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McNamara Papers

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Contacts with member countries: Afghanistan - Correspondence 01

Folder 1

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AFGHANISTAN

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NATIONAL

15-080

AFGHANISTAN

1. 5/20/68 Ambassador Abdullah Malikyar
2. 10/9/68 Enwer Ziyaie, Minister of Finance
Abdul Azia Atayee, President, Treasury Department
Zia H. Noorzoy, Adviser to the Minister of Finance
Dr. Aman
Habibullah Mali Achaczai
10/31/68 Ambassador Abdullah Malikyar
3. 11/12/68 Enwer Ziyaie, Minister of Finance
(Kabul) Abdul Samad Hamed, Minister of Plan ning
Mohammad Akbar Reza, Minister of Agriculture
Mohammad Hussain Messa, Minister of Public Works
H.R.H. Sultan Mohmoud Ghazi, President, Civil Aviation Authority
4. 11/12/68 Meeting with the Ministry of Planning (Robert Nathan's group)
(Kabul)
11/12/68 Mohammad Zahir Shah, King of Afghanistan (courtesy call)
(Kabul)
11/13/68 Dr. Mohammad Habibi, Governor of Kunduz Province
(Kunduz)
11/13/68 Prime Minister Nur Ahmad Etemadi (dinner)
(Kabul)
11/12/68 First Deputy Prime Minister Dr. Ali Ahmad Popal (courtesy call)
(Kabul)
5. 11/13/68 Prime Minister Nur Ahmad Etemadi
(Kabul) Enwer Ziyaie, Minister of Finance
Mohammad Hussain Messa, Minister of Public Works
Mohammad Akbar Reza, Minister of Agriculture
7/18/69 Mohammed Roashan, Deputy Minister of Information and Culture
(Aspen - Eisen. Ex.)
6. 10/1/69 Enwer Ziyaie, Minister of Finance
Abdul Aziz Atayee, President, Treasury Dept.
Habibullah Mali Achaczai, Governor of the Central Bank
Mohd Aman, President, Industrial Development Bank
Ghulam Hussein Jewayni, General Director, Foreign Trade Dept.,
Afghanistan Bank
7. 6/28/71 Ambassador Malikyar
8. 10/13/71 Mohammad Musa Shafiq, Minister of Foreign Affairs
Ambassador Abdullah Malikyar

9. 5/31/72 HRH Sultan Mahmud Ghazi, President, Afghan Air Authority
Ambassador Abdullah Malikyar
Mr. Gran, Personal Aide to the Sultan
- 8/2/72 Dr. Ghulam Mohamed Niaz, Faculty of Economics, Kabul University --
at reception for professors attending Middle Eastern Seminar
10. 10/2/72 Dr. Ghulam Haider Dawar, Minister of Finance
Ghulam Jewayni, Alternate Executive Director
- 10/13/72
11. 10/13/72 Moussa Shafiq, Foreign Minister
Ambassador Abdullah Malikyar
Mr. Rafiq, Counsellor, Foreign Affairs Ministry
12. 10/10/74 Waheed Abdullah, Acting Minister of Foreign Affairs
Ambassador Abdullah Malikyar
- 6/10/76 Ambassador Abdullah Malikyar - (Delivered invitation to reception)
13. 6/30/76 Mohammed Naim, brother of the President
Ali Ahmed Khurram, Minister of Planning
Ambassador Abdullah Malikyar
Ali Sammad Ghaus, Director of Foreign Affairs
Abdul Ali Sulieman, Deputy Chief of Protocol
Ahad Nasser Ziyee, Secretariat, Ministry of Foreign Affairs
14. 4/15/77 Ambassador Abdullah Malikyar (farewell call)



OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 17, 1968

FROM: I.P.M. Cargill *Shaban*SUBJECT: AFGHANISTAN - Call by His Excellency the Ambassador

1. I understand His Excellency Abdullah Malikyar, the Ambassador of Afghanistan is calling on you on Monday, May 20 at 12:15.
2. The Ambassador came to Washington about a year ago from London where he had been Ambassador for 2½ years. Before joining the Foreign Service, he had been Governor of the Helmand Valley after having served at various times as Minister of Finance, Minister of Planning and Minister of Commerce. He is abler than he appears and does have some influence in Kabul.
3. I attach for your information a briefing paper on Afghanistan. The most current matter with which the Ambassador is acquainted concerns the invitation sent this week to the Government to negotiate the Highway Maintenance Credit.
4. With the intention of avoiding delays which implementation of the Education Project suffered, we have had to make it clear that we will not begin negotiations until the Government has agreed substantially on the terms of a contract for consultants to be financed out of the contract, and is confident that the Parliament will ratify the Credit Agreement without delay after it is signed.
5. The Government appears to be unable to get the Parliament to pass fiscal or budgetary measures necessary to support a more substantial development effort. We would have to take a closer look at the economy and see some signs of improvement in performance before considering another operation.

President has seen

OFFICE MEMORANDUM

TO: Records

DATE: October 10, 1968

FROM: C.G.F.F. Melmoth *CM*SUBJECT: Afghanistan: Courtesy Call by the Minister of Finance

Mr. Ziyaie, Minister of Finance of Afghanistan, called on Mr. McNamara on October 9. He was accompanied by Mr. Achaczai, Mr. Noorzoy, Dr. Aman and Mr. Atayee. Mr. Knapp, Mr. Cargill and Mr. Melmoth were present.

The Minister said it was the first Annual Meeting which he had attended and he had found it very interesting, and he had been happy to hear the views expressed by Mr. McNamara in his opening statement. While in Washington he had also had some very useful discussions with Mr. Cargill in which he had had the opportunity to call attention to projects which the Government regarded as important. He hoped that Afghanistan could look forward to the Bank becoming more active in assisting the country.

The Minister went on to say that he understood that Mr. McNamara would be visiting Pakistan in the near future and he wished to extend an invitation on behalf of his Government to visit Afghanistan. Mr. McNamara thanked the Minister for his invitation and said that he very much hoped that it would be possible for him to pay a short visit to Afghanistan, possibly in the third week in November. Mr. McNamara went on to say that he too looked forward to closer relations with Afghanistan and a bigger participation by the Bank Group in helping the Government with its development problems. He thought it was a country where there had been courageous and dramatic changes made by the Government in recent years, and where there was an obvious need for more assistance. The Bank would be looking to see where its assistance could be directed. It was important, however, to make sure that capital was put where it could be used effectively and this was a particular point that he would be seeking more information about when he visited Afghanistan.

The Minister said that he was very happy to know that Mr. McNamara would visit Afghanistan, and he would defer until then further mention of other matters. He thanked Mr. McNamara for having found time for the exchange of views.

cc: Mr. McNamara
Mr. Knapp
Mr. Cargill
Mr. Goodman
Mr. Street

President has seen

CGFFMelmoth:dp



OFFICE MEMORANDUM

TO: Records

DATE: December 4, 1968
(dictated November 19, 1968)FROM: C.G.F.F. Melmoth *CM*SUBJECT: AFGHANISTAN: Discussions during Mr. McNamara's Visit

On November 12 Mr. McNamara met some members of the High Economic Council of the Cabinet. Present were, the Minister of Finance, Mr. Enwer Ziyaie; Minister of Planning, Mr. Abdul Samad Hamed; Minister of Agriculture, Mr. Mohammad Akbar Reza; Minister of Public Works, Mr. Mohammad Hussain Messa; and the President, Civil Aviation Authority, H.R.H. Sultan Mahmoud Ghazi. Mr. McNamara was accompanied by Mr. Cargill, Mr. Clark, Mr. Steckhan and myself.

The Minister of Finance began the meeting by welcoming Mr. McNamara to Afghanistan. He expressed appreciation that, despite the heavy pressure of his duties, Mr. McNamara had found time to visit the country. He hoped that as a result the Bank's ties with Afghanistan could be strengthened and become more fruitful. He proposed that the points which he had raised in Washington at the time of the Annual Meeting should be reviewed and consideration given to some additional matters. To facilitate discussion, the Government had prepared a brief memorandum setting out a review of the present economic situation, listing topics for discussions and summarizing the Government views on them, a copy of which had been sent to Mr. Cargill the previous evening (copy attached to Operational File copy). The Minister then remarked that he was glad that Mr. McNamara would be visiting Kunduz as it was the site of an important potential Bank project. He expressed the hope that the visit though brief and busy would also be enjoyable.

Mr. McNamara said he was pleased to have the opportunity to visit Afghanistan. He was sure that what he would learn during the visit would help in achieving a productive relationship between the Bank and Afghanistan.

Industrial Development Bank

Mr. McNamara then referred to the proposed Industrial Development Bank. He said he understood that the Government considers that high priority should be given to setting up an institution to provide additional financing for industrial development; that adequate equity financing was assured from local sources and from foreign banks led by the Chase Manhattan Bank; that other financial assistance was likely to be available to the IDB and that further action awaited the passing of a law now before Parliament.

The Minister of Finance referred to the discussions he had had in Washington and asked the Minister of Planning to describe the present status of the proposal. The Minister of Planning said that application for registration (for various tax reliefs) under a new Investment Law now represented potential investments totalling Afghanis 1.5 billion (\$20 million). A list of these applications had been provided to Mr. Cargill (attached to Operational File copy). The list revealed that the need and the scope existed for an industrial financing institution of the kind proposed. By agreement with the Chase Manhattan Bank, a draft law constituting the IDB and authorizing Government financial assistance to it had been approved by the Cabinet and submitted

to Parliament for ratification. He thought there was complete agreement between Government and Parliament on the need for an industrial financing institution but disagreement on some aspects of the proposals. He was hopeful that Parliament would pass the law in the near future but could not predict with certainty what the outcome would be.

Mr. McNamara asked what was the basis for opposition to the proposals. The Minister of Planning explained that apart from a number of technical questions which he thought could be answered without difficulty, two main points raised were concerned with whether the IDB should be wholly privately owned or partly Government owned, and what the amount and the terms of the Government assistance should be. There were hopeful signs however that the law as presented would be passed in the near future. The Minister of Finance said that after the law had been passed and the equity raised, methods would have to be devised to activate the new institution and to make it effective. He hoped that the Bank and IFC would help in this work.

Mr. McNamara said it seemed to be agreed that equity financing was assured and also other assistance sufficient to suggest that the IDB could start up and get on for some time without World Bank assistance. The Bank would however keep in touch with the progress made and perhaps provide assistance later on. The Minister of Finance said he now clearly understood that the IDB should be started up with the participation of foreign banks under the leadership of the Chase Manhattan Bank, but they would look to the Bank for further assistance when the need arose. Mr. McNamara said he thought this was a reasonable position to take. ✓

Resident Representative

Mr. McNamara said the history of the discussions between the Bank and IFC and the Government on the IDB proposal illustrated the difficulties which had to be overcome in establishing a satisfactory relationship. The Bank had standards to meet which ~~it was~~ in the mutual interest of the Bank and Afghanistan should be maintained. Correspondence and occasional missions had not proved satisfactory in reaching a mutual understanding of outstanding issues. If the Government would wish it, the Bank would be prepared to station a well qualified representative full time in Afghanistan, but he was not sure how soon this could be done.

The Minister of Finance said his Government hoped that its relationship with the Bank would be strengthened and the volume of operations increased. The posting of a suitable and capable representative would be useful. Mr. McNamara said he would initiate action to appoint a representative so that the settlement of outstanding matters could be expedited. (The Prime Minister subsequently welcomed the proposal). ✓

Agricultural and Cottage Industries Bank of Afghanistan (ABA)

Mr. McNamara said he understood that it was mutually agreed that the ABA should be reorganized and that the Bank had helped the Government to prepare an application to the UNDP for technical assistance in that work. He enquired whether, if the UNDP was unable to allocate funds or provide technical assistance in the near future, the Government would wish the Bank to finance the technical assistance required. This might be combined with finance for credit programs contingent upon the satisfactory completion of the technical assistance work.

The Minister of Finance said that in his discussions in Washington he had argued the case for simultaneous reorganization and financing of credit programs. The Minister of Agriculture then recounted the history of the consideration of this project. He said it was the result of an FAO mission whose recommendations had been reviewed and endorsed by another UN mission. He disagreed with the emphasis the Bank mission had placed on the need for reorganization in relation to ongoing programs. While he agreed some reorganization was necessary, it should be carried out as part of the measures required to enable the ABA to cope with more business and in parallel with an expansion of activities. Without additional funds to lend more staff could not be engaged and trained without a disproportionate increase in overhead costs. Meanwhile, the ABA was reduced to financing small irrigation works. It had very few pumps and no tractors remaining for distribution. The staff employed numbered about 150.

Mr. McNamara enquired again whether the Minister would wish to have technical assistance in the reorganization of the ABA from the Bank if the UNDP could not provide assistance. The Minister of Agriculture said such assistance would be acceptable, but he wished to reiterate his personal view that technical assistance should be accompanied by capital. ✓

Kunduz-Khanabad Project

Mr. McNamara said he understood that in the Government's memorandum given to Mr. Cargill it was stated that the feasibility study for the project would not be completed until November 1970. The Minister of Agriculture said that a reconnaissance survey had been completed which outlined possible development in six zones. Zone 6 had been selected as a pilot area. This comprised an area of 20,000 hectares, 6,000 hectares un-irrigated and 14,000 hectares which were intensively cultivated but for which formulation of proposals for improvement of the irrigated areas would take two years. The preparation of measures for the irrigation of the new areas would be simpler and should be taken first. It was hoped to grow cotton in this area which was badly needed to utilize spare capacity in an existing cotton ginnery. He thought a first phase project of this kind could be prepared in one year and would cost about \$5 million or about half of the cost of the full Zone 6 project.

Mr. McNamara asked whether sufficient extension services were available in the area. The Minister of Agriculture said adequate extension services were not yet available but measures to increase them were in hand and it would be much easier to organize them in the new areas, where about 1,000 families lived, which could then be used as a pilot area for the rest of the valley.

Mr. McNamara and Mr. Cargill said they sympathized with this approach, and would review the situation when the report of the FAO/IBRD mission at present in Afghanistan was received.

Tourism

Mr. McNamara said Afghanistan's debt burden was a serious problem. Tourism could be a useful source of foreign exchange earnings.

The Minister of Finance said he had been glad to learn during the Annual Meeting that the Bank was now interested in tourism and had in his earlier discussions

suggested ways in which the Bank could help. The Minister asked the President, Civil Aviation Authority to describe the measures required to improve tourist facilities. The President, Civil Aviation Authority said that the first two five-year plans had provided for infrastructure improvement, such as roads and airports which would help the tourist industry, but the major problem was inadequate facilities for tourists. Statistics showed that over the last ten years the number of tourists had increased a hundred times. Accommodation was a limiting factor. Due to this pressure financing had been accepted on unfavourable terms to meet the cost of erection of the Intercontinental Hotel in Kabul. He doubted that the promoters would be able to repay the loan in six years even if the hotel was fully occupied. Further assistance would probably be required. Accommodation was needed in other places as there were many things for tourists to see on the main routes. He was optimistic about a continuing increase in tourist traffic. The Government needed help in planning and financing additional facilities which had been deferred as the result of financial stringency.

Mr. McNamara confirmed that a Tourism department was being organized. He regarded tourism as an important new field which could be developed in a number of countries to provide significant foreign exchange earnings. Unlike projects in other fields where the Bank had much experience, we had a lot to learn about tourism, but he hoped that over the years the Bank would be able to take an interest in the development of Afghanistan's tourist potential.

Education

Mr. McNamara noted that the Education project would be discussed the following day.

Government Revenues

Mr. McNamara said it was clear that additional revenues would be required to finance development. He enquired what was proposed to be done to improve the tax structure and increase government revenues. The Minister of Finance said that the third five-year plan had been revised on the assumption that financing from domestic resources would be increased by measures which would be considered by Parliament during the current session. These measures were outlined in the memorandum given to Mr. Cargill. Mr. McNamara enquired when the new measures were expected to pass into law. The Minister of Finance said he hoped the new measures would be considered before the Budget is presented next March, but it was hard to forecast what action would be taken particularly as the Spring Session of Parliament would be the last before the elections in September 1969. Mr. McNamara said that he presumed that the measures would be deferred until after the elections if they were not considered during the current session. Delay would have a serious effect on Afghanistan's prospects of financing the development planned. The Minister of Finance said he hoped that for the good of the country the tax measures would be passed in the current session but he could not be certain about this.

Debt Service

Mr. McNamara said he understood that debt service would increase sharply in the next few years. He asked why this was so and what the basis was for the

forecast of increased earnings from exports which was expected to off-set the increase in the debt service burden.

The Minister of Finance said the growth of the debt service burden was due to the terms on which infrastructure development included in the first two five-year plans was financed.

As regards the forecasts of export earnings, the Director of Public Works explained that collecting centers from the natural gas fields and pipelines to Russia had been constructed. If technical troubles did not hold up deliveries he saw no reason why the forecast earnings should not be realized. Contractual arrangements did not impose any limit on the amount which could be sold to Russia.

The Minister of Finance said other increases in export earnings were expected to accrue from increased agricultural production, a new price policy for cotton, yields from past investments in irrigation, incentives to increase the exports of karakul and wool, and the effect of the increased use of pesticides and fertilizer, particularly on the production of fruit and new wheat strains.

Mr. McNamara thought the forecast of increased earnings from natural gas sales was reasonable, but that the increases forecast for other items would be difficult to achieve as earnings had remained at about the same level for the past four years. He asked for more information, which the Minister of Finance said he would provide, about the basis for the forecasts of export earnings.

Mr. McNamara said he was concerned about the debt service ratio and asked what plans there were to limit new debt. The Minister of Planning said Afghanistan was suffering from economic stagnation. It was proposed to increase expenditure by the end of the Third Plan period by 17%. They would be obliged to rely heavily on foreign investments, but domestic revenues were planned to increase by 17-19%. Whereas previously emphasis had been given to expenditure on infrastructure, high priority was now being given to productive and quick yielding measures. As far as possible loans would be used for productive investments such as the fertilizer plant construction of which had begun. He hoped it would be possible to obtain loans for such projects on more favourable terms than in the past so that the debt service burden did not become unduly heavy. Mr. McNamara agreed that financing such projects, and those which would result in import substitution, would be suitable new commitments for financing on suitable terms.

Conclusion

The Minister of Finance said he had appreciated the opportunity of discussing outstanding issues in Washington and the further opportunity provided by Mr. McNamara's visit. He presented Mr. McNamara with a statement on the economic situation and proposals regarding Bank assistance (a copy of which had been provided to Mr. Cargill earlier) which he hoped would have further consideration. He thanked Mr. McNamara again for sparing time to visit Afghanistan. He was sure the visit would improve the relationship between Afghanistan and the Bank. Mr. McNamara thanked the Minister and his colleagues for the preparation

December 4, 1968

made for his visit and the statement which would provide a useful starting point for the further consideration of a variety of matters which had been dealt with in discussions.

cc: Messrs. Knapp
Steckhan
Cargill
Votaw
Blobel
Diamond
Chadenet
Evans
Sadove
Goffin
Hardy
Bartsch

CGFFMelmoth:vr

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Minutes of "Meeting with the Ministry of Planning (Robert Nathan's group), in Kabul, November 12, 1968" were dictated by Mr. McNamara and typed in one copy only. Filed in his office.



OFFICE MEMORANDUM

TO: Records

DATE: February 18, 1969

FROM: I. P. M. Cargill *Lucas*SUBJECT: AFGHANISTAN: Mr. McNamara's Meeting with Mr. Etemadi

On November 13, 1968, Mr. McNamara called on Mr. Etemadi, the Prime Minister of Afghanistan; the Ministers of Finance, Public Works and Agriculture were also present. The Prime Minister began by expressing his pleasure that Mr. McNamara had found time to visit Afghanistan and expressed the hope that his visit would be a fruitful one. He talked at some length on the political evolution of the country and its implications for economic progress. He said that the King was determined to make the attempt to establish a democratic form of Government, a successful one, and this meant leaving much for the decision of the Wolesi Jirgah. Since as yet many of the members of the Jirgah were inexperienced, inevitably there were delays in reaching decisions. In response to an inquiry by Mr. McNamara, he said that he expected legislation regarding the Industrial Development Bank would be considered in the Jirgah within the next few weeks and he thought that most objections had now been removed. He continued to say that he thought political stability could only be achieved by continuing the movement to involve the people in the process of government and such stability was a prerequisite to economic progress.

The Prime Minister then touched briefly on the status of Bank operations in Afghanistan and expressed the hope that the Bank would be able to expedite these. Mr. McNamara said he was well aware of the delays that had occurred in the past and he would try to insure that in the future work would proceed more expeditiously. In this connection he had come to the conclusion that it would be desirable to post for a period of a few years a member of the Bank staff in Kabul as the Bank's representative there with the prime job of expediting projects. He inquired whether such a move would be welcomed to the Government. The Prime Minister said that this would be very welcome to his Government not only for the good it would do to the Bank's work in Afghanistan but also the psychological affect it would have in indicating the Bank's increasing interest in Afghanistan's economic problems.

The Prime Minister went on to list a number of projects which he felt were of high priority and deserved the Bank's attention, notably the irrigation projects on the Harirud and Farahrud rivers. He said that some question had been raised about the development of these rivers as they flowed into Iran. In the past, relations with Iran had not always been cordial but this had changed since the recent visit of the Prime Minister of Iran. He felt that, during the discussions which he had personally held on that occasion, all problems had been satisfactorily

resolved. Iran had even agreed to examine a proposal for the construction of a road to a port in the Gulf which would give Afghanistan an outlook to the sea as an alternative to Karachi. Mr. McNamara replied that through FAO the Bank was gathering information about the irrigation projects. In the meantime, he felt that the Bank should concentrate on expediting projects already worked out including the Kunduz irrigation scheme.



OFFICE MEMORANDUM

TO: RECORDS

DATE: October 16, 1969

FROM: Horst H. Eschenberg SUBJECT: AFGHANISTAN: Minister of Finance meeting with Mr. McNamara

1. Mr. Ziyaie, the Minister of Finance of Afghanistan, visited Mr. McNamara on October 1. He was accompanied by Mr. Achaczai (Governor of the Central Bank), Mr. Atayee, Mr. Aman and Mr. Jewayni. Messrs. Cargill, Votaw and Eschenberg were present.
2. The Minister said that he very much welcomed the Bank's increased activities in Afghanistan, which he thought had been facilitated by Mr. McNamara's visit for which he was very grateful indeed. Mr. McNamara replied that he was pleased to hear that the Government felt the Bank's activities had been intensified and that he would be particularly interested in hearing about four subjects - namely, the status of the Industrial Bank, the Agricultural Development Bank, the preparation of the Kunduz-Khanabad Irrigation project and the Government's views on how the Resident Representative arrangement was working.
3. The Minister replied that the study for the Kunduz Irrigation project was expected to be completed before mid-1970 and that he hoped that a Bank appraisal could be scheduled immediately thereafter. He also mentioned the Government interest in a joint venture for this project with the Spinza Cotton Company. He added that the Government would like to interest the Bank group in assisting the Irrigation Construction Unit in the Ministry of Agriculture. This is the only agency which is at present able to maintain and build irrigation facilities and might be helped through a project along the lines of the recent Highway Maintenance Credit (No.158/AF).
4. Regarding the Industrial Development Bank, the Minister said that they had hoped to have the industrial bank law ratified by Congress during the last session. The law had been considered and approved by the Fiscal Committee; unfortunately however, no action had been taken by full Parliament. Mr. McNamara asked the Minister whether he expected approval of the law as proposed by the Chase Manhattan Bank and went on to say that he attached great importance to the Industrial Bank in view of its potential contribution to industrial development in Afghanistan. He also said that if the law could not be passed in its present form, consideration might be given to changes which would make it acceptable to legislature.
5. The Minister replied that he had hopes that the law as drafted would be passed by the next legislature. He was very pleased to know that the Bank would be prepared to help in case difficulties should develop.
6. With respect to the Agricultural Development Bank, the Minister reported that the consultants had begun the work in Kabul, and that the Bank appraisal was expected for late October.

October 16, 1969

7. The Minister also mentioned that he was grateful to the Bank for stationing a Bank Resident Representative in Kabul. In his view this had greatly strengthened the relationship between the Bank and Afghanistan and he paid special tribute to the way in which Mr. Zenick had handled his first few months in Kabul.

8. The Minister repeated his request for help in a study of the mineral resources in Afghanistan. Mr. McNamara said that the Bank itself had little expertise in this area, and suggested that we see how others, such as UNDP, could be involved. The Minister also mentioned his request for Bank help in refinancing the recently-opened Intercontinental Hotel. Mr. Cargill noted that he had already spoken with representatives of the Midland Bank, and that a meeting had been arranged for the Minister there.

9. The Minister thanked Mr. McNamara for having found the time for the exchange of views and for his continued interest in Afghanistan.

Rmen?

OFFICE MEMORANDUM

TO: Files

DATE: August 12, 1971

FROM: I. P. M. Cargill

SUBJECT: AFGHANISTAN--Visit of the Ambassador to Mr. McNamara, June 28, 1971

Ambassador Malikyar called on Mr. McNamara on June 28 to deliver a memorandum from his Government stressing the great importance which the Government placed upon the livestock project which the Bank was considering. He expressed concern that processing this project might be delayed and asked Mr. McNamara to expedite it. The Ambassador referred to the disastrous drought from which Afghanistan was suffering and to the consequence that very large numbers of sheep and cattle had had to be slaughtered for lack of feed. Mr. McNamara said that the Bank would do what it could to help but that projects of this kind needed a great deal of preparation and the limiting constraint was the lack of qualified people to do the work.

cc Mr. McNamara

IPMCargill:cmc

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: June 28, 1971

FROM: Gregory B. Votaw

SUBJECT: AFGHANISTAN - Today's Visit of Ambassador Malikyar

1. We know of no special purpose for the appointment arranged by Mr. Tazi.
2. IDA has made one credit in each of the last three fiscal years -- most recently \$5 million for the Khanabad Irrigation Project, signed two to three weeks ago. All three of these projects are moving slowly but they are moving, which is more than we were able to say for the Education Project, approved in 1964 and now cancelled.
3. The King has recently installed a new Government. We would be interested in any comments the Ambassador is willing to make regarding the new Government and its policies. Despite this change of Cabinet, an economic mission is now starting its work in Kabul and will be in Afghanistan for most of July.
4. There are three future projects already fairly well defined -- Kabul Airport Improvement, Tourism and Livestock. The livestock project is by far the most important -- and also the most difficult to organize. A separate note on this was delivered to your office late Friday (unsigned and undated); a copy is attached for convenience.
5. Should you wish someone from this Department to join your meeting with the Ambassador, I would suggest David Loos (ext. 4127) as both Eschenberg and Aiyer are away on mission.

Attachment

cc: Mr. Christoffersen
Mr. Loos

President has seen

A NOTE ON A LIVESTOCK PROJECT IN
AFGHANISTAN

1. The livestock sector is of crucial importance to the economy of Afghanistan accounting for about 40 percent of export earnings and 10 percent of GDP. Furthermore, about 80 percent of the population derive all or part of their income from the livestock industry. It is clear that advances in livestock husbandry will, for many years to come, determine the standard of living of the greater part of the population of the country.
2. The industry suffers from a number of serious constraints. Among these are the difficult climatic conditions which have dictated a form of husbandry involving the travelling of the sheep population over long distances in search of pasture. The deterioration of grazing resources resulting from centuries of over-stocking which has induced sensitivity to cold, starvation and disease has led to high mortality and low fertility and consequently to low production per head and per hectare. These difficulties have been compounded by the fact that there are practically no established institutions concerned with livestock production and trade either in the public or the private sectors.
3. The livestock industry presents some challenging opportunities. In it lies the potential for increasing both foreign exchange earnings as well as domestic revenues. There has been a growing awareness of the development potential of this sector in recent years. In response to a request by the Government for Bank assistance, an FAO/IBRD Cooperative Program mission visited Afghanistan in November 1969 to review the sector and to identify any livestock projects that would be suitable for Bank financing.
4. From their study the mission concluded that while modest development opportunities exist in the dairy, beef and poultry sub-sectors, more particularly for private investment, the main investment opportunity lay in the sheep sub-sector. They felt that relatively modest actions may be expected to yield quite spectacular results in terms of increased productivity. The mission, therefore, proposed a first phase project for the sheep sub-sector under which productivity would be increased through the provision of watering-points, of lambing shelters, of supplementary winter feed and veterinary chemicals. It was to serve the zone of Karakul sheep concentration in Northern Afghanistan and the main "meat and wool" sheep zone in the South and West.
5. This somewhat modest project which was dictated by a "low-key approach" which the mission felt was desirable in the Afghan context, was considered inadequate by the Government. They suggested that the scope of the project should be broadened beyond that contemplated by the mission. The objective should be to develop a program which would cover the entire range from sheep-raising to marketing and would involve the provision inter-

President has seen

alia of slaughterhouses, feed-lot operations, education and training of personnel and research and studies which would lead to future phases of the program.

6. The two subsequent FAO/IBRD Cooperative Program missions (October 1970 and February/March 1971) revised the scope of the project identified by the first mission, taking into account the Government's proposal. The project which has now been proposed would include three elements:

- (i) a meat and wool production component;
- (ii) the establishment of an abattoir; and
- (iii) a Karakul sub-project.

This would be a first-phase development and would be in the nature of a pilot project.

7. The meat and wool component is to be located in the Herat area which is considered to be the most suitable. It would be concerned mainly with the equipment of about 400 existing farms for the breeding and fattening of sheep through the provision of irrigation facilities (220 tubewells) and credit for farm inputs and for the purchase of breeding ewes and lambs for fattening, from dryland producers. Technical services will also be provided. These project farms will supply annually an estimated 400,000 lambs and ewes to the abattoir which is also to be established in the Herat area.

8. A critical constraint to development of the Karakul sub-project is the provision of winter-feed which, in turn, is dependent on additional water supplies. This is to be examined further when the findings of the Asian Development Bank's irrigation mission in the area are available.

9. It is proposed that the project be administered by a Livestock Development Authority answerable, through the appropriate Minister, to a Supreme Inter-ministerial Council composed of three Ministers and the Chairman of the Ariana Air Authority. The Authority will have Divisions responsible for project preparation and implementation, research, marketing and administration. Expatriate technical assistance is envisaged at the Headquarters and regional level during project implementation, and for abattoir management and training of abattoir technicians.

10. The Government has been informed of the current state of project preparation and of the policy decisions and actions by Government which would be required before the project could be implemented. These are:

- (i) Agreement on the selection of the Herat area for the first-phase development of the Livestock program.
- (ii) Agreement on development of groundwater in the Hari-Rud.

(iii) The establishment of a Livestock Development Authority on the lines proposed, and the immediate allocation of personnel to form the full-time operational nucleus of the Authority.

(iv) The export of a controlled and specified number of live animals during the period of construction of the abattoir.

(v) Negotiations with Iran on trade and transport agreements necessary for the development of an export market.

(vi) Agreement on the proposed policy for establishing fat lamb prices for the Herat abattoir.

11. Further action is required in connection with the preparation of the project report. One more visit to Afghanistan to finalize the credit aspects, and possibly to reinforce the irrigation side, is considered necessary. This is scheduled for September 1971. Timing of an appraisal mission would depend on the finalization of the project report and the availability of staff.

12. The Bank staff has kept in close touch with developments on this project. A number of discussions have been held with members of the Cooperative Program missions. Our Resident Representative in Kabul has worked closely with the missions and with the Government authorities involved. Arrangements are being made for a senior staff member of the Agriculture Projects Department to visit Afghanistan during the next FAO/IBRD Cooperative Program mission scheduled for September 1971.



Files

October 13, 1971

Horst Eschenberg

Minister Shafiq's visit with Mr. McNamara

1. The Minister of Foreign Affairs of Afghanistan, H.E. Mohammad Musa Shafiq and the Ambassador of Afghanistan, H.E. Abdullah Malikyar visited Mr. McNamara today. The Foreign Minister expressed thanks for the efforts the Bank has made in Afghanistan to date to further economic development. He said he realized that the efforts had not been without frustrations for the Bank in view of inaction on the part of the Government.
2. The Minister said that he hoped conditions had changed in Afghanistan and that the new Government would make Bank development assistance easier and more effective. He pointed too the new Prime Minister who because he had been President of Parliament for eight years should be able to establish a better relationship between the Parliament and the Cabinet. Minister Shafiq also mentioned that Dr. Hamed, the only Deputy Prime Minister in the new Cabinet had been given the responsibility for managing the development program and that he was assembling a group of young, bright Afghans who would be working in the Prime Minister's Office on the development program. He hoped that Bank assistance would be much facilitated by the existence of this group.
3. The Minister said that in his judgment the Government had done too many things simultaneously since 1964 - it had formulated a new constitution and a new political system in addition to trying to carry out a broad development program over which the Government had exercised little control.
4. At the present time he said the Government was very preoccupied with the effects of the drought now in its second year. He pointed out that if it should continue another season, 70% of Afghanistan's 22 million animals probably would be lost. Finally, he told Mr. McNamara that the Government had requested rescheduling of debt, that the Fund was coordinating this effort and that he hoped the Bank could also help.
4. Mr. McNamara confirmed that the Bank continued to be very interested in assisting the development process in Afghanistan but that in view of the difficulties to which the Minister referred, we have reconciled ourselves to a fairly slow pace. He referred to the protracted efforts in connection with the Industrial Development Bank and the tax program. Mr. McNamara said that the Bank would be glad to speed up its development assistance, and that any suggestions for improving or speeding up the Bank's activities would be most welcome. He welcomed the Fund's coordinating efforts in organizing the debt relief efforts for Afghanistan and said that the Bank would be glad to cooperate with the Fund.

cc: Messrs. Cargill, Votaw, Melmoth, Meguid

HE:cj

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (thru Mr. *A.P.M. Cargill*) DATE: October 12, 1971

FROM: Horst Eschenberg *HE*

SUBJECT: Meeting with His Excellency Mohammad Musa Shafiq, Minister of Foreign Affairs,
Royal Government of Afghanistan

1. Minister Shafiq will visit you in your office at 5:00 p.m. on Wednesday, October 13. The appointment was requested by the Ambassador of Afghanistan to the U.S.

2. Minister Shafiq is visiting the United States for discussions with the authorities on debt rescheduling and drought emergency assistance. He may also take up the question of an expanded Bank Group role in Afghanistan.

3. It is commonly understood that Minister Shafiq together with the present Deputy Prime Minister Hamed has been groomed for sometime to become Prime Minister.

4. The following is a brief outline of the Minister's career:

He was born in Kabul in 1924. Speaks Arabic, English and French. After graduation from Ghazi High School, he attended Cairo's Al Azhar University and received a Bachelor of Arts Degree in Islamic Law in 1955. He took his Masters Degree in Comparative Law at the Columbia University in 1957. On returning to Afghanistan in 1957 he was appointed to the Ministry of Justice as Editor of the Ministry Publication Alfalah and was subsequently appointed Director of the Legislative Department in the Ministry of Justice. In 1961 he became a partner in the first private law firm established in Kabul. In 1963 he was a member of the Committee appointed to draft the new Constitution. In that year he was appointed Deputy Minister of Justice and served in that capacity until March 1966. Between 1966 and 1968 he taught in the Faculty of Law and Political Sciences of the Kabul University. From September 1968 to July 1970 he was Adviser to the Ministry of Foreign Affairs at the end of which period he was appointed Ambassador to Cairo and concurrently accredited to Beirut, Accra and Khartoum. In August 1971 he became Minister of Foreign Affairs under the new Government.

President has seen

OFFICE MEMORANDUM

TO: Files

DATE: September 6, 1972

FROM: Gregory B. Votaw

SUBJECT: AFGHANISTAN - Visit of H.R.H. Sultan Ghazi with Mr. McNamara

1. His Royal Highness Sultan Ghazi, who was visiting Washington in connection with Transpo, called on Mr. McNamara May 31, 1972. He was accompanied by Ambassador Malikyar, Mr. Tazi, and a personal aide (Mr. Gran).
2. Mr. McNamara asked how the IDA program was getting along in Afghanistan. Sultan Ghazi, head of the Afghan Air Authority tourism program and livestock development efforts, replied that there had been steady progress since McNamara's visit in 1968.
3. Tourism. A UNDP-financed feasibility study had been completed. An IDA preappraisal mission was presently in Afghanistan. The Government hoped IDA would complete its appraisal soon, but Koch had explained that certain additional data would be needed before the appraisal was complete and these data were being collected.
4. Kabul Airport. Development of this project had been delayed by misunderstandings regarding the safety of the present airport, the cost of improving it and the advantages of the proposed Logan Valley site. The Government hoped this project could go forward soon without further delay. McNamara asked if the Flight Information Center (FIC) part of the scheme was on schedule. Sultan Ghazi replied by explaining that the overall plan had two phases: (a) the FIC plus detailed engineering for the new airport at Logar and (b) construction. The Projects Department of IDA needed further preliminary engineering results now in order to firm up cost estimates, which would determine when a new airport was economically justified - i.e. five years hence, or ten years from now or even later. The Government will try to arrange that engineering but knows the airport is justified, if only for safety reasons, and wants construction to start in FY 73.
5. McNamara said he understood the priority of the Control Center, which should go ahead promptly. As for the new airport at Logar, this was a larger and more complex transaction, which therefore required more studies.
6. Livestock. McNamara noted Sultan Ghazi's personal efforts to improve the livestock industry in Afghanistan and asked for a progress report. H.R.H. acknowledged that he had been interested in livestock for several years but only now saw hope of progress because IDA was beginning to take an interest in it. Unfortunately, the current IDA mission arrived in Kabul after HRH had left.
7. H.R.H. could not say how many families would benefit from the proposed project, but he knew the people of Herat Province were very keen on it.

The conditions set out in Cargill's recent letter had been agreed to without problems by the Government, as the Deputy Prime Minister's reply made clear. A nucleus for the project had already been created in the form of a slaughterhouse near the Iranian border, which would start exporting by truck to Tehran shortly.

8. McNamara emphasized that IDA was particularly interested in the benefit to herdsmen in the area but also saw the project as a pilot scheme to be replicated in other areas as soon as the Herat scheme proved itself. H.R.H. agreed with this approach. He foresaw substantial export potential both to Iran and also by air from Khandahar to the Persian Gulf States. The livestock industry was the backbone of the Afghan economy but had recently suffered severely because of drought and other natural calamities. Feed was scarce just now. Moreover, there was a long tradition of smuggling sheep across the borders. The proposed project would make it advantageous to most herdsmen - particularly small herd owners - to export their sheep through the slaughterhouse and official channels. These smaller herdsmen would thus get better prices and at the same time the Government could collect previously untapped revenues, which were essential to pay for development schemes and other public expenditures. Ambassador Malikyar, former Governor of Herat, underlined this aspect of the project, which would create an official channel for export which was efficient enough to be advantageous to the herdsmen. Sultan Ghazi said that the slaughterhouse opened several months earlier had a poor response initially but now received more sheep than it could process.

9. Asked about numbers of farmers, sheep and hectares, the Afghans were unable to give precise data. Malikyar felt there were not too many huge herds (10,000 head) in Herat Province; most holdings were small - i.e., 5 - 50 sheep per farmer. But pastures were communal as well as seasonal and covered a very large area in the mountains from Herat to the Iranian and Soviet borders. Winter forage was particularly important and therefore fodder cultivation was planned. Fattening areas were to be developed.

10. McNamara said the livestock project was obviously of very high priority because of Afghanistan's comparative advantage in this product. H.R.H. agreed that no other meat was considered so desirable in certain markets (e.g. Persian Gulf states). Afghanistan cannot now enter into agreements with these states because it is not yet organized to fulfill such contractual obligations.

11. Finale. McNamara recalled his delightful days in Afghanistan in 1968. It is a beautiful country with attractive people and many interesting as well as scenic places. H.R.H. conveyed His Majesty's invitation to the McNamaras to visit again. McNamara thanked H.R.H. but could not make any commitments about travel.

12. In leaving, H.R.H. emphasized to McNamara how much he and his colleagues appreciated the excellent work, fine counsel and enthusiastic participation of Myint, the Bank Resrep in Kabul. McNamara again thanked H.R.H. for his report and good wishes.

cc: Mr. McNamara's office, India Division

GBVotaw:jw

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. *Wotaw*) DATE: May 26, 1972

FROM: Horst Eschenberg *HE*

SUBJECT: Your Meeting with His Royal Highness, Sultan Mahmud Ghazi,
scheduled at his request for Wednesday, May 31, at 5:30 p.m.

Personal Background

H.R.H. Sardar Sultan Mahmud Ghazi, President, Afghan Air Authority, Ariana Afghan Airlines and Tourism Department; educated in France and Switzerland; worked as President of Inspection in the Prime Minister's Office; about nine years ago assumed responsibility for present duties.

He is the son of Marshall Shah Mahmud Khan Ghazi and first cousin and brother-in-law of King Zahir Shah.

He is one of the three most influential men in Afghanistan, the other two being the King and the King's nephew, General Abdul Wali, Chief of the Army in the Kabul region.

Sultan Ghazi was responsible for establishing the Ariana Afghan Airlines, a joint stock company with 49 percent Pan American Airways participation, under Pan American appointed Executive Vice President. In addition to being responsible for the airline, he runs the Afghan Air Authority, the Tourism Department, and since August 1970 also responsible for livestock trade activities. Sultan Ghazi's second language is French which he speaks fluently; his English is poor. He is one of very few effective managers in Afghanistan and interested in providing good management. He has the powers to ensure that actions are taken.

Possible Topics for Discussion

direct I expect that Sultan Ghazi will mention the three projects for which he has ~~overall~~ responsibility. These projects are the Logar Airport, Tourism and Livestock.

Airport Project

The Government has requested that IDA consider financing a two-stage aviation project consisting of: (a) relocation of the Flight Information Center presently at Kandahar to Kabul and preparation, detailed design and engineering of new airport at Logar (scheduled for FY72), and (b) construction of a new airport at Logar (presently scheduled for FY76). IDA has been involved in the preparation of the expansion program for Kabul Airport since November 1969. The first project was prepared by consultants financed by UNDP. It was appraised by IDA in October/November 1970; however,

just before the appraisal a new airport site was discovered in the Logar valley which offers significant advantages compared with the site of the present airport. As you know, the latter is poorly located both from the civil engineering as well as from a flight safety and flight technical point of view. The new site is 45 kms. from Kabul, has none of the drawbacks of the present airport. Consultants' cost estimates suggest that construction of the new airport would cost \$12 million, including \$8 million foreign exchange, while expansion of the present airport was estimated in 1970 to cost \$6.8 million, including \$3.5 million foreign exchange.

The Government has decided to move the Flight Information Center from Kandahar to Kabul and is requesting IDA financing for it. The financial and economic rates of return for this project are estimated to be 16 percent. Since the appraisal of this part of the project is completed, it requires only updating which should be ready by the fall of 1972. Total cost will be \$2.5 million, including \$1.6 million foreign exchange.

On the basis of the consultants' advice, the Government has also decided to forego expansion of the present airport, but instead, to construct a new airport for Kabul in the Logar valley. Guidelines for the development at Logar have been prepared. These were reviewed by IDA staff and modified in the light of our comments. The Government requests that the financing of preparation of the Logar airport be included in the FIC project; that IDA consider subsequently financing the construction of the new airport.

Tourism Project

IDA served as Executing Agency for a UNDP-financed tourism study which has just been completed. The study recommends the following project:

- (a) Construction of a hotel at Bamiyan and ancillary facilities, relocation and construction of 300 yurts and provision of camping facilities in Bamiyan and Band-i-Amir.
- (b) Construction of a hotel in Mazar-i-Sharif and rehabilitation of an existing hotel at Pul-i-Khumri.
- (c) Construction of a medium-class hotel at Kabul.

Consultants' cost estimate is \$12 million for the total project including \$8.0 million foreign exchange. We expect that the project will have to be executed in stages. A pre-appraisal mission is currently in Afghanistan to discuss the project with the Government.

Livestock Project

Project was prepared by the FAO/IBRD Cooperative Programme from November 1969 to January 1972. It would consist of farm development, slaughterhouse for exports, refrigerated vehicles, road improvements,

technical assistance, and training. It would be located near Herat. The project is proposed to be implemented through Herat Livestock Development Corporation. Policy decisions are to be made by the Livestock Development Authority composed by members of the Cabinet: Deputy Prime Minister, Ministers of Planning, Agriculture and Commerce, and President of AAA (Sultan Ghazi). Total project cost estimated at \$12 million, including \$6 million foreign exchange. The field work of the appraisal mission will begin on June 3.

The livestock project currently under discussion would be a pilot scheme to be repeated elsewhere in Afghanistan as soon as success with the first venture warrants this.

OFFICE MEMORANDUM

TO: Mr. R. S. McNamara

DATE: May 31, 1972

FROM: Gregory B. Votaw *GV*SUBJECT: AFGHANISTAN - Proposed Kabul Airport Project

1. H.R.H. Sultan Ghazi, if he talks at all about operational matters, is most likely to mention the proposed Kabul Airport project this afternoon. I should therefore like to add a few words of clarification to what is in Eschenberg's briefing dated May 26 (delivered yesterday).
2. First, let me say that Sultan Ghazi is meeting with van der Meer and other Transport Projects' people this afternoon, so I am obliged to write without the benefit of knowing what may emerge from those discussions.
3. The core of the proposed credit for FY 73 is the flight information center (FIC), estimated to have a 16 percent return, largely earnings in foreign exchange. The amount required for FIC is estimated at over \$1 million, possibly as much as \$1.6 million. The Center will be located in Kabul, a decision reached only recently by the Afghan authorities, based on advice from Bank experts. This equipment is urgently needed, since the existing Center at Khandabar must be replaced before it ceases to function altogether.
4. The major question regarding this element in the project is, "why IDA? Why not bilateral financing?" The answer to this was given more than two years ago when we first became involved in discussions on the modernization of Kabul airport, and it would be damaging to country relations if we had to change that answer now. Afghanistan's preference for IDA may be partly political--the airport was built with USSR aid, and the government prefers a multilateral source for the new equipment since a bilateral Western source (USSR does not make appropriate equipment, I am told) could be interpreted as a slap at Soviet technology. Furthermore, IDA terms are clearly superior to those offered by most bilateral lenders. Finally, Sultan Ghazi himself wants the kind of informal technical assistance our missions give to improve his operation of the Afghan Air Authority and his judgement of and preparation for major new investments.
5. For all these reasons we probably have not adequately explored bilateral financing possibilities--for example, the Swiss who have recently shown an interest in Afghanistan. This should be done in the next few months, but with a view to sharing the cost of financing FIC rather than turning it over completely to a bilateral lender.
6. The second major element proposed for financing is detailed engineering (\$700,000 - 800,000) for Kabul airport improvement--probably engineering for a new airport at Logan. Before this expenditure on engineering can be justified, further work must be done on the feasibility of Logan vs. other alternatives for increasing airport capacity. The Afghans think they have

now submitted all the information IDA needs to justify detailed engineering at the Logan site; Projects has doubts but is still reviewing the information. If additional feasibility study is required, we will ask UNDP to finance it (\$100,000 - 150,000) on an urgent basis with a view to having a convincing answer on Logan (i.e. needed by 1977, needed but not before 1980 or not a viable solution) by the end of December or shortly thereafter.

7. If we are to finance engineering for Logan, I would hope to do it in the same credit as that which provides financing for FIC.

8. A third major element proposed for financing was five-years technical assistance (about \$1 million) to provide the Afghan Air Authority with general management advisors. This is probably better handled by UNDP than IDA. Certainly Afghanistan prefers grant aid for all technical assistance projects. We will urge Sultan Ghazi to explore this with UNDP and will certainly endorse his approach to them.

9. Finally, let me say that your reservations on the Kabul Airport project have only recently come to my attention. I share your worry about this kind of technology when we are not yet doing enough for Afghan agriculture and industry. But I am convinced that a modest airport investment has a place in our overall program and is vital to tourism and the general "opening up" and modernization of the Afghan economy. I hope you will agree, at least as far as the FIC project is concerned.

cc Messrs. Knox
van der Meer
Eschenberg

GBVotaw:cmc

OFFICE MEMORANDUM

TO: Files

DATE: October 13, 1972

FROM: Adi Davar *AD*SUBJECT: AFGHANISTAN: Meeting between the Afghan Delegation and
Mr. McNamara after the 1972 Annual Meeting

1/25
Dr. Ghulam Haider Dawar, Finance Minister, and Mr Jewayni, Alternate Executive Director for Afghanistan, paid a courtesy call on Mr. McNamara on October 2. Messrs. Knapp, Benjenk, Votaw, Myint and I were also present.

Mr. Dawar expressed his appreciation for the help which the Bank Group was extending to Afghanistan. Mr. McNamara while assuring Mr. Dawar of our continuing interest in helping Afghanistan, expressed his growing concern that the Khanabad Irrigation Project had not yet been ratified by Parliament and therefore could not be declared effective, although nearly 18 months had elapsed since the IDA Credit was signed. He was even more concerned that, as a result, IDA had been unable to make those scarce IDA funds available to any other member country. As a result, no one benefitted. This forced the IDA management to consider whether in the circumstances it was justified in recommending additional IDA financing for three projects which could be finalized for Board consideration in this fiscal year. Perhaps IDA should wait to process those credits until the government resolved its problems with Parliament. Mr. Dawar stated that his government was well aware of the difficulties and the embarrassment they caused IDA. However, he was hopeful that the steps which the government has already taken, and others which it intends to take (some of which had been discussed with the Bank staff) would lead to a resolution of the problem in the very near future. Mr. McNamara stated that he would instruct the staff to continue to operate on the assumption that the government would soon resolve this difficulty. Projects currently under appraisal could therefore move ahead on schedule. But this instruction would have to be reviewed in 2-3 months time in the light of developments in Afghanistan, due to the continued worldwide scarcity of IDA funds. (Subsequent to the meeting Mr. McNamara indicated that the staff should complete negotiations on all projects slated for consideration in the next several months, but hold up active pursuit of more distant projects if ratification was not resolved during the first half of CY 1973).

In response to Mr. McNamara's question regarding news reports of the cabinet's resignation, Mr. Dawar explained that the Prime Minister had submitted his resignation, because he felt that the present conflict between the legislative and the executive branches had not allowed his government to move ahead with its plans for the country's economic and social development. He dwelt on the background and reasons for this conflict and how the government hoped to resolve it in future. However, Mr. Dawar reported that the cabinet had been persuaded to carry on until after the elections for Parliament in the Spring of 1973, and that meanwhile only some cabinet ministers would be changed.

President has seen

The meeting ended on the note that the parliamentary ratification question must be resolved soon, if IDA was to continue to make a meaningful contribution to Afghanistan's development.

cleared with and cc: Mr. Votaw
cc: Messrs. Knapp, Benjenk, Wapenhans, Gustafson, Krishna, Noon
cc: Resident Mission

ADavar/js

Mr. Robert S. McNamara

September 29, 1972

Gregory B. Votaw (through Mr. M.P. Benjenk)

Your Meeting with the Finance Minister of Afghanistan

General

1. It has been announced that the Cabinet headed by Dr. Abdul Zahir which took office in July 1971 submitted its resignation to the King on September 24, because of difficulties in carrying out its development programs, but, we understand that it has been asked to continue in office. HM has departed for Turkey for a visit of about a month. The indications are that the Foreign Minister, Mr. Moussa Shafiq, is likely to be nominated as Prime Minister should a new Cabinet be appointed. Mr. Shafiq will be in New York from about October 6 to attend the UN General Assembly session. He proposes to call on you in Washington at your convenience the following week (October 10-13) to discuss measures the Government proposes to take in the field of economic development, and the UNDP request (on behalf of the Government) that the Bank act as Executing Agency for the proposed UNDP-financed Planning Advisory Project. We shall make the necessary arrangements for the meeting and prepare a separate brief on points of mutual interest and concern.

2. We view your meeting with the Finance Minister, Dr. Ghulam Haider Dawar, more as a courtesy visit than one in which any discussion on tackling problems could take place. You may, nevertheless, wish to mention some of the following points to Minister Dawar. You may also raise with him the question relating to reports on the Cabinet's resignation and any information he could provide on the likelihood of changes in the executive branch, which would be of interest to the Bank.

Parliamentary Ratification

3. One of the principal impediments to effective IDA operation in Afghanistan has been the complicated parliamentary ratification procedure which has delayed effectiveness of the Khanabad Irrigation Project Credit - approved by our ED's in May 1971 but still not ratified by the Lower House of Parliament, although the Government took the extraordinary step of obtaining approval of the Upper House in August, 1972. The effectiveness date has had to be postponed on four occasions and is now November 30, 1972.

4. You might stress that there is an imperative need for Afghanistan to improve its parliamentary procedures to speed ratification of foreign credits, particularly if the Afghans wish to seriously conduct business with IDA. The Afghan Delegation is likely to tell you of the following measures the Government is proposing to undertake:

- (i) as far as Khanabad is concerned, the Government will urge the Lower House when Parliament reconvenes in the latter part of October to discuss, as a first priority item, ratification of Loan and Credit Agreements already signed by the Government including Khanabad; and
- (ii) in the longer run, Government may seek a blanket authorization or approval from Parliament for borrowing from IDA (and possibly also other multilateral development agencies such as the Asian Development Bank) up to a limit of, say, \$75 million, for a five-year period, thereby obviating the need to approach Parliament as Credits for each project materialize. We are presently discussing with Broches and his staff the possibility of preparing an informal Aide Memoire on how this sort of problem has been handled by other member countries.

Lending Program

5. Assuming Khanabad is ratified, we expect to be in a position to recommend three or four new Credits between now and June 30, 1973. This includes Credits for the new Industrial Development Bank, the Livestock Project and the Aviation Project, totalling some \$12 million. Further, a Tourism Project is being processed which could involve a Credit of about \$8 million making a total of about \$20 million for the next twelve months. This is in sharp contrast to no lending in FY72, and the \$5 million made available for Khanabad late in FY71.

6. You might suggest that unless the problem of parliamentary ratification - particularly the ratification of the Khanabad Credit - is resolved it will be difficult for you to recommend new Credits to the Executive Directors even though projects are otherwise ready for presentation. (We have already mentioned this to Minister Dawar.)

Debt Rescheduling

7. In view of its increasing debt service obligations the Afghan Government, at the last annual meeting, approached the Bank to sponsor a debt rescheduling exercise. We suggested that the Fund was the appropriate institution to approach, but promised to cooperate fully with the Fund in the exercise. Accordingly, the Fund has pursued this with major creditors and a Bank staff member was deputed to visit Afghanistan on a number of occasions to help develop statistical information required by the Fund and creditors.

8. During my visit to Kabul in December 1971 I suggested to the Prime Minister and the Deputy Prime Minister that it might be useful for them to conclude the debt rescheduling agreement with the USSR first, since nearly 70% of the debt service payments in the next five years are due to the Soviets. We note that in July 1972 the Afghan Government did conclude such an agreement for the years 1972-76; it covers rescheduling

September 29, 1972

of debt service amounting to \$30.4 million equivalent, or 22% of total service on outstanding debt due to the USSR in this period. This will be paid in ten equal installments of about \$3 million beginning in 1977 and interest will continue to be paid on the outstanding balance of each loan. Somewhat softer terms may have to be negotiated with USSR if western creditors agree to terms comparable to those recently agreed for India, Ghana and others. Under the July agreement the USSR has also agreed to provide 100 million roubles of aid (about \$120 million) for projects in the Fourth Plan (1973-78).

9. The Government then requested that other major donors in France, Germany, Japan, UK and USA also consider rescheduling debt owed to them. An IMF mission, in May 1972, helped the Government prepare a brief for presentation to these countries requesting that debt service payments amounting to about \$13 million for the forthcoming two and a half years be rescheduled. West Germany had, at the request of the Government, agreed to chair the meeting, which was to consider proposals formulated by the Afghan Government.

10. We now understand, however, that the Government feels that the Fund's approach is oriented towards short-term balance of payments relief and might therefore request the Bank to assist in preparing a new proposal with longer term developmental emphasis. Datar made no such request in his meeting with us on September 27 but he might still raise it with you. If he does, I suggest you reply that

- (i) you are pleased with the progress the Afghan Government has made already made on debt rescheduling and look forward to an early agreement with western creditors;
- (ii) as in the past, the Bank will continue to provide staff assistance on improving the debt service reports and also, through its economic reports, to give a developmental perspective to the assessment of Afghanistan's need for external financing.

11. Should he press the question of Bank assistance in preparing a debt rescheduling proposal, you might repeat that we feel that the Fund is the appropriate institution for this exercise and that the Bank is not staffed to handle it effectively. We would, however, use our best efforts with the Fund to insist that the proposals are oriented towards long-term economic development.

Second Visit to Afghanistan

12. In requesting a meeting with you the Minister's aides said this was primarily a courtesy call. They may have in mind to inviting you and Mrs. McNamara to visit Afghanistan again since it is four years since your last visit, and this evidence of your continued interest would give added emphasis to the launching of a new Plan next year. I am not prepared to

OFFICE MEMORANDUM

TO: Files

DATE: November 9, 1972

FROM: Adi J. Davar

SUBJECT: AFGHANISTAN - Meeting between Mr. McNamara and Mr. Shafiq, Minister of Foreign Affairs

1. Mr. McNamara met with Foreign Affairs Minister Shafiq, Ambassador Malikyar and Mr. Rafiq (Counsellor, Foreign Affairs Ministry) on October 13, 1972. Messrs. Benjenk, Votaw, Myint and I were also present.
2. Mr. Shafiq conveyed his Government's deep appreciation of the efforts which the Bank Group was making towards Afghanistan's economic development and the understanding that Bank staff continued to display about his country's problems. He stated that he was very much aware of the problems that the Bank Group was facing as a result of the non-ratification of the Khanabad Irrigation Project, which had been signed in May 1971. However, he stressed the particularly difficult political climate through which Afghanistan was now passing and urged Mr. McNamara to continue to show patience in the matter. Various methods are being considered by the Government to resolve this problem, which involved not only IDA operations but also other external lenders. He was hopeful that the problem would be solved in the coming few months.
3. Mr. McNamara assured Mr. Shafiq that the Bank Group was quite prepared to be patient and understanding of Afghanistan's difficulties, including the one relating to Parliamentary ratification. He offered to provide Mr. Shafiq with an Aide Memoire, which would give examples of how other countries had attempted to resolve similar problems. He felt that this might enable Afghanistan to draw on or distill a solution which might be appropriate to its institutions. Mr. Shafiq stated that he would welcome such a paper. Mr. McNamara pointed out that while IDA would continue to be patient over approved projects and those likely to be approved in coming months, he would hope that Afghanistan would resolve the ratification question in the very near future. His difficulty was that other governments' representatives on the Board would need to be convinced why scarce IDA monies, which Afghanistan was unable to use for long periods because of the ratification problem, should be committed to it and not made available to other countries who would use it in the meantime. Mr. Shafiq appreciated IDA's position and stated he would do all that he could, to resolve the matter.
4. Turning to projects, Mr. Shafiq hoped that the Industrial Development Bank project would be expeditiously advanced, now that the legal problem relating to the Government's guarantee had been solved and a legal opinion confirming the constitutionality of the proposed approach had been sent to IDA. He was somewhat skeptical about the Bank's request that an

President has seen

opinion of the Supreme Court should be sought before the legal regulations involved were promulgated by the Government, since that would create an unhealthy precedent. Mr. McNamara appreciated this point and requested Mr. Benjenk to look into the matter together with Mr. Broches. ^{1/} He assured Mr. Shafiq of our interest in advancing this project expeditiously towards Board approval.

5. Regarding the airport project, Mr. Shafiq stated that discussions had taken place recently with China and Japan, as a result of which the traffic from these countries was expected to use Kabul Airport. Another new traffic corridor would be Kabul-Kathmandu-Dacca. In view of this and similar developments, he hoped that IDA could expeditiously process the airport project. He was assured by Mr. McNamara that that was our intention.

6. Finally, Mr. Shafiq solicited the Bank's support for the UNDP financed Planning Advisory Project, stressing its importance for building-up future Afghan capabilities for planning and implementation of development projects. Mr. McNamara stated that the Bank was quite prepared to be an Executing Agent for the project, but only if he was assured that the team would work closely with the Prime Minister's own office of economic planners. Mr. Shafiq indicated that this should be possible and promised to advance the matter accordingly.

1/ Subsequently Messrs. Broches and Benjenk reviewed the matter, and agreed that the Supreme Court opinion would not be requested. The Regulations and the Minister of Justice's opinion were reviewed and comments were sent to Afghanistan on October 20, 1972, for appropriate consideration and suggestions, through the Resident Representative. A confidential Minutes of the discussion between Mr. Shafiq and Mr. McNamara on the IDBA project ~~was being~~ drafted, and sent to the Resident Representative for checking the wording with Mr. Shafiq. These Confidential Minutes would be put in final and retained in our Legal Files, along with a copy of the covering note forwarding the final Minutes to Mr. Shafiq.

Cleared with and cc: Mr. Votaw

cc: Messrs. Benjenk, Broches, Wapenhans, Ljungh, Gustafson (especially para.4), Meguid (especially para 6), Riley (especially para.6), Haynes, Krishna, Zetterstrom (especially para.5), Noon

cc: Resident Mission in Afghanistan

ADavar:dmc

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 12, 1972

FROM: Gregory B. Vothay (through M. P. Benjenk)

SUBJECT: AFGHANISTAN - Your Meeting with the Foreign Minister

1. Mr. Moussa Shafiq, Foreign Minister of Afghanistan, who is currently in the U.S. to attend the U.N. General Assembly session, will meet with you on Friday, October 13. His Bio-Data is attached for your information. Mr. Shafiq is one of the most influential men in Afghanistan and in the present Cabinet. It is likely that he will be nominated as Prime Minister in the next Cabinet, when formed. He is a strong supporter of Bank involvement in Afghanistan, and you will find him rather well-cued on many Bank activities, besides being a supporter of the Planning Advisory Project.

2. I am attaching a copy of the Briefing Paper (dated September 29) which I had prepared for your meeting with Finance Minister Dawar on October 3, since this will suffice for your meeting with Mr. Shafiq. The two additional points which I would recommend that you raise with Mr. Shafiq are summarized in paragraphs 3 and 4 below. The only political development of note since the September 29 brief is the indication given to you by the Finance Minister that the Cabinet had indeed submitted its resignation to the King on September 24 because of difficulties in carrying out its development program. The King, however, asked the Cabinet to continue in office for the time being and departed for a visit of about one month to Turkey. After his return, a few ministerial changes are anticipated, but a major reorganization of the Cabinet can be expected only after the elections next spring.

The Problem of Parliamentary Ratification

3. While stressing the importance of getting the Khanabad Irrigation Project expeditiously ratified, and our desire also to finalize the live-stock, IDB and airport projects in this fiscal year, you may wish to stress again the need for a solution to the delays created by the complicated procedures for parliamentary ratification of IDA credits and other foreign borrowing. The Bank recognizes that the difficulties with ratification are part of a larger problem of defining the longer term roles of Parliament and Cabinet, and that whatever solution emerges must be reached taking into account the special circumstances in Afghanistan. In this context, however, we have requested that the Legal Department prepare an Aide Memoire outlining the procedures adopted by a number of other countries which have been faced with similar problems. A draft of the note has been prepared but will require further discussion within the Bank before being put into final form. After discussing the need for more timely ratification of IDA credits, you may wish to ask Mr. Shafiq whether he would like the Bank to prepare an Aide Memoire and to indicate that by knowing of the experience of others in dealing with similar problems, Afghanistan might be able to

Khanabad
approved by
ED's 9/21/72
not ratified

October 12, 1972

distill a solution of its own that would eliminate the long delays which now ensue between the signing of a loan and its effective use by Afghanistan.

The Planning Advisory Project

4. Mr. Shafiq is reported to have a strong interest in a UNDP-funded \$1.5 million Planning Advisory Project, with the Bank as executing agency. In August the UNDP requested the Bank to assist in the preparation of the project, and the Bank agreed to send a preparation mission to Afghanistan in mid-September. In September, however, the substantive work of preparing the project was postponed at the request of UNDP officials who expressed concern that the uncertain status of the present Government might make it difficult to reach firm conclusions about the proposed project. At this juncture, it would be useful to seek Mr. Shafiq's confirmation of his Government's strong interest in this project, and to assure him that if the Government continues to be interested, the Bank would be quite prepared to assist in both project preparation and its implementation. Earlier discussions of the project have raised the question of whether the administrative location of the planning advisory effort should be in the office of the Deputy Prime Minister or in the Ministry of Planning. We may wish to emphasize to Mr. Shafiq that whatever the decision on this question, a Planning Advisory Project will not be successful without support of a Prime Minister's office which includes on its staff a group of highly qualified Afghan economists. We might also inquire whether it would be advisable to advance this project now, or await the formation of a new Cabinet after the next elections.

Attachments

NNoon/ADavar:jw

ANNEX

BIOGRAPHICAL DATA

Mohammad Moussa Shafiq (Foreign Minister, Afghanistan): Foreign Minister since June, 1971. Forty-eight years old. B.A. degree in 1955 from Al Azhar University, Cairo in Islamic Law. Studied for two years at Columbia University, New York, and received an MA in comparative law. Deputy Minister of Justice from 1963 to 1966, editor of the Ministry's publication AlFalah, and Director of the Legislative Department of the Ministry. He has also taught on the Faculty of Law and Political Science at Kabul University. Before becoming Foreign Minister, Mr. Shafiq served as Ambassador to Cairo from 1968 to 1971. He speaks Arabic, English and French.

October 15, 1974

Afghanistan: Meeting with Acting Foreign Minister
Waheed Abdullah on October 5, 1974

1. Present: Messrs. Waheed Abdullah (Acting Foreign Minister),
Abdullah Malikyar (Ambassador), McNamara and Köpp.

10/8
Though the meeting was mainly a courtesy call, the Minister expressed great interest in the cooperation between his country and IDA and shared Mr. McNamara's concern that IDA had not been able to lend to Afghanistan as much as both the Government wanted and IDA was prepared to. Mr. McNamara explained that he was very much worried about our future lending program which, in his view, was too thin for FY76 and did hardly include any well identified and prepared project in the fiscal years thereafter. In this connection, Mr. McNamara said that he fully understood the Government's general wish to reduce considerably the number of foreign consultants but emphasized that only 24 consultants were presently working in Afghanistan in connection with IDA projects and that IDA had been, and would be, very careful in recommending only the absolute minimum number of consultants needed for the successful preparation and implementation of projects. The Minister expressed general understanding in this respect.

2. Mr. Köpp asked for the Minister's guidance on how to approach the Government concerning the preparation of projects for later years with the assistance of UNDP or IDA funds. The Minister promised to discuss this matter immediately after his return to Kabul in order to make proposals in this respect during Mr. Köpp's forthcoming visit. Mr. McNamara expressed the hope that ways could be found quickly to fill the operations program for the coming years and asked Mr. Köpp to report to him on his findings in this respect after return from the mission.

Hans-Eberhard Köpp
Division Chief
Country Programs Department I
Europe, Middle East and North Africa Region

cc: Messrs. McNamara (2), Knapp, Benjenk, Paijmans, Wapenhans,
Dubey, Ijichi, Zaman, Köpp

HEK:orp

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 9, 1974

FROM: Munir P. Benjenk, Regional Vice President, EMENA Region *ml*SUBJECT: AFGHANISTAN: Briefing Paper for your meeting
with Mr. Waheed Abdullah,
Acting Minister of Foreign Affairs

1. His Excellency Waheed Abdullah has been in the United States since October 5 to attend the United Nations General Assembly. Your meeting with him is scheduled for 6:30 p.m. on Thursday, October 10 in your office. Mr. Abdullah will be accompanied by His Excellency Abdullah Malikyar, the Afghan Ambassador to the United States.

2. Mr. Abdullah is not directly involved in financial matters or in IDA projects or activities in Afghanistan, but, since he is in effect the Foreign Minister (President Daud being also the Foreign Minister), this would be a good opportunity to obtain his support for IDA operations.

Problems

3. Our lending to their country has always been constrained by the Afghans' inability to identify and prepare enough well-conceived projects to use available development aid effectively. Further, the ~~Government's recent reluctance to use even a minimal number of foreign consultants is resulting in serious delays both in preparing and in implementing various~~ IDA projects. Even though you may express general understanding of the Government's reluctance to employ too many foreign consultants, you might like to emphasize that IDA has requested only the absolute minimum number of consultants; for example, only 24 are now in Afghanistan in connection with IDA projects. You may care to convey our concern over these points and request the Government's cooperation and understanding. *X*

Operations

4. The Second Agricultural Credit project has just been appraised and has an excellent prospect for FY75 lending; it would follow up the First Agricultural Credit project (\$5 million, FY71), which has progressed very well despite its start-up delay. The Power I project for Greater Kabul and the Water Supply and Sewerage project for Kabul proper are being processed with good prospects but whether or not they can be presented to the Board within FY75 still remains to be seen. Preparation for the Logan Airport project has been going on well for FY77, however, whether or not the Education and the Second Livestock projects can stay as scheduled in FY76 now depends on the speed and nature of Government response to our proposals regarding project preparation and future cooperation from the concerned authorities.

Attachment: Biographical data

Cleared with and cc: Messrs. Pajmans, Köpp

JIjichi:csc

*Mr Köpp, Division Chief,
will accompany the minister.*

th

BIOGRAPHICAL DATA

Waheed Abdullah

Born in 1927
Entered Ministry of Foreign Affairs:
1962
Served at Afghan embassies in London,
Tehran and Ankara
Deputy Chief of Protocol: 1969-70
Director of Information: 1970-72
Minister Counsellor of the Embassy in
London: 1972-73
Deputy Foreign Minister: July 1973
to present

Abdullah Malikyar

Born in 1909
Minister of Communications: 1948-50
President, Hillmand Valley Authority:
1953-1962
Minister of Commerce: 1955-57
Minister of Finance: 1957-64
Deputy Prime Minister: 1963-64
Acting Prime Minister: February to
June 1964
Ambassador to UK: 1964-67
Ambassador to USA: 1967 to present

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: July 2, 1976

FROM: Wend von Buelow, Loan Officer, *WvB*
Country Programs Department 1, EMENA RegionSUBJECT: AFGHANISTAN - Meeting with Mr. Mohammad Naim,
Brother and Principal Advisor of
Afghan President Daoud, on June 30, 1976

1. Mr. McNamara met with Mr. Mohammad Naim (Principal Advisor and brother of the President) on June 30; also present were Messrs. Ali Ahmad Khurram (Minister of Planning), Abdullah Malikyar (Ambassador), Sammad Ghaus (Director of Foreign Affairs), Abdul Ali Sulieman (Deputy Chief of Protocol), Ahmad Nasser Ziaayee (Secretariat, Ministry of Foreign Affairs), Wapenhans and von Buelow.

2. Mr. Naim explained the particular situation of his country which was lacking know-how and capital to make use of available natural resources. The Government would seek assistance for developing agriculture, the most important sector of the economy and for exploiting the country's mineral resources such as the Hajigak iron ore mine. Mr. Naim emphasized the high quality of the Hajigak iron ore mine with 65 percent ore content and estimated reserves of about 18 billion tons. He confirmed that arrangements with Iran would provide for the construction of a 1,000 km railway network which would allow the country to export the ore to the neighboring countries. In the long run, processing the ore in a local plant to be constructed was considered. He also noted that the Government viewed this project as one of the most important projects for the future of the country and that his Government was turning to the Bank for assistance, eventually in the form of the Bank helping to establish a consortium for the financing of the project.

3. Mr. McNamara noted the strengthening of the Bank's relationship with Afghanistan during recent years culminating in a record lending of \$35 million in FY76 of which a substantial share was for agriculture. As to the development of the iron ore mine he emphasized the need for a thorough study of the project and confirmed that the Bank was preparing terms of reference to be discussed and finalized during a planned Bank mission to Afghanistan in late summer 1976. He also expressed concern about the various difficulties that had to be overcome and the complexity of the project. He assured Mr. Naim that the Bank would carefully explore possibilities of how to be of assistance and requested the Region to keep him informed about the findings of the planned mission.

4. The discussion briefly turned to future export possibilities for agricultural and animal products, and Mr. Naim reported about efforts to increase exports and to extend trade with technical assistance from the US Commerce Department. Mr. Khurram expressed satisfaction that the Bank's present project pipeline included a fruit and vegetable project and confirmed the high priority attached to this project by his Government.

Cleared with and cc: Mr. Wapenhans

cc: Messrs. McNamara (2), Knapp, Paijmans (o/r), Knox, Dubey, Kavalsky,
Imam, Ijichi, Tsantis, Köpp, Cash, Frank

WvonBuelow:cg

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
 THROUGH: Mr. Wapenhans, Regional Vice President, EMENA Region
 FROM: Martijn J.W.M. Paijmans, Director, Country Programs Department 1, EMENA Region
 SUBJECT: Afghanistan: Briefing Paper for Your Meeting With Mr. Mohammad Naim, Brother and Principal Advisor of Afghan President Daoud

DATE: June 23, 1976

1. Mr. Mohammad Naim, brother and principal advisor of Afghan President Daoud, will be visiting Washington from June 28 to July 2 as the guest of the United States Government. Meetings are scheduled with President Ford and Secretary Kissinger, among other officials. Your meeting with him is scheduled for 6:30 p.m. on Wednesday, June 30 in your office. Mr. Naim will be accompanied by Mr. Khurram, Minister of Planning and principal counterpart in our operational work and, possibly Ambassador Malikyar. (Biographical data are attached in Annex I.) Messrs. Wapenhans and von Buelow will also attend.

General Relations

2. Our relations with Afghanistan are quite good at the moment as demonstrated during recent visits to the country by Messrs. Paijmans and Knox, and we do make some progress with time in this least developed, land-locked and politically somewhat isolated country. The Government clearly understands our preoccupation with the country and our preparedness to provide them with unbiased advice as witnessed by recent discussions and reactions and more importantly by a number of positive decisions recently taken by the Cabinet on a number of project-related issues. We are also starting to gain access to a broader number of government authorities -- such as Mr. Naim who discussed recently with Mr. Paijmans -- in an environment where the Government otherwise still isolates itself very much from outside influences.

3. The Government is presently finalizing a very ambitious 7-year plan which will require extensive foreign assistance. We expect to contribute to the Government's development efforts by providing financial and technical assistance, partially in cooperation with other donors.

4. Our lending to Afghanistan has sharply increased during the last years with a record lending in FY76 of \$35 million for 3 operations.* We intend to continue our lending on approximately this level on the assumption that there is demonstrated absorptive capacity for sound projects. We follow this matter closely. Projects in preparation for Board approval in FY77 are for education, irrigation and agricultural credit. Chances for financing the construction of a new airport near Kabul look dim in view of the high total costs involved (about \$42 million) and the lack of co-financing partners.

*Record of past lending see Annex II.

Purpose of Visit

5. Mr. Naim intends to discuss with you mainly the development of the Hajigak Iron Ore Mine and the construction of a related steel plant. The Government views this project as one of the most important projects for the future of the country. It has furthermore made it clear, through Mr. Naim, that it needs objective advice and therefore is turning to the Bank for assistance, eventually in the form of the Bank establishing in the future a consortium for the financing of the project. Mr. Naim has stated that Afghanistan hopes that you would be favorable to Afghanistan's request, "not only in your official position as President of the World Bank but also from the point of view of your broad political and business experience which would give you sympathetic understanding of Afghanistan's situation".

6. The cost of such a project would be huge (about \$1 billion or more for the steel plant alone) and there must be doubts -- shared by at least one Cabinet Minister -- whether it could ever become viable, mainly in view of the difficulties in mining in mountainous terrain at high altitudes (3200-4200 m), with difficult access to the deposit, the high cost of building a railway line to Iran (for which a feasibility study is underway with Iranian assistance), the substantial cost of transporting the steel and/or iron ore over long distances to neighboring countries and the rather uncertain market prospects. Our reaction has been very cautious but also such that it would not alienate the Government now that it genuinely turns -- at its highest levels -- to the Bank for advice. Our response has therefore been that a full review of the feasibility of the project should first be undertaken; so far, very little, if anything at all, seems to have been done to that effect by the Afghans. We have also explained that IDA funds are so limited that IDA would be an inappropriate source of funds for such a project. The most we would be able to do at this stage would be to assist the Government in drawing up terms of reference for a comprehensive feasibility study (to be financed from other sources). We are presently working on such terms of reference and are planning to send a small mission to Afghanistan later this summer to discuss and finalize them.

Attachment

cc: Mr. Knapp

Cl. with and cc: Mr. Köpp

cc: Mr. McNamara's office (2), Mr. Knox, Mr. Cash, Mr. Yoon

WvonBuelow/MPaijmans:orp

Biographical Data

Mohammad Naim

Born 1910 in Kabul
Completed studies in lycee Habibia and
lycee Esteklal (Afghanistan)

Became Director General for Political
Affairs in the Ministry of
Foreign Affairs in 1930

Envoy Extraordinary and Minister
Plenipotentiary in Rome, 1932

First Deputy Foreign Minister in 1933

Minister of Education in 1937 and
subsequently appointed
Deputy Prime Minister, holding
both posts jointly

Envoy Extraordinary and Minister
Plenipotentiary in London in 1946

Ambassador of Afghanistan in Washington
for almost two years in 1951/52

Second Deputy Prime Minister and Minister
for Foreign Affairs when Mr. Mohammad Daoud
was Prime Minister (1953-1963)

Following the military coup in 1973 Special
Envoy of President Daoud visiting following
countries: USSR, India, Iraq, Libya, Algeria,
Egypt, Saudi Arabia, Iran, People's Republic
of China, Japan, Kuwait and Nepal.

Biographical Data

Ali Ahmed Khurram

Master's Degree from the United States

Appointment as a civil servant in the
Ministry of Planning

Military Service

Acting Director of the Secretariat
and Director of Manpower Section

Acting President of the Planning Department

Deputy Minister of Planning 1972-74

Minister of Planning since July 1974

Abdullah Malikyar

Born 1909

Minister of Communications: 1948-50

President, Hillmand Valley Authority: 1953-62

Minister of Commerce: 1955-57

Minister of Finance: 1957-64

Deputy Prime Minister: 1963-64

Acting Prime Minister: February to June 1964

Ambassador to UK: 1964-67

Ambassador to USA: 1967--present

ANNEX II

IDA COMMITMENTS TO AFGHANISTAN

	<u>FY65</u>	<u>FY66-68</u>	<u>FY69</u>	<u>FY70</u>	<u>FY71</u>	<u>FY72</u>	<u>FY73</u>	<u>FY74</u>	<u>FY75</u>	<u>FY76</u>	Total to date Net of Cancellation	Planned FY77
Agricultural Credit I				5.0							5.0	
Agricultural Credit II									13.0		13.0	
Agricultural Credit III												7.0
Khanabad Irrigation I					5.0						5.0	
Khanabad Supplementary										10.0	10.0	
Khanabad Irrigation II												14.0
Livestock I							9.0				9.0	
Livestock II										15.0	15.0	
Education I	3.5 ^{1/}											
Education II												6.0
Industrial Development Bank							2.0				2.0	
Roads I			5.0								5.0	
Roads II								11.5			11.5	
Aviation I							2.5				2.5	
Power I										10.0	10.0	
Kabul Water Supply									9.0		9.0	
Total	3.5 ^{1/}	--	5.0	5.0	5.0	--	13.5	11.5	22.0	35.0	97.0	27.0
No. of Operations	1	--	1	1	1	--	3	1	2	3	12	3

1/ Cancelled in 1970.

Europe, Middle East and North Africa Region
Country Programs Department 1
Division 1D
June 23, 1976

OFFICE MEMORANDUM

TO: Memorandum for the Record

FROM: Hans-Eberhard Köpp, Division Chief, Country
Programs Department 1, EMENA Region

SUBJECT: Afghanistan: Farewell Meeting with
Afghan Ambassador

DATE: April 26, 1977

On April 15 Mr. McNamara met with the Afghan Ambassador Mr. Abdullah Malikyar who came to see him to say goodbye and to express his great appreciation for the work of the Management and the Staff of the World Bank.

Mr. Malikyar is expected to take up the post of Afghan Ambassador to Iran.

cc: Mr. Burmester (2)

HEKöpp:orp