

PROJECT APPRAISAL REPORT (PAR)

3060090 (14)

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1. PROJECT NO. AIR Loan 306-G-008 ?	2. PAR FOR PERIOD: 9/1/70 to 9/1/71	3. COUNTRY Afghanistan	4. PAR SERIAL NO. 72-5
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5. PROJECT TITLE
Helmandi Archandab Valley Agricultural Finance Agency, 4

PD-AAC.443-A1

6. PROJECT DURATION: Began FY 67 Ends FY -	7. DATE LATEST PROP	8. DATE LATEST PIP	9. DATE PRIOR PAR
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FYs: \$ 18,998,953	b. Current FY Estimated Budget: \$ 0.00	c. Estimated Budget to completion After Current FY: \$ 0.00
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
NA	

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
			Overall development of the Agricultural Finance Agency was considered highly satisfactory with no specific recommendations proposed as a result of the evaluation. However, areas of possible difficulty were identified that will have to be watched carefully to avoid future problems in the development of the Agency. These are:	
X1		X2	1. Relations with the Agricultural Development Bank. As an autonomous but wholly owned subsidiary of the ADB, the AFA must follow ADB policies and administrative practices. At times the AFA may find the ADB leadership limiting the AFA's abilities to implement programs that are desirable in the Valley. This source of potential difficulty must be carefully watched to insure that the two organizations work closely together and effectively for the benefit of the Afghan farmer.	
X1		Y2	2. The participant training program so far has been very effective. However, to assure the future growth of the AFA it is essential that the future participant program be carried out as planned.	
		X2	3. AFA has had difficulty employing the additional staff it needs. AFA and HAVR should push for recruitment and employment of at least four additional professional staff members, two of whom should have some experience in agriculture and, if possible, agricultural credit. AFA's efforts to obtain the services of two experienced agriculturalists from HAVA have been continually frustrated by HAVA even though interested applicants have been located. In historical perspective HAVA always took a negative posture toward making any of its experienced personnel available to the Agricultural Credit Division which eventually become the AFA.	

D. REPLANNING REQUIRES	E. DATE OF MISSION REVIEW
REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Emory M. Howard 10/5/71	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Victor H. Skiles Acting Director 10/5/71
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Clearance: AD/DP; AReich
HAVR: ABaron

II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW	MEDIUM		HIGH		
	1	2	3	4	5	6	7	1	2	3	4	5	
1. NA													
2.													
3.													

Comment on key factors determining rating

4. PARTICIPANT TRAINING	1	2	3	4	5	6	7	1	2	3	4	5
					X							X

Comment on key factors determining rating

Five of the present professional staff of eight men had received training in the U.S. by the end of FY 71. This training was relevant to their needs and has been put to constructive use by the participants since their return to Afghanistan. The three remaining professional staff members are scheduled for U.S. training in FY 72.

5. COMMODITIES	1	2	3	4	5	6	7	1	2	3	4	5
					X							X

Comment on key factors determining rating

Office equipment and vehicles (grant in AID) were essential to the opening of the AFA and its ability to function.

6. COOPERATING COUNTRY	a. PERSONNEL	1	2	3	4	5	6	7	1	2	3	4	5
	b. OTHER					X							X

Comment on key factors determining rating

Continuity of AFA staff has been superior. AFA managerial competence is good and improving steadily as key personnel gain experience in the conduct of AFA's chartered business activities. Lack of cooperative legislation and realistic agricultural banking laws create a difficult environment in which to operate an agricultural finance institution.

7. OTHER DONORS	1	2	3	4	5	6	7	1	2	3	4	5
						X						X

(See Next Page for Comments on Other Donors)

II. 7. Continued: Comment on key factors determining rating of Other Donors

The UNDP/Special Fund/IBRD Management team of the Agricultural Development Bank assists in establishing policies which affect the AFA. Funds available from the \$5 Million IDA credit to the ABA are expected to be funneled through the AFA for the financing of farm mechanization and small scale irrigation projects in the HAVA area. The farm mechanization project is expected to have a major impact on agricultural production in the area.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY		FY 72	FY 73	
			TO DATE	TO END			
1. Loans to farmers in the HAVA area. (Afghanis) (Figures are Cumulative)	PLANNED	0	8.1	8.1	25	59	200
	ACTUAL PERFORM- ANCE	0	8.1 Million	8.1 Million	25 Million	59 Million	200 Million
	REPLANNED						
2. Personnel (Professional) (Figures are Cumulative)	PLANNED	0	12	12	20	30	30
	ACTUAL PERFORM- ANCE	0	8				
	REPLANNED			8	20	20	20
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:					
1.	Training of Professional personnel	The present 8 men staff has, or will have, received training in the U.S. by the end of FY 72. The staff is considered well trained but lacking practical experience which will be gained in the normal course of business.					
2.		COMMENT:					
3.		COMMENT:					

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.
 Project 090 aims to help farmers in HAVA project areas make the best possible use of available water and land resources, thus promoting increased farm income, standards of living, and the economic pay-off of investments in the Valley's development. A target has been the development of farm credit. The AFA was established in November 1970 to provide such credit. The AFA, as an autonomous agency of the Agricultural Development Bank of Afghanistan serving the Helmand and Kandahar Provinces, is to finance the agricultural credit requirements of farmers and proprietors, corporations and cooperatives engaged in providing agricultural production supply, marketing, credit and allied services meeting the tests of financial feasibility and prudent business management.

<p>a. 1. Conditions which will exist when above purpose is achieved.</p> <p>Reliable farmers will have access directly or through farmers' associations to the institutional credit needed to implement feasible production technology. Agricultural credit should be backed by the availability of production supplies and favorable markets.</p>	<p>2. Evidence to date of progress toward these conditions.</p> <p>The AFA was chartered and afghanis 50 million of its afghanis 200 million authorized capital has been paid in.</p> <p>The AFA has reached farmers through its thirty member Farmer Advisory Committee. Farmers are looking to the AFA for credit services.</p> <p>Credit has been extended to farmers for the purchase of eleven tractors with equipment (afghanis 3.4 million) and corn fertilizer for 633 farmers (afghanis 4.7 million). AFA has a waiting list of applicants for farm machinery, including water pumps. Tractors and equipment are expected to be available through the Agricultural Development Bank utilizing proceeds from the IDA credit.</p> <p>AFA, in cooperation with the HAVA Extension Service, has done preliminary educational work leading to the establishment of farmer association groups to be formed to facilitate widespread fertilizer financing in conjunction with the improved wheat campaign.</p>
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V. PROGRAMMING GOAL

A. Statement of Programming Goal
 To establish the AFA as an effective institution and to provide through the AFA agricultural credit needed by the farmers of the Helmand and Kandahar Provinces to purchase essential agricultural production inputs. To finance essential input supply and marketing services needed to support agricultural development in the private sector. To staff the AFA with thirty professional and eleven supporting service employees by FY-73. A major goal is to provide the degree of credit supervision necessary to assure the success of AFA within the Afghan cultural legal, and economic framework.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.
 The lack of institutional agricultural credit has long hindered the rapid adoption of improved cultural practices throughout the HAVA area. The provision of such credit, through the AFA, will make it possible for farmers to purchase the inputs needed to adopt these cultural practices.

The AFA has, in a short period of time, provided farmers of the area with credit to purchase tractors (11) and fertilizer. This is an indication of the initial value of the AFA to agricultural development in the area. This value will grow as the AFA continues to grow.

(Note: The AFA was initially financed with 48,798,953 afghanis loaned to the RGA for the purpose under AID Loan 306-G-008. Recognizing the value of the AFA to the overall goals of project 090, USAID provides advisory services and participant training to the AFA under the Agriculture Section of Project 090).