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**US Reconstruction Aid for Afghanistan:
The Dollars and Sense**

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Abstract

The United States, and its allies, the UN, NGOs, and the World Bank, have injected billions of dollars into what is commonly termed the “reconstruction” of Afghanistan since the war began in 2001. This paper focuses on United States spending on aid in Afghanistan, describing the rationale government officials have given for the aid, what they have spent money on, who has profited from the contracts to provide aid, and what the consequences of that spending have been in terms of benefits to the people of Afghanistan or the United States. The central findings of this review of US government investigative reports and existing field-based scholarship are that reconstruction aid has been allocated primarily to re-arming and policing Afghanistan, with poor or even counterproductive outcomes in both security and other-than-security domains. Furthermore, US companies have been among the primary beneficiaries of this aid, despite widespread fraud, waste, and dysfunction. In contrast to a focus on human needs, and rather than rebuilding the basis of a modern state, reconstruction has been focused on furthering United States security interests. Reconstruction thus sets the foundation for continued violence and impoverishment in the years to come.

As the 14th year of the US war in Afghanistan grinds on, itself on the heels of two more decades of war before it, prolonged violence has left Afghanistan in need of construction or reconstruction of most of the facets that comprise a functioning nation-state. Transportation, communication systems, banking, health care, education, and agriculture have all suffered damage or years of war-induced neglect and distortions.

The United States, and to a lesser extent its allies, the UN, NGOs, and the World Bank, have injected billions of dollars into what is commonly termed the “reconstruction” of Afghanistan since the war began in 2001. This paper focuses on United States spending on aid in Afghanistan, describing the rationale government officials have given for the aid, what they have spent money on, who has profited from the contracts to provide aid, and what the consequences of that spending have been in terms of benefits to the people of Afghanistan or the United States. The central findings of this review of US government investigative reports and existing field-based scholarship are that reconstruction aid has been allocated primarily to re-arming and policing Afghanistan, with poor or even counterproductive outcomes in both security and other-than-security domains.

Furthermore, US companies have been among the primary beneficiaries of this aid in the form of salaries and profits. Despite widespread fraud, waste, and dysfunction, these companies have nonetheless continued to earn further contracts.

Rationale for Reconstruction Aid

US officials have provided a variety of rationales for reconstruction aid. These justifications often reflect assumptions among the American public about what US obligations are to Afghanistan and about what aid can or does accomplish in a conflict zone such as this one.

George Bush first focused on counterterrorism, with nation-building as a related project that he argued would help eliminate terror networks in the country. The goal, he said in 2006, was to “build a lasting free society that will be an ally in the war on terror.”³ But he also later said, more expansively, that US aid (in the form of joint military-civilian Provincial Reconstruction Teams) was “aiming to help the Afghans recover from unbelievable brutality of the Taliban and have a society that’s capable of meeting the needs of its people.”⁴ This statement explains the need for reconstruction by citing the damage done to Afghanistan by the pre-2001 Taliban regime.

Reconstruction aid has primarily been justified in Congress in recent years as a necessary component of the US military counterinsurgency campaign intent on shaping Afghan public opinion of the US and of the current Afghan government.

Privately, US officials sometimes describe the aid differently, that is, as an important device for shaping US public opinion of the war. The notion of reconstruction helps construe US involvement as a benefit to Afghans, not just US national security. In other words, this framing helps construe US involvement as a humanitarian effort that demonstrates an American spirit of generosity and helpfulness.⁵ The term reconstruction drags with it a host of assumptions: most usually, the public assumes that reconstruction is quite literally the rebuilding of a country’s infrastructure and the direct provision of basic humanitarian and development needs for food, water, employment, education, and health care.

Pentagon strategic documents, on the other hand, provide other rationales for US aid. They portray humanitarian aid distribution both as a means to gather intelligence on the local population as well as a method for undermining the insurgency, and for “co-opting local beneficiaries of aid and their leaders.”⁶ Provincial Reconstruction Teams (PRTs), also known as Coalition Humanitarian Liaison Cells, “provided information to the US military on humanitarian needs and implemented small DOD-funded projects to build trust and confidence among the local population,”⁷ with that trust presumably in the project deliverer, the US, itself.

These diverse framings of the purpose of aid – public, official, and more circumspect – can be set alongside the reality of what reconstruction aid has been spent on. Observers of the impact of aid on the ground in Afghanistan have generally concluded that, while

some limited immediate humanitarian needs, themselves often created by the war, have been met, and some limited gains in such things as school enrollment numbers or electricity generation have been measured, the larger impact of the aid has been extremely limited or counterproductive to the goals announced for it. The aid has not met the goals of fighting the insurgency through population influence or nation building or sustainable development. As we will outline in the next section, the majority of the funds have gone to the military and police sectors rather than to civilian needs for food, clothing, shelter, and livelihoods. In addition, a significant proportion of the dollars spent have been routed through and benefited American and other nations' companies rather than paying Afghan companies or government workers, and they have in many cases had consequences such as increasing levels of corruption, resourcing strongmen, arming human rights abusers, and creating political instability, among other processes.

US Spending on Reconstruction

As of March 31, 2014, the US had appropriated \$103.2 billion dollars for the relief and reconstruction of Afghanistan. The great majority of these funds have been administered by the Department of Defense, with other amounts funneled through USAID, and, less significantly, through the State Department and other agencies.⁸ An additional \$10.1 billion has been paid out to Afghanistan through two international trust funds to which the US is the primary donor.⁹ This compares with \$61 billion reconstruction dollars spent in Iraq from 2003-2012.¹⁰

An economist once argued that the federal budget is “the skeleton of the state stripped of all misleading ideologies.”¹¹ We can by extension treat the US reconstruction budget in Afghanistan as the skeleton of the occupation and examine it closely for what it reveals about the overall US project in Afghanistan.

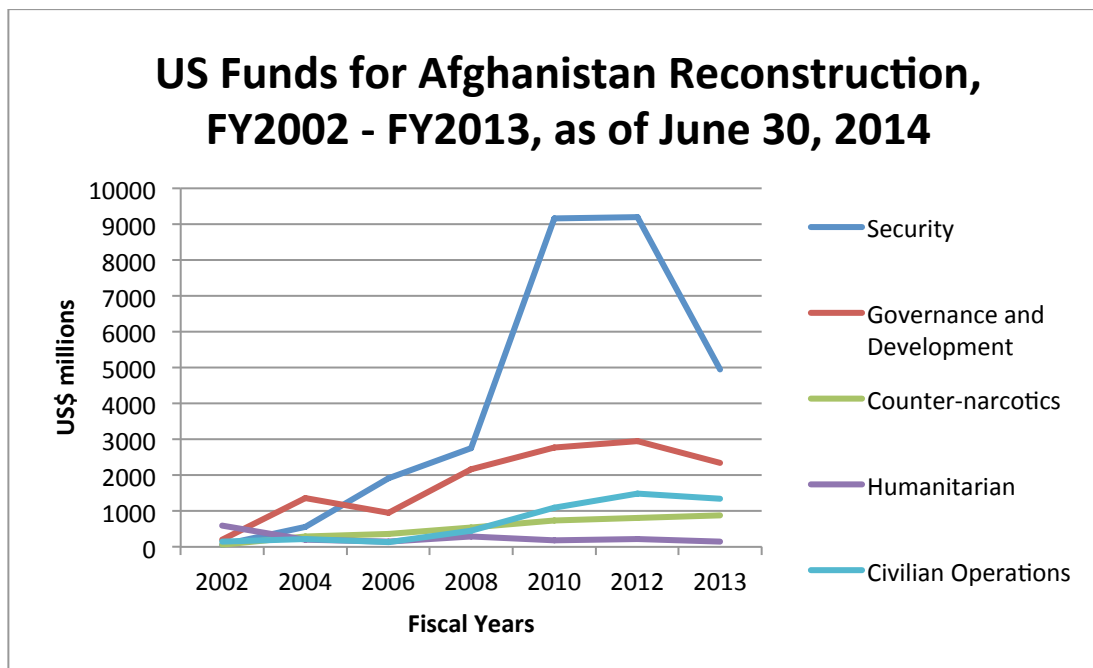
The majority of funds have gone into the security sector (see Table 1 and Figure 1). Of the total amount of aid (excluding oversight and “other international affairs operations” spending), \$66 billion or approximately 70 percent of total US funds has gone to support the Afghan military and police, including policing and combatting the narcotics trade (see below for more detail).¹² The remaining 30 percent has been spent on projects related to governance and development and more immediate humanitarian assistance. These projects include programs to strengthen the local justice system of courts and prisons, expand power generation and transmission, build roads and railways, provide Basic Education, Literacy, and Technical-Vocational Education and Training (BELT) that aims to deliver basic education to communities that the government cannot reach, and administer Partnership Contract for Health (PCH) Services that aim to provide primary care and essential hospital services.

COSTS OF WAR

Table 1: US Funds for Afghanistan Reconstruction, FY2002 - FY2013, as of June 30, 2014 (\$ millions)^a

Category	Fiscal Years							Sector Totals
	2002	2004	2006	2008	2010	2012	2013	
<i>Security</i>	57.4	564.8	1,909.1	2,751.7	9,168.5	9,201.2	4,947.6	58,839.4
<i>Governance & Development</i>	195.9	1,355.5	950.8	2,161.6	4577.7	2,952.0	2,340.2	29,970.1
<i>Counter-narcotics</i>	60.6	295.5	364.4	546.4	1000.5	800.4	907.2	7,545.9
<i>Humanitarian</i>	595.5	204.9	150.2	281.1	169.7	215.9	145.2	2835.1
<i>Civilian Operations</i>	155.6	212.4	131.9	449.3	1,796.1	1,487.4	1,347.6	8,914.3
Total Funding	1,065.1	2,633.1	3,506.4	6,179.2	16,712.5	14,658.9	9,690.4	104,104.8

Figure 1: Evolution of Reconstruction Funding by Sector over Time



Even within that 30 percent of total aid dollars that goes to purposes beyond security, a significant amount has been spent with the goal of fighting the insurgency by directing aid where it might most influence support for the insurgency rather than where it might most

alleviate suffering or promote sustainable development (as, for example, with the Commander's Emergency Response Program, or CERP) (see Table 2). The 2011 Special Inspector General for Afghanistan Construction (SIGAR) report assessed that 27 of the 69 CERP projects examined in Laghman province were "at risk or have resulted in questionable outcomes."¹³ The report also warned that \$49 million risked being wasted in just that one area. Of the 11 road building projects surveyed, 9 were "at risk" or had "questionable" outcomes due to a lack of plans or resources to maintain the roads. In addition, significant prison building has occurred with money allocated to governance and rule of law. A contractor hired by the Department of State Bureau of International Narcotics and Law Enforcement built the Baghlan prison at a cost of \$11.3 million. The prison sits atop a geographic area that is at significant risk of seismic events, and the buildings developed structural damage including wide cracks in the walls just 18 months after being built.¹⁴

While the people of Afghanistan of course require physical security, there are several problems with focusing reconstruction aid on the army and police. First and most significantly, the US government is arming almost 400,000 Afghan men for work in the military, police and prisons, with weaponry flowing into the country at a corresponding significant rate. These new security forces employ over 6 percent of the country's male population between the ages of 18 and 49.¹⁵ These jobs are valued in a country where often the only other options are unemployment or informal employment such as unskilled day labor or short-term work in poppy fields.¹⁶ Nonetheless, this focus has diverted aid funds from job creation in other more productive sectors. These aid decisions also increase the possibility of future civil war in a context of growing sectarian conflict and competition among different ethnic groups for international aid and other resources.¹⁷ Human rights abuses by Afghan security forces, as well as in Afghan prisons, have been widely alleged and observed.¹⁸ The events of mid-2014 in Iraq, when radical armies invaded and occupied large sections of the country with the help of US weaponry, should serve as a warning against making the same mistakes under the banner of reconstruction.

Table 2. US Reconstruction Funds for Governance and Development (\$ millions)²

	Fiscal Years							Sector Totals
	2002	2004	2006	2008	2010	2012	2013	
<i>Total Governance and Development</i>	195.92	1,355.47	950.83	2,161.57	2,774.37	2,951.98	2,340.23	25,961.63
<i>CERP</i>	0.00	40.00	215.00	488.33	1,000.00	400.00	200.00	3,669.00
<i>AFSA</i>	0.00	150.00	0.00	0.00	0.00	0.00	0.00	550.00
<i>CERP+AFSA as Percentage of Total (%)</i>	0	14.0	22.6	22.6	36.0	13.6	8.5	16.3

Note: The Commander’s Emergency Response Program (CERP) and the Afghanistan Freedom Support Act (AFSA) programs are both military oriented and focused on issues of security. CERP funds come from the Department of Defense. These funds are designated to be used for “urgent humanitarian relief and reconstruction” as a non-lethal counterinsurgency weapon. The Afghanistan Freedom Support Act authorized economic and military assistance to Afghanistan from 2002 to 2005. The bill appropriates \$2.5 billion for humanitarian assistance, and \$1 billion for the International Security Assistance Force (ISAF).

A large part of the aid dedicated to reconstructing Afghanistan, then, goes to supporting the US “Operation Enduring Presence.”¹⁹ The emphasis has only increased over time as the US has reduced troop presence and spending: in FY2014, the proportion of reconstruction funds that went to the army, police and counternarcotics work (most of which goes, not to addicts and farmers, but to policing) constituted 80 percent of the total.²⁰ Reconstruction beyond this has received ever smaller amounts of funding.

Moreover, virtually all of those employed by these billions of dollars to the security sector have been men. This infusion of dollars and related elevated status to hundreds of thousands of men in uniform has further strengthened male privilege and contradicted the US government’s expressed desire to empower Afghan women.

Many fear that the amount of US and international aid will continue to shrink. Ambassador James Dobbins, the US special envoy to Afghanistan and Pakistan, stated that he expects aid to depart with the foreign troops. “My judgment is no troops, no aid, or

^a SIGAR. *Quarterly Report to the United States Congress*, p. 212. July 30, 2014. <http://www.sigar.mil/pdf/quarterlyreports/2014-07-30qr.pdf>

almost no aid. The [donors'] political support for the aid comes from the military presence."²¹

In describing the uses of aid, whether for security forces, legal system development, or refugee relief, US government reports only give the most general sense of what is actually being done and how effective it is. As a recent critical analyst noted, "The apparent specificity of funds reported [through such reports] – whether USAID's, SIGAR's, or other accounts – is more than a little illusory.... SIGAR's categorization of funds is different from USAID's, and its categorization is too broad to illuminate the specifics of the development assistance portfolio consisting of projects and programs."²² The scale of funding is so vast, and transparency so weak, that it appears that some aid amounts given in these reports have been rounded to the nearest \$10 billion. Congress has not demanded full and detailed reporting on all funds expended, even as the SIGAR reports have given rich and clear detail on a number of cases.

The ultimate irony, as one observer notes, is that while the US government and its agencies "insist on the centrality of transparency and accountability by the government of Afghanistan, it is difficult to find much transparency in the US government budgets and programs."²³

Reconstruction Contracts, Profits, Fraud, Waste and Abuse

Companies on Contract in Afghanistan. In keeping with the last several decades' broader pattern of outsourcing US government functions to the private sector, reconstruction of Afghanistan has largely been conducted by companies on federal contracts. A relatively small number of corporations have been awarded this work. SIGAR reports that ten organizations have received 58 percent of the total of \$13.3 billion USAID has spent on reconstruction.²⁴ Besides those funds given to the World Bank, the largest amount – nearly \$2 billion – has gone, jointly or individually, to The Louis Berger Group and Black and Veatch. These companies have not completed reconstruction projects in a timely and efficient manner. Moreover, their work serves a small proportion of the Afghan population at costs that are unsustainable.

As for State Department reconstruction funds, SIGAR reports that the largest recipients include Dyncorp (\$2.75 billion in contracts through March 2013 for police facilities, training, equipment and deployment), and PAE Government Service Corporation (\$598 million, for the period 2006 to 2011 as a subsidiary of Lockheed Martin for work with police and judiciary development and counternarcotics), and Civilian Police International (\$54 million) for police development.

USAID reconstruction funds have gone towards energy and transportation infrastructure. The Louis Berger Group and Black and Veatch received \$1.1 billion in a joint venture to implement USAID's Afghanistan Infrastructure and Rehabilitation Program (AIRP). AIRP attempts to improve Afghan energy and transportation infrastructure. The building of the Kabul Power Plant was initiated under this program in 2007 as a "fast track" project to be completed in March 2009. However, a variety of contractor and USAID failures

in quality control and communication led to a delay of one year and a \$40 million increase in costs.²⁵ USAID expressed “extreme dissatisfaction” over delays in construction of the power plant and the “inability of the Louis Berger Group-Black and Veatch Joint Venture to provide USAID with critical information in a timely manner.”²⁶ Moreover, SIGAR assessed that the plant the company built is not sustainable because the government of Afghanistan does not have adequate revenues for fuel and ongoing operations and maintenance costs. The diesel power plant built outside Tarakhil village has cost more than \$300 million, approximately triple the cost of similar plants in the area. The cost to run the plant at full capacity is estimated at \$280 million dollars a year—more than a third of the total tax revenues of Afghanistan, with the power plant providing electricity to less than 2 percent of the population.²⁷

The Louis Berger Group and Black Veatch have also been involved in refurbishing the Kajaki dam. Situated in an area subject to frequent Taliban attacks, the project has faced multiple delays. The refurbishment of the dam, originally scheduled to be completed by 2005, is now set to be finished by 2015, and has cost \$500 million so far.²⁸

Fraud. These and a significant number of other contractors have been investigated by SIGAR and other federal investigative agencies for fraud, waste and abuse in contracting. The scale of these problems and their repetition has not prevented some of the major contractors from being given more contract dollars. While SIGAR has been particularly aggressive in identifying and publicizing some financial crimes, impunity, rather than enforcement or consequence, is the norm; this adds to the challenges of effective reconstruction.

Top executives of the Louis Berger group were found guilty in 2010 of defrauding USAID for work done in Afghanistan and in earlier overseas contract work from at least 1999 through 2007. The executives were fined \$69 million for fraudulently charging an overhead rate of over 140 percent, that is, of adding \$14 in overhead expenses for every dollar spent on labor.²⁹ Louis Berger went on to receive a \$140 million contract in 2013 in another conflict area in the southern Philippines.³⁰

DynCorp continued to receive contracts for Afghanistan after it was found in 2007 to have charged the government for unauthorized work; the company was required to repay \$7.7 million.³¹ In 2010, DynCorp was investigated and found to have been unable to account for \$1 billion in US funds it was given to train the Iraqi police. In 2011, the company was further found to have failed to provide proper mentoring to its Afghan tutees, and in 2013 was found to have done deeply flawed work on an Afghan Army garrison construction project. Dating back to 2010, the company was given almost \$71 million to oversee the construction of a garrison in the Kunduz province of Afghanistan. The garrison was found to be at risk of structural failure after an inspection. Most troubling, however, is that despite this unsatisfactory construction, under a settlement, the Army Corp of Engineers not only paid DynCorp in full, but also absolved it of any responsibility for fixing the structural defects.³² The company has also been investigated for labor smuggling and sex trafficking.

PAE Government Services has received \$598 million or 15 percent of Department of State reconstruction funds. PAE was a subsidiary of Lockheed Martin from 2006 to 2011, and has been charged with defrauding the military on vehicle parts purchases in Afghanistan from 2007 to 2008.³³

CPI is a company that was formed in the war years as a joint venture between several large military contractors, including a subsidiary of L-3 Communications (MPRI), Wackenhut, and KBR (Kellogg Brown and Root). CPI received awards despite the fact that each of these companies has had fraud or tax charges brought against it. MPRI, for example, was fined \$3.2 million as a result of a finding that they had submitted labor charges for employees who had not worked.³⁴ Wackenhut has a history that includes multiple charges of abuse for its guards' abuses of prisoners in facilities it managed in Louisiana and elsewhere, and of overbilling on a state contract in Florida by up to \$5.8 million.

In line with the goal of state building or empowering and legitimating the Afghan government, the US has also made large direct grants to 16 Afghan agencies, such as the Ministry of Finance and the Ministry of Education. A USAID assessment of the risks of mismanagement, corruption, and lack of transparency by each of those agencies found 104 major risks, including the risk that agencies would be "concealing vital monitoring and evaluation information" and misappropriate cash.³⁵ Nonetheless, USAID approved the transfer of funds.

Tables 3, 4, and 5 show key company revenue and earnings during the war years.³⁶

Table 3: Stock Prices for Key Reconstruction Contractors (US\$)³

Company	2001	2005	2009	2013
<i>Fluor</i>	18.58	38.63	45.04	80.29
<i>KBR</i>	--	--	19.00	31.89
<i>Halliburton</i>	6.55	31.22	30.09	50.75
<i>Lockheed Martin</i>	46.67	63.63	75.35	148.86
<i>DynCorp International</i>	--	--	13.00	--

³ MarketWatch. *Historical Quotes*. <http://www.marketwatch.com/investing>.

Note: Stock quotes taken from the last day of each year. KBR was a privately held subsidiary of Halliburton until 2006. DynCorp was a privately held company until it went public in 2006. The company was acquired by a private equity investment fund, Cerberus Capital Management, in 2010.

Table 4: Annual Revenues for Key Reconstruction Contractors (in US\$ millions)^c

Company	2001	2005	2009	2013
<i>Fluor</i>	8,972	13,161	21,990	27,351
<i>KBR</i>	--	10,146	12,105	7,280
<i>Halliburton</i>	13,046	20,994	14,675	29,402
<i>Lockheed Martin</i>	23,990	37,213	45,189	45,358
<i>DynCorp International</i>	--	1,920	3,572	3,287
<i>Black and Veatch</i>	--	1,600	2,700	3,600
<i>Chemonics</i>	--	--	256	522

Table 5: Net (Loss) Earnings for Key Reconstruction Contractors (in US\$ millions)^d

Company	2001	2005	2009	2013
<i>Fluor</i>	19	227	684	667
<i>KBR</i>	--	240	712	582
<i>Halliburton</i>	809	2,662	1,145	2,125
<i>Lockheed Martin</i>	(1,046)	1,825	3,024	2,981
<i>DynCorp International</i>	--	56	102	(249)
<i>Black and Veatch</i>	--	31	--	134
<i>Chemonics</i>	--	--	--	--

^c Data taken from annual reports on company websites and Washington Technology. Sources include: <http://investor.fluor.com/phoenix.zhtml?c=124955&p=irol-reportsAnnual>; <http://investors.kbr.com/investors/financial-reports/annual-reports/default.aspx>; <http://www.lockheedmartin.com/us/news/annual-reports.html>; <http://ir.halliburton.com/phoenix.zhtml?c=67605&p=irol-reportsAnnual>; <http://ir.dyn-intl.com/annuals.cfm>; <http://bv.com/Home/news/annual-review>; <http://washingtontechnology.com/toplists/top-100-lists/2012/chemonics-international-inc.aspx>. Data missing where annual reports for the particular year were unavailable on the company's website.

^d Data taken from annual reports on company websites and Washington Technology. Sources include: <http://investor.fluor.com/phoenix.zhtml?c=124955&p=irol-reportsAnnual>; <http://investors.kbr.com/investors/financial-reports/annual-reports/default.aspx>; <http://www.lockheedmartin.com/us/news/annual-reports.html>; <http://ir.halliburton.com/phoenix.zhtml?c=67605&p=irol-reportsAnnual>; <http://ir.dyn-intl.com/annuals.cfm>; <http://bv.com/Home/news/annual-review>; <http://washingtontechnology.com/toplists/top-100-lists/2012/chemonics-international-inc.aspx>. Data missing where annual reports for the particular year were unavailable on the company's website.

Reconstruction Results

War makes it extremely difficult to collect adequate data to measure the efficacy of aid and development progress. SIGAR in fact assessed in their last annual report that only 21 percent of Afghanistan is available for even that well-funded agency to make assessments visits to determine what projects look like, much less to make careful study of what the projects are accomplishing. Moreover, analysts of the military and civilian aid community have argued that the short stays and career interests of many aid actors have given them incentives to push aid money through quickly and prioritize showing that money has been spent over showing that it has been effective. Such factors have also motivated the use of concrete or asphalt in order to demonstrate tangible if often irrational results (such as schools without teachers and clinics with MRI machines but no clean water). In what follows, we give a brief overview of what is known about several of the main areas of reconstruction funding.

Counternarcotics. The US has spent \$7.55 billion on counternarcotics efforts since the beginning of the war. In that time, Afghanistan has seen a dramatic growth in the number of acres devoted to heroin cultivation. Just in 2013, acreage increased by 36 from the year before, and is now at three times the level it was in 2002.³⁷ Profits from opium production have been estimated at nearly \$1 billion, supporting the Taliban with a UN-estimated \$155 million a year, and representing 9 to 15 percent of the country's GDP.³⁸

Afghan National Security Forces. It has been difficult to evaluate the efficacy of the training and equipping of the Afghan security forces, and this is not simply because of language issues, the chaos of war, or failures of transparency or competence on the part of the Afghan military and police. The US itself has been unclear in publishing relevant data. The total amount of weaponry the US has provided the Afghan National Army over the war years, for example, was estimated by the allies' Combined Security Transition Command-Afghanistan (CSTC-A) at \$878 million in 2013, but that number was dropped to \$623 a few months later, and then to \$439 in the latest accounting. CSTC-A explained these changes as due to a series of accounting errors, saying that it had to properly "revalue" the equipment provided and that some equipment had been double counted. It did note that the value of donated equipment was not included in the total. In that same short year period, the CSTC-A reported a sharp rise in the value of the equipment that needed to be procured from the US for the ANA, from \$27 to \$99 million.

Five years into the war, a 2006 investigation by inspector generals from the Pentagon and State Department found that the US program to train the Afghan police reported having trained 70,000 men, but had actually trained fewer than half that number, or 30,000 men.³⁹ This training had lasted only eight weeks, and had not offered any sort of field experience. Further, only half the equipment that had been assigned to the Afghan National Police could be accounted for. The report deemed that that men trained were "incapable of carrying out routine law enforcement work."⁴⁰ More recent SIGAR reports

also claim that due to corruption and desertion within the Afghan National Security Forces, the US might be paying the salaries of non-existent officers. Attrition rates were recently reported by CSTC-A at 30 to 50 percent annually.⁴¹ When security forces desert their positions, they sometimes take weapons and vehicles with them. Thus, while Afghanistan is being re-armed in the name of preserving stability and keeping the Taliban insurgency at bay, the security project, like the counternarcotics program, may be deeply ineffective at best, or at worst even furthering the arming of the insurgency.

In constructing a modern army and police force, literacy is a foundational skill. However, the literacy rate in the Afghan National Army is just 13 percent.⁴² The US literacy program was created in 2010 with the goal of having all ANSF forces be able to read at the first grade level, and half of all personnel reach third grade proficiency. The program was to cost \$200 million over 5 years.⁴³ The program has fallen short of its goals, with only 64 percent of personnel passing Level 1 literacy, and 21 percent passing Level 3.⁴⁴ Even these numbers are suspect, as oversight of the program has been poor; the three contractors working to create a literate force reported covering an astounding 3,200 sites and 6,000 classes around the country in 2012.⁴⁵

Whatever the present and eventual capacity of the Afghan security sector, its size and current cost is not sustainable. In 2005, the World Bank noted that security expenditures in Afghanistan represented 500 percent of all domestic revenues. While revenues have increased substantially since then, at this rate all domestic revenues and more would be absorbed into security costs when US and allied support of security forces is reduced or eliminated.⁴⁶

Health and Education. In 2006, a RAND Corporation study found that reconstruction of the health care system in Afghanistan had been plagued by poor planning and coordination. The Government Accountability Office recorded that USAID's program in Afghanistan "lacked measurable goals and specific resource levels, did not delineate responsibilities, and contained no plans for program evaluation."⁴⁷

Six years later, USAID recorded dramatic improvements in health across Afghanistan gauged through a mortality survey conducted in 2012 in 34 provinces. Life expectancy at birth was reported at 62 years, as opposed to 42 years in 2004, and the under-five child mortality rate had dropped from 25 percent to 10 percent. But several of the demographic experts in the survey's technical advisory group expressed strong doubts regarding the reliability of the data from 2012 and/or the original 2004 comparison data.⁴⁸ Furthermore, while the statistics on life expectancy and other health indicators have improved to some degree, nonetheless the World Bank reports that "Afghanistan has been falling further behind the better-performing comparator countries for under-five mortality,"⁴⁹ and the UN's World Food Program estimates that half of the under-5 year olds in the country are malnourished. Medecins Sans Frontieres recently reported that nearly 20 percent of Afghans had experienced the death of a family member or friend due to lack of health care in the previous year.⁵⁰

School enrollments, particularly for girls, have increased, in some places quite robustly. As elsewhere, however, aid funds in this area might have had much stronger impact were the focus placed on education itself rather than on the counterinsurgency strategy and the need to spend large amounts of money and show concrete results. An inordinate amount of the funding for reconstruction of education in Afghanistan has literally gone into concrete rather than teacher training or curriculum. And where schools are being built, there have been extravagant cost overruns. Louis Berger Group's average cost for 12-classroom schools was \$274,000, in comparison with Afghan schools of the same size built by the Japanese that came in under \$100,000.⁵¹

Rule of Law and Governance. Afghanistan remains a country in which access to justice is scarce. According to the World Bank, "For Afghanistan, levels and trends for the rule of law indicator are poor, with the country starting at one of the lowest levels of any comparator and, after an initial rise, declining from 2005."⁵² On the other hand, the number of incarcerated Afghans has increased. The prison population in Afghanistan, estimated at 600 in 2001, had risen to 5,262 in 2004 and to 28,976 by the end of 2013.⁵³

Moreover, the emphasis in the sector of law and governance reform has been on its integration into US military strategy, with counterinsurgency strategy's "clear-hold-build" language used here as well. Emphasis has been on small scale, short term successes that are publicized to legitimate US presence and goals, and counterproductive results have predictably emerged. An "overdose of aid money" to local informal judicial practices undermined rather than strengthened the justice system.⁵⁴ Donors frequently urged a focus on Afghan aspirations and ideas, but US top-down planning continues to be the rule.

Impact on Afghan Economy and Politics. A number of problems and processes around the provision of aid have been identified by scholars.

(1) Much of the money spent *on* aid for Afghanistan has not been money spent *in* Afghanistan. The World Bank notes that even much of the money spent in Afghanistan "leaves the economy through imports, expatriated profits, and outward remittances."⁵⁵ This appears especially true of "off-budget aid," that is, aid which is managed by private or non-local government actors, in contrast with aid given directly to Afghan government agencies. By one estimate, 40 percent of all aid is returned to donor countries via corporate profits and the salaries of consultants.⁵⁶

(2) Aid dollars, here as in other societies in conflict, become bargaining chips in relationships between political factions. As aid shrinks or disappears, those bargains come undone and violence intensifies. The substantial financial flows provide the context and motive not just for patronage and the shaping of political power but also for corruption, now massively afflicting the country and undermining the government's legitimacy. High levels of aid are often associated with high levels of corruption and low levels of democracy as elites who capture profits from that aid stream are not accountable to the people they govern; "reversing the process, however, is likely to generate considerable conflict."⁵⁷

(3) In keeping with the US counterinsurgency rationale that directs aid policy, US funds have also been concentrated in areas of the greatest violence. These, however, are distinctly not the areas of greatest poverty.⁵⁸ It is precisely in the most conflict-ridden areas, moreover, that it is most challenging to provide efficacious aid,⁵⁹ areas where local strongmen, paid to provide protection, often then have incentives to promote the insecurity that provides their paycheck.⁶⁰

(4) The inflows of US and other international aid have fueled price bubbles in food and real estate as well as urbanization, attracting people to Kabul particularly with the promise of improved livelihoods, promises which in fact deliver urban poverty on a vast scale as people leave their agricultural livelihoods, precarious as they are.⁶¹

(5) A study commissioned by the World Bank has found that US aid to Afghanistan tends to be large-scale, fails to take community needs into account, and holds unintended consequences.⁶² For example, while US officials view road construction projects as having straightforward benefits for Afghan communities, Afghans themselves report a number of drawbacks. New roads have brought land speculation and land grabbing near the roads as well as attempts to control agricultural production and an increased risk of outsiders having access to villages for purposes of exploitation. The completed roads, villagers have observed, also bring International Security Assistance Force (ISAF) troops with them and become magnets for insurgent roadside bomb planting. This sometimes makes it more rather than less difficult to travel, and has led many villages to try to avoid having roads built to them. Even land mine removal becomes an ambivalent gift: some local landowners do not want them removed because they raise the value of the land and make it more likely to be grabbed by local strongmen.⁶³

Conclusion

The majority of reconstruction aid from the US to Afghanistan has taken the form of military and police training, equipment and salaries for security forces, and counternarcotics operations. An additional portion of reconstruction funds have gone to build prisons. In contrast, a significantly smaller amount has been used to repair transportation and communication systems and for educational and medical infrastructure or training. Independent reports have found rampant fraud and waste in both Afghan and US government and private company use of funds for these projects, as well as host of unintended negative consequences for local communities. In contrast to a focus on the human needs for a society suffering the effect of Soviet, Taliban, and US wars, and rather than rebuilding the basis of a modern state – education and public health systems, and employment opportunities –, reconstruction has been focused on furthering United States security interests. These interests are in having a stable and friendly regime in Kabul, attained through the creation of an alternate force to replace US troops. Even this goal is problematically related to the means used to attain it. The assumption that aid will bring peace is based on a misunderstanding of the political economy of aid and what two observers have identified as wrongheaded and “narcissistic beliefs in the transformative potential of [outside] aid.”⁶⁴ Reconstruction or ‘Operation Enduring Presence’ arguably

further American interests rather than Afghan priorities, and sets the foundation for continued violence and impoverishment in the years to come.

Endnotes

¹ Catherine Lutz is Thomas J. Watson, Jr. Family Professor of Anthropology and International Studies, Watson Institute for International Studies, Brown University.

² Sujaya Desai is an Organizer with Change Corps, a training program in grassroots activism.

³ Miller, Charles A. (2010). *Endgame for the West in Afghanistan? Explaining the Decline in Support for the War in Afghanistan in the United States, Great Britain, Canada, Australia, France and Germany*. Carlisle, PA: Strategic Studies Institute. (p. 24).

⁴ *Ibid.* (p. 25).

⁵ Davis, Daniel L (Lt. Col). (2012). *Dereliction of Duty II: Senior military leaders' loss of integrity wounds Afghan war effort*. Retrieved February 6, 2012 from <http://s3.documentcloud.org/documents/291793/dereliction-of-duty-ii-january-15-2012.pdf>.

⁶ United States Army. (2006). *Counterinsurgency Field Manual*. FM 3-24. Washington, DC: US Army. (p. A-47). Cited in Price, David H. "Counterinsurgency by Other Names: Complicating Humanitarian Applied Anthropology in Current, Former, and Future War Zones." *Human Organization* 2014, 73(2), 95-105.

⁷ Government Accountability Office. *Provincial Reconstruction Teams in Iraq and Afghanistan*. Retrieved from <http://www.gao.gov/assets/100/95824.pdf>

⁸ The Departments of Agriculture, Justice and the Treasury have also had smaller funds dedicated to Afghan reconstruction or development during the war years.

⁹ These are the Afghan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOFTA). The US has given \$1.98 billion, or 28 percent of the total, for ARTF, and \$659 million, or 38 percent of the total, for LOTFA.

¹⁰ Lutz, Catherine. (2013, March 8). "Reconstructing Iraq: The Last Year and the Last Decade." *Costs of War*. Retrieved from http://costsofwar.org/sites/default/files/articles/24/attachments/The_Last_Year1.pdf

¹¹ Rudolf Goldscheid cited in Brownlee, W. Elliot. (1996). *Funding the Modern American State, 1941-1995: The Rise and Fall of the Era of Easy Finance*. Cambridge: Cambridge University Press. (p. 3).

¹² Of total US aid, \$58.84 billion, or 57.03 percent of reconstruction aid funds security projects, and \$7.55 billion or 7.32 percent funds counternarcotics operations. It is unclear what fraction of this aid is given to assist addicts or farmers, but the great majority constitutes efforts to police the narcotics trade.

¹³ SIGAR. (2011). *Commanders Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste*. (p. ii). Retrieved from <http://www.sigar.mil/pdf/audits/2011-01-27audit-11-07.pdf>

- ¹⁴ SIGAR. (2014). *Baghlan Prison Construction*. (p. 1). Retrieved from <http://www.sigar.mil/pdf/audits/SIGAR-14-45-AL.pdf>
- ¹⁵ Of the roughly 6.2 million men between the ages of 18 and 49. This constitutes over 12 percent of the men considered fit for military service. CIA World Factbook. (2014, June 24) *Afghanistan*. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>
- ¹⁶ Gannon, Kathy. (2013, October 24). "Afghanistan Unemployment: Despite Billions in Aid, Afghans Can't Find Work." *Huffington Post*. Retrieved from http://www.huffingtonpost.com/2013/10/24/afghanistan_unemployment_n_4155254.html
- ¹⁷ Suhrke, Astri and Aziz Hakimi. (2011). *Sustainability and Transition in Afghanistan: A Political Economy Analysis*. World Bank.
- ¹⁸ Human Rights Watch. *World Report 2013: Afghanistan*. Retrieved from <http://www.hrw.org/world-report/2013/country-chapters/afghanistan>. The struggle to install human rights protections is chronicled here: Hakimi, Aziz and Astri Suhrke. (2013). "A Poisonous Chalice: The Struggle for Human Rights and Accountability in Afghanistan." *Nordic Journal of Human Rights* 31(2), 201-23.
- ¹⁹ Jones, Ann. (2013, January 27). *The Afghan Endgame*. Message posted to http://www.tomdispatch.com/blog/175642/tomgram%3A_ann_jones,_the_afghan_end_game/
- ²⁰ SIGAR (2014, January). *Quarterly Report to the United States Congress, Appendix B*. (pp. 228-229). Retrieved from <http://www.sigar.mil/pdf/quarterlyreports/2014Jan30QR.pdf>.
- ²¹ Ryan, Missy. (2013, December 26). "If US Troops Leave Afghanistan, Much Civilian Aid May Go Too." *Reuters*. Retrieved from <http://www.reuters.com/article/2013/12/26/us-usa-afghanistan-aid-idUSBRE9BP01W20131226>
- ²² Hyman, Gerald F. (2014, April). *Afghanistan after the Drawdown: U.S. Civilian Engagement in Afghanistan Post-2014*. Washington, DC: CSIS. (p. 56).
- ²³ *Ibid.* (p. 56).
- ²⁴ Virtually all (98 percent) of that reconstruction money has gone to companies whose total contract amounts have exceeded \$10 million. SIGAR-14-27-SP (p. 12).
- ²⁵ <http://www.globalsecurity.org/military/library/report/sigar/sigar-report-2010-01.pdf>
- ²⁶ Zorpette, Glenn. (2011, September 30). *Re-engineering Afghanistan*. Retrieved from <http://spectrum.ieee.org/energy/the-smarter-grid/reengineering-afghanistan#/lifes-bazaar/lifes-bazaar>.
- ²⁷ Chatterjee, Pratap. (2009, November 19). "Black and Veatch's Tarakhil Power Plant: White Elephant in Kabul." *CorpWatch*. Retrieved from <http://www.corpwatch.org/article.php?id=15472>.
- ²⁸ Kajaki Dam: The Great White Elephant of Afghanistan. (2013, January 6). *The Independent*. Retrieved from <http://www.independent.co.uk/news/world/asia/kajaki-dam-the-great-white-elephant-of-afghanistan-8439742.html>. Others in the top group of companies doing reconstruction are DAI-Development Alternatives (\$1,017 million through June 2013) for community development projects in areas of the strongest insurgency in connection with counterinsurgency goals, and Chemonics International (\$824 million) for work to improve production and sales of Afghan agricultural products. The Chemonics website claims that its work "facilitated

[agricultural] sales worth more than \$29 million in 2011,” among other benefits to the country’s development. At that rate, however, it would take decades for the contract to pay for itself in benefits to Afghans. In addition, the benefits flowed substantially to Chemonics executives: its CEO reportedly received a bonus of \$4.5 million in 2011 (see <http://www.chemonics.com/OurWork/OurProjects/Pages/Accelerating-Sustainable-Agriculture-Program.aspx>).

²⁹ See Garrett-Peltier, Heidi. (2014, September). “The Job Opportunity Costs of War.” *Costs of War*. <http://costsofwar.org/> for the larger problem of how military spending on the wars has resulted in lost employment opportunities for the country as a whole.

³⁰ <http://www.louisberger.com/news/louis-berger-group-secures-key-usaid-projects>

³¹ DynCorp-gate: How State Dept. Wasted Billions on Afghan Reconstruction. (2014, April 28). *Reuters*. Retrieved from <http://rt.com/usa/155392-dyncorp-afghan-reconstruction-contract/>.

³² SIGAR. (2012, October). *Kunduz ANA Garrison: Army Corp of Engineers Releases Dyncorp of All Contractual Obligations Despite Poor Performance and Structural Failures*. Retrieved from <http://www.sigar.mil/pdf/inspections/2012-10-25-inspection-12-02Revised.pdf>

³³ Project on Government Oversight. (2014, April 24). *Meet the 3 Largest Recipients of State Department Afghan Aid*. Message posted to <http://www.pogo.org/blog/2014/04/20140424-meet-the-3-largest-recipients-of-state-dept-afghan-aid.html>.

³⁴ *Ibid.*

³⁵ SIGAR. (2014, January). “Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries’ Ability to Manage Donor Funds, but Concerns Remain.” *SIGAR-14-32-AR*. (p. 7).

³⁶ Business other than reconstruction contracts accounts for some portion of those earnings.

³⁷ Publicintegrity.org. (2014, January 15). Retrieved from <http://www.publicintegrity.org/2014/01/15/14124/afghanistans-narcotics-problems-grow-worse>.

³⁸ Welch, Dylan and Mohammad Stanezkai. (2013, November 13). “Afghan Opium Crop Hits Record High Ahead of Western Withdrawal – UN.” *Reuters*. Retrieved from <http://uk.reuters.com/article/2013/11/13/uk-afghanistan-opium-idUKBRE9AC06V20131113>.

The “farm-gate income” of opium represents about 9 percent of GDP, and the export earnings are around 15 percent of GDP

(<http://www.unodc.org/unodc/en/press/releases/2012/January/afghan-opium-prices-soar-as-production-rises.html>).

³⁹ Jones, Ann. (2009, January 11). The Afghan Reconstruction Boondoggle. Message posted to <http://www.tomdispatch.com/post/175019/>.

⁴⁰ *Ibid.*

⁴¹ SIGAR. (2014, January). “Afghan National Security Forces: Despite Reported Successes, Concerns Remain about Literacy Program Results, Contract Oversight, Transition, and Sustainment.” *SIGAR 14-30-AR*. Retrieved from http://www.sigar.mil/pdf/audits/SIGAR_14-30-AR.pdf.

⁴² Miglani, Sanjeev. (2012, June 21). "Afghan Forces Need Reading Lessons Before Security Transfer." *Chicago Tribune*. Retrieved from http://articles.chicagotribune.com/2012-06-21/news/sns-rt-us-afghanistan-security-trainingbre85l05v-20120621_1_afghan-forces-afghan-national-army-taliban.

⁴³ The contractors for this \$200 million include [OT Training Solutions](#), [Insight Group](#), and the [Higher Education Institute of Karwan](#). Earlier literacy training contracts went to Raytheon and Cetena Group.

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⁴⁴ SIGAR. (2014, January). "Afghan National Security Forces: Despite Reported Successes, Concerns Remain about Literacy Program, Oversight, Transition, and Sustainment." *SIGAR 14-30-AR*. Retrieved from http://www.sigar.mil/pdf/audits/SIGAR_14-30-AR.pdf.

⁴⁵ Ibid. The contractors include [OT Training Solutions](#), [Insight Group](#), and the [Higher Education Institute of Karwan](#).

⁴⁶ See also Goodhand, Jonathan and Mark Sedra. (2010). "Who owns the peace? Aid, reconstruction, and peacebuilding in Afghanistan." *Disasters* 34(\$1), S78-S102.

⁴⁷ Jones, Seth, Lee H. Hilborne, C. Ross Anthony, Lois M. Davis, Federico Giroso, Cheryl Benard, Rachel M. Swanger, Anita Datar Garten, and Anga Timilsina. (2006). *Securing Health: Lessons from Nation-Building Missions*. Rand Corporation. Retrieved from http://www.rand.org/pubs/research_briefs/RB9237/index1.html.

⁴⁸ Lawrence, Quil. (2012, January 17). "Gains in Afghanistan: Too Good to Be True?" *NPR*. Retrieved from <http://www.npr.org/2012/01/17/145338803/gains-in-afghan-health-too-good-to-be-true>

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⁵⁰ International Rescue Committee. (2014, April). *What Next for Afghanistan? Beyond 2014: Afghan Voices and Vision*. (pp. 12-13).

⁵¹ CorpWatch. (2006, May 21). *Bergen Record: Watchdog Group Accuses Contractor of Shoddy Afghan Work*. Retrieved from <http://www.corpwatch.org/article.php?id=13997>.

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<http://siteresources.worldbank.org/AFGHANISTANEXTN/Images/305983-1334954629964/AFTransition2014Vol2.pdf>

⁵⁶ Waldman (2008) cited in Goodhand, Jonathan and Mark Sedra. (2010). Who owns the peace? Aid, reconstruction, and peacebuilding in Afghanistan. *Disasters* 34(S1), S78-S102.

⁵⁷ Suhrke, Astri and Aziz Hakimi. (2011). *Sustainability and Transition in Afghanistan: A Political Economy Analysis*. World Bank. (p. 33).

⁵⁸ Center for Global Development.

⁵⁹ This bias is also delegitimizing: many Afghans have noted and complained about how much aid is delivered to the south and the east of the country where the insurgency is strongest.

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⁶⁰ Fishstein, Paul and Andrew Wilder. (2012, January). *Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan*. Feinstein International Center. (p. 6).

⁶¹ Donini, Antonio. (2012). *The Golden Fleece: Manipulation and Independence in Humanitarian Action*. Sterling, VA: Kumarian Press.

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⁶³ JUnruh, Jon and Mourad Shalaby. "A volatile interaction between peacebuilding priorities: road infrastructure (re)construction and land rights in Afghanistan." *Progress in Development Studies* 12, 47-61.

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