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AGRICULTURE SECTOR SUPPORT PROJECT
ACTIVITY APPROVAL MEMORANDUM AMENDMENT NO. 3
306-0204

AUGUST 1992
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EXECUTIVE SUMMARY

With agricultural production representing 46 percent of Afghanistan's gross domestic product and current agricultural outputs sufficient to sustain only two-thirds of the in-country population and none of the three million refugees expected to be repatriated by late 1993, reconstruction of the agricultural sector is crucial to rehabilitation of Afghanistan. Accordingly, the O/AID/REP designed the ASSP to provide assistance to rebuild basic agricultural infrastructure and increase crop production to help sustain war-affected Afghans as they are resettled and repatriated. The O/AID/REP anticipates that recent political developments will lead to the designation of a formal Government of Afghanistan by the end of 1992 and that an agreement will be reached for the establishment of a bilateral AID program based in Kabul. Transition from the current cross-border program to a bilateral program is expected to take from 12 to 15 months.

Once transition is complete, a reassessment of the ASSP as well as implementing contracts and agreements will be required to adapt to changing conditions in Afghanistan. However, during the transition period Afghan needs for assistance currently being provided, particularly agricultural inputs and reconstruction of the agricultural infrastructure, will significantly increase. It is expected that during the next 12 to 15 months, refugees will return in increasing numbers to a homeland that lacks the resources to sustain them. Continued intervention at this juncture is likely to mean the difference between progress toward self-sufficiency and regression toward dependence on the international donor community to alleviate food shortages and abject poverty.

Under the proposed amendment, the ASSP will consist of two sub-projects, Agricultural and Rural Rehabilitation (ARR) and Private Sector Agribusiness (PSA). The ARR is designed to provide assistance through the Area Rehabilitation Schemes or field offices for the reconstruction of irrigation canals, ditches, rural roads and bridges. This sub-project is implemented by VITA. PSA is divided into three components, Agriculture Development and Training (ADT), Commercial Agriculture Sales (CAS), currently suspended, and Program Planning and Analysis (PPA) all of which are implemented by DAI. This contract will be re-competed in mid-1992 and a new contract is expected to be in place by the end of the year.

The ADT is designed to provide agricultural extension services through a network of trained agents located in targeted Afghan provinces as well as training for extension personnel. The ADT also provides agricultural inputs and farm equipment for private-grower seed multiplication project inside Afghanistan, using on-farm demonstrations to assist farmers in

making private-sector purchases of high-yield seed varieties, fertilizer and agriculture equipment. The CAS, suspended in August 1991 but retained in the sub-project structure, was designed to assist the sale of farm inputs, primarily fertilizer and seeds, through a mixture of incentives and assistance to Afghan and Pakistani entrepreneurs and provided key inputs into increasing local food production inside Afghanistan. The PPA is designed to use computerized data bases, a Geographical Information System (GIS) and a Market Information System (MARIS), to collect information on the execution of project activities and on the Afghan agricultural sector performance for analysis and planning.

The proposed ASSP amendment primarily provides the resources necessary to maintain the level and nature of current project activities with minor changes in project direction or structure to conform activities to Government of Afghanistan needs and resources. The \$14,000,000 increase in life-of-project ~~.. funding is sufficient to fund current project operations up to ..~~ December 30, 1993 and for an additional six months thereafter during which time preparations will be made either for a program re-design and an increased level of funding or for an orderly close-out of project activities.

LIST OF ACRONYMS AND FOREIGN WORDS

AAM	Activity Assistance Memorandum
AAP	Afghan Agricultural Project
AAPSA	Agriculture Assistance Program for Afghanistan
ACBAR	Agency Coordinating Body for Afghan Relief
ADC	Afghan Development Corporation
ADO	Agricultural Development Officer
ADS	Area Development Schemes
ADT	Agricultural Development and Training Component of ASSP/Private Sector Activities
Afs	Afghanis (Afghanistan Currency)
AID	Agency for International Development (U.S.)
AIG	Afghan Interim Government
ARR	Agricultural and Rural Rehabilitation Component of the ASSP
ARS	Agriculture Rehabilitation Schemes
ASSP	Agriculture Sector Support Project
BVW	Basic Veterinary Workers
CARE	Cooperative for American Relief Everywhere
CAS	Commercial Agriculture Sales, Component of PSA Project
COP	Chief of Party
DAI	Development Alternatives, Inc.
DAP	Diamonium Phosphate (fertilizer)
DC&A	Data Collection and Analysis
ESC	Earth Satellite Corporation
FAO	Food and Agriculture Organization
GIS	Geographic Information Systems
GOA	Government of Afghanistan
GOP	Government of Pakistan
GPS	Geo-Positioning System
IRC	International Rescue Committee
IU	Information Unit
Jihad	Holy War
Karez	Underground irrigation channel
Kg	Kilogram
MAP	Monitoring, Analysis and Planning
MARIS	Market information System
MCI	Mercy Corps International
MSH	Management Sciences for Health
MT	Metric Tons
Mujahideen	Resistance fighters
NGO	Nongovernmental Organization
NWFP	North West Frontier Province
O/AID/REP	Office of the USAID Representative for Afghan Affairs
PACD	Project Assistance Completion Date
PFA	Program, Planning and Analysis Component

PSA	ASSP/Private Sector Agribusiness Project
PVO	Private Sector Agribusiness
RAO	Private Voluntary Organization
	Regional Affairs Office of AID/Rep in Peshawar
RAP	Rural Assistance Project
RFP	Request For Proposals
RPA	Rehabilitation Program for Afghanistan
Shura	A Local or Regional Governing Body
SWABAC	South West Afghanistan and Baluchistan Agency Coordination
Tanzeem	Political Party
TSP	Triple Super Phosphate (fertilizer)
UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
UNOCA	Office for the Coordination of United Nations Humanitarian and Economic Assistance Programs
	Relating to Afghanistan
UNO	University of Nebraska (Omaha)
USAID	U.S. Agency for International Development Representative for Afghan Affairs
USDA	United States Department of Agriculture
USG	United States Government
VITA	Volunteers in Technical Assistance
WFP	UN World Food Program

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AGRICULTURE SECTOR SUPPORT PROJECT
ACTIVITY APPROVAL MEMORANDUM AMENDMENT NO. 3

I. BACKGROUND

A. Setting

After 13 years of continuous conflict, a tenuous settlement has been reached between Afghan tribal leaders (mujahideen) and the former regime's militia in Kabul. An interim Afghan governing Council has been installed and although major disagreements remain as to the structure of a future Afghan government, fighting in the rural areas has for the most part ceased. If political conditions inside Afghanistan remain stable, it is expected that three million or more of the five million Afghans now in refugee camps in Pakistan and Iran will return to Afghanistan and that a considerable number of the two million internally displaced Afghans will resettle in their home districts. Since war-affected Afghans primarily evacuated rural border areas, repatriation and resettlement can be expected to occur in those same areas where, according to a late 1980s survey, 30 percent of the productive land is now uncultivated, the number of livestock has decreased by more than half, and irrigation systems and farm-to-market roads and bridges have been destroyed by bombs or are in serious disrepair from neglect (Chemonics 1991, Nathan Berger 1991).

The seriousness of sustainability of repatriated and resettled Afghans under current conditions is underlined by the fact that Afghanistan has a predominantly agrarian society. Agriculture accounts for about 46 percent of gross domestic product (Nathan Berger 1991) and provides employment for 80 percent of the population (Nathan Berger 1992). Before the war, about 50 percent of arable land in the Afghan agricultural sector was actually cultivated (Chemonics 1991). At that time, wheat was the staple crop, occupying nearly two-thirds of the crop area; corn, barley, rice, cotton, sugarbeet, sugarcane, oilseeds, and fruits and vegetables were also vital resources (Chemonics 1991). At present, the total cultivated area is much lower because of the extensive displacement of Afghan farmers (only a quarter of the former rural population remains) (Chemonics 1991) and because of the lack of draft power, functioning irrigation systems and transportation networks, and marketing outlets (Nathan Berger 1991).

Before the war, farmers depended entirely on draft animals such as cows, oxen, donkeys, mules, and camels to transport, plow, and thresh their crops (Chemonics 1991). With the steep decline in numbers, livestock's contribution to Afghanistan's total gross domestic product has decreased from 16 percent in 1978-1979 to 12 percent in 1990-1991 (Nathan Berger 1991). Meeting Afghans' farm power requirements is thus

essential to any successful effort to rehabilitate the Afghan agricultural sector (Nathan Berger 1991) but current efforts to assist the transfer from animal to mechanized power are restricted by the lack of maintenance and repair facilities and the lack of economic resources in farming communities.

Because of low and irregular precipitation, 90 percent of the land under cultivation in Afghanistan depends on traditional irrigation systems for the delivery of water. These irrigation systems, long the subject of neglect and inadequate maintenance, have suffered further damage as a result of the war (Nathan Berger 1991). Early efforts to improve irrigation were halted by the war and most improvement projects begun during that period remain unfinished (Nathan Berger 1991). Current efforts to improve irrigation are limited by a severe capital shortage, lack of technical inputs, and the necessary labor and tools for maintenance and repairs (Nathan Berger 1991).

Like the irrigation infrastructure, the Afghan transportation infrastructure deteriorated considerably during the war; regular road maintenance was difficult, if not impossible, and some 30 percent of bridges and roads in the transportation system were destroyed or severely damaged (Nathan Berger 1991). Although attempts have been made to restructure some of these roads and bridges, rehabilitation has had limited success due to the lack of funds and technical expertise. Under current conditions, transportation costs are high and transport is extremely slow (Nathan Berger 1991). Unless an affordable functioning transportation network can be constructed out of the current system, the movement and sale of agricultural produce will continue to be severely restricted, negatively impacting on efforts to develop a rural market economy (Nathan Berger 1991).

The desperate need in Afghanistan for rehabilitation of its agricultural sector cannot be overstated. It is estimated that current agricultural production is sufficient to sustain only 8 million of the in-country population of some 12.5 million Afghans (Winrock International 1991) and none of the returning refugees. Unless efforts to address the problems of extensive displacement of Afghan farmers, the lack of draft power, functioning irrigation systems and transportation networks, and marketing outlets continue, the ever present risks of food shortages and collapse of the Afghan economy will become a reality.

B. Historical Overview of the Project

Early in 1986, discussions between Volunteers in Technical Assistance (VITA) and the O/AID/REP about methods of providing assistance in resistance-controlled areas of Afghanistan evolved into a grant to VITA to design a project to assist the rehabilitation of Afghanistan's agricultural sector

and also authorized VITA to initiate steps towards project implementation. One year later, USAID authorized the Agriculture Sector Support Project (ASSP) with a funding level of \$6,000,000 and a project activity completion date (PACD) of March 31, 1990. The O/AID/REP subsequently awarded VITA the contract to implement the project.

The over-all goal of the ASSP was to restore the economic livelihood of rural Afghans and to provide an economic base which could sustain returning refugees. Because Afghanistan is an agricultural-based society, the purpose of the project was to increase agricultural productivity in selected areas and to rehabilitate Afghan institutions capable of using project-activity resources to help sustain war-affected Afghans. The focus at that time was on institution-building and strengthening the Afghan agricultural private sector. In mid 1987, the ASSP was expanded to include a rural works component which was designed to: (1) clean karezes and to repair roads; and, (2) create area development schemes (ADS) (later called area rehabilitation schemes) through which the project could introduce fertilizer, seeds, oxen, and other inputs into the Afghan agricultural sector. As the result of project successes and changing Afghan needs the ASSP was expanded early in 1989 to more effectively address basic food security and agricultural production needs for resettlement and repatriation of war-affected Afghans. The life-of-project funding was increased to \$60,000,000 and the PACD was extended to December 31, 1992. A subsequent amendment to the Activity Authorization in March 1992 extended the PACD to June 30, 1994 to prevent suspension of the project at a time when most of the groundwork for providing agricultural assistance had been completed but benefits had not been fully realized. It was recognized that an increase in the level of funding would be necessary to continue project activities through the new PACD; this action was deferred until a more detailed analysis of the project could be completed in the proposed amendment to the AAM.

Currently, the ASSP consists of two sub-projects, Agricultural and Rural Rehabilitation (ARR) and Private Sector Agribusiness (PSA). The ARR is designed to provide assistance through the Area Rehabilitation Schemes or field offices for the reconstruction of irrigation canals, ditches, rural roads and bridges. This sub-project is implemented by VITA. PSA is divided into three components, Agriculture Development and Training (ADT), Commercial Agriculture Sales (CAS), and Program Planning and Analysis (PPA) all of which are implemented by DAI. The ADT is designed to provide agricultural extension services through a network of trained agents located in targeted Afghan provinces as well as training for extension personnel. The ADT also provides agricultural inputs and farm equipment for private-grower seed multiplication activities inside Afghanistan, using on-farm demonstrations to assist farmers in making private-sector

purchases of high-yield seed varieties, fertilizer and agriculture equipment. The CAS, suspended in August 1991 but retained in the sub-project structure, as explained in paragraph III.B below, was designed to assist the sale of farm inputs, primarily fertilizer and seeds, through a mixture of incentives and assistance to Afghan and Pakistani entrepreneurs and provided key inputs into increasing local food production inside Afghanistan. The PPA is designed to use computerized data bases, Geographical Information System (GIS) and Market Information System (MARIS), to collect information on the execution of project activities and on the Afghan agricultural sector performance for analysis and planning.

C. Summary of Recent Evaluations

1. Agricultural and Rural Rehabilitation

The most recent evaluation of the ARR was completed in December 1991 as part of on-going assessments of ASSP activities for transition to a bilateral program. The assessment of VITA's implementation of ARR is generally positive, especially with respect to the political sensitivity and sound judgment of VITA's Afghan managers, the educational background and technical capability of the VITA staff, and the good relationships VITA managers and staff have developed with the seven Afghan political parties (tanzeems) and Afghan commanders who were loosely united in the jihād against the former Soviet-backed regime. The ability to work within the complex Afghan environment permits VITA to operate effective agricultural rehabilitation schemes and reconstruction activities in 18 Afghan provinces as well as to successfully monitor the technical aspects of project implementation such as status of project activities, number of workers and wages paid, and quantity of materials and equipment at work sites.

Less positive is VITA's practice of going into a local community and completing a project without follow-up. This practice is found to interrupt the continuity of VITA's relationship with local communities and shuras and makes an analysis of project impact, such as changes in agricultural production and marketing, difficult. VITA has also experienced difficulty implementing its training program; while training for the engineering staff is more than adequate, training for managerial, administrative, and monitoring staff was found to be ineffective. VITA's staff does not yet have the capability to collect and analyze data and conduct post-project evaluations and this lack of experience and training is found to be detrimental to project design and implementation as well as to an adequate assessment of impact.

2. Private Sector Agribusiness

The most recent evaluation of the PSA was completed in March 1992 and, like the evaluation of the ARR, is a part of on-going assessments of ASSP activities in preparation for transition to a bilateral program. PSA implementation problems identified in the assessment are primarily due to basic assumptions made at the time the PSA was developed, which turned out to be invalid, and to external circumstances such as evacuation of staff during the Gulf war, suspension of cross-border activities, and shifting the prime contractor's location from Peshawar to Islamabad because of security concerns. Internal decisions such as the suspension of the CAS component, personnel changes, difficulties in procurement and distribution of inputs, and lack of an articulated strategy for involving the Afghan and Pakistan private sectors in introduction of agricultural equipment and fertilizers into the Afghan agricultural sector also contributed to implementation problems. In spite of these difficulties, the PSA has made substantial progress in staffing, organizing, compiling resources, and creating administrative structures necessary for implementation of this sub-project.

a. Agriculture Development and Training

The ADT high-yield wheat seed multiplication program is found to be effective and is gradually being expanded to include other cereal crops, potatoes, and vegetables. ADT is also training extension agents to transfer appropriate agricultural technology to Afghan farmers. But, the lack of repair facilities, shortage of spare parts, and the inability to meet local demand for use of equipment being demonstrated impedes progress towards mechanization. It is felt that the continued success of this component depends on the ability of the PSA to develop a better method to provide fertilizer for seed multiplication and to assist the provision of farm equipment and other inputs for farmers as well as ADT centers.

b. Commercial Agricultural Sales

The CAS has been the least successful of the PSA components in meeting assistance goals. Concern for security inside Afghanistan limited cross-border efforts to expand trade between Afghanistan, Pakistan, and other free-market economies. Difficulties in procuring and distributing fertilizer interfered with the development of private-sector marketing. The procurement of urea fertilizer and tractors has been largely phased out due to the availability of urea in Afghanistan and the direct marketing of tractors by Pakistani manufacturers at several border points.

c. Program Planning and Analysis

The PPA has successfully developed a system to provide the guidance, direction, and planning capabilities that were anticipated when the project was designed. General goals of providing information about conditions of the Afghan agricultural sector in critical FSA areas, operation of marketing systems, the availability of agricultural inputs, as well as monitoring have been met. But, primarily due to external circumstances described in paragraph I.C.2 above, the PPA has been slow in meeting more specific goals such as the development of resource inventories and maps of project areas for field use and the compilation of a data base for long-range planning for the development of the Afghan agricultural sector.

D. Summary of Accomplishments

1. Agriculture and Rural Rehabilitation

The ARR, through VITA, has succeeded in developing the only significant cross-border project activity in rural development which is staffed primarily by Afghans. ARR area rehabilitation schemes are now operating with the cooperation of local commanders and shuras (advisory councils) in 18 Afghan provinces reconstructing karezs, canals, roads, and motor and foot bridges. Project activities surveyed and approved which were completed as of December 1991 include: karez reconstruction: 2,565; other small irrigation networks: 514; improved roads: 13; and, reconstructed motor and foot bridges: 10. Reports from ARR project areas reflect project impact: (1) some crop yields increased, especially wheat; (2) water flow increased and water shortages were alleviated; (3) critical sustenance was provided for some 5,000 dependents of the 750 workers employed at any one time by rehabilitation projects; and, (4) improved roads have reduced local transportation costs which in turn have reduced local commodity prices.

2. Private Sector Agribusiness

a. Agriculture Development and Training

Through the ADT, new and improved disease-resistant varieties of seeds such as wheat, maize, rice, potato, and vegetable have been introduced into the Afghan agricultural sector to help restore agricultural production. Yield increases realized from these new varieties are conservatively estimated to be 40 percent. The ADT has also placed large quantities of fruit trees, primarily apples, in 7 nurseries in 5 Afghan provinces. The extension system developed by ADT is now operating in 11 Afghan provinces with 11 extension supervisors, 69 extension agents, and 33 extension workers transferring appropriate agricultural technology to Afghan farmers. In addition, the ADT has established a training center in Peshawar to train agricultural extension agents, tractor

drivers, tiller and thresher operators, mechanics, and surveyors. An estimated 400 Afghans have been trained at this center since August 1989. And, the ADT has furnished a variety of farm machinery and equipment for demonstration to Afghan farmers in order to support recommended agricultural methods and encourage mechanization.

b. Commercial Agricultural Sales

Under the CAS, 129 threshers, 92 tractors, and 44 water pumps have been introduced into the Afghan private sector. In addition, the CAS has been able to distribute 5,500 MT of urea and 11,100 MT of DAP fertilizers for sale in target areas through the private sector inside Afghanistan. Fertilizer sales generated a significant amount of local currencies which were subsequently used to fund rural rehabilitation activities under the ARR and through private voluntary organizations such as Mercy Corps International and the International Rescue Committee.

c. Program Planning and Analysis

PPA recruited 12 Afghans early in the project to conduct cross-border surveys on the location and characteristics of Afghan bazaars. During 1991 approximately 100 bazaars were surveyed in 12 Afghan provinces to collect information such as key commodity prices, number of shops selling wheat and fertilizer, sources of supply, and quantities sold. PPA's current information base includes such data as transportation prices, obstacles to trade, delivery times, role and size of trade centers, commodities traded, and modes of transport. The PPA has conducted a tractor survey which includes, among other information, use, ownership, and type. And, the PPA has conducted a fertilizer merchant survey which targets locations of merchants and customers, size of sales by type, sources of supply, prices, transport modes, finances, and constraints. The PPA has also completed ground truthing inside Afghanistan for the Geographical Information System related to the condition of wheat crops, dates planted, varieties, diseases, cropping patterns, and exact locations. In addition, through the GIS, PPA has digitized maps generated by the U.S. Defense Mapping Agency, with annotations and enhancements.

II. AMENDMENT RATIONALE

A. ASSP Goals and Purposes

The goals of the ASSP are threefold: to increase agricultural production, to rehabilitate the Afghan agricultural infrastructure, and to improve the Afghan private sector capacity to provide necessary agricultural inputs. The purposes of the ASSP are to increase agricultural productivity through small-

scale agricultural infrastructure rehabilitation, to help provide essential agricultural inputs through extension services and on-farm demonstrations and testing, and to broaden the economic base of Afghanistan by developing commercial links with Pakistan and other open-market countries.

B. Continuation of Project Activities

The goal of restoring the economic livelihood of rural Afghans and providing an economic base which could sustain returning refugees and the purpose of rehabilitating the Afghan agricultural sector are not altered by this amendment. Rather, the amendment is a carefully constructed response to changing political conditions in Afghanistan within the framework provided by these goals and purposes. The O/AID/REP anticipates that recent political developments will lead to the designation of a formal Government of Afghanistan by the end of 1992 and that subsequently an agreement will be reached for the establishment of a bilateral AID program based in Kabul. Transition from the current cross-border program to a bilateral program is expected to take from 12 to 15 months. Once transition is complete, a reassessment of the ASSP as well as implementing contracts and agreements will be required to meet changing conditions in Afghanistan. However, during the transition period Afghan needs for assistance currently being provided, particularly agricultural inputs and reconstruction of the agricultural infrastructure, will significantly increase.

As stated above, it is expected that during the coming months, refugees will return in increasing numbers to home districts that lack the resources to sustain them. Continued intervention at this juncture is likely to mean the difference between progress toward self-sufficiency and regression toward dependence on the international donor community to alleviate food shortages and abject poverty. For this reason, the proposed ASSP amendment primarily provides the resources necessary to maintain the level and nature of current project activities with minor changes in project direction or structure to meet Afghan transition needs and levels of GOA resources.

C. Transition Strategy

The ASSP long-term transition strategy focuses on meeting Afghan basic economic assistance needs and on sustainability of project activities once a bilateral program is established. The purpose of the strategy is to ensure, to the extent possible, that project activities serve GOA preferences and needs at the level of support which is consistent with GOA resources. Success of this strategy depends on a continuing dialogue with the GOA as well as the ability of each project activity to transfer operations inside Afghanistan and adapt to available funding levels or develop other sources of income.

Accordingly, efforts during the transition period will be directed toward developing connections with the emerging GOA ministries and adjusting or reducing project activities as necessary to make them more easily transferrable and sustainable.

Because the ARR is one of the few activities in the donor community with a significant Afghan presence, it is considered to have the best prospects of being institutionalized once a bilateral agreement is reached. With over 400 Afghans serving on VITA staff, the ARR is in a position not only to consolidate and strengthen its capacity inside but also to expand its small-scale, labor-intensive activities to the high-production northern areas of Afghanistan. As political and security conditions permit, a gradual transfer of ARR personnel and equipment to Afghanistan as well as expansion of project activities into Badakhshan, Samangan, and Balkh provinces, will take place. It is expected that once a bilateral program is established, ARR will continue to operate under a Government of Afghanistan (GOA) Ministry of Public Works or Rural Development. Therefore, project activities will interface with the GOA during the transition period and make every effort to conform to GOA needs and resources.

To help ensure sustainability, a method of increasing ARR self-financing, currently at 40%, will be explored and efforts will be made to attract other sources of income or to transfer project activities to an Afghan NGO. Additional equipment requirements for planned activities will be met by restricting areas of operation, especially in poppy-growing regions, and/or justifying the need for excess DOD equipment which is, or will in the future be available. It is not considered necessary at this time to adjust or reduce ARR project activities to make them more easily transferrable and/or sustainable. However, throughout the transition period assessments of the affordability and sustainability of the ARR will be made and project activities adjusted as necessary to meet GOA requirements and funding capabilities.

The Agriculture Development and Training component of the PSA sub-project currently has 113 Afghan extension agents and extension workers in 11 Afghan provinces trained in the application of improved agricultural technology suitable for Afghan conditions. Because the ADT has a substantial Afghan presence and provides direct assistance to Afghan farmers, it also has good prospects of being institutionalized once a bilateral program is established. As political and security conditions permit, the ADT will be expanded into Badakhshan, Kunduz, Samangan, Balkh, and Herat provinces and increase existing levels of effort in Takhar and Baghlan provinces. It is anticipated that the GOA will not be in a position initially to assume ADT activities as they are now structured. However, project activities will interface the emerging GOA Ministry of

Agriculture and adjustments and/or reductions in ADT operations will be undertaken during the transition period to make them more easily transferrable and sustainable in accordance with GOA needs and resources.

The complexity of the PPA component and the lack of a significant Afghan presence in this project activity makes institutionalization much more difficult. In the hands of skilled users and under the direction of skilled managers, the operations of the PPA offer a sophisticated method of gathering, analyzing, and disseminating information on agricultural production and trade in Afghanistan. It is doubtful whether a future Afghan government will have the resources necessary to maintain equipment and staff, much less the level of expertise, to realize the potential benefits of this project activity. Accordingly, the PPA will develop a dialogue with the emerging GOA during transition in order to tailor project activities to Afghan needs, priorities, and funding capabilities; efforts to recruit Afghan staff will continue. Further, the new PSA contractor will be charged with developing guidelines, with input from the O/AID/REP and the GOA, to reconfigure PPA activities so that they can be absorbed by a GOA ministry, perhaps with other-donor funding.

III. AMENDED PROJECT DESCRIPTION

The proposed amendment increases ASSP life-of-project funding from \$60,000,000 to \$74,000,000. There are no major program changes, simply a restructuring of three project activities and a shift in emphasis of other project activities to meet changing Afghan assistance needs. Activities extended and funded by the amendment are described below.

A. Agriculture and Rural Rehabilitation

ARR Agriculture Rehabilitation Schemes or field offices, with an average of 13 technical and support staff members in each ARS or office, will continue to provide the framework for VITA's small-scale reconstruction of the Afghan agricultural infrastructure. Reconstruction projects are labor intensive and the ARS staff recruits as much as 40 percent of the labor required from local communities. Thus, the ARR will not only strengthen the economic base of the Afghan agricultural sector through reconstruction of infrastructure but also through opportunities for employment. Activities are limited to those provinces where ARSs are operating to ensure that criteria such as local community support, security, and coordination with other project activities are met. It is expected that improved security and political conditions in northern areas of Afghanistan will permit expansion of the ARSs, and reconstruction activities, into the high-agricultural-production regions as soon as necessary personnel can be recruited and equipment transported

to selected sites. This planned expansion will increase the number of ARSs to 21 (one in each of 21 provinces). The planned expansion of ARR activities is necessarily subject to the O/AID/REP Narcotics Awareness and Control policy set forth in Section IV.B below.

Selection of projects in each ARS for rehabilitation of existing roads with bridges, culverts, and retaining walls and for rehabilitation of small Afghan irrigation systems will be made through a project approval process recently developed by VITA staff (see paragraph IV.A.1 below). In addition, a team of ARR staff will systematically review all proposed rehabilitation sites to classify them as to the types of actions required to protect the Afghan environment, such as standard environmental mitigation and monitoring, design adaptations, or a partial environmental assessment. The classification will include information on the type of rehabilitation activity, location, and other relevant information which will form the basis for a determination of potential environmental impact. Environmental data collected from previous rehabilitation activities in 18 Afghan provinces, including environmental constraints, if any, will be used together with the classifications to design and engineer rehabilitation activities.

The shift from inexpensive and easily accomplished karez cleaning, which did not attract as much attention from Soviet aerial bombers, to the more technically complex and visible reconstruction of surface irrigation systems will continue since current demands are for delivery of irrigation water through surface systems.

VITA will also continue to provide training to administrative and technical staff. Originally, training was handled by VITA staff; now, VITA uses outside sources to supplement staff courses and has incorporated some participant training in other countries into its program. The primary purpose of VITA training is to up-grade the skills of Afghan personnel. Courses include such topics as engineering fundamentals, construction management, materials of construction, irrigation, project management, monitoring, and the use of technical equipment like Global Positioning Systems. In addition, the ARR training program will include instruction on environmental monitoring and protection for ARR contractors and sub-contractors working on rehabilitation projects. The relationship between sustainability and training is evident and it is expected that as training plans are better-conceived and justified they will receive increased funding.

In 1990, efforts to ensure future sustainability of ARR project activities resulted in a requirement that VITA investigate transferring ARR activities to an independent Afghan entity. However, the current transition strategy calls for a re-

evaluation of VITA's methods of operation to the extent necessary to explore other possibilities such as the development of an entity like a youth or conservation corps to employ demobilized resistance fighters as well as researching other sources of income. Transfer of ARR activities to an independent Afghan entity is thus one of several methods to be explored. Primary consideration will be given to integration with a GOA ministry or various provincial organizations. A final decision as to VITA's future role in a bilateral program will be made in collaboration with appropriate GOA authorities. VITA will continue to receive support for its rehabilitation activities through grants of local currencies from the PSA contractor, as these currencies become available, to be used in accordance with the terms of its cooperative agreement.

B. Private Sector Agribusiness

The PSA sub-project has been reduced to two active components, Agricultural Development and Training and Program Planning and Analysis. Implementation difficulties, together with the observation that private-sector activities, both cross-border and inside Afghanistan, generally operate quite well without intervention, led to a decision in August 1991 to suspend Commercial Agricultural Sales component activities for the near future. It is expected that a decision to phase out or reactivate this component will be made sometime during the transition period, when there is a better understanding of future Afghan assistance needs and when the preferences of the Government of Afghanistan are known. Steps taken to re-configure this sub-project are confirmed by the amendment.

1. Agricultural Development and Training

The primary focus of the ADT will continue to be on field testing and demonstration of agricultural inputs and equipment such as improved seeds, tractors, threshers, irrigation equipment, and fertilizers as well as the development of indigenous grain and vegetable seed and the production of tree seedlings. Priority will be given to high-agricultural-production regions in the north which have the potential to produce surplus agricultural commodities for food-deficit areas. Site locations will be limited to areas that have, or are developing local community organizations that can assist with planning and implementation. There will be a continuing effort to work with the emerging GOA to conform project activities to Afghan needs, priorities, and funding capabilities.

ADT extension programs are currently operating in 11 Afghan provinces. Up to now, it has not been possible to expand these programs into the northern high-agricultural-production areas. But, due to improved security and political conditions, it is expected that ADT activities will be

expanded into the high-production northern areas and into Herat province and that activities will increase in two other provinces as political and logistics problems are resolved. The planned expansion of ADT extension programs is necessarily subject to the O/AID/REP Narcotics Awareness and Control policy set forth in Section IV.B below. In addition to field-testing and demonstration of agricultural commodities, extension activities will include efforts to increase food and cash crop production as well as to provide information on such topics as mechanized seedbed preparation, harvesting, food processing, poultry farming, food storage, marketing, and other agricultural activities deemed important to the project. On-farm wheat and maize seed multiplication projects will be expanded. And, extension activities will include training necessary to produce skilled workers to run extension services as well as specialized training for existing extension personnel. To help control the harmful effects of pests, the ADT will incorporate instruction on integrated pest management (IPM) techniques into existing and future extension activities. These techniques will be consistent with Agency policy on sustainable agricultural practice and will not involve the procurement or distribution of any pesticides. A continuing effort will be made to ensure that these project activities are affordable and sustainable once a bilateral program is established.

The ADT project activity to rehabilitate and promote horticulture crops will be restructured and partly phased out. Current plans are to shift emphasis from the propagation of deciduous and citrus fruit trees to the propagation of apricots, grapes, and vegetables through existing extension activities. These activities will be based on knowledge acquired during the early phases of the project. The two ADT nurseries located in Pakistan will be closed, with harvested seedlings and other products being placed in cold storage for later transfer to Afghanistan. The seedlings and agricultural products currently in the seven nurseries in Afghanistan will be transferred to Afghan farmers; developing a plan for this transfer will be a high priority for the project in early FY 1993. All Afghan entrepreneurs scheduled to receive agricultural products and seedlings from the ADT nurseries will have instruction in integrated pest management and aboriculture quality control through ADT extension services. These Afghan entrepreneurs in turn will be expected to provide extension instruction on IPM as well as aboriculture quality control to Afghan farmers procuring the seedlings and agricultural products. In addition, the ADT extension program will monitor the management of the privatized nurseries for a reasonable period of time after transfer for quality control and to ensure that the extension instruction provided continues to be environmentally sound.

Because shortages of draft power, farm equipment and machinery for tillage, threshing, and other

agricultural activities severely limit agricultural production, a strategy will be developed to promote increased use of power equipment through extension demonstration activities. Tractors and related equipment are widely accepted in the Afghan agricultural community; thus, emphasis will be placed on the demonstration of other types of machinery such as seed drills and threshers. Efforts will be made to test equipment selected for demonstration for adaptation to local conditions and maintenance requirements.

An anticipated fertilizer shortage led to a decision in April 1992 to purchase 20,000 MT of DAP fertilizer through the ADT. The fertilizer was to be distributed in time for the fall planting season and distribution was to be primarily in regions north of the Hindu Kush to prevent use on poppy fields in central and southern Afghanistan. However, according to current market information, a sufficient amount of fertilizer is being imported by private traders into the northern areas of Afghanistan from Russia and this purchase has been put on hold. The need for fertilizer imports under this project activity will be re-assessed in the second quarter of FY 1993. As in the past, any local currencies generated from the sale of fertilizers will be granted through the PSA contractor to support the agricultural rehabilitation efforts of O/AID/REP-supported NGOs in accordance with the terms of their grants or cooperative agreements.

2. Program Planning and Analysis

The PPA component will continue to coordinate and implement data collection and analysis, program planning, monitoring, and reporting. Several structural changes have been made to increase efficiency and improve the collection and dissemination of data. MARIS has been incorporated into a new Agricultural Statistics Unit; the GIS has been incorporated into a new Information Unit; and, a Publications Unit and a Planning Unit have been added. Primary focus of this component will be gathering and compiling data on agricultural rehabilitation, food availability and food needs assessments, extension information, and agribusiness objectives, such as the progress of repatriation, food production, marketing, transportation, and supply, as well as the impact of ASSP rehabilitation efforts. The GIS, together with analyses of satellite imagery data, will be used to support ASSP environmental monitoring and protection efforts as well as for environmental and natural resources planning. It is recognized that the prospects of the emerging GOA absorbing the PPA as it is presently structured are remote. Thus, during the transition period the PPA will follow guidelines developed by the new contractor, the O/AID/REP, and the GOA for future activities, with affordability and sustainability primary considerations.

The Agricultural Statistics Unit is responsible for developing and implementing methods of collecting and analyzing information and presenting findings in an acceptable form. Within this Unit, a MARIS team will compile market information such as commodity prices, inflation rates, and agricultural trends for use in reports and formal presentations. The Information Unit is responsible for installation of computer hardware and software, briefings on data collected and analyzed, and technical training. Within this Unit, the GIS team will compile satellite-imagery data (currently provided through a DAI subcontractor) as well as operate an automated resource database that can supply project analysts with maps for land-use, infrastructure, and general agricultural purposes and permit resource modeling with layers of geographic data. The Planning Unit is responsible for integrating concerns relating to health, education, population and labor, transport, and irrigation infrastructure with those of agricultural production for project design and implementation. The Publications Unit will provide high-quality document production to disseminate information gathered through the ASSP on the Afghan agricultural sector.

IV. IMPLEMENTATION

A. Implementation of Project Activities

1. Agricultural and Rural Rehabilitation

Volunteers in Technical Service will continue to implement the Agriculture and Rural Rehabilitation sub-project for the ASSP during the transition period (see paragraph IV.A.4 below). Under its Agreement with the O/AID/REP, VITA will continue to design and carry out project activities to rehabilitate the Afghan agricultural infrastructure, such as small irrigation systems and rural roads and bridges. All ARR activities will directly support increased agricultural production, and, at the same time, provide job opportunities for local Afghans and for returning refugees. To avoid duplication of effort (unlikely since there are hundreds more requests than VITA is capable of fulfilling) VITA staff will continue to meet with committee members of the Agency Coordinating Body for Afghan Relief (ACBAR) on a regular basis to review rehabilitation activities proposed by the donor community. Selection and implementation of project activities will be accomplished through the following process:

- * requests submitted to ARR local offices in each ARS through local councils, political parties, or GOA ministries;
- * proposed project activities assessed for technical feasibility and socio-economic benefits, using standardized survey instruments;

- * project activities found to be technically feasible ranked in order of priority in consultation with local authorities and scheduled for surveys, environmental classification, design, and field implementation;
- * local authorities queried about their willingness to contribute to selected project activity;
- * implementation team formed to prepare for project-activity implementation;
- * engineering and environmental surveys, design, and cost estimates prepared;
- * review committee consulted and final approval obtained;
- * reviewed for economic feasibility and funding by ARR management;
- * reviewed for compliance with USAID narcotics policies;
- * laborers recruited, equipment, tools, and construction materials procured;
- * work performed;
- * inspection, evaluation.

2. Private Sector Agribusiness

The ADT and the PPA components of the PSA will be implemented during the transition period by a contractor to be selected through open competition (see paragraph IV.A.4 below). In addition to the activities described below, the contractor will be responsible for developing guidelines for conforming PSA activities, especially the PPA, to the emerging GOA needs, priorities, and funding capabilities. These guidelines will be based on input from both the O/AID/REP and the GOA, with affordability and sustainability primary considerations. The contractor will also be responsible for setting up a small monitoring unit that reports to the Chief of Party. The contractor will submit a monitoring and reporting plan for O/AID/REP approval which develops a methodology for monitoring project activities.

a. Agriculture and Development Training

Through the ADT component, the contractor will be expected to provide agricultural development assistance, such as extension services and production inputs, to individual farmers, contract seed-growers, and small groups of informally organized farmers. The contractor will coordinate ADT

activities with appropriate Government of Afghanistan offices and ministries, international agencies, ACBAR, NGOs, local governments, and farmers' organizations. Implementation will be through the frameworks of the Agricultural Rehabilitation Schemes or field offices where the ARR sub-project provides infrastructure rehabilitation, through selected bazaars that market agricultural commodities, and through special project activities which may be in the future be authorized by the AID/REP. Selection of sites for ADT activities will be based on criteria that include, but are not limited to, the following:

- * productivity of area;
- * whether or not ARR field officers are located in area;
- * presence of shuras or local community organizations;
- * whether or not poppies are produced in area (if poppies are grown in the area, the activity must be reviewed and approved by the AID representative prior to implementation);
- * environmental impact.

The contractor will be responsible for developing an agricultural productivity strategy to guide the over-all agricultural rehabilitation strategy of the ASSP. The strategy will include an examination of the agricultural potential of each ADT area and the market potential for crops grown in these areas. The contractor will be also responsible for training staff, extension agents, and workers as well as farmers participating in extension programs. Training will be based on needs assessments and annual training plans approved by the O/AID/REP.

b. Program Planning and Analysis

Through the PPA component the contractor will be expected to create a market and agricultural sector surveillance and analysis system. The contractor will systematically assemble and analyze information from all sources, focusing on monitoring food and input supply, prices and agricultural production variables. The contractor will also coordinate and implement data collection and analysis, program planning, monitoring, and reporting on project activities. The contractor will perform specified analyses of agricultural and rural sectors of Afghanistan such as progress of repatriation, assessment of war damage, and the emergence of development institutions in Afghanistan. The contractor will be responsible for developing resource inventories of land use, irrigation systems, and roads as well as preparing maps of project areas for field use. In addition, the contractor will develop and adapt to

O/AID/REP use a Geographic Information System to analyze and display data collected within the PPA.

Access to earth satellite-imagery data is considered essential to implementation of this component. Accordingly, the contractor will be expected to arrange for the use and analysis of data from appropriate satellite observations.

3. Private Voluntary Organization Support

Since July 1990, the Agriculture and Rural Development Office of the O/AID/REP has administered various agricultural-related assistance activities of two private voluntary organizations (PVOs), Mercy Corps International (MCI) and the International Rescue Committee (IRC), which are funded through the O/AID/REP PVO support project. As in the past, MCI and IRC will continue to receive grants of local currencies generated from the sale of agricultural commodities through the PSA contractor, to be used in accordance with the terms of their cooperative agreements. This continued support is necessarily subject to the O/AID/REP Narcotics Awareness and Control policy set forth in Section IV.B below. MCI and IRC activities, though separate from the ASSP, complement project activities. This PVO support has proven to be a valuable method of broadening the reach of ASSP at a reduced cost.

a. Mercy Corps International

MCI's Agriculture Assistance Program for Southwest Afghanistan (AAPSA) has been primarily directed toward the production and distribution of seed wheat, rehabilitation of orchards and vineyards, assessments of reconstruction of irrigation systems, and investigation of the potential of high-value cash crops. Through the transition period, AAPSA will promote sustainable high-quality wheat seed production and high-value exportable fruit production. AAPSA will also provide basic animal health care services through expansion of a network of basic veterinary workers (BVWs) and reconstruct small irrigation systems in Kandahar and Helmand provinces. MCI has developed a monitoring/information system that has the capability of quantifying, evaluating, and coordinating its project activities and monitoring will remain a key component of the MCI's AAPSA projects.

b. International Rescue Committee

IRC's Rehabilitation Program for Afghanistan (RPA) works through local Afghan shuras to identify, develop, and implement rehabilitation projects in Paktia, Paktika, Logar, and Nangarhar provinces. RPA stresses community involvement and encourages projects which generate local resources that provide a sustainable base for future

reconstruction of physical infrastructures. RPA's rehabilitation efforts have been directed to the establishment of model farms which provide demonstration of integrated and diversified agricultural practices such as bee-keeping, food storage and preservation, fruit-tree nursery management, reforestation, and the restoration of Afghan irrigation systems. The farms are designed to provide technical and economic information required for farmers to select agricultural production activities appropriate to their own resources and needs. Sustainability will continue to be an important element; RPA will develop and implement a plan for transfer of the model farm activities to a Kabul ministry or to a non-governmental organization which has the technical, managerial, and financial capability to manage the project after transition to a bilateral program.

B. Narcotics Awareness and Control

The O/AID/REP is mindful of the admonition in Section 487 of the Foreign Assistance Act that all reasonable steps be taken not to provide assistance to, or through, persons or entities involved in illicit drug trafficking. Regulations are being drafted, but have not yet been issued. In the interim, in order to ensure compliance with the statute, all ASSP project-activity implementation decisions with respect to poppy producing areas will be made by the AID Representative, in consultation with other appropriate U.S. Government officials at Post. Accordingly, the proposed expansion of the ARR and the ADT project activities as well as the continued support for the rehabilitation activities of MCI and IRC as set forth in the amendment are subject to this Narcotics Awareness and Control policy.

C. Environmental Issues

Because of the inherent limitations of a cross-border program, the O/AID/REP has not been in a position to accurately assess environmental conditions or to assess the impact of its projects on the Afghan environment. However, environmental issues have remained a concern and efforts have been made to gather available information on the Afghan environment in preparation for the time when more complete and accurate assessments can be made. These efforts are represented by the recently completed Nathan Berger study titled, "Afghanistan Environmental Profile: Phase One" (June 1992) which describes environmental conditions before the war, identifies present concerns, and makes recommendations for future action. Environmental concerns arise primarily from the deterioration of the Afghan agricultural sector: Does Afghanistan have sufficient irrigated land to support resettled Afghans and returning refugees? Will Afghanistan's rural areas suffer irreversible damage without sustained improvement in rural infrastructure and training in the maintenance of a productive rural environment?

What relationship should there be between resettlement and reconstruction?

These questions cannot be definitively addressed or answered during the transition period. But, efforts will be made to incorporate the information presented into ASSP project activities and to make use of available resources, such as the GIS and satellite imagery data, to support environmental development and planning. Contractors and grantees will be expected to participate in environmental monitoring and protection efforts as well as provide training to ensure that project activities are environmentally sound. In addition, an initial environmental examination (IEE) has been prepared for the activities proposed in the amendment (Appendix D) and should activities be undertaken in the future which could affect the Afghan environment, a separate IEE will be prepared prior to implementation.

D. Contracting

The Cooperative Agreement between the O/AID/REP and VITA expires December 31, 1992. Because of VITA's positive evaluation as well as unique capabilities in managing rural rehabilitation in Afghanistan, experienced staff, and existing relationships with Afghan beneficiaries, a decision has been made to extend VITA's Cooperative Agreement through the transition period to April 30, 1994. These unique capabilities, together with the fact that under Agency rules cooperative agreements such as VITA's can be extended without competition as long as performance is satisfactory, permit the ASSP to avoid interruption in assistance during the transition period.

DAI's contract with the O/AID/REP likewise expires December 31, 1992. In order to meet over-all program goals to optimize agricultural production, especially in the high-potential northern areas of Afghanistan, a decision was made to continue implementation of the PSA through the transition period to April 30, 1994. Since extension of this contract represents a major procurement and full and open competition is a primary concern of O/AID/REP policies as well as Agency rules and regulations, it will be re-competed. Steps are now being taken to initiate the bidding process with a request for proposal (RFP) (Appendix E). It is expected that the new contract will be in place in late CY 1992.

MCI's Cooperative Agreement was scheduled to expire on June 30, 1992; IRC's Cooperative Agreement expires on September 30, 1992. Because of the close interaction between these PVOs' extension and training activities and the assistance activities of the PSA and because of their recent positive evaluations, a decision has been made to extend the MCI and IRC cooperative agreements through the transition period, as

permitted by Agency rules. Accordingly, MCI's Cooperative Agreement and IRC's Cooperative Agreement have been extended to April 30, 1994.

E. Procurement

The O/AID/REP uses RONCO, a procurement services contractor, to procure the bulk of commodities and services for the AID/REP program and its contractors and grantees. The procurement services contractor, together with the O/AID/REP contracting officer, has developed and follows a formal procurement policy that meets the requirements of U.S. Government regulations and policies. Consolidation of procurement results in considerable savings to AID/REP projects and helps to ensure that procurement is in keeping with current regulations and policies. Accordingly, VITA and the new prime contractor will directly procure only readily obtainable consumable items such as spare parts and fuel for vehicles, small office supplies, and limited amounts of suitable agricultural commodities available on the local market.

F. Monitoring and Evaluation

1. Monitoring

a. Agriculture and Rural Rehabilitation

Monitoring will remain an important aspect of ARR activities. Currently, VITA has a three-level monitoring system. At the first level, ARS field-monitors visit project sites to record status and accomplishments. At level two, monitors unknown to ARS staff assess community acceptance, progress, quality, and impact. Monitoring at level three is done by a team of technical staff; team reports are used to plan and tailor projects to meet current needs and to improve construction specifications. Monitoring and measuring impact has been difficult due to the inability of staff to design data collection forms and to analyze the data once it is collected. It is expected that problems with data collection and analysis will be resolved with improved in-house training for VITA monitors and transfer of verification monitoring to the O/AID/REP Data Collection and Analysis (DC&A) Unit. VITA will also work closely with the PSA Monitoring Unit to develop long-term monitoring techniques that improve impact measurement and to develop a comprehensive "ground truth" approach to monitoring.

b. Private Sector Agribusiness

Monitoring under the PSA will be transferred from the PPA to a separate unit that reports directly to the contractor Chief of Party. The Monitoring Unit will work closely with VITA to make better use of existing capabilities and

to focus monitoring purposes. The Monitoring Unit will be responsible for collecting and analyzing data such as land and labor use patterns, water use practices, and applications of technologies. The Unit will locate and record all monitored sites, using Global Position Systems. Training will be provided to assist staff in the measurement of impact, using impact indicators, monitoring techniques, and data collection. During the transition period, project verification monitoring will be done by the O/AID/REP DC&A.

2. Evaluation

As mentioned above, evaluation of the ARR sub-project was completed in December 1991 and evaluation of the PSA sub-project was completed in March 1992. The purpose of these evaluations was to assist the O/AID/REP in planning a transition strategy and to assess sustainability of project activities in a future bilateral program. Further evaluation of these sub-projects is not anticipated during the transition period. However, an in-depth review of project activities will take place in March 1993, preparatory to a transfer to Kabul and a major re-design of the O/AID/REP program, or to an orderly close-out of project activities.

G. Implementation Schedule

- * July 15, 1992: Activity Approval Memorandum and Activity Authorization Amendment approved;
- * July 31, 1992: Request for Proposal issued;
- * August 31, 1992: complete PSA food-grain production study of Afghanistan;
- * September 15, 1992: discuss ASSP portfolio with GOA and revise workplans to accommodate GOA needs and priorities;
- * October 1, 1992: start ARR and PSA operations from new offices in Balkh, Samangan, Baghlan, and Takhar high agricultural production provinces;
- * November 15, 1992: PSA technical assistance contractor selected
- * December 15, 1992: PSA technical assistance contractor on board;

- * March 31, 1993: in-depth review of project activities with GOA and other donors;

plan developed for integrating PPA with GOA ministry;

review completed 1992-1993 VITA projects; review projects proposed for 1993-1994 with
- * May 1, 1993: nurseries/orchards transferred to Afghan farmers by PSA.
- * June 30, 1993: discussions on future of ARR and ADT with GOA completed;
- * September 30, 1993: future plans for ARR and ADT drafted and accepted by GOA.

V. FINANCIAL PLAN

A. Project Planned Obligations

In the absence of a host government, the O/AID/REP obligates all funds to project contractors and grantees. Past and planned project obligations are set forth in Appendix A. Total planned obligations equal total planned expenditures, with no pipeline funds extending beyond the PACD of June 30, 1994.

B. Project Planned Expenditures

The proposed \$14,000,000 increase in life-of-project funding is sufficient to fund current project operations up to December 30, 1993 and for an additional six months during which time preparations will be made either for a program re-design and an increased level of funding or for an orderly close-out of project activities. Past and Planned expenditures are set forth in Appendix B. A Matrix of Methods of Implementation and Financing is set forth in Appendix C.

C. Local Currency

The O/AID/REP policy is to permit ASSP contractors/grantees implementing project activities to administer and use of locally generated currencies like a host government, as if the O/AID/REP program were operating under a bilateral agreement; this practice is expected to continue until a host government is established in Afghanistan. Thus, all fertilizers and, to a lesser extent, other agricultural commodities scheduled for sale in the Afghan agricultural sector

are granted to contractors/grantees which then use the proceeds for purposes consistent with the purposes of the ASSP, as stated in contracts and agreements with the O/AID/REP. Local currencies generated from the sale of ASSP-financed agricultural commodities are held in interest-bearing accounts with a commercial bank in Pakistan and are subject to all USAID audit, accounting, and financial procedures. Sources of local currencies are as follows:

- * DAI: own source (fertilizer, seed, equipment, seedlings);
- * VITA: own source (fertilizer, seed, equipment, seedlings); other source, DAI;
- * MCI: own source (fertilizer); other source, DAI;
- * IRC: other source, DAI.

D. Risk Analysis

There are inherent risks working in Afghanistan, particularly during times of political and social turmoil. Local commanders and bandits can, and do, confiscate or hi-jack project-funded commodities, vehicles, and equipment as well as hold personnel for ransom. While the O/AID/REP has regularly reported these occurrences to the Regional Inspector General in Singapore, the recovery rate has been very low. Further, in helping to increase food production and availability, the ASSP runs the risk of failing to deliver some of the expected benefits in crop yields, market expansion, employment, and income. For example, due to civil unrest, poor road communication, bad weather, pest and disease attacks, bad planning, or lack of proper supervision of project staff, yields of major crops may not increase to target levels. Similarly, applications of project-funded improved seed varieties and fertilizers can be expected to increase yields ten-fold if applied in correct amounts and with applications of irrigation water. However, when any one of the critical variables are not applied optimally in conjunction with the others, yield gains will not be maximized and may even fall below pre-project yields. The absence of a formal extension program supported by a government budget makes this risk higher than normally encountered in USAID host countries.

The ASSP is not immune to these and other risks, despite attempts to minimize the chances of major commodity losses and delays in implementation. However, both the ARR and the PSA are investing considerable resources in monitoring and supervision of Afghan staff to increase the chances of project success and to minimize these risks. In addition, the PSA

alternates high-yield seed varieties for major cereal-grain and horticulture crops; it provides fertilizer and extension services and training in many different regions of the country. Similarly, the ARR works with local communities throughout Afghanistan to diversify irrigation works and reconstruction of farm-to-market roads and bridges.

The ASSP is currently the primary donor-funded program for agricultural rehabilitation and development in Afghanistan and has a measurable impact on the agricultural and rural income of Afghanistan. Thus, in the final analysis it is vital to continue to take certain risks to ensure a continuation of support to this key sector of the economy.

E. Audit

Audit coverage is provided for in the Planned Expenditure Table. An amount of \$20,000 has been budgeted for an audit of the ARR; an amount of \$20,000 has been budgeted for an audit of the PSA. It is expected that these audits will take place in early 1994 and be performed by an independent public accounting firm.

Approved:

Frederick E. Machmer, Jr.
Frederick E. Machmer, Jr.
AID Representative

Date:

August 25, 1992

Clearance:

B.Ali, SSPO/PDIS
R.Renfro, Chief ARD
C.Wolters, PRO
D.Hickson, (A) O/FM
M.Ward, RLA
J.Sperling, D/AID/REP

<u>B.Ali</u>	Date <u>7/15/92</u>
<u>R.Renfro</u>	Date <u>7/15/92</u>
<u>C.Wolters</u>	Date <u>7/15/92</u>
<u>D.Hickson</u>	Date <u>7/16/92</u>
<u>M.Ward</u>	Date <u>7/16/92</u>
<u>J.Sperling</u>	Date <u>7/16/92</u>

**306-0204 AGRICULTURE SECTOR SUPPORT PROJECT
PAST AND PLANNED OBLIGATIONS**

Project Elements	AAM Amendment Appendix A				
	Total Obligated thru 9/30/91	Planned FY 92 Obligations	Planned FY 93 Obligations	Planned FY 94 Obligations	Total Planned Obligations
A. Agriculture & Rural Rehabilitation — VITA Cooperative Agreement					
1. Logistical Support	600,000	320,000	188,000	-0-	1,108,000
2. Technical Support					
a. U.S. field staff	1,209,000	486,000	14,000	-0-	1,709,000
b. Home office support	297,000	108,000	4,000	-0-	409,000
c. Short-term consultants	775,000	306,000	9,000	-0-	1,090,000
Subtotal T.A.	2,281,000	900,000	27,000	-0-	3,208,000
3. Program					
a. Local staff	2,765,000	2,102,000	1,683,000	-0-	6,550,000
b. Local travel, training & monitoring	1,139,000	881,000	723,000	-0-	2,743,000
c. Procurement	1,159,000	881,000	690,000	-0-	2,730,000
d. Rehabilitation					
(1) Irrigation	2,497,000	1,359,000	1,520,000	-0-	5,376,000
(2) Roads and bridges	1,338,000	1,317,000	814,000	-0-	3,469,000
e. Audit	20,000	-	-	-	20,000
Subtotal Program	8,218,000	6,760,000	5,430,000	0	21,128,000
Subtotal (ARR)	11,799,000	8,000,000	5,645,000	0	25,444,000
B. Private Sector Agribusiness (PSA) — DAI (and replacement) Contract					
1. Logistical Support	1,260,000	-0-	1,221,000	-0-	2,481,000
2. Technical Support					
a. U.S. field support	2,735,000	-0-	1,791,000	-0-	4,526,000
b. Home office support	316,000	-0-	207,000	-0-	523,000
c. Local staff	473,000	-0-	310,000	-0-	783,000
d. Consultants and subcontractors	842,000	-0-	551,000	-0-	1,393,000
e. Procurement	894,000	-0-	586,000	-0-	1,480,000
Subtotal T.A.	5,260,000	-0-	3,445,000	-0-	8,705,000
3. Program					
a. Agriculture Development Training (ADT)					
(1) Local staff & training	7,074,000	-0-	-0-	-0-	7,074,000
(2) Crops and seeds	1,141,000	-0-	-0-	-0-	1,141,000
(3) Horticulture	457,000	-0-	-0-	-0-	457,000
(4) Machinery and other	228,000	-0-	-0-	-0-	228,000
Subtotal ADT	8,900,000	-0-	-0-	-0-	8,900,000
b. Policy Planning and Analysis (PPA)					
(1) Local staff and training	2,054,000	-0-	-0-	-0-	2,054,000
(2) GIS and crop casts	1,349,000	-0-	-0-	-0-	1,349,000
(3) MARIS	228,000	-0-	-0-	-0-	228,000
(4) Monitoring and special studies	228,000	-0-	-0-	-0-	228,000
Subtotal PPA	3,859,000	-0-	-0-	-0-	3,859,000
c. Commercial Agricultural Sales	10,041,000	-0-	-0-	-0-	10,041,000
d. Audit	20,000	-0-	-0-	-0-	20,000
Subtotal Program	22,820,000	-0-	-0-	-0-	22,820,000
Subtotal (PSA)	29,340,000	0	4,666,000	0	34,006,000
C. Subtotal Other (Old VITA & RONCO)	14,550,000	-0-	-0-	-0-	14,550,000
TOTAL (ASSP)	55,689,000	8,000,000	10,311,000	0	74,000,000

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306-0204 Agriculture Sector Support Project (ASSP)
Past and Planned Expenditures

Project Elements	Total Expenditures Thru 9/30/91	Planned Expenditures FY 92	Planned Expenditures FY 93	Planned Expenditures FY 94	TOTAL Planned Expenditures
A. ARR -- VITA					
1. Logistical Support	357,798	200,000	250,000	300,000	1,107,798
2. Technical Assistance					
a. U.S. Field Staff	852,025	150,000	391,000	316,375	1,709,400
b. Home Office Support	184,605	25,000	110,000	89,410	409,015
c. S.T. Consultants	383,412	75,000	349,000	281,987	1,089,399
Subtotal (T.A.)	1,420,042	250,000	850,000	687,772	3,207,814
3. Program					
a. Local Staff	1,899,807	1,240,000	1,860,000	1,550,000	6,549,807
b. Local Travel, Training & Monitoring	793,386	520,000	780,000	650,000	2,743,386
c. Procurement	490,000	520,000	780,000	630,000	2,420,000
d. Rehabilitation Activities					
i. Irrigation	1,715,955	1,120,000	1,680,000	1,400,000	5,915,955
ii. Roads and Bridges	919,262	600,000	900,000	750,000	3,169,262
Subtotal (Program)	6,128,410	4,000,000	6,000,000	4,980,000	21,108,410
Subtotal (Audits)	0	0	0	20,000	20,000
Subtotal (ARR)	7,906,250	4,450,000	7,100,000	5,967,772	25,444,222
B. PSA -- DAI					
1. Logistical Support	850,000	600,000	600,000	400,000	2,450,000
2. Technical Assistance					
a. U.S. Field Staff	2,220,950	936,000	780,000	789,000	4,725,950
b. Home Office Support	233,190	108,000	90,000	91,000	522,190
c. Local Staff	350,000	162,000	135,000	137,000	784,000
d. Consultants & Subcontracts	621,840	288,000	240,000	246,782	1,396,622
e. Procurement	660,490	306,000	255,000	255,000	1,476,490
Subtotal (T.A.)	3,886,500	1,800,000	1,500,000	1,518,782	8,705,282
3. Program					
a. Agricultural Development and Training					
i. Local Staff and Training	2,498,000	2,155,200	1,197,000	1,140,000	6,990,200
ii. Crops and Seeds	427,000	341,209	232,591	195,000	1,195,800
iii. Horticulture	230,000	198,500	110,000	105,000	643,500
iv. Machinery and Other	132,000	113,400	63,000	40,000	348,400
Subtotal (ADT)	3,287,000	2,808,309	1,602,591	1,480,000	9,177,900
b. Program Policy and Analysis					
i. Local Staff and Training	922,000	510,000	284,000	270,000	1,986,000
ii. GIS and Crop Cests	598,000	330,000	184,000	175,000	1,287,000
iii. MARIS	86,000	47,000	26,000	25,000	184,000
iv. Monitoring and Special Studies	102,000	58,318	31,000	30,000	221,318
Subtotal (PPA)	1,708,000	945,318	525,000	500,000	3,678,318
c. Subtotal Commercial					
Agricultural Sales (CAS)	9,943,782	0	0	0	9,943,782
Subtotal (Program)	14,938,782	3,753,627	2,127,591	1,980,000	22,800,000
Subtotal (Audits)	0	0	0	20,000	20,000
Subtotal (PSA)	19,705,978	6,153,627	4,227,591	3,898,782	34,005,978
Subtotal (Old VITA & RONCO)	13,671,984	878,016	0	0	14,550,000
TOTAL (ASSP)	41,284,212	11,481,643	11,327,591	9,866,554	74,000,000

**ASSP MATRIX OF
METHODS OF IMPLEMENTATION AND FINANCING
(Illustrative Example)**

Method of Implementation	Method of Financing	Approximate Amount (U.S. \$)
TA -- Direct Institutional Contract with DAI/other private firm	Direct Pay	2,480,696
	Advance	13,700,000
	L/Com	9,100,000
	Reimbursement	8,705,282
	Subtotal DAI	<u>33,985,978</u>
TA -- Direct Institutional Cooperative Agreement with VITA	Direct Pay	1,107,798
	Advance	24,316,224
	L/Com	0
	Reimbursement	0
	Subtotal VITA	<u>25,424,022</u>
TA -- Direct Institutional Cooperative Agreement -- old VITA	Direct Pay	730,000
	Advance	0
	L/Com	9,420,000
	Reimbursement	0
	Subtotal (old) VITA	<u>10,150,000</u>
TA -- Direct Institutional Contract for audits	Direct Pay	<u>40,000</u>
Commodities -- RONCO Procurement	Direct Pay	0
	Advance	3,427,177
	L/Com	972,823
	Reimbursement	0
	Subtotal RONCO	<u>4,400,000</u>
TOTAL ASSP		<u>74,000,000</u>

AGRICULTURE SECTOR SUPPORT PROJECT
INITIAL ENVIRONMENTAL EXAMINATION

A. COUNTRY: AFGHANISTAN

IMPLEMENTING AGENCY: O/AID/REP AFGHANISTAN

PROJECT TITLE AND NUMBER: AGRICULTURE SECTOR
SUPPORT PROJECT 306-0204

PROJECT ASSISTANCE COMPLETION DATE: JUNE 30, 1994

RECOMMENDED ENVIRONMENTAL ACTION: NEGATIVE DETERMINATION

B. PURPOSE: The purpose of the ASSP is to help increase agricultural production and food availability in Afghanistan.

C. PROJECT DESCRIPTION: The ASSP consists of two sub-projects, Agricultural and Rural Rehabilitation (ARR) and Private Sector Agribusiness (PSA). The PSA sub-project has two active components, Agriculture and Development Training (ADT) and Program Planning and Analysis (PPA). The project activities of a third PSA component, Commercial Agricultural Sales (CAS), have been temporarily suspended until Afghan assistance needs and the preferences of the emerging Government of Afghanistan can be determined. However, as the CAS remains in the current ASSP design structure and may in the future be re-activated, CAS project activities will also be examined in this IEE.

D. PROJECT COMPONENTS:

1. Agricultural and Rural Rehabilitation: The ARR sub-project is designed to provide assistance for the rehabilitation of the Afghan agricultural infrastructure. ARR is currently operating in 18 Afghan provinces with the cooperation of local governments and advisory councils to reconstruct rural roads and bridges and small irrigation systems. Under current plans, project activities will be expanded into three additional provinces, bringing the number of provinces served to 21. Sub-project activities are administered out of a main office located in Peshawar and out of field offices located in each of the served provinces. ARR also provides its Afghan technical and administrative staff with training to up-grade skills and introduce new technology.

ARR restores pre-existing small surface irrigation systems such as canals, siphons, and ditches and pre-existing farm-to-market roads and bridges, together with culverts and retaining walls. No new irrigation systems or roads are constructed. Activity is limited to areas which were previously altered to accommodate physical infrastructure and disturbance is expected to be minimal. However, it is foreseeable that the movement of ARR heavy equipment and the activities associated with road and bridge reconstruction could disturb the Afghan environment. It is also foreseeable that increased agricultural production and improvements in trade routes will lead to increased travel and commercial activity, especially as resettlement of internally displaced Afghans and repatriation of Afghan refugees take place.

Thus, a team of ARR staff will systematically review all proposed rehabilitation sites to classify them as to the types of actions required to protect the Afghan environment, such as standard environmental mitigation and monitoring, design adaptations, or a partial environmental assessment. The classification will include information on the type of rehabilitation activity, location, and other relevant information which will form the basis for a determination of potential environmental impact. Environmental data collected from previous rehabilitation activities in 18 Afghan provinces, including environmental constraints, if any, will also be used, together with the classifications, in engineering designs for rehabilitation activities. In addition, the ARR training program will include instruction on environmental monitoring and protection for ARR contractors and sub-contractors working on rehabilitation projects. It is expected that with these environmental safeguards, impact on the Afghan environment from ARR rehabilitation activities will be minimal. Conversely, it is expected that these activities will significantly improve physical and social environments in the areas served.

ARR training takes place in-house at existing facilities, or on-the-job. Training includes such topics as engineering, construction management, environmental protection, equipment maintenance, and monitoring as well as the use of technical equipment like Global Positioning Systems and survey instruments. None of these courses have a foreseeable negative impact on the Afghan environment. ARR also provides a small amount of participant training in other countries, which likewise has no foreseeable impact on the Afghan environment. Training programs that have no direct effect on the environment are categorically excluded from IEEs.

ARR administrative and field offices are located in pre-existing facilities which are rented, leased, or provided as in-kind contributions by local communities. Minor internal modifications of these facilities are occasionally necessary to meet staff needs but such modifications do not involve outside

construction. Consequently, no new construction is anticipated under this activity. Should new construction become necessary to achieve project goals, a separate IEE will be prepared and submitted for approval prior to implementation.

2. Private Sector Agribusiness: The PSA sub-Project is designed to increase agricultural productivity through extension services, agricultural inputs, and training, to broaden Afghanistan's economic base, and to provide a broad agricultural sector surveillance and analysis system for development and planning. The main office is located in a pre-existing leased facility in Islamabad which required minor modifications to meet project needs, but no outside construction. The two active components, ADT and PPA, are administered from this office.

The PSA also includes a small monitoring unit that is located in the Islamabad office. The monitoring unit collects base data on the Afghan agricultural sector and project activities that are then used to monitor project operations and personnel in Afghanistan and to measure impact. There is no impact on the Afghan Environment as a result of this project activity.

a. Agricultural and Development Training: The ADT component provides agricultural extension services to Afghan farmers and horticulturalists through a network of nurseries and trained agents. Extension field offices are currently located in 11 Afghan provinces; under current plans, extension activities will be expanded into four additional Afghan provinces, bringing the total number served to 15. The ADT also provides training for all extension personnel and participating Afghan farmers. Extension services and training activities take place at pre-existing facilities located in Peshawar and in each of the 11 provinces which are rented, leased, or provided as in-kind contributions by local communities. Minor internal modifications of these facilities are occasionally necessary to meet staff needs but such modifications do not involve outside construction. Consequently, no new construction is anticipated under this sub-project. Should new construction become necessary to achieve project goals, a separate IEE will be prepared and submitted for approval prior to implementation.

To introduce multiple varieties of high-yield seeds such as wheat, maize, rice, potato, pea, onion, cauliflower, and carrot for demonstration and trial, the ADT provides participating Afghan farmers in selected areas with fertilizer and selected seeds to be cultivated on existing farms. It is foreseeable that the high-yield seeds could replace indigenous low-yield varieties, thereby reducing biological diversity and increasing risks of food deficits, if new varieties are not resistant to pests and disease. However, as the new multiple varieties of cereal grains and

vegetables are introduced into carefully selected areas, not throughout Afghanistan, they will actually increase biological diversity while supplementing the indigenous varieties that will continue to grow in most regions. To help control the harmful effects of pests, the ADT will incorporate instruction on integrated pest management (IPM) techniques into existing and future extension activities. These techniques will be consistent with Agency policy on sustainable agricultural practice and will not involve the procurement or distribution of any pesticides. Should provision of pesticides become necessary to achieve project goals, a separate IEE will be prepared and submitted for approval prior to implementation. Thus, it is expected that these ADT extension activities will have no significant negative effect on the Afghan environment. Conversely, it is expected that the ADT's introduction of multiple seed varieties and instruction in IPM will increase agricultural production, thereby improving social and economic environments in the regions served.

Seven ADT nurseries located in five Afghan provinces and two ADT nurseries located in Pakistan are used to propagate high-yield deciduous fruit tree seedlings, primarily apples, with some apricots and pears, for re-introduction into Afghanistan through the Afghan and Pakistani private sectors. The ADT is in the process of, or has plans for, phasing out all nine nurseries. The two nurseries in Pakistan will be closed down by the end of CY 1992, with harvested seedlings and other products being placed in cold storage for later transfer to Afghan farmers. The seven nurseries in Afghanistan will be transferred through the private sector to Afghan farmers in early CY 1993. The deciduous fruit seedlings being transferred to Afghan farmers from these nurseries are indigenous to Afghanistan and do not replace, but supplement existing fruit crops, in an effort to bring production up to pre-war levels. Subsequent to transfer of the ADT nurseries into the Afghan private sector, efforts to increase deciduous fruit production will be limited to extension on-farm technical training.

All Afghan entrepreneurs scheduled to receive agricultural products and seedlings from the ADT nurseries will receive instruction in integrated pest management and aboriculture quality control through ADT extension services. These Afghan entrepreneurs in turn will be expected to provide extension instruction on IPM as well as aboriculture quality control to Afghan farmers procuring the seedlings and agricultural products. In addition, the ADT extension program will monitor the management of the privatized nurseries for a reasonable period of time after transfer for quality control and to ensure that the extension instruction provided continues to be environmentally sound. Thus, it is expected that the phasing out of ADT nurseries and the transfer of ADT nurseries into the private sector will have no negative impact on the Afghan environment. Conversely, it is expected that transfer of the nurseries into the private sector

and increased fruit production will improve the social and economic environments of the regions served.

As part of its extension activities, the ADT provides farm equipment for on-farm demonstrations and tests to assist farmers in making private sector purchases and to instruct them in new farming techniques. Demonstrations of such equipment as tractors, plows, threshers, trailers, disc harrows, and seed drills take place on farmland that was previously altered by Afghan farmers with the use of draft animals, farm tools, and, occasionally, mechanized equipment such as tractors. Thus, it is expected that these demonstrations and tests will have no significant impact on the Afghan environment. Conversely, it is expected that the transfer of new technology will increase agricultural production and improve the social and economic environments of the regions served.

ADT training takes place in pre-existing facilities or at existing farms or orchards. Training includes technical and non-technical courses, such as office administration, report writing, nursery operation, the operation of threshers, tillage instruments, and tractors as well as the maintenance of farm equipment. It is expected that this training will have no impact on the Afghan environment. Training programs such as this are categorically excluded from IEEs when they have no direct impact on the environment.

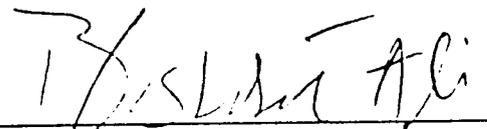
b. Commercial Agricultural Sales: The CAS component of the PSA is designed to offer the Afghan private sector assistance in increasing the delivery of limited amounts of commodities essential to rehabilitation of the agricultural sector. Under the CAS, threshers, tractors, water pumps, and fertilizers were sold to private-sector traders for swift transfer to Afghan farmers. Delivery was made at various points along the Afghanistan-Pakistan border and commodities were disbursed in multiple regions of Afghanistan. The CAS also conducted surveys of Afghan bazaars, which were classified for future use in marketing commodities. Such surveys are categorically excluded from IEEs.

It is foreseeable, but unlikely, that CAS farm equipment could be used in ways that cause significant damage to the Afghan environment. Quantities of farm equipment were limited and equipment is widely distributed. It is expected that this equipment, as with other ASSP equipment, will be used on farmland previously altered for agricultural use. It is foreseeable that fertilizers could be used improperly and pollute water sources. However, the CAS through the ADT provided instruction to private sector traders on proper use of these fertilizers who in turn were expected to transfer this information to Afghan farmers. In addition, as fertilizers were disbursed in selected regions, the

amount taken to a site would not be expected to have a significant effect on the environment. Further, fertilizers were distributed in areas where ADT extension personnel could provide instruction on proper use. Consequently, the CAS is not expected to have a significant negative impact on the Afghan environment. Conversely, according to the recently completed Nathan-Berger study titled, "Afghanistan Environmental Profile: Phase One" (June 1992), the carrying capacity of Afghan lands will depend on the inputs provided to Afghan farmers, such as seed and fertilizers. If this support is not provided, people are likely to practice environmentally degrading methods of crop production to avoid starvation.

c. Program Planning and Analysis: The PPA component of the PSA is located in the Islamabad office. PPA uses computerized data bases, such as a Geographical Information System and a Market Information System, to collect and analyze information on the performance of the Afghan agricultural sector for project analysis and development planning. The PPA conducts surveys of bazaars for information on such topics as commodity prices, number of shops selling wheat and fertilizer, and sources and quantities of supply. And, the PPA conducts specific commodity surveys such as its tractor survey to gather information on use, ownership and type. PPA also verifies satellite imagery data related to the condition of wheat crops, dates planted, varieties, diseases, cropping patterns, and exact locations. And, the PPA digitizes maps generated by the U.S. Defense Mapping Agency, supplying annotations and enhancements. As ASSP activities are currently limited to rehabilitation of existing infrastructure, none of the PPA project analyses and development planning data are designed for, or result in, activities which directly affect the environment. Such studies, analyses, and development planning are categorically excluded from IEEs. Should PPA provide data analyses for project design or which could lead to activities that directly affect the Afghan environment, a separate IEE will be prepared and submitted for approval prior to implementation.

D. RECOMMENDATION: For the reasons listed above, a negative determination as to environmental impact is made and it is recommended that no environmental assessment be prepared for ASSP project activities at this time.



Basharat Ali,
Acting Environmental Officer
Date: July 27, 1992

Clearance:

Curt Wolters, PRO/
(A) Deputy AID/REP
Date: 7/28/92

Hans P. Peterson
(A) Chief, ARD
Date: 7/28/92

Frederick E. Machmer, Jr.
AID Representative
Date: August 16, 1992

Based on the above Initial Environmental Examination, I find that the Agriculture Sector Support Project does not have a significant negative affect on the Afghanistan environment.

Frederick E. Machmer, Jr.
AID Representative
Date: August 16, 1992

PART I
SECTION C

STATEMENT OF WORK

ARTICLE I. BACKGROUND

Thirteen years of continuous conflict have devastated Afghanistan. Of an estimated pre-war population of 18 million Afghans, 2 million have been killed, 2 million have been internally displaced, and 5 million have become refugees, seeking haven in Pakistan and Iran. Now a tenuous settlement offers some promise of peace and an opportunity to rebuild the economy.

The Afghan economy has been and still is predominantly an agrarian one. Agriculture accounts for about 46 percent of gross domestic product and provides employment for 80 percent of the population. Since the beginning of the war in 1979, the area under cultivation in Afghanistan has shrunk by roughly 40 percent.² Seed grain quality has degenerated and the incidence of fungal diseases has increased. Sunn pests and locusts have caused severe damage to wheat crops. Only a quarter of the rural farmers remained.³ The number of draft animals, upon which the Afghans depend for transport, plowing, and threshing, has drastically declined. Damage to the physical infrastructure, such as irrigation systems and roads necessary for the transport of agricultural goods to market, has been severe.

ARTICLE II. GOAL

The goal of the Agricultural Sector Support Project (ASSP) is to restore and increase the production and availability of food in Afghanistan. To accomplish this goal, ASSP proposes a twofold approach: (1) restore and increase agricultural productivity through small-scale agricultural infrastructure construction and rehabilitation of irrigation systems and farm-to-market roads; and (2) increase agricultural productivity by providing technical assistance to Afghan farmers and by providing extension advice and training in crop cultivation techniques, equipment use, poultry farming, and the use of key agricultural inputs. Future productivity will be aided by gathering agricultural data and formulating plans built on these data.

¹Nathan Associates, Inc. and Louis Berger International, Inc., Macroeconomic Data' Development: Phase II, December, 1991.

²Afghanistan - Operation Salaam Programme for 1992, UNOCA, November, 1991.

³Chemomics, Afghanistan: Agriculture Rural Rehabilitation Evaluation, December 1991.

To achieve this twofold approach, the ASSP has been divided into two sub-projects: the Agriculture and Rural Rehabilitation (ARR) sub-project and the Private Sector Agribusiness (PSA) sub-project.

The ARR sub-project is implemented under a cooperative agreement between the O/AID/Rep and Volunteers In Technical Assistance (VITA) and is therefore not included in this scope of work. The second sub-project, the Private Sector Agribusiness sub-project, is the focus of this proposal.

ARTICLE III. SCOPE OF WORK

Within the Private Sector Agribusiness sub-project are three components: a Commercial Agricultural Sales (CAS) component, an Agricultural Development and Training (ADT) component, and a Program Planning and Analysis (PPA) component. The CAS is at this time inactive; the other two elements are presently being carried out by the current ASSP PSA sub-project. The Contractor shall provide the necessary technical assistance, direction, management, logistics, and personnel organization to implement the ADT and PPA, and, if directed by the O/AID/Rep, the CAS components of the ASSP in accordance with the requirements set forth herein. The responsibilities of the Contractor with respect to each of these project components are discussed below.

A. Agricultural Development and Training Component. The effective supply and use of agricultural inputs have been greatly reduced due to the conflict in Afghanistan. To illustrate this general deterioration in the agricultural sector, it is estimated that there has been up to a two-thirds decrease in the genetic yield potential of wheat seed from its original potential. Abandoned fields have become overgrown with shrubs and weeds, and the soil has become compacted and difficult to till. It is estimated that as many as 90 percent of the oxen in Afghanistan may have been killed, creating a critical shortage of draft power. In most areas, fertilizer, particularly phosphates, are reported to be in chronically short supply.

Under the ADT component, the Contractor will upgrade the quality of seeds available for cultivation through seed multiplication projects implemented in cooperation with Afghan farmers. Certain essential agricultural inputs, as well as technical assistance, will be provided to these farmers to insure the success of the projects.

An additional responsibility of the Contractor under the ADT component is to implement agricultural extension services and training programs which will transfer appropriate agricultural techniques to Afghans in order to restore and improve agricultural productivity. Assistance will be

provided to individual farmers, contract seed growers, and small groups of informally organized farmers through a network of agricultural development agents operating inside Afghanistan. The Contractor's responsibilities for this component shall include the following:

1. Establishment of ADT Field Offices - Eleven field offices in 11 different provinces in Afghanistan have been established by the present ASSP PSA sub-project, through which decentralized agricultural extension services are implemented. Four more such offices are scheduled to be added in the northern provinces of Afghanistan in the near future. The Contractor shall continue the operation of these offices so long as they continue to meet the criteria set forth immediately hereafter for selection of new offices.

In consultation with and subject to the approval of the O/AID/Rep, the Contractor shall establish such additional ADT field offices as are required, provided that they meet the following criteria:

- a) High Productivity Potential - Priority will be given to locations which (i) have the greatest potential for high productivity, (ii) are in areas where large numbers of refugees will be returning, and (iii) are not presently served under this project or under projects conducted by other donors.
- b) Proximity to ARR Sites - In order to achieve synergistic benefits from the physical infrastructure improvements being undertaken by VITA under the ARR sub-project, new ADT field offices shall either be established at a location where VITA already has an office or shall be established jointly with VITA at a location where neither has an office.
- c) Proximity to Community Political Organizations - The effective planning and implementation of ADT activities will be greatly enhanced by community participation and interest. Such involvement can best be ensured by close collaboration with shuras or other local community organizations. Therefore, only those areas in which such organizations exist will be considered as suitable locations for field offices.
- d) Areas Free of Poppy Cultivation - The present policy is that no ADT field office will be located in any area where it is known that poppies are

grown. Any further decision as to implementation of any ADT project activity in any poppy-producing area will be made by the AID Representative.

2. Seed Multiplication - The use of improved, disease-resistant seed varieties, in conjunction with the application of appropriate fertilizers, can increase agricultural yields by several multipliers, especially when applied on irrigated land. The Contractor shall develop and implement a strategy to supply improved seed varieties to the Afghan market relying to the maximum extent feasible on private sector mechanisms.

Activities to be carried out by the Contractor shall include seed multiplication programs to be undertaken in conjunction with capable independent Afghan farmers operating in areas accessible to ADT field offices. The Contractor shall enter into contracts with these farmers under which the Contractor will supply technical assistance, inputs such as improved varieties of selected cereal and vegetable seeds, fertilizers, and the use of certain project-owned mechanical equipment. The farmer will supply labor, water, any necessary pesticides, animal traction, and certain equipment needs. The initial seed multiplication efforts shall focus on wheat and shall be expanded to other cereals and vegetables.

Distribution of the improved seeds generated under the seed multiplication projects will be carried out by having the contract farmers sell them on the open market. As an incentive to enhance the success of the seed multiplication projects, the contract farmers will be permitted to retain the proceeds of sale. A final objective of this element of the activity will be the elimination of the subsidies implicit in the granting of the various inputs.

3. Use of Agricultural Machinery - The Contractor shall identify and field test agricultural equipment which can replace the loss of animal draft power in Afghanistan and improve farm productivity, and which is adaptable to farming conditions in Afghanistan. Where appropriate, the Contractor will acquire, with project funds, equipment to be: (1) used for demonstration by its extension agents to Afghan farmers, and (2) loaned to contract farmers under the seed multiplication program to prepare the seedbed, harvest, and process crops.

The Contractor shall be responsible for maintaining the

equipment purchased with project funds and shall employ and, where necessary, train field personnel to carry out this function.

4. Horticulture Program - The purpose of the horticultural program is to re-introduce high-yielding fruit trees and grape vines in areas where orchards have been damaged or destroyed and to encourage the cultivation of fruit trees and fuelwood as cash crops. At present, seven nurseries and 1,677 orchards inside Afghanistan are provided with ASSP support.

A key responsibility of the Contractor during the contract period is take steps to reduce recurrent project costs and institute other measures which will make the project sustainable by the future Government of Afghanistan (GOA). As a first step toward this goal, the Contractor shall develop and implement a strategy to transfer the seeds, seedlings, and minor irrigation equipment located in orchards and nurseries presently supported under the horticulture program to the Afghan farmers/owners of these orchards. The Contractor will manage the transition such that these farmers are able to continue to operate the nurseries and orchards as successful commercial ventures after privatization. The Contractor will also provide the farmer/owners with training in integrated pest management (IPM) techniques in accordance with USAID policy on sustainable agricultural practices and on quality control. And, the Contractor will monitor the privatized nurseries/orchards to ensure that quality control is maintained and that the technology transferred through this activity is environmentally sound.

5. Extension Services - The Contractor shall employ extension agents who will operate from its ADT field offices and who will perform the following activities:

- a) Disseminate information to Afghan farmers regarding improved seed varieties and the improvements in yield that can be attained through the use of fertilizers;
- b) Demonstrate appropriate mechanical equipment which can be used to replace lost animal draft power and improve farm productivity;
- c) Provide a liaison function between farmers and traders in order to assist the development of farm machinery as a substitute for animal draft power;

- d) Conduct outreach training to demonstrate improved farming methods and techniques to improve crop yields and productivity, such as methods of seed cultivation, proper use and application of fertilizers, instruction on integrated pest management in accordance with USAID policy on sustainable agricultural practice, harvesting techniques, and cultivation of cash crops;
- e) Introduce the planting of fruit trees as cash crops (particularly raisins and apricots); demonstrate proper techniques for fruit tree propagation and cultivation; disseminate information regarding methods of drying fruit for export; and demonstrate techniques for inter-cropping of vegetables with fruit trees;
- f) Conduct training and give demonstrations concerning proper animal husbandry and poultry farming techniques;
- g) Obtain information about pests, diseases of crops and livestock, and other problems faced by farmers and, in consultation with expert staff in the Contractor's field headquarters office, identify solutions to these problems and communicate them to affected Afghan farmers.

6. Training. In addition to the training of Afghan farmers to be carried out by the Contractor's extension agents in the field, discussed above, the Contractor shall conduct training of its field and headquarters staff to insure that they have the proper expertise to undertake the activities contemplated hereunder and to effectively manage and administer the project activities.

Training of extension agents shall be carried out during the winter months at the Contractor's training site in Peshawar (to be moved later into Afghanistan). Topics shall include the following: improving productivity through the use of appropriate agricultural machinery, seed multiplication techniques, animal husbandry, methods of combating crop diseases, and integrated pest management which is consistent with USAID policy on sustainable agricultural practice. Afghan field headquarters personnel shall receive training in appropriate technical areas so that they have the requisite expertise to provide necessary

information and support to field personnel. Where needed, training of ADT field office supervisors and selected staff, as well as appropriate field headquarters personnel will be conducted in such areas as accounting and management.

The Contractor shall periodically prepare training plans for O/AID/Rep review and approval, which will identify areas where additional training and skills are needed, will contain a proposed schedule for the conduct of such training, and specify proposed trainers and participants. The qualifications and prior training of proposed trainers as well as participants shall be summarized.

7. Special Projects. From time to time, the Contractor shall, upon the direction of the O/AID/Rep, or on its own initiative subject to the prior approval by the O/AID/Rep, undertake special projects or studies in areas where there is a demonstrated need. Examples of such projects carried out in the past are: an apricot drying pilot project, testing of rootfuels as an alternative cooking fuel, and a poultry production project.

8. Staffing and Organization of ADT Component. The Contractor shall employ such Afghan extension agents and supervisors, together with necessary administrative and support staff, as is necessary to carry out the activities required be undertaken from its field offices. The Contractor shall maintain a core headquarters staff which will provide logistical, technical and administrative support to the field staff. This staff should be organized, compensated, and motivated in a manner which will permit integration with appropriate elements of the GOA bureaucracy upon the establishment of a functioning government in Afghanistan.

B. Program Planning and Analysis (PPA) Component.

1. Function of PPA Component. Under the PPA component, the Contractor shall collect and analyze data on the Afghan agricultural sector and on project activities in order to support project planning and implementation and to assist in monitoring project activities. The PPA component will include continued development and adaptation of a geographic information system (GIS) to analyze and to display geographic data collected through satellite imagery and other sources, and a market information system (MARIS) to compile and process agricultural market data collected.

The goals of the PPA are to provide information about conditions and characteristics of the Afghan agricultural sector in critical PSA areas, including the operation of marketing systems and the availability and pricing of agricultural inputs and outputs; to develop resource inventories and maps of project areas for field use; and to compile a data base for long-range agricultural development planning for donors and the GOA.

Among the activities to be undertaken by the Contractor to implement the PPA component are the following:

- a) Market and Agriculture Sector Surveillance. The Contractor shall maintain a market and agriculture sector surveillance and analysis system that monitors crop production, prices, and to the extent possible quantities sold; availability and prices of agricultural inputs; marketing systems, including the location and characteristics of bazaars; modes of transport and transportation tariffs; sales of farm equipment; sunshine; rainfall; and other agricultural variables. This data shall be collected and maintained to ensure consistency and completeness over the life of the project.
- b) Repatriation and Reintegration Data. The Contractor shall monitor the progress of returning refugees and collect data on their reintegration into the rural economy.
- c) Resource Inventories. The Contractor shall maintain resource inventories of such data as land use, crops, cropping patterns, harvesting data, irrigation systems and roads, as well as maps of project areas for field use. The Contractor shall conduct periodic needs assessments for additional resources to be developed, which will guide its data collection and analysis activities. These assessments shall specify the exact type of information to be formulated; the geographic scope of coverage; the proposed scales for presentation of data on maps; and the intended purpose and user, and, if applicable, requestor, of the resource data.
- d) Air and Ground Truthing. The Contractor shall utilize appropriate sources of geographic data to provide accurate mapping

and reporting. Such sources shall include satellite images procured from outside sources and well as satellite data collected by the use of hand-held global positioning systems.

- e) Geographic Information System. The Contractor shall continue the operation and development of the GIS which is currently being utilized by the present PSA sub-project. The Contractor shall use the GIS to compile satellite imagery data as well as operate an automated resource data base that can supply project analysts with maps for land-use, infrastructure, and general agricultural purposes and permit resource modeling with layers of geographic data. The GIS will be used to support future environmental work to be undertaken by the ASSP, by the Government of Afghanistan and by other donors, as well as for environmental and natural resources planning. The Contractor shall subcontract with appropriate suppliers of satellite imagery data, as necessary, to acquire the data needed for the project. With prior approval of the O/AID/Rep, the contractor shall obtain elevation data in digital form for those areas of Afghanistan included in the GIS data base. The expected source of this data is the Defense Mapping Agency.

- f) Publications. The Contractor shall maintain the capability of producing high-quality documents, such as surveys, maps, and the monthly newsletter, for dissemination of information gathered through the ASSP on the Afghan agriculture sector.

2. Staffing and Organization of PPA Component. The Contractor shall employ Afghan personnel to conduct the cross-border surveys necessary to collect the data required; shall procure, install and maintain computer hardware and software and other equipment necessary to support the PPA functions; and shall conduct the necessary technical training to maintain the staff expertise required to perform the responsibilities described herein.

At present, the PPA component is organized into the following four organizational units:

- a) The Agricultural Statistics Unit, which is responsible for developing and implementing methods of collecting and analyzing information using the MARIS and presenting its findings in an acceptable form;
- b) The Information Unit, which is responsible for installation of computer hardware and software, including the GIS; briefings on data collected and analyzed; and technical training;
- c) The Planning Unit, which is responsible for integrating concerns relating to health, education, population and labor, transport, and irrigation infrastructure with those of agricultural production for project design and implementation; and
- d) The Publications Unit, which is responsible for document production.

*** NOTE TO BIDDERS***

retention of the current organizational structure is not a contract requirement and is furnished to assist bidders in preparing staffing estimates. The existing organizational structure may be changed, with O/AID/Rep approval, if and when required to achieve greater efficiencies. It is important that this element of the proposal be organized so that it is both affordable and portable, so that it can ultimately be absorbed by an appropriate element of the GOA.

C. The Commercial Agricultural Sales Component.

1. Description of CAS Activities. The CAS component of the project is currently inactive; however, if and when directed by the O/AID/Rep, the Contractor shall undertake the performance of activities necessary to accomplish the purposes of this component. The mission of the CAS component is the following: to supply certain key agricultural areas in Afghanistan with a range of essential agricultural commodities, such as fertilizers, seeds, and farm machinery; to promote cash crop exports; and to facilitate the expansion of commercial trade links with Pakistan and other open market economies. Specific activities which the Contractor may be required to undertake include, inter alia, the following:

- a) Provide services and marketing outlets for crop production in excess of family consumption needs;

- b) Provide financial export incentives to increase the flow of agricultural commodities;
- c) Provide essential agricultural inputs to eliminate bottlenecks to optimal production or processing;
- d) Institute measures to encourage agribusiness trading links between Afghanistan, Pakistan and the Central Asian States;
- e) Assist in facilitating commercial agricultural transactions.

2. Local Currency. The sale of agricultural inputs under the CAS component has the potential to generate significant amounts of local currency. Any such local currency generated by the Contractor's performance of the work hereunder, as well as any amounts carried over from the previous contractor's activities, shall be used to fund ASSP project activities under the PSA and ARR, or under cooperative agreements with private voluntary organizations that support the goals of the ASSP.

D. Monitoring.

1. The Contractor shall establish a Monitoring Unit that will report directly to the Chief of Party. The Monitoring Unit will be responsible for collecting and analyzing data relating to project implementation and impact. It is expected that the Contractor will develop a system which will include qualitative as well as quantitative measurements of the progress, effects, and impacts of project activities. Information concerning community perception of project activity impact shall also be determined. Base line indicators of project impact will be established and forms for measuring impact will be developed. The Unit will locate and record all monitored sites, using global positioning systems. Monitoring staff will be trained in the measurement of impact, using impact indicators, monitoring techniques, and data collection.

2. The Contractor will work closely and cooperate with the contractor for the ARR sub-project, as well as with the O/AID/Rep's Data Collection and Analysis Unit, in carrying out its monitoring activities. Such cooperation may include joint training, establishment of methodologies and systems, and development of impact

indicators and forms for measuring impact.

ARTICLE IV. TRANSITION STRATEGY;SUSTAINABILITY

The O/AID/Rep anticipates that recent political developments in Afghanistan will lead to the designation of a formal Government of Afghanistan by late 1992 or early 1993 and that an agreement will be reached for the establishment of a bilateral AID program based in Kabul. A key requirement for the Contractor during the transition phase will be to tailor project activities such that they are consistent with GOA development and rehabilitation goals and absorptive capacity, so that they will be sustainable at the level of support which is consistent with expected GOA resources and capabilities.

The success of this strategy depends first, on the establishment of an ongoing dialogue with the GOA and, second, on the ability of each project activity to transfer operations inside Afghanistan. Training Afghans so that they have the technical capability to continue the operation of project activities following a cut-back or elimination of donor support will also be crucial. Accordingly, a high priority task of the Contractor shall be to develop connections with the emerging GOA ministries and to develop and implement a strategy for adjusting or reducing project activities as necessary to make them more easily transferable and sustainable.

ARTICLE V. ADDITIONAL CONTRACTOR RESPONSIBILITIES

The Contractor will provide the necessary technical assistance, direction, management, logistics (except to the extent otherwise provided under Part I - Section B of this RFP), and personnel organization to implement effectively the project components described above.

A. Contractor Staffing. The Contractor shall recruit, employ and supervise sufficient, fully-qualified and competent management and non-management personnel for the performance of the obligations set forth herein. Except as specifically otherwise provided under Part I - Section B.4(C) of this contract, the Contractor is responsible for employing all professional and support staff necessary for project implementation. The Contractor shall insure that its staff diligently pursues the discharge of the Contractor's duties hereunder. The Contractor shall immediately report to the O/AID/Rep all matters of which it becomes aware involving employee dishonesty or malfeasance. Details of the staffing pattern expected are provided below:

1. Expatriate Management Team. The Management Team to be employed by the Contractor shall include the following key personnel:

- a) Chief of Party - The Chief of Party shall be responsible for, inter alia:
- i) the overall management and coordination of the project component activities;
 - ii) reporting to and liaising with the O/AID/Rep;
 - iii) institutional relationships between the Contractor and the O/AID/Rep, legitimate governing authorities and community groups in Afghanistan, the Government of Pakistan, other donors, and other counterpart entities; and
 - iv) overall coordination among team members.

b) Key Personnel

i) Five key personnel, including the Chief of Party position, are considered essential to achieving the objectives of the project. The number of key personnel positions shall be augmented or reduced only upon the direction of the O/AID/Rep. Following is a description of the qualifications deemed necessary for each of the key personnel positions:

<u>Position</u>	<u>Education</u>	<u>Experience</u>
Chief of Party	Master's degree or higher in an Agricultural Specialty	Prior tour as Chief of Party
Head of PPA Unit	Master's degree or higher in Agricultural Economics	Experience in policy formulation and planning functions
Head of ADT Unit	Master's degree or higher in Agronomy	Experience in implementing projects involving food grain crops
Head of Finance and Administration	Bachelor's degree or higher in Accounting,	Management experience in similar field

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Finance, Business
or the like

Head of GIS Section

Bachelor's degree
or higher in
Computer Science
or Data Analysis

GIS Agricultural
Applications

ii) Candidates with other education and experience qualifications may be proposed for these positions provided that the candidate is duly qualified to discharge the duties of the job; however, the substitute qualifications are subject to the prior approval of the O/AID/Rep. Likewise, the Contractor may propose a different mix of management personnel than that described above provided that the requirements of this Scope of Work are fully addressed. The above positions may be filled by a local hire rather than an expatriate, if the proposed candidate has the requisite background and experience, and has expressed in writing his/her willingness to move to Kabul.

2) Local Staff

i) The Contractor shall recruit, employ and supervise locally hired staff necessary to maintain and run its field headquarters and decentralized field operations. Such staff shall include professional personnel, secretaries, drivers, security personnel, clerks, guards, peons, etc. Because the project operations will likely move to Kabul sometime during the contract period, preference will be given to hiring Afghan personnel, particularly those who have indicated in writing their willingness to move with the project.

ii) The following skills categories must be represented in the professional local hire personnel in order to effectively perform the Contractor's duties hereunder: Agricultural Economics, Agricultural Extension, Accounting/Finance, Administration and Personnel, Computer Programming/Analysis, Training, Data Enumeration, Publications, Statistics, Machinery Operation and Maintenance, Animal Husbandry (Poultry), Horticulture, Soil Science and Agronomy, Crop Specialists, and GIS.

3. Short-Term Technical Assistance Personnel. The Contractor shall, as needed and upon the prior approval of the O/AID/Rep, retain a limited number of short-term technical assistance personnel in the ADT, PPA, Management, Training and Controller functional areas. This assistance will complement but not duplicate the long-term assistance provided for under this contract.

4. Home Office Support. The Contractor shall provide sufficient professional and support staff and equipment in its home office to provide strong support in hiring and retaining high caliber field headquarters staff and TDY personnel; shall provide support in finance, administration, and other technical areas; and shall perform other support functions typically provided by the home office.

5. Location of Field Operations. The Contractor's field headquarters shall initially be located in Islamabad, Pakistan and possibly a presence in Quetta and Peshawar. As soon as security conditions permit, project operations will be moved inside Afghanistan and a field headquarters office will be established in Kabul. All expatriate staff, and, to the extent possible, all local staff hired by the Contractor must be ready and express in writing a willingness to move to Afghanistan when directed by the O/AID/Rep.

Extensive travel by Contractor personnel in Pakistan and in Afghanistan will be required. At present, no U.S.- citizen or resident alien employees of either the United States Government or its contractors are permitted to travel inside Afghanistan; however, when this prohibition is lifted as security conditions improve, expatriates will be required to travel extensively inside Afghanistan, as required by the project.

B. Accounting Systems. The Contractor shall establish and maintain accounting systems and procedures in accordance with generally accepted accounting principles such that expenditures and receipts can be tracked and monitored effectively.

C. Liaison Function. The Contractor shall establish operational linkages with official Afghan counterpart organizations, shuras, other donors, and other O/AID/Rep contractors and grantees, as appropriate. The Contractor shall participate in coordination committee meetings convened by the O/AID/Rep.

D. Narcotics Control. The Contractor shall not conduct

any project activities in any area known to be a poppy-producing area without explicit guidelines and implementation instructions from the O/AID/REP. Such areas will be defined in collaboration with the O/AID/Rep.

ARTICLE VI. SUBMISSION OF WORK PLANS AND REPORTING REQUIREMENTS

A. Work Plans.

1. Submission with Proposal. Along with the submission of its proposal, the Contractor shall submit a preliminary strategy document and implementation plan (Work Plan) covering all sections of the work to be performed through the project activity completion date (PACD). The Work Plan shall be specific as to the tasks to be undertaken in the first year of the contract period and may be more general for the activities to be undertaken for the remainder of the contract term.

B. Annual Work Plans.

1. First Annual Work Plan. Within 60 days after the award of the Contract, the Contractor shall submit to the O/AID/Rep for its approval a refined and comprehensive Work Plan which will cover all sections of the work to be carried out during the first year of the contract and for the life of the project.

2. Successive Annual Work Plans. Not later than three months prior to the beginning of the fiscal year following the contract award, and each 12 months thereafter, the Contractor shall submit a Work Plan for the ensuing year to the O/AID/Rep for its review and approval. This report will summarize the financial status and budget, set forth problems, and set forth in detail the work to be carried out during the succeeding year of the contract and, in more general terms, for the life of the project.

C. Other Reports.

1. Annual Report. Sixty to ninety days following the end of each fiscal year, the Contractor shall submit to the O/AID/Rep an Annual Report which shall summarize the work performed, accomplishments achieved, progress toward project goal, problems encountered, etc., during the previous fiscal year

2. Monitoring Plan. The Contractor shall submit to the O/AID/Rep not later than three months after the contract award, a monitoring plan which will detail the

frequency and method for monitoring of this project, and the size and composition of the monitoring unit.

3. Quarterly Progress Reports. Not later than 45 days following the end of each fiscal quarter of this contract, the Contractor shall submit a Quarterly Report which will report on the work performed during the previous quarter and the work planned for the upcoming quarter. These reports will detail agribusiness commodity supply needs and distribution arrangements, current price and wage data summary, financial expenditures, accruals, budgetary summary, personnel staff status, problems, recommendations, and so forth. Project implementation progress should be assessed in light of the project implementation plan.

4. Monitoring Unit Periodic Reports. The content, details, and timing of these reports will be established in the approved Monitoring Plan.

5. PPA Reports. The Contractor shall submit to the O/AID/Rep not later than three months after the contract award, a plan which sets forth the content, details and timing of all PPA reports.

6. Monthly Newsletter. The Contractor shall publish a monthly newsletter for general distribution, which will be cleared in advance by the Project Officer. This newsletter will briefly highlight the on-going project activities and may include material, scholarly and otherwise, pertinent to Afghan agriculture.

7. Other Reports. Additional reports which shall be required are: Trip Reports, End of Tour Reports, an End of Contract Report, and any other special reports requested from time-to-time by the O/AID/Rep. These reports shall conform to the requirements for format and content established by the O/AID/Rep.

ARTICLE VII. PROJECT PROCUREMENT AND DELIVERY

The O/AID/Rep uses a procurement services contractor to procure the bulk of commodities and services for the AID/Rep program and its contractors and grantees. Procurement and delivery of all commodities for the project shall be made by the Contractor, with the assistance of the O/AID/Rep procurement contractor under the Commodity Export Program (CEP), in a timely and cost-effective manner. In accordance with direction from O/AID/Rep, procurements may be carried out by the Contractor in conjunction with the future Government of Afghanistan.

The Contractor's responsibilities for procurement shall include: identification of project commodity requirements; development of specifications (with the assistance of the procurement contractor); development of procurement plans and delivery schedules; and the purchase of readily obtainable consumable items such as spare parts and fuel for vehicles, small office supplies, and limited amounts of suitable agricultural commodities available on the local market. Any decision for the Contractor to procure commodities on its own will be made by the O/AID/Rep based on estimated costs for effective procurements. The Contractor assumes complete responsibility for any project commodities purchased through the CEP contractor upon acceptance of the goods from the CEP contractor. The cost of all procurements effected through the CEP contractor will be charged to the ASSP PSA contract. All procurements shall be made in accordance with applicable federal laws and regulations.

DOCUMENTS CONSULTED

- Chemonics, Afghanistan: Agriculture Rural Rehabilitation Evaluation December 1991
- Development Alternatives, Inc., Quarterly Report December 1991
- Development Alternatives, Inc., Quarterly Report March 1992
- Development Alternatives, Inc., Agricultural Developments in Afghanistan, March 1992
- Development Alternatives, Inc., Agricultural Development Issues for Afghanistan, May 1992
- Nathan Associates, Inc. and Louis Berger International, Inc., Macroeconomic Data Development: Phase II, December 1991
- Nathan Associates, Inc. and Louis Berger International, Inc., Afghanistan Environmental Profile: Phase One, June, 1992
- Volunteers in Technical Assistance, Quarterly Report April 1992
- Volunteers in Technical Assistance, ARR's Forward-Looking Strategy, May 1992
- Winrock International Institute for Agricultural Development, Assessment of the Afghanistan Private Sector Agribusiness Component of the Agriculture Sector Support Project, March 1992

memorandum

DATE: June 21, 1992

REPLY TO
ATTN OF: Sarah Fassett, PDIS 

SUBJECT: Minutes of Agricultural Sector Support Project Activity
Approval Memorandum Amendment Review Meeting

TO: Distribution

The following issues were discussed and the following decisions made at the review meeting of the proposed Amendment to the Agriculture Sector Support Project (ASSP) Activity Approval Memorandum (AAM) on June 18, 1992:

1. Sustainability of Project Activities: It was decided that the ASSP should be prepared to establish connections with the emerging Government of Afghanistan (GOA) during transition and place more emphasis on conforming O/AID/REP support for project activities with GOA priorities once a bilateral program is in place. Efforts should be made to merge the Agriculture and Rural Rehabilitation (ARR) sub-project with one of the GOA ministries or have project activities taken over by an Afghan non-governmental organization (NGO). A method of increasing self-financing, currently at 40%, should be explored. Additional equipment requirements for planned activities should be met by: (1) restricting areas of operation, especially in poppy-growing regions; and/or (2) justifying the need for excess DOD equipment which is, or will in the future, be available. It was noted that expansion of ASSP activities into the northern areas of Afghanistan has been justified, with no alteration of the nature of individual project activities which will remain small-scale and labor intensive. Expansion will take place subject to security conditions and road access through Kabul.

Agriculture and Development Training (ADT) and Program, Planning, and Analysis (PPA) should: (1) develop guidelines for downsizing project operations and transferring them to a GOA ministry, with sustainability and affordability primary considerations; and, (2) develop a dialogue with the emerging GOA during transition in order to tailor project activities to GOA needs, priorities, and funding capabilities.

2. Coordination/Merging of O/AID/REP and ASSP Financed Agricultural Projects: It was decided to leave the current structure of O/AID/REP agricultural-related project activities in place during the transition period. Improvements should be made in coordinating activities of MCI, IRC, CARE, and the Rural Assistance Program private voluntary organizations through existing planning committees.

3. Environmental Issues: New project activities' potential effect on the Afghan environment will be assessed through an initial environmental examination (IEE) prior to implementation. The Nathan-Berger profile of the Afghan environment final draft is expected within the next few months and information from this document will be incorporated into future project design and implementation activities as well as IEEs. The GOA may be consulted to help define key environmental concerns and possible interventions. Should a new activity be initiated under the ASSP, a separate IEE will be completed.

4. Narcotics Awareness/Control: Section 487 of the Foreign Assistance Act requires that all reasonable steps be taken not to provide assistance to, or through, persons or entities involved in illicit drug trafficking. Regulations implementing Section 487 have not yet been issued. In the interim, decisions about project activities in poppy-producing regions in Afghanistan will be reserved to the AID Representative in consultation with other appropriate USG officials at Post. The importance of not supporting drug traffickers will be set forth in a separate section of the AAM.

5. Cost/Benefit Analysis For PSA: To set forth the probability of success given recognized risks, a risk analysis will be completed and incorporated into the AAM Amendment.

Clearance:

B.Ali, SSPO/PDIS
R.Renfro, Chief ARD
J.Sperling, (A)
AID Representative

BSM 6/22
[Signature]
[Signature]
[Signature]

Distribution:

C.Wolters
J.Huxtable
J.Tucker
M.Georgian
H.Cushing
M.Ward/J.Garney/M.Tanamly



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE AID REPRESENTATIVE

American Embassy
Islamabad, Pakistan

July 15, 1992

ACTION MEMORANDUM FOR THE AID REPRESENTATIVE

FROM: Sarah Fassett, APO, PDIS 
SUBJECT: Agriculture Sector Support Project (306-0204) Approval
of Amendment of Activity Approval Memorandum and
Amendment of Activity Authorization

Action Requested: You are requested to approve the ASSP AAM Amendment Number Three and to Amend the ASSP Activity Authorization Number Five to increase the life-of-project funding from \$60,000,000 to \$74,000,000.

Background: The ASSP was authorized on March 19, 1987 with a life-of-project funding level of \$6,000,000 and a project assistance completion date (PACD) of March 31, 1990. The Activity Authorization was subsequently amended three times, on June 22, 1988 to rectify the authorized source/origin and nationality of commodities procured for the project, on February 24, 1989 to increase the life-of-project funding to \$60,000,000 and to extend the PACD to December 31, 1992, and on April 1, 1992 to extend the PACD from December 31, 1992 to June 30, 1994. The Second Amendment to the Activity Authorization was misnumbered as Amendment Number Three. To avoid confusion, subsequent amendments have followed that numerical order.

The proposed Activity Authorization Amendment Number Five increases the life-of-project funding from \$60,000,000 in grant funds to \$74,000,000. Initially, the purpose of the ASSP was to increase agricultural production and to rehabilitate Afghan institutions to help sustain war-affected Afghans. The ASSP Activity Approval Memorandum itself has been amended only twice. In mid-1987, the ASSP was expanded to include a rural works component which was designed to rehabilitate the agricultural infrastructure. And, in early 1989 as the result of project successes and changing Afghan needs, the ASSP was expanded to more effectively address basic food security and agricultural production needs for resettlement and repatriation of war-affected Afghans. At the time the PACD was extended in April 1992, it was recognized that an increase in life-of-project funding would be necessary. This action was deferred until a more detailed analysis of the project could be

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completed in the proposed amendment to the AAM based on the ARR component evaluation in December 1991 and the PSA component evaluation in March 1992.

Currently, the ASSP consists of two sub-projects, Agricultural and Rural Rehabilitation (ARR) and Private Sector Agribusiness (PSA). The ARR is designed to provide assistance through the Area Rehabilitation Schemes or field offices for the reconstruction of irrigation canals, ditches, rural roads and bridges. This sub-project is implemented by VITA. PSA is divided into three components, Agriculture Development and Training (ADT), Commercial Agriculture Sales (CAS), now suspended, and Program Planning and Analysis (PPA) all of which are implemented by DAI. The ADT is designed to provide agricultural extension services through a network of trained agents located in targeted Afghan provinces as well as training for extension personnel. The ADT also provides agricultural inputs and farm equipment for private-grower seed multiplication projects inside Afghanistan and for on-farm demonstrations to assist farmers in making private-sector purchases of high-yield seed varieties, fertilizer and agricultural equipment. The CAS, suspended in August 1991 but retained in the sub-project structure, was designed to assist the sale of farm inputs (primarily fertilizer and seeds) through a mixture of incentives and assistance to Afghan and Pakistani entrepreneurs and provide inputs into increasing local food production inside Afghanistan. The PPA is designed to use computerized data bases, a Geographical Information System (GIS) and a Market Information System (MARIS), to collect information on the execution of project activities and on the Afghan agricultural sector performance, for analysis and development planning.

Discussion: The O/AID/REP anticipates that an agreement will be reached with the Government of Afghanistan for the establishment of a bilateral AID program based in Kabul by mid-to-late-1993. Transition from the current cross-border program to a bilateral program is expected to take from 12 to 15 months. Once transition is complete, a reassessment of the ASSP, as well as implementing, contracts and agreements will be required to adapt to changing conditions in Afghanistan. However, during the transition period Afghan needs for assistance currently being provided, particularly for agricultural inputs such as fertilizer, high-yield seeds, farm equipment and for reconstruction of the agricultural infrastructure, will significantly increase. Continued intervention at this juncture is likely to mean the difference between progress toward self-sufficiency and regression toward dependence on the international donor community to alleviate food shortages and poverty.

The contributions to the rehabilitation of the Afghan agricultural sector made by the ASSP sub-projects are documented not only by their positive evaluations, but also by

their outputs. Both ARR and PSA evaluations found that their project activities have, and will continue to make considerable contributions to the rehabilitation of the Afghan agricultural sector. By the end of the project it is expected that the ARR and the ADT will have trained 500 construction technicians and 200 agricultural extension agents; 2,000 on-farm demonstrations will have taken place and 10,000 kilometers of irrigation systems will have been rehabilitated; 1,000 kilometers of rural roads and 7 motor bridges will have been reconstructed or repaired; 19,000 metric tons of fertilizers and 2,000 metric tons of high-yield seeds will have been marketed in the Afghan private sector. According to the independent evaluators, these and other outputs will make a significant difference in the sustainability of resettled and repatriated Afghans and provide valuable assistance to emerging ministries in the Government of Afghanistan.

Thus, the proposed ASSP amendment primarily provides the resources necessary to maintain the level and nature of current project activities, with minor changes in project direction or structure to meet Government of Afghanistan needs and resources. The proposed \$14,000,000 increase in life-of-project funding is sufficient to fund current project operations up to December 31, 1993 and for an additional six months thereafter during which time preparations will be made either for a program re-design and an increased level of funding or for an orderly close-out of project activities.

Congressional Notification (CN) was required and submitted on June 18, 1992 in Islamabad 9142 (attached as Exhibit A). The CN expired without objection on July 14, 1992 as related in State 228264 (attached as Exhibit B). An IEE was prepared and submitted for approval on June 24, 1992. A copy of the IEE is attached to the AAM Amendment as Appendix C. The IEE was approved on August 20, 1992 in Asia Bureau Environmental Coordinator's fax (attached as Exhibit C). All necessary Mission clearances have been obtained. This ASSP Amendment was formally reviewed on June 16, 1992. The specific issues raised, as well as suggestions and comments, have been addressed and incorporated in the final version. A copy of the minutes of the review meeting is attached to the AAM Amendment as Appendix G.

Authority: Under State 98097 AA/Asia Ad Hoc Delegations of Authority, dated March 29, 1992 (attached as Exhibit D), you are authorized to amend the ASSP to increase the life-of-project funding from \$60,000,000 to \$74,000,000.

Recommendation: It is recommended that you approve the attached ASSP AAM Amendment Number Three and sign the attached ASSP Activity Authorization Amendment Number Five to increase the life-of-project funding from \$60,000,000 to \$74,000,000.

Clearance:

B.Ali, SSPO/PDIS
R.Renfro, Chief, ARD *vic*
C.Wolters, PRO
D.Hickson, (A) CONT
M.Ward, RLA
J.Sperling, D/AID/REP

1 SA	Date	7/15/92
1 SA	Date	7/15/92
1 SA	Date	7/15/92
1 SA	Date	7/16/92
1 SA	Date	7/16/92
1 SA	Date	7/16/92

AGRICULTURE SECTOR SUPPORT PROJECT
ACTIVITY AUTHORIZATION AMENDMENT NUMBER FIVE

Name of Country: Islamic State of Afghanistan
 Name of Project: Agriculture Sector Support Project
 Project Number: 306-0204

Pursuant to Section 904 of the International Security and Development Act of 1985 and the Foreign Assistance Act of 1961, as amended, the Agriculture Sector Support Project was authorized on March 19, 1987 with a life-of-project funding not to exceed \$6,000,000 and a project assistance completion date (PACD) of March 31, 1990. The Activity Authorization was subsequently amended three times, first on June 22, 1988 to clarify the authorized source/origin and nationality of commodities procured for the project, second on February 24, 1989 to increase the life-of-project funding to \$60,000,000 and extend the PACD to December 31, 1992, and third on April 1, 1992 to extend the PACD from December 31, 1992 to June 30, 1994. The second amendment was misnumbered as Amendment Number Three. To avoid confusion, subsequent amendments have followed that numerical order.

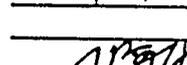
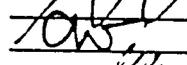
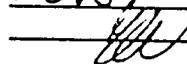
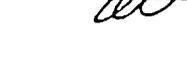
The ASSP Activity Authorization is hereby further amended to increase the life-of-project funding from \$60,000,000 to \$74,000,000. All other terms and conditions of the original Activity Authorization as amended shall remain in full force and effect.

Date: August 25, 1992


 Frederick E. Machmer, Jr.
 AID Representative

Clearance:

B. Ali, SSPO/PDIS
 R. Renfro, Chief, ARD *JA*
 D. Hickson, (A) O/FM
 M. Ward, RLA
 C. Wolters, PRO
 J. Sperling, D/AID/REP

	Date <u>7/5/92</u>
	Date <u>7/15/92</u>
	Date <u>7/16/92</u>
	Date <u>7/16/92</u>
	Date <u>7/15/92</u>
	Date <u>7/16/92</u>