PPC/DPRE, Mr. Arthur Handly — March 3, 1975

PPC/DPRE/PR, Ronald E. Bobel (s)

Afghanistan - Helmand Valley Drainage and Irrigation Improvement - PP

The Project Paper for the propsed $1 million grant was discussed at at a NESA Bureau meeting on Friday, February 28. Although the paper was approved by the Bureau, serious issues remain which make further AID support of the Helmand Valley program highly questionable on development grounds. The major issues concern the lack of proper water management, the lack of adequate w user charges, and a lack of focus on project beneficiaries.

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Water Management - This problem has been widely recognized in audit and sector analysis documents. The general conclusions of these reports are that the lack of proper water management is a major obstacle to the achievement of an efficient irrigation project. As a result many farmers use excessive amounts of water, thereby producing serious drainage problems with consequential waterlogging and salinization, while other farmers lack sufficient water for their crop needs. Little effort has been made to demonstrate to farmers the advantages to them of good water management.

The project paper recognizes the problem and indicates that "the project plan calls for rehabilitation of the control system ... the project also would provide for irrigation plans to be set up. The plan would determine the water needs for each farm and irrigation schedules would be laid down in such a manner that they would have to be followed ... A program of education and training to teach the farmers when and how to irrigate will be necessary.

If the intentions outlined were followed a principal constraint would be removed. However, care should be taken that the plan is completed and put into effect and the education and training programs are devised and implemented. If commitments of this nature are too sensitive for inclusion in the project agreement then some sort of letter of understanding should be requested. As it now stands there is no mention of how the necessary proposed actions will be put into effect.

<u>User Charges for Services</u> - Closely related to the water management question is that of user charges for services. If a farmer knows that he has to pay little or nothing for the water he uses, he will have no incentive to use water efficiently. In addition, the present system of (1) nominal or no charge for delivery of water to farmers, (2) nominal or no charge for operations and maintenance and (3) nominal land assessments (one report indicates that per hectare assessments should be increased from 12¢ to $5.30) means that the program will never become self-sustaining. HAVA, the Valley authority, must relay on GOA yearly budgetary allocations and assistance from foreign donors in order to provide services which should be paid from the increased production attributable to the irrigation system. An audit report conclusion succinctly summarizes the situation. "Until a realistic system of self-support is worked out by the RGA and HAVA, the U.S. is not really benefitting the country ... as long as we remain the RGA will look to us and defer needed self action."

The Bureau and USAID plan no requirement concerning user charges, it being pointed out that people who raise questions of this nature do so in ignorance of Afghan culture. Such a rationale is inadequate and it makes little sense to provide AID development assistance in absence of acceptable user-charges.

<u>Project Beneficiaries</u> - The analysis of beneficiaries is contained on one page and is hardly sufficient for a determination of target groups. Mention is made that "although farmers in the vally are mostly landowners and operators there are numerous forms of sharecropping practiced ... Generally the region consists of a large number of small landowners (5-15 acres) with a few large landowners, Khans (2 - 400 acres) mixed in. The <u>Khans</u> generally dominate the water distribution systems." Questions unanswered include the following: What are the sharecropping arrangements in terms of rent or percentage of crop provided to landowner? What percentage of irrigated land is owned by farmers considered large? The latter might be supplemented by a profile of the farm population including landowners broken down by size of holding, sharecroppers and laborers.

General by area - FES

Depends on areas worked

It is apparent that the project was prepared quickly to meet a commitment that we be responsive to Afghan requests for FY '75 funding. However, the response was hasty and the project paper prepared in two weeks with no real negotiations or analysis concerning critical issues. To move forward with this project as it stands would not only lower Agency standards in this case but would set the tone for proposed future funding. In this regard, it should be clearly understood that Phase II calls for a program with a project life of four to five years with a projected cost of $18 to $19 million, approximately $14 million of which would come from U.S. loans and grants. Furthermore, a second project for FY '75 funding calls for Soil and Water Resource Surveys out of which would come further projects.

Finally, it should be noted that the USAID proceeded directly to a project paper with no prior documents prepared for AID/W review.

cc: AA/PPC, A. Shakow
    PPC/RC, E. Griffel
    PPC/PDA, J. Eriksson
    TA/RD, C. Blankstein