Volume V

New Ideas

Volume V

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(A)

Project Criteria

Project Title _____

Date Prepared _____

Criteria and evaluation, if possible, as follows: high = 3, medium = 2, low = 1. Explanatory comments are welcomed in the column to the right.

Criteria	Value	Remarks
1. Feasibility and realism of project design and implementation plan		
2. Host support		
a. Present		
b. Potential		
3. Benefit/Cost		
4. Project link to target population (direct - indirect)		
5. Number of people to benefit		
6. Observable, provable results		
7. Self-sustaining benefits (after project terminates)		
8. U.S. leverage (sequential U.S. inputs and relative share of U.S. contribution)		

~~A-2~~ A-2

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Tentative List of
Criteria of a Good Project

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

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

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

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

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

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6. Progress Reporting System -- An objective, workable progress reporting system must be integral to the project. Such a system requires that USAID have nearly complete access to GOA data, and mutually agreed freedom to do field research and evaluation.

7. Self Sustaining Benefits -- The benefits directed to, and received by the target group(s), will continue beyond the end of the project.

8. Sequential Programming of Inputs -- USAID inputs are made ad seriatim, after GOA performance has been demonstrated, to the maximum extent feasible.

9. 25% minimum GOA Input Toward Total Costs -- GOA must carry a reasonable share of the project costs (cash and in-kind). The new legislation requires a 25% minimum. In cases such as HAVA, wherein the GOA has budgeted at a constant level over a period of years, it may be necessary to secure an increased GOA contribution over the habitual level as evidence of the Government's intent to achieve agreed project purposes.

10. 30% minimum USAID Input Toward Total Costs -- The US inputs (all kinds, grant loan, etc.) must be sufficient to: a) show the GOA that USAID inputs are important to project success; b) make a "joint project" image plausible; and c) give the USAID whatever leverage may be needed. US inputs must be meaningful to the GOA (i.e., 60,000 for an advisor may not be as meaningful as $ 60,000 in equipment).

11. Multi Donor Projects are, in Principle, Highly Attractive -- Two or more donors working in separate but contingucus geographic areas may be desirable. Two or more donors working in functional areas which are interdependent (i.e., research and extension) may not be desirable.

12. All Resources available (Grant, Loan, PL 480, etc.) should be used as needed or desirable -- Financial requirements are calculated on the bases of demonstrable need; the source and kind of funding (i.e. grant, loan, etc.) do not determine the parameters of the project which may be developed.

13 All Assumptions Must be Made Explicit -- Assumptions are defined as actions or conditions which are external to a project but necessary to its success.

14. Fixed Cost Reimbursement -- If a project contains a construction element, the US input will be accomplished by the fixed cost reimbursement method whenever feasible.

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

DP: 4/22/74

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[illegible]

[illegible]

A. [illegible] — Points — [illegible] — [illegible]

1. F[illegible] [illegible]ation ___ 6
2. Pop. [illegible] & [illegible]
   [illegible] ___ 1
   [illegible] ___ 5
3. [illegible]
   [illegible] ___ 1
   [illegible] ___ 3
   [illegible] ___ 4
   Higher Educ ___ 2
   [illegible] ___ 1

B. Other FAA Provisions
1. Cooperatives [illegible] ___ 3
2. Aimed at Women ___ 4
3. Vol Ag. Non profit Inst. ___ 5

C. Definition Project Target
1. Economic Class:
   a. Poor: lowest 20% ___ 1
   b. Poor: middle 50% ___ 2
   c. Poor: upper 15% ___ 3
   d. Middle: 10% ___ 1
   e. Upper: 5% ___ 0
2. Number Benefitted:
   a. 100,000 + ___ 5
   b. 50 - 99,999 ___ 5
   c. 20 - 49,999 ___ 3
   d. 10 - 19,999 ___ 2
   e. less than 10,000 ___ 1

D. Project Criteria (high-3, medium-2, low-1)
1. Simplicity/Realism
2. GOA Support
   present
   potential
3. Benefit/Cost
4. Project Link to Target
   (direct - indirect)
5. Observable/measurable results
6. Self-sustaining benefits
7. U.S. leverage (potential inputs and value - share U.S. input)

E. Total

F. Other Factors
1. [illegible]
   [illegible]
   [illegible]
   [illegible]
   [illegible]
   [illegible]
4. [illegible]
   [illegible]
5. [illegible]
6. [illegible]
7. [illegible]
8. [illegible] geographic area
9. Other [illegible]

DP, 4 22, 74

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INTER-OFFICE MEMORANDUM

March 28, 1974

TO : See Distribution

FROM : Vincent W. Brown, Director

SUBJECT: Pre-Project Development Task Forces

We are all working on a tight deadline to explore and formulate new ideas for our annual program submission (FY 1976) in June. As you know, we will be reviewing all of our ongoing projects during March and April and will also be conducting a Mission Seminar on the New Legislation on March 26 and 27.

These activities are necessary steps in assessing where we are and wish to go. However, they are not the answer to new project development. We must begin exploration now of what the desirabilities and possibilities for specific new project areas are if we are to be ready to submit them with our 1976 program. The Director's Office, Director's Advisory Council and Development Planning have explored ideas with the various technical offices and several project areas appear to have enough promise to warrant more intensive and detailed discussions.

In order to accelerate this process, the following task forces are formed to address the job of exploring specific project ideas to:

1. determine if a project is feasible and desirable

2. determine the preliminary parameters of a project if feasible and desirable

3. prepare a summary description by early May

The task forces are assigned project areas on a loose or tentative basis as derived from the above-mentioned conversations. The assignments are meant to provide initial guidelines consistent with the new look. They may be modified by ideas of the task forces or ideas coming from the March 26 and 27 Seminar. Task forces should prepare alternate or additional project ideas if they wish.

Task Force I - Small Farmer Income

Category 103 of the legislation focuses on improving the income, productivity and quality of life of the rural mass. The potential exists that by manipulating the crop production system, it is possible to improve income and/or productivity. Improvements can be made in:

a. Marketing systems
b. Feeder roads
c. Irrigation and drainage
d. Production credit
e. Rural electrification, etc.

Task Force I should explore the possibilities for USAID assistance in system improvement which will produce tangible benefits to significant numbers of farmers.

Members are: John Wilson, Ray Hooker, Don Reilly and ~~Terry Brown~~ Jim Wedberg, Lou Mitchell (as presence in Kabul permits)

Task Force II - Basic Health Centers

This project has already been formulated on preliminary grounds. The job of the Task Force is to continue to attempt to more firmly specify the project parameters by June.

Members: Grace Langley, Steve Thomas, Dick Scott, Terry O'Connor.
Consultant: Don Reilly.

Task Force III - Functional Education

The Congressional mandate is for education for the mass. It is not clear at this time what educational system reaching more people would be most beneficial for Afghanistan. Questions arise such as:

a. What can Afghanistan afford per capita for education?
b. How many people can be reached?
c. What should farmers know?

Members: Tony Lanza, Bill Wanamaker, Ernie Barbour, Bob Landry.
Consultants: Dick Scott, Ray Hooker.

Task Force IV - Agro-Industry

This Task Force will have the job of exploring possible ways of increasing the rate of employment creation through spawning Agro-Industries. Activities should be considered which benefit the small farmer, such as food processing, small farm implements manufacture, etc., the primary issues always being improved income distribution and number of beneficiaries.

Members: Cal Martin, ~~Case Zondag~~, George Thomas, Bob Manly.
~~Reed~~ Hooker

The Director will chair a meeting to be held in the Director's Conference Room at 0830 Monday morning (March 25) for all Task Force members.

Distribution:

F. H. Sligh	DD
John Wilson	AGR
R. W. Hooker	DP
Jerry L. Rann	AGR
Donald Reilly	CDE
Louis Mitchell	RDA
Grace Langley	POP
Dr. S. Thomas	POP
Richard B. Scott	DP
Terrence O'Connor	MSH
Dr. A. R. Lanza	EDU
W. Wanamaker	PERS
Ernest Barbour	PA
Robert Landry	TO
C. Zondag	PE
Calvin Martin	AGR
George Thomas	PE
Robert Manly	Checchi
Fred W. Miller	A-AD/M
T.J. McMahon	CO
Dr. F.H. Denton	AD/DP

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SC (C)

DONOR PROJECTS THAT MAY SUPPLEMENT OR BE COMPLEMENTARY TO USAID PROJECTS

I. FOOD AND NUTRITION

IBRD/UNDP -- Agricultural Development Bank

- fertilizer credit to farmers
- perhaps other credit to Valley farmers

UPDP/FAO/
UNESCO/SIDA -- PACCA

- may attempt to establish coops in the Helmand Valley

ADB -- Kajakai Flood Gates*

- will enhance ability to double crop

USSR -- Fertilizer Plant, Mazar

II. POPULATION PLANNING AND HEALTH

UNDP/WHO -- Tuberculosis Advisory Services*

- expert services, fellowships, equipment, medical supplies for control of tuberculosis throughout country

UNDP/WHO -- Nursing Advisory Services

- expert services, fellowships, equipment
- to assist in developing legislation for unification of nursing programs and institution of national program for nursing education and services, nurse training programs in Kabul and Jalalabad, auxiliary nurse midwives training in Kabul for nursing in Basic Health Centers

UNDP/WHO -- Maternal and Child Health Services (MCH)

- expert services, fellowships and equipment
- assist Ministry of Publich Health in establishing MCH

services as integral part of Basic Health services; in improving the delivery of promotional preventive, curative MCH services, including family planning services

UNICEF -- Health Services

- equipment, supplies, motor transport, cash grants to MPH
- to assist in developing health services and program; assistance for:
  - establishing 180 health centers
  - developing safe water supplies
  - developing a Transport Equipment Maintenance Organization in Kabul
  - purchasing BCG vaccine and vaccination equipment
  - providing cash assistance for traning of health personnel

UNICEF -- Malaria Eradication

WHO -- Smallpox Eradication

WHO -- Environmental Health & Sanitation

- assist in developing national environmental health programs and national program of community water supply and waste disposal.

WHO -- Nursing Administration and Education

- services, fellowships, equipment, supplies

WHO -- Development of Basic Health Services

- services, fellowships, equipment, supplies
- assist in establishing basic health services throughout country into which Malaria Eradication Program will be integrated as will MCH/family health, tuberculosis and smallpox eradication services.

WHO -- Medical Education

- assist Nangarhar and Kabul faculties to develop Medical Science program

WHO -- Vital & Health Statistics Advisory Services

WFP -- Food Assistance to Health Centers, Polyclinics & Kindergartens

WHO/UNFPA -- Integration of Family Planning Activities into Health Services

WHO/UNFPA -- Maternity-Centered Family Planing Program

USSR -- Malaria Control

- north of the Hindu Kush

USSR -- Physicians

- approximately 10 physicians assigned to various Afghan centers, etc.

France-- Medical Mission

- 3 doctors, 16 nurses, Nadir Shah Univ. Hospital, Kabul

France-- Maternal (School of Nurses)

- services of 2 nurses and 1 French teacher in 1972
- assist in developing program, staff, teaching nurses and medical technicians in secondary level training school, Kabul

PRC -- Kandahar Hospital

- 250-bed, grant, technical assistance after start up

India -- Institute of Child Health, Kabul

- services, equipment, supplies, training
- to provide curative & preventative services (both resident and outpatient) for children up to age 14
- expect staff of 40, medical and paramedical

Japan — Wazir Akabar Khan Hospital, Kabul

- advisory services and demonstrational equipment to assist in development of an orthopedic surgery unit at the hospital

IAM — Health Services

- services, equipment, buildings, training, supplies
- NOOR Ophthalmic Hospital Centers, Kabul & Herat
- Eye Clinic Camps in provinces
- Trachoma control (with WHO, UNICEF, MAP)
- supporting assistance
- MAP

UNDP/UNFPA — UNFPA Coordinator

- support family Health Division, MPH
- assistance to Family Health Broadcasting to supplement assistance in ongoing UNDP/UNESCO Educational Broadcasting project
- incorporate a family health component in ongoing literacy project in PACCA project

- equipment for developing training facilities for health workers including auxiliary/nurse midwives

UNDP/UNFPA/WHO — Survey on Foetal, Infant and Early Childhood Mortality Fertility Patterns

- UNFPA fund to finance additional activities under WHO regular project to conduct Infant and Early Childhood Mortality survey.

IPPF — AFGA

- annual financial assistance to AFGA

ASIA FOUNDATION — Development

- financial assistance to encourage local institutions and Ministry of Publich Health to undertake exploratory programs in population through seminars, media programming, curriculum development, etc.

III. EDUCATION AND HUMAN RESOURCE DEVELOPMENT

UNDP/UNESCO -- Integrated Educational Development*

- expert services, fellowships, group training, equipment
- assist Ministry of Education in strengthening education system -- planning, broadcasting, science teaching.

UNICEF -- Primary Teacher Training Program

- services, equipment, supplies, equipment for recording studios, radios for schools
- assistance to 8 Teacher Training Colleges

IBRD/UNESCO UNESCO Project Identification Mission

- consultant team to assist GOA in identifying development projects in field of education with view towards possible IBRD/IDA financing.

USSR -- Polytechnic

- services, materials
- grades 13 and up

FRG -- Nejat School (secondary, grades 7-12)

- teaching services, training, supplies
- help develop faculty, curriculum & program
- 1800 student enrollment

FRG -- Faculty of Economics, KU

- services, equipment, supplies, fellowships
- assist in development of program, staff, facilities of Economics Faculty
- project extended to June 1974

FRG Faculty of Science, KU

- services, equipment, supplies, fellowships
- assist in development of program, staff, facilities
- project extended to June 1974

France -- Lycee Esteqlal (boys' high school, Kabul, grades 7-12)

- services of teachers (44 in 1972)
- assist in developing curriculum, teachers, materials, Afghan staff
- enrollment 2500

France -- Lycee Malalai (girls' high school, Kabul)

- services of teachers (8 in 1972)
- assist in developing curriculum, training of staff, teaching
- enrollment 1000

India -- Expert Services

- secondary school teachers at KU
- assist ME with educational program

FRG -- DED

- services of 19 volunteer teachers, social workers and skilled professionals
- assist Ministry of Education with development of school programs and teaching services in Kabul and provinces

ASIA FOUNDATION — Education and Human Resources

- assist administration and faculties of KU, Nangarhar Univ, Ministries of Education, Public Health, Information and Culture, [illegible] schools with purchase of equipment, supplies, material, fellowships, teachers' salaries, publications, travel assistance, upgrading curricula

ASIA FOUNDATION — Law and Public Administration

- encourage revision and upgrading of curricula at KU; support publication of statutes and provide books and journals to Ministry of Justice assist judicial reform, provide funds for research to IDBA on commercial law, training in U.S. and books.

ASIA

Miscellaneous

- assistance in:
  - provincial programming
- agricultural experimentation program and publications
- livestock improvement
- book distribution to selected public, secondary and higher schools, private institutions, university and faculty libraries, etc.
- librarian training program
- literacy programs

* Agreement not yet reached on project

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TASK FORCE PROPOSALS

I. Small Farmer Income - Mr. Wilson, chairperson

- 1. National Wheat Management Program
- 2. Drainage and Water Management
- 3. Agricultural Credit
- 4. Seed Farm
- 5. Land Settlement No
- 6. Remote Sensing
- 7. Cooperative Marketing Assoc. Program ? MISSING
- 8. Extension Radio
- 9. Package Crop Production Program
- 10. Increasing the Earnings of Bazgars ✓
- 11. Feeder Roads
- 12. Small Farmers' Association ✓

II. Population and Health - Miss Langley, chairperson

- ✓ 1. Utilization of Pharmacies
- ✓ 2. BHC Living Quarters Construction
- ✓ 3. Health Manpower Study

III. Education - Dr. Lanza and Mr. Barbour, co-chairpersons

- ✓ 1. Nonformal rural education
- ✓ 2. Rural Primary School Construction

IV. Agro-Industry - Mr. Martin, chairperson

Introduction
- ✓ 1. Role of Marketing in Agric. Dev.
- 2. Food Processing for Export:
  - ✓ a. Pine nuts
  - ✓ b. Dill
  - ✓ c. Parsley
- ✓ 3. Grading/Packing Nuts and Fruits
- ✓ 4. Village Industry/Handicrafts
- ✓ 5. Kandahar Dehydration Facilities
- ✓ 6. Raw Sugar
- ✓ 7. Corn Products
- ✓ 8. Modern Rice Mills

V. Nutrition - Mr. Rusby

Introduction
1. Vitamin A
2. Iodization of salt or tea
3. Weaning Food
4. New Foods - Soybeans
5. Seed Modification - Cottonseed

VI. Other Proposals

1. Rural Electrification ? MISSING
2. Rural Development
3. HAV Marketing ? MISSING
land ownership

TASK FORCE ON EDUCATION

Minutes of Meeting - April 3, 197

Members Present: Dr. Lanza, Chairman
Mr. Vanamaker
Mr. Landry
Mr. Darbouz

Advisors: Dr. Whittemore TCCU
Dr. Sayres TCCU

The group reviewed new AID legislation as it affects education and human resources activities. We concluded that we face the difficult but essential task of informing the GOA authorities about the meaning of the new legislation and then determining how U.S. assistance might fit the new initiatives into GOA priorities.

Dr. Lanza reported that many of the potential areas for new projects were already receiving assistance from UN agencies, particularly UNDP, UNICEF and UNESCO. Nevertheless, if the GOA showed interest and need for additional assistance, USAID could and should design cooperative projects with other donors.

There was further discussion on the meaning of non-formal education and how GOA interest might be generated in alternatives to the formal education system. It is clear that non-formal education does not exist in isolation but must respond to the learners individual needs and aspirations as they relate to improving the quality of life. Thus any non-formal education activities will tie into other assistance and development sectors such as agriculture, health, nutrition family planning and rural development.

Based on that premise the Task Force thought the following potential project areas worth discussing:

1. Educational Radio: The GOA has a small Education Radio Unit receiving advisory assistance from UNESCO and 2 studios and several thousand receivers from UNICEF. To date the effort has been tragically unsuccessful for several reasons not the least being that TA inputs have been insufficient to command the attention and GOA cooperation the project needs.

The Task Force saw great potential for the use of radio to supplement both formal and non-formal education. Radio programs would reinforce USAID's current Curriculum & Textbook Project and would help improve the flow of information in Agriculture, health etc. to the villages. The TF believed the GOA has utilized but little of the potential for "nation building" through radio programming.

2. Supplementary Reading materials - Elementary School graduates, dropouts and other new literates need reading materials to maintain and improve their reading skills. Without such reading materials much of the effort and expense of current formal and non-formal education programs is wasted. A Supplementary Reading Materials Project has been suggested to USAID by the Ministry of Information & Culture (MIC). The MIC suggests that books and pamphlets be (1) tied into the content of the formal school curriculum as designed and implemented by the CSU Project and (2)

prepared for new literates and adults who need to know more about agriculture, health etc.

The T.F. thought supplementary reading materials (some in comic book form) would serve as a useful means of reaching the rural areas. It was further suggested that such materials could be doubly effective if prepared in conjunction with radio programs that would explain and dramatize the messages so that even illiterates might follow the book illustrations.

The T.F. agreed that much research was needed to determine Rural Area reading habits and requirements. It was suggested that the CDA consider setting up Community Reading and Radio "Club" centers.

3. Functional Literacy for Women

The TF identified women of child-bearing age as an appropriate target group for a program of functional literacy.

A program for them would center on basic reading, writing and skills related to improving the quality of village life through the traditional role of women.

Typically, information on child care, family planning, nutrition, sanitation, cooking and sewing would be included in the functional literacy materials.

The CDA has expressed concern over the 98% illiteracy rate of women and has declared its intention to improve the contributions

women can make to social & economic development.

The National Directorate of Functional Literacy and Adult Education has the responsibility for designing such projects. USAID/Education Division has been exploring, with the National Director, ways in which USAID might assist in one or more of the 14 activities the GOA wishes to implement, most of which would include special training programs for women:

1. Integrated development of Khost Province.
2. Project of agricultural credit and co-operatives.
3. Nangarhar development project.
4. Animal health protection.
* 5. Helmand Valley Regional development.
6. Poultry and egg product project.
7. Fisheries development.
8. Integrated educational development.
* 9. Family guidance and family planning.
10. Life-stock developmental project.
11. Cement factories development.
12. Paktia Province development project.
13. Rural research project for introduction and development of services for children in villages.
* 14. Project for narcotics control.

4. Educational Television

The TF generally agreed that USAID should be wary of involvement in TV as the technology and programming are extremely sophisticated and may be beyond Afghan competence and resources for some time to come.

On the other hand, if the GOA (with German, French, Japanese, or USSR assistance) does proceed with its plan to install TV coverage for 1/3 of the population, the TF agreed that US programming assistance might be considered.

The potential for non-formal, informational pro rams would be without bounds and T.V. could bring dramatic changes to the tempo and quality of life in rural Afghanistan.

The TF agreed that the introduction of T.V. in Afghanistan would not be a likely project for USAID as a GOA decision to proceed with TV would be based on political (not economic) considerations. Nevertheless, once the GOA decision was made, USAID could assist with the acquisition and development of software and programming research and experimentation that might fit the AID legislative requirement that rural populations must benefit from US assistance.

Conclusion

Further exploration is needed with National Directorate of Functional Literacy and Adult Education and with the GOA Rural Development Department. These seem to be the two central organizations concerned with non-formal, adult education and skills training related directly to village life.

The USAID has received confirmation from the Ministry of Education and from the Deputy Prime Minister that U.S. assistance in Adult Education and in the various other facets of rural development will be welcomed.

Exactly when the specifies of the requested assistance can be determined is open to question, however, it seems likely that exploratory discussions will still require several months.

April 29, 1974

Education Task Force

Project Proposal

NONFORMAL RURAL EDUCATION

The purpose of the project would be to increase rural literacy and functional education through nonformal learning systems.

The target of the project would be the rural population in general--children, youths and adults of both sexes, to the extent they can be reached.

The project would complement agricultural, health and sanitation, family planning, public works and similar programs aimed at improving the quality and productivity of rural life.

Specifically, the project would establish and staff--with at least one literate Afghan--a number of community reading centers in one or more regions. The centers would, at least initially, have two primary purposes: to teach reading, writing and elementary arithmetic to all who have interest; and to provide supplementary reading materials with emphasis on simple reading matter that would teach people how to improve their living conditions and productivity. There is a great deal of such material available from other countries and much of it would be adaptable to the Afghan milieu without great difficulty.

While the initial focus of the centers would be on literacy and reading (hence the name "Community Reading Center"), they could in time broaden their activities to other cultural and developmental activities. Furthermore, if current investigations indicate the feasibility of establishing regional radio systems, the centers would be the logical locations for radios to be used for radio educational programs which would reinforce the literacy and educational programs already underway. In time, the centers might even serve as centers for educational television.

Although other possibilities exist, community reading centers would probably best be located in existing schools or wings of new schools. If a primary school construction project were to be approved, a wing for such centers might be specifically required in each new school built. Linking the centers with schools could contribute significantly to breaking down the traditional school/community barriers and serve to identify the school as the locus of social and economic change and development. The reading materials would also be more accessible to students who, as they learn to read, would have their literacy reinforced by something besides school texts to read.

This project would seem to fit most of the new project criteria quite well. It responds to an interest expressed by the GOA. It is directed at the rural poor. It is quantifiable to a certain extent--numbers of centers; numbers of classes, students and graduates; amounts of materials distributed, etc., and therefore measurable. Indirect but quantifiable results, such as wells dug, roads repaired, latrines built, etc. might also aid in providing measurable indicators of progress.

Funding could vary greatly, depending on the scale with which the project was initiated. It would seem advisable, however, to begin on a relatively modest scale in order to determine what works and what doesn't, before expanding the project to its ultimate dimensions.

April 29, 1974

Education Task Force

Project Proposal

RURAL PRIMARY SCHOOL CONSTRUCTION

The purpose of the project would be to finance the construction of a specified number of rural primary schools and teachers' houses, preferably in regions in which USAID has or will have other projects.

The Ministry of Education estimates that 1620 schools are needed in Afghanistan, the majority of them in rural areas for grades 1 through 6. The Fourth Five Year Plan (1351-1355) called for the construction of 900 schools (principally primary) and 600 teachers' houses in 1353, 1354 and 1355. To date, no construction has been started but the Ministry of Education hopes to begin some construction next year (1354).

Standard designs for village and primary schools and for teachers' houses have been developed by UN architects for the Ministry of Education. The costs were estimated to be as follows:

Village school *	196,450 Afs. ($3,275)
Primary school *	303,700 Afs. ($5,061)
Teacher's House	161,790 Afs. ($2,697)

UNICEF is soon starting two pilot primary school construction projects, each consisting of the construction of one village school, one primary school and one teacher's house. UNICEF is providing $18,000 for both projects, which will finance 70% of the construction and technical supervision costs. This project is considered experimental but should provide firm data on which to base actual construction costs.

The World Food Organization has been discussing a food for work program with the GOA to provide food to pay villagers for their labor in constructing schools but no definite program has been determined.

It is clear that the miltilateral organizations will be able to provide only a fraction of Afghanistan's total school construction needs. The GOA considers primary school construction to be one of its first priority needs and would be very responsive to U.S. assistance in this area. The Ministry of Education indicates that sufficient

* Includes wells and latrines.

teachers would be available to staff new schools, especially if teachers' housing was provided. Lack of adequate housing has been the primary reason why many teachers have been reluctant to go to rural areas.

This project appears to meet most, if not all, of the new criteria. It is a high priority with the GOA. It is simple, visible and measurable. The cost reimbursement concept could be applied. Villagers would supply all the labor and most of the materials, thus reducing costs and increasing the village's identification with the school. Costs would be modest per unit but could be expanded to any desired level. The project would complement other USAID rural development projects.

TASK FORCE I

D R A F T
DP :HWHooker:sm
4/28/74

A NATIONAL WHEAT MANAGEMENT PROGRAM

I

For Afghanistan, a well run National Wheat Management Program may come as close to yielding the results called for by the new FAA as any program that one could think of that would have a reasonable chance of succeeding. The program would touch the lives of virtually everyone in the nation. Because of the leverage afforded by the very inelastic price demand for wheat, this could be done with relatively few resources. It addresses the problem of food security, a plus to any program these days, as far as Congress is concerned. The benefits would be direct and could be demonstrated. It would be designed to have a relatively large impact on the poor. The social returns would be attractive.

Initially, there would have to be a tough-minded expatriate management team or the program should be left strictly alone. The US has the expertise in the areas needed and perhaps AID could assist by supplying this technical assistance. Other donors, looking for successes, are interested in the program. The IBRD, however, may want all or nothing. Or it might finance the storage facilities and equipment. Everyone pays homage to a multi-donor approach to foreign assistance.

II

The World Setting. Much thought is currently being given to world food security. After the experience of the past two years, there seems little question but that most countries will place an increasingly high priority on building-up food reserves. There appears to be much agreement that the developed world will not have the capacity to supply the poor countries with cereal grains in the future to the extent it has done in the past; that the developed countries will use more and more of their own cereal production for their own use. The developing countries -- which have a greater potential for increased production than the developed -- will consequently have to produce more and more of their own food.

There is a general belief that as developing countries approach some "real income" level, the consumption habits begin to take on the characteristics of the wealthier countries. This generally means that more and more cereals and other grains will be converted into human food through (relatively inefficient) livestock rather than by consuming the grain directly. Consequently it may take 4-5 times

the present amount of grain to maintain a given population. A good many countries, including Japan and the USSR, with large populations appear to be entering this consumption phase. Yet, while demand is growing from population and income growth, constraints on inputs, which may inhibit this needed growth in food supply have recently emerged -- the phenomenon referred to as the energy crisis.

The Afghan Setting. Wheat farming dominates all agriculture in Afghanistan. Cereal, grains especially wheat, are the staple diet of Afghans. Nothing affects the well-being of the great mass of Afghans as does an ample supply of wheat. It is the diet of the poorest and a staple in the diet of the richest. Yet, because wheat production is highly dependent on weather conditions, year-to-year fluctuations in output are quite high. Storage capacity is inadequate to even-out supplies over the short or intermediate run. Internal demand is inelastic and year-to-year price swings are large. Furthermore, the swings are growing in magnitude, both absolutely and relatively. This is true even though the 110,000 MT of wheat that has been imported annually, on the average, over the past decade have tended to mitigate the price swings. The imports have amounted to over 5 percent of the production available for consumption -- i.e., output less seed retention and wastage.

"Subsistence" farmers try to produce enough wheat to feed their families. This is their first priority. In good harvest years, they sell small amounts. These are the years that prices are the lowest. In poor harvest years, they purchase small amounts. These are the years that prices are the highest. Their experience with the wheat market is consequently not a favorable one.

The information available indicates that small farmers typically pay very high interest rates on loans from the market. A National Wheat Management Program could be the foundation for a nationwide-all farmer credit program at reasonable rates.

Volatile wheat prices encourage the continuance of subsistence farming because such price behavior increases the risk for those who cannot-will not assume the risks involved. The vagaries of the market are something the subsistence farmer wants to be sheltered from rather than exposed to.

Volatile wheat prices also discourage the use of purchasable, productivity-boosting inputs -- mainly commercial fertilizer -- because the risk is too high for subsistence farmers to assume.

In sum, it seems clear that volatile wheat prices are a major factor in preventing meaningful socio-economic development in Afghanistan.

Afghanistan cannot produce the wheat needed to feed itself without the use of fertiliser. Suitable credit is required to get small farmers to purchase fertilizer. In the absence of a price-stabilisation/wheat reserve program, the use of commercial fertilizer might in fact tend to increase wheat price swings. Thus, a national wheat management program must address these three components -- fertiliser, credit and price stabilisation/wheat reserve.

A National Wheat Management Program would reduce wheat wastes. Under private storage, spoilage and waste now runs at an estimated rate of 10 percent annually and under public storage in hangars ~~in hangars~~ and godowns, at 20 percent. Under a well managed storage program, losses in public storage should be reduced to 3 percent or less. Some of the wheat now stored privately would, with a wheat management program, be stored in public facilities which should reduce losses.

A National Wheat Management Program would prevent high prices in poor harvest years, as wheat purchased for storage during good harvest years would be distributed during deficit years. Since the the poorest spend the largest proportionof their income on food, the benefits accruing to this class from a wheat management program would be relatively high.

A National Wheat Management program would reduce (eliminate) wheat imports. The savings in foreign exchange could be used for other development projects.

Because the (wheat) price risk would be lower with a wheat management program than without one(higher prices in years of good production) the price that could be charged wheat farmers for fertilizer would be higher, to get the same amount of fertilizer used. Thus, the fertilizer subsidy to farmers would be less.

There are other benefits but enough, I think, have been listed that can be demonstrated, to stop here. With an expatriate management team, the social benefits of a National Wheat Management Program have been calculated to be a minimum of 20 percent.

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TASK FORCE I

Drainage and Water Management

This project has been presented both by HAVA and the Ministry of Agriculture and Irrigation as being a desirable step to increase production in the Helmand Valley, and other irrigated areas of the country.

Objective - To improve water management and drainage so as to make the best use by poor farmers of Afghanistan of the most scarce resources -- water and irrigable land.

Description and Operation - Much of the land in Afghanistan is classed between Class IV and VI, which means that it has a very low production potential under present conditions. In the Helmand-Arghandab Valleys there is reported to be a great deal of land that now has a classification of IV or higher, which at one time had a classification of II, and some even as high as I. The cause of this disastrous change in classification and productivity has been that drains were not installed as the project was being built and; 2) water management has been such as to put more water on to the land than could be usefully used. This has resulted in water logging, salinity, poor road maintenance, difficult marketing conditions and low yields. It is expected that a team of perhaps six to eight people could be used to assist the HAVR in preparing a water-use and management program for areas selected by the HAVA itself.

One prerequisite would be that the land would have to be capable of producing good crops after the system is installed (some of the water logged land in the HAVR is such that it will never produce reasonably good crops). Involved in this project would be the mapping of the selected areas; intensive work with the farmers teaching them the importance of good water management, the preparation of drainage maps; the

construction of the drainage network and maintenance as required; and the provision of incentives to the farmers to provide the farm drains needed to allow good water management.

It is expected that after the training program has been undertaken, some demonstrations (which already exist in the area) could be viewed by the farmers and that the farmers would willingly put in farm drains if there was some assurance that the water so taken off their land would be removed through a main drainage system.

Other aspects of this project would relate to the formation of water users' associations, the provision of credit; the introduction of high value crops, better seed and other inputs; and the development of a marketing system that could usefully dispose of the increased production.

Relation to FAA - We have been told by the officials of HAVA that the older areas of Marja and Nad-i-ali would offer the best opportunity for this project; that the land was once very good land and should lend itself to a quick recovery. This land has been settled long enough that farm sizes have generally decreased because of inheritance and, in some cases where the situation is the worst, the farm sizes have remained stationery, but farmers' incomes have decreased because of the problems enumerated above. Therefore, this project should immediately improve the condition of the poorest farmers in the Helmand Valley area since they have some experience with irrigation, (and it might lend itself to very rapid improvement in the total situation of the valley).

Costs - Some equipment and the services of a technical assistance team would be required for this project. We believe that the annual costs for the technical assistance would be about $480,000 a year, for the first three years, and the annual costs for

equipment needed for ditching, and other applications where hand labor cannot be used, would run about another half-million.

The first phase of this project, lasting about three years, could include about 3,000 acres of land that is fairly contiguous and would lend itself to control but the farmers would have to be paid some remuneration for supplying the hand labor needed. No estimate is made of this factor. This could be handled by a reimbursement program.

Indicators - Results - Judging by the appearance of the land near the drainage canal running from the edge of Kandahar to the Arghandab River, improved production should result within two years after the completion of a drain. The length of drains can be measured, the amount of water supplied can be measured, and the production from the project can be measured.

Changes Needed in Government Policies - The Government in order to make this project succeed, would need to change its policies in regard to cooperatives and water users' associations, to payment of O&M costs by users, and would need to take several other actions which would in effect make water delivered to the farm more valuable than it is now, so that farmers would tend to appreciate the opportunity to use it more wisely and more productively.

DRAFT:JRWilson:4/29/74

TASK FORCE I

Agricultural Credit

The Government of Afghanistan has suggested that it would add to the ability of farmers to increase their incomes if we, or someone else, would make available some assistance in short-term agricultural credit.

Objective - This credit would be used to pay for such items as fertilizer, better seed, equipment and power when needed, and would be extended beyond the production period through the marketing period so that a farmer would be given greater freedom in his decision-making processes in regard to the time and place of sale.

Description and Operation - The whole story of agriculture credit is a difficult one to get a handle on here in Afghanistan because so little credit from official sources is actually being used. However, it appears that credit is actually a very real part of rural life. The short-term program started last year with A. I. D. encouragement by the Agricultural Bank has been very successful in that 31,000 farmers have been issued over 250 million Afs worth of credit for fertilizer alone. One difficulty with production credit is that it is due when the crop is harvested. It would, therefore, be very beneficial to the farmer and to his decision-making processes if the credit program could be extended to include marketing credit so that a farmer would not have to sell his crop immediately upon harvest. Marketing credit could also be tied in with the proposed grain stabilization program, and would increase the chances of small farmers making a higher income and at the same time reduce the government's costs of conducting the stabilization program. Tied in with these credit programs could be a "credit guarantee" program for: 1) certain areas for certain classes of farmers, or; 3) for certain products. Under this program, A. I. D. might make

a contribution to guarantee to the farmers that they would not lose money by following the recommendations of agricultural change agents. The money required for a credit program such as this could be developed either by a new loan or by making use of the funds now held by the AFC and the Ag Bank in escrow for the fertilizer purchase fund which now seems to be a dead issue.

An additional factor to consider in agricultural credit is the fact that the loan of Afs 250 million to 31 thousand farmers last year for fertilizer was possible only through the use of the computer. Since the completion of the credit program, the information base has been broadened considerably so that by using the computer it can almost instantly be determined whether a farmer is up to date on his credit or not, and whether he is worthy of additional credit.

Another factor that should be kept in mind in regard to credit is the use of the cadastral survey as a means of determining ownership of land as a security for a loan. This must be given some recognition by financial authorities.

A year ago considerable work was done to develop a banking law containing sections dealing with agricultural credit so that credit could be made available more widely to the more indigent but honest farmers of the country. The government has relied for the last three years on joint loans and joint responsibility for payment which, according to many observers, has benefited the large landlords and khans more than it has the small farmers and tenants. Perhaps one of the most useful things that could be done as far as the small farmer is concerned, would be to broaden legally the base upon which his creditworthiness could be determined.

Relationship to FAA - As the Ag Bank increases its capacity to reach farmers, it will be coming nearer and nearer to the very poorest of the poor farmers. It is not anticipated that this credit would be of much assistance to the khans and rich farmers who can get credit that they need, or perhaps do not need credit at all. This would help to improve the livelihood of the very poor farmers and their families and would help them to enter the market economy.

Costs - The cost of this project could be variable from the 250 million Afs that went into it this year in support of the fertilizer program on up to almost any amount. It would be expected that the team supplied by UNDP would continue with some possible augmentation of two or three other people to assist in various aspects of spreading the system, such as the use of the computer, opening branch banks, training managers and items of that kind. The additional team members beyond the present Hendrickson team could be paid for either by UNDP/IBRD, or A. I. D. which might make a grant for the purpose. In this case, if European technicians were used, the cost would run about $150,000 per year; if American technicians were used, the cost would be about $240,000.00.

Other means of financing some of the program could be through commodity loans to support this project and through the strengthening of the connections between the AFC and the Ag Bank so that the money not needed immediately for current operations of AFC, or for purchasing fertilizer, could go into a fund to support it.

Indicators - Results - Progress in this project could be determined by counting the number of borrowers, the amount of money lent, or increase in fertilizer and seed consumption. A subjective method would be to try to determine the improvement in living conditions of those using the credit.

Changes Needed in Rules and Regulations - The Banking Law needs to be passed and enforced and rules and regulations on the use of credit instruments, discounting, etc., need to be incorporated in the banking system so that the Ag Bank could accept collateral outside of land to support the program. Provision for the Ag Bank paper to be re-discounted in the banking system is needed to keep the credit system going.

F-4

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TASK FORCE I

Seed Farm

The Government has approached us about the possibility of supporting a seed farm at Tarnac near Kandahar Airport, to produce seed for distribution to farmers all over the country.

Objective - This project would make use of land already belonging to the government to provide good seed to the farmers of Afghanistan. Even though the very poorest farmers probably would not be able to buy seed the first year, it is felt that by the second and third generation, the exchange of seed from good farmers to their less well-off neighbors would move seed from this farm to the very poorest farmers of the farming community. This in effect has been the way that Mexican wheats have spread throughout the country.

Description and Operation - Tarnac Farm was set up as a large seed farm several years ago with the intention that it be used to produce seed and to demonstrate agricultural mechanization. It is proposed that a number of U.S. and/or European seed companies interested in doing business in Asia be approached to provide the technical assistance and operating capability for this farm. Arrangements would be made with the government which would lead to the setting up of branch operations throughout Afghanistan to supply all kinds of seed to South and South East Asia. For this first farm it would be expected that five or six expatriates would be employed by the seed company to manage and staff the top positions at Tarnac Farm. For the first phase A.I.D. would finance this team and the equipment necessary to produce good seed on this farm. After one or two years of operation, the farm would expand its operations through contracting with

neighboring farmers to produce additional wheat, cotton, corn and other seeds produced in the traditional agriculture so that during this introductory phase it would not be necessary to teach the production of totally new crops but merely to improve the production of the traditional crops. The seed thus produced would be sold through the AFC, at a price high enough to pay for the production plus some profit to encourage continued foreign participation and expansion of the operation.

As a second phase, the major seed company would be expected to open new markets for different kinds of seed in nearby countries, set up new farms, and to increase its contracting operations with farmers in Afghanistan producing such seeds as radish, lettuce, cauliflower, cabbage, spice plants (coriander, and others) for export and to supply the local markets.

Relationship to FAA - The project would be very suitable under the new FAA, since seed would be supplied in the first instance to the farmers in Afghanistan and, in the second instance, the small farmers near the seed farms would be taught modern agricultural methods and would negotiate contracts with the seed farm to produce seed. These small farmers would first learn to appreciate the importance of high value crops by being introduced to a higher value version of a traditional crop (seed wheat) than has been available to them before. Then they would start with still higher value crops.

Costs - While information is not available as to the cost of a project such as this, it is expected that the machinery and implementation cost would run about $200,000 per thousand acres. The management costs would run about $300,000 per year for the first three years; and for the second phase the cost of these people would go

down as they were phased out, but more would have to be spent on seed processing; marketing; containers and things of that kind as markets are opened up in other countries of Asia.

Changes Needed in Government Policies - Before a project of this type could be very successful, it would be necessary that the government establish rules and regulations setting up quality standards for seed production. It would also be necessary for the government itself to stay out of the business of providing free seed, and to establish some means of seed distribituon and seed export. Without these changes this project should not be touched.

TASK FORCE I

Land Settlement

The Minister of Agriculture, the President of HAVA, and others have asked that A.I.D. consider the support of land settlement programs as a means of helping the very poor farmers.

Objective - The objective of this project would be to settle buzgars and kestigars on land belonging to the government, taken over by the government from Waqif properties, or on confiscated land on which the taxes have not been paid.

Description and Operation - Several small studies have been made during the last few years to determine the amount of land needed by a farmer to maintain his family at an increasing level of living, and at the same time, to pay for the land and the inputs that he uses. It has been found that the amount of land required varies greatly with the quality of the land, the water supply, the crops grown and the skill of the farmer. The government, however, has the problem of establishing hundreds of thousands of landless peasants on land, some of which is already over crowded, or on land for which there is not sufficient water or the quality of which is very poor. However, it has come to the attention of the new government that in every large irrigation project, as well as in other areas where irrigable land and water are available, there are relatively large holdings belonging to the government. In other areas there are lands that belong to various public institutions which are not being used; and thirdly, there is land which is currently claimed by large landlords but upon which they have not been paying taxes. The intention is that unless better evidence can be offered, this land will be declared as being the property of the government. The government would like to settle responsible

individual farmers and farm families on these lands under circumstances which would offer a fair chance of success. It would have to be understood that the U.S. would not in any way be involved in the confiscation, if that is what is required, of the land from the existing landlords or religious institutions. However, we could assist by providing a team of agricultural economists to work with a team of Afghans in determining the optimum size of farms in varying localities for varying crops and other conditions; and in determining the feasibility of a credit program as a means of establishing these farmers.

The U.S. can also supply help, after the first year or two, in marketing; extension, research; and so on, aimed specifically at these new land owners and their problems.

Relation to FAA - In almost every respect this type of an approach would be aimed specifically at the verypoorest of the poor agriculturists of Afghanistan and would be highly acceptable under the FAA.

Costs - A team of six agricultural economists to do the preliminary work would cost about $400,000 and a team to carry on the actual assistance to the settlers after whey were located would probably cost another $400,000. Added to this would be an average of Afs 50,000 per farm family settled for seed, fertilizer, housing, etc., to take care of the first three years of settlement. It would be estimated that something over one thousand settlers per year would be handled.

Indicators - Results - The best possible indication of progress in this project would be the settling of the non-land owners and the improvement of their land and living conditions. All could be counted.

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Changes Needed in Government Policy - The government would have to begin to intensify its tax collection efforts and make them more reasonable in terms of pre-day costs. Estimates of land needed by a farm family would have to be revised to take advantage of some degree of modernization and mechanization, and a continuous program of support involving research, supply of inputs, marketing and off-farm employment would have to be added to the package.

TASK FORCE I

Remote Sensing Project for Agriculture

The Remote Sensing Project for agriculture has been discussed at length with CSO, MAI and ACI officials. There is great interest in the project as described.

Objectives - Utilize ERTS imagery as a first stage of a multiple stage sampling plan to estimate accurately, reliably and inexpensively number of farms, level of farm income, major crops and evaluation of short and long term inputs made to various groups of farmers (the poorest of the poor).

Description of the Operation - Accurate and up to date information on the above named items is completely lacking on a current basis. Project will:

1. Identify, locate and measure areas on ERTS images, within Afghanistan that are used for farming, including irrigated areas, dry land areas, livestock grazing land and forest lands.

2. Use the above data to delineate the above named areas on topographic map sheets (1:50,000 scale) and establish a stratification scheme for an efficient sampling plan for field varification of delineated areas.

3. Select from the ERTS photos and delineated maps, a probability sample of bounded areas for intensive field work to determine such things as:

   a. Number of farms.

   b. Farm and farm stead visual income factors that are related to relative levels of farm family welfare which would provide a

a basis of estimating the proportion of all farmers that are "poor" ranked by various measures or classes.

c. Area planted or harvested to various crops for use in estimating probable total production for selected administrative units such as province or regions.

d. Counts of kinds of domesticated animals that are visible at the time of sample location visit by field teams - to be used to expand to a total estimate for all Afghanistan (or by regions depending on sample size). Note: if surveys were repeated year to year, a ratio estimate would be more efficient.

e. Interview sample farmers to determine farm production, total area farmed and kinds of crops, costs of production, prices received and paid and other level of living factors (such as size of household, distance to market, credit availability etc.). All of these items would be established by farmer income level groups as of a given time and by later surveys, evaluate farmers levels of living status after GOA, AID and other doner inputs were applied - leading to a method of program evaluation.

It should be noted that only by use of ERTS images can Afghanistan even begin to think and plan in practical terms as to where to go to find the poorest of the poor and to determine the logistics requirements of aiding this group of people. Aerial photos and maps alone that are now available in GOA are useful but impractical for use for the above purposes for the following reasons:

a. Too many maps and photos to process, handle, store and too costly

to regrowth.

b. Photos were imaged in pan chromatic black and white negative transparencies thus providing almost no chance to detect all vegetated areas.

c. Scale of photos in the northern part of Afghanistan is of so small a scale that they are nearly useless for the above purposes.

The project should be supervised by a trained Agricultural Statistician familiar with the ERTS project and Afghanistan's problems. For a one time project, it would require about 2 years to complete and evaluate.

Relation to FAA - By following the above described systematic approach to finding farmers, measuring cropped areas, and estimating proportions of all farmers that are the poorest of the poor, AID could then establish a meaningful and workable distribution system of benefits that is effecient and can reach those in need. The system readily lends itself to periodic evaluation of "benefit input"/results in time to readjust, retrench or redirect as required, provided the system - once established - is conducted periodically.

Costs - Providing the project could have access to both Remote Sensing Census Project and Remote Sensing Geology Project equipment, photos and supplies already funded, the major cost of the project would be that of mounting field operations, office work, training, conduct of field work, quality control, analysis and reports. Estimated cost - $160,000 per year including $80,000 for T.A., during 2-year set-up phase. Routine periodic su surveys would cost about $100,000 per cycle. This would provide estimates for regions (groups of provinces). If similar results were required for

each province, the cost would approximate $400,000 per year including T.A. (with substantially lower levels of reliability of province estimates). The need of data processing capability would be necessary and is included in the above cost only in terms of card punching and computer rental time. The T.A. would write his own Fortran computer programs for project use.

Indicator - Results - Inputs of benefits to the poorest of the poor should be evaluated several times during the input period so as to determine if programs are working well, not well, or not at all, or whether inputs are going into the wrong places. If there were say 10,000 sample farms selected for initial sampling periodic evaluation might be done at 3 stages, a random 1/3 of the farms at evaluation stage 1, 1/3 at stage 2 and the last 1/3 at stage 3 and all 10,000 upon final evaluation. (Note: the 1/3 sample will have a large sampling error and may mask real differences - thus the requirement for a full sample at end-of-term evaluation).

Changes Needed in Government Policies - A multi-agency over-all planning committee should be formed and headed by the Deputy Prime Minister. The committee would establish over-all guide lines and require manpower and other resources from various ministries for the total conduct of this project. A clear and well-defined scope of work must be developed, with the full understanding that all maps, aerial photos and ERTS images that exist in Afghan Cartographic Institute, CSO (ADS) and other agencies would be made available upon request for project use only. Since the basic nature of this project is statistical in scope, CSO should be named as project operating agency with MAI and ACI in close working relationship.

DRAFT:JRWilson:4/30/74

TASK FORCE I

EXTENSION - RADIO

This project has not been discussed with senior officials of the Ministry of Agriculture and Irrigation, and we have no idea as to the reception that it would receive from the government.

Objective - To combine a low cost, low frequency radio operation with an extension program to assist the extension agents in reaching the great majority of the poor farmers. The effect of the radio would be to increase the believability of the information being given and to make it more widely available than is possible through one extension agent working with a group of farmers. Every one in a village or in a district would hear the same information and would be presented with the same follow-up materials aich as posters, bulletins, pictures or samples of seed and fertilizer, etc.

Description and Operation - It has been observed in practically all parts of Afghanistan that every main village, and almost every hamlet, has a number of radios in the possession of tea shop operators, flour millers, other public service entrepreneurs, and a few farmers. The Government of Afghanistan is capitalizing on this availability of radios by broadcasting a one-hour agriculture program on a daily basis. The program has been reported as being very successful but has been criticized as lacking focus on any particular problem. The example is given of 1-minute spent on top dressing wheat; 3-minutes on what variety of cotton to plant; 1-minute on how to fertilize corn, etc., so that in the end it becomes a recipe for daily operations rather than a training program teaching farmers how to make decisions and how to improve their agricultural production and incomes.

The proposal is that short range, low frequency radio be tried in the Helmand Valley, or in some other target area such as the central plateau, where the main feature of the radio programs themselves would be training on particular aspects of agriculture in the target area. For example, a station could be set up at Girisk focused up and down the Helmand River from Kajakai to Deshu. At this time of the year the station could feature programs on top dressing wheat and weed control as a means of increasing farmers' wheat production; how to market wheat; how to raise cotton; the use of grapes as a cash crop, and so on --. In the higher areas, such a station could be set up at some central location, such as Chackchuran, and instructions given on how to raise potatoes; how to produce seed potatoes; the production and use of swiss chard; and other aspects of agriculture which, if followed, would raise the farmers' incomes and increase the wealth of the area.

Relation to FAA -This project would help a poorly trained Agriculture Extension Service compensate for its lack of training in reaching the poor farmers of the area. It would get information to every farmer regardless of whether he is a regular patron of the extension agent or not and should, in a short time, benefit every farmer in the covered area.

Costs - We have no estimates as to the cost of the radio broadcasting stations themselves. It is expected that four technicians would be required for preparation of materials and training, for the first two years of the project for one project area as outlined above. Therefore, the total cost of the project would be in the neighborhood of $240,000 per year, plus the cost of one broadcasting station every two years until the country was totally covered, the total project, if approved in its entirety, would take about eight years with one new station installed every two years.

Indicators - Results - The progress of this project could be measured through the attention paid to the programs by patrons in tea shops and marketing places who have radios available, and the interest displayed in the material being presented by the extension agents at the time the programs were being conducted. Of course, the ultimate measure of success would be the amount that agricultural exports from the region would increase and the improvement in living conditions of the farmers themselves.

Changes Needed in Rules and Regulations - The government would have to give authorization for the stations to be set up in the various areas and the broadcasting personnel would have to be forced, if necessary, to work with the Extension Service in developing programs adapted to the regions being covered.

DRAFT:JRWilson:4/30/74

TASK FORCE I

Package Crop Production Program

This project has been discussed very briefly with government officials and some interest has been expressed but they have "to think about it for awhile".

Objective - To reach the less privileged farmers with a package program including fertilizer, seed, instructions and credit all in one bag. The bags could be varied for each region and could include a number of crops for each farmer.

Description and Operation - This project would involve the pre-packaging of enough fertilizer of the proper grade in a bag to plant one jerib. In separate plastic bags included with the fertilizer, would be the seed to be used with the fertilizer, such as wheat, corn, vegetable seed or a combination of such seed. Also included in the package would be a set of explicit directions as to how the land was to be prepared, how the fertilizer was to be applied, when and how the seed was to be planted, and what was to be done with the produce. These packages would be sold to the farmer in one-jerib units and he would be authorized to buy as many units as needed to cover his own land. One contribution that A.I.D. would make to this project would be to allow the Agricultural Bank to continue the use of the currency generated by the fertilizer loan for short-term credit, so that the farmers could get the packages on credit. Some of the money should be set aside to provide a guarantee program so that, if a farmer failed for any reason, he could be reimbursed for his expenses out of the guarantee fund.

Also included in the project would be two technicians, for two years each, to help design the packages for the various regions and to work with the Extension Service, the Ag Bank and the AFC in making proper packages available to farmers all over the country.

Relation to FAA - This project would be designed to assist the Extension Service in reaching the very poorest of the farmers with a package of practices and the necessary inputs to help him increase production, both for home consumption and for sale.

Costs - Besides the two technicians costing about $120,000 per year, local currency generated through the fertilizer loan would be needed to support the credit aspects of the project. The seed and the packaging materials needed for the seed, fertilizer, and the description pamphlets might have to be supplied as a grant for the first year or two of the program.

Indicators - Results - The indicators could come at both ends of this project. First, in the number of packages sold;and secondly, an evaluation of the improved living conditions of the farmers receiving the packages and the number of farmers entering the market.

Changes Needed in Rules and Regulations - A standard set of recommendations of crop varieties for each area, and the fertilizer recommendations for each crop in each area needs to be developed before this project can be safely undertaken. The varietal testing should involve not only the production aspects of the crop itself but quality aspects such as taste, acceptability to customers, shelf life, and so on.

Task Force 1

Draft:Hooker:5/1/74

Increasing the Earnings of Bazgars

Bazgars are share croppers that receive one - fifth of the crop they produce. Their only input into the production process is their labor. As a class, bazgars are one of the poorest of the rural poor. It is not certain that their income is superior to that of the daily rural laborer. One cannot take it for granted that their economic status reflects their abilities.

There is another class of share croppers, the keshtegars, whose economic status is decidedly superior to that of the bazgar. Keshtegars furnish their own labor, the power needed to cultivate the land, seeds and other supplies. Their customary share is 50 percent of the crop they produce on the land they work.

It is proposed that a loan fund be set up, to be administered by the AgBank, which would supply the appropriate credit to make it possible for promising bazgars to become keshtegars. Some of the credit would need be intermediate term. The loans would require a fair amount of supervision.

US assistance could be that of supplying technical assistance or money to the AgBank to help it work out a credit program for the bazgars; contributing to the

loan fund; and perhaps furnish ing funds to guarantee a certain portion -- say 90 percent -- of the loans to the bazgars.

The initial cost of the project would not be great. Neither would the project reach many bazgars for the first couple of years. It is conceivable that it might reach 10,000 in five years.

Contributions to the loan fund would work well on a fixed - cost reimbursement method -- when loans were made to bazgars, funds would be transferred to the loan fund.

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TASK FORCE I

Feeder Roads

It has long been known that feeder roads are essential in developing markets as farmers leave a subsistence economy and join the marketing system. There is no question but that feeder roads are needed all over Afghanistan and many discussions have been held in this connection. However, there is a situation apparently developing in the Helmand Valley which, if true, would make feeder roads especially desirable as the valley develops during the next few years.

Objective - To provide roads in part of the Helmand Valley, or elsewhere as might be determined, to assist farmers in moving produce to market and for moving agricultural inputs to farm sites.

Description and Operation - It now appears that the proposed Asian Development Bank road from near Girisk on the circular highway to Lashkar Gah and on down through the Helmand Valley eventually to the Iranian border, will be built on one side of the river. Agricultural production will mostly take place on the other side. Original plans called for two bridges and two ferries beyond Lashkar Gah, but now it appears that the bridge at Deshu will be the only crossing leaving the rich agricultural area virtually without roads into the central market place of Lashkar Gah and Kandahar. It is proposed that work be undertaken with the farmers to develop roads for getting into and out of these agricultural areas. Traditionally, as new areas are opened up, even in the United States, the farmers have paid for their own roads, either thourgh taxes or by working on them. In the Helmand Valley, the government could supply the land (right-of-way), the necessary iron

and steel, cement and other inputs required, while farmers living along the road could be employed during the off-season to do the actual construction work, putting on gravel, surfacing, digging drainage ditches and culverts, and so on.

It could be that this project would lend itself very well to financing by a cost reimbursement procedure so that a very limited amount of engineering talent would be needed on the part of A.I.D. to check on the quality and quantity of work done. It is expected that two technicians would be required for the first two years to assist in planning and evaluation. Beyond the first two years this work should be able to be done by local engineers and contractors.

Relation to FAA - This proposal would fit very well under the FAA since it would provide employment for the under-employed poor farmers, and when completed would provide them a way of moving their produce and agricultural inputs in and out of their home communities.

Costs - It is difficult to estimate the cost of the road construction itself but the technicians would cost about $120,000 a year for two years.

Indicators - Results - Progress could be measured by the movement of dirt, the construction of roads, the number of culverts and so on, while effect on the community could be measured by the produce moving along the roads toward Lashkar Gah, Darweshan and Kandahar.

Changes Needed in Rules and Regulations - It is likely that some system would have to be developed for allowing peasant farmers to work off their land taxes in addition to working for wages in the area.

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DRAFT:DP:RWHooker
5-1-74:jr

A SMALL-FARMERS' ASSOCIATION

This paper presents a brief sketch of a small-farmer income improvement program which would seem to fulfill the requirements of the new FAA and is in harmony with the public statements of high GOA officials. The program calls for voluntary producer associations as the vehicle to provide information, planning, credit, and other assistance to its small-farmer members for the (project) purpose of increasing their net farm income. The immediate increase would be a consequence of improved cultural practices, new inputs and more intensive land use. Larger increases would arise later as high value crops came into production. A special incentive to obtain this shift is suggested.

Initially, the program would not reach a large number of people. The basic unit of the program would be a primary association of small-farmers. At a maximum, each unit would contain no more than 30 families. A technical assistance team of probably five members would assist 20 such directors beginning the first year of the project. Each director in turn would have 30 farm families in his association. This would be replicated the third year of the program, giving some time for adjustments to be incorporated into the replication.

The primary associations are producer associations. It is visualized that the marketing aspect of the high value crops would be handled through the establishment of a national fruit-marketing association to which primary associations would be members.

There is excellent evidence that Afghan farmers will adopt new practices once it has been clearly demonstrated that the practices will increase their net income. This is the project goal -- to provide this demonstration on a rather large scale. Newly planted grapevines do not come into production until the fifth year. So perhaps seven years would be the time required of the technical assistance to the project directors.

The Small-Farmer Association. It is visualized that the membership of a small-farmer association would be composed of perhaps 30 farmers. Each association would have a director and his assistant. The director would need to become intimately involved in the operation of each farm in his association. The director and his staff would do everything that agricultural extension does for large farmers and more. They would hold membership meetings to present information relevant to the project -- on markets, prices, production, benefits of fertilizer, water management and use of credit. They would make visits to each farm on a scheduled basis. They would be responsible for drawing up long run farm plans for each of the members, reviewing these plans annually, working out a financial plan, and making recommendations

regarding acquisition of additional land. They would participate and assist in land leveling. They would provide credit to the members, supervise its use and be responsible for its servicing. They would work with a national fruit-marketing association in transmitting practices with respect to quality, varieties, and standards and to market product. The director of a primary association obviously has a key role in the success or failure of the project.

Technical Assistance. The directors of the associations would need some assistance and training. Benefits would also have to be measured. To accomplish this, a five-man team of advisors is visualized. The team would contain a farm management expert, a credit specialist, a horticulturalist, and a water management specialist. It would also contain one specialist to quantify benefits. The team would conduct an intensive short course -- to run no more than two months, perhaps less -- for the first group (say 25) of prospective directors, the latter being supplied by the Ministry of Agriculture. Twenty of these would be placed in positions at the end of the course. After a month in the field, they would return for another week of instruction, to discuss questions that arose in the field. Perhaps one-day sessions would be conducted every two weeks from then on.

There would be an attempt to have the expatriate team near the area that the associations would be located. The members of the team would be

expected to be in the field a good part of the time, visiting directors, assisting them with problems and accompanying the directors to members' farms.

The second technical assistance team would arrive two years after the first one arrived, giving some time to take advantage of lessons learned.

Area. The area selected for the pilot projects should have high potential for the production of the specific high-value crop that is being considered. The area of potential should be large enough so that, with contiguous expansion of producer associations, the production in the area would be fairly concentrated and large enough (a) to make possible low-cost processing, assembly for marketing, etc., and (b) to encourage the establishment of economic servicing firms, providing inputs to both producers and processors. The FES indicates that there were something over 6,000 small farms of less than two hectares in size in the HAVA Region in 1970. Over 4,000 of these were in Helmand Province.

Commodities. It would be the intent of the associations to get its members into the production of high-value crops that are land and labor intensive at the farm level. If the crops are such that the raw products lend themselves to local processing (value-adding), so much the better. This would furnish productive employment to the landless rural poor. With respect to high value

crops, we are generally thinking in terms of fruits -- for example, grapes mainly, but also pomegranates and apricots with respective end products of raisins, maybe powder to be reconstituted for a drink by adding water, and dried apricots or stock for baby food. The anticipated marketing study may suggest alternative or different crops.

Market. While it is true that Afghanistan's transportation costs reduce the advantage of foreign trade, we are generally thinking in terms of commodities produced for an export market. Purchasing power is very low in Afghanistan, the markets generally thin and prices of individual commodities are subject to relatively wide price fluctuations. The domestic market furthermore places little value on quality, standardization and sanitation. Foreigners are willing to pay something for this -- in effect, to employ Afghans to produce quality, standardized, sanitary products.

Farm Plans. A prime duty of the director of the producer's association would be that of developing a long-run farm plan for each of the association members. This might entail recommending that additional land be purchased, if possible, to increase the size of the farm so that it would produce enough income to provide the family a decent living.

It is visualized that during the first year (or two) of the program that cropping patterns would be little changed. Emphasis during this period would be on increasing the productivity of the land under the existing cropping pattern.

During the first year, tentative long-run farm plans would be worked out with each member. The plans would not be standardized. The transition to high-value crops might be more rapid for some members than others. Some members might wish to continue to produce on their land enough wheat for their own use.

Incentives. It is assumed that members of the associations will be farmers who for one reason or another are essentially subsistence producers following traditional farming practices. The fact that they are living at the margin of subsistence, and consequently will likely have a real aversion to risk bearing, may make it necessary to offer special incentives to obtain membership in associations that have movement.

It is therefore suggested that members be guaranteed that their net farm income will be no less -- even during the transition period from traditional farming to high value crops -- than it would be if traditional farming practices were continued. The guarantee would be graduated -- 100 percent if the farm plan were followed, and scaled down to the extent it were not followed. (While most of the farmers may be illiterate, they would participate in the farm plan formulation. They would have to agree to it. It can be conveyed, for example, that they are to irrigate wheat so many times, with a given spacing and with so much water.) There would be fair detail in the plans with respect to, e.g., water management. The graduated guarantee would attempt to force good farm management practices and movement into high-value crops.

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While there would be problems in quantifying net farm income to the satisfaction of all interested parties, it would seem to be the same data that would be needed under the USAID criterion of "provable benefits" if we should become involved in such a scheme.

If the earlier projects demonstrate that net farm income can be maintained or increased during the transition period from traditional farming to high-value crops, as it is expected it can, then the income guarantee would be dropped for later projects.

Credit. The provision of adequate credit is considered to be absolutely essential to the success of the program. It is visualized that the credit would be provided by the AgBank and the credit program would work something like the following. In developing the long-term farm plans, the association director might recommend the purchase of additional land, equipment, etc. Along with the farm plan, a financial plan would be developed to cover, say, 5 and 10 year periods, with a schedule of borrowings and repayments. The plans would be reviewed and revised yearly by the director with the respective members, and credit needs and repayment schedules worked out. The aggregate credit needs would then be computed by the director, as would servicing. A statement of the amount of credit needed by the association would be presented to the AgBank which would open a line of credit in the amount. There would likely need be a fund to guarantee

loan repayment to the AgBank. The fund would have to review the director's request. In any case, the concept is that since the success of the program would be heavily dependent upon credit, the association should have substantial autonomy in dispensing and managing it. There would need be checks and reviews. The loans made to members would be expected to be serviced.

A National Fruit-Marketing Association. It is visualized that a national fruit-marketing association or authority will be established. This association would conduct continuous market intelligence. It would conduct a continuous campaign to improve product quality, standards and sanitation. It would do research on transportation, handling, packaging and varieties. It would make recommendations regarding the location and kinds of processing plants that could operate profitably in the country. It would make contracts with foreign importers for the delivery of fruits/fruit products. For a fee, it would market the products of the primary associations as well as those of other producers or firms.

Preferably, the national fruit-marketing association would be a non-government entity. Eventually it would be self-financing from charges assessed customers. It would not have a monopoly on the export of fruits. It would compete with other exporters. To begin with, the association would concentrate its efforts on grapes/raisins. The details can be worked out if there is any USAID/GOA interest in such an organization.

Benefits. A rough indication of the net benefits can be computed. A PACCA study in 1972 showed that its members had an average of 5 jeribs of productive vines. The average production per vine was 6.4 kgs and per jerib, 1953 kgs. Of the production, 92.2 percent was sold and 7.8 percent was consumed. Receipts from sales amounted to afs 1.7 million for all members or afs 7623 per jerib of productive vines. Including home consumption, the value was afs 8268 per jerib. The cost of producing and marketing one seer of grapes was afs 8.6, or afs 2377/MT, for a "net profit" of afs 5891 per jerib or afs 30,000 per hectare. Production costs included fertilizer, pesticides, irrigation, labor, interest actually paid and "other."

At that time, farmers received an average of the equivalent of $135/MT for raisins. The FOB export price was about $250. Now the export price may average $700/MT or better, and the farm price should be at least $600 for good quality raisins. If production costs have increased a third and all production is sold as raisins, the value of a hectare's output would be over afs 100,000 and "net profit" per hectare would be in the neighborhood of afs 90,000. During the year that PACCA made the survey, production was supposed to have been lower than average.

A hectare of irrigated land seeded to wheat and heavily fertilized might yield 3 MT of grain. At afs 45 per seer, this would be worth afs 19,100. After production costs of labor, fertilizer, and actual interest

paid, this would leave "net profit" at no more than afs 15,000/ha. Assume a second crop which yields net profits of two-thirds of that of wheat. Net income per hectare would be afs 25,000.

Assume a farmer producing wheat under the above conditions. He decides to put in a vineyard and produce grapes. Assume that he will have no labor costs but that all other production costs will be as great or greater as if the grapes were bearing fruit. Assume a threefold increase in fertilizer price. Under these conditions, at a discount rate of 10 percent, the farmer would be afs 21,000 ahead at the end of the sixth year by producing grapes rather than wheat; at 25 percent, he would be almost even. This assumes that raisin prices will be at about their present prices five and six years from now. When the grapes come into production, the farmer will, on PACCA's average, employ 118 annually days of labor at a cost of over afs 5600 for each hectare of grapes. No account has been taken of the cost of operating the program, which might run afs 25,000 per hectare the first year and afs 17,000 each following year.

Assume a 2-hectare farm, all in wheat, unfertilized and consequently not double-cropped. Assume a yield of 1.5 MT/ha. If this farmer became a member of a primary producer's association, during the first year fertilizer would be applied and yield could be doubled. If water were available, double-cropping would be implemented. In the second year, one

hectare would be put in grape vines and one in wheat. The vineyard would be inter-cropped with perhaps a 50 percent yield -- area basis -- which, if wheat, would be the yield the farmer obtained from the hectare before he began fertilizing. If water were available for double-cropping, it seems clear that the farmer's net income could be maintained at the earlier level, even during the time that the vines were too young to bear fruit. If the farmer were already using fertilizer and double-cropping, his income could not be maintained.

Areas of Possible U.S. Assistance. Pick-up trucks or carry-alls would be needed by each association director and each member of the expatriate team. This would cost around $175,000 for the first year. The annual cost of the expatriate team might run at $250,000 per year if Northern Europeans ($425,000 if from the U.S.). The salaries of the 20 directors and their assistants and supplies might run at something over $30,000 per year. U.S. assistance for the above might run at something like $300,000 for the first year (70 percent of the above) and double this in the third year.

The U.S. might provide technical assistance or money to help develop the mechanics of the credit program to finance the farmer-members of the association. It might also provide technical assistance and/or money to help establish and operate a national fruit or fruit/vegetable marketing association; and supply, or contribute to, the funds to provide a guaranteed

net income to the association members, as well as the guarantee fund to the AgBank on its loans to the associations. While the magnitudes of total assistance are uncertain, an average annual of $750,000 over the next five years might be a fair approximation.

The program would be tied in some way or another with the UN cooperative program. I am not sure how. There would be opportunities to employ the fixed-cost reimbursement method of assistance, although all assistance could not be so handled.

AGRIBUSINESS TASK FORCE PROJECT PROPOSALS

The purpose of these projects is to increase the income of small farmers, casual farm labor, and other underemployed rural labor by increasing the rural value added to traditional agricultural products and making possible the penetration of new markets. Cooperatives are suggested in order to ensure that the target group is the main beneficiary of these efforts. In the absence of cooperatives or other rural income distribution schemes, it must be recognized that others outside the target group will also have to benefit if the necessary processing and more developed marketing arrangements are to be available to realize the primary purpose. In all cases, the projects concern the development of business along specific crop lines. They are strictly business and, therefore, self-sustaining and enduring.

The proposals in this group consist of activities to commercialize or increase the value added, in rural areas where feasible, of agricultural products now existing in Afghanistan. Processed and non-processed food and medicinal crops are included, the distinction being that processed crops undergo some form of physical or chemical change while non-processed crops are merely upgraded for commercial purposes by cleaning, grading, sorting, and packaging.

A further differentiation is useful between cultivated and non-cultivated crops because of the difference in the kind and amount of development effort required to commercialize the crop. Cultivated crops will often require an effort to improve the characteristics and yields of the product. This may take a range of inputs such as extension services, agronomic research, fertilizers, credit, equipment and agricultural chemicals. On the other hand, non-cultivated crops such as wild nuts and herbs are available for the harvesting and need only processing or market-responsive handling to commercialize.

It has not been possible to examine all possibilities for agribusiness because of the time limits for this presentation. Accordingly, the following list must be considered illustrative. The projects are designed according to the crop and characterized according to the above distinctions.

Sugar beets	Cultivated	processed
Corn	cultivated	processed
Parsley	cultivated	processed and unprocessed
Dill	non-cultivated	processed
Pine nuts	non-cultivated	processed
Other herbs	non-cultivated	processed
Rice	cultivated	processed
Almonds and walnuts	cultivated	processed
Fresh fruit	cultivated	unprocessed
Fruits and vegetables	cultivated	processed (dehydrated)

Task Force 4 Draft: CLMartin:9/10/73

Project Proposal - Assistance to Specialty Crop Commodity Groups

In pondering the requests from AID/W for examining USAID efforts in undertaking "new initiatives" in host countries, and the thoughts of Mr. Daoud, President of the State and Prime Minister, put forth in his recent address August 23, 1973 to the nation -

> "Agriculture - The Republic of Afghanistan will institute land reform in the interests of the majority of the people of Afghanistan as one of its major steps in the programme for fundamental reforms.
>
> Cooperatives and cooperative companies for agriculture, production and consumption will be established with participation of majority of farmers and in their interest. The State will reclaim and provide irrigation facilities, if possible, for arid lands. Similarly, the State will adopt scientific measures for expanding and developing animal husbandry".

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

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

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

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

Objectives

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

1. To increase their production and income;

2. To develop a response capability within groups to take advantage of modern marketing technology;

3. To facilitate the obtaining of credit for production and marketing purposes;

4. To provide services needed and procurement of farm input requisites;

5. To encourage cooperation between farmers, middlemen, processors, and packers and internal and external distributors thereby permitting a more systematic and profitable industry operation;

6. To create a greater need for indigenous village labor through the processing and packing of specialty crops.

There is an estimated 136,000 hectares already planted to fruits and nuts producing approximately 650,000 metric tons and as far as vegetables are

concerned, it is reported that the area planted amounts to about 150,000 to 200,000 hectares, which could be used as a base for this project.

Size and Value of Exports

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

Exports - Metric Tons

	YEAR	1346	1347	1348	1349	1350
A.	Apricots, Total	3450	2800	4187	3141	3477
	Apricots - Fresh	1504	279	519	4151	1120
	Apricots - Dried	1941	2472	3350	1277	2115
	Apricots Kernels and Nuts	5	49	318	413	242
B.	Almonds, Total	2093	1554	1704	1960	2717
	Almonds - Thin Shell	616	590	580	818	1144
	Almonds - Hard Shell	1433	879	786	587	510
	Almonds - Shelled	44	85	338	555	1063
C.	Pistachios, Total	1636	2531	1156	1271	1243
	Pistachios, Close Shell	314	199	290	361	3
	Pistachios-Shelled	994	1060	793	810	1227
	Pistachios Open Shell	328	1272	73	100	13

D.	Pomegranates, Total	6847	9069	9291	9261	7033
	Pomegranates-Seedless	3776	4937	4270	3778	1760
	Pomegranates-Other	3071	4132	4931	5483	5273
E.	Walnuts, Total	4690	5006	4928	6932	9309
	Walnuts-Shelled	3	5	219	10	13
	Walnuts-Unshelled	4687	5001	4709	6922	9296

Exports - Value in $1000

	YEAR	1346	1347	1348	1349	1350
A.	Apricots, Total	895	1061	1658	1163	1662
	Apricots-Fresh	250	55	101	155	90
	Apricots-Dried	637	947	976	489	503
	Apricots-Kernals & Nuts	8	59	579	519	1069
B.	Almonds, Total	1820	1513	2581	3146	3387
	Almonds-Thin Shell	757	614	789	943	964
	Almonds-Hard Shell	962	771	882	642	429
	Almonds-Shelled	101	128	910	1516	1994
C.	Pistachios, Total	2794	4234	2052	2705	2288
	Pistachios-Close Shell	413	274	327	834	6
	Pistachios-Shelled	1979	2255	1656	1658	2268
	Pistachios-Open Shell	402	1755	69	213	14

D.	Pomegranates, Total	1015	1419	1298	1170	884
	Pomegranates-Seedless	564	726	549	497	214
	Pomegranates-Other	451	693	749	673	670
E.	Walnuts, Total	2139	2162	2284	3168	4103
	Walnuts-Shelled	4	5	219	12	15
	Walnuts-Unshelled	2135	2157	2065	3156	4088

Exchange Rate

Afghanis - Equal one Dollar

1346 - 75.56

1347 - 74.47

1348 - 75.44

1349 - 83.68

1350 - 84.57

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

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

Advantages of Integrated Commodity Associations

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

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

Disadvantages of Integrated Commodity Associations

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

Conclusion

With the establishing of an integrated producer/marketing association to deal in specialty crops it would appear that the output and income per worker could be measurably increased. Also, there exists within the Afghan society indigenous resources which could provide institutional innovations for accelerating the rural development process. These institutional innovations can be based

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

AGR:CLMartin:sr

8/10/73

Task Force 4 Draft:CLMartin:3/12/74

The Role of Marketing in Agricultural Development

It is well known that every farming locality needs a market, where farmers can easily dispose of the surplus produce and procure needed supplies and equipment. In Afghanistan most farmers produce a small surplus of cereals, fruits and nuts which are generally marketed through village merchants or by the farmer himself at village bazaar days, or transported to a nearby village where it is traded at a specialized bazaar. Consequently, it can be assumed that a farmer's interest in the production of produce is not limited only to the growing of the crop but also includes marketing of the crop.

We should note a statement in a report of a conference on "Productivity and Innovation in Agriculture in the Underdeveloped Countries" that was chaired by Max F. Millikan, Massachusetts Institute of Technology, which states: "Market reform ought to be an integral part of any policy for agricultural development. Normal economic incentives to induce farmers to increase productivity can operate only to the extent that the marketing system enlarges the market for their produce and brings them a reasonable price for it. Their desire to earn larger cash incomes can be stimulated by a marketing system that brings them cheap consumer goods, and their effort to increase productivity can succeed only to the extent that the marketing system delivers the needed inputs. Marketing is as critical to better performance in agriculture as farmers itself and should be regarded

and developed as such. /underlining mine/ Based on these considerations, it would seem that USAID assistance through an activity of improving internal and external marketing systems and a marketing information service would be most appropriate.

For the purposes of this paper "marketing" can be considered as part and parcel of the modern productive process, the integral element that gives the farmer a purpose for producing any commodity beyond his own family subsistence needs. All produce which is in excess of the farmers' needs must be stored, transported, processed and delivered in a form at the time and place that the end user wishes. Hence, the functions of a market are to enable farmers to trade their produce in an orderly fashion and move farm produce to consumers in a desirable condition. A good marketing system can help increase food supplies, achieve better utilization of products produced on the farm and increase consumption rates of raw products. A well organized market can help guide small farmers in directing their efforts to produce crops to satisfy demands created by either internal or external market forces. Since many small farmers at this particular time are seeking guidance on what to plant on "risk jeribs" it is appropriate that they be guided by market forces demands. This guidance would enable the farmer to decide whether or not to plant a long-term maturity type crop such as fruits and nuts, or plant annual maturity type cash crops such as oil seed and root crops.

Some typical Problems

Some of the more obvious problems that will be encountered in modernizing Afghanistan's marketing structure are:

1. The static nature of the marketing system within the country, i.e., the traditional bazaar with its limited contacts and poor selling methods;

2. The limited price information made available to the public as well as the low literacy among small farmers. Convincing illiterate small farmers of the need to adopt new and improved marketing techniques will be an arduous task;

3. The absence of uniform standards of weights and measures which will require the adoption and strict enforcement of the metric system;

4. The lack of proper standards for quality and packaging such as standard boxes weights;

5. The extremely limited communications between farmers and traders, a consequence of marketing not being in the hands of farmers or marketing boards;

6. The lack of an adequate transportation system between the villages and the now nearly completed circular highway encompassing the country;

7. Farmers' produce being committed to a market agreement long before the actual harvesting of the crop, resulting from the relationship between middlemen who extend credit to the farmer and the marketing of the farmers' produce;

8. The lack of proper storage and processing facilities which are required to handle the raw products produced.

There are many more technical and non-technical problems associated with the marketing of agricultural produce in the country; however, no attempt has been made to list all known problems.

Objective of a Special Development Activity

Since meaningful development requires an increase in the production of small farmers in Afghanistan, it is necessary that marketing conditions be improved which will provide economic incentives to this group; thus inducing a larger farm output. In order to rapidly accelerate this transition of the marketing structure within the country, it is suggested herewith that a Special Development Activity be implemented by USAID/Afghanistan to train a nucleus of personnel capable of dealing with specialized marketing techniques, and a number of field level extension workers in marketing education to work with the farmers. It is proposed that this activity be undertaken by USAID/Afghanistan based on new legislation under Section 103 - Food and Nutrition.

Creation of a Marketing Department

The prime responsibility of organizing and supporting a Marketing Department would naturally be that of the Ministry of Agriculture and Irrigation. Hence, the personnel to be trained through the auspices of this activity will staff the administrative, technical and educational components

of the established Ministry's Marketing Department. This staff, in collaboration with other Ministry subject matter departments, will be capable of accelerating economic development all along the line from the planning of production to meeting the market demands; such action will require undertakings in the various areas of transport, wholesaling and the processing phases. The results of this assistance will be the development of a more functional institution pattern thereby strengthening the current weak institutional marketing infrastructure.

To attain more functional marketing institutions in Afghanistan the trained technicians will be responsible for formulating marketing organizations, developing internal and external markets, improving processing plant operations and enhancing the quality of raw produce through farmer level training. To make full use of the trained technicians a consistent campaign over a considerable period of years will be required. It will be necessary for technicians to make contact with foreign markets, develop a system of daily marketing quotations which inform small farmers of commodity prices, develop contracts with farmers for the delivery of quality produce and train farmers in new production technology.

Purpose

It is proposed that this Special Development Activity would provide the financial means of training a nucleus of technicians capable of assuming control of the internal and external agricultural marketing functions and of guiding a field level staff of extension agents to assist small farmers in

enhancing the value of secondary crop produce.

Training Program Plan

The training program as conceived will involve academic and on-the-job training for a number of government and non-government personnel.

1. It is proposed that USAID provide academic training, in the United States, for about thirty Afghans who have attained a Bachelor of Science Degree from Kabul University, and who possess a basic knowledge of the English language. This group of participants will be sent to the United States for a 2-year period. The majority of the participants will be expected to undertake formal academic marketing related studies leading to a Master's Degree program. It is anticipated study programs would include the marketing of fruits and nuts, cereal and oil seed crops and livestock; also a number of participants will undertake studies in such fields as storage, warehousing, transportation and food processing. Upon completion of this training program, a hard core of marketing specialists will exist, which can help establish aggressive marketing organizations aiding small farmers in selling their farm produce.

2. The second part of this training plan, and equally as important, is the training for field level extension workers to work with the small farmers. This part of the training will be for about 180-200 workers who hold a twelfth grade level delploma from either a vocational agricultural school or a high school. Out-of-country training for this group of participants will be of a practical nature, conducted in Iran over a period of two years, each

session will be for a period of up to six months. It is anticipated that training sessions for the extension workers will be limited to about thirty per group. The proposed program for these agents will be directed toward a single commodity per training session with the marketing work related to one geographical area of Afghanistan producing a like commodity, i.e., all extension agents working in provinces producing almonds would to to Iran at one time to study almond marketing. The subject matter to be offered during the training program will include material and observation trips regarding storage facilities, processing plants and transportation networks, and a review of the methodologies utilized in working with small farmers. The medium of instruction will be in the Farsi language for this training effort, hence no language training will be required.

From these two training efforts it is expected that participants will immediately begin development of marketing projects to aid small farmers in methods of increasing outputs, quality of farm products and prices obtained for them. The problem of assembling small surpluses from a large number of small farmers will be attacked through orderly formation of farmer organizations. (This factor should be considered first so as not to hamper efficient processing and marketing.) Furthermore, the development of specialized processing and marketing facilities has proven to be a practical way of attacking the problem of assisting small farmers to increase their income from small scale production units.

An Alternate Special Development Activity

An alternate activity to the above training program could be to train a number of technicians in a marketing program for a single commodity. Under this approach, USAID would train academically in the United States a very limited number of specialists in various aspects of marketing; for instance, one technician in each important field, i.e., storage, processing, transportation and market development. Also a group of extension workers could be trained in Iran to handle the informal education work to assist small farmers. However, it is believed that this type of a training program is fraught with many disadvantages. The main drawback to this effort is that if anyone of the highly trained specialists would be transferred to another position or resigned, a gap would exist in the technical backstopping for the program. Also, the workload to support a single commodity project will not be great enough throughout the year to warrant a full time technician. This risk of worker transfer to other responsibilities or provinces bears greatly on the assignment of extension workers too. Consequently, in the end, there is good possibility that the project would not develop as rapidly as planned or there could be a complete failure. Finally, a statement by L. B. Darrah, will sum up to some extent the point made in this paper which is "producing well is only half of the total job; selling is the other half".

AGR:CLMartin:sr

3/12/1974

Task Force 4 Draft:LMorrison:4-29-74

PINE NUTS

This is a project to shell, sort, grade and pack pine nuts for export. Afghan pine nuts (Jelghoza) come from the province of Paktia, one of the poorest areas in the country, and the gathering of the nuts is a major occupation of the poorest of the poor - no one with anything else to do would bother to harvest pine nuts.

These nuts are among the most exotic in the world and rank among the most expensive when sold ready for use in table grades and for home and commercial food preparation. They are much appreciated in the West, although the major consumers at present are in the Middle East.

Afghan official exports during 1349-1350 totaled 46.7 metric tons of unshelled nuts valued at Afs. 3.2 million. Of this quantity, about 74 percent went to India and Pakistan. Although the value of shipments to India and Pakistan is confused by special circumstance of trade between India and Afghanistan, it is safe to say that the prices were about half of those realized in exports of the remaining 26 percent taken by Syria and Germany and the small amounts to the Netherlands and France. Had these exports been shelled, packed, and sold to other markets than India and Pakistan, it is a fair estimate that the values would have been more than doubled.

By having the processing and marketing handled by a cooperative, the higher value of the product could be substantially preserved for the harvesters of the nuts. Such a project would come under the same program as outlined in the paper on parsley processing.

The principal substantive reservations about this project concern problems with the technique of shelling and the matter of taste preferences.

Unlike Western hemisphere and Mediterranean pine nuts, the Afghan variety has a thin, pliable shell that does not break easily and cleanly, and the nutmeat is fragile. An attempt has been made locally to shell them by hand but the results were too costly in terms of output and brokens. It is not known here if equipment exists for this specific purpose or if other equipment can be adapted, but it would be worth investigating.

In the matter of taste, there is a slight difference between the taste of the Afghan variety and the hard shell nuts. In Mideast markets where taste differentiation is keen in this respect, there may be a problem of buyer resistance. The substantial quantity taken by Syria in 1350 indicates that this may not be a great problem. Western tastes are not as discriminating in this respect and no resistance is anticipated from the point of view of taste.

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DILL

This is a project to harvest dill and process it to extract its essential oil. The project would be subsumed under the program outlined in the paper on parsley. The product will be a high value concentrate used by industrial food processors throughout the West for flavoring and aromatizing prepared foods.

Afghan dill (shebet) grows wild and profusely. It is considered a nuisance by cultivators, although as in the West it is appreciated by Afghans as a garnish and food flavoring additive. It does not appear explicity in Afghan export statistics indicating that exports are either non-existent or inconsequential.

Because of the lack of substantial trade in dill oil, it is not possible at this time to offer details on the potential economics of the project. It is, however, possible to say that it is very attractive. Production in the West is extremely limited and the market is good because of the ease of handling the product in industrial food preparation operations.

The production is small because it is a very small-scale local operation involving the handling of substantial tonnage of a low value crop with relatively high labor input. This severely limits the area of production around the processing plant to reduce transportation cost. It can be characterized as a highly localized industry and few westerners are interested in it. In the late 1940s one small plant in Idaho produced 85 percent of the U.S. supply of dill oil and could not supply the demand. The situation in markets outside the U.S. is not available at this time, but it may be assumed that the supply is not equal to the demand by a wide margin.

Afghan dill oil production could start on the basis of harvesting wild dill and eventually be based on intensive cultivation. The project would benefit underemployed harvest labor and, later, small farmers and field labor. The maximization of returns to the target group would have to be guaranteed by the cooperative form of organization to preclude the lion's share of profits going to an independent processor and trader. The cooperative would do the processing and the marketing.

The relatively difficult and expensive task of market development would be accomplished by the USAID technical assistance project. The processing facilities are simple and well within local fabricating capabilities based on designs furnished by the project food technology specialist.

Task Force 4 Draft:LMorrison:4/29/74

PARSLEY

This is a project to upgrade the processing and marketing of parsley for export. It is a prototype for similar efforts involving herb crops that are cultivated and are, or could be, exported in significant quantities to non-traditional markets for substantially higher returns than at present. The higher returns reimburse better processing and marketing, and provide for a better price for the farmer and more income for harvesters.

Afghan parsley (gaznitch) is known in the West variously as Italian parsley or coriander. It is cultivated widely in Herat and Farah on small plots for both the leaves and the seed pods. Exports of dried parsley leaves averaged about 650 metric tons per year during 1349-1350, approximately 90 percent of which went to Pakistan at a price roughly one-third of the 10 percent that went to western and other developed markets. The average exports of seeds (coriander) during the same period was 395 tons, of which 95 percent was taken by Pakistan at less than half the price of the 5 percent that went to other markets. Without reference to the possibilities for higher prices for better products, it is obvious that more business with markets other than Pakistan would yield dramatic returns. In terms of 1349-1350 exports, a 100-percent increase in export proceeds could be achieved (from Afs. 22.75 million to Afs. 45.40 million) if all exports could be sold in markets other than Pakistan.

Achieving these potential returns requires dehydrating and packaging according to specifications and a marketing effort to gain acceptance in higher paying markets. It may also be useful to improve cultivation for better quality and higher yield, but this is by no means sure because the quality of the Afghan product is often good and the yield sufficient for good returns to the farmer.

The target beneficiaries of the project are the small farmers and harvest laborers engaged in parsley production. They would receive these benefits in terms of higher prices for their product and, possibly, greater demand calling for more output and employment. The processing (dehydration and packaging) are simple and inexpensive and are not expected to raise costs appreciably. The marketing would presumably be undertaken by a producer's cooperative that would also handle the processing and packaging. This would be a sustaining operation with the relatively heavy front end cost of developing markets bourne by grant aid funds. Accordingly, normal marketing costs are not expected to be high and will be shared by other lines of production using the same services. This scheme offers the possibility of reserving for the producers a substantial portion of the expected higher revenue.

The dehydration and packaging might be undertaken by a reactivated Kandahar food processing plant or by a small regional installation. The optimum processing set-up depends on, among other things, the geographical distribution of production and alternative opportunities for the use of Kandahar facilities being investigated as a part of the agribusiness programming effort. In either case, it seems that the processing and marketing could be accomplished by private business (cooperative), although the initiative would have to be governmental if the higher returns are to be largely preserved for the producers.

A GOA initiative to establish a producers cooperative for parsley and similar products would open the way for the use of the capital cost recovery method of financing for the processing facilities initially to be paid for by the GOA, which may in turn recover the cost of the facilities from the cooperative for further agribusiness development. Alternatively, the AID financing may be in the form of a loan to the GOA with repayment out of the proceeds of charges on the cooperative.

As mentioned above, the project is a prototype for many herb crops in most respects, although there are some that would require different processing. Consequently, in terms of the kind and level of project manpower and facilities, it makes sense to think of a team that would be concerned with a number of products. The make-up of the team presents problems because of the requirement for a minimum of 25 percent GOA contribution to the project. Where it would be possible to get multivalent U.S. technicians in order to reduce the AID cost and therefore the GOA requirement, it will not be easy. The minimum U.S. team should consist of a specialist in farmers cooperative organization and management and a specialist in food processing. The former should have marketing savvy and the latter should be able to handle the engineering nuts and bolts aspect of the work as well as food technology and laboratory work. Both will need to be well-experienced in low level, small-scale operations. Two rugged vehicles, not necessarily four-wheel drive, and spares will be needed. An existing small library and some simple available lab equipment would probably have to be augmented, and if the team were to widen its interest beyond herbs, a small pilot processing unit might be needed.

A three-year program seems the minimum needed to do the job, and provision should be made for an additional year if that proves desirable, as follows:

	Calendar Months
Phase I Familiarization, identify obstacles and remedies, export market study, plan of action and requirements, report and report acceptance by USAID and GOA	6 to 9
Phase II Pilot processing, processing economics and pricing, and test marketing	6 to 9
Phase III Set up facilities, co-op organization, and supply arrangements.	6 to 9

Phase IV	Commercial producting, processing, and marketing	18 to 24
		36 to 51

It would be advisable to establish decision points for continuation of the project at the end of Phases I and II. The end of Phase I will indicate the extent of GOA commitment, and the end of Phase II will define the potentials for commercial success. Only then should facilities be committed to commercial production. During the second phase the co-op specialist can be designing his co-op systems and, where appropriate, he can organize pre-co-ops in preparation for commercial operations.

The budget for the project on a three-year basis would be as follows:

U.S. Contributions	(000)
Technicians (2) 72 man-months @ $5,000 ea.	$360
Vehicles and spares (2) @ $7,000 ea.	14
Books and lab equipment	10
International travel and transportation	
Technicians and dependents: 24 RT @ $1,500	36
Marketing travel · 4 RT @ $3,000	12
HHE and POVs: 2 each @ $10,000	20
Backstopping and short-term specialists, including supervisory trips and travel:	
12 man-months and 10 RT @ $6,000 & $1,500	87
U.S. technicians & support	$539
Cost reimbursement or loan funds (if not available from IDBA or Ag Bank)	100
Total U.S. contribution	$639

GOA Contribution	
Counterparts (11) 396 man-months @ $50 say	$ 20
Offices, lab and lecture room: 170 m^2 say	18
Secretaries, porters, drivers (6) 108 man-months @ $50	6
Vehicle operating expense: 20,000 miles/year @ $0.05	3
Per diem: U.S. technicians 10% of time @ $11/day	3
Afghan counterparts @ salary	4
Office equipment and supplies, printing	4
Library and lab equipment	2
GOA technicians & support	$ 60

Kandahar plant and/or new facilities	$100
Advances to cooperatives for working capital	55
Total GOA contribution	$215

The major assumptions underlying this project are (1) that the market exists for upgraded products, (2) that the GOA will permit the existence of free (non-governmental) cooperatives without helping them to death, and (3) that the jurisdictional and organization problems of a project such as this, involving agriculture, industry and commerce can be solved to permit an efficient governmental agency to be formed to handle the implementation

The first assumption is critical for commercial success and is fairly safe. Only testing will determine if Afghan production can penetrate the market. The second assumption is critical for the income distribution explicit in AID objectives and is questionable in view of the fate of previous efforts at cooperative organization and operation. The third assumption is also tenuous given the avarice and empire building proclivities of government ministries.

However, all of these problems have been faced before with varying measures of success, and the difficulty should be viewed as a challenge rather than as a reason to shy away.

Task Force 4 Draft:LMorrison:4/29/74

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VILLAGE INDUSTRY AND HANDICRAFT

Cottage industry and handicraft plays an important role in rural life often supplying the bulk of rural needs for manufactured articles (tools, implements, furniture, textiles, etc.), processed food (meal, flour, sweets), and occasionally producing something of wider appeal and marketability (carpets, specialty textiles, unique furniture, straw mats, etc.). Worldwide interest in the latter category has been steadily growing during the past three decades as personal income has grown, more of the world's people have traveled to more of the world's places, and the middle classes sought relief in their dress and home furnishings from the uniformity of their chromed, synthetic, plasticized, machine-made surroundings.

It is clear that rural non-agricultural production plays a significant role in generating rural income. Its potential for improving rural income has not been exploited with certain notable exceptions in the case of carpets, pustinchas, embroidered tunics, Koochi jewelry, charpoi furniture, and some Nuristani items. These items and those not yet commercially exploited outside of the domestic market offer opportunities for great improvement and penetration of untapped markets.

GOA interest and support for assistance in developing village industry and handicraft production and marketing is promising. Aside from high level expression of priority for such activity, the cottage industry and handicraft responsibility in the Ministry of Mines and Industries was shifted from the public sector presidency to the private sector presidency at the latter's request. The shift was motivated by a desire to do something, and it was reported that President Daoud expressed satisfaction with the move because he had hopes that now something would be done in this neglected area.

The product area is quite broad and a project to cover the field would be extensive, expensive, and possibly of limited productivity. Accordingly, it would be prudent to focus such an effort on the areas of greatest potential. In the field of production for local consumption, it would seem that the production of improved agricultural hand tools would offer one such opportunity. Another might be the pickling of vegetables and meat. Both of these might be handled by the team suggested for the parsley prototype project.

In the field of production for export, a specialist in handicraft marketing would be required to identify potential export items; assess the market; define and introduce modifications in design, color, and materials; establish quality controls, and carry out initial marketing efforts Such a specialist would be a valuable addition to the team suggested for the parsley prototype project. The "people organization" part of this effort could be handled by the cooperative specialist already anticipated.

The additional financing would amount to a U. S. contribution of $270,000 over a three-year period, and a GOA contribution of $70,000.

The beneficiaries of this effort would be the great number of skilled rural people now engaged in non-agricultural production. They would receive the benefits directly in the form of technical assistance and organization enabling them to produce greater income through improved and expanded salability of their products. Maximization of these benefits would be achieved by cooperative organization, or alternative arrangements to achieve the desired income distribution.

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DRAFT:CLMartin:4/29/74

TASK FORCE IV

GRADING AND PACKAGING OF NUTS AND FRUITS

Purpose: To aid small farmers (tenants and sharecroppers) in methods which will: a) increase yields; b) provide more food to eat; c) provide a small quantity for market; and d) improve commercial marketing for almonds, walnuts, apples, apricots, peaches, pomegranates, etc. This activity will enable the small farmer to move out of a subsistence type of existence and into the market economy.

Benficiaries of Project - The improvements brought about through implementation of this activity will be directed to small farmers (tenants and sharecroppers) who are now receiving something like one-half, one-fourth, or even one-sixth of the produce being grown on rented land. Increased production of any combination of the crops referred to in the purpose section of this paper will provide the recipients with more food to eat as well as a surplus for the market. Also, it can be safely forecast that improvements in production will lead to a greater need for both skilled and unskilled labor. With greater production and improved marketing criteria, there will be a need for laborers to construct packaging materials, operate and maintain grading and processing equipment, handling and receiving product for storage and shipping, etc.

Linking Recipients to Benefits - It is proposed that benefits to small farmers should be of a magnitude where he could expect returns of 50 to 75 percent from production; better product price 25 to 40 percent; improved methods of harvesting produce 15 to 30 percent; and a probable increase in land values of 10 to 15 percent.

Furthermore, activities in any one of the products involving fresh fruits or nuts will directly affect farmers in four to ten provinces, if we assume that an activity can be implemented to deal with eight crops, then farmers (400,000 +) in 19 different provinces could be assisted. The export value of various crops listed in the attached paper illustrates the importance of these products for earning foreign exchange. Therefore, if producers, processors and exporters can be joined together it is possible to produce an end product which will demand a higher price in foreign markets. The country is already exporting many of these products to sophisticated foreign markets; however there is a great need to improve the processing, handling and shipping of the product so it can complete more thoroughly in foreign markets.

It is anticipated that farmers will establish farmers' associations and/or cooperatives in order to plan and coordinate the required production credit, agricultural inputs and guidelines for growing and harvesting of a particular crop. Once farmer groups have been established, it will be necessary for them to join up with the public agencies and private business institutions so that there is a flow in communications and coordination between all parties involved in any one specific crop. This activity, if approached from a whole system philosophy would be able to assist the farmer in various means by providing specific new agricultural technology, services of agricultural extension, production inputs of credit and materials, market information, organizing farmer associations and research verification trials. The final product of an activity dealing with fresh fruit or nut processing and grading will bring an infusion of economic and social benefits to the lower socio-economic groups. Increased earnings of foreign exchange to the country will also result from this activity.

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Life of Project - The life of any serious effort to achieve the aims of this activity should be a minimum of five years and a maximum of eight years. It is suggested that a pre-feasibility study be conducted first to determine which of the specific crops grown in the country lend themselves to such an activity. The time alloted for a pre-feasibility study will be about four to six months. The study must be undertaken by highly qualified persons with an intimate knowledge of producing, handling, processing and marketing such specific crops as listed in this paper. Following the pre-feasibility study the selection of an intermediary will be necessary to implement and guide development of the activity. It is suggested that the intermediary team include a project leader, credit specialist, production specialist (extension type), a farmer association or cooperative specialist, a research specialist, a marketing specialist, and a processing plant operations specialist. The intermediary team members will need to be phased in over a two to five-year period as progress of the activity evolves.

Estimated Costs of Project -

$100,000 Pre-feasibility Study

$300,000 Technicians - Annually

$150,000 Training - Annually

$450,000 Equipment

The financial assistance for any of these activities should be of two parts, i.e., pre-feasibility study, technicians and training being funded under grant-type assistance and equipment funded under a loan to any association and/or cooperative through an established bank in Afghanistan.

Government of Afghanistan Support for Activity

It is expected that the government will provide technical assistance to any of these activities by supplying budgetary support for extension agents, research scientists, credit agents and backstopping facilities enabling officials to carry out their jobs. Furthermore, physical structures to house the equipment such as the grading, sorting and processing machinery and warehouses will be provided by the farmers' associations and/or cooperatives.

Attached is a paper discussing the possible benefits of organizing farmers' associations or cooperatives.

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TASK FORCE IV

Kandahar Dehydration Facilities

Purpose - To aid small farmers (tenants and sharecroppers) in ways and means of increasing family incomes through better processing and marketing of crops produced on "risk jeribs". The activity will be developed to utilize the present dehydration equipment located at Kandahar. The machinery is in place and about 10-15 years of age but has not been used during the last six years or so.

It is anticipated that this facility could process produce such as apricots, peaches, onions, tomatoes, garlic and other fruits and vegetables commonly grown in the Kandahar, Zabul, and Helmand Provinces. Also, it is assumed that this activity will provide an excellent opportunity for improving the incomes of indigenous under-employed and transient labor residing in the region.

Beneficiaries of Project - The rehabilitation of the dehydration plant will provide an outlet for small farmers to market surplus produce. The direct beneficiaries will be the small farmers; those now receiving one-half, one-fourth, or even one-sixth of the crop grown on rented land. With the possibility for better utilization of the produce being grown, it can be assumed that farmers will increase their production through adoption of new agriculture technology. As truck gardening type of agriculture increases there will be a greater need for various kinds of laborers hence the under-employed residents of the area will be able to find tasks for full utilization of their services. Also, skilled and unskilled laborers will be required for operating and maintaining the dehydration facilities as well as working in receiving and storage warehouses, etc.

Linking Recipients to Benefits - An assumption must be made that small farmers involved in growing produce for this dehydration plant will receive benefits in the neighborhood of 100 percent over current returns for the labor and management.

It is projected that returns in the range of 50 to 75 percent from production, better price from the crop produce 25 to 40 percent, improved harvesting techniques 15 to 30 percent and a probable increase in land values of 10 to 15 percent. While it is not possible to state the exact number of small farmers which will receive benefits through implementation of this project, it can be planned that farmers (100,000) in at least three provinces are in a position to receive benefits. Also, farmers furnishing produce for the dehydration plant will be encouraged to form farmers' associations and/or cooperatives enabling them to plan the procuring of inputs, and provide credit and marketing of crops grown. When these formal groups are organized, it will be of further benefit for the farmers to join with private banking institutions and public agencies, thus ensuring more equitable market. The union will contribute to a better flow of communications among all parties concerned in growing and handling produce for the dehydration plant. The farmers will be assisted in obtaining information on new technology through the services of the agricultural extension and research departments, production inputs of materials and credit and marketing information. This effort will bring an infusion of economic and social benefits to the lower socio-economic groups operating in the project areas.

Life of the Project - The life of this activity is estimated to be about three to five years' duration. However, before embarking on the activity, it will be necessary to conduct a pre-feasibility study and determine the costs of putting the machinery in operation, what technical and skilled manpower resources are required to operate and maintain plant and budgetary resources needed to make the plant an operating success. An

intermediary team will be required throughout the life of the activity.

Estimated Costs of Project -

$20,000 - Pre-feasibility Study

$180,000 - Technicians

$50,000 - Training

$200,000 - Equipment Rehabilitation

The financial assistance to implement this activity can probably be divided into two sections: 1) the pre-feasibility study, technicains and training will be funded under grant assistance; and 2) equipment rehabilitation under loan financing.

Government of Afghanistan Support for Activity -

The Government shall provide the required manpower technical assistance to manage and operate the plant as well as make available extension agents, research scientists, farm credit agents and the physical office facilities required for officials to adequately carry out their jobs. The Government's contribution will also include the current dehydration plant facilities which amount to a guess estimate of $25,000 to $400,000.00.

AGRIBUSINESS TASK FORCE PROJECT PROPOSALS

The purpose of these projects is to increase the income of small farmers, casual farm labor, and other underemployed rural labor by increasing the rural value added to traditional agricultural products and making possible the penetration of new markets. Cooperatives are suggested in order to ensure that the target group is the main beneficiary of these efforts. In the absence of cooperatives or other rural income distribution schemes, it must be recognized that others outside the target group will also have to benefit if the necessary processing and more developed marketing arrangements are to be available to realize the primary purpose. In all cases, the projects concern the development of business along specific crop lines. They are strictly business and, therefore, self-sustaining and enduring.

The proposals in this group consist of activities to commercialize or increase the value added, in rural areas where feasible, of agricultural products now existing in Afghanistan. Processed and non-processed food and medicinal crops are included, the distinction being that processed crops undergo some form of physical or chemical change while non-processed crops are merely upgraded for commercial purposes by cleaning, grading, sorting, and packaging.

A further differentiation is useful between cultivated and non-cultivated crops because of the difference in the kind and amount of development effort required to commercialize the crop. Cultivated crops will often require an effort to improve the characteristics and yields of the product. This may take a range of inputs such as extension services, agronomic research, fertilizers, credit, equipment and agricultural chemicals. On the other hand, non-cultivated crops such as wild nuts and herbs are available for the harvesting and need only processing or market-responsive handling to commercialize.

It has not been possible to examine all possibilities for agribusiness because of the time limits for this presentation. Accordingly, the following list must be considered illustrative. The projects are designated according to the crop and characterized according to the above distinctions.

Sugar beets	cultivated	processed
Corn	cultivated	processed
Parsley	cultivated	processed and unprocessed
Dill	non-cultivated	processed
Pine nuts	non-cultivated	processed
Other herbs	non-cultivated	processed
Rice	cultivated	processed
Almonds and walnuts	cultivated	processed
Fresh fruit	cultivated	unprocessed
Fruits and vegetables	cultivated	processed (dehydrated)

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VILLAGE INDUSTRY AND HANDICRAFT

Cottage industry and handicraft plays an important role in rural life often supplying the bulk of rural needs for manufactured articles (tools, implements, furniture, textiles, etc.), processed food (meal, flour, sweets), and occasionally producing something of wider appeal and marketability (carpets, specialty textiles, unique furniture, straw mats, etc.). Worldwide interest in the latter category has been steadily growing during the past three decades as personal income has grown, more of the world's people have traveled to more of the world's places, and the middle classes sought relief in their dress and home furnishings from the uniformity of their chromed, synthetic, plasticized, machine-made surroundings.

It is clear that rural non-agricultural production plays a significant role in generating rural income. Its potential for improving rural income has not been exploited with certain notable exceptions in the case of carpets, pustinchas, embroidered tunics, Kocchi jewelry, charpoi furniture, and some Nuristani items. These items and those not yet commercially exploited outside of the domestic market offer opportunities for great improvement and penetration of untapped markets.

GOA interest and support for assistance in developing village industry and handicraft production and marketing is promising. Aside from high level expression of priority for such activity, the cottage industry and handicraft responsibility in the Ministry of Mines and Industries was shifted from the public sector presidency to the private sector presidency at the latter's request. The shift was motivated by a desire to do something, and it was reported that President Daoud expressed satisfaction with the move because he had hopes that now something would be done in this neglected area.

The product area is quite broad and a project to cover the field would be extensive, expensive, and possibly of limited productivity. Accordingly, it would be prudent to focus such an effort on the areas of greatest potential. In the field of production for local consumption, it would seem that the production of improved agricultural hand tools would offer one such opportunity. Another might be the pickling of vegetables and mest. Both of these might be handled by the team suggested for the parsley prototype project.

In the field of production for export, a specialist in handicraft marketing would be required to identify potential export items; assess the market; define and introduce modifications in design, color, and materials; establish quality controls, and carry out initial marketing efforts Such a specialist would be a valuable addition to the team suggested for the parsley prototype project. The "people organization" part of this effort could be handled by the cooperative specialist already anticipated.

The additional financing would amount to a U. S. contribution of $270,000 over a three-year period, and a GOA contribution of $70,000.

The beneficiaries of this effort would be the great number of skilled rural people now engaged in non-agricultural production. They would receive the benefits directly in the form of technical assistance and organization enabling them to produce greater income through improved and expanded salability of their products. Maximization of these benefits would be achieved by cooperative organization, or alternative arrangements to achieve the desired income distribution.

RAW SUGAR PROJECT

Purpose

The initial purpose of the raw sugar project is to develop a model raw beet-syrup/sugar facility that can readily be duplicated under Afghan conditions in rural areas where sugar beets can be grown.

The second purpose is to assist in establishing a potential of 60 more duplicate facilities in selected areas of Afghanistan.

The facility design is envisaged to have a capacity of processing 5000 tons of sugar beets into raw syrup/sugar during a 100-day campaign that would come after the general harvest period and thus extend the seasonal employment that is a troublesome problem.

The output sugar equivalent at 12% yield would be 600 tons of white sugar per facility. The value of the raw syrup/sugar is estimated under 1973 conditions as being worth 6 million Afghanis. At a ratio of sales to investment of 1:1, the capital assets required for each facility is then also 6 million Afghanis.

Local private investors with cooperation of the IDBA would make a good team for undertaking this multi-facility development.

Who Receives Benefits?

1. Farm labor is the first beneficiary because it is needed to grow and harvest the beets. The project may bring some new land into cultivation. It may also lead to more intensive use of land. Both effects tend to increase income to farmers and farm labor.

2. Labor is required to operate the raw syrup/sugar facility, which provides additional income to farm labor.

3. The refinery processing the raw syrup/sugar extends its campaign from the present normal 100-day campaign to 300-350-day campaign. Seasonal labor is turned into year-around labor and so increase income and well-being.

4. Labor in other local industry also benefits from the well-known multiplier effect.

5. Income distribution can be analyzed according to, first, present conditions (the Baghlan Sugar Factory), second, conditions including a Sugar Factory at Kandahar, and third, conditions including the Baghlan, Kandahar sugar

factories plus raw sugar facilities. An outline analysis of this type is shown in Table 1.

6. The incremental effect of adding the raw sugar facilities has an input-output benefit/cost ration of 1.5:1. The incremental share for labor due to the raw sugar project is 42%, and 58% to capital and ownership. (See below.) That is to say, for each dollar of assets invested in the raw sugar facilities, the annual return to labor is 64 cents U.S. In terms of the annual wage when the project is fully operational, labor should receive 170 million Afghanis.

The incremental share for capital and ownership annually is 230 million Afghanis. However, as these facilities are dispersed throughout the countryside areas, some 75% of this amount also benefits the rural areas.

As a practical matter, the ownership of the facilities could be in the hands of the farmers as investors or in some cooperative form of rural enterprise. This would further benefit the farmers in the form of profit shares after depreciation, financial charges, and operating costs are deducted from the above-mentioned 58 percent capital and ownership share of expected benefits.

How Do Benefits Get to Receivers?

The raw sugar facilities extend the agribusiness "reach" into the countryside where farmers and labor have had to rely on wheat for their cash needs. By placing the facilities where new crops are needed and not forcing farms near the sugar factories to convert to sugar beets, the benefits are physically or specially spread out to do the most good for the poor majority.

By extending the seasonal labor utilization in the rural areas, the seasonal workers have an opportunity to increase their income in proportion to the additional work they can thus obtain.

The facilities as envisaged at this time can use equipment built in Afghanistan. Thus industrial labor starts to benefit near the commencement of the project.

Length of Project Time

The project will take five years or longer. It divides naturally into three sub-projects.

The first phase is to develop the model facility -- 2 years.

The second phase is to actively assist in establishing additional facilities -- 3 years.

The third phase -- unlimited falls into the autonomous growth of the national economy.

Estimated Cost to Program Office

If we assume the typical architecture and engineering design and supervisory fee of 15% as the USAID contribution and a total incremental investment of 360 million Afghanis plus a 20% USAID overhead on the fee, then the cost to the Program Office is about 1.1 million dollars over a five-year period. The heaviest funding will, of course, occur in the first two or three years.

The GOA contribution of twenty-five percent, or $366,000 divided by five years is about $73,000 a year. This contribution will take a number of forms: government facilities, government personnel, land, local equipment and construction, and loans from the IDBA.

Given the return to the Monopoly and thus to the GOA of an estimated 300 million Afghanis per year, the problem of obtaining the projected contribution should be manageable.

The generation of local investment and the role investment plays in increasing output (GNP) and national income is also a favorable factor. Private investment can make a major contribution in this aspect of the project.

GOA Support for Project

The author has been approached by representatives from the Ministry of Mines and Industries and the Ministry of Planning. Preliminary discussions have also been held with the President of Private Enterprise in the Ministry of Mines and Industries with encouraging results.

AGRIBUSINESS AND INCOME DISTRIBUTION
Raw Beet Syrup/Sugar Project
Economic Evaluation by First Approximation
A MULTI-STAGE APPROACH

	Baghlan operation	Kandahar project	Raw Sugar projects
I. Farm stage (Agriculture)			
Jeribs in beet production	24,000	43,000	107,000
Avg. beet yield, tons/jerib	2.8	2.8	2.8
Beet production, tonnes.	67,000	120,000	300,000
Beet price/ton in Afs.	750	750	750
Farm income (millions, Afs.)	50.4	90.3	224.7
Purchases			
Imports	1.4	2.5	6.3
Local	8.2	14.7	36.5
Labor value added	21.5	38.5	95.8
Other value added	19.3	34.6	86.1
II. Processing stage (Agribusiness)			
Tonnes sugar beets	67,000	120,000	300,000
Tonnes white sugar, 12% yield	8,000	14,400	36,000
White or raw sugar price	14,000	15,000	10,000
Sales income (millions)	112.0	216.0	360.0
Purchases			
Imports	15.4	20.1	15.0
Beets	50.4	90.3	224.7
Local	15.4	13.2	15.3
Labor value added	12.3	16.2	33.0
Other value added	18.5	76.2	72.0
To refine raw sugar: stage IIA.			
Sales income		5,400	
Purchases			
Imports		29.5	
Raw sugar		360.0	
Local		34.8	
Labor value added		29.8	
Other value added		85.9	

III. Distribution stage (Monopoly wholesaler and other retailers)
Three alternate combinations:

		Baghlan	Baghlan + Kandahar	Baghlan + Kandahar + Raw sugar
Market demand for white sugar, tonnes		66,000	66,000	66,000
Retail price, Afs./kilo		24	24	24
Final sales income (millions)		1584.0	1584.0	1584.0
Purchases				
Local sugar, tonnes		8,000	22,400	58,400
Cost (millions)		112.0	328.0	868.0
Imported sugar, tonnes		58,000	43,600	7,600
CIF port/tonne in Afs		14,300	14,300	14,300
Cost (millions)		829.4	623.5	108.7
Local		132.0	132.0	132.0
Labor value added		66.0	66.0	66.0
Other value added		444.6	434.5	409.3
IV. Local Trade stage				
Local trade sales		155.6	163.5	270.1
Purchases 70%		93.4	110.1	162.1
Imports		15.5	18.3	27.0
Labor value added 14%		21.8	25.7	37.8
Other value added 16%		24.9	29.4	43.2
V. Economic Benefit = $\sum$ stages I-IV = (Y = C+I+B) where C + I = V				
Labor value added	(L)	121.6	180.2	350.9
Other value added		507.3	612.5	845.1
Total value added	(V)	628.9	792.7	1196.0
Exports-imports	(B)	-861.7	-681.2	-225.9
Benefits	(Y)	(232.8)	111.5	970.1
VI. Cost: in total assets				
Farm investment		120.0	335.0	870.0
Baghlan		150.0	150.0	150.0
Kandahar		---	743.0	743.0
Raw sugar		---	---	360.0
Total (millions Afs.)	(A)	270.0	1228.0	1788.0
VII. Benefit/Cost ratios				
Economic benefit	(Y/A)	taxes other sectors	9.1%	54.3%
Incremental E. benefit	$\left(\frac{\Delta Y}{\Delta A}\right)$	---	35.9%	153.3%
Labor benefit	(L/A)	45.0%	14.7%	19.6%
Incremental L. benefit	$\left(\frac{\Delta Y}{\Delta A}\right)$	---	6.1%	30.5%
Labor share of income	(L/V)	19.3%	22.7%	29.3%
Incremental labor share	$\left(\frac{\Delta L}{\Delta V}\right)$	---	35.8%	42.3%

Notes: Prices are for the year 1973.

Retail price	24 Afs./kilo
Beets	750 Afs./tonne (incl. seed cost)
Imported sugar (CIF port)	14.3 Afs./kilo ($2.10/tonne)

New farm investment for beet growing = 5000 Afs./jerib

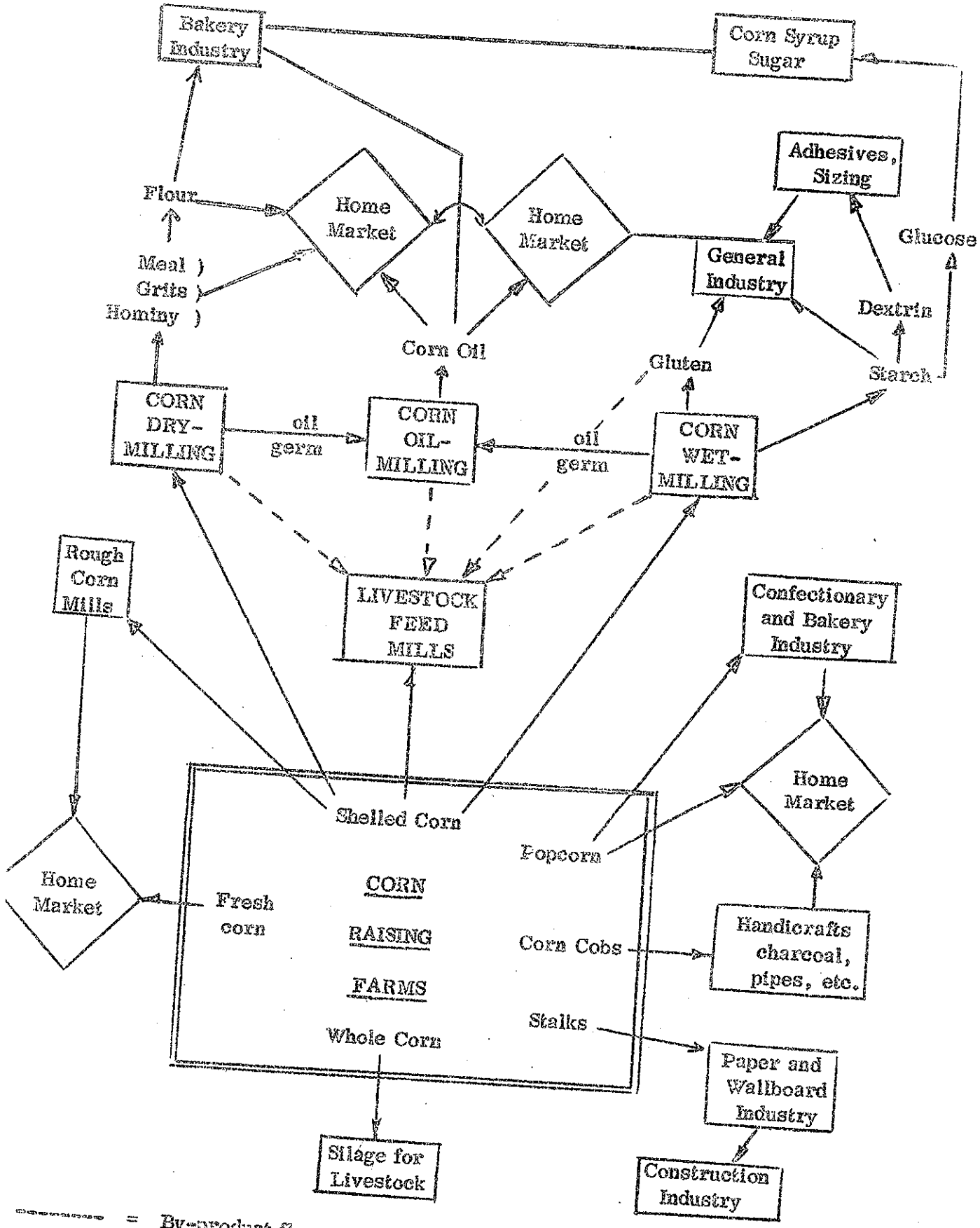
Sources: Retail price of white sugar = Kabul bazaar
Beet prices = Johnson's, 4th Report, 1973
Imported prices= Johnson's, 4th Report, 1973.
Baghlan assets = G. Allanson, Report 1967.
Farm data
Baghlan operating data
Sugar Monopoly data
Kandahar projections
} Urwick, Lugg & Gould Ltd. Report, 1972
Raw sugar preliminary estimates = R. Manly, Checchi, 1974.

Special note: The current 1974 sugar import prices are 2¼ times (469/210) higher than in 1973. As a result only the third alternative would give any national economic benefits. The 1973 import prices have been used because the 1974 prices are not likely to persist long enough to complete the projects as contemplated.

Also,

The British Development Association has been asked to consider, and is preparing to do so, a sugar factory at Kandahar.
—Douglas Donald, April 1974.

CORN PRODUCTS FLOW CHART



---- = By-product flow.

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CORN PRODUCTS
AGRIBUSINESS APPROACH

1. The principal commercial types of corn are: (a) dent, (b) flint, (c) flour, (d) sweet, and (e) popcorn.

2. The sweet corn is eaten directly as human food in the form of green corn, roasting ears and canned and frozen for longer shelf life. Popcorn is an extreme form of flint corn and devoid of soft starch. When heated, the moisture in the cells expands and causes the kernel to pop. It is extensively used in the confections industry and in homes as a snack item. Neither variety tends to be used in agribusiness processing industries.

3. The flour corn, as the name indicates, is widely used in cooking and baking because it is mostly soft starch and easily chewed and eaten. It is of relatively little commercial importance as it is usually prepared for eating close to the point of growing and harvesting.

4. The principal commercial and industrial corn crops are, therefore, the dent and flint varieties. The dent corn is composed of both soft and hard starch while the flint variety is mostly hard starch.

5. Corn is utilized in three principal ways: (a) as a feed for livestock; (b) as a human food; (c) as a raw material for industry. In the United States, about 80% of the corn crop is fed to livestock, 11% is consumed as food by the people, and 9% is processed by industry.

6. Corn is inferior to other cereals as a human food.

7. All parts of the corn plant are used as raw materials in industry.

- Stalk
  - Paper
  - Wallboard
- Cobs
  - Fuel
  - Charcoal
  - Industrial solvents
  - Corn cob smoking pipes
- Plant
  - Ensilage

- Grain
  - Wet milling
    - Hull
    - Germ
      - Oil
      - Cake
    - Starch (66% dry weight of grain)
      - Starch powder
      - Dextrin
        - Adhesive
        - Sizing: paper, textiles
      - Glucose
        - Syrup) confectionary
        - Sugar) and brewing
    - Corn gluten
      - Food additive
      - Adhesives
    - Animal feed
  - Dry milling
    - Germ
      - Oil
      - Cake
    - Food
      - Hominy
      - Grits
      - Meal
      - Flour
      - Animal feed

8. As can readily be seen from the above schematic outline, corn is not a simple commodity. In the agribusiness sense, corn faces a multiple marketing problem. At the present stage of its development in Afghanistan, corn is used for human and animal feed but not industrially.

9. Its human use in Afghanistan is as a sweet corn and as a coarse meal for bread or as a cooked mush. Not surprisingly, the market is neither large or elastic. Traditionally, the price for corn in the Kandahar-Helmand region was Afs. 24 per mound (approx. 10 lbs.). After new acreage and fertilizers came into the picture, the prices dropped to about Afs. 8 per mound. During the drought in 1350-51, the price rose as high as Afs. 35. Now, it is down to the Afs. 8-10 level.

10. In other words, the final products of the corn sector need to be upgraded, i.e. more sophisticated and complex technology must be introduced along with a coordinated marketing campaign. Taste preferences in foods will play an important role in expanding and stabilizing prices in the corn industry. The principal justification for undertaking such an expanded agribusiness effort is the comparative cost advantage of producing corn. When grown under the favorable agronomic conditions available in the Helmand, Laghman and Nangarhar provinces, the cost is much lower than for other grains.

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11. Technological upgrading requires the introduction, in a modern form, of both wet and dry corn milling. The upgrading in marketing depends on the bakery industry and a mix of industrial uses for the expanded range of products simultaneously made available by the technological advances.

12. The agribusiness art of bridging the gap between supply and demand is the essential third element. It is the "reach" that moves raw products from their source to the consumer in his more distant location.

13. The chart on the following page outlines the Agribusiness Complex needed to set up a corn-oil project, starting with the farmer's fields of corn near the center and ending up in the three general market areas mentioned in (5) above: feed for livestock, human food, and industrial raw materials.

14. The feed for livestock divides naturally into silage for use on or near the corn farms and prepared animal feeds for both local and distant markets. The greater Kabul-Jalalabad region represents the most attractive market for prepared animal feed. Long distance hauling of livestock products to final markets as an industry is naturally a large-scale undertaking for which Afghanistan is unready on both the supply and demand sides of such an undertaking.

15. Hauling corn and other animal feed raw materials to be the principal market area takes into account the natural comparative cost advantages available in the system. The Kabul-Jalalabad region is relatively short of livestock feed while representing the principal market for livestock products. Prepared animal feed based on corn will increase productivity at the lowest cost and so help to provide protein at a lower price and so provide protein to lower income groups than is presently possible.

16. In order to provide an industry scale large enough for economical results, it will perhaps be necessary to include four processes in a single project though four separate projects have an economic attraction.

(1) Prepared animal feed project
   a. Other feed inputs such as animal by-products from local slaughtering will be needed and are available in the Kabul area particularly.
   b. Gluten from the wet corn milling process will provide an attractive additive.
   c. By-products from both the wet and dry milling process can be advantageously used in prepared feeds.
   d. The germ cake from the corn-oil extraction operation is also an excellent animal feed additive.

(2) Dry milling project
   a. The corn germ goes to the corn-oil extraction operation.
   b. The flour made after removing the corn germ is a bakery and household material for cakes and bread.
   c. The by-products go to animal feed above.

(3) Wet milling project
   a. The corn germ goes to the corn-oil extraction operation.
   b. The corn starch in addition to its uses as a cake or powder can be treated to produce:
      (a) Dextrin, which goes into the manufacture of adhesives and into sizing as used to strengthen the yarn in cotton weaving.
      (b) Glucose, which provides corn syrup and sugar used in baking and confections to improve the taste of products made from flour.
   c. Gluten, which is also used in making adhesives as well as being used as a food additive. It will perhaps find its best use in the beginning in the animal feed project as an additive.

(4) Corn-oil refining project
   a. The refined oil is a high grade cooking oil for the home and in the bakery industry.
   b. The oil cake and other germ by-products go into the prepared animal feed project.

17. It would be well for the overall project to consider importing a limited amount of corn flour, corn oil, and corn syrup with the necessary recipes so that actual bakery trials can be carried out to test market acceptability of the final products.

18. It would be particularly worthwhile to experiment with a corn syrup sweetened, corn flour better in a typical "nan" bakery. Possibly a mixture with wheat flour would prove attractive to consumers because of the sweetening from the corn-syrup-sugar. In view of the new high prices for sugar, this approach may prove beneficial.

19. The balance between dry and wet milling and prepared animal feed cannot be accurately projected without careful survey and analysis of the three market areas in Afghanistan. We can, however, construct a hypothetical disappearance table based on U. S. experiences.

20. Corn may be expected to yield 1000 kg. per acre up to 2000 kg. with optimum use of fertilizer and seed variety with favorable agronomic conditions.

21. The disappearance per 1000 kg. of grain harvested and used in silage might be as follows:

total units (kg.)	1000
stays on farm	580
sold from farm	420
prepared animal feed	340
wet milled products	45
dry milled products	35
	0

22. If 10 units of wet milled products are in the form of starch for the Afghan cotton textile industry and 400,000 units or kilograms are used annually (imports in 1350 were about 425 tons) then 40,000 acres of corn would be needed. If the yield was a high as 2,000 kg. per acre, then only 20,000 acres in production would be needed.

23. As mentioned earlier only a well-conducted agribusiness survey and facilities analysis will permit sound project decisions to be made.

24. Some agricultural reactions may occur if a corn-oil program proved successful. Livestock and agriculture would benefit in general as would the consumer, employment and income. There could be some negative effect on wheat demand and prices received by farmers. To the extent such effects take place, it is probable that other crops would replace wheat in proportion with an ultimate income benefit to the farmer.

25. The initial thrust of the project is the establishment of small-scale units in rural areas with fair market potential in the surrounding areas. The oil mill at Lashkar Gah suggests itself as a good initial point for initiating such a project, where the potential for corn production is favorable.

26. See Raw Sugar Project paper for suggested method of evaluating benefits -- to whom and how.

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TASK FORCE IV

Establishing Modern Rice Mills

Purpose - To establish a modern rice milling industry which will yield a higher quality human food product, by-products for livestock feed and reduce losses of unmilled rice. It has been reported that present rice milling methods used by farmers in production areas result in a loss of unhulled rice in the range of 15 to 40 percent. It is also noteworthy that there is not a single modern rice milling plant in the country.

Beneficiaries of Project - Rice is grown in about seven provinces of the country as a major crop on 200,000 hectares of land with an annual production of about 350,000 to 400,000 tons. The current methods of polishing rice are generally antiquated and produce a rather low quality human food product. This waste of unhulled rice during milling operations is unnecessary as better technology is available for processing rice as a human food. Furthermore, the country is an importer of polished rice and by improving rice milling operations, reducing losses, it can be assumed that the farmers will receive larger returns for his total rice crop as a top quality product will be able to compete better with imported rice. Also there will be a by-product of rice bran which can readily be utilized as a livestock feed. An indirect benefit deriving from milling operations will be the creation of new jobs for under-employed labor in any area where a mill is established.

Since the country is in a deficit position concerning rice production any improvements in handling the crop will contribute a reduction in the need for foreign exchange.

Marketing of the rice crop will be limited to internal markets for the foreseeable future, hence very little technical skill will be required to handle this phase of the program.

Life of the Project - The life of this project will be about three years. The required course of action will be to conduct a one to two month feasibility study determining interests for improving rice milling, what steps can be taken for reducing grain losses and what nutritional improvements can result from a better milling process. After completion of the initial study a contract with an intermediary team would be developed to implement the objectives of the activity along the lines determined by the feasibility study.

Estimated Cost of Project -

$20,000 - Feasibility Study

$180,000 - Technicians

$100,000 - Training

$500,000 - Equipment

The costs for supporting the feasibility study, technicians and training will be funded under grant-type assistance, while the equipment should be funded under loan-type assistance.

Government of Afghanistan Support for Activity - The Government will provide the normal public backstopping services to this activity such as extension, research, credit, etc. The farmers' associations or cooperatives will provide support for managing the milling plant.

EXPORT CROPS AND COUNTRIES

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I.

Apples	Pakistan.
Apricot	Paistan, USSR, USA, Saudi Arabia, Singapore, Iran, Lebanan, Philippines.
Grapes	Pakistan & India.
Jujubes	India & Pakistan.
Melon	Pakistan.
Peaches	Pakistan.
Pears	Pakistan.
Plums	India, Pakistan and Iraq.
Pomegranates	Pakistan, India, USSR, Iran, Iraq & others
Raisins	India, Pakistan, USSR, USA, England, Germany, China, Czechoslovakia, Denmark, France, Swedon, Norway & Philippines.

II.

Almond	India, USSR, USA, Germany, Lebanan, Switzerland & Poland.
Pine nuts	Pakistan, Germany, Syria & Holland.
Pistachios	Germany, Iraq, USSR, USA, Iran, Lebanan, Saudi Arabia, Switzerland, Syria & Philippines.
Walnuts	USSR, Iran, Philippines & others.
Apricotnuts	India, Germany, Iran, Lebanan, Switzerland & Norway.

III.

Anise	Pakistan.
Carawsy Seed	India & Iran
Coriander Seed	Pakistan & Lebanan
Licorice root	India, Pakistan, Japan, Italy, & Singapore.
Paraley	Pakistan, USA, Italy, Lebanan, Singapore & others.

IV.

Alfalfa Seed	Pakistan, USA, Iran, Italy & Lebanan.
Cotton	USSR, England, Germany, Czechoslovakia, Holland, Australia, Pakistan & Austeria.
Clover Seed	Pakistan & Italy.
Flax	USSR.
Potatoes	-
Sesame	Iran
Califlower	-

CROPS EXPORTED

CROPES RELATED TO EXPORT TRADE	1347		1348		1349		1350		1351	
	Kg Exported	Value in Afghani	Kg Exported	Value in Afghani	Kg Exported	Value in Afghani	Kg Exported	Value in Afghani	Kg Exported	Value in Afghani
Apples	1,188,234	20,662,186	820,916	6,772,022	2,316,566	23,863,708	858,924	11,280,075	5,672,093	[illegible]
Apricot(Fresh & Dried)	2,472,190	70,505,425	3,869,491	181,150,029	2,731,122	53,893,204	3,235,533	49,959,826	[illegible]	[illegible]
Grapes (all)	41,272,880	394,103,355	44,845,299	468,081,988	46,268,672	468,438,237	53,594,858	531,[illegible]84,826	[illegible]	[illegible]
Jujubes	182,197	6,954,321	109,927	1,392,208	47,366	592,453	46,593	1,260,972	[illegible]	[illegible]
Melons (all)	18,053,760	70,125,911	26,327,680	91,728,415	16,464,840	84,497,145	18,626,566	78,[illegible]11,853	[illegible]	[illegible]
Peaches	-	-	-	-	-	-	-	-	-	-
Pears	-	-	-	-	-	-	-	-	-	-
Plums (Fresh & Dried)	303,960	15,507,594	115,974	4,355,851	79,221	4,695,346	59,081	1,[illegible]98,137	[illegible]	[illegible]
Pomegranates (all)	9,069,016	305,693,245	9,200,799	97,890,810	9,261,194	97,902,305	7,032,246	74,745,333	[illegible]	[illegible]
Raisins (all)	17,757,824	710,222,095	23,867,713	807,714,260	30,652,628	935,685,403	26,639,113	871,[illegible]75,180	[illegible]	[illegible]
Almond (Shelled & Unshelled)	1,554,187	112,818,833	1,704,420	154,738,298	1,978,800	264,442,191	2,722,239	286,456,370	[illegible]	[illegible]
Pine nuts (all)	34,682	439,193	804	27,806	33,582	2,360,289	35,444	[illegible]03,852	[illegible]	[illegible]
Pistachios (Shelled & Unshelled)	2,531,178	318,951,219	1,156,372	154,827,360	1,269,828	226,038,087	1,252,780	193,452,001	[illegible]	[illegible]
Walnuts (Shelled & Unshelled)	5,006,409	160,964,281	4,928,183	172,279,732	6,932,609	265,020,738	9,308,868	346,[illegible]75,201	[illegible]	[illegible]
Apricotnuts (Shelled & Unshelled)	48,536	4,380,434	318,314	43,725,832	410,875	43,425,781	667,038	88,[illegible]40,807	[illegible]	[illegible]
Anise	94,947	1,407,684	137,496	1,737,662	74,090	1,497,018	26,882	[illegible]38,837	[illegible]	[illegible]
Caraway Seed	148,725	26,512,344	160,121	13,469,981	101,279	10,311,043	133,980	20,[illegible]92,899	[illegible]	[illegible]
Coriander Seed	556,266	8,218,619	706,631	4,619,278	605,316	4,077,989	186,437	2,[illegible]98,667	[illegible]	[illegible]
Liccrice root	1,794,302	36,626,310	729,040	6,920,622	1,625,989	20,096,884	4,054,703	72,[illegible]52,614	[illegible]	[illegible]
Parsley	307,964	7,266,946	840,127	15,678,552	826,924	7,896,025	536,809	8,[illegible]80,461	[illegible]	[illegible]
Alfalfa Seed	1,003,782	29,557,837	728,371	18,743,006	586,623	17,150,961	339,305	15,[illegible]22,470	[illegible]	[illegible]
Cotton	7,574,346	438,019,495	7,656,931	426,886,702	13,443,605	712,028,932	20,664,702	10[illegible]82,038	[illegible]	[illegible]
Flax (Linseed)	11,099,035	127,976,753	11,874,031	133,838,695	1,365,220	16,[illegible]20,932	200,000	2,[illegible]67,700	[illegible]	[illegible]
Potatoes	-	-	1,879,271	7,956,284	-	-	-	-	[illegible]	[illegible]
Sesame	621,312	6,205,263	2,268,348	49,470,058	424,184	5,474,859	46,530	[illegible]8,781	[illegible]	[illegible]
Cauliflower	-	-	-	-	-	-	-	-	-	-
Clover Seed (Persian)	1,598,813	56,811,097	499,103	13,039,588	117,740	3,337,260	251,428	6,[illegible]19,382	[illegible]	[illegible]

NUTRITION
BACKGROUND OF FIVE PROJECTS

Throughout the developing world, the five most prevalent and destructive nutrition related diseases from which all populations suffer are: protein-calorie malnutrition, diarrheal infections, anemia, Vitamin A deficiency and endemic goiter. The impact of these diseases are most severe on the age group 6-36 months - a time period during which mothers' breast milk is in itself insufficient, and likewise insufficient is the child's own physical equipment of teeth, gums, and muscle to cope with an adult diet. The consequences of malnutrition for this age group are high mortality (up to 5 years of age it exceeds 50% in Afghanistan). The survivors beyond age five suffer incomplete physical and mental development and reduced ability to perform.

The consequences of providing adequate nutrients to the 6-36 month child and his lactating mother, are to sharply reduce child mortality by reversing the synergistic effects of malnutrition and infection. A consequence of improved infant survival is a reduced fertility once survival is assured. Consequently, family planning efforts may be reinforced by nutrition programs.

As a new development thrust for the GOA, nutrition programs are severely handicapped by cultural, budgetary, and managerial resources. On the other hand, some recent technology for conveying food nutrients makes it possible for us to consider some nutrition interventions, which require a low level of skill (or a relatively high level of skill among a very few technicians) and little or no change in human behavior. The following five project proposals emerge as feasible interventions for GOA's initial venture into nutrition programs.

VITAMIN A - PROJECT #1

There is a synergism* between infant physical growth, infection and nutrient utilization. Vitamin A deficiencies cause retarded body growth and development, poor vision leading to blindness, poor mucosa development resulting in increased infection resulting in reduced nutrient absorption, hence, underutilization of available protein, calories, and other food nutrients.

Vitamin A can be conveyed to entire populations in Afghanistan by the fortification of tea, or it can be made available to the 6-36 months target group by semi-annual doses of Vitamin A distributed by smallpox and malaria control teams. Which avenue to be followed should be decided after an examination of the feasibility of fortifying tea with iodine for the control of goiter, now being done in Washington. Should iodization of tea prove feasible, it would encourage us to pursue the tea fortification route for Vitamin A.

Very wild guesstimates of the cost are:

A. To fortify tea with Vitamin A	US$ 1st Year	US$ 2d Year
Cost of Vitamin A (for 30 million lbs of tea)	70,000**	70,000*
Cost of tea blending & fortification equipment	50,000***	
Cost of technical assistance	50,000	15,000
Cost of quality control	15,000	15,000
	$ 185,000	$ 100,000

* A combined action by two or more agents that is greater than the sum of the action of one of the agents used alone.

** Most of this cost would be absorbed in the sale price of which would not result in an increase to the consumer by reason of savings made by blending tea in Afghanistan where now it is blended in India.

*** Figure does not include the cost of a building.

B. To distribute tea to target group via smallpox/malaria teams

Cost of Vitamin A (one million doses @ $0.02)	20,000	20,000
Technical assistance	20,000	
Partial payment to malaria/teams	?	?

This project is feasible from the conveyance viewpoint because all tea is imported to Afghanistan through two or three points and the entire population drinks tea; malaria and smallpox control teams operate in Afghanistan and these have been used in three or four other countries to distribute Vitamin A. In both cases, little technical expertise is required and no change in human behavior is required.

IODIZATION OF SALT OR OF TEA - PROJECT #2

Endemic goiter is visible as a throat enlargement and results from overactivation of the thyroid gland. Cretinism, deaf mutism and mental retardation occur in the children of iodine deficient women. An adequate intake of iodine (usually absent in the diets of mountainous populations) rapidly controls goiter.

The fortification of salt with iodine is familiar to most of us in the Western world, where all salt (including rock salt) is commercially refined. During the recrystalization process, iodine is added. In Afghanistan (where discussion about alleviation of goiter started at least 25 years ago) salt is quarried and present commercial practice delivers these blocks of salt to retail outlets where they are hand-ground to powder. The absence of a refining step in the Afghan process raises doubts about whether salt could be the carrier for iodine without the Government taking control of salt processing. Alternatively, since tea is imported through a few entry points and is consumed by the entire population, tea might be fortified with iodine and this question is now under investigation by AID/W/TAB/N. Should the fortification of tea with iodine prove feasible, and Vitamin A and iodine together prove compatible, such information would encourage us to pursue tea fortification over iodization of salt to alleviate goiter.

Project steps (cost estimates) are:

	First Year	Second Year
Technical assistance on iodization of tea	25,000	
Additional equipment to iodize tea		
Iodine for one year for tea		
Quality control per year	15,000	15,000
ALTERNATIVELY		
Feasibility study on iodization of rock salt		
Equipment to fortify salt		

The feasibility of fortifying tea or rock salt with iodine is open to question. We should resolve this question in FY 75 with the expectation that project activity on iodine could start in FY 76.

To give some idea of costs, in Algeria the installation of machinery to iodize salt cost US$5000 and yearly maintenance and operation was $1250. It cost one half cent to iodize a kg of salt and consumption was estimated at 5 kg per year, thereby adding 2.5 cents to the price of salt per capita per year.

WEANING FOOD - PROJECT #3

In Afghanistan, a mortality rate up to age five exceeding 50% is directly related to malnutrition and infection particularly in the age group 3-36 months. Most of the high nutrient food resources to correct infant food deficiencies are available in Afghan villages. The need is to educate mothers to prepare local foods which the infant and small child can digest.

This project proposes to educate mothers in a few selected villages in the preparation and use of a weaning food and thereby to obtain a reduction in child mortality and morbidity among the children of the families assisted and to obtain a greater acceptance of family planning among the assisted families. Because the cost of providing weaning food for the entire population would be prohibitive, it is proposed to stock centrally produced weaning food in the medical lockers of selected basic health centers and sub-centers, and to employ a village health agent to distribute and give instruction in the use of the weaning food, its preparation in the home from locally available resources, and personal hygiene to the families presenting cases of infant malnutrition.

USAID would import a specially ordered weaning food for a demonstration project of 24 months employing exactly the same weaning food components as are available in Afghanistan and as would be used subsequently for central production to medical lockers.

Project steps are:	1st Year	2d Year	3d Year
1. U.S. Select test and control villages, establish baseline data, prepare final report.	15,000	15,000	
2. U.S. Provide a 24 month supply of weaning food and weight charts.	15,000	15,000	
3. U.S. Train village health agents in the use, and preparation of weaning food, personal hygiene and motivation for family planning.			
4. AFG Develop logistical base for weaning food distribution from Kabul.			

5. AFG	Develop instructional manual for village health agents.	1,000
6. AFG	Salary for 12 village health agents for two years.	
7. U.S.	Select technology for centrally produced weaning food in Afghanistan.	6,000
8. U.S.	Order machinery from USA.	60,000
9. U.S.	Train Afghan participant in USA.	30,000
10.	Install machinery and maintain.	40,000
11.	Provide weaning food from U.S. or third country for third year during installation of machinery.	15,000

Steps 7 through 11 would be contingent upon successful completion of the project through the first 18 months.

NEW FOODS DEVELOPMENT-SOYBEANS - PROJECT #4

The world's greatest source of vegetable protein is soy which has a good amino acid balance (the building blocks for protein) and when properly processed is free of toxins. Seed trials, initiated in Afghanistan some years ago, were favorable. Additional seed is available for trial. At a cost of approximately $25,000 the first year and $50,000 the second year, we could provide three man years participant training in Breeding and Management Culture Practices and Soy Processing, purchase seed for future commercial distribution and provide 18 man months of TDY in the United States for training Afghans in soy processing technology. The project would diversify agriculture, increase and improve the food resources, and provide a marketable export. It would reduce Afghan dependency on external food resources. Afghanistan has the technical capacity to undertake new seed development.

SEED MODIFICATION - COTTONSEED - PROJECT #5

Afghanistan produces between 80,000 and 100,000 MT of seed and cotton lint annually. Cottonseed meal has a very high total protein content and an amino acid balance superior to soy. However, except for newly developed varieties, cottonseed has a vegetable gland, called a gossypol, which is indigestible by humans but not by animals with more than one stomach. Consequently, thughout the world, cottonseed cake is used as animal fodder, fuel, and fertilizer.

Texas A&M has developed a gossypol free cottonseed which, if crossed with the present Afghan variety (AKALA 15/17 and 4/42), could over 8-10 years produce a gossypol-free cottonseed for Afghanistan. An Afghan plant geneticist is welcome to come to Texas A&M for six months or a year to learn the necessary technique.

This project would increase the cash value of the cotton crop and provide the increased food resources and decreased dependency on external food resources as described for soy.

Note: The soybean and cottonseed project would be administered by USAID Agriculture Division; they have some suggestions about the conditions under which these projects might be implemented.

POTENTIAL PROJECT AREAS
Population

Counterpart Agency: Department of Preventive Medicine
Ministry of Public Health

Title: Basic Health Center (BHC) Staff Quarters and Basic Amenities

Problem: A present major deterrent to health services in rural areas is the lack of staff accepting posting in rural areas. The hardships and estrangement from family are considerable. Dr. A. G. Mukhamel and Dr. M. A. Wahabzadah have asked USAID to consider assistance to construction of staff living quarters of the BHCs.

Three living quarters have been completed. We have no information about those which may be under construction. The need is for 175 living quarters to be built of completed. The present design is for one family quarters and 1 bachelor quarter. No provision is made for housing women. Estimated cost of present design is $13,500.

Suggested Assistance:

1. O&M assistance to the MPH construction department (we have not staffed this out.)

2. A reimbursement package for living quarters (including women's) construction, and minimal furnishings, BHC water supply and latrine cum septic tank. Assuming $18,000 per unit and 100 operating BHCs. At the completion of each quarters + water supply + sanitation unit, USAID would reimburse 60% of a fixed cost or $10,800 for up to 120 such living units

FY '75	30 units	$324,000
FY '76	50 units	540,000
FY '77	40 units	432,000

Several stipulations should be included: (1) re-examination of site of BHC (2) provision made only where minimum five staff members in place (3) moneys saved by this assistance be used for the basic health center system.

Questions: which need follow-up:

1. Number of housing starts
2. Development funds available for housing by year.
3. Cost of women's quarters
4. Adequacy of present design. Can a sturdy building be done cheaper?
5. Present arrangements between MPH and construction companies.
6. What happened to UNICEF water project?
7. Water and sanitation problem, potential designs estimate costs.

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PROJECT IDEAS

Cooperating GOA Agency - Ministry of Public Health

Title: Possible Utilization of Pharmacies for Extension of Health Care

Problem: There exists a network of 500 (±) pharmacies in the country. They are privately owned, government licensed, and are required to have a government compounder. MPH regulations state they sell only on physician prescription. There is a short list of exempt drugs.

There is evidence (primarily statements from Afghans) that pharmacy personnel do prescribe and sell without prescription. Since abuse of an existing system exists, is it possible to turn this to a more productive, better quality end?

Proposal: To establish under the MPH a system of short courses on identification and treatment of the most prevalent common diseases and contraception for compounders and pharmacists. These persons are already involved in some practice of medicine. This project would attempt to improve the quality of this practice and establish an official link with and supervision by the medical profession.

Action Needed:

1. Establishment of training location(s).
2. Development of aims of training; teaching staff; curriculum; and clinical training. Development of simple manuals e.g. persistent cough do so and so.
3. Living accommodations and per diem
4. Drug supplies (WSH working on this problem.)
5. Supervision by agency of MPH.

Assistance Needed:

1. Development of curriculum
2. Possible financial assistance in training
3. Possible financial assistance in establishment of facilities and equipping same.
4. Working out financing for the private sector.

End Result:

1. Utilization of the present pharmacies as health care delivery points.

2. Improve the quality of what is probably already done.
3. Provide health care at a cost at least partially borne by the user.
4. Reach people in the lesser population centers and their environs.
5. Insure utilization of rational drugs proposed in generic formulary (MSH)

Not Known:

1. Acceptability to MPH
2. Acceptability to pharmacy system
3. Number of trainees
4. Type of training centers
5. Cost
6. Population with theoretical access to system
7. Penetration into rural areas
8. Capability of trainees
9. Potential of Faculty of Pharmacy at Kabul University
10. Potential of Public Health Institute.

April 30, 1974

PROJECT PROPOSAL

HEALTH MANPOWER STUDY

There is little systematically collected and organized data on the health manpower pool in Afghanistan, i.e., numbers, qualities and costs of the various classes of health workers, from doctors to shot-givers. There is little information on what this pool is likely to be over the next few years. At the same time, a series of projects and sub-projects are under consideration by the Government of Afghanistan and USAID that are based on assumptions about this pool of health workers. To a great extent these assumptions are based on guesses about personnel available presently and for the future. A scientifically designed and completed health manpower study is needed to allow for accurate, realistic planning. With the apparent growing interest on the part of the GOA in expanding health services, the need for such a study is not short term but will continue over time. There are numbers of potential contractors (universities generally) with experience and specialities in this field of study.

RURAL ELECTRIFICATION

Rationale

Reliable low-cost electric power provides a major consumer benefit and provides what is commonly viewed as an essential prerequisite for increased productivity for farm and business activity.

Proposal

Conduct a pre-feasibility survey to determine the promise of attempting an economically viable electric system in the Helmand Valley. If this survey gives positive results, establish a rural electric system (preferably a cooperative) as a pilot effort to precede other such system if it proves of value.

Economics

On DL terms a system serving 10,000 consumers can be economically viable with a minimum charge of about 60 afs per month. Each service drop will cost $400 to $500 or about $70 per family member (total systems cost).

Results

Direct benefits are consumer power; indirect benefits are improved Ag production and the acceleration of employment opportunities with improved industrial activities.

Draft:5/1/74

RURAL DEVELOPMENT PROJECTS

The two types of projects under Rural Development are (1) Public Works and (2) Capital Investment for Small Industries and Cooperatives. The former would include the construction of facilities for education, health, community services (but would exclude the construction of Government buildings); roads, culverts, bridges; minor irrigation construction (e.g., siphons, intakes, canals, flood control structures, erosion protection); deep wells, potable water systems. The latter would include loans and grants but more thought has to be given on how to get the PDO involved in capital investment for small industries and cooperatives.

There would be no projects located in provincial capitals. The municipalities have a source of income and the projects in these places would not benefit the poor. Projects would not be placed on privately owned land unless benefits would accrue to people other than the landowner. For example, if an irrigation siphon were placed on one farmer's land and it benefitted, say, 10 more farmers, such a project would be acceptable.

With respect to project criteria, there will have to be some (as yet undefined) amount of local investment in the form of cash and/or labor and/or materials. There need be a favorable benefit-cost ratio and the project has to be technically feasible, have a technically sound design and be constructed according to design.

The time period that the project is expected to cover is 12 months. All the $50,000 approved by AID/W is to be used for fixed-cost reimburseing. It is expected that the planned projects will serve to test the feasibility of fixed-

cost reimbursement, test the desire of the GOA for a rural development program and test the capacity of the GOA to implement projects.

The scheduling of the fixed-cost reimbursement has to be worked out.

The list of projects is shown on the following page. There is little possibility that all the projects can be implemented.

PROJECTS

Designed; ready for construction

Bridges:	Incomplete	11	
	Not begun	42	
	Total		53
Irrigation schemes:	Incomplete	6	
	Not begun	34	
	Total		40

Plan for April 1 - Sep 30

Bridges 24 of 53 (leaving 29)
Irrigation 22 of 40 (leaving 18)

Average costs: Bridge 150,000 afs
(Rough estimate) Irrigation 75,000

Therefore: 24 bridges @ 150,000 = 3,600,000
22 irrigation @ 75,000 = 1,650,000

Total	afs	5,250,000
(60~$1)	$	87,500

Oct 1, 1974 - April 1, 1975

29 bridges @ 150,000 = 4,350,000
18 irrigation @ 75,000 = 1,350,000

Total	5,700,000	$95,000

Grand totals April - March 30, 1975

87,500
95,000
$182,500

DP:RH

L

Task Force 1 Draft;Hooker:5/1/74

A LAND OWNERSHIP PROGRAM

The GOA places a high priority, it says, on making it possible for the landless poor to become land-owning farmers. Other than the GOA land resettlement program, there is no program that concentrates on financing land ownership in Afghanistan. It would seem that such a credit program would be a good supplement to an overall policy of helping the rural poor. Such a program would make it possible for landless farmers to purchase land from other farmers, including large landowners. It would also make it possible for very small landowners to acquire enough land to make economic units of their farms.

As a policy matter, under the new FAA, the credit facilities would likely be limited to small landowners and to landless people that have the capacity to manage a farm with some initial assistance.

It would seem that such a project could be organized as a special division, the Land Bank Division, of the AgBank.

It is visualized that the credit program would finance up to 100 percent of the purchase price of land on approved loans. It would also finance the capital needs of the borrower by providing credit for fertilizer, seeds, supplies and farm improvements like drains, as well as farm power. That is , it would provide the credit needed so that the purchased land could be utilized intensively. The loans would be supervised loans with the Land Bank working out cropping patterns and management practices with the borrowers.

The US could provide technical assistance--or finance technical assistance--to aid the AgBank in developing the organization, staffing and the training that such a lending program would entail. It might also contribute to the loan fund.

And there would likely have to be some guarantee to the AgBank.

While the program would very likely get off to a slow start, it would seem to have a great potential. Such a program worked well in the States. If the US were to make contributions to the loan fund, fixed-cost reimbursement would work well on that part of its assistance.

M

DAC - Task Force Meeting
Wednesday, May 8, 1974

The list of Task Force proposals which have been received is attached. Each proposal was reviewed by the Program Office using a scale which attempted to weigh the following: (1) the priority of the proposal in terms of the new legislation; (2) the stratum of society and number of people who would benefit from the proposed project; and (3) the desirability of the proposal in terms of the Mission's project criteria. While the resulting arithmetic score for each proposal was necessarily tentative, it did make possible a rough rank order of Task Force proposals. A copy of the weighting scale is attached.

All proposals were reviewed by the Director and Deputy Director. They have divided the proposals into two lists: one which indicates the proposals for which Task Force work ought to proceed as quickly as possible, and a second list of proposals for which further work will not be undertaken at this time. These lists are attached.

The purpose of the joint DAC and Task Force meeting, which will be chaired by the Director, is (1) to inform the participants of the rationale which led to these decisions, (2) to hear arguments, if any, about alternative rankings of the projects, and (3) to organize ourselves for the development of "finished" preliminary proposals in the next two-four weeks.

TASK FORCE PROPOSALS

I. Small Farmer Income - Mr. Wilson, chairperson

1. National Wheat Management Program
2. Drainage and Water Management
3. Agricultural Credit
4. Seed Farm
5. Land Settlement
6. Remote Sensing
7. Cooperative Marketing Assoc. Program
8. Extension Radio
9. Package Crop Production Program
10. Increasing the Earnings of Bazgars
11. Feeder Roads
12. Small Farmers' Association

II. Population and Health - Miss Langley, chairperson

1. Utilization of Pharmacies
2. BHC Living Quarters Construction
3. Health Manpower Study

III. Education - Dr. Lanza and Mr. Barbour, co-chairpersons

1. Nonformal rural education
2. Rural Primary School Construction

IV. Agro-Industry - Mr. Martin, chairperson

Introduction
1. Role of Marketing in Agric. Dev.
2. Food Processing for Export:
   a. Pine nuts
   b. Dill
   c. Parsley
3. Grading/Packing Nuts and Fruits
4. Village Industry/Handicrafts
5. Kandahar Dehydration Facilities
6. Raw Sugar
7. Corn Products
8. Modern Rice Mills

V. Nutrition - Mr. Rusby

Introduction
1. Vitamin A
2. Iodization of salt or tea
3. Weaning Food
4. New Foods - Soybeans
5. Seed Modification - Cottonseed

VI. Other Proposals

1. Rural Electrification
2. Rural Development
3. HAV Marketing

Task Force Proposals for Which Further Work is Required

1. Rural Development

This is a high priority GOA interest for which USAID assistance has already been justified to the Congress. A joint USAID/GOA group may travel to the Philippines to review the program there and upon their return it is expected that an FY 1974 Project Agreement to fund a small discrete rural development activity will be executed. The next step is for the Mission to start work on a PROP for AID/W.

2. Rural Electrification

This is a high priority GOA interest. Work should begin to schedule project development, i.e., a pre-feasibility study, a plan for project implementation, etc., to coincide with the availability of Kajakai power.

3. "Rural Income and Employment"

The agro-industry Task Force submitted a number of very interesting proposals which had as their common element agro-industry processing facilities. The next step is for the Task Force to develop two or three integrated systems -- agriculture production, processing and marketing -- which would be aimed at increasing rural incomes, for deployment on a pilot basis in FY 76. Other matters for the Task Force to consider are where the locus of coordinating responsibility should be in the GOA and how to use the funds proposed for the HAV Marketing Study, now being justified to Congress, for further project development. The Task Force will also want to consider alternative ownership/management models for the processing component of the project, i.e., state-owned, cooperative-owned, and/or privately-owned. In addition, the Task Force will want to consider the feasibility of incorporating some of the ideas presented in the "Small Farmers' Association" production package and seed farm papers in the design of the pilots.

4. Primary School Construction

This is an interesting proposal which probably has a high GOA priority. Consideration should be given to the question of whether or not such an activity could be folded into the Rural Development project, particularly if there could be community self-help participation in the construction. The Task Force should also explore the interest and plans of other donors in this activity.

5. Utilization of Pharmacies

This is an interesting and innovative proposal for which GOA views are not known. It is, however, tangential to the Mission's primary goal of delivering family health services to the people through the fledgling basic health system and what may be an expanding network of AFGA clinics. In the short run, the Task Force priority should be on the development of the basic health system.

6. Nutrition

Research and experimental work should proceed on the delivery of Vitamin A, iodization of salt or tea, and the development of weaning foods. The latter activity should concentrate on adapting indigenous foods without an increase in, or reallocation of, farm production, per se. The Mission will attempt to fund such experiments out of its new Program Development and Support project in FY 75.

7. Nonformal Education

All that can be said at this time is that the Mission wishes to pursue the dialogue with the GOA on what might be done in this area. Significant financing may not be available until FY 76.

8. Increasing the Earnings of Bazgars

This is an innovative proposal which may have insurmountable social/cultural obstacles. The availability of staff time permitting, the Mission will attempt a survey of Khans, Bazgars, and money lenders in the Helmand Valley in the summer to assess the feasibility of the idea.

9. HAV Drains

The Task Force should determine ASAP if there is sufficient undrained acreage available to do a short, small drainage construction activity with direct benefits to farmers. This technical judgment coupled with the outcome of the current HAV assessment will form the basis for a decision on whether to proceed or not. The Mission is not prepared to undertake a long term technical assistance activity in the area of water management at this time.

Other Proposals - No Further Work Envisaged

1. National Wheat Management Program - the Mission will continue to try to interest other donors in this program.

2. Agricultural Credit - the Mission will endeavor to fold elements of this proposal into the Rural Income and Employment proposal.

3. Seed Farm - same as Agricultural Credit.

4. Land Settlement.

5. Remote Sensing for Agriculture - the Mission will continue work on the Remote Sensing Census project as it is.

6. Farm-to-Market Roads - elements of this proposal may be folded into Rural Development.

7. Cooperative Marketing Association Program.

8. Extension Radio.

9. Package Crop Production Program - elements of this proposal may be folded into the Rural Income and Employment proposal.

10. BHC Living Quarters Construction - construction of living quarters would only be financed by USAID within a larger program to deliver family planning and health services.

11. Health Manpower Study - the MSH team will begin work in this area under the Management sub-project.

12. Role of Marketing in Agricultural Development.

13. Kandahar Dehydration Facilities.

14. Modern Rice Mills.

15. New Foods - Soybeans and Cottonseed - the Mission should keep abreast of developments in this area, but this is a long term activity in the agricultural area.

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Task Force Proposals - Rank Ordered

Rank	Proposal	Comment
1	Rural Development	GOA priorities, possible, know how
2	Rural Electrification	GOA priorities, possible, know how
3	Utilization of Pharmacies	Explore promptly with GOA, great in the abstract
4	Agro-Industry (includes food processing, grading/ packing, village industries, raw sugar, corn products & Kandahar dehydration proposals)	Change rubric to small farmer income and pick best proposals in terms of improving SF income with least processing capitilization requi red and with best export potential. Try a couple of pilot experiments in FY 76.
5	Primary School Constr.	Do on self-help basis; maybe fold into RD
6	Nonformal Education	Pursue dialogue with GOA; only a glimmer now
7	Nutrition	Concentrate on experiments for Vitamin A. Think but don't do anything about weaning foods for the moment.
8	Small Farmer Assoc.	Innovative; determine MAI interest.
9	Increasing the Earnings of Bazgars	Very attractive; maybe culturally unworkable.
10	Feeder Roads	Fold into Rural Development
11	Nat'l Wheat Mgt	Drop: too complex.
12	HAV Drains	Stick to short-term, simple FY 75 CP proposal or drop completely.
13	Rice Mills	Drop.
14	Ag Credit	Fold into small farmer assoc., agro-industry and or improving Bazgars. No basis for separate program.
15	Package Crop Prod.	Drop; fold best elements into small farmer assoc., bazgars or agro-industry proposals.
16	BHC Staff Quarters	Do only as part of larger effort to construct BHCs.
17	Seed Farm	Drop: to indirect and complex. look at seed under ag industry
18	Role of Marketing	Drop: too remote, indirect, complex.
19	Health Manpower Study	Essential elements being done by MSH.

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