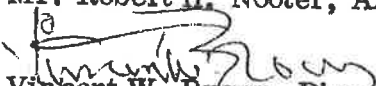


UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. Robert H. Nooter, AA/NESA - AID/W

DATE: April 9, 1975

FROM :   
Vincent W. Brown, Director, USAID/Afghanistan

SUBJECT: Revised Project Paper on Helmand Valley Drainage Upgrading

As you know, we produced the February Project Paper for an assistance project on Helmand Valley Drainage under a tight deadline. Because of the deadline, that paper was sketchy in explaining some of the concepts we had in mind and presented relatively little of the large amount of data about the valley which we know in aggregate, though admittedly often not in detail. However, most of what we submitted in the original paper is still, in our view, sound. At the same time, we recognize that a more explicit description of the underlying approach needs to be made since not everyone reviewing the project proposal will have read our DAP. We also recognize that we were unclear in our exposition of the relationship between Phase I and Phase II of the proposed assistance.

In light of the AID/W discussions on the first Project Paper and our own recognition of its deficiencies, we saw the need to submit a completely new document which is, we think, sufficiently responsive to meet AID/W concerns over the first paper. We have not tried to answer every question raised during the two decades of U.S. involvement in the Valley. However, for the reviewer who reads this paper, and our DAP, and who refers to the more recent documents on the U.S. experience in the Helmand Valley,<sup>1/</sup> we believe that the limited, but action oriented, experimental effort proposed is adequately justified as a practical way of solving a real problem.

1/ See: A Survey of the Helmand Arghandab Valley Region. English version by L. Mitchell and D. Garner, February 1975; Helmand-Arghandab Valley - General Overview, Project Areas, Past and Present Irrigation, Cost Estimates for Completion, by Sanford Caudill, Irrigation and Planning Advisor, USAID/Kabul, December 1974; Audit Report, Comprehensive Review of United States Assistance in the Helmand-Arghandab Valley Region (HAVR), Afghanistan, October 31, 1972, Office of the Auditor General, Area Auditor General - Near East, AID; Sector Analysis, Helmand-Arghandab Valley Region, An Analysis by Lloyd Baron and a Project Proposal by David Levintow, February 1973.



In the latter half of this memorandum we have tried to respond briefly to the queries posed in the outgoing cable (State 059802), Handley's memorandum to Al White dated March 7, 1975, and Bobel's memorandum to Handley dated March 3, 1975. We also make reference to the more detailed discussions of these points which are contained in the revised Project Paper.

Criticisms -- Need more details on past U.S. experiences in HAV. Evaluation plan is not well presented and it is not clear what is meant to be the relation between Phase I and Phase II.

In this as in all our proposed new projects we are trying to follow the general tactical approach outlined in our just-submitted and approved DAP. We view the net result of U.S. assistance to date in the Helmand-Arghandab Valley to have been a considerable success as attested by production figures, although very painfully achieved. Painful in the sense that past relations have not always been good, and that many things were poorly handled both by the American advisors and by the Afghans. Particularly a problem in the past was that we often asked and the Afghans promised, frequently under pressure from us, the unachievable. That is, the two sides were often in fact working for different objectives. Drainage is a useful case in point. In the past the GOA's short range concern with bringing new land under the command of irrigation so that they settle more landless families resulted in their having little concern with drainage. On the other hand, the U.S. with a longer range concern about a balanced project continually voiced a concern over installing adequate drains often to the irritation of the Afghans. However, the project now being proposed is one initiated and pushed strongly by the Afghan Government itself because it now feels it is time to address the salinization problem in the Helmand. It has not only stressed to us orally, but through its actions, the very high priority it attaches to solving this crucial problem. This latter point is vital to the success of the project.

Our desire is to define a realistic and jointly agreed upon set of objectives and to establish a new and more businesslike relationship. We view the very limited Phase I as a laboratory in which to establish this relationship prior to proceeding with a Phase II proposal for the requested longer term assistance effort. Phase I is a testing and a demonstration phase for Americans and Afghans. (See Sections I and II for more detail.) We have

consciously avoided trying to incorporate other activities needed, but not clearly defined as Afghan priorities, to avoid again working for separate objectives.

The original project proposal, as noted in State 059802, did not adequately define an evaluation plan. We have provided in the revised paper a specific plan and the criteria for deciding whether to proceed with a Phase II proposal or not. USAID/A in conjunction with AID/W and HAVA will judge progress on each of 10 items before recommending action on Phase II (see Section IV A). We believe this evaluation plan is fully adequate but because of the importance we attach to it would be pleased to receive Washington's suggestions for improvements.

Criticisms -- Beneficiaries are not well defined and large landowners/chiefs (khans) will receive all the benefits. Subsidies for on-farm drains construction should be biased toward the poor.

The noting that the original paper did not adequately address who the beneficiaries would be is a valid criticism. In the revised paper we have shown that in Phase I beneficiaries will be, for the most part, poor, small landowners who were formerly landless tenants or laborers and were given land in GOA re-settlement efforts (see Section III C).

We have scheduled a more exhaustive report on overall beneficiaries for October-November, 1975 as shown on the Schedule of Events for Phase I, in Section II D.

The assertion contained in one of the referenced papers -- that large khans will receive all the benefits -- is a specious one. Such a situation is not inferred even vaguely from the original proposal. Moreover, it is well known (see the 1970 Farm Economic Survey done by Gerry Owens) that the vast majority of the farms in the HAV are small and owner operated.

HAVA will involve itself in specifying exact location and design of farm drains. The precise mechanism for reimbursing farmers for their work on drains remains to be developed. Given heavy predominance of poor settlers in Phase I areas we are recommending 70 percent reimbursement for farm drain construction (Section III C). We believe the actual method

used by HAVA in paying farmers should be HAVA's responsibility. We will expect to concur in the method and monitor to satisfy ourselves that farmers are receiving payment.

Criticisms -- Fixed Amount Reimbursement (FAR) may not be the best approach for the proposed task. The U.S. is going to be responsible for over-seeing the drainage canal construction.

We feel it is essential to avoid having the Americans do the work. In the revised paper we have downgraded the responsibility of American technicians in the construction process, restricting their role to monitoring. This reduces the number of technicians. The involvement in the first paper was overdone.

To establish the relationship we want, we believe the fixed amount reimbursement technique will be very useful. Using this approach, our money will not be at risk while HAVA works out its implementation problems. The HAVA will have the carrot of U.S. funds and the stick of loss of those funds to encourage it to decide to take the necessary actions. We hope by the end of Phase I we will see establishment and testing of appropriate standards and criteria, as well as a decided change in relationships as we did in Phase I of the Rural Works project (see Sections I and II).

Criticism -- The environmental effects, specifically downstream salt content of the Helmand River waters, are inadequately addressed.

Tests by HAVA indicate that the salt added downstream from the project areas will result in water that is still first-class irrigation water. The quality of the water leaving the project area after completion of the project, and when mixed with the river water, will only contain an estimated 303 parts per million of salt which is well within accepted U.S. standards for Class I irrigation water. Therefore, we are confident that the proposed project will result in water of such quality that it will not adversely affect the environment for the areas below Darweshan (see Appendix A).

Criticisms -- Maintenance of the drainage system is not adequately addressed.

The drains have a relatively long expected lifetime, 5 - 15 years, without maintenance (the major maintenance need is weed removal). Over time, a better equipped HAVA aided by HACU and increased budgetary resources, should step up this effort and render it more effective. Construction of the drains is economically worthwhile even with the maintenance process remaining as it is. Rather than burden the project with another element of U.S. demand for change (a better maintenance procedure), we have chosen to proceed with an effort which provides an excellent benefit cost ratio unto itself (see Section II D for a fuller discussion).

Criticism -- Since HAVA does not impose a significant charge for the services it provides, there is a need for a perpetual "subsidy" to HAVA. Water use charges should be made.

Water charges would probably aid in improving the efficiency of water use. However, there is a deep cultural/religious objection to charging for water and such charges would also involve fairly complex administrative procedures. The Afghan Government is not prepared at this time to undertake a program of water charges although many officials agree in the abstract that such charges are desirable.

The GOA does not view its budgetary allocations as a "subsidy" to HAVA. Rather, the Afghan view is that the services provided by HAVA are normal governmental services for the people. Since its tax structure is such that Government revenues come disproportionately from the middle and upper classes, the allocation of central Government funds to provide services to the rural poor does have something of a desirable wealth redistribution aspect (see Section III E).

USAID/A agrees with the Government that HAVA would be severely burdened in trying to administer water charges particularly in the face of a hostile public reaction. We do not believe it would be constructive for the U.S. to insist on change in this area where the Government feels constrained. (See our discussion on Phase III in the paper.) Recently, HAVA submitted to the Central Government a plan for fixed annual taxes to be collected on irrigated land. In time attitudes toward direct financing of HAVA may change.

Criticism -- The project paper does not adequately address ways of improving water use. The project paper is vague on what is planned for irrigation control structures and on the intended farmer education program for water use. The management/allocation of water is inadequately addressed.

The entire subject of water use/management, including water charges discussed above, should be addressed and an improved system evolved. However, improvements in this area are difficult to achieve administratively and culturally. Moreover, the Afghan Government, at this time, has not decided that it can undertake major reforms in this area. Overall improvements in the water input side will require years to achieve because systems must be developed which are consistent with Islam and traditional practices in Afghanistan, after which a long user-education effort must be undertaken.

The salinization problem is immediate. Improved drains will result in production benefits justifying the cost of constructing the drains even without improvements on the water use side. The benefits will occur very soon after construction of the drains. The drain system once constructed is largely passive, except for limited and rather infrequent maintenance requirements, and does not require complex administrative or educational programs to implement. Thus, HAVA can administer a drainage system. And, most importantly, only better drainage structures can solve the salinization difficulties in the Helmand project areas.

The revised Project Paper addresses only the clearly needed, relatively straightforward, difficult but manageable, task of improving the drainage system. It is not clear to us either that the U.S. wants to get involved in the multi-year task of assisting the Afghans in rationalizing water use. Nor is it yet clear that, if we chose to become involved, we would achieve anything other than the previous state of affairs in the Helmand -- that is, the U.S. asking the Afghans to do what the Afghans feel they are not ready to do, either politically or administratively. It is clear that we do not wish to recreate that situation in the Valley.

Our recommendation, on further reflection, is that the subject of water inputs including irrigation structures in the project area be deferred for the purposes of the Project Paper on Phase I. We would welcome AID/W provision during

the next year of a team or teams to consult with the Mission and the Afghan Government about possible future assistance in this area. We are not particularly sanguine, as noted above, that both useful and feasible proposals for assistance will come from the consultation, but water use is an important problem area and it may be that fresh views will provide useful action ideas. (See the discussion on Phase III in the paper.)

Regarding approval for Phase I, we do not believe that it is necessary that the proposed activities in drainage be tied to the results of investigations of ways to better utilize irrigation water.

Criticism -- Before consideration can be given to an AID loan for equipment, the HAVA/HACU equipment maintenance and use system needs to be adequately addressed.

We agree. Provisions have been made to examine this area during Phase I as a prerequisite to considering an equipment loan for Phase II (see Section IV C). (It should be noted that in the past the Helmand Valley Construction Unit /HACU/ - a government corporation - has operated with considerable effectiveness.)

We seek AID/W approval for an early (FY 1975) start on a straightforward action oriented experimental project which we hope will provide us entry -- through a collaborative attack on a real problem -- to a new and better relationship with the Afghans with respect to one of their more hopeful development aspirations. That new relationship is called for in our current legislation and clearly anticipated in our DAP.