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RURAL ASSISTANCE PROGRAM
CONTRACT NO. 306-0208-A-00-8829-00

QUARTERLY PROGRESS REPORT
JANUARY - MARCH, 1990

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INTERNATIONAL RESCUE COMMITTEE

RURAL ASSISTANCE PROGRAM
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I. SUMMARY:

During January through March, RAP and USAID approved 8 proposals totaling \$1,148,600. An additional two proposals totaling \$186,850 were pending with RAP when the quarter ended. These amounts, combined with previously committed funds and RAP administration costs, account for all but \$31 of RAP's total budget of \$10 million. (See Appendix A for a summary of all RAP grants to date, and Appendix B for a map identifying the locations of these grants.) RAP's monitoring program was active this last quarter despite the fact that RAP still was not able to find an expatriate Head Monitor. RAP strengthened its monitoring team by hiring three additional monitors, and sent teams to evaluate RAP-funded projects in Farah, Logar, and Kunar. Other RAP activities included meetings with the team responsible for redesigning the USAID PVO Support Program, as well as two trips to meet with RAP-funded PVO's in Quetta.

II. PROJECT ACTIVITIES:

- A. AFRANE -- On February 11, Afrane submitted a proposal for \$50,000 for an emergency cash for food program in the northeastern province of Badakhshan. Reports from UN, BBC, and PVO sources all talked of famine-like situations in much of northern Afghanistan. RAP therefore decided to approve the proposal, although for a reduced amount totaling \$30,000. USAID approved the proposal in early March. RAP, however, requested Afrane not to send the funds to Badakhshan until reports were received that funds sent by other donors in January had safely reached the province.
- B. MERCY FUND -- In early December, Mercy Fund submitted a proposal for \$125,954 to provide emergency assistance in the province of Nangahar. The objective of the proposed project, which was preceded by two similar projects in May and September 1989, is to provide food and shelter to 20,000 needy Afghans in 5 districts of Nangahar. After some additional information was provided at RAP's request, and overhead rates were reduced, the proposal was sent to USAID where it was approved on January 21. The deteriorating

security situation delayed project implementation, however, and the Mercy Fund team was not expected to leave for Nangahar until early April.

During January RAP also approved the revised version of Mercy Fund's proposal for the second phase of its project to restore olive production on the Ghaziabad farms. The proposal, first submitted in October, was revised at RAP's request to emphasize its employment generating aspects. The budget of the revised proposal was increased significantly, however, and RAP had to request Mercy Fund to reduce it from \$688,679 to \$470,000. The revised proposal was then approved by RAP in January. USAID, however, objected to the fertilizer component of the budget as the fertilizers being used were not of U.S. source and origin. This problem was resolved following discussions between Mercy Fund, RAP, and USAID, and the proposal was approved by USAID in February.

- C. SOLIDARITES AFGHANISTAN -- In December, Solidarites presented further documentation to resolve accounting problems that were outstanding from previous grants. This paved the way for RAP to accept new project proposals from them. Although they had hoped to match the \$800,000 received for projects in 1988, RAP informed Solidarites that due to limited remaining funds their proposals should not exceed \$450,000. Solidarites subsequently submitted 3 proposals in December. The first was for \$91,153 for a village assistance project in Panjwai and Dand districts of Kandahar to repair irrigation canals and to provide tractors and a tractor repair workshop. The second was for a village assistance grant for \$101,158, to clean and repair irrigation systems in Maidan district of the province of Maidan-Wardak. The third was for an Emergency grant for \$98,075 to distribute cash for food in the heavily war affected districts of Chardihi and Paghman next to Kabul city. RAP reviewed these proposals, suggested changes, and submitted revised versions to USAID which were approved on January 21.

In February, Solidarites submitted a proposal to RAP for \$158,793, to clean karezes in three districts of Wardak province. RAP evaluated the proposal and determined that more information was needed on its monitoring component before it could be sent on to USAID. This issue was still pending when the quarter ended.

- D. RECONSTRUCTION AUTHORITY FOR AFGHANISTAN (RAFA) -- In December, USAID requested RAP to provide a grant to RAFA, an Afghan NGO with strong links to the Afghan Interim Government (AIG). For the past four months RAFA's

activities have stopped due to a shortage of funds. RAP's grant for approximately \$185,000 will be for staff salaries and office costs and will enable RAFA to resume work. RAFA will focus its activities on food delivery and on reconstruction of roads and irrigation systems in Afghanistan. USAID sees RAFA as an Afghan PVO capable of channeling WFP wheat and other food supplies into Afghanistan, thus increasing the UN's involvement in Afghanistan.

RAP will monitor closely RAFA's financial activities in Pakistan. If RAFA's financial practices do not meet IRC's requirements the grant will be terminated. RAP's internal auditor periodically will visit RAFA to verify compliance with the terms of the Grant Agreement. RAFA's activities in Afghanistan also will be followed through frequent contacts with RAFA and with other donors financing RAFA's activities. Again, if after some months RAFA's activities in Afghanistan prove to be unsuccessful the grant may be terminated.

In January and February much time was spent trying to finalize this grant. RAFA was requested to provide further information on their staff, their past activities and their goals. RAP then assisted RAFA in preparing a proposal and a budget for their intended activities. In early March, RAP's Assistant Coordinator visited RAFA's sub-office in Quetta and explained where matters stood regarding the USAID grant. USAID approved the grant, and the Grant agreement was signed in early March.

- D. MOGOR RECONSTRUCTION COMMITTEE -- In January, RAP was approached by an Afghan engineer who wishes to start a small agricultural project in the Moqor district of Ghazni. RAP decided to assist this project and will provide administrative support for the Moqor Reconstruction Committee in Peshawar and at the project site. RAP will help the organization write financial and narrative reports as well as write proposals for other donors. RAP will also send two of its monitors at the beginning of the project's implementation to verify the existence of the Shura which will oversee the project, as well as the karezes which the project is proposing to clean. Monitors will also return at a later stage to evaluate the project's progress.

In February, RAP approved the Moqor Reconstruction Committee's proposal for \$47,260, to clean karezes in Moqor district. The proposal was approved by USAID in early March.

III. MONITORING ACTIVITIES:

During this last quarter, RAP continued its search for an expatriate Head Monitor. Two well qualified candidates were offered the position but the first accepted another job offer and the second informed RAP that he could not begin work until the end of April.

Despite the absence of a Head Monitor, RAP's monitoring program was active during the last quarter. In mid-January two of RAP's monitors returned from a two-month trip to monitor the first phases of Coordination of Humanitarian Assistance's (CHA) RAP-funded project in Farah. The monitors gave a very favorable report on the status of CHA's projects and brought back detailed information on the karezes and canals that were being cleaned and repaired. They reported that the work was being closely supervised by project staff and that good controls were exerted over the use of project funds. In addition to project information, the monitors were able to collect information on health and educational facilities in the province, population estimates, the agricultural and livestock situation, the condition of transport, the availability and prices of goods and services, and the political and military situation.

In February, RAP strengthened its monitoring capabilities by hiring three additional well qualified Afghans to work as monitors. One of these is a trained camera man which will enable RAP to add a video component to its monitoring program. In March, two teams of monitors were sent to Afghanistan. One team was sent to Kunar to monitor CARE International's projects there, and the other to monitor Afrane's projects in Logar. The monitoring reports from these trips were still being prepared when the quarter ended.

Another monitoring trip was scheduled for late March to oversee Mercy Fund's distribution of emergency supplies to needy villagers in Nangahar. Political problems between rival mujahideen groups, however, delayed this trip and it was rescheduled for early April.

IV. FINANCIAL REPORT:

During this last quarter, RAP funded PVO's submitted their quarterly narrative and financial reports for October to December 1989. Reminders were sent to the PVO's to submit their quarterly narrative and financial reports for January to March 1990. All Quarter Expenditure Reports were also received from the PVOs and submitted to USAID. Beginning

with the current quarter, USAID has introduced a "WORKSHEET FOR RECORDING QUARTERLY EXPENDITURES" to replace the old format for Quarter Expenditure Reports.

In accordance with the installment schedule for disbursements to PVO's, RAP received \$500,000 from USAID during the last quarter, and requested an additional \$500,000 which had not been received by the end of the quarter. An effort was made to keep cash advances as close to cash needs as possible, to respond to USAID auditors' concerns that advances were exceeding actual cash needs. RAP's Internal Auditor and Assistant Coordinator also met with Peshawar bank managers to determine the possibilities of opening interest bearing bank accounts. No two banks gave the same story as to the possibility or legality of such accounts -- two banks offered to open such accounts and two banks declared such accounts to be illegal. Rather than risk breaking Pakistani banking regulations, IRC is proposing that its next grant be on the basis of a 'Letter of Credit.' Under this arrangement project funds would remain in the U.S. earning interest, and would only be transferred out to Pakistan as needed, thus avoiding excessive bank balances.

During the last quarter, Solidarites Afghanistan submitted the supporting documents and the audit report for their old grant # 7230. Following review of the documents by RAP's Internal Auditor, grant # 7230 and 007-88 were completely liquidated. At the end of the quarter, 13 grants out of a total of 35 RAP grants had been completely liquidated.

The financial position of RAP as at end of the quarter was as follows:

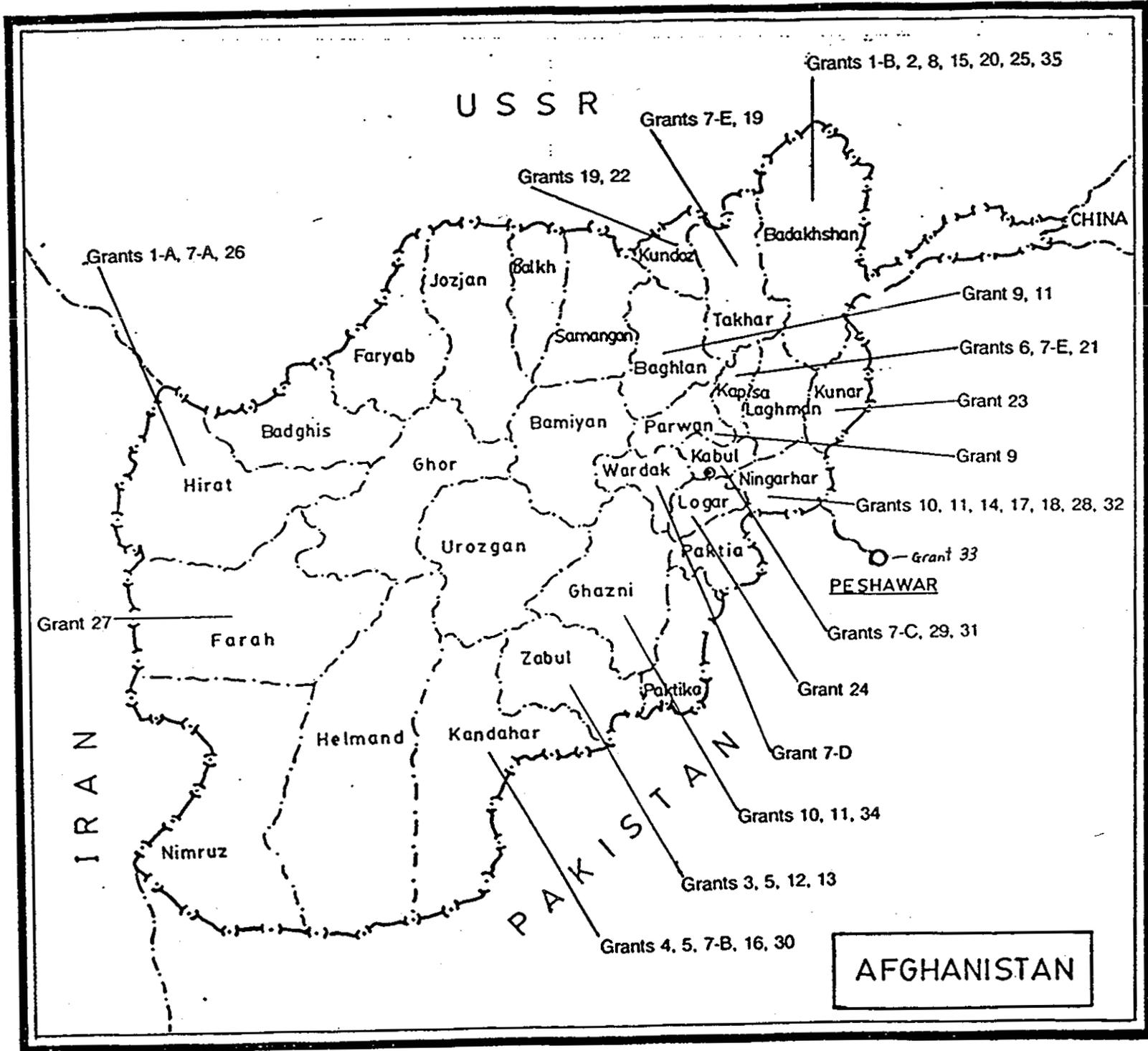
1. AMOUNT COMMITTED TO PVO's:	<u>COMMITTED</u>	<u>LIQUIDATED</u>	NO. OF GRANTS <u>LIQUI.</u>
In 1988-89 --	\$2,573,171	\$2,573,171	7 Grants
In 1989-90 --	\$5,373,176	\$2,201,873	6 Grants
In 1990-91 --	<u>\$1,148,600</u>	<u>-</u>	<u>-</u>
Sub-total	<u>\$9,094,947</u>	<u>\$4,775,044</u>	<u>13 Grants</u>
2. PROPOSALS PENDING	\$186,850		
3. RAP ADMINISTRATION	\$718,172		
4. UNLIQUIDATED FUNDS (REMAINING BALANCE)	<u>\$31</u>		
TOTAL RAP BUDGET	\$10,000,000		
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IV. OTHER ACTIVITIES:

- A. PVO REDESIGN TEAM -- In March, a team contracted by USAID to restructure the PVO support program met with RAP to discuss what its role should be within this new structure. RAP presented its view that more emphasis should be placed on making improvements within the current structure of RAP, than on changing the overall structure of the program. The Redesign Team was still preparing its report when the quarter ended.
- B. QUETTA TRIPS -- During the last quarter, RAP's Assistant Coordinator made two trips to Quetta. On the first trip, he was accompanied by Mr. Albert Nehoda, the USAID Projects Officer. Meetings were held with Mercy Corps International, Save the Children, and Coordination of Humanitarian Assistance to discuss the status of their RAP programs, problems they are encountering, and their future plans as they relate to RAP.

RURAL ASSISTANCE PROGRAM GRANTS
JUNE 1988 - MARCH 1990

<u>GRANT NUMBER</u>	<u>IMPLEMENTING AGENCY</u>	<u>GRANT AMOUNT</u>	<u>PROVINCE</u>	<u>TYPE OF ASSISTANCE</u>
1-A	Afrane	\$357,998	Herat	Wheat and food supplies, irrigation work
1-B	Afrane	282,148	Badakshan	Seeds, fertilizer, live-stock, irrigation work
2	Afrane	49,985	Badakshan	Emergency assistance to drought victims
3	Save the Children	33,050	Zabul	Seeds, Ag. assistance, irrigation work
4	Mercy Corps	49,990	Kandahar	Emergency relief supplies
5	Mercy Corps	200,000	Kandahar, Zabul	Wheat and food supplies, irrigation work
6	Afghanaid	800,000	Kapisa	Wheat and food supplies, irrigation work
7-A	Solidarites	160,000	Herat	Cash for food, road repair, irrigation work
7-B	Solidarites	160,000	Kandahar	Emergency cash for food, irrigation work
7-C	Solidarites	160,000	Kabul	Emergency cash for food
7-D	Solidarites	160,000	Wardak	Emergency cash for food
7-E	Solidarites	160,000	Kapisa, Takhar	Emergency cash for food, irrigation work
8	Afghanaid	229,980	Badakshan	Wheat and food supplies
9	Afghanaid	49,990	Parwan, Baghlan	Emergency food & blankets along Salang Highway
10	Save the Children	656,299	Nangahar, Ghazni	Wheat seed, fertilizer, agricultural tools
11	Save the Children	137,016	Nangahar, Baghlan, Ghazni	Women's income generating projects
12	Save the Children	297,633	Zabul	Irrigation work, agricultural assistance
13	Save the Children	373,438	Zabul	Rural works project to repair roads
14	Mercy Fund	116,250	Nangahar	Emergency relief supplies
15	Afghanaid	41,550	Badakshan	Emergency food supplies
16	Afrane	299,800	Kandahar	Cash for food, cash for work, irrigation work
17	Mercy Fund	111,468	Nangahar	Emergency relief supplies
18	Mercy Fund	277,605	Nangahar	Rehabilitate Ghaziabad State Farms 2 & 4
19	Afghanaid	290,901	Kunduz, Takhar	Seeds, fertilizer, live-stock, irrigation work
20	Afghanaid	304,061	Badakshan	Seeds, fertilizer, live-stock, irrigation work
21	Afghanaid	334,200	Kapisa	Seeds, fertilizer, live-stock, irrigation work
22	Afghanaid	144,338	Kunduz	Seeds, fertilizer, live-stock, irrigation work
23	Care Int.	1,044,911	Kunar	Agricultural supplies, cash for food, cash for work to repair houses, roads, irrigation systems
24	Afrane	166,998	Logar	Improved wheat seed, tractors, workshop, irrigation work
25	Afrane	89,775	Badakshan	Improved wheat seed, irrigation work
26	Afrane	143,827	Herat	Improved wheat seed, tractors, irrigation work
27	Coord. of Humanit. Assistance (CHA)	263,136	Farah	Cash for work to repair irrigation systems and roads
28	Mercy Fund	125,954	Nangahar	Emergency relief supplies
29	Solidarites	98,075	Kabul	Cash for food
30	Solidarites	91,153	Kandahar	Tractors, irrigation work, rebuild water mill
31	Solidarites	101,158	Kabul	Irrigation work
32	Mercy Fund	470,000	Nangahar	Rehabilitate Ghaziabad State Farms 2 & 4
33	RAFA	185,000	Peshawar	Administrative support
34	Mokor Reconst. Committee	47,260	Ghazni	Irrigation work
35	Afrane	30,000	Badakshan	Emergency cash for food
TOTAL AMOUNT OF GRANTS:		\$9,094,947		



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AFGHANISTAN