United States General Accounting Office

GAO

Report to Congressional Committees

June 2004

AFGHANISTAN RECONSTRUCTION

Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed

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GAO-04-403

June 2004

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Highlights

Highlights of GAO-04-403, a report to the Senate Committee on Foreign Relations and the House Committee on International Relations

AFGHANISTAN RECONSTRUCTION

Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed

Why GAO Did This Study

In October 2001, in response to the Taliban regime's protection of al Qaeda terrorists who attacked the United States, coalition forces forcibly removed the regime from Afghanistan. In December 2002, Congress passed the Afghanistan Freedom Support Act authorizing assistance funds to help Afghanistan rebuild a stable, democratic society. The act directed GAO to monitor the implementation of U.S. humanitarian and development assistance. This report analyzes, for fiscal years 2002-2003, (1) U.S. obligations and expenditures in Afghanistan, (2) results of assistance projects, (3) the assistance coordination mechanisms and strategy, and (4) major obstacles that affected the achievement of U.S. goals.

What GAO Recommends

To improve oversight, GAO recommends that USAID revise its strategy to delineate goals, resource levels, and a schedule of program evaluations. GAO also recommends that State produce an annual consolidated budget report and semiannual reports on obligations and expenditures. In its comments, USAID committed to preparing a more detailed strategy. State commented that it considers its financial reporting sufficient. We continue to believe improvements are needed.

www.gao.gov/cgi-bin/getrpt?GAO-04-403.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149, or GootnickD@gao.gov.

What GAO Found

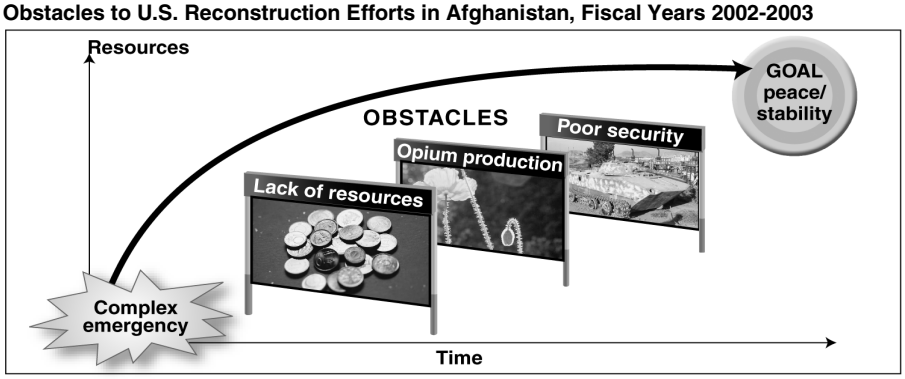
Of the $900 million that the U.S. government spent on nonsecurity-related assistance in Afghanistan in fiscal years 2002-2003, over 75 percent supported humanitarian efforts, including emergency food and shelter, and over 20 percent supported longer-term reconstruction. USAID, the Department of State, and the Department of Defense spent $508 million, $254 million, and $64 million, respectively, for humanitarian, quick-impact, and some longer-term projects. U.S. funding represented about 38 percent of the $3.7 billion the international community disbursed over the 2-year period.

U.S. humanitarian and short-term assistance benefited Afghanistan, but longer-term reconstruction efforts achieved limited results by the end of fiscal year 2003 due to late funding. By providing food and shelter to returning refugees and other vulnerable populations, early U.S. assistance helped avert a humanitarian crisis. USAID's and Defense's quick-impact projects also helped rebuild small-scale infrastructure such as schools and bridges. USAID initiated several longer-term reconstruction activities, such as repairing the Kabul–Kandahar road and starting a democracy program. However, because of delays in funding most major assistance contracts were not signed until summer 2003, limiting the results in fiscal years 2002-2003.

U.S. coordination mechanisms for Afghanistan assistance were generally effective, but international assistance was not well coordinated in fiscal years 2002-2003. In addition, the United States lacked a complete and integrated assistance strategy, which hampered the U.S. government's ability to focus available resources and hold itself accountable for measurable results. Further, U.S. officials responsible for coordinating efforts lacked complete financial data, which hindered their ability to oversee the assistance.

In fiscal years 2002-2003, Afghanistan confronted many obstacles that other postconflict nations have faced, such as multiple competing parties. In addition, security deteriorated and opium production increased, thereby jeopardizing U.S. reconstruction efforts. Lack of staff, poor working conditions, and delayed reconstruction funding further impeded U.S. efforts. (See fig. 1.) In September 2003, to expedite progress, the U.S. government announced the "Accelerating Success" initiative, providing $1.76 billion for reconstruction in 2004.

Obstacles to U.S. Reconstruction Efforts in Afghanistan, Fiscal Years 2002-2003



Sources: Conceptual drawing from GAO analysis; photos left to right: PhotoDisc, Nova Development, GAO.

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Abbreviations

HHS	Health and Human Services
IOM	International Organization for Migration
OFDA	Office of Foreign Disaster Assistance
OTI	Office of Transition Initiatives
PRT	Provincial Reconstruction Team
RAMP	Rebuilding Agricultural Markets Program
REACH	Rural Expansion of Afghanistan's Community-Based Health Care
REFS	Rehabilitation of Economic Facilities and Services Program
U.N.	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WFP	U.N. World Food Program

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United States General Accounting Office
Washington, D.C. 20548

June 2, 2004

The Honorable Richard G. Lugar
Chairman
The Honorable Joseph R. Biden
Ranking Minority Member
Committee on Foreign Relations
United States Senate

The Honorable Henry J. Hyde
Chairman
The Honorable Tom Lantos
Ranking Minority Member
Committee on International Relations
House of Representatives

Twenty-three years of war and destructive domestic policies and more than 5 years of drought destroyed Afghanistan's government, judicial, economic, and social institutions and its transportation, health, sanitation, and other infrastructure. In October 2001, responding to its protection of al Qaeda terrorists who had attacked the United States, Coalition forces forcibly removed the Taliban regime. With the passage of the Afghanistan Freedom Support Act in December 2002, Congress authorized the use of federal funds for the delivery of humanitarian, development, and security assistance to Afghanistan.[1] The act articulates U.S. policy goals in Afghanistan that include the creation of a stable Afghan society that is not a threat to itself or others and is not a base for terrorism.

[1]Title I of P.L. 107-327 pertains to humanitarian and development assistance; Title II, to security assistance; and Title III, to miscellaneous provisions. As mandated by the act, this report focuses on Title I–related assistance. For the purposes of this report, humanitarian assistance refers to the provision of emergency assistance that meets people's needs for adequate water, sanitation, nutrition, food, shelter, and health care. Quick impact projects refer to short-term assistance that helps transition Afghanistan from the humanitarian to development assistance—longer-term reconstruction projects.

Section 106 of the act directs the U.S. General Accounting Office (GAO) to monitor U.S. humanitarian and reconstruction assistance to Afghanistan. To meet this requirement and provide Congress with a comprehensive accounting of U.S. humanitarian and reconstruction assistance to Afghanistan for the fiscal year 2002-2003 period, we (1) analyzed U.S. obligations and expenditures; (2) identified the results of assistance projects through September 30, 2003; (3) evaluated U.S. and international assistance coordination mechanisms and the U.S. assistance strategy; and (4) examined the major obstacles that affected the achievement of U.S. policy goals and the reconstruction effort.[2]

To address these issues, we collected and analyzed information from the U.S. Departments of Agriculture, Defense, Health and Human Services, Justice, State, and Treasury; the U.S. Agency for International Development (USAID); the United Nations (U.N.); the Afghan government; and nongovernmental organizations and private contractors responsible for implementing U.S. government–funded projects. This effort included analyzing data on obligations and expenditures by U.S. government agencies that provided assistance to Afghanistan in fiscal years 2002 and 2003. We conducted reliability checks on the financial data provided by U.S. agencies and, based on these checks, concluded that the data are sufficiently reliable for the purposes used. Because the U.S. assistance is provided as part of a larger international effort, we included information on the contributions provided by international donors. Finally, we traveled to Afghanistan in October 2003 to examine U.S. assistance-related operations in country. While in Afghanistan, we spoke with officials from U.S., U.N., and nongovernmental organizations; private contractors; and the Afghan government. However, the number and location of project sites we visited in Afghanistan was limited because of Department of State security restrictions. We conducted our review from August 2003 through April 2004 in accordance with generally accepted government auditing standards. (For further details of our scope and methodology, see app. I.)

Results in Brief

In fiscal years 2002–2003, the U.S. obligated $1.4 billion and spent $900 million, or more than half its obligations for nonsecurity-related assistance to Afghanistan. Of the $900 million that the U.S. government spent, over 75

[2]The U.S. fiscal year covers the 12-month period October 1 through September 30. In this report, "international community" is defined as the collective grouping of bilateral, multilateral, and international assistance agencies and nongovernmental organizations.

percent supported short-term, humanitarian assistance, including emergency food and shelter, and over 20 percent supported longer-term reconstruction needs. USAID, the largest provider of nonsecurity-related assistance, spent about $508 million on both humanitarian and reconstruction projects. During the same period, the Department of State spent $254 million, mainly on refugee and humanitarian assistance, and the Department of Defense spent $64 million on food assistance and quick-impact projects. Most of the funding by USAID and Defense supported local projects in 31 of Afghanistan's 32 provinces, particularly in 4 of the most heavily populated. Overall, U.S. funding represented about 38 percent of the $3.7 billion disbursed by the international community for nonsecurity-related assistance to Afghanistan in fiscal years 2002–2003.

U.S. humanitarian and small-scale, quick-impact projects benefited Afghanistan in fiscal years 2002–2003, but longer-term reconstruction efforts had achieved limited results by the end of fiscal year 2003 due to delayed funding. USAID and the Departments of Agriculture and State provided humanitarian assistance, including emergency food, health care, sanitation, and shelter, which helped avert a famine and reintegrate returning refugees. In addition, to assist Afghanistan in its transition from humanitarian relief to reconstruction of its infrastructure and civil society, USAID and Defense implemented small-scale, quick-impact projects such as renovating or rebuilding schools, clinics, bridges, and irrigation canals. Further, under USAID's leadership, a number of longer-term reconstruction activities in a number of sectors achieved limited results. However, notable accomplishments include building a road from Kabul to Kandahar, establishing a democracy and governance program, and helping farmers reestablish farm production.

Although the U.S. government established coordination mechanisms for its assistance efforts in Afghanistan in fiscal years 2002-2003, it lacked a complete operational strategy; in addition, coordination of international assistance was weak. A number of mechanisms to coordinate U.S. assistance were established and, in general, U.S. officials believed that U.S. assistance was well coordinated. The United States did not have a comprehensive strategy to direct its assistance efforts until June 2003. In addition, USAID's operational strategy did not clearly articulate measurable goals or other details. U.S. officials responsible for coordinating assistance efforts also lacked financial data necessary for program oversight and coordination. Without a comprehensive strategy or adequate financial data, the ability of the U.S. government to ensure progress toward development goals and make informed resource

allocation decisions was impaired. Further, international assistance was not well coordinated in 2002, and efforts by the Afghan government to improve coordination in 2003 had not succeeded.

In fiscal years 2002–2003, the postconflict environment in Afghanistan threatened progress toward U.S. policy goals, and poor security, increasing opium cultivation, and inadequate resources impeded U.S. reconstruction efforts. Afghanistan faces many of the same obstacles that other nations have faced after civil conflict, such as multiple competing parties. Throughout fiscal years 2002–2003, terrorists attacked U.S., international, and Afghan government targets, and criminal activity by warlords and clashes between rival factions increased the overall climate of insecurity. In addition, record levels of opium production and associated revenues threatened Afghanistan's stability by funding the activities of terrorists and warlords. Further, small staff size, inadequate working conditions, and the timing of funding for reconstruction impeded U.S. efforts. To increase funding and expedite progress, in September 2003, the U.S. government announced an initiative called "Accelerating Success" that would provide an additional $1.76 billion for reconstruction projects in Afghanistan in fiscal year 2004.

We are recommending that USAID revise its operational strategy for its assistance program in Afghanistan. The revised strategy should delineate measurable goals, specific time frames, resource levels, external factors that could significantly affect the achievement of goals, and a schedule for program evaluations that assess progress against the strategy's goals. To improve management and oversight of U.S. assistance to Afghanistan, we are also recommending that the Department of State produce an annual consolidated budget for all U.S. assistance to Afghanistan and report to Congress semiannually on obligations and expenditures for the assistance provided.

We provided a draft of this report to the Departments of State and Defense and to USAID. State and USAID commented that they concurred with much of the information presented on the situation in Afghanistan for the period covered by our review. They also provided additional information on more recent activities taken and progress made. USAID and the Department of Defense also provided technical comments, which we incorporated where appropriate.

In response to our recommendation that USAID revise its operational strategy for Afghanistan to include details such as measurable goals,

timeframes, and required resources, USAID said that its less comprehensive "interim" strategy was appropriate given the situation in Afghanistan during the early phases of the ongoing efforts. Nonetheless, USAID said that it was committed to developing a standard strategic plan for Afghanistan during 2004, which is consistent with our recommendation. The Department of State disagreed with our finding that the United States lacks a complete and integrated assistance strategy, citing its December 15, 2003, report to Congress "Fiscal Year 2004 Strategic and Financial Plan for Reconstruction and Related Activities in Afghanistan" as meeting this need. We found that most of the strategies that were published during fiscal years 2002-2003 lacked details on funding and other resources, measurable goals, timeframes, as well as a means to measure progress. However, in the report, we cite the State Department's June 2003 Mission Performance Plan as meeting many of the requirements for a government-wide operational strategy. While the fiscal year 2004 plan cited by the State Department in its comments includes more details on the U.S. assistance budget for Afghanistan, it lacks operational details including time frames, measurable goals, and a means to measure progress towards those goals.

In response to our recommendation that State produce an annual consolidated budget for all U.S. assistance to Afghanistan and report to Congress semiannually on obligations and expenditures, State emphasized that policy makers are provided with information on U.S. obligations weekly and that there is close interagency collaboration on all funding issues. We disagree. As we reported, complete and readily accessible obligation and expenditure data was not available and consequently, it is difficult to determine the extent to which U.S. assistance dollars are being used to achieve measurable results on the ground in Afghanistan. Specifically, we found that (1) governmentwide expenditure data on U.S. assistance to Afghanistan is not collected, (2) obligation data are collected on an ad hoc basis, and (3) the Coordinator's office experienced difficulty in consistently collecting complete and accurate obligation data from U.S. government agencies. Regular reporting of both obligations and expenditures for U.S. assistance to Afghanistan would provide the State Coordinator and Congress a more complete picture of what funds have been spent on the ground on visible projects.

Background

Afghanistan is a mountainous, arid, land-locked country with limited natural resources, bordered by Pakistan to the east and south; Tajikistan, Turkmenistan, Uzbekistan, and China to the north; and Iran to the west (see fig. 1). At 647,500 square kilometers, Afghanistan is slightly smaller

than the state of Texas; its population, estimated at 27.8 million, is ethnically diverse, largely rural, and mostly uneducated. The country is divided into 32 provinces, over 300 districts, and approximately 30,000 villages.

Figure 1: Map of Afghanistan, Including Provinces and Major Roads

Source: GAO.

Afghanistan is an extremely poor country. As shown in table 1, development indicators published by the World Bank and the U.N. rank Afghanistan at the bottom of virtually every category, including malnutrition; infant, child, and maternal mortality; life expectancy; and literacy.

Table 1: Development Indicators for Afghanistan versus the Average for Low-Income Countries and the United States

Indicator	Afghanistan[a]	Average, low-income country[b]	United States
Infant mortality	165 per 1000 live births	80 per 1000 live births	7 per 1000 live births
Under 5 mortality	257 per 1000 live births	121 per 1000 live births	8 per 1000 live births
Maternal mortality	1600 per 100,000 live births	671 per 100,000 live births	17 per 100,000 live births
Life expectancy	43 males/44 females	58 males/60 females	75 males/81 females
Percentage of children under 12 months immunized against diphtheria and measles	45 %	60 %	93 %
Percentage of population undernourished	70 %	25 %	N/A
Percentage of rural population with access to improved water source	11 %	69 %	100 %
Percentage of rural population with access to improved proper sanitation	8 %	31 %	100 %
Literacy—age 15 and over	51 % males/ 21 % females	72 % males/ 53 % females	97 % males/ 97 % females

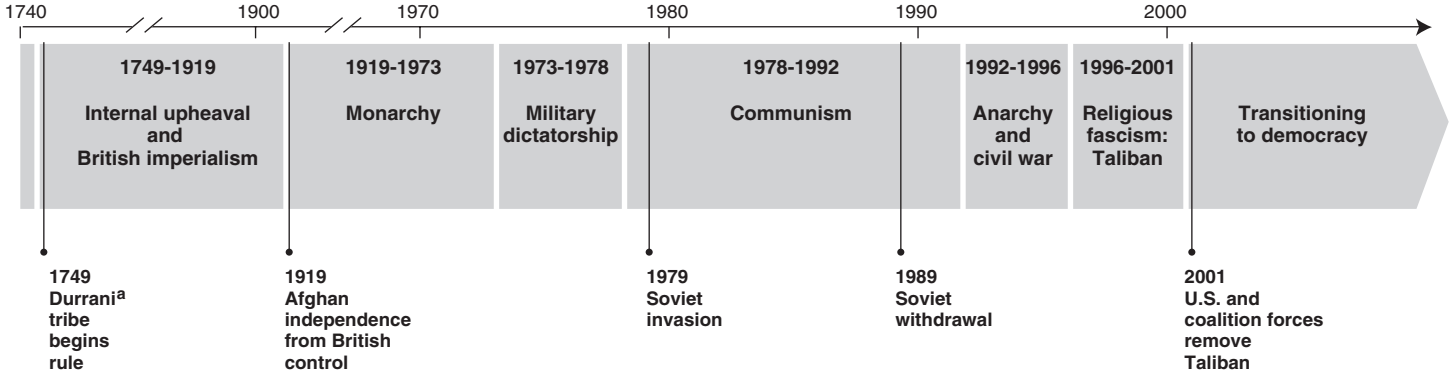
Sources: The World Bank and U.N.

[a]Data as of most recent year available.

[b]Low-income countries are defined as countries with an annual per capita gross national income of less than $735. (Afghanistan's 2002 per capita gross national income was $250).

Over the last 2 decades, political conflicts ravaged Afghanistan. The country was subject to ethnic rivalry led by provincial warlords, communist invasion, and fundamental Islamic control, all of which limited development (see fig. 2). Factional control of the country following the withdrawal of Soviet troops in 1989, coupled with the population's fatigue of fighting, allowed a fundamental Islamic group, the Taliban, to seize control of the country. Although the Taliban regime provided some political stability during the late 1990s, its destructive policies, highlighted in its repressive treatment of women, and its continuing war with the opposition Northern Alliance further impeded international aid and development.

Figure 2: Political History of Afghanistan, 1749–2004



Source: GAO.

[a]The Durrani tribe ruled over most of what is present-day Afghanistan—despite domestic turmoil and foreign encroachment—from 1749 through 1978.

In December 2001, less than 2 months after U.S. and coalition forces forcibly removed the Taliban regime, an international summit in Bonn, Germany, established a framework for a new Afghan government,[3] which focused on an ambitious 30-month timeline for writing a new constitution by the end of October 2003 and holding democratic elections by June 2004.[4] The framework, known as the Bonn Agreement, was endorsed by the U.N. Security Council on December 6, 2001, through UN Resolution 1383. (See app. II for additional information on the Bonn Agreement.)

In December 2002, the United States passed the Afghanistan Freedom Support Act of 2002 and increased its assistance to Afghanistan. (See app. III for details on the types and purposes of the assistance authorized by the act.) The goal of the U.S. government in Afghanistan is to firmly establish a democratic nation inhospitable to international terrorism, drug trafficking and cultivation; at peace with its neighbors; and able to provide its own internal and external security. U.S. efforts in support of this goal are intended to help create national security institutions, provide humanitarian and reconstruction assistance, and reinforce the primacy of the central

[3]This report refers to the Afghan Interim Authority and the Transitional Islamic State of Afghanistan as the government of Afghanistan.

[4]President Karzai announced in March 2004 that the elections would be postponed until September 2004.

government over Afghanistan's provinces. Title I, Section 104(a) of the act states that in general, the President is strongly urged to designate, within the Department of State, a coordinator who shall among other things be responsible for

- designing an overall strategy to advance U.S. interests in Afghanistan;
- ensuring program and policy coordination among U.S. agencies carrying out the policies set forth in this title;
- pursuing Afghanistan assistance coordination with other countries and international organizations; and
- ensuring proper management, implementation, and oversight by agencies responsible for Afghan assistance programs.

USAID[5] provides U.S. assistance to underdeveloped countries through U.N. agencies, nongovernmental organizations, and private contractors. The main organizational units responsible for managing USAID's reconstruction programs and operations in Afghanistan in fiscal years 2002–2003 were the agency's mission in Kabul, Afghanistan; the Bureau for Asia and the Near East; and the Bureau for Democracy, Conflict, and Humanitarian Assistance through the Office of U.S. Foreign Disaster Assistance, Office of Food for Peace, Office of Transition Initiatives (OTI), and Office for Democracy and Governance.[6] Other U.S. government agencies provided additional assistance, including the Department of Defense through its provincial reconstruction teams (PRT) located at sites throughout Afghanistan. In fiscal years 2002–2003, the PRTs ranged in size from 50 to 100 civilian and military personnel, including civil affairs units, force protection soldiers, and representatives of the Departments of Agriculture and State and USAID. The teams are intended to deliver assistance that

[5]USAID is the principal U.S. agency that provides foreign assistance to countries recovering from disaster, escaping poverty, and engaging in democratic reforms.

[6]The Bureau for Asia and the Near East is one of four USAID geographic bureaus that are responsible for activities in the countries within the geographic region. The USAID mission in Kabul, Afghanistan, falls under the jurisdiction of the bureau. The Bureau for Democracy, Conflict, and Humanitarian Assistance's mission is to save lives, alleviate suffering, support democracy, and promote opportunities for people adversely affected by poverty, conflict, natural disasters, and a breakdown of good governance. OTI provides short-term assistance to pre- and posttransition countries experiencing significant political change or facing critical threats to stability and democratic reform.

advances military goals and provide security in an effort to increase the reach of the Afghan central government in the provinces and allow assistance agencies to implement projects. By late 2003, Defense established PRTs in Bamian, Kunduz, Gardez, and Mazar-I-Sharif.

U.S. Funding Focused on Humanitarian Aid, Represented Sizable Portion of International Assistance

In fiscal years 2002–2003, the United States spent the majority of its nonsecurity-related funding to Afghanistan on humanitarian and quick-impact projects, and it contributed approximately one-third of the international funding disbursed in Afghanistan.[7] Of the 10 U.S. agencies providing assistance to Afghanistan, USAID provided the largest amount, for both humanitarian and reconstruction assistance, and the Department of State provided the second largest amount, primarily for humanitarian assistance. USAID and the Department of Defense obligated[8] a total of $283 million for nationwide programs and $564 million for localized program assistance in 31 provinces. The United States accounted for 38 percent of the $3.7 billion in nonsecurity-related international funding disbursed in Afghanistan in fiscal years 2002–2003.[9]

U.S. Assistance Focused on Humanitarian and Quick-Impact Projects

The U.S. government obligated $1.4 billion for assistance to Afghanistan in fiscal years 2002–2003, including $782 million for humanitarian and quick-impact projects and $647 million for strategic, longer-term reconstruction projects. U.S. agencies spent[10] $900 million, of which $686 million, or over 75 percent, was spent on humanitarian and quick-impact projects and about $214 million, or over 20 percent, was spent on longer-term reconstruction needs. (See fig. 3.)

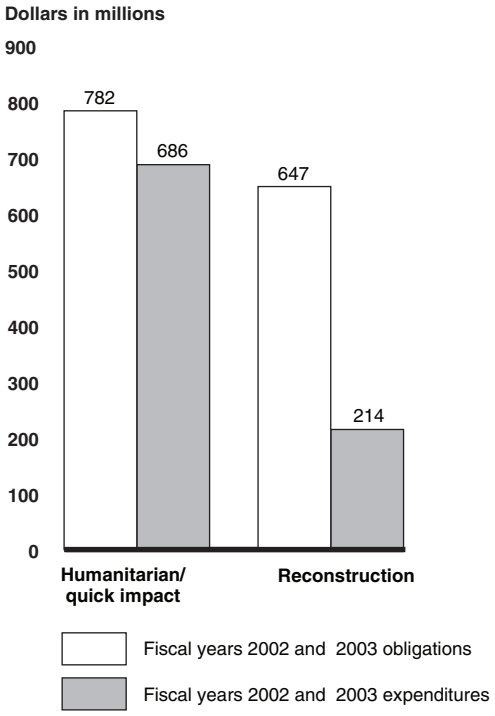
[7]See appendix IV for a list of the agencies and their assistance funding.

[8]For the purposes of this report, obligations are defined as amounts of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or a future period.

[9]According to State officials,the Department of State does not track international obligations and expenditures and defines disbursements as monies that have moved beyond pledges. In this report, we consider an international disbursement as including both obligations and expenditures. See appendix V for detailed information on international pledges and disbursements.

[10]For the purposes of this report, expenditures are defined as the issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate a federal obligation.

Figure 3: Obligations and Expenditures, by Type, Fiscal Years 2002–2003



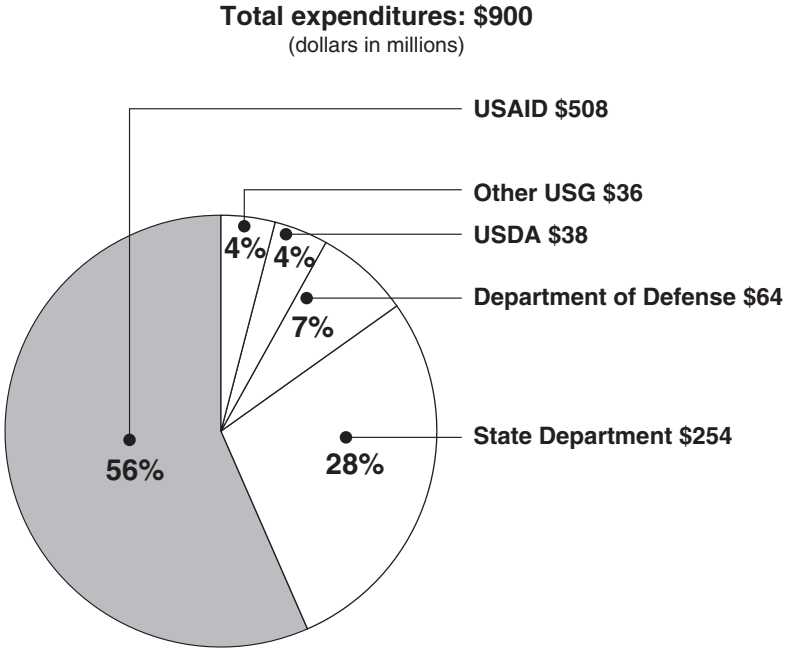
Source: GAO.

USAID and State Provided Most U.S. Assistance

Of the 10 U.S. government departments and agencies involved in assistance to Afghanistan in fiscal years 2002–2003,USAID provided the largest amount of assistance, for both humanitarian and reconstruction needs. USAID obligated $942 million, of which it spent about $508 million by September 2003. It provided both short-term assistance—emergency, humanitarian, and quick-impact projects—and longer-term reconstruction and development-oriented assistance, such as revitalizing infrastructure, improving health and education, strengthening the economy, and supporting democracy and governance. The Department of State provided the next largest amount, obligating $287 million in fiscal years 2002-2003 and spending $254 million of that amount. State's programs were targeted mainly to refugee and humanitarian assistance, including demining, and also included funding for counterdrug programs and building a police force. The Department of Defense obligated $71 million and spent $64 million, primarily for provincial-level, short-term projects implemented through its PRTs and for humanitarian daily rations that it air-dropped early

in fiscal year 2002. In addition, seven other U.S. government agencies obligated $128 million and spent $74 million for a variety of both humanitarian and reconstruction activities. (See fig. 4.)

Figure 4: Percentages of U.S. Reconstruction Assistance Expended by Agencies, Fiscal Years 2002–2003



USAID U.S. Agency for International Development
USDA U.S. Department of Agriculture
USG U.S. government

Source: GAO.

Most Funding Supported Provincial Projects

In an effort to expand the reach of the Afghan government—a major U.S. and Afghan government priority—most USAID and Defense assistance funding was spent on projects implemented at the provincial level. Specifically, USAID and Defense obligated $283 million for nationwide programs and $564 million for provincial-level assistance across 31 provinces.[11] Kabul received the most provincial-level assistance, $70.4 million for 148 projects, while Konar received the least, $121,350 for one project. Although assistance was provided in virtually all of Afghanistan's provinces,[12] five provinces received approximately half of provincial-level program assistance. Four of these provinces—Kabul, Kandahar, Balkh, and Hirat—have major population centers, and the fifth, Badakshan, is increasingly important to the opium trade. (See fig. 5.)

[11] USAID obligation data is from an agency database as of Sept. 17, 2003. The agency's database does not include the additional $150 million that were obligated in the last 13 days of fiscal year 2003. According to USAID, the share of funding per province would have remained relatively constant over the 13 days. The Department of Defense obligations are as of December 2003. Defense officials stated they could not break out the funds by fiscal year.

[12] Afghanistan has 32 provinces. Only 1 province, Nuristan, received no assistance at the provincial level, although it may have benefited from national programs.

Figure 5: USAID and Defense (PRT) Obligations and Number of Projects, by Province

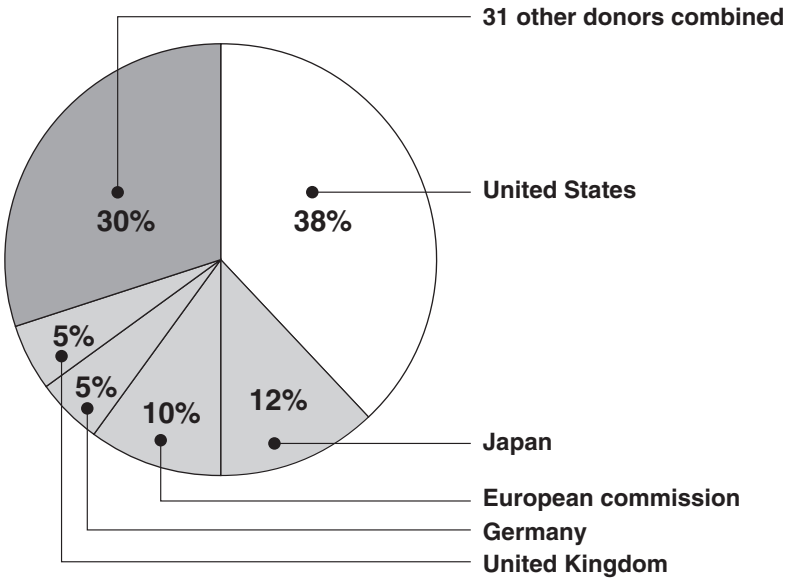
Source: GAO.

Note: The figure above does not include the Department of Defense's humanitarian food drops conducted in fiscal year 2002.

U.S. Was Largest International Donor

In fiscal years 2002–2003, international donors pledged $9.7 billion for assistance to Afghanistan. (See app. V for details.) International disbursements for the 2-year period totaled approximately $3.7 billion, of which U.S. obligations accounted for approximately 38 percent, or $1.4 billion—the largest amount donated (see fig. 6). Like U.S. funding, most international funding was directed to meet humanitarian needs rather than major reconstruction efforts. According to the Center on International Cooperation, as of May 2003, $947 million of the international disbursements had been used to begin reconstruction projects.[13]

Figure 6: U.S. Assistance as a Percentage of International Assistance



Source: GAO analysis of Department of State data.

[13]The Center on International Cooperation is a nongovernmental organization that seeks to inform public debate by examining international justice, humanitarian assistance, and postconflict peace-building.

U.S. Humanitarian Assistance Helped Avert Famine; Longer-term Reconstruction Efforts Had Limited Results

In fiscal years 2002-2003, humanitarian and quick-impact assistance benefited Afghanistan, but longer-term reconstruction efforts achieved limited results. U.S. humanitarian aid helped overcome emergency conditions and jump-start the recovery effort. In addition, quick-impact projects helped Afghanistan transition from the emergency to the reconstruction phase. However, because of delayed funding, most major contracts for reconstruction activities were not signed until summer 2003, limiting the results achieved by the end of that fiscal year.

Humanitarian Assistance Helped Vulnerable Populations and Averted Famine

In fiscal years 2002–2003, to help redress the complex humanitarian crisis in Afghanistan, the U.S. government provided emergency assistance that helped avert a famine, significantly reduce the suffering of the most vulnerable Afghans, and assist the return of refugees. USAID's Office of Food for Peace provided Afghanistan with 355,270 metric tons of wheat and other emergency food assistance (valued at $206.4 million) through P.L. 480, Title II, and the Department of Agriculture provided 79,600 metric tons of surplus wheat (valued at $38.7 million) through the 416(b) program.[14] The United States provided most of its food assistance to Afghanistan through the U.N. World Food Program (WFP),[15] as well as the U.N. Food and Agriculture Organization and nongovernmental organizations. (See fig. 7.) Over the 2-year period, the United States provided over 60 percent of all international food assistance received by Afghanistan. According to the WFP, the food assistance provided by the United States and the international community helped avert famine in Afghanistan.[16]

[14]Title II of the Agricultural Trade Development and Assistance Act of 1954 as amended (P.L. 480) authorizes USAID to donate agricultural commodities to meet international emergency relief requirements and carry out nonemergency feeding programs overseas. The U.S. Department of Agriculture provides surplus commodities to countries under section 416(b) of the Agricultural Act of 1949. U.S. contributions consist of in-kind donations of commodities such as white wheat and cash donations to cover the cost of transporting the commodities from the United States to Afghanistan.

[15]Between October and December 2001, the Department of Defense also dropped 2,489,880 humanitarian daily rations, each of which contained a complete set of meals for one day for one person, totaling approximately 2,200 calories. The Department of Defense stated the total cost of the ration effort to be $50,897,769.

[16]For additional information on U.S. food and agriculture assistance to Afghanistan in fiscal years 2002—2003, see U.S. General Accounting Office, *Foreign Assistance: Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability*, GAO-03-607 (Washington, D.C.: June 2003).

Figure 7: WFP Distribution of U.S.-Provided Food in Afghanistan

Source: WFP.

USAID also provided other emergency assistance in fiscal years 2002–2003. According to USAID reports, the Office of Foreign Disaster Assistance provided $137.8 million to meet the basic needs of internally displaced people and other vulnerable Afghans. The funding supported health and nutrition programs, agricultural and other income-generating rehabilitative work in rural areas, and logistics for coordinating humanitarian and food assistance countrywide. According to USAID, the office, through its cash-for-work programs, supported more than 4,000 small rehabilitation projects, including repairs to approximately 2,600 kilometers of roads, 1,500 wells and irrigation systems, and more than 100 schools and hospitals, benefiting selected communities throughout the country.

The Department of State's Bureau of Population, Refugees, and Migration provided $234 million to assist returning refugees. This assistance, disbursed primarily through the UN High Commissioner for Refugees, supported the voluntary return and reintegration of 2.2 million refugees and internally displaced people to their homes in Afghanistan. The U.S.

assistance also provided shelter; water and sanitation; primary, reproductive, maternal, and child health care; food and nutrition; primary education; mine education and awareness; and economic assistance and training to refugees and internally displaced people.

Quick-Impact Projects Transitioned U.S. Assistance from Relief to Reconstruction

USAID's OTI[17] and the Department of Defense's PRTs implemented small-scale, quick-impact projects. These projects aimed to extend the reach of the Afghan central government by providing benefits to rural communities and to facilitate the transition to longer-term reconstruction programs. Both OTI and the PRTs engaged in clinic and school reconstruction, bridge rehabilitation, irrigation construction, and other locally determined, small-scale projects.

In fiscal years 2002–2003, OTI expended $18 million for 435 projects. (On average, each project cost $42,465.) By October 2003, 66 percent of the projects had been completed. In a November 2003 assessment, OTI concluded that its efforts had increased the Afghan state's ability to function, enhanced the independent media's ability to promote public information, and facilitated infrastructure improvements in hundreds of communities. However, OTI also concluded that these gains had not yet achieved its objective of building citizen confidence in the ability of the central Afghan government. Few Afghans interviewed by OTI during the assessment were aware that the U.S. government or the Afghan central government had supported a specific project. (See fig. 8 for an example of an OTI project.)

[17]OTI works to strengthen the Afghan government's capacity to govern effectively and accountably; expand citizen and community participation in decision making; support voices of moderation and peace; and increase the availability and quality of public information.

Figure 8: Fatmasti Irrigation Canal outside Bamian, Afghanistan

Source: GAO.

Note: A USAID OTI grant of $25,139 funded the rehabilitation of the 2.5 kilometer Fatmasti irrigation canal in Bamian province. The canal irrigates 60 hectares of land and benefits 600 families (or approximately 3,600 individuals).

The Department of Defense's quick-impact projects were similar in size and scope to those implemented by USAID's OTI. In fiscal years 2002–2003, Defense granted $20 million for 451 projects in Afghanistan through its PRTs.[18] (On average, the projects cost $45,000 each.) Sixty-four percent of them were completed by December 2003. The PRTs implemented projects designed to help (1) advance U.S. military goals, (2) build goodwill among the local population, (3) increase the visibility of U.S. support, and (4) extend the reach of the Afghan central government. Although no formal evaluation of the overall PRT effort had been completed as of October 2003, officials at the Departments of State and Defense said that the activities of civil affairs teams appeared to have a positive effect on security and were a useful tool for expanding local support for both the U.S. presence and the Afghan government. However, the Agency Coordinating Body for Afghan Relief reported that as currently structured, the PRTs lack the resources or mandate to either solve the security situation in Afghanistan or significantly contribute to reconstruction.[19] (Fig. 9 shows one example of a PRT project.)

[18] In each PRT, a military civil affairs team is responsible for implementing aid projects.

[19] Policy Brief: *Provincial Reconstruction Teams and the Security Situation in Afghanistan* (Kabul: July 24, 2003.) Agency Coordinating Body for Afghan Relief is a nongovernmental organization coordinating body in Afghanistan with a membership of 68 international and Afghan nongovernmental organizations.

Figure 9: PRT-Funded Construction of Provincial-level College in Bamian Province, Afghanistan

Source: GAO.

Nascent Longer-Term Reconstruction Efforts Achieved Limited Results

USAID's longer-term reconstruction efforts in fiscal years 2002–2003 achieved limited results because of delays in funding. To help the Afghan government extend its influence throughout the country, USAID organized its longer-term assistance into six sectors: infrastructure rehabilitation, economic governance, democracy strengthening, education, health, and agriculture.[20] The agency also integrated elements to promote gender equity into each sector. Most of the contracts for longer-term reconstruction assistance in each of the six sectors were not signed until summer 2003, due to delayed funding, limiting what USAID could achieve in that fiscal year.

[20]Originally, USAID planned to conduct projects in four sectors: agriculture, education, health, and democracy. However, its priorities changed over time; the first long-term projects were implemented in the infrastructure and economic governance sectors.

The following presents U.S. efforts in each sector. The goals listed in figures 10–16 portray USAID's goals and objectives as stated in early planning and reporting documents. Since many of the projects created under the six sectors continued work begun through the quick-impact projects, USAID has not disaggregated their achievements. We include information on some quick-impact projects, as well as longer-term reconstruction projects. Also, since USAID does not track expenditures by the six sectors, we do not include information on total amounts spent by sector.

Figure 10: Infrastructure Rehabilitation

Goal:

Promote economic recovery and political stability in Afghanistan by repairing selected infrastructure

Objectives:

- Construct or rehabilitate physical infrastructure items
- Build institutional capacity

Source: GAO (analysis); USAID (photo).

Infrastructure rehabilitation. By the end of fiscal 2003, USAID had built or rehabilitated several physical infrastructure projects, most notably the Kabul–Kandahar road. Many of the early physical infrastructure projects handled through the quick-impact programs used local or low-technology procedures in order to speed implementation. For example, the OTI projects applied stone, gravel, and dirt to improve transport over secondary and tertiary roads. By contrast, a contract for the longer-term Rehabilitation of Economic Facilities and Services infrastructure program (REFS), signed in September 2002, provided engineering and construction services for the production of paved roads and seismically sound buildings.

The Kabul-Kandahar road, a U.S. presidential priority, represents a significant political symbol within Afghanistan and is the main transport route for north-south trade from Central Asia to the Indian Ocean. In about 17 months, under the REFS contract, USAID contractors demined, graded, and installed the first layer[21] of pavement on a segment of highway stretching 389 kilometers (approximately the distance from Washington, D.C., to New York, N.Y.).[22] As a result, travel between the two cities was reduced from several days to about 6 hours. The road requires two more layers of asphalt and the construction of bridges and culverts; the estimated project completion date is October 2004. The prime contractor for the REFS program was also responsible for constructing schools and clinics listed as objectives under the education and health sectors. However, as of the end of fiscal 2003, although OTI and the PRTs built and rehabilitated schools and clinics, none of the more sophisticated buildings included in the infrastructure contract had been built.

In addition to the USAID infrastructure projects, State identified communications as an infrastructure element essential to meeting the long-term security needs of Afghanistan. USAID provided for voice and e-mail communication between the central government in Kabul and all 32 provinces by installing a high-frequency radio communications network. The U.S. Trade and Development Agency provided short-term advisors to create a strategic plan for telecommunications development. By October 2003, two telephone companies had established service in Afghanistan, but according to USAID and others, connectivity was still unreliable.

[21]The first phase of the Kabul-Kandahar highway was inaugurated on Dec. 16, 2003.

[22]The total length of the highway is 482 kilometers. The Japanese aid agency repaired an additional 50 kilometers leading into Kandahar. The remaining 43 kilometers had been repaired under the Taliban.

Figure 11: Economic Governance

Goal:

Improve economic management and develop institutions for economic governance

Objectives:

- Provide long-term technical support designed to promote development and implementation of major reforms
- Human capacity development and dissemination of improved economic policy and public administration practices

Source: GAO.

Economic governance. When the U.S. government began its reconstruction efforts in Afghanistan, the Ministry of Finance and the Central Bank—necessary to set fiscal policy and handle the country's reconstruction cash flow, respectively—were operating at an elementary level. USAID helped to reestablish the Ministry of Finance, create a central bank of Afghanistan and a new currency, and reform the customs process. To do this, USAID awarded a contract for its Sustainable Economic Policy and Institutional Reform Support program in November 2002. Under the program, USAID helped rehabilitate the ministry building and provided advisors to retrain the bank's staff. In addition, USAID helped the central bank establish and distribute a new national currency (the "afghani"). This involved collecting and destroying an estimated 13 trillion of the greatly devalued, previously existing afghanis and the disparate currencies printed by warlords. USAID supported the commercial bank sector by assisting in legal and regulatory reform and training financial sector officials. As a result, international commercial banks began to receive licenses in the fall of 2003. Further, USAID helped to partially rehabilitate the Kabul customs house and airport customs facilities, streamline customs processes, and establish a tax identification number system for traders. Despite these and other efforts aimed at encouraging the provinces to remit revenue to the central government, according to the UN and others, warlords continued to keep large portions in their own regions, undermining the authority of the central government.

Figure 12: Health Care

Goal:

Reduce Afghan deaths by using a community-based, low-cost, low-tech public health approach to the problems of malnutrition, acute respiratory, diarrheal and other infectious diseases

Objectives:

- Improve maternal and child health
- Educate Afghans on public health issues
- Guide public health policy
- Train lower level health care providers
- Repair or construct health facilities

Source: GAO.

Health care. In November 2002, USAID, with assistance from the UN Population Fund, Japan's aid agency, and the European Commission, completed a comprehensive assessment of health facilities, services, personnel, and supplies available throughout the country. This effort helped Afghanistan's Ministry of Health to establish a national health strategy and national health priorities. All grants for health sector activities must address the priorities established in the ministry's strategy. The study found that Afghanistan has approximately one health facility per 27,000 inhabitants. It also established that nearly 40 percent of existing basic care facilities employ no female health workers. (According to cultural norms, it is taboo for women to receive care from male health care workers.)

Other health achievements included providing grants to NGOs to operate over 160 health facilities—covering an area where 3.9 million Afghans live—constructing or rehabilitating 140 health facilities, training over 1,700 health workers, participating in the campaign to immunize 90 percent of the population against measles, and improving approximately 3,600 rural potable waterworks. To expand U.S. support for Afghanistan's health sector goals, USAID established its Rural Expansion of Afghanistan's Community-Based Health Care program through a contract signed in May 2003, as a continuation of previously begun work.

Figure 13: Education

Goal:

Reestablish educational opportunities

Objectives:

- Provide educational material
- Train teachers
- Rebuild educational facilities

Source: GAO.

Education. By the end of fiscal year 2003, USAID, through quick-impact projects, had repaired or constructed approximately 200 schools, provided more than 25 million textbooks, trained over 3,000 teachers, and supplemented approximately 50,000 teachers' salaries with vegetable oil. (The oil represented 26 percent of the teachers' monthly income.) To assist Afghanistan with longer-term education goals, USAID created the Afghanistan Primary Education Program through a contract signed in June 2003. Early efforts in this program included developing and beginning to disseminate an accelerated learning curriculum for girls, who were not educated under the Taliban.[23] USAID plans to train 30,000 classroom teachers between fiscal years 2003 and 2006. The prime education contractor in charge of the training referred to the educators it will train as "mentors" because they will not have the same qualifications as formally trained teachers.

[23]USAID's teacher training program has two facets: (1) a "master trainer" seminar for educators, who in turn are expected to educate other teachers in their vicinity with the new teaching methods, and (2) a distance-learning curriculum in which teacher classes are broadcast over the radio. The distance-learning radio shows began broadcasting in August 2003.

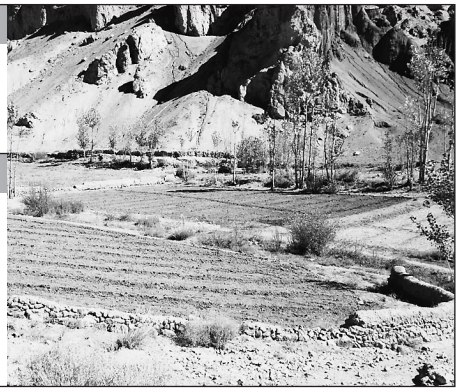
Figure 14: Agriculture

Goal:

Ensure a secure food supply, promote value-added and exportable production, and stimulate jobs in rural areas and the market towns nearby in order to reinvigorate the rural economy

Objectives:

- Create good economic policy particularly for market oriented agricultural price policy, food safety, and export promotion
- Help farmers reestablish production
- Improve water accessibility for crops
- Promote non-farm income generation
- Rehabilitate key rural infrastructure



Source: GAO.

Agriculture. Through quick-impact projects, USAID helped farmers reestablish agricultural production by distributing approximately 9,300 metric tons of seed and 12,400 metric tons of fertilizer,[24] and by rehabilitating more than 7,000 rural irrigation structures. USAID also helped improve the rural economy by repairing over 70 bridges and tunnels and more than 7,000 kilometers of secondary and tertiary roads and by employing the equivalent of 1 million Afghans for 1 month. In July 2003, the agency awarded a contract for the Rebuilding Agricultural Markets Program, aimed at increasing the food security and incomes of the rural population. However, as of October 2003, work under this contract had not yet begun.

[24]Afghanistan's Minister of Agriculture estimated that the country needed about 500,000 metric tons of fertilizer for the 2002–2003 crop year.

Figure 15: Democracy Strengthening

Goal:

Strengthen the national government and develop local capacity and an increasingly robust civil society

Objectives:

- Support the Bonn Process
- Broaden participation in the political process
- Enhance media capacity and information access
- Promote rule of law
- Rehabilitate key infrastructure

Source: GAO.

Democracy strengthening. USAID established two democracy and governance programs, one to help implement the political goals set by the Bonn Agreement and the other to bolster the civil society, media, and political parties. Through the beginning efforts of these programs, in conjunction with the quick-impact activities, the United States provided key technical assistance, civic education, and logistics support for the emergency *loya jirga* (grand council) to establish the interim government, and for the second *loya jirga* to ratify a new constitution. USAID also provided over 130 advisers to the Afghan ministries and funded approximately 880 staff positions. In addition, USAID supported the creation of radio stations and trained over 320 journalists to aid the development of a free and independent media. As of October 2003, USAID and the international community had helped the Afghan government establish judicial reform, human rights, and constitutional commissions. Further, USAID commissioned designs for a provincial courthouse and a judicial complex in Kabul. USAID's cooperative agreement with the Consortium for Elections and Political Process Strengthening, establishing the democracy strengthening program, was not signed until July 2003.[25]

[25]Italy is the lead nation for judicial sector reconstruction.

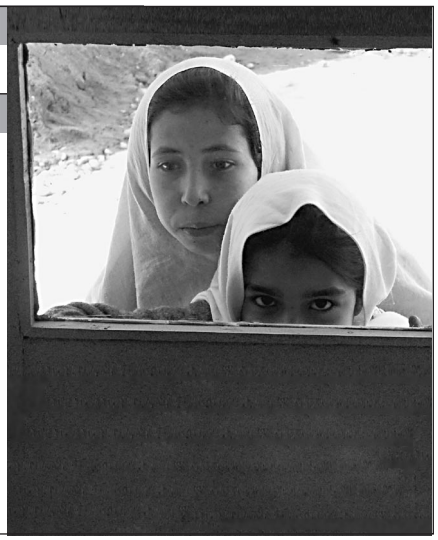
Figure 16: Gender Equity

Goal:

Integrate gender equity into all activities

Objectives:

- Ensure participation of Afghan women in USAID programs and Afghan government instututions
- Support literacy, health, economic and agricultural programs that address women and girls
- Strengthen the capacity of relevant ministries to build a national constituency of women
- Support capacity building for Afghan women's NGOs and groups
- Assist constitutional, judicial, and human rights commissions to advance the rights of women
- Work through local institutions to address gender concerns in all sectors
- Coordinate donors assisting women-related and gender programs
- Provide technical assistance on gender issues to the Consultative Group process



Source: GAO.

Gender equity. USAID did not create separate women's projects but rather included elements promoting gender equity in its programs.[26] For example, some quick-impact infrastructure projects incorporated women's labor into the construction process. In Kunduz, where USAID helped a community build a retaining wall, women participated and earned income by making wire screens to contain rocks placed in the wall by the men. In addition, USAID facilitated the involvement of women in the *loya jirgas* (women accounted for 20 percent of the delegates at the December 2003 constitutional *loya jirga*) and in the Afghan government by rehabilitating 15 day care centers in ministry buildings to encourage Afghan women to return to work. USAID also encouraged the return of girls to the classroom by creating an accelerated education program.[27] USAID also made maternal care one of its primary health goals. However, Afghan society still limits women's travel and work, which complicates attempts to educate, train, or provide medical care to them, and nearly 40 percent of existing health care

[26]The Afghanistan Freedom Support Act of 2002 authorized $15 million to be appropriated for programs to assist Afghan women and girls.

[27]Under the Taliban regime, girls were not allowed to attend school. Consequently, many girls are older than the average age for their education level. The accelerated learning program attempts to bring them up to speed and reintegrate the girls into regular classroom settings.

facilities employ no female health workers. Further, several girls' schools have been set on fire to protest educating women, and a female *loya jirga* representative's life was threatened when she expressed her negative opinion about the government's collaboration with warlords.

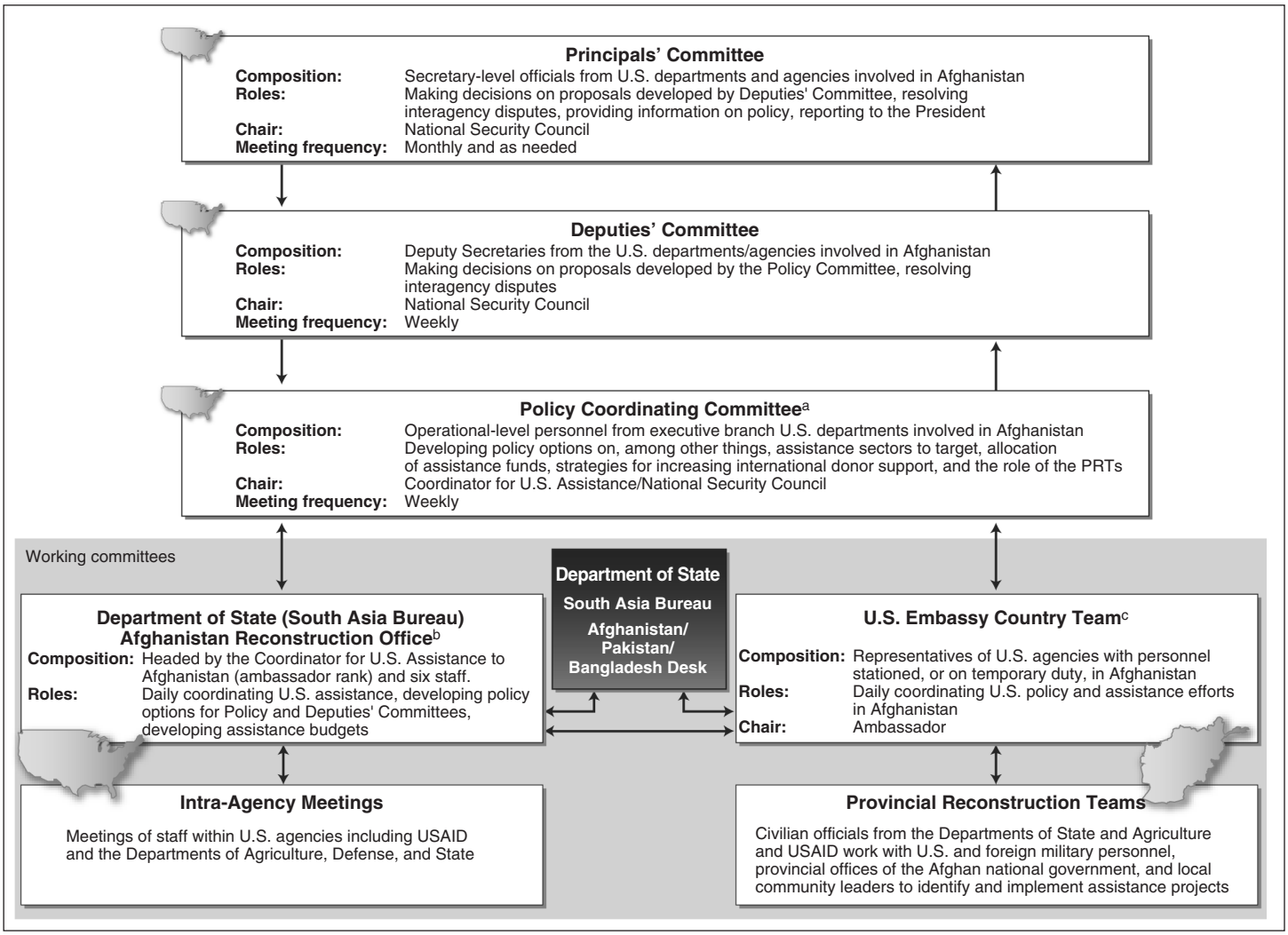
Coordination Mechanisms Established, but U.S. Strategy and Financial Data Were Incomplete; International Assistance Coordination Remained Weak

In fiscal years 2002–2003, the U.S. government established several mechanisms to coordinate its assistance effort in Afghanistan, but it lacked a comprehensive reconstruction strategy. Although U.S. agency officials characterized coordination as effective overall, some problems occurred. In addition, key operational components of the strategies intended to guide the reconstruction effort were incomplete or were not drafted until the latter half of fiscal 2003. Further, coordination officials lacked complete and accurate financial data needed for effective program management. Meanwhile, international assistance coordination was weak in 2002, with limited improvements introduced through the consultative group mechanism in 2003.

U.S. Efforts Were Coordinated, but Minor Problems Occurred

U.S. assistance to Afghanistan in fiscal years 2002–2003 was coordinated through a number of mechanisms; however, some problems occurred. U.S. efforts were coordinated in Washington through the Afghanistan Reconstruction Office, the Policy Coordinating Committee, the Deputies' Committee, and the Principals' Committee, and in Afghanistan through the U.S. Embassy country team. (See fig. 17.) According to Department of State officials, interagency coordination among the Afghanistan Reconstruction Office, agencies delivering assistance, and the embassy country team was routine and daily. In addition, these officials stated that the formal, hierarchical, interagency committee structure provided a uniform process for making policy-level decisions and keeping the President informed.

Figure 17: Major U.S. Interagency Afghan Assistance Coordination Mechanisms In Use During Fiscal Years 2002–2003



Source: GAO analysis of information provided by the Department of State (data); Nova Development (clipart).

[a]In October 2003, a national security decision directive eliminated the Policy Coordinating Committee and established the Afghanistan Interagency Operating Group in its place.

[b]In October 2003, the Afghanistan Reconstruction office became the Office for Afghanistan. The office's functions are codified in section 104 of the Afghanistan Freedom Support Act. The office subsumed the Afghanistan Desk.

[c]In October, the Afghanistan Reconstruction Group was established within the U.S. Embassy, Kabul.

U.S. officials from several agencies we spoke to stated that, overall, the U.S. government's coordination of the Afghan assistance effort in fiscal

years 2002–2003 was effective. According to officials from USAID and the Departments of Agriculture, State, and Commerce, coordination efforts were successful and the policy coordination committee succeeded in bringing all of the agencies together to discuss pertinent issues and make collective decisions. USAID's former mission director in Afghanistan emphasized that the daily meetings of the country team and other assistance sector–based teams ensured good coordination within the embassy.

Although U.S. officials stated that coordination among agencies was generally good, several cited examples of coordination problems. For example, USAID officials said that whereas USAID worked closely with Afghan government ministries on the selection and location of projects, the PRTs focused on projects chosen by local authorities. Consequently, the PRTs implemented projects that were not included in national plans developed by the central government.[28] In addition, USAID officials and Department of Health and Human Services (HHS) officials confirmed that coordination problems involving the two organizations' efforts in Afghanistan's health sector had occurred. Specifically, HHS rehabilitated the Rabia Balkhi Hospital in Kabul, rather than focus efforts on rural health clinics where the Afghan Ministry of Health and USAID had determined the need for assistance was greater. In another example, Department of State staff stated that USAID did not share information on its demining activities and that staff turnover and inconsistent operating procedures within the Department of Defense made coordinating demining efforts difficult.

Strategic Guidance Was Incomplete, Financial Data Was Lacking

The U.S. government's strategies for directing its reconstruction efforts in Afghanistan evolved during fiscal years 2002–2003, and key operational components of the strategies were incomplete or not drafted until the latter half of fiscal year 2003.[29] In addition, coordination officials lacked complete and accurate financial data needed for effective program management.

[28]In 2003, USAID and the Department of State began placing staff in PRTs in part to improve coordination and assist in project selection.

[29]In previous analyses of postconflict assistance efforts, we found that a strategy that both looks beyond a country's immediate situation and operationalizes ongoing efforts is essential for effectively implementing an assistance program. From 1994 to 2004, We have done extensive work assessing postconflict assistance. Our report, *Foreign Assistance: Observations on Postconflict Assistance in Bosnia, Kosovo, and Afghanistan*, GAO-03-980T (Washington, D.C.: July 18, 2003), summarizes the broad issues identified and contains a bibliography of selected postconflict-related reports.

Strategic Guidance Evolved Over Time

Various strategies pertaining to U.S. assistance efforts were developed during the fiscal 2002–2003 period. Several levels of strategies, from the President's office down to the USAID mission, are designed to guide U.S. assistance efforts in Afghanistan, focus resources, and hold agencies accountable for their efforts.[30] In February 2003, the President published a broad strategy for meeting the immediate and long-term security needs of Afghanistan in response to the Afghanistan Freedom Support Act requirements.[31] The President's strategy is intentionally broad and, therefore, lacks operational details, such as time frames and measurable goals. In June 2003, 18 months after the signing of the Bonn Agreement, the Department of State published its first mission performance plan to guide U.S. efforts in Afghanistan for fiscal years 2003–2006.[32] This plan is organized around five strategic goals for the reconstruction effort and one management goal pertaining to Department of State facilities in Afghanistan. The mission plan provides an estimate, by appropriation account, of the financial resources needed. Further, the plan (1) describes specific tactics and activities to be undertaken and assigns responsibility for each activity to USAID and other offices of the agencies housed within the U.S. Embassy in Afghanistan and (2) defines baseline data, performance indicators, and targets for achieving each performance goal. As the key U.S. agency for reconstruction of Afghanistan, USAID is responsible for developing a more detailed strategy and subordinate plans and programs to carry out its responsibilities.

[30]The National Security Strategy, published in September 2002, broadly presents the United States' core national security objectives and includes foreign assistance as one of a wide range of initiatives to achieve these objectives. The latest consolidated Department of State/USAID strategic plan, published in August 2003, supports the National Security Strategy, presents worldwide priorities for both organizations, and includes four broad objectives for Afghanistan. Country-specific strategies are intended to support the broader goals contained in the National Security Strategy and Department of State/USAID strategic plan.

[31]See Afghanistan Freedom Support Act, Title II, Section 206(c)(1)(A). The act also requires that the President semiannually submit to the congressional committees cited in the act a status report on the implementation of the strategy.

[32]A mission performance plan is an authoritative, integrated interagency country strategy document, prepared by the U.S. embassy country team. Despite the agriculture sector's importance to Afghanistan's recovery and one of the major sectors targeted by USAID, the performance plan completed in June 2003 does not address rehabilitation of Afghanistan's agriculture sector.

USAID Strategy Lacked Operational Details

The USAID mission in Afghanistan developed an interim strategy and action plan in August 2002. However, these documents did not clearly articulate measurable goals or provide details on time frames, resources, responsibilities, objective measures, or means to evaluate progress for each of the sectors targeted by the strategy.[33] USAID directives require that interim strategies include a description of how or when the strategy would be replaced by a standard strategic plan. The interim strategy for Afghanistan does not contain the required description. USAID's guidelines and directives state that country-level strategies and plans should address, among other things, strategic objectives, key country-level problems, programmatic approaches, baseline data and targets, performance indicators and the means to measure progress, fundamental assumptions, and resources required to implement the plan. Although USAID developed a number of measurable goals for various sectors during fiscal years 2002–2003, these goals and the resources and methods designed to achieve them were included in numerous project documents and contracts rather than stated in a comprehensive strategy as called for by USAID guidelines.

Further, according to USAID officials, although USAID Washington reviewed the strategy and action plan, the documents were not vetted through USAID's standard strategy review process; instead an abbreviated process was used to assess clarity, feasibility, compliance with agency policies, delineation of expected results, and congruency with available resources. The former mission director in Afghanistan stated that the time and resources needed to develop and approve a strategy through the normal USAID operating procedures were not available when the strategy documents were developed and that a waiver for meeting standard strategy-related requirements was granted in February 2002.[34]

[33]All of these components are required in USAID's standard strategic plans. USAID directives allow the use of interim strategic plans in countries experiencing high uncertainty because of drastic political, military, and/or economic events. According to USAID directives, a strategy should be developed prior to the implementation of assistance activities. Waivers are available for countries with special foreign policy interest, are valid for 1 year, and can be renewed annually. See USAID *Guidelines for Strategic Plans* (Washington, D.C.: February 1995); *USAID Functional Series 200–Programming Policy Automated Directives System 201–Planning* (Washington, D.C.: January 2003).

[34]Section 201.3.4.5 of the USAID Automated Directives System provides that in special foreign policy situations where activities must be initiated prior to completion and approval of a strategic plan, a temporary 1-year exemption may be issued.

In January 2003, USAID officials responsible for the agency's efforts in Afghanistan requested a second waiver and promised to draft a strategy according to USAID guidelines within 6 months of the waiver's approval. According to USAID documents, no strategy was drafted because the situation in Afghanistan was too dynamic, preventing USAID from taking a proactive approach to its efforts including the development of a strategy. A third waiver was approved in February 2004 that exempts USAID from developing the strategy until February 2005. As a result, more than 3 years will have passed between the time USAID began providing postconflict assistance to Afghanistan and the completion of a USAID assistance strategy for Afghanistan. The lack of a complete country strategy impedes USAID's ability to ensure progress toward development goals, make informed resource allocation decisions, and meet agency and congressional accountability reporting requirements on the effectiveness of agency programs.

Comprehensive Financial Data Was Not Readily Available

The coordinator for U.S. assistance to Afghanistan, as well as others responsible for the coordination of U.S. assistance, lacked complete and accurate financial data in fiscal years 2002–2003. Program managers need financial data to, among other things, monitor performance, allocate resources, and determine whether strategic goals are being met. Further, relevant information needs to be identified, collected, and distributed in a form and time frame so that duties can be performed efficiently.[35] Most of the agencies providing assistance to Afghanistan could not readily provide complete or accurate data on assistance obligations and expenditures, and some agencies were unable to disaggregate the information by fiscal year or province. Consequently, over the course of our review, we worked with the agencies to obtain reliable data. In fiscal years 2002–2003, the Coordinator's office did not require U.S. agencies to regularly report obligation and expenditure data.[36] As a result, the Coordinator for U.S. Assistance to Afghanistan lacked information that could have helped decision-makers manage the overall assistance effort, including the targeting of resources to key efforts.

[35]U.S. General Accounting Office, *GAO Internal Control: Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[36]In December 2003, the Department of State began collecting obligation data from U.S. agencies providing assistance to Afghanistan. However, Department of State officials acknowledged that the obligation tracking efforts do not include all U.S. government agencies and are not updated on a regularly scheduled basis. In addition, the agency tracks only obligation, not expenditure, data.

International Assistance Coordination Was Weak

Despite efforts to synchronize multiple donors' efforts, coordination of international assistance was weak in 2002 and problems remained in 2003.[37] The Bonn Agreement urged donors to defer responsibility for assistance coordination to the Afghan government. According to the UN, coordination is the responsibility of the Afghan government; efforts by the aid community should reinforce national authorities; and the international community should operate, and relate to the Afghan government, in a coherent manner rather than through a series of disparate relationships.[38]

In April 2002, the Afghan government initiated efforts to exert leadership over the highly fragmented reconstruction process. To accomplish this task, the government published its National Development Framework, which provided a vision for a reconstructed Afghanistan and broadly established national goals and policy directions. In addition, the Afghan government established a government-led coordination mechanism, the implementation group, to bring coherence to the international community's independent efforts and broad political objectives. The mechanism's structure was based on the National Development Framework. Individual coordination groups, led by Afghan ministers and composed of assistance organizations, were established for each of the 12 programs in the framework.

The implementation group mechanism proved to be largely ineffective. In August 2002, officials from the Afghan government, the UN, the Department of State, and USAID, as well as a number of nongovernmental bodies, expressed concern over the lack of meaningful and effective coordination of assistance in Afghanistan. For example, the Ministers of Foreign Affairs, Rural Rehabilitation and Development, Irrigation, and Agriculture stated that the donor community's effort to coordinate with the government was poor to nonexistent. The ineffectiveness of the implementation group mechanism resulted from its inability to overcome several impediments. First, each bilateral, multilateral, and nongovernmental assistance agency had its own mandate (established by implementing legislation or charter) and sources of funding, and each donor pursued development efforts in Afghanistan independently. Second,

[37]According to the UN, assistance coordination refers to a recipient government's integration of donor assistance into national development goals and strategies.

[38]United Nations, *Immediate and Transitional Assistance Program for the Afghan People* (January 17, 2002).

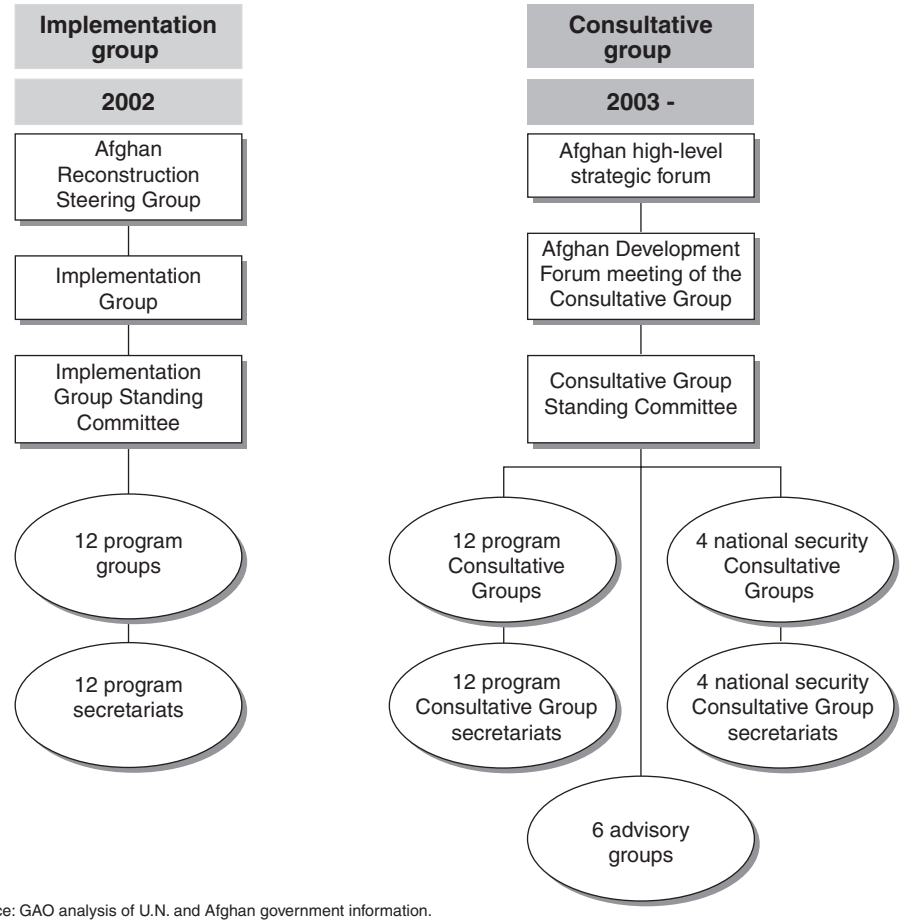
the international community asserted that the Afghan government lacked the capacity and resources to effectively assume the role of coordinator and, that these responsibilities therefore could not be delegated to the government. Third, no single entity within the international community had the authority and mandate to direct the efforts of the myriad bilateral, multilateral, and nongovernmental organizations providing assistance.

In December 2002, the Afghan government replaced the implementation group with the consultative group mechanism to increase the effectiveness and efficiency of assistance coordination in support of the goals and objectives in the National Development Framework.[39] The consultative group mechanism in Afghanistan is similar to the implementation group in (1) its National Development Framework–based hierarchical structure and stated goals, (2) the role of the Afghan government, and (3) the membership and leadership of sector-specific groups.[40] (See fig. 18.)

[39]*Consultative group* is a World Bank term used to describe a process of consultations between the government of a recipient developing nation and the international community. Typically, the process involves monthly group meetings in country on sectoral or thematic issues. Such working groups bring together interested parties, including ministry representatives, donors, nongovernmental organizations, and UN agencies, to discuss strategic planning and improve coordination.

[40]Additional U.S. efforts to coordinate its assistance with that of the international community and the Afghan government included the biweekly humanitarian assistance conference call among relevant Afghan government, U.S., and international organizations providing humanitarian assistance and the Department of Defense's Civil Military Coordination cell located in Kabul. The cell's role is to coordinate PRT assistance efforts with the Afghan government.

Figure 18: International Afghan Assistance Coordination Mechanisms, Fiscal Years 2002–2003



Source: GAO analysis of U.N. and Afghan government information.

By the end of fiscal year 2003, the consultative group had not surmounted the conditions that prevented the implementation group from effectively coordinating assistance. In an August 2003 review of the status of the consultative group process, the Afghan government stated that the terms of reference for the sectoral groups were unclear and too broad, the groups were too large and lacked strong leadership, member commitment was uneven, and the overall potential of the mechanism was not utilized. In October 2003, the Minister of Rural Rehabilitation and Development stated that the consultative group process had not yet proven effective, that the consultative groups were too large to be effective decision-making bodies, and that assistance organizations continued to implement projects not

included in the Afghan government's national budget and priorities. The Minister of Agriculture stated that despite the efforts of consultative groups to coordinate donor efforts, donor governments and assistance agencies continued to develop their own strategies and implement projects outside the Afghan government's national budget.

Achievement of U.S. Goals Uncertain Given Precedents, Obstacles

The attainment of the U.S. goal of a stable, democratic Afghanistan remained uncertain given the historical precedents and the current Afghan environment, where numerous obstacles threatened reconstruction efforts in fiscal years 2002–2003. Afghanistan exhibits many of the characteristics that other nations have faced in their efforts to transition from a postconflict environment to a stable democracy. In fiscal years 2002–2003, deteriorating security and increasing opium cultivation in particular jeopardized U.S. reconstruction efforts, and efforts to counter these obstacles have had little success. Other hindrances to U.S. reconstruction efforts in Afghanistan during this period included small staff size, inadequate working conditions and equipment, and the timing of funding for reconstruction activities. In September 2003, the U.S. government announced an initiative called "Accelerating Success" to increase funding and expedite projects.

Afghanistan Exhibits Characteristics That Threatened Success in Other Postconflict Nations

Afghanistan displays many of the characteristics that have obstructed transitions to peace and stability in other postconflict countries. Analyses conducted by various experts on postconflict reconstruction have identified a number of such characteristics, including multiple competing parties, valuable and disposable resources such as opium, and a weakened state.[41] In addition, our past work has shown that despite variations in postconflict situations, efforts to rebuild require a secure environment, adequate resources, and the support of the host government and civil society.[42] Figure 19 compares characteristics of Afghanistan that we—and experts from the World Bank and other nongovernmental institutions—found to have affected reconstruction in other postconflict countries.

[41]According to the World Bank, of the 52 countries that have experienced civil conflict since 1960, 44 percent relapsed into violence within 5 years.

[42]U.S. General Accounting Office, *Foreign Assistance: Observations on Postconflict Assistance in Bosnia, Kosovo, and Afghanistan*, GAO-03-980T (Washington, D.C.: July 18, 2003).

Figure 19: Postconflict Characteristics That Impeded Stability in Other Countries Versus Afghanistan

Characteristics that impeded stability in prior postconflict countries	Assessment of postconflict characteristics in Afghanistan
Lack of international legitimacy under multilateral/interim administration	Current government legitimized through Bonn Agreement and June 2002 emergency *loya jirga*
Elite groups not aligned with the U.S.	Afghan government seeks modern, stable, democratic Afghanistan
Inability to absorb international assistance	Legitimate government established national development framework and budget, but government lacks capacity at all levels
Two or more competing parties/ weak national identity	Multiple armed factions divided on ethnic and tribal lines, multiple warlords compete for control
Disposable resources	Produces 70 percent of the world's opium, provides drug traffickers with billions of revenue annually
Weak peace agreement	Not all factions (e.g., Taliban) participated in the Bonn Agreement negotiations and the Agreement did not mandate international security forces outside of Kabul
Lack of state capacity	Central government lacks financial and military resources and regional warlords still hold power
Inexperience with constitutionalism	Afghanistan's experience with constitutionalism is limited
Groups opposed to regime change	Taliban, regional warlords, and international terrorists challenge and seek to undermine the current Afghan government
Hostile neighbors	Conflicting interests exist among the border countries of Iran, former Soviet states, and Pakistan
Large numbers of soldiers that require disarmament and demobilization	UN plans to disarm/demobilize 100,000 soldiers, but the country may have as many as 700,000 men in arms
Lack of financial commitment from international donors	In fiscal years 2002–2003 donors pledged $9.7 billion in assistance, but disbursed only $947 million for reconstruction projects

Source: GAO analyses of Stanford University, CSIS, World Bank, Carnegie Endowment for International Peace, and UN documents.

Pervasive Insecurity Threatened Reconstruction

Terrorist attacks by the Taliban and al Qaeda and the criminal activity of warlords contributed to the overall environment of insecurity throughout

Afghanistan and threatened the U.S. reconstruction effort in fiscal years 2002–2003. In March 2002, in a report to the UN Security Council, the UN Secretary General stated that security will remain the essential requirement for protecting the peace process in Afghanistan. In a report to the council 1 year later, he identified security as the most serious challenge to the peace process. Others in the international community, including the United States, recognize security as a prerequisite for the implementation of reconstruction efforts.

According to UN, nongovernmental organization, and U.S. reports, the security situation deteriorated throughout 2003. Incidents over the 2-year period included

- numerous skirmishes between coalition, al Qaeda, and Taliban troops in the border regions between Afghanistan and Pakistan;
- the attempted assassinations of the Minister of Defense and the President;
- the assassination of Vice President Qadir;
- the murder of an International Committee of the Red Cross worker;
- attacks on contractors working on USAID's Kabul-Kandahar road project that resulted in 14 injuries and 9 deaths;
- rocket attacks on U.S. and international military installations;
- sniper fire and grenade attacks on UN and nongovernmental organization vehicles and offices; and
- bombings in the center of Kabul and Kandahar, at the International Security Assistance Force headquarters, and of UN compounds.[43]

The increase in violence against aid organizations forced suspensions of assistance activities. For example, attacks against deminers forced the UN to suspend all humanitarian demining activities in 10 provinces in May 2003

[43]As of July 2003, the International Security Assistance Force reported having approximately 4,600 troops located in Kabul. These troops provide security only for the city of Kabul and the immediate vicinity. The bombing killed 4 soldiers and wounded 29 others.

including demining activities along the Kabul–Kandahar road. Similarly, the killings of three nongovernmental organization staff in August 2003 and a UN High Commissioner for Refugees staff member in November 2003 resulted in, among other things, the agency's removing its international staff and its reduced ability to deliver assistance to refugees and internally displaced people.

Furthermore, the criminality of the warlords' private armies continued to destabilize the country and impede reconstruction, according to the Department of State, the UN, Human Rights Watch, and other international experts. The warlords foster an illegitimate economy fueled by the smuggling of arms, drugs, and other goods. They also, in violation of the Bonn Agreement, control private armies of tens of thousands of armed men and illegally withhold hundreds of millions of dollars in customs duties collected at border points in the regions they control, depriving the central government of revenues needed to fund the country's central government and reconstruction effort. Repeated violent clashes among the warlords continued throughout fiscal years 2002–2003, forcing USAID and other assistance agencies to periodically suspend their assistance activities in the affected areas. The situation is further complicated by the fact that the United States uses warlord-commanded militias in its continuing counterinsurgency effort against the Taliban. The militia forces also provide security for PRTs. For example, troops commanded by one of the warlords in control of Hirat and its adjoining provinces provide security to U.S. civil affairs units stationed in Hirat.

The United States and the international community have taken several steps to improve security in Afghanistan. First, beginning in 2002, the Department of Defense established PRTs in several locations in Afghanistan. These company-sized units of 50 to 100 soldiers were charged with enhancing security over immense geographical areas in an effort to create a safe environment for reconstruction activities. For example, the PRT in Gardez, with 77 security personnel and 52 other personnel, had an area of responsibility that covered five provinces with a total land area of 70,000 square kilometers—an area about the size of South Carolina. Nongovernmental organization officials, as well as others, have criticized the size of the PRTs, stating that the units were too small to provide security for their areas of responsibility or create a secure environment for reconstruction projects.

In 2002, Department of Defense began funding efforts to help establish a national army in Afghanistan. As of late fiscal 2003, its efforts to train the first corps of the new army had fallen behind schedule, due in part to higher than expected rates of attrition among Afghan recruits. As of September 2003, approximately 5,500 soldiers had been trained. In 2003, the Department of State and the German government (the designated lead nation for police training in Afghanistan) began implementing plans to train 20,000 Afghan police by June 2004 and 50,000 by the end of 2005. By March 2004, 9,000 officers received training. Finally, the U.S. government considers the demobilization and reintegration of the warlords' forces a prerequisite for improving the country's security and succeeding in the international recovery effort.[44] According to the Department of State, this program is critical to efforts to reduce the destabilizing presence of these militias. As of March 2004, 5,200 soldiers had been disarmed.

Opium Production Threatened Stability

The illicit international trade in Afghan opiates also threatened Afghanistan's stability during fiscal years 2002–2003. The drug trade provided income for terrorists and warlords, fueling the factions that worked against stability and national unity.[45] According to UN and International Monetary Fund estimates, in 2002, Afghan farmers produced 3,422 metric tons of opium, providing $2.5 billion in trafficking revenue. This amount was equal to 68 percent of the total international assistance to Afghanistan disbursed for that year, or nearly 4.5 times the Afghan government's 2003 operating budget.[46] In 2003, UN estimates indicated that opium production in the country increased to approximately 3,600 metric tons, the second largest harvest in the country's history. Further, heroin laboratories have proliferated in Afghanistan in recent years. As a result of the increased poppy production and in-country heroin production, greater resources were available to Afghan criminal networks and others at odds with the central government. According to the Department of State, at the provincial and district levels, drug-related corruption is believed to be

[44]The Japanese government leads demobilization efforts.

[45]In 2001, the United States estimated that the Taliban collected at least $40 million in taxes on opium.

[46]Revenue to farmers was estimated at $1.2 billion, while revenue to traffickers was estimated to be $1.3 billion. Total income from opium cultivation and trafficking accounted for approximately 40-60 percent of Afghanistan's gross domestic product and is roughly equal to the value of Afghanistan's legitimate trade.

pervasive. Involvement ranges from direct participation in the criminal enterprise, to benefiting financially from taxation or other revenue streams generated by the narcotics trade.[47] The International Monetary Fund and Afghanistan's Minister of Finance have stated that the potential exists for Afghanistan to become a "narcostate," in which all legitimate institutions are infiltrated by the power and wealth of drug traffickers.

The overall increase in opium production in 2002-2003 occurred despite the counternarcotics efforts implemented by the Afghan government[48] and a number of international donors. During the 2-year period, the Afghan government and the international community, with funding from the United Kingdom and the United States, instituted alternative livelihood and poppy eradication programs in Afghanistan.[49] Total U.S. funding dedicated to counternarcotics was $23.4 million in fiscal 2002. The Department of State did not request or receive funding for counternarcotics efforts in fiscal 2003. Although the programs failed to stem the increase in opium production, the long-term effects of these programs remain to be seen.

Inadequate U.S. Resources Hindered Reconstruction

During fiscal years 2002–2003, limited resources further obstructed U.S. reconstruction efforts in Afghanistan. The USAID mission in Kabul was insufficiently staffed to carry out its responsibilities. In addition, inadequate working conditions and equipment—including cramped workspace, limited mobility, and unreliable communications and transportation equipment—hindered the implementation of assistance activities. Further, most reconstruction funding was not available until mid–fiscal year 2003. To help expedite reconstruction efforts and create more visible results, the U.S. initiated an "Accelerating Success" program in fiscal year 2004.

[47]*Department of State International Narcotics Control Strategy Report*–2003 (Washington, D.C.: March 2004).

[48]On January 17, 2002, the President of Afghanistan issued a decree stating that the existence of an opium-based economy was a matter of national security and should be fought by all means. In October 2002, the Afghan government instituted a Counter-Narcotics Directorate within its National Security Council to coordinate counternarcotics efforts. In May 2003, the President of Afghanistan signed a national counternarcotics strategy.

[49]The United Kingdom is the lead nation for counternarcotics efforts in Afghanistan. U.S. efforts included several alternative development/crops projects, including a program intended to restore cotton production in Helmand province, the traditional center of opium production in Afghanistan.

Lack of Staff Prevented Management and Oversight of Assistance Efforts

The USAID mission in Kabul was inadequately staffed to accomplish its management and oversight responsibilities. In its August 2002 action plan for assistance to Afghanistan, USAID stated that the number of positions it was allotted (12 slots) through the embassy's staffing allocation process was clearly inadequate to design and implement the large program planned for Afghanistan. USAID's mission in Afghanistan managed a $505 million program in 2003, one of the largest in the world; however, its staff size is one of the smallest. On average, an overseas USAID mission has a staff of 73 and a budget of approximately $51 million, or one staff member per about $700,000. In Afghanistan, that ratio in fiscal year 2003 was approximately one staff member per about $13 million. Although USAID/Kabul indicated in its 2003 staffing plan that it needed 113 staff, only 39 of these positions were filled during the year.

In its March 2003 risk assessment, USAID's Inspector General cited delays in the assignment and retention of qualified personnel as one of three material weaknesses in USAID's system of management controls in Afghanistan.[50] It also reported that the risks associated with this material weakness were amplified by, among other things, the magnitude of the funding being provided to Afghanistan and the pressure to implement projects in extremely short time frames. In August 2003, we reported that as a result of the decreases in U.S. direct-hire foreign service staff levels, increasing program demands, and a mostly ad hoc approach to workforce planning, USAID faces several human capital vulnerabilities, including the lack of a "surge capacity" to respond to emergencies such as postconflict situations in Afghanistan and Iraq.[51]

Because of the small number of USAID staff in Afghanistan and the numerous vacancies, staff members were often required to work long hours and take on additional responsibilities. For example, from March 2002 through June 2003, USAID's General Development Officer also periodically served as USAID's Acting Deputy Mission Director and Acting Mission Director and as the Department of State's Acting Deputy Chief of Mission and Chargé d'Affaires. During our visit in October 2003, USAID's mission had been without a Director for two months. At the time, the

[50]U.S. Agency for International Development, *Risk Assessment of Major Activities Managed by USAID/Afghanistan*, 5-306-03-001-S (Manila: USAID, 2003).

[51]U.S. General Accounting Office, *Foreign Assistance: Strategic Workforce Planning Can Help Address Current and Future Challenges*, GAO-03-946 (Washington, D.C.; Aug. 22, 2003).

Acting Mission Director was also the Cognizant Technical Officer overseeing the largest USAID project in Afghanistan. USAID tried to compensate for the gaps by deploying staff to Kabul on temporary duty. However, this did not ensure the continuity needed to administer a program effectively and efficiently.

As a result of the small staff size, staff members were overworked and found it difficult to keep up with their myriad responsibilities, including monitoring and evaluating projects.[52] The lack of monitoring was evidenced by the USAID staffs' inability to provide us with the exact location of the projects we asked to visit. In its December 2003 midterm program assessment of projects in Afghanistan, OTI noted that deficiencies in monitoring at construction sites contributed to a high rate of faulty construction, serious post-construction problems, and added costs.

Inadequate Working Conditions and Equipment Constrained Assistance Efforts

Inadequate working conditions and equipment—such as cramped workspace, limited mobility, and unreliable communications and transportation equipment—also hindered the implementation of assistance activities. In its August 2002 action plan for Afghanistan, USAID stated that without adequate working and living space, it might not be able to achieve its goals. In its March 2003 risk assessment for USAID activities in Afghanistan, USAID's Inspector General cited unsuitable working and living conditions as material weaknesses, stating that existing conditions in Afghanistan were "unsuitable for carrying out program design and implementation in an effective and efficient manner." During our visit in October 2003, we found that staff at the USAID mission faced severe space constraints. For example, we observed as many as eight USAID staff, their files, and office furniture and equipment sharing one small office. USAID took steps to obtain additional space at the embassy and in other U.S. locations in Kabul, but it was not available during fiscal year 2003.

In addition, Department of State security restrictions, imposed due to increasing levels of insecurity, severely limited USAID staff's ability to travel to field sites and monitor ongoing reconstruction efforts. In its March 2003 assessment, USAID's Inspector General cited the security restrictions as another material weakness, stating that staff members are not able to travel to project sites and monitor project implementation in an adequate manner with the frequency required. To improve its ability to monitor field

[52]USAID considers monitoring of its assistance effort critical for measuring the achievement of program outputs and results.

sites, USAID contracted for program managers through the International Organization for Migration (IOM).[53] Although some IOM staff contracted by USAID are U.S. citizens, they are not bound by the same security rules as direct-hire USAID staff and, therefore, can visit projects in the field. However, despite this action, we found that USAID was unable to adequately monitor projects.

The limitations on mobility made communications capability essential. However, according to U.S. and international officials in Afghanistan, e-mail and cellular phone service is intermittently reliable within Kabul and less reliable between provinces, making it difficult to contact staff and contractors in the field. PRT staff stated that they lacked adequate mobile secure communications equipment, and some had to purchase their own geographic positioning systems.

In addition, PRT staff in the field relied on old vehicles that the United States leased from local vendors. The frequent breakdown of the vehicles and the lack of replacement parts severely limited staff's ability to carry out their responsibilities. For example, according to PRT officials we spoke with, most of the vehicles used are approximately 10 years old—with some having logged more than 100,000 miles—break down frequently, and are not designed for the rigorous terrain of Afghanistan. For example, senior PRT officials in Hirat told us that, in 2003, they made two unsuccessful attempts to reach Chaghcharan, the capital of Ghor, the province adjoining Hirat province. During a third attempt, one vehicle experienced 14 flat tires in 3 days.[54] The PRT staff said that because the vehicles were in such poor condition, the staff spent much of their time on the road searching for spare parts and repairing vehicles instead of identifying assistance needs and implementing projects.

Funding Delays Slowed Reconstruction Efforts

Although the United States provided significant humanitarian assistance to Afghanistan in fiscal 2002, very little money was available to USAID for reconstruction until the second half of fiscal year 2003. USAID considers adequate funding a prerequisite for the success of the reconstruction effort. However, according to USAID officials, because they did not know when

[53]IOM was established in 1951 as an intergovernmental organization to resettle European displaced persons, refugees, and migrants. Today it engages in a variety of migration management activities throughout the world.

[54] The distance between Hirat and Chaghcharan is approximately 200 miles.

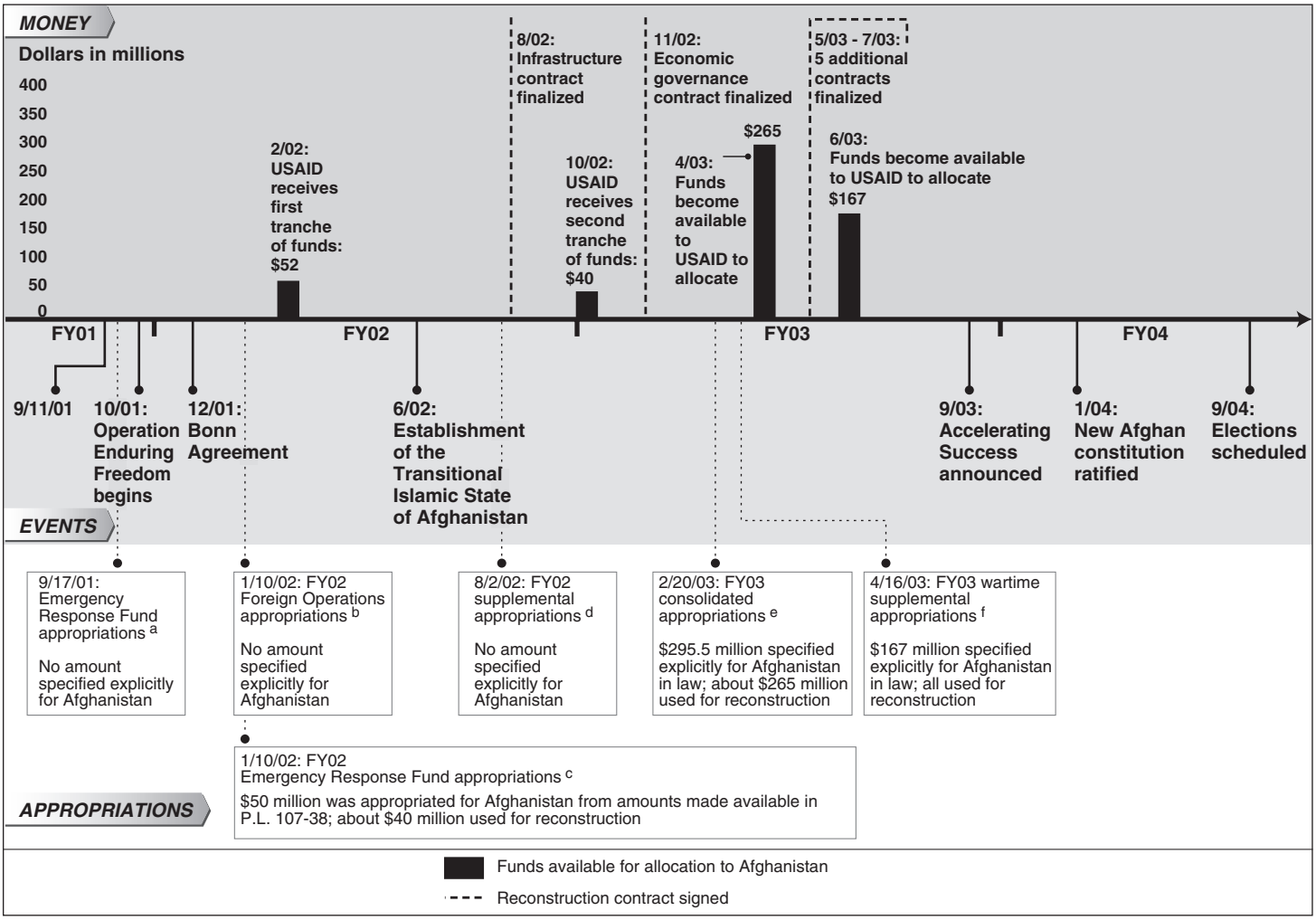
they would receive additional funding, they were unable to develop and plan for long-term resource-intensive reconstruction projects and instead focused on short-term projects that required less money; some of these served as pilots for the longer-term projects begun later in fiscal year 2003.

During fiscal years 2002–2003, funding for reconstruction projects in Afghanistan was allocated to USAID programming offices in four increments. According to USAID, an initial allotment for $52 million for reconstruction was made in February 2002; at the time, the programming offices were assured that more funding was imminent. About 8 months later, USAID obtained an additional $40 million; however, some of the money was used for emergency winterization measures, such as providing food and shelter, to stave off another humanitarian crisis. Since there was no Afghanistan— specific request for fiscal 2002, $80 million was supplemental funding, while the remaining $12 million was reprogrammed funds from existing assistance accounts. As a result, USAID was able to initiate only two major reconstruction programs, infrastructure rehabilitation and the reform and development of economic governance, by the first anniversary of the Bonn Agreement in late 2002.[55] In contrast, the rate of funding for rebuilding Iraq was much faster. Specifically, in less than 1 month after the U.S. announced an end to major hostilities in Iraq, USAID obligated $118 million for reconstruction activities from the Iraq Relief and Reconstruction Fund account. By the end of December 2003, 7 months later, USAID obligated about $1.5 billion for Iraq reconstruction from this account.

Although there was no specific request for funding for Afghanistan included in the President's fiscal year 2003 budget, funding became available when Congress appropriated $295.5 million for Afghanistan in February 2003. USAID officials reported that the allotments from this appropriation began in April 2003, and USAID targeted about $265 million toward longer-term reconstruction projects and $30 million for short-term projects. In April 2003, Congress passed the fiscal 2003 supplemental appropriations bill that included $167 million for Afghanistan. The allotments from this appropriation began in June 2003. All of this funding was used for longer-term reconstruction. (See fig. 20.)

[55]To expedite its program in Afghanistan, USAID obtained waivers that authorized, among other things, other than fully competitive procedures for awarding grants and cooperative agreements, and for the procurement of goods and services. According to USAID documents, these waivers allowed USAID to award its contracts for infrastructure reconstruction and economic governance within 5 and 6 weeks, respectively.

Figure 20: Time Line of USAID Funding for Reconstruction Assistance to Afghanistan



Source: GAO analysis.

[a]Public Law 107-38, 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States

[b]Public Law 107-115, Foreign Operations, Export Financing, and Related Programs Act, 2002

[c]Public Law 107-117, Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002

[d]Public Law 107-206, 2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the United States

[e]Public Law 108-7, Consolidated Appropriations Resolution, 2003, and for Other Purposes

[f] Public Law 108-11, Emergency Wartime Supplemental Appropriations Act 2003.

Because of the delays in funding during the 17-month period following the signing of the Bonn Agreement, USAID had to cancel projects, reallocate funding from some projects in order to keep other projects operating, and delay the implementation of 5 of its 7 major reconstruction contracts until spring and summer of 2003. According to USAID officials responsible for the management of USAID's assistance to Afghanistan in fiscal years 2002–2003, if funding had been provided sooner and in greater amounts, major contracts could have been awarded sooner, a greater number of projects could have been implemented over the 2-year period, and more results could have been achieved.

Rate of International Donor Funding Was Also Slow

The funding provided by the United States in fiscal years 2002–2003 was part of the larger international reconstruction effort in Afghanistan. The Afghan government estimated that Afghanistan needs $30 billion over the 5-year period 2004–2008 for what it defines as high-priority reconstruction efforts. According to the Center on International Cooperation, as of May 2003, $947 million of the international disbursements had been used to begin reconstruction projects. Despite Afghanistan's stated need and the importance that the United States and the international community assigned to the reconstruction effort, Afghanistan received significantly less international assistance over fiscal years 2002–2003 than was provided during the first 2 years of other recent postconflict, complex emergencies over a similar time period. According to analyses by the International Monetary Fund, RAND Corporation, and others, Afghanistan received about $67 in annual per capita assistance in 2002 and 2003; by contrast, the annual per capita aid provided during the first 2 years in other recent postconflict settings was greater. For example, annual per capita assistance was $256 in East Timor (1999–2001) and $249 in Bosnia (1995–1997). At the October 19, 2003, meeting of the Consultative Group Standing Committee, the Afghan government warned the international community that the reconstruction effort might fail and that success would occur only if the rate of international obligations were increased and national reconstruction projects were fully funded.

Accelerating Success Initiative Designed to Increase Funding for Reconstruction

The U.S. government announced in September 2003 a new initiative called "Accelerating Success," to increase funding and expedite the reconstruction efforts, particularly regarding infrastructure, democratization and human rights, and security. The initiative was designed to be implemented in the 9-months leading up to the presidential elections planned for June 2004.[56] The U.S. government plans to provide $1.76 billion[57] for the acceleration effort. Approximately $1 billion of that amount would provide funding for elections, major and secondary road construction, health and education programs, economic and budget support to the Afghan government, senior advisers and technical experts, and private sector initiatives. The remaining $700 million would be targeted toward building the Afghan National Army, training and equipping the police force, expanding the counternarcotics program, and establishing rule of law.[58] Funding for the initiative was appropriated in November 2003; however, USAID did not receive the money until January/February 2004, leaving only 7 months to complete visible reconstruction projects before the September election. Moreover, the need to evaluate projects quickly will increase under the initiative, but no additional funds have been included for this purpose.

In April 2003, prior to the "Accelerating Success" initiative, at the request of President Karzai, the United States decided to complete the first layer of pavement of the Kabul-Kandahar road by December 2003 instead of December 2005. Under the original plan, the estimated cost to bring the road up to international standards was $113 million; the United States pledged $80 million, while Saudi Arabia and Japan each pledged an additional $50 million. In shortening the timeline by 2 years, the United States assumed responsibility for 389 kilometers of the 482-kilometer distance.[59] (See fig. 21.) Consequently, the United States hired several more

[56]In late March 2003, President Karzai announced that the election would be postponed until September 2004.

[57]The "Accelerating Success" program provides an extra $1.63 billion, in addition to the regular fiscal 2004 request, and $135 million in drawdown authority provided in the Afghanistan Freedom Support Act.

[58]The international community at a conference in Dubai pledged approximately $125 million in new money in late 2003. Consequently, the United States encouraged other donors to accelerate the rate at which they give their initial pledges so that the impact of reconstruction can be felt before Afghanistan's 2004 elections.

[59]Japan assumed responsibility for the remaining 50 kilometers leading into Kandahar. The remaining 43 kilometers had been repaired during the Taliban rule.

subcontractors, increased the labor and security forces, imported additional equipment, and tapped the world market of asphalt. The first layer of pavement was completed about 17 months after the contract was signed, and the road opened on December 16, 2003. By the time in 2004 that contractors lay the final layers of asphalt, repair the road's bridges, and construct the culverts, USAID projects that the road's total cost to the United States will be $270 million, more than double the original cost estimate, due to accelerating the project.

Figure 21: Division of Responsibility for Repairing the 482-kilometer Kabul-Kandahar Highway

Source: GAO.

Conclusions

After 23 years of war, the reconstruction needs of Afghanistan are immense. Since the fall of the Taliban regime in October 2001, the United States has viewed the establishment of a stable, democratic Afghanistan as essential to U.S. national security. The United States, in cooperation with the international community, is attempting to rebuild Afghanistan and help the country become a stable and functioning democracy. U.S.-led efforts in fiscal years 2002–2003 helped avert a humanitarian crisis; however, conditions in Afghanistan, such as the deteriorating security situation, the relative weakness of the central government, and the increase in opium production, complicate the longer-term reconstruction process and threaten its ultimate success. In addition, despite a consensus that reconstruction assistance is essential to achieving the U.S. goal in Afghanistan, most funding for reconstruction in fiscal years 2002–2003 was not allocated until 17 months after the signing of the Bonn Agreement. This delay, as well as a lack of staff and equipment, further hindered U.S. efforts. Consequently, overall progress towards Afghanistan's reconstruction goals by the end of fiscal year 2003 was limited.

The President's broad strategy published in February 2003 and reported on semiannually states that success in Afghanistan demands that the U.S. government follow a coherent, consistent, and closely coordinated strategy. However, for most of fiscal years 2002–2003, the United States lacked such a strategy. In addition, USAID, which provided the majority of U.S. assistance to Afghanistan, lacked a complete operational strategy to guide its nonsecurity-related efforts, making it difficult for the agency to integrate projects, focus available resources, and be held accountable for achieving measurable results. The need for such a strategy has become more vital given that, between August 2002 and July 2003, USAID awarded seven major multiyear reconstruction contracts worth hundreds of millions of dollars. Further, most of the U.S. agencies providing assistance to Afghanistan did not have readily available comprehensive financial data on their efforts, limiting the ability of individuals and institutions charged with coordinating and overseeing the assistance to execute these responsibilities.

Recommendations for Executive Action

We recommend that the Administrator of USAID revise its strategy for the agency's assistance program in Afghanistan. The revised strategy should, among other things, (1) contain measurable goals, specific time frames, and resource levels; (2) delineate responsibilities; (3) identify external factors that could significantly affect the achievement of its goals; and (4)

include a schedule for program evaluations that assess progress against the strategy's goals.

In addition, to improve oversight of U.S. assistance to Afghanistan, we are making two recommendations to the Secretary of State. We recommend that the Secretary of State direct the Coordinator for U.S. Assistance to Afghanistan to (1) produce an annual consolidated budget report for all assistance to Afghanistan and (2) semiannually report obligations and expenditures for the assistance provided, delineated by relevant U.S. agencies and the bureaus and offices within each agency semiannually.

Agency Comments and Our Evaluation

We provided a draft of this report to the Departments of State and Defense and to the U.S. Agency for International Development. State's and USAID's written comments are presented in appendixes VI and VII, respectively. State and USAID generally concurred with much of the information presented on the situation in Afghanistan for the period covered by our review. State emphasized that despite security and other challenges, significant progress had been made, not only with respect to humanitarian and short-term assistance, but also in advancing long-term security, reconstruction, and governance objectives. USAID stated that the report presented a fair picture of the situation in Afghanistan at the end of fiscal year 2003, when USAID's large reconstruction efforts were just beginning. Both agencies included in their response additional information on more recent activities taken and progress made. The Department of Defense did not provide official written comments, but provided technical comments, as did USAID, that we have incorporated where appropriate.

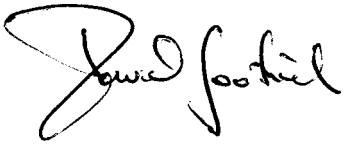
In response to our recommendation that USAID revise its operational strategy for Afghanistan to include details such as measurable goals, timeframes, and required resources, USAID said that its less comprehensive interim strategy was appropriate given the situation in Afghanistan during the early phases of the ongoing efforts. While we recognize in the report that the strategy was an interim strategy, the need for a more complete strategy is vital due to the large increase in USAID assistance funding for Afghanistan. USAID said that it is committed to developing a standard strategic plan for Afghanistan during 2004, which would be consistent with our recommendation. The Department of State disagreed with our finding that the United States lacks a complete and integrated assistance strategy, citing its December 15, 2003 report to Congress, titled *Fiscal Year 2004 Strategic and Financial Plan for Reconstruction and Related Activities in Afghanistan*. In the plan, State

noted that the United States is pursuing a three-fold strategy in Afghanistan, focusing on security, reconstruction, and governance. We found that most of the strategies that were published in fiscal years 2002 and 2003 lacked details on funding and other resources, measurable goals, timeframes, as well as a means to measure progress. However, in the report, we also cite State's June 2003 Mission Performance Plan as meeting many of the requirements for a government-wide operational strategy. Although the fiscal year 2004 plan cited by State in its comments includes more details on the U.S. assistance budget for Afghanistan, like some of the previously published strategies, it lacks operational details, including time frames, measurable goals, and a means to measure progress toward those goals.

In response to our recommendation that State produce an annual consolidated budget for all U.S. assistance to Afghanistan and report to Congress semiannually on obligations and expenditures, State emphasized that policymakers are provided with information on U.S. obligations weekly, and that close interagency collaboration occurs regarding all funding issues. In addition, State said that it already keeps Congress regularly informed through staff briefings, hearings, and mandated reports. We disagree. As we reported, complete and readily accessible obligation and expenditure data were not available, and consequently, it is difficult for the Coordinator to determine the extent to which U.S. assistance dollars are being used to achieve measurable results in Afghanistan. Moreover, we found that government-wide expenditure data on U.S. assistance to Afghanistan is not collected, obligation data is collected on an ad hoc basis, and that the Coordinator's office experienced difficulty in consistently collecting complete and accurate obligation data from U.S. government agencies. Further reporting obligation data alone is insufficient. Obligation data measures the extent to which contracts have been awarded, orders placed, and similar transactions, not the extent to which money actually has been spent on the ground on visible projects. Consequently, reporting obligations alone does not provide an accurate portrayal of the progress of the assistance effort. For example, as our report shows, although $647 million was obligated for reconstruction projects in fiscal 2002 and 2003, less than a third of the total, or $214 million was actually spent. Regular reporting of both obligations and expenditures for U.S. assistance to Afghanistan would provide the Coordinator and Congress a more complete picture of what funds actually have been spent on visible projects.

We are sending copies of this report to other interested congressional committees. We are also sending copies to the Administrator of USAID, the Secretary of State, and the Secretary of Defense. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3149. Other GAO contacts and staff acknowledgements are listed in appendix VIII.



David Gootnick, Director
International Affairs and Trade

Objectives, Scope, and Methodology

Section 106 of the Afghanistan Freedom Support Act of 2002 directs GAO to monitor U.S. humanitarian and reconstruction assistance to Afghanistan. To meet the requirements of the directive and provide Congress with a comprehensive accounting of U.S. assistance to Afghanistan for fiscal years 2002–2003, we (1) analyzed U.S. obligations and expenditures; (2) identified the results of assistance projects through September 30, 2003; (3) evaluated U.S. and international assistance coordination mechanisms and the U.S. assistance strategy; and (4) examined the major obstacles that affected the achievement of U.S. policy goals and the reconstruction effort.

We collected data on fiscal years 2002 and 2003 obligations and expenditures from the U.S. departments and agencies responsible for implementing U.S. government–funded projects in Afghanistan. These include U.S. Departments of Agriculture, Defense, Health and Human Services, State, and Treasury; the U.S. Trade and Development Agency; and the U.S. Agency for International Development (USAID). Because there is no single repository of financial information for all U.S. assistance in Afghanistan, we contacted each agency directly. In addition, because the Department of State does not have a consolidated financial reporting mechanism for programs in Afghanistan, we contacted each bureau and office separately—including the Bureaus of Population, Refugees, and Migration, and International Narcotics and Law Enforcement; and the Offices of International Information Programs, Humanitarian Demining Programs, and Trafficking in Persons.

To determine which funds were applied to humanitarian and quick-impact projects and which were applied to longer-term reconstruction funding, we requested the agencies to designate their funding accordingly. In the case of USAID, we relied on the stated mission of the responsible funding bureau to make the determination. For example, the missions of the Office of Foreign Disaster Assistance and Office of Transition Initiatives include addressing emergency situations and implementing quick-impact projects, respectively.

Since USAID did not provide separate financial management records for fiscal years 2002 and 2003, we, in consultation with USAID, sorted the obligation and expenditure data by year to arrive at the fiscal year breakdowns that appear in this report. The Department of Defense was unable to disaggregate PRT project data by fiscal year. The fiscal 2002 obligations and expenditures in the report include only funds spent on humanitarian daily rations, while the fiscal 2003 figures include all PRT funds in 2002 and 2003.

To delineate how funding and projects were distributed by province, we combined information from both USAID and the Department of Defense. USAID provided the information from a programmatic, rather than a financial database, as the financial database did not include data by location. Because the programmatic database had been updated only to September 17, 2003, the numbers used for figure 5 are less than the total obligations reported as of September 30, 2003. However, according to USAID, it can be assumed that the proportion of assistance by province did not change during that time lag. Also as a result of the data being drawn from a programmatic database, we are unable to show expenditures by province, because the database tracks only obligations.

To assess the reliability of the obligations and expenditures data from U.S. agencies providing assistance to Afghanistan, we (1) interviewed officials at the Departments of Defense, State, and USAID regarding their methods of gathering, managing, and using data; (2) reviewed USAID's financial audit statement; and (3) compared the data we gathered with USAID's Congressional Budget Justifications and the Department of State's 150 account documentation, as well as with the government-wide Afghanistan assistance compilation done by the Department of State's Resource Management bureau. A Department of State official stated that the data State compiled are not completely accurate, due in part to the lack of a requirement for all agencies to report to one central office on a regular basis, which results in variation in the frequency of reporting by individual agencies and differences in how agencies track data. However, the Department of State relies on these data for decision-making purposes and to track how quickly money for Afghanistan is being used. Based on our assessment, we conclude that the data are sufficiently reliable for the purposes of showing, in gross numbers, the level of nonsecurity-related assistance that the U.S. government provided to Afghanistan in fiscal years 2002 and 2003.

To assess the reliability of the data on the pledges and disbursements made by international donors, we (1) interviewed the official at the Department of State who is responsible for compiling these data based on information provided by the Government of Afghanistan and (2) performed some basic reasonableness checks of the data against other sources of information. We determined that the data are sufficiently reliable for the purpose of making a broad comparison of the United States' contributions to those of other major donors and the combined total for all other donors. However, we also noted several limitations in the data, notably the fact that the data are largely self-reported by donor nations to the Afghan government and

are affected by differences in exchange rates. In addition, donors both over- and under-report due to varying definitions of disbursement. Furthermore, the data on larger donors are considered more reliable than the data on smaller donors, according to the Department of State. Due to these limitations, and the fact that we could not contact each of the donors, we were unable to determine the reliability of the precise dollars amounts pledged and disbursed by every donor. Nevertheless, because these are the only available data and are used by the Department of State, we present the dollar amounts reported to have been pledged and disbursed by each donor in appendix V.

To examine the results of assistance projects through September 30, 2003, we collected and analyzed information from the Departments of State and Defense, and USAID in Washington, D.C., which outlined policy goals, basic strategies, program objectives, and monitoring efforts. We also collected and analyzed pertinent reports and testimony these agencies presented to Congress. In October 2003, we traveled to Afghanistan to examine the implementation of USAID and the Department of Defense's assistance-related operations. While in country, we spent 13 days in the capital city, Kabul, interviewing officials from the Afghan Ministries of Finance, Health, Agriculture, and Rural Rehabilitation and Development; the Afghan commissions on Human Rights and the Judicial Reform; the UN Assistance Mission in Afghanistan; the UN Development Program (UNDP); and the U.S. Departments of State and Defense and USAID. We also met with most of USAID's primary implementing partners (including the Louis Berger Group, Creative Associates, Management Sciences for Health, and Bearing Point) as well as nongovernmental organizations not funded by the United States, such as the Afghanistan Research and Evaluation Unit and the Danish Committee for Aid to Afghan Refugees. In Kabul, we inspected Afghanistan's new banking system, customs house, and the rehabilitation of the Rabia Balkhi Women's Hospital. We also spent a total of 7 days in the Bamian, Kunduz, and Hirat provinces, where we inspected U.S.-funded projects, implemented primarily by either the OTI or the Department of Defense's PRTs. While in the provinces, we met with an Afghan *shura* (community council), teachers, and other community members involved in, or affected by, U.S. reconstruction projects. Constraints placed on our movement within Afghanistan by the U.S. Embassy due to security concerns limited the number of project sites we could visit.

To analyze the assistance coordination mechanisms developed by the U.S. government and the international community, we met with Department of State staff responsible for assistance coordination and staff from USAID,

and the Departments of Agriculture, Commerce, Defense, Health and Human Services, Labor, Treasury, and State involved in the provision of assistance, to obtain their views on coordination. In addition, we reviewed the U.S. National Security Strategy, the Department of State/USAID consolidated strategic plan for 2004-2009, the President's Security Strategy for Afghanistan, the U.S. Embassy Kabul Mission Performance Plan, and USAID's strategy and action plan for Afghanistan. Using the criteria contained in the U.S. Government Performance and Results Act and USAID Automated Directives System, we examined USAID strategies to determine whether they contained the basic elements of an operational strategy articulated in the act and in agency guidance. Our analysis of international coordination mechanisms included a review of UN and Afghan government documents, including the Afghan National Development Framework and Budget, pertaining to the international coordination mechanisms utilized in Afghanistan in fiscal years 2002–2003. In addition, we met with officials from the Afghan Ministries of Agriculture, Finance, Health, and Rural Rehabilitation and Development to obtain their views on the evolution and status of the consultative group mechanism.

To analyze the obstacles that affected the implementation of U.S. reconstruction assistance, we examined analyses of common obstacles found in postconflict environments produced by the Carnegie Endowment for International Peace, the Center for Strategic and International Studies, the World Bank, Stanford University, and the RAND Corporation. We also reviewed as previous GAO work on the subject. We then compared those obstacles with the conditions present in Afghanistan in fiscal years 2002–2003. In addition, we reviewed reports produced by the Departments of Defense and State, the UN, the International Crisis Group, Human Rights Watch, the Bonn International Center for Conversion, as well as a U.N. Office on Drugs and Crime report on opium production in Afghanistan. To analyze other obstacles, including the lack of staff, equipment, and funding, we spoke with officials from the Department of Defense and USAID. In addition, we examined appropriation legislation, USAID's Congressional Budget Justifications, and the Inspector General's risk assessment of major activities managed by USAID/Afghanistan. Finally, we visited the USAID mission in Kabul, Afghanistan, and PRTs in Bamian, Kunduz, and Hirat, Afghanistan.

We conducted our review from August 2003–April 2004 in accordance with generally accepted government auditing standards.

Summary of the Key Provisions of the Bonn Agreement

After coalition forces ousted the Taliban government, the United Nations (U.N.) convened four Afghan groups to establish a blueprint for a power-sharing, interim government;[1] the Taliban were not included in these talks. The resulting document, officially entitled the "Agreement on Provisional Arrangements in Afghanistan Pending the Re-establishment of Permanent Government Institutions," commonly called the Bonn Agreement or the Bonn Accord, was signed in Bonn, Germany on December 5, 2001.

I. General provisions

- Establish an Interim Authority by December 22, 2001.
- Establish the composition, functions, and governing procedures for the interim administration.
- Convene an emergency *loya jirga*,[2] or grand council, within 6 months of December 22, 2001 to decide on the Transitional Authority, which will govern until the Afghan population elects a representative government.
- Decide on a Transitional Authority by the emergency *loya jirga* until such time as a fully representative government can be elected through free and fair elections within 2 years of the convening of the emergency *loya jirga*.
- Hold constitutional *loya jirga* to establish a new constitution within 18 months of December 22, 2001.

[1]Afghanistan comprises both settled and nomadic populations, multiple religious and ethnic groups, and refugees. A new representative government would need to incorporate all of these groups.

[2]A *loya jirga* is a traditional grand assembly of elders, which has been used in Afghanistan for centuries.

II. Legal framework and judicial system

- The 1964 constitution and existing laws and regulations should be applied until the new constitution is written, excepting
  - where provisions of 1964 constitution are inconsistent with the Bonn Agreement, or relate to the monarchy or constitutional, executive, and legislative bodies
  - where existing laws and regulations are inconsistent with the Bonn Agreement, Afghanistan's international legal obligations, or the 1964 constitution.
- The interim authority shall have power to amend existing laws and regulations.
- Afghanistan shall have independent judicial power vested in a Supreme Court and other courts established by the Interim Administration. A Judicial Commission established by the Administration shall rebuild the justice system in accordance with Islamic principles, international standards, the rule of law, and Afghan legal traditions.

III. Interim Administration

- Composition: A chairman will preside over the cabinet-style interim government, which includes five vice chairmen and 24 other members.
- Procedures: Decisions will be made by consensus, or by majority vote where necessary, as long as 22 members are present. If the vote is split equally, the chairman holds the deciding vote.
- Functions: The Interim Authority shall conduct the day-to-day affairs of state. Among other things, it may, with the assistance of the UN, establish a single national currency and a central bank, a Civil Service Commission, a Human Rights Commission, and any other commission to review matters not covered in the agreement.

IV. The Special Independent Commission for the Convening of the Emergency *Loya Jirga*

- A 21-member, special, independent commission will be established to convene an emergency *loya jirga* within 6 months of the establishment of the Interim Authority. The emergency *loya jirga* will decide on a transitional authority to lead Afghanistan until a fully representative government is elected within 2 years of the convening of the *loya jirga*.

V. Final provisions

- Upon official transfer of power, all mujahidin, Afghan armed forces, and armed groups shall come under the command and control of the Interim Authority.

- The Interim Authority and emergency *Loya Jirga* shall act in accordance with basic human rights and international humanitarian law.

- The Interim Authority shall cooperate in the fight against terrorism, drugs, and organized crime.

- The Interim Authority and Special Independent Commission for the convening of the emergency *Loya Jirga* shall ensure the participation of women and the equitable representation of all ethnic and religious communities in the Interim Authority and emergency *Loya Jirga*.

- The Interim Authority shall adhere to Security Council resolution 1378.

- The Interim Authority shall elaborate on rules of procedure for the government as appropriate with UN guidance.

Annexes:
I. International Security Force
II. Role of the United Nations during the Interim Period
III. Request to the United Nations by the Participants at the UN talks on Afghanistan
IV. Composition of the Interim Administration

Summary of the Afghanistan Freedom Support Act of 2002

Name	Afghanistan Freedom Support Act of 2002, P.L. 107-327
Date	December 4, 2002
Major titles	I. Economic and Democratic Development Assistance for Afghanistan II. Military Assistance for Afghanistan and Certain other Foreign Countries and International Organizations III. Miscellaneous provisions
Purposes	• Assure U.S. security. • Address humanitarian crisis. • Fight illicit narcotics. • Promote a broad-based, multi-ethnic, gender-sensitive, and fully representative government. • Support Afghan government's projects. • Foster civil society. • Support reconstruction (create jobs, clear landmines, rebuild the agriculture, health care and educational sectors). • Provide resources to the Ministry for Women's Affairs. • Foster a pluralistic society that respects religious freedom.
Major types of assistance authorized	• Urgent humanitarian needs • Repatriation and resettlement of refugees and IDPs • Counternarcotics efforts

- Reestablishment of food security, rehabilitation of the agriculture sector, improvement in health conditions and the reconstruction of basic infrastructure
- Reestablishment of Afghanistan as a viable nation-state
- Market economy
- Assistance to women and girls

Table 2: Total assistance authorized: $3.3 billion between FY 2003 and 2006

Dollars in millions

	Fiscal years				
	2003	**2004**	**2005**	**2006**	**Total over 4 fiscal years**
Development Assistance	425	425[a]	425	425	**1,700**
Enterprise fund	300	0	0	0	**300**
Security assistance	300[b]	0	0	0	**300**
ISAF	500	500	0	0	**1,000**
Total (per FY)	**1,525**	**925**	**425**	**425**	**3,300**

Source: GAO analysis of data contained in the Afghanistan Freedom Support Act of 2002.

Note: Rough Breakdown of Authorizations by Fiscal Year

[a]P.L. 108-106 Sec. 2214 increased the FY 04 alloocation to $1.825 billion.

[b]P.L. 108-106 Sec. 2206 ammends this amount to $450 million.

Table 3: Earmarks: $170 million development assistance of $425 million total between FY 2003 and 2006

Dollars in millions

	Fiscal years				
	2003	2004	2005	2006	Total over 4 fiscal years
UNDCP[a]	15	15	15	15	**60**
Loya Jirga	10	10	10	0	**30**
Women's Ministry	15	15	15	15	**60**
NHRC[b]	5	5	5	5	**20**
Total	**45**	**45**	**45**	**35**	**170**

Source: GAO analysis of data contained in the Afghanistan Freedom Support Act of 2002.

Note: Rough breakdown of earmarks for FY 2003-2006. Up to 7% of each earmark is allowed for federal agency administration costs. In this case, that would be $12 million.

[a]U.N. Drug Control Program.

[b]National Human Rights Commission (renamed Afghan Independent Human Rights Commission).

Coordination

Designate a coordinator within the Department of State to:

- Design an overall strategy to advance U.S. interests in Afghanistan;
- Ensure coordination among U.S. agencies;
- Pursue coordination with other countries;
- Ensure proper management, implementation, and oversight of assistance; and,
- Resolve disputes among U.S. agencies with respect to Afghan assistance.

Strategies and Reports

Table 4: Required strategies and reports to be submitted to the House Committee on International Relations, Senate Committee on Foreign Relations, and both Appropriations committees

Section 206	Promoting secure delivery of humanitarian and other assistance in Afghanistan	Schedule	Approximate deadlines
	c(1)(A) Security strategy, Immediate and long-term needs (updating strategies required by P.L. 107-206)[a]	60 days after enactment of act	Feb. 2003
	c(1)(B) Description of progress towards poppy eradication	60 days after enactment of act	Feb. 2003
	c(2) Security strategy implementation reports	Every 6 months through 1/07	June and Dec. 2003-2007
Section 303	**Donor contributions to Afghanistan**	**Schedule**	**Approximate deadlines**
	c(1) Initial report (strategy and progress)	60 days after enactment	Feb. 2003
	Contributions status	90 days thereafter every 180 days through 12/31/04	4/03, 10/03, 4/04, 10/04

Source: GAO analysis of data contained in the Afghanistan Freedom Support Act of 2002.

[a]P.L. 107-206 2002 (Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks on the United States (required separate strategies for immediate security needs and long-term security needs.

Sunset

Authority expires after September 30, 2006.

Fiscal Years 2002-2003 Obligations and Expenditures for Humanitarian and Reconstruction Assistance by U.S. Agencies

Dollars in millions

	Fiscal year 2002		Fiscal year 2003	
Agency	**Obligations**	**Expenditures**	**Obligations**	**Expenditures**
U.S. Agency for International Development	436.34	379.59	505.64	128.31
Department of State				
Bureau for Population, Refugees, and Migration	145.85	142.33	87.70	72.79
International Narcotics and Law Enforcement	33.59	20.86	0[a]	0
Other State	11.00	11.00	8.68	6.66
Department of Defense	50.90	50.90	20.27	13.58
Department of Health and Human Services	2.74	2.74	5.61	5.61
Department of Agriculture	40.31	27.67	29.36	10.85
Department of Labor	6.30	0	0	0.57
U.S. Trade and Development Agency	0.35	0.35	3.17	1.59
Department of Treasury	0.55	0.46	1.12	0.64
Broadcasting Board of Governors	28.51	14.09	7.40	6.67
Overseas Private Investment Corporation	0	0	3.02	3.02
Total	**756.44**	**649.99**	**671.97**	**250.29**

Source: GAO analysis of U.S. agency data

[a]INL neither received nor requested funding for fiscal 2003.

Major Donors' Reported Pledges and Disbursements for Assistance to Afghanistan for Fiscal Years 2002-2003

Dollars in millions

Country	Total pledges since 2001[a]	Total disbursed since 2001
United States	3300	1428
Japan	500	448
European Commission	1245	386
United Kingdom	331	190
Germany	379	171
Canada	273	129
Netherlands	162	103
World Bank	600	89
Saudi Arabia	220	78
Spain	148	77
Italy	99	70
United Arab Emirates	70	70
India	310	69
Norway	93	63
Sweden	142	45
Denmark	106	45
Iran	500	33
China	152	30
France	62	30
Kuwait	45	20
Qatar	20	20
Australia	20	20
Pakistan	100	18
Finland	32	13
Belgium	34	12
Asian Development Bank	610	11
Austria	12	11
South Korea	45	10
Ireland	12	10
Switzerland	25	9
Luxembourg	5	4
Turkey	15	3
Greece	5	2

(Continued From Previous Page)

Dollars in millions

Country	Total pledges since 2001[a]	Total disbursed since 2001
Portugal	5	2
Russia[b]	60	0
Oman	6	0
Total	**9,743**	**3,719**

Sources: Department of State, Asian Development Bank

Notes: Figures cited relate to humanitarian and reconstruction donations only; military donor contributions are not included.

GAO was not able to determine the reliability of the specific dollar figures in this table. While we determined that the data are sufficiently reliable for broadly comparing U.S. contributions to those of major donors, we noted several limitations, namely (a) that they are affected by differences in exchange rates, (b) donors both over- and under-report due to varying definitions of disbursement, and (c) the data on larger donors are considered more reliable than the data on smaller donors.

[a]Pledges are inclusive from 2001-2003 and have a disbursement range of 1-6 years depending on donor.

[b]Russian assistance has been primarily in-kind donations.

Comments from the Department of State

United States Department of State

Assistant Secretary and Chief Financial Officer

Washington, D.C. 20520

MAY 21 2004

Ms. Jacqueline Williams-Bridgers
Managing Director
International Affairs and Trade
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "AFGHANISTAN RECONSTRUCTION: Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed," GAO Job Code 320210.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Tim Wilder, Deputy Director, Bureau of South Asian Affairs, at (202) 647-5267.

Sincerely,

Christopher B. Burnham

cc: GAO – Dave Bruno
SA – William Taylor
State/OIG – Mark Duda
State/H – Paul Kelly

Department of State Comments on the GAO Draft Report
Afghanistan Reconstruction: Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed
(GAO Job Code 320210)

The Department has reviewed the draft report regarding obstacles to progress in Afghanistan. While we concur with much that is in the report, we would emphasize that despite security and other challenges, significant progress has been made not only with respect to humanitarian and short-term assistance but also in advancing long-term security, reconstruction and governance objectives. Notably, the Afghan National Army has reached an operational strength of over 8,000 soldiers and continues to grow steadily in capacity, recently deploying to provincial centers. It is being joined by a rapidly growing police force that now numbers over 6,000 and will number 20,000 this summer. Reconstruction progress has not been limited to the Kabul-Kandahar-Herat road, but – as the report acknowledges – includes the construction of over 200 schools, rehabilitation of over 163 health facilities and rehabilitation of over 7000 rural irrigation structures. These are not minor achievements, and they are joined by many more (also referenced in the report). Most remarkable, given Afghanistan's tortured political history, has been the progress toward democratic governance -- with a constitution ratified in January and over 2.3 million voters registered to participate, to date, in elections scheduled for September 2004.

The Department takes issue with the report's assertion that the United States lacks a complete and integrated assistance strategy. On December 15, 2003 the Department submitted to Congress its report on the "FY 2004 Strategic and Financial Plan for Reconstruction and Related Activities in Afghanistan." The Department's Report explains that:

> *In concert with Afghan leaders and international partners, the United States is pursuing a three-fold, integrated strategy in Afghanistan, focusing on security, reconstruction and governance. Pursued in parallel, these three elements are mutually reinforcing and promise to create a virtuous cycle as (1) improved security creates conditions for accelerated reconstruction and stronger government, (2) reconstruction boosts stability and confidence in the government by delivering benefits to citizens and (3) as the growth of constitutional, democratic and*

effective government discredits those who would return Afghanistan to the anarchy and violence of the past.

This three-fold strategy has long underpinned U.S. assistance to Afghanistan and is bearing fruit, as attested by progress already noted.

The GAO report recommends that the Department of State produce (1) an annual consolidated budget report and (2) semiannual reports to Congress on obligations and expenditures for U.S. Assistance to Afghanistan. These recommendations appear to be related to the judgment that the "U.S. coordinator for assistance to Afghanistan, as well as others responsible for the coordination of U.S. assistance, lacked complete and accurate financial data in fiscal years 2002-2003." If so, we would emphasize that there is close inter-agency collaboration on all funding issues and the Coordinator and other policy makers are provided with a chart that tracks all U.S. obligations and available resources on a week-to-week basis – a chart that is available to Congress on request. Progress toward specific sectoral objectives is also carefully tracked on a month-to-month basis. The report notes the weekly meetings of Department Deputies to review progress and set priorities relating to Afghanistan. It neglects to mention the daily meetings of the Afghanistan Interagency Operations Group (AIOG), which has led to virtually seamless working-level coordination among DoD, State, Treasury, USAID, the NSC, OMB and other agencies on the full range of policy and programming issues, including funding. Congress is also kept regularly informed, at the staff level, at hearings and through numerous congressionally mandated reports, including the report cited above.

Comments from the U.S. Agency for International Development

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAY 19 2004

Mr. David Gootnick, Director
International Affairs and Trade
General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Gootnick:

USAID welcomes the opportunity to respond to the audit report on Afghanistan Reconstruction. On balance, we think the audit report presents a fair picture of the situation in Afghanistan at the end of fiscal year 2003 when USAID's large reconstruction efforts were just getting underway. This letter will bring you up to date on the progress made since then. My comments will follow the order of the presentation in the report.

To begin, USAID is very proud that its early humanitarian assistance averted a famine in Afghanistan in the winter of 2002-3. This enormous effort saved countless lives and earned the United States tremendous good will.

We have taken measures to address the shortcomings noted in the report. For example:

- USAID now requires standard signage on all our projects that gives credit to the Governments of the United States and Afghanistan. A reproduction of the standard signage is attached hereto.
- USAID has signed agreements with five additional implementing organizations to speed up progress constructing and rehabilitating schools and clinics.
- One hundred percent of FY 2003 funds and nearly 70% of FY 2004 funds are now obligated. Obligation figures are updated monthly for the Afghanistan Interagency Operations Group chaired by the State Department's Coordinator for U.S. assistance to Afghanistan and the NSC

1300 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20523

in order to provide timely financial management information to aid interagency decision making.

- USAID staff in Afghanistan has grown from the 39 reported in the audit to 59 today (including six assigned to PRTs around the country). Office and living space also expanded when USAID was allotted space at Camp Phoenix, a U.S. military facility approximately 13 kilometers from the Embassy compound. Next month, USAID and other agencies are scheduled to move into new temporary facilities across the street from the Embassy compound. Between Camp Phoenix and the new compound across from the Embassy, office and living space no longer limit the size of our staff recruitment in Afghanistan.

We can also update you on the significant progress of the major projects identified in the report.

- The second layer of paving on the Kabul-Kandahar highway will be complete on schedule, in October 2004. On the Kandahar-Herat portion, the highway contractor is now working on 100 kilometers and several bridges in Farah and Herat provinces. USAID is on schedule to finish its portion of the Kandahar-Herat highway (approximately 329 kms) by the end of 2005.
- Contractors are also grading and paving almost 500 kilometers of secondary roads, primarily in the south and southeast, to connect provincial capitals and large towns to the new highway.
- Our health contractor has made grants to NGOs to operate clinics that will provide service to 4.8 million Afghans; trained, since September 2003, 1,384 health workers (including 578 community health workers and midwives—a key staffing constraint in addressing maternal mortality), and started construction on 72 health centers. Another program is now underway to train 5,500 women in literacy as a first step towards their training as Community Health Workers; a second program will more than double the number of trained midwives in Afghanistan.
- Our agricultural contractors have initiated irrigation projects to improve irrigation on 301,000 hectares—half of which are now complete. Approximately 350,000 livestock have been vaccinated or treated; a microfinance program has disbursed 675 loans and trained 850 loan officers; and 137,000 farmers are now served by 350 new extension agents. Three agricultural market centers have been constructed; work is underway on an additional 65, and a total of 100 will be complete this summer.
- Thanks to USAID's support in the customs sector, the Afghan government surpassed its target for domestic revenue collection for the Afghan fiscal

year ended March 20, 2004, collecting 10,090,500,000 Afghanis ($201M).

- Our education contractor has greatly expanded the Accelerated Learning program for the 2004 school year: over 137,000 students are enrolled in 17 provinces now—67% of the last group of enrollees were girls. 4,800 teachers were trained in the past year and thousands more are listening regularly to the radio-based teacher training program, now being broadcast in six provinces through local radio stations, and nationwide by way of a national broadcaster. Nearly 17 million textbooks are being provided in 2004.
- In the justice sector, USAID has renovated 2 courthouses and work is underway on 6 more. We have trained 120 potential judges and 183 court staff.
- USAID supports the UN effort for the September 2004 Presidential and parliamentary elections through civic education, political party development, and elections registration and operational support. In the last two weeks of April, 1,100 civic education workshops were held in five provinces, with nearly 30,000 participants (of whom 31% were women). A second effort trained 43,000 people (36% women) to explain the upcoming elections to their neighbors.

Finally, the report faults USAID for not preparing a strategic plan for its program in Afghanistan. As the report notes, we did prepare a strategy for Afghanistan early on, in July 2002, and we supplement it with project planning documents that include interim goals, indicators and specific results. The results for the most visible projects are tracked biweekly by the Deputies' Committee meeting chaired by the Deputy National Security Advisor at the White House. We think this level of planning and oversight is appropriate for the situation in Afghanistan and complies with agency directives on strategic planning. (The agency directives distinguish between "standard" and "interim" strategic plans. Countries in transition or experiencing high uncertainty because of drastic political, military, and/or economic events–like Afghanistan–are to prepare less comprehensive "interim" strategies.) The time and resources it would take to prepare the analyses required for a standard strategic plan was better spent directing the multitude of ongoing projects, so there was no "back sliding" on Afghanistan's progress. We are committed to developing a standard strategic plan for Afghanistan during 2004 now that our staffing in-country has reached adequate levels and a more permanent government has been established in Afghanistan.

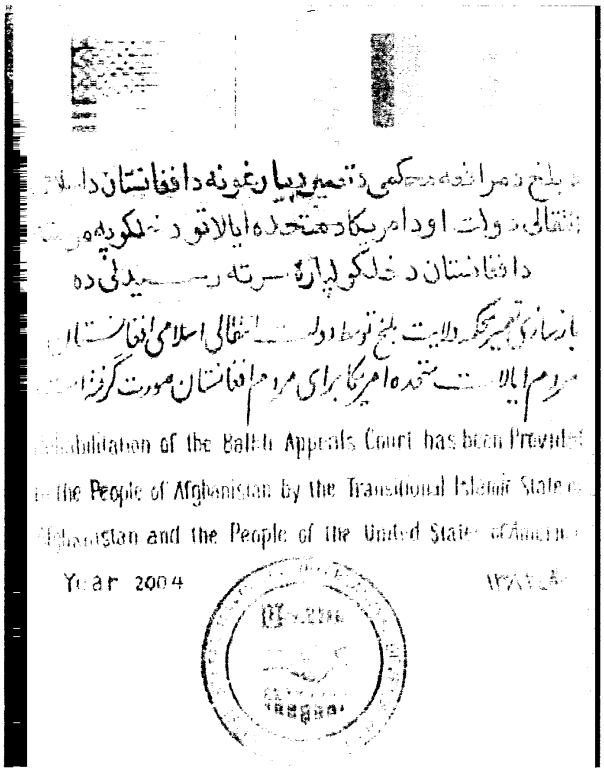
In summary, USAID has made great progress since the end of FY 2003. Long term projects are showing impressive results and in-country staffing is growing

steadily. This summer will be the busiest yet, in the lead up to the Presidential and Parliamentary elections. We are very proud of our contributions to date and look forward to sharing many more accomplishments with you in the coming months.

Sincerely,

John Marshall
Assistant Administrator
Bureau for Management

Enclosure: Photo of standard USAID/Afghanistan project signage.



Rehabilitation of the Balkh Appeals Court has been Provided
by the People of Afghanistan by the Transitional Islamic State of
Afghanistan and the People of the United States of America

Year 2004

GAO Contacts and Staff Acknowledgments

GAO Contacts

David Gootnick (202) 512-3149
John Hutton (202) 512-7773
David Bruno (202) 512-7280

Staff Acknowledgments

In addition to those named above, Miriam A. Carroll, Martin de Alteriis, Ernie Jackson, Reid Lowe, and Christina Werth made key contributions to this report.

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