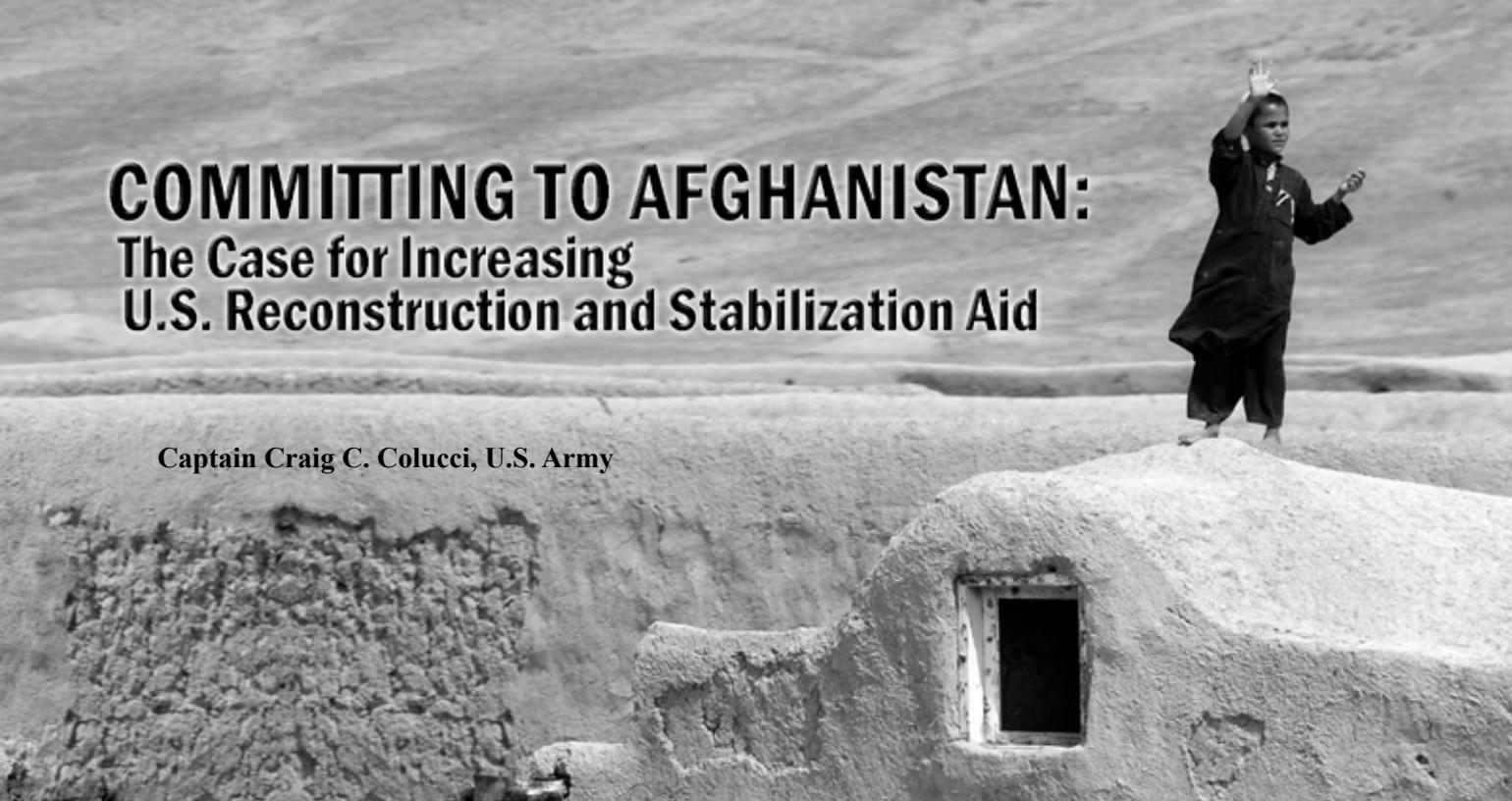


COMMITTING TO AFGHANISTAN: The Case for Increasing U.S. Reconstruction and Stabilization Aid

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THE DEVELOPMENT OF AFGHANISTAN as a successful nation-state is at grave risk, and its failure could have a resounding strategic and economic impact on the United States and, indeed, the entire world. This summer will be a critical time, as increasing instability threatens to unravel the initial successes achieved after the U.S. invasion in 2001.

Four major, interconnected problems threaten the stability of the country: a strong resurgence of the Taliban, a substantial increase in violence, an alarming growth in opium production, and a demoralized population with little faith that their quality of life will improve and serious misgivings about the conduct of the Afghan Government and NATO forces.¹ At the same time, the United States has decreased its contributions for reconstruction and stabilization (R&S) aid.² Over the course of the War on Terrorism, R&S funding for Afghanistan has been minimal in relation to overall war costs and meager compared to those of past U.S. nation-building efforts. This “bare bones” spending policy is one of the factors threatening the stability of Afghanistan. Should the Afghan state fail or the government weaken, this shortsighted approach will have caused economic woes for the United States.

We should not lose hope, however, for there has been a renewed focus on Afghanistan by President Bush’s administration. In January, President Bush announced he is seeking \$10.6 billion in aid to Afghanistan over the next two years. This funding allocation would designate \$8.6 billion for training and equipping Afghan forces and \$2 billion for reconstruction.³ However, do not break out the “mission accomplished” signs yet, because two problems exist with this funding. First, Afghanistan needs the aid right now—not later—to fight against another spring and summer Taliban offensive. Second, \$2 billion is not nearly enough to address Afghanistan’s reconstruction requirements. The United States should increase R&S funding for Afghanistan immediately to

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PHOTO: An Afghan boy waves as a U.S. convoy passes by in Panjuay, Afghanistan, 2004. Is he still waving in 2007? (courtesy of the author)

combat the increasing number of serious challenges that threaten its stability and to prevent future economic problems for America.

Increasing Instability

The Taliban is making a violent resurgence throughout Afghanistan.⁴ Last October, Afghan President Hamid Karzai attributed this resurgence to the “lack of a proper police force, lack of a proper military force, and because of the general inability of the country, weakened by years of destruction, to provide that kind of protection to the public.”⁵ In September 2006, two *Newsweek* correspondents met with a Taliban leader residing just a two-hour drive south of the capital, Kabul. They reported, “Ridge by ridge and valley by valley, the religious zealots [Taliban] who harbored Osama bin-Laden before 9/11—and who suffered devastating losses in the U.S. invasion that began five years ago—are surging back into the country’s center.”⁶ Recently, Taliban leaders said that they have 10,000 fighters and suicide bombers ready to fight.⁷

Violence is accompanying the resurgence of the Taliban. Civilian and military casualties are mounting at alarming levels.⁸ U.S. combat-related casualties in and around Afghanistan have doubled since February 2005 (see figure 1).⁹ The increasing use of improvised explosive devices and suicide bombers prompted the vice-chairman of the Joint Chiefs of Staff to visit Afghanistan in September 2006 to address the situation.¹⁰ The violence has greatly hindered Afghanistan’s reconstruction. The U.S. Agency for International Development (USAID), which leads reconstruction in Afghanistan, notes, “Security remains the greatest obstacle to development in Afghanistan.”¹¹

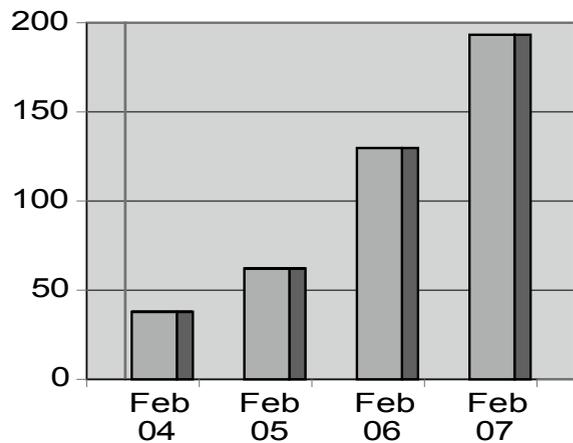
The increasing drug cultivation adds to the problems. President Karzai said that the country needs to destroy opium, or opium will destroy Afghanistan.¹² In that case, the 49 percent annual increase in opium cultivation (6,100 metric tons) in 2006 might be an early sign of impending disaster.¹³ The drug trade is equivalent to more than 50 percent of the country’s gross domestic product and accounts for 90 percent of the world’s supply of opium, with an estimated export value of \$2.7 billion in 2005.¹⁴ Ayesha Khan, an expert on Afghanistan and associate fellow at the London-based Royal Institute of International Affairs, explains, “Poppy cultivation



is also a major problem, as is the power of regional warlords which is sustained by the opium economy, and which undermines Karzai’s writ across the country. The warlords and drug economy have a profoundly destabilizing effect.”¹⁵

The most damaging trend has been the population’s growing discontent with and lack of confidence in the government and in U. S. and NATO forces. The number of civilian casualties from violence has been so great that NATO’s top commander, U.S. General James L. Jones, apologized

49 percent increase in U.S. combat-related deaths in Afghanistan from February 2006 to February 2007 —205 percent since February 2005.



Source: U.S. DoD Casualty Reports

Figure 1. Cumulative totals of U.S. military killed in action in and around Afghanistan, February 2004 to February 2007.



Soldiers provide medical aid to a child in Maywand, Afghanistan, 2004.

for the deaths caused by fighting between NATO and the Taliban.¹⁶ In October 2006, NATO forces bombed a village that housed Taliban forces in southern Afghanistan, killing anywhere from 12 to 85 civilians, depending on the source. In response to the bombing, a local Afghan leader was quoted as saying, “At the moment there is very little public support for NATO, but it is not the end of the world. If NATO wants cooperation from people they should change their strategy and stop fighting and build roads and schools.”¹⁷

Besides violence, Afghans suffer from inadequate public services, poor transport infrastructure, limited access to health care, and widespread human rights abuses.¹⁸ The United Nations World Food Program claims that almost half the population of Afghanistan suffers from malnutrition.¹⁹ According to the World Bank, “only 13 percent of Afghans have access to safe water, 12 percent to adequate sanitation, and just 6 percent to electricity.”²⁰ Summing up the mood of the Afghan population, Jabar Shigari, a member of the Afghan Parliament from Ghazni, noted, “We have patiently waited five years for change, for an end to official corruption and abuse of power and for economic development. But we’ve received nothing.”²¹

Decreasing R&S Commitment

U.S. R&S spending in Afghanistan falls short of the commitment necessary to achieve stability and develop the country. Although the United States remains the greatest contributor to Afghanistan, its R&S funding levels are insignificant compared to

the costs of the overall War on Terrorism and past nation-building endeavors.

The Congressional Research Service divides U.S. R&S aid into four categories and by percentage of total budget allocated: reconstruction (41 percent), foreign aid programs (37 percent), training security forces (17 percent), and new embassies (5 percent).²² The U.S. Department of State and USAID manage the reconstruction, new embassies, and foreign aid program categories, while the Department of Defense (DOD) controls funding for training security forces and a small-scale (\$400 million) reconstruction fund called the Commanders’ Emergency Response Program, a discretionary fund used by military leaders to help the population.²³

Both DOD and USAID have an important role in stabilizing Afghanistan—USAID through reconstruction, which can reduce the problems that plague Afghanistan’s infrastructure, economic development, and health and education systems, and DOD by training security forces, which will strengthen the Afghan police and military. President Bush’s \$8 billion will be crucial for security assistance, but additional funds for reconstruction must follow.

Despite the need, reconstruction funds for Afghanistan have been declining. Over the last four years, USAID contributed about \$3.5 billion for reconstruction projects in Afghanistan, but from 2005 to 2006, its contributions declined 60 percent, from \$1.5 billion to \$617 million. Although USAID projects an incremental increase in funding for FY 2007, upping the allocation to \$802.8 million, overall spending for the country has declined 29 percent since 2004.²⁴ In addition, the dollar amount USAID received for reconstruction has fluctuated so much that it has been extremely difficult to program reconstruction projects: in 2005, USAID’s budget proposed \$1 billion for FY 2007, but the agency only received \$802.8 million (see figure 2).²⁵

The decline in spending for R&S in Afghanistan is consistent with a decline in R&S funding for the War on Terrorism. In testimony before Congress, the U.S. Comptroller General reported that the difference between military and R&S spending was \$20 billion in 2004, but military spending rose by almost 90 percent in 2006, while R&S spending decreased 64 percent (see figure 3).²⁶ President

Overall decreasing trend: 60 percent decrease in reconstruction funding from FY 2005 to 2006 and 29 percent decrease from FY 2004 to 2007

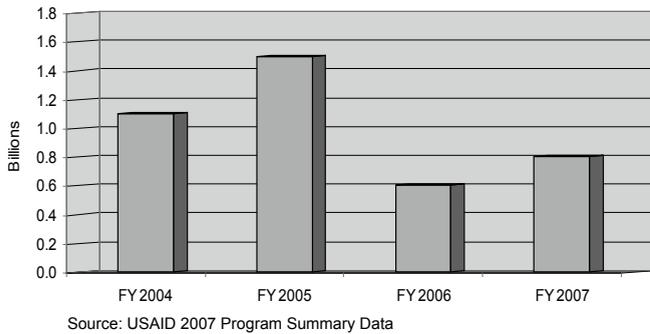


Figure 2. USAID reconstruction spending in Afghanistan.

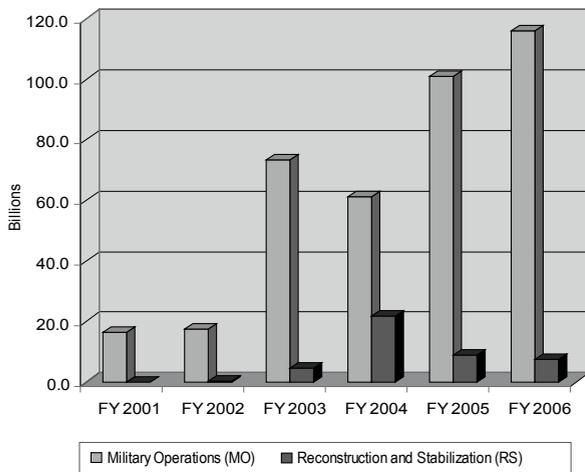


Figure 3. Total GWOT spending FY 2001–2006.

Bush’s additional \$10.6 billion for FY 2007 seems like an attempt to close the gap, but a 25 percent increase in military spending, bringing it to \$150 billion for 2007, suggests otherwise.²⁷

Moreover, Afghanistan R&S aid represents only a tiny portion of the cost of the War on Terrorism. The Congressional Budget Office reports that the United States will have appropriated \$26 billion for Afghanistan from 2001 to 2008 for indigenous security forces, diplomatic operations, and foreign aid. Although this is a huge sum of money, \$26 billion is a mere 3.5 percent of the \$746 billion cost of the War on Terrorism during this period and not even a true reflection of how lean reconstruction spending really is.²⁸ The \$802.8 million budgeted by USAID for 2007 reconstruction is one-half of one percent of the \$150 billion cost of the War on Terrorism.

The Vital Importance of R&S Funding in Afghanistan

In October 2006, NATO’s General Jones said efforts to rebuild Afghanistan and establish the rule of law posed the biggest challenge. He stated, “I’m confident that we can take on any military challenge that there is and be successful, but the real challenge in Afghanistan is how well the reconstruction mission—the international aid mission—is focused.”²⁹ A commitment to reconstruction is vital to Afghanistan’s existence, and increased funding is necessary to complete this task.

Studies have shown that time and resources are necessary for successful nation building. In 2003, the Rand Corporation analyzed U.S. and international military, political, and economic activities in post-conflict situations since World War II to determine principles for success and implications for future U.S. military operations. One of the key lessons learned was that time and resources lead to nation-building success. The study concluded: “What distinguishes Germany, Japan, Bosnia, and Kosovo, on the one hand, from Somalia, Haiti, and Afghanistan, on the other, are not their levels of economic development, Western culture, or national homogeneity. Rather, what distinguishes these two groups are the levels of effort the international community has put into their democratic transformations. Successful nation building, as this study illustrates, needs time and resources. The United States and its allies have put 25 times more money and 50 times more troops per capita into post conflict Kosovo than into post conflict Afghanistan (see figure 4). This higher level of input accounts, at least in part, for the higher level of output in terms of democratic institutions and economic growth.”³⁰

Although more R&S aid has been spent in Afghanistan since Rand’s 2003 study, it has been insufficient. The international community has committed \$15 billion, but the pledges still fall significantly short of the \$24.7 billion the Afghan government estimates it will need through 2010 to rebuild the country, and actual contributions from the international community have been less than half the amount promised.³¹ Last September, Lieutenant General Karl Eikenberry, the U.S. commander in Afghanistan, said, “We need more in terms of

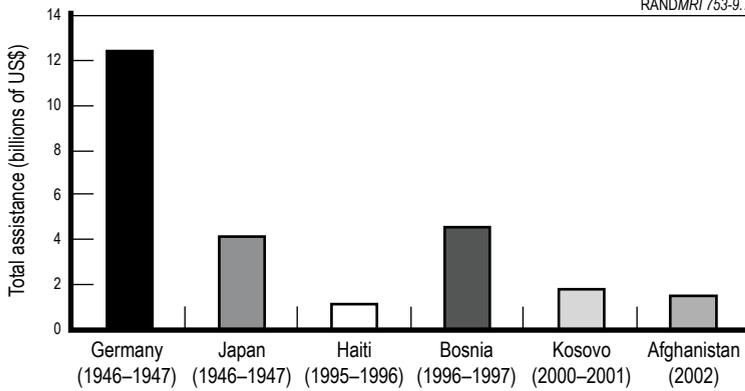


Figure 4. Total assistance during first two post-conflict years.

Increased Funding Needed Immediately

Combating the instability caused by the Taliban, violence, drugs, and demoralization of the population will take more money than forecasted for R&S. In 2004, Afghanistan released its National Development Strategy, which estimated external funds needed for its capital and development budget at \$24.678 billion (see figure 5).³⁴ Last year an agreement between Afghanistan and the international community identified three broad priorities for the country’s continued development:

investment in Afghan infrastructure. We need more resources for road building, counternarcotics, good governance, and a justice system.”³²

U.S. military doctrine clearly explains the dire need for R&S aid in nation building. Field Manual 3-24, *Counterinsurgency*, states, “Most valuable to long-term success in winning the support of the populace are the contributions land forces make by conducting stability operations. Stability operations is an overarching term encompassing various military missions . . . to maintain or reestablish a safe and secure environment, provide essential governmental services, emergency infrastructure reconstruction, and humanitarian relief (JP 1-02).” It continues, “Success in stability operations enables the local populace and HN [Host Nation] government agencies to resume or develop the capabilities needed to conduct COIN operations and create conditions that permit U.S. military forces to disengage.”³³

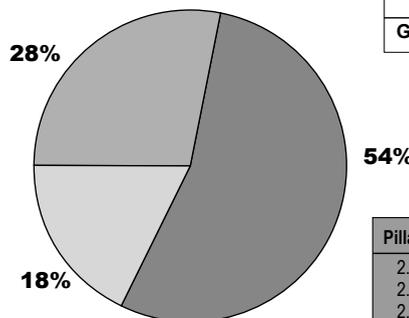
security; governance, the rule of law, and human rights; and economic and social development.³⁵ These priorities are in line with Afghanistan’s National Development Strategy and coincide with USAID’s more focused priorities for development: agriculture and alternative livelihoods; basic education and health; infrastructure, democracy and governance; and economic growth.³⁶ The priorities both meet the demand of Afghans and address the destabilization factors and significant human welfare problems. Figure 6 shows what USAID spent addressing these priorities from 2001-2006.³⁷

The Plan

Afghanistan needs another \$12 billion for FY 2008-2010 in addition to President Bush’s \$10.6 billion. Bush’s \$8.6 billion for security forces would be spent at \$4.3 billion per year for the remainder of FY 2007 and 2008 and an additional \$2 billion per year for FYs 2009 and 2010. Thus,

Pillar 1: Human and Social Protection		6,896
1.1 Refugee return		155
1.2 Education		2,703
1.3 Health and nutrition		1,368
1.4 Rural livelihoods and social protection		2,272
1.5 Culture/media/sports		400

Pillar 3: Security and the Private Sector		4,353
3.1 Trade and investment		690
3.2 Public admin. and eco. management		1,092
3.3 Justice		93
3.4 Police, law enforcement		645
3.5 National Army		1,043
3.6 DDR		216
3.7 Counter Narcotics		164
3.8 Mine action		420



USD million – Total Commitments	
GRAND TOTAL	24,678

Pillar 2: Physical Infrastr. & Nat. Resources		13,429
2.1 Transport		6,136
2.2 Energy, mining, telecommunications		3,606
2.3 Natural resources		1,849
2.4 Urban management		1,839

Figure 5. Capital and development budget from the Afghanistan National Development Strategy.

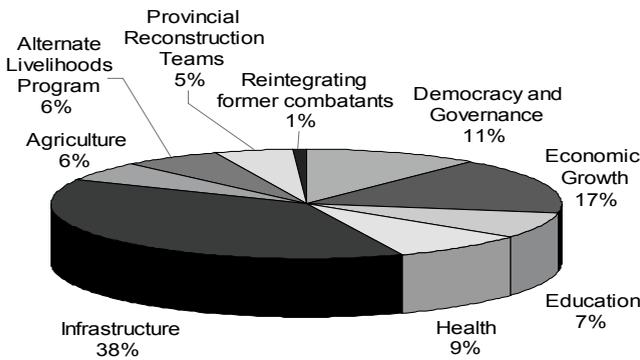


Figure 6. Breakdown of USAID funds (\$3.5 billion) in Afghanistan, 2001–2006.

the stabilization total would be \$12.6 billion from FY 2007–2010.

For reconstruction, \$1 billion of Bush’s \$2 billion commitment would be spent in the remainder of FY 2007. The other billion, plus an additional \$2 billion, would be spent in FY 2008. FY 2009 and 2010 would have \$3 billion each. Thus, the reconstruction total for 2007–2010 would be \$10 billion (see figure 7). Of the \$3 billion per year for reconstruction funding, \$2.5 billion should be used to continue USAID’s current spending program, which follows the priorities set by the Afghan Government. The remaining \$500 million should be CERP funds, to be utilized by military commanders on the ground through provincial reconstruction teams and individual task forces.

This two-pronged approach—reconstruction and security forces—addresses infrastructure, economic development, and health issues through USAID, while simultaneously having an immediate and positive impact on Afghan military forces. CERP funds are essential because they encourage the population to support the government and NATO forces. Increased reconstruction would decrease instability, while funding for security forces training

	FY2007	FY2008	FY2009	FY2010	TOTALS
Reconstruction	1	1 2	3	3	10
Stabilization	4.3	4.3	2	2	12.6

President Bush’s proposed	10.6
Recommended increase	12

Figure 7. Proposed FY 2007–2010 Afghan R&S Budget. (in billions)

would empower the Afghan police and military to eliminate the Taliban and help bring stability and peace to the country.

Perhaps most important, these funds would become calculable cash flows for Afghanistan, USAID, and NATO. Similar to any business, a reliable cash flow will allow Afghanistan and USAID to plan and institute a more thorough development plan because they will know when funds will be available in the future. In the Afghanistan Compact, signed this past February, international donors (including the United States) committed to “increasingly provide more predictable and multiyear funding commitments or indications of multiyear support to Afghanistan to enable the Government to plan better the implementation of its National Development Strategy and provide untied aid whenever possible.”³⁸

It is crucial that the United States live up to its obligation and provide sufficient funding so that the Afghan Government can implement its strategy for stability and growth.

Importance of a Stable Afghanistan

If, as some say, winning is no longer a possibility in Iraq, then a loss in Afghanistan in which the Taliban gains its old training grounds back to stage future terrorist attacks would mean the United States has lost the War on Terrorism.³⁹ Such a failure would embolden and empower Al-Qaeda, and the staggering costs of attacks similar to that of 11 September 2001, plus the increased security measures to prevent further attacks, would lead to direct costs and indirect effects that influence the U.S. economy.

Before the U.S. invasion of Afghanistan, Bin-Laden and Al-Qaeda were in the country working closely with Mullah Omar, the leader of the Taliban. The August 1998 U.S. embassy bombings in Kenya and Tanzania, the October 2000 USS *Cole* bombing, and the 11 September 2001 attacks were all planned in Afghanistan.⁴⁰

Now, once again, the Taliban is operating in some areas of Afghanistan. If Al-Qaeda is not there already, it soon will be. A failed Afghan state or even one with a weak government would allow Al-Qaeda to establish planning, operations, training, and recruiting nodes in the country. Military historian

Stephen Tanner claims that it would be dangerous for the United States to abandon Afghanistan. He writes, "Instant global communication with its consequent accessibility to weapons technology can make even the poorest or most remote nation a threat to the world. . . . After a half-century of cold war, the United States suffered the greatest foreign attack in its history not from the gigantic armaments of Russia or China, but at the hands of a small group based on Afghan soil."⁴¹

Besides the loss of life, the economic costs resulting from the 11 September 2001 attacks were astounding. The Institute for the Analysis of Global Security (IAGS) estimates that the property damage and lost production of goods and services was over \$100 billion. Moreover, "including the loss in stock market wealth—the market's own estimate arising from expectations of lower corporate profits and higher discount rates for economic volatility—the price tag approaches \$2 trillion."⁴² The \$2 trillion estimate is 166 times greater than the \$12 billion proposed for Afghanistan R&S aid from FY 2007 to FY 2010. According to New York City Comptroller William C. Thompson Jr., the attacks cost up to \$95 billion and caused the loss of 146,000 jobs to the city alone.⁴³ On the conservative side, the economic cost of one day of a coordinated terrorist attack planned in Afghanistan, \$95 billion, is almost 8 times the proposed R&S amount. Harvard economist Kenneth Rogoff asserts that "another atrocity on the scale of September 11 would wreak havoc on energy prices, stock markets, and consumer confidence, slamming the brakes on today's global economic recovery."⁴⁴

The economic impact of antiterrorism efforts can have a significant negative effect on the American and global economy. The hindered free flow of goods, services, and individuals across international borders can slow economic growth. U.S. immigration restrictions imposed after 9/11 are a case in point, for they prevent the influx of science and engineering knowledge from abroad. Innovation through science and research leads to U.S. economic growth and global competitiveness. When you consider that foreign-born immigrants account for more than one-fifth of America's scientists and engineers, you can understand the impact immigration restrictions may have on the Nation's

growth. In addition, over 43 percent of America's Ph.D.'s are foreign born. First-time international student enrollment in graduate level science and engineering programs dropped by 13 percent from 2001 to 2003 (the latest year statistics were available). This decline may be the result of immigration restrictions.⁴⁵ If Rogoff is right that, "the U.S. economy grows in no small part by skimming the cream off of the rest of the world's workforce," the hidden costs of anti-terror efforts are great indeed.⁴⁶ Another example of antiterrorism measures slowing growth would be increased scrutiny of goods at American and international ports. As trade and the pace of goods through ports slow, costs will skyrocket and product innovation will be stifled. Rogoff sums up the effects thusly: "Any abatement of the competitive pressures of globalization or any reduction in the free movement of people and ideas would surely undercut growth—not to mention raise prices sharply at your local Wal-Mart."⁴⁷

The Bottom Line

It is crucial that the United States increase R&S aid in Afghanistan immediately so that Afghanistan does not become a staging ground for terrorist operations. A failed Afghanistan will pose direct risks to U.S. strategic and economic interests. The resurgence of the Taliban, increased violence, the growth of opium production, and, consequently, a population with too little faith in their government and NATO forces, threaten the stability of the nation. The decreasing U.S. R&S commitment to Afghanistan is most likely fueling these factors. Reconstruction funding decreases of 60 percent will not lead to a more stable Afghanistan. Although President Bush has committed \$10.6 billion, it is not enough to accomplish the mission. The United States must commit \$12 billion in additional R&S aid to Afghanistan for 2007 to 2010 so the country and the international community can plan for and work toward stabilization. In the long run, a \$12 billion investment for a stable and democratic state in Central Asia could save America and the world trillions of dollars in losses from terrorist attacks and the measures to prevent such attacks. True Afghanistan development must continue this summer with increased R&S funding. **MR**

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This article is dedicated to the memory of Lieutenant Colonel Mike McMahon, squadron commander of 3-4 Cavalry, who made the ultimate sacrifice in Afghanistan in November 2004. His focus on reconstruction and civil-military operations made a difference in the lives of thousands of Afghans. LTC McMahon's untiring efforts and progressive-minded leadership will not be forgotten.