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Report to Congressional Requesters

June 2003

FOREIGN ASSISTANCE

Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability

GAO-03-607

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Highlights

Highlights of GAO-03-607, a report to congressional requesters

Why GAO Did This Study

After the events of September 11, 2001 led to the defeat of the Taliban, the United States and the international community developed an assistance program to support Afghanistan's new government and its people. Key components of this effort include food and agricultural assistance. GAO was asked to assess (1) the impact, management, and support of food assistance to Afghanistan and (2) the impact and management of agricultural assistance to Afghanistan, as well as obstacles to achieving food security and political stability.

What GAO Recommends

GAO recommends that the Secretary of State and the Administrator of USAID take an active role in an international–Afghan effort to develop an agricultural rehabilitation strategy.

GAO suggests that Congress consider amending the Agriculture Trade Development and Assistance Act of 1954, as amended, and the Merchant Marine Act of 1936, as amended, to allow the purchase of commodities overseas and waive the U.S.-flag vessel requirement under certain circumstances.

The agencies agree with the need to develop a strategy, but USAID does not think it should lead the effort. In terms of providing flexibility, WFP agrees, but U.S. agencies disagree with the need to amend legislation.

www.gao.gov/cgi-bin/getrpt?GAO-03-607.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager (202) 512-4347 or yagerl@gao.gov.

What GAO Found

The emergency food assistance that the United States and the international community provided from January 1999 through December 2002 helped avert famine by supplying millions of beneficiaries with about 1.6 million tons of food. However, the inadequacy of the international community's financial and in-kind support of the World Food Program's (WFP) appeal for assistance disrupted the provision of food assistance throughout 2002. Because of a lack of resources, WFP reduced the amount of food rations provided to returning refugees from 150 kilograms to 50 kilograms. Meanwhile, as a result of the statutory requirement that U.S. agencies providing food assistance purchase U.S.-origin commodities and ship them on U.S.-flag vessels, assistance costs and delivery times were higher by $35 million and 120 days, respectively, than if the United States had provided WFP with cash or regionally produced commodities. Had the U.S. assistance been purchased regionally, an additional 685,000 people could have been fed for 1 year.

U.S.- provided vegetable oil distributed by WFP in Hirat, Afghanistan

Source: GAO.

The livelihood of 85 percent of Afghanistan's approximately 26 million people depends on agriculture. Over 50 percent of the gross domestic product and 80 percent of export earnings have historically come from agriculture. Over the 4-year period, because of continued conflict and drought, the international community provided primarily short-term agricultural assistance such as tools and seed. As a result, the assistance did not significantly contribute to the reconstruction of the agricultural sector. In 2002, agricultural assistance was not adequately coordinated with the Afghan government; a new coordination mechanism was established in December 2002, but it is too early to determine its effectiveness. As a result of the weak coordination, the Afghan government and the international community have not developed a joint strategy to direct the overall agricultural rehabilitation effort. Meanwhile, inadequate assistance funding, continuing terrorist attacks, warlords' control of much of the country, and the growth of opium production threaten the recovery of the agricultural sector and the U.S. goals of food security and political stability in Afghanistan.

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Abbreviations

ACTED	Agency for Technical Cooperation and Development
FAO	Food and Agriculture Organization
HDR	humanitarian daily ration
ITSH	Internal Transport, Storage, and Handling
NDF	National Development Framework
UN	United Nations
UNAMA	UN Assistance Mission in Afghanistan
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WFP	World Food Program

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G A O
Accountability * Integrity * Reliability

United States General Accounting Office
Washington, D.C. 20548

June 30, 2003

The Honorable Richard J. Durbin
Ranking Minority Member
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Committee on Governmental Affairs
United States Senate

The Honorable Frank R. Wolf
Chairman
Subcommittee Commerce, Justice, State, and the Judiciary
Committee on Appropriations
House of Representatives

Afghanistan is a country devastated by 23 years of war and destructive domestic policies and more than 4 years of drought. The livelihood of 85 percent of Afghanistan's approximately 26 million inhabitants depends on agriculture, yet the food and agricultural sector has been severely damaged.[1] Since 1978, the country has required international food aid to help meet the shortfall between food supply and demand. Since 1999, the United States has been the largest donor of food and agricultural assistance to Afghanistan. The U.S. policy goal in Afghanistan is to create a stable Afghan society that is not a threat to itself or others and is not a base for terrorism; U.S. food and agricultural assistance to Afghanistan is intended not only to provide emergency relief but also to help achieve this long-term goal. The United States has provided short-term, emergency food assistance to feed Afghanistan's vulnerable populations, as well as longer-term agricultural development assistance to help Afghanistan improve its food security[2] and political stability. The majority of U.S. assistance has been given through the U.S. Agency for International Development (USAID) and the U.S. Department of Agriculture (USDA) to the United Nations (UN) World Food Program (WFP) and the UN Food and Agriculture Organization (FAO), as well as nongovernmental organizations.

[1]Estimates on total population vary between 24 and 28 million.

[2]FAO defines food security as ensuring that sufficient food is available, that supplies are relatively stable, and that those in need of food can obtain it. The World Bank defines food security as the condition whereby everyone, at all times, has access to and control over high-quality food sufficient for an active and healthy life.

Nongovernmental organizations and contractors distribute most of the assistance provided through the UN organizations in Afghanistan.

Because of concerns about the United States' and UN's ability to deliver assistance in such a complex environment, and recognizing the interrelationship of short-term emergency food assistance and longer-term agricultural assistance, you asked that we examine the food and agricultural assistance provided to date. We assessed, for 1999–2002, (1) the impact, management, and U.S. and international support of short-term, emergency food assistance to Afghanistan and (2) the impact and management of long-term, agricultural development assistance to Afghanistan, as well as obstacles to achieving food security and political stability.

To address these issues, we collected and analyzed information from the U.S. Departments of Agriculture, Defense, and State; the U.S. Agency for International Development; the UN World Food Program, Food and Agriculture Organization, and Development Program; the World Bank; the Asian Development Bank; and the Afghan Ministry of Agriculture and Animal Husbandry and Ministry of Irrigation and Water Resources. This effort included an analysis of the cost data for U.S. food assistance provided through these agencies and organizations. In addition, we contacted 14 nongovernmental organizations, responsible for delivering WFP and FAO assistance in Afghanistan, to obtain their views on a range of issues including the management of donated commodities and coordination. Finally, we traveled to Afghanistan to examine the WFP's operations in country. Our presence in Afghanistan was limited due to security precautions imposed by the Department of State. While in Afghanistan, we spoke with officials from U.S., UN, and nongovernmental organizations and the Afghan government. (For further details of the scope and methodology of our study, see app. I.)

Results in Brief

The emergency food assistance provided by the United States and the international community from January 1999 through December 2002 helped avert famine by providing approximately 1.6 million tons of food.[3] The WFP managed the assistance efforts effectively, overcoming significant obstacles and employing monitoring mechanisms such as a real-time

[3]In this report, "international community" is defined as the collective grouping of bilateral, multilateral, and international assistance agencies and nongovernmental organizations.

automated tracking system and periodic site visits. We observed organized and efficient food distribution operations at WFP sites, and available program data showed that less than 1 percent of the assistance was lost. However, the inadequacy of the international community's financial and in-kind support of the WFP's appeal for assistance disrupted the provision of food assistance throughout 2002. For example, because of lack of resources, the WFP reduced the amount of food rations provided to returning refugees from 150 kilograms to 50 kilograms. Meanwhile, as a result of the statutory requirement that U.S. agencies providing food assistance purchase U.S.-origin commodities and ship 75 percent of them on U.S.-flagged vessels, assistance costs and delivery times were higher by $35 million and 120 days, respectively, than if the United States had provided cash or regionally produced commodities to international assistance agencies.

The agricultural assistance provided by the international community had a limited impact, from 1999 to 2002, because of continued conflict and drought. During this period, FAO, nongovernmental organizations, and others provided primarily short-term agricultural assistance such as distributing tools and seed and, as a result, the assistance did not significantly contribute to the reconstruction of Afghanistan's agricultural sector. In addition, in 2002, international agricultural assistance was not adequately coordinated with the Afghan government, contrary to established guidelines. A new coordination mechanism was established in December 2002, but it is too early to determine its effectiveness. Because of the lack of coordination, the Afghan government and the international community have not developed a joint strategy to integrate the numerous disparate assistance projects and manage the overall agricultural rehabilitation effort. Finally, obstacles to future rehabilitation efforts include inadequate funding to meet the U.S. and international community's goal of rehabilitating the agricultural sector. The international community plans to spend approximately $230 million on agricultural assistance in 2003. However, FAO officials said that the agricultural rehabilitation effort will cost billions of dollars and take at least a decade to complete. Meanwhile, the unstable security situation, the control by warlords of much of the country, and the growth of opium production create additional obstacles to achieving food security and political stability in Afghanistan.

To increase the United States' flexibility in responding to complex emergencies where U.S. national security interests are involved, such as that in Afghanistan, Congress may wish to consider amending existing food aid legislation to allow, in the event of such emergencies, the provision of

non-U.S.-produced commodities and the provision of cash to international assistance agencies to purchase non-U.S.-produced commodities and amending cargo shipping legislation to allow waiver of the requirement to ship food assistance on U.S. flag vessels. In addition, we are recommending that the Department of State (State) and USAID take an active role in a joint international–Afghan government effort to develop an operational agricultural sector rehabilitation strategy that contains measurable goals, defines resource levels, delineates responsibilities, identifies external factors that affect the achievement of goals, and requires program evaluations.

We presented a draft of this report to WFP, State, USDA, USAID, and the Department of Defense. WFP agreed with our recommendation that the Agricultural Trade Development and Assistance Act of 1954 be amended, but State, USDA, and USAID did not. State thought that more cost-benefit studies were needed, and USAID and USDA stated that other existing legislation allows USAID and State the resources and flexibility necessary to respond to humanitarian crises. USDA also observed that changes in cargo preference regulations would help reduce overall U.S. assistance costs while not negatively affecting the provision of U.S. commodities. In addition, USDA asserted that if the United States had provided greater levels of commodities as a result of purchasing regionally produced commodities, WFP's logistical system would have been overstrained and savings in cost and time would have been marginal. We maintain that amending the Agricultural Trade Development and Assistance Act of 1954 would provide greater flexibility than the provisions contained in other existing legislation. The act is the principal authority for providing food assistance in emergency and nonemergency situations. In both 2002 and 2003 over $2 billion in food assistance, the preponderant amount of this type of assistance, was dispersed under this authority. Amending the act will provide a permanent provision in the principal authority for providing U.S. food assistance, allowing the United States to respond rapidly and in a cost effective manner to events that affect U.S. national security. Further, in the event that U.S. commodities are not available, amending the act will provide the United States with the flexibility to respond in a timely and cost effective manner. However, we agree with USDA that the cargo preference requirement adds additional cost to food assistance and should be waived in specific situations, and we have adjusted the matter for congressional consideration to reflect this point. We disagree with USDA's claim that additional commodities would have overburdened WFP and that the savings from purchasing regional commodities would have been insignificant. WFP moved record-levels of commodities through its

extensive logistics system in Afghanistan. Further, purchasing commodities regionally could have reduced delivery time by 120 days and increased the amount of commodities purchased by 103,000 metric tons.

WFP, State, USDA, and USAID all agreed with our recommendation that a joint Afghan–international donor strategy for the rehabilitation of Afghanistan's agriculture sector is needed. However, USAID stated that FAO, not USAID, should lead such an effort. We maintain that USAID should lead the effort because the United States is the largest donor to Afghanistan, agricultural rehabilitation is the cornerstone of USAID's efforts in Afghanistan, and the success of U.S. policy goals in Afghanistan is tightly linked to the rehabilitation of the agricultural sector.

The Department of Defense limited its comments to issues pertaining to its humanitarian daily ration program. The Department of Defense stated that (1) we incorrectly characterized the ration program as strictly a food aid program, (2) its informal evaluations of the program indicated that it alleviated hunger and generated goodwill among the Afghan people, and (3) although the funds used to purchase rations could have been used to purchase bulk food, the bulk food could not have been delivered to remote areas. The report discusses the food assistance and nonfood assistance aspects of the rations program, and we have added information about the goodwill generated by the rations to the report. As described in the report, WFP's well established logistics system was capable of delivering food to all parts of Afghanistan throughout 2001, including the months of October through December when the rations were being delivered.

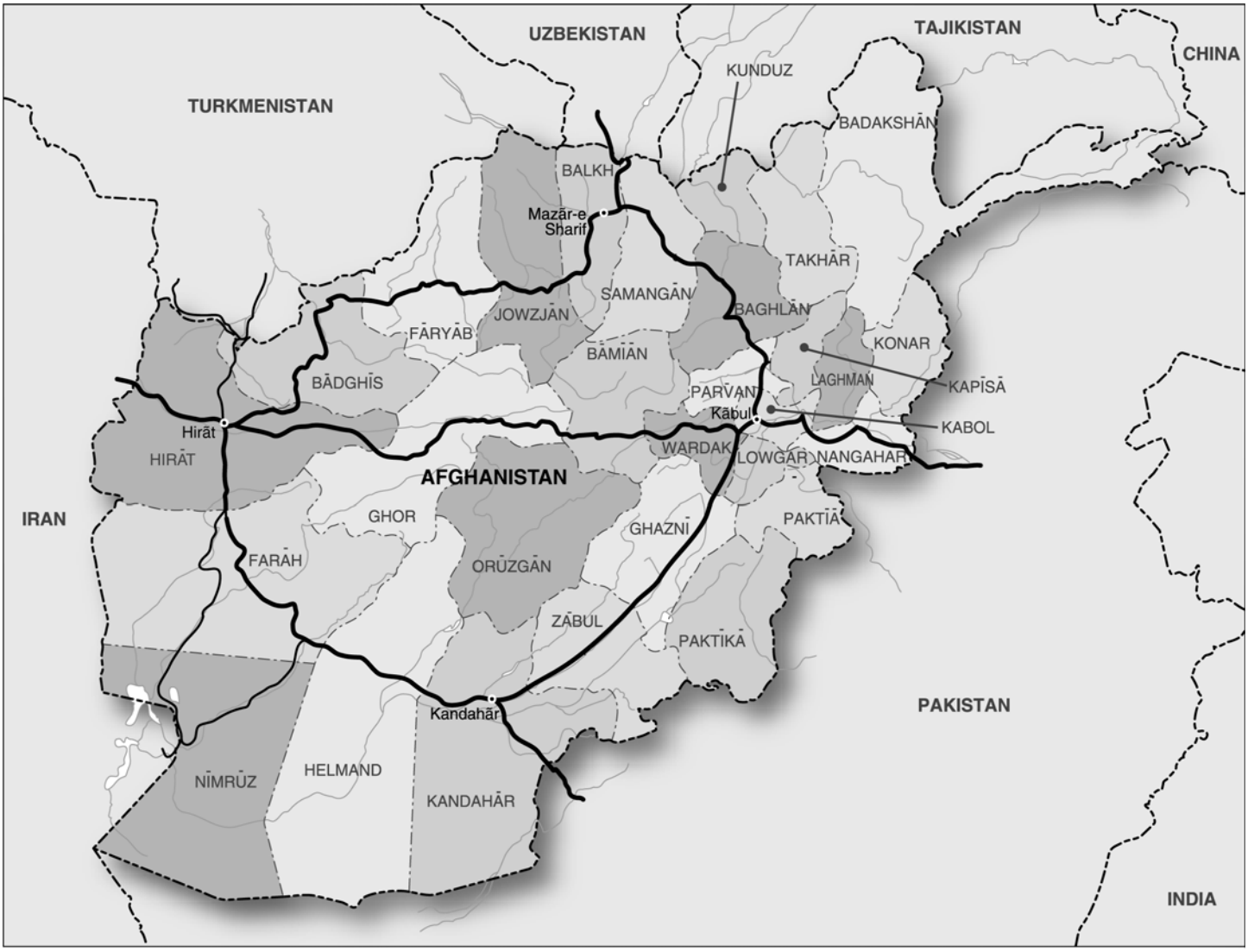
Background

Afghanistan is a mountainous, arid, land-locked Central Asian country with limited natural resources. At 647,500 square kilometers, it is slightly smaller than the state of Texas. Afghanistan is bordered by Pakistan to the east and south; Tajikistan, Turkmenistan, Uzbekistan, and China to the north; and Iran to the west (see fig. 1). Its population, currently estimated at 26

million, is ethnically diverse, largely rural, and mostly uneducated. Life expectancy in Afghanistan is among the lowest in the world, with some of the highest rates of infant and child mortality.[4]

[4]According to the 2002 UN World Development Indicators, as of 2000 (the latest year for which figures are available), the infant mortality rate in Afghanistan was 165 per 1,000 live births, and the mortality rate for children younger than 5 years was 257 per 1,000 live births. Approximately 10 percent of children younger than 5 suffer from acute malnutrition, and 50 percent suffer from chronic malnutrition. This condition renders children particularly vulnerable to disease, especially pneumonia, tuberculosis, and diarrheal diseases. In addition, malnutrition is believed to affect about 10 percent of Afghan women of childbearing age.

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



Source: GAO.

Political conflicts have ravaged Afghanistan for years, limiting development within the country. Conflict broke out in 1978 when a communist-backed coup led to a change in government. One year later, the Soviet Union began its occupation of Afghanistan, initiating more than two decades of conflict. Over the course of the 10-year occupation, various

countries, including the United States, backed Afghan resistance efforts. The protracted conflict led to the flight of a large number of refugees into Pakistan and Iran. In 1989, the Soviet forces withdrew, and in 1992, the communist regime fell to the Afghan resistance. Unrest continued, however, fueled by factions and warlords fighting for control.

The Taliban movement emerged in the mid 1990s, and by 1998 it controlled approximately 90 percent of the country. Although it provided some political stability, the Taliban regime did not make significant improvements to the country's food security. Furthermore, the Taliban's continuing war with the Northern Alliance and the Taliban's destructive policies, highlighted in its treatment of women, further impeded aid and development. Coalition forces removed the regime in late 2001, responding to its protection of al Qaeda terrorists who attacked the United States. In December 2001, an international summit in Bonn, Germany, established a framework for the new Afghan government, known as the Bonn Agreement.[5]

Agriculture is essential to Afghanistan. Despite the fact that only 11.5 percent (7.5 million hectares) of Afghanistan's total area is cultivable,[6] 85 percent of the population depends on agriculture for its livelihood, and 80 percent of export earnings and more than 50 percent of the gross domestic product have historically come from agriculture.[7] However, Afghanistan's agricultural sector continues to suffer from the effects of prolonged drought, war, and neglect. It lacks high-quality seed, draft animals, and fertilizer, as well as adequate veterinary services, modern technology, advanced farming methods, and a credit system for farmers. Further, Afghanistan's Ministry of Agriculture and Animal Husbandry and its

[5]The Bonn Agreement, signed by numerous stakeholders on December 5, 2001, in Bonn, Germany, established provisional arrangements concerning the governing of Afghanistan pending the reestablishment of permanent government institutions within the country. The UN Security Council endorsed the Bonn Agreement on December 6, 2001, through UN Resolution 1383.

[6]One hectare is equivalent to 10,000 square meters, 2.471 acres, or 11,959.64 square yards.

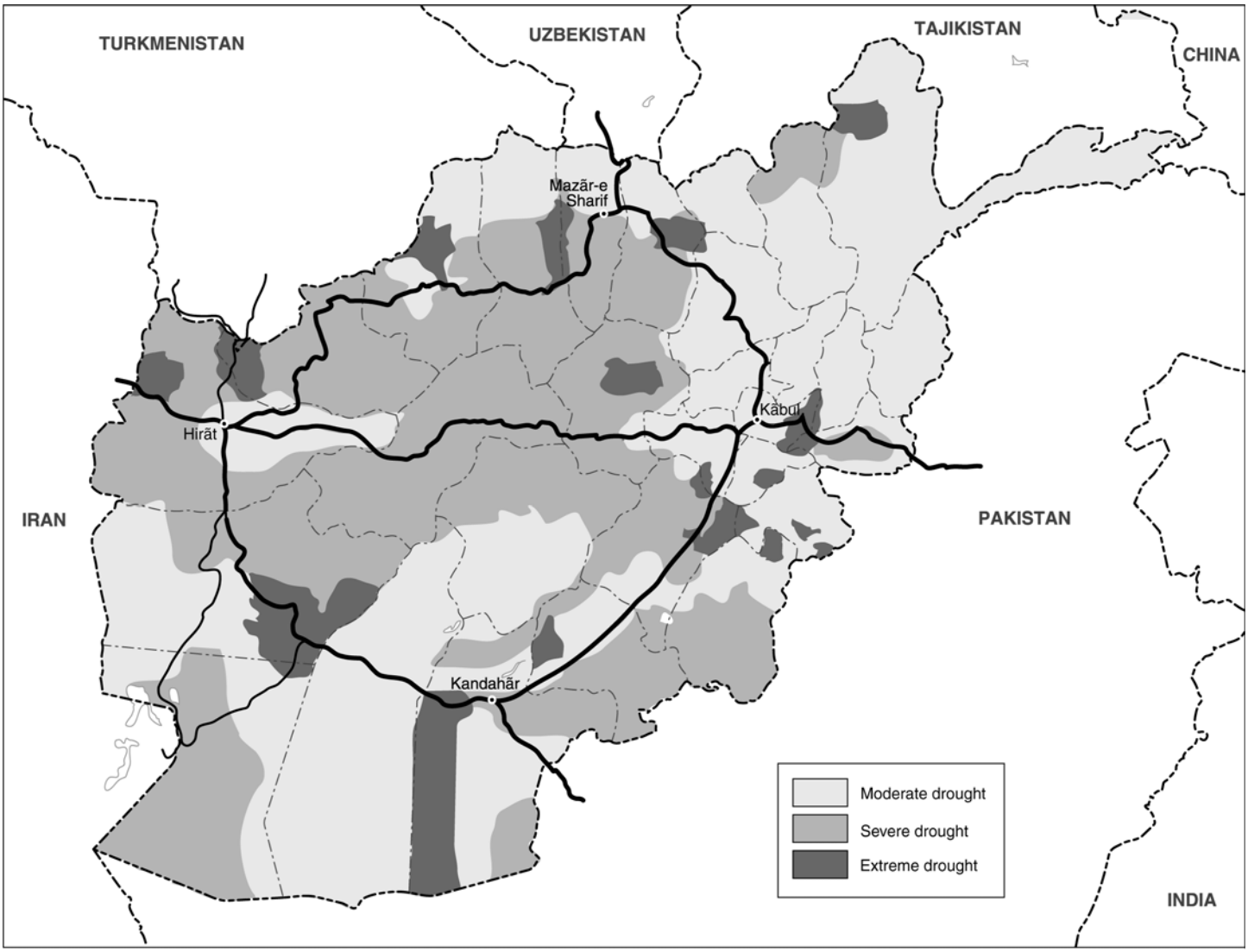
[7]Historical percentage based on UN data from the 1970s and early 1990s.

Ministry of Irrigation and Water Resources lack the infrastructure and resources to assist farmers.[8]

Because Afghanistan experiences limited rainfall, its agricultural sector is highly dependent on irrigation—85 percent of its agricultural products derives from irrigated areas. Thus, the conservation and efficient use of water is the foundation of the agricultural sector. The severe drought that has gripped the country since 1998 has resulted in drastic decreases in domestic production of livestock and agricultural supplies including seed, fertilizer, and feed (see fig. 2). Several earthquakes and the worst locust infestation in 30 years exacerbated this crisis in 2002. Without adequate supplies and repairs to irrigation systems, even if the drought breaks, farmers will be unable to produce the food that the country needs to feed itself.

[8]These ministries are referred to as the Ministries of Agriculture and Irrigation throughout the remainder of this report.

Figure 2: Drought-Affected Areas in Afghanistan as of October 2001



Source: WFP.

Since 1965, the WFP[9] has been the major provider of food assistance to Afghanistan. Partnering with nongovernmental organizations,[10] it delivers assistance through emergency operations that provide short-term relief to populations affected by a specific crisis such as war or drought. It also conducts protracted relief and recovery operations designed to shift assistance toward longer-term reconstruction efforts. Because of its policy to target assistance at specific populations, WFP does not attempt to provide food for all of the vulnerable people within a country or affected area. Instead, it focuses on specific vulnerable populations such as internally displaced people or widows (see fig. 3). Further, it does not try to meet all of the daily requirements of the targeted populations. WFP's 2002 emergency operation in Afghanistan targeted internally displaced people, people affected by drought, and children, among others. The assistance programs designed to assist these populations provide between 46 and 79 percent, or 970 to 1671 kilocalories, of the recommended minimum daily requirement of 2100 kilocalories. WFP assumes that beneficiaries will obtain the remainder of their food through subsistence farming or the market.

[9]WFP was established in 1963. Since its inception, it has provided food for development projects, and it has also provided increasingly greater shares of assistance to emergency operations around the world. WFP devoted 28 percent of its resources to development in 1997, 18 percent in 1999, 13 percent in 2000, and 10 percent in 2001. The program obtains all of its resources through voluntary contributions from donor nations.

[10]In Afghanistan, WFP partners with UN organizations like the UN High Commissioner for Refugees and local and international nongovernmental organizations, including CARE, Oxfam, and World Vision.

Figure 3: WFP Distribution of U.S. -Provided Food in Afghanistan

Source: WFP.

FAO has provided much of the agricultural assistance[11] to Afghanistan. FAO has been involved in agricultural development and natural resource management in Afghanistan for more than 50 years. FAO was founded in 1945 with a mandate to raise levels of nutrition and standards of living, to improve agricultural productivity, and to better the condition of rural populations. Today, FAO is one of the largest specialized agencies in the UN system and the lead agency for agriculture, forestry, fisheries, and rural

[11]Agricultural assistance includes distribution of inputs (seed, planting materials, fertilizer, tools, livestock); irrigation repair; water resource management; hydrologic and climate monitoring/watershed management; agriculture product market, supply, and distribution systems development; rehabilitation and development of agriculture infrastructure, including fertilizer plants, seed farms, nurseries, product production and processing facilities, and government facilities (offices, labs); veterinary services/artificial insemination (supplies, training); pest control and capacity building/training in related subjects (horticulture, irrigation, animal husbandry); and development of agriculture policies, regulations, and laws.

development. An intergovernmental organization, FAO has 183 member countries plus one member organization, the European Community. FAO has traditionally carried out reconstruction efforts in relatively stable environments. Although FAO is increasingly implementing its programs in unstable postconflict situations such as Afghanistan, the agency and its staff are still adjusting to operating in such environments. FAO's regular program budget provides funding for the organization's normative work and, to a limited extent, for advice to member states on policy and planning in the agricultural sector. FAO's regular budget can also fund limited technical assistance projects through its Technical Cooperation Program. Apart from this, extrabudgetary resources, through trust funds provided by donors or other funding arrangements, fund all emergency and development assistance provided by FAO. Thus, extrabudgetary resources fund FAO's field program, the major part of its assistance to member countries.

U.S. and International Food Assistance Had Significant Impact and Was Well Managed, but Donor Support Was Problematic

The emergency food assistance provided to Afghanistan by the United States and the international community from January 1999 through December 2002 benefited millions and was well managed, but donor support was inadequate. WFP delivered food to millions of people in each of the 4 years, helping avert widespread famine. In addition, WFP managed the distribution of U.S. and international food assistance effectively, overcoming significant obstacles and using its logistics system and a variety of monitoring mechanisms to ensure that food reached the intended beneficiaries. However, inadequate and untimely donor support in 2002 disrupted some WFP assistance efforts and could cause further disruptions in 2003. Further, WFP could have provided assistance to an additional 685,000 people and reduced its delivery times if the United States had donated cash or regionally purchased commodities instead of shipping U.S.-produced commodities. Additionally, if the United States had donated the $50.9 million that it spent on approximately 2.5 million daily rations air-dropped by the Department of Defense, WFP could have purchased enough regionally produced commodities to provide food assistance for an estimated 1.0 million people for a year.

Food Assistance Had Important Impact

The emergency food assistance that the United States and other bilateral donors provided in Afghanistan through WFP from 1999 through 2002 met a portion of the food needs of millions of vulnerable Afghans. Over the 4-year period, WFP delivered approximately 1.6 million metric tons of food that helped avert famine and stabilize the Afghan people, both in Afghanistan and in refugee camps in neighboring countries.[12] The food assistance also furthered the country's reconstruction through projects, among others, that exchanged food for work. WFP delivered the assistance as part of seven protracted relief–recovery and emergency operations (see table 1).[13] The types of operations and their duration and objectives varied in response to changing conditions within Afghanistan. These objectives included, but were not limited to, providing relief to the most severely affected populations in Afghanistan and Afghan refugees in neighboring countries and preventing mass movements of populations.

[12]During the period 1999–2001, WFP and other agencies believed that without food assistance to Afghanistan, a famine could occur. In remote areas, prefamine conditions, including severe malnutrition, were observed.

[13]WFP has provided assistance to Afghanistan for most of the 36 years prior to 2002; consequently, it had significant experience in the country, and its logistics infrastructure was well established. The assistance delivered from 1999 through 2001 was not tightly coordinated with the Taliban owing to the UN's policy of not working with this particular government. The assistance delivered in 2002 was coordinated with the new Afghan government through memorandums of understanding.

Table 1: WFP Operations: Cash Donations, Food Donations, Number of Beneficiaries, and Percentage of U.S. Contribution, 1999–2002

Duration	Total cash donations (millions of dollars)	Percentage of cash contributed by U.S.	Food donations (metric tons)	Percentage of food contributed by U.S.	Targeted beneficiaries (millions)
1/99–12/99[a]	$49.5	87.3	111,502	89.7	1.2
1/00–12/01[b]	54.3	61.0	121,989	61.5	1.0
8/00–3/01[c]	47.9	78.4	114,694	78.5	1.6
4/01–10/01[d]	82.2	86.7	184,462	82.8	3.8
11/01–10/02[e]	43.8	100.0	100,000	100.0	5.6
10/01–3/02[f]	225.4	61.2	500,624	58.8	7.5
4/02–6/03[g]	242.3	64.5[h]	516,394	60.0[h]	9.9
Total	**$745.4**	**N/A**	**1,649,665**	**N/A**	**N/A[i]**
Average percentage of contributions from U.S.	N/A	68.0	N/A	67.0	N/A

Legend

N/A = not applicable

Source: WFP.

[a]Protracted relief and recovery operation 6064.

[b]Protracted relief and recovery operation 6064.01. Operation suspended, activities integrated into emergency operation 10046.0.

[c]Emergency operation 6259.0.

[d]Emergency operation 10046.0. Operation terminated and replaced with emergency operation 10126.0.

[e]Emergency operation 10098. Operation terminated and replaced with emergency operation 10126.0.

[f]Emergency operation 10126.0. Covered beneficiaries in Afghanistan, Iran, Pakistan, and Tajikistan.

[g]Emergency operation 10155.0.

[h]As of March 31, 2003.

[i]The cumulative total of beneficiaries cannot be calculated since the same beneficiaries may have been served multiple times during the 4-year period.

WFP implemented a number of different types of food assistance projects, including free food distribution; institutional feeding programs; bakeries; food-for-work, -seed, -education, -training, and -asset-creation projects; and projects targeted at refugees, internally displaced people, and civil servants. (See app. II for a list and description of WFP's projects.) Food-for-work and food-for-asset-creation projects provided essential food assistance to the most vulnerable members of Afghanistan's population while enabling the beneficiaries to help rehabilitate local infrastructure and rebuild productive assets such as roads and schools. Between July and September 2002, these projects employed 1 million laborers per month, paying them in food commodities.[14]

U.S. food assistance to Afghanistan, provided by USAID and USDA, accounted for approximately 68 percent of the cash contributions and 67 percent of the commodities delivered by WFP from 1999 through 2002 (see table 1). The U.S. provides cash to WFP to cover transportation and administrative costs associated with its in-kind contributions of commodities.[15] USAID's authority to donate to WFP operations derives from Title II of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480). Title II authorizes the agency to donate agricultural commodities to meet international emergency relief requirements and carry out nonemergency feeding programs overseas. USDA also provides surplus commodities to WFP under section 416(b) of the Agricultural Act of 1949. U.S. contributions consisted of in-kind donations of commodities such as white wheat and cash donations to cover the cost of transporting the commodities from the United States to Afghanistan.

Food Assistance Distribution Was Well Managed

WFP managed the distribution of U.S. and international food assistance to Afghanistan effectively despite significant obstacles, including harsh weather and a lack of infrastructure to deliver food to beneficiaries. To accomplish this, WFP appointed a special envoy to direct operations and employed a dedicated staff of local nationals. It also used various monitoring and reporting mechanisms to track the delivery of food.

[14]For example, food-for-work participants earn 7 kilograms of wheat per day, valued at $1.00. Wage rates across Afghanistan range from $1.50 to $3.40 per day.

[15]WFP requires donors to provide funding to cover transportation and administrative costs for in-kind contributions of commodities. The cash that the U.S. contributes for this purpose cannot be used by WFP to purchase commodities.

WFP's Management Overcame Many Obstacles

In distributing the food assistance, WFP faced significant obstacles related to political and security disturbances in Afghanistan as well as physical and environmental conditions. These obstacles included limited mobility due to continued fighting between the Taliban and the Northern Alliance and coalition forces; religious edicts issued by the Taliban limiting the employment of women by international organizations; difficult transport routes created by geography, climate, and lack of infrastructure (see fig. 4); and attempts by Afghan trucking cartels to dramatically increase trucking fees. To overcome these obstacles, WFP negotiated with the Taliban to allow the movement of food to areas occupied by the Northern Alliance; it also threatened to cancel certain projects unless women were allowed to continue to work for WFP. Further, WFP found ways to deliver food to remote areas, including airlifting food and hiring donkeys (see fig. 5). In addition, it purchased trucks to supplement a fleet of contracted trucks. Using these trucks as leverage against the Afghan trucking cartel, WFP forced the cartel to negotiate when the cartel attempted to dramatically increase transport fees.

Figure 4: Road Conditions Faced by WFP Truckers in Afghanistan

Source: WFP Country Office, Kabul, Afghanistan.

Figure 5: Use of Donkeys to Deliver Food to Remote Areas

Source: WFP Country Office, Kabul, Afghanistan.

Special Envoy and Staff Ensured Effective Delivery

WFP created the position of Special Envoy of the Executive Director for the Afghan Region to lead and direct all WFP operations in Afghanistan and neighboring countries during the winter of 2001–2002, when it was believed that the combination of winter weather and conflict would increase the need for food assistance. WFP was thus able to consolidate the control of all resources in the region, streamline its operations, and accelerate the

movement of assistance.[16] WFP points to the creation of the position as one of the main reasons it was able to move record amounts of food into Afghanistan from November 2001 through January 2002. In December 2001 alone, WFP delivered 116,000 metric tons of food, the single largest monthly food delivery within a complex emergency operation in WFP's history.

WFP also credits its quick response to its national staff and the Afghan truck drivers it contracted. WFP employed approximately 400 full-time national staff during 1999–2002. These staff established and operated an extensive logistics system and continued operations throughout Afghanistan, including areas that international staff could not reach owing to security concerns, and during periods when international staff were evacuated from the country. The truckers who moved the food around the country continued working even during the harshest weather and in areas that were unsafe because of ongoing fighting and banditry.

WFP Monitoring Shows Effective Distribution and Negligible Losses

WFP uses a number of real-time monitoring mechanisms to track the distribution of commodities in Afghanistan, and the data we reviewed suggested that food distributions have been effective and losses minimal. (For a description of WFP's monitoring procedures, see app. III.) During our visits to project and warehouse sites in Afghanistan, we observed orderly and efficient storage, handling, and distribution of food assistance.[17] WFP's internal auditor reviewed WFP Afghanistan's monitoring operations in August of 2002 and found no material weaknesses. USAID has also conducted periodic monitoring of WFP activities without finding any major flaws in WFP's operations. In addition, most of the implementing partners we contacted were familiar with WFP reporting requirements. However, 10 of the 14 implementing partners we contacted commented unfavorably on WFP's project monitoring efforts, stating that monitoring visits were too infrequent. Finally, WFP's loss reporting data indicated that only 0.4 percent of the commodities was lost owing to theft, spoilage, mishandling, or other causes.

[16]The special envoy's term ran from November 2001 to May 2002. A second envoy was not appointed.

[17]Owing to security restrictions, we were able to conduct only limited site visits in Afghanistan.

Inadequate International Support Disrupted Food Assistance; U.S. Contributions Costly and Slow

Inadequate and untimely donor support disrupted WFP's food assistance efforts in 2002 and could disrupt efforts in 2003; in addition, U.S. assistance to Afghanistan, both through WFP and the Department of Defense, was costly. In 2002, interruptions in support forced WFP to delay payments of food, curtail the implementation of new projects, and reduce the level of rations provided to repatriating refugees. WFP expressed concern that donor support in 2003 may be similarly affected, as a growing number of international emergencies and budgetary constraints could reduce the total funding available for food assistance to Afghanistan.[18] In addition, WFP could have delivered more food and reduced delivery times if the United States had provided either cash or regionally purchased commodities instead of shipping U.S.-produced commodities and airdropping humanitarian daily rations.

Limited International Donor Support Disrupted Food Assistance in 2002, Could Disrupt Efforts in 2003

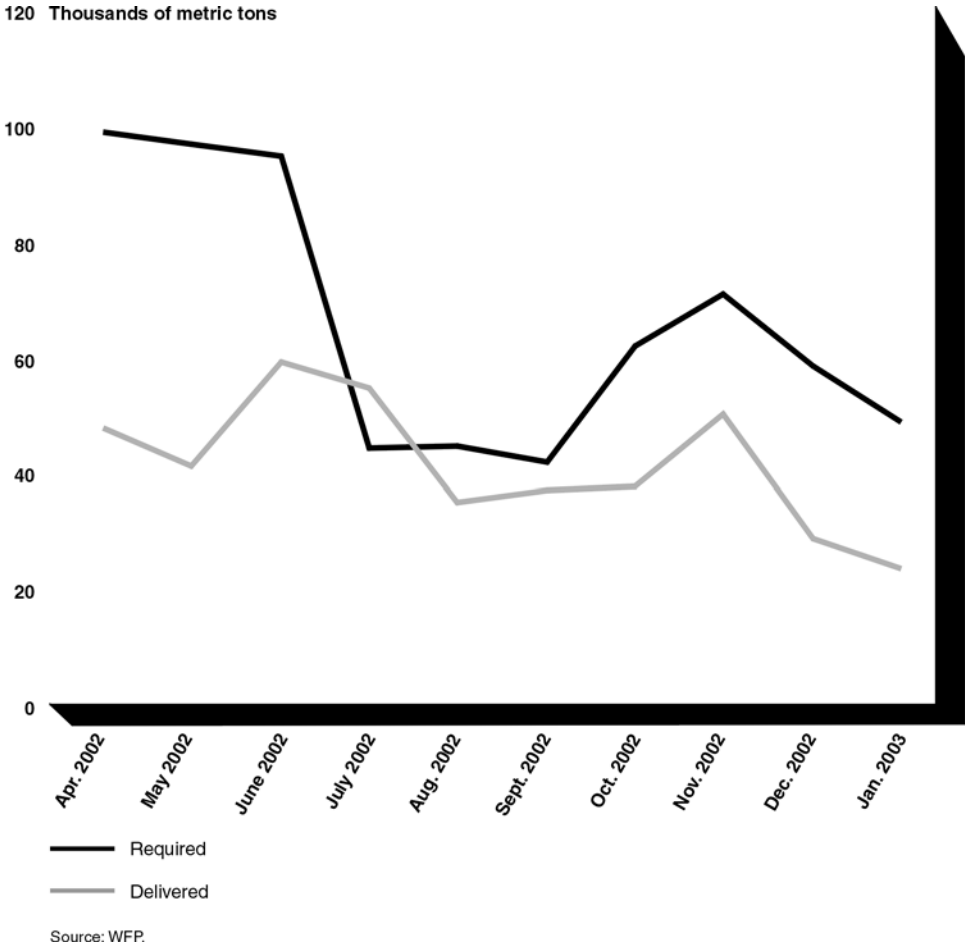
Obtaining donor support for the emergency food assistance operation for the April 2002 through December 2002 period was difficult owing to the donor community's inadequate response to WFP's appeal for contributions. WFP made its initial appeal in February 2002 for the operation and it made subsequent appeals for donor support throughout the operation. The operation was designed to benefit 9,885,000 Afghans over a 9-month period, through the provision of 543,837 metric tons of food at a cost of over $295 million.[19] It was also intended to allow WFP to begin to shift from emergency to recovery operations with particular emphasis on education, health, and the agricultural sector. When the operation began in April 2002, WFP's Kabul office warned that it might have to stop or slow projects if donors did not provide more support. At that time, WFP had received only $63.9 million, or 22 percent of the required resources. The United States provided most of this funding. (See app. IV for a list of donors and their contributions for the operation.) From April through June—the preharvest period when Afghan food supplies are traditionally at their lowest point—WFP was able to meet only 51 percent of the planned requirement for

[18]According to WFP, approximately 44.6 million people needed food assistance in Africa and North Korea in 2002. Meanwhile, declining global food production and donor food assistance contributions are expected to reduce aid levels worldwide in 2003. As of May 2003, based on donor pledges received, WFP estimates that donor contributions to Afghanistan will be adequate to meet projected requirements.

[19]Emergency Operation 10155.0 "Emergency Assistance to Afghanistan." The period of the operation was originally 9 months but was extended to 15 months to ensure a continued pipeline of food and a smooth transition between this operation and the subsequent operation.

assistance. WFP's actual deliveries were, on average, 33 percent below actual requirements for the 10-month period April 2002–January 2003. Figure 6 illustrates the gaps in the operation's resources for the 10-month period.

Figure 6: Resource Requirements vs. Actual Deliveries for WFP Emergency Food Assistance Operation in Afghanistan, April 2002–January 2003



Source: WFP.

Note: The large drop in requirements from July through August resulted from the suspension of free food distribution during the harvest period. WFP suspended this program in an effort to prevent its assistance from negatively affecting the price of domestically produced wheat in Afghanistan. The increase in requirements from October through December resulted from the need to stockpile food for vulnerable populations during the winter.

Lack of timely donor contributions and an increase in the number of returning refugees forced WFP and its implementing partner, the UN High Commissioner for Refugees, to reduce from 150 to 50 kilograms the rations provided to help returning refugees and internally displaced persons reestablish themselves in their places of origin. The rations are intended to enable these groups to sustain themselves long enough to reestablish their lives; reducing the rations may have compromised efforts to stabilize population movements within Afghanistan. The lack of donor support also forced WFP and its implementing partners to delay for up to 10 weeks, in some cases, the compensation promised to Afghans who participated in the food-for-work and food-for-asset-creation projects, resulting in a loss of credibility in the eyes of the Afghans and nongovernmental organizations. Similarly, because of resource shortages, WFP had to delay for up to 8 weeks in-kind payments of food in its civil service support program, intended to help the new government establish itself, and it never received enough contributions to provide civil servants with the allocation of tea they were to be given as part of their support package. In addition, WFP was forced to reduce the number of new projects it initiated, thus limiting the level of reconstruction efforts it completed.

In January 2003, WFP expressed concern that the problems it encountered with donor support in 2002 could recur in 2003. Despite the expansion of agricultural production in 2002 because of increased rainfall, 6 million Afghans will require food assistance in 2003. Although the United States was the largest donor of food assistance to Afghanistan in 2002, the U.S. contribution may be smaller in 2003 than in previous years owing to reduced surpluses of commodities, higher commodity prices, and competing crises in Africa, North Korea, and Iraq.[20] The UN forecasts Afghan cereal production for July 2002 through June 2003 at 3.59 million metric tons, a cereal import requirement of 1.38 million metric tons, and Afghan commercial food imports at 911,000 metric tons. Thus, an estimated total deficit of 469,000 metric tons remains to be covered in the 12-month period by international food assistance.

[20]Section 416(b) of the Agricultural Act of 1949 provides a permanent authority for USDA to donate surplus commodities in Commodity Credit Corporation inventories to carry out programs of assistance in developing and other foreign countries. The administration has decided to sharply reduce reliance on this program. The administration expects to use only $50 million in 416(b) commodities worldwide in 2003, compared with $360 million in 2002 and $634 million in 2001. It has increased P.L. 480 Title II funding by approximately $800 million in fiscal year 2003 in part to offset the decrease.

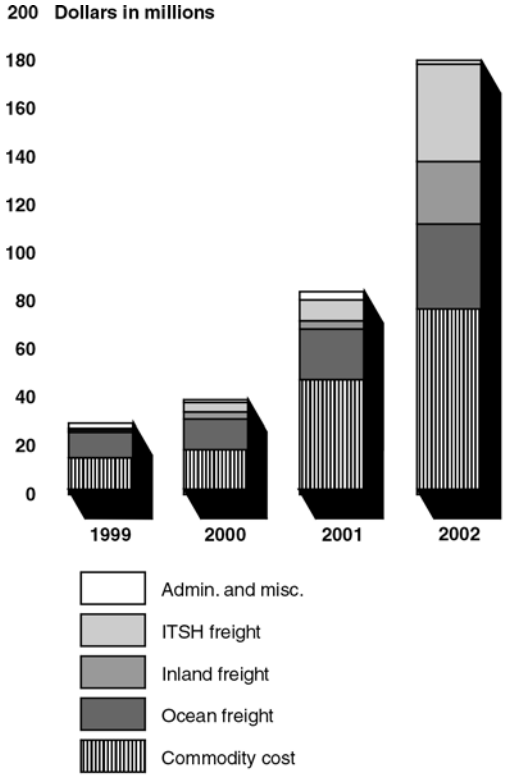
U.S. Food Assistance Contributions Were Costly and Inefficient

The U.S.-produced commodities and humanitarian daily rations provided by the United States to Afghanistan resulted in lower volumes of food than if the United States had provided regionally purchased commodities or cash donations. If it had provided WFP with cash or commodities from countries in the Central Asia region, the United States could have eliminated ocean freight costs. We estimated that the savings in freight costs would have enabled WFP to provide food assistance to approximately 685,000 additional people for 1 year. In addition, we estimated that if the United States had donated cash or regionally purchased commodities instead of air-dropping rations, WFP could have provided food assistance for another 1.0 million people for a year.

U.S.-Produced Commodities Raised Costs and Slowed Delivery

Most of the food assistance that the United States donated to Afghanistan in 1999–2002 was provided through WFP as in-kind donations of U.S. agricultural products as well as cash to cover shipping and freight costs. Since the commodities were purchased in the United States, much of the cost of the assistance represented shipping and freight costs rather than the price of the commodities. Figure 7 provides a breakdown of the costs associated with U.S. food assistance to Afghanistan from 1999 through 2002. (See app. V for additional cost data.)

Figure 7: Costs for U.S. Food Assistance to Afghanistan, Fiscal Years 1999–2002



Source: GAO analysis of USAID and USDA data.

Legend

Admin. and misc. = administrative and miscellaneous. Includes administrative costs associated with the delivery of assistance

ITSH= internal transport, storage, and handling within Afghanistan

Inland freight = freight costs from port of arrival to Afghan border

Ocean freight = freight costs from U.S. port to port of arrival

We estimated that if the United States had provided cash or regionally purchased commodities instead of U.S.-produced commodities in 2002, WFP could have purchased approximately 103,000 additional metric tons of commodities and saved 120 days in delivery time. WFP officials in Rome and Cairo[21] stated that cash was greatly preferable to in-kind donations because it allows for flexibility and for local and regional purchases. Other contributors to WFP efforts in Afghanistan have provided cash, allowing WFP to make the purchases it deemed most expedient, including purchases from Central Asian countries that produced large surpluses in 2002.[22] Ninety-three percent of the commodities WFP purchased for the emergency operation that began in April 2002 (157,128 metric tons) were from Kazakhstan and Pakistan.[23] WFP also stated that it could have saved approximately 120 days in delivery time if it had received U.S. contributions in cash that it could have used for regional purchases.

[21]WFP's Regional Bureau for the Mediterranean, Middle East, and Central Asia is located in Cairo, Egypt, and is responsible for operations in Afghanistan.

[22]In March 2002 testimony before the Senate Foreign Relations Committee, the Administrator of USAID stated, "The countries surrounding Afghanistan had plenty of surplus food available, thus ensuring price stability, to meet the needs of the Afghan people. However, the tools did not exist for the U.S. government to respond more effectively and, possibly, at lower cost to the taxpayer." In 2002, Kazakhstan exported 6 million metric tons of wheat and Pakistan exported 1.6 metric tons.

[23]In 2002, WFP purchased approximately 33 percent of all commodities it distributed in Afghanistan and received the other 67 percent from donor nations.

Although the commodity costs and some of the freight costs for regional purchases are lower, the largest portion of the savings from regional purchases comes from eliminating ocean freight costs. In 2002, USDA spent $5.6 million on ocean freight, or 31 percent of the value of the aid it provided to Afghanistan. USAID spent $29.4 million on ocean freight, or 18.3 percent of the value of the aid it provided to Afghanistan. Overall, USDA and USAID spent approximately $35.0 million on ocean freight and commissions, or 19.6 percent of the total value ($178,068,786) of the food aid they provided through WFP to Afghanistan. Had this money been spent on regional purchases instead of on ocean freight, it could have paid for 103,000 additional metric tons of commodities, or enough to provide food assistance for approximately 685,000 people for 1 year.[24] However, the laws governing the main food assistance programs under which most of the U.S. assistance was provided to Afghanistan through WFP do not provide for USAID and USDA to purchase food assistance commodities regionally or provide cash to WFP to make regional purchases. All of the assistance must be provided in the form of U.S. commodities, and 75 percent of the commodities by weight must be shipped on U.S.-flag vessels.[25] According to USDA, this requirement referred to as "cargo preference" accounts for 9 percent of the cost of U.S. food assistance shipments worldwide. In this case, it accounted for approximately $16 million of the $35 million in ocean freight. In prior reports we reported that the most significant impact of the cargo preference requirement on U.S. food assistance programs is the additional costs incurred.[26] Using U.S.-flag vessels reduces funds available for purchasing commodities, thus the amount of food delivered to vulnerable populations is decreased. In its 2002 annual assessment of management performance, the Office of Management and Budget concluded that U.S. food assistance programs would be more cost effective

[24]Estimate based on the ration provided to refugees in Afghanistan: 12.5 kilograms (27.5 pounds) of wheat per person per month and regional commodity and transportation costs of $340 per metric ton.

[25]The Merchant Marine Act, 1936 (P.L. 74-835), as amended by the Cargo Preference Act of 1954 (P.L. 83-664), generally requires that at least 50 percent of any U.S. government-controlled cargo shipped by sea be carried on privately owned U.S.-flag vessels. In 1985, the Merchant Marine Act, 1936 was amended to require that 75 percent of certain foreign food aid be shipped on privately owned U.S. flag vessels.

[26]For further information on impact of shipping U.S. commodities on U.S. flagged cargo vessels see *Cargo Preference Requirements: Objectives Not Significantly Advanced When Used in U.S. Food Aid Programs*, GAO/GGD-94-215 (Washington, D.C.: September 1994). *Cargo Preference Requirements: Their Impact on U.S. Food Aid Programs and the U.S. Merchant Marine*, GAO/NSIAD-90-174 (Washington, D.C.: June 1990).

and flexible if the requirement to ship U.S. food assistance on U.S.-flag vessels was eliminated. In commenting on a draft of this report, USDA stated that consideration should be given to waiving cargo preference requirements in specific food aid situations.

In February 2003, the President announced a new humanitarian $200 million Famine Fund. Use of the fund will be subject to presidential decision and will draw upon the broad disaster assistance authorities in the Foreign Assistance Act. According to USAID, these authorities allow the U.S. government to purchase commodities overseas to meet emergency food assistance needs. However, this authority does not extend to the United States' fiscal year 2003 $2.6 billion food assistance programs under existing food assistance legislation.

Humanitarian Daily Rations Were Expensive and Inefficient

The U.S. Department of Defense's humanitarian daily ration program was a largely ineffective and expensive component of the U.S. food assistance effort. The program was initiated to alleviate suffering and convey that the United States was waging war against the Taliban, not the Afghan people. However, the program's public relations and military impact have not been formally evaluated. Airdrops of the humanitarian daily rations were intended to disperse the packets over a wide area, avoiding the dangers of heavy pallet drops or having concentrations of food fall into the hands of a few. On October 8, 2001, U.S. Air Force C-17s began dropping rations on various areas within Afghanistan. Drops averaged 35,000 packets per night (two planeloads) and ended on December 21, 2001. In 198 missions over 74 days, the Air Force dropped 2,489,880 rations (see fig. 8).[27]

[27]In addition to dropping the rations, the Air Force dropped 21,000 55-pound sacks of wheat and 42,000 blankets.

Figure 8: Humanitarian Daily Rations

Source: Department of Defense.

Note: A ration packet measures 8.5 by 12.5 inches, weighs about 2.2 pounds, and contains a complete set of meals for 1 day for one person, totaling approximately 2,200 calories. The contents are chosen to meet strict dietary considerations and as such are completely vegetarian.

According to WFP, one of the major problems with the ration program was the lack of any assessment to identify the needs of the target populations or their locations. WFP representatives were part of the coordination team located at Central Command in late 2001 when the airdrops were made. These representatives provided the Defense Department with general information on drought-affected areas but were not asked to provide information on specific areas to target. According to Department of Defense officials, the drop areas were selected based on consultations with USAID staff familiar with the situation in Afghanistan.

Defense officials told us that the rations are an expensive and inefficient means of delivering food assistance and were designed to relieve temporary food shortages resulting from manmade or natural disasters—not, as in Afghanistan, to feed a large number of people affected by a long-term food shortage. Defense officials responsible for the ration program stated that the humanitarian, public relations, and military impact of the

effort in Afghanistan had not been evaluated. According to these officials, anecdotal reports from Special Forces soldiers indicated that vulnerable populations did receive the food and that the rations helped to generate goodwill among the Afghan people. However, reports from nongovernmental organizations in Afghanistan indicated that often the rations went to the healthiest, since they were able to access the drop zone most quickly, and were hoarded by a few rather than distributed among the population.

The cost of the rations was $4.25 per unit, or $10,581,990 for the approximately 2.5 million dropped. The total cost of the program was $50,897,769, or $20.44 per daily ration. Delivery cost is estimated at $16.19 per unit, based on the difference in the ration cost and the department's total expenditure. The rations accounted for only 2,835 metric tons out of the total of 365,170 metric tons, or .78 percent of the total weight of food aid delivered in fiscal year 2002. However, the cost of the rations equals 28.6 percent of the $178,068,786 that USAID and USDA spent on emergency assistance to Afghanistan from October 2001 through September 2002. If the United States had bought traditional food assistance commodities regionally instead of dropping the 2,835 metric tons of rations, it could have purchased approximately 118,000 metric tons of food, enough to provide food assistance to 1.0 million people for 1 year.

Agricultural Assistance Has Had Limited Impact and Lacks Coordination, and Major Obstacles Jeopardize Food Security and Political Stability

The U.S. and international community's agricultural reconstruction efforts in Afghanistan have had limited impact, coordination of the assistance has been fragmented, and significant obstacles jeopardize Afghanistan's long-term food security and political stability. Because of drought and adverse political conditions, agricultural assistance provided by the international community has not measurably improved Afghanistan's long-term food security. In 2002, collective efforts to coordinate reconstruction assistance, especially with the Afghan government, were ineffectual and, as a result, no single operational strategy has been developed to manage and integrate international agricultural assistance projects. Finally, the inadequacy of proposed agricultural assistance, and the increase in domestic terrorism, warlords' control of much of the country, and opium production all present obstacles to the international community's goal of achieving food security and political stability in Afghanistan.

Impact of Agricultural Assistance Limited by Drought and Political Factors

For most of the period 1999–2002, because of war and drought, FAO, bilateral donors, and more than 50 nongovernmental organizations in Afghanistan focused resources primarily on short-term, humanitarian relief; consequently, the impact of this effort on the agricultural sector's long-term rehabilitation was limited. The assistance was provided in an effort to increase short-term food security and decrease Afghanistan's dependence on emergency food assistance. During most of the 4-year period, FAO provided $28 million in assistance to Afghanistan partly under the UN Development Program's (UNDP) Poverty Eradication and Community Empowerment program and partly as donor-funded response to the drought.[28] The poverty eradication program ended in 2002, but FAO continues its projects in Afghanistan. FAO's short-term activities focus on efforts to enable war- and drought-affected populations to resume food production activities. These activities include providing agricultural inputs such as tools, seed, and fertilizer; controlling locusts; and making repairs to small-scale irrigation systems (see fig. 9). Its longer-term activities include, among other things, the establishment of veterinary clinics, assistance in the production of high-quality seed through 5,000 contracted Afghan farmers, and horticulture development. From 1999 to 2002, bilateral efforts focused on the distribution of agricultural inputs and the repair of irrigation systems. USAID activities currently include developing a market-based distribution system for agricultural inputs as well as distributing high-quality seed.[29] As of March 2002, at least 50 of the approximately 400 national and international nongovernmental organizations working in Afghanistan were involved in agriculture-related assistance, including providing agricultural inputs, farmer training, microcredit, and the construction of wells.

[28]During the 1990s, FAO's emergency and longer-term development efforts were conducted under strategies and programs managed by UNDP.

[29]USAID spent approximately $23 million on agriculture assistance in Afghanistan in 2002.

Figure 9: FAO Irrigation Rehabilitation Project

Source: FAO.

For most of the 4-year period, the rise of the Taliban, the continuing conflict with the Northern Alliance, and the ongoing drought prevented the international community from shifting from short-term relief projects to longer-term agricultural rehabilitation projects and reversed earlier advancements in agricultural production. For example, by 1997, agriculture in some areas had returned to prewar levels, and Afghanistan as a whole had reached 70 percent self-sufficiency in the production of cereals. At the time, assistance agencies were planning to implement longer-term assistance activities but were unable to do so owing to drought and conflict. These same factors resulted in decreases in cereal production and livestock herds of 48 percent and 60 percent, respectively, from 1998 through 2001. In 2002, a number of longer-term agricultural rehabilitation efforts were started, including efforts by USAID to reestablish agricultural input and product markets. However, these efforts have not been evaluated, and it is too early to determine their sustainability after donor assistance ends or their long-term impact.

Weak Assistance Coordination in 2002 Hindered Afghan Government's Involvement and Development of Operational Strategy

International assistance, including agricultural assistance, was not well coordinated in 2002, and, as a result, the Afghan government was not substantively integrated into the agricultural recovery effort and lacks an effective operational strategy. In December 2002, the Afghan government and the international community instituted a new mechanism, the Consultative Group, to improve coordination. However, the Consultative Group is similar in purpose and structure to a mechanism used earlier in 2002, the Implementation Group, and does not surmount the obstacles that prevented the Implementation Group's success. Because of the lack of coordination, the Afghan government and the international community have not developed a single operational strategy to direct the agricultural rehabilitation effort; instead, all of the major assistance organizations have independent strategies. Although documents prepared by the Afghan government and others to manage assistance efforts contain some of the components of an effective operational strategy, these components have not been combined in a coherent strategy. The lack of an operational strategy hinders efforts to integrate projects, focus resources, empower Afghan government ministries, and make the international community more accountable.

Assistance Coordination Was Weak in 2002

Despite efforts to synchronize multiple donors' initiatives in a complex and changing environment, coordination of international assistance in general, and agricultural assistance in particular, was weak in 2002. According to the UN, assistance coordination refers to a recipient government's integration of donor assistance into national development goals and strategies. From the beginning of the assistance effort in 2002, donors were urged to defer responsibility for assistance coordination to the Afghan government as stipulated in the Bonn Agreement.[30] According to the UN, coordination rests with the Afghan government, efforts by the aid community should reinforce national authorities, and the international community should operate, and relate to the Afghan government, in a coherent manner rather than through a series of disparate relationships.[31]

[30]Annex III of the Bonn Agreement states that the participants in the UN Talks on Afghanistan hereby urge the UN, the international community, particularly donor countries and multilateral institutions, to reaffirm, strengthen and implement their commitment to assist with rehabilitation, recovery, and reconstruction of Afghanistan, in coordination with the Afghan government.

[31]Immediate and Transitional Assistance Program for the Afghan People, January 17, 2002.

The Security Council resolution that established the UN Assistance Mission in Afghanistan goes further; it states that reconstruction assistance should be provided through the Afghan government and urges the international community to coordinate closely with the government.[32]

In April 2002, the Afghan government attempted to exert leadership over the highly fragmented reconstruction process. To accomplish this task, the government published its National Development Framework. The framework provides a vision for a reconstructed Afghanistan and broadly establishes national goals and policy directions.[33] The framework is not intended to serve as a detailed operational plan with specific objectives and tasks that must be pursued to accomplish national goals. Also, in 2002, the Afghan government established a government-led coordination mechanism, the Implementation Group (see app. VI for detailed descriptions and a comparison of the coordinating mechanisms). The intent of the Implementation Group was to bring coherence to the international community's independent efforts and broad political objectives, such as ensuring Afghanistan does not become a harbor for terrorists. The mechanism's structure was based on the National Development Framework. Individual coordination groups, led by Afghan ministers and composed of assistance organizations, were established for each of the 12 programs contained in the framework.

The Implementation Group mechanism proved to be largely ineffective. Officials from the Afghan government, the UN, the Department of State, and USAID, as well as a number of nongovernmental bodies, expressed concern over the lack of meaningful and effective coordination of assistance in Afghanistan in 2002. For example, a high-ranking WFP official in Afghanistan said that coordination efforts since September 11, 2002, paid only "lip-service" to collaboration, integration, and consensus. In August 2002, the Ministers of Foreign Affairs, Rural Reconstruction and Development, Irrigation, and Agriculture stated that the donor community's effort to coordinate with the government was poor to nonexistent. A USAID official characterized the coordination of reconstruction in 2002 as

[32]Security Council Resolution 1401 (2002), S/RES/1401, March 28, 2002.

[33]The framework is organized around three "pillars": (1) humanitarian assistance and human social capital, (2) physical reconstruction and natural resources, and (3) private sector development. Under the three pillars there are 12 programs supported by a number of subprograms. Subprograms for agriculture and irrigation fall under "Pillar 2, Physical Reconstruction and Natural Resources, program for Natural Resources Management."

an "ugly evolution" and "the most complex post-conflict management system" he had ever seen.

The ineffectiveness of the Implementation Group mechanism resulted from its inability to overcome several impediments. First, each bilateral, multilateral, and nongovernmental assistance agency has its own mandate, established by implementing legislation or charter, and sources of funding, and each agency pursues development efforts in Afghanistan independently. Second, the international community asserts that the Afghan government lacks the capacity and resources to effectively assume the role of coordinator and, hence, these responsibilities cannot be delegated to the government. Third, no single entity within the international community has the authority and mandate to direct the efforts of the myriad bilateral, multilateral, and nongovernmental organizations providing agricultural assistance to Afghanistan.[34] Finally, efforts to coordinate agricultural assistance were further complicated because the Ministries of Agriculture, Irrigation, and Rehabilitation and Rural Development share responsibility for agriculture development.

Efforts to Improve Coordination Have Been Implemented

In December 2002, the Afghan government instituted a new coordination system, the Consultative Group mechanism.[35] The overall objective of the Consultative Group in Afghanistan is to increase the effectiveness and efficiency of assistance coordination in support of goals and objectives contained in the National Development Framework.[36] According to the Afghan government, the program-level consultative groups established

[34]Donor nations have taken the lead in other sectors. Specifically, the United States leads in training the national army, Germany in training the police, Italy in rebuilding the judicial system, and the United Kingdom in drug control. These donor nations, in consultation with the Afghan government and the international community, have developed strategies for reconstructing their respective sectors.

[35]*Consultative group* is a World Bank term used to describe a process of consultations between the government of a recipient developing nation and the international assistance community. Typically, the process involves monthly group meetings in country on sectoral or thematic issues. Such working groups bring together interested parties, including ministry representatives, donors, nongovernmental organizations, and UN agencies, to discuss strategic planning and improve coordination.

[36]There are 12 program area–based consultative groups that correspond to the 12 program areas contained in the Afghan government's National Development Framework. Two additional consultative groups deal with national security issues (national army and national police). The groups report to a consultative group standing committee during an annual national consultative group meeting.

under this mechanism provide a means by which the government can engage donors, UN agencies, and nongovernmental organizations to promote specific national programs and objectives presented in the government's National Development Framework and the projects articulated in the Afghan National Development Budget.[37] According to advisors to the Afghan government, the Consultative Group mechanism provides a real opportunity for donors to provide focused support for policy development, project preparation, implementation, monitoring, and evaluation.

The Consultative Group mechanism in Afghanistan evolved out of the Implementation Group and is similar in its National Development Framework–based hierarchal structure, the role of the Afghan government, the membership and leadership of sector specific groups, and stated goals (see app. VI). One difference between the Implementation and Consultative Group mechanisms is that, since the establishment of the latter, the Afghan government has asked donor government and assistance organizations to categorize their assistance projects under the subprograms in the National Development Framework and to direct funding toward the projects in the Afghan National Development Budget.

Despite the effort to develop a more effective coordination mechanism, the Consultative Group mechanism has not surmounted the conditions that prevented the Implementation Group from effectively coordinating assistance. For example, in 2003, donor governments and assistance agencies have continued to develop their own strategies, as well as fund and implement projects outside the Afghan government's national budget. In addition, agricultural assistance is divided up among several consultative groups including the groups for natural resources management and livelihoods. Further, unlike food assistance where donors primarily use one agency, WFP, for channeling resources, donors continue to use a variety of channels for their agriculture assistance. Although the Afghan government asserts that it is assuming a greater level of leadership over the coordination effort, as of May 2003, we could not determine whether the new coordination mechanism would be more successful than earlier efforts.

[37]The budget contains three types of prioritized projects: (1) projects designed primarily by the Afghan government and funded through the national budget, (2) projects primarily designed by donors and funded and implemented by donors, and (3) conceptual projects for which funding and implementation arrangements have not been determined.

Lack of Coordination Prevented Development of Operational Strategy

Because of the inadequate coordination of agricultural assistance, the Afghan government and the international community have not developed an operational agricultural sector strategy. Each assistance agency has published its own development strategy that addresses agriculture and numerous other sectors. The Consultative Group mechanism and the National Development Framework, as well as other documents prepared by the Afghan government and others to manage assistance efforts, contain some of the components of an effective operational strategy, such as measurable goals and impediments to their achievement. However, these components have not been incorporated in a single strategy. Without an integrated operational strategy, jointly developed by the Afghan government and the international community, the Afghan government lacks a mechanism to manage the agricultural rehabilitation effort, focus limited resources, assert its leadership, and hold the international donor community accountable.[38]

Assistance Agencies Have Developed Separate Strategies

No donor has taken the lead in the agricultural sector; consequently, multilateral, bilateral, and nongovernmental organizations, including the UN, FAO, the Asian Development Bank, the World Bank, USAID, and others, have prepared individual strategies that address, to varying degrees, agricultural reconstruction and food security.[39] However, these strategies lack measurable national goals for the sector and have not been developed jointly with the Afghan government. For example, in August 2002, the Minister of Agriculture stated, "The ministry does not know the priorities of the international community for the agricultural sector, how much money will be spent, and where the projects will be implemented." FAO claimed that the Ministry of Agriculture had endorsed FAO's agricultural rehabilitation strategy. However, no letter of agreement or memorandum of understanding between the FAO and the ministry documents the acceptance of the strategy. The Minister of Agriculture told us, in December 2002, that the ministry had not endorsed FAO's latest strategy. Further, the Ministry of Agriculture presented a list of more than 100 prioritized rehabilitation projects to the international community. As of late

[38]According to the UN, "assistance management" refers to the effective implementation of donor-funded development programs.

[39]Assistance proposed in these strategies includes technical assistance, inputs such as seeds and fertilizer, capacity building for government staff, irrigation repair, water resource management, livestock rehabilitation, and credit to small farmers, among other things.

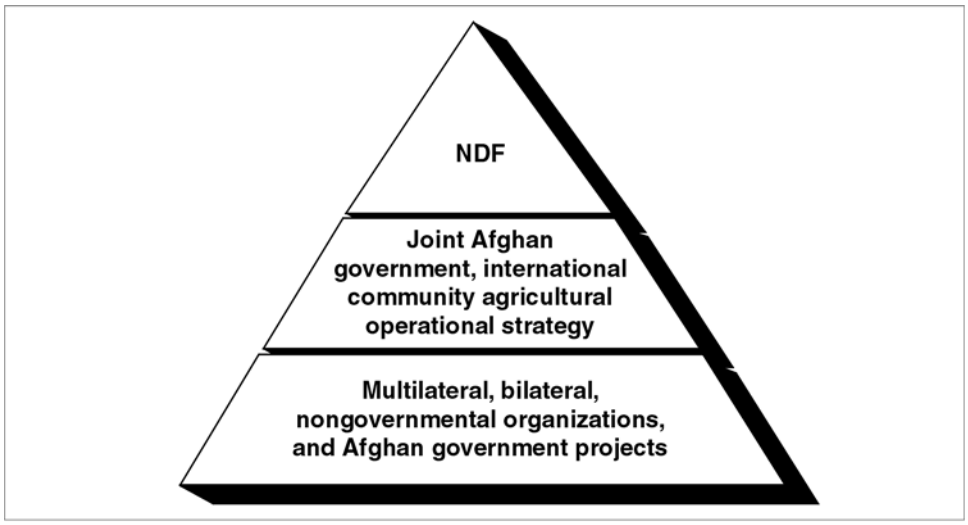
December 2002, the international community had not responded regarding the ministry's proposed projects.

Components of an Operational Strategy Have Not Been Integrated into a Single Document

Although Consultative Group mechanism–related documents, the Afghan National Development Framework, and other documents prepared by the Afghan government and others to manage assistance efforts contain some of the components of an effective operational strategy, these components have not been incorporated in a single strategy. For an operational agricultural strategy to be effective, all relevant stakeholders must participate in its formulation. In this case, stakeholders include the Afghan Ministries of Agriculture and Irrigation and key nongovernmental, multilateral, and bilateral development organizations. Further, such strategies must establish measurable goals, set specific time frames, determine resource levels, and delineate responsibilities. For example, in Afghanistan, one such goal might be to increase the percentage of irrigated land by 25 percent by 2004 through the implementation of $100 million in FAO-led irrigation projects in specific provinces. In addition, an operational strategy should identify external factors that could significantly affect the achievement of goals and include a schedule for future program evaluations.[40] Stakeholders should implement the strategy through projects that support the measurable goals of the strategy and broader policy objectives, such as those contained in the Afghan Government's National Development Framework (see fig. 10).

[40]Government Performance and Results Act of 1993 P.L.103-62. U.S. General Accounting Office *Congressional Review of Agency Strategic Plans*, GAO/GGD-10.1.16 (Washington, D.C.: January 1995). *Office of Management and Budget*, *Circular A-11*, *Part 6—Preparation and Submission of Strategic Plans*, *Annual Performance Plans*, *and Annual Program Performance Results* (Washington, D.C.: June 2002).

Figure 10: Hierarchy of Strategies for Agricultural Sector Reconstruction



Source: GAO.

The Implementation Group and its successor, the Consultative Group, as well as the National Development Framework and other documents, contain some of the essential elements of an operational strategy. These elements include the involvement of key stakeholders, the development of some measurable objectives, and the identification of external factors that could affect the achievement of goals. However, since the National Development Framework is a general national strategy and not a detailed operational strategy, it is sufficiently broad that any assistance to the agricultural sector could be considered supportive of the framework, even if the assistance were not well targeted or made no significant impact. In addition, the various elements of an effective operational strategy that are contained in the National Development Framework and other documents have not been effectively applied, nor has a single agricultural sector strategy incorporating all of these elements been developed.

The UN Assistance Mission for Afghanistan's management plan endorses the formulation of joint strategies for reconstruction. In late December 2002, Afghanistan's Minister of Agriculture told us that he would welcome the development of a joint Afghan–international agricultural sector strategy containing clear objectives, measurable goals, concrete funding levels, and clearly delineated responsibilities. In January 2003, FAO's Assistant Director-General of Technical Cooperation stated that FAO would welcome

the opportunity to assist the Ministry of Agriculture in preparing a strategy. The Consultative Group mechanism could serve as a vehicle to support the development of such a strategy. In March 2003, Afghan government advisors told us that consultative groups could develop strategies based on the subprograms contained in the National Development Framework and National Development Budget. Proposals for the development of strategies pertaining to natural resources management, including agriculture, have been drafted, and support for these proposals is being sought from the international community.

Lack of Operational Agricultural Sector Strategy Limits Integration and Oversight

The lack of an operational agricultural sector strategy hinders efforts to integrate disparate projects, focus limited assistance resources, place Afghan government ministries in a leadership role, and make the international community more accountable to the Afghan government. In its October 2002 National Development Budget, the Afghan government cited the lack of a strategic framework for the natural resources management sector, including agriculture, as an impediment to rehabilitation. Absent an operational strategy, the Afghan government lacks a mechanism to

- integrate disparate projects into an effective agricultural rehabilitation program,
- manage finite resources so as to ensure the greatest return on agricultural investment, and
- guide the efforts of the international community and assert the Afghan government's leadership in agricultural reconstruction.

Finally, an operational agricultural sector strategy that includes measurable goals and the means to assess progress against those goals could increase accountability.[41] Because no comprehensive integrated strategy exists, the Afghan government lacks the means to hold the international assistance community accountable for implementing the agricultural sector reconstruction effort and achieving measurable results.

[41]Government Performance and Results Act.

Limited Funding and Security Problems Present Obstacles to Food Security and Political Stability

Major obstacles to the goal of a food-secure and politically stable Afghan state include inadequate assistance funding, as well as a volatile security situation, long-standing power struggles among warlords, and the rapid increase in opium production. Donor support has not met Afghanistan's recovery and reconstruction needs, and future funding levels for agricultural assistance may be inadequate to achieve the goal of food security and political stability, primarily because assistance levels are based on what the international community is willing to provide rather than on Afghanistan's needs. Meanwhile, the continued deterioration of the security situation, exacerbated by a rising incidence of terrorism, the resurgence of warlords, and near-record levels of opium production, are impeding reconstruction and threaten to destabilize the nascent Afghan government.

International Assistance May Be Insufficient to Meet Needs

Total assistance levels, including those for agricultural reconstruction, proposed at the Tokyo donors' conference in January 2002 do not provide Afghanistan with enough assistance to meet its estimated needs.[42] The preliminary needs assessment prepared for the January 2002 donor's conference in Tokyo estimated that, in addition to humanitarian assistance such as food and shelter assistance, between $11.4 and $18.1 billion over 10 years would be needed to reconstruct Afghanistan (see table 2). Others have estimated that much more is required. For example, the Afghan government estimated that it would need $15 billion for reconstruction from 2003 through 2007.

[42]UNDP, Asian Development Bank, and the World Bank, *Preliminary Needs Assessment for Recovery and Reconstruction* (Tokyo: 2002). The assessment was prepared by UNDP, the Asian Development Bank, and the World Bank to help determine the requirement of external assistance to support Afghanistan's economic and social recovery and reconstruction over the short and medium terms. During the January 2002 conference, the Afghan government identified agricultural and rural development, including food security, water management, and revitalizing irrigation, as one of six areas essential for reconstruction.

Table 2: Projected Cumulative Funding Requirements for the Reconstruction of Afghanistan

(Billions of dollars)

Level	1 year	2.5 years	5 years	10 years
Low case	$1.4	$4.2	$8.3	$11.4
Base case	1.7	4.9	10.2	14.6
High case	$2.1	$5.5	$12.2	$18.1

Sources: Asian Development Bank, UNDP, and the World Bank.

Note: *Afghanistan Preliminary Needs Assessment for Recovery and Reconstruction* (Tokyo: January 2002).

In January 2002, donors pledged $5.2 billion for the reconstruction of Afghanistan for 2002–2006, or slightly more than half of the base-case estimate for 5 years.[43] For the period January 2002–March 2003, the donors pledged $2.1 billion (see app. VII for donor pledges and donations).[44] As of March 2003, approximately 88 percent of the 2002 grant funding had been disbursed. However, only 27 percent, or $499 million, was spent on major reconstruction projects such as roads and bridges, which are essential for the export of Afghan agricultural commodities and the import of foreign agricultural supplies. Despite the importance that the United States and the international community attach to the Afghan reconstruction effort, Afghanistan is receiving less assistance than was provided for other recent postconflict, complex emergencies. For example, per capita assistance levels have ranged from $193 in Rwanda to $326 in Bosnia, compared with $57 for Afghanistan. Given that the livelihood of 22 million Afghans depends on agriculture, we estimated that if all of the assistance had been provided only to people engaged in agriculture, each person would have received $67 annually or about 18 cents per day for their daily subsistence and agriculture production efforts in 2002. If Afghanistan were to receive per capita aid consistent with the average amounts provided for other recent postconflict reconstruction efforts, in 2002 it would have received

[43]This figure was revised from $4.5 billion because of increases in pledges. This total included $3.8 billion in grants and $1.4 billion in loans. The initial pledge of $1.8 billion for 2002 was revised to $2.1 billion.

[44]Overall U.S. assistance to Afghanistan in 2002 totaled $717 million, or 6.2 percent of worldwide U.S. bilateral assistance obligations in that year. Most of this amount was not for reconstruction but for humanitarian assistance, including food aid.

$6 billion in international assistance, and from 2002 to 2006 it would receive $30 billion, or nearly three times the base-case estimate.

Funding May Be Inadequate to Rehabilitate Agricultural Sector

The funding proposed by donors for food security–related issues is limited and may be insufficient to achieve the long-term goals of the Afghan government and the international community. Despite the Afghan government's estimated annual need of $500 million for agricultural rehabilitation, agricultural assistance for Afghanistan in 2003 may total approximately $230 million.[45] Afghanistan's President has emphasized that the goal of food security and political stability is the Afghan government's overarching priority, and the United States and other donor governments recognize the strong link between stability and food security. According to the U.S. Department of State, reconstruction is an integral part of the campaign against terrorism: the U.S. policy goal in Afghanistan is to create a stable Afghan society that is not a threat to itself or others and is not a base for terrorism. Because the agricultural sector forms the core of the Afghan economy, the pace of the sector's recovery will largely determine the rate of overall economic recovery. Sustained investment in the agricultural sector, particularly the rehabilitation, upgrading, and maintenance of the nation's irrigation infrastructure, is essential for the recovery of the Afghan economy and the country's long-term food security.[46] Despite improvements in agricultural production in 2002, owing primarily to increased precipitation, the fundamental weakness of Afghanistan's agricultural infrastructure continues to threaten overall recovery efforts.

[45]The international community has not published a figure for total agricultural assistance to Afghanistan. This estimate is derived from available Asian Development Bank, European Union, European Commission, UN, U.S., and World Bank data.

[46]FAO estimates that it will take at least 10 years to rebuild the agricultural sector.

The Ministry of Agriculture estimates that it needs $5 billion over 10 years to complete 117 key projects and other efforts important for the recovery of the sector. Despite these costs, the 2003 Afghan development budget for natural resource management, including agriculture, is only $155 million. Since the budget is funded almost entirely by the donor community, the budget reflects what the government expects to receive from the international community, not the Afghan government's actual need. Afghan government budget estimates indicate that the natural resources management budget will increase to $298 million in 2004 and $432 million in 2005. International donors have budgeted approximately $230 million for agriculture-related assistance in 2003. USAID considers adequate funding a prerequisite for the success of the assistance effort and plans to spend approximately $50 million on agriculture in 2003 and similar amounts in 2004 and 2005. USAID funding covers 32 percent of the Afghan government's 2003 natural resources management program budget of $155 million but only 10 percent of the Afghan Ministry of Agriculture's estimated annual needs of $500 million.[47]

Increased Terrorism, Warlords, and Opium Production Are Major Obstacles to Food Security and Political Stability

The goal of a stable Afghan state is threatened by the rise in domestic terrorism, long-standing rivalries among warlords, and the rapid increase in opium production. In March 2002, in a report to the UN Security Council, the UN Secretary General stated that security will remain the essential requirement for the protection of the peace process in Afghanistan. One year later, in a report to the council, he stated that "security remains the most serious challenge facing the peace process in Afghanistan." Others in the international community, including USAID, consider security as a prerequisite for the implementation of reconstruction efforts. In 2002 and early 2003, the deteriorating security situation was marked by terrorist attacks against the Afghan government, the Afghan people, and the international community.[48] These incidents have forced the international community to periodically suspend agricultural assistance activities, disrupting the agricultural recovery effort.

[47]The level of USAID's agricultural assistance will remain the same in 2004 and 2005, accounting for about 16 percent of the Afghan government's natural resources and management budget in 2004 and 11 percent in 2005.

[48]Incidents included the attempted assassinations of the Minister of Defense and the President; the murder of an International Committee of the Red Cross staff member; rocket attacks on U.S. and international military installations; and bombings in the center of Kabul, at the International Security Assistance Force headquarters, and at UN compounds. There are approximately 4,900 International Security Assistance Force troops located in Kabul. These troops provide security only for the city of Kabul and the immediate vicinity.

Meanwhile, clashes between the warlords' private armies continue to destabilize the country and reduce the Afghan government's ability to fund agricultural reconstruction. The warlords foster an illegitimate economy fueled by smuggling of arms, drugs, and other goods. They also illegally withhold hundreds of millions of dollars in customs duties collected at border points in the regions they control, depriving the central government of revenues needed to fund the country's agricultural reconstruction. The warlords control private armies of tens of thousands of armed men. Across Afghanistan, approximately 700,000 Afghan men are armed, and half of these are combat trained. USAID considers the demobilization and integration of these armed men a prerequisite for the success of the international recovery effort.[49] Currently, the unemployment rate in Afghanistan is estimated at 50 percent. Without a revitalization of the agricultural sector—the engine of the Afghan economy and the main source of employment—it is likely that these men will remain in the employ of the warlords.

Another destabilizing force that affects agriculture is the illicit international trade in Afghan opiates. The drug trade was the primary income source of the Taliban and continues to provide income for terrorists and warlords.[50] On January 17, 2002, the President of Afghanistan issued a decree stating that the existence of an opium-based economy was a matter of national security and should be fought by all means. During the 1990s, Afghanistan became the world's leading opium producer accounting for approximately 70 percent of opium production worldwide. Despite being a central focus of a number of international donors engaged in Afghanistan, opium poppy eradication efforts implemented by the Afghan government and the international community in 2002 failed. In July 2002, one of Afghanistan's vice presidents and leader of the Afghan government's poppy eradication campaign, Haji Qadir, was assassinated. In October 2002, the UN Office for Drug Control and Crime Prevention estimated that, in 2002, Afghan farmers produced 3,400 metric tons of opium.[51] This level of production equals or exceeds levels achieved in 9 of the last 10 years. Total 2002 revenue from opium production totaled $1.2 billion, an amount equivalent to 70 percent

[49]USAID plans to spend $30 million in 2003 on demobilization efforts.

[50]In 2001, the United States estimated that the Taliban collected at least $40 million in taxes on opium.

[51]UN Office for Drug Control and Crime Prevention, Geneva, October 2002.

of total assistance to Afghanistan pledged for 2002, or nearly 220 percent more than the Afghan government's 2003 operating budget.[52]

The UN Drug Control Program also estimated that the average poppy farmer earned $4,000 dollars from growing poppies in 2002. Owing to continuing drought, a poor agricultural marketing structure, and widespread poverty, farmers have turned to poppy cultivation to avoid destitution.[53] Since the fall of the Taliban, irrigated acreage dedicated to wheat production has fallen by 10 percent, supplanted by opium poppies. In addition, it is estimated that 30 to 50 percent of Afghans are involved in opium cultivation. Many of the farmers continue to grow opium poppies because they lack the seed and fertilizer needed to grow alternative crops that generate revenues comparable to those from opium.[54]

Conclusions

The establishment of a new government in Afghanistan has provided the Afghan people, the international community, and the United States an opportunity to rebuild Afghanistan and create a stable country that is neither a threat to itself or its neighbors nor a harbor for terrorists. In 2002, U.S. and international food assistance averted famine, assisted the return of refugees, and helped to implement reconstruction efforts. However, U.S. food assistance and cargo shipping legislation limited the United States' flexibility in responding quickly to the emergency and providing support to WFP; the legislation does not provide for purchasing commodities regionally or donating cash to the UN for procuring commodities and requires that U.S. commodities be shipped on U.S. flag vessels. Consequently, the costs of food assistance were higher and delivery times were greater, fewer commodities were purchased, and a smaller number of people received food assistance. In addition, a lack of timely and adequate overall donor support disrupted WFP's food assistance efforts. Meanwhile, in 2003, six million people will require food assistance in Afghanistan.

[52]The value of Afghanistan's 2002 opium crops was equivalent to 17 percent of its gross domestic product.

[53]Although some poppy farmers are wealthy, many are poor farmers with just enough land and water for poppies but not enough resources to plant traditional or alternative crops. For many of these poor farmers, the decision to cultivate poppies causes moral anguish, as they regard its cultivation to be highly un-Islamic.

[54]Prices paid to farmers range from $350 to $400 per kilogram. One kilogram equals 2.2 pounds.

Because the economy remains overwhelmingly agricultural, the pace of recovery in the agricultural sector will largely determine the rate of Afghanistan's overall recovery. Food assistance alone cannot provide food security; Afghanistan's agricultural sector must be rehabilitated. Environmental and political problems have limited the impact of the international community's agricultural assistance efforts. In addition, in 2002, the assistance efforts were not coordinated with each other or with the Afghan government. A new coordination mechanism established in December 2002 is largely similar to earlier mechanisms, and it is too recent for us to determine its effectiveness. Further, whereas U.S. and UN agencies, bilateral donors, and nongovernmental organizations have drafted numerous overlapping recovery strategies, no single Afghan government–supported strategy is directed toward the effort to rehabilitate the sector. Meanwhile, funding for the agricultural assistance effort is insufficient and the nascent Afghan government is plagued with problems stemming from domestic terrorism, the resurgence of warlords, and near-record levels of opium production. These obstacles threaten the recovery of the agricultural sector and the U.S. goals of achieving food security and political stability in Afghanistan.

Matter for Congressional Consideration

To increase the United States' ability to respond quickly to complex emergencies involving U.S. national security interests, such as that in Afghanistan, Congress may wish to consider amending the Agricultural Trade Development and Assistance Act of 1954 (P.L. 83-480), as amended, to provide the flexibility, in such emergencies, to purchase commodities outside the United States when necessary and provide cash to assistance agencies for the procurement of non-U.S.-produced commodities. In addition, Congress may wish to amend the Merchant Marine Act of 1936, as amended, to allow waiver of cargo preference requirements in emergencies involving national security. These amendments would enable the United States to reduce assistance costs and speed the delivery of assistance, thus better supporting U.S. foreign policy and national security objectives.

Recommendations for Executive Action

To increase the effectiveness of the agricultural assistance effort in Afghanistan, we recommend that the Secretary of State and the Administrator of the U.S. Agency for International Development work through the Consultative Group mechanism to develop a comprehensive international–Afghan operational strategy for the rehabilitation of the agricultural sector. The strategy should (1) contain measurable goals and

specific time frames and resource levels, (2) delineate responsibilities, (3) identify external factors that could significantly affect the achievement of goals, and (4) include a schedule for program evaluations that assess progress against the strategy's goals.

Agency Comments and Our Evaluation

We provided a draft of this report to WFP, Department of State, USDA, USAID, and Department of Defense and received written comments from each agency (see app. VIII, IX, X, XI, and XII respectively). We also received technical comments from USDA, the Departments of Defense and State, USAID, FAO, and the World Bank, and incorporated information as appropriate.

Department of State, USDA, and USAID all commented on our matter for congressional consideration related to amending food assistance legislation. WFP supported our suggestion that Congress consider amending the Agricultural Trade Development and Assistance Act of 1954 to allow the provision of non-U.S. commodities when such action supports U.S. national security. However, State, USDA, and USAID did not support the recommendation. Specifically, although State accepted our evidence that purchasing commodities from the United States is not the most cost-effective method of providing assistance, it believes that further study of potential variables, such as regional customs fees, taxes, and trucking costs, that may negate cost-benefit savings is needed before the act is amended. USAID stated that an amendment is not necessary because other authorities under the Foreign Assistance Act allow the provision of cash, and the proposed $200 million Famine Fund announced by the President in February 2003 would also increase the flexibility of U.S. assistance programs. USDA stated that the flexibility to quickly respond to humanitarian crises can be achieved through means, such as amending cargo shipping legislation, that would not adversely affect the provision of U.S. commodities. Specifically, USDA suggested adding a national security waiver to the U.S. regulations that govern how U.S. assistance is transported to eliminate the requirement to use U.S. flag vessels in certain circumstances.

We do not disagree that under broad disaster assistance legislation U.S. agencies may provide cash or purchase food aid commodities outside the United States. However, we maintain that amending the Agricultural Trade Development and Assistance Act of 1954 to allow the provision of cash or food commodities outside the United States will greatly improve U.S. flexibility in responding to crises that affect U.S. national security and

foreign policy interests. The act is the principal authority for providing food assistance in emergency situations. In both 2002 and 2003 over $2 billion in food assistance, the preponderant amount of this type of assistance, was dispersed under this authority. Amending the act will provide the United States with more flexibility to respond rapidly and at lower cost to events that affect U.S. national security; this is particularly important given the number and magnitude of crises requiring food assistance and decreasing surpluses of U.S. commodities. We also agree with USDA that the cargo preference requirement adds additional cost to food assistance and should be waived in specific situations, and we have adjusted the matter for congressional consideration contained in the report on this issue.

In its comments, USDA stated that the report did not provide enough evidence about the existence of surpluses in 2002 in the Central Asia region. It also stated that if the U.S. had procured greater levels of commodities with the savings accrued by purchasing regional versus U.S. -origin commodities, the additional commodities would have over burdened WFP's logistics system while generating only "marginal savings in time and money."

We have added additional information on the 7.6 million metric ton 2002 grain surplus in Kazakhstan and Pakistan. We disagree with USDA's assertions that additional regionally procured commodities would have taxed WFP's logistics system and brought only marginal gains. In December 2002, while fighting between coalition forces, the Northern Alliance, and the Taliban was still occurring, and winter weather was complicating food deliveries, WFP delivered 116,000 metric tons of food to Afghan beneficiaries, in the single largest movement of food by WFP in a 1-month period. According to WFP, its Afghanistan logistics system was capable of routinely moving more than 50,000 metric tons of food per month. Further, we disagree with USDA's statement that the potential savings in cost and time by purchasing commodities regionally are marginal. Savings from the elimination of ocean freight costs could have fed 685,000 people for 1 year, and commodities purchased regionally are delivered to beneficiaries within weeks of being purchased, compared with the 4 months that it can take for commodities purchased in the United States.

WFP, the Department of State, USDA, and USAID all agreed with the report's conclusion and recommendation pertaining to assistance coordination and the need to develop a joint international-Afghan agricultural rehabilitation strategy. WFP pointed out that although the

international assistance effort may have been aided by better coordination in 2002, the overall level of assistance might have been too small in 2002 to have any long-term impact on the agricultural sector. Although USAID agreed with our recommendation, it stated it did not want to lead the strategy development effort. We believe that USAID should take an active and aggressive role in the development of a joint international–Afghan government strategy, because the United States is the largest donor to Afghanistan, agriculture rehabilitation is the focus of USAID's assistance effort in Afghanistan, and the achievement of U.S. goals in Afghanistan is tightly linked to the rehabilitation of the country's agricultural sector. According to USAID's assistance strategy for Afghanistan, restoring food security is USAID's highest priority.

Finally, the Department of Defense focused its comments on the report's discussion of the humanitarian daily ration program. Specifically, the Department of Defense stated that (1) the report incorrectly characterized the ration program as a food assistance program, (2) informal evaluations of the program indicated that the program alleviated hunger and generated goodwill from the Afghan people toward U.S. soldiers, and (3) although the funds used to purchase rations could have been used to purchase bulk food, the bulk food could not have been delivered to remote areas. The report discusses both the food assistance and nonfood assistance aspects of the rations program, and we have added information on page 30 about the goodwill generated by the rations to the report. Finally, as discussed on page 20 of the report, bulk food could have been delivered to remote areas during the period of time (October-December 2001) when the ration program was implemented. During the month of December 2001, WFP delivered 116,000 metric tons of food to Afghanistan, a level of food assistance that exceeds any 1-month total for any emergency operation in WFP's history.

We are sending copies of this report to the Honorable Richard J. Durbin, Ranking Minority Member, Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Governmental Affairs, and to the Honorable Frank R. Wolf, Chairman, Subcommittee on Commerce, Justice, State, and the Judiciary, Committee on Appropriations, House of Representatives. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-4347. Other GAO contacts and staff acknowledgments are listed in appendix XIII.

Loren Yager, Director
International Affairs and Trade

Scope and Methodology

To examine the management, cost, and sufficiency of U.S. and international food assistance since 1999, we reviewed documents obtained from the World Food Program (WFP) and the U.S. Agency for International Development (USAID). Specifically, we reviewed program documentation for recent emergency and special operations; WFP Afghanistan Country Office quarterly and annual reports; WFP's Emergency Field Operations Manual and Food Aid in Emergencies Redbook; country office monitoring guidelines; Afghanistan area office strategies; memorandums of understanding and letters of agreement signed by WFP and United Nations (UN) agencies, nongovernmental organizations, and the Afghan government; and monitoring reports prepared by USAID staff.

In addition, we analyzed project monitoring and loss data to determine the frequency of monitoring visits, the experience and education level of monitors, and the level of commodities lost versus those delivered. We did not verify the statistical data provided by WFP. We also reviewed donor resource contribution data for recent emergency and special operations. We contacted by e-mail, or spoke with, 14 Afghan and international nongovernmental organizations[1] to obtain their views on the delivery of assistance, WFP monitoring and reporting, and overall assistance coordination issues. We interviewed WFP management and staff at WFP headquarters in Rome, Italy; at the Regional Bureau for the Mediterranean, Middle East, and Central Asia, in Cairo, Egypt; at the Country Office in Kabul, Afghanistan; and at the Area Office in Hirat, Afghanistan. We also interviewed USAID, U.S. Department of Agriculture (USDA) and U.S. Department of State staff in Washington, D.C., and Kabul; U.S. Department of Defense Staff in Washington; the International Security Afghanistan Force, UN Development Program (UNDP), and UN Assistance Mission in Afghanistan (UNAMA) staff in Kabul; and UN High Commissioner for Refugees staff in Kabul and Hirat. Finally, we visited WFP project sites and warehouses in Kabul and Hirat. The number of sites visited was limited because of constraints placed on our movement within Afghanistan by the U.S. Embassy because of security considerations.

We also examined cost data provided by USDA and USAID. The data included commodity costs; total ocean freight charges; inland freight;

[1]We contacted the Agency for Technical Cooperation and Development (ACTED), Action Contre la Faim, Afghanaid, Canadian Relief Foundation, CARE International, Focus, Goal, International Rescue Committee, Islamic Relief, Madera, Norwegian Assistance Committee, Save the Children, Solidarte, and World Vision.

internal transport, storage, and handling charges; and administrative support costs. We used the data to calculate two additional expenses, per USDA statements about the composition of costs and additional costs that are not stated on the data sheets. First, the "freight forwarder" fees represent 2.5 percent of the total cost of ocean freight. Thus, ocean freight charges were divided between freight forwarder fees (total freight minus total freight divided by 1.025) and actual freight costs (total freight minus freight forwarder fees). This was true for both USDA and USAID assistance. In the final analysis, the freight forwarder fee was included in the ocean freight cost because it is an expense that would not have been incurred if ocean shipping had not been used. Second, with each donation to WFP, USDA provides an administrative support grant at the rate of 7.5 percent of the total value of the donated commodities. We calculated these data accordingly.

We checked all USAID and USDA data for validity, where possible to the level of individual shipment. We cross-checked USAID data with USDA data. (USAID typically provided only estimated costs for commodities for the period 1999–2002. Because USDA conducts almost all commodity purchases for USAID, USAID estimates the commodity costs at the time it places its order with USDA, based on the current market cost. However, because USDA provided actual costs for USAID purchases in 1999, 2000, and 2001, the USAID commodity costs we cited for 2002 are based on USAID's estimate.) We then compared the cost of the U.S.-purchased commodities with the cost of commodities purchased in the Central Asia region to determine whether any savings could have been realized by purchasing commodities regionally versus buying U.S. commodities. Finally, using the level of rations that WFP provides to returning refugees, 12.5 kilograms per month, we calculated the amount of food assistance that the United States could have purchased and the number of people that could have received food assistance if it had purchased commodities in the Central Asia region.

Further, we examined the costs associated with the Department of Defense's Afghan humanitarian daily ration program, implemented from October 2001 through December 2001. Using the level of rations that WFP provides to returning refugees, 12.5 kilograms per month, we calculated the amount of food assistance that the United States could have purchased and the number of people that could have received food assistance if it had purchased commodities in the Central Asia region.

In addition, we reviewed relevant food assistance legislation including the Agricultural Trade Development and Assistance Act of 1954 (P.L. 83-480) to determine whether provisions in the law allowed the U.S. government to purchase commodities outside the United States or provide cash transfers to assistance agencies for the provision of commodities from sources other than U.S. suppliers.

To assess U.S. and international agricultural assistance, coordination, strategies, and funding intended to help Afghanistan maintain stability and achieve long-term food security, we reviewed documentation provided by FAO, UNDP, and UNAMA; the World Bank; the Asian Development Bank; USAID; and the Afghan Ministries of Agriculture and Animal Husbandry, and Irrigation and Water Resources. We reviewed information pertaining to past and current coordination mechanisms in the Afghan government's National Development Framework and National Development Budget. We examined the structure and content of the assistance strategies published by FAO, UNDP, UNAMA, the European Commission, the World Bank, Asian Development Bank, and USAID, and we examined the proposed funding levels contained in each strategy. Using the criteria contained in the U.S. Government Performance and Results Act, we examined the strategies to determine whether each contained the basic elements of an operational strategy articulated in the act. Further, we examined the overall assistance funding requirements contained in the January 2002 UNDP, World Bank, and Asian Development Bank *Comprehensive Needs Assessment*, which served as a guideline for international donor contributions for Afghanistan. We interpolated the funding projection data to construct annual aid flows, so that the cumulative totals were equal to those contained in the assessment. Assuming that the first year of data referred to 2002, we applied the U.S. gross domestic product deflator to convert the assumed current dollar figures into constant 2003 dollars.

Further, we examined security reports produced by the Department of Defense and the UN, as well as the UN Office on Drugs and Crime report on opium production in Afghanistan, to determine the impact of warlords and opium production on food security and political stability. In addition, we discussed U.S. and international agricultural assistance efforts and food security issues with officials from USAID in Washington and Kabul; FAO in Rome and Kabul; UNDP and the Afghan Ministries of Communication, Foreign Affairs, Interior, Rural Rehabilitation and Development, and Irrigation and Water Resources in Kabul; and the Afghan Ministry of Agriculture in Kabul and Washington.

We conducted our review from April 2002 through May 2003 in accordance with generally accepted government auditing standards.

World Food Program Projects in Afghanistan, 2002

Type of project	Description
Free food distribution	Free food is delivered to the most vulnerable populations.
Supplementary feeding	Malnourished children, pregnant and nursing mothers, and people undergoing treatment for tuberculosis and leprosy are provided with a blended mix of either milled corn and soy or wheat and soy, in addition to sugar and oil, through feeding centers, hospitals, clinics, and orphanages.
Food for work	Returning refugees, internally displaced persons, and people involved in the poppy industry, among others, reconstruct and rehabilitate irrigation canals, roads, and other infrastructure. The program provides wages in the form of food and tools.
Food for asset creation	Men and women of the community decide which families should receive food. Able-bodied households contribute their labor to construct or rehabilitate an asset, such as an irrigation canal, that benefits the entire community. Those who cannot contribute labor also receive food, and they benefit from the community asset.
Food for education and support to teachers	Food is distributed to students in school to encourage families to send their children to school. To encourage families to support the education of females, additional food is provided to female students. Food is also provided to teachers to supplement their low salaries.
Food for training	Food is provided to women who participate in informal education activities including technical skills and literacy training.
Food for seed	Food is exchanged for improved seed grown by contract farmers. The seed is then sold to other farmers.
Urban and women's bakeries	Daily rations of bread are provided to more than 250,000 people. Women operate 41 of the 100 bakeries.
Civil servant support	Approximately 270,000 civil servants were provided with pulses and oil to supplement their salaries and help the Afghan government reestablish itself.
Refugee and internally displaced person support	Food assistance is provided as part of a resettlement package to help people reestablish themselves in their home areas or chosen community.

Source: WFP.

Description of WFP Food Assistance Monitoring Mechanisms

The World Food Program uses a number of mechanisms to minimize losses and ensure that its commodities are well managed. The mechanisms include real-time automated tracking, periodic monitoring visits to project sites, required periodic reports from implementing partners, and end-of-project evaluations. The program's global automated tracking system, the Commodity Movement and Progress Analysis System, is intended to record and report all commodity movement, loss, and damage. Each WFP suboffice in Afghanistan has access to the system and employs a clerk dedicated to managing it. The system produces a number of reports, including stock, damage, and loss reports.

WFP guidelines state that monitoring and reporting are essential parts of effective project management in the field, and it is WFP's policy not to support any project that cannot be monitored. Monitoring activities are intended to assess the status of projects by comparing the actual implementation of activities to the project's work plan. The responsibility for monitoring projects rests with the program's country office in Kabul and five Afghan suboffices located in other cities. Each office employs between 6 and 24 local Afghan project monitors,[1] and WFP has 22 program staff in Afghanistan who also monitor projects, in addition to their other duties. WFP's Afghan country office has developed monitoring guidelines for its monitors and monitoring checklists for each type of activity (e.g., food-for-work, food-for-seed, food-for-asset-creation, food-for-education).

According to WFP, monitoring visits include an examination of project inputs, current operations, outputs, and immediate effects. Specific monitoring activities include an examination of food stocks held by implementing partners. The monitors spot-check the weight of randomly selected bags in storage and compare the total stock held with WFP stock balance reports. The monitors also survey local markets to determine whether any WFP food is being resold rather than used by beneficiaries. Projects are monitored on a periodic basis. WFP tries to visit each project when it starts, during its implementation, and when it is completed. The WFP data that we examined indicated that, on average, 2.4 monitoring visits were conducted on all projects implemented between April 2002 and November 2002 in Afghanistan.

[1]WFP employs a total of 78 local monitors with an average of 3 years of WFP experience. Approximately 90 percent of these monitors have a college degree. In addition to the monitors, implementing partners make monitoring visits in areas where WFP staff cannot travel owing to security concerns.

In addition to requiring the project monitoring visits, WFP requires its implementing partners to report on the status of projects on a monthly basis. WFP project proposals and the letters of agreement signed by WFP and its implementing partners stipulate that monthly and end-of-project reports must be submitted to WFP. The end-of-project reports include an assessment of the achievement of project objectives and a breakdown of budget expenditures.

Donor Contributions to World Food Program Emergency Operation 10155 as of May 12, 2003

Donor	U.S. dollars	Percentage of total	Tons	Percentage of total
Total (appeal)	**287,943,598**	**100.00%**	**550,171**	**100.00%**
Australia	4,087,975	1.42%	9,567	1.74%
Belgium	985,222	0.34%	2,847	0.52%
Canada	1,610,097	0.56%	4,662	0.85%
Denmark	3,199,194	1.11%	6,648	1.21%
EC—EuropeAid	21,897,321	7.60%	63,834	11.60%
Faroe Islands	329,412	0.11%	897	0.16%
Finland	437,445	0.15%	1,303	0.24%
Germany	1,985,560	0.69%	6,497	1.18%
India	7,444,108	2.59%	9,526	1.73%
Ireland	469,484	0.16%	1,512	0.27%
Italy	8,127,321	2.82%	16,091	2.92%
Japan—private	442,881	0.15%	1,320	0.24%
Japan	17,818,002	6.19%	45,436	8.26%
Korea, Republic of	40,000	0.01%	109	0.02%
Luxembourg	490,678	0.17%	1,466	0.27%
Netherlands	4,374,453	1.52%	13,288	2.42%
Norway	1,262,626	0.44%	3,809	0.69%
Private	37,582	0.01%	61	0.01%
Switzerland	4,039,157	1.40%	8,918	1.62%
United Kingdom	5,633,701	1.96%	12,547	2.28%
United Nations	185,000	0.06%	TBD	
United States	156,385,885	54.31%	309,770	56.30%
U.S. friends of WFP	172,020	0.06%	195	0.04%
Multilateral funds	832,005	0.29%	1,035	0.19%
Total (received)	**242,287,129**	**84.14%**	**521,338**	**94.76%**
Shortfall	45,656,469	15.86%	28,833	5.24%

Legend

EC = European Community

WFP = World Food Program

TBD = to be determined

Source: WFP.

Cost Data for U.S. Food Assistance to Afghanistan Provided to the UN World Food Program, Fiscal Years 1999–2002

	Commodity cost	Ocean freight	Inland freight	ITSH freight	Administrative and miscellaneous	Total cost
1999	$15,069,555	$10,521,204	$815,200	$756,800	$1,016,705	**$28,179,464**
	53.48%	37.34%	2.89%	2.69%	3.61%	
2000	$18,282,825	$12,234,100	$2,905,600	$3,874,400	$1,131,903	**$38,428,828**
	47.58%	31.84%	7.56%	10.08%	2.95%	
2001	$46,866,434	$20,639,750	$3,313,900	$8,738,300	$3,294,616	**$82,853,000**
	56.57%	24.91%	4.00%	10.55%	3.98%	
2002	$75,770,144	$34,920,586	$25,987,600	$39,896,400	$1,494,056	**$178,068,786**
	42.55%	19.61%	14.59%	22.40%	0.84%	
Total	**$155,988,958**	**$78,315,640**	**$33,022,300**	**$53,265,900**	**$6,937,280**	**$327,530,078**
Annual average percentage	50.04%	28.43%	7.26%	11.43%	2.85%	**100%**
Percentage of total	47.63%	23.91%	10.08%	16.26%	2.12%	**100%**

Legend

ITSH = Internal Transport, Storage, and Handling

Sources: GAO analysis of U.S. Department of Agriculture and U.S. Agency for International Development data.

International Donor Assistance Coordination Mechanisms in Afghanistan

Between 1998 and 2003, as circumstances in Afghanistan changed, the coordination processes utilized by the international community and the Afghan government evolved (see table 3 and figure 11). Beginning in 1998, the international community employed a strategy of Principled Common Programming among United Nations agency, nongovernmental, and bilateral donor programs. The international community's aim was to establish priorities and projects based on agreed upon goals and principles that would form the UN's annual consolidated appeal for assistance. To implement Principled Common Programming, a number of coordination mechanisms were established, including the Afghan Programming Body. The programming body consisted of the Afghan Support Group, 15 UN Representatives, and 15 nongovernmental organizations and was responsible for making policy recommendations on issues of common concern, supporting the UN's annual consolidated appeal for donor assistance, and promoting coordination of assistance efforts.[1] The Taliban government had no role in the programming body. The programming body was supported by a secretariat; working level operations were conducted by a standing committee and thematic groups responsible for analyzing needs, developing strategies and policies, and setting assistance priorities within their thematic areas (e.g., the provision of basic social services). The Afghan Programming Body and its standing committee were incorporated into the Implementation Group/Program Group process established in 2002. Table 3 describes the Afghan assistance coordination mechanisms in place in 2002.

[1]In 1988 the Agency Coordinating Body for Afghanistan Relief was established to coordinate the efforts of national and international nongovernmental organizations conducting work in Afghanistan. The agency's membership included 68 Afghan and international nongovernmental organizations. The Afghan Support Group formed in 1997 was a donor coordination group composed of 16 donor nations.

Table 3: Major Assistance Coordination Mechanisms in Afghanistan in 2002

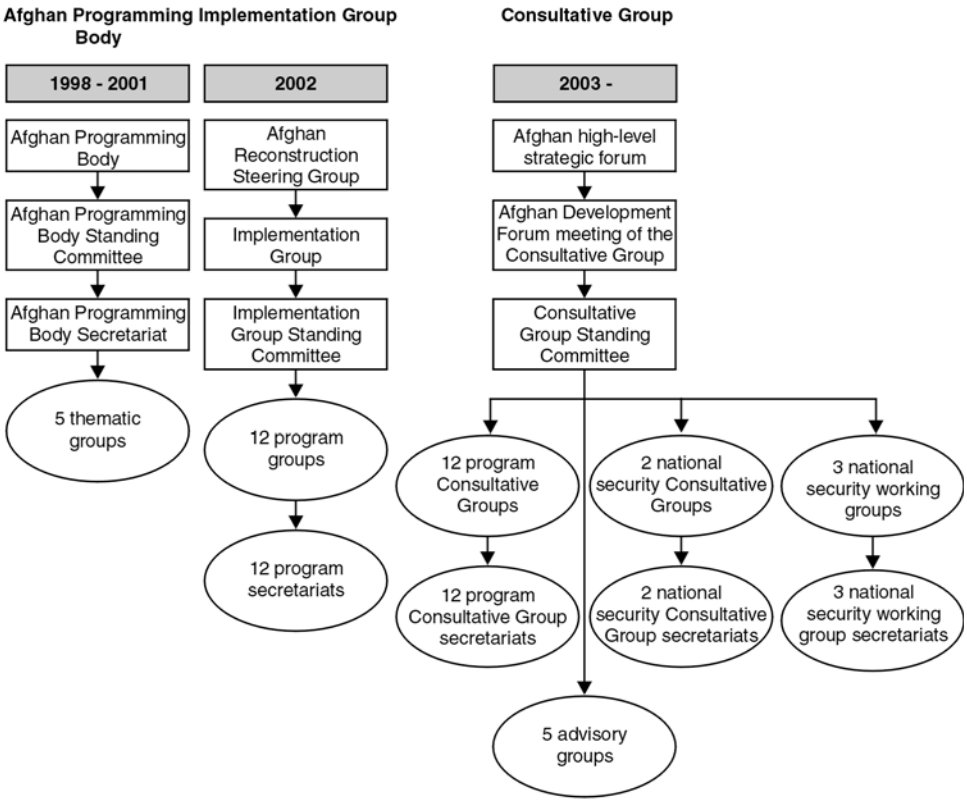
Organization/ *suborganization*	Responsibility	Members	Date of formation/ comment
Afghanistan Reconstruction Steering Group	Coordinate and mobilize international reconstruction funds.	More than 60 countries, the European Union, the members of the G-8,[a] the United Nations (UN), and the World Bank. Cochaired by the United States, the European Union, Japan, and Saudi Arabia.	November 2001 Replaced by the Consultative Group (December 2002) and Afghanistan High-level Strategic Forum (March 2003).
Implementation Group	Implement the strategy and policy of the Afghan Reconstruction Steering Group by facilitating coordination among the Afghan government, bilateral, multilateral, and nongovernmental organizations implementing projects in Afghanistan.	The Afghan government, World Bank, UN Development Program, Asian Development Bank, Islamic Development Bank, and the Afghan Support Group[b]	January 2002 Transformed into Consultative Group (December 2002).
Implementation Standing Committee	*Local working level coordination*	*Afghan Assistance Coordinating Authority, UN Assistance Mission in Afghanistan, donor governments, international financial institutions, nongovernmental organizations*	*April 2002* *Transformed into the Consultative Group Standing Committee (December 2002)*
Program Groups/ Program Secretariats	*Further develop the 12 programs outlined in the Afghan government's National Development Framework. A lead ministry guides each program group. Technical support is provided by a program secretariat led by a UN, multilateral, or nongovernmental organization.*	*Afghan government and UN, bilateral, multilateral, and nongovernmental organizations*	*April 2002* *The Consultative Groups replaced the existing Program Groups, and the Program Secretariats were replaced by the Consultative Groups' Focal Points in December 2002.*
Afghan Assistance Coordination Authority (Afghan government agency)	Coordinate the flow of international assistance in Afghanistan.	Afghan government	February 2002
UN Assistance Mission in Afghanistan	Coordinate all UN programs in Afghanistan.	All UN agencies working in Afghanistan	March 2002
Regional/ Provincial Coordination Bodies	*UN aid coordination organizations in major regions of Afghanistan/UN aid coordination organizations at the provincial level in Afghanistan*	*All UN agencies working in Afghanistan*	*Late 1990s/May 2002* *In 2002, the Afghan government asked that the bodies realign along provincial lines.*

Sources: UN and Afghanistan Research and Evaluation Unit.

[a]The G-8 is comprised of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States.

[b]The Afghan Support Group was founded in 1997 by the 16 largest donor nations providing assistance to Afghanistan and the European Union. In January 2003, the group was dissolved and the Afghan government assumed responsibility for assistance coordination.

Figure 11: Organizations Responsible for Coordinating International Assistance in Afghanistan, 1998–2003



Source: GAO analysis of UN and Afghan government information.

In December 2002, the Afghan government instituted the Consultative Group coordination process in Afghanistan. The process evolved out of the previous Implementation/Program group processes. (Table 4 compares the two processes.) The Consultative Group process retains the same basic hierarchical structure that was established under the Implementation Group process.[2] For example, the new process includes 12 groups, each

[2]Terms of reference prepared by the lead ministry and presented to the group members for further discussion and agreement will outline both specific and general responsibilities of group members as well as set clear benchmarks for preparing and implementing national programs. The terms of reference will also specify clear submission deadlines for the national budget and programs and address reporting, including monthly updates of indicators of progress in the program area and monitoring of benchmarks.

lead by an Afghan government minister, organized around the 12 programs contained in the Afghan government's National Development Framework. In addition to the 12 groups, 2 consultative groups covering national security programs (i.e., the national army and police); and 3 national working groups on disarmament, demobilization, and reintegration; counternarcotics; and demining were established. Further, 5 advisory groups were also established to ensure that cross-cutting issues, such as human rights, are mainstreamed effectively in the work of the 12 consultative groups and reflected in the policy framework and budget.

Each consultative group will assist in policy management, as well as monitoring the implementation of activities envisaged under the Afghan government's national budget. The groups will assist in preparing the budget, provide a forum for general policy dialogue, monitor the implementation of the budget, report on indicators of progress for each development program, and elaborate detailed national programs. The groups, with assistance from the standing committee, will also focus on monitoring performance against benchmarks established by each group. Each lead ministry will select a focal point, or secretariat, organization from among donors and UN agencies. Each year, in March, the Afghanistan Development Forum, or national consultative group meeting, will be held to discuss the budget for the next fiscal year, review national priorities, and assess progress. At that time, the consultative groups will report to the Consultative Group Standing Committee.

Table 4: Comparison of Implementation Group and Consultative Group Processes

	Implementation Group	Consultative Group
Structure		
Based on Afghan National Development Framework	Yes	Yes
Hierarchy	• Afghanistan Reconstruction Steering Group • Implementation Group • Implementation Group Standing Committee • 12 Program groups • Additional subgroups • 1 Lead ministry per program group • 12 Program group secretariats led by a donor agency	• Afghanistan high-level Strategic Forum • National Consultative Group/Afghanistan Development forum • Consultative Group Standing committees • 12 Program Consultative Groups • 1 Lead ministry per program group • 12 Program group secretariats led by a donor agency • 2 National Security Consultative Groups • 3 working groups • 5 advisory groups
Leadership	Afghan ministry leads each group.	Afghan ministry leads each group.
Membership	Ministries, UN agencies, development banks, donor agencies/governments, and NGOs	Ministries, UN agencies, development banks, donor agencies/governments, and NGOs
Stated goals		
Assist in budget preparation	Yes	Yes
Monitor performance of programs and subprograms	Yes	Yes
Promote better coordination between all parties	Yes	Yes
Formulate policy	Not stated	Yes
Develop projects/programs	Yes	Yes
Prepare annual development plan	Yes	Not stated
Set program benchmarks/targets	Yes	Yes

Sources: GAO analysis of UN and Afghan government data.

Major Donors' Pledges and Contributions as of December 31, 2002 (as reported by the U.S. Department of State)

Dollars in millions

Country	Tokyo conference pledge[a]	Additional pledges	Total disbursed for 2002	Time frame
Canada	62.8		31.3	15 months
France	24		32	Unspecified
Germany	285	43	112	4 years
Italy	43		43.9	1 year
Japan	500		282	2.5 years
United Kingdom	288	55	77.5	5 years
United States	297		600	Unspecified
Russia[b]			30	Unspecified
Austria	11.6	2.4	10.7	1 year
Belgium	30.7		11.5	Unspecified
Denmark	59	16.5	31.9	Unspecified
Finland	28	10	12.1	4 years
Greece	4.5	1	1.7	
Ireland	12.3		9.8	4 years
Luxembourg	4.5	.1	3.6	2.5 years
Netherlands	63	5	78.9	2.5 years
Norway	46.6	10	47	2.5 years
Portugal		.8		Unspecified
Spain	104	6.4	77	Unspecified
Sweden	90		31	4 years
Switzerland	20		6.7	Unspecified
European Commission	864	78.4	133	5 years
Bahrain				
Kuwait	30		5	Unspecified
Oman				
Qatar			.1	Unspecified
Saudi Arabia	220		72.5	4 years
United Arab Emirates	36	80	69.8	Unspecified
Iran	560		32.7	6 years
Australia	8.8	14.6	19	1 year
South Korea	45		5	2.5 years
Republic of China (Taiwan)	29			3 years

(Continued From Previous Page)

Dollars in millions

Country	Tokyo conference pledge[a]	Additional pledges	Total disbursed for 2002	Time frame
Turkey	5	1.8	2.9	5 years
China	1	150	30	Unspecified
India	100		31.7	One year
Pakistan	100		17.7	Unspecified
Total	**3,972.8**	**475**	**1,949.95**	

Source: Department of State.

[a]Pledges and disbursements do not include those of the World Bank, Asian Development Bank, and other international nongovernmental organizations.

[b]Russia did not pledge at Tokyo – Russian assistance has been primarily in-kind donations.

Comments from the World Food Program

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

World Food Programme

Programa Mundial de Alimentos

Programme Alimentaire Mondial

برنامج الأغذية العالمي

The Executive Director

2 June 2003

Mr. Loren Yager
Director
International Affairs and Trade Attachment
GAO
USA

Dear Mr. Yager,

I would like to express my appreciation to the GAO for the opportunity to review and provide comments on its study, Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability. I appreciate and welcome the focused and comprehensive approach taken by the GAO and value the critical and constructive observations.

While recognizing the need of donor countries to comply with legislative mandates and processes, the US obligation to procure commodities produced in the US indeed slowed deliveries of food aid at a critical time. The recommendation to consider amending the Agriculture Trade Development and Assistance Act to allow the purchase of commodities outside the United States under certain circumstances would enable faster and greater flexibility in responding to emergency situations, such as the one in Afghanistan.

The report rightly notes that the assistance coordination was weak in 2002. Coordination proved to be one of the most challenging aspects of operating in Afghanistan at the time. The transitional period, marked by the absence of formal government policies and strategies, complicated and impeded effective and efficient coordination. In the course of the year, however, and with increased guidance from the transitional government, great improvements have been noted.

See comment 1.

Better coordination could have had a positive impact in giving strategic focus to the efforts to rehabilitate the agricultural infrastructure. However, overall assistance to Afghanistan may not have been sufficient and consistent to make that possible in 2002.

Enhanced and continued assistance for the recovery of Afghanistan will be essential to ensure political stability and food security.

./..

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Italy

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WFP

I would like to express again our appreciation to the GAO for their efforts over the past eight months to better understand the impact, management and support of food and agricultural assistance to Afghanistan and factors influencing achieving food security and political stability.

The World Food Programme looks forward to working together with the United States Government and all our other partners in defining and implementing a sustainable strategy leading to food security and recovery of livelihoods.

Sincerely,

James T. Morris

The following are GAO's comments on the letter from the United Nations World Food Program dated June 2, 2003.

GAO Comments

1. Although changes in the coordination mechanism utilized in Afghanistan were introduced in 2003, the Afghan government and the international community still lack a common, jointly developed strategy for rehabilitating the agricultural sector. We believe that such a strategy, including measurable goals and a means to evaluate progress toward achieving the goals, is needed to focus limited resources and hold the international community accountable for the assistance it delivers.

Comments from the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

United States Department of State

Washington, D.C. 20520

JUN 3

Dear Ms. Westin:

We appreciate the opportunity to review your draft report, "FOREIGN ASSISTANCE: Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability," GAO-03-607, GAO Job Code 320108.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Patricia Haslach, Bureau of South Asian Affairs, Office of Afghanistan Reconstruction at (202) 647-5493.

Sincerely,

Christopher B. Burnham
Assistant Secretary for
Resource Management and
Chief Financial Officer

Enclosure:

As stated.

cc: GAO/IAT - Loren Yager
State/OIG - Luther Atkins
State/SA - Christina Rocca
State/H - Paul Kelly

Ms. Susan S. Westin,
Managing Director,
International Affairs and Trade,
U.S. General Accounting Office.

Department of State Comments
for GAO Draft Report

Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability
(GAO-03-607)

The Department has reviewed the draft report regarding the impact and management of food and agricultural assistance to Afghanistan, as well as its evaluation of obstacles to achieving food security and political stability.

The Department supports in principle the idea of a joint international-Afghan government effort, within the Consultative Group framework, to develop an overall operational agricultural sector rehabilitation strategy that addresses and emphasizes the agricultural and food assistance priorities of the Afghan Government. Such an approach, with quantifiable goals, clearly delineated roles and responsibilities, and inherent mechanisms for monitoring and evaluation will increase transparency and provide benchmarks against which the success or failure of subsequent efforts can be measured. This approach is also consistent with the Department's objective to encourage sustainable, Afghan-led efforts as a means to an end.

Regarding the draft report's second recommendation that Congress consider amending the Agriculture Trade Development and Assistance Act of 1954, the Department believes that further study is needed. The draft offers significant evidence that the purchase and shipment of commodities from the US is not necessarily the most cost-effective method of providing food assistance to Afghanistan. However, the recommended alternative approach -- the purchase of commodities locally (either directly or by contributing in-kind cash to WFP) -- is not well supported by statistical evidence and also overlooks potential variables that may in fact negate the perceived cost-benefit savings. Regional customs fees, taxes, trucking costs and conditions, corruption, and security vulnerabilities are all elements that require assessment prior to asking Congress to consider making a legislative amendment.

See comment 1.

The following are GAO's comments on the letter from the Department of State dated June 3, 2003.

GAO Comments

1. The U.S. Agency for International Development (USAID) currently purchases limited amounts of regional food commodities in an effort to respond quickly to humanitarian emergencies. Commodities purchased in the United States by U.S. agencies must travel the same logistics networks as commodities purchased regionally. For example, U.S. commodities destined for Afghanistan in 2002 were shipped from the United States to the Pakistani port at Karachi and moved to their final destination via roads in Pakistan and Afghanistan. Commodities purchased in Pakistan followed the same transit routes. Hence, the overland shipping costs, such as for trucking, were the same for U.S. origin commodities and Pakistani commodities. Further, regional cash purchases of food would be made by U.S. government officials or World Food Program (WFP) officials, the same officials that currently handle hundreds of millions of dollars in assistance funds and millions of metric tons of commodities; we are not suggesting that cash be provided to local governments. Any purchases would be subject to U.S. and UN accountability procedures, as such purchases are currently; increasing the amount of commodities purchased locally would not by itself create an opportunity for corruption.

Comments from the United States Agency for International Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

JUN 6 2003

Mr. Loren Yager
Director, International Affairs and Trade
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Yager:

I am pleased to provide the U.S. Agency for International Development's (USAID's) formal response on the draft GAO report entitled, "FOREIGN ASSISTANCE: Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability" (June 2003).

See comment 1.

USAID agrees generally with the merits of developing a comprehensive international-Afghan operational strategy for the rehabilitation of the agricultural sector, as recommended by the GAO. Within the context of the established Consultative Group mechanism, the leadership for such a strategy should be provided by the FAO and the Ministry of Agriculture and Livestock. USAID will welcome an opportunity to collaborate to the fullest.

See comment 2.

It is important, however, to recognize the context in which USAID and other donors have been working to rehabilitate and promote the agricultural sector's development since the Taliban were removed from power in late 2001. Following over two decades of turmoil and natural disasters, including a severe drought from 1999 - 2001, agricultural resources had been decimated and the national government severely weakened. In such circumstances, mounting a broad-based strategy with substantive involvement by the national government was unrealistic. Nevertheless, USAID succeeded in developing a substantial agricultural program, in consultation with other key donors operating in the sector, and with the strong, formal endorsement of the Ministry of Agriculture

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and Livestock, in a concerted effort to jump-start the sector's recovery. This $150 million program, spanning a three year period, encompasses essential elements of a broader sector strategy, including the injection of cash resources for productive activities through financial intermediaries and the reconstruction of rural infrastructure, all within the context of promoting agricultural input and output markets. It should also be noted that USAID has provided substantial resources in the form of food aid, grants and technical assistance which have contributed, along with improved levels of precipitation, to the significantly higher crop production yields registered in 2002 and projected for 2003.

See comment 3.

While acknowledging that a comprehensive agricultural strategy, acceptable to all key stakeholders, would assist in rehabilitating and developing the country's principal economic sector, USAID believes that other factors are far more significant in threatening Afghanistan's security and political stability, in particular: (1) the concerted attacks in many regions of the country by Taliban forces on both Afghan nationals and international staff engaged in humanitarian and development assistance, and (2) the continuing presence of warlords exercising fiscal and military control throughout most of Afghanistan outside of Kabul. Although these factors are noted throughout your report, the title of the report suggests agricultural sector difficulties are the causal link to Afghanistan's instability. We would, therefore, request the GAO to revise the report's title.

See comment 4.

With reference to the GAO's recommendation that the Agricultural Trade Development and Assistance Act of 1954 (P.L. 83-480) be amended to enable the provision of cash and the purchase of commodities outside the United States, as necessary, to meet emergencies, USAID believes that other authorities adequately address this concern. Under the broad disaster assistance authorities in the Foreign Assistance Act (FAA), USAID already has the authority to undertake the kind of interventions envisioned by the GAO. The State Department's Bureau of Population, Refugees, and Migration has comparable authorities and also has a history of making flexible cash grants to WFP for food purchases. Just recently, USAID drew upon such authority to provide the UN's World Food Program with cash resources to procure food locally in helping to address Iraq's substantial food aid requirements. In the case of Afghanistan, USAID used

2

such authority to provide cash grants for local food procurement. Moreover, in the FY 2004 Budget Justification to the Congress, USAID has proposed the establishment of a Famine Fund, with an initial allocation of $200,000,000. Again, drawing upon the broad disaster assistance authorities within the FAA, this Fund would provide additional flexibility in combating famine and allowing USAID to leverage other donor resources in averting or reducing the incidence of famine. USAID envisions drawing resources from this account for cash interventions (e.g., cash grants, cash for work, and cash for seed), regional food purchases, market preservation activities, and livelihood preservation activities to maintain community cohesion and household assets (e.g., livestock).

Enclosed at Annex A are additional technical comments for your consideration.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,

John Marshall
Assistant Administrator
Bureau for Management

Enclosure: a/s

3

The following are GAO's comments on the letter from the United States Agency for International Development dated June 6, 2003.

GAO Comments

1. We believe that the U.S. Agency for International Development (USAID) should take an active and aggressive role in the cooperative development of a joint international–Afghan government strategy because the United States is the largest donor to Afghanistan, agricultural rehabilitation is the cornerstone of USAID's efforts in Afghanistan, and the success of U.S. policy goals in Afghanistan is tightly linked to the rehabilitation of the agricultural sector. According to USAID's assistance strategy for Afghanistan, restoring food security is USAID's highest priority. Consequently, agriculture assistance is one of USAID's main strategic objectives in Afghanistan. Further, according to USAID's Afghan assistance strategy documents, USAID's overall assistance program is based on several critical assumptions about conditions in Afghanistan, one condition being that agricultural conditions do not deteriorate further. The document states that if these conditions do not prevail, USAID may not achieve its goals. We also recognize the importance of the Food and Agriculture Organization's (FAO's) involvement in the cooperative strategy development effort. However, donor support for FAO's Afghanistan program has been limited.

2. We agree that developing a broad-based agricultural rehabilitation strategy would have been difficult in early 2002, given the nascent nature of the Afghan government and the assistance coordination mechanism then in use. However, the government has been in place since June 2002, and the Consultative Group coordination mechanism was introduced in December 2002. Hence, we believe that the conditions now exist for the development of such a strategy. In addition, we have discussed the development of a joint Afghan–international community agriculture rehabilitation strategy with the Afghan Minister of Agriculture and FAO. Both support the idea and welcome the opportunity to develop such a strategy.

3. No change to the title of the report is necessary. As stated in the report, agriculture is of central importance to Afghanistan's economy and the livelihood of 85 percent of its citizens. Further, the link between food security and political stability is recognized by the international community not only in Afghanistan but also in other areas such as southern Africa. In addition, as stated above, USAID's assistance

strategy recognizes the importance of agriculture sector rehabilitation to the achievement of the U.S. policy goals in Afghanistan, including a politically stable state that is not a harbor for terrorists.

4. We agree that other authorities allow USAID to provide cash or purchase assistance commodities outside the United States. However, we believe that amending the Agricultural Trade Development and Assistance Act of 1954 to allow the provision of cash or food commodities outside the United States will greatly improve U.S. flexibility in responding to crises affecting U.S. national security and foreign policy interests. The act is the principal authority for providing food assistance in emergency and nonemergency situations. Amending the act will provide a permanent provision in this authority allowing the United States to respond rapidly and in a cost-effective manner to events that affect U.S. national security.

   USAID cites the recently proposed $200 million Famine Fund as providing the flexibility that the United States needs to address humanitarian crises. However, the fund proposal indicates that the fund will target dire unforeseen circumstances related to famine; thus, the fund does not appear to be designed to respond to nonfamine crises involving large amounts of food aid or national security. The fund amounts to less than 10 percent of the $2.2 billion and $2.6 billion appropriated for U.S. food aid in 2002 and 2003, respectively, a period marked by an increasing number of humanitarian food crises—for example, in Afghanistan, southern Africa, and North Korea—that did not entail famine but that did, in some cases, affect U.S. national security. The Famine Fund is inadequate to respond to the increasing number and size of such crises. Meanwhile, the availability of commodities in the United States for food assistance has declined in 2003. Therefore, the need to procure commodities overseas in close proximity to affected countries has become more critical while also being more cost effective.

Comments from the Department of Agriculture

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

United States Department of Agriculture

Farm and Foreign Agricultural Services

Foreign Agricultural Service

1400 Independence Ave, SW
Room 5071-S
Stop 1001
Washington, DC 20250-1001

JUN 10 2003

Mr. Loren Yager
Director, International Affairs and Trade
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Yager:

The U.S. Department of Agriculture (USDA) would like to thank the General Accounting Office for the opportunity to comment on draft report #GAO-03-607 entitled "FOREIGN ASSISTANCE: Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability." USDA is pleased to provide its comments.

See comment 1.

USDA does not support GAO's recommendation to amend the Agricultural Trade Development and Assistance Act of 1954 (P.L. 83-480) to permit the purchase of non-U.S. commodities in emergencies. USDA believes that additional flexibility to quickly respond to humanitarian crises can be achieved through other means that will not adversely impact upon the provision of U.S. commodities under P.L. 83-480.

See comment 2.

GAO should emphasize that the high cost of ocean freight for food aid is due to the cargo preference requirements for food aid shipments.[1] USDA estimates that nearly half of the cost of ocean freight and commissions can be attributed to the cargo preference requirements. USDA determined that in aggregate, for both bulk and packaged commodities to all countries, the cost of U.S. cargo preference requirements adds approximately 9 percent to the total program cost (commodity and freight). GAO estimated that total freight and commissions represented 19.6 percent of the total cost of providing U.S. commodities to Afghanistan. GAO has, in prior reports, emphasized that U.S. cargo preference adds significantly to the cost of the food aid programs.[2] A more appropriate recommendation would be to review the application of U.S. cargo preference requirements so that costs of compliance may be funded separately from food aid

[1] The Merchant Marine Act, 1936 (P.L. 74-835), as amended by the Cargo Preference Act of 1954 (P.L. 83-664), generally requires that at least 50 percent of any U.S. government-controlled cargo shipped by sea be carried on privately owned U.S.-flag vessels. In 1985, the Merchant Marine Act, 1936 was amended to require that 75 percent of certain foreign food aid be shipped on privately owned U.S.-flag vessels.

[2] GAO-02-801T, Food Aid: Experience of U.S. Programs Suggests Opportunities for Improvement, June 4, 2002; GAO/RCED-95-34, Cargo Preference Laws, November 30, 1994; and GAO/GGD-94-215, Cargo Preference Requirements: Objectives Not Significantly Advanced When Used in U.S. Food Aid Programs, September 29, 1994.

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budgets or that cargo preference requirements can be waived in specific emergency food aid situations, a recommendation that GAO has made previously.[3]

See comment 3.

GAO's conclusions that food aid commodities were readily available regionally at lower costs and on a timely basis are not supported by specific information. GAO estimated that an additional 103,000 metric tons of commodities could have been purchased within the region if the cost of ocean freight from the United States to Afghanistan had been eliminated. GAO does not indicate what commodities were available regionally in sufficient quantity to be delivered to Afghanistan at reasonable costs. GAO assumes additional commodities were available because the World Food Program (WFP) purchased a considerable supply of wheat in Pakistan and Kazakhstan for Afghanistan (157,628 metric tons in 2002). However, GAO provides little information on the delivered costs and the elapsed time for delivery of this wheat.

See comment 4.

As would be expected following the war, and given the difficult terrain and harsh weather conditions in Afghanistan, WFP incurred considerable logistical problems with the transportation of regionally supplied wheat. For example, commercial trucking was not available at times, truckers dramatically increased freight costs, WFP had to purchase trucks to locally distribute food, and roads were closed by snow and run-off. WFP even undertook road maintenance work to keep transportation routes open. We do not believe that placing an additional burden on the limited logistical resources in the region to achieve marginal savings in time and costs is a viable option.

See comment 5.

GAO provides neither an evaluation of the transportation routes and infrastructure to deliver regionally supplied commodities nor any estimates of the time required for regionally supplied commodities to arrive at destination. Further, it is doubtful that consumer-ready commodities such as flour, corn/soy blend, high-energy biscuits or other processed commodities could be obtained in sufficient supplies on a regional basis. USDA is concerned that control over quality and nutritional value could be lost when commodities are purchased regionally. Additionally, GAO does not indicate how such regional purchases would demonstrate to the recipient that the food aid is a gift from the American people.

See comment 6.

In Afghanistan, WFP and the U.S. Agency for International Development (USAID) accepted the need to acquire some commodities regionally in the first two to three months of the crisis. After that, it was or has been simply a matter of providing the appropriate commodities and assuring delivery with the fewest logistical problems. With good planning, the efficient U.S. grain infrastructure system should be able to respond to ongoing demands for food aid.

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[3] GAO/NSIAD-93-168, Food Aid: Management Improvements Are Needed to Achieve Program Objectives, July 23, 1993 and GAO/NSIAD-95-74, Foreign Aid: Actions Taken to Improve Food Aid Management, March 23, 1995.

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The U.S. Government assisted WFP in making regional purchases of commodities for Afghanistan under USAID and Department of State authorities. As acknowledged by GAO, the proposed $200 million Famine Fund would permit an additional means to purchase food aid commodities in foreign countries. Given the existing and proposed authorities to fund regional purchases with cash, USDA questions why it would be necessary to amend the P.L. 83-480 statute to also permit this option.

See comment 1.

Regarding the reconstruction of Afghan agriculture, GAO recommends that USAID try to ensure that meaningful coordination and oversight of aid to Afghan agriculture be established by the Afghan government. This recommendation is consistent with a major conclusion of the May 29, 2002, Economic Research Service, USDA, workshop titled, "Agricultural Reconstruction in Afghanistan—Issues, Challenges, Strategies," which saw the danger of many uncoordinated aid efforts failing to achieve comprehensive rehabilitation of Afghan production and marketing. However, it should also be noted that USAID and other donors faced numerous challenges that significantly complicated their efforts to fully engage the Afghan government as a partner in their developmental activities.

See comment 7.

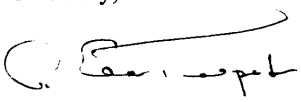
We believe that the comment in the second sentence in the cover letter to Senator Richard Durbin and Representative Frank Wolf that "the food and agricultural sector has been almost totally destroyed" is an overstatement. Significant agricultural capacity remains in Afghanistan, even after, as the report later states, crop and livestock production was cut by 40-60 percent in the period of drought and warfare.

See comment 8.

Finally, specific technical comments on the draft report are contained in Attachment A for your review and consideration.

In closing, I again want to thank you for allowing us to comment on this draft report. Please let us know if you would like to discuss our comments further.

Sincerely,



A. Ellen Terpstra
Administrator

Attachment

The following are GAO's comments on the letter from the Department of Agriculture dated June 10, 2003.

GAO Comments

1. Although other legislation allows for the provision of cash or assistance commodities from non-U.S. sources, we believe that amending the Agricultural Trade Development and Assistance Act of 1954 to allow the provision of cash or food commodities outside the United States will greatly improve U.S. flexibility in responding to crises that affect U.S. national security interests. The act is the principal authority for providing food assistance in emergency and nonemergency situations. Amending the act will provide a permanent provision in this authority allowing the United States to respond rapidly and in a cost effective manner to events that affect U.S. national security.

   In addition, although the proposed $200 million Famine Fund may provide some additional flexibility for responding to humanitarian crises, the fund proposal indicates that the fund will target dire unforeseen circumstances related to famine. Thus, the fund does not appear to be designed to respond to nonfamine crises involving large amounts of food aid or national security. The fund amounts to less than 10 percent of the $2.2 billion and $2.6 billion appropriated for U.S. food aid in 2002 and 2003, respectively, a period marked by an increasing number of humanitarian food crises—for example, in Afghanistan, southern Africa, and North Korea—that did not entail famine but that did, in some cases, affect U.S. national security.

2. We agree with the U.S. Department of Agriculture (USDA) that the cargo preference requirement adds additional cost to food assistance and should be waived in specific situations, and we have adjusted the matter for congressional consideration to reflect this. As stated in the report, 19.6 percent of total food assistance costs in fiscal year 2002 were for ocean freight. These costs were incurred because of the requirement that assistance commodities must be purchased in the United States, and 75 percent of the purchased commodities by weight must be shipped on U.S.-flagged carriers. In previous reports, we analyzed the costs of cargo preference requirements on food assistance and demonstrated the negative impact of these costs on U.S. food aid programs.

3. Additional information has been added to the report describing the commodity surpluses available in the region in 2002. For example, in 2002, Kazakhstan harvested 16 million metric tons of wheat, a record harvest for that nation. Approximately 6 million metric tons of the 2002 harvest was available for export. Similarly, Pakistan exported approximately 1.6 million metric tons of wheat in 2002. Consequently, these countries had nearly 7.6 million metric tons available for export, 20 times the requirement for World Food Program's (WFP's) 2002 emergency operation or 68 times the amount that WFP purchased from these two countries in 2002.

4. All of the obstacles cited by USDA, including road closures due to snow, were concerns for WFP in 2002. We describe many of these obstacles in the report and also demonstrate that WFP was able to overcome the obstacles. The same transportation routes were used to move both regionally procured commodities and U.S. origin commodities. As noted in the report, in December 2002, while fighting between coalition forces, the Northern Alliance, and the Taliban was still occurring and winter weather was complicating food deliveries, WFP delivered 116,000 metric tons of food to Afghan beneficiaries, in the single largest movement of food by WFP anywhere in a 1-month period. Further, according to WFP, its Afghanistan logistics system was capable of routinely moving over 50,000 metric tons of food per month. Consequently, adding 103,000 metric tons or 8,600 metric tons per month to the total food moved over the course of 2002 would not have overburdened WFP's logistics system. Further, the cost and time saved by purchasing commodities regionally are not marginal. As indicated in the report, purchasing commodities regionally could have substantially reduced the delivery time and the increased level of purchased commodities could have fed 685,000 people for 1 year.

5. Although all commodities may not be available regionally in all cases, in 2002, Afghanistan's greatest need was wheat, which constituted the bulk of the commodities delivered to Afghanistan that year. As stated in the report, if the United States had purchased wheat regionally, or provided WFP with cash to make regional purchases, the United States could have saved approximately $35 million in 2002. While our analysis describes how much wheat could have been purchased regionally with the savings, higher-value, consumer-ready commodities such as corn-soy blend from U.S. companies could have been purchased instead of additional regionally produced wheat. In either case, the United States could have provided a greater volume of commodities to Afghanistan if

it had used the savings realized through the purchase of regional commodities versus U.S. commodities to procure additional commodities. Further, WFP has commodity quality control standards and would not purchase commodities with donor funds that were objectionable to the donor providing the funds. Finally, much of the wheat that was purchased in the United States was shipped in bulk to ports in Pakistan where it was bagged for final distribution in bags clearly marked "USA." Wheat purchased regionally with U.S. funds was packaged in Pakistan in the same type of bags. Thus, any regional purchases could be packaged in appropriately marked bags in the country of origin or at a bagging facility in a transit country. WFP uses this practice in other regions, such as southern Africa.

6. WFP made regional purchases during late 2001, but it also made regional purchases during 2002. As stated in the report, the amount of food available for food assistance in 2003 is less than in 2002, while the need for food aid continues to grow around the world, most notably in southern Africa. In addition, even if the U.S. grain infrastructure system is able to respond to ongoing demands for food aid, purchasing U.S. origin commodities and shipping the commodities via expensive ocean freight is not the most cost effective or quickest means either of supplying food to hungry people or of achieving U.S. national security and foreign policy objectives, such as stability in Afghanistan.

7. We agree that the donor community faced challenges in engaging the Afghan government in 2002. We believe that the mechanisms currently in place, including the Consultative Group coordination mechanism, provide an environment where the international community and the Afghan government can engage in a joint strategy development effort.

8. The report's description of Afghanistan's agriculture sector is based on discussions with and documents obtained from FAO, Asian Development Bank, USAID, and Afghan government officials. We have adjusted the language in the report in response to USDA's comments.

Comments from the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-2500

SPECIAL OPERATIONS/
LOW-INTENSITY CONFLICT

JUN 4 2003

Loren Yager
Director, International Affairs and Trade
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Yager,

This is the Department of Defense (DoD) response to the GAO draft report GAO-03-607, "FOREIGN ASSISTANCE: Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability," dated May 19, 2003 (GAO Code 320108). As our office's involvement in the issues presented in this draft study is restricted to humanitarian daily rations (HDRs), we have limited our comments to pages 20-22, "Humanitarian Daily Rations Were Expensive and Inefficient."

See comment 1.

The report incorrectly categorizes HDRs purely as a food assistance program (p. 20). Under extreme battlefield conditions, HDRs were effective in alleviating suffering and conveying that the U.S. was waging war against the Taliban and not the Afghan people. HDRs were a niche capability, not a major food program. To evaluate HDRs alongside efforts by USAID and the World Food Program loses sight of their purpose.

See comment 2.

DoD has conducted informal evaluations with positive results concerning the humanitarian, public relations, and military impact of the HDRs (p. 22). Returning Special Forces soldiers who coordinated many of the drops reported that the HDRs alleviated hunger in vulnerable populations, generated tremendous good will among local Afghans, and helped US military personnel build critical relationships with Afghan communities. Thanks to these good will and public relations benefits, HDRs continue to be a sought-after item in response to recent disasters and military operations.

See comment 3.

Regarding the cost efficiency of HDRs (p. 22), HDRs and bulk food assistance are used to respond to different needs, so their cost cannot be compared directly. Using funds spent on HDRs, one could have purchased more bulk food, but could not have delivered it, since the areas where HDRs were dropped were inaccessible to bulk food delivery during this period.

Sincerely,

Joseph J. Collins
Deputy Assistant Secretary,
Stability Operations

The following are GAO's comments on the letter from the Department of Defense dated June 10, 2003.

GAO Comments

1. The report discusses both food assistance and nonfood assistance aspects of the Humanitarian Daily Ration program. On page 30 of the report, we state that the HDR program was initiated to alleviate suffering and convey that the United States waged war against the Taliban, not the Afghan people. Also, the HDR program is included with the U.S. Agency for International Development's humanitarian programs in U.S. government tallies of total humanitarian assistance provided to Afghanistan.

2. Department of Defense officials responsible for the administration of the HDR program stated that no formal evaluation of the HDR program in Afghanistan has been conducted. In the report, we cite the informal reporting that provided the Department of Defense with some information about how the program was received by the Afghan people. We have added information about the goodwill that the HDRs generated according to the informal reports cited by the Department of Defense in its comments on the draft report.

3. The report describes how HDRs are designed to be used—to relieve temporary food shortages resulting from manmade or natural disasters—not, as in Afghanistan, to feed a large number of people affected by a long-term food shortage. Further, as discussed in the report, the World Food Program (WFP) has worked in Afghanistan for many years, and during that period it developed an extensive logistics system for delivering food throughout the country. Even during the rule of the Taliban, WFP was able to deliver food to remote areas including those controlled by the Northern Alliance. During the month of December 2001, while Department of Defense was delivering HDRs, WFP delivered 116,000 metric tons of food to Afghanistan, a level of food assistance that exceeds any 1-month total for any emergency operation in WFP's history. As stated in the report, WFP's logistics system was capable of delivering commodities to remote populations both by air or by donkey if necessary.

GAO Contacts and Staff Acknowledgments

GAO Contacts

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Staff Acknowledgments

In addition to the individuals named above, Jeffery T. Goebel, Paul Hodges, and Reid L. Lowe made key contributions to this report.

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