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A.I.D. Control No. 391-9701, A.1
Appropriation No.: 72-12X4336
BPC: ECCX-89-13830-KG-35
(782-38-099-00-53-91)
Program Agreement No. AID-89-01,
Amendment No 1

Loan and Grant Agreements

FM/LMD (if Loan)
FM/PAFD
FM/CAD
GC/ANE
ANE Desk
ANE/TR Officer
ANE/ PD Officer & File
PPC/CDIE/LI ✓

PL 480 TITLE II GRANT PROGRAM AGREEMENT

BETWEEN

THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

AND THE

UNITED STATES OF AMERICA

FOR

THE WAR-AFFECTED AFGHAN FOOD PROGRAM

Dated: September 12, 1989

ANNEX A

PROGRAM AGREEMENT

PROGRAM DESCRIPTION

1. Program Title: Emergency Food Relief for War-affected Afghans
AID Control No. 391-9731

2. The object of this program is to make a continuing contribution to relieving the plight of war-affected Afghans by insuring that food stocks are readily available. The United States Government is making available 120,000 metric tons of wheat through Transfer Authorization No. 391-XXX-000-9635. This grant provides funds in partial support of the cost to the GOP of receiving the U.S. wheat at Port Qasim, and of transporting swapped wheat for war-affected Afghans.

ANNEX B

IMPLEMENTATION PLAN AND PROPOSED PROGRAM BUDGET.

- a. A.I.D. will reimburse the Government of Pakistan the local currency equivalent of \$50 for each metric ton of wheat released from GOP stocks in the Northwest Frontier Province and Baluchistan for the war-affected Afghan program.

- b. Funds will be disbursed to the Secretary, Ministry of Finance, and deposited in the Federal Treasury for the Personal Ledger Account to be operated upon by Director-General (Afghanistan), Ministry of Foreign Affairs, Islamabad. Funds will be released upon receipt of periodic reports of wheat releases. The total amount will not exceed the \$6,000,000 provided in this grant.

- c. Program Budget:

<u>Component</u>	<u>FY 1989 AID Dollar Grant</u>	<u>Life of Project AID Dollar Grant</u>
Internal Transport Grant		
Former Level	\$3,000,000	\$3,000,000
Increase	<u>\$3,000,000</u>	<u>\$3,000,000</u>
Total	<u>\$6,000,000</u>	<u>\$6,000,000</u>

ANNEX C

PROGRAM AGREEMENT

STANDARD PROVISIONS ANNEX

- A. Reference to 'this Agreement' means the original Program Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.
- B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Program, as may be further described in Annex A.
- (2) The Grantee will make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the program as specified in Annex A.
- C. AID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.
- D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Program Assistance completion date, or amended date.
- E. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the program in accordance with this Agreement, and upon completion of the program, will be used so as to further the objectives sought in carrying out the program. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.
- (2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

- (3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.
- F. If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and impact taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.
- G. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.
- H. AID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.
- I. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Program and for three years after the completion of the Project shall further have the right to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Inspections and audits of Title II emergency programs will take into account the circumstances under which such programs are carried out.
- J. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.
- K. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph E relating to the use of property or funds shall remain in force after such termination. In addition, upon such

termination AID may, at AID's expense, direct that title to goods financed under the grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

- L. To assist in the implementation of the Program, AID, from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

FY 1989

PL 480 TITLE II IMPLEMENTATION AGREEMENT

Amendment No.1

The United States Government (USG) represented by the U.S. Embassy in Islamabad, and the Government of Pakistan (GOP) represented by the Ministry of Foreign Affairs, hereby agree to the implementation arrangements described below pertaining to the U.S. Public Law 480 Title II Transfer Authorization No. 931-XXX-000-9635, signed between the two Governments on February 12, 1989.

I. GENERAL PURPOSE

The purpose of this program is to make a continuing contribution to relieving the plight of war-affected Afghans by insuring that food stocks are readily available.

II. ADMINISTRATION

- The Government of Pakistan (GOP) designates the Director General for Afghanistan and Policy Planning in the Ministry of Foreign Affairs as the responsible administrative official for the GOP. The U.S. Ambassador in Pakistan designates the A.I.D. Representative for Afghanistan Affairs (AID/Rep) as the responsible USG representative.
- Administration of this program will be in accord with A.I.D. Title II and Regulation 11 guidelines.

III. USE OF WHEAT

- The GOP has received 60,000 metric tons of PL 480 wheat. An additional 60,000 MT totalling 120,000 MT will be provided for use in its own programs.
- The GOP will release an equal quantity of local or imported wheat from its own stock in Peshawar and Quetta for use in the PL 480 program in exchange for receiving the PL 480 wheat at Port Qasim. The wheat provided by the GOP for the program will not be inferior in quality to the PL 480 wheat received at Port Qasim for the said exchange of stocks.

-- The additional 60,000 MT of PL 480 wheat will be programmed through three distinct activities. These activities will include commercial sales, (10,000 MT) food for work programs (5,000 MT) and emergency distribution mechanisms (45,000 MT) agreeable to both the USG and cooperating sponsor. Responsibilities and authorities regarding management, monitoring and reporting are explained below and will be defined in greater detail through implementation letters (see transfer Authorization No. 931-XXX-000-9635).

A.) Commercial sales: The GOP will assist in making arrangements with Afghan entities/traders to facilitate the re-export of not less than 10,000 MT of the above wheat. A specific plan will be developed in cooperation with the GOP, and then will be the subject of subsequent implementation letters.

B.) Food for Work: The GOP will arrange the release of not less than 5,000 MT of the above PL 480 wheat by the Food Dept., Govt. of NWFP at the request of the O/AID/REP for use by NGOs (CARE) in food for work projects. The GOP will also provide the necessary authorizations for the transport of wheat to Afghanistan.

C.) Emergency Distribution: Of the remaining 45,000 MT of wheat, monthly distribution will be agreed in advance by the Office of the AID/REP, and is expected to average 7,500 MT. For monthly offtake levels over 9,000 MT, prior approval by AID/Washington will be required.

-- A.I.D. will call forward the PL 480 wheat upon signature of the Transfer Authorization and this Agreement. The GOP will immediately make wheat available at provincial warehouses irrespective of the arrival date of the U.S. wheat.

IV. MONITORING, PLANNING AND IMPLEMENTATION

The following monitoring and planning procedures have been accepted by the USG and the GOP (see letter from Acting AID Representative John Gunning to Major General (Retd.) Agha Zulfiqar Ali dated July 11, 1989, attached). It is understood that neither government can speak authoritatively for the Afghan Interim Government and Afghan parties mentioned in these procedures. The procedures apply to the distribution of PL 480 wheat inside Afghanistan by the Afghan Interim Government (AIG) Afghan Construction and Logistics Unit (ACLU) and Party mechanisms. Specific procedures include:

Monitoring

1. RONCO monitors will accompany food/commodity shipments to border locations and inside Afghanistan. They will have access to Party warehouses including commodity records and visit final destinations in order to prepare proper receiving reports. The Afghan Interim Government (AIG) and Parties will provide authorization and security for travel to the warehouse locations and inside Afghanistan.
2. At RONCO's discretion Afghan monitors will make two-three trips per week inside Afghanistan. These trips will be coordinated with the GOP, AIG, and appropriate Parties.
3. RONCO monitors will obtain basic delivery information for each convoy on commodity type, amount, party/AIG destination, transporter and recipient. If commodities are offloaded at intermediate warehouses, the monitors would expect to return at a later date to obtain information about the commodities ultimate destination and use. In this connection a "Daily Commodity release" form will be used by RONCO staff to facilitate collecting and recording necessary data.
4. RONCO will employ and train adequate staff at their Peshawar and Quetta offices to carry out the above monitoring responsibilities.

Planning and Implementation

1. The USG, the GOP, and the AIG will continue to discuss planning procedures proposed in letters from Ambassador Robert Oakley dated June 20, 1989 to GOP Afghan Coordinator Major General (Retd.) Agha Zulfiqar Ali and President Mojadiddi (attached). It is hoped that these procedures will be agreed upon and in place before the additional 60,000 metric tons of PL 480 wheat arrives in Pakistan.
2. Equivalent planning procedures are also needed for distribution of PL 480 wheat through party and ACLU transport mechanisms. It is hoped that these procedures will be agreed upon and in place before the additional 60,000 metric tons of PL 480 wheat arrives in Pakistan.

V. INTERNAL TRANSPORT

The United States intends to provide a grant in partial support of the cost to the GOP of receiving the U.S. wheat at Port Qasim, and of transporting swapped wheat to the war--affected Afghans. A.I.D. will reimburse the GOP local currency equivalent of \$50 for each metric ton of wheat released from GOP stocks in the Northwest Frontier Province and Baluchistan, and transported onwards for the War Affected Afghan Program. Funds will be distributed to the Secretary, Ministry of Finance, and deposited in the Federal Treasury for the Personal Ledger Account to be operated upon by the Director General (Afghanistan and Policy Planning), Ministry of Foreign Affairs, Islamabad. The total amount for internal transport will not exceed the \$6,000,000 provided in the GRANT PROGRAM AGREEMENT which is a companion document to this agreement.

- Existing mechanisms will provide the necessary transportation arrangements for food commodities generated by this program.

VI. REPORTS

- The GOP will provide a report one month after the arrival at port of the food commodities. This report will detail the amount, kind, and condition of the U.S. wheat received.
- The GOP will provide reports describing the use of the swapped wheat for war-affected Afghans. This will include the amounts issued from each GOP distribution point, and the general destination of the wheat.

For the Government of Pakistan

For the United States Government

By: sd/-
Iftikhar Murshed
Director General
Afghanistan & Policy Planning
Ministry of Foreign Affairs

By: sd/-
Larry Crandall
A.I.D. Representative
for Afghanistan Affairs

Date: September 10, 1989

Date: September 12, 1989



OFFICE OF THE AID REPRESENTATIVE

July 11, 1989

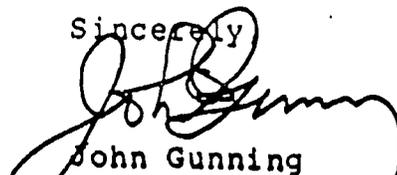
Major General (Ret.) Zulfiqar Ali
Coordinator for Reconstruction and
Rehabilitation for Afghanistan
Office of the Prime Minister
Islamabad

Dear General Zulfiqar,

Transmitted herewith for your information and records are the monitoring procedures agreed upon between the GOP and the USG. The paper also describes the planning concepts which we have proposed for use with the AIG. We need to move ahead with the GOP and AIG to develop planning procedures before the arrival of new PL 480 wheat.

Best regards.

Sincerely



John Gunning
Acting A.I.D. Represent

MONITORING AND PLANNING PROCEDURES FOR USG SUPPLIED
FOOD AND COMMODITIES FOR AFGHANISTAN

The monitoring and planning procedures listed below will apply to all USG supplied food and other commodities distributed inside Afghanistan by the Afghan Interim Government (AIG), Afghan Construction and Logistics Unit (ACLU) and Party mechanisms.

I. Monitoring

1. RONCO monitors will accompany food/commodity shipments to border locations and inside Afghanistan. They will have access to Party warehouses including commodity records and visit final destinations in order to prepare proper receiving reports. The Afghan Interim Government (AIG) and Parties will provide authorization and security for travel to the warehouse locations and inside Afghanistan.

2. At RONCO's discretion Afghan monitors will make two - three trips per week to warehouses and destinations inside Afghanistan. These trips will be coordinated with the GOP, AIG and appropriate Parties.

3. RONCO monitors will obtain basic delivery information for each convoy on commodity type, amount, party/AIG destination, transporter and recipient. If commodities are offloaded at intermediate warehouses, the monitors would expect to return at a later date to obtain information about the commodities ultimate destination and use. In this connection a "Daily Commodity release" form (attached) will be used by RONCO staff to facilitate collecting and recording necessary data.

4. RONCO will employ and train adequate staff at their Peshawar and Quetta offices to carry out the above monitoring responsibilities.

II Planning and Implementation

1. The USG the GOP and the AIG will continue to discuss planning procedures outlined in "Suggested Procedures for Approval and Implementation of Humanitarian Commodity Distribution", (attached). It is hoped that these procedures will be agreed upon and in place before the additional 60,000 metric tons of PL 480 wheat arrives in Pakistan.

2. Equivalent planning procedures are also needed for distribution of PL 480 wheat through party and ACLU transport mechanisms. It is hoped that these procedures will be agreed upon and in place before the additional 60,000 metric tons of PL 480 wheat arrives in Pakistan.

SUGGESTED PROCEDURES FOR APPROVAL AND IMPLEMENTATION OF
HUMANITARIAN COMMODITY DISTRIBUTION

The Afghanistan Interim Government (AIG), the Government of Pakistan (GOP), and the United States Government (USG) jointly agree to establish a mechanism for the planning, approval and receipt of humanitarian commodities donated by the USG. The USG will be represented by the A.I.D. Representative, American Embassy, Islamabad, or his designee(s).

1. The AIG will develop a planning capability to outline commodity assistance requirements, based on needs, and including targeting of assistance and a strategy for delivery.
2. The AIG will establish a functioning and capable civilian secretariat to meet regularly (with GOP and USG participation) to review needs and make appropriate commodity allocation decisions.
3. A joint AIG-GOP-USG committee will review and approve a quarterly planning document which describes to the extent possible the allocation of humanitarian commodities over the coming three months. The document will describe the locations to which the commodities will be delivered, the purpose for which they are to be used, and the authorities responsible for the use of the commodities (shura, commander, party). Target amounts and locations can be fairly general in this quarterly document.
4. The Committee will approve a more detailed monthly plan two weeks prior to the beginning of the month which specifies the quantities, destinations, uses, and means of transport over the coming month.
5. The secretariat of the AIG may approve deviations in the approved monthly plan up to 10% without prior approval. AIG representatives will inform AID if the number of changes in the plan is approaching the 10% level. AID and GOP monitors will independently selectively monitor the actual distributions to spot check compliance with the plan.
6. The AIG will designate an entity under its structure (other than the Ministry of Defense) to act as a secretariat, and a senior official to represent the AIG. This secretariat will be responsible for setting the venue for meetings of the AIG-GOP-AID committee, drafting the agenda and providing GOP and AID representatives with these in a timely manner to permit additions to the agenda and designation of participating representatives.

7. The AIG secretariat will be responsible for providing reports on a monthly basis which detail actual deliveries, locations, uses, and the local authorities who made final distribution. A report on the dispatch of wheat to Afghanistan and the locations to which it is to be delivered will be provided to the GOP and AID within 10 days of the end of the month. A report on final delivery and uses of the wheat will be provided within two months of its dispatch.

8. Changes to this agreement can be made by joint, written agreement of all three parties concerned.

147

UNITED STATES OF AMERICA
Office of the Ambassador

Islamabad

June 20, 1989

His Excellency
Sibghatullah Mujaddidi
President of Afghanistan Interim Government
Peshawar

Dear President Mojaddidi:

During the past several months many discussions have been held aimed at improving the implementation of programs and meeting humanitarian needs more effectively in Afghanistan. During his visit in May 1989, Senator Humphrey urged greater efforts by the Afghan Interim Government to organize itself to perform the functions of governance. Prime Minister Bhutto and her American hosts emphasized strong support to the Afghan cause during her successful visit to the United States, but I must inform you that this support was mixed with the repeatedly mentioned hope that the Afghan Interim Government speak and act with one voice as the Government takes responsibility for administering both the war and the civilian administration of the country.

Although the Jihad is not yet over, there are many challenges faced by governments and donors in assisting the people in the free areas of Afghanistan, and in preparing for the return of refugees to your country. Much stronger planning, equitable allocation of resources, and effective implementation mechanisms are urgently needed.

We are pleased to inform you that the US Government has approved additional wheat for Afghanistan as a part of our humanitarian assistance program. However, responsibilities for providing this wheat and other humanitarian commodities must be assumed by the Afghanistan Interim Government and strengthened before this support can be continued.

Major General (Ret) Agha Zulfikar Ali and I hope to meet with you, the Prime Minister, and the Minister for Reconstruction on Thursday to discuss steps which, if implemented, can permit our humanitarian commodity support to resume. These are intended to strengthen the authority of the Afghanistan Interim Government in dealing with the resistance parties and helping free Afghans to work together.

We recommend that the Government take the following steps:

1. Establish a functioning and capable civilian government entity to review needs for commodity assistance, and to make appropriate commodity allocation decisions. We would expect that US Government and Government of Pakistan officials would meet regularly with this entity to review its official requests on behalf of the Afghanistan Interim Government.
2. Develop a planning capability to outline commodity assistance requirements, based on needs, including the targeting of assistance, and a strategy for delivery.
3. Decide where within the AIG the above planning and allocation entities should be located.
4. Decide where within the AIG (other than the Ministry of Defense) the Afghan Construction and Logistic Unit (ACLU) should be located to facilitate humanitarian transport requirements.
5. Take necessary security measures to assure safe shipments of humanitarian commodities to their destinations in Afghanistan, and for monitoring staffs of the GOP and AID.

A copy of suggested procedures is attached by which commodity distribution and implementation can be decided upon and implemented.

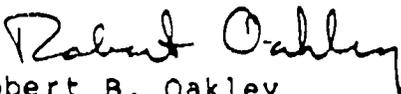
Equally important for the AIG is the need to take advantage of the humanitarian assistance being made available by the United Nations. As you know, the United Nations has certain difficulties in dealing directly with the Afghanistan Interim Government. I recommend that immediate steps be taken to strengthen the Reconstruction Authority for Afghanistan (RAFA) to enable it, under the policy guidance of the AIG, to work with

the agencies of the United Nations. RAFA should be able to channel to the United Nations the same types of planning, implementation and reporting documents which the US Government and other governments expect to receive directly from the AIG agency which you designate.

I look forward to meeting with you on Thursday, June 22, 1989, and to the early resumption of US Government commodity assistance.

With warm regards,

Sincerely,


Robert B. Oakley

Enclosure:

Suggested Procedures for Approval and Implementation of Humanitarian Commodity Distribution

cc: His Excellency Abdul Rasul Sayyaf, Prime Minister
His Excellency Burhanuddin Rabbani, Minister for Reconstruction
Maj. Gen (Ret) Aghi Zulfilcar Ali, Coordinator for Relief and Reconstruction, Government of Pakistan

SUGGESTED PROCEDURES FOR APPROVAL AND IMPLEMENTATION OF
HUMANITARIAN COMMODITY DISTRIBUTION

The Afghanistan Interim Government (AIG), the Government of Pakistan (GOP), and the United States Government (USG) jointly agree to establish a mechanism for the planning, approval and receipt of humanitarian commodities donated by the USG. The USG will be represented by the A.I.D. Representative, American Embassy, Islamabad, or his designee(s).

1. The AIG will develop a planning capability to outline commodity assistance requirements, based on needs, and including targeting of assistance and a strategy for delivery.

2. The AIG will establish a functioning and capable civilian secretariat to meet regularly (with GOP and USG participation) to review needs and make appropriate commodity allocation decisions.

3. A joint AIG-GOP-USG committee will review and approve a quarterly planning document which describes to the extent possible the allocation of humanitarian commodities over the coming three months. The document will describe the locations to which the commodities will be delivered, the purpose for which they are to be used, and the authorities responsible for the use of the commodities (shura, commander, party). Target amounts and locations can be fairly general in this quarterly document.

4. The Committee will approve a more detailed monthly plan two weeks prior to the beginning of the month which specifies the quantities, destinations, uses, and means of transport over the coming month.

5. The secretariat of the AIG may approve deviations in the approved monthly plan up to 10% without prior approval. AIG representatives will inform AID if the number of changes in the plan is approaching the 10% level. AID and GOP monitors will independently selectively monitor the actual distributions to spot check compliance with the plan.

6. The AIG will designate an entity under its structure (other than the Ministry of Defense) to act as a secretariat, and a senior official to represent the AIG. This secretariat will be responsible for setting the venue for meetings of the AIG-GOP-AID committee, drafting the agenda and providing GOP and AID representatives with these in a timely manner to permit additions to the agenda and designation of participating representatives.

7. The AIG secretariat will be responsible for providing reports on a monthly basis which detail actual deliveries, locations, uses, and the local authorities who made final distribution. A report on the dispatch of wheat to Afghanistan and the locations to which it is to be delivered will be provided to the GOP and AID within 10 days of the end of the month. A report on final delivery and uses of the wheat will be provided within two months of its dispatch.

8. Changes to this agreement can be made by joint, written agreement of all three parties concerned.

10

The Ambassador

Islamabad

June 20, 1989

Major General (Ret.) Agha Zulfikar Ali
Coordinator for Relief and Reconstruction
Office of the Prime Minister
Islamabad

Dear General Zulfikar:

This follows our discussion June 18, 1989 regarding US Government support to emergency food and other humanitarian commodity support for war-affected Afghans. A point of our conversation I would like to underscore is the US Government's commitment to continuing such assistance for Afghanistan. It is our aim to cooperate with the Government of Pakistan in helping the Afghan Interim Government establish delivery systems for food and other humanitarian commodities which include AID's direct participation in allocation and distribution decisions, expanded monitoring and improved accountability of resources provided by AID.

Over the past several months, an intensive review of the existing program has taken place, aimed at improving implementation and meeting humanitarian needs more effectively. This review has included discussions with GOP officials as well as members of the US Congress. During his visit in May, 1989, Senator Humphrey urged greater efforts by the Afghan Interim Government to organize itself and perform the functions of a Government. Pakistan - US cooperation in providing humanitarian assistance to Afghanistan was an important topic for Prime Minister Bhutto during her successful visit to the United States. These and ongoing discussions with the US Congress have taken into account the changing political/military situation inside Afghanistan, the challenges faced by governments and donors in preparing for refugee repatriation, the continuing need to provide humanitarian assistance, and the necessity of an enhanced USG role in allocation decisions and improved accountability, if assistance is to continue.

Related to this review we are pleased to inform you that the US Government has approved an additional 60,000 metric tons (MT) of PL 480 wheat for the Emergency Food Relief Program for war-affected Afghans. To facilitate timely replenishment of dwindling wheat stocks in the present program, we would appreciate your prompt attention to the Transfer Authorization document provided earlier. This document addresses the changes required with respect to AID's active involvement in food allocation decisions and this is related to the need to establish new procedures for dealing with food and other commodity assistance. Continued US commodity assistance will require the Afghan Interim Government to:

21

1. Develop a planning capability to outline commodity assistance requirements, based on needs, and including targeting of assistance and a strategy for delivery.

2. Establish a functioning and capable secretariat to meet regularly (with GOP and USG participation) to review needs and make appropriate commodity allocation decisions.

3. Decide where within the AIG (outside the Ministry of Defense), the Afghan Construction and Logistics Unit (ACLU) should be located to facilitate humanitarian commodity transportation requirements.

A copy of suggested procedures is attached by which commodity distribution decisions and implementation can be accomplished. With regard to the proposed amendment providing 60,000 MT of additional PL 480 wheat, important changes from the existing program include the points listed below. Most of these points are equally valid for the other humanitarian commodities and equipment provided to the Afghan Interim Government and parties.

1. Diversification. We must prepare for the provision of food for millions of refugees when they return to Afghanistan. Experience and economic analysis suggest that the program must gradually move away from free distribution mechanisms and experiment with other delivery methods such as food for work and commercial sales. The amendments provide 45,000 MT to continue our joint program with the Afghan Interim Government. They also provide that a minimum of 15,000 MT will be distributed in other ways, 10,000 MT through commercial sales and at least 5,000 MT by PVO's through food for work and similar programs. We hope that CARE will soon be able to play an important part in testing food for work activities.

2. Allocation. Total allocation of PL 480 wheat to the program has ranged from 1,600 to 12,300 MT per month. In addition to our active, advance participation in the allocation decisions, we have been instructed to refer to Washington any request to distribute amounts over 9,000 MT in a single month. Washington assures us of a quick response.

3. Reporting. The reports now provided by the GOP should be expanded to include information on purpose, destination and end use.

4. Monitoring. The most effective way to verify performance is through an effective monitoring program. AID's Afghan monitors should be allowed to accompany USG-provided food to border locations and inside Afghanistan to facilitate the preparation of accurate reports. Existing information on past shipments should be made available.

5. Reserve. We recognize the need for an emergency reserve, but believe that it is inappropriate for this program. WFP has about 125,000 MT of wheat now specifically earmarked for Afghanistan. Some 103,000 MT of this (including a USG gift of 53,000 MT) is, or soon will be, located in Food Department warehouses in Baluchistan and the Northwest Frontier Province. If there were a major emergency, such as the liberation of a major city in Afghanistan, WFP assures us that they could move rapidly to make food available. Contingency plans for such an emergency need to be developed.

6. Security. Effective movement of the above food resources will depend on adequate security for transportation and monitoring personnel. It will be important for the GOP and the AIG to ensure that proper security measures are taken to facilitate safe shipments from the GOP Food Department warehouses to destinations inside Afghanistan.

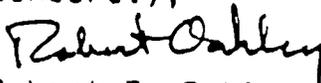
In our judgment, it is also critical that the Afghan Interim Government move quickly to name its entity responsible for food allocation and distribution and decide where in the AIG the ACLU is to be placed. As well, we believe RAFA must be fully and capably staffed to permit discussions and decisions to be made now with respect to available assistance from the United Nations, including food.

I intend to raise these issues with the Afghan Interim Government's leadership on June 22 and look forward to your participation in these meetings. Attached is my letter of this date to President Mojaddidi in which I am proposing that the AIG assume responsibilities related to distribution of humanitarian commodities.

We appreciate the generous assistance of the Government of Pakistan in supporting our humanitarian relief program for Afghanistan and look forward to working with you to quickly establish new procedures which will assure appropriate distribution of and accountability for AID-financed commodities. These are critical if our assistance is to continue.

With warm regards.

Sincerely,


Robert B. Oakley

Enclosures: Suggested Procedures for Approval and Implementation
of Humanitarian Commodity Distribution

Letter to President Mojaddidi dated 6/20/88

cc: Lt. General (Retired) Shamsur Khallue, DG/ISI
Ashraf Qazi, Additional Secretary, Ministry of Foreign
Affairs

SUGGESTED PROCEDURES FOR APPROVAL AND IMPLEMENTATION OF
HUMANITARIAN COMMODITY DISTRIBUTION

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1. The AIG will develop a planning capability to outline commodity assistance requirements, based on needs, and including targeting of assistance and a strategy for delivery.
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3. A joint AIG-GOP-USG committee will review and approve a quarterly planning document which describes to the extent possible the allocation of humanitarian commodities over the coming three months. The document will describe the locations to which the commodities will be delivered, the purpose for which they are to be used, and the authorities responsible for the use of the commodities (shura, commander, party). Target amounts and locations can be fairly general in this quarterly document.
4. The Committee will approve a more detailed monthly plan two weeks prior to the beginning of the month which specifies the quantities, destinations, uses, and means of transport over the coming month.
5. The secretariat of the AIG may approve deviations in the approved monthly plan up to 10% without prior approval. AIG representatives will inform AID if the number of changes in the plan is approaching the 10% level. AID and GOP monitors will independently selectively monitor the actual distributions to spot check compliance with the plan.
6. The AIG will designate an entity under its structure (other than the Ministry of Defense) to act as a secretariat, and a senior official to represent the AIG. This secretariat will be responsible for setting the venue for meetings of the AIG-GOP-AID committee, drafting the agenda and providing GOP and AID representatives with these in a timely manner to permit additions to the agenda and designation of participating representatives.

7. The AIG secretariat will be responsible for providing reports on a monthly basis which detail actual deliveries, locations, uses, and the local authorities who made final distribution. A report on the dispatch of wheat to Afghanistan and the locations to which it is to be delivered will be provided to the GOP and AID within 10 days of the end of the month. A report on final delivery and uses of the wheat will be provided within two months of its dispatch.

8. Changes to this agreement can be made by joint, written agreement of all three parties concerned.