

PD-ABLE-373

111890



Volume IV

Contacts with GOA

Volume IV

Contacts with GOA: Education on Intent and Limits under new AID legislation and Probing on GOA Priorities.

- A. Director's letter to Stamberg enclosing two papers for AMB meetings with President Daoud, 4 April 74.
- B. USAID Program in the Republic of Afghanistan, 31 Mar 74: Briefing paper for AMB meeting with President Daoud.
- C. Helmand-Arghandab Valley Development Program, 31 Mar 74: Briefing paper for AMB meeting with President Daoud.
- D. Briefing Memorandum for AMB May 15 meeting with Deputy Foreign Minister, May 14, 74.
- E. Meetings with Deputy Minister of Planning (now Minister) Ali Ahmad Khurram.
 - 1. 31 Jan 74 with Mr. James, ASIA/NE.
 - 2. Future U.S. Development Assistance to Afghanistan, 10 Feb 74.
 - 3. Discussion of USAID Matters, 10 Feb 74.
 - 4. Review of USAID Program, 4 April 74.
 - 5. Review of USAID Program, 20 April 74.
 - 6. Review of Development Matters, 6 May 74.
 - 7. Review of USAID Matters, 19 May 74.
- F. Meetings with Ministry of Planning President of Planning and Economic Analysis Department, Abdul Aziz Farogh.
 - 1. Discussion of AID's "New Legislation", 3 April 74.
 - 2. Conversation, 23 April 74.
 - 3. Conversation, 8 May 74.
 - 4. Meeting of 21 May 74.
 - 5. Meeting of 25 May 74.

2

DD - Chron
✓ Backing Memo
for Amb's report
DIST: D, DD, DP, EMB/ECON, AMB, C&R

April 4, 1974

Mr. Louis C. Stenberg
Officer-in-Charge, Afghanistan and
Limited Programs, ASIA/NE
Agency for International Development
Washington, D. C.

Dear Lou:

We just received your cable commenting on our restructuring of the Afghan program. It was a very good and helpful cable. We are glad that Art could be present when our new proposals were being considered and that he was able to fill in some background details as well as provide explanatory information.

As reported in the Ambassador's cable of April 1, 1974, the USAID prepared two papers for use by the Ambassador in his meeting with President Daoud. One paper was on the overall AID policy towards Afghanistan taking off from the new legislation, and the other was on the Helmand, essentially a report on the Ambassador's and my visit there of March 28 - 30. These two papers are attached as promised in the cable.

Both of these papers are the outgrowth of discussions over the past few months during which time we have tried to (1) educate various Afghans into the intricacies of our new legislation and (2) respond to specific requests of Keshawarz, Bakhteri, Khurram, Naim and Daoud for continued U. S. assistance in the Helmand-Arghandab area. The general paper attempts to be informative and to draw out Afghan thinking. It is not intended to suggest new projects to be financed by the U. S. We are fully aware of the need for an AID-USAID dialogue on the U. S. role before we can enter into serious discussions with the Afghans about any possible new activity.

April 4, 1974

-2-

MR. LOUIS C. STAMBERG

As for the Helmand Valley, our assessment efforts at the moment are leading the Afghans to push us tentatively to propose new activities which, at least in their eyes, would offer strong possibilities of continued U.S. assistance there. The assessment unfortunately has not yet progressed sufficiently to enable us to work up enough data for intelligent discussion with AID/Washington. It is, however, beginning to make the Afghan members of the assessment group aware of the shortcomings existing there. Strangely enough, Afghans are beginning to get a glimmer of the deficiencies which never were overcome during the whole time there has been a Government effort to develop the Valley. Responding specifically to Keshwarz' and Governor Parhwar's requests during our March visit, the attached Helmand paper was prepared. On page 4, it repeats some of the activities for which Keshwarz has requested U.S. assistance and adds one item (No. 3) which we think is essential to the other three. This is followed by the three items on page 5, which we see as essential to progress whether U.S. assistance is involved or not. The inclusion of these items in no way should be construed to mean that we are changing our stance as reported by Art. We continue to follow the Washington instruction to insist that the Afghans determine their own priorities -- in other words, attempt to draw out Afghan ideas for activities which might be assisted by the U.S. Our language on pages 4 and 5 could well have been rephrased so that the possibility of a misinterpretation would not have occurred. As a result of Art's debriefing, we realized that Washington, without benefit of this covering letter, could well have misread our intentions.

Now, we will be responding to your "restructuring" cable in bits and pieces as we develop the necessary data. Of course, whenever AID/Washington feels we are ready to proceed with actual project development on any of our present project ideas, we hope you will give us the go-ahead.

All the best, and much thanks for all your help.

Sincerely,

Vincent W. Brown

Director

cc - NVA/PAB, A. P. Schifferdecker

with attachment

D/John D. D. Helmand Valley Development Program in the Republic of Afghanistan and Helmand-Afghanistan Valley Development Program (2 copies of each)

4

6

USAID PROGRAM IN THE REPUBLIC OF AFGHANISTAN

The atmosphere in the U. S. surrounding the provision of foreign assistance has changed dramatically. Reflecting stronger and stronger demands by the American people that they be shown the positive results of the dollars they send to other countries, the U. S. Congress has dictated important changes in the worldwide American development assistance program. Leading Senators and Congressmen have warned that these changes must happen quickly in order to assure that any assistance funds at all in future years will be approved by the Congress.

The main reasons for disappointment with past programs in developing countries are:

1. Large infrastructure projects do not always result in significant benefits to the poor people. Even development economists are agreeing that these huge investments have not always resulted in early benefits to the income level and living conditions of the common man.
 2. Projects too often have been started on the initiative of Americans with insufficient support by the host country. The result has been that inadequate budgets and personnel have been assigned to projects, and continuous bickering over the details of project implementation has wasted valuable time. This, in turn, has resulted in far too
- 5

many misunderstandings and far too many undesirable incidences of American "interference" to get project objectives achieved.

3. Therefore, during a period when the U. S. has its own economic problems, the Congress is not prepared to approve money for development in any country abroad unless it can see the results on the lives of people and unless American money is used efficiently.

At the same time, the new foreign assistance law which the Congress passed recently has several aspects which are more liberal than in previous laws. We can take these into account as we plan for new projects in Afghanistan:

1. More flexibility in the mix of loans and grants to support projects.
2. Use of dollar assistance (loan or grant) to support some local currency (Afghani) costs.
3. U. S. funds can be used to reimburse Afghan Government expenditures made in a project which includes very little technical assistance involvement by the USAID.

The new law also, however, will cause the USAID to insist on several things:

1. Each project must directly benefit the people within a short time.

2. The Afghan administrative and technical capacity (including personnel) must be clearly sufficient to bear primary responsibility for carrying out a project.

3. Most importantly, the project must have the full policy-level support of the Government, including appropriate budget sanctions, and the policy-level support must be translated into specific operational directives which assure effective execution of the project within the time frame agreed upon.

The challenge we face is to find projects which (1) the Government of Afghanistan wants and (2) can be supported under the new U.S. law. Fortunately, our law directs us to help in many areas on which President Daoud has placed high priority for Afghanistan. We are directed to focus most of our support on projects in three categories:

- food production and nutrition improvement
- health and population (family guidance)
- education and human resource development.

The assistance given to projects in these areas can include technical assistance, training and small-to-medium capital investments which have short-term direct benefits to the people. Support for large infrastructure projects should be sought from the World Bank, ADB, and other donors.

If the Government of Afghanistan desires new assistance from the United States, it is important that we review together our present programs and seek agreement on some new projects. Otherwise, the amount of U.S. assistance will decrease significantly during the next several years. This timing problem is related to the budgeting procedures USAID is forced to follow. Money available for Afghanistan during 1974-75 is being determined in Washington now. Money for 1975-76 must be requested by the USAID in two months. Equally importantly, however, it is necessary to demonstrate now to Congress that we have in fact started changing our assistance program in the directions Congress has called for.

Our own analysis thus far shows that the completion of the following projects (with adjustments in some of them) can be justified under the new law:

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

4. 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).

5. 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.

The following projects, while useful in themselves, have low priority under the law and will need to be stopped over the next year or so or drastically re-designed:

1. Customs administration. (Benefits to the common man too indirect.)

2. Revenue administration. (Benefits to the common man too indirect.)

3. University training in the U. S. in law, management and economics. (Not aimed at specific development targets; no direct benefits to the common man.)

4. Central Statistics Office. (No direct benefits to the common man.)

5. Industrial Development program. (Little direct benefit to the common man.)

Following are some possible new project ideas which might qualify under the new law. If the Government of Afghanistan is interested in pursuing any of these ideas, we will raise them with AID headquarters in Washington.

1. Accelerated program for construction and equipping of rural health and family guidance centers in support of the Government of Afghanistan's health program.
2. 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.)
3. Assistance with a national adult education and literacy program and other practical training programs.
4. Assistance with a national or regional food and agriculture-related program for the development of small, local industry.
5. Emergency (short-term) drainage and water management project in Helmand-Arghandab irrigated areas.

A separate paper has been prepared on the status of the Helmand-Arghandab Development Program.

March 31, 1974

HELMAND-ARGHANDAB VALLEY

DEVELOPMENT PROGRAM

Afghanistan and the United States have worked closely together in the Helmand-Arghandab Valley for over 20 years. While much remains to be done before the region achieves its full potential, considerable progress has been made. Four to five thousand new families have been given land in the region. Sixty-five thousand jeribs of waste desert land have been turned into new farms. The network of dams and canals permits year-round control and distribution of water. Better control of water also permits double cropping. Double cropping has increased 200 to 300 percent since 1343. The farmers are more progressive today. They are learning better farming techniques and use improved seeds and chemical fertilizers. Two hundred thousand jeribs are planted in improved wheat and the Valley now produces 10% of the nation's total. The farmers also grow 10% of the national fruit production. Approximately 75,000 jeribs were planted in cotton and production was 5,000 metric tons in 1351. In 1352 it increased to 11,000 metric tons. Anticipated production in 1353 is 24,000 metric tons.

The Government of Afghanistan has been interested in the development of the Helmand Region for the past 60 years. The purpose of past investments has been to build an irrigation system. This has helped achieve the results listed above.

Now is the time to help the farmers and future settlers benefit even more from the completed dams, canals and drains.

On Hamal 8, 1353 Ambassador Eliot discussed the future of the Helmand Region with Minister Ghulam Jalani Bakhteri, Governor Fazil Rabi Pazhwak, and President General Mohammad Nassir Keshawarz. They described some of their ideas for the future and Ambassador Eliot described areas in which the United States might be able to help.

Governor Pazhwak emphasized that more help should go to people who live in villages outside the Helmand Valley Project Area. He described the agricultural, educational and health needs of the people, and explained that HAVA resources were not available for many village people.

Dr. Keshawarz said that the aim of HAVA was to gain the full benefits of the land and water for farmers. He listed the following priorities:

1. Drainage systems should be completed;
2. Labor and land should become more productive;
3. The cotton mill should be utilized more fully;
4. There should be a marketing study of cash crops such as grapes, sunflowers and olives;
5. Livestock production should increase through more feed, better management, and artificial insemination to improve the breed;

6. The present irrigation and drainage systems should be maintained more efficiently;
7. The production of cotton and sugar beets should increase to conserve foreign exchange.

In response to Ambassador Eliot's statement that it would be extremely difficult to continue U. S. assistance to the Helmand Valley if poppy cultivation persists, Dr. Keshawarz stated that he has prevented the planting of opium poppies this year in and out of the project areas through strict instructions to his staff.

At a later meeting Minister Bakhteri expressed his strong interest in establishing a government mechanized farm in the Helmand Valley. Several weeks ago, at the Minister's request, Dr. Keshawarz appointed a committee to analyze the feasibility of two 5,000-*jerib* farms to produce wheat, cotton and corn. The analysis which has not yet been submitted to the Minister shows that such a farm would require a first-year investment of approximately 100 million afghanis because the necessary machinery is not available in Afghanistan. The operating budget would be about 45 million afghanis each year. The projected annual receipts would be only 30 million afghanis. Therefore, the government farm could lose 15 million afghanis every year, including meeting payments on the initial investment.

However, a mechanized farm for seed production might be profitable.

A joint HAVA/USAID assessment of the Helmand Region is now underway. The purpose of this assessment is to identify programs which will be beneficial for the farmers of the Region. On the basis of Ambassador Eliot's discussions in Lashkar Gah, the U. S. would be especially interested in considering the following, in addition to other suggestions made by Dr. Keshawarz:

1. A plan for construction and maintenance of better drainage systems in appropriate areas. This would provide immediate benefit to the farmers.
2. A marketing study to stimulate increased production and sale of high value crops.
3. An intensive farmer education program. The program would provide short-term agricultural courses for farmers and extension agents to increase their knowledge and upgrade productivity for specific crops.
4. A livestock production program based upon increased feed, improved breeds, and better animal care.

Further, the U. S. is considering retention of several technicians in the Helmand Region to assist in developing future projects. Members of the staff of the USAID Mission in Kabul will also be available to assist in this process.

There has been a change in U. S. legislation. This may help in developing a joint program for HAVA. USAID now is able to provide dollars to pay local

costs in some cases. For example, after USAID and the Government of Afghanistan would agree on the plans and design of a particular activity, USAID would agree to pay a fixed amount of the anticipated afghani costs after the project was finished. This would import American dollars to pay local costs.

Two further observations might be made:

First, the planning and statistics office in HAVA needs to be strengthened. It needs additional qualified Afghan personnel. Inadequate planning in the Helmand Valley by both Afghans and Americans has been one of the biggest problems. It has led to serious mistakes.

Second, future programs in the Valley could usefully contribute to improved communication between HAVA and the farmers. Some ideas in this connection for specific programs might include:

1. Improving the extension service, through such means as training programs referred to above.
2. Developing a public relations program using low-frequency radio and other means to provide information to farmers and to invite their cooperation.
3. Developing procedures in villages which could identify local needs and transmit these needs to appropriate offices of HAVA.

To sum up, the U.S. is prepared to continue to work with the Government of Afghanistan on the assessment and development of future Helmand-Arghandab Valley programs, and to consider U.S. assistance to such programs.

March 31, 1974

BRIEFING MEMORANDUM FOR THE AMBASSADOR

May 14, 1974

SUBJECT: Your May 15 Meeting with Deputy Foreign Minister

The attached paper is designed to provide a basis for GOA-U.S. agreement in principle on project areas where U.S. assistance should be concentrated. We suggest you discuss the paper with Mr. Abdullah and perhaps hand it to him. The list of project areas in the paper is derived from suggestions made by the Ministry of Planning (President of Planning, Farogh) and reviewed in-house by USAID. We believe the items on the list represent, in large measure, GOA priorities.

The next step required in replanning U.S. economic assistance is to obtain active GOA/USAID collaboration on developing specific project designs in the areas cited. It was suggested by President Farogh of Ministry of Planning that this process would be accelerated by discussing (and agreeing to) these areas with the Deputy Minister of Foreign Affairs. Mr. Farogh has discussed at least the Rural Development and Rural Electrification ideas with Deputy Minister Abdullah. We, thus, hope that an agreement of some nature can be reached and a decision made by the GOA to prod the relevant technical ministries into action.

At the same time we are seeking AID/W agreement in principle on the suggested project areas. If agreement in principle can be obtained both from the GOA policy level and from AID/W, this could lead to a U.S. economic delegation visit to Kabul.

Attachment

22

DRAFT
May 14, 1974 wt

**Afghan Projects in which U.S.
Assistance might be Possible**

Afghan Government development priorities have changed with establishment of the new Republic. At the same time, the U.S. Congress has decided that U.S. economic assistance worldwide should concentrate more directly on helping the people of the developing countries to receive the benefits of development. As a result of both of these factors, U.S. development assistance to the Afghan Government must be replanned. This replanning consists of discontinuing lower priority assistance projects and developing new higher priority activities. This replanning offers opportunity to design projects which are more people-oriented.

For the past two months the USAID has discussed with the Ministry of Planning and other Ministries Government priority projects which also would be attractive to the U.S. Government in terms of possible assistance. We now are discussing with the Ministry of Planning a set of important project areas which do appear attractive to both parties.

This paper outlines our understanding of these mutually desired project areas. If the listed project areas are agreed, there is then the need to develop specific plans of action with the appropriate Government technical Ministries and Agencies since the projects listed below are now only in the idea stage. From our side it is of course true that until these project ideas

and at least preliminary details are submitted to Washington, we will not finally know if U.S. assistance will be possible. It is our judgment here in Kabul, however, that the areas outlined to us by the Ministry of Planning will be attractive to Washington. Therefore, we believe that further discussion of those project areas (with appropriate additions or deletions) would be useful and that specific project plans for each of these areas should be worked out. We would like to work out a specific plan of action to develop more detailed project plans so that overall U.S. economic assistance plans can be agreed to with Washington.

PRESENT USAID PROJECTS

<u>PROJECT</u>	<u>1353</u> <u>ACTIVITIES</u>	<u>1354</u> <u>ACTIVITIES</u>
Curriculum & Textbook	(1) Primary text preparation (grant)	Same as 1353
Kabul University	(1) Assist three faculties - Agri, Eng, Edu (grant)	Same as 1353
Central Statistics Office	(1) Statistical system development (grant)	Nothing planned
Revenue Development	(1) Improved tax collection (grant)	Nothing planned
Legal & Management	(1) Legal system development training (grant)	Plans are under review
	(2) Modern management systems training (grant)	Same as 1353 at possibly reduced level
Afghan Demographic Survey	(1) Population sample census (grant)	Efforts probably will be completed in 1354
	(2) Family guidance attitudes (grant)	Efforts probably will be completed in 1354
Health and family guidance services for rural areas		
A. Nurse, midwife training	(1) Assist in curriculum development (grant)	Same as 1353
	(2) Assist in training center construction (grant)	Nothing planned
B. Management system development	(1) Assist Ministry of Health in improving management for health center operation (grant)	Same as 1353
Kajakai Power Plant	Continue construction (Prior loan)	Completion during 1354
Fertilizer Distribution	(1) Assist with Management (loan)	Completed in 1353
	(2) Financing of Fertilizer (loan)	Completed in 1353

POSSIBLE NEW PROJECT AREAS

<u>PROJECT</u>	<u>1353</u> <u>ACTIVITIES</u>	<u>1354</u> <u>ACTIVITIES</u>
Rural Development	(1) Assist in planning and design (grant) (2) Assist in construction costs (loan)	Same as 1353 Same as 1353
Rural Electrification	(1) Survey of feasibility Helmand Valley & Other (grant)	(1) Assist in system design, operation & management (grant) (2) Assist in construction costs (loan)
Agri-Industry (Income & jobs)	(1) Survey of organizational needs (grant) (2) Marketing Survey	(1) Assist with 2 or 3 pilot operations, management & capitalization (grant or loan) Nothing planned
PL 480 Edible Oil	(1) Commodity loan	Nothing planned
Nutritional Improvement	(1) Two pilot efforts aimed at bettering child nutrition (grant)	Same as 1353
Strengthening of Minor Irrigation Systems	(1) Survey of existing systems & need for improvement (grant) (2) Organizational survey (grant)	(1) Assist in planning & design (grant) (2) Assist in construction costs (loan)
HAV Drain Construction	(1) Assist with construction costs for pilot scheme (grant)	Nothing planned
Adult Education	(1) Analysis of needs, experiments with systems (grant)	Same as 1353
Health and Family Guidance Services for Rural Areas		
C. Health Center	Assist in rural health center construction & operation (grant/loan)	Same as 1353
Kajakai Transmission Line	Construction (Loan)	Same as 1353

AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/Kabul
Washington, DC 20523

MEMORANDUM OF CONVERSATION

DATE OF MEETING: January 31, 1974

SUBJECT: **Conversation with Deputy Minister of Planning,
Ali Ahmad Khurram**

PARTICIPANTS: **Mr. Ali Ahmad Khurram, Deputy Minister of Planning
Mr. Charles James, Director, Office of Near Eastern Affairs (ASIA/NE)
Mr. Vincent W. Brown, USAID/A Director
Dr. Frank H. Denton, AD/DP**

COPIES TO: **The Ambassador, DCM, Embassy/Econ, Embassy/POL,
D, DD, CO, AD/DP, ASIA/NE, C&R**

Mr. James initiated the conversation, indicating our mutual interest in development projects which will benefit the little people of the country. In particular, he referred to President Daoud's Jeshen Day speech, saying that the policies outlined in that speech were very attractive in terms of AID's interests.

At the same time, as far as current projects were concerned, most of our activities will be completed within the next two or three years. He indicated that it is important that we start planning for activities to follow current projects and indicated our need to know the priorities of the Afghan Government.

Mr. Khurram at this point took out the chart which we had provided on projected AID levels. He indicated his concern with the indicated declining AID level. He stated that Afghanistan was aware that it must use foreign assistance effectively, but that there were too many preconditions. He indicated his concern was how he could increase U.S. capital assistance. He was not very attracted to the idea of the U.S. doing feasibility studies for capital projects which might be funded by other donors.

He reiterated that his Government very much would like to have more assistance from the U.S. He also indicated a general disinterest in technical-assistance-only type activities.

Mr. James indicated that although we cannot do large capital projects, we are able

DRAFTING OFFICER: AD/DP:FHDenton:fa

DATE OF PREPARATION: 2/7/74

to make loans in the field of agriculture, rural development, and so forth. He reiterated that we need a statement of the Afghan priorities.

Mr. Kurram responded, "We have difficulty because we don't always know what your restrictions are". He indicated that the Afghan Government does not wish to waste its own money, and felt that the Kajakai fertilizer plant was a worthwhile project, but that USAID had responded that it is not interested in funding such a plant.

He also indicated a need to have help in local currency financing, such as the ADB, the West Germans, and the IBRD, were willing to do. He indicated the IBRD's willingness to fund up to 75 percent of local costs. He then stated that there were already too many studies such as done by the Nathan Team, and what now is needed is assistance in the form of an action-oriented group which can translate these studies into projects. He stated he would like to have a survey of the studies done to date for the purposes of establishing a priority list of action projects. He believes that the World Bank will help with such a survey.

Mr. Khurram stated that he would like to have weekly meetings with USAID in order that we can understand each others priorities and restrictions more fully.

Mr. James indicated that Washington had not been sure of the aims of the new government and thus had been reluctant to propose projects. The Deputy Minister responded that President Daoud had read out the policies and priorities of the government in the Jeshen Day speech and these still are the policies and priorities of government.

Mr. James indicated that he interpreted the Minister's statements as meaning that the USAID has a role in Afghanistan's development. In return, he said the U. S. is interested in assisting.

Mr. Khurram indicated that other important projects were the storage facilities and the projected wheat price stabilization program. Again, he indicated some unhappiness with our disinterest in funding the storage facilities. However, he expressed satisfaction at the cooperation which USAID has given in attempting to do some pre-project planning in the area of wheat price stabilization.

When Mr. Brown mentioned a desire to finalize the agreement for the Kajakai transmission line, the Minister again brought up the slowness of AID response, the many conditions precedent, and the difficulty of getting action. In particular, he referred to a change in decision which, might require steel poles rather than the originally envisioned cement poles. The Deputy Minister then went on to state that a year ago he had suggested a project to improve the distribution system in Kandahar, Girisk, and Lashkar Gah. He was discouraged because of the lack of action and interest on the part of the U. S. Mr. James indicated that perhaps after the agreement is

finalized on the transmission line, it might be possible to discuss assistance for the distribution system.

Deputy Minister Khurram again reiterated that the U.S. attaches too many conditions to its aid. He said that there is a new regime in Afghanistan, things are now different, decisions are being made, and actions taken; although conditions may have been necessary in the past, there should be some relaxation today.

Finally, he again indicated that he wants more than just technical assistance. He wants assistance in financing project operational costs.

24

E2

UNCLASSIFIED
SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT

~~XXXXXXXXXXXX~~ USAID/Afghanistan

MEMORANDUM OF CONVERSATION

DATE OF MEETING: February 10, 1974

SUBJECT: Future U. S. Development Assistance to Afghanistan

PARTICIPANTS: Ali Ahmad Khurram, Deputy Minister, Ministry of Planning
Mohammad Nabi Salehi, President, Department for Economic and
Technical Cooperation, Ministry of Planning
Vincent W. Brown, Director, USAID/Afghanistan
Frederick H. Sligh, Deputy Director, USAID/Afghanistan

COPIES TO: AMB, EMB/POL, EMB/ECON, D, DD, DP, ASIA/NE, NEA/PAB,
Mr. Khurram, C&R, RF, AGR, FFP, POP, ED

Mr. Khurram said that he has difficulty in determining what kinds of projects to propose to the USAID. He said he had gotten the impression from his discussion with Mr. Charles James that only technical assistance funds would be available for Afghanistan. Mr. Khurram expressed considerable concern over Afghanistan's inability to look to the U. S. for assistance with large or even medium-size capital projects. He cited earlier USAID advice that the U. S. might be able to finance a feasibility study on a fertilizer plant but that the GOA probably should look elsewhere for financing construction of the plant.

The USAID representatives confirmed to Mr. Khurram that the new U. S. foreign assistance legislation provides very little money for large capital projects in the traditional physical development sectors such as transportation, power and industry. U. S. financial assistance for this type of project is provided mostly through the U. S. contributions to the World Bank and regional development banks such as the Asian Development Bank. Mr. Brown pointed out, however, that the legislation does allow for capital and commodity assistance within the three areas designated to receive highest priority in U. S. assistance programs. These areas are:

1. Food and nutrition
2. Health and population planning
3. Education and human resources development.

DRAFTING OFFICER: DD:FHS/gh 

DATE OF PREPARATION: February 12, 1974

UNCLASSIFIED

SECURITY CLASSIFICATION

Subject: Future U. S. Development Assistance to
Afghanistan

Mr. Brown also said that the legislation contains two very important conditions for all U. S. assistance. First, highest priority must be given to assisting with activities which will directly improve the lives of the poorest people. Second, U. S. assistance should be based on the recipient countries' own development priorities and not on priorities imposed from outside. Mr. Brown reiterated that the U. S. was not prepared to help with all host country priorities but only those consistent with our new legislation's emphasis on assistance to the common man. It was indicated that the reason for not wanting to assist with large capital projects (such as fertilizer plants, major roads, airports, etc.) was the U. S. Congress' belief that the benefits from such projects went predominantly to the more modern part of society. However, dispersed capital projects where the benefits go to many people (such as feeder roads, rural electric distribution systems, rural potable water systems, etc.) are clearly within the areas which the U. S. Congress wishes to have emphasized.

country

Mr. Khurram said he understood the policy of relying on host/priorities and was in favor of it. However, he would like Mr. Brown's opinion of the most promising areas which are both needed by Afghanistan and likely to receive support from the U. S. under its new legislation. In response, Mr. Brown organized his comments under the three priority areas cited earlier:

1. Food and nutrition. Mr. Brown suggested that any Afghan plans for improvement of agricultural productivity and quality of produce -- with emphasis on improving the lives of the farmers -- would receive positive U. S. consideration. Likewise, a program aimed at fighting the high child mortality rate through nutritional improvement would be high in priority.

Mr. Khurram asked why a project like a fertilizer plant would not qualify for U. S. support as it would improve the food situation and would assist the farmers. Mr. Brown agreed with the importance of fertilizer (and other agricultural inputs) but explained that construction of a fertilizer production facility would not fit well into the definition of "direct benefit to the poorest people" as intended in the legislation. That is, there is too great a step between building a fertilizer plant and improving the life of the small farmer. For example, "big farmers" tend to be the primary users of fertilizer. However, such projects can be financed by other assistance agencies, especially the international lending agencies.

Subject: Future U.S. Development Assistance to
Afghanistan

2. Health and population planning. In addition to the present U.S.-assisted projects, Mr. Brown suggested that since the Government of Afghanistan is putting emphasis on improving rural health it may wish to seek U.S. help in improving and expanding the system of rural health centers. Such assistance might include both technical advice, basic health center construction, financing of supplies and equipment and a portion of the operating costs in order to hasten the delivery of health services and family guidance services to the people.

3. Education and human resources development. Mr. Brown was of the belief that non-formal education is high in both Afghan and U.S. priorities. By non-formal education he meant programs to train and educate people outside the usual school system of primary, secondary and high education. He noted the very high cost of expanding the public school system and suggested that more limited programs, such as the Government's functional literacy and adult education program, could benefit more people per unit of investment.

Mr. Brown said that U.S. interest would be high in supporting a multi-purpose rural development program which could include action in all three of the priority areas. He understood the Government is considering a pilot rural development program. U.S. assistance to such a program -- offered previously -- could include management and technical advice and equipment and commodities.

Mr. Khurram wanted to know whether a general commodity loan could be justified. Mr. Brown said that a general commodity loan would rate very low in the U.S. capability to be helpful and would be better sought from other assistance agencies. However, U.S. assistance could include the financing of commodities for a specific project or program, but that would depend on the kind of project and the commodities involved.

Mr. Khurram asked about assistance in drug control. Mr. Brown noted the recent conclusion of an agreement between Afghanistan and the United Nations under which the UN would provide assistance in drug control enforcement. On the development side, things are moving very slowly and will depend on UN development surveys of poppy-growing areas.

Memorandum of Conversation

Page 4

Subject: Future U.S. Development Assistance to
Afghanistan

Mr. Khurram said that this entire subject was of extreme importance to his Government and that he would appreciate exchanging minutes with the USAID to make sure there is no misunderstanding before he reports to his Government. This was agreed.

Approved: DF/WBrowne



UNCLASSIFIED
SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT

~~RESTRICTED~~ USAID/Afghanistan

MEMORANDUM OF CONVERSATION

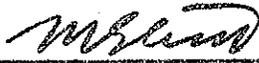
DATE OF MEETING: February 10, 1974

SUBJECT: Discussion of USAID Matters

PARTICIPANTS: Ali Ahmad Khurram, Deputy Minister, Ministry of Planning
Mohammad Nabi Salehi, President, Department for Economic
and Technical Cooperation, Ministry of Planning
Vincent W. Brown, Director, USAID/Afghanistan
Frederick H. Sligh, Deputy Director, USAID/Afghanistan

COPIES TO: AMB, EMB/POL, EMB/ECON, D, DD, DP, ASIA/NE, NEA/PAB,
Mr. Khurram, C&R, RF, TO, POP, ED, PA, AGR, FFP

1. Mr. Khurram noted that he had not yet received the minute of the meeting he had had with Mr. Charles James. Mr. Brown promised to ask Mr. Denton to complete the minute promptly upon his return from the Helmand Valley.
2. It was agreed that Mr. Khurram would sign the Project Agreement for further assistance by the SUNY team at 10:00 a. m., Thursday, February 14. The Ambassador will sign for the U. S. (subject to his convenience).
3. Mr. Salehi noted that the Kabul University Project Agreement had been signed without prior knowledge of the Ministry of Planning. Mr. Brown regretted this, noting that the Project Agreement had been discussed before the Cabinet, which had approved it and authorized Rector Haidar to sign for the Government. It was agreed that the USAID would provide a copy of the agreement to Mr. Salehi.
4. Mr. Brown asked about the Central Statistics Project Agreement which he understood had been sent to Mr. Khurram by Mr. Hakimi, head of CSO. Mr. Khurram said he had just instructed President Malikzadah to return the agreement to Hakimi with a letter advising Mr. Hakimi to present the agreement to the Cabinet for approval. He expected it would be considered by the Cabinet on February 12.

DRAFTING OFFICER: DD:FHS/gh 

DATE OF PREPARATION: February 12, 1974

UNCLASSIFIED
SECURITY CLASSIFICATION

5. Mr. Brown noted that President Hakim of CSO had indicated the ERTS project should not be headquartered at CSO. The President of the Afghan Cartographic Institute (ACI) had offered to have ERTS headquartered at ACI but had indicated that ACI would want U. S. assistance with the procurement of about \$130,000 in equipment and supplies. Mr. Brown told Mr. Khurram that, through a combination of actions, including help with the repair of some existing equipment, much of ACI's needs, equaling in value as much as \$75,000, could be met. Mr. Brown asked whether the Government wished to have the ERTS project and, if so, whether it was to be headquartered at ACI. Mr. Khurram promised to determine the Government's position and pass the information to Mr. Brown.

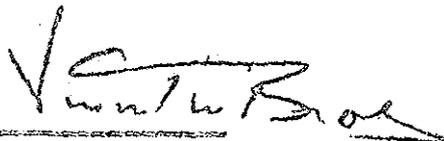
6. Mr. Brown summarized for Mr. Khurram the status of USAID negotiations with the Ministry of Agriculture and Irrigation on the AFC project. The USAID is waiting for a statement from Washington on, among other things, fertilizer availability and U. S. financing capability. After this information is passed to the Minister of Agriculture and Irrigation, the USAID expects to receive the Government's decision with respect to the future of AFC and U. S. assistance to it.

7. Mr. Brown summarized for Mr. Khurram the status of USAID discussions with the Helmand-Arghandab Valley Authority (HAVA). Present U. S. assistance projects with HAVA end on June 30, 1974. Mr. Keshawarz, President of HAVA, wishes to conduct an assessment of the problems and potentials of the area as a preliminary to planning future program activities (for which U. S. assistance may be requested). Mr. Keshawarz has asked Mr. Brown to continue four or five U. S. technical personnel past the June 30 date to assist in managing HAVA activities. He also asked for USAID assistance in performing the assessment. Mr. Brown does not see how he can justify continuing any personnel past June 30 since the Government itself has not taken action to fill the many important vacancies in the HAVA organization. Why should the U. S. personnel be supplied to perform tasks which Afghans should do? Moreover, Mr. Brown said that he was perfectly willing to help with a HAVA assessment but did not see how he could do so as long as the HAVA staff is so thin that there is virtually nobody for USAID technicians to deal with. Mr. Brown made a strong point of the need for any further U. S. assistance in the HAVA area to be addressed to an Afghan project, planned and managed by Afghans. Mr. Khurram took note of the importance of the Government's assigning qualified personnel to HAVA.

8. Mr. Brown noted that several reports by the Government related to past PL-480 programs were overdue. He handed a note on this to Mr. Khurram, and Mr. Khurram asked President Salehi to follow up on this.

9. Mr. Brown noted Mr. Khurram's interest in having some Government people trained in project planning and said that such training could be provided in the U.S. under the National Development Training Project. He encouraged Mr. Khurram to nominate from three to six candidates for training in economic analysis. Mr. Khurram was pleased with this offer and said he hoped the training would be practical so that the persons trained would be able to engage in project appraisal and design upon their return to Afghanistan. It was agreed that the USAID Training Officer, Mr. Landry, would contact President Salehi and President Farogh to design an appropriate training program, hopefully to start by September, 1974.

Approved: D:VWBrown



UNCLASSIFIED
SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523
MEMORANDUM OF CONVERSATION

DATE OF MEETING: April 4, 1974

SUBJECT: Review of USAID Program

PARTICIPANTS: Mr. Ali Ahmad Khurram, Deputy Minister of Planning
Mr. Vincent W. Brown, Director, USAID/Afghanistan
Mr. Frederick H. Sligh, Deputy Director, USAID/Afghanistan
Mr. M. Arthur Reich, Deputy Assistant Director/Development Planning,
USAID/Afghanistan
COPIES TO: D, DD, DP (3), ASIA/NE (2), ECON (2), PA, PE, POP, TO, AGR,
FFP, C&R (2), Mr. Khurram

1. Central Statistics Office

Mr. Khurram reported that the Cabinet had approved the USAID statistics project. He said the Statistics Department of the Ministry of Planning and the Afghan Demographic Survey would transfer to the Central Statistics Office.

2. Industrial Development Project

Mr. Brown reported that the USAID assistance to the private enterprise program of the Ministry of Mines and Industries would come to an end in September 1974 since the project does not have high priority under the new U. S. foreign assistance legislation. Mr. Brown said that an agro-business project could be supported under the legislation.

3. Auxiliary Nurse-Midwife Project

Mr. Brown noted that a slate of candidates offered by the University of California, Santa Cruz, has been submitted to the Ministry of Public Health and that the USAID is waiting for a response so that the contract can be concluded with the University.

4. Geology Training

Mr. Brown pointed out that the Government should approve the offered training quickly because it must be done prior to June 30, 1974.

DRAFTING OFFICER: DD:FHS/Sligh:sh

DATE OF PREPARATION: April 27, 1974

UNCLASSIFIED
SECURITY CLASSIFICATION

5. National Development Training Project

Mr. Brown reported that this project does not have high priority under the new U. S. foreign assistance legislation and that the USAID is, therefore, considering whether the project can be continued.

6. Future U. S. Assistance

Mr. Reich reported on the situation in Washington from which he had just returned. Mr. Brown handed to Mr. Khurram copies of two papers recently given to President Daoud by Ambassador Elliot. One paper deals with U. S. assistance policy and its potential application to the Afghan bilateral program in general and the other describes the results of a recent visit to the Helmand-Arghandab area by the Ambassador and Mr. Brown.

7. Afghanistan's Edible Oil Requirements

Mr. Khurram asked about the status of a recent request for the P. L. -480 sale of 4,000 tons of edible oil. Mr. Brown explained that the request was incorrectly made within the framework of a 1972-73 P. L. -480 agreement which is no longer in force. A new request will have to be made and the USAID will advise on the proper format.

8. Rural Development

During a discussion of Government plans for a rural development program, Mr. Brown and Mr. Reich said that loan funds would be available during 1974-75 to support such a program. Mr. Brown said that U. S. assistance could be part of a multi-donor effort. Mr. Khurram said that rural development should be pursued on the basis of a package approach. The USAID representatives agreed.

9. Afghan Fertilizer Company

Mr. Brown reported on the latest developments on this difficult project.

10. Afghan Demographic Survey

Mr. Khurram reported that he had promised to the Cabinet that the results of the survey of the sedentary population would be available in January. Then he was told there would be a one-month delay. Now Mr. Kerr says there will be a further delay. Mr. Khurram asked Mr. Brown to push for the settlement of any outstanding problems so that the report could be issued within a month. Mr. Brown observed that hopefully a preliminary report could be issued shortly but that a final report would take several months to complete.

11. Equipment for Ministry of Public Health

Mr. Khurram said that someone in the Ministry of Public Health had reported that an advisor on the SUNY team had been uncooperative about U. S. financing of some items of equipment for the Ministry. (We checked on this later, but could not identify the advisor or the equipment.)

12. Importance of Prompt Government Actions

Mr. Brown re-stated the U. S. willingness to be helpful in Afghanistan's development efforts. The U. S. is waiting patiently, he said, for the Government to put forth its development priorities so that talks may proceed on U. S. assistance possibilities. Meanwhile, Mr. Brown pointed out, Government delays on decisions with respect to on-going U. S. projects (he mentioned the Central Statistics Project) create a very negative image for Afghanistan in Washington and could well affect decisions with respect to help with specific projects.

UNCLASSIFIED

SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

MEMORANDUM OF CONVERSATION

DATE OF MEETING: April 20, 1974

SUBJECT: Review of USAID Program

PARTICIPANTS: Ali Ahmad Khurram, Deputy Minister of Planning
 Abdul Sami, Director for Internal Resources Research, Ministry of Planning
 Vincent W. Brown, Director, USAID/Afghanistan
 Frederick H. Sligh, Deputy Director, USAID/Afghanistan

COPIES TO: D, DD, DP (3), ASIA/NE (2), ECON (2), C&R (2), Mr. Khurram
 AGR, POP, FFP

1. PL -480

Mr. Brown reported that the Government's diplomatic note requesting sale of 4,000 tons of edible oil had been received. The note is not a satisfactory basis for action because it (a) requests the sale under an agreement of last year which is no longer in force and (b) provides no economic background information needed to justify the sale. Mr. Brown gave Mr. Khurram a copy of our response which has been submitted to the Embassy for despatch to the Ministry of Foreign Affairs (MFA).

Mr. Brown emphasized that we would not want to send any new P. L. -480 request to Washington until all outstanding P. L. -480 reporting requirements had been met by the Government. Mr. Khurram asked Mr. Sami to accelerate the completion of outstanding reports. Mr. Sami reported that the 50,000 tons of wheat currency use report had been sent to MFA on 8 Hamal. Mr. Sligh said that USAID would check to see if the report had been received and notify Mr. Sami.

2. Government Clearance of Mr. Barton

Mr. Khurram said that Mr. Salehi would be asked to write a letter giving clearance for Mr. C. Cary Barton to come to Afghanistan.

DRAFTING OFFICER: DD:FHSligh:gh DATE OF PREPARATION: April 25, 1974

UNCLASSIFIED

SECURITY CLASSIFICATION

3. Rural Development

Mr. Khurram reported that he is working on an organizational plan for a coordinated rural development program. The plan would have two phases: (a) study of needs of the people and listing projects and (b) implementation. Mr. Khurram outlined some organizational aspects of his plan and listed the fields of activity to be included (health and sanitation, education, minor irrigation, cooperatives, agriculture, "4-H" clubs). Sources of financing for the program will be: GOA budget, foreign assistance, Agriculture Bank, Industrial Development Bank, a new housing construction bank and the people themselves. He said his proposal was to start the program in one, two or three regions at first. USAID would be asked to help in one region. It was agreed that USAID would provide any available literature on the 4-H club system to Mr. Khurram.

4. Planning Future U. S. Assistance

Mr. Khurram said that he would be studying further the two papers left by Ambassador Elliot with President Daoud concerning the new A. I. D. legislation and possible U. S. assistance to Afghanistan in the next few days. Mr. Khurram and Mr. Brown agreed that it would be a good idea to set up a permanent procedure for discussing requirements for U. S. assistance. Dr. Denton of USAID should meet with President Farogh to start such a dialogue.

5. Helmand Valley

Mr. Brown reported that a preliminary joint HAVA/USAID assessment of problems and opportunities in the Valley is nearing completion. He said the USAID was not exactly clear on the Government's wishes with respect to any future U. S. assistance in the Helmand. Mr. Khurram asked that Mr. Farogh and Dr. Denton discuss this subject and prepare a paper for Mr. Khurram.

6. Afghan Demographic Survey (ADS)

Mr. Khurram said, in response to a question by Mr. Brown, that the ADS and the Statistics Department would be moved promptly to Central Statistics Office (CSO) jurisdiction, but that they would stay physically in Planning for the time being due to shortage of space in CSO.

Mr. Brown reported that Professor Saxon Graham, SUNY/ADS Project Director at Buffalo will be visiting Kabul beginning May 5. Discussions between Mr. Khurram and Professor Graham will be arranged.

AGENCY FOR INTERNATIONAL DEVELOPMENT

~~WORKING DRAFT~~ Kabul, Afghanistan

MEMORANDUM OF CONVERSATION

DATE OF MEETING: May 6, 1974

SUBJECT: Review of Development Matters

PARTICIPANTS: AH Ahmad Khurram, Deputy Minister of Planning
Vincent W. Brown, Director, USAID/Afghanistan
Frederick H. Sligh, Deputy Director, USAID/Afghanistan

COPIES TO: D, DD, DP (3), ASIA/NE (2), ECON (2), CDE, AGR, FFP, PA, C&R (2),
Mr. Khurram

1. Power Distribution Network

Mr. Khurram discussed the need for completion of the Kajakai power project by moving ahead with a distribution network serving Kandahar, Lashkar Gah and Girishk. He asked if the U. S. would assist with such a network. Mr. Brown said that a rural electrification project would receive a higher priority under the new U. S. law but a regional or area electrification project concentrating on serving agriculture would be considered if requested by the Government. Mr. Khurram thanked Mr. Brown for this position.

2. 4000 Tons Edible Oil

Mr. Khurram said he understood the draft letter requesting a P. L. -480 sale of oil is with Dr. Hooker. He urged that the matter be accelerated.

3. Norman Borlaug

Mr. Khurram agreed on a courtesy call by the world-famous Nobel Prize winner, Dr. Norman Borlaug. Dr. Borlaug led research efforts which developed the high-yielding "miracle" wheat seeds.

DRAFTING OFFICER: DD:FHS/gh 

DATE OF PREPARATION: May 11, 1974

UNCLASSIFIED

SECURITY CLASSIFICATION

4. Kandahar Diesels

Mr. Brown reported that Washington has reluctantly agreed to the extension of Mr. Devenny for another year to assure proper operation of the diesels. He read a list of conditions to Mr. Khurram which he said would be included in a formal letter to the Government.

5. Paktia Trip

Mr. Brown said the Germans were arranging a possible trip to Paktia, May 17 - 20, and that either he or Mr. Sligh would be going.

6. Transmission Line

Mr. Brown reported that the processing of this loan is going well in Washington. He agreed to send Mr. Khurram a copy of the draft loan agreement.

7. Canadian Aid Conference

Mr. Brown reported on the conference and said he had suggested to the Canadians that they consider assisting with (a) Kandahar power distribution, (b) some part of any Helmand-Arghandab program and (c) the Central Statistics Office.

Mr. Khurram added his interest in getting the Canadians to do a technical and economic feasibility study for a fertilizer plant using Kajakai power. Mr. Brown agreed to urge the Canadians to do this.

8. Rural Development

Mr. Brown reported that Washington has approved \$50,000 for some small assistance in the Rural Development Program. He requested a letter from the Government confirming previous informal discussions on the use of these funds. A letter also would be useful in connection with Government plans and desires for broader-scale U. S. assistance in the rural program. Mr. Khurram said he would look into both letters.

Mr. Khurram said he would have to discuss with the Government Mr. Farogh's proposed trip to Manila to examine rural development programs. He doubted if Mr. Farogh would be able to go on the trip since he is very busy at present.

Mr. Khurram said the paper he is doing on rural development will be finished soon and that he will be showing it to Mr. Mitchell for comments.

9. Helmand

Mr. Brown agreed to see that Mr. Khurram is provided a copy of the second draft of the joint HAVA/USAID assessment paper as soon as copies become available.

10. High Economic Council

Mr. Khurram reported that members of the Technical Board are still being selected.

11. Geology Training

Mr. Khurram said that he is checking with ACI on the availability of qualified people and will respond soon to Mr. Brown's recent letter on the subject.

12. Remote Sensing Project

Mr. Brown agreed to send to Mr. Khurram the names and offices of the people already trained under the remote sensing project.

UNCLASSIFIED

SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT

~~XXXXXXXXXXXXXXXXXXXX~~ Kabul, Afghanistan

MEMORANDUM OF CONVERSATION

DATE OF MEETING: May 19, 1974

SUBJECT: Review of USAID Matters

PARTICIPANTS: Ali Ahmad Khurram, Minister of Planning
Vincent W. Brown, Director, USAID
Frederick H. Sligh, Deputy Director, USAID
Mrs. Gladys Frazier, ASIA/NE - AID/Washington

COPIES TO: D, DD, DP (3), ASIA/NE (2), ECON (2), CDE, FFP, ED, PA, C&R (2),
Mr. Khurram

The meeting began with the usual courtesies except that on this occasion Mr. Khurram was congratulated by Mr. Brown and the others on his recent appointment to the office of Minister of Planning.

Electric Power Distribution

The Minister began the discussion by stating that the Government is preparing to send a letter to USAID requesting loan assistance in support of a regional power distribution project involving Kandahar, Girishk and Lashkar Gah and the rural areas served by these centers. He thought the foreign exchange costs should not be more than \$3 million. Mr. Khurram encouraged favorable U.S. consideration of this request on three grounds:

- the GOA places top priority on this project
- this distribution phase (following the generation and transmission phases) is essential to bring the benefits of previous investments directly to the people of the region
- there is a strong logic in the U.S. providing assistance for the completion of a program started and brought to its present state with U.S. assistance.

DRAFTING OFFICER: DD:FHSligh *W. Sligh*

DATE OF PREPARATION: May 20, 1974

UNCLASSIFIED

SECURITY CLASSIFICATION

Asked for her reaction to the proposal, Mrs. Frazier responded that AID would have to examine the project before deciding whether U. S. assistance could be provided. She asked whether other donors had been approached by the GOA. Mr. Khurram said that he had only been talking with Mr. Brown on this project and that such discussions had started six months ago.

Mr. Brown pointed out that there was reticence on this project in Washington and that much of it was based on the fact that the ABM had never followed through on its earlier undertaking to raise electricity rates to reasonable levels. Mr. Khurram observed that such action can be taken only after careful, time-consuming study. He said he expects the Canadian management team soon to arrive will assist ABM in such a study.

The Minister urged Mrs. Frazier to support his Government's request when she returns to Washington.

Kajakai Transmission

Mr. Brown reported that the transmission line loan had been approved in Washington and that three firms already have indicated their interest in bidding on the project. He said the final text of the loan agreement is expected to arrive from Washington soon, perhaps as early as next week. The Minister was pleased with this news and asked if there were preliminary steps (side letters, etc.) which could be initiated now in order to accelerate the date of loan execution. Mr. Sligh agreed to ask Mr. Standish, Chief of the USAID Capital Development and Engineering Division, to identify any such items.

P. L. 480

Mr. Brown reported that work between Mr. Rusby, USAID Food for Peace Officer, and GOA officers is proceeding on the GOA's desire to request a P. L. 480 sale of edible oil. In reviewing requirements and justifications it had been determined tentatively that a 5,000-ton sale could be justified. Mr. Khurram asked about the timing which he said is most important. Mr. Brown said that, since we are talking about the use of FY 1975 U. S. funds to finance the sale, delivery of the oil could not be expected before the fall of 1974. Mr. Brown said that he would not want to forward the GOA request to Washington until the GOA had submitted all outstanding reports required as a result of prior P. L. 480 programs. Otherwise, the request would not be received favorably.

LFO

Kabul University

Mr. Brown reported that the USAID has invited the Ministry of Education to name officers to travel to the U. S. to assist in the selection of a contractor to provide assistance to Kabul University. Expenses of the trip would be paid by USAID. After some discussion, the Minister agreed that participation by Afghans in contractor selection would be useful.

Non-formal Education

Mr. Brown reported a meeting last week with the Minister of Education in which the Minister requested U. S. assistance in research, planning and commodity procurement for a national non-formal education program. The Minister said that a formal letter request would be forthcoming. It was agreed that, in the meantime, Dr. Lanza, USAID Chief Education Advisor, would discuss specifics with Madame Kubra, head of the Literacy and Adult Education Commission.

Mr. Brown said he understood that UNESCO, UNDP and perhaps other donors would be involved in the program. He said that the proposed activity is a high priority under the new U. S. assistance legislation and that the USAID therefore would give the request careful consideration. He said that a U. S. input of up to \$200,000 or so could probably be handled on a grant basis; amounts above that would probably have to be on a loan basis.

ERTS Project -- Geology Training

Mr. Brown reported a meeting with Mr. Amir Ahmad, President General of ACI, in which Mr. Ahmad had said he needed a letter from Mr. Khurram formalizing his responsibility for participating in the training activities of Dr. Milton who is in Kabul to train Afghans in the use of ERTS images in geology work. Mr. Khurram did not understand the need for such a letter given the facts that Mr. Ahmad had participated in meetings on the activity and had exchanged letters with the Planning Ministry on the availability of geologists to serve as counterparts to Dr. Milton. It was agreed that during the forthcoming week specific requirements would be identified with respect to logistical support for Dr. Milton's activities and what any letter from Mr. Khurram might need to contain.

41

UNCLASSIFIED
SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT
Kabul, Afghanistan
~~WASHINGTON, D.C. 20502~~

MEMORANDUM OF CONVERSATION

DATE OF MEETING: April 3, 1974

SUBJECT: Discussion of AID's "New Legislation" with Mr. Abdul Aziz Farogh

PARTICIPANTS: Abdul Aziz Farogh - Pres., Planning & Economic Analysis Dept.,
Ministry of Planning
Dr. Frank H. Denton - AD/DP
Dr. Raymond W. Hooker - DP

COPIES TO: D, DD, DP, ASIA/NE (2), Emb/ECON (2), C&R (2), Emb/Pol

Dr. Denton started the meeting by indicating a desire to talk about the new AID legislation and the impact it would have on assistance to Afghanistan. Mr. Farogh indicated that he was aware of the general content of the New Legislation and had done quite a bit of thinking about it. He then proceeded on a fairly long monologue about possible development activities in Afghanistan.

He indicated he was aware of the emphasis which AID was now placing on projects which would have direct effect on the common people. He also indicated a number of people in the GOA had a similar interest. He also indicated he is not at all sure how to go about designing such projects. Nonetheless, he appeared to be reasonably enthusiastic toward the idea.

He went on to talk about what had been Provincial Development and which was now called Rural Development, indicating his strong interest in this area. He indicated that an Indian mission had just left town after study of what might be done in rural development. The Indians had been instructed by the GOA to concentrate on those areas of the country not yet benefited and that they should consider comprehensive rural development efforts to include health, education, irrigation, industrial development, etc. He indicated that the Indian team is expected to publish a report in about two weeks. He again expressed his concern about how to get action in this area. After some further discussion of our new priorities, I indicated that I would prepare a short paper outlining the New Legislation.

DRAFTING OFFICER: Dr. Frank H. Denton; H AD/DP:jr

DATE OF PREPARATION: June 2, 1974

UNCLASSIFIED
SECURITY CLASSIFICATION

Mr. Farogh then went on to talk about irrigation and said that it is his desire to see the Government move from large dams to small irrigation systems to serve many people. He also indicated that in terms of immediate payoff the Government would probably receive greater benefits from expanding the irrigation areas than it would from any other possible activity. He indicated that of the estimated 2.4 million hectares of cultivable land only about 1.3 million were currently supported by irrigation systems. He expressed an interest in a survey of existing systems, many of which systems he said were poorly planned, and he was interested in a comprehensive plan for nation-wide irrigation development.

Mr. Farogh commented that development planners in Afghanistan had already learned the capital-intensive dogma from the West and that it is difficult to re-educate many of these planners.

He said that the Government had concentrated its resources in a limited number of rural areas and that the people living in the areas which had not received intensive development support, were very bitter. He cited speeches in the Parliament in which representatives from the areas not having received Government attention stated that if the Government was not going to spend money in their areas, why should they pay taxes? Mr. Farogh indicated that these taxes had been very difficult to collect. He went on to indicate that even in Nangahar, Helmand, Pakhtia, etc., the development assistance had not gone to a small farmer.

Mr. Farogh then indicated his interest in agro-industry development and perhaps more accurately his interest in building industry around agricultural activities. He cited the need for fertilizer plants in several areas of the country to supply the needed inputs, described the Baghlan sugar plant as an example of what he thought was a good idea and suggested that perhaps there should be 4 or 5 other such activities. He also indicated his belief that an integrated cotton textile agro-industrial system would be of great benefit to the country and that a German study in the cotton industry had indicated the possibility for employing 40,000 people. He also indicated his belief that infrastructure development should be built around these agricultural activities and that for example what was needed were feeder roads, small irrigation systems, etc., which would serve the agricultural co-ops. Again, he made a statement which indicated that this idea was supported by at least a relatively small number of people in the Government.

He did indicate that part of the suggestions on the cotton industry had been accepted by the Government but that they were only addressing part of the problem, that it was not possible to convince the Government to look at it comprehensively in terms of production inputs, price support, textile factories, etc.

He then volunteered that if AID had an interest in rural development, as Dr. Denton had indicated, that it might be very valuable for us -- Mr. Brown or the Ambassador -- to approach the Government at this time. He went on to indicate that rural development is now a very timely subject and that U.S. attention to this subject in conversations with high decision-makers could be very valuable. His, Farogh's, interests are in Badakshan, Ghor, and Nimroz. He is interested in decentralization and in particular involving the people more. He also indicated that he had just received a letter from the UNDP offering some support in the area of regional planning.

Mr. Farogh then went on to describe other areas where he felt U.S. assistance would be valuable. The Government feels that the education sector is critical as well as that of health. In both areas there is a strong need to construct buildings in the rural areas. He said that both the Ministries of Education and Health have a budget for building these structures but are having difficulties in getting them built, and that technical assistance in the areas of design and engineering supervision would be very valuable.

He said that Kabul University needs planning machinery to know where it's going, and that perhaps the University should be decentralized or that not all of it should be located in Kabul. He said that if you could help with developing a planning capacity within the University, it would solve many problems. Dr. Denton indicated that he felt there was a possibility for assistance in planning under the current project, and that he would explore this with our education office and call Mr. Farogh back.

Mr. Farogh then went on to the Helmand Valley, almost as if he had just about forgotten something that he had meant to say. He then indicated that although this project had had its difficulties in the past, that it was very important to realize that this project is now paying off for the people in Afghanistan, that it is now contributing to development throughout the nation. "Please don't leave the Helmand Valley." He said "Don't leave the Helmand" several times during his monologue. At the same time he indicated "don't spend lavishly in the Helmand" -- in that there is not now a need for further large capital investment -- but that there are two other strong needs: (1) for a comprehensive long-range plan that would cover Helmand, Kandahar, and maybe Chakhansur areas. (2) The second priority was not clear, but a discussion on rural electrification did ensue in which Mr. Farogh expressed his interest in electrification to support industry and for the people. This is possibly his second priority interest. He then went on to indicate that although the Helmand project had been very expensive and that there had been problems, there had been more than 10,000 people settled in the area, that the area had become a major wheat-producing source and that these were unique contributions in Afghanistan and were very important and that we should not overlook these major gains which had been made. His final comment was that he was concerned that projects were being selected for implementation without consideration of the larger problem and that there was a need to have a comprehensive plan so that one would know how these projects would fit together.

This is a sanitized version of the classified April 3 Memorandum of Conversation prepared April 4, 1974.

44

UNCLASSIFIED

SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT
KABUL, AFGHANISTAN
Washington, D.C. 20503

MEMORANDUM OF CONVERSATION

DATE OF MEETING: April 23, 1974

SUBJECT: Conversation with Mr. Abdul Aziz FAROGH

PARTICIPANTS: Mr. Abdul Aziz Farogh, President of Planning & Economic Analysis
Department, Ministry of Planning
Dr. Frank H. Denton, AD/DP
Mr. Charles W. Johnson, DP

COPIES TO: AMB, D, DD, DP(S), AGR, CDE, EDU, PA, POP, ASIA/NE(2),
ECON (2), C&R (2)

The meeting was the second between Messrs. Denton and Farogh in what is hoped will become a regular series of meetings.

After an exchange of pleasantries, Dr. Denton began by answering Mr. Farogh's question from the previous meeting: would the USAID be prepared to help with the development of a long-range plan for Kabul University? Dr. Denton said that a U.S. input to planning had been a part of the original design for the current project at K. U. for which a contractor had not yet been selected but had been de-emphasized at the request of the Rector. USAID is, however, prepared to discuss and be responsive to such planning assistance as may be requested in addition to the short-term consultants now agreed upon. Mr. Farogh thanked Dr. Denton and said they would make "an official contact" with K. U. He opined that planning for two or three faculties didn't make any sense and that if the U.S. offered assistance it should be for the whole university. Dr. Denton reaffirmed that the USAID would, in principle, be responsive to such a change in the current project agreement.

At Mr. Farogh's invitation Dr. Denton made a brief, summary presentation of the Mission's programming position. First, several projects will be terminating in the next 18 months: the Helmand Valley ends June 30, 1974; Customs, Revenue, Statistics and National Development Training will be ending in the next year or so or scaled down appreciably. The projects in the health and family planning area will continue for some years as will the Curriculum & Textbooks project and Kabul University.

DRAFTING OFFICER: Charles W. Johnson, DP rvt

Cleared by: Dr. Frank H. Denton, AD/DP

DATE OF PREPARATION: April 24, 1974

UNCLASSIFIED

SECURITY CLASSIFICATION

Central Statistics Organization

Mr. Farogh asked what will happen to the Central Statistics Organization (CSO) if we terminate assistance. Planning can't be improved without statistics and the CSO will only start the field work on agricultural statistics by about June, 1975 -- just as we are finishing up. The U.S. was selected as a donor in this field because of its primacy in the area of statistical methodology; thus, if they have to change donors, they will have to change methodologies. Dr. Denton replied "in all frankness" that the project had not been going well (Farogh acknowledged this) and that under our new legislation we had an overriding need to (1) prove an activity relates to the needs of common people and (2) to prove that there have been consequential results.

Mr. Farogh said that fortunately the CSO had been organized around projects, i.e. agricultural statistics, trade statistics, etc. Therefore, with the U.S. emphasis on the rural poor, wouldn't it be possible for us to handle agricultural statistics -- to learn how many people they are and where, what they produce and what they consume, etc.? Dr. Denton replied that there were two alternatives that came to mind: (1) since the U.S. finances upwards of 35% of UNDP, we might encourage them to pick up the project or (2) if we had a large joint rural development or small farmer income activity we might be able to justify some support for agricultural statistics as the means necessary to prove the results we are after. Mr. Farogh (who had previously been employed by CSO) said that the GOA had "played" with the idea of asking their Russian friends for help but they knew that the U.S. was far ahead and they liked a Western model in this area. This was proved, he said, when the Russians asked President Nixon for help with statistical methodology and information systems when he visited Moscow.

Other Continuing Projects

In the area of public health, Mr. Farogh said we had projects and these may be "enough." The Customs and Revenue projects had gone on a long time and hadn't done very well. One explanation, he said, was that these areas are "very political" and not particularly suitable for foreign assistance. On "curriculum and science" (presumably he meant curriculum and textbooks) our assistance is welcome if it is directed toward primary education -- which is a high priority for the GOA.

Rural Development

Mr. Farogh asked what we had heard since his last meeting with Dr. Denton on rural development and whether we had taken any initiative as he had suggested. Dr. Denton briefly explained that Mr. Brown and Ambassador Elliot had met with Engineer Sediq in the Rural Development Department and they had been impressed with RDD's ability to collect information on projects and their ability to analyse requirements and come up with

construction designs. He further explained that Mr. Brown and the Ambassador had met with Deputy Prime Minister Sharg, at which meeting they expressed the U.S. interest in helping with a large-scale GOA rural development activity. Mr. Farogh said that the GOA was waiting for the Indian Government's report which might be coming in two weeks' time. The Indians have plenty of trained manpower and so they could easily provide "six or seven" advisors, but U.S. advisors would also be needed. But much more than technical assistance is required. The GOA needs financial help to start in two or three regions. The priorities will be to improve the indigenous irrigation networks, since this is at the heart of agricultural productivity, and to begin work on rural electrification which would have a great impact on the integration of agricultural production and agro-industrial processing (comment: the drafting officer does not believe that Mr. Farogh meant to imply that rural electrification would be a part of rural development, though this is a possibility).

Mr. Farogh said that since USAID wished to place the greatest emphasis on agriculture and rural development that the GOA wouldn't "lose anything" with the phaseout of projects previously discussed. Dr. Denton agreed by saying that (to illustrate the USAID's problem) we might be able to obtain AID/W approval for as much as \$1 million in grant-financed projects and as much as \$4 million in loan-financed projects in the rural development area for FY 1975 if we could jointly develop good programs which were aimed to benefit people immediately. Some of this financing, both grant and loan, could probably be made available for local currency needs. He summarized these thoughts by saying that the U.S. wished to support the GOA's plans particularly in the agricultural/rural development area with action schemes. This is both a great opportunity and a problem (i.e. developing good projects).

Mr. Farogh agreed with Dr. Denton that what is needed are action programs to help the poor people of Afghanistan. He asked, indirectly, whether we would have trouble working with other donors. Dr. Denton assured him that we would do everything possible to cooperate with the Indian Government and the UNDP for example. Mr. Farogh said that rural development requires a package of assistance which is concentrated on a certain area and for this reason the GOA probably wouldn't ask UNDP to participate because they are too slow and have a tendency to scatter their resources.

Mr. Farogh asked if we would be interested in helping with agricultural extension. Dr. Denton replied that we would if it related to getting a package of services to people as in a rural development program. Mr. Farogh said again that concentration by area and a package of activities is important.

Dr. Denton explained that we had already justified a rural development project to our Washington headquarters to start this fiscal year. He wondered, in light of the GOA priority in this area, if we should consider undertaking a small-scale effort that was very

action-oriented with U.S. participation of about \$50,000 -- perhaps on a fixed-cost reimbursement basis. Dr. Denton said that such reimbursement, upon the completion of small construction activities, could be used by the GOA for its needs, perhaps imported equipment and the like. Mr. Farogh said the GOA has three needs: (1) to identify the geographic areas where they will start first; (2) to undertake long-range planning; and (3) immediate action. He stressed point 3 by saying that the GOA was committed to helping the people and therefore they had to avoid long planning gestation periods and show immediate results (while doing the long-range planning). In this context, he was very interested in Dr. Denton's comment that some money might be available from USAID to finance some activities in the next two months. He stated his intention to talk to Deputy Minister Khurram and Engineer Sediq about this prospect. He observed that this would be a good way to initiate a cooperative effort and that he hoped the Government would send USAID a formal letter within a week.

Rural Electrification

Mr. Farogh stated that Kajakai would have 33 megawatt capacity but that demand won't catch up in the area for another "ten years." The GOA hasn't given much thought to planning a distribution network. But the Government is very interested in rural electrification as evidenced by its plans to do something in Bamiyan next year. Would the U.S. consider financing a distribution system in the Helmand Valley to get power to rural people and the urban areas (and "not to official buildings")? Dr. Denton said that he believed a rural electrification scheme organized around cooperatives could be justified for both urban and rural areas, if the emphasis were on rural. He said that the Mission had just received a letter from the National Rural Electric Cooperative Association which inquired of our interest in doing a preliminary reconnaissance study in the near future. The association has had wide and long experience working in developing countries with AID and has been quite successful in developing rural electric coops. If rural electric coops are of interest to the GOA, we could perhaps consider financing a short pre-feasibility survey in FY 1975. Mr. Farogh said that indeed, the GOA is very interested. He said he would talk with Deputy Minister Khurram within two days and get the idea into "official channels to the Head of State" very soon. He then promised to give the USAID some feedback on these discussions within a week, if at all possible. He stated, again, his belief in action programs designed to help the people and that in the case of rural electrification it was a necessary link between agricultural production and processing.

Conclusion

Mr. Farogh said that he had read an interesting report on building a fertilizer plant based on Kajakai power. Dr. Denton said that if his memory served him well, the process which was described was hydrolysis and this is one process with which the U.S. has had virtually no experience. He said that perhaps the UNDP could be contacted on this matter. Also, he remembered that Norway may have the foremost expertise in this area.

48

Mr. Farogh summarized the meeting by saying that the main area of U.S. interest would be in rural development and rural electrification. He stated his view, with some force, that the new legislation was a good thing for Afghanistan; a focus on the poor in rural areas is critical. Dr. Denton replied that this is true, that we are very interested in rural development but that we also had an interest in Basic Health Center construction and school construction. (Mr. Farogh had inquired about these subjects in a previous meeting because they too are aimed at rural areas.) But perhaps these subjects should be taken up at our next meeting, which he hoped could be in a week or so. Mr. Farogh nodded his agreement that these areas should be discussed and then stated that health center and school construction might be folded into a rural development project. If they were not folded in, he said, there would be problems of coordination among central Ministries and the result would be a continuing "scattering" of donor resources.

The meeting closed on a very cordial note and with a strong, implied promise that he would be able to report on some government reactions to the discussion in a week or so.

Note: Mr. Farogh presented us with a copy of "The Annual Social and Economic Development Plan for 1353," in Dari, which he said had been approved by the head of state on April 22, 1974. The sections of the plan dealing with irrigation rehabilitation, rural development, electrification and health center construction will be translated by USAID as a first priority.

AGENCY FOR INTERNATIONAL DEVELOPMENT
Kabul, Afghanistan
WASHINGTON, D.C. 20521K

MEMORANDUM OF CONVERSATION

DATE OF MEETING: May 6, 1974

SUBJECT: Conversation with Mr. Abdul Aziz Farogh

PARTICIPANTS: Mr. Abdul Aziz Farogh - President of Planning & Economic
Analysis Department, Ministry of Planning
Dr. Frank H. Denton - AD/DP
Mr. Arthur Reich - D-AD/DP

COPIES TO: Mr. Charles W. Johnson

AMB, D, DD, DP (3), AGR, CDE, EDU, PA, POP,
ASIA/NE (2), ECON (2), C&R (2)

This was the third meeting of a series. Mr. Farogh invited Dr. Denton to lead off.

Dr. Denton said that based on the two previous discussions, as well as discussions between Messrs. Khurram, Brown, and Sligh, USAID had developed a rough table which listed the projects the GOA appeared to be interested in, tentative funding years and the estimated magnitudes of funding. This is part of the process of preparing our FY 76 budget submission. Mr. Farogh scrutinized this table and the following discussion ensued.

Helmand Valley

At Mr. Farogh's request, Dr. Denton covered the background to the oral HAV requests for a small drainage project and a marketing study. Mr. Farogh said that HAV should have an overall plan and should initiate discussions within the GOA because the Ministry of Planning, for one, didn't know about these ideas. Dr. Denton took this opportunity to explain that Phase I of the Assessment was near completion and that we would provide Mr. Farogh a copy as soon as possible.

Rural Development and Rural Electrification

These proposals had been put on the USAID's list at Mr. Farogh's original suggestion. He commented that he didn't know if Mr. Khurram had obtained the Government's approval to proceed with a request to USAID yet.

DRAFTING OFFICER: Charles W. Johnson, DP:vtjr

Clearance: A-AD/DP:AReich

DATE OF PREPARATION: June 2, 1974

Education

Mr. Farogh offered that our tentative programming for Curriculum and Textbooks was fine and that he had written to Kabul University about our standing offer to provide assistance for the development of a university plan but that he hadn't received a reply.

Statistics

Mr. Farogh said that he fully realized that our new legislation and proposed new development strategy for Afghanistan wouldn't accommodate this project very comfortably but that we should be "flexible." Developing statistical information systems is essential for the GOA and if we terminate the financing in FY 75 (as shown by the table), "Someone will be blamed, I don't know who." Mr. Farogh asserted: "You definitely need agricultural statistics to support your strategy in the rural areas."

Dr. Denton said that the Mission had already talked with the Canadian Ambassador (resident in Islamabad) about the project and how difficult it is for the U.S. to do it now. The Ambassador had expressed some interest. Dr. Denton thought that Canadian assistance should be compatible with the current work because our systems at home are very similar. Alternatively, USAID might consider an agricultural statistics component within Rural Development.

Mr. Farogh acknowledged that it would be possible for another donor to assume this project but he thought the transition would be long and difficult, and definitely did not favor a transition. He suggested that our decision be communicated to the highest levels of the GOA and to the CSO as soon as possible.

Nutrition

Dr. Denton explained that the nutrition line item on the summary table would allow for experimentation in weaning foods and fortifying tea with Vitamin A. Successful experimentation would be the basis for a program to reduce the high rate of infant mortality.

Mr. Farogh said he was very well acquainted with the development literature dealing with nutritional problems and he agreed this should be a priority area for the GOA. But he was concerned that such experimentation have a strong institutional "setting or context" otherwise the experiments would take place in a "vacuum" and the resources would be wasted, as they had been many times in the past. He wondered out loud if such a program could eventually be built into a rural development program.

Mr. Farogh said there were essentially two approaches to nutrition: (1) import more food or (2) better utilize the foods that are available. In his judgment Afghanistan could only afford option 2.

The Overview

Mr. Farogh glanced down the table and said: "This is all very interesting, but is the total enough from the point of view of the donor" Would such a program make a difference in the development of Afghanistan?" Dr. Denton said that the Mission was concerned that there is probably more money available than there are good projects to finance. Thus the totals on the table could probably go higher if the GOA proposed other projects which fit our mutual strategy.

Mr. Farogh said that he was satisfied that we had included everything in our table that had been discussed before except minor irrigation works. He said that much more land could be brought into production if indigenous systems were rehabilitated or expanded and water control measures were adopted. In response to Mr. Reich's question about the Ministry of Agriculture and Irrigation's plans, Mr. Farogh said that the MAI needs to strike a balance between large and small irrigation projects (per the ADB recommendation) but MAI was not thinking about the small projects. He said he and Mr. Mohammedi agreed on this point. Mr. Farogh said that although minor irrigation could be folded into the Rural Development program and this would be in the line with the U.S. strategy he felt that consideration should be given to supporting the Department of Irrigation. Dr. Denton commented that the Mission had thought of small irrigation projects as being a natural part of rural development but that the USAID would also be pleased to explore it as a discrete MAI project, if that was the GOA's wish. Mr. Farogh said again this is high priority because if a government doesn't pay attention to food self-sufficiency it will remain politically and economically vulnerable.

Rural Electrification

Returning to rural electrification Mr. Farogh asked if our interest was more general than just establishing systems in the Helmand Valley. He said that the GOA is interested in establishing some small schemes in the rural areas in the vicinity of Kabul. Dr. Denton said that other areas besides the Helmand could be covered in a pre-feasibility survey.

Rural Income and Employment

Mr. Farogh returned to an item on the table which aimed to increase rural incomes and to have a substantial employment impact through the introduction of integrated production - processing - marketing systems for small farmers and tenants. He thought the idea was "quite fascinating" and would be of considerable interest to the GOA because of its interest in improving the quality of rural life and reducing the rate at which people migrate to Kabul. He commented on USAID's responsiveness to the GOA's suggestions for Program assistance.

Joint Program Development

Dr. Denton said he was pleased that there seemed to be considerable agreement on new projects. He asked Mr. Farogh for his advice on how to proceed.

Other Matters

1. Dr. Denton said that USAID had AID/W's approval to proceed with additional technical assistance for the Kandahar diesels but there would be conditions which ABM would have to meet.
2. Dr. Denton said the Mission had preliminary approval for the Kajakai Transmission loan and we had given Mr. Gran a copy of a draft loan agreement. The Mission is ready to negotiate at ABM's earliest convenience.
3. Dr. Denton advised that Dr. Saxon Graham, SUNY's principal investigator, would visit Kabul in the near future and that he should probably see Mr. Khurram. Mr. Farogh agreed that he certainly should.
4. Dr. Denton said that we had approval to obligate up to \$50,000 for a small Rural Development activity in FY 1974, that is between now and June 30, 1974. Mr. Farogh noted this and said such an agreement would be a good way to begin.

This is a sanitized version of the classified May 6 Memorandum of Conversation prepared May 7, 1974.

UNCLASSIFIED

SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT
Kabul - Afghanistan
~~Washington, D.C. 20547~~

MEMORANDUM OF CONVERSATION

DATE OF MEETING: May 21, 1974

SUBJECT: Conversation with Mr. Abdul Aziz FAROGH

PARTICIPANTS: Mr. Abdul Aziz Farogh, Pres. of Planning & Economic Analysis
Department, Ministry of Planning
Dr. Frank H. Denton, AD/DP
Mr. Arthur Reich, DP

COPIES TO: AMB, D, DD, DP(5), RDA, AGR, ASIA/NE (2)
ECON (2), C&R (2)

This meeting was a continuation of the discussions about areas of GOA interest in which USAID assistance might be desired. Mr. Farogh expressed his view that as a result of numerous conversations over the past 2-3 months, there was a strong consensus between Ministry of Planning and USAID on areas of priority interest. He said he would like to review these one by one to determine appropriate next steps:

1. Planning Assistance for KU: Mr. Farogh indicated he had sent a letter to KU after AID, in response to his query, had expressed willingness to help in planning assistance to KU under currently planned contract. He said he was still waiting for KU's response.
2. In terms of priority assistance, Rural Development is still a leading area. He indicated that the Government is now finalizing a constitution (charter) for the Rural Development Department. He expected the charter to be finalized shortly, and that there would be a reorganization of the RDD as soon as the charter was completed. He indicated that the Government was pleased with AID's FY 74 offer of assistance of \$50,000 and willingness to explore longer-range, more substantial assistance.
3. In the area of Agro Industry or rural employment opportunities, he indicated this was a strong interest of the Ministry of Planning but that GOA organizational considerations still had to be addressed. His belief is that this area probably also should fall within the responsibility of the RDD but that it would be several months before they would be in a position to address it very seriously.

DRAFTING OFFICER: Dr. Frank H. Denton:AD/DP:yt

DATE OF PREPARATION: May 26, 1974

UNCLASSIFIED
SECURITY CLASSIFICATION

4. On Nutrition, Mr. Farogh indicated that the Government is still unsure of the direction it should take but that he felt that the pilot activities we had discussed were very sensible. He requested that we talk with Dr. Mukemel of the Ministry of Health and that he, Farogh, would also call Dr. Mukemel.

5. On Minor Irrigation System Improvement: Mr. Farogh indicated his pleasure at our willingness to explore possible assistance in this area. He indicated this was a government priority but hinted that Ministry of Planning found it difficult to coordinate with Ministry of Agriculture. When Dr. Denton inquired of the appropriateness of USAID talking with Ministry of Agriculture in the Department of Irrigation, Mr. Farogh encouraged USAID to do so. He also indicated he would call Mr. Juma Mohd. Mohammedi of the Department of Irrigation.

6. On the HAVA Assessment Activity and the Possible Assistance in Drainage System Improvement: Mr. Farogh indicated that he expected to see President Keshawarz within the week and would explore Keshawarz' attitudes on the subject.

7. On Non-Formal Education. It was indicated that the Government as a whole and the Ministry of Education are very interested in this area. The problem is they do not have a specific plan of action. He encouraged USAID to provide assistance to the Ministry of Education in research and exploratory efforts, again indicating that the Ministry of Planning would follow up and make contact with Education.

Mr. Farogh indicated that Planning Ministry is very pleased with the dialogue which has taken place with USAID and that they believed USAID assistance in the areas discussed would be very valuable to the GOA. He went on to indicate that the Ministry of Planning's power was not unlimited and that further discussions would undoubtedly be necessary in some of the areas but that he was generally hopeful.

Mr. Farogh then went on to bring up a number of points:

A. Would it be possible for AID to assist HACU or the Kabul construction units in their task of building health centers and primary schools. USAID response was assistance to these organizations would not be possible as projects unto themselves, but that if HACU or KCU were involved in the implementation of -- for example -- a Family Planning program in which health center construction was viewed as a necessary step, then some form of assistance might be possible.

B. Mr. Farogh inquired as to our willingness to consider assistance to the construction of two buildings at KU -- a new building for the Faculty of Medicine and a girls' dormitory. We promised to explore these ideas but generally discouraged Mr. Farogh as to the possibility of support.

C. Mr. Farogh also requested a record of USAID assistance to Afghanistan over the past 20 years and a list of all participant trainees sent under AID auspices. (USAID's Participant Directory will satisfy this request.)

SS

UNCLASSIFIED

SECURITY CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT
Kabul - Afghanistan
Washington, D.C. 20523

MEMORANDUM OF CONVERSATION

DATE OF MEETING: May 25, 1974

SUBJECT: Conversation with Mr. Abdul Aziz FAROGH

PARTICIPANTS: Mr. Abdul Aziz Farogh, Pres. of Planning & Economic Analysis
Department, Ministry of Planning

Mr. Mohammad Nabi Salehi, Pres., Technical Economic Co-
operation Dept., Ministry of Planning

COPIES TO: Mr. Vincent W. Brown - AID Director Dr. F.H. Denton - AD/DP

AMB, D, DD, DP (5), RDA, AGR, ASIA/NE (2),
ECON (2), C&R (2)

Rural Development

Mr. Brown asked Mr. Farogh if he could elaborate on the GOA's plans on Rural Development and indicate current status. Mr. Farogh indicated that a final constitution (charter) had been drafted and was now being printed and that he expected it to go to the Cabinet very soon. He indicated that this constitution -- which would outline the functions of the RDD -- would have the effect of law. Under the constitution the RDD would be guided by a policy council at the Ministerial level with a technical committee composed of relevant presidents. The RDD would provide the executive secretary for both these committees. At the local level there would be a Rural Development Council, at the provincial level chaired by the Governor with the Governor for these projects reporting to the RDD rather than the Ministry of the Interior. Councils would also be formed at the woloowali and village levels, with the latter composed of the leading citizens from the village.

Mr. Farogh indicated that the intent was to take about two provinces with exceptionally good governors as pilot areas for a year or two and that they wanted an "action-oriented" program. He indicated there was an obvious need for outside resources in order to make it possible for the plans to be implemented. He again expressed his appreciation to the U.S. offer of \$50,000 in FY 74. Beyond this he expressed his belief that there would be a need for technical assistance and for equipment but that plans would have to develop further before they could be certain of their needs. He also indicated that there would be a need for assistance in construction costs.

DRAFTING OFFICER: Dr. Frank H. Denton, AD/DP:vt

DATE OF PREPARATION: May 26, 1974

UNCLASSIFIED

SECURITY CLASSIFICATION

Technician Costs

In this context the GOA's concern with the cost of technicians from the developed countries was expressed. Mr. Salehi indicated that in some German and Russian projects, more than 50% of the assistance had gone for technician salaries. It was indicated that the GOA would like to keep technician cost down to perhaps 10 - 15% as a desired target. In this light, they discussed the use of lower-cost technicians from countries other than the most-developed.

Equipment Maintenance

Mr. Brown indicated that any assistance for equipment would have to be predicated on a system which could maintain it. In response, Mr. Farogh indicated that they were aware of maintenance difficulties which had existed and that the Ministry of Planning was working on a new system which, in time, should improve the GOA's maintenance capabilities. The first step in this system apparently is to get an inventory of equipment and spare parts available in-country.

ABM Management

Mr. Brown also indicated our concern about ABM's management capacity, particularly in light of the GOA's strong interest in USAID assistance in electrical distribution systems. Mr. Farogh indicated that both German and Canadian teams would be assisting ABM in improving its management capabilities.

GOA Improvement in Development Planning and Implementation

Mr. Farogh then went into a number of actions which are being taken to improve GOA planning and implementation:

A. The GOA has received about \$20 million per year in technical assistance but has benefited relatively little from this. Hundreds of persons have been trained but they are not well used. In line with this, Mr. Farogh indicated that the Ministry of Planning is trying to get the technical ministries to stop looking on grant technical assistance as a "free" commodity but rather to look on it as foregone opportunities.

B. The GOA is attempting to institute reporting and evaluation systems for development projects and to establish joint annual reviews, project by project, with each of the foreign donors.

C. The Ministry of Planning has been attempting to help each of the technical ministries in developing improved project design capacity (a paper was given to USAID on this subject).

Area of USAID Assistance

Mr. Farogh indicated that he felt there were three areas in which GOA plans were firm enough or very shortly would be, to permit immediate consideration of USAID assistance and that in each of these areas the government had decided that U.S. assistance would be welcome. These areas are: Rural Development, Health and Family Planning Services, and Rural or Regional Electrification.

Expanding on Health and Family Planning, Mr. Farogh indicated that the official policy of the government recognizes the need for Family Planning Services -- that the Ministry of Health is moving ahead with its basic health centers with the intent of providing Health and Family Planning Services for all of the people of the nation and that U.S. assistance is very welcome in this high-priority area.

Non Formal Education

Mr. Farogh indicated that he understood the Ministry of Education is working on a special request to AID in the area of non-formal education. He further indicated that the GOA now has a policy of giving highest priority to primary and non-formal education.

USAID Consultant Assistance

Mr. Brown indicated that under centrally funded contracts it was possible for AID to provide certain short-term specialized consultants on fairly short notice if requested by the GOA. Mr. Farogh indicated his appreciation of this information and said he would keep it in mind.

Miscellaneous

At the end of the conversation, Mr. Farogh again reiterated his interest in agricultural statistics.