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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

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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.