

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

AUG 12 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR
ASIA AND NEAR EAST

FROM: ANE/PD, Ronald F. Venezia 

SUBJECT: Afghanistan Commodity Export Program (306-0205) -
Authorization Amendment

Action: We request your approval of an amendment to the program authorization for the Commodity Export Program (CEP) to: (i) add \$31.4 million to raise life-of-program funding to \$61.4 million, (ii) extend the program assistance completion date (PACD) to August 14, 1991, and (iii) add a studies/surveys component.

Discussion: The Initial Activity Approval Memorandum (AAM) for the CEP proposed a program funding level of \$47.5 million. However, a review of the anticipated budget levels and competing demands for funds resulted in an authorized level of \$24.5 million. A contract was then entered into with the American Manufacturer's Export Group (AMEG) at a level of \$23,960,000. The contract includes costs associated with procurement of various humanitarian commodities as well as the services associated with the procurement. On March 7, 1988 you approved an Authorization Amendment adding \$5.5 million to the CEP, raising total funding to \$30.0 million to date.

It has since become apparent that greater program activity levels than were originally envisioned are necessary to carry out successfully this program. By the end of June, 1988, the overall AMEG/CEP contract total was \$26,760,000 (all obligated) for both services and commodities. Of this amount, \$21,237,000 has specifically been used for the commodity procurement line item; of that amount only about \$2,621,000 remains uncommitted and that amount has already been earmarked.

By the end of FY 1988, the program will be in need of additional funding. An assessment of performance to date and projected requirements supports the immediate need for an authorization amendment of \$31.4 million to a total life-of-program level of \$61.4 million to permit further purchase of commodities to meet ongoing as well as anticipated requirements over the near term.

AMEG has effectively utilized funds to date as confirmed by a full program assessment/redesign analysis undertaken this past spring. More recently, the Bureau reviewed a proposed amendment to the CEP. On July 7th, an ANPAC, chaired by the DAA, approved the PACD extension, addition of a studies/surveys component and additional funding for continuing the current logistics and commodities component. (Tab B)

Finally, while the ANPAC withheld authority to procure new transportation assets (not including mules) under the CEP amendment, it did approve development and release of a request for proposals (RFP) for technical assistance required to support the possible expansion of the program into other areas not now included as part of the program (e.g., support for a transportation institution and system). This document has been drafted and should be ready for release in September. AMEG will have equal opportunity to compete with all eligible respondents.

There are no policy issues to be addressed at this time.

Recommendation: That you sign the attached authorization amendment (Tab A) increasing authorized funding by \$31.4 million to \$61.4 million, extending the PACD to August 14, 1991, and adding a studies/surveys component.

Approved Thomas Reese for

Disapproved _____

Date 8/16/88

Attachments:

- A. Authorization Amendment
- B. STATE 233927

Clearances:

- DAA/ANE:Treese [Signature]
- ANE/AF:DSwain [Signature]
- ANE/DP:PBenedict [Signature]
- GC/ANE:HMorris (Draft) _____
- ANE/PD/SA:TRishoi (Draft) _____

ANE/PD:EKvitasvilli:28060 OK

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ASSISTANT
ADMINISTRATOR

ACTIVITY AUTHORIZATION AMENDMENT NUMBER TWO

Name of Country: Afghanistan

Name of Program: Commodity
Export Program

Number of Program: 306-0205

The Commodity Export Program was authorized on August 8, 1986 with a life of program funding of not to exceed \$24,500,000 in grant funds. This authorization was amended on March 7, 1988 to increase life of program funding by \$5,500,000 to a new total not to exceed \$30,000,000 in grant funds. Pursuant to Section 539 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (as contained in PL 100-202), that authorization is hereby amended to (a) increase life of program funding by \$31,400,000 to a new total not to exceed \$61,400,000 in grant funds, subject to the availability of funds in accordance with the AID/OYB allotment process, to assist in financing certain foreign exchange and local currency costs for the program; (b) extend the program assistance completion date to August 14, 1991; and (c) add a studies/surveys component to on-going activities.

All other terms and conditions as provided for in the original activity authorization and its subsequent amendment shall remain in full force and effect, except as hereby amended.



Julia Chang Bloch
Assistant Administrator
Bureau for Asia and Near East

8/16/88
Date

Clearances:

DAA/ANE:Treese:
ANE/AF:DSwain
ANE/PD:RFVenezia
ANE/DP:PBenedict
GC/ANE:HMorris
ANE/PD/SA:TRishoi

ANE/PD:EKvitashvili:4 aug 88:28060

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Department of State

OUTGOING
TELEGRAM

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ORIGIN OFFICE ANPO-05
INFO ANDP-03 ANSA-03 ANAA-01 PPPB-02 ANTR-06 ES-01 ANPF-01
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INFO LOG-09 OIC-02 10-19 NEA-04 /025 R

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AID/OAA/ANE: TREESE

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AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: AFGHANISTAN: PROPOSED AMENDMENT FOR COMMODITY
EXPORT PROGRAM (CEP) - (305-0285)

1. ON JULY 7, 1988, ANPAC, CHAIRED BY DAA TREESE, REVIEWED THE PROPOSED AMENDMENT TO THE CEP. MISSION WAS REPRESENTED BY DEPUTY AID/REP J MILLER AND VMAN. ANPAC APPROVED PACD EXTENSION, ADDITION OF A STUDIES/SURVEYS COMPONENT AND ADDITIONAL FUNDING FOR CONTINUING CURRENT LOGISTICS AND COMMODITIES COMPONENTS. THE LOP WOULD INCREASE BY DOLS 31.4 MILLION TO A NEW TOTAL OF DOLS 61.4 MILLION. THE APPROVAL OF THE TWO OTHER NEW ACTIVITIES (I.E., MINE DETECTION AND TRANSPORTATION SYSTEMS) WAS DEFERRED PENDING THE OUTCOME OF THE A.I.D. STRATEGY UPDATE EXERCISE AND THE CONTINUING ASSESSMENT OF CLARIFICATION OF POLICY ISSUES PERTAINING TO A.I.D.'S ROLE IN THE LARGER U.N.-LED MULTILATERAL PROGRAM. ADDITIONAL AMENDMENT DOCUMENTATION IS NOT REQUIRED FOR THESE ACTIVITIES AT THIS TIME.

2. FOLLOWING OPENING REMARKS BY DEPUTY AID/REP, ANPAC PROCEEDED TO FOCUS ON THREE KEY ISSUES: CONTINUING MODIFICATIONS OF THE CBHA, A.I.D. ROLE IN MINE DETECTION

AND CLEARING, AND THE PROPOSED ADDITION OF A TRANSPORTATION ACTIVITY.

3. MODIFICATIONS OF CBHA - ANPAC ACKNOWLEDGED CHANGES TAKING PLACE INSIDE AFGHANISTAN WILL REQUIRE SOME ADJUSTMENTS IN DIRECTION FOR THE CURRENT AID/REP PROGRAM. HOWEVER, IT IS UNCLEAR WHAT THIS NEW DIRECTION WILL LOOK LIKE AND WHAT THE TIME TABLE IS FOR ITS IMPLEMENTATION. ANPAC RECOGNIZED THAT AID/REP IS NOW SHAPING PROGRAM TO MEET PRESENT NEEDS INSIDE AS WELL AS EXPECTED FUTURE REQUIREMENTS WHEN AFGHANS BEGIN TO RETURN HOME. GIVEN THE UNCERTAINTIES AND DYNAMICS OF THIS PROCESS, IT REMAINS UNCLEAR WHERE THE PROGRAM ULTIMATELY SHOULD BE GOING BEYOND THE CURRENT U.S. STRATEGY AND THE GUIDANCE PROVIDED DURING AFGHANISTAN REVIEW (II), AS REPORTED IN STATE 154815. (THE STRATEGY UPDATE EXERCISE WILL ATTEMPT TO ADVANCE THIS PROCESS TO COVER RESETTLEMENT AND REHABILITATION.)

BUREAU WANTS TO BE RESPONSIVE TO AID/REP'S REQUIREMENTS TO MAINTAIN MOMENTUM OF THE ONGOING CBHA, BUT NOT TO INTRODUCE NEW OR EXPANDED ASSISTANCE FOCUSED ON

RESETTLEMENT AND REHABILITATION UNTIL SUCH AID REFLECTS A.I.D. AND OVERALL U.S.G. THINKING.

DEPUTY AID/REP STRONGLY INDICATED THAT CURRENT CBHA PROGRAM SHOULD NOT BE HELD BACK OR HELD HOSTAGE TO OTHER CONSIDERATIONS, IF AT ALL POSSIBLE. HE ALSO CLARIFIED THAT AID/REP WOULD LIKE TO FOCUS ON MEETING AFGHANS' IMMEDIATE NEEDS INSIDE ONCE LARGE NUMBERS OF PEOPLE START RETURNING. A PROGRAM TO MEET THESE NEEDS IS NOW BEGINNING TO AND WILL CONTINUE TO FOCUS ON REHABILITATION RATHER THAN LONG-TERM RECONSTRUCTION AND/OR REFUGEE REPATRIATION/RESETTLEMENT.

4. TRAINING FOR LAND MINE DETECTION AND CLEARING - IN THE DISCUSSION THAT ENSUED ON THE ADDITION OF THIS NEW COMPONENT, IT WAS DECIDED THAT A U.S.G. POLICY DECISION AS TO U.S. ROLE AND FUNDING FOR MINE DETECTION AND CLEARING ACTIVITIES IS NEEDED, AS WELL AS AN INTERNAL A.I.D. POLICY DECISION ON A.I.D. PARTICIPATION. ANPAC SEES NO LEGAL OBJECTION TO FUNDING SUPPORT OF SUCH AN ACTIVITY, BUT DEFERRED APPROVAL TO AUTHORIZE SPENDING OF FUNDS PENDING A HIGHER LEVEL POLICY DETERMINATION. WILL ADVISE.

5. TRANSPORTATION SYSTEMS - GIVEN THE UNCERTAINTY OF ENO-USE AVAILABILITY OF TRUCKS ALREADY PROVIDED TO THE

ALLIANCE AND THE 120 (OR SO) NOT YET RELEASED TO THE ALLIANCE, ANPAC DEFERRED APPROVAL OF THIS ACTIVITY PENDING FURTHER CLARIFICATION AND APPROVAL OF A REVISED A.I.D. STRATEGY. A SECONDARY ISSUE OF CONCERN FOR THIS ACTIVITY REVOLVES AROUND WHO, WHAT ENTITY, WILL GET REMAINING AND PLANNED VEHICLES, HOW THEY WILL BE SUPPORTED AND THEIR ENO-USE MONITORING. FURTHERMORE, UNTIL A DETERMINATION HAS BEEN MADE REGARDING MINE CLEARING ACTIVITIES, THE UNDERTAKING OF TRANSPORTATION ACTIVITIES IS FELT TO BE PREMATURE.

FINALLY, WHILE ANPAC WITHHELD AUTHORITY TO PROCURE ANY NEW TRANSPORTATION ASSETS UNDER THE CEP, IT DID APPROVE DEVELOPMENT AND RELEASE OF RFP FOR TECHNICAL ASSISTANCE REQUIRED TO SUPPORT POSSIBLE TRANSPORTATION INSTITUTION AND SYSTEM.

6. IN SUMMARY, APPROVAL COVERS PACD EXTENSION, ADDITION OF STUDIES/SURVEYS COMPONENT AND ADDITIONAL FUNDING FOR CONTINUING CURRENT LOGISTICS AND COMMODITIES COMPONENTS. ONCE REVISED A.I.D. STRATEGY IS APPROVED. WE WILL ADVISE ON APPROPRIATENESS/APPROVAL OF PROPOSED CEP AMENDMENT ACTIVITIES NOW DEFERRED. WHITEHEAD