

**CENTER ON
INTERNATIONAL
COOPERATION**

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Building a New Afghanistan: The Value of Success, the Cost of Failure

**Center on International Cooperation, New York University
In cooperation with CARE**

**A Project of the Conflict Prevention,
Recovery and Peacebuilding Program**

**PAYING FOR ESSENTIALS
A Policy Paper Series**

About the Center on International Cooperation

The Center on International Cooperation at New York University was established in 1996 to conduct a program of policy research and international consultations on the preconditions for successful multilateral cooperation. As global integration accelerates, the world faces unprecedented transnational problems resistant to resolution by individual states. Governments that once assumed responsibility for a wide range of multilateral activities today lack the political will or practical capacity to sustain a wide array of international organizations, development aid programs, humanitarian assistance efforts, environmental agreements, and other global public goods that they have agreed to support. At the same time, important non-state actors, including corporations and not-for-profit groups, are exerting greater influence in the global arena. The cooperation of all these stakeholders is essential to develop appropriate strategies and mobilize the political will and financial resources necessary to meet global challenges in the years ahead.

The Center seeks to inform public debate on these matters by clarifying the economic, political, legal, and institutional foundations of effective multilateral action. Our current work examines the challenges of international cooperation in three specific sectors: international justice, humanitarian assistance, and post-conflict peace-building. In addition, we have ongoing initiatives that address four broader themes: multilateralism in U.S. foreign policy; the roles of regional and sub-regional organizations in the provision of international public goods; the transformation of multilateral security arrangements; and the evolution of new forms of international cooperation.

Research papers and practical recommendations emanating from these projects are published in a policy paper series, "Paying for Essentials." Consulting with a wide range of interested parties, the Center hopes to build political consensus on essential multilateral activities and on the means to implement and sustain them.

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Summary: The Future of Afghanistan in the Balance

On March 31, 2004, representatives of national governments and international organizations will meet in Berlin to renew their collective commitment to rebuild Afghanistan and ensure its future stability and development. The government of Afghanistan has thus far met all the deadlines and benchmarks required of it under the Bonn Agreement of December 5, 2001, and Afghanistan's international partners have made generous and at times risky contributions to that effort, including sacrificing the lives of some of their citizens.

These efforts, however, have not yet put Afghanistan irreversibly on a path to self-reliance that will enable the international community to decrease its engagement over time. Serious obstacles have arisen, including the following:

- Opium production, processing, and trafficking have surged, with revenues equaling roughly half of the legal economy of Afghanistan.
- Little progress has been made in the disarmament, demobilization, and reintegration (DDR) of militias.
- Local commanders (warlords) maintain control over large areas of the country, exploiting the illicit economy as a substantial tax base for their activities.
- Taliban attacks have reached their highest level since the fall of the Taliban government in 2001.
- Attacks on aid workers have increased in the past year.
- Afghanistan's reconstruction is seriously underfunded, ranking among the lowest amount of aid per capita of post-conflict reconstruction cases.

In Berlin the Afghan government is presenting a plan to meet these challenges, entitled "Securing Afghanistan's Future."¹ Based on extensive research by over one hundred international experts working in cooperation with the United Nations Assistance Mission for Afghanistan (UNAMA), the UN Development Program (UNDP), the World Bank, and the Asian Development Bank, this report estimates that the government will be able to place Afghanistan on the road to sustainable security if the country receives about \$27.5 billion in aid over seven years, with \$6 billion going directly to the government budget. Afghanistan is not asking for pledges of that amount or over that time frame in Berlin, since that is impossible for governments, but it is making three requests:

- Acknowledgment that success will require a sustained commitment of approximately that order of magnitude over time;
- A political commitment to provide about \$12 billion dollars of support over three years; and
- Pledges of \$4.5 billion for the coming year.

Expanding and stabilizing government presence in key areas of the country will also require an additional international security presence outside Kabul, through both the International Security Assistance Force (ISAF) under NATO command and the US-led coalition. The cost is modest in both financial and military terms compared to similar efforts in other countries, and especially when compared with the cost of failure.

Afghanistan is not asking for charity. The title of this conference – “Afghanistan and the International Community: A Partnership for the Future” – expresses its purpose: agreeing on a partnership between Afghanistan and international actors to achieve their common goal of building an effective and accountable state in Afghanistan. Such a state will provide security to its inhabitants, enable Afghans to provide livelihoods for themselves, and contribute to the welfare and security of the international community.

A large shortfall in the resource targets identified in “Securing Afghanistan’s Future” will most likely confront the international community with unpalatable alternatives: either sustaining a long and costly engagement in a permanently unstable state without the prospect of exit, or abandoning Afghanistan once again to extremists, warlords, and drug traffickers. Either alternative means missing a unique opportunity to stabilize one of the world’s most dangerous regions and to build a partnership between developed countries and the Muslim world.

Implementation of the Bonn Agreement

The Bonn Agreement set benchmarks for political actions by the government to make the interim administration chosen at the UN Talks on Afghanistan gradually more representative and legitimate. In June 2002 the government of Afghanistan held the Emergency Loya Jirga (Grand Council), where Afghans elected their head of state for the first time in history. The president elected there, Hamid Karzai, appointed a commission that drafted a constitution. The government convened a second Loya Jirga in December 2003 to debate, redraft, and ratify that constitution, which is now in force. The only remaining deadline is for “free and fair elections” to choose a “fully representative government” within two years of the convening of the Emergency Loya Jirga, that is, by June 2004 (Bonn Agreement, I:4).

Some intimidation and bribery marred the elections to both Loya Jirgas. The Emergency Loya Jirga did not meet the expectations of many Afghans, who hoped to elect a more representative government in addition to the president. Some delegates and electors were intimidated or pressured by leaders who retained personal control of militias and who distributed massive funds from foreign sources or illicit activities. The failure to address security, particularly the failure to implement the Bonn Agreement’s requirement that factionally affiliated forces withdraw from Kabul, prevented the Emergency Loya Jirga from fully achieving its goal of electing a more representative and legitimate government. The persistence of such conditions meant that some outspoken delegates to the Constitutional Loya Jirga required special protection, and others have been unable to return home because of threats. Nonetheless these two Loya Jirgas were the most representative and the freest national assemblies in the history of Afghanistan. Especially in the Constitutional Loya Jirga, the delegates debated the most difficult and painful issues of the nation, while reiterating their commitment to settling disputes without resort to violence.

The Afghan government has taken difficult steps to introduce economic reforms to enable it to use international assistance effectively and responsibly. The Bonn Agreement (III.C.4) required the government to establish “a Central Bank of Afghanistan that will regulate the money supply of the country through transparent and accountable procedures,” and during October 2002 – January 2003

that central bank instituted a new currency far faster than international advisors thought possible. After decades characterized by repeated episodes of hyperinflation, the government has maintained price stability, largely by adhering to a strict policy of not printing money to finance government spending. The government has introduced a rigorous budgetary process as a framework for policy. The Bonn Agreement (III.C.5) required the government to establish a civil service commission “to ensure [the] competence and integrity” of officials. After a slow start, civil service reform has now begun with the introduction of interim merit-based pay. During the Constitutional Loya Jirga, President Karzai announced the formation of a new office to fight official corruption, but the code of conduct for officials required by Bonn (III.C.7-8) has not yet been promulgated.

The main obstacle to the investment needed for growth, however, is insecurity. The Bonn Agreement (Annex I:1) recognizes that “the responsibility for providing security and law and order throughout the country resides with the Afghans themselves.” It asks international assistance in “the establishment and training of new Afghan security and armed forces” and calls for “early deployment to Afghanistan of a United Nations mandated force” to provide security in other areas from which militias should then withdraw (Annex I: 2-4).

The government has struggled over security sector reform, which requires professionalizing the power ministries and separating them from the patronage networks and militias that form the support base of powerful leaders. The Ministry of the Interior has been reorganized, and police training is proceeding, despite the under-funding by donors of the Law and Order Trust Fund for Afghanistan, which has so far received only \$45 million out of a target of \$115 million.² The Ministry of Defense has been partially reformed. The Afghan National Army, trained and supported by the US and France, suffers from a high rate of attrition, recently estimated at 9 percent per month. The goal set for the ANA, an army of 70,000 soldiers, exceeds what the country needs or will be able to sustain. A consensus is developing that policing is more important. Progress in the disarmament, demobilization, and reintegration (DDR) of militias is barely discernible.

Successful elections held close to the date in the Bonn agreement would further consolidate the government’s legitimacy and build confidence among the Afghans, a people with a history of being deceived and disappointed by both their rulers and the outside world. Despite the efforts of the government, the UN, and the donors supporting the voter registration effort, however, it remains very difficult for the government to hold elections by that time in a way that will guarantee the legitimacy of their outcome. Both insecurity and the slow pace of international contributions to the registration budget delayed its start and required a last-minute overhaul of the plan. Poorly conducted elections could weaken rather than strengthen the government.

Though the constitution requires that “every effort shall be made to hold the first presidential election and the parliamentary election at the same time” (article 160), it will probably be impossible to hold parliamentary elections this year, given their complex political, administrative, and security requirements. It will be difficult enough to hold a legitimate presidential election before the weather starts to block access to parts of the country in the autumn. Yet either failure to hold a national election, or holding an election that many Afghans see as either flawed or dictated by foreign pressure, would detract from rather than strengthen the legitimacy of the government, which is as precious a resource for rebuilding the country as any international contribution. Though the election deadline in the Bonn

Agreement may have been unrealistic, part of the responsibility for any failure to meet it must go to the states that have insisted on the need to respect the agreement but did not deliver on time the security and financial assistance that would have made successful elections more feasible.

Obstacles to Implementation

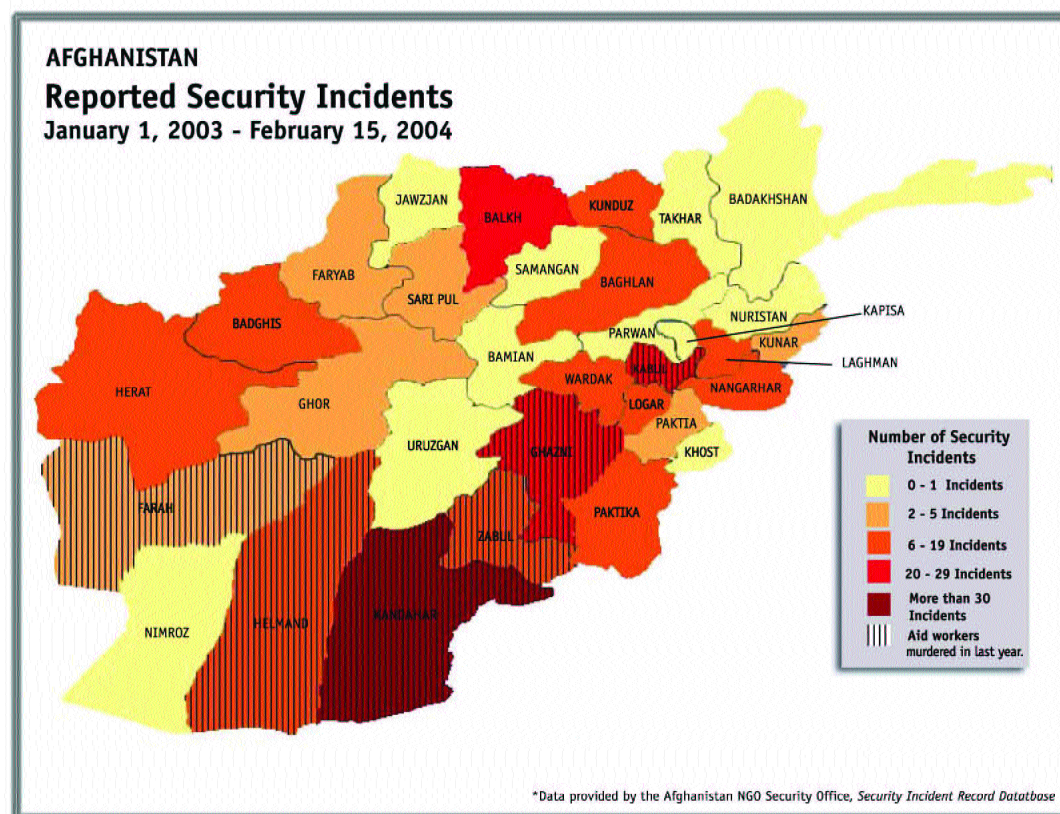
“Securing Afghanistan’s Future” proposes a plan to tackle the main obstacles to the goals of the effort in Afghanistan: the nexus of insecurity and criminalized economy, and the slowness of reconstruction. Without enough aid to launch rapid growth of the legal economy and marginalize illicit activities, the drug economy and other illicit sectors will make it impossible to establish security or the rule of law. A World Bank Study shows that half of all countries that settle civil wars with peace agreements fall back into conflict within five years, largely because of two factors: the availability of easily looted or “taxed” resources such as narcotics, and the persistence of insecurity from unofficial and rebel armed organizations.³ Afghanistan fits the profile all too well.

The Nexus of Insecurity and Criminalized Economy

Insecurity takes many forms: attacks on Afghan government or coalition forces; the killing of aid workers; and threats to Afghan civilians from commanders either fighting each other over drug trafficking routes or directly repressing and looting the population. In a speech delivered at the closing session of the Constitutional Loya Jirga, the departing UN Special Representative of the Secretary-General, Lakhdar Brahimi, spoke of “the fear that is in the heart of practically every Afghan because there is no rule of law yet in this country.” He described how “commanders who have private jails arrest people for no reason whatsoever, except because they want their properties, they want their house or they want their daughter in marriage.”⁴ Under these circumstances, no one will invest in Afghanistan.

There are no indicators available of trends in threats to the security of ordinary Afghans, although reports from human rights organizations and wide-spread perceptions indicate they are persisting in many parts of the country. Some measures are available of other forms of insecurity. Vice-Admiral Lowell Jacoby, the head of the U.S. Defence Intelligence Agency, told a Senate hearing in Washington in late February 2004 that Taliban attacks have reached “their highest level since the collapse of the Taliban government” in December 2001. He added that the threat they pose “is potentially eroding commitments to stability and progress in Afghanistan.”⁵ The Afghanistan NGO Security Office (ANSO) keeps records of serious security incidents affecting its members. Figure 1, drawing from a database of 250 such incidents during the period from January 1, 2003, to February 15, 2004, shows that nine provinces experienced ten or more incidents during this period. Qandahar in the south and Balkh in the north reported the largest number of incidents, 37 and 26 respectively. In Qandahar the incidents are largely due to Taliban activity, while in Balkh local commanders nominally allied with the government are responsible.

Figure 1: Reported Security Incidents, Jan. 1, 2003–Feb. 15, 2004

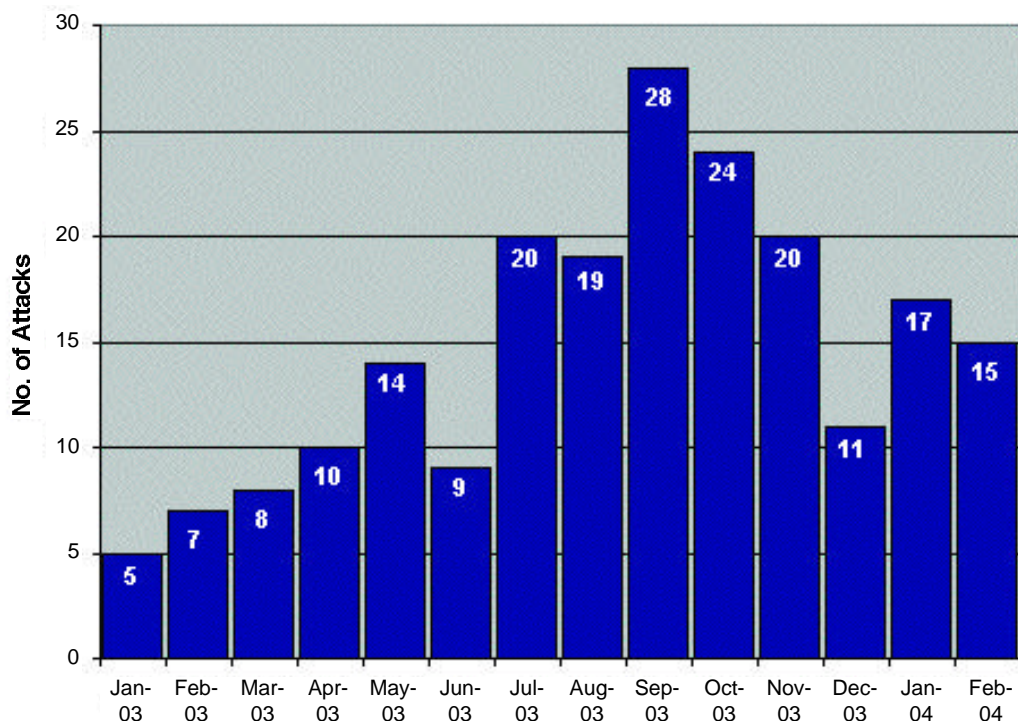


Note: The reported security incidents cover a wide spectrum of attacks, violent clashes, and threats, including the murder of aid workers, vehicle hijackings, assaults on aid convoys and offices, use of explosive devices, factional fighting, armed robbery, assault, kidnapping and detention of aid workers, and threats (including night letters) against aid workers and local officials.

Source: Afghanistan NGO Security Office (ANSO), ANSO Security Incident Record Database, as of February 15, 2004. Reproduced courtesy of CARE, from "The Cost of Doing Too Little in Afghanistan," CARE/CIC Policy Brief, March 2004.

Recent trends in attacks on aid workers continue the trend. In just a three-week period from February 14 to March 6, 2004, eleven aid workers were murdered in four separate incidents, nearly equal to the total of such fatalities in Afghanistan for all of 2003. As depicted in Figure 2, attacks on aid workers increased dramatically in 2003, peaking at 28 in September, nearly one per day. Taking into account seasonal variation, such attacks show no sign of abating in 2004. They averaged 16 per month in the normally quiet months of January and February, compared to an average of just 6 in the same months of 2003.

Figure 2: Attacks Against the Assistance Community



Note: The source of data on such attacks is the weekly security reports produced by the Afghanistan NGO Security Office (ANSO). Attacks against aid workers are defined as incidents involving armed confrontation targeting UN, Red Cross, NGOs and aid contractors. They do not include burglaries, threatening night letters, corruption, or other non-violent incidents.

Source: Reproduced courtesy of CARE, from "The Cost of Doing Too Little in Afghanistan," CARE/CIC Policy Brief, March 2004.

These trends result from shortfalls in both the international contributions and the government's reforms in the field of security. The Bonn Agreement (Annex I:4) requires that all Afghan military forces be withdrawn from Kabul so that its security could be guaranteed by an International Security Assistance Force. While ISAF deployed on time, the international community failed to overcome the resistance of powerful figures in the government who refused to withdraw forces from Kabul. Crime, extortion, appropriation of land, and other forms of predation by these forces remain a source of insecurity in Kabul. Only in the latter part of 2003 did ISAF and the UN gain the support of the US for the withdrawal of heavy weapons and military forces from the capital. Some heavy weapons have now been cantoned outside the city, and more withdrawals are planned. This process needs to speed up and include men as well as materiel.

Though Annex I of the Bonn Agreement envisages the eventual expansion of ISAF to major regional centers and the consequent withdrawal of factional military forces from those areas, the US initially opposed ISAF expansion, and few countries offered to contribute troops. On October 14, 2003, the United Nations Security Council adopted a resolution authorizing an expansion of ISAF operations to areas outside Kabul. ISAF deployed outside Kabul under NATO command only in November 2003,

nearly two years into the schedule for implementation of the Bonn Agreement. This expansion developed from a German initiative in the northeast province of Kunduz that anticipated the tardy expansion of ISAF. Kunduz was among the most stable areas of the country before the German deployment there and arguably was not a high priority for ISAF expansion.

Elsewhere in the country, the Provincial Reconstruction Teams (PRTs) established by the US-led coalition have belatedly begun to support the expansion of security and government administration. Their initial mandate included using small-scale assistance (\$18 million in the first year) from the US Department of Defense to win hearts and minds by building schools, clinics, and wells. Most actors on the ground considered that mission inappropriate for the military and inadequate to protect the security of aid workers, let alone the Afghan people. A reformulation of the mission of PRTs toward stabilization and support for extending legitimate government authority has not yet been translated into practice in some PRTs.

Annex III of the Bonn Agreement asks the international community to commit itself to the rehabilitation of Afghanistan, the integration of irregulars into the armed forces, and the provision of alternative livelihoods to those engaged in the opium economy. "Integration into the armed forces" was the closest the drafters could come to "demobilization," the mention of which mujahidin strongly resisted both in Bonn and on the ground.

At the security working group held at the Tokyo donor conference in January 2002, Japan accepted responsibility as the lead donor on DDR, which involved funding and political roles. No country has supplied international military observers or monitors for the disarmament and demobilization of militia units. Until late 2002, the US refused to involve coalition forces in DDR and thereafter confined its role to a political one. Many Afghans still perceive the Ministry of Defense, which administers the process with UN civilian monitors, as under factional control, despite efforts at reform. The slowness of MOD reform, partly due to the failure to implement the withdrawal of factional forces from Kabul, has been one cause of the delay in DDR. But DDR is also blocked by the prevalence of drug trafficking and other illicit activities, which offer resources to men with guns, especially commanders, with which international reintegration packages can hardly compete.

It appears that no other country has ever been as addicted to the production of illicit drugs as contemporary Afghanistan. Poppy cultivation and opium trafficking constituted slightly more than one third of the total Afghan economy in 2002/03, according to the UN Office of Drugs and Crime.⁶ Opium cultivation provides credit, cash income, and well-paid seasonal employment in the harvest. UNODC estimated that 246,000 farm households, a quarter of Afghan farmers, produced opium in 2002/03. Opium plantations covered 27 per cent of the land these farmers cultivated but produced more than 60 per cent of their income.⁷ The beneficiaries of this crop include:

- Poppy farmers, who earn \$2,520 per year compared to \$670 for other farmers;
- Laborers, who earn \$6.77 per day harvesting opium compared to \$3.01 for wheat;
- Traffickers, financiers, local processors, and traders, who generate \$1.3-\$1.5 billion a year in profits, provide credit to poppy farmers, and who support warlords, corrupt officials, and terrorists who "tax" and "protect" poppy production, processing, and trade;
- International organized crime, which generates an annual turnover of \$30 billion from refining and marketing Afghanistan's opium.⁸

Thus two economies, distinct but closely linked, are growing in Afghanistan:

- The legal economy, supported by the international community and the Afghan government, which provides a potential basis for security and governance; and
- The illicit economy, including not only the drug market, but smuggling of consumer goods and trafficking in gems, timber, archaeological artifacts, and even human beings,⁹ which provides the tax base for insecurity.

These two sectors are linked in ways that complicate eliminating the criminalized economy. The stability of the currency and prices, for instance, has been supported by two flows that eventually must decrease: official foreign assistance and the foreign exchange earned from the export of opiates. The latter constitute the bulk of Afghanistan's "own" exports, excluding transit trade, which largely consists of re-exports to smugglers' bazaars in Pakistan of goods imported from Dubai via Iran. The demand generated by illicit activities has also stimulated much of the growth in construction and trade. The stabilizing role of illicit commodities illustrates the immense challenge the Afghan government faces in trying to enhance economic stability while also establishing the rule of law needed for sustainable growth of the legal economy, primarily based on private investment.¹⁰

Which of these sectors outgrows and subordinates the other will determine the future of Afghanistan. The availability of easily taxed income from the criminalized economy not only creates permanent incentives for militias to remain armed, but also supplies resources to the Taliban, al-Qaida, and other enemies of the effort to stabilize Afghanistan. These movements' political propaganda exploits the insecurity that has resulted from a weak state unable to control unaccountable commanders and officials corrupted by drug profits. The Taliban made much of such grievances during their rise to power, and they are trying to do so again today.

Inadequate Reconstruction Assistance

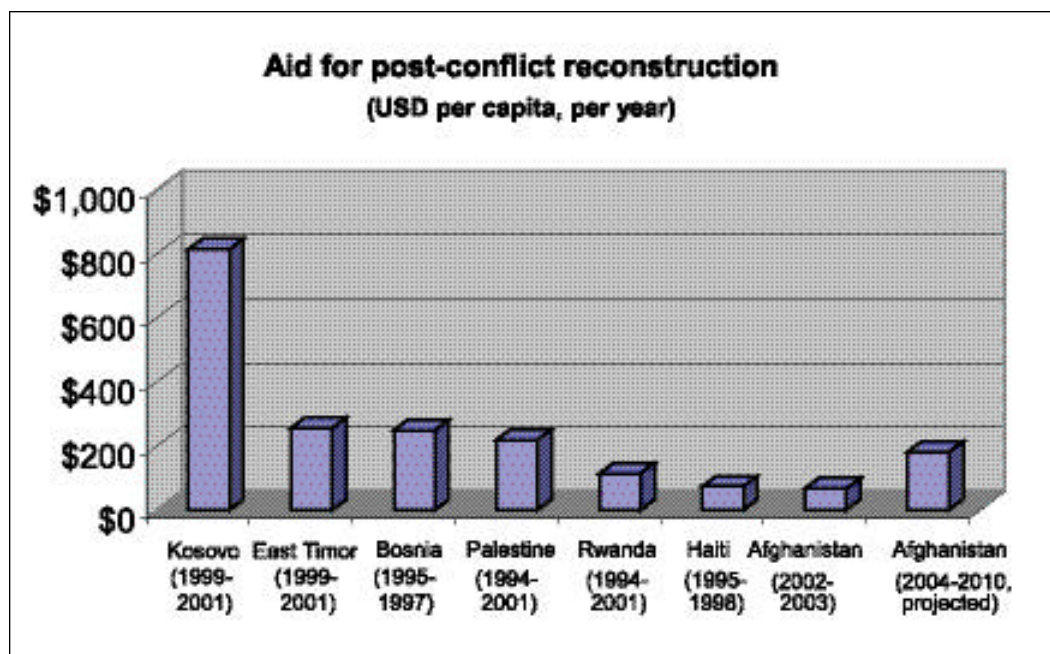
The low level of funding for the reconstruction of Afghanistan remains astonishing, given the importance with which major nations claim to regard it and the consequences of the previous neglect of that country. Studies by organizations as disparate as the humanitarian NGO, CARE, the US strategic studies think tank, the RAND Corporation, and the International Monetary Fund agree that Afghanistan has received significantly less aid than other recent post-conflict countries.¹¹ The IMF cautiously observes, "The level of foreign assistance Afghanistan has received so far appears to be on the low side compared to other recent post-conflict cases."¹² James Dobbins, President Bush's former special envoy for Afghanistan and an author of the RAND study, calls Afghanistan "the least resourced, large-scale American reconstruction program ever."¹³ As table 1 and figure 3 show, Afghanistan in the first two years after the Bonn Agreement received less yearly per capita aid not only than European conflicts like Kosovo or Bosnia, but even than Haiti or Rwanda, generally considered to be neglected because of their lack of strategic value. It is no wonder, then, that this aid has not translated into rapid or visible reconstruction in the eyes of many Afghans and has not convinced either them or their neighbors that the international effort to rebuild Afghanistan is serious and permanent.

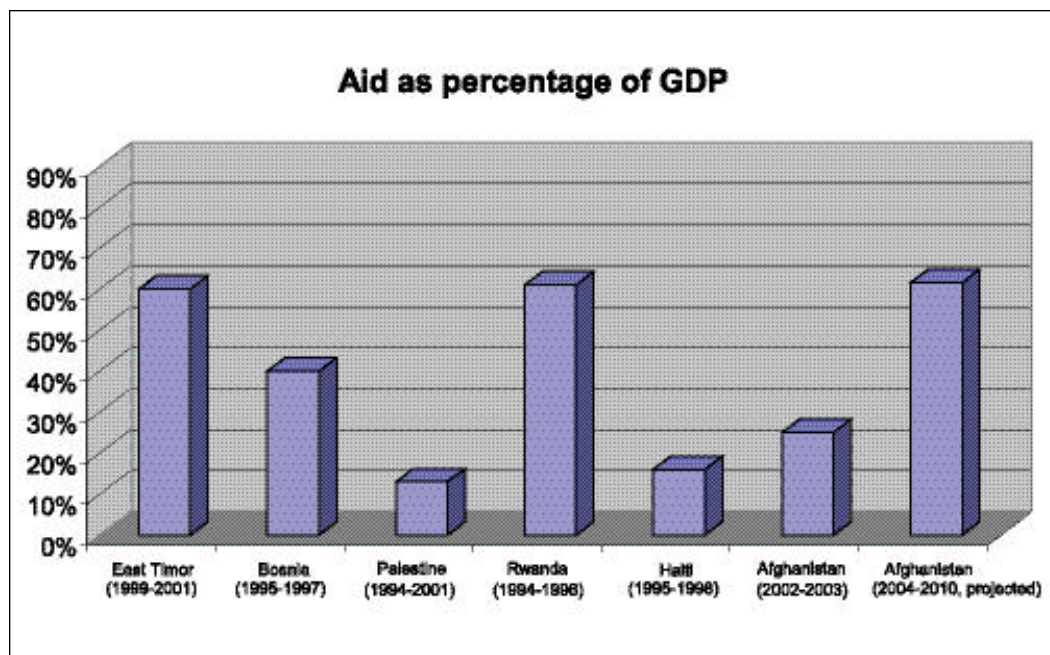
Table 1: Comparison of post-conflict reconstruction cases

Case	Aid per capita, per year	Aid as percentage GDP
Kosovo (1999-2001)	\$814	n.a.
East Timor (1999-2001)	\$256	60%
Bosnia (1995-1997)	\$249	40%
Palestine (1994-2001)	\$219	13%
Rwanda (1994-1996)	\$114	61%
Haiti (1995-1998)	\$74	16%
Afghanistan (1/02-3/03, actual)	\$67	25%
Afghanistan (2004-2010, projected)	\$182	62%

Note: The population estimate used for Afghanistan is 22 million. If the population is 25 million, as some think, the aid per capita would be lower. Afghanistan's GDP is total GDP, including opium.
Sources: "Islamic State of Afghanistan: Rebuilding a Macroeconomic Framework for Reconstruction and Growth," IMF Country Report No. 03/299; World Development Indicators Online (2002), World Bank (http://www.worldbank.org/data/online/databases/online_databases.html); James Dobbins, John G. McGinn, Keith Crane, Seth G. Jones, Rollie Lal, Andrew Rathmell, Rachel Swanger, and Anga Timilsina, *America's Role in Nation-Building: From Germany to Iraq* (Washington, D.C.: Rand, 2003).

Figure 3: Post-Conflict Aid Comparisons





Source: Table 1

Between January 2002 and the end of February 2004, donors pledged \$7 billion, committed \$5.4 billion, and disbursed \$2.9 billion in aid to Afghanistan. (See figure 4.) The committed funds (\$5.4 billion) are those on which agreements have been signed. Disbursed funds (\$2.9 billion) are those deposited into accounts of implementing agencies, only some of which has been spent. Of the total disbursed, at least one third has gone for emergency relief rather than reconstruction, and this is the part of disbursement that has most likely been actually spent. Hence at most \$2 billion, and probably much less, has been spent on reconstruction projects.¹⁴ While projects estimated to cost \$1.8 billion have been started, only a minute fraction of these projects, \$0.12 billion worth, has been completed, though some ongoing projects, such as the National Solidarity Project and the Kabul-Qandahar-Herat road, are already producing benefits for some Afghans.

The aid disbursement of \$2.9 billion over two years is less than two thirds of the income Afghans earned from the drug industry during that time, and, unlike the yearly drug income of \$2.3 billion, much of the aid has gone not to Afghans but to international salaries and overhead (including security measures) or is sitting in accounts. Of the drug income, about \$1 billion per year goes directly to farmers, far outweighing any social or economic policies of the government or donors. Much of the remaining \$1.3-1.5 billion per year swells the purses of unaccountable power holders, enabling them to compete successfully with the Afghan government leadership and the international community for influence over the future of the country.¹⁵

Insecurity has prevented, delayed, or lengthened the implementation of many projects. It inflates cost through delays, direct cost of security provision, and increased time and cost of transport. Needs assessments presented at the Tokyo donor conference in January 2002 by the World Bank, Asian Development Bank, and UN Development Program estimated that repairing the Kabul-Qandahar

Figure 4:
Status of Afghan Recovery Assistance as of end of February 2004

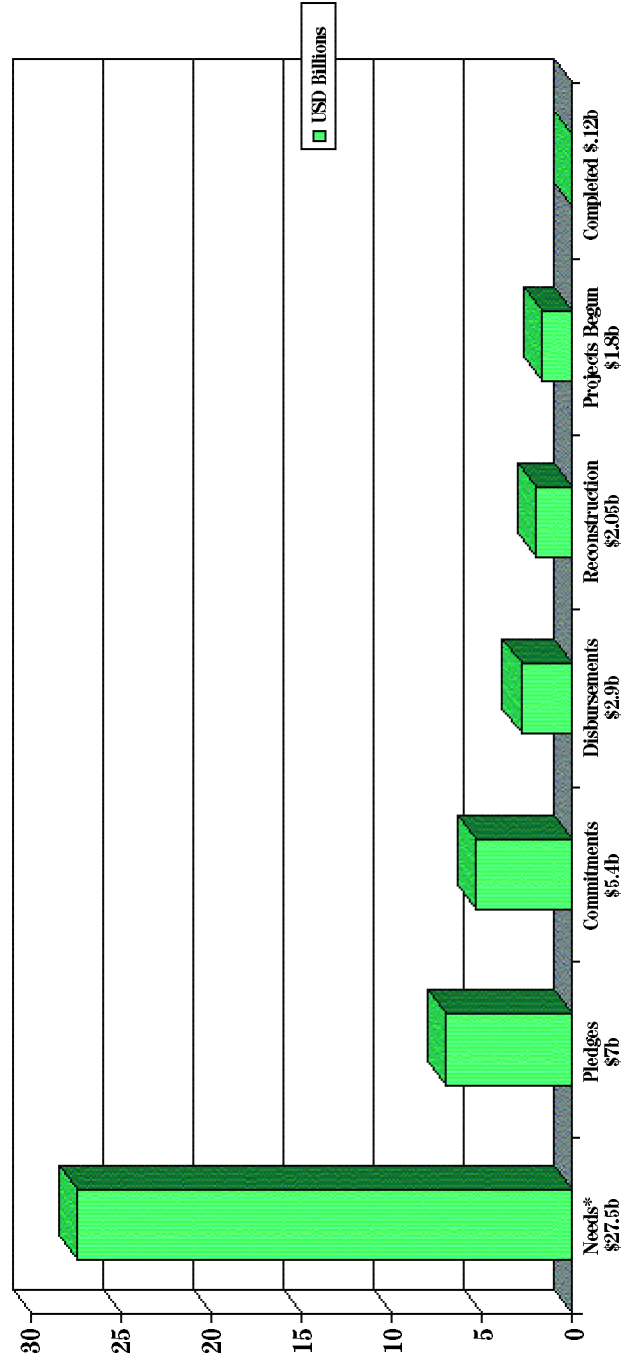


Chart legend

Needs: Amount needed over seven years: \$27.5 billion. Note that this time frame is longer than for the amounts pledged, which are for a maximum of five years from January 2002. Source: *Securing Afghanistan's Future*.

Pledges: Total pledged at the International Conference for Reconstruction Assistance to Afghanistan in Tokyo, January 2002, for first five years of reconstruction (\$5.2 billion), plus subsequent pledges by the US and others (total - \$7 billion). Sources: US Government, Transitional Government of Afghanistan, Afghanistan Donor Assistance Database online (ADAD, <http://www.af/dad/index.html>).

Commitments: Total committed as of February 2004 (\$5.4 billion). Source: ADAD

Disbursements: Total disbursed as of February 2004 (\$2.9 billion). Source: ADAD.

Reconstruction: Total disbursed for reconstruction projects as of February 2004 (\$2.05 billion), excluding humanitarian assistance, defined as refugee/IDP aid, food, and relief commodity distribution, and coordination costs of international agencies. Source: ADAD.

Projects Begun: Total disbursed for reconstruction projects the implementation of which has begun as of February 2004 (\$1.8 billion). Source: ADAD.

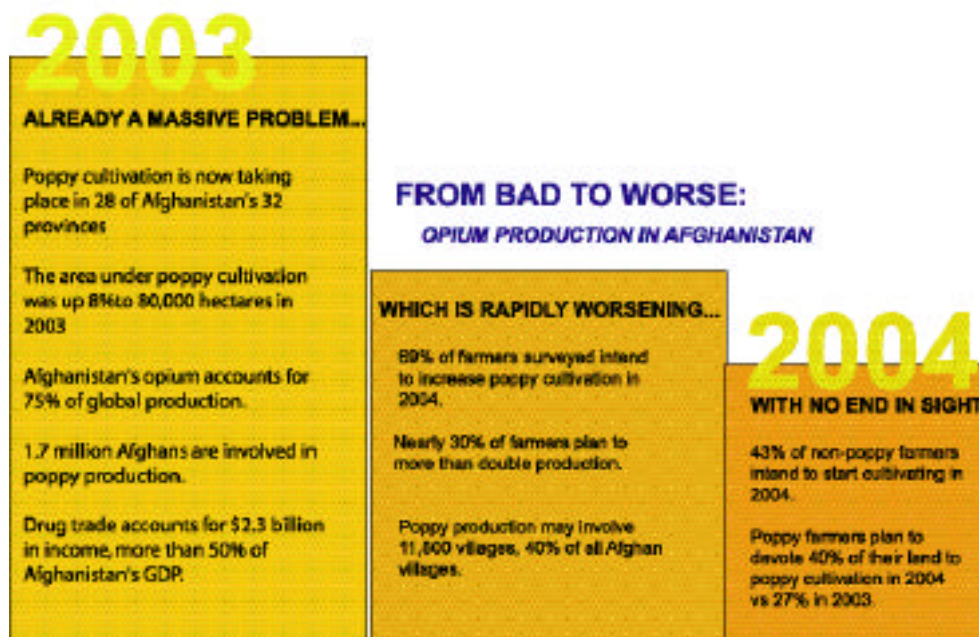
Projects Completed: Total expenditure on reconstruction projects that have been completed as of February 2004 (\$0.1 billion). Source: ADAD.

highway would cost \$35 million. In part because of insecurity, it cost well over \$300 million.¹⁶ Reconstruction targets are usually measured in dollars spent, but Afghans see only one road, even if it cost almost ten times as much as predicted.

While initial economic growth looks impressive, it has so far not reached the critical level needed to launch a self-sustaining takeoff of the legal sector. Afghanistan's Central Statistical Office, using very rough assumptions, estimated the growth of the legal economy in 2002/03 as 30 percent. The IMF estimates that 2003/04 may show another 20 percent growth. These figures, however, are far from sustainable. Post-Taliban Afghanistan began from an extraordinarily low base. The growth partly results from a one-time boost in food production produced by good rains after four years of extreme drought. The degree of urban economic activity that many visitors see depends on demand generated by the expenditures of international and foreign organizations on their own needs and the salaries of their employees, as well as on the drug trade and other illicit sources of income.¹⁷

The drug trade has expanded even more robustly. The UN Office of Drugs and Crime, which has surveyed the intentions of Afghan farmers, as well as the World Bank and the IMF, who have studied the economics of the industry, concur that the opium sector is poised for yet more explosive growth.¹⁸ Figure 5 shows how CARE has depicted data collected by the UN on the expansion of the opium economy. Opium production moves easily around the country to evade eradication efforts. Even if demand in developed countries is steady, it is growing fast in the surrounding region and Afghanistan itself. As the data in figure 5 show, there are ample land and labor not yet employed for opium cultivation that could easily be converted to it.

Figure 5: From Bad to Worse: Opium Production in Afghanistan



Note: Reproduced courtesy of CARE, from "The Cost of Doing Too Little in Afghanistan," CARE/CIC Policy Brief, March 2004.

Source: UNODC Afghanistan Opium Survey 2003, UNODC Farmers' Intentions Survey 2003/4, www.unodc.org

The amount of reconstruction aid thus far falls short not only of the targets in “Securing Afghanistan’s Future,” but also of the needs assessments that served as a basis for the pledges at Tokyo.¹⁹ These assessments, whose mid-level estimate was \$10.2 billion over five years, now appear to have underestimated the costs. The authors of necessity prepared them in a great hurry, without first-hand data or experience of Afghan costs or conditions, without taking into account the interaction of reconstruction with security, and without an integrated plan or goal, which could be supplied only by a legitimate sovereign actor.

The Price of Reconstruction: The Cost of Failure, the Value of Success

“Securing Afghanistan’s Future” defines such a goal: setting Afghanistan on the path to sustainable security and dignified poverty in a way that will allow the international community to reduce its engagement safely. An important principle that guides the estimate is that growth of the legal economy must be sufficient not only to improve the lives of those working in that sector, but also to draw the economically active population gradually out of the illicit sector. Such a rate of growth would eventually enable the Afghan people to reach what some have called “dignified poverty,” meaning a per capita income of \$500 per year and significant progress toward meeting the Millennium Development Goals (MDGs) set by the UN and World Bank for poverty eradication.

The report estimates that goal’s economic requirements, namely a rate of growth in the legal economy of 9 percent per capita per year. This growth must distribute assets and income broadly, to assure political support for the transition and provide livelihoods for farm families, laborers, and small traders leaving the drug economy. Such economic expansion is also necessary to generate a tax base for an effective state. “Securing Afghanistan’s Future” estimates that Afghanistan could attain such growth if it receives \$27.5 billion in aid over seven years, including \$6 billion supplied directly to the government budget.

Some donors have questioned the single scenario presented in “Securing Afghanistan’s Future” with a price tag well over current levels of assistance. If, as Oscar Wilde observed, a cynic is someone who knows the price of everything and the value of nothing, then cynics might say that the price of reconstruction presented in “Securing Afghanistan’s Future” is too high.

As a baseline for comparing the cost of inadequate action and the value of success, we can examine the results of the international community’s previous low-cost approach to Afghanistan. During 1992-2000, the international community spent an average of \$190 million per year on humanitarian assistance to Afghans and intermittently pursued a low-key peacemaking effort.²⁰ The weak state structures of Afghanistan, already damaged by invasion and indiscriminate arming of unaccountable factions, largely disintegrated. Most of their remnants were then captured by the Taliban, who promised a harsh, low-cost version of security.

The first victims of the decades of war were the Afghans themselves, hundreds of thousands of whom died, and all of whom suffered. Terrorists, extremists, and drug traffickers held the country hostage.

Their activities destabilized the surrounding countries and flooded the markets of Europe and the former Soviet Union with heroin. Finally terrorists used the training bases in Afghanistan to plot the attacks on the US that killed thousands of innocents, destroyed billions of dollars in property, imposed massive costs for increased security on the US and much of the world for the foreseeable future, and provoked political tensions around the world.

The purpose of the international intervention since 9/11 is to build a partnership with a legitimate Afghan government to prevent similar events from happening again, to stabilize Afghanistan so it can police itself, and to help stabilize the region, so that Afghanistan and the surrounding region can eventually be a net contributor to global security and livelihoods rather than a drain.

What is the cost of this effort so far? We consider only the direct costs in Afghanistan itself, not the efforts in the region or security efforts in the US or elsewhere. Figure 6a breaks down the cost into three portions, estimated as follows:

- Coalition forces fighting terrorists and their allies: about \$12 billion per year for 11,000 US troops, as part of the total coalition forces of 13,800.²¹
- International security assistance: about \$1.3-1.5 billion per year for maintaining 5,500 ISAF troops in Kabul only.²²
- Humanitarian and reconstruction assistance: \$2.9 billion disbursed in the first two years (figure 4).

By considering possible combinations of trends in these three expenditures, we can develop scenarios for the future about the results of different choices.

Figure 6: Future Scenarios for International Expenditure on Afghanistan

Figure 6a

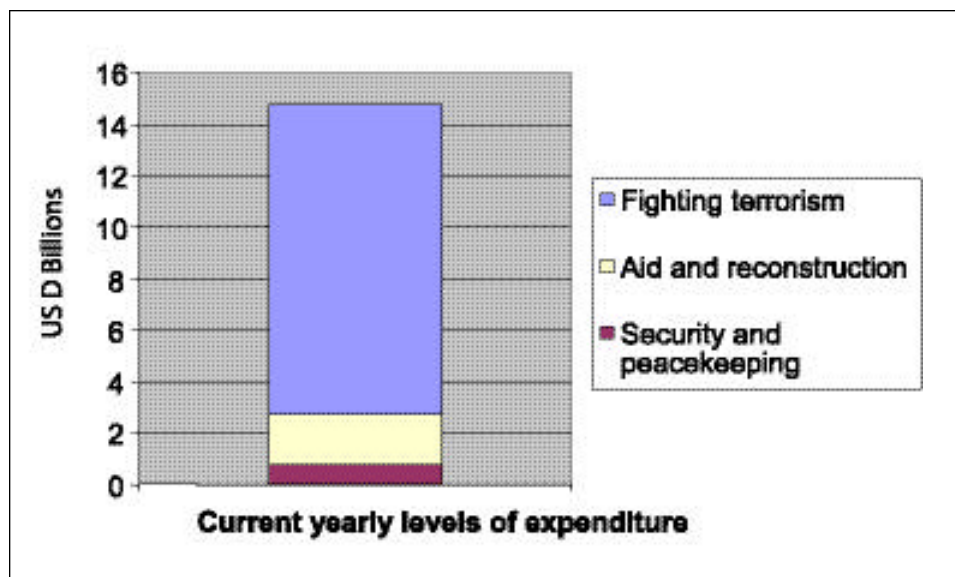


Figure 6b

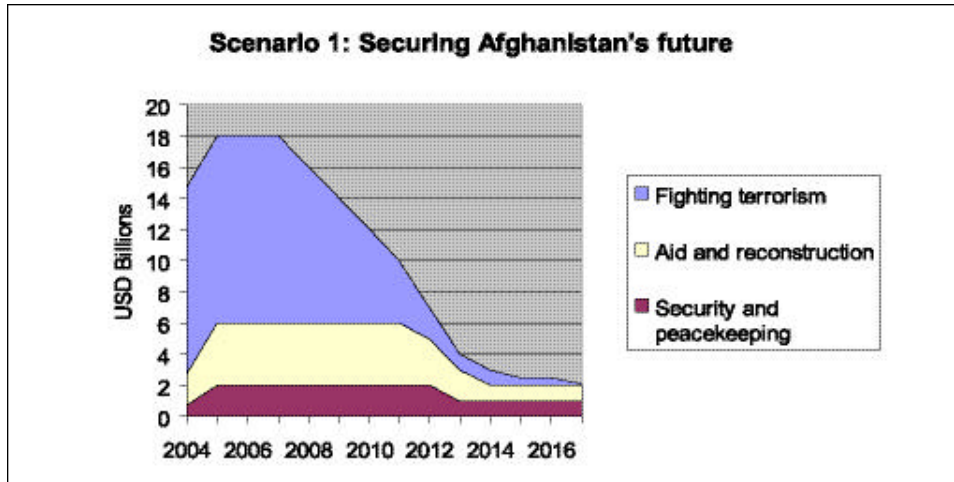


Figure 6c

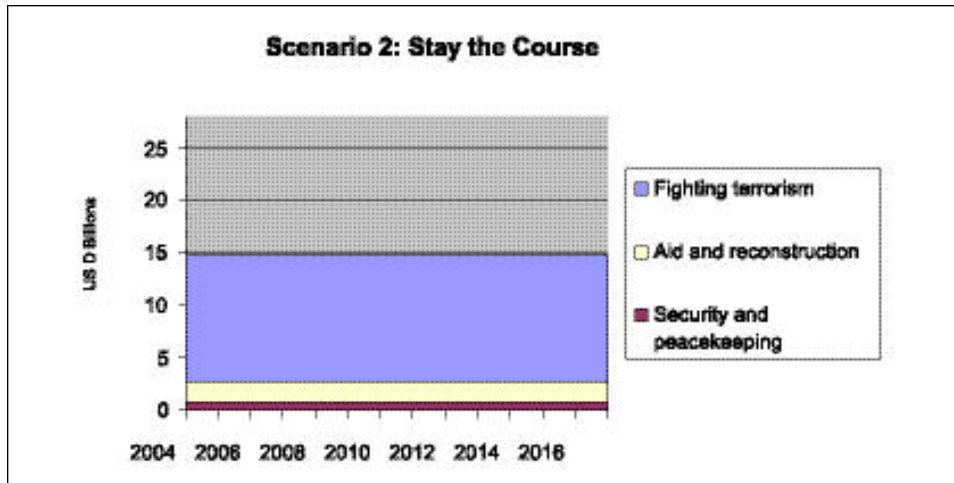
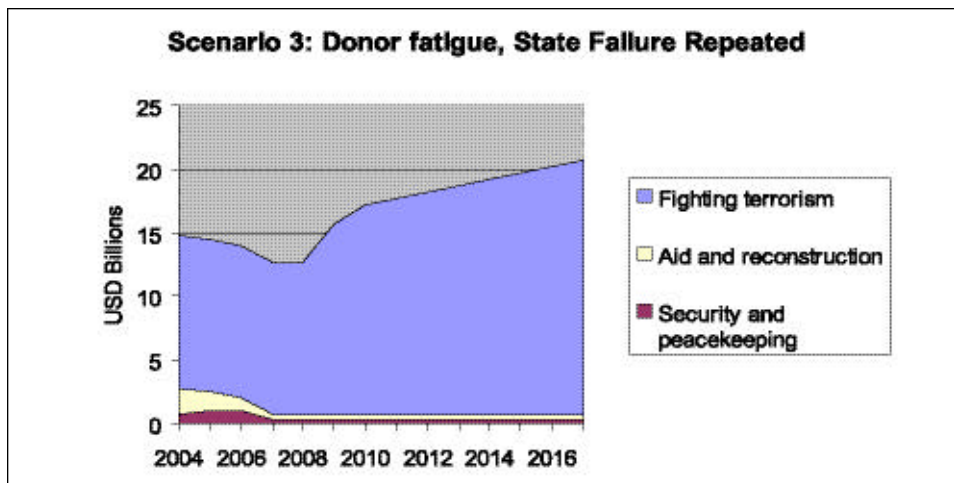


Figure 6d



Note: These scenarios are based on a concept developed by CARE in "Good Intentions Will Not Pave The Road to Peace," CARE/CIC Policy Brief, September 2003.

Scenario 1: Securing Afghanistan's Future

“Securing Afghanistan's Future” estimates that Afghanistan could attain the growth with equity needed for sustainable security if it receives \$27.5 billion in aid over seven years, including \$6 billion supplied directly to the government budget. The government bases its cost estimates on detailed technical studies by over a hundred international and national experts, working with the assistance of the World Bank, Asian Development Bank, UNAMA, and UNDP. These studies use information on the conditions and costs of the Afghan economy that was not available when these same organizations submitted their preliminary needs assessments over two years ago. Afghanistan will also need more security assistance, especially the expansion of ISAF as well as PRTs and other forces with an appropriate mission, outside of Kabul. This combination will eventually enable the government to provide security and the basis for growing livelihoods, making it possible to decrease assistance safely. Figure 6b illustrates this scenario. It shows an immediate increase in reconstruction aid and expenditure on ISAF, followed by eventual decreases, first in war fighting expenses by the coalition, and then of others.

Reconstruction aid will have to be distributed according to a coherent plan to meet the government's targets. Afghanistan is a land-locked state, and like all such countries it requires special efforts to link it to markets. The MDG documents mandate special efforts for such countries. As ISAF argues, meeting these goals will require speedy improvements in security and investment in government administration, roads, communications, energy, water, agriculture, including both food crops and high-value exports, and the health and education of the people.

As the whole history of the international aid system shows, of course, aid alone will not suffice. The government will have to reform itself, raise domestic revenues in a fair and balanced way, demobilize militias and build up law-abiding security forces, curb official corruption, improve the civil service, and implement a demanding policy framework. Many if not most of these measures are opposed by interests created by the criminalized war economy and the Soviet-style state institutions developed in the 1980s. The government's leadership has declared its intention to implement such reforms, but donors will have to monitor progress and back those in Afghanistan most committed to these policies with a package of support that enables them to implement their plans. Even if no donor can pledge for seven years in advance, the Afghan government needs multi-year pledges that are front-loaded enough to demonstrate both immediate progress and long-term commitment. Subsequent international meetings in future years will have to review achievements and shortcomings of both sides and may seek more assistance from the international community and further reform in Afghanistan.

The coalition and ISAF are now working to increase security assistance, though they will be unable to do so unless more countries step forward with troop contributions. Together with the Afghan government and the UN, they are devising a plan to create more PRTs, some under coalition command and others under NATO/ISAF command. These teams' mandate will have to expand to include mobile units that can provide security away from the towns where PRTs are based as well as along major transportation routes. They will need helicopters and other equipment to assure mobility. The PRTs' mandate should focus on security and stabilization and limit their reconstruction activities to government buildings, communications, power stations, and major transport improvements such as roads and bridges. The added security will also cost the international community both money and lives. ISAF costs are likely to increase substantially as it extends operations beyond Kabul.

The cost of achieving these goals is modest by almost any standard other than the meager resources of Afghanistan itself. The \$4 billion per year Afghanistan is requesting amounts to the equivalent of only \$160-182 per capita, depending on whether the population is closer to 22 or 25 million. As table 1 and figure 3 show, this would still leave Afghanistan's aid per capita less than several other recent post-conflict countries. The yearly total of such aid would be less than twice the income from opium in 2002/03, and possibly even a smaller share in the immediate future, if the drug economy continues to expand rapidly. In addition, the Henry L. Stimson Center estimated that an ISAF deployment to provide security outside of Kabul and along roads would require 18,100 troops and cost \$2.2-2.4 billion per year.²³ Figure 6b shows these increases in spending on assistance and security assistance during the planning period after 2004.

The amount of aid per year, however, is nearly the total of the country's current legal GDP (figure 3). As GDP grew, the proportion of aid would fall but remain high. This proportion results from the extraordinary depth of poverty into which Afghanistan has fallen. A Swiss development economist observed in the early 1970s that in Afghanistan, "one does not encounter poverty in its most acute form," as in India and Pakistan.²⁴ After over two decades in which the world spent billions of dollars on warfare in Afghanistan, the country is now more destitute than its neighbors. The Asian Development Bank has estimated the legal Gross Domestic Product at \$167 per capita in 2002 prices, making Afghanistan one of the world's poorest countries.²⁵ It is at the bottom of every economic and social indicator and resembles the most impoverished war-torn countries of sub-Saharan Africa. Table 2 shows a few indicators of the country's condition. It is in the bottom ten countries worldwide in literacy, health care, nutrition, and sanitation, and it has among the highest incidences of maternal and child mortality ever recorded. This desperate poverty is not merely a humanitarian problem: it drives families to cultivate opium and send their sons to fight for armed groups that can at least feed them.

Table 2: Indicators of Destitution in Afghanistan

Life expectancy	Average life expectancy at birth is 43 years.
Child mortality	One out of four children dies before age 5.
Health care	On average there is only one doctor for every 50,000 people. Only 11 out of Afghanistan's 32 provinces have essential obstetric care services.
Clean water and sanitation	Approximately 23 percent of the population has access to safe water and only 12 percent to adequate sanitation.
Education	The student enrollment is at 4.3 million (grade 1-12) of which only 34 per cent are female students of primary school age. The assistance community provides education to about 7% of the 3.9 million children of primary school age.

Sources: *UNDP in Afghanistan*, <http://mirror.undp.org/afghanistan/somebasicfacts.html>. *World Development Indicators Online*, <http://devdata.worldbank.org/dataonline/>. "Education Technical Annex," *Securing Afghanistan's Future*, <http://www.af/resources/mof/recosting/draft%20papers/Pillar%201/Education%20-%20Annex.pdf>.

This scenario differs from the usual experience of post-conflict operations in calling for the initial commitment actually to increase in the third year and be sustained at that higher level for six more. This pattern makes sense, as a World Bank study showed that post-conflict countries' ability to absorb and use aid increases from the third year after a peace agreement.²⁶ The authors of the RAND study of US "nation-building" efforts concluded that the most common cause of failure was leaving too early: "The record suggests that, while staying long does not guarantee success, leaving early ensures failure. To date, no effort at enforced democratization has taken hold in less than five years."²⁷

This year might be a crucial time to increase assistance to the legal economy. Over the past two years a high level of opium production co-existed with prices far above the historical average. Demand may have remained unusually high as traders replenished inventories depleted during the Taliban ban on cultivation in 2000/01 and the sell-off of opium stores in the run-up to the US offensive in the fall of 2001. As inventories become full again, and if supply stays at current high levels or increases, prices are likely to fall.²⁸ This creates an opportunity for alternative development to start drawing people away from illicit activities in the next couple of years.

The combination of sustained financial and security assistance, along with political support for government reforms, will provide seven years for the Afghan political leadership to develop sustainable institutions. With the added leverage of security assistance from a large range of countries throughout Afghanistan, it will be able to reform the security apparatus in at least some key provinces. This in turn will enable donors and contractors to build the government buildings, roads, schools, clinics, banks, and other facilities to get the legal economy started. Law enforcement could move against opium processing laboratories and other criminal enterprises, reducing the farm-gate price of opium or the price of illegally logged timber, also making alternative development more competitive. "Securing Afghanistan's Future" projects that under these circumstances the government could cover its recurrent expenses within nine years, ending the current aberrant situation.

The show of commitment and genuine accomplishments in Afghanistan would eventually convince the neighboring states that they need not prepare to revert to civil war, and they will become even more willing to invest in regional infrastructure and cooperation. In this situation, relations between Afghanistan and Pakistan could gradually improve, especially if Pakistan's dialogue with India also goes well. Progress toward settlement of this contentious border area could help remove a source of permanent discontent and lawlessness from the region. Together with continued coalition success in eliminating the holdouts of al-Qaida and the Taliban leadership, the process of state building will finally make it possible to reduce coalition forces. The scenario in figure 6b shows the first such reduction in 2008, which might be overly optimistic, but this scenario at least provides for an eventual exit option: success.

Scenario 2: Stay the Course, at Least for a While....

International actors might choose to sustain the current level of engagement with Afghanistan, as illustrated in figure 6c. Under this scenario, assistance and ISAF presence remain where they are, as do coalition activities. As "Securing Afghanistan's Future" argues, such a course of action is unlikely to be sustainable. The inadequate results are already visible. While the external military presence can assure the continuation of a superficially legitimate regime in Kabul, the internationally recognized

authorities are unable to extend their power to transform the country, and they remain dependent on external support. While the coalition presence prevents the Taliban and al-Qaida from re-establishing bases that can threaten regional or global security, it is insufficient to establish an Afghan state that can sustain that security over time. Hence coalition forces are likely to confront a situation from which they cannot withdraw.

The same difficulties that currently plague the electoral effort will prevent further political consolidation. While massive aid might enable the government to pull off a relatively simple presidential election, especially if it is effectively uncontested, successive elections will become increasingly difficult. Each one will threaten the breakdown of the system, provoking violence and leading to challenges to the system.

The fundamental trend that will prevent stabilization of the country will be the continued growth and spread of the production, processing, and trading of opium. The international presence will lead to sporadic efforts at eradication of opium, as in the spring of 2002, but the traffickers will easily move production to new and more inaccessible parts of the country. There are whole areas capable of producing prime opium, such as the Panjsher Valley, that so far have not done so. The power of traffickers in the government and the reluctance of foreign militaries to become involved in “policing” will prevent consistent attacks on processing laboratories. The US military has resisted any role in the counter-narcotics effort, and the German PRT in Kunduz has exempted drugs from among the threats it will address. This trend will have several results:

- Demobilization of militias will stall, as commanders support their forces with revenues from drug trafficking, and their militias in turn enable them to tax the opium farmers and traders.
- The combination of limited expansion of ISAF and continued growth of opium revenues will prevent the government from effectively expanding its authority. It may be successful in establishing itself in some areas, but these will continue to be islands of relative stability in a largely insecure and ungoverned country.
- With the weakness of government, the Taliban and al-Qaida will continue to operate and fund themselves from drug trafficking. The traffickers and local power holders who depend on them, regardless of political affiliation, will oppose expansion of government or international presence, leading to continued attacks on soft targets such as aid workers. Reconstruction will continue to be hindered by security emergencies.
- If the country succeeds in holding elections to the National Assembly, that body will be heavily influenced if not dominated by candidates financed and supported by drug traffickers and commanders dependent on the illicit economy. This will be even truer of the provincial and district councils in many areas of the country, who will choose members of the Meshrano Jirga (upper house).
- In the face of this stagnation, voters, parliaments, and governments in donor nations will become impatient with the lack of results. They will question the value of spending money and risking lives in a country where there is little visible political and economic progress, and the government is riddled with corruption.

Maintaining the current level of assistance will not produce the success that is necessary to build support for continuing the effort. It will in all likelihood be unstable and deteriorate into scenario 3, a return to the low level and intermittent engagement with Afghanistan that persisted throughout most of the 1990s.

Scenario 3: Donor Fatigue, State Failure Repeated

Sooner or later donors and troop contributors may tire of their engagement without having completed the job of setting Afghanistan on a sustainable path to building an effective and accountable state. Despite speeches of support at Berlin and elsewhere, aid to Afghanistan may gradually tail off from the levels during the implementation of the Bonn Agreement. After the end of the current Canadian ISAF command, coinciding with the end of the Bonn implementation schedule, NATO may have increasing difficulty finding new command nations and raising new forces, and expansion to the provinces will stall. After the 2004 US presidential election and a possibly flawed and hurried Afghan presidential election that legitimates a five-year term for Hamid Karzai, the war on terror may move on to other challenges, as the US declares success and begins to draw down its forces. A weakened Afghan government would increasingly revert to patronage, corruption, and temporizing with the forces of destruction, further undermining international support. Figure 6d illustrates this scenario.

This level of international aid and military presence will keep a government with an acceptable face in Kabul for a while. Donors and agencies will continue to start projects. Some will never be completed. Since the government will have no regular, reliable income, it will not be able to staff all the schools or clinics, or maintain all the roads and power stations that were launched in the first flush of aid flow. As the country becomes less governable, and corruption becomes even more endemic, reconstruction aid will tail off. Donor countries will show they are not “abandoning” Afghanistan by maintaining humanitarian aid to the victims of continuing conflict and destitution. They will call for reforms without providing the funding and security assistance needed to implement them.

The drug economy will continue to grow, with even less hindrance than in the previous scenario. In 2003/04, the season that is approaching spring harvest as the meeting in Berlin convenes, all signs point to a rapid increase in opium production (see figure 5). There will be no effective sanctions against the criminalized economy or economic growth adequate to draw people out of it.

The same trends as in the scenario of “staying the course” will aggravate insecurity, block reform, and stall reconstruction. This process will not immediately create a “narco-mafia state.” The drug economy in Afghanistan is competitive and fragmented. Precisely because no government has effectively treated opium trafficking as criminal, the barriers to entry are rather low. The opium market is not cartelized or vertically integrated, as is the cocaine industry in the Andes. Hence there is no centrally organized or directed Afghan drug mafia that could capture the state. Instead, the drug economy includes a large number of competitive traffickers who use part of their revenue to purchase protection from armed groups and political organizations. Failure to provide adequate assistance to enable Afghanistan to marginalize the illicit economy and strengthen its institutions of security and governance will guarantee perpetuation of the symbiotic relation between illicit entrepreneurs and local power holders that fragments authority and undermines state building.

The opium industry's expansion will cement a lobby for an ineffective state. This lobby will draw together a coalition of unequal benefit but common interest: the farmers who grow the poppy and depend on it for both cash income and collateral for credit; the laborers who earn high wages for the skilled work of harvest; the traders and exporters who advance cash to the farmers and purchase their crop and process increasing amounts of it into refined products inside Afghanistan; the international organized crime groups that process the rest of the crop and take it to final markets; and the warlords and corrupt officials who tax it and profit from it.

These groups include forces that already control or influence many parts of the government. If the relevant parts of the constitution are implemented, they will make their presence felt in parliament, provincial and district councils, and parts of the bureaucracy, but they will not necessarily have the aspiration or capacity to capture the entire state. Indeed, they might be better off with an acceptable face at the head of a failed state than trying to take control of a rogue state. If one narco-funded warlord alliance, presumably with a narrow regional-ethnic base, did manage to gain control of Kabul, the result would be the unraveling of the precarious efforts at state building thus far and a reversion to anarchy, which might make narco-trafficking even costlier and riskier than it is now.

Under these circumstances insecurity in the provinces would increase, and even fewer countries would have an appetite to contribute troops. Public opinion in the donor countries would oppose aid to a country where human rights violations and corruption continue to enjoy impunity. Whatever capital the country might have attracted during a brief honeymoon period would soon flee.

The growing insecurity would create opportunities for the growth of the Taliban. As is already the case in some regions of the country, Taliban units will share the proceeds of drug trafficking with corrupt officials, their bonds sometimes cemented by common tribal allegiances. The predatory behavior of criminal elements will nourish nostalgia for the security provided by the harsh rule of the Taliban. Such sentiments exist today, even among some educated people in Kabul. They contrast the crime and corruption of today's militias with the Taliban. Ordinary people suffer from the increase in the cost of housing and other necessities resulting from free spending by foreigners and the influx of drug money. Resentment of the island of westernization in Kabul is growing. People see unaffordable restaurants serving alcohol and internet cafes giving access to pornography while most of the capital remains in ruins. For now, such concerns are still balanced by hope for a better future. But, if reconstruction stalls, and people suffer more abuse from commanders profiting from illicit activities, the same sentiments that created support for the Taliban in the 1990s will again nourish the revival of that or a similar movement.

Regional governments, political groups, and criminal networks will also react to the lack of security or economic takeoff in Afghanistan. All will anticipate the day that the foreigners will leave, when Afghanistan will revert to either anarchy or civil war or a harsh, Islamist government. Currently the international presence and the prospect of regional cooperation through a stabilized Afghanistan deter regional powers from the higher level of interference they pursued in the past. But if Afghanistan reverts to insecurity, with an even higher level of opium production and other illicit activities, the networks of organized crime and extremism, as well as regional states trying to preempt gains by their rivals, will once again turn Afghanistan into a free zone for their competition. Ethnic conflict linked to regional powers and criminal networks will dominate Afghan politics.

The criminal economy will assure perpetuation of the threat that the international community has come to Afghanistan to eradicate. This does not necessarily mean that, if international actors fail to meet the targets in “Securing Afghanistan’s Future,” terrorists will blow up more buildings and kill more people in the United States, and drug traffickers will flood the streets with heroin. Given the flexibility of both drug and terror networks, even fully meeting those targets will not end terrorism and narco-trafficking, which will find other bases. Nonetheless, experience and analysis make a compelling case that meeting the targets proposed by the government of Afghanistan will contribute to avoiding huge risks. Such risks led to disaster in the past and could lead to other disasters in the future, even if we cannot specify exactly what kind.

The prospect will be for an even greater threat. The scenario “donor fatigue and state failure repeated” (figure 6d) shows coalition military expenses increasing from 2007 onwards. This is only indicative of the continuing threat. Not all of the increased security costs will be paid in Afghanistan. The international presence in Afghanistan and the surrounding region has contributed to the process of dialogue and de-escalation between Pakistan and India, the only nuclear powers currently in conflict with each other. The Taliban, al-Qaida, and their supporters remain influential in Pakistan, which is also the major source of nuclear proliferation in the world. A coup, assassination, debt crisis, or border uprising provoked in part by the deterioration of Afghanistan could turn Pakistan into a more dangerous place and reverse the current rapprochement with India. Such events could also force Iran to reevaluate its apparent decision to move away from keeping its nuclear weapons options open. Nor, of course, could one rule out the reconstitution of terrorist bases, at least on the Afghanistan-Pakistan border region, though al-Qaida has shown itself able to operate from many parts of the world, not only this one.

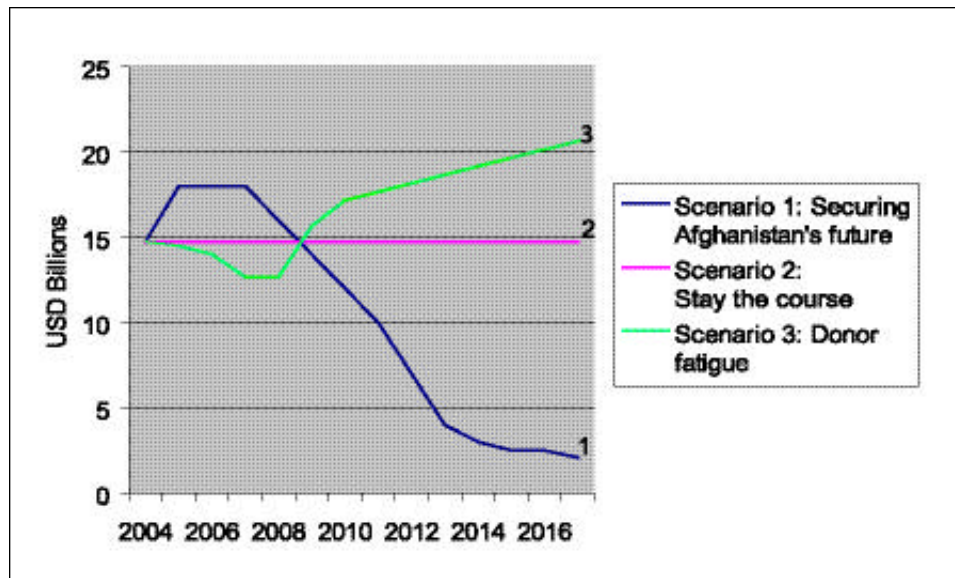
The increase of opium production in Afghanistan would have other effects as well. Analyses of the drug industry indicate that most of the rapid growth will be generated by growing demand in the surrounding regions. Drug use is already spreading to Afghanistan itself. In Central Asia, increased drug use, including growing use of injection rather than smoking, is contributing to the rapid spread of HIV/AIDS. Such trends are also visible in Iran, Pakistan, and India. The quickest growth of this epidemic anywhere in the world is now taking place in India. The combination of spreading drug use, growing smuggling, and further collapse of governance will surely accelerate the spread of HIV/AIDS into Afghanistan and the surrounding countries.

Conclusions

Though these scenarios are only illustrative, comparing the total cost over time of each, as shown in figure 7, suggests that a significantly higher level of financial and security assistance to Afghanistan is a good investment. This region contains a huge number of risk factors. It has been the center of global terrorism and is the world’s largest producer of opiates. It includes many unstable states. India and Pakistan, two nuclear weapons states, one of which has a long record of political instability, confront each other militarily along an unrecognized border. Pakistan and Afghanistan are separated – and linked – by an ungoverned belt of tribes whose inclusion in Pakistan has never been recognized by Afghanistan. The area is linked to the Persian Gulf by networks of smuggling, organized crime, and religious extremism. Afghanistan has become a storehouse of small weapons, and not-so-small

weapons, whose use is the only marketable skill of a large population of otherwise unemployed and uneducated young men. The degree of illiteracy and exclusion from public space of women is probably higher in this region than anywhere else in the world, which many studies also show is a risk factor for conflict. HIV/AIDS is growing faster in South Asia than anywhere else in the world.

Figure 7: Comparing scenarios: The cost of failure, the value of success



How these factors may interact in the context of a burgeoning drug trade and a collapse of governance in Afghanistan is impossible to predict in detail. Scenario three (figure 6d) simply shows military expenditure growing indefinitely, which is meant to symbolize the potential for growing threats rather than to predict either their shape or the response. But disastrous results of some sort are foreseeable, indeed inevitable, if international actors do not move quickly and effectively to bring security and legitimate livelihoods to the people of Afghanistan. Though the US and other countries may be forced to spend tens of billions of dollars and many lives on military, police, and intelligence activities in this region and elsewhere, these activities will never fully succeed, unless the people of Afghanistan get they chance they are asking for, to provide security and livelihoods for themselves through an effective, accountable state, and thereby contribute to the international community. It is right, and it is rational.

Notes

¹ *Securing Afghanistan's Future: Accomplishments and the Strategic Path Forward*, Government of Afghanistan, Ministry of Finance, Consultation Draft, January 29, 2004, <http://www.af>.

² "National Police and Law Enforcement, Technical Annex," *Securing Afghanistan's Future*, p. 8, <http://www.af/resources/mof/recosting/draft%20papers/Pillar%203/National%20Police%20&%20Law%20Enforcement%20-%20Annex.pdf>. The draft paper contains the following disclaimer: "While the annex has been prepared in partnership with key government ministries, due to time constraints in reviewing the Annex, the final text and figures do not necessarily reflect the official view of government."

³ Paul Collier, Anke Hoeffler and Måns Söderbom, "On the Duration of Civil War," May 2001, http://www.worldbank.org/research/conflict/papers/CHS_Duration.pdf.

⁴ "Transcript of Impromptu Remarks by the Special Representative of the Secretary-General, Lakhdar Brahimi, at the Closing Ceremony of the Constitutional Loya Jirga, Kabul, 4 January 2004," <http://www.unama-afg/docs/index.html>.

⁵ "Current and Projected National Security Threats to the United States," Vice Admiral Lowell E. Jacoby, U.S. Navy Director, Defense Intelligence Agency, Statement For the Record, Senate Select Committee on Intelligence, 24 February 2004.

⁶ *Afghanistan Opium Survey 2003*, UNODC, October 2003, Executive Summary, p. 3, http://www.unodc.org/pdf/afg/afghanistan_opium_survey_2003.pdf. The report estimates that the total drug economy, when adding the income of traffickers to the income of producers, equals roughly 52 percent of the legal economy (p. 8). "Islamic State of Afghanistan: Rebuilding a Macroeconomic Framework for Reconstruction and Growth," IMF Country Report No. 03/299, estimates the amount as 40-60 percent of legal GDP.

⁷ *Afghanistan Opium Survey 2003*, William Byrd and Christopher Ward, "Afghanistan's Drug Economy: A Preliminary Overview and Analysis," Technical Annex 1.2 to Chapter 1 of *Securing Afghanistan's Future*.

⁸ *Afghanistan Farmers' Intentions Survey 2003/2004*, UNODC and Afghanistan Counter-Narcotics Directorate, February 2004, pp. 38-41; *Afghanistan Opium Survey 2003*, p. 5.

⁹ *Trafficking in Persons: An Analysis of Afghanistan*, International Organization for Migration, September 2003.

¹⁰ IMF Country Report; Byrd and Ward, "Afghanistan's Drug Economy."

¹¹ *Rebuilding Afghanistan: A little less talk, a lot more action*, CARE International, http://www.careusa.org/newsroom/specialreports/afghanistan/09302002_policybrief.pdf; James Dobbins, John G. McGinn, Keith Crane, Seth G. Jones, Rollie Lal, Andrew Rathmell, Rachel Swanger, and Anga Timilsina, *America's Role in Nation-Building: From Germany to Iraq*, Rand, 2003; IMF Country Report, pp. 15-16.

¹² IMF Country Report, p. 16.

¹³ "The Nation-Building the US Neglects," Benjamin Duncan, al-Jazeera.net, March 1, 2004.

¹⁴ The IMF estimates that "the bulk" of assistance has gone for humanitarian aid (Country Report, p.

16), but we use a minimal definition, as the Afghan Donor Assistance Database, which we use, does not clearly separate humanitarian and reconstruction aid.

¹⁵ *Afghanistan Opium Survey 2003*, p.29.

¹⁶ *Good Intentions Will Not Pave The Road to Peace*, CARE/CIC Policy Brief, September 2003, p. 8.

¹⁷ IMF Country Report; Byrd and Ward, "Afghanistan's Drug Economy."

¹⁸ *Afghanistan Farmers' Intentions Survey 2003/2004*, IMF Country Report; Byrd and Ward, "Afghanistan's Drug Economy."

¹⁹ Barnett R. Rubin, Humayun Hamidzada, and Abby Stoddard, *Through the Fog of Peace Building: Evaluating the Reconstruction of Afghanistan*, Center on International Cooperation, New York University, May 2003.

²⁰ *World Development Indicators Online 2003*, World Bank, <http://devdata.worldbank.org/dataonline/>.

²¹ On troop numbers, see testimony of General John Abizaid. On cost, see *Washington Post*, November 11, 2003, p. A13, confirmed by the Congressional Budget Office. We have no estimate of the cost of the non-US components of the coalition.

²² *Securing Afghanistan's Future*.

²³ William Durch, *Peace and Stability Operations in Afghanistan: Requirements and Force Options*, Henry L. Stimson Center, Washington, D.C., June 28, 2003, pp.21-23. The figure is based on the average troop costs of developed states other than the US: \$120,000 per soldier per year, with the higher figure reflecting an additional 10 percent for air support. The costs for US forces would be higher, \$215,000 per soldier per year, increasing the range to \$3.9-4.3 billion for year one.

²⁴ Gilbert Étienne, *L'Afghanistan, ou les aléas de la coopération* (Paris: Presses Universitaires de France), p. 102.

²⁵ *Country Strategy and Program Update (2003-2005) Afghanistan*, Asian Development Bank, April 2003.

²⁶ *Rebuilding Afghanistan: A little less talk, a lot more action*, p. 3.

²⁷ Dobbins et al., *America's Role in Nation-Building*, p. 12.

²⁸ Byrd and Ward, "Afghanistan's Drug Economy."

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Shepard Forman, Princeton Lyman, Stewart Patrick
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