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# AFGHANISTAN ALTERNATIVE LIVELIHOODS PROGRAM SOUTH (ALP/S)

**YEAR TWO WORK PLAN  
JULY 1, 2006 THROUGH JUNE 30, 2007**

**Submitted By:**

**Chemonics International Inc.**

**In Collaboration With:**

**Abt Associates Inc.  
The Louis Berger Group Inc.  
NRECA International Ltd.  
Making Cents International**

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## ACRONYMS

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AIB	Afghan International Bank
AIP	Alternative Income Project
AISA	Afghan Investment Support Agency
AISP	Agricultural Input and Supply Program
AL	Alternative Livelihoods
ALP	Alternative Livelihoods Program
ALP/S	Alternative Livelihoods Program—Southern Region
AMPS	Agricultural Marketing and Production Support
AVA	Afghan Veterinarians Association
AWP	Annual Work Plan
BD	Business Development
BRAC	Bangladesh Rural Advancement Committee
CADG	Central Asian Development Group
CCs	Community Councils
CFW	Cash for Work
CN	Counter Narcotics
COP	Chief of Party
DAI	Development Alternatives Incorporated
DC	District Council
DCA	Development Credit Authority
DCA	Dutch Committee of Afghanistan
DRRD	Department of Rural Rehabilitation and Development
DWA	Department of Women’s Affairs
GOA	Government of Afghanistan
GPS	Global Positioning System
HAVA	Helmand Arghandab Valley Authority
HCC	Helmand Construction Company
ICARDA	International Center for Agricultural Research in the Dry Areas
IF	Implementation Fund
IFDC	International Fertilizer Development Corporation
IPs	Implementing Partners
IR	Intermediate Results
MAAHF	Ministry of Agriculture Animal Husbandry and Food
MC	Mercy Corps
M&E	Monitoring and Evaluation
MISFA	Microfinance Investment Support Facility for Afghanistan
MOU	Memorandum of Understanding
MRRD	Ministry of Rural Rehabilitation and Development
MWIRE	Ministry of Water and Irrigation Resources
NGO	Non-Government Organization
PC	Provincial Council
PI	Public Information
PRT	Provincial Reconstruction Team
RAMP	Rebuilding Agricultural Markets Program
REOI	Requests for Expression of Interest
RFP	Request for Proposal
SSP	Security Service Provincial
USG	United States Government

VFU

Veterinary Field Unit

## **Section 1: Introduction**

### **1.1. Overview**

Chemonics submitted a revised ALP/S Implementation Strategy and a Life of Project Work Plan to USAID/Afghanistan in October and December 2005 respectively. These documents describe the overall program and the approach that is guiding the effort to achieve sustainable area-based economic development in southern Afghanistan, principally Helmand Province and to a lesser extent in Kandahar and Uruzgan provinces. In February, 2006 ALP/S submitted a work plan and budget for the period January 1- December 31, 2006, with the understanding that this would be revised in June 2006, to adjust the annual planning period through June 30, 2007.

During the first week of June, 2006 ALP/S participated in a work planning session in Kabul, in which concepts for the extended work plan were presented to USAID, the Minister of Counter-Narcotics, and the Minister of Agriculture. The concepts for this work plan that were presented in those meetings were:

- The Southern Region, and Helmand Province specifically, is going through critical transition phase in which both security and governance are fragile,
- ALP/S needs to support the larger policy agenda of the GOA and USG by implementing activities that are visible to a large number of people and demonstrate a clear economic value,
- The extremely difficult working environment of the Southern region dictates that effect management will necessarily require a sharp geographical and technical focus on a very few large and manageable projects.
- Cash For Work activities are both management intensive and of limited impact beyond the immediate time frame and beneficiary group,
- Road, water, and electrification projects are perceived to be of great economic value by many people, and can be managed simply while still maintaining labor intensity,
- The cobblestone road trials of 2005/2006 have successfully demonstrated high economic value both as low cost, high quality roads and as a way to create skilled and semi-skilled alternative livelihoods,
- Livestock represent a large store of economic growth potential and are highly valued by a large number of people as a good source of livelihood,
- Helmand Province makes the most sense as the geographic focal point for widespread assistance in 2006/2007, with limited and directed business assistance provided to Kandahar Province.

This work plan reflects the concepts and activities discussed during these meetings. It builds upon the original Year 2 work plan, but includes new activities and reflects some changes in focus and emphasis. The format is left the same and includes:

- Section 1.** The Introduction includes a brief discussion of the implementation approach,
- Section 2.** Components provide the task-by-task details of each of the technical components. Specific ALP/S tasks are described along with their scheduling and deliverables.
- Section 3.** Cross-Cutting Issues discusses the efforts ALP/S is making towards gender integration and environmental compliance.
- Section 4.** Program management.

## **1.2 Background**

The Alternative Livelihoods Program is a major component of the U.S. Government's overall effort to help the Government of Afghanistan (GOA) implement its comprehensive counter-narcotics strategy. The GOA and the international donor community, led by the United Kingdom and with the strong backing of the United States and the European Community, have launched an ambitious, six part counter-narcotics strategy. It aims to reduce poppy cultivation by 70 percent by August 2008 and to eliminate it completely by 2013 in areas where alternative livelihoods have been made sufficiently available. The strategy aims to change attitudes and practices through:

- a public information program;
- an alternative livelihoods program;
- capacity building;
- judicial reform and law enforcement;
- interdiction; and
- eradication

All six of these program 'pillars' are necessary and inter-related components of an effective counter-narcotics strategy. Through the second pillar, USAID supports an accelerated effort to change the economic landscape of provinces where the cultivation of opium poppy has historically been significant.

The objective of the overall Alternative Livelihoods Program is to improve the licit income opportunities and well being of thousands of rural families by integrating them into a rapidly growing regional economy. By providing licit, alternative income and employment opportunities, the program hopes to contribute to a reduction over time in the growing of opium poppy in the targeted areas. Chemonics is implementing the Alternative Livelihoods Program for the Southern Region of Afghanistan.

While ALP/S is essentially an area-based economic development program (ABED), addressing a wide range of economic needs in an integrated program, including infrastructure, markets, production technology, industrial investments, access to credit, business training, and strengthening of farm associations, the working environment is extremely challenging and the security and political conditions of the Southern Region of

Afghanistan profoundly influence the Chemonics approach and work plan. This is discussed below.

### **1.3. Operating Environment**

The Southern Region of Afghanistan is extremely insecure, characterized by frequent movements of coalition military and Afghan military and police against insurgent forces. There is a constant threat of IED and ambush attacks on international assistance organizations and projects. The Afghan Government is also at its most vulnerable in Southern Afghanistan, with significant reliance on traditional local (power) politics to resolve problems or make decisions. The security and political environments affect project implementation in several ways, making effective implementation very difficult, but also intensifying the need to demonstrate to the people of the region that the Afghan Government in cooperation of the USG is moving quickly to improve people's lives.

Movement is very restricted, including movement to project sites and in and out of the Province by road or by air. The airport is closed frequently, and access to flights is limited. This not only limits the outreach of the ALP/S permanent team, but makes it very difficult to bring in short term technical advisors on a timely basis. Ambushes and IED's remain a constant threat on all rural roads and within the city of Lashkar Gah. Several ALP/S local employees have received credible death threats, and a few key employees have had to leave the project. Afghans from outside Helmand Province are at risk in the rural areas of the province, and even residents of Helmand Province run a risk by working outside their district of residence. Several potential implementing partners have had to eliminate or reduce programs in Helmand Province. Two drivers for ALP/S implementing partners have been ambushed and murdered within the last two months. One road rehabilitation contractor was recently threatened and stopped work as a result.

Security concerns mean that the ALP/S team lives in a highly pressurized and isolated environment, creating enormous routine daily stress. This necessarily translates into high turnover of personnel and difficulty in filling key positions. This, in turn, means that it is difficult to maintain a continuity of effective activities over time.

While security is top priority for the United States Government and the Government of Afghanistan, including provincial governors, ALP/S can not wait for the region to become completely secure and must initiate development activities in parallel to security enhancement efforts. ALP/S will implement activities that can simultaneously mitigate the threat of violence and be implemented as safely as possible.

Given the tenuous security environment, each component manager is prepared to be flexible and to "think outside the box" by using a variety of mechanisms that will ensure program activities continue without interruption. When field trips and site inspection are made, staff will travel with armed escorts. Local Afghan agribusiness personnel, NGO extension workers, para-veterinarians, and cold storage operators, for example, will generally be from the geographic area and have much more freedom of movement than expatriate staff. They are not only specialists in their particular line of work, but they have experience in working face-to-face with farmers, and herders, within their specific area of influence. Therefore it will be their job to carry implementation to the less secure areas in order to complement the oversight roles of ALP/S personnel.

#### **1.4. ALP/S Implementation Strategy**

The extremely adverse operating environment of Southern Afghanistan makes it necessary for ALP/S to follow an implementation strategy that emphasizes wide spread, visible impact in activities that are easily managed and sustained. 2006/2007 is a critical year for ALP/S to support the broader policy agenda of the GOA and USG by reaching a large number of people with assistance that is recognizable to an ordinary Afghan citizen as being of substantial economic value. For management effectiveness with maximum visible impact during this period, ALP/S will consolidate activities and focus on three principal programs:

- Improved access to productive infrastructure,
- Development of the livestock cluster, and
- Exploration of opportunities for a horticultural cluster

These three large programs will be complemented by smaller but important related components that will target potential private sector investors with improved access to business development services and will give women greater economic opportunity. During 2006/2007 it is expected that the USAID Agriculture, Rural Investment, and Enterprise Strengthening (ARIES) program will begin implementation, and ALP/S expects that the additional flow of finance into the economy and the livestock cluster specifically will contribute to a more attractive investment environment.

In all activities, ALP/s will work in close collaboration and cooperation with the Government of Afghanistan, including the Provincial Governor, the Provincial Development Council, and relevant line ministries, including the Ministry of Agriculture, Animal Husbandry, and Food, (MAAHF) and Ministry of Rural Rehabilitation and Development (MRRD), both for management effectiveness and to achieve the larger objective of demonstrating that the GOA is increasingly effective at providing assistance to its citizens.

Infrastructure projects have been chosen based on their economic value, and will immediately contribute to a sustained economic development. The agribusiness program will focus on integrated development of an economic cluster based on livestock. In its Area Based Economic Development (ABED) approach, ALP/S utilizes agribusiness “clusters” to facilitate and accelerate targeted economic development in the region, and spur inter-related economic activities in the province, and district market centers. A cluster is comprised of three or more inter-related agro-processors, or “anchor” industries, which add-value to raw agricultural and livestock products such as wheat, corn, and raw milk. These agro-processors will provide a market for agriculture products produced at the district level.

Management of ALP/S will be flexible and responsive to stakeholders’ needs and the changing operating environment. M&E staff will provide information to serve as the basis for making adjustments to activities and to keep component managers on track of meeting its objectives. The Public Information Office will publicize ALP/S activities through appropriate channels, which will help to ensure that both U.S. and Afghan stakeholders are aware of the program's successes. In addition, promotion of pro-AL messages is vital to building Afghan support for and participation in the program. These messages will be delivered in concert with ALP/S technical component activities.

## **1.5 Cross-cutting Issues: Gender, Vulnerable Groups and Environment**

In Year Two, ALP/S will ensure that program development and implementation consistently integrates women and vulnerable groups wherever possible, and that those entities with which the program works also make efforts to do the same. ALP/S's Gender Advisor will work with component managers to improve the livelihoods of women and vulnerable households through innovative and culturally appropriate strategies so that they too can participate in and benefit from southern Afghanistan's economic development.

Likewise, ALP/S recognizes the importance of the environment, and will ensure that environmental concerns are built into activity planning. ALP/S staff will ensure compliance with all relevant regulations and guidelines.

## **1.6 Progress to Date**

During the first year of implementation, ALP/S has achieved significant success in job creation, infrastructure improvement, and outreach to farmers through seed and fertilizer distribution.

### **Infrastructure:**

ALP/S is active in three provinces – Uruzgan, Kandahar and Helmand – implementing over 30 infrastructure activities across 16 districts. In addition to immediate “safety net” or labor intensive activities, the program's infrastructure rehabilitation activities are building the foundations of an enabling environment for the southern region. Overall to-date performance for the life of project (LOP) includes:

- 37,438 laborers have been employed and \$5,115,618 million in salaries paid for a total of 1,317,251 labor days.
- 1,450 kilometers of primary and secondary irrigation canals and drains have been cleaned or repaired improving access to 53,659 hectares of farmland.
- 60 kilometers of farm to market roads have been rehabilitated in Helmand and Kandahar provinces.

The Cobblestone road activities have made a particularly positive impact, and are well-received by the community just outside of Lashkar Gah, where hundreds of men are employed daily and who speak with pride about the road they are creating. To emphasize that this is about training people in the livelihood of building beautiful and permanent roads, ALP/S has given awards to the workers who have been judged best by their peers. Now, ALP/S is moving the trained workers from this road to other districts where they will train more master stone pavers. ALP/S has also focused on cleaning and repair of over 150km of the Central Helmand Canal and Drainage system. With ALP/S assistance, not only are the drains being cleaned, but the income that Helmand Construction Company (HCC) is earning from doing the work is being re-invested in the purchase of new equipment for the first time in years.

### **Agribusiness Development:**

ALP/S has completed seven agro-processing feasibility studies to date, including: 1. Fruits and Vegetable Dehydration Processing; 2. Dairy Production and Processing; 3. Wheat Flour

Mill; 4. Livestock Feed Mill, 5. Fish Farm; 6. Drip Irrigation; and 7. Oil Seed production. Based on these studies, ALP/S is pursuing investor-based, demand-driven agribusiness cluster opportunities for Helmand and Kandahar provinces. For example, in year two, ALP/S (in collaboration with the MOA) will initiate an integrated livestock cluster development program.

### **Agriculture Marketing and Production Support (AMPS):**

In conjunction with the Ministry of Agriculture, eight farmers associations in Helmand and Kandahar participated in the ALP/S led AMPS activity, which distributes seeds that yield higher value licit crops in an effort to demonstrate alternatives to poppy cultivation. AMPS also provided extension training to MOA extension agents, who in turn guide participating farmers in seed selection, cultivation practices and marketing of their produce.

- 14,355 farmer association members have been trained in improved agriculture practices and received improved seed and fertilizer through the AMPS program.

### **Public Information:**

ALP/S has developed a Public Information Strategy that focuses on “de-linking” ALP/S as compensation for eradication as well as intensifying ongoing public information as related to the ALP/S area-based development approach. Products that define AL accurately and positively are under development and being tested before dissemination; they include billboards, radio dramas, posters, and booklets appropriate for literate and illiterate audiences alike. Part of the strategy includes dissemination of solar-powered, wind-up radios to approximately 30,000 families who live along the “eradication footprint.”

- To date, approximately 12,900 radios have been distributed to families in Helmand province.

## **Section 2: Components**

### **2.1 *Improved Access to Productive Infrastructure***

A rehabilitated infrastructure is a vital and necessary condition for the economic growth of the region. Infrastructure activities will contribute toward the area-based economic development of southern Afghanistan, and will demonstrate the commitment of the GOA in partnership with the USG to the development of economic assets that are visible and perceived by a large number of residents as being of great value in improving their economic opportunities. The focus of this component, and the flagship, will be improved roads and irrigation system rehabilitation. At the same time, the electrical substation and distribution system will be renovated in Lashkar Gah to provide a better environment for business development and investment.

The major innovation in infrastructure projects will be the expansion of Stone Paved Roads across Helmand, with an emphasis on development of the business and technical capacity to manage stone paving along with extensive training of a new category of skilled labor – the stone road technician.

Infrastructure activities will interlink with cluster development in the following ways:

- Gravel compacted roads will enable farmers and growers to transport their goods quicker and with less post harvest losses to the agro-processors.

- Stone Paved roads will provide a durable road comparable to a paved road, and the construction will build business capacity and train skilled stone technicians in an alternative livelihood.
- Drain-cleaning will improve water flow from run off in the irrigation systems, which in turn will reduce water-logging and soil salinity.
- Irrigation canal rehabilitation will contribute to more efficient water flow and increased irrigable area.
- Rebuilding the electrical sub-station in Lashkar Gah and improving local distribution will prepare the area for the planned Kajaki-Lashkar Gah 110 kV transmission line and will deliver a reliable source of electrical energy to the planned industrial park and the surrounding community.

### **2.1.1 Repair and Renovation of Gravel Compacted Roads**

In Year One, ALP/S completed a survey for the renovation of 60 kilometers of roads. In Year Two, the roads will be crowned up to six percent, filled and compacted with a mixture of clay, sand and gravel. Drainage ditches will be excavated or cleaned, and culverts and washes will be installed for cross drainage. All road rehabilitation will conform to engineering standards to ensure durability. Roads for gravel compacting in Helmand have been identified through ALP/S surveys along with consultation with MRRD and the Provincial Governor. They will be repaired and renovated through contracts with private contractors selected in a competitive bidding process. Critical road sections identified for renovation and repair include:

- |                              |       |                              |
|------------------------------|-------|------------------------------|
| • Yaklang to Yakchal         | 20 km | Nahri Seraj District         |
| • Darweshan Road             | 33 km | Garmser District             |
| • Cha-i-Anjer to Girishk     | 33 km | Nad Ali/Nahri Seraj District |
| • Spin Masjid to Cha-i-Anjer | 25 km | Nahri Seraj District         |

**Total** **111 km**

### **2.1.2 Stone Paved Roads in Helmand and Kandahar Provinces**

ALP/S supported the first initiative in Southern Afghanistan for stone paving technology. The construction of the Qalai-e-Bost Ruin Road has been successful and offers high visibility for both Government and local communities on the technology. The initiative was developed around the idea of finding an alternative for a durable road at a lower cost per kilometer than for example a double bituminous surface treatment (DBST) and to develop a skilled labor force that will be utilized for additional stone paving. Additionally, depending on the volume of traffic and weight, DBST roads have a life span of about 3-10 year and gravel compacted roads about 2-3 years, while stone paved roads have been proven to last in excess of 25 years. In March 2006, USAID/OIEE infrastructure team inspected and approved the Qalai-e-Bost road and gave verbal approval to cobblestone pave a high volume traffic road (the first 20 kilometers of the Girishk to Kajaki road).

ALP/S, in consultation with the local government of Helmand and Kandahar, has identified five additional roads in Helmand province and one road in Kandahar province for stone paving. These roads are listed in the table below:

Helmand Province	No.	Road	Districts	Target Plan
	1	Malgir Village Road	Nahri Serraj	16 km
	2	Nahri Serraj district center	Nahri Serraj	9 km
	3	Lashkar Gah ring road to Cha-i-Anjir	Lashkar Gah	12 km
	4	Lash-Marja Junction to Cha-i-Anjir	Lashkar Gah	13 km
	5	Girishk to Kajaki	Nahri Serraj	20 km
Kandahar Province	6	TBD*	Kandahar	5km
			TOTAL	65km

\*provincial government and ALP/S in the process of identifying a 3-5km pilot road for Kandahar province.

The first two roads were solicited directly to ALP/S by district Shura whose members had visited the Qalai-e-Bost road site. Each of the identified roads are in close proximity to the Helmand or Arghandab rivers where stones that meets the required size specifications for the stone paving are available. Also, a good source of gravel and sand has been located near the sites that will be utilized for the construction of the curbing, and fill materials. These additional roads will significantly improve farm to market access – a key component for the ALP/S area-based development approach.

A stone paving skilled labor force has been trained via the Qalai-e-Bost road work and will assist with implementation and training of new laborers for these additional roads. Bolivian and Afghan experts have trained 60 master stone pavers, 20 curb specialists, 55 sub-base specialists, 10 culvert specialists and 10 side-drain specialists. The best of the best of the specialists will assist with the training of the newly recruited unskilled laborers. ALP/S will recruit ten additional stone paving specialists from Bolivia as trainers who will be responsible for the training of Afghans and manage the implementation of the aforementioned roads. The training will commence in the class room by showing a stone paving video, screen pictures and then move to an open air environment in the field where the road is located using a white board for explaining and drawings with on the job training. Relevant public and private sector entities interested in the stone paving technology will be invited to participate in the trainings. The Ministry of Rural Rehabilitation and Development, Ministry of Public Works and district officials will be invited to the training sessions and also to participate in on-site implementation of the different phases of construction. Additionally, there are a limited number of local contractors and NGOs in the region that ALP/S intends to help develop into stone paving road service providers through this type of on the job training.

Training and Supervision of the Stone Paving will include:

- Preparation of the sub-base
- Preparation and placement of fill material on sub-base
- Watering and compaction of the sub-base
- Excavation and construction of curbs

- Placement of level lines
- Placement of master stone lines
- Placement of paving stones
- Placement of sand mixtures on top of stones
- Final watering and compaction
- Side-drains
- Clean up
- Maintenance

The quality control of the roads will be carried out on a daily bases through a process of on-the-job training working side by side with experienced Afghans in stone paving and the Bolivian supervisors making corrections and acceptance. The Afghans will build the roads, while the expat teams will provide the quality assurance of delivering a model stone paved road. USAID OIEE or designee will provide periodic quality assurance checks of each road.

Maintenance of a stone paved road is minimal and limited to the refitting and / or replacement of stones that have popped out of place, ALP/S envisions the community(s) via word of mouth and observation via road usage will identify the spots where paving stones need to be refitted or replaced. ALP/S would leave behind tools (pick, hammer, shovel, ramming rod and a village hand made compacting weight) that would be used for repairs to designated community members along the different segments of the road. ALP/S envisions that via training, work participation, generation of confidence, pride and reward (this is your road, you people did this, reward to the best work quality group every two weeks) and involvement of the Shura that ownership will be generated thus sustainability should come hand in hand. However, ALP/S is prepared to conduct spot checks and follow up meetings. ALP/S will not form maintenance associations because a stone paved road correctly implemented will need very minimal maintenance and associations would be redundant. ALP/S goal is not only to have the Afghans deliver a quality durable stone paved road and develop a skilled labor force but also to convert a manually demanding job into an enjoyable alternative livelihood that brings communities together.

### ***2.1.3 Improved Capacity to Manage the Irrigation and Drainage System***

The economic centerpiece of Helmand Province is the irrigation and drainage system that was created by the USG in a massive development assistance program between the 1940's and 1970's. Conflict, lack of machinery, and minimal financial inputs has forced farmers to live with drains and canals that are filled with sediments. As a result, drains do not flow freely and do not carry off salt-laden effluents. Drains clogged with sediment or "spoils" contribute directly to water-logging and soil salinity. In Year One, RAMP solicited bids for drain cleaning in middle Helmand and passed bids it received to ALP/S for evaluation and implementation. Due to security problems that resulted in the evacuation of staff, this activity was placed on hold and later HAVA made a new list of priority main drains to be cleaned. In Year Two, arrangements will be reached with construction firms to mechanically clean up to 254 kilometers of drains and irrigation canals. The site surveys have been completed and activities agreed to by HAVA. The activity will desalinate and effectively irrigate approximately 50,000 hectares.

In order to make this assistance technically and economically sustainable, ALP/S will also develop the capacity of both HAVA and HCC to manage the water system. The work ALP/S contracts will provide needed income to replace equipment that has been in use since the last U.S. assistance in many cases and to hire new technical employees and field workers. ALP/S will accompany this expansion in physical capacity with a program of intensive training in water management.

The initial sites selected to be cleaned and repaired include:

• Darweshan Main Drain A	32.80 km
• Shamalan Main Drain A,B	30.59 km
• Marja Main Drains A,B,C,D,E	40.60 km
• Darweshan Drains B, Spur B,C,D	30.47 km
• Nad-i-Ali Boghra Irrigation Canal	14.00 km
• Darweshan Irrigation Canal	35.90 km
• Old Shamalan Irrigation Canal	37.00 km
• Spillway Nad-i-Ali Drain	22.00 km
• Spillway #11 Upper Boghra	00.80 km
• Washeir Spur Drain	1.68 km
• Basharan Drain	1.75 km
• Washeir Drain	2.83 km
• Chai-Anjir Drain	3.80 km
• Total	254.22 km

In addition to drain and canal cleaning, ALP/S will assist HAVA to rehabilitate the drop structures on the Darweshan Irrigation Canal. Most of the 25 drop structures on the Darweshan Irrigation Canal are in danger of collapsing due to serious erosion. While this work is a high priority, Darweshan is considered insecure and has been the target for recent security incidents. Therefore ALP/S will assume the responsibilities of managing this work rather than actually implementing it. ALP/S plans to sign a Memorandum of Understanding with HAVA for it to repair the structural damage to the drop structures and backfill and compact the eroded areas. ALP/S will provide TA to HAVA which will be responsible for implementation phase. ALP/S will do all the purchasing, deliver the tools, oversee payments to workers, and ultimately be responsible for accepting the completed work prior to authorizing payment. HAVA will be responsible for implementing the activity but not have any financial responsibilities.

#### **2.1.4 Rehabilitation of the Lashkar Gah Electrical Sub-Station and Distribution System**

ALP/S has designed an upgrade to the Lashkar Gah electrical substation and distribution system that will be implemented during 2006/07. These upgrades will result in an immediate gain of about 2.5 MW of capacity that is currently lost due to poor performance of the transformers in the substation and inadequate transmission through the lines in town. When the upgrades to the Kajaki dam are completed these same improvements will make it possible

to transmit the additional current (upgrade will take Kajaki from 26 MW to 51 MW, including increased service to Lashkar Gah).

Rural electrification is an essential ingredient for rural economic development. Together with activities aimed at income generation, job creation, improvements in transportation infrastructure, introduction of cash crops, and value-added activities, provision of reasonably priced and reliable electric service will facilitate agricultural and rural business productivity through reduction of post-harvest losses and improved product quality.

USAID has made attempts to improve power supply in Helmand through installation of 3 1,000 kW diesel generators in the Lashkar Gah substation. While the power generation units have been an enormous support, the substation and distribution system through which the power is distributed to the community are dramatically inadequate, exacerbating extremely costly consumption of diesel fuel, and resulting in continuing poor power quality. Based on immediate needs analysis conducted by ALP/S team member, NRECA, in cooperation with USAID, the decision has been made to:

- Upgrade the Lashkar Gah substation to a 110/20kV station, with a capacity of 40 MVA.
- Incorporate capacitor banks in the substation to ensure that power available at Kajaki can be delivered to Lashkar Gah even with the existing 110kV transmission line.
- Upgrade the distribution system in Lashkar Gah to 20kV.

While the full economic benefit will be realized with the incorporation of the increased capacity of the Kajaki dam, the upgraded substation and distribution system will result in a more efficient and reliable distribution of the current supply. There are a number of local industrial enterprises that could provide significant economic benefits if they were operating at full capacity. A cottonseed mill is perhaps the largest consumer, with a peak demand of up to 500kW. This mill is operating at a very low level, in part due to a lack of reliable power. Similarly, an ice plant with approximately 250kW of installed capacity operates only rarely due to lack of power. Numerous small grain mills, commercial centers that purchase and resell agricultural products produced in the neighboring communities of Nad Ali, Marja, Nawa, Shin Khali, and others all require electric power for milling, grading, processing, and in some cases, refrigeration of the agricultural and food products. These enterprises are either operating at low levels using diesel power or are trying to make do with the available electric service.

Lashkar Gah, in common with Kandahar and three other rural substations currently receives its power from the Kajaki power station, approximately 100km to the northeast. The power available from this generating station has been limited to around 26MW. Of this, approximately 8MW is consumed locally, leaving 18MW to be transmitted over the 110kV line, of which about 16MW can actually be delivered. The power allocated to Lashkar Gah from this source is about 5MW, against a connected load at Lashkar Gah in excess of 8MW. This is why the diesel units are necessary, i.e. to provide additional generation capacity to supplement the limited power available from Kajaki.

Current plans call for increasing the capacity of Kajaki to its nameplate capability of 51MW sometime in 2007, but this unfortunately will not increase the capacity available to serve Lashkar Gar for three reasons:

- The 110 kV transmission line has a limit on capacity, resulting from its considerable length, of near the level of power currently being delivered. This capacity can be increased by adding capacitor banks at Lashkar Gah and Kandahar in the short term and by constructing the proposed 220kV line in the longer term.
- Limitations on the substation capacity in Lashkar Gah
- Limitations on the ability of the Lashkar Gah distribution system to deliver the power.

The Lashkar Gah substation consists of a 110/44kV 10MVA transformer feeding power to three 44/3.3 kV transformers with an aggregate capacity of 5MVA. While the 110/44kV transformer capacity is adequate to deliver more power to Lashkar Gah, the 44/3.3kV transformer capacity of the substation would have to be increased to be able to deliver more than the 5MW currently being distributed.

This substation supplies energy to a distribution grid at 3.3kV. The distribution grid consists of approximately 38 km of primary (3.3kV) distribution lines onto which approximately 185 distribution transformers are mounted. A secondary system distributes power from the transformers to about 8,000 residential, commercial, industrial, and government clients. Nominal service voltage is 220 for single phase and 380 volts for three phase consumers.

Actual voltage levels being transmitted are too low to allow for any uses except incandescent lighting and do not constitute even barely acceptable electric service from an economic development standpoint. The reason for these poor voltages is the fact the distribution voltage of 3.3kV is far too low to efficiently carry the load to distances which it has been subjected. Moreover, due to overloaded circuits, technical losses in the distribution system are also excessive. Estimations, in absence of metering and recording facilities, show that, of the 3MW generated by the diesel plant, almost a third is lost. Similarly, for the rest of the system, of the 5.5MW drawn from the 110kV system almost 1.5MW is lost. The upgraded substation and distribution system will re-capture this approximately 2.5MW of capacity.

The Lashkar Gah 3.3kV distribution system was built in the 1950s when Lashkar Gah was no more than a small village. It has been extended continually over time, and should have been upgraded at some point to a primary distribution voltage of 10 to 20 kV. However, the voltage has remained at 3.3 kV, and as the population has grown and the town expanded, lines have extended, energy losses have mounted and power quality has suffered. It is obvious that if more power is made available from Kajaki, and more substation capacity is installed, intended benefits will not accrue because the capacity of the 3.3kV distribution system is inadequate.

### **2.1.5 Key Activities/Accomplishments – Quarter 1**

#### **Recruit/Contract/Assign to Post:**

- Senior Water Systems/Irrigation Engineer (LT)
- Cobblestone Road Specialists (9) (LT)
- Electrification Line Designer (ST)
- Substation Engineer (ST)

#### **Gravel Compacted Roads**

- RFP
- Award of 3 contracts for road rehabilitation

### **Stone Paved Roads**

- Site Survey/Design Complete
- Sub-base materials procured
- Procure 4 Armored Vehicles

### **Irrigation/Drainage Systems Cleaning and Capacity Building**

- RFP
- Award of 1 Contract

### **Electrification Rehabilitation**

- Transformer RFQ
- Materials RFQ
- Distribution Line Drawings

## ***2.2 Agricultural Cluster Development***

During 2006/2007, ALP/S will implement assistance that will result in an integrated livestock cluster functionally operational in Helmand Province by June 2007. The components of this cluster will include:

- Commercial Feed System
- Veterinary Services
- Fattened Lamb Production and Marketing
- Dairy Production and Marketing
- Livestock Price Information System
- Rural Financial Services

This cluster will be developed through a network of farm and livestock associations, which will serve to provide supplies and services to several thousand small farmers, forming the productive base of the cluster and creating the farm level conditions that will make commercial provision of feed, supplies, and veterinary services economically sustainable, by the end of ALP/S. ALP/S will provide technical services and support through another network of service providers, including: Mercy Corps, VARA, CADG, BRAC, OXFAM, ICARDA, Roots of Peace, and IFDC. Both the farm/livestock associations and the network of service providers are still in early stages of development, so that most of the success at the farm level for ALP/S will be determined by the ability to strengthen the service delivery capability of the associations and coordinate and support the assistance provided by implementing partners. MAAHF will play an important leadership role in bringing all of these elements together and providing technical support. ALP/S will work with and through MAAHF to maximize their ability to provide quality services and leadership.

The commercial anchors of the livestock cluster, including the feed mill, fattened lamb facility, and dairy, will be initiated on a demonstration basis to be managed by livestock associations in cooperation with MAAHF and under the management guidance of ALP/S and implementing partners. ALP/S will provide equipment, supplies, and market distribution support during 2006/07 and to a lesser degree in the following year. At the same time, these demonstration businesses will be shopped to potential investors, and ALP/S will promote creative partnerships involving private investors and/or producer associations to move these

businesses into a sustainable commercial phase as quickly as possible. Investments are expected by the fourth quarter of 2006/07 so that production for the following year will be semi-commercial, and fully commercial the year after that.

During the second and third quarters of 2006/07, ALP/S will design a similar integrated cluster development project for annual and/or perennial horticulture, and will begin implementation in the third quarter and fourth quarters, if feasible. This will include a seed distribution activity similar to AMP, with stronger linkages to market and cluster development. Some smaller demonstration and market trial activities for horticulture will be initiated from the outset.

ALP/S will also manage a stand alone seed distribution program, primarily for wheat in fall of 2006 to provide farmers with an immediate alternative to planting poppy. This will be complementary to the distribution of legume and grain seeds for raw materials in the distribution of animal feed. It will however, not be immediately linked to development of a wheat/flour cluster, but is rather intended to complement poppy elimination programs by ensuring that farmers have access to good quality wheat seed.

Expected Results during the first year include:

- 4,000 MT of feed distributed
- 2,000 mineral blocks distributed
- 400 MT of corn, soybean, alfalfa, and clover seed distributed to 10,000 farmers
- Wheat seed distributed to 10,000 farmers
- 10,000 farmers receiving improved animal feed for 40,000 animals
- 80,000 farmers with improved access to veterinarian supplies and services for 250,000 animals
- VFU's operating in 42 districts in Helmand, Kandahar, Zabul, Uruzgan, and Nimros provinces
- 2 milk processing plants established in Helmand Province
- 10 milk collection centers established
- 1500 farmers selling milk to a commercial dairy
- 1 Dairy Associations operational with over 500 members
- 2 new locally produced dairy products introduced in Helmand Province
- 1 commercial feed lot for lambs operating
- 4 farm associations organized and capable of accessing farm credit
- A livestock association established with key representatives from farm associations to co-manage the multi-line feed mill and set policy
- A livestock price information system established
- 2 horticultural investment opportunities identified to anchor a horticultural cluster development program

### ***2.2.1 Livestock Cluster Development***

ALP/S' research and analysis suggests that the livestock complex has the potential to be a major driver of licit economic development in southern Afghanistan, especially Helmand Province. This is consistent with the MAAHF Master Plan, which identifies livestock as having a significant growth potential nationally. At the same time, livestock offers an

attractive transition activity from poppy production. Livestock generally, and especially cattle and sheep, are almost universally seen by small farmers as the equivalent of a savings account in the bank – a safe place to store assets and generate a small but reliable cash income. With assistance to increase the productivity of the livestock enterprise, and with access to services, supplies, and markets, the small Afghan farmer can easily be encouraged to shift current cash income into an investment in an additional cow or several additional sheep, rather than investing in illicit crop production.

The constraints to increased productivity of the small farmers' livestock enterprises (including cattle, sheep, goats, and poultry) are several and are inter-related. The ALP/S integrated cluster approach addresses all of the constraints in a way that can result in an economically sustainable system. The technical constraints to increased productivity include nutrition, veterinary supplies and services, and genetics. With access to improved feed, minerals, inoculations, and improved genetics (such as artificial insemination), the farmer can increase weight gain in sheep or milk production in cattle, for example, but to make these improvements economically viable the farmer needs to be able to sell the additional meat or milk at a price that will pay for the cost. Since there is currently no commercially available local supply of feed, and very limited veterinary supplies and services, these businesses will also need to be developed as the farmers are learning the economic benefits of improved livestock production practices. The integrated cluster approach will work at the farm level and industry level simultaneously to increase the supply and demand for raw material and finished products.

The most critical constraint to the long term sustainability of this cluster is access to credit at the farm level, which will most likely require farm cooperatives or associations that are organized to this end. The livestock cluster program will work through farm associations and in cooperation with other programs in supporting the development of associations. Development of functional associations is an integral goal of this activity, and will link with the efforts of the Business Development Services component to create the specific conditions necessary for accessing credit under the USAID-supported ARIES program expected to start in 2006.

To provide training for extensionists, para-veterinarians, and farmers ALP/S will establish a training center in collaboration with MAAHF, Mercy Corps, ICARDA, VARA, AVA, and local livestock associations. This center will be located in or near Lashkar Gah, and will have the capacity to demonstrate artificial insemination and other production practices, and will be located near to the lamb fattening demonstration facility.

The principal components of the livestock cluster development activity are detailed below:

#### **A. Commercial Feed System**

The development of a commercial feed system is the cornerstone of the cluster, but there are currently no commercial feed mills operating in Southern Afghanistan. To create the conditions that will make a commercial feed mill financially feasible, ALP/S will simultaneously increase the demand for feed and begin to develop a commercial supply of both feed grains and mixed/concentrated animal feeds.

ALP/S will build upon the success of the AMPS program, which distributed fertilizer and vegetable seed to over 12,000 farmers in Southern Afghanistan, to implement a feed

distribution program that will demonstrate to 10,000 farmers in Helmand Province the value of concentrated animal feed, and will begin to stimulate the commercial demand for feed. Feed mixtures for sheep and cattle will be produced in 8 small feed mills managed by farm associations in partnership with local NGO's. Raw materials will be purchased locally, or imported from Pakistan if necessary. Additional mixed feed concentrate can also be imported directly from Pakistan if local production is not sufficient to meet demand. In that case, the feed will be re-packaged to create an Afghan farm association identity for the feed. The feed will be distributed by farm associations, veterinary field units, and NGO's, with the assistance of MAAHF. Farmers receiving feed will also receive technical assistance and training in animal nutrition. While this program builds on the foundation of AMPS, it takes the farmer much deeper into a sustainable economic cluster that will ensure continued commercial supplies of animal feed and other products, at the same time developing both the markets and the farm associations.

ALP/S will demonstrate the feasibility of commercially milling animal feed at the same time as developing the demand. Eight small feed mixers and raw materials will be put into immediate use by farm associations and NGO's such as Mercy Corps, who will distribute and track feed through farm associations. These small mills have a combined capacity of about 20 tons per day, and will be useful for training of associations. In the third quarter, ALP/S will also procure a multi-line feed mill with a capacity of about 500 tons per day which will be used to demonstrate the commercial application of this type of mill. The multi-line mill will be managed by a livestock association in conjunction with the Mercy Corps Dairy Development program for Helmand, and under the auspices of the MAAHF. The livestock association that will manage the feed mill on a demonstration basis will be chosen competitively based on management capacity.

An objective of the feed mill is to strengthen the capacity of farmers to increase production of row crops and legumes (via access to credit and agriculture extension services). The feed mill will be able to provide price support for these goods that will benefit the small, medium and large producer. The feed mill will be able to utilize the by-product from the cotton mill (cotton-seed mill) along with the whole grain production of corn, wheat, barley and grain sorghum. To stimulate farmers to increase supply of raw materials for the eventual commercial demands for feed grains and legumes, ALP/S will distribute these seeds to 10,000 farmers in the fall (second quarter) of 2006. As mentioned above, this will be accompanied by a stand alone wheat seed distribution program that can take advantage of the distribution logistics that ALP/S has developed.

At the same time, the ALP/S Business Services Development Advisor will conduct an investment promotion activity aimed at finding a private sector investor or business partner who can lease the equipment from the association for the production year 2007/2008. At that time, the market potential should be better defined, and credit will be available to farmers to finance their purchase of the feed.

## **B. Veterinary Services**

ALP/S will contract the Afghan Veterinary Association to establish veterinary field units (VFUs) in 42 districts in Southern Afghanistan, including throughout Helmand. The VFU's will be equipped to provide vaccinations, medical supplies, artificial insemination, and distribution of feed, supplements, and mineral blocks made available through ALP/S support. The VFU's will provide services to approximately 80,000 farmers with 250,000 animals. Of

Of the 42 VFU's, ALP/S will support the installation of 14 new units and an upgrading of service delivery capacity for the other 28. ALP/S will provide extensive technical training of para veterinarians to staff the VFU's, and will support the development of a training and demonstration center in the vicinity of Lashkar Gah which will be managed in conjunction with a demonstration lamb fattening unit.

The short-term focus will be on animal health and includes livestock vaccination against major disease problems, preventive actions against parasitic diseases, and other health related activities. This focus shall enable rapid mobilization of existing veterinary resources into extensive vaccination and preventive treatment campaigns. These activities are needed to save the livestock that survived the war and the severe droughts and to assist in increasing their numbers. The immediate goal of the project includes prevention of further deterioration of the animal health services system partially still in place (VFU-system), after more than a decade of development but now at risk to collapse due to withdrawal of external support and the extended period of drought. In the short term, the VFU's will also provide access to much needed winter feed, concentrates, supplements, and mineral blocks.

The mid-term focus of the project is on business development and strengthening organizational structure that would enable the system to grow ultimately towards an independent system. At the same time, geographical coverage shall be extended, and the scope of the interventions shall broaden, because livestock health is related to nutrition and the productive capacity of livestock. Mid-term focus of the project is also on improving livestock reproduction through Artificial Insemination and cross breeding extension programs including advice on animal nutrition, and husbandry methods.

The long-term focus of project is to reach required degree of self-sustainability for service network system that it can operate largely or totally independent of external support. Government officials have already expressed their consent to have clinical services be implemented by the private sector. Long-term focus includes utilizing the established animal health service network for collection of disease surveillance data on one hand; on other hand for collection and dissemination of livestock market information, as well as enabling introduction of new tools and possibilities.

The long-term goal of the project is to improve livelihoods and food security in project areas by contributing to the improved health and productive capacity of local livestock and upgraded live stock through continued cross breeding and artificial insemination programs

### **C. Fattened Lamb Production and Marketing**

In Afghanistan enclosed lamb fattening has not been practiced for various reasons including nomadic "Kuchi" tribes migrating back and forth from the plains to hilly regions. However, with the changes in agro-climatic conditions (drought) and increased agriculture productivity, farmers have begun to increasingly raising lambs in their small farm compounds. ALP/S will build on this trend and on the strong market for mutton to demonstrate the feasibility and management techniques of a modern confinement system based on efficient conversion of feed, good animal health and sanitation, and accessing higher value markets.

In order to demonstrate that commercial lamb fattening is a commercially viable activity, ALP/S will set up a lamb fattening farm with partners as Afghanistan Veterinary Association and Ministry of Agriculture and Animal Husbandry near Lashkar Gah, Helmand. ALP/S

will provide technical assistance and training through contracts or MOU's with Mercy Corps, AVA, ICARDA, and/or VARA. MAAHF or the livestock association will make land and buildings available. ALP/S will provide materials for fencing, gravel roads, roofing, hay and feed storage, a watering system with portable generator, feeders, tractor, manure spreader, and transportation. The lamb fattening demonstration facility will be linked to the livestock price information system to further demonstrate effective market analysis and animal marketing, including potential export to the region.

The facility will provide for adequate covered area for shade for lambs and feed storage, and will provide:

- Nutritional guidance on green and compounded fodder for lambs.
- Health care practices to be followed during fattening and calving period.
- Veterinary services.

#### **D. Dairy Production and Marketing**

ALP/S will work to increase economic opportunities for both extensive, rural dairy and intensive, commercial dairy markets. Assistance will be closely linked to the creation of a marketable surplus through improved nutrition and animal health promoted by the feed mill and veterinary services components. In the case of extensive rural dairy development, small farmers will be given assistance to increase productivity of milk production through nutrition, veterinary services and supplies, and eventually genetics, so that they can begin to produce a marketable surplus of milk that can be marketed locally through informal channels. During 2006/07 there will be limited marketing assistance for extensive rural dairy, since most of the milk will be marketed at the village level.

During 2006/07 ALP/S will focus commercial dairy assistance on the target of having a small demonstration dairy operational by the fourth quarter. For the development of this small demonstration commercial dairy, ALP/S will work with the Gulshan Widow's Association which has received a donation of milk processing and ice cream equipment from RAMP. This will be both a small demonstration of commercial dairy and direct assistance to a vulnerable group of Afghan widows. ALP/S will also provide technical assistance as well as some limited equipment, supplies, and raw materials to an approximately 500 member dairy association that is receiving organizational assistance from Mercy Corps. It is expected that the assistance will permit Mercy Corps to expand milk collection to about 1500 farmers. ALP/S will provide equipment for dairy processing, collection, cold storage, and marketing to the dairy association in cooperation with Mercy Corps and the MAAHF. ALP/S will provide technical assistance and training through contracts with Land O Lakes and/or others.

#### **E. Financial Services**

The long term sustainability of this livestock cluster will depend on increased private sector investment and farmer access to credit. Private sector investment in this and other clusters will be promoted by the ALP/S Business Development component. Farmer access to credit will be developed in close collaboration with the USAID ARIES financial services program. The role of ALP/S will be to develop credit worthy farm enterprises and to strengthen the transparency of farm associations and their ability to organize to receive financial services. ARIES will develop credit mechanisms and financial services per se.

At the same time, the work in all of the above components of the livestock cluster will be implemented through farm associations with the direct goal of strengthening not only their service delivery capacity, but also their ability to assist farmers to access credit when it becomes available. In cluster development, association strengthening is not an add-on activity, but is rather part and parcel of how all of the services will be delivered and results achieved. It is expected that 4 farm associations will effectively help their members access credit through the ARIES program by the first quarter of 2007/2008.

## **F. Price Information System**

This activity will support the establishment of a price information system for selected agricultural commodities in Helmand and Kandahar provinces. Market prices for horticulture products supported by AMPS (melon, watermelon, sweet pepper, cucumber, okra, dried chilies, wheat, corn and mung beans) and livestock (lambs, dairy cattle, beef cattle poultry) will be monitored on a weekly basis at six localities (Lashkar Gah, Girishk, Kandahar, Quetta, Herat and Kabul). The resulting surveys will then be processed at the Commodity Price Database; the information obtained will be formatted as a news bulletin and distributed to participating radio stations (two in Kandahar and three in Helmand) for three weekly broadcasts to rural and urban audiences. Reliable and timely information transmitted to farmers on prices for commodities at different markets will strengthen their negotiating position with traders; since radio programs cover both rural and urban audiences, the general public will also benefit from this information.

Although the activity will be fully managed by ALP/S in conjunction with farm associations, it will require support and participation from the GoA to meet its goals: the price information system is conceived as a public service provided by the GoA with USAID/Afghanistan support. MAAHF, by its functions and mandates, is the logical partner for this undertaking. The activity will eventually be sustained by commercial support from farm supply businesses and agro-processors, which can pay for air time and other distribution costs in exchange for publicity and advertising space and time.

A basic training program on the Commodity Price Database and skills upgrading in Ms-Excel for surveyors and ALP/S data processing personnel will be offered to guarantee a successful implementation of the activity.

### ***2.2.2 Horticulture Cluster Design and Development***

ALP/S will design an integrated horticulture cluster development activity during the second and third quarters of 2006/07. This will build on a variety of background developed during the first year of implementation, including feasibility studies of several enterprises, production and market trials of specific export products, expressions of interest from potential investors in processing plants, and successful experiences in the distribution of vegetable seeds through the AMP program.

ALP/S is currently working with Development Works Canada in production trials of chili peppers for drying and export in collaboration with the MAAHF in Helmand. Under RAMP, Roots of Peace established a production and marketing assistance program to the Fresh Fruit Exporters Association of Kandahar (FFEAK) and the Dried Fruit Exporters Association of Kandahar (DFEAK), in which they conducted export market trials of high quality grapes,

raisins, and pomegranates. ALP/S plans to continue assistance to these associations during the first and second quarters of 2006/07. Also under RAMP, 4 cold storage units were installed in Helmand province with farm and trade associations. ALP/S will continue to provide TA and training to these associations during the first and second quarters of 2006/07. In addition, ALP/S has received an expression of interest from an American firm, LITCO, for support to an investment in drying, processing, and packing facilities for export quality fruits from Kandahar and Helmand provinces.

ALP/S will work with these potential partners and/or others who express interest to develop an integrated cluster approach to horticulture with the potential to benefit 5,000 to 10,000 farmers. While this cluster is identified by the Ministry of Agriculture Master Plan as having great growth potential, ALP/S will need to design a program that can be effective in the operating conditions of Kandahar and Helmand, which currently do not permit easy access to farmers at the field level. The primary opportunity is to access higher value export markets to India, Pakistan, the Middle East, Asia, and the United States to a limited degree. The constraint to entering these markets is quality, and quality can only be increased with both significant improvements in the field as well as investment and improvements in handling, cold chain, processing, and packaging. In addition, export marketing will require significant business skills. For these reasons, ALP/S will continue to approach the horticultural sector as an investment promotion activity, with a complementary field extension program. Ultimate success will be determined largely by both improving security which permits greater access to farmers and improved investment incentives to permit private investors or associations of sophisticated traders and businessmen to startup high risk enterprises that can pilot the development of the cluster. This activity will be designed during the second and third quarters in collaboration with the Business Services Development component.

### **2.2.3 Key Activities/Accomplishments – Quarter 1**

#### **Recruit/Contract/Assign to Post:**

- Agribusiness Development Manager (LT)
- Livestock Specialist (LT)
- Livestock/Feed Specialist (ST)

#### **Livestock Cluster Development**

- Procure/Store 4000 MT animal feed
- Procure/Deliver 200 MT feed raw materials
- Procure 10 MT wheat seed
- 8 mini-feed mills distributed to associations
- Contract with AVA signed
- Dairy Training initiated at Gulshan Widows Association

#### **Horticulture Cluster Design/Development**

- DWC Chili Pepper Production Trials complete
- Contract for assistance to FFEAK/DFEAK in Kandahar

### **2.3 Business Development Services**

The Business Development Services (BDS) component will focus on the promotion of private sector business investment in both Helmand and Kandahar. Investments will include both feed mill and dairy related businesses that directly contribute to the livestock cluster and other investments that represent high impact opportunities. In all cases, increased investment and more effective business is a pre-requisite for sustained economic growth.

The BDS component will not work in public sector strengthening in 2006/2007 because of the very comprehensive DFID program in that area (see Cross Cutting Issues). BDS will work in association strengthening only to the degree that there is a specific need that arises among farm associations that are partners in the Agribusiness Cluster Development component. In general, however, the roles of the Agribusiness and BDS components have been reversed for 2006/2007, with the Agribusiness component focusing more on farmers and farm associations through the delivery of real products and services, and the BDS component focusing on investment promotion and assistance to private sector enterprises. This change in focus will both increase immediate service delivery to farmers (via cluster development) and also make BDS investment promotion more business-focused and effective.

The BDS component will also manage the development of an industrial park for Lashkar Gah, with support from the Infrastructure component. The Industrial Park activity was moved to BDS from Infrastructure because the success of the industrial park will depend more on the business demand for such a facility and the management agreements that are established at the outset than it will on the physical characteristics. A design, including ownership/leasing arrangements and potential clients, will be finished in the first quarter of 2006/2007, and the park is expected to be complete by the first quarter of 2007/2008.

Investment promotion activities will link potential investors with sources of finance, co-investors, suppliers, markets, and business alliances. ALP/S BDS will sign assistance agreements with potential investors, and when the investor is ready to start a business, ALP/S will make available high quality industry experts in management, marketing, production, IT, administration, etc. ALP/S will also support emerging businesses with market development assistance, including market trials to export markets and product development for local and foreign markets.

The BDS component will oversee design of a potential cluster development activity for horticultural products, which will depend very closely on the ability to attract significant new investment in packing and processing plants as well as the ability to develop new market standards and open new export markets. This design will be in the second and third quarters of 2006/2007.

BDS will work closely with the Livestock Cluster Development component to find private sector investors and partners for key investments in that cluster, including for a commercial feed mill and dairy. These activities will be launched as demonstration businesses managed by associations of producers, but will be transitioned into sustainable businesses by the end of this 2006/2007 planning period. Note: again, the roles of Agribusiness/Cluster Development and Business Development Services have been reversed as compared to the previous year. The role of the BDS advisor will not be institutional development or training, but rather bringing a strong private sector and investment promotion orientation to the team.

Other investment opportunities include: a textile mill in Kandahar, a flour mill in Helmand, and processing plants for dried and fresh fruits and vegetables in Helmand and Kandahar.

Clearly, the lack of access to credit constitutes a major barrier to licit crop production in southern Afghanistan. ALP/S will continue to work closely with USAID and other partners to resolve this issue. Potential exists to build on the following:

### **Credit and Rural Financing**

The BDS component will lead the ALP/S coordination with USAID sponsored ARIES Program to channel resources for industrial credit, farm credit through farmer owned businesses, rural credit unions, and microfinance. The role of ALP/S in the collaboration will be detailed in an MOU with ARIES, but will be focused on identification of potential enterprises capable of receiving credit, assisting these enterprises to increase their profitability and help them become credit worthy, and increasing the transparency and service delivery capacity of producer associations. The ARIES activity could include a range of interventions, including industrial financing and credit and other incentives, strengthening and establishing saving and loans credit unions, farmer associations to provide farmer operational credit as well as microfinance credit in all three ALP geographic areas. ALP/S can assist in developing the complementary and supporting services required to access the financing available under this program.

ALP/S will explore the possibility for agro-processors to provide agricultural inputs to farmers to cultivate the required crops. The agro-processor would then discount the value of inputs provided upon purchasing the crops.

### **Industrial Park**

ALP/S will conduct a final feasibility study and design for an industrial park in Lashkar Gah during the first quarter of 2006/07, and will proceed with establishment of the park contingent upon results of the study and design. ALP/S will work in close collaboration with the Afghan Investment Support Agency (AISA) and local government on the site selection and development of the park. The business park can serve as an important tool to entice businesspersons to invest in the area, and it is important for the overall economic growth and job creation within Helmand. The industrial park can be an integral component for ALP/S to reach out to potential investors and will serve as a catalyst to facilitate investment in agro-processing, as well as stimulate growth within the agricultural sector. Entrepreneurs will be able to purchase or lease serviced sites within the industrial park, which will mitigate the risks associated with obtaining land titles, zoning permits, manufacturing authorization and adequate public utilities and services. Most of the infrastructure constraints faced by firms wishing to invest in Afghanistan can be alleviated with the creation of this business park. The facility will be located within an enclosed area and will feature land title or clear multi year lease agreement, paved roads with curbing and concrete side drains, central water and sewer, site security provided by the park management and a reliable electric power supply.

### **Key Activities/Accomplishments – Quarter 1**

#### **Recruit/Contract/Assign to Post:**

- Business Development Services Manager (LT)
- Business Development Specialist (ST)
- Business Development Specialist/Industrial Park (ST)

**Industrial Park:**

- Design Study Initiated

**Section 3 Cross-Cutting Issues****3.1 Collaboration and Capacity Building**

To be successful, ALP/S needs to create licit economic opportunities, contribute to the reduction in poppy production, and support rule of law through the extension of GoA authority and services across Helmand and the Southern Region of Afghanistan. All of these ends require close coordination and collaboration with the GoA, especially at the provincial level. Specifically, ALP/S needs to achieve three things in working with the GoA –

- Ensure that ALP/S projects fit into a larger provincial development scheme,
- Project a clear image to beneficiaries and other Afghan citizens that ALP/S assistance is being provided under the auspices of the GoA, and
- Strengthen the capacity of the GoA to provide leadership and services.

To ensure adequate coordination in the planning process, ALP/S will coordinate all activities with an active Provincial Development Council in conjunction with the Provincial Governor. The PDC is receiving direct support from DFID, and ALP/S will not provide additional direct assistance, but will participate fully in all PDC meetings and activities. To the extent that the PDC does not have the ability to effectively coordinate planning in a specific area, ALP/S will work directly with Ministries in Kabul as well as Provincial Directors, always informing the PDC.

The single most important challenge in terms of the ALP/S relationship with the GoA during 2006/07 will be to create the strong public perception that, in fact, the assistance provided by ALP/S is a product of the Government of Afghanistan with support from United States Government. Public information campaigns will contribute to the message, but ALP/S will use a more fundamental approach at the community level to ensure that this message is heard and understood. ALP/S will initiate all activities with a consultation at the level of beneficiary community that is conducted with the clear and active participation of the appropriate GoA representatives, organized in cooperation and under the auspices of the Provincial Governor, with participation of the PDC as appropriate, and including District Governors, Community Development Councils, and local shura. During the meetings ALP/S will verify the community's perception of the value of the assistance, discuss what is expected from ALP/S and what ALP/S expects from the community, and define the role of the GoA in coordination and possible dispute resolution. A leadership group will be formed to monitor progress, and to ensure compliance with terms of assistance. As much as possible, the GoA, including HAVA, MAAHF, and MRRD will be given specific leadership roles, within the understanding that ALP/S remains responsible for compliance with technical and financial parameters. Considerable effort will be made during these talks and meetings to maintain a consistent posture in which the leadership derives from the Provincial Governor through the District Governors to the local communities, and that the line ministries are responsible for providing technical leadership.

Since the DFID program has a strong public sector capacity building orientation, ALP/S will provide only limited formal capacity building to the GoA, and entirely in strengthening of the capacity to provide specific technical services. Most of the ALP/S capacity building will be in the nature of learning by doing, and will be directed to MAAHF in agricultural and livestock technology and extension, HAVA in irrigation and water management, MRRD in cobblestone road technology, and DABM in maintenance of the Lashkar Gah substation and power distribution system.

In the case of MAAHF, to the degree possible, ALP/S will contract with IP's who have the ability to not only provide training to MAAHF technicians, but who can also include MAAHF in the management of demonstration and training activities. This is being done currently under the DWC contract for Chili Pepper production and market trials. ALP/S will not, however, provide incentives for MAAHF extension services to compete with farm associations that are capable of providing extension agents on a fee basis.

Significant capacity building is planned for HAVA and HCC in the area of irrigation and water management. A water/irrigation engineer will manage contracts with HCC for renovation and cleaning of irrigation and drainage systems, providing systematic technical training to key employees to permit learning by doing. Income earned from the ALP/S contracts will further permit HAVA and HCC to invest in replacement equipment and machinery to increase the physical capacity to manage water systems.

MRRD engineers will be trained in all aspects of stone paved road construction, both on site with work crews and at special training sites that will be managed separately and at which techniques will be taught in a classroom type environment.

### **3.2 Gender and Vulnerable Groups**

During 2006/2007, ALP/S will work to improve the livelihood of women and vulnerable groups by:

- Targeting women owned and managed businesses for ALP/S support,
- Supporting local women leaders in at the district and provincial levels,
- Integrating gender into program components,

Among the challenges of working with women and vulnerable groups in the southern region is the conservative nature of society. This area is the seat of Pashtun culture and the home of the Taliban. Within this context, ALP/S must devise innovative ways to include and provide these groups access to project activities and benefits, design them in culturally sensitive ways and to take into consideration their needs within each component. While long term gender integration will require substantial effort from many governmental and non-governmental actors, ALP/S intends to take advantage of opportunities that currently exist for involving women and vulnerable groups in the region's economic development, and in so doing, foster their personal development and well being.

The most direct and least culturally threatening way to start to improve Afghan women's position in society is to assist them in earning income. Most husbands allowed their wives to keep income they have earned. Although ALP/S does not specifically target small and

medium enterprises, the project will assist women-owned and/or managed enterprises. ALP/S will respond to opportunities to work with these enterprises as they arise, and has current plans for the following:

- High-end production of Khamak-embroidered clothing and decorative items for Afghan and American markets, through a contract with Kandahar Treasures,
- Soaps, blended bath/massage oils and other aromatic products which use locally grown fruits, nuts, seeds and flowers, also for the domestic and American markets, through a contract with Arghand Enterprises,
- Helmand village phone services network, in conjunction with Roshan
- A Helmand midwife enterprise, that will give reproductive health care while providing a sustainable livelihood for midwives, through a contract with JHPIEGO
- Assistance to the Lashkar Gah Widows' Association small dairy processing facility, as part of the livestock cluster development component,
- Support to the Department of Women's Affairs' (DWA) activities in Lashkar Gah. The DWA provided separate classrooms for men and women for computer skills training initiated in January 2006.
- Training programs that could enhance women's participation in cluster activities at the district level and through associations, such as technical training in sorting, packing and processing inputs, or managing and operating the women's sections of these facilities.

In the implementation of the livestock feed distribution and veterinary services program, ALP/S will explore ways to include vulnerable (female-headed) households and give them access to support for small livestock and will work closely with district authorities to include them in their implementation of the program.

Within the parameters of the project and in collaboration with ARIES, ALP/S will seek sources of credit that can be made available to women's associations, offer training in how to handle the credit, and provide other strengthening measures for these organizations. Since ALP/S does not have funds to capitalize a revolving loan fund, we will work closely and coordinate activity with micro credit facilities offering credit to women-owned and women-managed businesses.

### ***Key Activities/Accomplishments – Quarter 1***

- Village Phone Contract signed with VARA and Roshan
- Arghand Enterprises Contract signed
- JHPIEGO Contract signed – midwife network

### ***3.3 Environment***

ALP/S received notice from USAID that all three ALP Implementing Partners should standardize the reporting procedures to demonstrate compliance with USAID Environmental Guidelines. The submittal of these environmental impact statements for each activity needs to be submitted to USAID and approved by the ALP CTO prior to initiating work on activities requiring environmental statements. The purchase of pesticides will only be authorized after a complete environmental assessment is conducted.

### **3.4 Public Information**

In 2006/2007 the ALP/S PI Office, through targeted communications, will foster community awareness about ALP/S technical component activities and successes as well as the collaborative efforts of USAID and the GOA on behalf of licit economic development in the region. In light of the sensitive nature of the subject matter and the high profile nature of the program, the ALP/S PI Office will work closely with the Mission and other stakeholders, particularly with regard to messaging and contact with the media. During the second and third quarters, ALP/S will conduct feedback and assessment analysis of the success of current messages and media, and will begin developing a new set of materials.

Public information will use several types of media, and will include educational, entertainment, and public service messaging. To increase the exposure of radio spots, ALP/S is distributing over 12,880 solar powered radios in Helmand Province, and will distribute another 6,700 during 2006/2007. Radio spots will be combined with price information messaging for crops and livestock to attract wider audiences.

ALP/S has current plans for 5 public billboards and widespread flip-chart distribution at the village level, as well as 15,000 AL Concept Picture Books. Technical and promotional material on cobblestone roads will include booklets, posters, presentational materials, news releases, and videos. A promotional tour with VIP entertainers will be scheduled for the poppy planting season and will coincide with complementary media messages by the same personalities. ALP/S will sponsor a Trade and Development Fair with AISA, MRRD, MAAHF, and the Department of Women's Affairs during the last quarter of this planning year, to promote project activities and to demonstrate successful crops, handicrafts, and livelihoods. Brochures, presentations, educational material, and fact sheets will be available at this event.

ALP/S will conduct an outreach program to mullahs, "pirs", village elders, select GoA officials, district shuras, all Provincial Council members, to identify, train and mobilize high-level (provincial and district leaders, and other VIPs) and citizen-level messengers to serve as effective AL spokespersons. ALP/S will also sponsor journalist seminars, off the record meetings to discuss ALP/S programs and messages. The ALP/S public information component will also be responsible for maintaining working relationships with counterparts in PEP and the Ministry of Counter Narcotics.

By the third quarter, ALP/S will develop a "starter kit" that can be made available to ALP/N and ALP/E in August should USAID/Kabul agree that the AL Public Information Campaign as conceived for ALP/S warrants replication in those regions.

#### **Key Activities/Accomplishments – Quarter 1**

- PI Specialist At Post
- 5 Billboards Place in Helmand
- Flipchart Distribution initiated
- Booklets on Cobblestone Roads Developed/Printed/Distributed
- Public Service Radio Announcements ready for Broadcast

## **Section 4 Program Management**

ALP/S will implement a greatly expanded program in 2006/2007 designed to move away from simple CFW activities and increase both the visible impact and the technical sophistication of activities as they become increasingly economically sustainable. At the same time, security and operating conditions remain extremely challenging, and ALP/S will need to make several operational changes to be successful. Even with the changes that are planned for at the outset of the year, it is fully expected that additional adjustments will be needed in both personnel and management systems, and ALP/S will, therefore, work closely with USAID to be able to make needed changes expeditiously.

The operational challenges are: that the program is growing dramatically, the technical level is becoming more sophisticated, the operational environment is extremely difficult, and conditions are constantly changing. Transportation is highly problematic, given the irregular air service to Helmand. Currently, even PRT flights are subject to greater restriction than any time in the last year. LT staff need frequent rest breaks to remain functional, and there will still be high rates of turnover. Program continuity is difficult to maintain in these circumstances. As the program grows, the demand for management of security and logistics grows significantly, and housing and office space become even greater challenges. A very low level of skilled work force in Helmand already make maintenance of buildings and equipment (especially generators and air conditioners) a critical challenge.

To address these management challenges, ALP/S is increasing the levels of LT technical staff, both expat and Afghan, to implement the engineering and livestock cluster programs. ALP/S will also strengthen the monitoring and evaluation function by separating that from the gender specialist duties and adding a LT position. Similarly, as the Public Information program grows, ALP/S is separating out the communications and reporting duties from the public information specialist. Operations are being strengthened by the addition of a general services manager, who will be responsible for coordinating transportation and maintaining physical plant operations.

ALP/S will also make maximum use of short term assignments by qualified Chemonics home office technical staff, many of whom have significant Afghan experience through RAMP and ALP/S as well as other activities. These technical specialists are highly qualified and experienced, can be programmed easily, and create continuity in the program, while reducing the need for LT advisors or lengthy recruitment of ST consultants who may require repeated orientations.

Additional workload requires additional living and working space. To create some of this space, ALP/S will use the Kabul office for secure transition for STTA, temporary work with USAID, GoA, and Kabul based IP's, and specific services that require special skills or partners, such as public information, graphics, and sophisticated mapping. ALP/S will use the Kandahar office to support BDS activities, engineering activities located in Kandahar, horticulture as needed, and gender activities. Security in both Kabul and Kandahar will be upgraded through increased training of local staff and assignment of a TCN Global staff to Kandahar.

### ***Key Recruitments - Quarter 1***

- Deputy Chief of Party
- M&E Specialist
- Communications Specialist
- General Services Manager