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AFGHAN REQUEST FOR FURTHER HELMAND AID RAISES PROBLEMS

Although the irrigation and land-development projects in the upper Helmand River valley in Afghanistan

are not completed, Afghanistan has made a formal request for additional US assistance in the construction of a flood-control diversion dam in the Chakhansur Basin area of the lower Helmand Valley. In asking US aid for development of this desolate, sparsely populated, southwest corner of Afghanistan, the Afghans have reopened and placed the US in the middle of the long-standing, unresolved Afghan-Iranian dispute over the diversion of the Helmand waters. Our Embassy in Kabul has intimated that if the US does not build the dam the Soviets might be asked to construct the dam in this potentially strategic area. The Department is currently considering the various factors raised by this request.

Helmand Valley Project The Helmand Valley watershed consists of the Helmand River and its tributaries, chief of which is the Arghandab River, occupying the southwest half of Afghanistan south of the Hindu Kush range (see map). Extensive ruins in the valley evidence extensive cultivation 2,000 years ago or more; however, depredations over the centuries destroyed most of the major irrigation canals and not until the late 1930's were the modern works for irrigation begun in the upper valley by the Afghan Government..

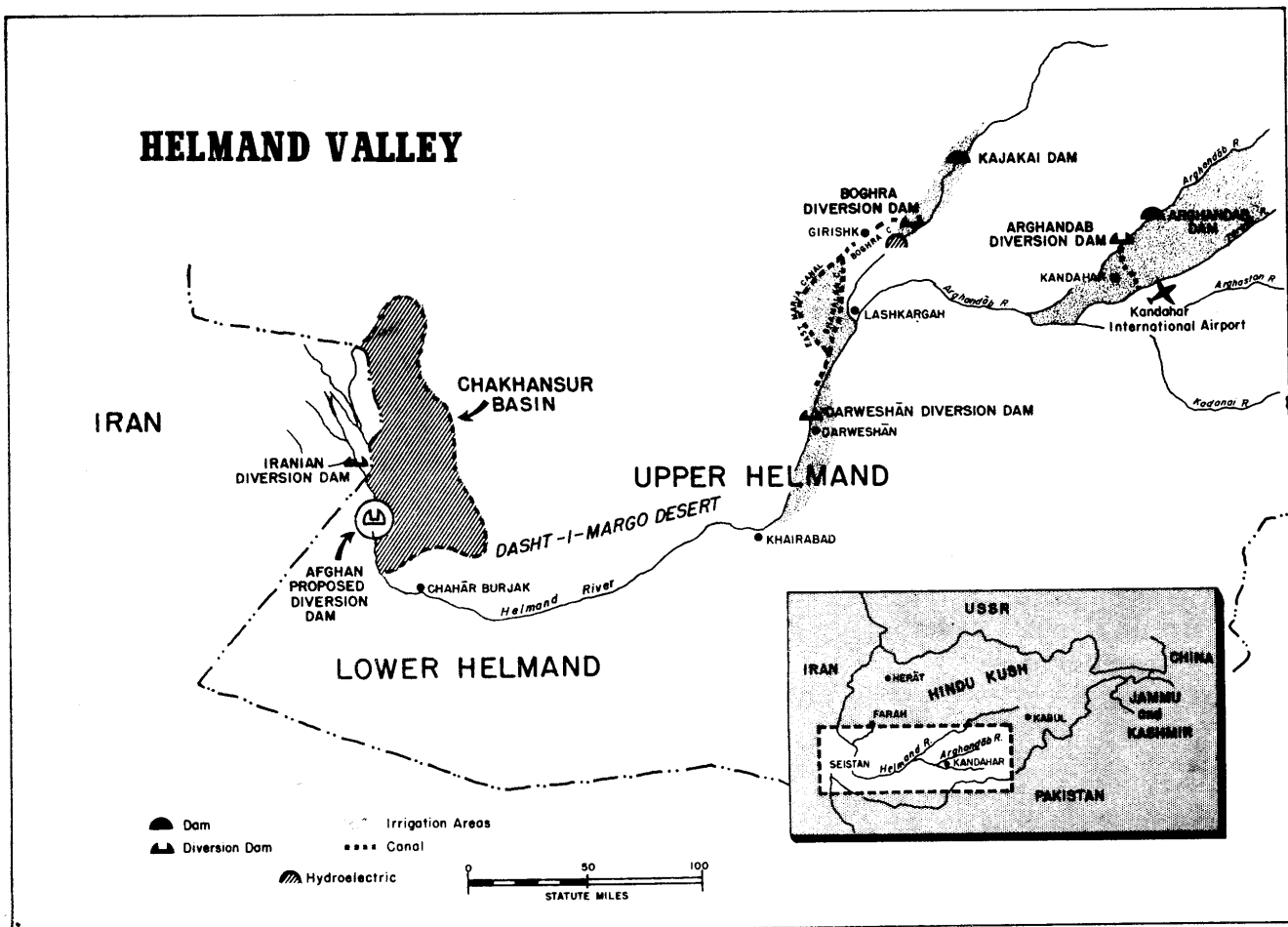
Following the interruption of the project by World War II, the Afghan Government resumed work and in 1946 launched a large-scale project to develop the million acres of land in the valley for population resettlement. An American construction company, Morrison-Knudsen (MK), was hired to begin construction of dams, canals, roads, drainage ditches and associated structures. After three years of work and \$24 million of its own resources including about \$10 million in foreign exchange, the Afghan Government realized that it could not complete the project without financial assistance. An application to the Export-Import Bank resulted in a loan of \$21 million in 1950 and a second Eximbank loan of \$18.5 million in 1954.

The US Government became more actively associated with the Helmand project in 1953 when technicians of the forerunner agency to ICA helped to draw up a plan for the establishment of a "Helmand Valley Authority" (HVA) to direct the development of lands. Since then ICA has carried on the work of providing technical assistance to help solve the various problems of land settlement, water storage and distribution, agriculture, and to train a corps of Afghan technical and administrative personnel.

MAP

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When expenditures had reached \$60 million, in 1955, the Government of Afghanistan became concerned that the cost of the project appeared to be in excess of any economic benefit the country would eventually derive from the program. The US was also concerned since in Afghanistan the project was identified with other US economic and technical assistance programs. The US therefore sent a survey mission to the Helmand in August 1956 to study the progress, problems and prospects of the valley project. This report, known as the Tudor Report, has since provided the guidelines for US action in the valley. Especially pertinent in the report was the mission's finding that the program had already produced an estimated average additional gross income in the upper Helmand Valley of nearly \$10 million annually. The report further estimated that with some revisions the program would result in increasing by 1962-64 the total value of production in the valley by about \$14 million annually above the present level.

As a result of the recommendations of the survey mission, the US furnished financial assistance, mainly grants, of around \$9 million dollars during 1957-1959 for needed additional development of the first phase of the project. The division of the project into two stages and the spelling out of those projects of each stage was the major recommendation of the Tudor Report and was largely adopted by the US Government. According to the report, it would be more economic to rephase the work so as to narrow the gap in time between the completion of the main irrigation and drainage ditches by MK and the land development work of a sub-unit of the HVA.

Only \$3 million of the US grants have been utilized, however, as MK and the Afghan Government for the past year and a half have been unable to agree on a construction contract for the remaining \$6 million of work. When this is done and when the three projects under this contract are completed -- power generators at the Arghandab dam, a canal in the Tarnak area, and further work by the development unit of the HVA -- stage one will be considered finished. Following the completion of stage one, the US anticipates a period when only nominal technical assistance will be required for such items as soil analysis and surveys, a livestock farm, village development, forestry, hydrology, health and sanitation, and maintenance. After the efforts of stage one are consolidated, the US anticipates requests for further aid for more large-scale capital projects, probably for further power generation equipment.

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At the present, however, the two major dams have been completed--Kajakai and Arghandab 300 and 145 feet high and 887 and 1740 feet along the crest respectively--and diversion dams to lead the water into the irrigation canals have been finished at Arghandab, Boghra, and Darweshan. Bridges, roads and a network of lesser irrigation ditches have also been built.

Afghan-Iranian Division of Waters Dispute The Helmand River rises in the Hindu Kush about 50 miles west of Kabul and flows for nearly all of its 650 miles through Afghanistan, discharging into the marshy Seistan Delta on the Iran-Afghanistan border. The river provides waters for irrigation, cattle, and domestic uses in both countries, but relations between the countries have suffered because of the water controversy since 1872 when a definition was made of the Afghan-Iranian boundary in this area. When Afghanistan began its Helmand Valley project, Iran protested claiming that the irrigation works on the upper river would restrict the flow traditionally available to Iran. On the other hand, Afghanistan claims Iran's construction of a diversion dam close to the border in 1953 diverted more than a normal flow of water into the Chakhansur Basin on the Afghan side of the boundary causing flood damage. The Helmand did take a new course down the Afghan side when the dam was built, but such course changes have been common in the delta. Also another outlet on the Iranian side had become blocked by sand dunes. (Strong north-northwest "winds of 120 days" prevail during the summer months and dunes moving eastward now cover 280,000 acres of formerly inhabited area.)

On a number of occasions there have been attempts to come to an agreement on a formula for the distribution of the water, the most recent in 1950 when the Helmand River Delta Commission, composed of three hydraulic and irrigation specialists selected by Afghanistan and Iran, made a study of the area and published their findings. This Commission was established through the good offices of the US.

Both countries have mistakenly interpreted the Commission's work as an arbitral award rather than the factual study that it is. No recommendations as to the actual division of waters are made; however, the traditional cultivated acreage and the amount of water necessary for cultivation are discussed. Afghanistan has interpolated these figures to mean that Iran's share of the Helmand waters would be equal to an annual average flow of 22 cubic meters per second. This figure is far lower than the 57 cubic meters sought by Iran. As a result, the Afghans insist that the Commission's report be the only negotiating document while the Iranians are equally emphatic in their refusal to negotiate solely upon the basis of the report.

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Early this year, the Afghans offered to increase the flow to 26 cubic meters, but when this figure was not accepted, the offer was withdrawn. The Iranians have countered by saying they would accept 35 cubic meters, a compromise figure between the Afghan figure of 22 and a new 47 figure arrived at this year by an engineering firm engaged by the Iranians to study Iran's water needs in the Seistan. At the present time, the Afghans and the Iranians do not appear to be any closer to a settlement than before, although the fact that the Commission's report is being utilized by both sides is considered encouraging.

US Views on the Afghan Request US policy and actions in Afghanistan have been guided by its desire for the continuance of a non-communist government willing and able to maintain Afghanistan's traditional neutrality. However, the US believes that Afghanistan has since 1955 permitted Soviet activities to increase to a dangerous degree. Soviet penetration has been facilitated by the Afghan Government's determination to modernize its economy utilizing aid from both East and West. Also, the Soviets have been more than willing to take advantage of Afghanistan's unwarranted but real fears of CENTO members Pakistan and, to a lesser extent, Iran. (Since 1954 the Soviets have made what amounts to a pre-emptive bid for economic and military penetration of the country by committing approximately \$300 million in aid which has been accompanied by a large number of technicians and military advisers.) The importance which the Soviets attach to the penetration of Afghanistan was shown most recently when they made an \$80 million grant for a road from the Soviet border to Kandahar. Not only is this the first grant ever made by the USSR outside its satellites, but in building the road from the border through Herat and Farah to Kandahar the Soviets have successfully penetrated the Helmand Valley and outflanked the Hindu Kush, traditionally the mountain barrier between Russia and the Indian sub-continent.

When the Foreign Minister of Afghanistan was in Washington in early October, the US made it clear that it was not prepared to compete with the USSR in an economic war in Afghanistan on a dollar-for-dollar basis. Within its means, Department officials said, the US would continue to assist Afghanistan in order to convince Afghan leaders that a reasonable alternative exists to excessive dependence on the USSR. The US believes, however, that Afghanistan cannot be a strong and independent member of the free world so long as disputes with neighboring Pakistan and Iran exist.

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Within this framework of US views, the Afghan request for further assistance in the lower valley is being considered. While the initial dam is estimated to only cost about \$10 million, development of the area would require the building of a communication network from this area of Afghanistan to the upper valley, the rebuilding, or construction of drainage canals and ditches, and the rest of the appurtenances of a modern irrigation and redevelopment scheme. The total cost of this project could probably exceed \$100 million, and political and economic results would hardly justify the investment. Additionally, population in the area is estimated at only about 8,000 families; the land is not the best available in Afghanistan; the unit cost per acre for such reclamation as can be accomplished will be high; physical hazards such as lack of roads, drainage, heat, and high winds must be overcome; and, finally, Afghanistan has still to complete its upper valley project.

Approximately 20% of Afghanistan's budget over the past years has been spent for the Helmand Valley project. Despite the near completion of the physical structures for the irrigation aspects of the valley, the Government still has a great deal to do in the resettlement of nomads, construction of towns, introduction of new farming methods, and the myriad other problems involved in the project. Any diversion of Afghanistan's limited resources into the lower valley at this time would be unwise and would undoubtedly further delay the upper valley project.

The Delta Commission report noted that any suitable Iranian-Afghan compact must provide for such factors as average annual water requirements and variation of deliveries in accordance with irrigation needs. (The Iranian Seistan actually requires its greatest water flow during the period when the upper valley requirements are lowest.) Rather than trying to reach an immediate agreement on the whole problem, the US believes that many of the difficulties would be overcome if an initial accord were reached followed later by a revaluation after flow and use data has been gathered. As the Delta Commission report stated, the annual water supply that has traditionally reached the delta has always far exceeded the requirement for all beneficial purposes.

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