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Is Spending the Strategy?

by Scott Dempsey

American foreign assistance has long been misunderstood if not ridiculed by detractors as a frivolous expense that does not serve American interests. In an attempt to reassert the relevance of aid on the battlefield, Congress and the Obama administration have allocated unprecedented resources -- via USAID and the Commanders Emergency Reconstruction Program (CERP) -- with the thought that money, when paired with military force, can stabilize even the most violent hotspots around the globe. This belief is so widely held that during President Obama's 2009 West Point speech announcing a troop surge in Afghanistan, he called for a corresponding "civilian surge that reinforces positive action."

Money is now a primary vehicle to combat the insurgency in Afghanistan -- and to combat it quickly. This is especially true in the heart of the insurgency in the Pashtun south, where the majority of these resources have been dedicated. The intent is to build support for local Afghan institutions -- which will hopefully create conditions for transition of security and governance from international forces to the Afghans. Advocates claim this aid is crucial to the fragile success there. So much so that when GEN Petraeus testified before Congress in March, he threatened that, "inadequate resourcing of our civilian partners could, in fact, jeopardize accomplishment of the overall mission". Much attention has been given to the short-term benefits these billions have provided, employing vulnerable Afghans and supporting nascent local governments. Within the military and political establishment, however, few have examined how aid became the panacea for security and governance problems; and if stabilization achieves its intended goal of creating conditions for transition.

The USAID Story

In fiscal year 2006, Congress allocated USAID \$620 million¹ for Afghanistan; by FY 2010, that number had climbed to \$4.1 billion². Along with this dramatic funding spike, there was a corresponding shift in goals. USAID would still work on long-term development objectives from the Embassy compound in Kabul--such as promoting economic growth and training Afghan civil servants (including in the Ministry of Finance, which failed to prevent, and was arguably complicit in the Kabul Bank collapse) -- but at the same time stabilization, to be spent in the districts and provinces where American troops were fighting, is now the prime objective. There has been a corresponding shift from soft metrics such as strengthening institutional capacity-- to concrete numbers like dollars spent and bags of seed distributed. While USAID traditionally measures programmatic impact over a minimum of five years, it is now expected to deliver tangible results quicker than ever. While many career officers voiced

¹United States. Congressional Budget Justification: Foreign Operations, 2010.

² \$2.16 billion initially requested and allocated (source: 2010 Congressional Budget Justification); an additional \$2 billion was authorized as part of an interagency \$33 billion supplemental appropriated by Congress.

objections to this mandate, those were pushed aside by political concerns – especially from Ambassador Richard Holbrooke who, despite his service with USAID during Vietnam, was central behind this dogmatic shift.

And there have been early successes. The influx of dollars distributed in coordination with military clearing operations has pacified some districts once held by the Taliban, most notably Nawa in Helmand Province and Arghandab in Kandahar Province. The once-reticent military now sees working with USAID in their appreciable interests, combining with CERP to overwhelm the insurgency. USAID Administrator Rajiv Shah has embraced this shift, recently testified before the Commission on Wartime Contracting, stating: “in the most volatile regions of Afghanistan, USAID works side-by-side with the military, playing a critical role in stabilizing districts, building responsive local governance, improving the lives of ordinary Afghans, and—ultimately—helping to pave the way for American troops to return home.”

The CERP Story

The U.S. military can thank Saddam Hussein for their entry into development. CERP originated in Iraq from money seized by the U.S. military from Iraqi coffers-- to be redistributed by commanders for immediate humanitarian concerns. However, the program’s popularity led Congress to appropriate funds for both Iraq and Afghanistan, giving military officers wide latitude to creatively spend dollars on reconstruction and stabilization. CERP’s objective was to give company and battalion commanders power to build relationships with locals via small and tactical projects -- a few thousand dollars to rehab a bridge or repair a road. Due to overwhelming endorsements from battlefield commanders, CERP has received funding increases. In FY 2010, Congress allocated \$1.2 billion to CERP³. GEN Petraeus has the authority to approve individual projects of up to \$2 million. Although the program’s original intent was to give unit commanders flexibility to solve problems, it has now become the U.S. military’s de-facto development mechanism.

How Aid is distributed

Despite the lingering image from the Cold War of a robust, hands-on development agency, these days USAID is largely a contracting organization – it designs programs for implementing partners, both for-profit companies and non-government organizations (NGO’s) to bid on. Once awarded, these organizations then implement the program under the guidelines of their award. Implementing partners’ profits are directly related to their ability to maximize their burn rate, or speed at which they spend. Since the beginning of the civilian surge, these implementing partners have been given exceptionally wide latitude, under the guise of stabilization, to maximize their burn rate.

This latitude has been especially evident in Helmand, where over 20,000 Marines are stationed. Helmand has Afghanistan’s most sophisticated irrigation system, created mostly by USAID in the 1960’s. It has been imperfectly yet effectively managed by Afghans since then. In 2010, implementing partners was authorized to purchase 16,000 water pumps to distribute to farmers – a luxury item out of reach to the normal Afghan farmer⁴. These pumps can be useful

³ H.R. 2647: National Defense Authorization Act for FY 2010, 111th Congress.

⁴ “IRD Questions & Answers in Response to the April 29, 2011 Washington Post Article on AVIPA Plus by Rajiv Chandrasekaran.” 29 April 2011. http://www.ird.org/what/stories/us_AVIPAQA_4-29-11.html.

in remote places to divert water from canals to individual farms. Afghan leaders objected to this distribution, rationalizing that farmers living downstream would disproportionately suffer. USAID field officers argued that many would sell the pumps. Although the pump distribution was eventually halted, the intent of this project and many like it is clear. Distributions were seen as the way to dissuade locals from joining the insurgency. However, there has been little consideration of its potential side effects.

CERP, meanwhile, has contracted mostly through local sources. While CERP has stringent contracting guidelines, its decentralized nature has had ramifications on the battlefield. Afghan contractors have easily exploited commanders, flush with cash, and little institutional or cultural knowledge. This lack of information has led to varied pricing structures for similar services between villages – usually resulting in the commander overpaying and distorted local economies.

Units rotate every seven to nine months – and there is little accountability for projects, programs, or contractors beyond that unit’s tour. The database that is intended to compile this information is dependent upon the individual officer to manually enter their projects. There are inevitable lapses, as commanders have to manage competing priorities. Also, by giving spending authority to so many officers, there is little connection between units about the larger strategy. Because both the data and the strategy are elusive, it’s hard to quantify the impact CERP’s impact and hold it accountable for results. Nonetheless, battlefield commanders and Washington generals universally praise CERP as essential.

The Model District Argument

When seeking evidence to support the spend strategy in southern Afghanistan, advocates often cite model districts – with the hope that their success is replicable and within reach for the greater region. Nawa and Arghandab have been highlighted in multiple congressional delegations as districts that affirm the spend model. Both had few troops or dedicated resources before the surge, and both have been the beneficiaries of substantial stabilization dollars.

However, Nawa’s success is largely due to its unique tribal composition. When the Barakzai tribe, Nawa’s largest, sided with the government and became the beneficiary of the local government’s largesse (via USAID and CERP), they were able to stop violence and enforce a relative calm. When the American influence leaves, there will be significantly less incentive to back the Afghan government’s order. Neighboring Marjah District has many tribes, none with hegemony to enforce such order. Despite more troops and promises of seemingly unlimited dollars, it will take far longer, with more bloodshed to achieve the same level of stability in Marjah.

In Arghandab, American cooperation with the local government, particularly their governor, Abdul Jabar was seen as instrumental to the district’s success. Jabar was a beneficiary of millions of stabilization dollars but sadly was assassinated in June 2010. After an investigation, it was alleged that Jabar himself was siphoning off significant aid dollars for his personal coffers and was killed because he didn’t share enough of the spoils⁵. Still, given that there was calm and prosperity in the district, Arghandab was extolled as a success. These two

⁵ Jafee, Greg. “How the U.S. Military Fell in Love with ‘Three Cups of Tea’”. *The Washington Post* 21 April 2011.

places represent only about .5% of Afghanistan's total population, and while money has created stability, the absence of it could reverse those gains.

My Successor Will Transition

The turnover of diplomats and military have created a culture where short-term urgency trumps long-term vision. Since 2007, there have been four ISAF commanders and five USAID Mission Directors⁶. Diplomats and military commanders alike have played 'whack-a-mole' with their resources, with an urge to quantify accomplishments, thinking that funds can immediately correct deep-seated, long-term problems. This creates a condition where quick successes, fueled by aid, are seen as the end itself, rather than an intermediate goal toward lasting stability and transition. The mandate to quickly enter the 'build' phase of counterinsurgency has often neglected that the infrastructure and institutions built with American dollars and expertise will ultimately need to be sustained by Afghans. Each successive structure built under the guise of stability is another burden for the weak Afghan government to manage.

The Consequences of Spending

The current stabilization policy is not without consequences. Most notably, it has not upheld President Obama's order to reward good behavior. The American government has demonstrated to Afghans that if there is violence in a strategic district, that district is more likely to be a recipient of stabilization aid. If there is calm, funds will go elsewhere. This pattern does not go unnoticed by Afghan power brokers; it creates a disincentive to reach local peace agreements, as the status quo lines the pockets of the powerful.

Without continuity, Afghans rightfully question our commitment. Because the largesse is fleeting, there is urgency for Afghan government officials and contractors to grasp for as much as possible. The U.S. government's double standard on corruption has done little to dissuade this strategy. In 2005, Sher Mohammed Akunzada was removed from his governorship of Helmand after counternarcotics agencies seized nine metric tons of opium from his residence in the provincial capital. He is now a Senator in the Parliament. In 2007, Tooryalai Wesa was fired for alleged corruption while working as a USAID implementing partner. He is now the governor of Kandahar province. Effective stabilization hinges on local partners. The Taliban, while brutal, are often seen as more just than Afghan government counterparts, and the double standard on corruption, fueled with stabilization dollars, does little to change this perception.

The intent to support the Afghan government through aid is actually likely to undermine these leaders in the long-term. Money shifts power dynamics, in unforeseen and unpredictable ways – but often benefiting local officials. Short-term patronage and prowess soon becomes an expectation for that leader to maintain his legitimacy. Like all politicians, it's easy to be popular in prosperous times. However, as that money wanes during transition, there will be inevitable backlash by average citizens who followed the government with promises of aid.

When Afghan leaders, supported through outside funds, are able to create short-term stability, they become invaluable allies. We even label these governors as green, amber, or red – denoting their sympathy to ISAF forces and ability to control their respective district. Pashtunistan is a complex place, and flooding an economy via a single leader has consequences.

Nonetheless, when governors can stabilize a district or province, support becomes unconditional. In doing so, donors actively and sometimes unwittingly help those governors defeat their local enemies (whether they are Taliban, drug traders, rival tribes, or elders left out of the process). Those individuals have been known to align to undermine the goals of the Afghan government – with the American military caught in the crossfire. By paying for support, the aid unintentionally ratchets up the conflict.

It's a convenient narrative to cherry-pick and extrapolate successes from the billions spent; there has been little sound evidence that overspending has created conditions for transition. During the summer of 2010, while only weeks into his position as ISAF commander, General Petraeus demanded and subsequently won USAID's institutional support to purchase generators and diesel fuel to temporarily power Kandahar. Neither the generators nor the fuel will have any long-term impact nor create conditions for transition, but that wasn't the point. The military was fighting an insurgency in Kandahar, and spending was the strategy.

Until February 2011, Scott Dempsey was a USAID Foreign Service Officer, most recently with the Office of Afghanistan and Pakistan Affairs in Washington. From July 2009 - August 2010, he served as a development officer in Helmand Province. He also previously deployed as a Marine on a civil affairs team in Fallujah in 2005.

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