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July 5, 2011

Struggling for Power in Afghanistan

By GLENN ZORPETTE

THE Western campaign for hearts and minds in Afghanistan is based heavily on providing roads, dams, buildings and, especially, electricity. The United States Agency for International Development, or U.S.A.I.D., expects to spend \$2.1 billion this year in Afghanistan. It has been working there for half a century, since the Soviets and Americans were competing to be the country's development partners.

So you'd think that a new five-year, \$1.2 billion program that U.S.A.I.D. has proposed to create a modern electrical grid there would be a model. You'd be quite wrong.

When it comes to electricity, the agency has a dismal record, one that needs to be reviewed now, before the grid plan moves ahead. Afghanistan is in the bottom 10 percent of the world in electricity consumption per capita; if recent patterns hold, it will stay there as U.S.A.I.D. and the State Department try to appease the Afghan president, Hamid Karzai, and also give American officials a veneer of victory over Afghanistan's problems as American troops start to withdraw. President Obama's desire to speed the withdrawal makes the issue more urgent.

As in Iraq, the main American electrical reconstruction effort in Afghanistan is divided between U.S.A.I.D. and the Army Corps of Engineers. Of the two, the Corps has proved far more efficient.

The biggest project until now has been a 105-megawatt diesel power plant at Tarakhil, outside Kabul. It took the aid agency nearly three years to get it built. And as documented by the reporters Pratap Chatterjee of the CorpWatch news service and Marisa Taylor of McClatchy Newspapers, the Kabul plant became emblematic of the agency's struggles.

Its contractors were the Louis Berger Group and Black & Veatch. Last year, U.S.A.I.D.'s inspector general said delays and contracting problems at the project had cost nearly \$40 million, out of a total outlay of more than \$300 million.

The agency itself had criticized Black & Veatch in letters to the company and in performance reports. So analysts who followed the contracting — including academics, lawyers, legislators and journalists — were stunned last October when U.S.A.I.D. offered Black &

Veatch a \$266 million contract, without competitive bidding, for other electrical projects in Afghanistan. The agency has cited the special challenges of war-zone work.

And in the end, the Kabul plant most often has sat idle, as it supplements power from abroad. Current prices for diesel fuel trucked into a war zone have driven its operating costs to around 40 cents per kilowatt-hour, seven times the 6 cents that a kilowatt-hour imported over transmission lines from Turkmenistan, Uzbekistan or Tajikistan costs.

Another U.S.A.I.D. failure was at the Shorandam Industrial Park, near the city of Kandahar, which I visited with American military engineers in April. In 2005, U.S.A.I.D. set out to install 10 diesel generators able to produce 6.6 megawatts together. But it had a dispute with its initial contractor about costs and later said the generators had been damaged by an improvised explosive device.

After the generators sat in storage for five years, the agency contracted with Black & Veatch to finally install them; now the agency hopes to get the facility running this month. Meanwhile, the Corps of Engineers contracted for a 10-megawatt facility on the same site last July; it went into full operation on Dec. 2.

Why have two American agencies planned two different diesel-generating facilities in the same location, but with different transformers, switches, contractors and manufacturers? That's a good question — one of many I couldn't get a sensible answer to in the three weeks I spent in Afghanistan reporting for my magazine on the projects.

Now U.S.A.I.D. is about to start its five-year initiative to rebuild, improve, expand and tie together Afghanistan's decrepit electrical networks into a single modern grid. It's an excellent idea, but the agency and the Afghan national utility are not up to the challenge.

In an annex to a U.S.A.I.D. report, dated March 5 and given to me in Afghanistan, the agency outlines a nine-part mechanism for contracting and financing the many projects. It indicates its intention to put the national utility in overall charge, with the agency as a sort of supervisor and intermediary with the Afghan Finance Ministry. Just last week at a briefing in Washington, the utility's chief executive officer, Abdul Razique Samadi, enthusiastically looked forward to getting to work on the project.

According to the March 5 outline of the project, the utility would control \$906 million to be issued over five years — most of the budget. But that makes no sense. The utility has no experience with large-scale international contracting work, and most of its existing grids are ancient. No technical specialist outside of U.S.A.I.D. with whom I spoke in Afghanistan thinks the utility can direct and monitor the work of perhaps dozens of Western contractors and subcontractors. "It's almost like we're setting them up for failure," one development official told me.

Why is U.S.A.I.D. pushing this scheme? It is under intense pressure from two sides: from its State Department overseers, who want to show progress before the troop pullouts are well under way, and from President Karzai, who wants more control over development funds and activities. Giving the utility and the Afghan Finance Ministry control of this project could satisfy both parties, at least on paper.

At its core, the problem isn't the utility's inadequacy; it is U.S.A.I.D.'s. The agency has shown an inability to manage large electrical projects. Its programs change with the policy goals of the American administrations it serves, and it seems to lack officials in Afghanistan who arrived with prior experience in electrical projects and contracting.

What to do? Turn the projects over to the Army Corps of Engineers. It has performed better than U.S.A.I.D. on electrical projects in Afghanistan; it is less hobbled by politics; it has experienced engineers. It's critical that this happen soon, because the Corps can expect to be withdrawn with the rest of the Army, even if the timetable isn't set.

Yes, a transfer of responsibility would upset the delicate war-zone power balance between the State and Defense Departments. And the military isn't supposed to do long-term development overseas. But weigh those objections against the record: U.S.A.I.D.'s performance in Afghanistan's electrical sector has been so poor for so long that we can expect many millions of dollars to be wasted unless the administration acts now to give a vast new project a better chance of succeeding before only the aid agency is left in Afghanistan to struggle with the job.

Glenn Zorpette is the executive editor of I.E.E.E. Spectrum, the magazine of the Institute of Electrical and Electronics Engineers.

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