

18 December 2010

Helmand Follow Up XXXII

Support for Cotton in Central Helmand This Year?

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Another Study and No Action:

The farmers of central Helmand have been asking for much needed help with their cotton industry for more than 10 years. So after a decade, our response is a feasibility study? The study (for details see Addendum) will include the cotton industry not only of Helmand but for all Afghanistan's cotton producing areas. Even if the one month study is positive, it will delay any possible effective action for yet another crop year, and action is needed NOW. We already have a track record of mistimed, misdirected, ineffective but costly projects over the past ten years in Helmand. And where we have a real chance for positive action on this obvious need, instead we do another expensive study. As previously noted in Helmand Follow Up XXXI, the critical time for real action was in November/December 2010 when the cotton gin begins paying for cotton deliveries. That time is NOW and it is STILL not too late to ACT. Begin with a dialogue between farmers and gin managers (i.e., Afghan government) about increasing cotton production and prices. Promise and deliver real support through a continuing cotton project next year.

A Crash Course: Helmand and Cotton

- Cotton has been one of the primary cash crops in central Helmand since the mid-1960s when the British built the Bost Cotton Gin in Lashkar Gah.
- There was an explosion of cotton cultivation in the mid-1970s due to price increases to the farmers. A second cotton gin in Girishk was constructed to keep up with production.
- The farmers continue to cultivate cotton today despite reduced rates and have been asking for support for cotton prices since 1997 as a prerequisite to abandoning opium poppy cultivation (which they consider an evil crop).

- The Bost cotton gin has re-opened and started buying cotton from the farmers this year at a minimal price (according to some farmers) after not buying any last year.
- Cotton prices on the international market have hit an all time high since the US civil war.
- Pakistan (the primary buyer of Helmand cotton up to the present) sustained a 25% loss of its cotton crop this year due to flooding.
- Under the US-funded Cotton and Alternative Crops Project in Helmand between 2002-06:
 - The project provided needed spare parts for the cotton gin, the first spare parts in more than 25 years (purchased from a USA manufacturer).
 - In 2002 the project began paying on chits that farmers held for cotton delivered to the gin in the fall of 2001. While the Taliban Government had given out the chits, in the ensuing chaos of the Taliban's demise, the farmers had never been paid.
 - In 2003 there was a shift away from cotton in this project when a US commodities broker lost out in the competition to buy Helmand cotton that had accumulated at the gin since late Taliban times.
- Rebuilding Agricultural Markets Project (RAMP) produced at least two papers: "Policy Issues and Recommendations for the Cotton Subsector in Afghanistan" November 2003, 3pp. and "Cotton Production Assessment", July 2004, 12pp.
- More recently, support for the Helmand cotton industry was the topic of a presentation and discussion in an Afghan Energy Project meeting in Washington in October 2010.

The above shows that knowledge of and the need for support of the Helmand cotton industry is neither a new nor an unknown subject. And virtually all the elements are present in support of cotton as a viable cash crop: Cash-crop farmers with knowledge and experience, a functioning processing facility and an

international market. The Afghan government needs help to get Helmand cotton again on the international market, needs help with price support for the farmers and needs help with related elements like re-establishing an ag credit system for at least the cotton industry in Helmand. The action should be accompanied by technical assistance and very careful monitoring of actions and accounts.

An expensive feasibility study about Helmand cotton is not a good enough response – tangible action is the need. The team of cotton-knowledgeable people being assembled for the feasibility study could be redirected to develop a work plan and begin to advise and organize the Bost cotton gin staff. In a matter of days if not hours a concept paper could be written as the basis for immediate action (as in '02) with a project paper to follow. The concept paper for the '02-'06 cotton project plus other related documents can be found in my website:

www.scottshelmandvalleyarchives.org.

Such a cotton support project would provide direct, immediate benefits to help farmers and the ag economy. And we should be helping with important elements of their economy, elements that they see as very basic and important. This is also the kind of project that would help address the issue of reduction of opium poppy cultivation. It would be the best use of our funds.

And as I have frequently noted before: it may be too late but it is never too late to try.

I would be happy to discuss any of the issues raised in this memo with anyone interested in central Helmand farmers, the Helmand cotton industry, the reduction of opium poppy cultivation and, hopefully, a reduction in the increasing hostilities in the region. These issues are all inter-related. I would also be happy to help plan, organize and deploy any of the suggested actions outlined here.

Please feel free to forward this message to anyone you think might be interested.

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Experience:

USAID/Afghanistan, Research and Evaluation officer, 1971-78.

USAID/Mali, Project Manager, Mali Rural Works Project, 1979-81.

USAID/Pakistan, Project Manager, Tribal Areas Development Project 1982-84.

Pashto Service Chief, VOA, 1984-90.

USAID/DAI/Pakistan, Chief-of-Party, Kala Dhaka Area Development Project, 1990-93.

INL/MCI, Project Manager, Helmand Irrigation Rehabilitation Project, 1998.

USAID/CADG/Afghanistan, Consultant, Cotton and Alternative Crops Project, 2002.

USAID/DAI, Officer-in-Charge, Helmand Drainage Rehabilitation Project, 2002.

USAID/Chemonics, Rural Development Specialist, (Helmand) Alternative Income Project, 2004.

Addendum: (edited for brevity)

The planned study is:

“To determine the likelihood of success of cotton production and processing in Afghanistan based on: a) economic feasibility, b) market potential, and c) scalability and potential to promote aggregate economic growth.

3. TASKS

Task 1: Identify the optimal areas for cotton production in Afghanistan, using geographic information data and system available at the MAIL, USAID and ACE, and quantify the productive potential

Task 2: Conduct a review of current production, with emphasis on existing cultivars, crop production practices, environmental and biological constraints and efficiency at the farm level

Task 3: Produce an overview of the cotton value chain, with emphasis on production areas, processing and use of byproducts, market channels and efficiency at the processing and market levels

Task 4: Conduct a comparative competitiveness analysis of the Afghan cotton subsector, in contrast with main supplying countries e.g. Pakistan, India and China. Analysis disaggregated at each node of the value chain

Task 5: Determine the economic feasibility and the developmental appropriateness of investing in cotton production and processing, especially in the light of alternative development

Task 6: Present the results of the study

4. DELIVERABLES

a. Work plan

Submitted not later than 3 days after arrival in country

b. Mid-term briefing

Submitted 2 weeks after arrival in country

c. Draft Report

Submitted not later than 25 days after arrival in country

d. Power point presentation delivered in a public event
later than 20 days after arrival in country

e. Final report

not later than 10 days after departure from Afghanistan

5. REPORTING

The team of consultants will report to the project's Chief of Party"