

## More and better aid is imperative



After more than a quarter of a century of war and almost a decade of international community involvement in ending the Taliban regime, Afghanistan remains unstable. Despite huge spending on security, this is still weak in many parts of the country. The Government's domestic revenues are limited and spending is mostly covered by grants, loans and the external budget. Aid for development has been insufficient and in many cases wasteful and ineffective. Such resources should be used not for political and military gain but to establish a humanitarian space for development – especially in conflict zones.

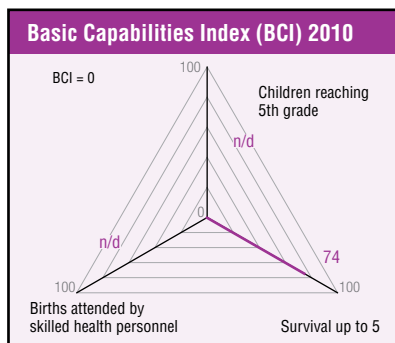
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In 2001 the Taliban regime was overthrown by the forces of the Northern Alliance and the American-led coalition. An interim Government came into power – based on the Bonn Agreement<sup>1</sup> – which in 2004 approved a new Constitution. That same year, one year after the presidential election, the parliamentary election took place. After a short period of relative peace in most part of the country, the situation began to deteriorate due to the activities of Taliban-armed groups. The International Security Assistance Force (ISAF) brought in more and more forces and provided training to the national army and police; however, the situation continued to worsen year after year.

The Government faces the challenge of fighting armed opposition groups and has also had to deal with shocks – like a serious drought in 2008 – that affect the poorest people in rural areas. At the same time, it needs to demonstrate its legitimacy through implementing the Constitution, holding elections and managing the work of reconstruction and development.

There have been some positive changes in health-related indicators – for example, the under-5 mortality rate shows a reduction from 257 to 161 per 1,000 live births thanks to the expansion of basic health services and improved immunization coverage. Also the infant mortality rate has gone down from 129 to 111 per 1,000 live births. Births attended by skilled personnel have increased from 15% in 2005 to 24% in 2008. There is no recent information on the maternal mortality rate; the latest data showed 1,600 per 100,000 live births (one of the highest in the world).<sup>3</sup>

For a country that after Niger has the world's lowest level of human development,<sup>4</sup> it is imperative



– morally and politically – to face the problems of poverty and governance. Aid is critical to this effort, but it must be spent more responsibly and effectively.

### Security

Reconstruction and development are taking place side by side but are jeopardized by insecurity and criminality. Armed opposition groups are able to launch operations even against the “green zone” in the capital.<sup>5</sup> The number of civilian casualties has been increasing annually and almost 6,000 Afghan civilians were killed or injured in 2009 – more than 16 each day.<sup>6</sup> Statistics released by the UN Assistance Mission in Afghanistan (UNAMA) show that 2009 was the deadliest for civilians since 2001, with 2,412 civilian casualties – 14% higher than the 2,118 in 2008. Of these 67% (1,630) were attributed to anti-Government elements and 25% (596) to pro-Government forces. The remaining 8% (186) could not be attributed to any of the conflicting parties as they died as the result of cross fire or unexploded ordnance.<sup>7</sup>

The ISAF led by the North Atlantic Treaty Organization (NATO) along with the Afghan national army and police are not able to guarantee a peaceful and secure environment, especially in the south of the country. Furthermore, corruption is widespread. These factors have hampered planned reconstruc-

tion, relief and development works. The destruction of infrastructure has continued with the burning of rebuilt schools, government offices and other public buildings in the southern region. Things are somewhat more settled in the north, east and central regions.

### Production and resources allocation

The country has launched its own poverty reduction strategy paper, the Afghanistan National Development Strategy, which was developed as a requirement for debt relief. With USD 8 billion of external debt, the country has been considered a Highly Indebted Poor Country since 2009. A recent debt relief initiative from the Paris Club cancelled USD 1 billion, which will allow the country to spend more on development and social protection.

As the Government's revenues can only partly cover the current budget, the development budget is totally funded by external resources. The current budget for 2010-2011 is USD 2.37 billion, 18% higher than the 2009-2010 budget. The major portion is allocated to security and military upgrading. In contrast only 14% and 7% of the budget was allocated to education and health respectively. The development budget has decreased to USD 1.7 billion for 2010-2011, a 31% reduction over the 2009-2010 budget. Although each year there is a slight growth in government revenue, limited resources for infrastructure, agriculture and education hamper efforts to achieve poverty elimination and universal education coverage.

The import of materials for construction – such as cement and steel – exacerbates the problem of capital flight abroad. Due to a lack of skilled labour, the big contractors for public projects bring people in from other countries and local labour plays only a small part in these activities.

Agriculture is one of the biggest sectors of the economy, mainly through poppy cultivation. In the last decades it has been strongly affected by drought. With its old technology and very basic irrigation infrastructure, the sector also has to compete with imported products from countries such as Iran, Pakistan and Uzbekistan where these technologies are much more developed. Furthermore, due to lack of storage and processing facilities, farmers must sell their produce quickly and at low prices.

1 The report was also reviewed by Abdul Aziz Naderi, Programme Director of SDO.

2 “Agreement on Provisional Arrangements in Afghanistan Pending the Re-establishment of Permanent Government Institutions.” See: <[www.afghangovernment.com/AfghanAgreementBonn.htm](http://www.afghangovernment.com/AfghanAgreementBonn.htm)>.

3 Central Statistics Organization, “National Risk and Vulnerability Assessment,” 2008. Available from: <[nrva.cso.gov.af/](http://nrva.cso.gov.af/)>.

4 UNDP, *Human Development Report 2009. Overcoming Barriers: Human Mobility and Development*, New York, 2009.

5 Much of central Kabul has been barricaded off to protect military bases, embassies, government offices and courtrooms and thus resembles the “Green Zone” in Baghdad.

6 “UNAMA calls for safety first, as civilian casualties rise by 14% in 2009,” press release. Available from: <[unama.unmissions.org/Default.aspx?tabid=1760&ctl=Details&mid=2002&ItemID=7265](http://unama.unmissions.org/Default.aspx?tabid=1760&ctl=Details&mid=2002&ItemID=7265)>.

7 *Ibid.*

## Aid

After the collapse of the Taliban regime in 2001, there were large-scale pledges of aid by donors that quickly led to the rehabilitation of many urban centres and roads as well as small public infrastructure projects in rural areas. However, these have not yet improved the living standards of people in rural areas. The only big investments have been in high-return sectors such as construction and telecommunications, in which a total of USD 1.3 billion had been invested by the end of 2008.<sup>8</sup>

International assistance constitutes around 90% of public expenditure. The effectiveness of aid has a major role on peace and stability in the country. However, aid has been insufficient and in many cases wasteful and ineffective. It is also estimated that 40% has returned to donor countries in corporate profits and consultant salaries. The manager of a private construction company based in Kabul stated in December 2007 that some private companies who get direct contracts from the big contractors take 50% of the budget before sub-contracting with a third company.<sup>9</sup>

Spending on reconstruction is only a fraction of military spending. The cost of keeping one American soldier in Afghanistan is approximately USD 1 million a year,<sup>10</sup> and some 57% of the almost USD 47 billion in US aid since 2001 has gone to training and equipping the Afghan forces.<sup>11</sup>

## Little progress

Since 2001 there have been some significant achievements in Afghanistan such as the establishment of democratic institutions and ministries, improvements in health care and immunization, the expansion of primary education, the construction of roads and transport infrastructure, economic growth and the formation of state security forces. Furthermore, there are many cases of well-delivered aid – for example, in the education sector or in community-based rural development projects that are part of the National Solidarity Program (NSP) – that have made a significant difference to Afghans' lives.

However, most Afghans still endure conditions of hardship and millions are living in extreme poverty. A large proportion of the aid has been driven by donor priorities instead of being responsive to Afghan needs. Too many projects are designed to deliver rapid, visible results rather than to achieve

8 *Ibid.*

9 Quoted in Matt Waldman, *Falling Short: Aid Effectiveness in Afghanistan*, ACBAR Advocacy Series (Kabul: Agency Coordinating Body for Afghan Relief, 2008), 29. Available from: <[www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20\(25%20Mar%2008\).pdf](http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20(25%20Mar%2008).pdf)>.

10 Christopher Drew, "High Costs Weigh on Troop Debate for Afghan War," *The New York Times*, 14 November 2009.

11 Curt Tarnoff, "Afghanistan: U.S. Foreign Assistance," *CRS Report for Congress*, 25 June 2010.

## Facts on aid to Afghanistan

- There is an aid shortfall of USD 10 billion – equivalent to 30 times the annual national education budget; donors have committed to give USD 25 billion in aid since 2001 but have only delivered USD 15 billion.
- An estimated 40% of aid goes back to donor countries in corporate profits and consultant salaries – some USD 6 billion since 2001.
- Largely due to lack of coordination and communication, the Government does not know how one third of all aid has been spent since 2001 – some USD 5 billion.
- The US military spends close to USD 100 million a day in Afghanistan; yet the average volume of aid spent by all donors since 2001 is just USD 7 million per day.
- Over half of aid is tied, requiring the procurement of donor country goods and services.
- Over two thirds of aid bypasses the Government.
- According to the latest figures from the Organisation for Economic Co-operation and Development (OECD), less than 40% of technical assistance is coordinated with the Government and only one third of donor analytical or assessment work is conducted jointly.
- Profit margins on reconstruction contracts for international and Afghan contractor companies are often 20% and can be as high as 50%.
- Most full-time expatriate consultants, working in private consulting companies, cost USD 250,000-500,000 a year.

Source: Matt Waldman, *Falling Short: Aid Effectiveness in Afghanistan*, ACBAR Advocacy Series (Kabul: Agency Coordinating Body for Afghan Relief, 2008).

sustainable poverty reduction or capacity-building objectives.

One quarter of all aid to Afghanistan has been allocated to technical assistance – which is intended to build government capacity – yet much of this has been wasted or its impact has been limited. Too often promotion of the capabilities, status and rights of women has been an afterthought or perfunctory issue in the design and execution of projects. Most aid has been directed to Kabul or other urban centres instead of rural areas where it is most needed and where more than three quarters of Afghans live. Sectors such as agriculture have been under-supported due to a lack of prioritization.

Furthermore, according to the Paris Declaration Survey, over half of all aid to Afghanistan is conditioned. Thus, donors often require procurement of services or resources from their own countries, which deprives the Afghan economy of valuable support and increases the cost of projects. Donors rarely, if ever, publicly report on objectives and there is little evidence that they are being met.<sup>12</sup>

## The humanitarian space

In Afghanistan there is no humanitarian space for aid workers to provide humanitarian aid, especially to the people in areas controlled by armed opposition groups.

After the fall of the Taliban, most donors considered Afghanistan to be post-conflict and the United Nations Organization for Coordination of Humanitarian Assistance (UNOCHA) was officially closed for the country. Humanitarian activities were then handled by UNAMA until recently when UNOCHA resumed its activities. Most of the donors and humanitarian organizations (except the International Committee of the Red Cross) are not able to negotiate access with the other side of the conflict.

The Taliban perceives aid agencies as pro-Government, so it is difficult for NGOs to reach areas where the Government does not have any control. There is no consensus among the donors, NGOs and community about humanitarian needs. In many cases, the insistence by the military forces on working with NGOs has led to the perceived or actual militarization of aid.<sup>13</sup> Nearly all the major donors are also belligerents; there is no space to talk about humanitarianism when even NATO describes NGOs as "soft power" and as pro-Government agents. ■

12 Matt Waldman, *op. cit.*, 9.

13 Sippi Azarbaijani-Moghaddam, Mirwais Wardak, Idrees Zaman and Annabel Taylor, *Afghan Hearts, Afghan Minds: Exploring Afghan Perceptions of Civil-Military Relations* (British and Irish Agencies Afghanistan Group, 2008). Available from: <[www.baag.org.uk/publications/item/reports/afghan-hearts-afghan-minds](http://www.baag.org.uk/publications/item/reports/afghan-hearts-afghan-minds)>.