

USAID/Afghanistan
ANNUAL REPORT FY 2003

3/13/2003

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Related document information can be obtained from:
USAID Development Experience Clearinghouse
1611 N. Kent Street, Suite 200
Arlington, VA 22209-2111
Telephone: 703-351-4006 Ext 106
Fax: 703-351-4039
Email: docorder@dec.cdie.org
Internet: <http://www.dec.org>

Portions released on or after July 1, 2003

A. Program Level Narrative

Program Performance Summary:

Background: Years of civil war, compounded by Taliban rule and the worst drought in memory, devastated Afghanistan in recent years. Approximately half of Afghanistan's 26.8 million people live in absolute poverty. Malnutrition is widespread. Fifty percent of the people are unemployed and 70% are illiterate. Life expectancy is 44 years for women and 43 years for men. The systematic human rights assaults under the Taliban curtailed female access to education, health care and livelihoods, depriving women of the means to support themselves and their families. Virtually all of the country's institutions and much of its infrastructure have been destroyed or rendered useless through years of neglect.

Important political developments in 2002 signal a new opening for Afghanistan's reconstruction and development. Through the Bonn Accords of January 2002 consensus for a structured political transition process was established between political stakeholders. The Loya Jirga of June 2002, a traditional Afghan forum for selecting political leadership, provided the opportunity for popular participation in selection of Hamid Karzai as Interim President of the Transitional Islamic State of Afghanistan (TISA). The Bonn Accords also provide for elections to replace the Transitional government in June 2004.

International attention and commitments to assist in Afghanistan reconstruction have been significant. At the Tokyo Pledging Conference of January 2002, international donors pledged a total of \$1.86 billion for immediate Afghan reconstruction. Implementation and follow-through on grants by many donors has been slow, however, although the outlook for donor follow-through toward the end of 2002 was improving. The Karzai government, while appreciative of humanitarian and reconstruction assistance, has been critical of the slow pace of implementation and the lack of direct budget support for TISA.

At the end of 2002, the outlook for Afghanistan reconstruction was cautiously optimistic. Significant strides had been made in establishment of a legitimate partner in Afghanistan and building of relationships between donors and TISA officials. Afghan officials remain generally committed to a vision for reconstruction guided by moderate Islam and market-led economic principles. Security throughout Afghanistan remains a central concern and consolidation of central government control over the whole country remains as a significant potential obstacle.

U.S. Interests and Goals: An unrebuilt Afghanistan, if left untended, provides a fertile breeding ground for terrorism and other destabilizing movements. To support the war on terrorism and to keep with America's tradition of assisting those in need, USAID has made a major commitment to help build a hopeful future for the people of Afghanistan.

Three principal goals guide USAID assistance. First, assistance will create incentives for stability and isolate beneficiaries from conflict and terrorism. Second, it will demonstrate America's long-term commitment to the rehabilitation of Afghanistan and the support of the Afghan people. Third, our assistance will rehabilitate Afghanistan into a functioning member of the international community, with all of the rights and responsibilities entailed. These goals are furthered through USAID's three strategic objectives for Afghanistan.

The first SO is to reestablish food security in Afghanistan and is addressed through programs to revitalize the country's agriculture sector, a way of life for 80% of Afghans, and strengthen the rural economy. The second SO is to create conditions for stability and is addressed through programs to reduce maternal and child mortality in the health sector and significantly increase the number of Afghan children receiving primary education. The final SO is to rehabilitate Afghanistan as a nation-state and is supported by programs in infrastructure, economic governance, and democracy.

The Department of Defense through its civil affairs program and its newly established Provincial Reconstruction Teams (PRT); the State Department, through the Bureau of Population, Refugees, and Migration (PRM), and the Bureau of International Narcotic & Law Enforcement (INL); and the United

States Embassy Kabul country team are working hand in hand to provide the assistance to achieve these objectives.

Donor Relations: Efforts at donor coordination in Afghanistan are ubiquitous, but the real test is what gets delivered on the ground. The Government maintains an inventory of donor-funded activities through the Afghan Assistance Coordination Agency, but this lists projects rather than outlining unmet needs. The Government has published its National Development Framework as a strategic document guiding the country's rehabilitation. But, it does not reach down to the project level.

In order for the USAID strategy to succeed, we will need to improve coordination with other donors. As many of them open resident offices in Afghanistan, the long delays in making commitments or following through on implementation may decrease. Nevertheless, USAID staff will have to invest considerable management time to mobilize other donors to provide investments that will complement USAID's program.

During 2002, efforts were made between donors to coordinate and rationalize assistance by dividing sector responsibility among donor countries. It was resolved that the United States would focus in the sectors of Education, Health, Refugee Return, Transportation, Livelihoods and Social Protection (including Agriculture), Public Administration (including Economic Governance), and Rule of Law.

Challenges: The reconstruction of Afghanistan is constrained by two critical variables. First, regional commanders continue to be the primary threat towards the stability of the central government. Regional commanders operate their own militias, control revenue, cause regionalized conflict and insecurity, and do not represent the Afghan people. Second, Afghanistan's needs are far outstripping donor resources, including USG's. USAID has currently programmed all its available resources and must wait for the passage of the FY 03 appropriations in order to implement further planned outcomes.

Key Achievements: Significant progress was achieved by USAID in Afghanistan in 2002. After reopening the Mission in Kabul in April 2002, USAID coordinated the delivery of \$200 million in food aid through the World Food Program to feed nine million men, women, and children, averting humanitarian disaster in the winter months. In the education sector, USAID achieved an important early success through the printing and distribution of 10.6 million textbooks for primary education in time for the opening of school in March 2002. This support was critical in satisfying the enormous pent-up demand for education-- the number of children returning to school in March exceeded optimistic estimates by one million. Finally, USAID provided \$5.3 million in key logistical support for the Loya Jirga in which Afghans approved a transitional government. Throughout the year, USAID provided significant support through small quick-impact and spot reconstruction grants. Such grants helped nine ministries with the basic support to open for business, repaired hundred of bridges, roads, and schools, and rehabilitated other critical infrastructure.

SO 1. Agricultural/Rural Economy: Restoring food security is our highest priority. Our objective is to get cash resources and higher yielding technology into the Afghans' hands so that they can make their own informed decisions on how to best improve their lives and increase productivity. Afghanistan's rural sector comprises some 80% of the country's citizens, and traditionally produces more than half of its GDP. It is now decapitalized and many productive assets have been destroyed. Crops have been uprooted, livestock has been lost, farmers are heavily indebted, and years of drought have compounded rural sector poverty. Opium poppy production has grown exponentially in the past several years.

In the agriculture sector, USAID provided seeds and fertilizer to more than 100,000 farmers using a voucher system by which farmers obtain seeds and fertilizer through traditional input marketers. This program contributed to an 82% increase in wheat production last spring. USAID's fall campaign is expected to increase household income by \$69 in FY 2003.

USAID is revitalizing the rural economy by promoting the cultivation of high-value crops, such as raisins, other fruits, and vegetables. Cash-for-work projects employ local Afghans to rehabilitate critical infrastructure such as farm-to-market roads and irrigation systems. In Helmand province, farmers who

formerly grew opium poppy have responded enthusiastically as USAID has assisted them to re-enter export markets lost during the conflict, including cotton, peanut, and vegetable seed.

SO 2. Health/Education: The health status of Afghanistan's people is among the worst in the developing world, with one of every four children dying before the age of five, and maternal mortality measured by a USAID funded study at 1600 per 100,000 live births, the second worst rate ever recorded. Reasons for this situation include a destroyed infrastructure from 23 years of conflict, the lack of preventative care, the unavailability of treatment facilities and drugs, and the lack of appropriately trained health care personnel. Other urgent health problems include widespread malaria, leishmaniasis, tuberculosis, vaccine preventable illness, a lack of qualified trauma treatment facilities, and virtually no mental health facilities.

In 2002, USAID immunized 4.26 million children against measles and polio, preventing an estimated 20,000 deaths. Additionally, USAID treated 700,000 cases of malaria, and through malaria eradication programs prevented malaria in 4.2 million at risk Afghans. USAID grants provide one quarter of Kabul's water supply (population 2.X million) and are rehabilitating the water supply of Kandahar and Kunduz to benefit 700,000 people. In the latter part of 2002 USAID worked with Afghan NGOs to provide basic health services to over 2 million people in 21 provinces; 90% of beneficiaries are estimated to be women and children. In cooperation with other donors, USAID carried out a study of all health facilities, setting the stage for upcoming projects to provide a basic community-based package of health services to 5.25 million women and children. Lastly, USAID has begun training for over 1,100 community-based health care workers and a program to reduce child mortality from diarrhea.

Afghanistan's education needs in almost every area are overwhelming, including primary, secondary, vocational and higher education. Afghanistan's levels of literacy and numeracy, particularly for women, are among the lowest in the developing world. Nonetheless, the value of education to the Afghan people is demonstrated by the extremely high levels of primary school enrollment this year, with almost double the expected number of students enrolling.

In 2002, USAID provided 10.6 million textbooks for grades 1-12 and 30,000 basic teacher training kits to meet critical needs at the first school year begun after the fall of the Taliban. USAID provided a temporary program of food salary supplements to 50,000 teachers, representing 26% of total teacher income during this period. Lastly, USAID rehabilitated 142 schools, daycare centers, vocational, and teacher training schools. This support was critical in increasing the primary education enrollment rate from 38% of boys and 3% of girls to a 60% enrollment rate, where 30% of the students are girls. To maintain and increase these rates, much more is needed to improve the educational environment in terms of facilities and teacher training.

SO 3. Infrastructure/Economic Governance/Democracy: Significant amounts of Afghanistan's infrastructure have been damaged in the fighting over the past 22 years, or have deteriorated due to lack of maintenance. This includes roads; bridges; dams; power generation, distribution, and transmission facilities; markets; and large irrigation systems. President Karzai believes that infrastructure rehabilitation projects are urgently needed, both for economic reasons as well as a demonstration of the benefits of cooperating with the international community.

In 2002, USAID made significant progress in rehabilitating infrastructure through small, quick-impact projects. To date, such projects have resulted in: 4000 km of roads repaired (including rural roads); 4 mountain passes kept open during the harsh winter months, including Salang, a gateway to the North from Kabul; 31 bridges rehabilitated; 180 culverts and retaining walls repaired. In terms of water infrastructure, USAID has rehabilitated 6100 wells, irrigation canals, karezes (underground canals which feed irrigation distribution systems), dams reservoirs, and water systems. Finally, USAID has rehabilitated 32 Afghan Government buildings.

At the end of 2002, USAID announced plans to spend \$80M to repair the primary road (Highway 1) from Kabul to Kandahar to Herat. Project partners, Saudi Arabia and Japan will spend \$50M each as well. In addition to road repair, this project will fund a variety of smaller infrastructure projects near the road route

in areas such as schools, clinics, and water systems. At the end of 2002, USAID awarded the prime contract to a general contractor who initiated a rapid start-up and implementation of the road construction. Leap-frogging construction work to the warmer weather areas of the road, at lower elevations, will allow construction to continue year round.

In order to mobilize domestic and foreign investment to finance Afghanistan's growth, it is critical to have in place a system of economic governance that provides for transparency, stability and predictability. Currently the country's economic institutions are opaque, encourage administrative discretion, facilitate corruption, and discourage investment. The current government, however, wishes to put in place a system that relies on market forces and places maximum reliance on the private sector as the engine of growth.

At the end of FY 2002, USAID contracted two major projects in this area. The first is to implement a currency conversion process in order to replace the devalued, old Afghani with a new Afghani, worth 1000 of the old Afghani. This project will eventually facilitate economic transactions, consolidate central government control (the old Afghani competed with Pakistani rupees, US dollars, and warlord-issued currencies as Afghanistan's currency), and symbolize a new era of growth and prosperity for the country. The second will provide a large technical assistance and training team to help the Ministry of Finance and the Central Bank to implement important reforms in the areas of budgeting, tax and customs policy and administration, and the commercial legal framework.

Afghanistan has never had the institutions of a western civil society, including independent non-ethnic political parties, professional non-partisan media, strong civil society, and an independent, professional judiciary. Furthermore, it has a history of authoritarian rule within a fractured and ethnically oriented society. Building democratic institutions will be a long-term effort. However, under the Bonn agreement there are a number of activities that must be addressed over the course of the next two years. We will support the Bonn process by providing technical assistance, training, and grants to civil society organizations to include the Judicial, Constitutional, and Human Rights Commissions. In addition, we expect to be involved in the elections process planned for June 2004 by helping set up an impartial electoral framework, a credible electoral administration, and effective oversight of the electoral process.

In 2002, USAID played a major part in making the Loya Jirga a success by providing \$5.3 M in logistical support. USAID is also helping to build an independent media by re-starting Radio Afghanistan for the Loya Jirga, training Afghan journalists, and expanding the coverage of VOA within Afghanistan. USAID is also funding the start-up of Afghanistan's first independent radio stations.

Environmental Compliance: A goal of USAID Afghanistan is to promote economic recovery and political stability by repairing selected infrastructure needed to lower transportation costs, increase availability of water and sanitation services, increase access to education, health and local government facilities, restore electrical transmission and distribution systems, and repair key water infrastructure necessary for agriculture.

Individual projects financed by USAID will repair or reconstruct infrastructure damaged during years of fighting or through lack of maintenance. As such, USAID Afghanistan will in most cases build upon what previously existed. While some facilities such as schools, clinics; and electricity systems may be new, reconstruction of existing infrastructure could also have environmental consequences. Therefore, the design of each approved project will be required to address potential environmental effects.

Pursuant to 22 CFR216 (which will be followed to the extent practical), the Contractor(s) will be required to conduct Environmental Assessments (EAs) for those projects that are likely to have significant negative environmental effects, as well as prepare environmental guidelines which will be used to minimize and mitigate potential environmental impact to include a checklist to be completed as part of the final design for each project. Where the analysis indicates negative environmental effects may occur, the project will be designed to avoid or mitigate these effects. The guidelines will also describe procedures for monitoring activities to assure that identified mitigation measures have been implemented.

Country Closeout & Graduation:

D. Results Framework

306-001 Reestablish Food Security

Discussion:

306-002 Create Conditions for Stability

Discussion:

306-003 Rehabilitate Afghanistan as a Nation-State

Discussion: