

RELEASE IN PART  
B6

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**From:** Mills, Cheryl D <MillsCD@state.gov>  
**Sent:** Friday, April 29, 2011 3:20 AM  
**To:** H  
**Subject:** Fw: WP story

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**From:** Hammer, Michael A  
**Sent:** Thursday, April 28, 2011 11:19 PM  
**To:** Mills, Cheryl D; Nides, Thomas R; Sullivan, Jacob J  
**Subject:** Re: WP story running tmw

Article posted online:

U.S. military dismayed by delays in 3 key development projects in Afghanistan

By Rajiv Chandrasekaran, Thursday, April 28, 7:14 PM\

U.S. aid officials have been forced to delay three large development programs intended to support the American military strategy in southern Afghanistan at a critical, make-or-break moment in the war. The initiatives, which are supposed to support local governments, agricultural development and job-training efforts, have been held up by bureaucratic missteps and funding cuts by Congress, according to senior U.S. officials. As a result, the programs will not begin until much of the summer fighting season has concluded. Military commanders have voiced dismay that the initiatives, to be run by the U.S. Agency for International Development, have been pushed back. "Our flank is exposed" without these programs, said one senior U.S. officer in Afghanistan. After repeated complaints from the military, USAID is scrambling to implement interim measures. Senior agency officials insist the delays will not affect the delivery of agricultural aid or assistance for local governance. "There will be no gaps in USAID's stabilization programming this summer," said Earl Gast, the agency's director in Afghanistan. But in the case of the program to support local governments — designed to help train officials and fund small reconstruction projects — the interim efforts will not be as robust as the delayed initiative, according to development specialists familiar with the issue. With regard to the agriculture program — aimed at creating more farm-related jobs — USAID is considering whether to extend a costly project that some of the agency's senior leaders deem ineffective and wasteful in an attempt to mollify the military until a new assistance program is implemented. The new program was supposed to have started six months ago. U.S. commanders and diplomats had hoped that the new programs would assist in cementing recent military gains against the Taliban, which have come at a significant cost of American lives. They believe that if Afghans have expanded access to jobs and can rely on local governments for basic services, many will renounce the insurgency. This report is based on interviews with more than a dozen civilian and military officials involved in Afghanistan policy. All insisted on anonymity, but for different reasons: USAID staff members critical of the agency's operations said they feared retribution if they were quoted by name; military officials said they were concerned about angering their civilian counterparts; and USAID officials authorized to speak for the agency said they were unable to answer most questions on the record. A development specialist who recently completed a year-long assignment at USAID's mission in Kabul blamed the delays on a staff turnover rate of more than 85 percent a year, shifting priorities among senior officials responsible for setting policy, and an ongoing conflict within the agency between short-term programs and longer-range development work. "There's been a failure of planning and management," the specialist said. USAID's problems have been compounded by months of budgetary uncertainty, followed by steep cuts to foreign aid in the 2011 spending bill that were demanded by House Republicans. The agency also is awaiting money from the 2010 budget because congressional requirements call for Secretary of State Hillary Rodham Clinton to certify that the Afghan government is making progress on women's rights and fighting corruption before those funds can be released. Although USAID officials said they do not know how much they will have to trim from their Afghanistan initiatives, some programs have already taken a hit because of the agency's preemptive

budget-cutting. The job-training program, for instance, was once envisioned as a \$125 million project over 18 months; it has been scaled back to between \$25 million and \$40 million. The delays have heightened tensions between U.S. civilian and military officials in Afghanistan, prompting some senior officers to employ their own resources for development projects. Top military commanders recently dispatched a contingent of U.S. troops to augment State Department and USAID personnel in the provincial reconstruction team office in Kandahar. And the commanders have requested military agribusiness development teams, composed of National Guard personnel who are farmers, because they feel there are not enough civilian agriculture experts from the U.S. government in southern Afghanistan. "The civilians had promised they would do certain things, and we expected them to follow through," the senior officer said. "Now we've realized that we can't depend on them, so we have to do it on our own."

#### Flaws in USAID program

USAID's agriculture problems in the south began with money. Too much of it. In 2009, the agency issued a \$300 million grant to Arlington-based International Relief and Development (IRD) to help farmers in two southern provinces — Kandahar and Helmand — improve productivity over just one year. The agency initially did not want to spend so much in such a small area so quickly, but it was told to do so by Richard C. Holbrooke, who had been President Obama's special envoy to Afghanistan and Pakistan until his death in December. The program's goal was to increase employment opportunities by rehabilitating farms in both provinces. That was to be accomplished by paying for day-labor jobs to clean canals so more water could get to crops, offering subsidized seeds so farmers would be encouraged to switch from growing opium-producing poppies, distributing tractors and other equipment, and constructing a network of gravel roads so growers could take their goods to market. Because many parts of the two provinces were too unsafe at the time for civilian reconstruction workers, IRD concentrated its activities on a few districts, flooding those places with cash and supplies. Some American officials and development specialists would later conclude that the influx distorted local economies and created an unhealthy dependence on U.S. handouts. In Kandahar province, farmers were given far more seed than they needed, according to an evaluation conducted by an agricultural adviser working on the project. "Instead of distributing one package of seeds and fertilizer per farmer, those who could be found ended up walking away with six packages, perhaps more than any one individual could possibly contemplate planting," the report stated. The result was that tons of seed as well as scores of free tractors were taken to neighboring Pakistan by farmers and sold for cash, according to officials involved with the program. "Trying to spend \$300 million in one year was not realistic," said William Slocum, a senior program officer at IRD. IRD's approach also riled Afghan officials. Local leaders halted a plan to hand out thousands of water pumps in Helmand because of concerns that the pumps would suck irrigation canals dry, starving farmers downstream. Those pumps are now sitting in warehouses, gathering dust. In Kandahar, a program to pay thousands of men to prune 50,000 acres of orchards — in an effort to increase the amount of fruit grown on the trees — has been met with derision from the governor. "In my childhood, everyone was cleaning the canals. They were pruning their trees. Nobody was paying them," said Kandahar Gov. Tooryalai Wesa, who holds a doctorate in agricultural economics. "IRD is killing the culture here." Slocum and other IRD officials insist their program has been effective, noting that they have provided 5.4 millions days of labor to unemployed men. They said their distribution of subsidized seeds has generated an estimated \$200 million in additional income for farmers across the south. "This is the beginning of something really exciting," Slocum said. But within USAID, despite public pronouncements of success, reports of overspending and poor oversight fueled deep concern about the program. "It was seriously flawed," a senior U.S. official said. Although the program could have been extended, USAID decided not to do so. Instead, it asked interested development contractors in May to submit proposals for a follow-on project, valued at \$350 million, with the goal of having it operational by October, when IRD's one year had finished. To maintain impartiality in the contracting process, proposals are evaluated by a separate team of development specialists at USAID. According to a senior U.S. official familiar with the matter, the team was set to award the follow-on project to IRD. When senior agency staff members learned of the decision, they decided to cancel the project rather than give it to IRD, the official said. USAID then set out to redesign the program, hoping that another firm would win it. But the agency has not yet awarded a contract for the new program. In the interim, it has given IRD three quarterly extensions on the existing program, the last of which is set to expire June 30. "We're taking important lessons learned from the first generation of stabilization programs — what aspects have worked well and what didn't deliver the results we'd hoped for — and using that information to tailor future programming that will both meet the near-term goals of the military effort and also sustainably underpin longer-term stability in Afghanistan," Gast said. USAID had been reluctant to give IRD another extension, reasoning that a gap in agriculture assistance would be less bad than continuing a program it knew to be problematic. Several agency officials

also believe that the current program's emphasis on day-labor projects is unsustainable and needs to end. But the military has a different take on day labor. It regards cash-for-work as a critical component of U.S. counterinsurgency operations, allowing the Americans to lure disaffected, unemployed young men away from Taliban recruiters. And when it became clear to commanders that there would be a gap between the programs, they howled. "The military thinks the consequences of killing it far outweigh keeping it alive," the senior U.S. official said of the current agriculture program. "AID sees it the other way. . . . It doesn't see its activities as key elements of a military campaign plan. It sees them as contractual agreements. The military implications aren't the top priority." After pressure from the military and inquires from The Washington Post, USAID told military commanders last week that it will ensure there is no stoppage of agriculture assistance. "AID feels bullied into this," the senior official said. "It feels powerless to say no to the military." IRD officials said they have not been told that their program will be extended. As a consequence, they have started to lay off staff members and shut down activities in Helmand and will begin doing the same in Kandahar over the next few weeks. Restarting operations, Slocum said, could take six to eight weeks.

#### Communication gaps

With regard to its program to bolster local governments, USAID's problem stems from a failure to communicate. The agency designed a \$140 million initiative last year to help stabilize areas in the south in the wake of military operations to clear out insurgents. The new program, which was supposed to begin this spring, was aimed in part at coordinating what have been disparate and overlapping efforts to train local officials and fund small reconstruction projects. In one part of Kandahar city, USAID recently discovered that it had several contractors "doing the same thing," one senior agency official said. In November, USAID released an outline of the new program and solicited bids from contractors. It publicly identified the Afghan government's Ministry of Rural Rehabilitation and Development as its partner for the program. But it was only after the release of that outline that USAID presented the program to senior leaders at the ministry — to ask for a single person to participate on a team evaluating bids. The Afghans balked, saying that they had not been consulted in a substantive way during the design of the program, despite repeated declarations from senior U.S. officials that they want to work in partnership with the Afghan government. Fearful of an angry reaction from President Hamid Karzai, the agency withdrew the solicitation and spent weeks working with the ministry to revise the program. "This delay was 100 percent preventable," said the development specialist, who recently left USAID. "They could have reached out and worked with the ministry much, much earlier." The do-over will postpone the start of the program by at least four months, according to agency documents. Although USAID officials insist they will be able to expand other projects to fill the gap between the new stabilization program and an existing local-government program, which is in the process of shutting down, development specialists said the lack of a seamless transition between the two initiatives could lead critical Afghan staff members to quit, taking with them valuable institutional knowledge. "If you're looking at this in terms of counterinsurgency, and trying to partner and plan with the military, the civilians aren't doing their jobs properly," the specialist said.

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**From:** Mills, Cheryl D  
**Sent:** Thursday, April 28, 2011 10:28 PM  
**To:** Nides, Thomas R; Sullivan, Jacob J; Hammer, Michael A  
**Subject:** Fw: WP story running tmw

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**From:** Feldman, Daniel F  
**Sent:** Thursday, April 28, 2011 10:20 PM  
**To:** Mills, Cheryl D; Klevorick, Caitlin B  
**Subject:** WP story running tmw

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**From:** Darcy, Shannon M  
**Sent:** Thursday, April 28, 2011 10:08 PM  
**To:** Anderson, Lars (LPA/AA); Carey, James (OAPA/SPME); Bommer, Ashley F; Hammer, Michael A;

'shawn\_s\_turner [redacted]; Ray, Diane (OAPA/AF); Whelan, Moira (LPA/AA); Hubbard, Benjamin (AID.A); Albert, Joshua (LPA/CL); Feinstein, Barbara (LPA/AA); Thier, Alex (OAPA/OD); Schimpp, Michele J (OAPA/OD); Pryor, Jeanne Marie (OAPA/AF); Smith, Dana S; Steinberg, Donald (AID/A); Harper, Ryan (AID/A); Feldman, Daniel F; Haq, Nayyera  
**Subject:** Re: Just checking in on your story

Lars,

Can you please send around the latest Talking Points?

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**From:** Anderson, Lars (LPA/AA) [mailto:laanderson@usaid.gov]  
**Sent:** Thursday, April 28, 2011 09:39 PM  
**To:** Carey, James (OAPA/SPME); Bommer, Ashley F; Hammer, Michael A; Darcy, Shannon M; 'shawn\_s\_turner [redacted]; Ray, Diane (OAPA/AF); Whelan, Moira (LPA/AA); Hubbard, Benjamin (AID.A); Albert, Joshua (LPA/CL); Feinstein, Barbara (LPA/AA); Thier, Alex (OAPA/OD); Schimpp, Michele J (OAPA/OD); Pryor, Jeanne Marie (OAPA/AF); Smith, Dana S; Steinberg, Donald (AID/A); Harper, Ryan (AID/A)  
**Subject:** Fw: Just checking in on your story

Fyi ... Washington post story on our stabilization programs in Southern Afghanistan will run in the morning

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**From:** Rajiv Chandrasekaran  
**To:** Anderson, Lars (LPA/AA)  
**Sent:** Thu Apr 28 21:17:34 2011  
**Subject:** Re: Just checking in on your story

Running tomrw

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----- Original Message -----

**From:** "Anderson, Lars (LPA/AA)" [laanderson@usaid.gov]  
**Sent:** 04/28/2011 04:04 PM AST  
**To:** Rajiv Chandrasekaran  
**Subject:** Just checking in on your story

Will your story run tomorrow? Thanks.

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