, Asian Development Banks, and other, primarily financial, donors.

In fact, American assistance of the "new look variety" would appear to be consistent with the stated objective of the new Republican Government: early improvement in the lives of the people of Afghanistan. There are some special needs which may require the continuation of activities which are not easily justified under the new legislation. Mainly,

however, the criteria laid down in our new legislation are appropriate guides for planning U. S. assistance activities in Afghanistan.

B. Challenge to USAID

In light of the convergence of the requirements of the new law and of the people of Afghanistan, this USAID Mission is a logical front-runner in AID in converting its assistance program to conform to the new U. S. foreign assistance legislation. To achieve its purpose, the conversion must be accomplished as rapidly as possible. A realistic time frame would see well over half our program funds (say, 60%) devoted to clearly conforming activities at the beginning of Fiscal Year 1976 (July 1, 1975) and at least 85% conformance by the beginning of Fiscal Year 1977 (July 1, 1976).

C. "New Look" Characteristics

Future projects must have the following characteristics to conform fully to the legislative mandate:

1. Fall within one or more of the three priority areas as outlined in the legislation:
 - food, nutrition, and rural development
 - health and family planning (family guidance)
 - human resource development and education.

2. Directly benefits the poorer people -- with permanent effect, not one-time welfare or handouts (excluding emergency relief operations)
3. Provides for significant results in a short time frame which are provable.
4. Avoids overly complex design which unreasonably taxes either U. S. or Afghan management capability. (Some management improvement may have to be built into difficult projects, but this would be target-oriented.)
5. Involves "institutional development" only as necessary to achieve people-oriented project targets, not as an end in itself. When training is necessary for such institution-building, on-the-job training is emphasized in order to maximize "doing while learning."
6. U. S. resources are contributed in response to Afghan inputs and accomplishments.
7. The basic responsibility (and motivation) for getting the job done is Afghan.
8. To assure effective cooperation in pursuing project targets both GOA and U. S. commitments should be

of sufficient significance to include responsibility for results. Both GOA and U. S. contributions to a project should be on the order of 25% of total costs.

D. Restraints on Program Conversion

These are the ideals we must seek, but there are practical restraints which must be taken into account. These restraints will make re-programming more difficult -- and may delay it:

1. We have observed that principal Afghan objectives are congruent with the criteria of the new legislation. Nevertheless, there may be special cases where Afghan needs demand the continuation or starting of activities which are difficult to justify under our new mandate. We will try to be responsive to such requests but will seek Afghan understanding for our need to minimize such exceptions.
2. We may find that we can get funds for new, conforming projects only as current, nonconforming projects end or are terminated. Should this be the case, hesitations in program activity (and a lower assistance level) may occur while the new projects are started up.

3. In the end, program conversion will require imagination, talent, and mental flexibility both in the USAID Mission and on the Afghan side. It is the present USAID and Afghan staff -- used to the challenges of other days -- who must engineer the changes needed today.

E. Projects for the Future

Based on the above guidelines and on a review of Afghanistan's priorities as outlined in the Draft Fourth Five-Year Plan and as stated since the July 1973 change of government, the following (1) current and (2) possible new projects appear promising for our "new-look" program:

1. Current Projects

- a. All population and health projects; including auxiliary nurse-midwife training, health services management, and the Afghan Demographic Survey and follow-on research.
- b. Curriculum and Textbook improvement for primary schools.
- c. Improvement of fertilizer distribution through the Afghan Fertilizer Company.

d. Assistance to Kabul University (note that the new law supports help to higher education where it can be shown that the skills taught contribute to development and benefit the poor majority of the people).

e. The previously initiated Kajakai Power Plant and Transmission Line can be completed even though projects of this type are low priority under the new law.

2. Possible New Project Areas

a. Accelerated program for construction and equipping of rural health and family guidance centers in support of the Government of Afghanistan's health program.

b. Rural development in a specific geographic area. Could include agricultural production (including applied research), marketing, feeder roads, small-scale irrigation and drainage, production credit, farm and village electrification, functional education including literacy training. (Could be located in Helmand-Arghandab area)

c. Assistance with a national adult education and literacy program and other practical training programs.

d. Assistance with a national or regional food and agriculture-related program for the development of small, local industry.

- e. Emergency (short-term) drainage and water management project in Helmand-Arghandab irrigated areas.
- f. Nutritional development.
- g. Village potable water.

Office of Development Planning
March 16, 1974

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EXPLANATORY NOTE

The attached table, "Illustrative Configuration: The FY 1974 USAID/A Program and the FY 1973 F.A.A.," was developed for the purpose of stimulating discussion in the USAID's 1974 seminar on The New Legislation. It represents only the subjective judgments -- with respect to both the purposes and modes of action of the USAID's projects and interpretations of the meaning of the new legislation -- of two Program Office staff members. And, it should be noted, the two staff members could not agree on every project characterization given in the table.

The left column, F.A.A. Category, is divided into two parts. The first includes four categories of the Development Assistance Title in the new legislation (i. e. Food and Nutrition, etc.). The USAID's current projects are listed under the appropriate category. The second column, entitled "Congressional Intra-Category Priority," is an attempt to assign a priority to the USAID's projects by the criteria given in the new legislation and from statements given in the Congressional Committee reports. The primary criterion is the extent to which the "poorest majority" of the people in a developing nation will receive direct and observable benefits from a given project activity. Thus, for example, both the House and Senate Committees make it clear that mass literacy activities assume a higher priority than a university project under the Education and Human Resource Development category. Readers may gain a fuller understanding of the rankings given in the table by reading the staff paper "The New Legislation: Notes on Background and Substance."

The middle column, Project Target, attempts to specify the primary aim of each project, "people" or "other," and further attempts to specify what strata of the population, in the case of a "people" target, would benefit from the project.

The right column, Project Link to Target, is an attempt to assess how direct the linkage is between the project activity and the project target. For example, a project which aims to increase "institutional capacity" of some kind, which would in turn cause some other improvement or benefit would warrant an "intermediate" rating with respect to linkage. Again, the ratings under this column are subjective and open to debate.

Office of Development Planning
USAID/Afghanistan
March 16, 1974

ILLUSTRATIVE CONFIGURATION:
The FY 1974 USAID/A PROGRAM
and
The 1973 F. A. A.

FAA CATEGORY		PROJECT TARGET			PROJECT LINK TO TARGET
USAID/A Project	Congressional Intra - Category Priority	PEOPLE		OTHER	
		Poor Middle Upper	Urban Rural		direct intermediate remote
<u>FOOD and NUTRITION</u>					
HAVR	medium	P, M	Rural		intermediate
AFC	medium - high	P, M	Rural		intermediate
<u>POPULATION and HEALTH</u>					
P/FP - General	low - high	P, M	U, R		remote - direct
P/FP - Demo/KAP	low			research	direct
P/FP - Met	low			management	direct
P/FP - ANM	medium	P	U, R		intermediate
<u>EDUCATION and HUMAN RES DEV</u>					
C and T	medium	P, M	U, R		intermediate
Higher Education	low	M, U	Urban		intermediate
Revenue	low			revenue	intermediate
Customs	low			revenue	intermediate
Nat'l Dev. Trng.	low	M, U	Urban	management	intermediate
Statistics	low			statistics	intermediate
<u>SELECTED DEV. PROBLEMS</u>					
Industrial Dev.	N.A.	U	Urban		intermediate
Kajakai Hydro	N.A.			electricity	direct
	N.A.				

Part II

USAID Seminar on New Legislation as it Relates to USAID/A Program, March 26-27, 1974

A

MEMORANDUM

TO : All USAID, Contract and PASA Personnel

DATE: March 16 1974

FROM: Vincent W. Brown, USAID Director

SUBJ: USAID Seminar: The New Legislation -- March 26-27, 1974

As was announced in the last several staff meetings, the Mission is undertaking a seminar on "The New Legislation" on March 26 and 27. The seminar will be held in the Conference Room of the USAID's Staff Development Center from 8:30 to 11:30 a.m. and 1:00 to 4:00 p.m. each day. Participants in the seminar are invited to lunch together (either at the Staff House or in the new USAID snack bar -- the site as yet to be determined).

Personnel who ordinarily attend the "large USAID staff meeting will receive a packet of materials for the seminar by separate distribution. This packet includes the agenda, staff papers on the legislation and the USAID's program, and a draft paper on the Mission's development strategy for Afghanistan. These personnel are expected to attend as many of the sessions as possible but in particular the first morning and the last afternoon sessions.

In addition to the personnel mentioned above, I would like to invite all other direct-hire, contract or PASA personnel to attend the seminar who would like to participate in the discussion of the new legislation and the shaping of future USAID assistance to Afghanistan's development needs. The above-mentioned packet of materials for the seminar should be picked up in DP as soon as possible so that they may be studied before the seminar begins.

All personnel who plan to attend the seminar are requested to fill out the attached form indicating whether they intend to have lunch with the seminar participants or not. This information will help us to adequately plan for the lunch on both days.

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USAID AFGHANISTAN SEMINAR

~~SECRET~~
B

- THE NEW LEGISLATION -

PLACE: USAID Staff Development Center

DATES: March 26 and 27, 1974

TIMES: 8:30 AM - 11:30 AM and 1:00 PM - 4:00 PM Each Day

Tuesday, March 26th

- 0830 - 0840 Opening Statement: Welcome to the participants and a statement of the purpose of the seminar - Mr. Brown
- 0840 - 0930 Background to the legislation: Historical and current criticisms of A.I.D. - Dr. Denton
- - - Questions and Discussion - - -
- 0930 - 0950 Coffee Break
- 094 - 1045 The meaning and intent of the new legislation - Mr. Sligh
- - new program emphases
- - new approaches to programming
- - questions and discussion
- 1045 - 1130 Operating under the new legislation - Mr. McMahon
- - some new rules
- - tight management
- - questions and discussion
- 1130 - 1300 Lunch - Seminar participants
- 1300 - 1500 Population Planning and Health
- - summary of current programs - Miss Langley
- - summary of legislation - Dr. Denton
- - discussion: new ideas, critical remarks, etc.
- 1500 - 1600 Education and Human Resource Development
- - summary of current programs - Dr. Lanza and Mr. Barbour
- - summary of legislation - Dr. Denton

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Wednesday, March 27th

- 0830 - 0930 Education and Human Resource Development (continued)
 - - discussion: new ideas, critical remarks, etc.
- 0930 - 1130 Agriculture, Rural Development and Nutrition
 - - summary of current programs - Mr. Wilson
 - - summary of legislation - Dr. Denton
 - - discussion: new ideas, critical remarks, etc.
- 1130 - 1300 Lunch - Seminar participants
- 1300 - 1600 The Draft USAID Strategy Paper: Presentation and
 discussion led by Mr. Brown

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DRAFT
March 13, vt

TALKING NOTES

NEW DIRECTION IN AMERICAN
ECONOMIC ASSISTANCE:
A PEOPLE-ORIENTED FOCUS

I. BACKGROUND FOR CHANGE

A. Economic Assistance to DC has:

1. Generally a poor image in the States because of

- white elephant
- kids in the teeth by recipients
- hard to see results
- assistance not clearly to poorest

2. A wide variety of political problems

- balance of payments, Vietnam, etc.

B. A new recognition that many DCs, especially former colonies, have made large strides in

1. Developing public institutions and trained personnel in many technical fields
2. Basic physical infrastructure such as roads, power, ports, etc.

C. In an effort to correct some of major errors from past while saving positive aspects of economic assistance, our Congress decided to thoroughly revamp the legislation which authorizes the operations of AID.

II. WHAT IS THE CHANGE IN SUBSTANCE

A. Change is away from assistance to Government institutions per se, away from large capital projects, away from support for imports.

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- B. Change is toward cooperative projects which will benefit the common people of society.
- B. Change is toward a labor-intensive technology no longer assuming it is desirable to leap directly from a rural society to a modern industrialized society. The trend is to move a step at a time.

III. THREE AREAS OF CONCENTRATION

A. Agriculture, Food and Nutrition - ~~XXXXXXXX~~

- Situation

1. Most neglected sector is rural -- no electricity, no health, food prices held down for city consumer, etc.
2. Most people in DCs depend on Agriculture for income
3. Tremendous surplus labor in rural sector

- Direction

1. Small-scale public works -- roads, potable water, irrigation
2. Agriculture production
3. Cooperatives - involvement of people

B. Health and Population

- Situation

1. In 50's major health advance led to huge spurt in population growth
2. One-half or more of economic growth is being consumed by population growth
3. Many families have more children than they can feed adequately

- Direction

1. Continued and intensified support for family planning efforts
2. New attention to low-cost, rural health services.

C. Education

- Situation

1. Much support in past for advance training and higher education
2. Still:
 - many illiterates
 - trained workers scarce
 - farmers not trained in modern farming

- Direction

1. Education for the mass
2. Non-formal, low cost systems for education

III. WHAT IS THE NEW STYLE

A. Reimbursement

1. Host Government responsibility
2. Collaborative approach

B. Collaborative approach

C. Documented results

D. Fewer U.S. technicians