

UNITED STATES GOVERNMENT

Memorandum

*Write memo for Howard
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6080126 ⑥*

PD-AAA-193-D1

DATE: February 19, 1975

TO : PPC/DPR, Mr. Arthur M. Handly

FROM : TA/RDCS, Ted Owens *Ted O*

SUBJECT: Draft Cable on Triffa/Dukkala Irrigation Projects -- Morocco

In addition to the objections already expressed by others to the Triffa Project, I would like to add the following:

1. According to the project papers which I have read, the question of participation seems to have been ignored.
2. The amount of the subsidy is extremely high and in my judgment, countervenes any concept of economic and financial discipline.
3. The number of farmers who would benefit from this project is a little less than one-tenth of one percent of the total number of farm families in Morocco.

For the three reasons mentioned above, as well as others cited by yourself and Ron Tinnemeir, I think this project is outside the spirit of the Congressional mandate and should be disapproved.

A couple of FYIs --

If Morocco spent on all its farm families the \$11,000 cost per family in Option A, the total cost would be a little more than double the GNP. Under Option B, the \$15,000 per farm family, the total cost would be triple the GNP.

If, for the sake of argument only, we assume that the funds marked for this project were put into an entity fund at 10% interest (which is less than the interest rate in Morocco) for 20 years, the amount that could be paid to each family would be about \$1,800 per year. If farm family income is calculated on the basis of per capita GNP for the country, the \$1,800 would be about 50% higher than farm family income. Since farm income, apart from the larger farms, is commonly less than per capita GNP, the difference is probably greater than this calculation shows. Considering that we do not have adequate assurance that the small farms will have access to fertilizer, credit, which they need to share the benefits of irrigation, it could be they would actually be better off under a business approach to welfare than under this project.



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