

July 2005

# AFGHANISTAN RECONSTRUCTION

Despite Some  
Progress,  
Deteriorating Security  
and Other Obstacles  
Continue to Threaten  
Achievement of U.S.  
Goals



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# Highlights

Highlights of [GAO-05-742](#), a report to congressional committees

## Why GAO Did This Study

In October 2001, coalition forces forcibly removed the Taliban regime from Afghanistan, responding to their protection of al Qaeda terrorists who attacked the United States. Congress subsequently passed the Afghanistan Freedom Support Act of 2002 authorizing funds to help Afghanistan rebuild a stable, democratic society. The act directed GAO to monitor the implementation of U.S. humanitarian, development, and counternarcotics assistance. This report analyzes, for fiscal year 2004, (1) U.S. obligations and expenditures, (2) progress and results of assistance efforts, (3) assistance management and coordination, and (4) major obstacles that affected the achievement of U.S. goals.

## What GAO Recommends

To better assess progress toward achieving U.S. policy goals, and to provide a basis for planning future reconstruction, GAO recommends that the Administrator of USAID (1) establish a performance management plan complying with USAID directives, (2) require future contractors to develop performance plans, and (3) more completely communicate performance information to decision-makers in Washington. In its comments, USAID generally concurred with our recommendations and stated that improvements to its performance measurement process were underway.

[www.gao.gov/cgi-bin/getrpt?GAO-05-742](http://www.gao.gov/cgi-bin/getrpt?GAO-05-742).

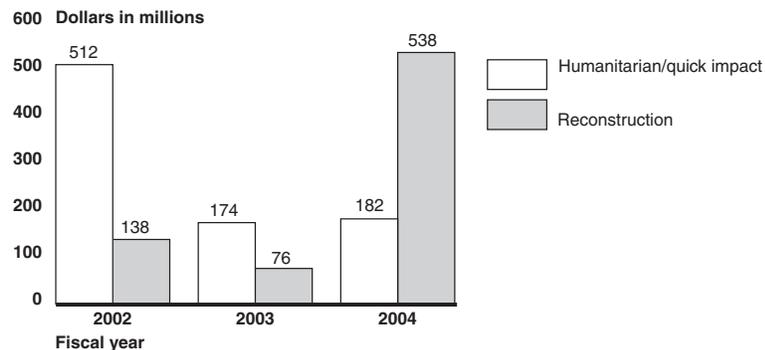
To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 or [Gootnickd@gao.gov](mailto:Gootnickd@gao.gov).

# AFGHANISTAN RECONSTRUCTION

## Despite Some Progress, Deteriorating Security and Other Obstacles Continue to Threaten Achievement of U.S. Goals

### What GAO Found

The United States spent \$720 million on nonsecurity-related assistance to Afghanistan in fiscal year 2004. Approximately 75 percent paid for reconstruction activities, with the remainder supporting humanitarian and quick-impact projects. Conversely, in 2002-2003, humanitarian and quick-impact assistance accounted for more than three-fourths of U.S. spending. The United States continued to be the largest donor, contributing about 38 percent of the \$3.6 billion pledged by the international community.



Source: GAO analysis of agency data.

U.S. humanitarian assistance benefited vulnerable populations in fiscal year 2004. Further, the United States increased reconstruction assistance to Afghanistan and made notable progress in several sectors through its "Accelerating Success Initiative". Although progress varied among sectors, the United States did not meet all of its targets due to security and other obstacles. For example, USAID intended to rehabilitate or build 286 schools by the end of 2004. However, owing to poor contractor performance and security problems, by September 2004 it had completed only 8.

As in 2002-2003, complete financial information was not readily available, and USAID lacked a comprehensive strategy to direct its efforts. Further, USAID did not consistently require contractors to fulfill contract provisions needed to ensure accountability and oversight. USAID also did not systematically collect information needed to assess the progress of its major projects. Moreover, measures provided by the embassy to decision-makers in Washington did not comprehensively portray progress in each sector or the overall U.S. program.

Deteriorating security, increased opium production, and delayed funding continued to obstruct U.S. reconstruction efforts in fiscal year 2004 and threatened the achievement of U.S. goals. Deteriorating security rendered large areas inaccessible to the assistance community, and the continued rise in opium production undermined legitimate economic activity. In addition, most assistance funds were not available until nearly 6 months into the fiscal year, preventing USAID from accelerating reconstruction efforts.

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### Abbreviations

APEP	Afghanistan Primary Education Program
ARG	Afghanistan Reconstruction Group
CERP	Commander's Emergency Response Program
DOD	Department of Defense
HHS	Department of Health and Human Services
MSH	Management Sciences for Health
MSI	Management Systems International
OFDA	Office of Foreign Disaster Assistance
OTI	Office of Transition Initiatives
PRT	Provincial Reconstruction Team
QIP	Quick Impact Projects
RAMP	Rebuilding Agricultural Markets Program
REACH	Rural Expansion of Afghanistan's Community-Based Health care
REFS	Rehabilitation of Economic Facilities and Services Program
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development

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United States Government Accountability Office  
Washington, D.C. 20548

July 28, 2005

The Honorable Richard G. Lugar  
Chairman  
The Honorable Joseph R. Biden, Jr.  
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

In 2001, when U.S. and coalition forces removed the Taliban regime from power in Afghanistan, the country faced the task of rebuilding itself. Almost a quarter century of war and years of drought had destroyed Afghanistan's government, judicial, economic, and social institutions and its transportation, health, and other infrastructure. To help rebuild the country and create a stable Afghan society that would not be a threat to itself or others, in fiscal years 2002 and 2003 the United States spent \$900 million on humanitarian and reconstruction projects. In June 2004, we reported that U.S. humanitarian and short-term assistance over the 2-year period had helped Afghanistan's vulnerable population but that longer-term reconstruction efforts achieved limited results in creating a stable Afghan society.<sup>1</sup> Delayed U.S. funding, small staff size, inadequate working conditions, and a lack of a comprehensive strategy impeded progress; at the same time, security deteriorated and opium production increased. In October 2003, to speed reconstruction and produce visible signs of progress before Afghanistan's first presidential elections in 2004, the United States implemented the "Accelerating Success in Afghanistan" initiative.

The Afghanistan Freedom Support Act of 2002 directs the U.S. Government Accountability Office (GAO) to monitor U.S. humanitarian, reconstruction,

<sup>1</sup>GAO, *Afghanistan Reconstruction: Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed*, [GAO-04-403](#), (Washington, D.C.: June 2, 2004).

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and counternarcotics assistance to Afghanistan.<sup>2</sup> To meet this requirement and provide Congress with a comprehensive accounting of U.S. nonsecurity related assistance to Afghanistan for fiscal year 2004, we analyzed (1) U.S. obligations and expenditures, (2) the progress and results of U.S. humanitarian and reconstruction efforts,<sup>3</sup> (3) the management of U.S. assistance and mechanisms to coordinate U.S. and international assistance, and (4) the major factors that obstructed the advancement of the assistance effort and the achievement of U.S. policy goals.

To address these issues, we collected and analyzed information from the U.S. Departments of Agriculture, Defense, Health and Human Services, State, and the Treasury; the U.S. Agency for International Development (USAID); the United Nations (UN); the Afghan government; and nongovernmental organizations and private contractors responsible for implementing U.S. government-funded projects. We analyzed data on obligations and expenditures by U.S. government agencies providing assistance to Afghanistan in fiscal year 2004. We conducted reliability checks of the financial data provided by U.S. agencies and determined that the data are sufficiently reliable for the purposes of our analysis. To determine the reliability of the data, we contacted each of the agencies providing assistance and each of the offices within each agency responsible for managing specific components of the assistance, cross-checked and corroborated the financial information provided, and created a consolidated financial database of U.S. assistance to Afghanistan. This effort was necessary because there is no single, consolidated source of obligation and expenditure data for U.S. assistance to Afghanistan. Because U.S. assistance to Afghanistan is provided as part of a larger effort by the international community, we also analyzed information on the contributions of other donors.<sup>4</sup> In addition, we traveled to Afghanistan in

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<sup>2</sup>Title I of Pub. L. 107-327 pertains to humanitarian, reconstruction, and counternarcotics 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 needs for adequate water, sanitation, nutrition, food, shelter, and health care. Quick-impact projects refer to short-term assistance that helps Afghanistan transition from humanitarian to development assistance—that is, to longer-term reconstruction projects.

<sup>3</sup>In the report, we refer to progress as the status of individual development activities such as the construction of a school, and result is defined as a significant, intended, and measurable change in Afghanistan, its institutions, or other entities that impact the Afghan people.

<sup>4</sup>In this report, “international community” is defined as the collective grouping of bilateral, multilateral, and international assistance agencies and nongovernmental organizations.

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October 2004 to examine U.S. assistance-related operations in the country. While in Afghanistan, we spoke with officials from U.S., UN, and nongovernmental organizations; private contractors; and the Afghan government; however, the number and location of project sites we visited in Afghanistan were limited owing to Department of State security restrictions. We conducted our review from August 2004 through May 2005 in accordance with generally accepted government auditing standards. (For further details of our objectives, scope, and methodology, see app. I.)

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## Results in Brief

In fiscal year 2004, the focus of U.S. spending in Afghanistan shifted from humanitarian and quick-impact assistance to reconstruction. Of the \$1.4 billion that the United States obligated for nonsecurity-related assistance to Afghanistan in 2004, about \$720 million was spent. Approximately 75 percent of that amount—\$538 million—paid for reconstruction contracts, with the remainder supporting humanitarian and quick-impact projects such as the construction of wells. In contrast, humanitarian and quick-impact assistance accounted for more than three-fourths of U.S. spending in fiscal years 2002-2003. Among U.S. agencies, USAID provided the largest amount of nonsecurity-related assistance in Afghanistan in fiscal year 2004, accounting for about 82 percent of total U.S. expenditures for reconstruction, humanitarian, and quick-impact projects. About two-thirds of USAID's obligations supported local projects in Afghanistan's 34 provinces, with Kabul and Kandahar provinces receiving approximately 70 percent of these funds, mainly for roads. Overall, as in 2002-2003, the United States was the largest donor of assistance to Afghanistan, contributing about 38 percent of the \$3.6 billion pledged by the international community for 2004.<sup>5</sup>

U.S. humanitarian and quick-impact assistance and the acceleration of reconstruction programs benefited Afghanistan's vulnerable populations and local communities in fiscal year 2004; however, due to security and other obstacles, the United States did not meet all of its reconstruction targets. The United States provided food and other emergency assistance to refugees and other vulnerable populations, primarily through USAID and the Department of State. In addition, the number of USAID and Department of Defense (DOD) quick-impact projects managed through provincial

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<sup>5</sup>Donors vary in their definition of pledges. The United States reports only money that has been appropriated, while other donors report amounts that may be a statement of intentions but have not necessarily been mobilized.

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reconstruction teams increased owing to the addition of USAID's Quick-Impact Program and DOD's Commanders' Emergency Response Program. Reconstruction progress and problems encountered during the Accelerating Success in Afghanistan initiative varied among sectors. Despite notable progress, particularly in the democracy and governance sector, such as the successful presidential election, the U.S. government did not meet all of its 2004 targets or project objectives. For example, in the education sector, the U.S. government intended to rehabilitate or build 286 schools by the end of 2004, but by September 2004 it had substantially completed only 8 new structures and refurbished about 77 others. Likewise, in the health sector, the U.S. government aimed to construct or rehabilitate 253 clinics by the end of 2004, but by the end of September, owing to, among other things, Afghan ministries' insistence on new construction rather than refurbishment, poor contractor performance and security problems, had rehabilitated none and substantially completed only 15 new structures.

Problems associated with the management and coordination of U.S. assistance to Afghanistan impacted the assistance effort in fiscal year 2004. Despite partial improvements to U.S. tracking of financial data after the publication of our 2004 report, complete and accurate information was still not readily available; consequently, U.S. efforts to plan, assess progress, and make informed resource allocations were impaired. As in fiscal years 2002-2003, USAID lacked a comprehensive operational strategy to direct its efforts in Afghanistan in fiscal year 2004, although the agency was developing a strategy for 2005. Further, USAID did not always require contractors to fulfill contract provisions such as work plans needed to ensure contractor accountability and facilitate USAID oversight. Although USAID regulations require missions to establish systems for measuring progress toward intended objectives, we found that USAID did not systematically use available tools to collect the information needed to assess the progress or results of its major projects or its overall program. Moreover, the measures that the embassy provided to decision makers in Washington did not comprehensively portray progress or results in each sector or the overall U.S. program. Meanwhile, although U.S. interagency assistance coordination occurred daily in 2004, the Afghanistan Reconstruction Group, a new advisory group in Kabul, lacked a clear mission, which led to some confusion between it and USAID assistance contractors. Finally, problems associated with coordination between the Afghan government and donor nations, including the United States, continued to occur in 2004.

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As in fiscal years 2002-2003, several factors obstructed U.S. reconstruction efforts in fiscal year 2004 and threatened the achievement of overall U.S. goals. Deteriorating security in some regions rendered large areas effectively inaccessible to the assistance community; despite efforts by U.S., Afghan, and international forces, attacks against aid workers, Afghan security forces, and international forces increased. Further, a continued rise in opium production undermined legitimate economic activities and the establishment of the rule of law. According to UN and U.S. reports, drug trafficking revenues equaled approximately 50 to 60 percent of Afghanistan's gross domestic product over the 2002-2004 period and provided support to factional and antigovernment groups. Finally, funding delays continued to negatively impact the U.S. assistance effort in Afghanistan in 2004. Most assistance funds were not available until nearly 6 months into the fiscal year, preventing USAID from accelerating reconstruction efforts.

We are recommending that USAID take several steps to improve the management and assessment of U.S. reconstruction efforts and to provide a basis for planning future reconstruction projects. The steps should include (1) establishing a performance management plan that complies with USAID directives, (2) clearly stipulating in all future reconstruction contracts that contractors are to develop performance management plans specific to the work they are conducting, and (3) more completely communicating the performance information obtained from the performance management plans to executive branch decision-makers in Kabul and Washington.

We provided a draft of this report to the Departments of State and Defense and to USAID to obtain their comments. The Departments of State and Defense declined to comment on the report. USAID commented that in general it found the report to be a comprehensive and detailed assessment of the U.S. civilian reconstruction efforts in Afghanistan during fiscal year 2004. USAID concurred with the report's recommendations and indicated that it has made progress in improving its strategic planning and performance measurement processes. USAID also provided information on more recent activities and technical comments, which we incorporated where appropriate.

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## Background

Afghanistan is a mountainous, arid, landlocked 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 between 24 and 30 million, is ethnically diverse, largely rural, and mostly uneducated. The country is divided into 34 provinces.

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



Source: GAO.

Afghanistan is one of the world's poorest countries. As table 1 shows, development indicators published by the World Bank and the UN rank Afghanistan at the bottom of virtually every category, including nutrition; infant, child, and maternal mortality; life expectancy; and literacy.

**Table 1: Development Indicators for Afghanistan Compared with Averages for Low-Income Countries and The United States**

Indicator	Afghanistan <sup>a</sup>	Average for low-income countries <sup>b</sup>	United States
Infant mortality	115 per 1000 live births	82 per 1000 live births	7 per 1000 live births
Under 5 mortality	172 per 1000 live births	126 per 1000 live births	8 per 1000 live births
Maternal mortality	1,600 per 100,000 live births	671 per 100,000 live births	17 per 100,000 live births
Life expectancy (years)	45 males/44 females	57 males/59 females	75 males/80 females
Percentage of children 12-23 months immunized against diphtheria	30 percent	64 percent	93 percent
Percentage of population undernourished	70 percent	25 percent	N/A
Percentage of population with access to safe water	23 percent	75 percent	100 percent
Percentage of population with access to adequate sanitation	12 percent	41 percent	100 percent
Literacy—age 15 and over	43 percent males/ 14 percent females	68 percent males/ 48 percent females	97 percent males/ 97 percent females

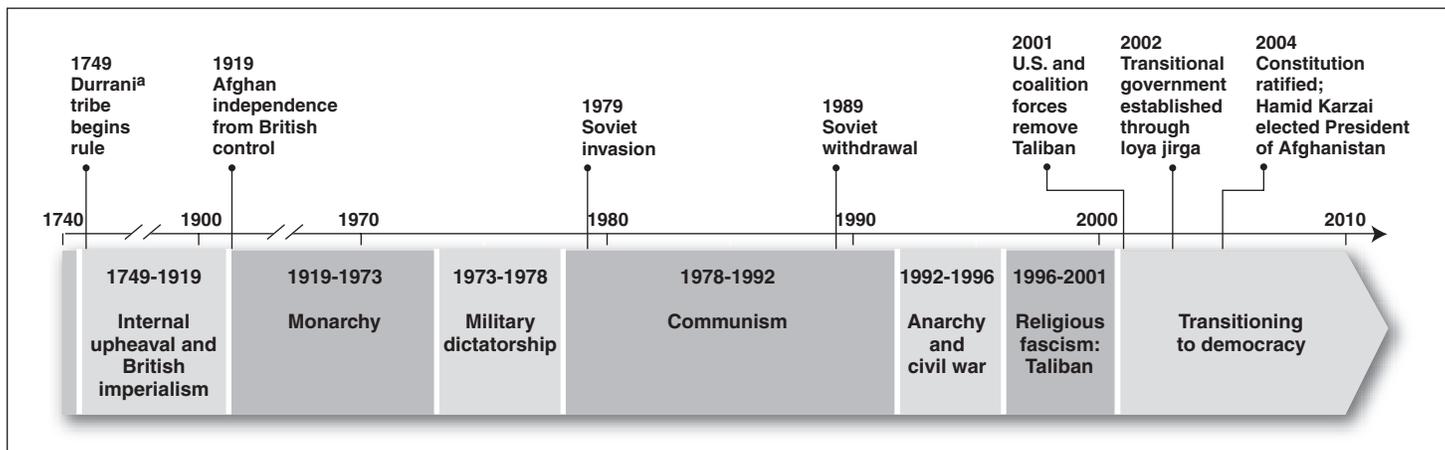
Sources: The World Bank and UN.

<sup>a</sup>Data as of most recent year available.

<sup>b</sup>Low-income countries are defined as countries with an annual per capita gross national income of less than \$765. (Afghanistan's 2003 per capita gross national income was \$250.)

Over the last two decades, political conflicts ravaged Afghanistan (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 fundamentalist 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, 1749–2005**



Source: GAO.

<sup>a</sup>The Durrani tribe ruled most of present-day Afghanistan from 1749 through 1978.

In December 2001, less than 2 months after U.S. and coalition forces forcibly removed the Taliban regime, a 9-day international summit in Bonn, Germany, established a framework for a new Afghan government.<sup>6</sup> This framework, known as the Bonn Agreement, focused on writing a new constitution by the end of October 2003 and holding democratic elections by June 2004.<sup>7</sup> The agreement was endorsed by the UN Security Council on December 6, 2001, through UN Resolution 1383.

In December 2002, the United States passed the Afghanistan Freedom Support Act of 2002, authorizing increased assistance to Afghanistan. The U.S. goal is to firmly establish Afghanistan as a democratic nation inhospitable to international terrorism and 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 government over Afghanistan’s provinces. The act strongly urged the

<sup>6</sup>This report refers to the Afghan Interim Authority and the Transitional Islamic State of Afghanistan as the government of Afghanistan.

<sup>7</sup>Presidential elections were held in October 2004. National Assembly and provincial elections are scheduled for September 2005.

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President to designate a coordinator within the Department of State to, among other things, be responsible for (1) designing an overall strategy to advance U.S. interests in Afghanistan; (2) ensuring program and policy coordination among U.S. agencies; (3) coordinating assistance with other countries and international organizations; and (4) ensuring proper management, implementation, and oversight by agencies responsible for assistance programs.<sup>8</sup>

The U.S. Agency for International Development (USAID)<sup>9</sup> provides U.S. assistance to underdeveloped countries through UN agencies, nongovernmental organizations, and private contractors. The main organizational units responsible for managing USAID's reconstruction programs and operations in Afghanistan in fiscal year 2004 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.<sup>10</sup> Other U.S. government agencies provided additional assistance, including DOD through its provincial reconstruction teams (PRT) located at sites throughout Afghanistan. In fiscal year 2004, the 12 U.S.-led PRTs<sup>11</sup> ranged in size from 60 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 advances military goals and enhance security, to increase the reach of the Afghan central

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<sup>8</sup>Pub. L. 107-327, section 104(a).

<sup>9</sup>USAID is the principal U.S. agency that provides foreign assistance to countries recovering from disaster, escaping poverty, and engaging in democratic reforms.

<sup>10</sup>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 post-transition countries experiencing significant political change or facing critical threats to stability and democratic reform.

<sup>11</sup>As of June 2004, the U.S. supported PRTs included: Parwan, Asadabad, Jalalabad, Gardez, Khost, Qalat, Kandahar, Lashkar Gah, Tarin Kowt, Ghazni, Farah, and Herat. Coalition and NATO forces supported 3 other PRTs: Mazar-e-Sharif, Konduz, and Bamian.

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government in the provinces and allow assistance agencies to implement projects.

In spring 2003, DOD, recognizing the lack of progress in the U.S. effort in Afghanistan, drafted a political-military strategy for Afghanistan. The strategy did not include reconstruction. The strategy was vetted by the National Security Council and approved by the President in June 2003. At the time, Department of State and USAID officials drafted a plan to increase funding and expedite reconstruction efforts, particularly in infrastructure, democratization and human rights, and security. This plan served as the basis for the Accelerating Success in Afghanistan Initiative announced by the U.S. government in September 2003. The initiative was designed to be implemented in advance of the Afghanistan Presidential elections scheduled for June 2004. The U.S. government planned to provide \$1.76 billion for the initiative, targeting approximately \$1 billion of this amount for elections, major and secondary road construction, health and education programs, economic and budget support to the Afghan government, senior advisors and technical experts, and private sector initiatives. The remaining \$700 million was to fund efforts to build the Afghan National Army, train and equip the police force, expand the counternarcotics program, and establish rule of law.

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## U.S. Spending in 2004 Focused on Reconstruction

In fiscal year 2004, the focus of U.S. spending in Afghanistan shifted from humanitarian and quick-impact assistance to reconstruction. Of the nine U.S. government departments and agencies involved in assistance to Afghanistan, USAID provided the largest amount of nonsecurity-related assistance. The largest investment went to USAID's infrastructure sector, which received approximately half of the agency's total obligations for Afghanistan in fiscal year 2004. About two-thirds, or \$922 million, of USAID's obligations supported local projects in Afghanistan's 34 provinces, with Kabul and Kandahar provinces receiving approximately 70 percent of these funds, mainly for roads. The United States provided the largest share of international assistance to Afghanistan, contributing about 38 percent of the \$3.6 billion that the international community pledged for 2004.

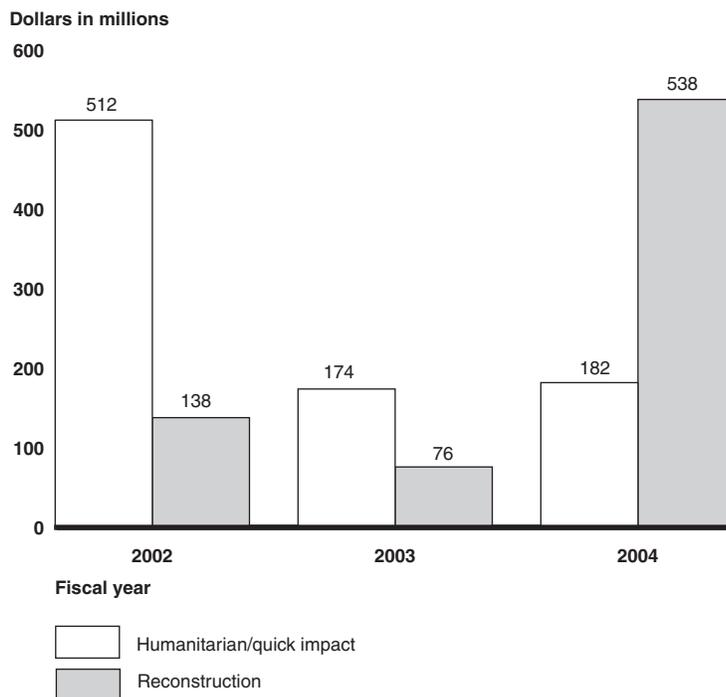
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## U.S. Spending Shifted to Longer-Term Reconstruction

The focus of U.S. spending in Afghanistan in fiscal year 2004 shifted from humanitarian and quick-impact assistance, such as building wells, to larger-scale reconstruction. The U.S. government obligated about \$1.4 billion and spent approximately \$720 million on nonsecurity-related assistance to

Afghanistan; the largest percentage of this amount was spent on reconstruction, especially infrastructure projects.<sup>12</sup> In contrast to fiscal years 2002-2003, when more than three-fourths of U.S. spending was for humanitarian and quick-impact assistance, approximately 75 percent—about \$538 million—of the 2004 expenditures supported reconstruction and development projects. The remaining amount was spent on humanitarian and quick-impact projects. (See fig. 3)

**Figure 3: Expenditures by Type, Fiscal Years 2002-2004**



Source: GAO analysis of agency data.

<sup>12</sup>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 future period. Expenditures are defined as the issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate a federal obligation.

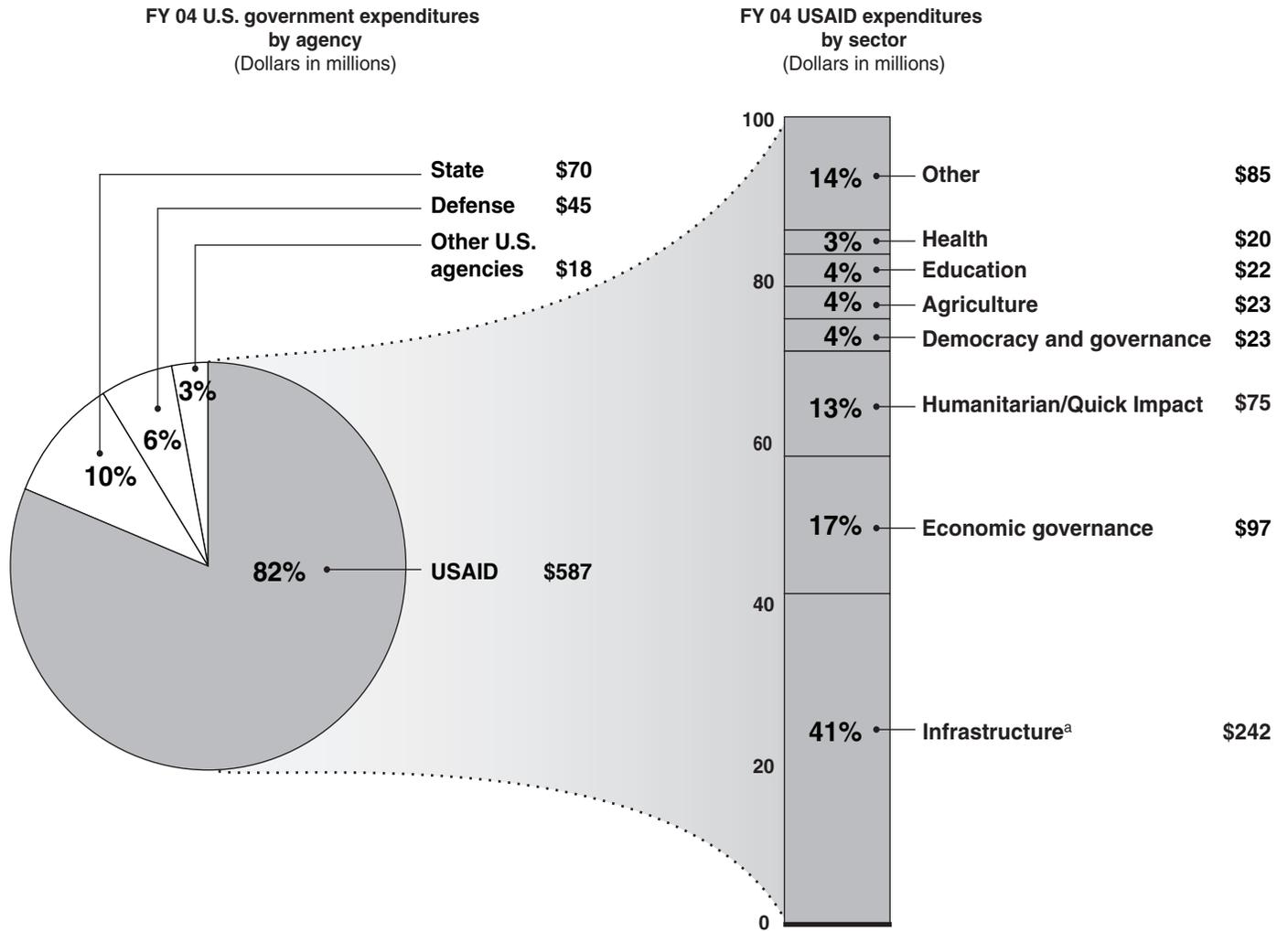
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## USAID Provided Most U.S. Funding

Of the U.S. government departments and agencies providing assistance in Afghanistan, USAID spent the largest amount, about \$587 million, for reconstruction, humanitarian, and quick-impact projects. The Department of State spent the next largest amount, about \$70 million, primarily for assistance to refugees. DOD spent approximately \$45 million for nonsecurity-related assistance, chiefly small projects through the Commanders' Emergency Response Program. Six other U.S. government agencies also provided some assistance to Afghanistan in fiscal year 2004. (See fig. 4 for agency percentages; for more details, see app. II.)

**Figure 4: Nonsecurity-Related U.S. Agency Expenditures in Afghanistan, Fiscal Year 2004**



Source: GAO analysis based on U.S. agency data.

<sup>a</sup> The \$242 million for infrastructure includes major infrastructure, such as roads, as well as schools and clinics.

About half—\$497 million—of USAID’s fiscal year 2004 obligations for reconstruction in Afghanistan supported the rebuilding of infrastructure. This amount includes \$448 million obligated for large infrastructure projects, such as roads, of which USAID spent approximately \$236 million. To build schools and clinics, USAID obligated \$49 million, of which it spent

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less than \$6 million. USAID and DOD obligated \$44 million and \$47 million, respectively, through the PRTs, mainly for small-scale infrastructure projects.

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### Kabul and Kandahar Received Most U.S. Assistance

In an effort to expand the reach of the Afghan government—a major U.S. and Afghan government priority—USAID directed about two-thirds, or \$922 million, of its obligations<sup>13</sup> to local projects in Afghanistan’s 34 provinces, with Kabul and Kandahar provinces receiving approximately 70 percent of these funds (see fig. 5). The remaining funds went to national programs, such as government reform initiatives. USAID directed the majority of the funds obligated for Kabul and Kandahar—approximately \$527 million of a total \$647 million—toward road construction.<sup>14</sup> In addition, DOD distributed approximately \$47 million throughout the areas covered by the PRTs, the majority of them near Afghanistan’s border with Pakistan.

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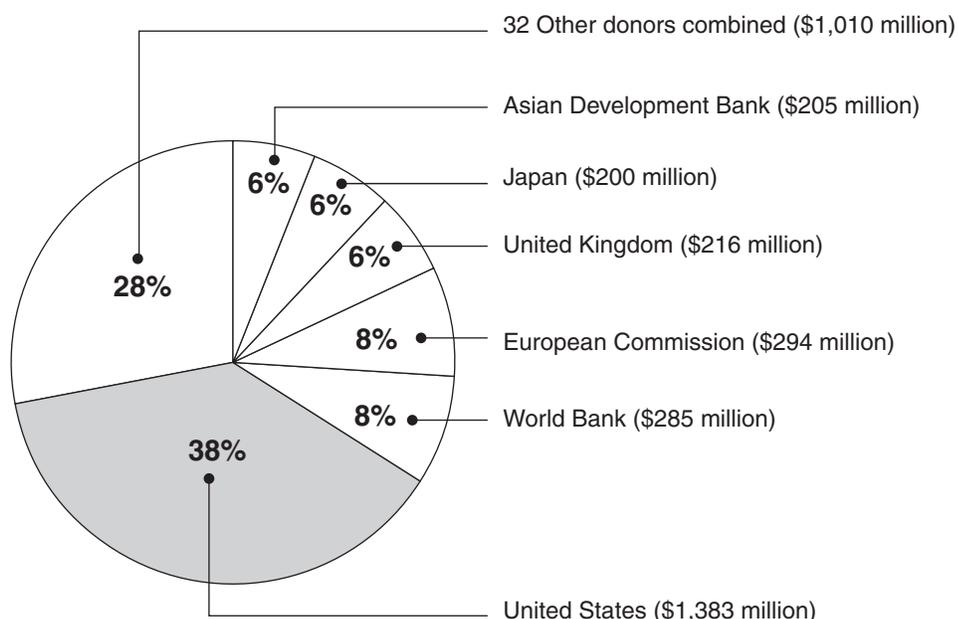
<sup>13</sup>USAID does not maintain expenditure data by province.

<sup>14</sup>The U.S.-funded Kabul-Kandahar highway passes through multiple provinces.



international community. According to the Center on International Cooperation, as of February 2005, donors had obligated about 29 percent, or \$3.9 billion, of the \$13.4 billion pledged since 2001.

**Figure 6: Percentages of Assistance to Afghanistan Pledged by United States and Other Donors for 2004**



Source: GAO.

Note: Donors vary in their definition of pledges. The U.S. pledge amount represents obligated funds, while other donors report amounts that may represent only statements of intent.

## U.S. Assistance Benefited Afghanistan, but Accelerated Reconstruction Did Not Meet All Targets

U.S. humanitarian and quick-impact assistance benefited vulnerable populations and returning refugees; however, the success of efforts to accelerate large-scale reconstruction varied. USAID provided almost \$60 million in emergency assistance, including food aid, and the Department of State provided about \$60 million to assist refugees in fiscal year 2004. In addition, the U.S. government obligated approximately \$120 million for small-scale, quick-impact projects such as the construction of wells and bridges.<sup>15</sup> Further, the United States accelerated its major reconstruction

<sup>15</sup>This includes \$29 million obligated by USAID's Office of Transition Initiatives.

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programs to increase visible progress before the 2004 Afghan presidential elections. However, progress and results in each of the reconstruction sectors—agriculture, democracy and governance, economic governance, education, health, infrastructure, and gender—varied, as did the problems each sector faced.

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## U.S. Government Responded to Ongoing Humanitarian Crisis

In fiscal year 2004, the U.S. government provided food and other emergency assistance to Afghanistan's vulnerable populations and assisted the return of refugees. Afghanistan suffered its sixth year of drought and produced a below-average harvest, and the percentage of people in need of food aid rose from 20 percent in 2003 to an estimated 37 percent in 2004. In addition, approximately 900,000 refugees returned to Afghanistan, with more expected to return in coming years owing to the closing of refugee camps operated by the UN High Commissioner for Refugees (UNHCR) in Pakistan.<sup>16</sup>

USAID's Office of Food for Peace, through the UN World Food Program (WFP), provided Afghanistan with 79,330 metric tons of wheat and other emergency food assistance (valued at \$49 million) in fiscal year 2004,<sup>17</sup> which equaled approximately 25 percent of the international food assistance that WFP requested during that time period. In addition, USAID, through its Office of Foreign Disaster Assistance, provided almost \$10 million in other emergency assistance in fiscal year 2004, compared with \$137.8 million in fiscal years 2002 and 2003. According to USAID, the office supported transitional shelter for refugees; the return of internally displaced persons; winter programs, such as snow clearance and road rehabilitation; and emergency funds to respond to the ongoing drought.

The Department of State's Bureau of Population, Refugees, and Migration (PRM) provided almost \$63 million to help refugees, compared with \$234 million in previous years. PRM provided more than half of the 2004 funding through the UNHCR to support traditional assistance, such as shelter and education for refugees. In addition, the agency facilitated out-of-country registration and voting so that Afghan refugees living in Pakistan and Iran

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<sup>16</sup>Approximately 4.2 million Afghan refugees live in Pakistan and Iran. This is equivalent to 15 percent of the population presently living in Afghanistan.

<sup>17</sup>WFP is the UN's major provider of food assistance. Most U.S. food is provided through WFP. USAID provided this assistance through Pub. L. 480, Title II.

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could vote in the October 2004 Afghanistan presidential election. PRM also provided funds through the International Committee of the Red Cross and UN Children's Fund, as well as about \$17 million in direct grants to nongovernmental organizations. These grants provided shelter, water and sanitation, health care, education, and economic assistance and training to refugees and internally displaced people. PRM provided funding for the construction of 5,900 shelters; however, as of September 30, 2004, 8,000 shelters were still needed.

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## USAID and DOD Continued Quick-Impact Efforts

In fiscal year 2004, USAID and DOD continued efforts to respond rapidly to small-scale reconstruction needs in Afghanistan. USAID launched the Quick-Impact Program (QIP), supplementing the activities of the existing Office for Transition Initiatives, and DOD launched the Commanders' Emergency Response Program (CERP) to operate alongside its Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) program (see table 2). The aims of these programs is to extend the reach of the Afghan central government through benefits to rural communities and to facilitate the transition to longer-term reconstruction programs. Although CERP and OHDACA funds address humanitarian needs, the projects are determined by the tactical need to obtain the support of the populace and are primarily tools for achieving U.S. security objectives. Since 2002, the U.S. government has programmed almost \$136 million for about 3,600 small-scale, quick-impact projects through USAID and DOD.

CERP and QIP funds worked in tandem through the PRTs in fiscal year 2004, with CERP funding smaller projects costing less than \$20,000 on average and QIP funding larger, more expensive projects. DOD regulations allow PRT commanders to approve the use of up to \$25,000<sup>18</sup> in CERP funds for the rapid implementation of small-scale projects, such as providing latrines for a school or a generator for a hospital. USAID representatives at PRTs used QIP funds for larger, more complex projects such as local roads, bridges, and government buildings. To ensure accountability and long-term sustainability, USAID regulations require that the mission, before granting approvals for QIP projects, conduct technical assessments and ensure Afghan government involvement in projects. DOD does not require similar assessments for CERP-funded projects.

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<sup>18</sup>More expensive projects, such as providing vehicles or communication systems to the local police, required approval from the brigade, joint task force, or Central Command.

**Table 2: U.S. Quick-Impact Projects in Afghanistan for fiscal years 2002 through 2004, by Funding Source**

Agency	Goal of implementing projects	Program	Estimated total project cost	Estimated average project cost	Projects begun	Projects completed
DOD	To achieve U.S. security objectives by improving DOD visibility, access, and influence with military and civilian counterparts; building security in host nation; generating goodwill for DOD to enhance U.S. ability to shape regional security; bolstering host nation disaster response; and readying U.S. military personnel.	OHDACA	\$25,344,192	\$61,515	412	355
	To enable U.S. military commanders in Afghanistan to address humanitarian relief and reconstruction by carrying out programs that will immediately assist the Afghan people.	CERP	39,707,370	17,152	2,315	Not tracked
USAID	To support the rehabilitation and political stabilization in postconflict Afghanistan, increasing the Afghan government's responsiveness to citizens' needs, increasing citizen participation in democratic processes, and increasing the capacity of the Afghan media.	OTI	41,876,468	65,844	636	451
	To link communities with district, provincial, and central governments by conceptualizing, planning, and implementing projects. Projects include water systems, road-related activities, rehabilitation and construction of government and public buildings.	QIP	28,968,217	137,944	210	58
<b>Total</b>			<b>\$135,896,247</b>	<b>\$38,034</b>	<b>3,573</b>	

OHDACA = Overseas Humanitarian, Disaster, and Civic Assistance Program

CERP = Commander's Emergency Response Program

OTI = Office for Transition Initiatives

QIP = Quick-Impact Program

Sources: Department of Defense and USAID.

**Progress in Accelerated Reconstruction Projects Varied by Sector**

Efforts to accelerate existing USAID programs in each reconstruction sector—agriculture, democracy and governance, economic governance, education, health, and infrastructure—achieved varying degrees of progress toward project objectives and accelerated targets. Efforts to

promote gender equity in each sector also demonstrated varying levels of progress.

**Figure 7: Agriculture**



Source: GAO analysis of USAID and Afghan government data.

Although the 2004 Accelerating Success initiative targets for the agriculture sector were generally met or exceeded, the contractor failed to integrate project activities, thus limiting the project's results.<sup>19</sup> To address the needs of the agriculture sector, USAID implemented the Rebuilding Agricultural Markets Program in 13 of Afghanistan's 34 provinces, concentrating the program's activities on physical infrastructure, rural finance, and agricultural technology and market development.<sup>20</sup> USAID signed the

<sup>19</sup>See appendix III, table 5 for a list of the targets.

<sup>20</sup>In addition to the primary contract with Chemonics, RAMP is being implemented through cooperative agreements with Land-O-Lakes, the Central Asian Development Group, IF Hope, and the U.S. Department of Agriculture.

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program's \$153 million primary 3-year contract on July 3, 2003. The contractor, Chemonics International, Inc., was to use a "market chain" approach to improve the operations of, and linkages between, the market chain components (i.e., farmers, processors, transporters, input suppliers, creditors, regulators, wholesalers, and retailers).

As of September 2004, Chemonics had implemented numerous activities through subcontracts and grants with 40 organizations, including local and international nongovernmental organizations, private firms, and international organizations. The progress of these activities as reported by Chemonics is as follows:

- **Physical infrastructure.** By September 2004, over 320 kilometers of irrigation canals, approximately 230 irrigation structures, and about 160 kilometers of farm to market roads had been rehabilitated. In addition, nearly 120 market structures such as retail market stalls and grain and vegetable storage sheds had been constructed.
- **Rural finance.** Over 1,100 loan officers had been trained, and more than 8,000 loans had been disbursed.
- **Agricultural technology and market development.** About 565,000 farmers were served by extension services; over 4,000 women being trained in poultry management; over 20,000 chickens had been distributed to women; and more than 3,675,000 livestock had been treated, vaccinated, or both.

Data provided by Chemonics and U.S. government interagency performance reports indicated the program generally met or exceeded all of the Accelerating Success targets established for the sector; however, the program did not address a key program objective. We found that Chemonics had not integrated individual activities to achieve project objectives or focused its efforts on the improvement of market chains. USAID and Chemonics officials told us in October 2004 that although many activities had been implemented, most projects were stand-alone agricultural infrastructure efforts (e.g., road and canal rehabilitation) and did not focus on improving the marketing of commodities or the integration of market chain components. Consequently, during its first 15 months, the project's progress in strengthening Afghanistan's market chain was limited. An internal evaluation of the Chemonics effort was conducted by USAID mission staff in Kabul in mid-fiscal year 2004. The evaluation resulted in the

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development of a new strategy and performance monitoring plan in an effort to refocus RAMP and better integrate program activities.

**Figure 8: Democracy and Governance**

Democracy and governance	
	<p><b>USAID program:</b> Strengthening elections and political process</p> <p><b>Funding:</b> Total contract ceiling: \$13.36 million; FY 2004 obligations: \$9.6 million; FY 2004 expenditures: \$1.45 million</p> <p><b>Goal:</b> Support the process of political reconstruction and conduct of free and fair elections</p> <p><b>Contract dates:</b> Start: March 1, 2003; End: August 31, 2005</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Provide strategic planning and organizational support for elections</li> <li>• Provide civic education and public awareness campaign</li> <li>• Improve political party capacity</li> <li>• Enhance political party and civil society organizations, capacity to increase transparency and confidence in the electoral process</li> </ul> <p><b>Implementers:</b></p> <ul style="list-style-type: none"> <li>• Consortium for Elections and Political Process Strengthening (CEPPS), comprising                             <ul style="list-style-type: none"> <li>• International Foundation for Elections Systems (IFES)</li> <li>• International Republican Institute (IRI)</li> <li>• National Democratic Institute for International Affairs (NDI)</li> </ul> </li> </ul>
	<p><b>USAID program:</b> Judicial reform</p> <p><b>Funding:</b> Total contract ceiling: \$16.8 million; FY 2004 obligations: \$4.99 million; FY 2004 expenditures: \$3.75 million</p> <p><b>Contract dates:</b> Start: March 21, 2003; End: March 20, 2005</p> <p><b>Goal:</b> Support the Afghanistan government's management of the constitutional draft process, and policy reform and implementation process, and coordination of executive branch ministries</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Support the constitutional process</li> <li>• Support justice sector reform</li> <li>• Support policy reform management</li> </ul> <p><b>Implementer:</b> Management Systems International, Inc.</p>
	<p><b>USAID program:</b> Loya jirga and elections process</p> <p><b>Funding:</b> Total contract ceiling: \$45.7 million, FY 2004 obligations: \$30.28 million, FY 2004 expenditures: \$8.2 million</p> <p><b>Contract dates:</b> Start: August 1, 2003; End: June 30, 2005</p> <p><b>Goal:</b> Provide operational and substantive support for the loya jirga and elections process</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Provide operational and substantive support to the constitutional loya jirga</li> <li>• Support UNAMA in the voter registration process</li> <li>• Provide support for the October 2004 presidential elections</li> <li>• Provide support for parliamentary elections in September 2005</li> <li>• Conduct civic education</li> <li>• Provide assistance to the Media Commission</li> </ul> <p><b>Implementer:</b> The Asia Foundation (TAF)</p>
<p><b>Sector background</b></p> <p>Years of civil wars and unrest caused frequent changes in Afghanistan's political administration. Absent a formal justice system, traditional mechanisms have been used in many parts of the country, especially in rural areas, where questions of law are negotiated with local tribal leaders. The concept of a nation state with permanent institutions of justice and rule of law is still in the early stages of development and acceptance. In addition, although most of Afghanistan's population is rural, 74 percent of its prosecutors are located in the provincial capitals.</p>	

Source: GAO analysis of USAID and other data.

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USAID's democracy and governance program produced notable successes, particularly its assistance with the creation and ratification of Afghanistan's constitution and with the presidential elections. However, some civic education programs were uncoordinated and had limited distribution. USAID's fiscal 2004 democracy and governance program comprised three components:<sup>21</sup>

- **Strengthening of elections and political process.** The Consortium for Elections and Political Process Strengthening component addressed civic education and political party building. Under USAID's Accelerating Success initiative, the consortium's funding ceiling increased from \$3.76 million to \$13.36 million. Grantees reported training more than 2,000 district and village leaders in civic education, registering 46 political parties by the end of fiscal year 2004, and establishing eight election training and information centers.
- **Judicial reform.** In May 2004, under the Accelerating Success initiative, USAID increased its contract with Management Systems International (MSI) from \$14.7 million to \$16.8 million. USAID also revised the scope of work to focus on judicial rehabilitation and added court administration as an objective. MSI provided technical assistance and logistical support to the constitutional commission and its secretariat and to the constitutional loya jirga that took place in December 2003.<sup>22</sup> According to USAID and MSI reports, MSI also built or rehabilitated 7 of 10 targeted courthouses by September 30, 2004; helped review, draft, and track the status of legislation; surveyed and compiled laws and legal texts; mapped courthouse administration functions; and conducted training for about 300 legal professionals.
- **Loya jirga and elections logistics.** USAID awarded the Asia Foundation a cooperative agreement to provide operational and logistic support for the constitutional loya jirga and elections. The award's funding ceiling increased from \$10 million to more than \$45 million. The scope expanded to include assistance to the UN Assistance Mission to Afghanistan to conduct the loya jirga, register voters, and hold the presidential election. The foundation filled unforeseen gaps in the UN's

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<sup>21</sup>See Appendix III, Tables 7 and 8 for performance indicators.

<sup>22</sup>Loya jirga is a grand council or grand assembly used to resolve political conflicts or other national problems.

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efforts, as UN staff faced security restrictions that limited their ability to register voters and set up polling stations. According to the UN, more than 10 million people registered to vote, out of a total population of between 24 and 30 million; about 40 percent of those registered were women.

Despite these successes, the program faced setbacks, particularly in public education and courthouse construction. Parts of the civic education program were poorly timed. According to an evaluation commissioned by a USAID grantee, a listening device to enhance the public's understanding of the election process was distributed late, in some cases just 1 week before elections and with no training, making it difficult for users to listen to all of the content; the evaluation found that users would have preferred to have received the device 2 months before the elections. In addition, there were delays in the project's initiative to draft and pass legislation, due to shifting responsibility for legislative drafting from the Judicial Reform Commission, a temporary entity, to the permanent Ministry of Justice. Finally, despite a goal of building or rehabilitating 10 courthouses by the end of fiscal year 2004, according to USAID and contractor reporting, only 7 were completed due to late funding.

**Figure 9: Economic Governance**

Economic governance	
	<p><b>USAID program:</b> Sustainable Economic Policy and Institutional Reform Support</p>
	<p><b>Funding:</b> Total contract ceiling: \$98 million; FY 2004 obligations: \$45 million; FY 2004 expenditures: \$38.4 million</p>
	<p><b>Contract dates:</b> Start: December 30, 2002 End: December 29, 2005</p>
	<p><b>Goal:</b> Support the Afghan government's work with donors, Afghan citizens, and emerging governance institutions; institutionalize a set of reform measures necessary to maintain a stable macroeconomic environment; and promote the effective and sustainable planning, financing, and provision of key public services.</p>
	<p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Fiscal reform</li> <li>• Banking reform</li> <li>• Trade policy</li> <li>• Legal and regulatory reform</li> <li>• Privatization</li> </ul>
	<p><b>Implementer:</b> Bearing Point, Inc.</p>
Sector background	
<p>In 2002, when USAID began working in the economic governance sector, key state institutions such as the central bank, treasury, and civil service were weak or nonexistent. In early 2004, Afghan government structures remained fragmented, with overlapping and unnecessary functions and cumbersome administrative systems. In addition, the government still lacked adequate control over customs revenues, an absence of banking and insurance services undermined the formal economy, and uncertain property rights impeded economic activity.</p>	

Source: GAO analysis of USAID and other data.

Despite many achievements, problems pertaining to the selection of advisors and sustainability affected the economic governance program. In December 2002, USAID signed a 3-year, \$39 million Sustainable Economic Policy and Institutional Reform Support program contract with Bearing Point, Inc., to provide technical assistance and training to the primary Afghan ministries concerned with economic governance issues. In April 2004, as part of the Accelerating Success initiative, USAID increased funding for the contract to \$95.8 million. Most of the work under the contract was implemented by advisors and operations staff assigned primarily to the Ministry of Finance and the Central Bank. As of August 2004, approximately 224 advisors were working within the Ministry of Finance. Some of the advisors worked directly with the management of the ministry, others served in operational positions and were responsible for

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carrying out the day-to-day functions of the ministry. According to the USAID mission in Kabul, USAID's Inspector General, and an evaluation commissioned by the Afghan government, Bearing Point made progress toward completing the approximately 120 "contractor responsibilities" listed in the contract.<sup>23</sup> Accomplishments included the following:

- **Fiscal reform.** Bearing Point developed a system to estimate government revenues; introduced a taxpayer identification number system; trained Afghans to develop and monitor budgets; established a national payments system; developed a customs broker licensing program, reformed customs operations and trained customs officials; rehabilitated and equipped customs houses and border posts; and developed a database of customs revenues.
- **Banking reform.** The contractor helped the Afghan Central Bank establish national and international operations via standard banking telecommunications networks, implement bank licensing policies and procedures, restructure and equip branch banks, and draft banking laws.
- **Trade policy.** The assistance provided helped the Afghan government streamline its business license application process, reducing the time to obtain a license from months to less than 1 day and reducing the number of required signatures from 58 to 6. In addition, the contractor also assisted the government in reviewing and drafting commercial decrees and laws.
- **Legal and regulatory reform.** The contractor assisted Afghan ministries in drafting key laws and establishing a telecommunications regulatory body.
- **Privatization.** As of October 2004, little work had been conducted in the area of privatization, because the Afghan government was not ready to privatize state-owned enterprises.

Despite these accomplishments and USAID's efforts to adjust the program to meet the government of Afghanistan's needs, the Ministry of Finance remained dissatisfied with the cost and quality of the assistance provided by some of the expatriate advisors hired under the contract and sought to

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<sup>23</sup>See appendix III, tables 9 and 10 for performance indicators.

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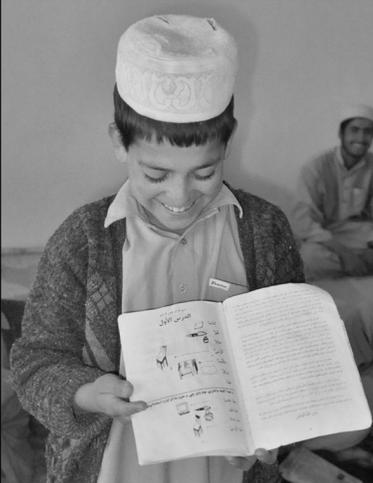
terminate it. In mid 2004, the Afghan government requested a review of the program. The first evaluation, completed in September 2004, found that, among other things, Bearing Point lacked an effective means for determining ministry needs.<sup>24</sup> USAID disagreed with the evaluation's findings and maintains that Bearing Point worked closely with the ministries receiving assistance and worked proactively to meet their needs. According to the Central Bank governor, the bank—the other major recipient of assistance under the contract—was generally satisfied with the assistance provided. In November, the Ministry of Finance agreed to allow the contract to continue until its completion date, December 2005.

In addition, in October 2004, the Minister of Finance and the Governor of the Central Bank were still concerned that their agencies would not be able to sustain operations after the program's completion. To address this concern, USAID and Bearing Point initiated plans to transfer local Afghans working as their contractors to Afghan civil service. These individuals would be paid with funds provided by the international community through the Afghanistan Reconstruction Trust Fund. In addition, the Central Bank began testing the abilities of its staff on a periodic basis to determine their ability to work in the absence of international advisors and to identify areas where additional training was needed prior to the Bearing Point contract's completion.

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<sup>24</sup>The review resulted in an interim report in September 2004 and a final report in February 2005. See Mohammad Qayoumi, *Monitoring and Evaluation of Afghanistan Economic Governance Program* (Kabul: 2005).

**Figure 10: Education**

Education	
	<b>USAID program:</b> Afghanistan Primary Education Program (APEP)
	<b>Funding:</b> Total contract ceiling: \$87.9 million; FY 2004 obligations: \$55.0; FY 2004 expenditures: \$19.7 million
	<b>Contract dates:</b> Start: January 23, 2003 <sup>a</sup> End: December 30, 2005
	<b>Goal:</b> Improve access to basic education nationwide and ensure that schools are functional centers of learning by providing the basic inputs needed to keep students in school
	<b>Objectives:</b> <ul style="list-style-type: none"> <li>• Renovate or construct primary schools</li> <li>• Address textbook shortage</li> <li>• Provide radio-based teacher training</li> <li>• Raise educational levels of over-aged students</li> </ul>
	<b>Implementer:</b> Creative Associates International, Inc. <sup>b</sup>
Sector background	
<p>According to UNDP, Afghanistan has the worst educational system in the world. The Taliban replaced secular education with religious instruction and banned girls from school. When these policies were lifted, many children lacked the scholastic abilities normal for their age. At the beginning of 2003, approximately half of all enrolled students were in the first grade. UNDP estimates that 46 percent of school-aged children do not have access to education. In addition, nearly 80 percent of the country's schools were damaged or destroyed in fighting.</p>	

Source: GAO analysis of USAID and other data.

<sup>a</sup>The APEP contract was signed in June 2003, but was effective as of January 2003.

<sup>b</sup>USAID managed the school rehabilitation and construction component through six separate implementing partners.

USAID's Afghanistan Primary Education Program (APEP) provided educational and teacher-training programs to help improve basic education; however, under the Accelerating Success initiative, very few schools were constructed and other components were not integrated into educational facilities as originally envisioned.

USAID's education program originally focused its efforts in four areas: textbook production and distribution, radio-based teacher training, accelerated learning, and school construction. USAID provided the bulk of its education assistance in Afghanistan through APEP, run by Creative Associates International, Inc. APEP was designed to ensure that newly constructed schools were functional centers of learning by providing textbooks, skilled teachers and opportunities for accelerating the learning of over-aged students. The Accelerating Success initiative increased

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APEP's funding ceiling from \$16.5 million to \$87.6 million, but it decoupled the provision of materials and training from school construction. The initiative introduced three additional components: in-country textbook production; educational support services to help reform policies, systems, and programmatic changes; and enhanced monitoring and evaluation. Progress under the APEP contract included the following:<sup>25</sup>

- **Textbook production:** According to the USAID Regional Inspector General, USAID exceeded its textbook production goal for 2004, producing about 16.5 million books, but distribution was delayed.
- **Radio teacher training:** According to the targets in the original APEP contract, the radio teacher training broadcasts aimed to improve the teaching skills of about 30,000, or about 96 percent of all primary school teachers by the end of 2004. Under the Accelerating Success initiative, the goal was reduced to reaching up to 40 percent of Afghan teachers nationwide. After a mid-2004 survey of, primarily, participants in U.S. education programs, USAID concluded that 70 to 90 percent of all primary school teachers were listening to the radio teacher training broadcasts and the number of listeners was increasing monthly.
- **Accelerated learning:** APEP's goal was to raise the educational levels of 80,000 over-aged students in 13 provinces and move them into age-appropriate levels by the end of 2004. Under the Accelerating Success initiative, the goal was expanded to 170,000 students in 17 provinces. Under both plans, APEP intended 70 percent of beneficiaries to be female students. By the end of fiscal year 2004, USAID had met its student enrollment objective, but less than 60 percent of students enrolled were girls.
- **School construction:**<sup>26</sup> According to contract and grant documentation, targets for school rehabilitation or construction shifted under the Accelerating Success initiative from 50 schools to 286 schools by the end of 2004. By September 2004, implementing partners reported that 77 schools had been refurbished and 8 were substantially complete.

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<sup>25</sup>See appendix III, tables 11 and 12, for performance indicators.

<sup>26</sup>Creative Associates was not responsible for school rehabilitation and construction, although it was an integral part of the original APEP plan. USAID managed construction and rehabilitation through the infrastructure contract and a series of other construction grants. For further discussion, see "Infrastructure" on page 37.

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- **Educational support services:** Under the Accelerating Success initiative, APEP began to provide the Ministries of Education and Higher Education with advisors to help draft education law, improve planning capacity, and assess English language instruction needs.
  - **Monitoring and evaluation:** Under the original contract, APEP produced weekly or biweekly updates, quarterly progress reports, and an evaluation of the radio-based teacher training component. The expanded scope includes a national study of students trained under the accelerated program.

USAID also instituted several other smaller education-focused projects in 2004. These included a \$10 million teacher-training institute and literacy initiative and an \$11 million dormitory to house between 1,100 and 1,500 university women in Kabul.

**Figure 11: Health**

Health	
	<p><b>USAID program:</b> Rural Expansion of Afghanistan's Community-based Healthcare (REACH)</p>
	<p><b>Funding:</b> Total contract ceiling: \$129 million; FY 2004 obligations: \$47.8 million; FY 2004 expenditures: \$22.41 million</p>
	<p><b>Contract dates:</b> Start: May 16, 2003 End: May 15, 2006</p>
	<p><b>Goal:</b> Address Afghanistan's health crisis, focusing on basic health care in rural areas for women and children</p>
	<p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Increase the number of health facilities and expand community outreach</li> <li>• Improve capacity of health providers in rural areas</li> <li>• Enhance public health education programs</li> <li>• Improve the capacity of the Afghan Ministry of Public Health</li> </ul>
	<p><b>Implementer:</b> Management Sciences for Health (MSH)<sup>a</sup></p>
Sector background	
<p>Access to health care in Afghanistan is extremely limited after two decades of war and neglect. The average life expectancy is approximately 45 years. Obstetric care is provided in only 11 of 31 provinces, with the infant mortality rate among the worst in the world at 115 deaths per 1,000 live births. Almost half of Afghan children younger than 5 years are underweight for their age, and fewer than 40 percent receive vaccinations. The majority of rural Afghans in more than one-third of rural districts have no access to health care.</p>	

Source: GAO analysis of USAID and other data.

<sup>a</sup>In addition to MSH's contract, USAID made several other health-related awards. USAID awarded \$5.6 million for the social marketing component of the program to Population Services International, and awarded the health clinic construction component to 6 separate implementing partners.

Despite some accomplishments, the project's ambitious program made it difficult to meet targets on many fronts. To address health sector issues, USAID's Rural Expansion of Afghanistan's Community-based Healthcare (REACH) program, in conjunction with the Ministry of Public Health, established a nascent health care system and provided health services and training for health providers. USAID's REACH program, implemented by Management Sciences for Health (MSH) under a 3-year contract, was designed to improve the health of women of reproductive age and children younger than 5 years. USAID's Accelerating Success initiative increased MSH's original ceiling of approximately \$100 million to \$129 million. The initiative expanded the scope of work to include, among other things,

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tertiary care in addition to the project's original focus on rural health care.<sup>27</sup> USAID and MSH noted progress in five health care areas.<sup>28</sup> The progress in these areas as reported by MSH is as follows:

- **Health care facilities and community outreach.** The program reached its stated target of awarding \$53 million in service delivery grants to more than 250 clinical facilities in 13 provinces. Service in these facilities covers a population of approximately 4.8 million.
- **Training for rural health care providers.** The REACH program did not meet its fiscal year 2004 target of training 46 midwives and 2,060 community health workers. By the end of 2004, according to Management Sciences for Health reports, 75 midwives were in training in Kabul, although none had finished the course, and almost 1,500 community health workers had been trained.
- **Public health education programs.** REACH developed a policy on health education with the Ministry of Public Health and helped the ministry develop standard health promotion messages. Management Sciences for Health reporting also indicated that REACH produced seven radio dramas and trained 21 ministry and radio staff in radio programming.
- **Ministry of Public Health capacity.** REACH developed a national health management information system and played an advisory role in health sector reform, financing, and planning, as well as hospital management. The REACH program helped to create a new human resources department in the health ministry and to review and update the national human resources policy for health staff. REACH also contributed to the development of the National Drug Policy, the National Medicine Agency, and donation guidelines for drug and equipment donors. According to a midterm evaluation of the program, REACH's efforts have been sustainable.<sup>29</sup>

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<sup>27</sup>Tertiary care is specialized consultative care, usually on referral from primary or secondary medical care personnel, by specialists working in a center that has personnel and facilities for special investigation and treatment.

<sup>28</sup>See Appendix III, Tables 13 and 14 for performance indicators.

<sup>29</sup>REACH Program midterm evaluation, Kabul (Dec. 2004).

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- **Clinic construction.**<sup>30</sup> According to contract and grant documentation, targets for clinic rehabilitation or construction shifted under the Accelerating Success initiative from 50 clinics to 253 clinics by the end of 2004. By September 2004, implementing partners reported that 15 clinics had been substantially constructed and none had been refurbished.

USAID's ambitious health care program stretched the capacity of contractors, making it difficult to implement many projects simultaneously. For example, according to the December 2004 USAID-commissioned midterm evaluation, despite targets established in 2003, few clinics had communication materials designed to change the health-related practices of Afghans and most clinics remained focused on curative, rather than preventative, care. Further, the evaluation found that despite a greater need for community midwives than for hospital midwives, REACH developed the capacity to train equal numbers of hospital and community midwives. In addition, although the development of a national infection prevention program was added to the Accelerating Success initiative, the program's schedule was delayed by 2 to 3 months owing to a delay in finding a program manager.

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<sup>30</sup>MSH was not responsible for clinic rehabilitation and construction. USAID managed construction and rehabilitation through the infrastructure contract and a series of other construction grants. For further discussion, see "Infrastructure" on page 35.

**Figure 12: Infrastructure**

Infrastructure	
	<p><b>USAID program:</b> Rehabilitation of Economic Facilities and Services (REFS)</p> <hr style="border-top: 1px dashed #000;"/> <p><b>Funding:</b> Total contract ceiling: \$665 million; FY 2004 obligations: \$286.9 million FY 2004 expenditures: \$226.8 million</p> <hr style="border-top: 1px dashed #000;"/> <p><b>Contract dates:</b> Start: September 30, 2002 End: December, 31, 2005</p> <hr style="border-top: 1px dashed #000;"/> <p><b>Goal:</b> Promote economic recovery and political stability by repairing selected infrastructure and ensure sustainability by strengthening institutions component in several sectors.</p> <hr style="border-top: 1px dashed #000;"/> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Lower transportation costs</li> <li>• Restore electrical transmission and distribution systems</li> <li>• Repair/reconstruct irrigation systems, dams/diversions and canals</li> <li>• Improve the provision of water and sanitation</li> <li>• Increase access to education, health, and government facilities<sup>a</sup></li> <li>• Strengthen Afghan Construction companies' ability to implement international quality construction</li> <li>• Provide employment</li> </ul> <hr style="border-top: 1px dashed #000;"/> <p><b>Implementer:</b> Louis Berger Group, Inc. (LBGI)</p>
Sector Background	
<p>Afghanistan's infrastructure, including its roads, power, drinking water, and sanitation, is largely ruined or nonexistent. When coalition forces deposed the Taliban in late 2001, approximately 16 percent of Afghanistan's roads had been paved, compared with more than 80 percent of the roads in neighboring Tajikistan, Turkmenistan, and Uzbekistan. In addition, access to power is among the lowest in the world; only 234,000 customers in a population of 26 million are connected to the public grid. Further, more than 20 of the 34 provincial capitals lack a functioning piped water system and collect no more than 50 percent of solid waste.</p>	

Source: GAO analysis of USAID and other data.

<sup>a</sup>Although USAID managed the construction of schools and clinics under the REFS contract, it designated them programmatically as parts of the education (APEP) and health (REACH) sectors, respectively.

USAID's infrastructure program focused on some of Afghanistan's large infrastructure needs, including construction of the primary highway and emergency electricity provision to four cities; however, progress has been limited. USAID designed the Rehabilitation of Economic Facilities and Services (REFS) program, to promote economic recovery and political stability in Afghanistan by repairing selected infrastructure. To ensure sustainability, USAID also designed REFS to strengthen pertinent institutions' management capacity, and to strengthen Afghan construction companies' ability to build according to international standards. The Louis Berger Group, Inc., implemented most of the infrastructure work through

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2004 under the 3-year REFS contract. Under the Accelerating Success initiative, USAID increased REFS' funding from \$143 million to \$665 million and added 12 new awards with a collective funding ceiling of almost \$400 million.

USAID's fiscal year 2004 infrastructure programs included the following:<sup>31</sup>

- **Primary roads.** USAID completed the first phase of the construction of the Kabul-Kandahar Ring Road, which decreased travel time between the two cities from several days to 6 hours. The second phase—adding layers of asphalt, bridges, culverts, shoulders, and signage—was to be complete by October 2004, but repair work continued into 2005. USAID also mobilized contractors and started survey work to begin the next section of the road, from Kandahar to Herat.
- **Secondary and urban roads.** By fiscal year 2004, work had begun on one urban road in Kabul, diverting traffic away from the U.S. Embassy, and one secondary road to provide access between Kabul and a southern city, Gardez. In addition, according to contractor reports, planning or construction of nine additional secondary roads began; however, by the end of fiscal year 2004, four were postponed due to lack of funding.
- **Power.** To increase the power supply around Kandahar in the south, USAID began rehabilitation of two turbines for the Kajaki Dam. By the end of fiscal year 2004, USAID was negotiating for construction of a third turbine as well as seeking a solution to a power shortage in Kabul. In the meantime, USAID supplied emergency power to Kabul, Kandahar, Lashkar Gah, and Qalat by providing fuel for generators at the cost of approximately \$3 million per month.
- **Irrigation.** USAID began work on several irrigation projects: the emergency rehabilitation and reconstruction of the Saur-e-haus Dam, spillway, and diversion channel; rehabilitation of the Zana Khan Dam; the Sardeh Irrigation System; and three intake systems. By the end of fiscal year 2004, construction of the Sardeh Irrigation System and two of the intake systems had been completed.

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<sup>31</sup>See appendix III, tables 13 and 14 for performance indicators.

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- **Water/wastewater.** By September 2004, USAID had contracted for water availability assessments for two planned communities and for water system assessments and design upgrades for three provincial capitals.
  - **Schools and clinics construction.** In the initial infrastructure contract with the Berger Group, USAID included the construction or rehabilitation of 40 schools and clinics as an illustrative target to be achieved by the end of 2003, with an additional 60 buildings to be completed by the end of 2004. The actual job orders signed in July 2003 show that the Berger Group agreed to complete 55 schools and 78 clinics. By the end of September 2003, only 1 building was completed. USAID reduced the Berger Group's responsibility to 105 buildings and in May 2004 provided grants to five additional organizations, with the goal of rehabilitating or constructing a total of 774 buildings by October 31, 2004. In mid-2004, owing to, among other things, the education and health ministries' insistence on producing new as opposed to refurbished buildings and a lack of progress by all implementing partners, USAID, according to grant and contract documentation, reduced its expectations to about 530 buildings<sup>32</sup> and extended the completion deadline to December 2004.<sup>33</sup> By the end of fiscal year 2004, the implementing partners reported having refurbished 77 buildings and substantially completed new construction of 23 buildings.

Because the Accelerating Success initiative emphasized visible construction, in addition to time and funding constraints, USAID largely abandoned the REFS contract's objective of building Afghan ministry capacity in 2004. The Berger Group had recruited and hired experts to supply intellectual capacity at the ministries of Public Works, Irrigation, Health and Education; however, this project was discontinued in June 2004.

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<sup>32</sup>Excluding the award to the Berger Group, awards to the implementing partners for schools and clinics did not specify the number of buildings to be completed by the end of the award. The USAID contracting office supplied the original goal (774 buildings) which was confirmed by the regional Inspector General. However, information provided by the Afghanistan Interagency Operations Group lists an original goal of 877 buildings. There was no consensus as to the revised goal; however, the implementing partners and the regional Inspector General reported a revised goal of about 530 buildings.

<sup>33</sup>According to USAID, the National Security Council formally reviewed the fiscal year 2004 school and clinic rehabilitation/construction program and changed the target to 56 schools and 20 clinics to be constructed or rehabilitated by the end of fiscal year 2004. The Council noted this September 30 deadline as a "milestone indicator" towards longer-term targets.

**Figure 13: Women’s Initiatives**

<b>Women’s Initiatives</b>	
	<p><b>USAID program:</b> Initiatives Targeting Afghan Women and Girls</p> <hr style="border-top: 1px dashed #000;"/> <p><b>Funding:</b> Earmarks: \$60 million; USAID funds targeting women and girls: \$196 million (approximate)</p> <hr style="border-top: 1px dashed #000;"/> <p><b>Goal:</b> Assist women and girls in Afghanistan in the areas of political and human rights, health care, education, training, security, and shelter.</p> <hr style="border-top: 1px dashed #000;"/> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Establish or rehabilitate health care facilities</li> <li>• Expand immunization programs</li> <li>• Establish, maintain, and expand primary and secondary schools</li> <li>• Establish vocational training and income-generation projects</li> <li>• Provide special education opportunities for girls whose schooling was ended by the Taliban</li> <li>• Provide access to higher education</li> <li>• Protect against sexual and physical abuse, abduction, trafficking, exploitation, and sex discrimination</li> <li>• Provide emergency shelters for women who face danger from violence</li> <li>• Direct humanitarian assistance to widows</li> <li>• Support the work of women-led and local nongovernmental organizations</li> <li>• Disseminate information throughout Afghanistan on the rights of women</li> <li>• Provide women's rights and human rights training for military, police, and legal personnel</li> <li>• Support the National Human Rights Commission</li> </ul> <hr style="border-top: 1px dashed #000;"/> <p><b>Implementers:</b> Numerous</p>
<b>Sector Background</b>	
<p>Despite a progressive constitution and elected government, women in Afghanistan remain subject to traditional, restrictive customs that limit their safety and independence. When the Taliban took power in 1996, they instilled and brutally enforced a series of ultraconservative measures affecting women, including prohibiting education for girls older than 8 years, limiting women's access to health care, restricting women's mobility outside the home, and prohibiting women's employment. While many of these practices were discarded when the government changed and the new constitution granted women equal rights as citizens, violence against women persists—including beatings, rape, forced and underaged marriages, and kidnappings—owing to traditional social customs and lack of enforcement of women’s constitutional rights.</p>	

Source: GAO analysis of USAID and other data.

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Although U.S. agencies focused on 10 of the 13 women-centered objectives<sup>34</sup> legislated by Congress,<sup>35</sup> the overall impact of these efforts has not been measured. (See app. III, table 17 for progress on objectives.) Unlike programs for most reconstruction sectors, no overarching contract was let to implement women-centered programs. Instead, U.S.-funded programs incorporated components that advanced the social, economic, and political rights and opportunities of women, dedicating about \$196 million to such initiatives. For example, USAID provided more than 90,000 girls with education equivalent to one or more grade levels through the APEP accelerated learning program and trained community health care workers and midwives through REACH. USAID also provided democracy and governance technical assistance, which helped over 3 million women register for, and vote in, the 2004 presidential elections. USAID also implemented other projects, such as reconstructing a women's dormitory to enable more than 1,100 young women to attend university in Kabul, establishing a women's teacher training institute, and, according to USAID, completing 3 of 17 planned women's resource centers in provincial capitals. Other U.S. government agencies also incorporated women's issues into their work. For example, the Department of State granted \$75,000 to train four Afghan woman judges in civil and family law. Likewise, the DOD included "*Principles of non-discrimination: Women in Society*" and other pertinent classes in their curriculum for training the Afghan National Police.

In addition, the U.S.-Afghan Women's Council was created to accelerate progress by promoting public-private partnerships between U.S. and Afghan institutions and mobilizing private sector resources to benefit women. The council raised about \$135,000 of private sector funds from entities such as an America Online women executives group and Daimler-Chrysler. These funds supplemented various U.S. government projects, including training of women judges, the Afghan Family Health Book, and community banks and microfinance loans. Many of the other projects sponsored by the council, such as the Women's Teacher Training Institute,

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<sup>34</sup>Programs for women and girls against sexual abuse and trafficking, shelter for women and girls, and programs disseminating information on the rights of women were not specifically addressed in any U.S. government project. See appendix III for progress on other objectives.

<sup>35</sup>The U.S. government legislated assistance to Afghan women under the Afghanistan Freedom Support Act of 2002 and the Emergency Supplemental of 2004. Additional support, not discussed in this report, was legislated under the Afghan Women and Children Relief Act of 2001 (Public Law 107-81).

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were funded and managed through USAID. Whereas USAID's reconstruction sector programs tend to target a broad range of women and have a national scope, many of the council-supported projects impact a small number of women.

Although U.S. legislation and assistance programs have included efforts to address the needs of Afghan women, as of the time of this report, no evaluation had been conducted to determine the overall impact of U.S. gender-related efforts.

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## Assistance Management and Interagency Coordination Problems Persisted

Problems associated with the management and coordination of U.S. assistance to Afghanistan occurred throughout fiscal year 2004. As in fiscal years 2002-2003, the persistence of project management problems affected agencies' oversight of reconstruction contracts. U.S. financial data on assistance to Afghanistan remained fragmented and incomplete, and USAID continued to operate without a comprehensive operational strategy to guide its efforts. In addition, USAID did not always enforce required contract provisions, USAID directives, or a federal acquisition regulation necessary to hold contractors accountable for their performance. In addition, comprehensive performance indicators in most sectors were lacking.<sup>36</sup> Consequently, decision makers in Washington did not receive meaningful information about the results of USAID-implemented projects. Problems with project monitoring also continued in 2004, and although USAID has taken steps to improve project monitoring, limited staffing and security restrictions reduced its ability to provide proper oversight for much of the fiscal year. Finally, although coordination of U.S. efforts occurred daily throughout 2004, the evolving roles of U.S. organizations and the coordination of international assistance were problematic.

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## Management Problems Impeded Oversight

During fiscal year 2004, a number of management problems negatively affected the U.S. agencies implementing reconstruction projects and prevented agency officials from providing project oversight. The tracking of U.S. financial data for Afghanistan assistance remained fragmented and incomplete. In addition, USAID continued to operate without a comprehensive strategy to guide its overall assistance effort. Contract

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<sup>36</sup>Performance indicators are used to observe progress and measure actual results versus expected results.

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management and performance measurement problems also impeded oversight. Finally, staff turnover and travel restrictions negatively affected USAID's ability to provide regular on-site monitoring of project activities.

### U.S. Governmentwide Financial Data Still not Readily Available

In fiscal year 2004, tracking of U.S. assistance financial data for Afghanistan improved but remained fragmented and incomplete. In June 2004, we reported that the Coordinator for U.S. assistance to Afghanistan, as well as others involved in the management of the assistance effort, lacked complete and accurate financial data for fiscal years 2002 and 2003. Because of the lack of accessible and timely financial data, program managers were hampered in their ability to, among other things, allocate resources and determine whether strategic goals were being met.<sup>37</sup>

Although more information on assistance obligations was available in fiscal year 2004 than in previous years, U.S. agencies remained unable to readily supply complete and accurate financial data for programs in Afghanistan. There was no single, consolidated source of fiscal year 2004 obligation and expenditure data for U.S. assistance to Afghanistan. Consequently, as in 2002 and 2003, the embassy and the coordinator's office continued to lack complete and accurate financial data to inform their decisions. According to the Embassy Interagency Planning Group, numerous organizations with little coordination or oversight track the U.S. budgetary process for assistance to Afghanistan, including obligation and expenditure data. To address this problem, the embassy created an interagency resource office in November 2004 to provide better visibility over all U.S. assistance financial matters in Afghanistan.<sup>38</sup>

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### USAID Strategic Guidance Still Lacking

As in previous years, USAID operated in fiscal year 2004 with an interim, rather than a more complete, standard strategy for its activities in Afghanistan. USAID directives allow the use of interim strategic plans in countries experiencing high uncertainty because of drastic political,

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<sup>37</sup>GAO-04-403.

<sup>38</sup>Because the office was established after the end of fiscal year 2004, we did not assess its effectiveness.

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military, and/or economic events.<sup>39</sup> In June 2004,<sup>40</sup> we reported that although the USAID mission in Afghanistan developed an interim strategy and action plan in August 2002, these documents did not clearly articulate measurable goals or provide details on time frames, resources, responsibilities, objective measures, or the means to evaluate results for each of the sectors targeted by the strategy, as required by USAID directives.<sup>41</sup> The mission obtained yearly waivers allowing it to postpone developing a comprehensive strategy until February 2005. According to USAID officials, the mission did not complete a comprehensive strategy in fiscal year 2004 because it wanted to wait until the Afghan presidential elections had been completed and a new government formed. USAID officials informed us in July 2005 that a more comprehensive strategy had been completed and approved by USAID management in Washington, D.C. Although a new strategy was completed prior to the end of fiscal 2005, more than 3 years have passed between the time USAID began providing postconflict assistance to Afghanistan and the completion of a comprehensive USAID assistance strategy for Afghanistan. The lack of a comprehensive 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.

Contract Management Problems  
Reduced Oversight of  
Contractors

Contract management problems affected most reconstruction sectors, making it difficult to hold contractors accountable. Oversight of the USAID assistance contracts for Afghanistan was essential owing to the inherent

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<sup>39</sup>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).

<sup>40</sup>GAO-04-403.

<sup>41</sup>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.

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risks associated with the use of cost-plus-fixed-fee contracts; the awarding of contracts through bidding procedures that were not fully open and competitive; the large initial dollar value and scope of the contracts and large increases in the dollar values and scopes over time; and the requirement to demonstrate progress quickly.<sup>42</sup>

Despite the need for strong oversight of USAID assistance contracts, we found that USAID did not provide adequate contract oversight, including holding contractors to stipulated requirements and conducting required annual reviews of contractor performance.

- **Agriculture.** USAID did not hold its primary contractor to the contract's requirement to conduct five crop subsector assessments that were to serve as the basis for the contractor's annual work plans and all future activities. According to the contractor, it did not complete the assessments because USAID was pressing it to produce visible progress through the construction of, among other things, irrigation canals and farm-to-market roads by the Accelerating Success deadline. Although USAID documented the contractor's lack of performance, as of October 2004, it had not required the contractor to complete the assessments.
- **Economic governance.** USAID's regional Office of Inspector General reported in August 2004 that, because the contractor failed to produce contractually required quarterly work plans and schedules, the Office of the Inspector General could not determine whether the economic governance program was on schedule to achieve planned outputs.<sup>43</sup> According to the Inspector General's report, USAID officials did not require the contractor to produce the plans, in part because mission

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<sup>42</sup>FAR 16.101(b) groups contracts into two broad categories: fixed-price contracts and cost-reimbursement contracts. The specific contract types range from firm-fixed-price, in which the contractor has full responsibility for the performance costs and resulting profit (or loss), to cost-plus-fixed-fee, in which the contractor has minimal responsibility for the performance costs and the negotiated fee (profit) is fixed. Because the contractor has minimal responsibility for the performance costs, the latter type of contract requires careful management and monitoring. With the authority provided by AIDAR 706.302-7(b)(3)(ii), other than full and open competition contracting procedures were authorized by USAID management in February 2002 to expedite the delivery of assistance to Afghanistan.

<sup>43</sup>USAID Regional Office of the Inspector General, *Audit of the Sustainable Economic Policy and Institutional Reform Support Program at USAID/Afghanistan*, Report Number 5-306-04-005-P, (Manila: Aug. 17, 2004). At the time of the audit, only two of the six required quarterly work plans were completed and neither included milestones or expected accomplishments.

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staff in Kabul lacked time to review them. To correct this problem, the contractor began producing quarterly work plans and schedules in July 2004.

- **Infrastructure.** The use of grants instead of contracts to accelerate the construction of some schools and clinics in fiscal 2004 made it difficult for USAID to hold grantees accountable, because no-penalty clauses were included in the grant agreements. Further, neither USAID nor its initial contractor developed a quality assurance plan for the school and clinic reconstruction effort. Such a plan could have guided USAID's oversight efforts and assisted in the identification of problems. Similarly, although the main infrastructure contractor was required to develop and submit a comprehensive quality control and assurance program for the Kabul–Kandahar Road construction project, this was not done. According to a September 2004 USAID Inspector General report, USAID did not inspect contract quality control laboratories until 21 months after road construction began.<sup>44</sup> The Regional Office of the Inspector General also found deficiencies in the contractor's quality control program, such as untrained personnel and lack of adherence to testing standards.
- **All sectors.** Because of staffing constraints and competing priorities, USAID did not perform annual contractor performance evaluations in any sector as required by USAID policy directives in 2004 and federal regulation.<sup>45</sup> The evaluations are intended to document contract quality, cost control, and timeliness; and inform future award decisions. According to USAID, five additional contracting staff were hired in early fiscal 2005 and efforts to conduct evaluations subsequently began. In addition, according to contract provisions, technical and contracting

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<sup>44</sup>USAID Office of the Inspector General, *Audit of the Kabul to Kandahar Highway Reconstruction Activities Financed by USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program*, Report Number 5-306-04-006-P, (Manila: Sept. 21, 200.)

<sup>45</sup>According to USAID and federal contracting regulations, contracting officers must report on contractor performance at least annually. USAID policy (see USAIDAR 742.1502) states that contracts in excess of \$100,000, including individual task orders under indefinite quantity contracts, must be evaluated at least annually (for contracts exceeding 1 year in duration) and upon completion of activities, as required by FAR 42.1502. More frequent evaluations may be conducted if the Contracting Officer and Cognizant Technical Officer determine them to be in the best interests of the activity. Federal Acquisition Regulation 36.201 also requires agency officials responsible for monitoring contractor performance to prepare performance evaluation reports for all construction contracts with a value of \$500,000 or more.

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officers are to meet quarterly and annually with contractors to discuss performance and other administrative and technical issues. Although USAID maintains that staff met frequently with contractors throughout 2004 and conducted in-house reviews of some of the major programs, most meetings were ad hoc and records of the discussions were not always formally documented and reported. The absence of such records makes it difficult to determine the nature and extent of problems with individual contractors or across multiple contractors' efforts. Such records would also facilitate conducting annual contractor performance evaluations.

## Performance Measurement Problems Plagued Programs

The USAID mission in Kabul did not develop a performance management plan for 2004. In addition, performance information in several sectors was lacking, making it difficult to determine the results of USAID assistance. Finally, because of—among other problems—weaknesses in contractor reporting and the lack of a performance management system, the information reported by USAID to decision makers in Washington, D.C., did not accurately portray the status of each sector or the overall assistance effort.

USAID directives state that performance management represents the agency's commitment to manage programs with greater accountability and that operating units must prepare a complete performance management plan to manage the process of assessing and reporting progress toward strategic objectives.<sup>46</sup> However, since the mission in Kabul was operating under a wavier that permitted it to use an interim strategy rather than a more comprehensive strategy, it was also allowed to operate without a comprehensive performance management plan. Although a performance management plan was not required, USAID directives state that when an interim strategy is used, program performance should still be measured—country volatility may require intensive monitoring and measurement of program implementation.<sup>47</sup> USAID officials stated that although a formal plan was not prepared, goals, indicators, baselines, and targets were included in major contracts. However, without a performance management plan that meets the requirements stipulated in USAID directives, USAID

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<sup>46</sup>USAID Functional Series 200 Programming Policy Automated Directive System 203.3.2 Performance Management Plans.

<sup>47</sup>USAID Functional Series 200 Programming Policy Automated Directive System 201.3.4.3, Types of Strategic Plans.

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cannot develop a complete and accurate assessment of the status of its assistance efforts. The United States has pledged to maintain a long-term presence in Afghanistan, in part by increasing the number and scope of USAID contracts. Consequently, the need for a comprehensive plan and for the greater integration of performance measurement into the work of contractors will continue to be important in future years. Now that a new overall, longer-term strategy for USAID's efforts in Afghanistan is approved, USAID has stated that the mission in Kabul will develop a performance management plan that complies with USAID directives.

Further, USAID directives state that performance data collection should be integrated with implementing contractors' activities and incorporated into the contractors' work plans.<sup>48</sup> USAID did not stipulate the requirement for contractors to develop sector-specific performance plans in three of the six major reconstruction contracts. In two of the three contracts where a requirement was stipulated, little information on what should be included in the plans was prescribed. We found problems with performance measures in the following sectors:

- **Agriculture.** The contractor was required to report to USAID on the status of 14 performance measures. (See app. III, table 6 for a list of the measures.) However, the contractor did not collect or report information for most of the measures, making it difficult for USAID to accurately determine the extent to which the program was achieving expected results. Efforts were underway in June 2005 to improve agriculture-related performance measures.
- **Democracy and governance.** In the grant awarded for civic education and political party building, USAID did not require the implementing partners to establish specific targets or develop performance management plans, making it difficult to assess whether the program was on schedule or achieving intended results.
- **Economic governance.** For most of fiscal year 2004, the contractor did not develop performance measures, which would have helped USAID monitor the sector's results. An Afghan government review of USAID's economic governance program stated that the contractor had not developed a formal process for assessing advisors as required in the statement of work. Consequently, it was unclear how USAID or the

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<sup>48</sup>USAID Functional Series 200 Programming Policy Automated Directive System 203.

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contractor assessed advisors' performance, determined whether the advisors' knowledge had been transferred to Afghan counterparts (a key aspect of the program), or monitored the program's progress. USAID officials stated that the program's progress was tracked through weekly and monthly progress reports. We found that although these reports provided information on the status of activities, they did not contain specific performance indicators to determine the impact of the project. To correct this weakness, the contractor initiated efforts to produce periodic performance measures in the last quarter of fiscal year 2004.

- **Health.** According to an evaluation of the health sector, the contractor's data management system was unable to collate data from service delivery subgrantees into a comprehensive picture for the overall service delivery effort, making it difficult for managers and USAID to judge progress or results.<sup>49</sup>

Owing to these weaknesses and other problems, the performance measures that the Kabul mission provided to decision makers in Washington, D.C., did not completely portray the status of each sector or the overall Accelerating Success initiative. For example, we found that the reported agriculture sector measures, such as kilometers of canal repaired, did not provide the information necessary to determine whether the program was meeting the primary objectives stated in the contract—increasing agricultural productivity and farmers' incomes. Likewise, the only two measures where reported for the democracy and governance sector, the number of courthouses constructed, and the number of judicial personnel trained. Those measures did not capture the performance of the diverse activities implemented in this sector. Further, the data reported in some sectors did not always match contractor reports. For example, although contractor reports indicated that 77 schools were refurbished and 8 were substantially complete, reports provided to Washington indicated that only 39 schools had been constructed or rehabilitated.

Program managers need accurate operational information, including performance measures, to determine whether strategic objectives are being met.<sup>50</sup> According to USAID officials in Washington, D.C., only 3 days

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<sup>49</sup>According to USAID, the contractor, USAID, and the Afghan Ministry of Health began regularly reporting from an improved information system in December 2004.

<sup>50</sup>[GAO/AIMD-00-21.3.1](#).

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were allowed for the development of the Accelerating Success performance measures. The measures were selected based on what USAID thought it could accomplish by the June 2004 target date rather than what was needed to determine progress and results in each sector. USAID conditioned meeting the targets on, among other things, the existence of a secure environment and the receipt of funding by July 2003. Neither of these conditions existed. USAID does not believe that the performance measures currently used are an effective way of measuring progress toward program objectives and plans to introduce more meaningful performance measures in fiscal 2006. The agency maintains that it is crucial to take into account lessons learned related to the difficulty of the reconstruction environment when developing future measures. (App. III presents information on the performance measures that were included in the main contracts for each sector and the Accelerating Success performance measures provided to decision makers in Washington, D.C.)

Lack of Staff and Security  
Restrictions Impeded Effective  
On-Site Project Monitoring

Throughout fiscal year 2004, staffing problems and security restrictions limited on-site project monitoring. Although the USAID mission in Kabul had more staff and better working conditions by late fiscal year 2004 than in previous years, staff levels and turnover continued to pose a challenge.<sup>51</sup> Staff at the USAID mission in Kabul continued to manage a much larger amount of assistance than their counterparts at other missions. Specifically, as of June 2004, staff at the mission in Kabul managed approximately \$27.5 million in assistance per staff member while counterparts at other missions managed \$1.2 million per staff member. This ratio improved by September 2004 after USAID increased its staff from 41 to 101. In September, the ratio was reduced to about \$11.2 million per staff person while the average across USAID missions remained about \$1.2 million per staff person. Further, staff turnover in key positions continued in 2004. For example, the mission had three different directors in fiscal year 2004. Similarly, the agriculture sector had five different technical officers in 2004, owing to staff performance problems and delays in finding a permanent officer. According to USAID, the mission in Kabul also did not have sufficient staff in Afghanistan with the technical knowledge to monitor reconstruction projects. To increase technical knowledge, 10 members of the U.S. Army Corps of Engineers were assigned to the Kabul

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<sup>51</sup>In July 2004, a new compound consisting of prefabricated offices and housing units was completed across the street from the embassy increasing available facilities and allowing greater numbers of staff to be hired. Owing to security and difficult living and working conditions, Afghanistan is a one-year posting for Department of State and USAID personnel.

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mission by September 2004. To increase the recruitment pool for staff assigned to the USAID mission, in November 2004, USAID's Administrator requested all staff to consider serving in one of four critical posts including Afghanistan, Iraq, Pakistan, and Sudan. In addition, in order to attract and retain more U.S. direct hire staff for extended periods, USAID has increased pay incentives, such as hazard pay, cost of living, and overtime remuneration.

Security restrictions limited the travel of U.S. direct-hire personnel to program sites outside Kabul, making routine program monitoring difficult. In its April 2004 risk assessment of the USAID mission in Kabul, USAID's Inspector General cited the inability to travel freely to project sites because of security concerns as a material weakness and an overriding constraint to managing assistance activities in Afghanistan. For much of fiscal year 2004, USAID staff had limited access to project sites and depended on reporting from its contractors and grantees. To improve project monitoring, USAID contracted with a nongovernmental organization to conduct site evaluations; however, the contract was not signed until May 2004.

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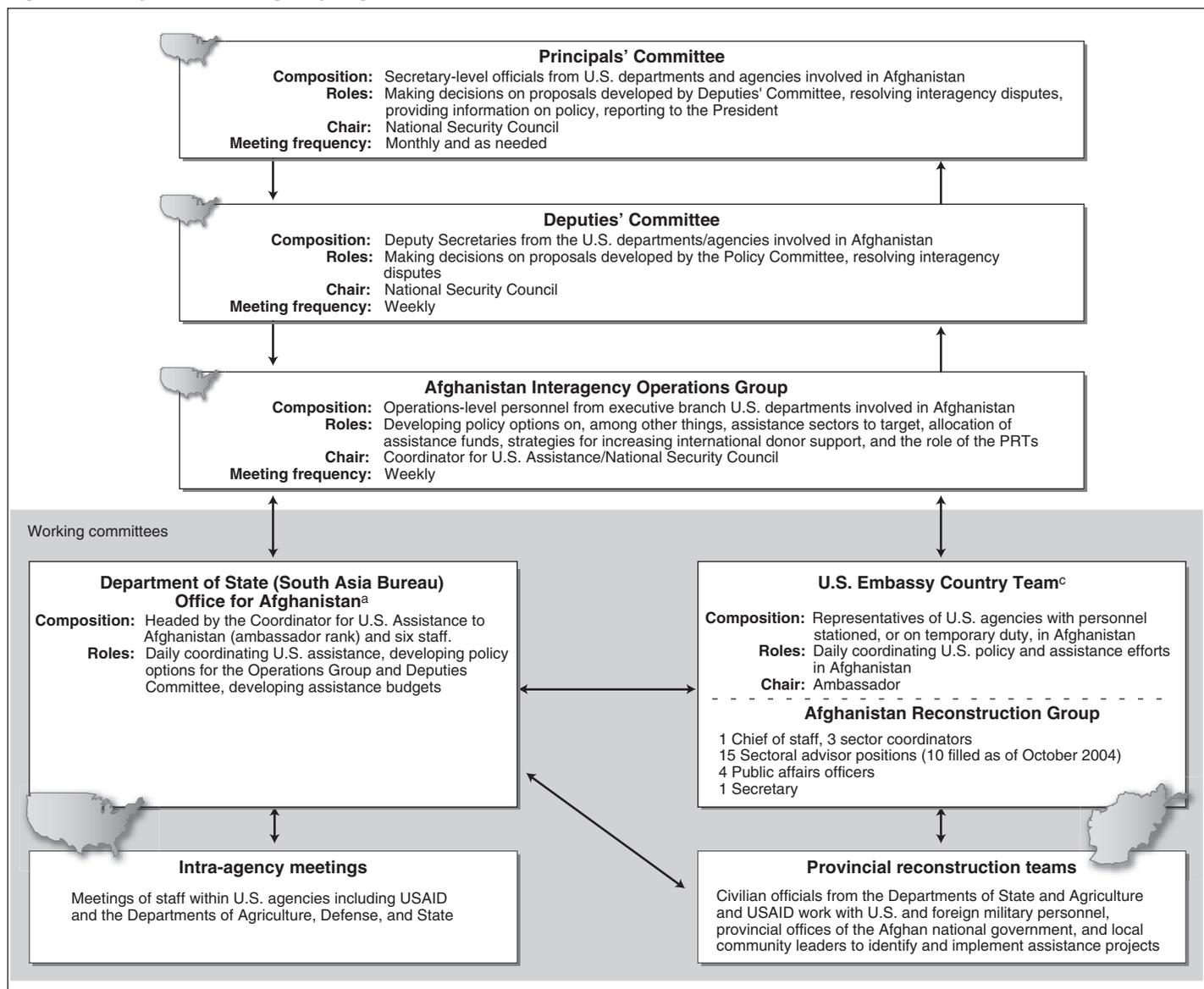
### Efforts to Improve Coordination of U.S. Activities and International Assistance Had Varying Results

Although coordination of U.S. assistance efforts occurred daily throughout fiscal year 2004, new initiatives to improve coordination of U.S. assistance in Afghanistan had mixed results. Also, despite efforts by the Afghan government to better coordinate international donor assistance, problems associated with the effectiveness of coordination mechanisms persisted in 2004.

#### U.S. Efforts Were Coordinated through Interagency Process, but Initiatives to Improve Coordination Had Mixed Success

U.S. assistance to Afghanistan in fiscal year 2004 was coordinated primarily through daily meetings of the Afghanistan Interagency Operations Group. The group included representatives from the Department of State's Office for Afghanistan, USAID, DOD, and other agencies delivering assistance. According to Department of State officials, this formal, interagency committee provided a uniform process for making, and informing the President of, policy-level decisions and for sharing information among agencies. In Afghanistan, U.S. assistance was coordinated through the U.S. Embassy country team. (See fig. 14.)

**Figure 14: Major U.S. Interagency Afghan Assistance Coordination Mechanisms Used in Fiscal Year 2004**



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

Note: The interagency coordination structure is based on National Security Presidential Decision Directive-1 (Feb. 13, 2001).

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The United States undertook several initiatives in fiscal year 2004 to improve coordination of U.S. assistance in Afghanistan. Specifically, the office of the Commander of the Combined Forces Command-Afghanistan (CFC-A) was moved to the embassy from Bagram Airbase (27 miles north of Kabul) to improve coordination between civilian and military efforts in Afghanistan. Further, according to embassy officials we interviewed and documents we reviewed, the Ambassador did not believe that the existing embassy management structure was sufficient to plan, coordinate, and monitor U.S. operations and did not have confidence in the accuracy of reconstruction assistance reporting. To improve reconstruction management, planning, and reporting, the ambassador created the Embassy Interagency Planning Group, staffed by military officers, to improve reporting on reconstruction projects, facilitate the development and execution of the Mission Performance Plan, and act as a liaison between the embassy, CFC-A, the Afghanistan Interagency Operations Group, and others.

The Departments of State and Defense also created the Afghanistan Reconstruction Group (ARG) in fiscal year 2004, recruiting private sector and other experts to serve as strategists to the Ambassador and as sector advisors to key Afghan government ministries. However, the group's mandate, mission, roles, and responsibilities were not delineated or incorporated into the embassy's Mission Performance Plan. In addition, according to ARG, USAID, and Department of State officials, the ARG focused its efforts on criticizing USAID programs rather than providing constructive advice. As a result, animosity developed between the ARG advisors and some USAID and embassy staff. According to USAID and Department of State officials we spoke to, some ARG advisors did not coordinate Afghan ministry meetings with embassy staff or inform them about the meetings' results. State and USAID officials stated that because separate meetings were being held, Afghan government ministries sometimes received conflicting messages about U.S. reconstruction activities. Further, some USAID contractors became confused by ARG advisors' efforts to direct the reconstruction effort. For example, ARG advisors responsible for economic governance issues tried to direct the activities of USAID's contractor for that sector. To clarify lines of authority, USAID informed its contractors that they were to take direction from USAID alone. Most U.S. officials we spoke to in November 2004 stated that coordination with the ARG had improved; however, the roles and responsibilities of the ARG remained unclear.

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To enhance reconstruction efforts, the U.S. government increased the presence in the PRTs of civilian personnel from the Department of State, USAID, and other agencies. By September 2004, about 13 Department of State, 8 USDA, and 13 USAID representatives were stationed alongside U.S. military personnel in PRTs across Afghanistan.<sup>52</sup> However, in the absence of a common doctrine or set of best practices for incorporating civilian personnel, coordination varied depending on each PRT commander's priorities and personal relationships with civilian agency representatives. In addition, we found that stationing civilian personnel in the PRTs did not improve oversight of Kabul-based projects. In general, USAID personnel at the PRTs focused on identifying, implementing, and coordinating PRT-based, quick-impact projects. Few USAID technical officers stationed in Kabul used the USAID PRT staff to help monitor reconstruction projects. We reported that in fiscal year 2003, neither USAID officers stationed in Kabul nor at PRTs were able to identify the location of many Kabul-directed projects in the field.<sup>53</sup> This problem persisted in 2004 despite the addition of a Kabul-based USAID-PRT coordinator to facilitate logistics and communication.

### Coordination Problems between Afghan Government and Donors Persisted

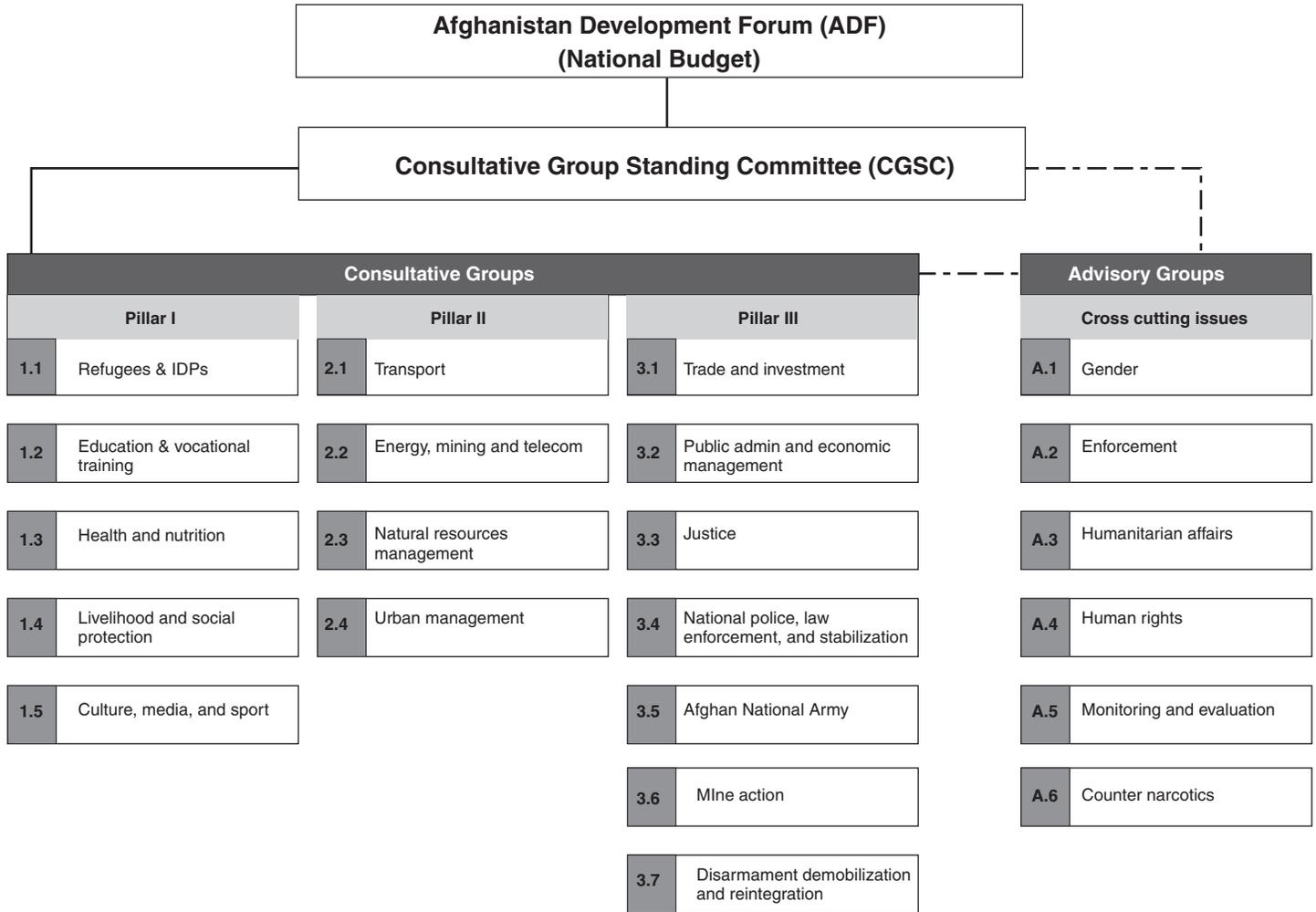
Despite some efforts by the Afghan government to coordinate assistance from international donors, problems associated with the effectiveness of coordination mechanisms persisted throughout 2004. The Afghan government established the National Development Framework and Budget and consultative groups to coordinate international assistance. The development framework and budget established broad national goals and policy direction for a reconstructed Afghanistan. The consultative groups were designed to assist in the planning and implementation of the national budget and to coordinate the international community's independent efforts and political objectives. (See fig. 15.)

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<sup>52</sup>The Department of State officials stationed at PRTs focus on diplomatic issues, not reconstruction. USDA PRT staff are to help enable, support, and foster reconstruction of the agricultural sector, and to help build the ability of the Afghan central government to support and provide services to the agricultural sector.

<sup>53</sup>[GAO-04-403](#).

**Figure 15: Consultative Group Structure 2004**



Source: Government of Afghanistan.

In June 2004, we reported that the coordination of international assistance and the consultative groups had not been effective.<sup>54</sup> We found, among other things, that some donors independently pursued development efforts in Afghanistan; the international community asserted that the Afghan

<sup>54</sup>GAO-04-403.

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government lacked the capacity and resources to effectively assume the role of coordinator; the terms of reference for the consultative 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 had not been maximized.

International coordination improved somewhat in 2004. The national Consultative Group Standing Committee met frequently; the Afghan government presented a consolidated national budget to focus international donations at the Afghanistan Development Forum; and more donors demonstrated increasing commitment to use the national budget to focus their assistance. However, the then Minister of Finance stated that some international donors continue to provide assistance based on what they want to provide rather than on the Afghan government's needs.

However, problems with the consultative groups and USAID's coordination with the Afghan government persisted in fiscal 2004. According to the then Minister of Finance, the consultative group mechanism had not matured into a real decision-making forum. More than 1 year after their creation, most groups met infrequently and 5 of the 16 groups had not yet developed terms of reference to guide their efforts. Others that did not produce results, such as the natural resources consultative group, were effectively disbanded. Although USAID participated in a number of the consultative groups, some coordination issues remained. For example, according to USAID officials there were extensive contacts between USAID, contractors, and ministry officials, and ministries had to approve building designs and site locations. However, officials from the Ministries of Education and Health believed they had been excluded from participating in the management of the construction of schools and clinics. Further, the lack of coordination among the Ministry of Health, USAID, and the REACH contractor to match clinic construction site selection with the location of health service delivery grant activities caused a significant barrier to expanding the basic provision of health services. The Minister of Agriculture stated that he was not regularly informed about the U.S. agriculture program's progress and was unable to respond to public inquiries about the program, increasing skepticism as to whether any assistance was being delivered. Similarly, according to an evaluation commissioned by the Afghan government, the Minister of Finance and his department heads had little input into the initial identification and selection

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of some of the USAID contracted advisors and were dissatisfied with their qualifications and work.<sup>55</sup>

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**Lack of Security,  
Opium Cultivation, and  
Funding Delays  
Obstructed  
Reconstruction and  
Threatened  
Achievement of U.S.  
Goals**

In fiscal year 2004 Afghanistan’s security situation remained volatile and, in some parts of the country, seriously deteriorated. Attacks on assistance projects occurred throughout the year, resulting in project delays and the deaths of assistance workers. In addition, dramatic increases in opium cultivation continued to threaten stability in Afghanistan; efforts to reverse the trend, including the development and implementation of a U.S. counternarcotics strategy, began in late 2004. Further, delayed funding continued to hamper the U.S. assistance effort in Afghanistan. Most of the funding needed to meet June 2004 Accelerating Success initiative targets was not available until February, just 5 months prior to the target date.

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**Deteriorating Security  
Delayed Project  
Implementation, Fueled  
Instability**

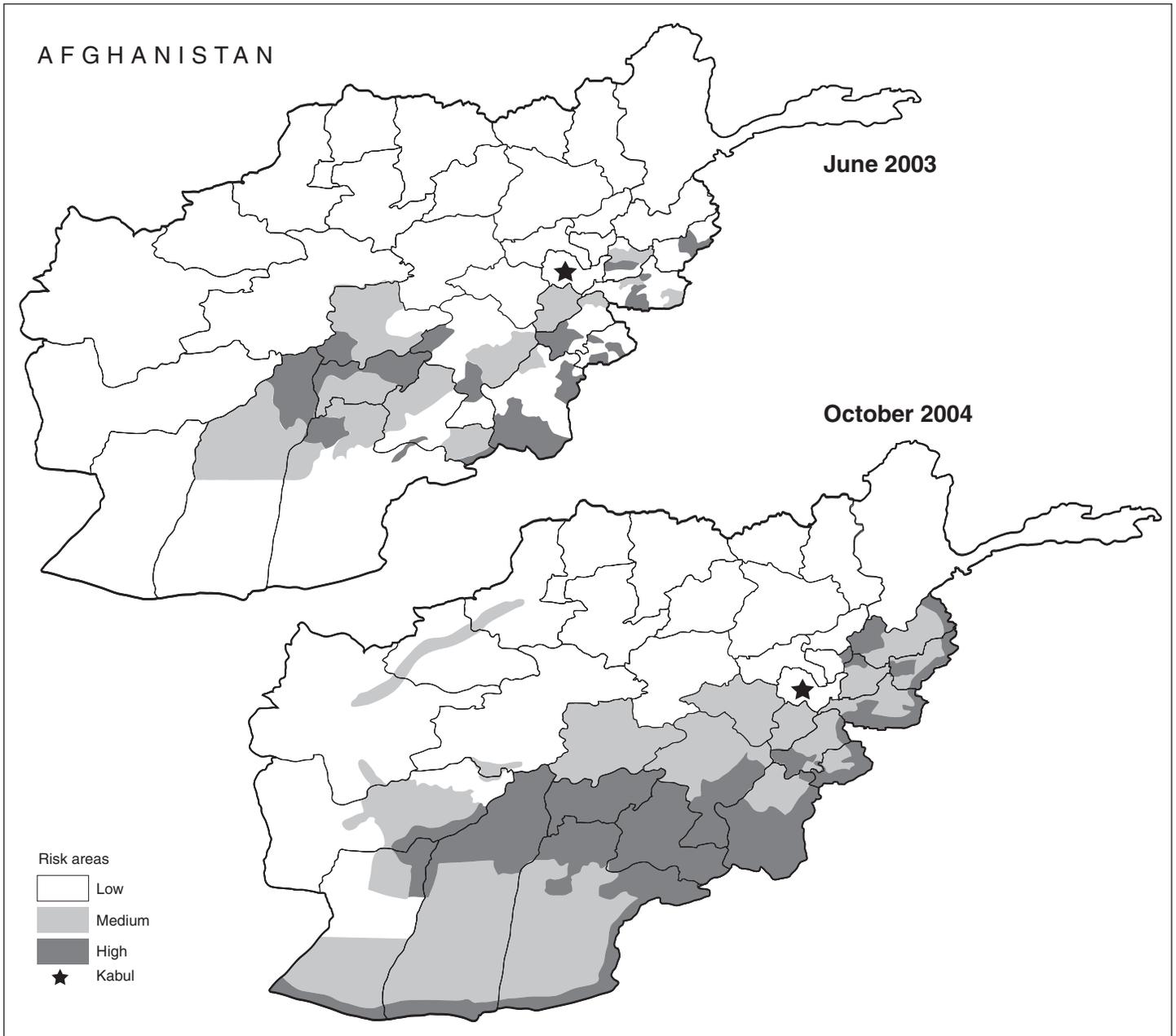
In fiscal year 2004 the security situation in Afghanistan was volatile and deteriorated in some regions. Attacks against aid workers, Afghan security forces, and international forces increased. According to U.S. security data and UN reports in August and November 2004, deteriorating security in the south and southeast caused large areas to be “effectively out of bounds to the assistance community”<sup>56</sup> (see fig. 16). In the north—an area commonly viewed as the safest in the country—attacks resulted in the deaths of foreigners and Afghans. Direct attacks on UN compounds and convoys occurred in Kandahar, Konduz, and Hirat provinces as well as other provinces.

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<sup>55</sup>Mohammad Qayoumi, *Monitoring and Evaluation of Afghanistan Economic Governance Program* (Kabul: 2005).

<sup>56</sup>United Nations, *The Situation in Afghanistan and Its Implications for International Peace and Security*, Report of the Secretary General, A/58/868-S/2004/634 (New York: 2004); United Nations, *The Situation in Afghanistan and Its Implications for International Peace and Security*, Report of the Secretary General, A/59/581-S/2004/925 (New York: 2004).

**Figure 16: UN Security Risk Maps, June 2003 and October 2004**



Source: United Nations.

Note: As of June 2005, the total area designated as high or medium risk was approximately the same as in October 2004.

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According to USAID, eighty-one people involved in assistance activities were killed in 2004. During fiscal year 2004, 70 attacks directly affected USAID programs, causing delays in reconstruction projects. For example, equipment was damaged, work was delayed, and construction workers were kidnapped, wounded, or killed by antigovernment forces attacking USAID's highway construction project. In addition, secondary road projects, agricultural training programs, the distribution of vaccines and medicines, and the construction of schools and clinics, among other reconstruction projects, were delayed or terminated because of attacks. For example, school construction in Uruzgan, Helmand, Paktiya, and Ghazni provinces was at a standstill owing to security threats.

Stability across the country in 2004 was threatened by local authorities and military commanders who acted with impunity and were viewed as responsible for a wide range of repressive activities, including acts of intimidation, extortion, arbitrary arrest, illegal detentions, and extrajudicial killings and torture, according to the Department of State, the UN, and human rights groups. Factional fighting among warlords in seven provinces in the north and the west of Afghanistan continued in 2004, resulting in the deaths of at least 100 combatants and civilians. Although large areas of the country and some warlords remained beyond the control of the Afghan government in 2004, the Afghan government made some progress in asserting its authority. For example, the Afghan President appointed new governors in about half of the country's 34 provinces. However, according to the Department of State's 2004 human rights report for Afghanistan, the government or its agents carried out extrajudicial killings.<sup>57</sup> For example, on August 14, 2004, 17 bodies were discovered at the Shindand market place, with evidence that 6 of the 17 individuals were tortured and beheaded.

The United States and the international community continued to take steps to improve security in Afghanistan. Specifically, DOD, coalition, and NATO forces increased the number of provincial reconstruction teams from 4 to 19 in 2003-2004 to enhance security for reconstruction activities. In addition, DOD accelerated its effort to train and deploy Afghan National Army combat troops. As of March 2005, 18,300 troops had been trained and 10,500 troops had been deployed to Kabul central command and 7,800 to four regional commands. However, efforts to equip troops and build

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<sup>57</sup>State Department Country Reports on Human Rights Practices, Afghanistan 2004, Washington, D.C. (February 28, 2005).

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supporting military organizations were behind schedule. Further, the United States and Germany had trained more than 35,000 police by January 2005, but the lack of infrastructure and equipment at the provincial and district levels, along with other problems, negatively affected police effectiveness.<sup>58</sup> Finally, as of February 2005, about 40,000 of Afghanistan's estimated 100,000 official militia forces had been demobilized;<sup>59</sup> however, an estimated 65,000 to 80,000 unofficial militia fighters were still at large.<sup>60</sup> The Department of State views the demobilization and reintegration of these forces as critical to improving the country's security and succeeding in the international recovery effort.

### Dramatic Increase in Opium Cultivation Threatens Stability

In 2004, dramatic increases in opium cultivation continued to threaten stability, reconstruction, and state-building in Afghanistan. According to the UN, Afghan drug production increased by approximately 25 percent between 2002 and 2004, owing to high returns, a growing market, rural poverty, political fragmentation, weak law enforcement, and deteriorating security.<sup>61</sup> (See app. IV for 2002-2004 production and revenue statistics.) The UN estimated 2004 opium production at 4,200 metric tons, which represents almost 90 percent of the world's illicit opium supply. Disease and drought kept the yield low; without these mitigating environmental factors, the U.S. government estimated that total production would have been more than 9,700 metric tons.

According to the Department of State, the UN, the Afghan government, and others, opium cultivation, drug trafficking, and associated financial gains are having an increasingly harmful influence on Afghanistan society. Specifically, some national level officials and many district and provincial government leaders have some criminal connection to the opium trade. With opium-related revenues equivalent to 50 to 60 percent of its GDP over

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<sup>58</sup>For more information on Afghan National Army and Police reconstruction, see *Afghanistan Security: Efforts to Establish Army and Police Have Made Progress, but Future Plans Need to Be Better Defined*, GAO-05-575 (Washington, D.C.: June 30, 2005).

<sup>59</sup>The Japanese government leads demobilization efforts.

<sup>60</sup>Official militia forces are those forces recognized as Afghan Militia Forces by Afghanistan's Ministry of Defense. Unofficial forces are considered independent, illegal armed groups.

<sup>61</sup>UN Office on Drugs and Crime, *Afghanistan Opium Survey 2004* (Vienna: 2004).

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the past 3 years, Afghanistan is on the verge of becoming a narco-state.<sup>62</sup> The increase in opium production and trafficking is threatening reconstruction and state-building in Afghanistan, as well as the nation's longer-term peace. It is undermining legitimate economic activities and the establishment of the rule of law and is responsible for supporting factional agendas and antigovernment elements, including warlords, local commanders, and terrorist organizations. The drug trade is also impeding the disarmament, demobilization, and reintegration of former combatants, because those involved in the drug economy are developing and funding private militias needed to run the drug business. Further, the unchecked development of an illicit narcotics-based economy, and the funds it provides to the entrenched interests of antigovernment elements in the provinces, exacerbates problems associated with the central government's effort to extend its writ outside Kabul.

The Afghan government and the international community have taken a number of actions to address the narcotics problem in Afghanistan since the signing of the Bonn Agreement in December 2001. These actions have included imposing bans on opium cultivation, drafting counternarcotics strategies, establishing Afghan counternarcotics police organizations, and launching limited eradication efforts (see app. IV for more details). U.S. counternarcotics efforts in 2004 were led by the Department of State's Bureau for International Narcotics and Law Enforcement (INL) Affairs. Additional assistance was provided by DOD. INL obligated \$36.5 million primarily to eradicate poppies and provide alternative livelihoods and spent about \$8.9 million, to assist the Afghan Government's central eradication force. DOD obligated \$25.7 million on counternarcotics efforts by October 2004 and spent about \$8.9 million, to train and equip the Afghan Government Counternarcotics Police, build a public affairs capacity within the Ministry of Interior, and create a counternarcotics intelligence organization.<sup>63</sup>

However, these and other counternarcotics efforts failed to have any significant impact on the cultivation and processing of opium in 2004 owing

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<sup>62</sup>A narco-state is defined as an area that has been taken over and is controlled and corrupted by drug cartels and where law enforcement is effectively nonexistent.

<sup>63</sup>In addition, INL and DOD obligated, respectively, about \$98.1 million and \$47.3 million for national, highway, and border police training, equipping, and infrastructure construction; each agency spent about \$5.7 million by the end of the fiscal year. These monies were not directly related to the counternarcotics effort.

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to limited security and stability across Afghanistan. For example, as of October 2004, efforts led by the Afghan, UK, and U.S. governments to manually eradicate poppy fields failed. In 2004, eradication efforts began after most of the country's opium had been harvested, primarily targeted producers in only 1 of 34 provinces, and resulted in the eradication of less than 1 percent of the hectares cultivated. Meanwhile, although a number of clandestine processing labs were destroyed and limited quantities of opiates seized, no major narcotics traffickers were arrested, and piecemeal training and limited funding have impeded the development of Afghanistan's Counternarcotics Police.

According to the Department of State, counternarcotics is now one of the top U.S. priorities. Between June and October 2004, a \$776.5 million, five-pillar strategy, implementation plan, and budget for 2005 were developed. The budget would fund five areas: \$299 million for eradication programs, \$180 million for law enforcement, \$172.5 million for interdiction, \$120 million to provide legal livelihood alternatives for poppy farmers, and \$5 million for a public information campaign.

The 2005 strategy faces a number of challenges that may limit its success.

- The strategy calls for a robust eradication program that includes the use of aerial methods. However, the Afghan government vetoed the use of aerial eradication, making it impossible to affect large areas quickly.
- During our visit in October 2004, the Governor of the Afghan National Bank stated that eradicating 30 to 50 percent of the country's opium would have a destabilizing impact on the economy. He added that the U.S. government had not consulted the National Bank regarding the economic impact of eradication.
- U.S. officials stated that funding for the overall U.S.-led effort was needed in January 2005, 4 months before the beginning of the harvest season, but some of the funding was not available until May 2005.
- The interdiction capabilities of the Afghan government are rudimentary at best, because the government lacks the laws or legal infrastructure needed to investigate and prosecute drug-related crimes.

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## Delayed Funding Negatively Impacted Acceleration Efforts

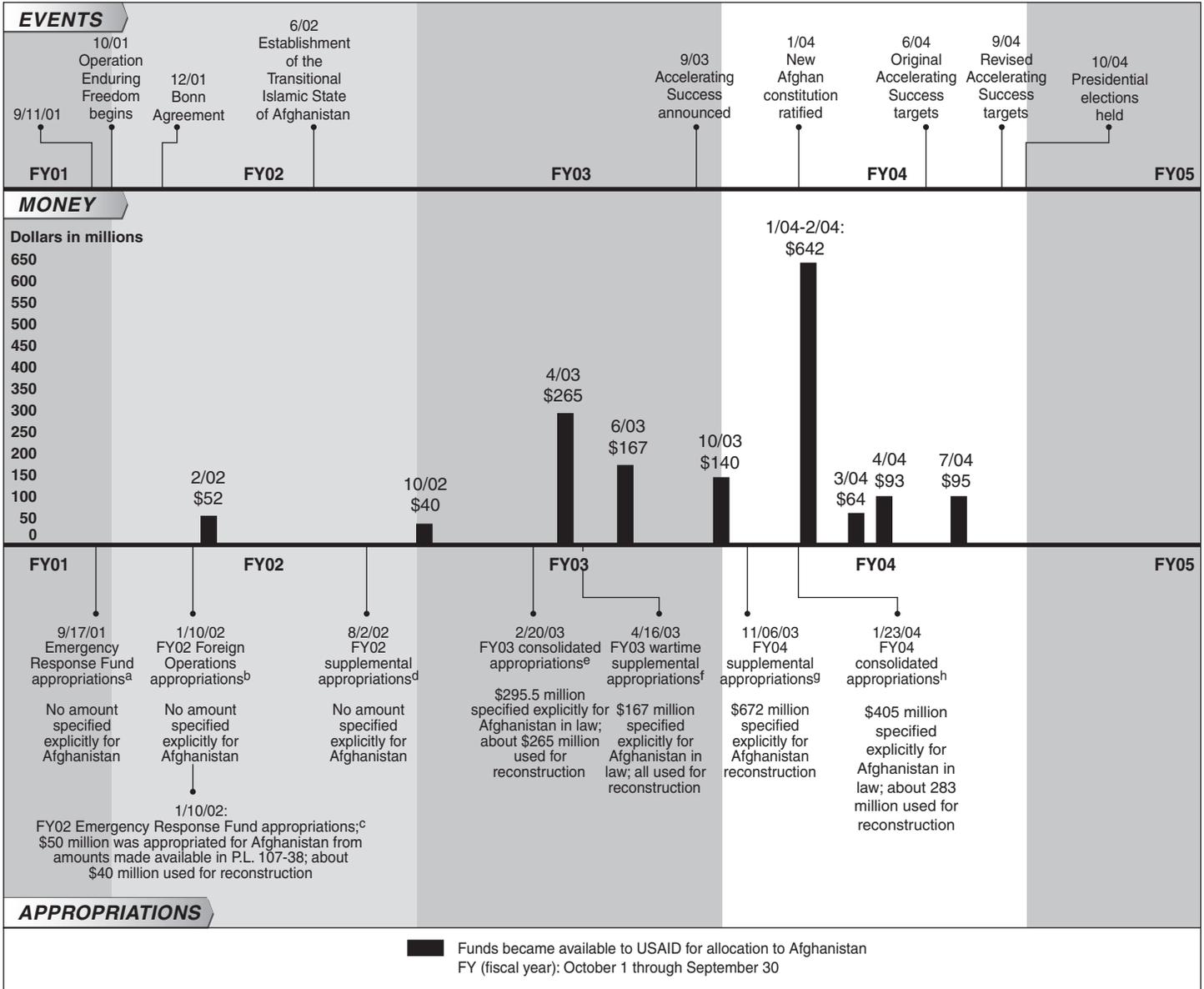
Delayed funding continued to negatively impact the U.S. assistance effort in Afghanistan in fiscal year 2004. In our previous report, we noted that delays in fiscal year 2003 funding prevented USAID, in particular, from undertaking major reconstruction activities.<sup>64</sup> As in prior years, most reconstruction money in fiscal year 2004 was provided through emergency supplemental appropriations, with smaller amounts in the agencies' regular appropriations. USAID received reconstruction money through two appropriations (see fig. 17). In November 2003, Congress appropriated \$672 million in emergency supplemental legislation; the Office of Management and Budget (OMB) apportioned \$270 million of this funding to USAID in late January 2004 and \$372 million in early February. In addition, Congress appropriated \$283 million in January 2004 for USAID's fiscal year 2004 budget for Afghanistan reconstruction. However, the first portion of these funds did not become available for programming by the USAID mission in Kabul until March 2004 owing to delays introduced by the apportionment processes within State, OMB, and USAID. All of these funds were for programs that, under the Accelerating Success initiative, had initial targets of June 2004, giving the agency approximately 3 to 6 months to demonstrate progress.<sup>65</sup> According to USAID officials, to compensate for the funding delays USAID was forced to postpone the start or expansion of programs and move funds between programs to keep faster paced programs operating.

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<sup>64</sup>GAO-04-403.

<sup>65</sup>Because the presidential elections were delayed from June to October 2004, some accelerating success targets were adjusted first to a September deadline, and then extended again to December 2004.

**Figure 17: Timeline for Funding of Reconstruction in Afghanistan**



Source: GAO analysis.

<sup>a</sup> Pub. L. 107-38, Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States.

<sup>b</sup> Pub. L. 107-115, Foreign Operations, Export Financing, and Related Programs Appropriations Act.

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<sup>c</sup>Pub. L. 107-117, Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002.

<sup>d</sup>Pub. L. 107-206, 2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the United States.

<sup>e</sup>Pub. L. 108-7, Consolidated Appropriations Resolution, 2003.

<sup>f</sup>Pub. L. 108-11, Emergency Wartime Supplemental Appropriations, 2003.

<sup>g</sup>Pub. L. 108-106, Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004.

<sup>h</sup>Pub. L. 108-199, Consolidated Appropriations Act, 2004.

USAID continues to face funding delays in fiscal year 2005. In December 2004, Congress passed regular appropriations for the agency, matching USAID's Afghanistan budget request of \$397 million; USAID officials stated at the time that they would be unable to fully implement programs with the amount of their regular appropriations and would rely on supplemental funding to carry out the agency's planned activities. However, the almost \$1.1 billion fiscal 2005 emergency supplemental appropriation was not passed until May 2005. USAID, Department of State, and Afghan officials told us that it is difficult to plan and implement large development programs that depend heavily on the passage of uncertain supplemental appropriations.

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## Conclusions

Afghanistan has made progress since the fall of the Taliban in October 2001. As part of an international effort, U.S. assistance, led by USAID, helped Afghanistan elect its first president, return millions of children to school, and repatriate millions of refugees. Despite these gains, Afghanistan's needs remain great. It ranks as the world's fifth poorest country; half of all Afghans live below the poverty line and more than 20 percent cannot meet their daily food requirements. Further, factional elements remain in control of some areas of the country, perpetrating crimes against citizens, and insurgents continue to infiltrate the country. These conditions leave the nation at risk of once again becoming a threat to itself and others.

The U.S. has pledged to maintain a long-term presence in Afghanistan, including increasing the number and scope of USAID contracts. In 2004, the focus of U.S. support to Afghanistan shifted from primarily emergency assistance to reconstruction programs, with large scopes of work and costs, in an effort to accelerate progress. Despite its considerable investment in Afghanistan's reconstruction, USAID struggled with contract

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management and project oversight. Although a long-term, country-level strategy was approved as of July 2005, USAID operated throughout 2004 without a comprehensive strategy. In addition, USAID has not developed a performance management plan to monitor project performance, nor has it focused contractors' efforts on developing project-specific performance plans. Without such plans, the U.S. government cannot accurately assess the results of its assistance efforts. Consequently, decision makers in Washington and Kabul cannot effectively target resources to accomplish the goal of creating a stable Afghan society.

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## Recommendations for Executive Action

To improve on existing efforts to measure and assess the progress of U.S. reconstruction projects toward achieving U.S. policy goals, and to provide a basis for planning future reconstruction projects, we recommend that the Administrator of USAID take the following three actions (1) establish a performance management plan that complies with USAID directives, (2) clearly stipulate in all future reconstruction contracts that contractors are to develop performance management plans specific to the work they are conducting, and (3) more completely communicate the performance information obtained from the performance management plans to executive branch decision makers in Kabul and Washington.

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## Agency Comments and Our Evaluation

We provided a draft of this report to the Departments of State and Defense and to USAID to obtain their comments. The Departments of State and Defense declined to comment on the report. USAID commented that in general it found the report to be a comprehensive and detailed assessment of the U.S. civilian reconstruction efforts in Afghanistan during fiscal year 2004. USAID concurred with the report's recommendations and indicated that it has made progress in improving its strategic planning and performance measurement processes. Specifically, USAID completed its first long-term country-level strategy for Afghanistan to cover the period from 2005 through 2010. The agency also indicated that it has begun developing a performance management plan. USAID also provided information on more recent activities and technical comments, which we incorporated where appropriate.

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Copies of this report are being sent to the Secretary of Defense, the Secretary of State, the Administrator of USAID, relevant congressional committees, and other interested parties. We will also make copies available to others upon request. In addition, the report will be made available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me on (202) 512-3149 or at [gootnickd@gao.gov](mailto:gootnickd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Other contacts and major contributors are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David Gootnick". The signature is stylized with a large, looping initial "D" and a cursive "Gootnick".

David Gootnick, Director  
International Affairs and Trade

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# Objectives, Scope, and Methodology

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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 the fiscal year 2004 period, we analyzed (1) U.S. obligations and expenditures, (2) the progress and results of U.S. humanitarian and reconstruction efforts, (3) the management of U.S. assistance and mechanisms to coordinate U.S. and international assistance, and (4) the major factors that obstructed the advancement of the assistance effort and the achievement of U.S. policy goals.

We collected data on fiscal year 2004 obligations and expenditures from the U.S. departments and agencies responsible for implementing U.S. government-funded projects in Afghanistan. These include the U.S. Departments of Agriculture, Defense, Health and Human Services, Labor, State, and Treasury; the Broadcasting Board of Governors; the U.S. Trade and Development Agency; and the U.S. Agency for International Development (USAID). Because no single repository contains financial information for all U.S. assistance in Afghanistan, we contacted each agency directly. For the Department of State, we contacted each bureau and office separately—the Bureau of Population, Refugees, and Migration; the Bureau for International Narcotics and Law Enforcement Affairs; the Office of Humanitarian Demining Programs; and the Office to Monitor and Combat Trafficking In Persons—because the Department of State does not have a consolidated financial reporting mechanism for programs in Afghanistan that tracks both obligations and expenditures.

To distinguish funding for humanitarian and quick-impact projects from longer-term reconstruction funding, we requested the agencies to designate their funding appropriately. For USAID, we generally relied on the stated mission of the responsible funding bureau to determine the funds' purpose unless the agency informed us otherwise. For example, we assumed that funding for the Office of Foreign Disaster Assistance and the Office of Transition Initiatives was generally used, in accordance with their respective missions, to address emergency situations and implement quick-impact projects; funds for the offices' various long-term projects were clearly marked in the financial reporting that USAID supplied to us.

To delineate the distribution of funding and projects by province, we report information that USAID provided from a programmatic, rather than a financial, database. The financial database did not include data by location, and the programmatic database included only province-level obligation

data. Because data on nationwide programs were not included in the programmatic database, we were unable to compare overall totals between the financial and programmatic databases to verify consistency. Also, because the programmatic database tracks only obligations, we were unable to determine USAID's expenditures by province.

To assess the reliability of the obligations and expenditures data from U.S. agencies providing assistance to Afghanistan, we (1) interviewed officials at the Department of Defense (DOD), the Department of State, and the U.S. Agency for International Development (USAID) regarding their methods of gathering, management, and use of data; (2) reviewed USAID's financial audit statement; and (3) compared the data we gathered with USAID's Congressional Budget Justifications and State's 150 account documentation, as well as with the governmentwide Afghanistan assistance compiled by State's Bureau of Resource Management. According to a Department of State official, the data compiled by the agency's Bureau of Resource Management are not complete, owing in part to differences in how the agencies track data, a disconnect between agencies' Washington and Kabul offices, and variation in the frequency of reporting. However, the Department of State relies on these data for decision-making purposes and to report to Congress. Based on our assessment, we concluded that the data on obligations and expenditures we collected from each agency are sufficiently reliable for the purpose of showing, in gross numbers, the levels of U.S. nonsecurity-related assistance to Afghanistan in fiscal year 2004.

To assess the reliability of data for pledges by international donors, we (1) interviewed the Department of State official responsible for compiling these data based on information provided by the government of Afghanistan and (2) compared the data's reliability with that of other information sources. We determined that the data are sufficiently reliable for the purpose of broadly comparing the United States' contributions with those of other major donors and the combined total for all other donors. However, we noted several limitations in the data, notably, that they are self-reported by donor nations to the Afghan government. Furthermore, the data for larger donors are considered more reliable than the data for smaller donors, according to the Department of State. Owing to these limitations and our lack of access to donor nations' financial records, we were unable to determine the reliability of the dollar amounts reported to have been pledged by each donor. Nevertheless, we present the reported pledges in appendix II for the purpose of broadly comparing the U.S. contributions with those of other major donors.

To examine the results of assistance projects through September 30, 2004, we focused our efforts on the major USAID reconstruction contracts signed prior to the start of fiscal year 2004. The contracts account for approximately 85 percent of the U.S.' reconstruction expenditures for the fiscal year. We collected and analyzed information from the Departments of State and Defense, and USAID in Washington, D.C., outlining policy goals, basic strategies, program objectives, and monitoring efforts. We reviewed the periodic progress reports provided by both USAID and its implementing partners for all the major reconstruction projects. To assess the reliability of these reports, we contacted each of USAID's cognizant technical officers in Kabul about the reliability of the information provided in the implementing partners' reports. While they noted that security restrictions and the large territory in Afghanistan make monitoring difficult, all of the cognizant technical officers we contacted consider the data to be generally reliable for the purposes of providing an overall status of the projects. In October 2004, we traveled to Afghanistan to examine the implementation of USAID and Defense's assistance-related operations. While in Afghanistan, we spent 12 days in the capital city, Kabul, interviewing officials from the Afghan Ministries of Finance, Health, and Agriculture; the Central Bank; the U.S. Departments of State and Defense; and USAID. We also met with most of USAID's primary implementing partners (including the International Organization for Migration, the Louis Berger Group, Inc., Creative Associates International Inc., Chemonics, Bearing Point, the International Republican Institute, the International Foundation for Election Systems, Management Sciences for Health, Management Systems International, Population Services International, Technologists Incorporated, and the Asia Foundation). In addition, we met with the officials from the British Embassy in Kabul responsible for counternarcotics initiatives. In Kabul, we inspected the rehabilitation of the Rabia Balkhi Women's hospital. We also spent 8 days in the Ghazni, Hirat, Kunduz, and Nangahar provinces, where we reviewed U.S.- funded projects, implemented primarily by USAID's Office of Transition Initiatives, USAID's PRT-based staff, or Defense's PRTs. While in these provinces, we met with provincial governors, district leaders, teachers, healthcare workers, 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 State Department of State staff responsible for assistance coordination. We also

met with and staff from USAID, and the Departments of Agriculture, Commerce, Defense, U.S. Trade and Development Agency, and Treasury who were involved in the provision of assistance, to obtain their views on the coordination of assistance. In addition, we reviewed the U.S. National Security Strategy; the State-USAID consolidated strategic plan for fiscal years 2004-2009; the President's Security Strategy for Afghanistan; the U.S. Embassy-Kabul Mission Program Plan; and USAID's strategy and action plan for Afghanistan. Our analysis of international coordination mechanisms included a review of United Nations (UN) and Afghan government documents, including the Afghan National Development Framework and Budget, pertaining to the international coordination mechanisms utilized in Afghanistan in fiscal year 2004. In addition, we met with officials from the Afghan Ministries of Agriculture, Finance, and Health, and from the Central Bank 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 reviewed reports produced by the Departments of State and Defense, USAID, the UN, the International Crisis Group, and the Afghanistan Research and Evaluation Unit. To assess the reliability of the UN data on opium production we reviewed the methodology used by the UN to estimate levels of opium poppy cultivation and opium production. We determine that the UN data is sufficiently reliable for the purpose of this report. Finally, we discussed the obstacles and their impact with officials from the Afghan ministries of Agriculture, Finance, and Health; the Afghan Central Bank; the Afghan Counternarcotics Directorate; USAID; and the Department of State.

We conducted our review from August 2004 to May 2005 in accordance with generally accepted government auditing standards.

# Obligations and Expenditures by U.S. Agencies and International Donor Pledges, Fiscal Year 2004

**Table 3: Obligations and Expenditures for Humanitarian and Reconstruction Assistance by U.S. Agencies, Fiscal Year 2004**

(Dollars in millions)

	FY 2004	
	Obligations	Expenditures
U.S. Agency for International Development	\$1,163.62	\$586.72
Department of State		
Bureau for Population, Refugees, and Migration	63.89	48.33
International Narcotics and Law Enforcement Enforcement	36.50	8.86
Other State agencies	14.22	12.91
Department of Defense	47.07	45.19
Department of Health and Human Services	4.98	1.80
Department of Agriculture	30.85	5.15
Department of Labor	6.70 <sup>a</sup>	2.54
U.S. Trade and Development Agency	2.54	0.66
Department of Treasury	1.00	0.48
Broadcasting Board of Governors	11.77	7.51
<b>Total</b>	<b>\$1,383.14</b>	<b>\$720.15</b>

Source: GAO analysis of U.S. agency data.

<sup>a</sup>Department of Labor obligations are for fiscal years 2002-2004.

**Table 4: Major Donors' Reported Pledges for Assistance to Afghanistan as of November 16, 2004**

(Dollars in millions)<sup>a</sup>

Country	Pledge for 2004
Aga Khan	\$25
Asian Development Bank	205
Australia	14.9
Austria	2.4
Belgium	4.3
Canada	75.2
China	40
Denmark	27.8
European Commission	294
Finland	12

**Appendix II**  
**Obligations and Expenditures by U.S.**  
**Agencies and International Donor Pledges,**  
**Fiscal Year 2004**

*(Continued From Previous Page)*

(Dollars in millions)<sup>a</sup>

<b>Country</b>	<b>Pledge for 2004</b>
France	\$37.2
Germany	96
Greece	3.6
India	90
Iran	54
Ireland	6.9
Islamic Development Bank	40
Italy	56
Japan	200
Luxembourg	1.2
Netherlands	42
New Zealand	3.3
Norway	43
Organization of Islamic Conferences	15
Pakistan	10
Poland	0.1
Portugal	1.2
Russia <sup>b</sup>	0
Saudi Arabia	160
South Korea	20
Spain	50
Sweden	39.3
Switzerland	14.8
Turkey	3
United Arab Emirates	21.7
United Kingdom	215.9
United States	1,383.14
World Bank	285
<b>Total</b>	<b>\$3,592.94</b>

Source: Department of State.

Note: We were not able to determine the reliability of the specific dollar figures in this table. Although we determined that the data are sufficiently reliable for making broad comparisons between the contributions of the United States to those of major donors, we noted several limitations, namely (1) that they are affected by differences in exchange rates, (2) donors both over- and underreport owing to varying definitions, and (3) the data for larger donors are considered more reliable than the data for smaller donors.

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**Appendix II**  
**Obligations and Expenditures by U.S.**  
**Agencies and International Donor Pledges,**  
**Fiscal Year 2004**

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<sup>a</sup>Figures cited relate to humanitarian and reconstruction donations only; military donor contributions are not included.

<sup>b</sup>Russian assistance has consisted primarily of in-kind donations.

# Sector Level Performance Indicators

The Accelerating Success initiative performance measures reported to the Afghanistan Interagency Operations Group in Fiscal 2004 were initially developed by USAID during a 3-day period in June 2003. The measures were modified during that fiscal year with input from other agencies and represent a subset of the measures reported for each of the major reconstruction contracts. The development of performance measures for each major contract varied. In some sectors, such as agriculture, performance measures were included in the contract. In other sectors, such as health, the measures were developed in a performance management plan developed by the contractor after the contract was awarded or, as in the economic sector, developed late in the project and published in periodic progress reports. The tables below describe the Accelerating Success performance measures reported by the Afghanistan Interagency Operations Group and the more detailed measures developed by individual contractors for the major reconstruction contracts.

**Table 5: Agriculture Sector Measures Reported to the Afghanistan Interagency Operations Group in Fiscal Year 2004**

<b>Accelerating Success measures tracked by Chemonics and the U.S. mission in Kabul</b>	<b>Sept. 2004 target</b>	<b>Sept. 2004 status</b>
Km. of canal rehabilitated <sup>a</sup>	320	322
Irrigation structures rehabilitated <sup>a</sup>	232	229
Km. of farm to market roads rehabilitated <sup>a</sup>	120	160
Loan officers trained	1,150	1,150
Livestock vaccinated/treated	3,000,000	3,679,222
Farmers served by extension <sup>a</sup>	520,000	564,566
Market centers constructed	131	119

Source: Afghanistan Interagency Operations Group.

<sup>a</sup>Included in the Chemonics' RAMP contract.

The RAMP contract contains 14 performance measures (see table 6), including program outputs such as the implementation of 615 irrigation projects and project outcomes such as increasing the average productivity of approximately 500,000 farm families by more than 100 percent. However, the contractor did not have systems in place to capture information for all measures.

**Appendix III  
Sector Level Performance Indicators**

**Table 6: Agriculture Sector Performance Measures and Status Reported by Chemonics International Inc.**

<b>No.</b>	<b>Performance measures</b>	<b>Sept. 2004 status</b>
1	60 percent increase in total wheat production in irrigated and rain fed areas using improved agricultural inputs (e.g., seed)	Not measured
2	\$250 million increased sales in local and export markets from a minimum of 5 commercial sub-sectors (i.e., fruit and vegetable production)	Not measured
3	No less than 50 percent average increase in net profits for approximately 1000 Afghan entrepreneurs (e.g., input dealers, producers, processors) who benefit from RAMP assistance	Not measured
4	More than 100 percent increase in average productivity for approximately 500,000 farm families, through use of improved technologies and best practices, improved infrastructure, and access to profitable markets	Not measured
5	15 percent annual increase in average gross margin returns for 500,000 farmers' labor	Not measured
6	500 village seed and plant germ plasma nurseries established by local entrepreneurs: 80 percent operationally viable: 75 percent financially viable	Not measured
7	1000 village and regional demonstrations and field trials completed with 80 percent customer satisfaction	564,566 farmers served by extension services
8	Mass media programs established in 5 regions, with 50 percent operationally viable, 80 percent customer satisfaction	Not measured
9	50 percent increase in net profits for approximately 1,000 commercial enterprises trained under the program	Not measured
10	Approximately 1,000 km of improved roads that will reduce farm-to-market transaction costs by 10 percent; 85 percent operationally viable (annual maintenance costs)	160 km of roads rehabilitated but transaction costs and viability not measured
11	Approximately 1000 agricultural market centers constructed, reducing post-harvest loss or increasing shelf life for horticultural commodities and meat and poultry products, resulting in a 15 percent increase in productivity	119 constructed; increase in productivity not measured
12	Approximately 615 irrigation projects constructed to restore, maintain, or increase hectares within irrigation systems by 25 percent and increase agricultural production by 20 percent in project areas.	229 structures rehabilitated. 306,100 hectares receiving improved irrigation. Percentages increases not calculated.
13	Up to 1000 km of irrigation canals repaired or cleaned	322 km of canals repaired or cleaned
14	Financial services offices established with a total loan portfolio value outstanding of \$20 million (\$5-8 million outstanding in year 1)	8400 loans disbursed, with an outstanding loan portfolio of \$1 million

Source: Chemonics International Inc.

**Table 7: Democracy and Governance Sector Measures Reported to the Afghanistan Interagency Operations Group in Fiscal Year 2004**

	Sept. 2004 target	Sept. 2004 status
Judicial facilities built	10	7 complete; construction underway on 11
Judicial personnel trained (judges, lawyers, and court personnel)	120	311

Source: Afghanistan Interagency Operations Group.

Of three primary awards for democracy and governance activities, USAID required only one implementing partner MSI, to develop a performance monitoring plan containing performance measures (see table 8). The other two partners, The Consortium for Elections and Political Process Strengthening and the Asia Foundation, were required to produce quarterly reports but were not required to develop specific targets or intermediate results. Consequently, the quarterly reports described activities undertaken during that time period, rather than progress achieved against specified targets.

**Table 8: Democracy and Governance Sector Performance Measures and Status Reported by Management Systems International**

Performance indicators	Sept. 2004 status
Consultant reports issued detailing assistance with approach, materials, and training for public education connected with the Constitutional Commission	Post-ratification public education responsibilities were largely transferred from MSI to the TAF cooperative agreement. TAF submitted a work plan for distribution of public education materials. Additional follow-up activities were integrated into judicial sector reform and public education activities in the MSI contract.
Master plan developed and implemented for Judicial Reform Commission (JRC) to operate effectively and efficiently	Since the JRC's term was ending, MSI developed a plan to shift JRC activities to existing permanent institutions of government, including law reform, legislative drafting training activities, and capacity building.
Number and type of judicial reform products (laws, codes) reviewed	Project reviewed seven commercial laws and four additional laws.
Number and type of judicial reform products forwarded to the Ministry of Justice and President	Laws on corporations, partnerships, foreign entity recognition, asylum, passport, and tourism were submitted to the Ministry of Justice.
Clear contributions made to shaping a curriculum for training judicial personnel	Training curricula for judges and for court administration were developed. Basic legal text packets were compiled for 17 basic laws.
Public awareness and education strategy developed	Public education strategy was revised, targeted, and updated; a survey of citizen knowledge and opinions of governance of Afghanistan was completed; and 14 grants of \$20,000 each were awarded for public education activities.

**Appendix III  
Sector Level Performance Indicators**

*(Continued From Previous Page)*

<b>Performance indicators</b>	<b>Sept. 2004 status</b>
Number, frequency, and location of methods used to educate the public on legal reform and estimated number of people reached	Public education film on justice was completed; distribution has been limited and ad hoc. The program changed its target from producing radio spots to producing six radio programs on legal reform; one radio program was developed and aired.
Reports issued detailing system modernization plans, pilots identified and implemented	Justice system modernization plan completed. Program identified 8 test courts. Flow charts and organization charts were developed for Kandahar and Parwan provinces.
Number of assessment follow-ups carried out after a site (e.g., a court or court department) is identified for the project's attention by government	Follow-up assessments were completed in 11 sites.
Number of building rehabilitation plans developed	Six prototype plans were developed.
Number of justice sector facilities rehabilitated	Seven justice sector facilities were completed, 13 others were under way.
Reports that detail assistance provided on a data system for case management of human rights violations	Project ceased work in this area and redirected resources to other areas, owing to substantial funds and technical assistance that the Afghan Independent Human Rights Commission (AIHRC) received from other sources.
Number of human rights cases entered into data system	Project determined that the AIHRC was receiving more financial and technical support than it could absorb and redirected its resources.

Source: Management Systems International.

**Table 9: Economic Governance Sector Performance Measures Reported to Afghanistan Interagency Operations Group in Fiscal Year 2004**

<b>Metric</b>	<b>Target</b>	<b>Sept. 2004 status</b>
Approximately \$300 million or 49.3 percent of Afghan expenditures funded by domestic revenue	\$150 million by Sept. 2004	\$90.7 million received
Provincial accounting and transfer systems in place in the provinces	34 provinces	Systems active in all 34 provinces
Percentage of revenue collected in provinces transferred to central account	100 percent of revenue	Not reported
Critical infrastructure for supporting customs collection in place	No target established	Not reported
Timely monthly revenue reporting from provinces	No target established	Reporting sporadic
Industrial parks constructed	3 parks underway by June 2004	3 underway by September 2004

Source: Afghanistan Interagency Operations Group.

The economic governance contract did not specifically require the contractor to develop performance measures. Instead, it required the reporting of “milestones” in quarterly work plans. No quarterly plans were produced until July 2004; consequently, no measures were reported until that time. (See table 10.)

**Appendix III  
Sector Level Performance Indicators**

**Table 10: Economic Governance Performance Measures and Status Reported by Bearing Point**

<b>Performance indicator</b>	<b>Sept. 2004 status<sup>a</sup></b>
Customs revenue	\$50.5
Total domestic revenue	\$90.7
Number of border posts	6
Number of taxpayer identification numbers issued in Kabul City	10,674
Number of taxpayer identification numbers issued in Afghanistan	12,347
Rental service tax payments collected	452
Rental services tax proceeds	38.77 AFN
Number of international funds transfers	4,307
Dollar value of international funds transfers	\$1,350
Independent banks established	6
Number of existing banks relicensed	2
Exchange rate (Afghani vs. U.S. dollar)	45.3
Money in circulation	35,149AFN
Number of domestic funds transfers	391
Dollar value of domestic funds transfers	4,349 AFN
Issued loan amounts	\$33.5
Deposit growth	\$116.6
Capital note transactions – Number of Bids	11
Dollar value of capital note transactions	600 M (AFN)
Dollar value of foreign exchange cash transactions	\$524.5
Dollar value of foreign exchange wire transactions	\$1,273
Number of business licenses issued	5,429

AFN = Afghani

Source: Bearing Point.

<sup>a</sup>All monetary indicators measured in dollars or Afghani are in millions.

**Appendix III  
Sector Level Performance Indicators**

**Table 11: Education Sector Measures Reported to Afghanistan Interagency Operations Group in Fiscal Year 2004**

<b>Performance Measure</b>	<b>Sept. 30, 2004 Target</b>	<b>Sept. 30, 2004 Actual</b>
Schools constructed	Original goal: 517 schools by June 30, 2004; New goal: 275 additional schools built or renovated, 56 schools constructed or rehabilitated by September 30.	39 schools constructed/rehabilitated; 230 under construction and renovation <sup>a</sup>
Site assessments approved by MOE	No targets established	274
Construction subcontracts issued	No targets established	275
Construction Activity during Reporting period	No targets established	230
Teachers trained through distanced education.	14,500	7,900
Text books printed/distributed	15 million printed	15.5 million Printed / 10.3 million Distributed
Accelerated learning programs established at the provincial level	17 Provinces	17 provinces
Students enrolled in accelerated learning program	170,000	169,716
Radio based teacher training reaches primary school teachers nationwide	80 percent of primary school teachers listen to broadcasts	Listenership estimated at 70-90 percent of all primary school teachers

Source: Afghanistan Interagency Operations Group.

<sup>a</sup>The AIOG report lists 39 schools completed; however, USAID verification visits were cancelled and/or delayed due to travel restriction. USAID contractor reports show only 15 schools completed.

**Table 12: Education Sector Performance Measures and Status Reported by Creative Associates International, Inc.**

<b>Targets</b>	<b>Sept. 2004 status</b>
51 master trainers trained in accelerated learning curriculum	64
680 provincial trainers trained in accelerated learning curriculum	680
6800 mentors (village trainers) trained in accelerated learning curriculum	6,800
6,800 accelerated learning classes	Not reported
2,000 schools with activities	Not reported
1,802 communities with activities	Not reported
153 districts with activities	Not reported
17 provinces with activities	17 provinces
170,000 students enrolled in accelerated learning	160,690
119,000 female students enrolled in accelerated learning (target 70% of total enrollment)	55%
340,000 grade-level equivalencies achieved in accelerated learning (2/year/student)	Up to 430,966*
6,256-12,512 teachers trained by radio, or 40%-80% of total primary teachers/province. (est 920/prov)	70%-90% of primary teachers

**Appendix III  
Sector Level Performance Indicators**

*(Continued From Previous Page)*

<b>Targets</b>	<b>Sept. 2004 status</b>
At least 175 educational radio programs covering grades 1-6 (50 percent in Pashtu and 50 percent in Dari) produced and broadcasted	92 broadcasts between July and September 2004
Of 175 programs, at least 20 radio programs promoting gender-positive messages and at least 10 radio programs containing health messages aimed at decreasing maternal mortality	Not reported
Teacher certification for radio-based teacher training established	Program approved by MOE, enrollment begun
15 million primary level textbooks printed	16.5 million
Textbooks distributed to schools in Kabul province by March 2004	14.2 million textbooks distributed
Nationwide distribution of textbooks completed and documented	14.2 million textbooks distributed
Production and printing of accelerated-learning textbooks completed	More than 750,000 printed and delivered
Distribution of textbooks to contract accelerated-learning partners completed	More than 750,000 printed and delivered

Source: Creative Associates International, Inc.

Note: These measures are the APEP contract performance measures as modified in the March 2004 statement of work.

\*The implementer reported achieving 430,966 grade-level equivalencies in their December 2004 progress report, but did not report on this indicator in their September 2004 progress report.

**Table 13: Health Sector Measures Reported to Afghanistan Interagency Operations Group in Fiscal Year 2004**

	<b>Sept. 2004 target</b>	<b>Sept. 2004 status</b>
MOH-identified site assessment completed (number of sites)	No target listed	265
Construction subcontract issued (no. of clinics)	No target listed	186
Construction activity during reporting period	No target listed	169
Clinics constructed	Original goal: 360 clinics constructed New goal as of 5/12/04 Deputies Committee meeting: 219 clinics; 20 constructed by September 30	1 clinic complete. Construction/rehabilitation underway on 169 clinics
No. of health workers trained <sup>a</sup>	5,454	3,995
Pharmaceuticals and commodities distributed	\$780,000	\$697,000

MOH = Ministry of Health

Source: Afghanistan Interagency Operations Group.

<sup>a</sup>Includes community health workers, physicians, nurses, midwives, MOH staff, and NGO staff.

**Appendix III  
Sector Level Performance Indicators**

USAID required the health contractor, Management Sciences for Health (MSH), to develop implementation plans and performance monitoring plans. MSH reports on selected performance indicators in these plans semiannually. (See Table 14)

**Table 14: Health Sector Performance Measures and Status Reported by Management Sciences for Health**

<b>Performance indicators</b>	<b>Nov. 2004 status</b>
Total value of grants to NGOs and public institutions to expand basic package of health services (BPHS) delivery	\$53 million in grants
Total existing health facilities to provide BPHS in intervention areas	250 clinical facilities in 13 provinces.
Total new health facilities to provide BPHS in intervention areas	Not reported
Total rural population in REACH provinces with improved access to health services; total women of reproductive age; total children under 5	Total: 4.8 million. Breakdown of women and children not reported.
Total population in REACH districts provided BPHS directly through REACH-supported facilities; total women of reproductive age; total children younger than 5 years	Not reported
Percentage of basic health facilities in intervention areas with at least one female clinical health worker	Not reported
Total number of community health workers trained	1,721
Total number of midwives trained with national curriculum	417 enrolled
Total number of community midwives trained as skilled birth attendants using national curriculum	140 enrolled
Number of health workers who received refresher training—doctors, nurses, other health workers	Curricula developed.
Number of community health workers trained in community mapping	183
Number of shura leaders oriented to BPHS and role of community health workers	Not reported
Total number of provincial hospitals receiving funding to implement Essential Package of Hospital Services	4
Number of women qualified to be: trained to be (a) community health workers, (b) community midwives, (c) midwives	Not reported
Percentage increase in household knowledge or use of (a) family planning; (b) ANC; (c) protected water source; (d) sanitary waste disposal	Not reported
Number of provincial health coordination committees (PHCCs) established in REACH provinces	13
Number of PHCCs able to produce an annual health services plan	8 workplans
Health facility accreditation system in place	Under way
Development and adoption of a National Medicines Policy and Law	Completed
Establishment of a health worker certification and registration system	Under way <sup>a</sup>
Total number of policy or strategy documents endorsed by the Ministry of Health	Not reported
Health finance policy	Under way <sup>b</sup>
Human resources policy	Under way
Hospital policy	Completed

**Appendix III  
Sector Level Performance Indicators**

*(Continued From Previous Page)*

<b>Performance indicators</b>	<b>Nov. 2004 status</b>
National IEC/Behavior Change Communication policy and strategy	Completed
Ministry of health construction protocol developed	Not reported
Reproductive health policy developed	Not reported

Source: Management Sciences for Health.

<sup>a</sup>Status as of November 2003

<sup>b</sup>Status as of July 2004

**Table 15: Infrastructure Sector Measures Reported to the Afghanistan Interagency Operations Group in Fiscal Year 2004**

<b>Performance Measure</b>	<b>September 30, 2004 Target</b>	<b>September 30, 2004 Actual</b>
Major roads constructed	Kandahar-Herat road construction under way.	Kandahar-Herat (U.S. responsible for 329 km.): Phase-II bid evaluation complete on all packages. Recommendation of awards on two of three packages posted. Kabul-Kandahar (U.S. responsible for 389 km.): Phase II paving progressing quickly in all sections. Reconstruction of old Ghazni bridge is nearing completion. The contractor has submitted a handover request for five other bridges.
Secondary roads constructed	Work will have begun on all 12 secondary road projects.	All 12 secondary road projects have been selected, reconstruction contracts have been signed for 9 projects, and work has begun on 7.

Source: Afghanistan Interagency Operations Group.

The reported measures also provide detailed narrative about progress on primary and secondary road projects and ongoing power-generation projects. Irrigation projects are tracked as part of the agriculture sector, and school and clinic construction and renovation are tracked as parts of the education and health sectors, respectively. The measures do not track water and sanitation projects. See table 16 below.

**Appendix III  
Sector Level Performance Indicators**

**Table 16: Infrastructure Sector Performance Measures and Status Reported by Louis Berger Group, Inc.**

<b>Deliverables</b>	<b>2004 target</b>	<b>Sept. 2004 status</b>
Primary and secondary roads completed (km.)	500	117 km primary road completed, 359 km with at least one layer of asphalt; 0 secondary roads completed, construction begun on 125 km
Bridges completed	20	6 under construction
Wells drilled and operational	1,250	Pump tests and locating sites underway
Irrigation dams and diversions repaired	200	Not reported
Irrigation canals cleaned and repaired	500	Not reported
Large irrigation systems	2 completed, 1 under design	3 complete, 4 in progress
Schools completed	50	8
Health facilities completed	50	15
Electric transmission/distribution systems completed	25	3 emergency generators in place, 3 turbines in process of repair or construction
Government buildings completed	20	Not reported
Wastewater and solid waste projects completed	7	Not reported
Institutional strengthening	Completed for all waste and irrigation projects	Cancelled

REFS = Rehabilitation of Economic Facilities and Services.

Source: Louis Berger Group, Inc.

The Afghanistan Freedom Support Act of 2002 and the 2004 Emergency Supplemental legislated assistance to Afghan women. USAID implemented and tracked most of these objectives either as part of their other sector programs or through individual women-targeted projects (see table 17.) However, no gender-specific performance measures of sector programs nor the results of individual women-targeted projects were reported to the Afghanistan Interagency Operations Group.

**Appendix III  
Sector Level Performance Indicators**

**Table 17: Objectives for Assistance to Afghan Women Contained in U.S. Legislation**

<b>Afghanistan Freedom Support Act</b>	<b>2004 Supplemental Appropriation Conference Report</b>	<b>Sept. 2004 status</b>
To assist women and girls in Afghanistan in the areas of political and human rights, health care, education, training, security, and shelter, with particular emphasis on assistance to:	To ensure that programs, projects and activities funded in this Act include the participation of women and advance the social, economic, and political rights and opportunities of women in Afghanistan	
Establish or rehabilitate health care facilities	Not addressed	Improved hospital facilities and access (OTI); 15 REFS clinics.
Expand immunization programs	Not addressed	Maternal/neonatal tetanus elimination program expanded.
Establish, maintain, and expand primary and secondary schools	Not addressed	15 new REFS schools established.
Establish vocational training and income-generation projects	Establish technical and vocational education.	training as community health care workers and midwives.
Provide special education opportunities for girls whose schooling was ended by the Taliban	Not addressed	Accelerated learning provided for 98,600 girls.
Provide access to higher education	Not addressed	National women's dormitory reconstructed.
Protect women and girls against sexual and physical abuse, abduction, trafficking, exploitation, and sex discrimination in the delivery of humanitarian supplies and services	Establish programs for women and girls against sexual abuse and trafficking.	Not reported
Provide emergency shelters for women who face danger from violence	Provide shelters for women and girls.	Not reported
Direct humanitarian assistance to widows	Provide humanitarian assistance for widows	Widow's bakeries supported through WFP
Support the work of women-led and local nongovernmental organizations	support for Women-led NGO	Grants to women-focused NGOs.
Disseminate information throughout Afghanistan on the rights of women	Establish programs to disseminate information about the rights of women	Not reported
Provide women's rights and human rights training for military, police, and legal personnel	Provide women's rights training to military, police, and legal personnel	INL granted \$75,000 to train Afghan woman judges in civil and family law; ANP training includes "Principles of non-discrimination: Women in Society" and other pertinent classes; uncertain if ANA includes similar training.
Support the National Human Rights Commission	Not addressed	\$5 million in support to the Afghan independent human rights commission

Source: GAO analysis of public law and USAID documents.

# Opium Production and Counternarcotics Efforts in Afghanistan

**Table 18: Opium Production in Afghanistan, 2002–2004**

	2002	2003	2004
Net opium poppy cultivation	74,000 ha	80,000 ha	131,000 ha <sup>a</sup>
Opium production	3,400 mt	3,600 mt	4,200 mt <sup>b</sup>
Farmers cultivating opium <sup>c</sup>	1.7 million	1.7 million	2.3 million
Percentage of legal GDP	17	50	60
Provinces where opium is grown	24	28	34
Gross profits to traffickers	\$1.3 billion	\$1.3 billion	\$2.2 billion
Farm value of opium production	\$1.2 billion	\$1.0 billion	\$0.6 billion
<b>Total</b>	<b>\$2.5 billion</b>	<b>\$2.3 billion</b>	<b>\$2.8 billion</b>

ha = hectare

mt = metric ton

Source: UN Office on Drugs and Crime.

<sup>a</sup>1 ha equals 2.47 acres. (The United States estimated that 206,700 ha were cultivated in 2004.)

<sup>b</sup>mt equals 2,204 pounds.

<sup>c</sup>Totals do not include at least 480,000 itinerant laborers.

**Table 19: Major Counternarcotics Efforts in Afghanistan, 2001-2005**

Event	Date
Bonn Agreement signed; Afghanistan asks international community to help combat illegal narcotics and requests alternative livelihoods assistance.	December 5, 2001
President Karzai issues decree that the opium-based economy threatens national security and should be fought by all means.	January 2002
Interim Afghan Government issues decree on eradication of opium, offering \$1750 per hectare compensation.	April 2002
Conference held on Security Sector Reform in Geneva; United Kingdom is designated lead nation for counternarcotics.	April 2002
Transitional Authority issues new ban on opium cultivation and trafficking.	August 2002
Counternarcotics directorate created within Afghan National Security Council.	October 2002
<b>UN announces afghan opium harvest (3,400 metric tons).</b>	<b>October 2002</b>
Bonn II Agreement participants agree that the Afghan government, assisted by the international community, should intensify efforts to combat illicit production and trafficking of drugs.	December 2002
Ministry of the Interior Counternarcotics Police of Afghanistan (CNPA) is created.	January 2003
DEA office in U.S. embassy officially opens	February 2003
Afghanistan government adopts national drug control strategy.	May 2003
National drug law adopted.	October 2003

**Appendix IV  
Opium Production and Counternarcotics  
Efforts in Afghanistan**

*(Continued From Previous Page)*

<b>Event</b>	<b>Date</b>
<b>UN announces afghan opium harvest (3,600 metric tons).</b>	<b>October 2003</b>
International Counternarcotics Conference on Afghanistan is held in Kabul.	February 2004
DEA details its Asst. Administrator for Intelligence to Afghanistan to coordinate U.S. counternarcotics policy.	August 2004
Berlin Declaration: Afghanistan and the international community agree do everything necessary to reduce and eventually eliminate threat of illegal narcotics. President Karzai calls on Afghan farmers to fight opium as they would a jihad or holy war	April 2004
Afghan Central Poppy Eradication Force Established	April 2004
U.S. counternarcotics strategy for Afghanistan completed.	September 2004
\$776.5 million implementation plan for U.S. counternarcotics strategy completed.	October 2004
DEA-trained National Interdiction Unit created under the Afghan Counternarcotics Police.	October 2004
<b>UN announces afghan opium harvest (4,200 metric tons).</b>	<b>October 2004</b>
Position of Deputy Minister for Counternarcotics created in Ministry of Interior.	November 2004
President Karzai declares jihad on drugs. Pledges to destroy Afghanistan's poppy fields within two years	December 2004
Afghan counternarcotics ministry formed.	December 2004
USAID publishes request for quotes for larger U.S. alternative livelihoods project to be implemented in 2005.	December 2004
United States and United Kingdom establish Counternarcotics Vertical Prosecution Task Force. The task force is to train select judges, prosecutors, and police on counternarcotics and develop a secure court and prison for drug offenders.	December 2004
USAID Signs 3 Contracts for its Alternative Livelihoods Program	February 2005
DEA deploys first Foreign Advisory Support Team to Afghanistan.	March 2005
2005 Eradication Program Begins	April 2005

Source: UN, Department of State, U.S. Drug Enforcement Agency, and Afghan Government Documents.

# Comments from the U.S. Agency for International Development



JUL 20 2005

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

Dear Mr. Gootnick:

USAID appreciates the opportunity to review and respond to your draft audit report, "AFGHANISTAN Reconstruction: Despite Some Progress, Deteriorating Security and Increased Opium Production Continue to Threaten Achievement of U.S. Goals," GAO-05-742. On the whole we found the report to be a comprehensive and detailed assessment of U.S. civilian reconstruction efforts in Afghanistan during fiscal year 2004, when USAID began implementing some of its largest projects and more than doubled the number of contracts it was managing compared to the previous year.

In general, we concur with your recommendations and are pleased to inform you that since September 2004, we have made great progress in implementing the suggested measures of strategic planning and performance indicators. This letter updates you on this progress, as well as on our overall programmatic achievements.

- First, we now have in place a long-term, country-level strategy for Afghanistan: "The USAID / Afghanistan Strategic Plan 2005-2010." As you are aware, the initial urgency and the multifaceted challenges we faced in Afghanistan forced us to operate under an interim strategy until now. The comprehensive new country strategy will cover the next five years.
- Second, our Mission in Kabul is now drafting a Performance Management Plan (PMP). While operating under an interim strategy, USAID's strategic planning directive "Functional Series 200 – Programming Policy; ADS 201" did not require us to prepare a comprehensive PMP. As the new performance plan is put into place, we will also embed similar detailed and rigorous evaluation criteria in our contract instruments.

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**Appendix V**  
**Comments from the U.S. Agency for**  
**International Development**

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- Third, please note that we track the results of our most visible projects every other week for the Deputies' Committee chaired by the Deputy National Security Advisor. These "metrics" are now being updated by an interagency team in Kabul. The updated metrics should reflect the lesson learned in the initial phases of our work in Afghanistan; the reconstruction process in Afghanistan was much more difficult than anticipated.
- Finally, while most of the reporting on our activities is done on a sectoral basis and on particular projects, we also have in place annual tracking mechanisms for reporting on country level indicators. This allows us to monitor progress at the strategic level and make appropriate changes as needed.

On the programmatic level, we are also proud to share with you in the enclosure some of our achievements as of June 2005.

In summary, fiscal year 2004 has been a year of accelerated efforts programmatically, but also with regard to our efforts to formalize long-term strategic and measurement plans. We are very proud of our successes and contributions to date and look forward to sharing many more accomplishments with you in the coming months.

Sincerely,

  
John Streufert  
Acting Assistant Administrator  
Bureau for Management

Enclosure: a/s

Appendix V  
Comments from the U.S. Agency for  
International Development



**USAID**  
FROM THE AMERICAN PEOPLE

ATTACHMENT

Programmatic Achievements as of June 2005

- In the agricultural sector, USAID's projects have improved irrigation on over 840,000 acres of land; trained 588,000 farmers through live demonstrations, seed and fertilizer supply projects; vaccinated 2.3 million livestock per quarter; provided more than 9,500 loans to micro-enterprises and produced an estimated 4.3 million MT yield of cereal crops for 2005. As of last fall, these efforts at rebuilding agricultural markets were being integrated into a market-chain approach.
- Our original agriculture program is now being complemented with a new \$475 million Alternative Livelihoods Program, USAID's contribution to our Government's overall counter-narcotics effort. To date, projects under this program have helped clean 1,044 km of irrigation and drainage canals; launched economic safety net programs for women and other vulnerable groups; and paid \$5.7 million in salaries.
- USAID's support was critical to the success of the Constitutional Loya Jirga and to the celebrated presidential elections last October. We assisted with the registration of more than 11 million Afghan-born voters in and out of the country; hiring and training 120,000 poll workers; and setting up 22,000 polling stations and 5,000 polling centers. We are playing a similarly vital role organizing the upcoming national assembly and provincial elections, scheduled for September 2005.
- Our democracy and governance program is also helping increase the capacity of the formal justice sector. To date we have constructed some 20 judicial facilities and trained 579 judges, while codifying, compiling, printing and disseminating 1,000 copies of Afghanistan's basic laws throughout the country.
- Thanks to USAID's assistance in the customs sector, customs revenues exceeded their budget target by 20 percent in the last Afghan fiscal year, constituting about half of overall domestic revenues.
- Our other efforts at strengthening the Afghan economy focused on privatizing the state-owned enterprises (SOE). USAID completed all the necessary changes to the existing law on SOEs and in May 2005 the Baghlan Sugar plant was the first company to be privatized, at a sale price of €15.5m.
- Our education program has also enjoyed great success. To date we have printed and distributed 35.7 million textbooks for grades 1-12 in both Dari and Pashto. Our

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contractors have trained 6,800 teachers and enrolled some 170,138 students, of which 58% are girls, in the Accelerated Learning program which has expanded to all 17 provinces. The radio-based Teacher Training that was launched in 2003 in three pilot provinces has now expanded to all provinces, reaching 65,000 teachers by radio and 7,479 additional teachers through face-to-face training. USAID has built or refurbished 315 schools, primarily in remote areas, and an additional 184 are under construction. This year, we also established the American University of Afghanistan, and rehabilitated the Kabul Women's Dormitory to accommodate some 1,100 women from mainly rural areas who will attend university in Kabul.

- As a result of our health projects, 7.1 million Afghans now have better access to quality health services; \$1.8 million worth of essential drugs have been distributed; 3,200 community health care workers have been trained; and 287 health clinics have been constructed since 2002, with an additional 43 clinics under contract for construction.
- The Kabul-Kandahar road was completed ahead of schedule, servicing 35 percent of the country's population, who live within 50 kilometers of this highway. The project was crucial to extending the influence of the new government, increasing the pace of economic development, and helping ensure unity and long-term security in the country. Work is underway on the other section of the ring road that connects Kandahar and Herat. USAID contractors, who are responsible for 326 km of the total 557 km of the road, have completed the de-mining operations, and begun laying the first and second layers of asphalt in large sections.

We would also like to update you on the commitments we made in last year's report:

- Nearly 75% of our regular FY 2005 appropriations have already been obligated.
- Our staff in Afghanistan has continued to grow from 101 reported in your audit report to nearly 185 today (including 26 assigned to Provincial Reconstruction Teams (PRT) around the country).
- We have moved our staff to the CAFÉ compound in Kabul. While we still face difficulties with space, we have nevertheless created a workable environment for our staff.

# GAO Contacts and Staff Acknowledgements

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## GAO Contacts

David Gootnick (202) 512-3149

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## Staff Acknowledgments

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Paul Anderson, Managing Director, [AndersonP1@gao.gov](mailto:AndersonP1@gao.gov) (202) 512-4800  
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