Reconstruction Survey

Afghanistan 2007
Report Authors

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Integrity Watch Afghanistan (IWA)

The goal of Integrity Watch Afghanistan is to “increase transparency, integrity and accountability in Afghanistan through the provision of policy-oriented research, development of training tools and facilitation of policy dialogue” putting corruption under the spotlight so that society and policy makers can engage in dialogue and develop solutions. IWA has already produced the first research on integrity issues specific to the Afghan context and has also been able to put together a competent and committed team composed mostly of highly skilled Afghan researchers.

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Tiri is an international NGO based in London that partners with civil society, governments, and business to create networks of committed change agents dedicated to strategic integrity reform. Tiri is an incubator and facilitates innovative reforms and provides a critical learning platform to disseminate cutting-edge experiences.

This paper is part of a series of eight studies of post-war reconstruction countries commissioned by Tiri and funded by the Norwegian Ministry for Foreign Affairs and the Foundation Open Society Institute. All studies are accessible on www.tiri.org

The Reconstruction Survey was designed as an introductory overview of post-war reconstruction in each country, setting out the main actors and their respective roles. The survey complements the Reconstruction National Integrity System Surveys and case studies of integrity in reconstruction projects also undertaken for each country.

Eight local policy centres undertook research using a shared terms of reference. The countries covered are Afghanistan, Bosnia Herzegovina, Kosovo, Lebanon, Mozambique, Palestine, Sierra Leone, Timor Leste. The research is the basis for an advocacy and monitoring agenda to promote integrity in reconstruction both within the eight countries and internationally. Together, these groups form the Network for Integrity in Reconstruction (NIR).

All material contained in this survey was believed to be accurate as of January 10th, 2007. Every effort has been made to verify the information contained herein, including allegation. Nevertheless, Tiri does not accept the responsibility for the consequences of the use of this information for other purposes or in other contexts.
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Acronyms and Abbreviations

AACA  Afghanistan Assistance Coordinating Authority
ACBAR  Agency Coordinating Body for Afghanistan Relief
ADB  Asian Development Bank
ADF  Afghan Development Forum
AIA  Afghan Interim Authority
ANDS  Afghanistan’s National Development Strategy
ARDS  Afghanistan Reconstruction and Development Services
AREU  Afghanistan Research and Evaluation Unit
ARTF  Afghanistan Reconstruction Trust Fund
ASP  Afghanistan Stabilization Program
ATA  Afghanistan Transitional Administration
CG  Consultative Group
CIDA  Canadian International Development Agency
CLJ  Constitutional *Loya Jirga* (Grand Council)
CSP  Country Strategy Paper
DAD  Donor Assistance Database
DDR  Disarmament, Demobilization and Reintegration
DFID  Department for International Development
EC  European Commission
ELJ  Emergency *Loya Jirga* (Grand Council)
EUSR  European Union’s Special Representative
FY  Fiscal Year
GAO  US Government Accountability Office
GIAC  General Independent Anti-Corruption Office
HDI  Human Development Index
IARCSS  Independent Administrative Reform and Civil Service Commission
ICG  International Crisis Group
IDA  International Development Association
IDB  International Development Bank
IFI  International Financial Institution
IGO  Inter-governmental Organization
IOM  International Organization for Migration
IRC  International Rescue Committee
ISAF  International Security Assistance Force
IWA  Integrity Watch Afghanistan
JFPR  Japan Fund for Poverty Reduction
JICA  Japan International Cooperation Agency
JSDF  Japanese Social Development Fund
KfW  Kreditanstalt fur wiederaufbau (German Bank for Reconstruction)
LBG  Louis Berger Group, Inc.
LOTFA  Law and Order Trust Fund for Afghanistan
M&E  Monitoring and Evaluation
MISFA  Microfinance Investment and Support Facility in Afghanistan
MoF  Ministry of Finance
Afghan Fiscal Year
March 21 – March 20

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MoLSA  Ministry of Labor and Social Affairs
MRRD  Ministry of Rural Rehabilitation and Development
NDB  National Development Budget
NDF  National Development Framework
NDP  National Development Program
NEEP  National Emergency Employment Program
NIPP  National Irrigation and Power Program
NPP  National Priority Program
NSP  National Solidarity Program
ODI  Overseas Development Institute
RNISS  Tiri’s Reconstruction National Integrity system Survey
SAF  Securing Afghanistan’s Future
SG  Secretary General
TISA  Transitional Islamic State of Afghanistan
UNICEF  UN Children Fund
UNOCHA  UN Office for the Coordination of Humanitarian Affairs
UNOPS  UN Operational Services
URD  Urgence, Réhabilitation, Développement
WB  World Bank
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1. Introduction

Afghanistan is a landlocked country bordering Pakistan, China, Tajikistan, Uzbekistan, Turkmenistan and Iran. Mountains dominate the central and eastern parts of Afghanistan, covering about three quarters of the country. Its population is estimated to be 24 million, but no official census has taken place since the partial population census of 1978. Government and international analysts predict that this figure will double by 2015. The majority of the population is rural. Only 30% lives in urban areas. However, urbanization has occurred at a rapid pace over the last four years. The World Bank estimates that Kabul alone will receive 250,000 new inhabitants annually in the five coming years. Administratively, Afghanistan is currently divided into 34 provinces (Welayat), each consisting of many districts (Woleswali). The major ethnic groups are Pashtuns, Tajiks, Hazaras, Uzbeks and Turkmens. The GDP was estimated, by the report *Securing Afghanistan’s Future*, at 6.55 billion USD for 2004. This included the value of 2.5 billion USD of poppy cultivation. According to the World Bank, 70% of the population lived with less than 2 USD a day in 2004. Afghanistan is ranked 173rd country in the HDI according to the latest human development report of the UNDP. The under-five mortality rate in 2004 was 257 children out of 1000.

1.1 The conflict

The war that lasted 23 years occurred as a result of both internal and international dynamics. It was closely linked to state and society developments in Afghanistan. While the formal education set up by the state in the 1920s produced a type of elite and opportunities for equal access to power, the political regime lacked necessary reforms since the 1950s, becoming much more serious during the last decade under the rule of Zahir Shah. The emergence of two antagonistic political streams accentuated the struggle for power and alliance making. This led to a first coup in 1973 allowing Dawood, the former King’s cousin, to declare the regime republican and empower the communist elites. The second coup, in 1978, marked the arrival in power of two communist parties (Parcham and Khalq). As a result of political pressures after 1973, elites from the second political stream (Islamist groups, products of the University campus) started leaving the country for Pakistan and began violent political action.

International and regional geopolitical developments have also influenced the war. Since its creation, the Afghan state relied on external resources: looting in India at its origins when it acted as an empire, political taxes paid by the British Empire to the Afghan King until 1919 and development aid from the United States and the Soviet Union starting in the 1950s. In fact, the balance of aid inclined towards the Soviet

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3. UNDP Afghanistan, Security with a human face: challenges and responsibilities, 2004
5. The modern Afghan state and institutions are considered to have emerged during Abdul Rahaman reign (1880-1901).
Union after 1954 when the US signed a military agreement with Pakistan, which Afghanistan considered with much concern. As a result, as Barnett Rubin puts it, Afghanistan had become a rentier-state in three decades, living mainly on foreign assistance. In 1978, in the context of the Cold War, the stake in Afghanistan was high for the Soviet Union: unrealistic reforms and the imported ideological agenda of the communist elites would cause social uprising which might have resulted in the overthrow of the pro-Soviet Khalq party. This obliged the Soviet Union to intervene militarily in 1978 to sustain the communist regime, but this time through the Parcham party.

The post-1978 war transmuted over time and could be divided into three periods: the first period until 1992 could be qualified as a resistance war against the Soviet Union and its allied communist regime. The main Afghan actors of this war were the Mujahiddin groups and parties. The war took place in the context of the bipolar system, which allowed the resistance groups to received generous assistance from the US and its allies, mainly after 1984. The second period that emerged as a result of armed struggle between former allies in 1989 and continued until 1996 could be qualified as a civil war. This involved different Mujahiddin factions. It gained in intensity and touched Kabul city after the fall of Nadjibullah’s government in 1992. Regional interferences and the burgeoning of a self-sustaining political economy of war were the main characteristics of this period. The third period, between 1996 and 2001, could be characterized as a war between the Taliban, entertained by foreign Islamists movements and a heteroclite alliance of former Mujahiddin groups, known as the Northern Alliance, after US intervention in 2001. This military intervention resulted in a rapid regime change. A low intensity war, however, has continued in the Southern and Eastern regions of the country with former Taliban commanders attracting a couple of newcomers onto the scene of armed violence: Hekmatyar, Haqani etc.

The war has left the country with heavy human and intellectual scars. An estimated 1.5 million have lost their lives during the first period. Approximately 4% of the population has been seriously wounded. No clear figures are available on disabled people⁶, but more than 1 million persons are estimated to be physically handicapped and are now suffering from a high rate of unemployment (up to 84%)⁷. Over 2 million Afghans suffer from mental health problems, particularly the generation aged between 12 and 35. The war caused huge internal and international population displacements. While 4 million Afghans have returned to the country since 2002, according to UNHCR, a recent census by the Pakistani government showed that there are still 3 million refugees present in Pakistan. More than 1 million Afghans are still living in Iran. Owing to the influx of returning refugees, the population of Kabul alone has increased to around 250% in the last three years. Afghanistan’s resources for education were limited even before the war. The war destroyed schools and teachers have received little or no training. Thousands of qualified teachers were forced out of the country. As a result, an entire generation has been left out, in particular women. After 2002, the “back to school” program brought back 70 000 teachers and 1.7 million children to school⁸.

⁶ TISA, Comprehensive National Disability Policy, 2003
⁸ The program was funded by USAID and implemented by Afghan government and UNICEF
There are high speculations about the economic losses of the war. The World Bank estimated that the last 23 years of war cost Afghanistan 240 billion USD⁹ in terms of humanitarian aid and lost growth. In 1977, Afghanistan’s GDP was estimated to be about 3.7 billions USD. It dropped by about 20% during the 10 initial years of war followed by a stagnation period during the 1990s. It was estimated at 2.7 billion during the Taliban period. The majority of the public infrastructure (roads, hospital, schools, bridges, public offices, canals…) has been destroyed by the war either directly or indirectly. Many suffered from a lack of maintenance for two decades. Major destruction of private houses and properties occurred in the provinces before 1992, while Kabul city was mainly affected between 1992 and 1996. House destruction, forced occupation of land and forced selling of proprieties are the most common cases of private capital destruction that occurred during the war. These illicit activities still take place in the post-war period. The very low industrial development of the country before 1978 has been annihilated by the war. It concerned mainly cement plants, dry fruit industries, gas and petroleum extraction activities in the north, a textile factory in Jabulsaraj and olive oil production in Jalalabad.

Quite the same, there were some speculations on the level of the foreign debt of Afghanistan which did not allow the real debts to be publicly known. The current? Minister of Economy evaluated debts incurred by the previous administration at 1.5 billion USD. Until a few months ago, Russia claimed that Afghanistan owed the former Soviet Union a billion USD. Official figures from the MoF established the total debt of Afghanistan at 182.9 million USD: 57.4 from USAID, 25 from the US Department of Agriculture, 40 from the former German Democratic Republic, 1.8 from the OPEC fund, 49.5 from the WB and 9.2 from the ADB¹⁰. Only pre-1981 loans from the ADB and WB have been serviced on the basis of an annual interest of 442 thousand USD. Afghanistan benefited from debt cancellation by three creditors: China (£9.6 million), Denmark (5 million Danish Kroner) and Germany (34.5 million Euros). Furthermore, 47.3 million USD have been paid off by other governments directly to Afghanistan’s creditors.

Environmental damages due to the war have not been comprehensively acknowledged yet. In 2003, 10 million land mines still needed to be cleared. This process is crucial both for the rehabilitation of lands and in order to offer pasture to 1.8 million nomads. FAO and UNDP estimate that the area of forests declined from an already low base of 3.4% in the 1980s to 2.6% (1.9 million ha.) of the total land area in 1991. The level of deforestation increased due to the war, mainly for two reasons: the increase in demand for wood because of the return of refugees and the war retaliation, particularly in the Shamali area. This has had a direct impact on agriculture, watershed management, soil erosion and biodiversity conservation. The lack of state intervention and the wood traffic to Pakistan and Dubai sustained by warlords and Pakistani smugglers have resulted in the wild cutting of trees. The desertification process was exacerbated by the adverse effects of war and by 4 consecutive years of drought that lasted until 2002 in arid northern, western and southern regions. The capacity to produce fresh and dry fruits for export, as it was the case before the war, has been limited for many years as the majority of orchards were destroyed and many drying techniques vanished. The irrigation systems necessary for agriculture in most

⁹ See http://www.af/recosting/berlinconference.html
¹⁰ MoF, Financial Report, October 2004
of the country suffered from direct destruction and lack of maintenance. Canals that allowed for the drainage of swampy lands have been destroyed leaving deserts of salty lands. Mineral exploitation to finance Mudjahidin political parties and factions has been very intense in the Badakhshan region, where lapis lazuli and rubies were intensely extracted. Other underground minerals or products were not exploitable during the war period without an adapted infrastructure. The risk of having the patterns for this lucrative mine field and deposits sold or anarchically exploited by private actors or state spoilers is now high.

1.2 A humanitarian history

The humanitarian assistance in Afghanistan is closely associated with burgeoning transnational solidarities. Before the war, only a few agencies (Care, UN agencies, Asia Foundation) had experience in the country. NGOs started working in refugee camps in Pakistan from 1979 onward and soon expanded their emergency activities inside the country. The growing aid community gave birth to different social representations among Afghans. The aid sector started soon to attract educated Afghans to work within the UN and NGO sector. At the end of the Taliban, due to economic atrophy the sector became prosperous and even became a tool for social mobility within Afghan society. In fact, the UN and NGO sector helped the formation of a distinct elite path, with specifically different values and objectives from political elites. It was only after the overthrow of the Taliban that members of this specific elite group got access to governmental positions.

The aid community replaced the state in its social responsibilities for the last decade of war, without any institutional mechanism making them accountable to populations. Besides, as Ashraf Ghani put it, “the delivery of services by dispersed and uncoordinated groups leads to higher structure costs and the creation of unsustainable and unaccountable financial practices”.

Operation Salam (1988): Operation Salam, which aimed to prepare refugees’ return, paved the way for the first large involvement of the UN and its agencies in Afghanistan’s rural areas. However, weakened by the lack of means, poor knowledge of conditions prevailing inside the country and a lack of operational partners in the field, Operation Salam had a rather limited impact. During this phase, a network of Afghan NGOs in Pakistan fostered the ‘sub-contracting’ culture. In fact, the “Afghanization” of aid, promoted by the UN especially through UNOCHA, started in 1989 and resulted in a proliferation of local NGOs. UNOCHA even started registering Afghan NGOs in 1992 as a service to other UN agencies as they were implementing partners. Most of these structures were set up by former staff of the UN or international NGOs. Until 1992, NGOs undertook cross-border activities mainly in zones that were freed from pro-Soviet government control.

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11 See the *The Case of Afghanistan* prepared for Group URD by François Grünewald
12 Hanif Atmar, Sima Samar, Massoum Stanekzai, Yusuf Nuristani, to name just a few
Civil war (1992-1996): During this period, large relief programs were mainly implemented by ICRC and WFP via sub-contracting NGOs. Though some areas remained difficult to access due to logistics, continuing conflict (for example, in the Central Highlands) and banditry, the political situation was relatively stable in most rural areas. In these regions, NGOs, the ICRC, and UN agencies started to implement more development-oriented activities, as opposed to relief interventions. Most UN and donor agencies were settled in Islamabad, while most NGOs kept their bases in Peshawar, from where they carried out assistance programs in the camps and ‘cross-border’ operations, mostly in the eastern region. As the Cold War ended, diminishing interests of Western governments, especially the US, indirectly favored the rise of NGOs. During this period, USAID gave much of its funding to NGOs rather than to private companies.

The Taliban (1996–2001): Taliban policies gave rise to strong tensions within the aid community, sometimes leading both to the temporary evicting of all NGOs based in Kabul and to individual expulsions of aid organizations. At times, serious security concerns for UN personnel prevented their actions. The sanctions applied by the UN and the budgetary restrictions of the European Commission (for example, ECHO) did not facilitate the provision of assistance to a population that continued to suffer simultaneously from the conflict and from one of the harshest droughts in the country. Donors officially refused provision of “development aid”, which resulted in the humanitarian labeling of every project. Paradoxically, this was the period when the aid was the most principle-driven. As a result, humanitarian assistance was provided on the basis of aid neutrality, stricter impartiality towards conflicting parties, gender conditionality regarding the funding for education, etc.

1.3 Post-war settlement

The post-conflict timeline combined at least three divergent dynamics: i) the need assessments carried out by UN and other international agencies in October 2001 even before the end of the Taliban regime gave an important role to non-state actors; ii) the Bonn Conference held in November 2001 that resulted in the Bonn Agreement conferred to the Afghan citizens an important role, especially through the political process; iii) the war on terrorism waged by the US and its allies continued and was not articulated within the post-war settlement. The post-conflict situation had many serious built-in elements of conflict that allowed Astri Suhrke to qualify it as conflictual peace-building. There was an obvious tension between economic strategies, that gave international agencies an important role to resume relief operations and plan for reconstruction, and political strategies, which positioned the Afghan state as the major player.

The Bonn Conference was not a peace agreement. It brought together the victorious Afghan parties of the war, which was quickly won with US support. There were four Afghan delegations present in the Conference. Merely two of them asserted themselves as major players: the Northern Alliance, which symbolically liberated the capital, and the former King’s entourage, mainly American-Afghans from the

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15 Antonio Donini, An Elusive Quest : Integration in the Response to the Afghan Crisis, *Ethics and International Affairs*, vol 18, n° 2, 2004
16 Astri Suhrke et al., *Conflictual Peace building*, International Peace Research Institute, Oslo, 2004
Diaspora. Neither the defeated party, the Taliban, nor the Afghan population was represented. However, Lakhdar Brahimi asked for a symbolic Afghan Civil Society Forum to take place in parallel with the Conference. The Conference gave way to the Bonn process and to the arrival in power of the most active group within the Northern Alliance: the Shura-e-Nezar, known as Panjsheris. The interim government that ensued reflected the above split of power: security institutions were occupied by Panjsheris while financial institutions went to the Afghan-Americans. The international community acknowledged the unrepresentative character of the agreement by stating the necessity of a transition to a more ‘broad-based, gender-sensitive, multi-ethnic and fully representative’ government.\(^\text{17}\)

The Bonn process was a roadmap for transition until a fully representative state would be in place. It consisted of a number of steps that allowed for measuring the progress in the stability of the political process. An Afghan Interim Authority (AIA) had to assume the power in December 2001 for six months in order to organize an emergency Loya Jirga (broad assembly) that allowed a more legitimate government to form. An Afghan Transitional Administration could emerge as a result and stay in power for 2 years. This second period would be achieved after the drafting of a constitution, ratified by a constitutional Loya Jirga, followed by presidential and parliamentary elections. The Loya Jirga emerged as the main legitimizing tool within the process.

The language of the Bonn Agreement reflected a more ambitious perspective. Key international actors acted more in line with a minimalist – actors say pragmatic – perspective aimed at safeguarding short-term stability and limiting the influence of conservative Islamists. Many subjects directly related to the post-war situation were either ignored or deliberately set aside. Human rights, for instance, were left aside.\(^\text{18}\) The Accord did not cover issues like demobilization and reconstitution of a new army. Many other issues such as the role of Islam, the political regime, remained unresolved, ‘complicated by the lack of agreement on constitutive principles on the nature of the Afghan state and society’.\(^\text{19}\)

Nevertheless, some background elements supported the peace process. The Afghans themselves were tired of war and there was a remarkable willingness among the population to go towards peace. Although the last decade of war witnessed many ethnic massacres and cleansing of population on the basis of ethnicity, the society itself was not deeply divided into ethnic lines and communities as it was the case in Bosnia or Rwanda. Also, the end of the Taliban’s regime did not result in total anarchy, traditional leaders and local commanders replaced them in most of the country. Last but not least, contrary to the way the Iraqi war was decided, there was a united vision within the set of regional and international actors for Afghanistan’s mid term future.

While the political framework was set at Bonn, donor summits orchestrated foreign commitments to Afghanistan. The Tokyo Conference held in January 2002 raised 4.5

\(^{17}\text{Text of the Bonn Agreement and the Security Council resolution of December 6, 2001}\)


\(^{19}\text{Astri Suhrke, op. cit. pp. 4}\)
billion USD, most of which were dedicated to relief and emergency operations. The summit was co-chaired by the US, Japan, the European Union and Saudi Arabia. A second general donor conference took place in Berlin in March 2004. The Conference showed a high level of Afghan capacity as it was entirely prepared by the Afghan government. A shift to development aid by the donors was introduced through a multi-year development agenda that involved a progressive reduction of the poppy economy and its replacement in real GDP through the growth of legal economy. The drafted document asked for a commitment of 27.6 billion over 7 years. The Conference pledged 8.2 billion USD for the first three years, i.e. more than 90% of the money expected by the Afghan Minister of Finance.

Rebel groups who had not been included in Bonn continued their armed violence. However, Karzai undertook in 2004 a more sensible policy of social and political inclusiveness, which aimed at increasing his basis of power in the South. This was quite sensitive during 2004 when Karzai co-opted in power sharing mechanisms some former Taliban. The Constitutional Loya Jirga of December 2003 already included former Taliban who formed up to 10% of the 500 participants. The establishment of a Reconciliation Commission suffered from mixed messages towards former rebel groups. However, after the parliamentary elections took place in September 2005, the president of the Commission offered amnesty to Hekmatyar and Mullah Omer if they ceased violence. Both rejected the offer. The election process itself allowed inclusion of many notorious Taliban leaders, while others failed to win sufficient votes to become deputies.

1.4 Corruption through the conflict

Corruption during the conflict is poorly documented. However, it is obvious that it has shifted through the different stages of the conflict. Within the state administration, petty and grand corruption have both existed and resisted all regime changes. During his last years in power, Najibullah personally supported a TV program, Aina (the Mirror), set up by an engaged journalist, which aimed at pinpointing corrupted individuals and networks. The journalist suffered from many death threats and the program was interrupted many times. Before the withdrawal of the Red Army, many Soviet officers themselves were involved in corruption. Afghanistan became a gate way to smuggling proscribed occidental goods to the Soviet Union through a network of army officials and Afghan custom officers. Some of these networks stayed in place after the Soviet Union collapsed and began to be used for more profitable drug trafficking. Grand corruption accelerated from 1992 to 1996 as a result of state fragmentation. In fact, after the fall of the communist regime, the central state started to be less coherent and was controlled by local and regional power holders or factions. Customs and border control constituted the most lucrative zones for local commanders. Many armed struggles in the cities, highly motivated by control over such resources, happened around airports, or public custom offices. This even took the form of a vendetta in Jalalabad during the last year of the Mujahiddin regime and resulted in a well-known massacre of members of Nangarhar Council on the road to Peshawar.

20 One of the authors living in Jalalabad at that time personally witnessed the events.
The rule of the Taliban was the only period when there was little perception of corruption practices by civil servants. There might be multiple reasons for this. First, the Taliban rose politically and militarily as a result of their promise and their success to eradicate petty corruption. Second, the administration has been considerably reduced, as was the demand of citizens for state services. Third, the Taliban state was not really a state built on Weberian bureaucratic rationality, but rather an administration of religious manners and behaviors. This resulted in hand-to-hand and under-the-table transactions among the Taliban leaders, which made it even harder to be evaluated in terms of corruption. Fourth, petty corruption by civil servants was sanctioned by way of example. Despite expected severe punishment by the religious regime and the politics of zero tolerance, corruption did not completely disappear. On the contrary, this provided for a shift to a more legal practice in which private offices received a commission for mediating the provision of government service between the state and the citizens. The private businesses used relatives and family connections without obviously leaving an evidence of kickbacks. The Taliban themselves bribed many Mujahiddin commanders in order to obtain their betrayal to their fellows. The most important incidences of the elites’ corruption concerned the case of Naqib who held the Kandahar airport before the capture of the city by the Taliban, General Malik Pahlawan, Dostum’s second-in-command in the Northern provinces, when the Taliban entered Mazar for the first time in 1997 forcing Dostum into exile, and Haji Qadeer’s big bribe of 10 million USD which allowed for the seizure of the Eastern provinces without any military operation.

On the other hand, the progressive constitution of an assistance community and aid practices offered many advantages to reduce the level of corruption. Before the end of 2001, many NGOs and agencies who worked in Afghanistan had followed their activities continuously over the years. Most of them had set up strong monitoring and evaluation systems, forged management tools and procurement procedures, nurtured both downward and upward accountability values, standards and practices, formed a highly qualified staff, and built connections with beneficiary populations. All these were meant to improve transparency and accountability. ACBAR which had the responsibility for the coordination among NGOs had, for instance, an M&E unit that carried out external monitoring for NGOs. During the Taliban, when the regime put a lot of pressure on them, NGOs used their deep-rooted relations within the population and a moral principle of accountability towards them to reduce the impact of the regime. As a result, accountability developed much more towards the population while interactions with government were limited.

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24 Ahmed Rashid, *Taliban: Islam, Oil and the New Great Game in Central Asia*, Tauris, 2001. The first part of the book on the history of the Taliban (ch. 1 to 5) explains how the transport syndicates and mafias paid the Taliban to eliminate the racket and bribes of many commanders along the roads in the Western part of Afghanistan.

25 Ahmed Rashid, *op. cit.* especially chapters 3 and 7

26 According to Ahmed Rashid, Mullah Omer had a tin trunk full of banknotes under his bed where he sat to receive commanders and which served as the Taliban’s central bank.

27 Ahmed Rashid, *op. cit.* p. 57-63

28 Ahmed Rashid, *op. cit.* p. 48
The aid community, however, was not free of corruption. Non-integrity practices transcended actors all along the chain, starting with the donors and ending with the beneficiaries. First, the foreign donors have used aid flows to manipulate NGOs or even use them for non-humanitarian goals despite their commitment to a set of humanitarian values. A French NGO became famous amongst the aid community in Afghanistan for channeling money and weapons for the Northern Alliance. Leaders of the same NGO were criticized for private use of public funds. Many NGOs used funds mainly to expand their treasury or infrastructure. The expatriate staff of the NGOs had comfortable living conditions and often excessive and unjustified expenses in guest houses, in domestic staff and in representation. The impeccable image of the aid community was marred by a couple of scandals that shocked the members themselves. A well-known and very powerful Afghan NGO had to make public the misuse of enormous amounts of money by its staff and to clean the management of the organization in order to gain back the trust of donors. Another important Afghan NGO, which built most of its strength after the Afghanization of aid started in the late 1980s, went bankrupt many years ago, but its leaders made their way through other structures within the aid sector. Somehow, the reason for which erupting scandals appeared huge may be understood through the fact that principles – especially accountability towards beneficiary populations – mattered during this period within the aid community\textsuperscript{28}.

The individuals and groups themselves abused their beneficiary status. For instance, the recyclers’ phenomenon in repatriation programs – i.e. those who crossed back and forth the frontiers in order to receive the same amount of assistance many times – was estimated to constitute more than 10% of the overall assistance received by the refugees\textsuperscript{29}. Many beneficiaries sold the rations they received. Village leaders who were asked for information or were involved in the distribution process often abused their position through misinformation or misappropriation of goods. Many bought from corrupt aid officials documents that allowed them to benefit from the beneficiary status.

2. The Reconstruction Process

2.1 Introduction

2.1.1 Early stages of the intervention

The period between November 2001 and April 2002 will probably be remembered as one of confusion, during which access to donor funds and agency visibility were among the strongest driving forces in the deployment of aid. There was a rush of hundreds of agencies in the country, some of which had no previous experience in Afghanistan. Many were created as phantom structures that only relied on assistance

\textsuperscript{28} For instance, development work turned much more towards community development and mobilization programs adopting participatory methods. See “Afghanistan: local capacity grows amidst conflict and collapse of central authority” in Carlos Lopes and Thomas Theisohn, Ownership, Leadership and Transformation. Can we do better for capacity development, UNDP and Earthscan Publication Ltd., 2003, p. 172

\textsuperscript{29} David Turton and Peter Mardsen, Taking Refugees for a Ride? The politics of refugee return to Afghanistan, Kabul, AREU, 2002
money for their existence. The annual establishment rate of Afghan NGOs and social organizations multiplied 5 to 6 between the period before the intervention and the six months following it (see figure below)\textsuperscript{30}. Quite the same, according to the Afghan Ministry of Planning registry, there were more than 2000 NGOs in early 2004 while they were 250 registered in September 2001\textsuperscript{31}.

![Evolution of the type of organization](image)

Source: FCCS, unpublished survey of 900 Afghan Civil Society Organizations, October 2005

The early stages of the intervention were marked by emergency assistance. Relief needs have been exaggerated as no other body had a say on the allocation of funds apart from aid agencies. Needs assessments of October 2001 by the ADB and UN agencies, which had been carried out before the Bonn Agreement in which the Afghan Government had a relatively significant role, prevailed over the allocation of funds and provided the international organizations a greater role. Most of international assistance to Afghanistan went through the Annual Afghanistan Appeal and “Donor Alert” for 584 million USD for the period of October 2001-March 2002, which was announced in late September 2001. Although the funds contributed through the Appeal went into a massive Trust Fund, virtually all contributions were “earmarked for specific projects, programs, and implementing agencies, which means that (1) the Appeal provides little scope for prioritization by coordinating bodies independent

\textsuperscript{30} FCCS, unpublished survey of 900 Afghan Civil Society Organizations, October 2005

\textsuperscript{31} Danida, \textit{A Joint Evaluation, Humanitarian and Reconstruction Assistance to Afghanistan 2001-2005 from Denmark, Ireland, the Netherlands, Sweden and the United Kingdom}, October 2005
from the specific funding choices of donors; and (2) the composition of overall assistance tends to be skewed, and certain important sectors—such as education—get grossly under-funded"32.

2.1.2 Local capacity

There weren’t so many high level Afghans with whom the donor community worked in the very early stages. Competition among donors might have produced a fragmented reliance on local capacities. On the other hand, this was the period when foreign agencies implemented themselves most of the aid directly. There are different reasons for the emergence of figures of high level Afghans, depending on the individual paths of the top 6 Afghans and the needs of the moment. Some had great experience with individual trajectories crosscutting aid community actors. Others were politically important or emerged as such at the end of 2001. Hanif Atmar who studied post-war recovery at the University of York, for instance, worked for NGOs and was Deputy Director of IRC before becoming Minister of Rehabilitation and Rural Development. He had some academic publications, had become a respected figure within British aid agencies and was one of the most suited candidate for the job. His vast experience in rural development in Afghanistan gave him higher advantages compared to the elites who stayed in Europe.

Sima Samar had a quite similar path. She used to work with NGOs on health, education and gender. She founded and directed Shohada, an important local NGO. She had lost her husband, had a militant career and originated from a minority group at a time when the international community was emphasizing the ethnic balance of the government.

Ashraf Ghani had a slightly different path. He worked for the World Bank and the UN and used to be a respected professor in American universities. He proved his commitment towards Afghanistan through his academic works, especially those papers written with Barnett Rubin and Olivier Roy, both recognized specialists of the country. Ghani had kept contacts with the Afghan elites in the West. He set up and led the Afghanistan Assistance Coordinating Authority (AACA) during its first stages, which became the central body for the aid coordination. As the donor community started showing irritation about the incompetence of the former Finance Minister, he was appointed to replace him in June 2002. Ghani’s efforts in establishing aid management mechanisms make him, no doubt, the architect of the financial structures in Afghanistan since 2002.

Anwar-ul Haq Ahadi was a professor and worked in banking in the US before becoming Director of the Afghan Central Bank in 2002. He headed a political party and was married to Fatima Gailani, the daughter of an important political figure in the country. He replaced Ashraf Ghani in December 2004. Fahim is the famous warlord who received most of the funding by the US for Afghan Militia Forces. He emerged as the military commander of Massoud’s forces after his assassination and remained Minister of Defense until December 2004. Dr. Abdullah, Minister of Foreign Affairs

since the fall of the Taliban is a moderate figure who became a politically heavy actor after Massoud’s death. He promoted peace solutions for Afghanistan abroad and within the circles of international organizations and Western chancelleries.

The examples from the top 6 Afghans show, at the same time, how difficult it is to define local capacity. Ashraf Ghani’s proximity is rather to the global world, yet he proved to be an excellent intermediary between the aid community and the Afghan population. Should the local capacity be defined geographically: local=inside Afghanistan? Should it be politically defined: local=Afghan? Should it be socially defined: local=those Afghans who are not part of the expatriate. Should it be defined in regard to freedom or condition of movement: local, not Diaspora, not those from Pakistan, Iran or other neighboring countries, but those who never moved? Most often what capacity meant to foreigners was not there, while Afghans had their own capacities. This misperception led to the view that warlords lacked managerial capacity even though they had succeeded in organizing thousands of militia men. To avoid debate, we consider locals as those partners on whom the aid community should have relied because of their more effective and useful skills, but also due to the principle of sustainability.

At the end of 2001, contrary to what is often said, the war-torn Afghanistan was not totally empty of local capacities. NGOs and the UN had forged local capacities for years. Migration helped many others to get differing levels of training, i.e. in Pakistan and Iran. Diaspora from European and North-American countries were used both as local and expatriate staff for the reconstruction. Brahimi, the Special Representative of the Secretary General, was mindful of Afghan capacities and sensitiveness when he recommended a “light footprint” approach for UN operations in Afghanistan. The UN, however, did business as usual. This was because assessment surveys were done by the UN and IFIs before the Bonn Agreement was signed. These gave international organizations and NGOs a considerable role in executing the funding. The accent was put on relief and emergency dimensions of the intervention, as this is acknowledged in the mainstream analysis of interveners: donors’ reports, but also analyses of NGOs and UN agencies were justification for emergency. At least the first six months were no time of accountability, but “happy-go-lucky operationalism”, to use Antonio Donini’s terms.

Heavy reliance on international agencies capitalized on a special type of local resources. The main beneficiaries of aid were those Afghans who experienced migration in Pakistan, had basic English and computer literacy. Members of minority groups who had access to universities in Iran, especially women, had difficulty joining aid agencies because they did not speak sufficient English to deal with foreigners. At a higher level of elites, this problem existed for those Afghans who came from Europe and did not speak the perfect English of their Afghan-American fellows.

One type of local worker in particular suffered from such a setting. For those who stayed inside the country, most of their skills and competencies were downgraded during the war. It was from this category of local capacities that Afghan administration has drawn the bulk of its resources. They are engineers, doctors, lawyers, teachers and low level civil servants who graduated from Afghan universities. This resulted in resentment and a sense of segregation between Afghans,
especially in the capital. If the Afghan administration was not sidelined by NGOs and UN agencies, such local capacities could have been capitalized through institutional capacity building and individual training. This resulted in a reconstruction process led and owned mainly by those Afghans who had previous links with the international community through education, linguistic skills, culture of international agencies or sharing nationality, values or world views with Westerners.

Aid per capita

Actual aid for Afghanistan January 2002 to March 2003: $67
Projected aid for Afghanistan 2004 to 2010: $182
Total pledge: $ 16,079.8 million as of September 2005 (see Annex I for details).

3. Major Players

3.1 Donors

3.1.1 Trends and Areas

Reporting procedures and definitions, program labeling (recovery, development or reconstruction), currency rates, and in some cases lack of data make it difficult to compare the different contributions made by donors. The major state donors included the US, the EU governments, Japan and Canada. Together, their support amounted to 90% (7.8 billion USD) of the total disbursed assistance for Afghanistan by states. Funding by international financial institutions was mainly channeled through the WB (1,463 million USD of pledges) and the ADB (1,328 million USD of pledges).

Most of their funding (60%) was in the form of loans. As of March 2005, the WB and ADB have disbursed 611 million USD in both grants and loans.

Donors’ commitments towards the post-conflict reconstruction converged in broad political terms, although differences appeared during the implementation and planning phases of operations. Convergences of the major donors were made around: i) a unity of purpose to unconditionally engage in Afghan reconstruction, support the Bonn process and assist the US in the fight against terrorism; ii) a reconstruction process led by Afghan ownership; iii) a shift from emergency and relief operations towards reconstruction and development; and iv) a broad oversight role of donors, with each major state taking the lead over a sector or an issue. This resulted in a division of

33 Barnett Rubin et al., Building a New Afghanistan: The Value of Success, the Cost of Failure, Center on International Cooperation, March 2004
34 Source: UNDP, unpublished database
35 Rough estimates for the period 2002 to December 2005: 3.1 billion by EC and European governments, 3.5 billion by the US, 1 billion by Japan and 0.25 billion by Canada. These estimates are based on donor reports and include security expenses which are not systematically reported through DAD (expenses by DynCorp, for instance). Estimates made by the Afghan government showed total disbursement of 4.3 billion USD from January 2002 to March 2004 (MoF, Financial Report of October 2004) and 2.53 billion USD from March 2004 to October 2005 (DAD) for all donors. However, these do not include most of the security expenses paid by the US.
36 Ministry of Finance, “Donor Profile”, June 2005. Pledges included grants (647 millions USD) and loans (816 million USD), all made at Tokyo and Berlin Conferences for five years (2002-07).
37 Ministry of Finance, “Donor Profile”, April 2005. Pledges included grants (458 millions USD) and loans (870 million USD), all made at Tokyo and Berlin Conferences for seven years (2002-09).
tasks, with relatively insignificant overlaps. Security Sector Reform designed in at the Geneva Conference in 2002 identified five sectors led by five different nations: the US (army), Germany (police), Italy (justice), UK (counter-narcotics) and Japan (DDR).

Emergency relief was predominant in the two first years of assistance while reconstruction assistance progressively replaced it (see figure from Danida).

Source: Danida, *A Joint Assessment, Humanitarian and reconstruction assistance to Afghanistan 2001-2005*, p. 41

3.1.2 Main sectors

The National Development Framework which was drafted by the Afghan government has been officially taken into account by major donors\(^{38}\). Consequently, a significant amount of funding was initially channeled through the Afghan government. However, as time passed, NDF became only a structure and did not allow for effective control over resources.

\(^{38}\) Afghanistan Strategic Plan for 2005-2010 of USAID and Country Strategy Paper for 2003-2006 of the EC have formally recognized the NDF as the core instrument through which their funding would be made.
Sectoral components of the development budget (1383-1389), needs according to Securing Afghanistan Future document that was produced by the Afghan Government and was presented at Berlin in March 2004.
3.1.3 First recipients and disbursement partners

While the two first years witnessed a relatively significant amount of money channeled through the Afghan government (29%), the trend for Afghan FY 1383 showed a reverse pattern: more than 50% of aid has been spent directly by foreign governments or foreign companies with the Afghan government receiving only 21% (see figure below). This finding should be looked at carefully, yet with caution as the findings FY 1384 seem quite different. However, these figures were based on a level of expenses corresponding to disbursements during the first six months. Generally, the low level of funds going to the Afghan government proves that it still has difficulty to obtain true ownership over funding, even though the London Conference renewed international commitment. The US and the UK particularly do not trust the government's accountability and do not directly recognize it as a contractor even though their political backing of the Afghan process is greater than many other states. Their approaches, however, are a bit different. The US government withdrew, after two initial years, from funding the ARTF, a World Bank administered fund that pays mainly the recurrent costs of the government while the UK remained the biggest single donor.

Donor Disbursement by type of first recipient for FY 1383, rough estimate from DAD as of December 2005

<table>
<thead>
<tr>
<th>Type of Implementing Agency</th>
<th>in $ million</th>
<th>%</th>
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<tr>
<td>Private Companies</td>
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<td>Foreign Governments</td>
<td>673</td>
<td>31%</td>
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<tr>
<td>Afghan Government</td>
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<tr>
<td>International Organizations</td>
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<td>13%</td>
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<td>NGO</td>
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</tr>
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<td><strong>100%</strong></td>
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</tbody>
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<tr>
<th>Type of Implementing Agency</th>
<th>Million</th>
<th>%</th>
<th>Million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghan</td>
<td>21%</td>
<td>72</td>
<td>21%</td>
<td>53%</td>
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<tr>
<td>NGO</td>
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<td>9</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td><strong>100%</strong></td>
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### 3.1.4 Main funding mechanism

Funds went mainly through structures defined by the Afghan government (see NDF and NDB under government section) and trust funds such as ARTF and LOFTA administered respectively by the WB and UNDP. Other trust funds such as Afghanistan Interim Authority Fund (AIAF) and the Army Trust Fund (ATF) were established but were closed after their terms ended\(^39\). Donors funded projects and implementing agencies outside of these mechanisms. In addition, Japan established a few trust funds that were managed by the ADB and WB.

ARTF was proposed following a request made by the Afghanistan Reconstruction Steering Group in Brussels in December 21-22, 2001. The proposal which was prepared jointly by the WB, UNDP, ADB and IDB called on the WB to be its Administrator and a member of the Management Committee that would include the other mentioned bodies\(^40\). ARTF was established in May 2002 to serve as a coordinated financing mechanism for the Government’s recurrent budget (Recurrent Cost Window) and priority reconstruction programs and projects (Investment Window). A third window, with an initial budget line of 5 million USD, allowed hiring of Afghan expatriates in order to increase the capacity of the Afghan government. As of December 21, 2005, ARTF mobilized 1.322 billion USD (1.14 billion USD of disbursement by donors to the fund since its establishment and 182 million USD of pledges for the current Afghan fiscal year) in grant contributions from 24 bilateral donors\(^41\). European states and the EC constituted 70% of the funding while Canada and the US funded respectively 10.5% and 18% of it. The UK was the single biggest contributor with 23.5% of ARTF.

Out of 1,140 million USD received, ARTF Administrator committed 1019.75 million USD and disbursed 847.84 million USD, of which 684.8 million (80%) went to recurrent budget expenditure, 134.5 million (16%) for investment, 22 million to LOTFA and 7 million for the fees of the monitoring agent. The fees taken by the WB do not figure independently, but after the investment income from donor contribution has been reduced from it. So, IDA fees minus investment income amounted to 2.8 million USD as of December 21, 2005. The ARTF has been evaluated externally once

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\(^40\) ARTF Proposal, March 21, 2001

\(^41\) World Bank, ARTF Quarterly Report, December 2005
over its life time period, in January-February 2005. The assessment report is positive in regards to the fund’s management and recurrent window. There were, however, some reservations regarding the investment window: “disbursements have grown slowly” during the first two initial years, “performance and financial reporting started late and were not consistent”, projects had “high overhead costs due to the use of external managers/contractors for implementation”\textsuperscript{42}. Capacity development programs have failed to fulfill their objectives\textsuperscript{43}.

3.2 Aid approaches of the main state and government institutions

The United States: The US remained by far the major donor in Afghanistan’s reconstruction. There is a difference in budgetary terms between the US and other donors. The US considers a pledge the money that is appropriated while many other donors report the amounts that may be a statement of intentions but have not necessarily been mobilized. Obligation is meant by authorization of funding after a law was passed in Congress. This was the case for the Afghanistan Support Freedom Act of 2002 that allowed most of US non-security expenses in Afghanistan. The amounts obligated yearly by the US are much higher than the real expenses in the majority of the cases. There is a clear distinction between security expenses led by the State and Defense Departments, and non-security expenses led essentially by USAID.

For non-security assistance, the US represented 38\% (2.8 billion USD) of the 7.3 billion USD of pledges made by all donors for FY 2002-04. Actual expenses represented 1.6 billion USD for the three years\textsuperscript{44}. According to the Afghanistan Strategic Plan, commitments through USAID for the period 2005-10 are more than 6 billion USD. USAID accounted for 82\% (587 million USD) of total US expenditure in FY 2004, up from 56\% of FY 2002-03. There were 11 (for 2002-03) and 9 (for 2004) US agencies providing assistance. The Bureau for Population, Refugees and Migration, under the State Department, arrived second with 23\% in 2003-02 and 7\% in 2004 (48 million USD). The main reason for an increased role of USAID over time is the shift from humanitarian and quick impact assistance towards reconstruction and development activities. 75\% of the 900 million USD spent in FY 2002-03 concerned humanitarian assistance. Three quarters of the money spent in 2004 went to reconstruction.

Security considerations, lack of human and financial resources, unfortunate sequencing of funding and political pressures have impeded achievements of US agencies and their accountability. Furthermore, the awarding of contracts by USAID was done through bidding procedures that have not been fully open and competitive\textsuperscript{45}. This rather confirms what a USAID official said in Kabul: ‘there is no such a selfish thing than the use of the assistance for international cooperation’\textsuperscript{46}. USAID works in

\textsuperscript{42} Scanteam, Assessment, Afghanistan Reconstruction Trust Fund, Oslo, March 2003, p. 2
\textsuperscript{43} Ibid, chapter 5, especially p. 28-30
\textsuperscript{45} USAID Regional Office of the Inspector General, Report Number 5-306-04-005-P, Manila, August 2004
\textsuperscript{46} IWA interview, Kabul, December 2005
Afghanistan through one main contractor, preferably for one sector or program. Contracts are no less than 10 million USD and reach many hundreds of millions for infrastructure projects. Most of the funds go to private US companies. Security considerations have limited the oversight capacities of USAID. Most of the staff are confined in the US Embassy compound and have to undergo tough security clearances in order to be able to go outside. At the same time, such considerations have allowed salary increases of up to 100% while the risks of exposure to insecurity in the over-protected compounds are even lower compared to the risks to which ordinary Afghans and the staff of other agencies are exposed. The work of USAID has been undermined by lack of human resources. The Kabul mission currently has 100 employees, including drivers, cleaning and security staff, for a level of 1.6 billion USD expected expenses. USAID did not require its contractors to submit quarterly reports, as it did in normal circumstances, because the mission lacked oversight and monitoring capacity.

In September 2003, the US government announced the “Accelerating Success” initiative, providing 1.76 billion USD for reconstruction in 2004. The idea was to accelerate US effort before the Afghan presidential elections that were scheduled for June 2004 and finally took place in October. USAID concentrated 70% of its reconstruction efforts in Kabul and Kandahar provinces, the areas where Karzai was mainly counting on obtaining votes. However, funds arrived late, generally taking 3 to 6 months to meet the targets. In FY 2004, 41% of USAID expenditure went to infrastructure and 17% to economic governance. Both sectors revealed many problems. While half of the obligations (297 million USD) supported the rebuilding of infrastructure, the actual expenditure represented 236 million USD for roads and 6 million USD (out of 49 obligated) for schools and clinics. The infrastructure was contracted by the Louis Berger Group. The Accelerating Success Initiative increased the number of clinics from 50 to 253, while implementing partners reported by September 2004 that only 15 were constructed. Quite the same, the initial number of schools increased from 100 to 105 according to the Louis Berger Group and 774 according to five additional organizations by October 31, 2004, while implementers reportedly refurbished 77 buildings and constructed 23 new ones by the end of FY 2004. There were many misuses of funds including important school construction costs of up to 650,000 USD for one unit, while the same unit was built by NGOs with 20,000 USD.

The US plays an important role in security expenses in Afghanistan. It provided 3.3 billion USD between FY 2002 and 2005 towards the goal of eventually establishing a 70,000 man force. The Department of Defense is the main implementer for the establishment of the army. Contribution towards the reconstruction of the national police reached 804 million USD between FY 2002 and 2005. The oversight was

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47 IWA interview, December 2005
48 GAO, July 2005, Despite Some Progress ... op. cit.
49 Ibid.
50 Ibid, p. 10
51 Ibid, p. 34
52 Ibid, p. 37
54 GAO, Report to the Committee on International Relations, House of Representatives, Afghanistan Security: Efforts to Establish Army and Police Have Made Progress, but Future Plans Need to Be Better Defined, June 2005.
ensured by the State Department who contracted DynCorp Aerospace Technology to train and equip the police, advise the Ministry of Interior, and provide infrastructure assistance, including the construction of police training centers. Overall, security expenses are less transparent as they involve US and Afghan defenses. Figures are presented in broad terms and hardly allow for more investigation. Corruption among the police, however, is a notorious fact that most Afghans have experienced. State and DynCorp officials are aware of the ‘pervasive corruption’ within the police. The main problem remains in delays in the reform of police while the training program is very short: an 8-week course for new recruits and a 2-week program for veteran police. Pressures on DynCorp to accelerate the training resulted in using 800 Afghans who only completed a 3-week instructor development course\textsuperscript{55}. Those who are trained return to district stations under the authority of former militia leaders. Contributions of other donors to the Afghan army and police are quite insignificant: 193 million USD for the army as of March 2005 and 246 million USD as of January 2005. For the Afghan army, an amount of over 52 million USD was in cash and an estimated 141 million USD was donated in weapons, ammunition and equipment. For the police, a sum of 120 million USD was provided in cash and directed through LOTFA and 126 million USD in equipment and training. Comparatively, Germany who is supposed to lead the police, provided 68 million USD as of January 2005.

Timelines and sequencing of funding have had a significant impact on US funded projects for the reconstruction of Afghanistan. This was especially the case for USAID funded projects for the FY 2004 (see figure below). Under the Accelerating Success Initiative, all operational targets had to be met before the end of June 2004. Delays in funding shortened the time required for most of the projects. There were two main portions of funds that were delayed. The Congress appropriated 672 million USD for emergency relief in November 2003 and 283 million USD in January 2004 for reconstruction. USAID received 642 million USD in two installments late January and early February 2004 from the first appropriation and started receiving installments for the second in March 2004\textsuperscript{56}. This left all the programs with less than five months to use the funds.

Timeline and sequencing of USAID funds

\textsuperscript{55} Ibid, p. 20
\textsuperscript{56} GAO report, Despite Some Progress ...
European States: The EU states have contributed one third of the total aid promised at the Tokyo and Berlin Conferences and two thirds of the current 10,000 ISAF peacekeepers. The EC alone pledged 1 billion Euros over five years: 657 million Euros in 2002-04 and 376 millions planned for 2005-06. EC and member states collectively pledged 3.1 billion at Berlin. An EU communiqué put the amount of money spent on Afghanistan at 12.5 billion Euros. This includes security expenses made by ISAF. However, with the exception of the first months of the post-Taliban period, there has been little coordination between different European actors: individual states, EC, ECHO, EUSR, etc. The development is mainly dealt with by the EC Office, which has been strengthened as a result of the devolution reform that began in 2000. Relief operations were mainly funded by ECHO with a total spending

Source: GAO report 05-742, July 2005

57 **CG, Rebuilding the Afghan state: the European Union’s role, 30 November 2005**
58 « Afghanistan: How EU Support is Making a Real Difference », Memo/05/156, Brussels, May 2005
59 Ibid.
of 218.5 million Euros. The political face of the EU is represented by EUSR and member state ambassadors. Security is ensured through the direct contribution of individual member states. Unlike the US embassy, in which the USAID, State Department and Coalition forces all hold offices and consult each other on a weekly basis\(^60\), the European actors are not coordinated.

The European donors have historically been great contributors to NGOs\(^61\). However, the EU channeled 40% of its funds in 2002 through NGOs and only 20% in 2004\(^62\). This reflects the shift from emergency (2002-03) to reconstruction (2004-05) efforts that most of the donors underwent. After December 2001, the European donors shifted their policies by concentrating their efforts on the legitimacy of the Afghan state. EU states contributed more than 70% of the funds to the ARTF, mainly for civil service salaries. The 2003 EC Country Strategy Paper emphasized working within NDF. However, the staff from the Kabul Office has been critical about it. The only important contract made to a private company concerns the Kabul-Jalalabad road, which cost 89.5 million Euros and was implemented by a Chinese construction enterprise.

An assessment of aid provided by five donor governments affirms the fact that there was no European model for assistance to Afghanistan. The five donors had in common the fact that most of their aid was provided to the UN (40%), NGOs (27%) and to the ARTF (24%)\(^63\). Ireland, Sweden and Denmark gave a considerable amount of aid to national NGOs, while the Netherlands and the UK supported the Afghan government (through the ARTF) and multilateral agencies.

\(^60\) Coordinated development, diplomacy and defence efforts were first outlined in “The National Security Strategy of the United States of America”, but were further enforced in Afghanistan after the US military commandment shifted its headquarters from Bagram to Kabul.

\(^61\) EC funded NGOs with 500 million Euros over 10 years before 2001 according to ICG. Op. cit.


\(^63\) Danida, A Joint Evaluation, Humanitarian and Reconstruction Assistance to Afghanistan 2001-2005 from Denmark, Ireland, the Netherlands, Sweden and the United Kingdom, October 2005
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<th>Denmark</th>
<th>Ireland</th>
<th>Netherlands</th>
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<td>Trócaire</td>
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<td>82.2%</td>
<td>96.8%</td>
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Germany is an important donor to Afghanistan. The pledges made in Tokyo in 2002, totaling 320 million Euros for the period 2002-2005, were completely disbursed by the end of 2004. At the Berlin conference on Afghanistan in April 2004, Germany pledged a further 80 million Euros a year for the period 2004-2008. This brings the total German contribution to the reconstruction of Afghanistan - including humanitarian aid - to 650 million Euros. The German share through the EC amounts to 63 million Euros. Last but not least, the German government wrote off Afghanistan's debt to the tune of 34.4 million Euros.

Japan pledged more than 1 billion USD during the Tokyo and Berlin Conferences and disbursed 986 million USD as of August 2005. There is less transparency regarding how, when and what amount of the funds went to specific programs. This is because there is less information available through reports and evaluation. Funds come through JICA, which is also an implementer for DDR, and technical assistance projects. The main projects funded by Japan are in infrastructure (202 million USD) including a portion of the Kabul-Kandahar road, DDR (107 million USD), refugees, education and health (156, 60, 58 million USD respectively). In addition, Japan supported the establishment of the constitutional process, the Afghan elections and cultural projects in Bamyan. Japan has established two special funds with the ADB (JFPR) and the WB (JSDF) and allocated 110 million USD through them to support the Afghan reconstruction. Japan’s aid has shifted from humanitarian to recovery and reconstruction assistance under the “Ogata Initiative” which has focused on ‘regional comprehensive development’ including Kandahar, Jalalabad and Mazar-e-Sharif as the three main regions. Most of the funds go the UN agencies.

Canada is also an important state contributor to the reconstruction process. Before 2001, Canada’s assistance was largely humanitarian aid and reached 10 million USD a year. Since 2002, Afghanistan has been the main beneficiary country of CIDA with assistance focused on development and reconstruction. Canada pledged in Tokyo and

65 MoF, Donor Profile: Japan, August 2005
Berlin together 616.5 million USD (2002-09). As of June 2005, it has disbursed 252.3 million USD\textsuperscript{66}. Canada is an important contributor to the trust funds. As of October 22, 2005, it disbursed 103 million USD to the ARTF. Canada has supported the ADF structures and priorities. Funding goes mainly to human capital and building an enabling environment for development pillars. Canada hardly supports infrastructure projects. The biggest part of its contributions goes either to the Afghan government or to UN agencies. Only a small portion goes to NGOs, mainly in the health sector. In most cases, Canada funds programs that enjoy the support of other donors.

The World Bank is considered as ‘the second largest donor to Afghanistan in terms of total pledges to the country (1463 million USD)’ by the MoF\textsuperscript{67}. However, as of September 2005, the WB website puts its commitments at 456.8 million USD in grants and an additional 436.4 million USD in no-interest loans for 19 development (such as the NSP, a government flagship program) and emergency reconstruction projects. Loans are interest-free with a 10-year grace period and 25-40 year repayment period. None of these go into the multilateral funds the WB administers: ARTF (1.3 billion USD of pledges) and the JSDF (38 million USD). The administration fees (1.5% of disbursement and deducted monthly) were interest on deposits plus 4.4 million USD as of October 22, 2005.

The WB works in close collaboration with the MoF and has provided advice to help the government manage donor funds ‘effectively and in transparent way’. It has set up mechanisms that ensure WB involvement in different steps of government procurement and expenditure procedures. This is the case, for instance, with the ARDS which has received more than 30 million USD from the WB. Up to 90% of the funds go to ministries and other state institutions. Internal evaluation of the WB showed lack of effective competition in procurement, ‘unsatisfactory project management and monitoring that put 11% of IDA investments in Afghanistan at risk’, and limited results in capacity building within government\textsuperscript{68}. Afghanistan rejoined the WB in 2002. Japan, Italy, Norway, Sweden and the UK paid off 26 million USD of arrears on pre-1979 in 2003. The same year, Afghanistan started paying off the remaining pre-1979 loans through the ARTF (about 3 million USD per year)\textsuperscript{69}.

The Asian Development Bank pledged in Tokyo 500 million USD of loans and grants for 2.5 years and some 800 million USD for the period 2005-08, ‘loans and equity investment of up to 100 million USD in partnership with local and foreign investors and guarantees of about 100 million USD to catalyze private investments’\textsuperscript{70}. Loans from the Asian Development Fund are interest-free with a 10-year grace period and 1% annual fee. The ADB’s assistance focused on transport, energy, natural resources and governance, and the financial sector. Building national capacity has also been a focus area. Regarding the assistance trend since 2002, the level of ADB loans has risen while the level of grants has lowered. Funds are mainly contracted by the Afghan government. ADB itself is an implementer, as is the case for technical assistance and capacity-building of Afghan ministries. In 2002, the UK paid off 18 million USD of pre-1992 arrears. In 2003, Afghanistan began repaying the remaining

\textsuperscript{66} MoF, Donor Profile: Canada, June 2005  
\textsuperscript{67} MoF, Donor Profile: World Bank, June 2005  
\textsuperscript{68} Ibid.  
\textsuperscript{69} Bank Information Center, May 2004, \url{www.bicusa.org}  
\textsuperscript{70} ADB, Annual Report 2004, p. 78
amount through the ARTF. As of April 2005, the ADB pledged 457.5 million USD in grants and 870 million USD in loans over 1380-1387\textsuperscript{71}. The disbursement ratio is one of the lowest, with 214 million USD for the period 1380-84.

### 3.3 Comparative analysis

There are both similarities and differences in donor policies on aid spending. All of the major donors focused on emergency relief during 2001-2003 and shifted the bulk of their aid towards reconstruction efforts during 2004-05. All agreed in principle towards the Afghan ownership over the process, followed the NDF structures and guidelines in broad terms and supported the process of state-building and political stabilization. This being said, all relied on non-state actors for the implementation and rapid expenditure of the assistance.

The US assistance was provided mainly to private contractors while the European governments and institutions provided assistance mainly through UN agencies, NGOs and some private contractors. Indeed, European NGOs such as SCA, DACAAR, GOAL, and ACTED benefited from European assistance quite the same as American companies did from US aid. While the US remained the most important single, coherent and internally coordinated donor to Afghanistan, its political imperatives were considerably felt through the process. The US assistance, especially the USAID assistance, is apparently more transparent than their European and Japanese counterpart. Corruption and lack of integrity, however, have been much more sensitive within US assistance than in any other countries’ assistance. Somehow, political imperatives and timelines have had an important impact on the projects in the field, as implementing agencies had to meet their targets often in less than half of the time initially foreseen. As an example, the Jalalabad-Kabul road project funded by the EC escaped many political pressures from the Afghan government and followed a path which was initially planned\textsuperscript{72}.

Coordination, at first, took place at inter-agency level within state institutions of a same donor as it was the case for the US, while the European Union governments and institutions proved the contrary. Second, donors coordinated their efforts through high level groups and meetings, especially the first phases of the process when the Afghan capacity was weak. Third, the Consultative Groups offered some coordination on specific issues at the national level. Other types of coordination also existed to differing degrees: PRTs and NGOs, among NGOs, Civil-Military, inter-agency at the UN under the two pillars of UNAMA etc.

### 3.4 Government and state institutions

Government and state institutions have interacted with main players through the development of a complex governance structure, broad visions and shared strategies. Karzai set the tone at the Tokyo conference: build a minimal state compatible with a market economy and Western friendly. Overall, the state institutions have themselves evolved over the past four years, including today 27 ministries, 5 independent commissions, 4 independent agencies (such as National Security Council and Anti

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\textsuperscript{71} MoF, Donor Profile: ADB

\textsuperscript{72} Interview with EC Official, December 2005
Corruption Body), offices of the Attorney General and Chief Justice, and 6 other government bodies (such as National Directorate of Security and Central Bank). Yet, no minimal and effective state was built. The government that came out of the Bonn Conference reflected a power-sharing body, which Karzai himself repeatedly described as a coalition government, and did not favor reforms. Pressures from the international community focused rather on the ethnic balancing of the state institutions while power holders of the time could assert themselves as representative of the so-called ethnic groups. The shift to the Afghan Transitional Administration after the Emergency Loya Jirga gave more power to Karzai and provided for a more enabling environment towards reforms away from a power-sharing setting. Finally, after presidential elections and in accordance with the Afghan constitution, the new government consisted of highly educated ministers. Unfortunately, it has shown less coherence across programs, strategy and vision so far. Rather, many ministers have acted as free riders and have followed their own political agendas as Karzai and the international community were focused on the political process and tried to bring in as many factions as possible. In fact, coherence within state institutions was sacrificed for the consideration that building a state was equivalent to stabilizing an Afghan political process.

Ashraf Ghani has been the principal architect of the dialogue between the Afghan government and the donors. He joined the government in April 2002 as the head of the AACA, which was entitled to coordinate the actions of the aid community, and became Minister of Finance in June 2002. He drafted in April 2002 the National Development Budget (NDB) that became the main mechanism, with the National Development Framework (NDF), through which the majority of donors coordinated funding and programming. The NDF was drawn up as a roadmap for the development and reconstruction process in Afghanistan. It identified 16 sectors, called National Development Programs (NDPs), each overseen by a corresponding Consultative Group (CG). The 16 CGs operate each as a forum within which projects are designed, discussed and implemented. All 16 NDPs are dispatched into three broad pillars: human capital and social protection (28% of the total budget), physical infrastructure (54%\(^{73}\)), and enabling environment for development (18%). There are also six cross-cutting issues (gender, environment, etc.) within the NDF. The original NDF identified six National Priority Programs (NPPs) to which Karzai added six more in April 2004. NPPs are meant to be major policy priorities for the government and have progressively replaced NDPs in their functions. The NDF has remained the core instrument within the reconstruction process until now and will be replaced after the donor Conference in London and the implementation of Afghanistan’s National Development Strategy (ANDS)\(^{74}\). Overall, functions of oversight and implementation are separate within CGs, Advisory Groups and NPPs.

Some of the NPPs have become important programs and have drawn significant amounts of aid. For instance, the National Solidarity Program (NSP) which is planned to reach every village in the country by 2007 aims at strengthening local-level participation in development process. By May 2005, the NSP had involved 8,100 village communities in over 150 districts\(^{75}\). NSP is executed by the Ministry of Rural

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74 AREU, A to Z Guide to Afghanistan Assistance, fourth edition, August 2005
75 Op. Cit. p. 49
Rehabilitation and Development (MRRD) and is implemented by UN-Habitat and well-known and long-established NGOs. As of October 2005, the NSP has spent 205 million USD, with a total program budget of 781 million USD for the period 2004-07. Funds come from the IDA, ARTF, JsDF and the Danish Government. The NSP has been recognized as one the most successful community driven development programs in the world to date. Other important NPPs are the National Emergency Employment Program (NEEP), the Afghanistan Stabilization Program (ASP) and the National Irrigation and Power Program (NIPP). Apart from the NSP and ASP, most of the NPPs have been absorbed by their relevant ministries and have operated, since mid 2004, independently of the NDPs to which they correspond.

For fundraising purposes, the Afghan government has interacted with donors through summits and conferences. These have included two types: general (Tokyo, Berlin and planned London) and thematic (Berlin II in December 2002 and Tokyo in February 2003 for security reform, Doha on Police reconstruction, Kabul in February 2004 on Counter-narcotics) conferences. The Afghan Development Forum (ADF) is another institution facilitating dialogue among the Afghan government, donors, UN agencies, NGOs and the private sector. While the two previous ADFs (March 2003 and April 2004) have worked as pledging conferences, the goal for the third one, which was held in April 2005, was “to move focus from the recitation of past accomplishments by government and contributions by donors toward serious policy dialogue”. The main achievement of the last ADF was an agreement to develop ANDS by the end of 2006. The government also engaged in discussion with international actors on political reconstruction, regional good neighborhood, and regional cooperation and integration. The regional dimension has been considered as an important pillar of the reconstruction, gathered neighboring countries and major international actors (US, WB and ADB). The latest forum held in Kabul in December 2005 insisted on energy and electricity needs of Afghanistan.

The Berlin Conference has been a milestone in many ways. The Afghan government tried to engage with the international community in a development-oriented dialogue that was meant to transform the Afghan economy from poppy production to legal economy. Ashraf Ghani in his interview of April 1, 2004 with the BBC tried to found the legitimacy of the government on its development efforts, notably its pro-poor actions. Afghan ownership asserted itself in a particular manner, as for the first time in 13 years the Afghan state launched a consolidated appeal alone. In the Securing Afghanistan’s Future (SAF) document, a clear distinction was made between a development budget and the current expenditures.

Nevertheless, beyond formal structures, mechanisms, policies and strategies in regard to aid management, governmental actions are largely defined by power relations. The recent absorption of NPPs by relevant ministries that appears, indeed, very natural and can even be counted as a further step towards governmental ownership, reveals, however, the competition for funding resources among different ministers. Power and prerogatives of the ministers are determined, at least, as much by their relations to the aid community as by their predefined functions within the cabinet. Even the immediate post-Bonn interim authority included one third of ministers coming from

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76 MRRD, NSP Monthly Program Report, October 2005. See [www.nspafghanistan.org](http://www.nspafghanistan.org)
77 AREU, Fine-tuning the NSP, November 2005
NGOs and IGOs. Past experiences and trajectories have greatly contributed to building relations and affinities with donors: Ghani with the WB, Atmar with the UK and NGOs, Arsala with the US, etc. Access to external funding is an empowering factor for ministers. Programs such as the MISFA, NSP and ASP have, no doubt, increased the power of ministers and transformed the relevant ministries into powerful bodies while other ministries resemble phantom structures. Since February 2005, the Ministry of Foreign Affairs has undertaken advocacy to control another yet unexplored domain (the regional cooperation) and asked the WB in April to fund an advocacy and research department with the ministry. However, beyond the obvious lack of coherence within the cabinet, there are perverse effects associated with the fragmented functioning of the government, which strip the structures of their substance and goals. We recently learned that a powerful minister discussed with one of his deputies their criticism of an Alternative Livelihood Program run by an American company and funded by USAID, but concluded to stay silent in order to ensure that funding for the NSP from the same donor would continue. Dependency towards external resources has, no doubt, limited the coherence of the government.

Karzai stated in Tokyo that accountability towards Afghan citizens and the international community, transparency and effectiveness of the state institutions would be the fundamental principles guiding the action of its government. Yet, there was less done to ensure accountability towards the Afghans. Karzai launched a public accountability week only in November 2005. Transparency and accountability towards donors were much better guaranteed, but got blurred by complacency due to security considerations, the peace agenda and internal political pressures on donor governments. In fact, accountability towards donors is more relevant within the aid context, as many programs such as Counter Narcotics in reality meet donor priorities rather than Afghan needs. They are often supply-driven and governed by an out-in dynamic. Accountability is ensured within the Afghan state through a myriad of internal departments inside the institutions or independent bodies. The General Auditing Office (Tafteesh wa Contorol) has existed as an independent body for the last 60 years, but has very poor capacity. Transparency, however, is generally better ensured. All the expenses fall into programs, with structures involving multiple actors and decision-making procedures. All are reported to the MoF and published by the latter mainly through the Internet.

Corruption has not been a priority. The Constitution (article 75, § 3) puts the ‘elimination of administrative corruption’ as one of government’s duties. Article 154 declares that the ‘property of the President, Vice Presidents, ministers and members of the Supreme Court before and after their term of office would be registered and monitored’. There was less evidence of anti-corruption efforts and advocacy at the time of writing the constitution. We found only a text from Rose-Ackerman that strongly advocated the inclusion of a clause stating “public officials, both elected and appointed, have an obligation to maintain high standards of public integrity”. The inclusion of such a clause would have given more power to combat corruption and would have restricted the power of corrupt officials to make less powerful laws. The Anti-Bribery and Corruption Law that was signed in November 2004 established the General Independent Anti-Corruption Office (GIAC) that is charged with devising

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79 Susan Rose-Ackerman, Professor at Yale University, Corruption, unpublished document.
and implementing the government’s policy to combat bribery and corruption. GIAC has broadly defined powers, but is subject to pressures from the NSC that filters the cases to be investigated. Furthermore, despite its mandate, it has limited itself to investigative tasks regarding civil servants involved in corruption. There is less understanding within GIAC that one day it may expand its activities to the entire aid system.

Donors have put multiple pressures on the Afghan government, but they are poorly documented. There were cases of USAID advocating for the actions of US private companies before the Afghan state institutions. This was the case, for instance, when the MoF was not totally satisfied by the work done by Bearing Point and had asked for a review of their performance. The assessment found many gaps, but the MoF finally gave up under the pressure of USAID. In the same ministry, the World Bank has apparently changed the scoring rules for evaluating private companies who were candidates for a multi-million project. According to an EC official, major donors lobbied for defending NGOs when the former Planning Minister was putting a lot of pressures on them. Similarly, the clause mentioning financial auditing of NGOs by the MoF which was proposed in the law of NGOs was finally removed by international advisors because apparently the ministry “does not have to audit donor funded projects”.

3.5 Foreign Contractors

Channels of aid to reconstruction that include international companies are, no doubt, the least transparent. The top five companies who have received the bulk of funding are US companies, funded by the US government. Little information, however, exists at this stage in order to exactly determine what is the exact amount disbursed and spent. This is further complicated by the mixed objectives and task orders of the US companies who made no differentiation between reconstruction activities and civil logistics for the military intervention.

DynCorp, for instance, which might be the biggest beneficiary company in Afghanistan, is nowhere in the Donor Assistance Database (DAD). According to the US Government Accountability Office, DynCorp is the main contractor for the 804 million USD training program of the Afghan police. DynCorp was actually awarded in September 2005 a three-year contract for a total amount of 290 million USD by the State Department. No figure was found for the FY 2003 to 2005. Other than training the police, DynCorp has undertaken different missions, including the security of the Afghan President and the US Ambassador, for which no official figure was available. The latter did not go into any bidding process, but was an extension of an original contract worth 50 million USD signed on March 3, 2000. The Center for Public Integrity estimated 43.5 million USD as the value of amendments related to works in Afghanistan as of March 2004. In early 2005, DynCorp was awarded a contract for counter-narcotics eradication with an annual value of 174 million USD, which covers...

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80 GAO report, Despite Some Progress …
82 Idem, p. 11
84 http://www.publicintegrity.org
‘a performance period that could extend from an initial base period (six months) to 10 years with incentives for strong performance’. For the first year, DynCorp eradicatied only 200 hectares of land. Overall contacts are made in a manner which limits the scope of competition. For instance, DynCorp is the only company which can do the eradication work in many countries at the same time. No Afghan company can win a bid because none has the capacity to do the same job in Columbia.

**Louis Berger Group** (LBG) is the biggest construction company in Afghanistan. According to the DAD, LBG has so far received commitments for up to 700 million USD mainly for building infrastructure. However, the GAO reported that LBG had a total contract ceiling of 665 million USD for three years up to the end of 2005. The Accelerating Success Initiative increased LBG’s initial contract of 146 million USD, awarded in September 2002, under the Rehabilitation of Economic Facilities and Services (REFS) program. As a result, LBG dropped the capacity building aspects of the project in order to meet the visibility requirements of Accelerating Success. Contrary to security and paramilitary services that could not have been easily subcontracted, the infrastructure program has involved many implementers within the chain of contracts allowing, at each stage, significant margins or overheads. There is evidence that, in many components of the program implemented by LGB, there has been up to 3 and 4 other sub-contractors in addition to LBG itself. Project costs are estimated to be considerably high. For instance, according to the Washington Post, a school building that normally costs 20,000 USD was reportedly invoiced for 600,000 USD. The 2.5 km road that goes from the Kabul airport to the US embassy is estimated to cost 7.5 million USD, i.e. 4 to 5 times more than normal costs.

The other two important companies are **Chemonics International, Inc.** and **BearingPoint, Inc.** According to the DAD, each benefited from commitments up to 100 million USD. However, under Accelerating Success, Bearing Point was awarded a three-year (ending December 2005) contract of 98 million USD for economic governance. The initial 3-year contract was 39 million USD. Bearing Point is especially famous for buying highly expensive consultants who worked in the MoF. An evaluation requested in mid-2004 by the Afghan government found among, other things, that Bearing Point lacked effective means to determine ministerial needs. USAID disagreed with the evaluation and the Afghan MoF agreed in November 2004 to allow the contract to continue until its completion date. The Center for Public Integrity estimated the value of USAID contracts with Chemonics at 167.7 million.

Based on donor reports through the DAD, LBG, Bearing Point and Kreditanstalt fur wiederaufbau (KfW) (German Bank for Reconstruction) accounted for 56% of the money (705 million USD) that went to private companies during FY 1380-82. This represented 16.4% of the total assistance disbursed. In FY 1383, private companies

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86 Fariba Nawa, *Afghanistan, Inc.*, Corp Watch, April 2005
87 GAO-05-742, *Despite Some Progress …*, July 2005
88 USAID Office of Inspector General, *Audit of the Kabul to Knadahar Highway Reconstruction Activities Financed by USAID REFS program, September 21, 2004*
90 IWA interview, December 2005
91 GAO, *Despite Some Progress …*,
constituted 21% of the overall assistance disbursed, with 98% of them going to American companies. LBG, Bearing Point and Chemonics alone accounted for 73% of the funding going to private companies\(^94\). The Center for Public Integrity reports as of May 2004, however, showed some 2.63 billion USD committed by the US government to US companies\(^95\), i.e. 49 % of the total commitments towards the Afghan reconstruction by all donors until the end of February 2004\(^96\).

Estimations based on official reports by the Afghan government are biased as they, themselves, rely on the reporting willingness of donors. For instance, DAI that received important funds from USAID for alternative livelihood activities to poppy cultivation is not mentioned in DAD. In addition, security-related expenses are either not reported to Afghan government or have been deliberately put aside by the DAD. According to the Center for Public Integrity, as of May 2004, the Department of Defense contracted 24 US companies for works in Afghanistan. The most important of these are Contrack International Inc., Halliburton and Washington Group International, with indefinite delivery and quantity contracts with a maximum value of 500 million USD, 599 million USD and 500 million USD respectively. However, it is not clear how much money went to the Afghan reconstruction and how much to civil logistics of the army (construction of military bases in Bagram and Kandahar, embassy in Kabul).

There are multiple mechanisms through which private companies obtain contracts. As for the US companies, most of them are familiar with the work of USAID. LBG, for instance, has been working for USAID since the 1990s. They often have the specific requirements of the contracts which limit the scope of competition. US contracts have had a minimal and a maximal amount, allowing the private companies to extend their initial engagement when a new bill is introduced to the Congress. Once companies start working, especially when Afghan ministries rely on them for technical capacity, they are in a position of quasi-monopoly within a given sector. They write calls for proposals that are most suited to them and are a candidate in the bidding. The MoF has particularly suffered from such mechanisms\(^97\). The resulting conflict of interest has had serious consequences on capacity-building and local ownership of the reforms. In 2004, Bearing Point alone provided more than 250 advisors to the MoF. Another mechanism through which private companies obtained contracts was through the facilitation role of UNOPS. This was the case mainly for secondary roads connecting provinces. USAID imposed LBG on UNOPS\(^98\). LBG then passed the contract to Turkish private companies, with UNOPS taking up to 10% of the contracts and providing no monitoring and evaluation.

\(^{94}\) These are rough estimates from the DAD. The top 4 for FY 1383 represented 412 million USD out of a total assistance of 457 million USD disbursed to private companies.

\(^{95}\) Figures are based on the reports of the Public Integrity Website, which has apparently been updated only until May 2005. These figures do not comprise contracts for geographical areas that include both Iraq and Afghanistan.

\(^{96}\) Barnett Rubin et al., Building a New Afghanistan: The Value of Success, the Cost of Failure, March 2004, Center on International Cooperation, p. 10

\(^{97}\) Najibullah Mojadidi, Corruption and Fraud in the Government of Afghanistan, February 2006

\(^{98}\) Interview w/ht an official of UNOPS, December 2005. Secondary roads through UNOPS included Jalalabad- Asmar, Kaboul-Panshir, Pul-e-Halam- Ring-Road, Lashkargah-Ring-Road, Farah-Ring-Road, Kandahar-Tarinkat, Ghazni-Sherana, Tolokan-Faizabad
Salaries for foreign contractors differ slightly depending on the companies and functions occupied. Consultants (both foreign and from the Afghan diaspora) hired by BearingPoint made between 12,000 USD a month to 1,000 a day\(^99\). Rendon, Inc. paid a similar amount of money: 18,000 to 22,000 USD for media consultants and up to 12,000 USD for their body guards\(^100\). There were wide evidence that USAID paid its consultant between 825 to 1,000 USD a day. An Afghan-American was reportedly paid by USAID 22,000 USD a month to set up administrative services for the government. There are many categories of consultants who make a thousand dollars a day while an average Afghan make 5 USD a day\(^101\). In comparison, the salaries of NGO expatriates remained very low. A recently paid NGO expatriate was contacted by a security company upon her arrival in Kabul, and offered a similar job for three times more salary\(^102\).

### 3.6 Local NGOs and Local private companies

At the beginning of the reconstruction process, there was no difference between local NGOs and local companies. Both were supposed to be registered with the Ministry of Economy.

The creation of a local organization in the context of 2001-2002 aid flow was in some cases very pragmatic. It is only recently that the government has focused on gaining control over local organizations by implementing a series of regulations and a law on NGOs\(^103\). An emphasis has been made on the rationalization of the registration process, the Ministry of Economy and the Ministry of Justice became only recently the only institutions permitted to register local organizations and companies. Certain organizations had previous working experience in the Afghan context, mostly in Pakistan. They have been able, in this post-conflict reconstruction circumstance, to expand their sector of activity and increase their funding by moving into Afghanistan. Examples of such organizations include the Afghanistan Development Association (ADA), the Sanay Development Foundation, CAPU and AREA\(^104\). These organizations have had a growing number of projects to manage. In the case of AREA, the number of projects went suddenly from a pick of 104 in 2003 to 30 in 2005\(^105\); some of these organizations were in reality not able to handle this exponential development potential and became known to the donor community for their corruption practices\(^106\). By organizing themselves into informal networks, these organizations have been able to canalize project proposals and exchange projects. This phenomenon is clearly appearing within the ADA, which has received projects from the World Bank or from the Ministry of Education, and redistributed them to either the COHAR organization or the Afghan Women Education Center. The ADA has a Board of Administrators in its structure that helps it to become recognized among the donors. Such a redistribution system has a direct impact on the quality of

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\(^{99}\) IWA interview with a former BearingPoint consultant, February 2006  
\(^{100}\) IWA interview with a French journalist, January 2006  
\(^{101}\) Fariba Nawa, *Afghanistan Inc.*, Corp Watch, April 2006  
\(^{102}\) IWA interview, April 2006  
\(^{103}\) *NGO law*, May 2005  
\(^{104}\) IWA interviews January 2006  
\(^{105}\) Ibid.  
\(^{106}\) This is the case in particular for AREA, IWA interview with ACBAR, October 2005
the project. Each intermediary reduces the amount of money effectively used for the realization of the project.

4. Local Ownership

There is no centralized estimate of the international population in Afghanistan, except for the number of military personnel. In 2002, when the reconstruction started, there was an estimate of 2,000 expatriates. A recent report from ANSO put the number of those expatriate staff benefiting from ANSO services at 3,000 in May 2005\textsuperscript{107}. The number of internationals will differ depending on how we define the international status of the employees. There were many Pakistani qualified workers who started working in Afghanistan in 2002. They continue to work in some sectors. For instance, there were huge needs for accounting and computer skills. The EC, World Bank, ADB and INGOs all used these skills in 2002-03 when the Afghan capacities were dramatically lacking in these sectors. The reconstruction sector used many hundreds of Turkish workers. According to a well-introduced Turkish engineer, there were between 200 to 300 small Turkish enterprises during the second half of 2005, each of which hired between 3 to 10 highly qualified Turkish engineers, architects, designers etc\textsuperscript{108}. Quite the same, there were 300 French expatriates registered with the French Consulate in Kabul.

There is no estimate for the number of drivers and translators at the peak of reconstruction. Karimpour, who worked as the Deputy-Director of the Standard and Norms Office, a government structure which aimed at curbing unaccountable action of international agencies, stated on Afghan radio and television when he resigned from his office that UNOPS, which handled the logistics within the UN, imported alone every year between 450 to 500 four-wheel drive cars. Before the intervention, the biggest NGOs in Afghanistan such as AREA, Madera and DACAAR had between 12 to 30 cars, depending on the projects running at the moment. The ICRC had the biggest vehicle park with 150 cars\textsuperscript{109}. After the intervention, the number of cars and drivers were multiplied quite the same as the number of NGOs. Some agencies had to pay up to 3,000 USD a month for a four-wheel drive car.

The number of civil servants in the aftermath of the intervention was not clear. It took the Ministry of Finance 6 to 8 months to determine a number of civil servants. This number has stabilized since 2003 to around 28,500 civil servants\textsuperscript{110}. The exact salary was less than 5 USD, but a government and international agencies’ decision raised this amount to 35 USD through food and transport allowances. This left little difference between the wages of an ordinary civil servant and that of a high level official. The PRR raised the salary of ordinary civil servants integrated in the system to 180 USD.

In comparison, the salary of a driver with ECHO was 350 Euros, excluding the per diem for field visits and the supplementary for night work\textsuperscript{111}. This had to be raised in order to keep the drivers from joining the UN and other international agencies. At the

\textsuperscript{107} Phillip Halton, ANSO External Review, IRC, June 2005
\textsuperscript{108} IWA interview, October 2005
\textsuperscript{109} One of the authors worked for NGOs before the intervention and was a direct witness
\textsuperscript{110} AREU, A guide to government in Afghanistan, 2004
\textsuperscript{111} One of the authors worked for ECHO in 2003
same time, a driver was paid 600 USD by the World Bank. Given the exchange rate in 2003, this made it almost double the salary of ECHO. The salary of translators differed according to the quality of work required. A young translator, often aged 18 to 22, earned 900 USD while working for ISAF. Many Afghans with some NGO experience were hired by USAID as translators for 1,500 to 2,500 USD. Recently, UNDP paid 250 USD a day for highly qualified translators for the translation in conferences. Similarly, a good accountant who earned 200 to 300 USD from NGOs before the intervention, earned in 2003 to 2005 between 1,500 and 2,500 USD from NGOs. International agencies and government consultancies were paid even higher.

5. Integrity and Corruption in the Reconstruction Process

5.1 Reported incidences of corruption

5.1.1 Corruption in the media

The freedom of media provided for the publicizing of many corruption cases. Most of them, however, were undocumented whispers with little credibility and were presented as a banal subject. Afghan investigative journalism was not developed at the beginning of the reconstruction process and is still rudimentary. While he became Minister of Planning in 2004, Ramazan Bashardost, whose ministry was in charge of regulating the activities of the NGOs, undertook a systematic campaign against NGOs, accusing them of misappropriating the money allocated to the Afghan people. He continued his campaign until his resignation in December 2004 in protest of his claims not being taken into account by Karzai. Bashardost became very popular and won a seat as a deputy in the parliament. His most recent popular campaign was against Minister Anif Atmar who led the MRRD for the last four years. He was accused of embezzlement, as the MRRD has managed one third of the non-security assistance to Afghanistan under his office. Bashardost stated that he sent evidence to the Supreme Court. The latter announced that the evidence was not strong. The case of Atmar has been taken to the judiciary and is under preliminary investigation for the time being.

Rumors and realities of grand corruption, often well informed, have occupied the public debate in restricted circles. Some rumors were even taken to the larger public space, mainly through the private Tolo TV. Many included high level officials such as ministers and governors in office, as was the case for an order of school chairs by the Ministry of Education (worth 25 million USD) and the illegal sale of state land in the north (100 million USD). Rumors about the former Minister of Finance accused him of diverting funds to many NGOs he owned. This seemed to be rather a campaign against him than a reality. The most publicized and shocking case concerned the organized corruption involving many government officials, including the two deputies of the Ministry of Religious Trust and Haj (Pilgrimage). Each candidate to Mecca had to pay a sum of money in order to be enlisted for actual departure. The disclosure of the case caused an immediate dismissal of all the corrupt officials by Karzai. The trial cost the two deputy ministers 3 years of imprisonment each and 256,000 USD of fines. Six other officials were sentenced to one and two years of imprisonment.

112 Reuters, April 12, 2005
In March 2005, several thousand people protested against corruption in Kandahar and some raised slogans in favor of the former Taliban government, whose reputation of integrity is often discussed.

Allegations of corruption and the protest of local people, especially in the provinces, have become common place on Afghan TV since December 2005, probably after Karzai’s declarations opened the door for discussion. These were in the form of reportage made by local or provincial correspondents through interviews with people involved, victims or the presentation of documents. Most of the cases shown were in Herat, in Mazar and in Baghlan provinces and involved governors, district police commanders and heads of treasury. The Parliamentary debates during March and April 2006 that were broadcasted by national televisions focused regularly on corruption issues (two to three interventions, at least every week, mentioned corruption). Public interventions and corruption allegations of the former head of Control and Inspection Department of the MoF obliged the Minister of Finance to appear many times in national TV, including a long interview, during the month of March 2006. Corruption allegations between the Minister of Finance and the Kabul Mayor were publicly announced in March. Mismanagement of funds (given by UNICEF) in the Ministry of Education under Qanooni, now Chairman for the Parliament, resurfaced in March 2005, but had limited echoes. Tolo TV has dedicated half a dozen special programs on corruption in the last three months. In April 2004, while seeking approval from the Parliament, Candidate Ministers for the newly appointed government were directly accused by deputies for their responsibility regarding corruption in their respective ministries during previous mandates.

5.1.2 Links with war

The post-conflict reconstruction continued with many corruption processes, practices and attitudes that became legitimate during the war and stayed unquestioned after. The Afghan state lacked authority over entire provinces and large parts of the country. As a result, local and regional commanders strengthened their power basis intercepting state resources at their disposal in the area under their control. This even led to fighting between different groups, in particular in the Northern regions (Muhammad Attar, Dostom, Ismael Khan). Illegal and undeclared customs revenue and taxes were the most significant part of the income of many warlords before the rise in opium trafficking in the last two years. For instance, Ismael Khan’s control over the Herati customs supposedly cost the Afghan State 2 million USD per day. Afghans are familiar with this situation, as it was quite the same from 1992-96 when the majority of the country was fragmented and exploited by commanders for private interests. The international community, in pursuit of its peace agenda and security considerations since the overthrow of the Taliban, has refused to tackle the problem. Moreover, because they were more organized and rapidly effective, the Pentagon paid the Afghan Militia Forces– three times more than a normal Afghan soldier – until mid-2004 for tracking Al-Qaeda and the Taliban. Often, only a part of the money was given to the militiamen. The same happened in the DDR process, in which local commanders kept authority over military groups, often over estimated, and took for themselves a part of the financial package for the demobilized soldiers.
Even in Kabul, the historic area of Sheerpoo, known now as Zorabad (built by force), was distributed among the post Taliban government officials who built their private houses. Many other state lands and properties were illegally seized for private purposes by former party strongmen who made their way to the government. Kabul municipality, headed by politicians and strongmen issued from the Northern Alliance, was the top place for corruption.

Precious stones and other natural resources, in zones under the control of armed groups, continued to be illegally sold in foreign countries. Timber contracts were made with foreign exploiters without any legal authorization in the east. This was considerably reduced during the Taliban years. Trade of antiquities and archeological pieces followed the same paths built during the war and was estimated by the Ministry of Culture in 2004 to reach 1 billion USD per year.

Former leaders of factions and regional commanders from 1992-96 and after 2002 are currently the richest individuals in the country. Anecdotal evidence confirms that one head of a former party and now a deputy in the Parliament is famous in Afghanistan for having 1.5 billion USD in his personal accounts in foreign countries. In fact, some other sources put his savings to 5 billion. He himself organized his power networks within many official circles, notably the judiciary, without holding any official power himself until his recent election.

Overall, the post-conflict state reflected many predatory characteristics of the previous one. Harassment and corruption have become notorious in security institutions and the police. Most of the time, people try to avoid the police in order to be exempt from the extra costs of bribes and unjust arbitration after the policemen have taken kickbacks from one side. In a recent interview with NRC, we were told that most of the disputes have not been referred to the judiciary because of existing high level corruption. This has been an important incentive for resolving problems through informal mechanisms such as the shura and jirga. Moreover, the parliamentary elections allowed many well-known present law breakers to become future law makers in the newly elected national assembly: 40 commanders still associated with armed groups, 24 belonging to criminal gangs, 17 drug traffickers, and 19 facing serious allegations of war crimes. Yet, according to a former ECC official, corruption in the elections was not a significant dimension of the process, as ‘buying potentially loyal voters was too risky an investment’ in the secret ballot system.

### 5.2 Opportunities for corruption

The reconstruction context has offered several incentives for the abuse of public funds for private gains. As the state has been dysfunctional, there has been little hope that a case of corruption would be dealt with correctly. The emphasis of the donors was much more on success stories visible for the media. Security considerations of the state-builders also provided for indulgent views on corruption of the contributing

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113 IWA interview with a close source to the deputy from the Afghan Parliament, December 2005
114 Susanne Koelbl, *Afghanistan’s Delicate Democracy*, September 2005, [http://service.spiegel.de/cache/international/spiegel/0,1518,375532,00.html](http://service.spiegel.de/cache/international/spiegel/0,1518,375532,00.html)
115 IWA interview, December 2005
states and less accountability from the implementing agencies. Consequently, the post-conflict era, essentially concerned with the stability of the political process, became a haven for corruption practices. Due to political agendas, implementers have often had a very short period of time to spend the money and show results. Overall, assistance players have implemented their actions in a chaotic environment, with weak incentives for integrity. Lack of security, which actually resulted in killing and injuring of many aid workers, raised perceptions of high risk of insecurity within institutions. As a result, security norms and standards were institutionalized and led to an auto-definition of higher salaries within the system (donor, UN, NGOs) while this was largely considered as an abuse of entrusted power by the local population.

UN agencies have been so far the biggest recipient of assistance (45.5% of aid received in Afghanistan during 2002-04\textsuperscript{116}). Although we found little evidence of grand corruption, the UN agencies seem to be a common place for petty and medium corruption. Small scale corruption by both national and expatriate staff includes nepotism, getting hired through personal contacts in a recruitment environment lacking openness and competition, use of office resources such as cars, telephones … for private usage, but also renting out properties. We found during our preliminary case studies that heads of many small NGOs have to pass through an intermediate level built up by local staff of the UN agencies in order to get funds or information against a percentage of the project funding or a sum of money. In any case, many agencies are trapped by organized networks of local staff that limit the sphere of operations of the expatriates in choosing local partners, identifying areas of intervention or programs. This tendency is exacerbated by the large turn-over of UN staff, who have only little time to understand the local power distribution in the aid system.

NGOs directly received only 9.6% of the assistance from 2002-04, but constituted an important recipient of aid at the end, as both UN agencies and the Afghan government contracted them for different projects. Small scale abuses are current within international NGOs, with quite a few well-known cases of institutional and grand corruption. The latter concerns mainly those NGOs that served most often the immediate interest of donors to the detriment of their stated beneficiaries. For instance, a couple of American NGOs arrived in Afghanistan in early 2002 and started their activities without any assessment of needs. Ordinary Afghans believed that ‘they came here because they could get funding from their state’. A few European NGOs, who were settled in Afghanistan for a long time, accepted projects to please the state donor. The anti-NGO campaign relied on such negative perceptions around which general frustrations about the slow pace of the reconstruction process were crystallized.

Hundreds of local NGOs set up after 2002, merely phantom structures, existing only on the basis of fund availability. Many of these NGOs are family-NGOs employing many members of the same family. A significant number of them were set up to offer high salaries to their leading staff. A few NGOs became reputed for organized corruption among the staff. However, these cases have been quite limited, as donors cannot support structures with publicly known scandals in such a short period of time. In a couple of cases, NGO staff members were also donor employees and were

actually part of the decision-making for the funding – even on the salaries – of the NGO. In some cases, local NGOs were created by former donor staff immediately after funding was ensured and could allow higher salaries for those who created the NGO.

International and long-established Afghan NGOs, which handle a couple of million dollars, present comparatively less corruption within the structures. Nevertheless, relationships with providers, clients, intermediaries and beneficiaries have implied different degrees of corruption. Internal procurement procedures alone do not prevent corruption because the outside environment hardly makes a difference between private and public spheres. Most often, contracts are verbal commitments. Individuals who have been able to assert themselves as the legitimate intermediary between the beneficiaries and the NGOs have often abused their power and position, in many cases with the complacency of the NGO staff. The NSP, whose aim is to strengthen the local communities, has institutionalized this practice by setting up community councils at the village level in which power holders of the past became today’s legitimate representatives of the people.

Bilateral versus multilateral: Many examples of aid through bilateral channels confirm the hypothesis that multilateral mechanisms are better endowed to reduced corruption and strengthen integrity. One of the five founding principles of the ARTF is to provide integrity and accountability in the allocation and use of assistance funds. Such a mechanism is based on the previous experiences of the WB with state donors in other countries and has a clear mandate with specific clauses regarding corruption or abuses that naturally come from the donor position\(^{117}\). For example, contributions that are ‘earmarked for a specific component, activity or program funded by ARTF’ will not be accepted. However, donors can ‘designate their non-binding preferences such that their contribution be matched against a specified component’. For instance, a donor cannot say that its contribution should go to the restructuring of the MoF, but can say that it has a preference for the NSP without being guaranteed that its money will eventually contribute to the NSP. On the contrary, bilateral aid has provided for shocking abuses of donor-led flows of aid. For example, France sent 60 tons of wheat seed to Afghanistan in 2004, which was distributed through a French NGO who accepted the contract while other NGOs highlighted the inappropriate quality of wheat seed for the Afghan context. In fact, the seeds have never been subject to experimentation in Afghan soil and have presented risks of being maladapted\(^{118}\). The IOM was funded by the EC in order to recruit European Afghan expatriates while the Expatriate Window of the ARTF does not allow for such discrimination. However, it was during the implementation phase that Afghan Americans were favored\(^{119}\). This led to another EC funded project for European Afghan expatriates. Quite the same, the AREU announced job vacancies for internationals in May 2005 that specifically asked for American and European nationals in response to donor requirements. UNOPS was used as a “société écran” by USAID to channel aid to private companies for road reconstruction programs.

\(^{117}\) ARTF, Proposal by WB, UNDP, ADB and IDB, March 20, 2002
\(^{118}\) IWA interview with French NGO members, December 2005
\(^{119}\) Interview with EC official in Kabul, April 2005. The EC was not happy with scheming of the Afghan-Americans who dominated the IARCSC. EC funding was also meant to get an observer role, but encountered serious obstacles and protests by IARCSC Secretariat General.
5.3 Anti-corruption efforts

Apparently functioning efforts: Aid coordination and core Afghan capacity were both dealt with within the emerging Afghan financial institutions during the first months of the Interim Authority in order to introduce a bit of transparency and accountability. In fact, many Afghan technocrats who headed these institutions were former employees of international organizations and knew quite well the importance of effective transparency mechanisms in increasing and sustaining the level of aid. The MoF became the focal point for these strategies.

The DAD has become a remarkable legitimizing instrument for the government, even if its project-based approach does not allow for effective and comprehensive tracking of financial flows. There are often many implementers and donors for one project. DAD only details the first-level implementers while there are many projects that have been sub-contracted to second and third-level implementers. In addition, DAD represents only a proportion of the aid channeled, as reporting results of DAD rely on the voluntary efforts of the donors. In some cases, donors have funded military logistics and reconstruction efforts under the same contract, which further complicates tracking. Nevertheless, it has greatly increased the level of information about where the money is channeled, who implements the projects and last but not least, what are the donor’s areas of interests.

Less systematic, yet effective, are the individual “donor profiles” of the MoF. However, the terms used (pledges, commitments, disbursements etc.) have largely remained undefined and have been instrumentalized by donors. Efforts in order to harmonize the reporting documents have yet to be done. The general impression is that these documents rather show the complacency of the MoF towards some donors.

In October 2004, the MoF published a Financial Report covering all aid flows until September of the same year. This showed a high level of commitment to transparency and accountability. However, the Ministry has not been able to reproduce such a report in 2005. The report on the National Budget to which the government is committed is quite limited in terms of information and analysis. For example, it does not give the cumulative loans of the government or the money spent by NGOs or private companies.

Many other mechanisms have yielded some seemingly effective efforts. The AACA was established in April 2002 to increase the management capacity of the state administration. One of its tasks included government procurement, which became much more transparent as a result. After the AACA’s mandate ended, the Afghanistan Reconstruction and Development Services (ARDS) took over procurement and capacity building of the government. The latter is fragmented and dispersed among many institutions. The procurement services provided by the ARDS follow no less than ten steps. The process includes the interested ministries who made the request and at least three non-objectation agreements of the WB. The ARDS, however, may become too close to the MoF and the three Ministers who are present in most of the oversight bodies, thereby allowing little guarantee of strong mechanisms and procedures to prevent the risks of grand corruption. In addition, the WB is apparently not well-armed to put pressure on the Afghan government, at least at this stage while
the donor quest for political success in Afghanistan is a constraint to aid effectiveness and public finance management.

Mitigated efforts: One of the most enormous tasks of the transition period concerned the reform of administration. While the international financial institutions promoted the idea of radical reform, Karzai chose to make it progressive. The charge was put then on the Independent Administrative Reform and Civil Service Commission (IARSCC), while recruiting and downsizing initiatives by individual institutions were frozen. Furthermore, the IARSCC became responsible for deciding on the Priority Reform and Restructuring (PRR) within the state administration. This was based on selective reforming of the administration, with some staff of the same institution getting access to the up-graded salary scale while the majority could not obtain such access. PRR was supported by the ARTF. The IARSCC’s activities have involved a lot of pressures from outside, including cabinet ministers. A recent report of the WB praised resistance efforts of the IARSCC in spite of tempting pressures. Yet, many cases of nepotism and recruitment on the basis of political affiliation marred the image of the independent body. This was especially the case with hundreds of advisers who claimed international salaries and joined different ministries on the basis of connections and waited for their case to get through the board of the IARSCC. Efforts of the independent body were further undermined by competing parallel expatriate programs and competition among donors (EU and US, to some extent ADB and WB).

Specific efforts of the government on the fight against corruption, which resulted in the establishment of the GIAC, were highly mitigated by competing views and objectives, which were initially supposed to give coherence and credibility to the independent body. National security considerations, largely undefined and kept vague by the NSC, have implicitly prescribed the power of investigation to the GIAC. Consequently, there was significant confusion about whose agenda GIAC was following. This happened as the President himself failed to strongly support the institution in order to ensure its independence. Karzai refused the replacement of Mr. Ludin after he became SG for the Parliament, even though the conflicting interests were highlighted by Ludin himself\textsuperscript{20}. In addition, the dysfunctional judiciary system could not offer sufficient guarantees for GIAC to test its role and challenge its findings. The Attorney General to whom GIAC is supposed to refer cases of corruption has held different views on the question and has not always acted independently in order to bring the case to the court. Overall, GIAC restricted itself to an investigative role, although its defined mandates are much broader. The incapacity to bring the investigated cases to an end, due to institutional lack of autonomy, creates an additional risk for the GIAC to lose legitimacy among other state institutions and credibility among the population.

Failed efforts: The Afghan government has been aware of the misuse of public resources, notably the misappropriation of income taxes by local officials since the beginning of the reconstruction process. While corruption was not a subject of concern to Karzai, expanding the authority of government over provinces and ensuring fiscal income had competing objectives with local actors who undermined state authority and revenue. Karzai used a method which made sense to Afghans and

\textsuperscript{20} IWA interview, November 2005
within the local political arena: displacement of governors from their initial provinces in the aim of uprooting their power structures and networks. This is an old method used by previous central governments in order to reduce the risks and amounts of money misappropriated, especially in border provinces. However, the practice proved unsuccessful as many notorious corrupt officials continued to hold their positions in different provinces and protect the mechanisms that allowed their private gains through networks of influence and service rendering. There is not much empirical evidence about the nature and the structures that maintain grand corruption in provinces. It seems that networks of clients, which produced corruption, are much more mobile nowadays and make efforts of displacement by the central government fail. For influential power holders, a phone call to a friend or former colleague often unfreezes affairs. Besides, there was no other sanction preventing bribe-taking officials while bribe giving has become institutionalized and a norm for customs officials and traders who handle considerable quantities of imports and exports. This sketch fits into the broader distinction made between a de jure and a de facto state in which efforts undertaken in the de jure domain are wasted efforts or even failures in regard to power realities.\textsuperscript{121}

Efforts yet to be tested: In the dawn of the first parliamentary setting, the Afghan government announced some strong measures including the rule of law and anti-corruption efforts. A statement of the Ministry of Counter Narcotics announced on 17 December 2005 the approval of the new counter-narcotics law, which recommends ‘significant penalties for corruption and bribery associated with drug trafficking offences’. Corruption has been deliberately associated with drug barons against whom the government has been doing campaigns since early 2004 and notably through the Securing Afghanistan’s Future (SAF) document presented in Berlin. The new ANDS, which considered corruption as a cross-cutting issue, also recognized it as an important component of the counter-narcotics strategy, therefore streamlining government policies on issues specific to drugs. UNDP and FCCS/TIRI have pushed for a broader consideration of the corruption phenomenon, including petty and grand corrupt practices\textsuperscript{122}. The EU-EOM report also recognized the prevalent corruption in Afghanistan as a risk factor\textsuperscript{123}. The report considered links with drug trafficking, but pointed out that corruption is not an exclusively drug-related phenomenon. Last but not least, in his inaugural speech to the Parliament on 19 December 2005, Karzai mentioned the fight against corruption as an issue ‘at the spotlight of the government’s future working policy’ requiring strong efforts\textsuperscript{124}. Karzai recognized that the ‘government was not very successful in its combat against corruption’. However, corruption is essentially related to the ‘years of turmoil in the country’. Overall, the government has viewed corruption as a factor undermining state accountability while the lack of the accountability of the government in its relationship with creating/favoring corruption has not been questioned yet.

\textsuperscript{121} For the disconnection of de jure and de facto state, see AREU, \textit{A Guide to Government in Afghanistan}, January, 2004
\textsuperscript{122} Consultative Meeting of i-ANDS, December 7, 2005
\textsuperscript{123} EU-EOM, \textit{Democracy-Building in Afghanistan: an Integrated Dimension for the Way Forward}, December 2005
\textsuperscript{124} Hamid Karzai, « Speech at the Opening Session of the Parliament of Afghanistan », Kabul, 19 December 2005
6. Conclusion

The aim of this survey was to provide a mapping of the reconstruction process in Afghanistan and to point out opportunities for corruption as well as practices that allowed for integrity within the process. The survey covered many aspects of the reconstruction process and relied mainly on reports, interviews and media accounts of the process. Many challenges arose during our work, which should be taken into consideration when me move forward with case studies, RNISS and focus groups.

Clearly, there is a lack of comprehensive quantitative data regarding the amount of aid that arrived in Afghanistan since the plan of Afghan reconstruction was announced in late 2001. This is because of a high number of actors at the top and the bottom of the chain of aid, their different degrees of willingness to report, their differing definitions and procedures, exchange rates, etc. This is further complicated by insufficient coordination among major donors. The unity of purpose of major players towards the Afghan reconstruction might have helped to ensure a certain degree of coordination through the leadership role of the Afghan government. This would have allowed in return increased transparency. Yet, while major players stated that they were in the same boat, many followed their ephemeral willingness of the moment when it came to determining in which direction, at what pace and how the boat should arrive to that end. Integrity was therefore marred by the competing interests of the donors and especially by the political use of success made by donor governments.

Another difficulty in tracking aid to reconstruction comes from the blurred status and functions of actors in terms of donor and implementer. As it was the case for JICA, a few donors have implemented their own projects or state themselves as the main implementer while the program is sub-contracted to other bodies. Many other implementers such as NGOs and foundations arrive with their own funds. For instance, the 23 biggest NGO members of ACBAR, spent 71.5 million USD\textsuperscript{125} from their external private funds, which figures in none of the aid accounts. Therefore, the number of funding contributors is much higher and the figures in this survey will remain approximate estimations.

Streams of funds become more tiny and fragmented when one approaches the bottom of the process. There have been some 2,400 local NGOs and some 300 international NGOs registered in the Ministry of Planning. Many hundreds of private sub-contractors have profited from the process. For example, the Kabul-Kandahar road contracted initially by LBG had 5 main contractors and dozens of sub-contractors\textsuperscript{126}. While there is no comprehensive empirical evidence regarding corruption at this level of interaction, anecdotal evidence has confirmed the existence of bribery and corruption. Lack of regulation and accountancy further favors corruption. Obviously, this level of interaction is the least transparent and accountable within the whole process and should be taken into consideration in upcoming research.

Another difficulty concerns the security sector spending, which is politically sensitive. As Ashraf Ghani put it, an argument can be made that ‘if monopoly of the legitimate

\textsuperscript{125} ACBAR Statement for the Afghanistan Development Forum 2005
\textsuperscript{126} John Bray, \textit{International Companies and Post-Conflict Reconstruction}, The World Bank, February 2005
violence is one of the State’s prerogatives, states must then be clear and transparent on the expenses that are made in this sector\textsuperscript{127}. However, privatization of security, as in the case of DynCorp, erodes not only the monopoly of the state over violence, but also makes it difficult to publicize such spending.

Last but not least, the survey challenged how rigorous an understanding of the corruption phenomenon we can have. Tiri’s ‘abuse of entrusted power for private gain’ is a broad definition, which allowed for embracing wide ranges of corrupt practices. Yet, it is elastic. The term ‘entrusted’ refers to existing social representations of what is acceptable and what is an abuse. It is, thus, limited within a socio-historical development in a particular time and space. It often occurred that important expatriate salaries were considered to be a case of corruption for Afghans while expatriates themselves maintained that they were perfectly honest and transparent about them. How can we ensure that a definition can make sense across the chain of aid?

The survey singled out three important case studies: the NSP, security sector and construction infrastructure. All three entailed the handling of important sums of money, but only the NSP is a specific program. All three involve important players, with multiple levels of interaction. Further work is required to define a methodology for in-depth understanding of the themes and identifying actors involved.

\textsuperscript{127} Ashraf Ghani \textit{et al}. \textit{Closing the Sovereignty Gap: An Approach to State Building}, ODI, September 2005
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ANNEX I: List of Pledges, Commitments and Disbursements
Source: UNDP, Kabul. Data are valid as of September 2005.

<table>
<thead>
<tr>
<th>Donors</th>
<th>Commitment &amp; Disbursement By Year in ($ m), as of Sept. 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association for Aid and Relief Japan</td>
<td>0.11</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>18.92</td>
</tr>
<tr>
<td>Aga Khan</td>
<td>23.51</td>
</tr>
<tr>
<td>APFDC</td>
<td>24.00</td>
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<tr>
<td>Afghan Media and Cultural Center</td>
<td>3.65</td>
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<tr>
<td>Aga Khan Trust for Culture</td>
<td>0.05</td>
</tr>
<tr>
<td>Armenia</td>
<td>40.92</td>
</tr>
<tr>
<td>Afghanistan Reconstruction Trust Fund</td>
<td>18.96</td>
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<tr>
<td>Austria</td>
<td>1.00</td>
</tr>
<tr>
<td>Belgium</td>
<td>3.22</td>
</tr>
<tr>
<td>Bill Gates Foundation</td>
<td>2.21</td>
</tr>
<tr>
<td>Bureau Population Refugees Immigration</td>
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Table 1: Analysis of Assistance to Afghanistan

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1- Changing exchange rates contributes to some inaccuracy in exact numbers.
2- Pledges refer to Tokyo & Berlin Conferences.
3- Commitments made in written until beginning of 1384 - after which refer to projected allocations by donor/year.
4- Un-disbursed refers to pledges not disbursed.
5- Some donors have pledged multi-year e.g. UK, Canada, Switzerland.

Figures counted in the pledge column are therefore approximate allocations per year.