## MINISTRY OF PLANNING SECRETARIAT

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Mr Vincent W. Brown, Director, USAID/Afghanistan, Kabul

Dear Mr Brown:

Following our meeting of February 7, 1973, I take the pleasure in writing to you in regard to RGA understanding about the Shamalan Development Project in relation to Loan 012.

The basic objective of the loan as conceived in 1963 was to build ACU (now HACU) into a viable construction organization equipped and trained to perform construction work needed for the development of the Helmand and Arghandah Valleys. Along with this institutional development objective arrangements were made to conduct economic feasibility studies in the Shamalan area to establish a hasis for future development work. In 1967 the draft feasibility report on the Shamalan was completed which was finalized in September 1968. Foll wing the issuance of the feasibility report the concept of the basic 'Interim Equipment Loan' was modified in such a way to include the development of the Shamalan Project and still maintaining the basic objective of institutional development. Subsequently the rest of the work on the preparation of the loan documents and agreement followed this trend. The loan agreement was signed May 1968 and after a series of discussions to convince the farmers about boundness and advantages of the project, construction of the project was initiated with the construction of the S10.7 main lateral as the first step of the sequence of work indicated in the feasibility report, namely, the construction of main distribution systems, outlet and lateral drains, roadways, land development. To date about 17 kilometers of the S10.7 main leteral with 336 cfs capacity is completed and the work is in progress on the rest of the lateral. The rest of the work in the above mentioned sequence will be followed.

The Shamalan land committee and the mobile court have been established and working to settle land titles and acquire the right-ef-way for the main lateral. A few farmers have been compensated for loss of seasonal crops and trees and houses. The committee has been facing some problems as a result of long standing confusions arising from traditional inheritance procedures in connection with documentations to prove legal land titles in conformity with the newly established regulations and laws, but efforts are being made to devise workable schemes to facilitate the committee's work within the framework of law.

Once the pattern is established by the construction of the distribution and drainage systems and road network it is only natural for the farmers to wast to consolidate the pieces of their holdings, split by the system, in single regular geometric plets. Having accepted a democratic system such consolidation cannot be carried out by application of force or pressure. We believe that gradually in due time the farmers, realising the advantages and benefits that they receive, will be willing to request for consolidation of the scattered pieces of their land holdings.

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Regarding the extent of the land leveling and the feasibility report recommends land leveling, as we understand, it covers leveling the berms of the existing juis system and mounds and hills to bring them under the command of water and filling depressions which would be prone to water logging.

As it is indicated in the feasibility report, it can be seen that sufficient leveling has been done by hand and oxen and small implements over the many years of irrigation by individual farmers to achieve a relatively high degree of water use, the land leveling requirement is low to moderate in intensity.

Having cited expressions in the feasibility report we believe that our understanding of the land preparation is generally in conformity with the recommendations of the said report and is considered to be practical and justifiable and will be acceptable to the farmers.

Since the time the feasibility report was prepared, as a result of introduction of improved seed variety, fertilizer and land preparation by the farmers and the use of tractors, farm income has increased substantially in the Shamalan aren. For example, at that time, the average yield of wheat and corn were 1217 kg/ha and 620 kg/ha respectively compared to the present average yield of 2050 kg/ha of wheat and 2300 kg/ha of corn. In the areas with firm water supply and adequate drainage higher average yields are obtained. This means that the incremental benefit envisaged in the feasibility report is decreased and as a result the benefit to cost ratio has prepertionately drapped.

Furthermore, if intensive land leveling over the entire area is executed it will require additional funds not foreseen in the cost calculation of the project which will further decrease benefit to cost ratio of the project which will be difficult to justify and be accepted by the farmers who are expected to repay the cost incurred.

In addition, payment of compensation funds of the crop ramages to the farmers in the order of 5,000 afs to 10,000 afs per jerib in /ase of intensive leveling over the total area which will be a great burden or the RGA budget and with the increase of costs due to escalation of prices, additional interest charges for excessive extension of the construction period, costs of building up the fertility of the top soil disturbed as a result of extersive land leveling adds to the total cost of the project where the farmers will be reluctant to accept the repayment.

In view of the foregoing it now appears that the schedule of land development and sequence of construction work outlined in the conditions preced will require an operation-al adjustment. As indicated above the execution of the irrigation and drainage systems, read network and the necessary land levelis will be continued and is expected to be completed during the present Fourth Pare Year Plan.

Hewever, the benefits of intensive land leveling will be explained and stressed upon to the farmers by the extension and irrigation agents of the HAVA and the farmers desiring to have their land leveled will be encouraged and guided

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by HAVA in order that within the limits of their capabilities they level their land. Farmers willing to have intensive land leveling on their land but not having the capability to do so, their land will be leveled by HACU with the available equipment, the cost of which will be payable by the farmers in accordance with suitable financial terms. By this approach the project will not exceed the funds allocated.

The equipment rehabilitated and purchased under the loan will be fully utilized in the Shamalan and other projects in the Helmand and Arghandab Valleys.

Among the projects on which this equipment will be utilized which are included in the present Fourth Five Year Plan (1972-1976) are:

a) Hebajee Drainage System:

Excavation of 26 kilometers of outlet drains of which 19 kms have been constructed.

h) Darweshan Irrigation and Drainage:

Construction and/or deepening of 50 kms of drains and improvement of the irrigation system.

c) Improvement of the Seraj canal:

Rectification of about 80 kms of the existing canal.

d) Garmad Diversion Dam:

Construction of a diversion dam on the Helmand river about 20 kms downstream from the Kajakai dam and construction of 30 kms canal.

e) Central Arghandab Drainage and Irrigation Systems:

Construction will be initiated if found feasible.

f) Kajakai Spillway Gates:

Construction of the gates will start if financing arrangements are implemented.

Therefore, the above amount of work is more than sufficient to assure the optimum use of the new and rehabilitated equipment financed under the loan.

The schedules and locations of construction work which will be in conformity with the objectives explained above will be jointly prepared by HAVA and AID/BuRec.

The Royal Government of Afghanistan having the desire to continue and complete the Shamalan Development Project and to build up HACU into a viable

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construction organization, appreciates the assistance of the USAID and believes that as the result of the mutual cooperation substantial benefits will be derived which will help to raise the standard of living of the people in the Helmand Valley.

Furthermore, we hope that the program of assistance along the lines now heirg discussed with USAID will be carried out emphasizing farmer intensive efforts and the strengthening of the HAVA organization for the purpose of efficient implementation of development programs of the Royal Government of Afghanistan in the Fourth Five Year program in the Helmand Valley.

With kind regards,

Sincerely yours,

(Dr Abdul Wahed Sarabi)
Minister of Planning
ROYAL GOVERNMENT OF AFGHANISTAN