

Rebuilding Afghanistan's Agricultural Markets Program

Project Summary	
Subsector	Agriculture
Location	Nationwide
Project Cost	\$150.0 million (\$67.5 million for Infrastructure Rehabilitation and Repair)
Project Type	Irrigation Rehabilitation, Rural Roads, Microfinance, Agricultural Technology Development
Project Executing Firm/Agency	United States Agency for International Development
Funding Agency	United States Agency for International Development



Project Outline

Restoring food security is among the United States Agency for International Development's (USAID) highest priorities in Afghanistan. Afghanistan's rural sector comprises some 80 percent of the country's citizens, and traditionally produced more than half of its GDP. It is now decapitalized and many productive assets have been destroyed. Crops have been uprooted, livestock has been lost, farmers are heavily indebted, and several years of drought have compounded rural sector poverty. Opium poppy production has grown exponentially in the past several years.

USAID is initiating a three-year program, Rebuilding Afghanistan's Agricultural Markets Program (RAMP), aimed at enhancing the food security and incomes of the rural population. It has two principal objectives: a) increased agricultural productivity and output, and b) increased incomes through effective linkages between producers, processors, and markets. To increase productivity and output, RAMP will focus primarily

on addressing constraints imposed by the lack of cash resources for productive activities and deteriorated rural infrastructure.

Under RAMP, USAID will initiate rural infrastructure rehabilitation activities including the rehabilitation of irrigation systems, *kerezes* [support structure], markets, and secondary and tertiary roads.

Technical Description

While the vast majority of Afghan communities rely on agriculture, they are constrained by degraded or damaged agricultural infrastructure, such as irrigation systems, water impoundments, bridges, roads, culverts, and other pertinent structures that are used for storing, processing, and selling agricultural products and inputs. The infrastructure element of RAMP will address the critical infrastructure needs as identified by Afghan communities, with the purpose of reviving the agricultural economy. It also will address the need to strengthen community participation, decision making, and operational sustainability mechanisms that have been affected by the war and social dislocations. It will provide a mechanism for undertaking small- and medium-scale infrastructure rehabilitation projects throughout the country, in conjunction with other project elements oriented towards raising agricultural productivity and increasing the volume and value of traded inputs and farm outputs.

The elements of the infrastructure component include:

Farm to market roads, bridges, culverts, and other pertinent structures: High transportation costs are caused by the lack of good all-weather roads, bridges, culverts, and other relevant structures; reactivation of the agricultural sector is hampered by the lack of access to markets. This component is designed to may rehabilitate selected structures that are needed to move goods and services quickly and cost-effectively between market centers. Subject to the availability of funding, it is estimated that up to 1,000 kilometers of roads and other structures may be repaired.

Irrigation Systems: Water is the key resource for the agricultural sector. Eighty-five percent of all crops are produced with the help of irrigation. Given the arid conditions and the effects of a four-year drought, considerably more attention must be paid to small-scale irrigation systems, water conservation, and demand-based management of water at the farm level. Agriculture relies on irrigation systems, both traditional and modern, which tap rivers, streams, water catchments, and groundwater sources. Community-based initiatives to restore, repair, manage, and maintain systems are important to ensure that infrastructure projects are sustainable. The infrastructure component may undertake redesign, rehabilitation, and repair of:

- Up to approximately 500 village-level irrigation systems
- Up to 100 small-sized dams, reservoirs, or other water catchment systems used to impound surface or sub-surface water

- Up to 15 medium-scale dams, reservoirs, or other water catchment systems used to impound surface or sub-surface water
- Up to 1,000 km of canals repaired or cleaned
- Technical assistance to redesign, manage, and maintain infrastructure that has been repaired or rehabilitated

Market structures: Up to 1,000 market structures will be rehabilitated or repaired. Considerable post-harvest losses are incurred at the village level. Field and village-level processing is crucial to reduce post-harvest losses. Controlling post-harvest losses will become a vital first step as small farmers attempt to supply markets. Market structures could include: 1) simple stalls to clean, sort, and display produce for retail and wholesale sales, 2) above- and below-ground storage space to extend marketing to periods of higher prices or to protect commodities from pests and vermin, or 3) small buildings to safely store pesticides, other inputs or provide business space for agricultural marketing associations.

Potential infrastructure projects will be identified and assessed by RAMP project personnel in conjunction with counterpart institutions, NGOs, and the affected communities. Criteria that are to be used in identifying projects include: community priorities, project costs, potential contribution to recovery of the local agricultural economy, employment generation, synergy with other agricultural program elements, environmental impact, and the ability of users to maintain the infrastructure. Local contributions will be required.

Upon approval by USAID to proceed, detailed designs will be undertaken by the prime contractor under the USAID Rehabilitation of Economic Facilities and Services (REFS) program. The REFS and RAMP staff will collaborate to work with communities or community-based organizations in locations where lack of physical infrastructure is a constraint to technology and market development.

In every case, consideration of how the infrastructure will be operated and maintained will be emphasized. Training and other activities should be developed and included in projects to ensure sustainability (e.g., user fees, billing and collection systems, or management procedures). An institutional strengthening component for irrigation activities may be developed to collect water fees or to maintain the facilities. In the transportation sector, institutional strengthening (i.e., training) may be provided to the appropriate government agencies that maintain or repair roads, bridges, culverts, and other pertinent structures. In all activities, especially with irrigation systems, the design of institutional strengthening elements must take into consideration local customs and procedures for operations that were or are being used, consistent with community needs and with the participation of the appropriate TISA [Transitional Islamic State of Afghanistan] authorities.

Project Site

The project will be on a nationwide basis. Individual project sites will be identified by the contractor in association with USAID.

Project Status/Timeline

In coordination with appropriate line ministries, USAID will engage a prime contractor to set up a program implementation structure. The contractor will oversee the process of nomination and execution of performance-based program activities, ensure effective and efficient implementation, and report on the results. USAID is in the process of selecting this prime contractor and a decision on this is expected by June 2003. The prime contractor, in association with USAID, will be responsible for identifying priority infrastructure projects and procuring necessary services and equipment for project completion. RAMP will be a three-year activity.

Equipment and Services

The general contractor selected by USAID will be responsible for the preparation of tender documents, review and approval of technical designs, and supervision of project implementation. Procurement of works, goods, and services and contract disbursements will be done through the general contractor.

Suitable contractual arrangements for each component are likely to include large design-build civil works contracts for the roads and smaller turn key contracts to build irrigation systems, canals, market structures, and temporary bridges.

All of the projects under this activity will require the following service procurement:

- Engineering construction supervision and advisory services
- Civil works construction services

The projects are expected to require the following equipment:

- Graders, compacting equipment, pneumatic, steel wheel, vibratory, etc.
- Trucks (dump, off road, concrete mixer, and asphalt transport)
- Bulldozers
- Earthwork hauling equipment
- Cranes (rubber tire and crawler)
- Loaders (front end, pneumatic, and track)
- Asphalt pavement plant
- Asphalt paver

- Asphalt distributor
- Earth moving/excavation equipment for canal dredging

U.S. Competitiveness

An important objective of the RAMP is to rebuild the capacity of Afghan private contractors to undertake international-quality construction projects. Thus, it will be very important for U.S. firms to find strong local Afghan partners to win these tenders. U.S. firms are expected to be highly competitive in construction supervision and supply of equipment. They are not expected to be very competitive in civil works construction.

Project Financing

USAID has committed \$150.0 million to the overall RAMP program. The cost of individual small-scale projects is expected to average \$50,000. In cases where multiple communities are served, project costs may exceed this amount, and a number of medium- to large-scale projects may also be undertaken. Subject to the availability of funds, up to 650 projects at a total cost of approximately \$67.5 million will be constructed or repaired under the physical infrastructure rehabilitation program element.

Conclusion

This activity provides an excellent opportunity for U.S. equipment and service providers. Since a majority of funding is expected from U.S. sources, U.S. companies will definitely be given preference under RAMP. It is very important for U.S. firms to find good local Afghan companies to partner with under this activity.

Key Decision Makers

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