2084

MEMORANDUM:

PD-AAA-195-A1 File

TO: A. Handly

FROM: B. Odell

6080126 2p. 3

SUBJECT: Triffa Project - Morocco

I am afraid my research into subject project background really did not come up with very much in the way of new info or hard data. In the June, 1967 Program Memorandum for Morocco, in discussing AID's strategy for increasing ag production, the USAID explored the benefits of dryland vs. irrigated farming. While the P.M. hedges on the trade-offs between the two options, is does go on to say that "... Moroccan agricultural investment decisions must give greater precedence than they; do now to activities which give more immediate returns than...the dams' which the GOM has begun". These conclusions are principally based on the Standord/Research Institute study (1966/67). The essential part of the Summary of this report is attached as Annex A. I have underlined the good parts in red. Table 6 of the same report (Annex B) tends to back th;is up by stating that the marginal efficiency of expdnditure is 2.33 for dryland agriculture as opposed to only 1.62 fro irrigation. Further, Tables 39 and 40 of the report indicate that on either a gross or net return basis, the internal rate of return (IRR) for the Triffa High Lift Service [illegible] would only be 5%, based on certain coot and cropping pattern assumptions(Annex C). On the basis 66 this gloomy picture, The Africa Bureau;in 1968 decided not to finance the Triffa area as part 6f the Second Lower Moulouya Project.

It must be borne in mind, in all fairness, that these data and conclusions are some 7 to 10 years old. But if one accepts that minimal IRR's these days should run in the 15% to 20% range (caloulation based on adding "risk-free" rate of return + average inflation rate), then I think it is still highly unlikely that Triffa could pan out economically.

I know tht somewhere there is an old file on continual Moroccan requests for AID to do something in the Triffa area, but I was unable to find it.