



Khush Tepa Irrigation Canal

Project Summary

PPP Model

Build-Operate-
Transfer (BOT)

IRR:

53.5%

Contract Period:

3 Years

Lead Agency:

MAIL

NPV

USD 7200 M

Sector:

Agriculture

Location:

Jawzjan, Balkh and
Kunduz

Capex:

USD 1503.6 M

Payback Period:

8 Years

Project Description

Khush Tepa irrigation canal is an irrigation project of the MAIL, which will cover 500,000 hectares of land. The implementation period of the project is 8 years excluding one year of the feasibility study. The project's feasibility study has already begun. The project's development work is expected to start in 2021 and completed by the end of 2028. The estimated investment required for the project is \$ 1503 million. Farmers and entrepreneurs will make additional investment of \$ 1000 million on the farm level. The project will probably irrigate 500,000 hectares of new agricultural land, which will be used to produce cotton, grapes, melons, soybeans, almonds and pistachios. The project's revenue generation is expected to begin in 2024. The project's contribution to government revenue will be \$ 62.5 million by 2024, while it will reach \$ 688.9 million by 2030. It is expected that the project will create 500,000 new jobs.



Upon successful implementation, the project will generate NPV of \$ 7,200 million over the appraisal period. The IRR of the mentioned investment is 53.5% and its payback period is 3 years.

The projects are selected based on commercial and economic viabilities to aim expediting realization of government self-reliance agenda, deliver efficient public services, and distribute economic gains amongst the wide majority of the population. The financing options will mainly be through borrowing either on concessional or non-concessional basis but these options will further emerge specifically when consultation with the donors, development funds, and the financial institution starts. In addition, private sector capital and mobilization of PPP financing will be considered for certain projects that are fit for those arrangements.