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AGENCY FOR INTERNATIONAL DEVELOPMENT

KABUL ~~MINISTRY OF ECONOMICS~~ AFGHANISTAN

MEMORANDUM OF CONVERSATION

June 8, 1976

DATE OF MEETING: _____

SUBJECT: Meeting with Governor Sherzai Place of Meeting: Lashkar Gah

PARTICIPANTS: Governor Sherzai, Messrs. Zafari, Aman, Shuja,*
Rashid, Hayaq, Morshidi and Aziz Gul
Messrs. Nooter, Knoll, Brown, Barbour,
Stone, Geter, Thompson, Roth, Tangeo

COPIES TO: AMB, D, DD, DP (3), RD (8), CDE, C&R (2),
ECON (2), AA/NE, NE/NENA (2)

Mr. Brown opened the meeting by stating that he was delighted to be in the Valley again and especially pleased because Mr. Nooter was also present. He observed that Mr. Nooter could be called one of the fathers of the drainage project. The Governor replied that if Mr. Nooter was the father, he, Governor Sherzai, was at least one of the uncles.

Mr. Nooter recalled meeting the Governor 1½ years ago to discuss the establishment of a new project in the Helmand Valley. The Governor was newly assigned and Mr. Nooter was even newer in his knowledge of the project. It was concluded at that meeting that the project had considerable potential for Afghanistan's development. In all frankness, Mr. Nooter said, it must be admitted that for various historic reasons some people in AID/W had had serious doubts about the project. Whatever past problems were, however, Mr. Nooter believed they could be overcome and that the key to success of the project was not as much technology as it was the character and drive of the people on both sides who would make the project work.

Based on that original assessment, it had been agreed that the project would be developed on a step-by-step basis. It is extremely gratifying to see the progress made to date. Mr. Nooter said he understood there had been some obstacles along the way but they are being overcome and the project is proceeding well. For example, he understood that design work was moving ahead at a rate ahead of the construction work. The construction work of HCC was also going along quite well given the limitation under which they had to operate. Most important, a team spirit has emerged from both

* Mr. Shuja served as interpreter during the meeting.

DRAFTING OFFICER: RD: EJB/Barbour/DD: FBS/ghanfr

DATE OF PREPARATION: June 13, 1976

CLEARANCE: D: VW Brown

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sides which appears to be extremely effective.

Nooter

On the basis of his brief observations, Mr. Nooter said he saw two problems to be solved. The first one of immediate concern was the problem of employing hand labor on the construction of farm drains. This is a relatively new problem going back only one or two months, but it is important that it be resolved so that the project can expand in scope.

The second, which is of longer range, is the problem of maintaining the improved drainage system. On the whole, his impression was that things were going extremely well and he was very satisfied with the project. He then asked the Governor for his impressions of the project.

Governor

The Governor thanked Mr. Nooter for his comments, particularly considering his role as father or "uncle" of the project. The Governor agreed that the survey and design work was on schedule. If this work needed to be speeded up, the Governor said, he could get the personnel needed. Both Afghanistan and American technical staff say that the main drains should be done first, so that farm drains can empty efficiently. Construction or improvement of main drains requires heavy equipment. The Governor said that he knew both Mr. Nooter and Mr. Brown knew HCC's problem with heavy equipment; certain project commodities are not yet available for main drain construction, even though it was hoped that the equipment would be here by now. Both parties have had problems and are aware of them. This means we have to find solutions. Under Mr. Brown's leadership, AID has been extremely cooperative and hard working, and very good relations between HAVA and AID now exist. In connection with the two problems mentioned by Mr. Nooter, the Governor said he would like to know Mr. Nooter's views on the solution of the labor problem.

Nooter

Mr. Nooter said he would like to explain first about the status of the financing of the project. Originally, very limited funds were made available for Phase I. One of the Phase I purposes was to demonstrate whether a larger project would be successful. Also provided was an evaluation of Phase I before proceeding to a larger phase. A Phase II would include substantial amounts of heavy equipment needed by HCC to do principally the main drain work. Mr. Nooter said he understood the problem on long delivery times for equipment, but AID's ability to proceed to Phase II depends on a successful evaluation of Phase I. While construction is a little behind schedule in general, progress on design and main drain work gives evidence that Phase II could be successful. However, availability of hand labor and farm drain construction progress might raise a question in the minds of the evaluation team. He said he had no particular system to recommend, but he thought that the mechanics should be worked out in order to handle five, six or seven thousand laborers in a few years.

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Nooter
Mr. Nooter said he could not speak for the evaluation team, which was an independent group arriving in July, but that the team might conclude that the progress demonstrated on Phase I has been satisfactory and that Phase II could begin. On the other hand, the team might decide that it would have to wait until the question of farm drain labor had been successfully solved before going on to Phase II. If the latter view prevailed, then the project could be delayed.

Contractors
In response, the Governor said there had been some confusion in figuring the amount of daily work accomplished by hand labor. The Letter of Understanding specified that the first use of hand labor would be experimental and that unit costs would be calculated on the basis of that experience. On that basis, a plan to manage large numbers of hand laborers had been designed and is about to be put into operation. However, the laborers have figured their pay and profit, and there is a considerable gap between HAVA's figures and theirs. HAVA is now examining the gap. Preliminary calculations indicate that the laborers' figure is closer to actual cost. This confusion over pay rates has caused a delay in hiring, but since the first phase segment was experimental, the Governor believes that the difference will soon be resolved so that the hand labor work can be speeded up.

Mr. Brown said he understood that a problem was caused by GOA regulations which made it difficult for HAVA to hire large number of laborers. He asked whether these regulations could be changed and if such changes were desirable.

The Governor said that the Central Government would find a solution to this problem and that it would not slow down the work. The cost per unit is one of the main causes for delay. He said they had ordered work to be continued (on the lower unit cost figure) but that he now realized that this was a mistake. He emphasized, however, that GOA regulations were not an insurmountable problem, and that Mr. Morshidi had promised to bring the matter to the attention of the proper authorities in the Ministry of Planning.

Mr. Nooter said the hand labor problem was fairly recent and it was understandable that a solution had not yet been found. He believed, however, that a solution was important for the success of the project.

The Governor said that the fact that it was harvest time had also slowed work down somewhat but that within two or three weeks the harvesting would be over. Mr. Nooter emphasized that the next 30 to 45 days were important and that delays during that period could cause as much as six months' delay in starting Phase II. The Governor promised that HAVA would do its best to solve the problem speedily.

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Mr. Nooter asked if the Governor had any thoughts on the longer range problem of maintenance. The Governor replied that he had written and spoken to the Central Government about HAVA's O&M problem. This function could be in HCC or in HAVA, but personnel and equipment were needed to do the maintenance work. He believed that the main need was for heavy equipment. In any case, the Central Government knows of the problem and the decision will be made by Mr. Mohammadi of WAPA.

Mr. Nooter asked about the HAVA/WAPA relationship and was told that HAVA was under WAPA's authority. Mr. Nooter then said that the HAVA/HCC relationship had changed and asked if the Governor saw any problems in the present relationship. The Governor explained that although its ability was limited, HCC did all it could for HAVA. When HCC gets more equipment, it will be able to do more.

Mr. Nooter asked if the Master Drainage Plan had been discussed with HAVA. Mr. Shuja said that an earlier plan had been discussed but he understood that a newer plan had been developed and this he had not yet seen. Mr. Brown explained that the number of drag lines appearing in the new plan had been calculated on the basis of the amount of work (m) to be done, but that the matter had not been discussed with Mr. Aman.

Mr. Aman clarified the HAVA/HCC relationship. He said that HCC's status has changed but that WAPA is the sponsor and majority share holder of HCC and that the Helmand Valley work continues to have first priority in HCC. The legal status of HCC has changed but not its priorities. Mr. Aman said there had been some discussion on needed equipment with Mr. Anderson and a preliminary list drawn up based upon the following volume of work to be done over three year; 196 kms of main drains to be constructed; 100 kms of main drains to be improved, and 1740 kms of farm drains to be constructed. This totalled approximately four million cubic meters of excavation. Mr. Aman explained that these were his own calculations, but that he had not yet seen the new Master Plan which had been prepared with AID assistance. Mr. Shuja promised that HAVA would consult with SCS and update all of the plans drawn to date.

Mr. Nooter said that he had heard some discussion that HAVA believed the answer to the farm drain problem was more machinery. AID's estimates show that labor is both cheaper and more beneficial to farmers. He asked the Governor to what extent he shared this view. The Governor said he wanted to speed the work up; there have been problems using hand labor. HAVA is now experimenting with a mix of hand and machine work but, above all, was anxious to speed up the work. He recalled that Dr. Wheeler had suggested that backhoes could speed up the hand work. HAVA has also been trying rippers and otherwise considering all possible ways to speed work up; of course, cost considerations also had

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to be taken into account. Mr. Nooter added that benefits to farmers should also be considered. The Governor said that HAVA plans to use hand and machine work together using the machines, e. g., a ripper, to help hand labor excavate more quickly. They are searching for the most efficient way.

Mr. Nooter asked if the Governor had any other problems to discuss with him. The Governor said that the GOA's American friends knew its problems and he was anxious to do anything to complete the project thereby helping the farmers and the country generally. He pointed out that the loss of one cotton harvest would equal a large amount of machinery. The main thing, he said, is to speed up the work. The sooner it is done, the greater the benefits which will result. The frame work of the irrigation system in the Helmand Valley is already in place. U. S. assistance will not only help the Helmand Valley but Afghanistan's economy generally. The Governor said that he had challenged all other irrigation projects under WAPA to show better results than the Helmand Valley and he hoped that the United States would stand firm with him. Mr. Nooter said he agreed with the Governor on the value and potential of the project, and also with his desire to speed up the work. In order to do this, the evaluation team must be convinced that all of the problems are solvable. A negative evaluation, or one calling for a delay before proceeding to Phase II would tie his hands. A positive result would permit forward movement. The farm labor problem may be the key to this evaluation; the solution of the farm labor problem should be the immediate objective, thereby permitting movement ahead to Phase II and large scale financing. The Governor expressed doubt that anybody can tie Mr. Nooter's hands. Mr. Nooter replied that, as the Governor knows, all bureaucracies have their obstacles. Mr. Shuja pointed out that the Kandahar area was a part of HAVA's geographical responsibility and recalled that the Bureau of Reclamation recommended HAVA working in the Kandahar area. The Central Government is constantly receiving petitions from farmers in the Kandahar area for irrigation and drainage work needed. He hoped that it would be possible for the project to move into the Kandahar area as well as continuing work in the Helmand area. Mr. Nooter replied that he could not comment on the irrigation aspects but that it would be advisable for Mr. Geter and his people to prepare a technical report on the subject. With regard to Kandahar, he believed that the need was to get the current project underway first and that efforts should not be diverted from that purpose. He was under the impression that Kandahar farms were generally more prosperous and, therefore, not as appropriate targets for AID's assistance as those in the Helmand area. However, he said that it might be possible to discuss this in the future when our people could get more information on the problems. If drainage problems exist in the Kandahar area, they should be solved.

The meeting concluded with photographs being taken of the Governor and Mr. Brown signing Letters of Understanding Nos. 8 and 9.